



# Articles of Association of OC Oerlikon Corporation AG, Pfäffikon

## I. Company name, domicile, duration, aims and objectives

### Art. 1

Company 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 323 085 471. - and is divided into 323 085 471 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 register of shares, wherein the names and addresses of shareholders and beneficiaries of corporation shares 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 company 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 Art. 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 re-finance 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 an 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

The share capital of the corporation may be increased by the issue of a maximum of 17 013 458 to be fully paid in registered shares of a par value of CHF 1.- each, i.e., in the par value of a total of a maximum amount of CHF 17 013 458.-, by the exercise of option rights which are granted to the financial creditors of the corporation under the Facility Agreement of June 7, 2007 with the amendments of June 26, 2007, of August 17, 2007, of March 5, 2008 and of June 8, 2009 ("Financial Creditors") for loans granted to the corporation or one of its Group companies. The allocation of these options is a condition sine qua non of the urgently needed restructuring measures of the corporation. The preemptive right of the shareholders is therefore completely excluded with regard to the entire conditional capital.

The option rights granted to the Financial Creditors have a maximum term until June 30, 2014 from the issue date and may be exercised at the earliest 90 days after the issue date. The exercise price is CHF 6. - and must fully be paid in cash. All additional terms of the issue will be established by the Board of Directors in a regulation. The respective owners of option rights may subscribe for new shares. The preemptive rights of the shareholders with regard to the entire conditional capital are entirely excluded.

## **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 shareholders 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 another registered shareholder to act as proxy with written authorization to represent his shares at the General Meeting of shareholders. The proxy need not be a registered shareholder unless his power of proxy is based on a legal contract. The chairman decides whether to recognize the power of attorney.

Announcement of shares represented     The Chairman shall inform the General Meeting of shareholders of the type, number and nominal value of the shares represented by proxy in respect of deposited shares, shares held by corporations and shares held by independent persons appointed as proxy by the shareholders, giving a total for each type of representative.

Proof of right to vote             The Board of Directors shall issue the regulations on the method of proving shareholder status 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	<p>The General Meeting of shareholders shall have the following powers which shall not be delegated:</p> <ul style="list-style-type: none"><li>a) to fix and amend these Articles of Association,</li><li>b) to elect and relieve Members of the Board of Directors and the auditors,</li><li>b) to approve the annual report, the annual financial statement 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,</li><li>d) to discharge the Members of the Board of Directors,</li><li>e) to dissolve the corporation with or without liquidation,</li><li>f) 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.</li></ul>
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## **B. Board of Directors**

### **Art. 20**

Number	<p>The Board of Directors shall consist of at least three and not exceed seven members.</p>
Constitution, secretary	<p>The Board of Directors shall constitute itself. It shall elect a Chairman among its members and shall appoint the secretary, who does not need to be a shareholder or a Board member.</p>
Regulations	<p>The Board shall issue organizational rules.</p>

### **Art. 21**

Duration of office, re-election	<p>Board members shall be elected annually for a period of one year and shall be eligible for re-election; a “year” shall mean the period from one ordinary General Meeting of shareholders to the next. 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 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 of additional Board members	<p>Elections to fill vacancies shall be generally held at the next ordinary General Meeting of shareholders; in the event of elections for replacement or elections of additional members during the year, the period until the next ordinary General Meeting of shareholders shall be deemed to constitute a year.</p>



## 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 corporation regulations, are not covered by another executive body.
Exclusive powers	The Board has the following non-delegable and inalienable duties: <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>c) to nominate and relieve 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, corporation rules and regulations and corporation directives,</li><li>f) to issue the Annual 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	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 nor shareholders. Details of the delegation shall be determined in the organizational rules.
Delegation to the General Meeting of shareholders	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.

## Art. 23

Calling of Board Meetings	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.
Chair	The Board shall be chaired by the Chairman or, in the event of his/her incapacity, by the vice chairman or by another Member of the Board.
Representation of managers at Board Meetings	The Board may invite all or some of the managers to attend its meetings; managers invited shall have a consultative vote.
Quorum	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.
Equality of votes	In the event of an equality of votes, the chairman of the meeting shall have the casting vote.

Resolutions Board resolutions may be passed by circular in writing or, in emergencies, by facsimile, telex or telegram, unless a member requests oral debate. Resolutions passed by circular require the agreement of the absolute majority of the Board members.

Minutes 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.

## **Art. 24**

Expenses, remuneration The members of the Board of Directors are entitled to compensation for expenses incurred in the service of the corporation. They are also entitled to an annual fee in recognition of their services, to be fixed by the Board.

## **C. Auditors**

### **Art. 25**

Composition The ordinary General Meeting of shareholders shall each year appoint a state supervised auditing firm as auditors as defined in Art. 727 et seq. Swiss Code of Obligations. The auditors shall be independent from the corporation.

Powers The auditors shall audit the annual financial statement of the corporation and the consolidated financial statements 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. Annual financial statement, profit allocation**

### **Art. 26**

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. 27**

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 Art. 671 et seq. Swiss Code of Obligations.

## V. Dissolution, liquidation

### Art. 28

Dissolution,  
liquidation,  
merger

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.

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.

## VI. Notices

### Art. 29

Publishing  
medium

The publishing medium for corporation notices 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.

## VII. Jurisdiction

### Art. 30

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.

## VIII. Contributions in Kind, Acquisitions of Assets

### Art. 31

Merger with contribution in kind

Based on the merger agreement of September 5, 2003, and in accordance with Art. 748 Swiss Code of Obligations, the company - in connection with the capital increase of September 23, 2003 - acquired the assets of Esec Holding SA with registered office in Steinhausen, according to the merger balance sheet of June 3, 2003, which showed a surplus of assets in the amount of CHF 89 955 000.-. As consideration for the proportional surplus of assets of CHF 38 827 079.-, the minority shareholders of Esec Holding SA shall receive 972 345 fully paid-in registered shares of the company with a par value of CHF 20.- each.

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)

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.