

Repurchase of own shares for the purpose of capital reduction

Second line trading on SIX Swiss Exchange

Legal basis

The Board of Directors of Phoenix Mecano AG, Hofwisenstrasse 6, Stein am Rhein, ("Phoenix Mecano"), decided on 6 June 2012 to repurchase up to 10% of bearer shares outstanding, which corresponds to a maximum of 97,800 bearer shares with a par value of CHF 1 each. Based on the closing price of the Phoenix Mecano bearer share on the SIX Swiss Exchange on 18 June 2012, the buyback volume is approximately CHF 44.5 million.

The share capital of Phoenix Mecano as recorded in the commercial register is CHF 978,000 and is divided into 978,000 bearer shares with a par value of CHF 1 each.

The shares are to be repurchased via a second trading line, less withholding tax. The cancellation of these shares will be proposed to future annual general meetings, depending on the progress of the buyback programme.

Second line trading on SIX Swiss Exchange

As part of the buyback programme announced on 19 June 2012, a second trading line will be established on the SIX Swiss Exchange in accordance with the Main Standard, for Phoenix Mecano bearer shares. Only Phoenix Mecano may purchase shares on this second trading line, via the bank mandated to execute the buyback programme. Regular trading in Phoenix Mecano bearer shares under the current security number 218.781 will not be affected by this measure and will continue as normal. Phoenix Mecano shareholders who wish to sell their shares have the option of either selling them on the regular trading line or tendering them to Phoenix Mecano on the second trading line.

Phoenix Mecano is at no time obliged to purchase own shares via the second trading line but will act as buyer depending on market conditions. The conditions laid down in Takeover Board Circular No. 1 of 26 February 2010 will be observed.

Repurchase price

The repurchase prices, or prices on the second trading line, will be based on the prices of the Phoenix Mecano bearer shares traded on the regular trading line.

Payment of net price and delivery of shares

Trading on the second trading line represents a regular stock market transaction. Consequently, payment of the net price (repurchase price less withholding tax on the difference between the repurchase price and nominal value) and the delivery of shares will occur, as is customary, on the third trading day after the trade date.

Mandated bank

UBS AG will execute the share buyback via its UBS Investment Bank division. UBS Investment Bank will be the sole stock exchange member to quote bid prices on the second trading line.

Opening of second trading line

The second trading line in accordance with the Main Standard on the SIX Swiss Exchange will be opened on 22 June 2012 and will probably remain open until 27 February 2015.

Duty to trade on the exchange

In accordance with SIX Swiss Exchange regulations, off-exchange transactions are not permitted for share repurchases on second lines of trading.

Phoenix Mecano treasury stock

As at 31 May 2012, Phoenix Mecano held 4,503 treasury bearer shares directly and indirectly. This corresponds to 0.5% of the voting rights and of the share capital.

Significant shareholders

As far as Phoenix Mecano is aware, the following beneficial owners hold more than 3% of the votes:

PLANALTO S.A., 65, Blvd Grande-Duchesse Charlotte, Luxembourg	34.0% of capital and votes
MassMutual Life Insurance Company, 1295 State Street, Springfield (USA)	9.0% of capital and votes
Tweedy, Browne Company LLC, 350 Park Avenue, New York (USA)	7.9% of capital and votes
Sarasin Investmentfonds AG, Wallstrasse 9, Basel	5.4% of capital and votes

Information held by Phoenix Mecano

Phoenix Mecano confirms that it is not in possession of non-public information which could substantially influence the decision of shareholders.

Taxes and duties

With respect to federal withholding tax as well as direct taxes, the repurchase of own shares for the purpose of capital reduction is treated as a partial liquidation of the company making the repurchase. The tax implications for shareholders selling their shares are detailed below:

1. Withholding tax

Swiss federal withholding tax amounts to 35% of the difference between the repurchase price of the shares and their nominal value. The company making the repurchase, or the bank it has mandated, will deduct tax from the repurchase price for payment to the Federal Tax Administration.

Shareholders domiciled in Switzerland are entitled to reimbursement of the withholding tax provided they are beneficial owners of the shares at the time they are surrendered and they do not avoid taxes (Article 21 of the Withholding Tax Act (VStG)). Shareholders domiciled outside Switzerland may claim back the tax in accordance with any applicable double taxation agreements.

2. Direct tax

The following applies to the levying of direct federal tax. Cantonal and municipal taxation procedures are, as a rule, the same as for federal tax.

a) Shares held as private assets:

For shares repurchased by the company, the difference between the repurchase price and the nominal value of the shares constitutes taxable income (nominal value principle).

b) Shares held as corporate assets:

For shares repurchased by the company, the difference between the repurchase price and the book value of the shares constitutes taxable profits (book value principle).

Shareholders domiciled outside Switzerland will be taxed according to the applicable laws of the respective country.

3. Fees and duties

The repurchase of own shares for the purpose of capital reduction does not attract stamp duty for the tendering shareholder. However, the fees of the SIX Swiss Exchange will apply.

Applicable law and place of jurisdiction

Swiss law applies. The sole place of jurisdiction is Zurich.

Security numbers, ISINs and Telekurs symbols

Bearer share with a par value of CHF 1	218.781	CH0002187810	PM
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Bearer share (second trading line) with a par value of CHF 1	18.789.184	CH0187891848	PME
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Place and date

CH-8260 Stein am Rhein, 22 June 2012

This notice does not constitute an issue prospectus within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (CO).

This offer is not made in the United States of America and to US persons and may be accepted only by Non-US persons and outside the United States. Offering materials with respect to this offer may not be distributed in or sent to the United States and may not be used for the purpose of solicitation of an offer to purchase or sell any securities in the United States.
