

Invitation to the 29th Annual General Meeting

Dear Shareholders,

We would like to invite you to our 29th Annual General Meeting.

Date: **Friday, 22 April 2016, 11 a.m. (doors open from 10 a.m.)**
Location: **OLMA Hall 2.1, Jägerstrasse, 9000 St. Gallen**

Agenda items and motions proposed by the Board of Directors

1. Approval of the management report of the Group, the financial statements and the consolidated financial statements for 2015

Proposal: The Board of Directors proposes that the management report of the Group, the annual financial statements and the consolidated financial statements for 2015 be approved.

2. Discharge of the members of the Board of Directors and of the Group Management

Proposal: The Board of Directors proposes that its members and those of the Group Management be granted formal discharge for the financial year 2015.

3. Appropriation of Retained Earnings

Proposal: The Board of Directors proposes that the net profit as of 31.12.2015, namely:

Loss for the year 2015	CHF	-18 884 108
+ accumulated profit	CHF	<u>202 417 969</u>
retained earnings	CHF	183 533 861

to be carried forward.

4. Elections

4.1 Election of the Chairman and members of the Board of Directors, as well as the members of the Compensation Committee

4.1.1 Proposal: The Board of Directors proposes the election of Alexander von Witzleben as a member of the Board of Directors and as its Chairman, as well as a member of the Compensation Committee.

4.1.2 Proposal: The Board of Directors proposes the election of Peter Barandun as a member of the Board of Directors and as a member of the Compensation Committee.

4.1.3 Proposal: The Board of Directors proposes the election of Peter E. Bodmer as a member of the Board of Directors.

4.1.4 Proposal: The Board of Directors proposes the election of Heinz Haller as a member of the Board of Directors and as a member of the Compensation Committee.

4.1.5 Proposal: The Board of Directors proposes the election of Markus Oppliger as a member of the Board of Directors.

4.1.6 Proposal: The Board of Directors proposes the election of Michael Pieper as a member of the Board of Directors.

4.1.7 Proposal: The Board of Directors proposes the election of Christian Stambach as a member of the Board of Directors.

4.2 Election of the independent proxy

Proposal: The Board of Directors proposes the election of Dr. iur. Roland Keller, LL.M., attorney-at-law, of Raggenbass Rechtsanwälte, Amriswil, as an independent proxy until the conclusion of the next Annual General Meeting.

4.3 Election of auditors

Proposal: The Board of Directors proposes the election of PricewaterhouseCoopers AG, St. Gallen, as auditors for the financial year 2016 (to audit the annual financial statements, the consolidated financial statements and the compensation report).

5. Amendments to the Articles of Association

5.1 Increase in authorised capital

Proposal: The Board of Directors proposes to create authorised capital at a maximum amount of CHF 33 600 000, where it should be entitled to increase the share capital by issuing up to 8 000 000 fully paid up registered shares with a nominal value of CHF 4.20 unless the conditional capital requested under agenda item 5.2 was not used or reserved. Accordingly, the Board of Directors proposes to recast Art. 3a of the statutes as follows:

„The Board of Directors is authorised, at any time until the 22 April 2018 to increase the company's share capital by a maximum of CHF 33 600 000 by issuing a maximum of 8 000 000 registered shares of a par value of CHF 4.20 each (authorised capital increase). Increases in partial amounts are permitted. The exercise of contractually acquired subscription rights and the acquisition of new registered shares are subject to the restrictions on entry into the share register according to Article 5 of the Articles of Association. The issue price, the date of the dividend entitlement and where appropriate, the nature of the contribution in kind or acquisition of assets are determined by the Board of Directors.

The Board of Directors shall also be entitled, to exclude in whole or parts the subscription right of shareholders in favour of third parties,

- for the participation of strategic partners or
- the acquisition of companies, parts of companies or investments or for the financing or refinancing of such transactions or
- for replacement of existing funding or
- for the rapid and flexible provision of equity capital, which would be difficult to achieve without the exclusion of subscription rights or
- other important reasons within the meaning of Art. 652b para. 2 of the Swiss Code of Obligations.

The placement of the new shares may be issued by one or more banks, which subscribe to the shares in trust. Shares, for which subscription rights are given, but not exercised, are available to the Board of Directors, which uses these in the interests of the company.

If and insofar the Board of Directors has used or reserved the conditional capital established by the General Meeting from the 22 April 2016 at the amount of CHF 33 600 000 its authorisation to increase the share capital based on para. 1 of the present provision is reduced."

5.2 Increase in conditional capital

Proposal: The Board of Directors proposes to increase the conditional capital at a maximum amount of CHF 33 600 000, where it should be entitled to increase the share capital by issuing up to 8 000 000 fully paid up registered shares with a nominal value of CHF 4.20 unless the authorised capital requested under agenda item 5.1 was not used. Accordingly, the Board of Directors proposes to recast Art. 3b of the articles of association as follows:

„The company's share capital may be increased by a maximum amount of CHF 33 600 000 by issuing up to 8 000 000 fully paid up registered shares with a nominal value of CHF 4.20 each (conditional capital). These registered shares are to be issued upon exercise of option rights granted in conjunction with convertible bonds, bonds with option rights or similar forms of financing of the company or one of its subsidiaries. The holders of conversion and option rights are authorised to acquire new shares. The Board of Directors stipulates the conditions for granting conversion and option rights. Shareholders' subscription rights are excluded.

The Board of Directors can restrict or withdraw the preferential subscription rights of existing shareholders when issuing convertible bonds, bonds with option rights or similar financing if such instruments

- are issued on the national or international capital markets or
- are issued as private placement with one or more strategic investors or to one or more financial investors or
- are in connection with the financing or refinancing of the acquisition of companies, parts of companies or participations or new investment projects of the company or
- are in connection with the repayment of existing loans.

If preferential subscription rights of the shareholders is limited or excluded, the following applies to the issue of convertible bonds, bonds with option rights or similar forms of financing:

- The instruments must be issued at the relevant market conditions, the placement on acting as trustee banks are permitted,
- The period for exercising the conversion rights may not exceed 10 years from the issuance of the bonds,
- The issue of new shares applies to the current conditions of the financial instrument,
- The exercise price for the new shares must at least correspond to the market conditions at the time of issue of conversion and option rights.

The acquisition of registered shares through the exercise of conversion or option rights and each subsequent transfer of the registered shares that have been acquired through the exercise of conversion or option rights under this article, are subject to the registration requirements of Art. 5 of the articles of association.

If and insofar as the Board of Directors has exercised the power granted by the General Meeting to increase the authorised capital pursuant to Art. 3a of the articles of association, the conditional capital pursuant to para. 1 of the present provision in the articles of association is reduced."

5.3 Adapting the statutory description of the compensation system of the Group Management

Proposal: The Board of Directors proposes to express more open the statutory description of the compensation of the members of the Group Management. On the one hand the members of the Group Management shall *usually* receive a variable compensation together with a fixed compensation and on the other hand the fixed compensation may also include an equity component like the variable compensation. Accordingly, the Board of Directors proposes to recast Art. 22 paragraph 2 of the articles of association as follows:

"Apart from fixed compensation the members of the Group Management generally receive in addition variable compensation, which depends on particular success criteria. The fixed and the variable compensation can include a cash portion and a portion in temporarily blocked shares pursuant to the share-based payment programme."

5.4 Adapting the provisions concerning the compensation votes

Proposal: The Board of Directors proposes to carry out the vote on the approval of the compensation of the members of the Board of Directors and the members of the Group Management prospective or retrospective. Accordingly, the Board of Directors proposes to recast Art. 20 paragraph 1 section 2 and 3, Art. 23 para. 1 and 2 (newly divided as Art. 23 para.1 to 4) and Art. 27 of the articles of association as follows:

Art. 20 para. 1 section 2 and 3:

"The Compensation Committee in general has the following tasks and responsibilities with reference to compensation questions regarding the Board of Directors and Group Management:

[...]

2. Submitting a motion to the Board of Directors for the attention of the General Meeting regarding the total amount of the maximum compensation of the Board of Directors for the period until the next Annual General Meeting, with prospective authorisation or for the past year in office with retrospective approval;
3. Submitting a motion to the Board of Directors for the attention of the General Meeting regarding the total amount of the maximum fixed and variable compensation of the members of the Group Management for the coming financial year, with prospective authorisation or for the previous financial year with retrospective approval."

Art. 23 para. 1 to 4:

"The General Meeting separately approves for each compensation period the motions of the Board of Directors for prospective authorisation regarding:

1. the maximum compensation of the Board of Directors for the period until the next Annual General Meeting;
2. the maximum fixed and variable compensation of the Group Management for the next financial year; the Board of Directors may submit the fixed and variable compensation jointly or separately for approval.

If the Board of Directors waives prospective approval of compensation on motions under the preceding paragraph, the General Meeting approves the total amount of the corresponding compensation in arrears for the previous year in office, resp. financial year (retrospective approval).

The Board of Directors may submit to the General Meeting different and additional motions relating to the same or other compensation periods for approval.

If the General Meeting refuses to approve a maximum total amount for the Board of Directors and/or the Group Management, the Board of Directors may submit new motions to the same General Meeting. If it does not submit any new motions or if these are rejected, the Board of Directors may convene an extraordinary General Meeting and submit new motions for approval of the total amounts to it or apply for approval on the occasion of the next ordinary General Meeting."

Art. 27:

"An additional amount is available for the compensation of members of the Group Management who are newly appointed or promoted after prospective approval of the maximum total compensation for the Group Management for every period for which the General Meeting has already approved the compensation of the Group Management if the compensation already approved for the period involved is insufficient. This additional amount may not exceed 40% for the Chief Executive Officer and 20% each for every other member of Group Management of the approved total compensation for Group Management for the period involved."

5.5 Adapting the provision on loans

Proposal: The Board of Directors proposes that the company may grant loans to the Directors and the Group Management in order to advance on social security and tax charges. Accordingly, the Board of Directors proposes to recast Art. 26 of the articles of association as follows:

„The company does not grant members of the Board of Directors and Group Management any loans, credits, pension payments outside of the occupational pension scheme or securities. Exempt from this are advances of social security and tax charges for persons subject to withholding tax.“

6. Votes on compensation

6.1 Consultative voting on the compensation report for financial year 2015

Proposal: The Board of Directors proposes that the compensation report for financial year 2015 be approved by means of a non-binding consultative voting process.

6.2 Approval of the maximum total compensation of the members of the Board of Directors for the year in office 2016/2017

Proposal: The Board of Directors proposes to approve the maximum total sum of CHF 960 000 of the compensation for members of the Board of Directors for the period of office from the Annual General Meeting in 2016 to the Annual General Meeting in 2017 (as explained in more detail in the accompanying notes).

6.3 Approval of the maximum total compensation of the members of Group Management for financial year 2017

Proposal: The Board of Directors proposes to approve the maximum total sum of CHF 4 600 000 for the fixed and variable compensation of the members of the Group Management for the financial year 2017 (as explained in more detail in the accompanying notes).

Miscellaneous

Annual Report

The annual report (management report of the Group, financial statements and Group financial statements), the compensation report and the auditors' reports for 2015 have been available for viewing by shareholders at the Company's headquarters since 1 March 2016, or can be downloaded from www.afg.ch under "Publications". Each shareholder can also request delivery of the documents (tel.: +41 71 447 45 53; fax: +41 71 447 45 88; e-mail: media@afg.ch).

Entry tickets

The shareholders with voting rights as recorded in the share register will receive a registration card along with the invitation to the Annual General Meeting. On returning the registration card to the Company (SIX SAG AG, AFG Arbonia-Forster-Holding AG, P.O. Box, CH-4609 Olten) the shareholders will receive their entry tickets (dispatch of entry tickets starting from 12 April 2016). The prompt return of registration cards will facilitate the preparatory work for the Annual General Meeting.

Shareholders who register in the share register, after the sending of the invitation to the General Meeting, but before the 11 April 2016, 5.00 p.m. will be sent the invitation to the Annual General Meeting and the registration card after 12 April 2016. They can obtain the voting materials by handing in their registration card at the shares office in the OLMA Hall 2.1 on the day of the Annual General Meeting.

During the period from 11 April 2016, 5.00 p.m. up to and including the 22 April 2016 no entries in the share register shall be made. Shareholders who acquire their shares after the 11 April 2016, 5.00 p.m. are not entitled to vote with the shares they have acquired. Shareholders who dispose shares before the Annual General Meeting are no longer entitled to vote with the shares that they have disposed of.

Granting power of proxy

Shareholders who cannot personally attend the General Meeting, have the opportunity to give instructions for voting through the independent proxy, Dr. iur. Roland Keller, attorney-at-law, of Raggenbass Rechtsanwälte, Bahnhofstrasse 9, 8580 Amriswil, or by another proxy to be nominated by them, and to issue voting instructions.

Electronic remote voting (e-voting)

Shareholders represented can issue their power of attorney and voting instructions to the independent proxy as well as power of attorney to a third party electronically from 25 March 2016 under <http://www.afg.ch/en/company/annual-general-meeting.html>. The access details required for that purpose will be delivered to the shareholders together with their invitations. Electronic participation is possible up to **11.59 p.m. on 20 April 2016**. If voting is carried out using various methods (in person at the Annual General Meeting, by means of a written proxy or by e-voting), the shareholder's last declaration of intent shall apply.

Yours sincerely,

AFG Arbonia-Forster-Holding AG



Alexander von Witzleben
Chairman of the Board of Directors