

Corporate governance

Oerlikon is committed to the principles of good corporate governance as they are defined, in particular, in the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*. Through this commitment, Oerlikon aims to sustainably reinforce the trust placed in it by the company's present and future shareholders, lenders, employees, business partners and the general public.

Responsible corporate governance requires transparency with regard to the organization of management and control mechanisms at the uppermost level of the enterprise. Therefore, the SIX Swiss Exchange's "Directive on Information relating to Corporate Governance" (DCG) requires issuers to make available to investors certain key information, in an appropriate form, pertaining to corporate governance.

The framework of the DCG has been adopted; however, the section "Compensations, shareholdings and loans" has been moved to a separate chapter ("Remuneration report"). All statements in this section ("Corporate governance") are as of the balance sheet date, except where – in the case of material changes between the balance sheet date and the time this Annual Report went to print – otherwise indicated.

Further information regarding corporate governance can be found on the company website at www.oerlikon.com/en/investor-relations/investor-relations-new-governance/.

Group structure and shareholders

Operational Group structure

The Oerlikon Group is divided into the following five Segments: Manmade Fibers, Drive Systems, Vacuum, Surface Solutions, Advanced Technologies. The operational responsibility lies with the Segments, each of which is overseen by its own Segment CEO. Business performance is reported according to this operational Group structure. For further information regarding the operational Group structure, see page 20 et seqq. ("Oerlikon Group business review") and page 68 et seqq. (Financial report: "Key figures"/"Group").

Listed Group company

OC Oerlikon Corporation AG, Pfäffikon is listed on the SIX Swiss Exchange (symbol: OERL; securities number: 81682; ISIN: CH0000816824). On December 31, 2014, the company's market capitalization totaled CHF 4,247 million. For further information on OC Oerlikon Corporation AG, Pfäffikon see page 125 et seqq.

Non-listed Group companies

OC Oerlikon Corporation AG, Pfäffikon as parent company of the Group, owns all of the Group companies either directly or indirectly, mostly with a 100% interest. The significant local companies included in the scope of consolidation are shown on page 134 et seqq. in their legal ownership structure, and on page 120 et seqq. they are listed by country together with each company's share capital, percentage of shares owned and number of employees.

Significant shareholders

	Shareholdings ¹	
	number of shares	in percent ²
Renova Group ³ (composed of Liwet Holding AG, Zurich, Switzerland, Renova Oil & Gas Ltd., Nassau, Bahamas, Renova Innovation Technologies Ltd., Nassau, Bahamas, and Lamesa Holding S.A., Panama, Republic of Panama ⁴)	144 764 860 ⁴	42.61
Chase Nominees Ltd., London	10 999 268 ⁵	3.24

¹ Source: disclosure notifications pursuant to Art. 20 of the Swiss Stock Exchange Law and share register.

² Basis: shares issued (339 758 576).

³ Beneficial owner (as per disclosure notification): Viktor F. Vekselberg, Zug and Moscow.

⁴ Source: disclosure notification pursuant to Art. 20 of the Swiss Stock Exchange Law by Renova Group (published by SIX Exchange Regulation on January 9, 2015).

⁵ Source: share register as at December 31, 2014.

The disclosure notifications pursuant to Art. 20 of the Swiss Stock Exchange Law that were submitted during the year under review are published on the electronic publication platform of SIX Swiss Exchange Ltd, Disclosure Office (www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html).

Cross-shareholdings

There are no cross-shareholdings.

Capital structure

Capital

The share capital of OC Oerlikon Corporation AG, Pfäffikon amounts to CHF 339 758 576, composed of 339 758 576 registered shares, each with a par value of CHF 1.00. The company also has conditional capital amounting to CHF 40 million for convertible and warrant bonds, etc., and CHF 7.2 million for employee stock option plans. The conditional capital for option rights granted to the Financial Creditors amounting to CHF 340 353 is no longer relevant, because those option rights have expired with effect as of June 30, 2014 and can therefore no longer be exercised by the respective owners (see below).

Authorized capital and conditional capital in particular

Authorized capital: The company has no authorized capital.

Conditional capital for warrant and convertible bonds:

Pursuant to Art. 11a of the Articles of Association, the company's share capital shall be increased by a maximum aggregate amount of CHF 40 million through the issuance of a maximum of 40 million registered shares with a par value of CHF 1.00 per share, by exercising the option and conversion rights granted in connection with bonds of the company or one of its Group companies. The subscription rights of shareholders are excluded in this regard. Current holders of option certificates and/or convertible bonds are entitled to acquire the new shares. When issuing warrant or convertible bonds, the Board of Directors can limit or exclude the preemptive subscription rights of shareholders (1) to finance and refinance the acquisition of enterprises, divisions thereof, or of participations, or of newly

planned investments of the company, and (2) to issue warrant and convertible bonds on international capital markets. Insofar as preemptive subscription rights are excluded, (1) the bonds are to be placed publicly on market terms, (2) the exercise period for the option and conversion rights may not exceed seven years from the date the bond was issued, and (3) the exercise price for the new shares must at least correspond to the market conditions at the time the bond was issued.

Conditional capital for employee stock option plans:

Pursuant to Art. 11b of the Articles of Association, the company's share capital will be increased by a maximum aggregate amount of CHF 7.2 million, excluding the preemptive subscription rights of current shareholders, through the issuance of a maximum of 7.2 million fully paid-in registered shares with a par value of CHF 1.00 each, by the exercise of option or conversion rights granted to the employees of the company or one of its Group companies under a stock option plan yet to be approved by the Board of Directors. The issuance of shares at less than the stock exchange price is permissible; further details shall be determined by the Board of Directors.

Conditional capital for warrants: Pursuant to Art. 11c of the Articles of Association, the company's share capital may be increased through the issuance of a maximum of 340353 to be fully paid-in registered shares of a par value of CHF 1.00 each, i.e., in the par value of a maximum total amount of CHF 340353, by the exercise of option rights that are granted to the financial creditors of the company 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 company or one of its Group companies. The allocation of these options was a *conditio sine qua non* of the urgently needed restructuring measures of the company. The preemptive subscription right of the shareholders is therefore completely excluded with regard to the entire conditional capital. The option rights granted to the Financial Creditors have expired with effect as of June 30, 2014, and can therefore no longer be exercised by the respective owners. Originally the exercise ratio was 1.0 and the exercise price CHF 6.00 (must fully be paid in cash). After three dilution adjustments in connection with dividends resolved on April 12, 2012, on April 30, 2013, and April 15, 2014, respectively, the exercise ratio was until the expiration of the option right 1.06945 and the exercise price CHF 5.61. The subscription right of the shareholders is completely excluded with regard to the entire conditional capital.

Changes in capital

During 2014, as a result of the exercise of 5125318 option rights, which were granted to the Financial Creditors of the company 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, for loans granted to the company or one of its Group companies, the share capital of OC Oerlikon Corporation AG, Pfäffikon has been increased from CHF 334633258 to CHF 339758576 by the issuance of 5125318 fully paid-in registered shares of a par value of CHF 1.00. During 2013, as a result of the exercise of 8668760 option rights, which were granted to the Financial Creditors of the company 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, for loans granted to the company or one of its Group companies, the share capital of OC Oerlikon Corporation AG, Pfäffikon has been increased from CHF 325964498 to CHF 334633258 by the issuance of 8668760 fully paid-in registered shares of a par value of CHF 1.00. During 2012, as a result of the exercise of 2840488 option rights, which were granted to the Financial Creditors of the company under the same Facility Agreement (with the respective amendments), the share capital of OC Oerlikon Corporation AG, Pfäffikon has been increased from CHF 323124010 to CHF 325964498 by the issuance of 2840488 fully paid-in registered shares of a par value of CHF 1.00.

Detailed information on changes in the equity capital of OC Oerlikon Corporation AG, Pfäffikon over the last three years can be found in the holding company's equity capital statement on page 131 of the Annual Report.

Shares and participation certificates

The equity securities of OC Oerlikon Corporation AG, Pfäffikon consist exclusively of 339758576 fully paid-in registered shares with a par value of CHF 1.00, all of which are equal with respect to their attendant voting rights, dividend entitlement and other rights. The registered shares of OC Oerlikon Corporation AG, Pfäffikon are in principle not certificated but instead issued as dematerialized securities within the meaning of the Swiss Code of Obligations and as book-entry securities in terms of the Book-Entry Securities Act, respectively. Shareholders may at any time request that the company print and deliver their shares in certificate form free of charge, and the company may, at any time and without shareholders' approval, convert the dematerialized securities into share certificates, global certificates or collectively deposited securities. If registered shares are to be printed, OC Oerlikon Corporation AG, Pfäffikon may issue certificates covering multiples of registered shares. The share certificates bear the facsimile signatures of two members of the Board of Directors.

Profit-sharing certificates

OC Oerlikon Corporation AG, Pfäffikon has not issued any profit-sharing certificates.

Limitations on transferability and nominee registrations

There are no restrictions on the transfer of OC Oerlikon Corporation AG, Pfäffikon shares. The company recognizes only those parties entered in the share register as shareholders or usufructuaries. Fiduciary shareholders and nominees will also be entered in the share register.

Convertible bonds and options

As at December 31, 2014, there were no convertible bonds or warrant bonds outstanding.

The option rights granted to the Financial Creditors expired with effect as of June 30, 2014 and can therefore no longer be exercised by the respective owners. For further information regarding option rights granted to the Financial Creditors, see the chapter on "Conditional capital for warrants" above.