

# Articles of Association of OC Oerlikon Corporation AG, Pfäffikon

## **I. Corporate name, domicile, duration, aims and objectives**

### **Art. 1**

Corporate name	Incorporated under the name  OC Oerlikon Corporation AG, Pfäffikon OC Oerlikon Corporation SA, Pfäffikon OC Oerlikon Corporation Inc., Pfäffikon
Duration, domicile	is a stock corporation, formed for an indefinite duration and domiciled in Pfäffikon SZ, Community of Freienbach.
Branch establishments	The aforementioned Corporation may establish branches and representative agencies in Switzerland and abroad.

### **Art. 2**

Aims and objectives	The Corporation's aims and objectives are to participate in business organizations of all kinds in Switzerland and abroad, particularly those in the manufacturing industry. Moreover, the Corporation may transact any business conducive to developing the Corporation or furthering the Corporation's aims and objectives.
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## **II. Capital structure**

### **A. Share capital, shares**

#### **Art. 3**

Share capital, denominations	The share capital totals CHF 339 758 576.- and is divided into 339 758 576 registered shares of CHF 1.- nominal value. These shares are fully paid-up.
Restrictions on transfer of shares	The Corporation may impose or remove restrictions on the transfer of shares, provided that this resolution is passed by an absolute majority of the nominal value of shares represented and two thirds of the share votes cast at the General Meeting.

#### **Art. 4**

Share register	The Board of Directors is to keep a share register, wherein the names and addresses of shareholders and beneficiaries of shares in the Corporation are to be entered. There are no restrictions on the transfer of shares. The Corporation shall recognize only those parties entered in the share register as shareholders or beneficiaries.
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#### **Art. 5**

Postponed  
printing of share  
certificates

The Corporation may print and deliver share certificates for a single share or all shares (single or global share certificates, certificates) or may dispense with the printing and delivery of share certificates. Share certificates shall bear a facsimile version of the signatures of two members of the Board of Directors. With the agreement of the shareholder, the Corporation may annul issued certificates which are returned to it without replacing them. The shareholder is entitled to request that share certificates for his/her shares be printed and delivered to him/her at any time free of charge, and the Corporation may at any time print certificates for uncertificated shares.

#### **Art. 6**

Book-entry rights

The Corporation may, at any time and without shareholders' approval, issue shares in the form of book-entry rights within the meaning of the Swiss Code of Obligations or replace shares with postponed printing of share certificates as well as global share certificates or collectively deposited share certificates that are committed to a single custodian by book-entry rights. The Corporation keeps a register about the book-entry rights issued. The entry into the book-entry rights register does not substitute the entry into the share register. The Corporation may, at any time and without shareholders' approval, convert the book-entry rights into share certificates, global certificates or collectively deposited securities. The Corporation will bear the conversion costs.

Book entry  
securities

Shares held in form of share certificates may be deposited at a depository and shares held in book-entry form may be entered in the main register and may be credited to a book-entry account (creation of book-entry securities).

#### **Art. 7**

Disposal of book-  
entry securities and  
book-entry rights

Book-entry securities can only be disposed of or provided as collateral in accordance with the provisions of the Federal Act on Book-Entry Securities. Book-entry rights that do not qualify as book-entry securities can only be transferred by way of assignment. In order for the assignment to be valid, the Corporation must be notified of the assignment.

#### **Art. 8**

Exclusion of the  
bid obligation  
under the Stock  
Exchange Act

A person who acquires shares in the Corporation is not required to make a public purchase bid pursuant to Articles 32 and 52 of the Federal Act on Stock Markets and Securities Trading.

## **B. Increase of share capital**

### **Art. 9**

Ordinary share  
capital increase

For capital increases, all shareholders have the right to the proportion of the newly issued shares that corresponds to their previous shareholding.

Elimination of  
subscription  
rights

The subscription rights of shareholders may be eliminated by the General Meeting of shareholders for the reasons described in Article 652 b Para. 2 Swiss Code of Obligations.

### **Art. 10**

Authorized capital

*cancelled*

### **Art. 11 a**

Conditional capital  
increase for warrant  
and convertible  
bonds

The Corporation's share capital shall be increased by a maximum aggregate amount of CHF 40 000 000.- through the issuance of a maximum of 40 000 000 registered shares with a par value of CHF 1.- per share by the exercise of option and conversion rights which are granted in connection with bond obligations of the Corporation or one of its Group companies. The subscription rights of shareholders are excluded. The current holders of option certificates and/or convertible bonds are entitled to purchase the new shares.

The Board of Directors is empowered to limit or exclude the advanced subscription rights of shareholders (1) to finance or refinance the acquisition of enterprises, divisions thereof, or of participations or of newly planned investments of the Corporation or (2) to issue the warrant and the convertible bonds on the international capital market. To the extent that the right to subscribe in advance is excluded, (1) the bonds are to be placed with the public at market conditions, (2) the term to exercise the option and the conversion rights may not exceed 7 years as of the date of the bond issue and (3) the exercise price for the new shares must at least correspond to the market conditions at the time of the bond issue.

### **Art. 11 b**

Conditional capital  
increase for  
employee  
participation

The Corporation's share capital shall, to the exclusion of the subscription rights of shareholders, be increased through the issuance of a maximum of 7 200 000 registered shares, which shall be fully paid-in, with a par value of CHF 1.- each, by a maximum aggregate amount of CHF 7 200 000.- by the exercise of option or conversion rights, which have been granted to the employees of the Corporation or of one of its Group companies according to a employee participation plan to be approved by the Board of Directors. The issuance of shares at less than the stock exchange price is permissible. The details shall be determined by the Board of Directors.

#### **Art. 11 c**

Conditional capital  
increase for  
warrants      *cancelled*  
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### **III. Organization of the Corporation**

#### **A. Annual General Meeting of shareholders**

#### **Art. 12**

Types of  
shareholders  
General Meeting

The ordinary General Meeting of shareholders shall be held annually within six months of the close of the accounting year.

Extraordinary General Meetings of shareholders shall be held as required, in particular:

- a) by resolution of the General Meeting of shareholders or the Board of Directors,
- b) at the request of the auditors,
- c) if requested by one or more shareholders who together represent at least 10 % of the share capital, by application in writing stating the agenda items and the proposed resolutions,
- d) if required by law or by these Articles of Association.

Inclusion of  
items in agenda

Shareholders with a holding of CHF 1 000 000.- nominal value are entitled to request that an item be included in the agenda, provided that their requests are submitted in writing and include the actual agenda item and the actual motions; this request is to be made no later than 10 weeks before the date of the General Meeting of shareholders.

#### **Art. 13**

Calling of share-  
holders General  
Meetings  
a) Responsibility

The General Meeting of shareholders shall be called by the Board of Directors or, if required under statutory or articulated provisions, by the auditors, liquidators or the representatives of the loan creditors.

#### **Art. 14**

- b) Procedure      The General Meeting of shareholders is to be called at least twenty days before the day appointed for the Meeting by a notice published once in the Schweiz. Handelsamtsblatt (Swiss Official Gazette of Commerce), stating time, place, agenda, resolutions put forward by the Board of Directors for the agenda items, any resolutions to amend these Articles and method of proving shareholder status. The announcement is to include the resolutions put forward by those shareholders who have requested the General Meeting of shareholders to be held or who have requested an item to be included in the Agenda.
- An invitation will be sent to the shareholders at their address registered in the share register; whereby the convocation period begins at the day following the date of posting.
- c) Meeting of all shareholders      Subject to the statutory provisions on the Meeting of all shareholders, matters not announced in this way shall not be eligible for resolution except the calling of an extraordinary General Meeting of shareholders or the carrying out a special audit.

#### **Art. 15**

- Chairman      The General Meeting of shareholders shall be chaired by the Chairman of the Board of Directors, or, in the event of his/her incapacity, by another Board Member designated by the Board.
- Secretary, Scrutineers      The Chairman shall appoint a secretary to take the minutes and any necessary scrutineers, who need not be shareholders.
- Minutes      The proceedings shall be recorded in the minutes, which shall be signed by the Chairman and the secretary.

#### **Art. 16**

- Voting rights      Each nominal value of CHF 1.— shall bear one vote. The shares are not divisible. The right to vote and the other member rights may only be exercised by shareholders or beneficiaries who are registered in the share register. Reserved are the legal representation and power of attorneys in accordance with the provision of these Articles of Association. Those entitled to vote in the General Meeting of shareholders are the shareholders, whose names are entered in the share register as voting registered shareholders at such cut-off date as shall be determined by the Board of Directors.
- Representation      Any shareholder may appoint the independent proxy, another registered shareholder with written authorization or his legal representative to act as proxy to represent his shares at the General Meeting of shareholders. The Chairman decides whether to recognize the power of attorney.
- Independent proxy      The independent proxy shall be elected for a term of office until completion of the next ordinary General Meeting of shareholders by the General Meeting of shareholders and shall be eligible for re-election. If the Corporation does not have an independent proxy, the Board of Directors shall appoint the independent proxy for the next General Meeting of shareholders.

Regulations                    The Board of Directors shall issue the regulations on the method of proving shareholder status, on proxies and voting instructions, and on the issue of voting cards.

**Art. 17**

Quorum                        The General Meeting of shareholders shall constitute a quorum regardless of the number of shareholders attending and share votes represented, unless otherwise stipulated by law.

**Art. 18**

Resolutions,  
elections                      Resolutions and elections made by the General Meeting of shareholders shall require the absolute majority of the share votes represented, unless otherwise stipulated by law.

Method of voting            Voting and elections shall be by show of hands unless otherwise ordered by the Chairman. The Chairman may decide that voting or elections shall be conducted electronically or by written ballots.

Voting or elections  
by written ballots            In the case of written ballots, the Chairman may rule that only the ballots of those shareholders shall be collected who choose to abstain or to cast a negative vote, and that all other shares represented at the General Meeting at the time of vote shall be counted in favor, in order to expedite the counting of votes.

Equality of votes             In the event of an equality of votes, the Chairman shall have the casting vote.

**Art. 19**

Powers                        The General Meeting of shareholders shall have the following powers which shall not be delegated:

- a) to fix and amend these Articles of Association,
- b) to elect the Members of the Board of Directors, the Chairman of the Board of Directors, the Members of the Human Resources Committee, the auditors and the independent proxy,
- c) to approve the management report, the annual financial statements and the consolidated financial statements, and to decide on the allocation of profits as shown on the balance sheet, in particular with regard to dividends and bonus payments to members of the Board of Directors,
- d) to approve the compensation of the Board of Directors and of the executive management pursuant to Article 28 of these Articles of Association,
- e) to discharge the Members of the Board of Directors and of the executive management,
- f) to dissolve the Corporation with or without liquidation,
- g) to decide matters reserved to the General Meeting of shareholders by law or by these Articles of Association or which are presented to it by the Board of Directors.

## **B. Board of Directors**

### **Art. 20**

Number	The Board of Directors shall consist of at least three and not exceed seven members.
Constitution, secretary	Except for the election of the Chairman of the Board of Directors and the Members of the Human Resources Committee by the General Meeting of shareholders, the Board of Directors shall constitute itself. It shall appoint the secretary who does not need to be a Board member. If the office of the Chairman of the Board of Directors is vacant, the Board of Directors shall appoint a new Chairman from among its members for the remaining term of office.
Regulations	The Board of Directors shall issue organizational rules.

### **Art. 21**

Duration of office, re-election	<p>Members of the Board of Directors and the Chairman of the Board of Directors shall be elected by the General Meeting of shareholders annually for a period until completion of the next ordinary General Meeting of shareholders and shall be eligible for re-election. Each Member of the Board of Directors shall be elected individually.</p> <p>The only eligible persons are those who have not completed their seventieth year of age on the election date. The General Meeting of shareholders may, under special circumstances, grant an exception from this rule and may elect a Member of the Board of Directors for one or several terms of office provided that the total number of these additional terms of office does not exceed three.</p>
Elections for vacancies	Elections to fill vacancies shall be generally held at the next ordinary General Meeting of shareholders.

### **Art. 22**

Powers	The Board of Directors shall act for the Corporation vis-à-vis third parties and shall pass those resolutions which, according to law, these Articles of Association or regulations of the Corporation, are not covered by another executive body.
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Exclusive powers	<p>The Board of Directors has the following non-delegable and inalienable duties:</p> <ul style="list-style-type: none"> <li>a) the ultimate direction of the business of the Corporation and issuing of the relevant directives,</li> <li>b) to lay down the organization of the Corporation,</li> <li>c) to formulate accounting procedures, financial controls and financial planning,</li> <li>d) to nominate and remove persons entrusted with the management and representation of the Corporation and to regulate the power to sign for the Corporation,</li> <li>e) the ultimate supervision of those persons entrusted with management of the Corporation, with particular regard to adherence to law, these Articles of Association and regulations and directives of the Corporation,</li> <li>f) to issue the annual report and the compensation report, and to prepare for the General Meeting of shareholders and to carry out its resolutions,</li> <li>g) to inform the court in case of indebtedness.</li> </ul>
Delegation	<p>The Board of Directors may, while retaining its exclusive powers, delegate some of its powers, in particular direct management, to a single or to several of its members (managing directors, committees) or to third parties, who need be neither Members of the Board of Directors nor shareholders. Details of the delegation shall be determined in the organizational rules.</p>
Delegation to the General Meeting of shareholders	<p>The Board of Directors may, while retaining its exclusive powers, submit at its discretion important matters for which it would have power of decision to the General Meeting of shareholders for resolution.</p>
<b>Art. 23</b>	
Calling of Board Meetings	<p>The Board of Directors shall meet at the Chairman's invitation whenever business so requires or if requested by one of its members or by management.</p>
Chair	<p>The Board of Directors shall be chaired by the Chairman or, in the event of his/her incapacity, by another Member of the Board of Directors.</p>
Representation of managers at Board Meetings	<p>The Board of Directors may invite all or some of the managers to attend its meetings; managers invited shall have a consultative vote.</p>
Quorum	<p>The number of members who must be present to constitute a quorum and the modalities for the passing of resolutions by the Board of Directors shall be laid down in the organizational rules.</p>
Equality of votes	<p>In the event of an equality of votes, the chairman of the meeting shall have the casting vote.</p>
Resolutions	<p>Board resolutions may be passed by circular in writing or, in emergencies, by facsimile or email, unless a member requests oral debate. Resolutions passed by circular require the agreement of the absolute majority of the Members of the Board of Directors.</p>
Minutes	<p>Proceedings, resolutions and elections at Board Meetings shall be recorded in the minutes, which shall be signed by the chairman of the meeting and the secretary.</p>

## **C. Human Resources Committee**

### **Art. 24**

Number	The Human Resources Committee shall consist of at least three members of the Board of Directors.
Constitution	The Board of Directors shall appoint a chairman.
Regulations	The Board of Directors shall, within the limits of the law and these Articles of Association, define the organisation of the Human Resources Committee in a charter.

### **Art. 25**

Duration of office, re-election	Members of the Human Resources Committee shall be elected by the General Meeting of shareholders annually for a period until completion of the next ordinary General Meeting of shareholders and shall be eligible for re-election. Each Member of the Human Resources Committee shall be elected individually. If there are vacancies on the Human Resources Committee and the number of members falls below the minimum of three, the Board of Directors shall appoint the missing members from among its members for the remaining term of office.
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### **Art. 26**

Powers	The Human Resources Committee shall support the Board of Directors in establishing and reviewing the Corporation's compensation strategy and in preparing the proposals to the General Meeting of shareholders regarding compensation of the Members of the Board of Directors and of the executive management, and may submit proposals to the Board of Directors in other compensation-related issues.
Determination of performance targets, target levels and compensation	The Board of Directors shall determine in a charter for which positions of the Board of Directors and of the executive management the Human Resources Committee shall, together with the Chairman of the Board of Directors or on its own, submit proposals for the performance metrics, target levels and compensation of Members of the Board of Directors and of the executive management, and for which positions it shall determine, in accordance with these Articles of Association and the compensation guidelines established by the Board of Directors, the performance metrics, target levels and compensation.
Further tasks and powers	The Board of Directors may delegate further tasks and powers to the Human Resources Committee.

## **D. Auditors**

### **Art. 27**

Composition	The ordinary General Meeting of shareholders shall each year appoint a state supervised auditing firm as auditors as defined in Articles 727 et seq. Swiss Code of Obligations. The auditors shall be independent from the Corporation.
Powers	The auditors shall audit the annual financial statements of the Corporation, the consolidated financial statements and the compensation report, and prepare a written report to the Board of Directors and to the General Meeting. It disposes of the duties and entitlements laid down in the law.

## **IV. Compensation of the Board of Directors and of the Executive Management**

### **Art. 28**

Approval of compensation by the General Meeting of shareholders	<p>The General Meeting of shareholders shall approve annually the proposals of the Board of Directors in relation to:</p> <ol style="list-style-type: none"><li>1. the maximum aggregate amount of compensation of the Board of Directors for the following term of office;</li><li>2. the maximum aggregate amount of fixed compensation of the executive management for the period between July 1 of the year of the ordinary General Meeting of shareholders and June 30 of the following year;</li><li>3. the aggregate amount of variable compensation of the executive management for the past financial year.</li></ol> <p>The Board of Directors may submit for approval by the General Meeting of shareholders deviating or additional proposals relating to the same or different periods.</p>
Further procedure in the event of a negative shareholder vote	In the event the General Meeting of shareholders does not approve a proposal of the Board of Directors, the Board of Directors shall determine, taking into account all relevant factors, the respective (maximum) aggregate amount or partial (maximum) amounts, and submit the amount(s) so determined for approval by the General Meeting of shareholders.
Payment of compensation prior to approval	The Corporation or companies controlled may pay out compensation prior to approval by the General Meeting of shareholders subject to subsequent approval by the General Meeting of shareholders.

## **Art. 29**

Supplementary  
amount for changes  
to the executive  
management

The Corporation or any company controlled by it shall be authorized to pay to each member who becomes a member or is being promoted within executive management during a compensation period for which the General Meeting of shareholders has already approved the compensation of the executive management a supplementary amount during the compensation period(s) already approved. The supplementary amount shall not exceed 40% of the aggregate amounts of fixed and variable compensation of the executive management last approved by the General Meeting of shareholders per compensation period and member.

## **Art. 30**

General  
compensation  
principles

In addition to a fixed compensation, members of the Board of Directors and of the executive management may be paid a variable compensation, depending on the achievement of certain performance criteria.

Performance criteria

The performance criteria may include individual targets, targets of the Oerlikon group or parts thereof and targets in relation to the market, other companies or comparable benchmarks, taking into account position and level of responsibility of the recipient of the variable compensation. The Board of Directors or, where delegated to it, the Human Resources Committee shall determine the relative weight of the performance criteria and the respective target values.

Types of  
compensation

Compensation may be paid or granted in the form of cash, shares, financial instruments or units, in kind, or in the form of other types of benefits. The Board of Directors or, where delegated to it, the Human Resources Committee shall determine grant, vesting, exercise and forfeiture conditions; they may provide for continuation, acceleration or removal of vesting and exercise conditions, for payment or grant of compensation assuming target achievement or for forfeiture in the event of pre-determined events such as a change-of-control or termination of an employment or mandate agreement. In this determination, the Board of Directors or, where delegated to it, the Human Resources Committee may take into account the Corporation's ability to recruit new talent and retain employees. The Corporation may procure the shares to be issued or delivered, to the extent available, from conditional share capital, or through use of treasury shares purchased in the market.

Payment

Compensation may be paid by the Corporation or companies controlled by it.

## **V. Agreements with Members of the Board of Directors and the Executive Management**

### **Art. 31**

Agreements with members of the Board of Directors	The Corporation or companies controlled by it may enter into agreements for a fixed term or for an indefinite term with members of the Board of Directors relating to their compensation. Duration and termination shall comply with the term of office and the law.
Employment agreements with members of the executive management	The Corporation or companies controlled by it may enter into employment agreements with members of the executive management for a fixed term or for an indefinite term. Employment agreements for a fixed term may have a maximum duration of 1 year. Renewal is possible. Employment agreements for an indefinite term may have a termination notice period of maximum 12 months.
Termination	Members of executive management who are subject to a termination notice may be released from their obligation of work. The Corporation or companies controlled by it may enter into termination agreements.
Non-compete agreements	The Corporation or companies controlled by it may enter into non-compete agreements for the time after termination of the employment agreement for a duration of up to one year. The consideration for such non-compete agreement shall not exceed the annual compensation last paid to such member of the executive management.

## **VI. Mandates Outside the Corporation**

### **Art. 32**

Maximum number of mandates	No Member of the Board of Directors or of the executive management may hold more than four additional mandates in the supreme governing body of listed companies and ten additional mandates in the supreme governing body of legal entities which are required to be registered in the commercial register or a comparable foreign register.
Exempt mandates	The following mandates are not subject to these limitations: a. mandates in inactive companies and in companies which are controlled by the Corporation or which control the Corporation; b. mandates in associations, charitable organizations, foundations, trusts and employee welfare foundations. No Member of the Board of Directors or of the executive management shall hold more than ten such mandates.
Mandates in groups of companies	Mandates in different legal entities that are under joint control are deemed one mandate.

## **VII. Annual financial statement, profit allocation**

### **Art. 33**

Date of annual financial statement	The annual financial statement shall be drawn up as of 31 <sup>st</sup> December of each year.
Rendering of financial statements	The annual financial statement, consisting of income statement, balance sheet and the notes, as well as the consolidated financial statements, shall be produced according to law and generally recognized commercial and accounting principles.

### **Art. 34**

Allocation of net profits	The allocation of the net profits disclosed shall fall to the General Meeting of shareholders within the limits of the statutory provisions, in particular Article 671 et seq. Swiss Code of Obligations.
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## **VIII. Dissolution, liquidation**

### **Art. 35**

Dissolution, liquidation, merger	<p>The General Meeting of shareholders may at any time decide to dissolve and liquidate the Corporation or merge it with another Corporation pursuant to the relevant statutory provisions.</p> <p>Unless otherwise ordered by the General Meeting of shareholders, the Board shall perform the liquidation, with power for the sale of assets on the open market.</p>
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## **IX. Notices**

### **Art. 36**

Publishing medium	The publishing medium for notices of the Corporation is the Schweiz. Handelsamtsblatt (Swiss Official Gazette of Commerce); the Board of Directors may select additional publishing mediums.
Communications to registered shareholders	Communications to registered shareholders shall be served in writing to their address last notified to the Corporation.

## **X. Jurisdiction**

### **Art. 37**

Competence of  
the court

The settlement of disputes arising under the corporate relationship shall be referred to the ordinary courts at the domicile of the Corporation.

Approved by the General Meetings of shareholders/the Board of Directors on

17 May 1973	(General Meeting of shareholders)
22 June 1973	(General Meeting of shareholders)
24 June 1975	(General Meeting of shareholders)
07 June 1977	(General Meeting of shareholders)
24 October 1977	(General Meeting of shareholders)
14 June 1978	(General Meeting of shareholders)
14 June 1979	(General Meeting of shareholders)
19 June 1980	(General Meeting of shareholders)
17 June 1981	(General Meeting of shareholders)
06 June 1991	(General Meeting of shareholders)
08 June 1993	(General Meeting of shareholders)
24 May 1994	(General Meeting of shareholders)
24 March 1995	(Board of Directors)
27 May 1997	(General Meeting of shareholders)
13 March 1998	(Board of Directors)
12 March 1999	(Board of Directors)
10 March 2000	(Board of Directors)
04 May 2000	(General Meeting of shareholders)
07 May 2002	(General Meeting of shareholders)
07 October 2003	(Board of Directors)
01 June 2004	(Board of Directors)
23 May 2006	(General Meeting of shareholders)
13 May 2008	(General Meeting of shareholders)
12 May 2009	(General Meeting of shareholders)
18 May 2010	(General Meeting of shareholders)
08 June 2010	(Board of Directors)
06 March 2012	(Board of Directors)
04 March 2013	(Board of Directors)
13 February 2014	(Board of Directors)
15 April 2014	(General Meeting of shareholders)
23 February 2015	(Board of Directors)
22 January 2016	(Board of Directors)

This edition of the Articles of Association is an English translation of the official German version filed with the Commercial Register at the Corporation's domicile. In case of legal dispute only the German version is applicable.

