

COMPLETE REVISION

of the Articles of Association of Sonova Holding AG

Explanation of the Amendments of the Articles of Association

Content

1.	Explanation to the Modified Articles	2
2.	Comparison Table	3
3.	Comparison of the Articles of Association	4

1. Explanation to the Modified Articles

The Board of Directors recommends to the General Shareholders' Meeting a complete revision of the Articles of Association due to several changes to reflect modern Corporate Governance and the new Swiss corporate law. The following chapters explain the proposed amendments.

1.1. Expansion of the Purpose of the Company (old: Art. 2/new: Art. 2)

The purpose of the Company shall be expanded. The new wording is designed to potentially resolve doubts that might arise under foreign legislation in connection with the purchase or sale of participations abroad.

1.2. Introduction of a Nominee Clause (old: – /new: Art. 8 Par. 5)

With the nominee clause the Board of Directors can issue regulations specifying the conditions under which fiduciaries/nominees are recognised as shareholders with voting rights.

1.3. Abolition of the «Opting up» Clause (old: Art. 8/new: abolished)

The current «opting up» clause requires a shareholder to make a public purchase offer once he owns 49% of the voting rights, as opposed to the legal threshold of 33 1/3%. By abolition of the article, the threshold will be reduced to 33 1/3% and strengthens thereby the rights and the equivalence of the shareholders.

1.4. Reduction of Threshold as to the Right of Shareholders for Placing Items on the Agenda (old: Art. 10 Par. 3/new: Art. 12 Par. 3)

The minimum amount of capital a shareholder must own to be entitled to request an item be included on the agenda shall be cut from 5% to 1%. This reduction will allow smaller private shareholders and groups of shareholders to table a motion for the General Shareholders' Meeting.

1.5. Representation at the General Shareholders' Meeting (old: Art. 13/new: Art. 14 Par. 4)

In future every individual shareholder should be able to be represented at the General Shareholders' Meeting by an authorized agent who does not have to be a shareholder in the Company. This gives shareholders more flexibility in exercising their voting rights.

1.6. Simplification of the Ballot and Election Procedure during the General Shareholders' Meeting (old: Art. 15/new: Art. 15)

For the simplification of the ballot and election procedure during the General Shareholders' Meeting, the Chairman shall have the possibility to give instructions so that only the voting slips of those wishing to partain or vote against the motion are collected, with all the other votes cast during the meeting considered to be in favour. With the remark that ballots can be done electronically at the General Shareholders' Meeting, the General Assembly can use an electronic ballot and voting system if required.

1.7. Abolition of the Group Auditor (old: Art. 14 and Art. 24/new: Art. 10 and Art. 22)

The references to Group Auditors shall be deleted from the Articles of Association. According to the new Swiss corporate law, no separate Group Auditor has to be included. The new law provides that consolidated financial statements have to be audited by the parent Company's auditors.

1.8. Stylistic Changes

Finally, the style has been amended in places and certain articles combined in order to meet the requirements for modern company Articles of Association. The amendments appear in the following comparison table and the comparison of the Articles of Association.

2. Comparison Table

The following overview shows the comparison of the old and the proposed new Articles of Association:

Old Wording	New Wording
Art. 1	Art. 1
Art. 2	Art. 2
Art. 3	Art. 3
Art. 3a	Art. 4
Art. 3b	Art. 5
Art. 3c	Art. 6 a)
Art. 3d	Art. 6 b)
Art. 4 Par. 1	Art. 7 Par. 1 and Par. 2
Art. 4 Par. 2	Art. 7 Par. 3, Par. 4 and Par. 5
Art. 5 Par. 1	Art. 8 Par. 3
Art. 5 Par. 2	Art. 8 Par. 1
Art. 6 Par. 1	Art. 8 Par. 2
Art. 6 Par. 2	Art. 8 Par. 4
	Art. 8 Par. 5
Art. 6 Par. 3	Art. 8 Par. 6
Art. 6 Par. 4	Art. 8 Par. 7
Art. 6 Par. 5	Art. 8 Par. 8
Art. 7	Art. 9
Art. 8	abolished
Art. 9	abolished
Art. 10 Par. 1	Art. 11 Par. 1 and Par. 2
Art. 10 Par. 2	Art. 11 Par. 3 and Par. 4
Art. 10 Par. 3	Art. 12 Par. 3
Art. 11	Art. 12 Par. 1 and Par. 2
Art. 12	Art. 14 Par. 1, Par. 2 and Par. 3
Art. 13	Art. 14 Par. 4
Art. 14	Art. 10
Art. 15	Art. 15
Art. 16 (abolished as per resolution of the General Shareholders' Meeting of July 7, 2005)	
Art. 17 Par. 1	Art. 13 Par. 1 and Par. 2
Art. 17 Par. 2	Art. 13 Par. 3
Art. 18	Art. 16
Art. 19	Art. 17
Art. 20	Art. 18
Art. 21	Art. 19
Art. 22	Art. 20
Art. 23	Art. 21
Art. 24	Art. 22
Art. 25	Art. 23
Art. 26	Art. 24
Art. 27	Art. 25
Art. 28	Art. 26

3. Comparison of the Articles of Association

Old Wording

I. Corporate Name, Registered Office and Purpose

Art. 1 Corporate Name, Registered Office

Under the corporate name of

- Sonova Holding AG
- Sonova Holding SA
- Sonova Holding Ltd.

a Company exists, having its registered office in Stäfa.

Art. 2 Purpose

The purpose of the Company is the purchase, the financing and the administration of investments, in particular in companies of the Sonova Group. The Company is entitled to purchase or sell investments in other companies, to grant loans, to manage assets and to engage in any business as may be deemed to be in the best interest to further the purpose of the Company.

II. Share Capital and Shares

Art. 3 Amount of Share Capital, Number, Par Value and Type of Shares

The share capital of the Company amounts to CHF 3,372,575.30 and is divided into 67,451,506 registered shares of CHF 0.05 par value each. The share capital is fully paid up.

Art. 3a Conditional Capital

The share capital is to be increased by no more than CHF 357,870.70 through the issue of no more than 7,157,414 registered shares with a par value of CHF 0.05 each, to be fully paid up, namely

- a) up to an amount of CHF 192,814.70 through the exercise of option rights by members of the Board of Directors, of the Management Board and by selected employees of the Sonova Group. Shareholders' subscription rights are excluded;

New Wording

I. General

Article 1 Company Name, Registered Office, Duration

Under the name of Sonova Holding AG (Sonova Holding SA) (Sonova Holding Ltd.) a limited company of indeterminate duration exists, having its registered office in Stäfa.

Article 2 Purpose

The purpose of the Company is the purchase, the financing and the administration of investments, in particular in Group Companies.

It can also set up branches and subsidiaries in Switzerland and abroad, and purchase or sell holdings in other companies in Switzerland or abroad.

The Company can acquire, encumber, sell or manage property in Switzerland or abroad.

It can also arrange financing for its own or third party account, manage assets and enter into guarantees and sureties for subsidiaries or third parties.

The Company can also engage in any business to further its purpose.

II. Capital

Article 3 Share Capital

The share capital of the Company amounts to CHF 3,372,575.30 and is divided into 67,451,506 registered shares of CHF 0.05 par value each.

The share capital is fully paid up.

Article 4 Conditional Share Capital

The share capital is to be increased by no more than CHF 357,870.70 through the issue of no more than 7,157,414 registered shares with a par value of CHF 0.05 each, to be fully paid up, namely

- a) up to an amount of CHF 192,814.70 through the exercise of option rights by members of the Board of Directors, of the Management Board and by selected employees of the Group. Shareholders' subscription rights are excluded;

b) up to an amount of CHF 165,056 through the exercise of option and conversion rights granted in connection with bonds or similar debt instruments issued by the Company. Shareholders' subscription rights are excluded. Shareholders' preferential subscription rights may be excluded if such debt instruments are issued for the purpose of financing the acquisition of or investment in companies.

The acquisition of registered shares through the exercise of option rights or conversion rights by members of the Board of Directors or the Management Board or by selected employees of the Sonova Group as well as by holders of bonds and/or other debt instruments, and any subsequent transfer of the new registered shares shall be subject to the transfer restrictions set forth in article 6 of these Articles of Association.

If preferential subscription rights are excluded, the bonds are to be placed with the public at market conditions, the exercise period is not to exceed five years from the date of issue for option rights or ten years for conversion rights, and the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing on the date on which the bonds are issued.

Art. 3b Authorized Capital

The Board of Directors is authorized at any time until June 12, 2009 to increase the share capital of the Company by no more than CHF 167,813 by issuing no more than 3,356,260 registered shares with a par value of CHF 0.05 each, to be fully paid up. The Board of Directors is authorized to fully pay up these shares out of equity capital. Increases by firm underwriting, as well as partial increases, are permissible.

The Board of Directors shall determine the issue price, the type of contribution, the conditions for exercising subscription rights and the beginning of the entitlement to dividends. Subscription rights that have not been exercised are at the disposal of the Board of Directors who will use them in the interest of the Company.

The Board of Directors is authorized to exclude subscription rights of shareholders and to allocate them to third parties if the new shares are to be used for the acquisition of companies, parts of companies, equity stakes or the financing of such transactions.

Upon acquisition, the new registered shares are subject to the transfer restrictions set forth in article 6 of the Articles of Association.

b) up to an amount of CHF 165,056 through the exercise of option and conversion rights granted in connection with bonds or similar debt instruments issued by the Company. Shareholders' subscription rights are excluded. Shareholders' preferential subscription rights may be excluded if such debt instruments are issued for the purpose of financing the acquisition of or investment in companies.

The acquisition of registered shares through the exercise of option rights or conversion rights by members of the Board of Directors or the Management Board or by selected employees of the Group as well as by holders of bonds and/or other debt instruments, and any subsequent transfer of the new registered shares shall be subject to the transfer restrictions set forth in these Articles of Association.

If preferential subscription rights are excluded, the bonds are to be placed with the public at market conditions, the exercise period is not to exceed five years from the date of issue for option rights or ten years for conversion rights, and the conversion or exercise price for the new shares is to be set at least in line with the market conditions prevailing on the date on which the bonds are issued.

Article 5 Authorized Share Capital

The Board of Directors is authorized at any time until June 12, 2009 to increase the share capital of the Company by no more than CHF 167,813 by issuing no more than 3,356,260 registered shares with a par value of CHF 0.05 each, to be fully paid up. The Board of Directors is authorized to fully pay up these shares out of equity capital. Increases by firm underwriting, as well as partial increases, are permissible.

The Board of Directors shall determine the issue price, the type of contribution, the conditions for exercising subscription rights and the beginning of the entitlement to dividends. Subscription rights that have not been exercised are at the disposal of the Board of Directors who will use them in the interest of the Company.

The Board of Directors is authorized to exclude subscription rights of shareholders and to allocate them to third parties if the new shares are to be used for the acquisition of companies, parts of companies, equity stakes or the financing of such transactions.

Upon acquisition, the new registered shares are subject to the transfer restrictions set forth in these Articles of Association.

Art. 3c Contribution in Kind

The Company takes over the following assets within the increase of the share capital of January 19, 2001 according to the contribution in kind agreement of January 10, 2001:

Contributor	Contribution	Return service of the Company
	Registered shares of Unित्रon CAV Ltd. domiciled c/o Unित्रon Industries Ltd. 20 Beasley Drive, Kitchener, Ontario N2G 4X1, Canada: Class A common reg. shares* Class B common reg. shares**	Registered shares of Sonova Holding AG
F.J. Stork Holdings 2000 Ltd., 22 Frederick Street, Suite 700, Kitchener, Ontario N2G 4A2, Canada	4'068'284**	5'780
Raymond Corsini from Canada, at Westforest Trail, Waterloo, Ontario N2N 3B2, Canada	45'330*	63
Gary Ullmann from Canada, at Woodland Acres Cres., Maple, Ontario L6A 1G2, Canada	374'746*	521
Paul Thompson from Canada, at 227 Main Street, Ayr, Ontario N0B 1E0, Canada	205'004*	285
Michael Pley from Canada, at 2 Robson Street, Ayr, Ontario N0B 1E0, Canada	113'671*	158
Horst Arndt from Canada, at 6 Old Forest Cres., Kitchener, Ontario N2N 2A3, Canada	45'330*	63
Fiona Mitchell from Canada, at 78 Ben Machree Drive, Mississauga, Ontario L5H 2S8, Canada	10'821*	15
Peter Snucins from Canada, at 12 Fallingbrook Cres., Toronto, Ontario M1N 1A9, Canada	10'821*	15

Article 6 Contribution in Kind

a) The Company takes over the following assets within the increase of the share capital of January 19, 2001 according to the contribution in kind agreement of January 10, 2001:

Contributor	Contribution	Return service of the Company
	Registered shares of Unित्रon CAV Ltd. domiciled c/o Unित्रon Industries Ltd. 20 Beasley Drive, Kitchener, Ontario N2G 4X1, Canada: Class A common reg. shares* Class B common reg. shares**	Registered shares of Sonova Holding AG
F.J. Stork Holdings 2000 Ltd., 22 Frederick Street, Suite 700, Kitchener, Ontario N2G 4A2, Canada	4'068'284**	5'780
Raymond Corsini from Canada, at Westforest Trail, Waterloo, Ontario N2N 3B2, Canada	45'330*	63
Gary Ullmann from Canada, at Woodland Acres Cres., Maple, Ontario L6A 1G2, Canada	374'746*	521
Paul Thompson from Canada, at 227 Main Street, Ayr, Ontario N0B 1E0, Canada	205'004*	285
Michael Pley from Canada, at 2 Robson Street, Ayr, Ontario N0B 1E0, Canada	113'671*	158
Horst Arndt from Canada, at 6 Old Forest Cres., Kitchener, Ontario N2N 2A3, Canada	45'330*	63
Fiona Mitchell from Canada, at 78 Ben Machree Drive, Mississauga, Ontario L5H 2S8, Canada	10'821*	15
Peter Snucins from Canada, at 12 Fallingbrook Cres., Toronto, Ontario M1N 1A9, Canada	10'821*	15

Gary Maas from USA, at 3300 Crestmoor Bay, Woodbury, Minne- sota 55125, USA	906'374*	1'286
Douglas Brander from Great Britain, at 410 Peavey Lane, Wayzata, Minnesota 55391, USA	52'785*	78
Total	5'833'166 * und **	8'264

The 5'833'166 Class A and B common registered shares of Unitron CAV Ltd. have no par value. They are valued at CHF 53'137'520 or CAD 49'201'376.80 in total and taken over at this price against the hand-over of 8'264 registered shares of Sonova Holding AG with a par value of CHF 20 each.

The Company takes over the following assets within the increase of the share capital of March 21, 2001 according to the contribution in kind agreement of January 10, 2001:

Contributor	Contribution	Return service of the Company
	Class A common reg. shares of Unitron CAV Ltd. domiciled c/o Unitron Industries Ltd. 20 Beasley Drive, Kitchener, Ontario N2G 4X1 Canada	Registered shares of Sonova Holding AG
Ronald Regan from USA, at 2111 Austrian Pine Lane Minnetonka, Minne- sota 55305 USA	363'000	593
Michael Hoke from USA, at 10481 Bluff Road Eden Prairie, Minne- sota 56474 USA	363'000	593
Paul Hiniker from USA, at 10755 Swanberg Drive Pine River, Minne- sota 56474 USA	363'000	593
Total	1'089'000	1'779

The 1'089'000 Class A common registered shares of Unitron CAV Ltd. have no par value. They are valued with totally CHF 11'438'970 resp. CAD 10'591'632.30 and taken over at this price, for which 1'779 registered shares of Sonova Holding AG of a par value of CHF 20 each will be issued.

Gary Maas von USA, in 3300 Crestmoor Bay, Woodbury, Minne- sota 55125, USA	906'374*	1'286
Douglas Brander von Grossbritannien, in 410 Peavey Lane, Wayzata, Minnesota 55391, USA	52'785*	78
Total	5'833'166 * und **	8'264

The 5'833'166 Class A and B common registered shares of Unitron CAV Ltd. have no par value. They are valued at CHF 53'137'520 or CAD 49'201'376.80 in total and taken over at this price against the hand-over of 8'264 registered shares of the Company with a par value of CHF 20 each.

The Company takes over the following assets within the increase of the share capital of March 21, 2001 according to the contribution in kind agreement of January 10, 2001:

Contributor	Contribution	Return service of the Company
	Class A common reg. shares of Unitron CAV Ltd. domiciled c/o Unitron Industries Ltd. 20 Beasley Drive, Kitchener, Ontario N2G 4X1 Canada	Registered shares of Sonova Holding AG
Ronald Regan from USA, at 2111 Austrian Pine Lane Minnetonka, Minne- sota 55305 USA	363'000	593
Michael Hoke from USA, at 10481 Bluff Road Eden Prairie, Minne- sota 56474 USA	363'000	593
Paul Hiniker from USA, at 10755 Swanberg Drive Pine River, Minne- sota 56474 USA	363'000	593
Total	1'089'000	1'779

The 1'089'000 Class A common registered shares of Unitron CAV Ltd. have no par value. They are valued with totally CHF 11'438'970 resp. CAD 10'591'632.30 and taken over at this price, for which 1'779 registered shares of the Company of a par value of CHF 20 each will be issued.

Art. 3d Contribution in Kind

The Company takes over the following assets within the increase of the share capital of March 21, 2001 according to the contribution in kind agreement of March 15, 2001:

Contributor	Contribution	Return service of the Company
	5 common stocks without par value of Hansaton Akustische Geräte GmbH domiciled at Itzlinger Hauptstrasse. 33, 5020 Salzburg Austria	Registered shares of Sonova Holding AG
Josef Perman-schlager Privatstiftung, Rauchenbichler- strasse 15, 5020 Salzburg, Österreich	1 common stock for 10% or ATS 100'000 of the company capital	759
Mag. Andreas Schlatte, Privatstiftung, Hochgitzenstr. 13, 5101 Bergheim bei Salzburg, Österreich	1 common stock for 10% or ATS 100'000 of the company capital	759
Anton Kemetinger, Privatstiftung, Iselstrasse 3, 5101 Bergheim bei Salzburg, Österreich	1 common stock for 10% or ATS 100'000 of the company capital	759
Dipl. Vw. Franz Knapp, Privatstiftung, Steingasse 61, 5021 Salzburg, Österreich	1 common stock for 7.2% or ATS 72'000 of the company capital	546
Franz und Veritas Knapp, Privatstiftung, Steingasse 61, 5021 Salzburg, Österreich	1 common stock for 2.8% or ATS 28'000 of the company capital	212
Total	5 common stock for 40% or ATS 400'000 of the company capital	3'035

The five common stocks of Hansaton Akustische Geräte GmbH, domiciled in Salzburg, Austria are valued at CHF 16'222'034 or ATS 145'200'000 in total, for which 3'035 registered shares of Sonova Holding AG with a par value of CHF 20 each will be issued.

b) The Company takes over the following assets within the increase of the share capital of March 21, 2001 according to the contribution in kind agreement of March 15, 2001:

Contributor	Contribution	Return service of the Company
	5 common stocks without par value of Hansaton Akustische Geräte GmbH domiciled at Itzlinger Hauptstrasse. 33, 5020 Salzburg Austria	Registered shares of Sonova Holding AG
Josef Perman-schlager Privatstiftung, Rauchenbichler- strasse 15, 5020 Salzburg, Österreich	1 common stock for 10% or ATS 100'000 of the company capital	759
Mag. Andreas Schlatte, Privatstiftung, Hochgitzenstr. 13, 5101 Bergheim bei Salzburg, Österreich	1 common stock for 10% or ATS 100'000 of the company capital	759
Anton Kemetinger, Privatstiftung, Iselstrasse 3, 5101 Bergheim bei Salzburg, Österreich	1 common stock for 10% or ATS 100'000 of the company capital	759
Dipl. Vw. Franz Knapp, Privatstiftung, Steingasse 61, 5021 Salzburg, Österreich	1 common stock for 7.2% or ATS 72'000 of the company capital	546
Franz und Veritas Knapp, Privatstiftung, Steingasse 61, 5021 Salzburg, Österreich	1 common stock for 2.8% or ATS 28'000 of the company capital	212
Total	5 common stock for 40% or ATS 400'000 of the company capital	3'035

The five common stocks of Hansaton Akustische Geräte GmbH, domiciled in Salzburg, Austria are valued at CHF 16'222'034 or ATS 145'200'000 in total, for which 3'035 registered shares of the Company with a par value of CHF 20 each will be issued.

Art. 4 Par. 1 Certificates

The Company is authorized to issue certificates representing several shares each instead of individual shares. The shares or certificates shall bear the signature of two members of the Board of Directors. Both signatures may be facsimile signatures.

Art. 4 Par. 2 Postponed Printing of Shares

The Company may hold off from printing and delivering share certificates. However, the shareholders may ask the Company to print and deliver the shares at any time free of charge.

Uncertificated shares and the rights arising from them can be transferred only by assignment. In order to be valid, such an assignment needs to be notified to the Company.

If uncertificated shares are administered by a bank by order of the shareholders, these shares and the rights arising from them can be transferred only with the collaboration of the bank. They also can be pledged only in favor of this bank, whereby a notification to the Company is not required.

Art. 5 Stock Ledger

The names and addresses of the shareholders and usufructuaries shall be registered in the stock ledger of the Company.

The Company recognizes only those persons who are registered in the stock ledger.

Art. 6 Limitation of Transferability

The acquirer or usufructuary of shares has to submit a written application for the entry in the stock ledger.

The Company may refuse the entry in the stock ledger if the applicant does not expressly declare that he has acquired and will hold the shares in his own name and on his own account.

Article 7 Certificates, Postponed Printing of Shares

The Company is authorized to issue certificates representing several shares each instead of individual shares.

The shares or certificates shall bear the signature of two members of the Board of Directors. Both signatures may be facsimile signatures.

The Company may hold off from printing and delivering share certificates. However, the shareholders may ask the Company to print and deliver the shares at any time free of charge.

Uncertificated shares and the rights arising from them can be transferred only by assignment. In order to be valid, such an assignment needs to be notified to the Company.

If uncertificated shares are administered by a bank by order of the shareholders, these shares and the rights arising from them can be transferred only with the collaboration of the bank. They also can be pledged only in favor of this bank, whereby a notification to the Company is not required.

Article 8 Stock Ledger

The Company recognizes only those persons who are registered in the stock ledger.

The acquirer or usufructuary of shares has to submit a written application for the entry in the stock ledger.

The names and addresses of the shareholders and usufructuaries shall be registered in the stock ledger of the Company. To be legally valid, all correspondence must be sent to the address given in the stock ledger. If a shareholder changes address or registered office, he must inform the Company of his new address.

The Company may refuse the entry in the stock ledger if the applicant does not expressly declare that he has acquired and will hold the shares in his own name and on his own account.

The Board of Directors can issue regulations specifying the conditions under which fiduciaries/nominees are recognised as shareholders with voting rights.

Moreover, the Company may refuse the entry of the acquirer as a shareholder entitled to vote or as a usufructuary to the extent that the shares held by him would exceed 5% of the total amount of shares as shown in the Commercial Register. Legal entities and partnerships, which are associated by capital or by votes, by a share management or in a similar way, as well as natural and legal entities and partnerships, who act jointly or in a coordinated fashion, are considered as one person. The safeguarding of the status quo at the introduction of this regulation is unaffected. The Board of Directors may approve exceptions from the limitation to 5% on reasonable grounds.

The entry limitation of 5% in accordance with the preceding regulation does not apply to the entry of an acquirer or usufructuary if the seller of the shares or grantor of the usufruct was already a shareholder at the time the preceding regulation was introduced.

Art. 685b para 4 CO and art. 685d para 3 CO are unaffected.

Art. 7 Pre-emptive Rights

If the share capital is increased and new shares are issued, the current shareholders have a right to subscribe to the new shares in proportion to the par value of their existing shareholding. The cancellation of the pre-emptive rights for good cause is unaffected.

Art. 8 Public Takeover Bid

A purchaser of shares is not obliged to submit a public offer to buy shares as long as he disposes of no more than 49% of the voting rights. This regulation applies only if there is a law or legal regulation regarding a public offer obligation applicable on the Company.

Moreover, the Company may refuse the entry of the acquirer as a shareholder entitled to vote or as a usufructuary to the extent that the shares held by him would exceed 5% of the total amount of shares as shown in the Commercial Register. Legal entities and partnerships, which are associated by capital or by votes, by a share management or in a similar way, as well as natural and legal entities and partnerships, who act jointly or in a coordinated fashion, are considered as one person. The safeguarding of the status quo at the introduction of this regulation is unaffected. The Board of Directors may approve exceptions from the limitation to 5% on reasonable grounds.

The entry limitation of 5% in accordance with the preceding regulation does not apply to the entry of an acquirer or usufructuary if the seller of the shares or grantor of the usufruct was already a shareholder at the time the preceding regulation was introduced.

Art. 685b para 4 CO and art. 685d para 3 CO are unaffected.

Article 9 Pre-emptive Rights

If the share capital is increased and new shares are issued, the current shareholders have a right to subscribe to the new shares in proportion to the par value of their existing shareholding. The cancellation of the pre-emptive rights for good cause is unaffected.

III. Organization of the Company

Art. 9 Corporate Bodies

The following are the corporate bodies of the Company:

- A. The General Shareholders' Meeting
- B. The Board of Directors
- C. The Auditors

A. The General Shareholders' Meeting

Art. 10 Par. 1 Frequency

The ordinary General Shareholders' Meeting takes place every year within six months following the close of the business year.

Extraordinary General Shareholders' Meetings may be called according to need.

Art. 10 Par. 2 Convocation

The General Shareholders' Meeting is called by the Board of Directors, if necessary by the Auditors, and in the other cases determined by law.

The meeting may also be called by one or more shareholders with the right to vote, who represent together at least one tenth of the share capital, by a notice in writing indicating the reasons.

III. Organization of the Company

A. General Shareholders' Meeting

Article 10 Powers

The General Shareholders' Meeting has the following non-transferable powers:

1. The adopting and amending of the Articles of Association;
2. The election of the members of the Board of Directors as well as of the Auditors;
3. The approval of the annual report and of the consolidated financial statements;
4. The approval of the financial statements and the appropriation of available earnings, in particular the declaration of the dividend;
5. The granting of discharge to the members of the Board of Directors;
6. The decision on any other matter falling within the power of the General Shareholders' Meeting by virtue of law or the Articles of Association.

Article 11 Frequency, Convocation

The ordinary General Shareholders' Meeting takes place every year within six months following the close of the business year.

Extraordinary General Shareholders' Meetings may be called according to need.

The General Shareholders' Meeting is called by the Board of Directors, if necessary by the Auditors, and in the other cases determined by law.

The meeting may also be called by one or more shareholders with the right to vote, who represent together at least one tenth of the share capital, by a notice in writing indicating the reasons.

Art. 10 Par. 3 Right to Table Agenda Items

Shareholders entitled to vote who represent at least 5% of the share capital may request items to be added to the agenda by indicating the relevant proposals. Such requests must be addressed in writing to the Chairman of the Board no later than 60 days before the meeting.

Art. 11 Form of Convocation

The ordinary or extraordinary General Shareholders' Meeting is called at least twenty days prior to the day of the meeting by a notice in the Company's official publication media, indicating the items of the agenda as well as the motions of the Board of Directors and, if applicable, the shareholders who have requested that a Shareholders' Meeting be held or that an item be listed in the agenda for discussion.

The invitation to the ordinary General Shareholders' Meeting has to contain the information that the business report as well as the auditors' report shall be open for inspection by the shareholders at the registered office of the Company and that the shareholders may request a copy of these reports.

**Article 12 Form of Convocation,
Right to Table Agenda Items**

The ordinary or extraordinary General Shareholders' Meeting is called at least twenty days prior to the day of the meeting by a notice in the Company's official publication media, indicating the items of the agenda as well as the motions of the Board of Directors and, if applicable, the shareholders who have requested that a General Shareholders' Meeting be held or that an item be listed in the agenda for discussion.

The invitation to the ordinary General Shareholders' Meeting has to contain the information that the business report as well as the auditors' report shall be open for inspection by the shareholders at the registered office of the Company and that the shareholders may request a copy of these reports.

Shareholders entitled to vote who represent at least 1% of the share capital may request items to be added to the agenda by indicating the relevant proposals. Such requests must be addressed in writing to the Chairman of the Board no later than 60 days before the meeting.

Article 13 Chair, Minutes

The General Shareholders' Meeting is presided over by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman, or in case he is absent as well, by another Member of the Board of Directors.

The Chairman of the General Shareholders' Meeting appoints the scrutinizers and a Secretary for the minutes who need not be shareholders.

The General Shareholders' Meeting is recorded in the minutes according to art. 702 CO, which shall be signed by the Chairman of the meeting and by the Secretary.

Art. 12 Voting Rights

At the General Shareholders' Meeting each share registered in the stock ledger with voting right, entitles the holder to one vote.

When exercising voting rights, no shareholder can combine through their own and represented shares more than 10% of the total amount of shares as shown in the Commercial Register. Legal entities and partnerships, which are associated by capital or by votes, by shared management or in a similar way, as well as natural and legal entities and partnerships who act jointly or in a coordinated fashion, are considered as one person. The Board of Directors may enact specific regulations for the voting rights of deposited shares or for other good reasons.

Shareholders who were already registered in the stock ledger at the time of the introduction of the preceding regulation as well as purchasers or usufructuaries according to art. 6 para 3 are excluded from the limitation of the voting rights.

Art. 13 Representation

Every shareholder registered in the stock ledger with voting rights is authorized to be represented at the General Shareholders' Meeting by another shareholder registered in the stock ledger with voting rights.

Art. 14 Powers which may not be transferred

The General Shareholders' Meeting has the following non-transferable powers:

1. The adopting and amending of the Articles of Association;
2. The election of the members of the Board of Directors as well as of the Auditors and the Group Auditors;
3. The approval of the annual report and of the consolidated financial statements;
4. The approval of the financial statements and the appropriation of available earnings, in particular the declaration of the dividend;
5. The granting of discharge to the members of the Board of Directors;
6. The decision on any other matter falling within the power of the General Shareholders' Meeting by virtue of law or the Articles of Association.

Article 14 Voting Rights, Representation

At the General Shareholders' Meeting each share registered in the stock ledger with voting right, entitles the holder to one vote.

When exercising voting rights, no shareholder can combine through their own and represented shares more than 10% of the total amount of shares as shown in the Commercial Register. Legal entities and partnerships, which are associated by capital or by votes, by shared management or in a similar way, as well as natural and legal entities and partnerships who act jointly or in a coordinated fashion, are considered as one person. The Board of Directors may enact specific regulations for the voting rights of deposited shares or for other good reasons.

Shareholders who were already registered in the stock ledger at the time of the introduction of the preceding regulation as well as purchasers or usufructuaries are excluded from the limitation of the voting rights.

Every shareholder registered in the stock ledger with voting rights is entitled to be represented at the General Shareholders' Meeting by another person with written authorisation (who does not have to be a shareholder), or by an officer of the Company, the independent proxy holder or a person acting as proxy for deposited shares. All the shares owned by a shareholder can only be represented by one person.

Art. 15 Resolutions and Elections

Resolutions and elections by the General Shareholders' Meeting require the approval of an absolute majority of the votes represented, except as otherwise provided by law or by the Articles of Association.

Resolutions and elections are conducted openly, unless the General Shareholders' Meeting or the Chairman orders ballots or elections to be conducted in writing. The Chairman may at any time order resolutions or elections that have been conducted openly to be repeated in writing, provided that, in his opinion, the results of the election are questionable. In such case, the previous open election or vote is considered not to have been effected.

If, in case of elections, the first ballot is inconclusive, the chairman shall order a second ballot, in which the relative majority decides.

The following matters require a resolution of the General Shareholders' Meeting which is approved by at least two thirds of the votes represented and the absolute majority of the par values of the shares represented:

1. The modification of the Company's purpose;
2. The introduction or cancellation of shares with privileged voting rights;
3. The limitation of the transferability of registered shares;
4. An authorized or a conditional increase of the capital;
5. An increase of the capital paid up with equity, or paid up by contribution in kind or for the purpose of acquisition of assets, and the granting of privileges;
6. The restriction or the cancellation of the preemptive rights;
7. The transfer of the registered office of the Company;
8. The dissolution of the Company with or without liquidation.

Article 15 Resolutions, Elections

Resolutions and elections by the General Shareholders' Meeting require the approval of an absolute majority of the votes represented, except as otherwise provided by law or by the Articles of Association.

Resolutions and elections are conducted openly, unless the General Shareholders' Meeting or the Chairman orders ballots or elections to be conducted in writing or electronically. The Chairman may at any time order resolutions or elections that have been conducted openly to be repeated in writing, provided that, in his opinion, the results of the election are questionable. In such case, the previous open election or vote is considered not to have been effected.

In the case of ballots or elections conducted in writing, and so as to expedite the vote count, the Chairman may give instructions so that only the voting slips of those wishing to abstain or vote against the motion are collected, with all the other votes cast during the meeting considered to be in favour.

If, in case of elections, the first ballot is inconclusive, the chairman shall order a second ballot, in which the relative majority decides.

The following matters require a resolution of the General Shareholders' Meeting which is approved by at least two thirds of the votes represented and the absolute majority of the par values of the shares represented:

1. The modification of the Company's purpose;
2. The introduction or cancellation of shares with privileged voting rights;
3. The limitation of the transferability of registered shares;
4. An authorized or a conditional increase of the capital;
5. An increase of the capital paid up with equity, or paid up by contribution in kind or for the purpose of acquisition of assets, and the granting of privileges;
6. The restriction or the cancellation of the preemptive rights;
7. The transfer of the registered office of the Company;
8. The dissolution of the Company with or without liquidation.

For the abolition or loosening of the regulations about the limitation of the transferability of shares, (art. 6) the absolute majority of the votes represented is sufficient.

Art. 16

(This article was abolished by the General Shareholders' Meeting of July 7, 2005.)

Art. 17 Par. 1 Chairman

The General Shareholders' Meeting is presided over by the Chairman of the Board of Directors or, in his absence, by the Vice-Chairman, or in case he is absent as well, by another Member of the Board of Directors.

The Chairman of the General Shareholders' Meeting appoints the scrutinizers and a secretary for the minutes who need not be shareholders.

Art. 17 Par. 2 Minutes

The General Shareholders' Meeting is recorded in the minutes according to art. 702 CO, which shall be signed by the Chairman of the meeting and by the Secretary.

B. The Board of Directors

Art. 18 Composition and Term of Office

The Board of Directors shall consist of at least three and at most nine members. The members of the Board of Directors are normally elected for a period of three business years. The term ends on the day of the ordinary General Shareholders' Meeting for the last business year of the term. If during a term substitutes are elected to the Board of Directors, the newly elected members shall finish the term of their predecessors.

Art. 19 Constitution

The Board of Directors constitutes itself.

It designates a secretary who need not be a member of the Board of Directors.

Art. 20 Resolutions

At least half of the members of the Board of Directors must be present at meetings to constitute a quorum. There is no quorum requirement to pass resolutions on amendments and declarations of the Board of Directors concerning capital increases.

For the abolition or loosening of the regulations about the limitation of the transferability of shares, the absolute majority of the votes represented is sufficient.

B. Board of Directors

Article 16 Composition, Term of Office

The Board of Directors shall consist of at least three and at most nine members.

The members of the Board of Directors are normally elected for a period of three business years. The term ends on the day of the ordinary General Shareholders' Meeting for the last business year of the term. If during a term substitutes are elected to the Board of Directors, the newly elected members shall finish the term of their predecessors.

Article 17 Constitution

The Board of Directors constitutes itself.

It designates a secretary who need not be a member of the Board of Directors.

Article 18 Resolutions

At least half of the members of the Board of Directors must be present at meetings to constitute a quorum. There is no quorum requirement to pass resolutions on amendments and declarations of the Board of Directors concerning capital increases.

The Board of Directors passes its resolutions and holds its elections with the majority of its members present at the meeting. In the event of an equal number of votes, the Chairman has a casting vote.

Resolutions of the Board of Directors may also be adopted in the form of written consent (letter, fax or other written form) to a motion made, unless a member of the Board of Directors asks for oral discussion. Resolutions taken by means of circular vote shall be entered in the minutes of the next meeting of the Board of Directors.

Art. 21 Duties and Competences

The Board of Directors is responsible for the overall direction of the company and for the supervision and control of the management.

The Board of Directors is competent to decide on all matters which by law or the Articles of Association are not transferred or reserved to another corporate body.

Art. 22 Non-transferable Duties

The Board of Directors has the following non-transferable and inalienable duties:

1. the ultimate management of the Company and the issuing of the necessary directives;
2. the approval of Company policy and strategy;
3. the establishment of the organization and the enactment of management regulations;
4. the structuring of the accounting and the financial controlling as well as the financial planning;
5. the appointment and removal of the persons entrusted with the management and the representation of the Company;
6. the ultimate supervision of the persons entrusted with the management, also with a view to compliance with laws, Articles of Association, regulations and directives;
7. the establishment of the annual report as well as the preparation of the Shareholders' Meeting and the carrying out of its resolutions;
8. the notification of the judge in the case of over-indebtedness.

The Board of Directors passes its resolutions and holds its elections with the majority of its members present at the meeting. In the event of an equal number of votes, the Chairman has a casting vote.

Resolutions of the Board of Directors may also be adopted in the form of written consent (letter, fax or other written form) to a motion made, unless a member of the Board of Directors asks for oral discussion. Resolutions taken by means of circular vote shall be entered in the minutes of the next meeting of the Board of Directors.

Article 19 Competence

The Board of Directors is responsible for the overall direction of the company and for the supervision and control of the management.

The Board of Directors is competent to decide on all matters which by law or the Articles of Association are not transferred or reserved to another corporate body.

Article 20 Non-transferable Duties

The Board of Directors has the following non-transferable and inalienable duties:

1. the ultimate management of the Company and the issuing of the necessary directives;
2. the approval of Company policy and strategy;
3. the establishment of the organization and the enactment of management regulations;
4. the structuring of the accounting and the financial controlling as well as the financial planning;
5. the appointment and removal of the persons entrusted with the management and the representation of the Company;
6. the ultimate supervision of the persons entrusted with the management, also with a view to compliance with laws, Articles of Association, regulations and directives;
7. the establishment of the annual report as well as the preparation of the Shareholders' Meeting and the carrying out of its resolutions;
8. the notification of the judge in the case of over-indebtedness.

**Art. 23 Delegation of Representation,
Management Regulations**

The Board of Directors is authorized to delegate the representation of the Company and, on the basis of management regulations, the management or parts of it, to individual members of the Board of Directors or to third persons. These regulations organize the management, determine the positions necessary for it, describe its duties and govern in particular the reporting.

C. The Auditors

**Art. 24 Election, Term of Office and
Duties**

The General Shareholders' Meeting shall elect one or more auditors for a term of one year as Auditors with the rights and duties described in articles 728 et seq of the Swiss Code of Obligations and as Group Auditors. The Auditors have to meet the legal requirements regarding qualification and independence.

The General Shareholders' Meeting may elect special auditors who prepare the special audit report required in connection with capital increases (art. 652f, 653f and 653i CO) for a maximum term of office of three years.

**IV. Financial Statements and Distribution
of Profits**

Art. 25 Financial Statements

The Financial Statements are settled annually. The Board of Directors determines the term of the financial year.

**Art. 26 Legal Reserves and Statutory
Reserves**

After deduction of all costs, interests, losses and other expenses and after required depreciations and provisions are made, 5% of the net profits shall be allocated to the general reserve fund until this fund amounts to 20% of the paid-in share capital.

The profit as reflected in the balance sheet is at the free disposal of the General Shareholders' Meeting, subject to the legal provisions on further allocations to the reserve fund and subject to article 671 CO.

**Article 21 Delegation of Representation,
Management**

The Board of Directors is authorized to delegate the representation of the Company and, on the basis of management regulations, the management or parts of it, to individual members of the Board of Directors or to third persons.

These regulations organize the management, determine the positions necessary for it, describe its duties and govern in particular the reporting.

C. Auditors

Article 22 Election, Term of Office, Duties

The General Shareholders' Meeting shall elect a regulated audit company for a term of one year in accordance with art. 727 of the Swiss Code of Obligations (CO) as Auditors with the duties, rights and responsibilities described in articles 728a et seq CO. The Auditors have to meet the legal requirements regarding qualification and independence.

The General Shareholders' Meeting may elect special auditors who prepare the special audit report required in connection with capital increases (art. 652f, 653f and 653i CO) for a maximum term of office of three years.

**IV. Financial Statements, Distribution of
Profits**

**Article 23 Financial Statements,
Financial Year**

The Financial Statements are settled annually.

The Board of Directors determines the term of the financial year.

**Article 24 Reserves, Appropriation of
Earnings**

After deduction of all costs, interests, losses and other expenses and after required depreciations and provisions are made, 5% of the net profits shall be allocated to the general reserve fund until this fund amounts to 20% of the paid-in share capital.

The profit as reflected in the balance sheet is at the free disposal of the General Shareholders' Meeting, subject to the legal provisions on further allocations to the reserve fund and subject to article 671 CO.

In addition to the legal reserve, the General Shareholders' Meeting may decide on the creation of special reserves which remain at the free disposal of the General Shareholders' Meeting.

V. Dissolution and Liquidation

Art. 27 Liquidation

The General Shareholders' Meeting may at any time decide the dissolution and liquidation of the Company.

The liquidation is carried out by the Board of Directors, unless the General Shareholders' Meeting appoints different persons. The provisions of articles 736 et seq. CO are applicable to the dissolution and liquidation.

VI. Official Notices and Publications

Art. 28 Publication Media

The Company's official instrument for publications shall be the Swiss Official Gazette of Commerce. The Board of Directors is entitled at any time to determine further publication media.

Notices to shareholders in the cases provided by law shall be made by mail to the address registered in the stock ledger.

In addition to the legal reserve, the General Shareholders' Meeting may decide on the creation of special reserves which remain at the free disposal of the General Shareholders' Meeting.

Article 25 Liquidation

The General Shareholders' Meeting may at any time decide the dissolution and liquidation of the Company.

The liquidation is carried out by the Board of Directors, unless the General Shareholders' Meeting appoints different persons. The provisions of articles 736 et seq. CO are applicable to the dissolution and liquidation.

V. Official Notices, Publications

Article 26 Publication Media

The Company's official instrument for publications shall be the Swiss Official Gazette of Commerce.

The Board of Directors is entitled at any time to determine further publication media.

Notices to shareholders in the cases provided by law shall be made by mail to the address registered in the stock ledger.

