

Winterthur, March 11, 2016

**Sulzer Ltd**  
Neuwiesenstrasse 15  
CH-8401 Winterthur  
Switzerland  
[www.sulzer.com/AGM](http://www.sulzer.com/AGM)

## Invitation to the Annual General Meeting of Shareholders

Dear Shareholders,

We are pleased to invite you to the Annual General Meeting which will be held on **Thursday, April 7, 2016, at 10 a.m. (doors open at 9 a.m.)**, at Eulachhallen, Wartstrasse 73, in Winterthur.

### Agenda

#### Welcome address and general remarks to the Annual General Meeting

#### 1. Annual report 2015

##### 1.1 Management report, annual accounts and consolidated financial statements 2015, reports of the Auditors

The Board of Directors proposes that the management report, the annual accounts and the consolidated financial statements 2015 be approved.

##### 1.2 Advisory vote on the compensation report 2015

The Board of Directors proposes to approve the compensation report 2015 according to pages 71–92 of the annual report 2015 (non-binding advisory vote).

#### 2. Appropriation of net profits

The Board of Directors proposes to distribute the total balance of CHF 699,732,721, comprising the net profits for the year 2015 of CHF 229,200,000 and retained profits of CHF 170,532,721 and the allocation from free reserves of CHF 300,000,000, as follows:

– Ordinary dividend payment	CHF	119,263,127
– Special dividend payment	CHF	497,497,613
– Carried forward to new account	CHF	82,971,981

If this proposal is approved, the gross dividend (ordinary and special dividend; before deduction of the Swiss withholding tax of 35%) will amount to CHF 18.10 per share (CHF 3.50 per share for the ordinary dividend payment and CHF 14.60 per share for the special dividend payment). Dividends will be paid out on April 13, 2016. Any shares held by Sulzer Ltd and its subsidiaries on the dividend record date shall not be eligible to dividends.

#### 3. Discharge

The Board of Directors proposes that discharge be granted to its members and the Executive Committee for the business year 2015.

## **4. Compensation of the members of the Board of Directors and the Executive Committee**

### **4.1 Compensation of the Board of Directors**

The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Board of Directors of CHF 2,802,000 for their term of office from the 2016 Annual General Meeting until the completion of the 2017 Annual General Meeting.

*Explanation: The enclosed brochure sets out further details in relation to this proposal. In addition, the compensation system of Sulzer is described in the compensation report at [www.sulzer.com/AR15](http://www.sulzer.com/AR15).*

### **4.2 Compensation of the Executive Committee**

The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Executive Committee of CHF 20,810,000 for the business year 2017.

*Explanation: The enclosed brochure sets out further details in relation to this proposal. In addition, the compensation system of Sulzer is described in the compensation report at [www.sulzer.com/AR15](http://www.sulzer.com/AR15).*

## **5. Elections of the Board of Directors**

### **5.1 Re-election of the Chairman of the Board of Directors**

The Board of Directors proposes to re-elect Mr. Peter Löscher for a one-year term as a member and Chairman of the Board of Directors.

### **5.2 Re-elections**

The Board of Directors proposes to re-elect Messrs. Matthias Bichsel, Thomas Glanzmann, Mrs. Jill Lee, Messrs. Marco Musetti and Gerhard Roiss for a further one-year term of office. Elections will be held individually. Mr. Klaus Sturany will not stand for re-election.

### **5.3 Election of two new members**

The Board of Directors proposes to elect Messrs. Axel Heitmann and Mikhail Lifshitz for a one-year term as new members of the Board of Directors. Elections will be held individually. For information relating to the proposed members see [www.sulzer.com/AGM](http://www.sulzer.com/AGM).

## **6. Elections of the Remuneration Committee**

### **6.1 Re-election of three members to the Remuneration Committee**

The Board of Directors proposes to re-elect the members of the Board of Directors Mr. Thomas Glanzmann, Mrs. Jill Lee and Mr. Marco Musetti, for a one-year term as members of the Remuneration Committee. Elections will be held individually.

## **7. Re-election of Auditors**

The Board of Directors proposes to re-elect KPMG Ltd, Zürich, for a one-year term as Auditors.

## **8. Re-election of the independent proxy**

The Board of Directors proposes to re-elect Proxy Voting Services GmbH, Zürich, for a one-year term as the independent proxy. For further information see [www.proxyvotingservices.ch](http://www.proxyvotingservices.ch).

## **Miscellaneous**

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The **annual report**, including the management report, annual accounts and consolidated financial statements 2015, the compensation report and the auditors' reports for 2015 are available for inspection at the registered office of the Company in Winterthur and are also published under [www.sulzer.com/AR15](http://www.sulzer.com/AR15). Enclosed is a summary of the annual report.

Shareholders registered in the share register as of March 31, 2016, are entitled to exercise their **voting rights** at the Annual General Meeting. The registration for exercising the voting right has no influence on the ability to trade the shares. Admission tickets already issued will automatically

lose their validity should the relevant shares be sold between March 31, 2016, and the date of the Annual General Meeting.

**Admission tickets** will be sent to shareholders on request. You can register using the enclosed reply form by regular mail to Sulzer Ltd, Share Register, or online. Admission tickets which can no longer be mailed on time will be ready for collection at the Annual General Meeting from the share register information desk.

### **Representation / Proxy**

Shareholders who will not be attending the Annual General Meeting may arrange to be represented by proxy. Such **proxy** may be granted either to:

- the independent proxy, Proxy Voting Services GmbH, Grossmünsterplatz 1, 8001 Zürich. Voting instructions may be indicated on the reply form. To the extent you do not mark options for instructions on the reply form, you instruct, by signing the reply form, the independent proxy to cast your votes in favour of the proposals of the Board of Directors.
- another shareholder of Sulzer Ltd who is entitled to vote.
- the legal representative of the shareholder.

The exact **venue** of the Annual General Meeting is shown on the map on the last page of this invitation. Please note that the number of parking places at the Eulachhallen is limited.

We are pleased to offer the participating shareholders an aperitif following the Annual General Meeting.

For questions concerning the Annual General Meeting please contact our share register directly: tel. +41 (0)52 262 20 82 / 42 08 or e-mail: Corp.Aktienregister@sulzer.com

The minutes of the resolutions of the Annual General Meeting will be available at the registered office of the Company and published online at [www.sulzer.com/AGM](http://www.sulzer.com/AGM).

Yours sincerely

On behalf of the Board of Directors of Sulzer Ltd



**Peter Löscher**  
Chairman

Enclosures:

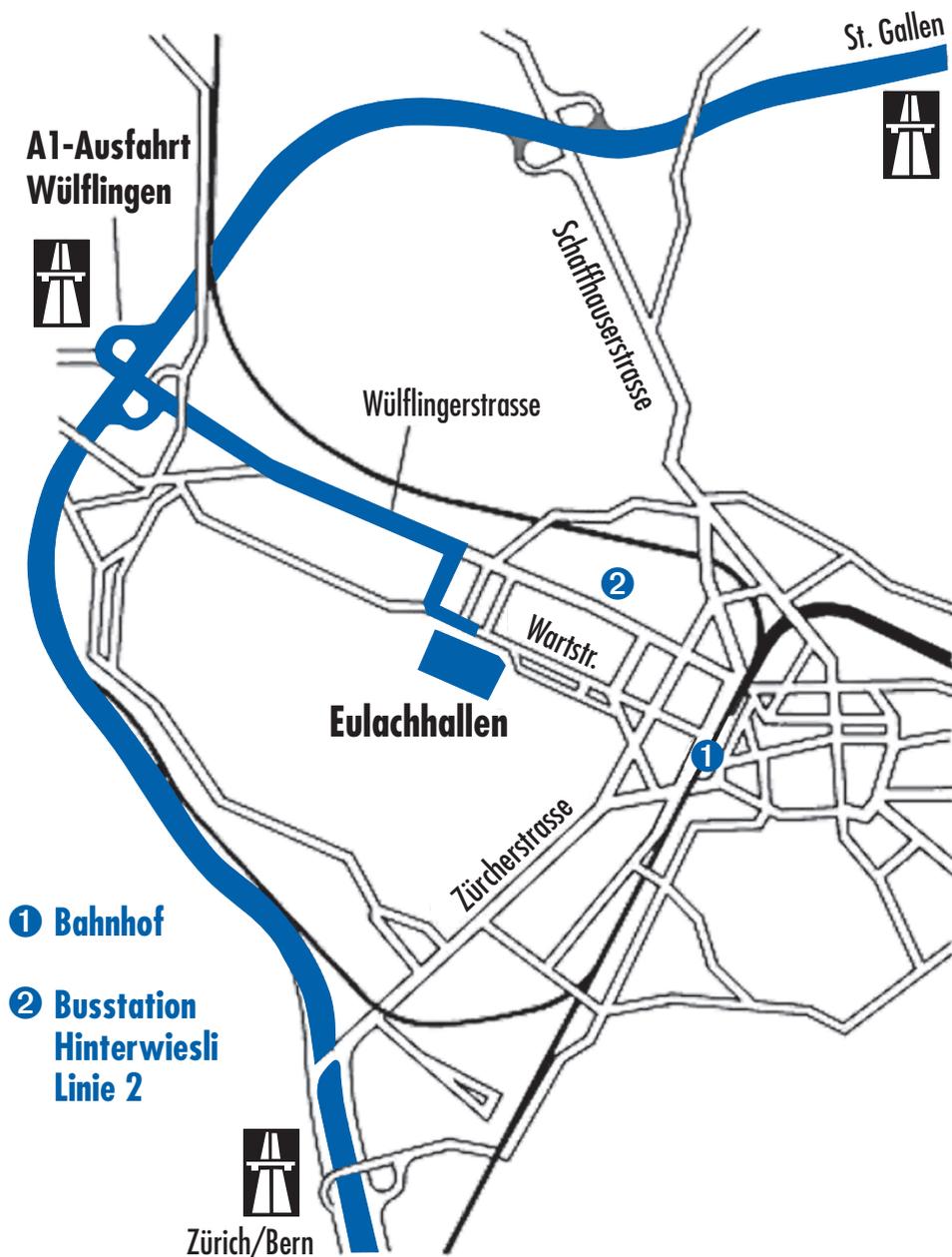
Reply form with reply envelopes

Explanations to the Reply Form

Summary of the annual report 2015

Shareholder information on the compensation votes

P.S. Simultaneous translation from German into English and vice versa will be available.



## Map

From 9 a.m. on extra courses of Winterthur city busses to the Eulachhallen will be departing in front of the main station (Sector G).

Return transport to the main station will be provided after the Annual General Meeting.

# Shareholder information on the compensation votes at the 2016 Annual General Meeting

Agenda Item 4

## Vote 4.1

### Binding vote on the maximum aggregate compensation of the Board of Directors from the 2016 Annual General Meeting to the 2017 Annual General Meeting

Proposal: The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Board of Directors of CHF 2 802 000 for their term of office from the 2016 Annual General Meeting until the completion of the 2017 Annual General Meeting.

Explanation: This binding vote, which is to be conducted according to the Ordinance against excessive compensation in stock listed corporations, allows shareholders to vote directly on the aggregate maximum compensation amount of the Board of Directors for the forthcoming term of office. The proposed amount allows for a maximum aggregate compensation of the Board of Directors for the term of office from the 2016 AGM to the 2017 AGM of CHF 2 802 000.

In order to reinforce their independence, the members of the Board of Directors of Sulzer receive a fixed compensation only. They are neither eligible to variable or performance-based compensation nor entitled to participate in the pension benefit plans of Sulzer. The compensation of the Board of Directors is delivered partly in cash and partly in Restricted Stock Units (RSU) and is summarized below:

Compensation of the Board of Directors <sup>1</sup>		
thousands of CHF	Fees in cash	Fair value of RSU
Member of the Board of Directors	70	125
Chairman of the Board of Directors <sup>2</sup>	420	250
Vice-Chairman of the Board of Directors	100	155
<b>Additional committee fees:</b>		
Committee chairman	40	
Committee member	25	

<sup>1</sup> Compensation for the term of office from AGM to AGM.

<sup>2</sup> The Chairman of the Board of Directors is not entitled to receive additional committee fees.

The following table illustrates the composition of the proposed maximum aggregate amount of CHF 2 802 000 for the compensation of the Board of Directors for their term of office from the 2016 AGM to the 2017 AGM.

Compensation of the Board of Directors	Approved	Earned	Proposal <sup>3</sup>
thousands of CHF	2015 AGM – 2016 AGM	2015 AGM – 2016 AGM	2016 AGM – 2017 AGM
Fees in cash <sup>1</sup>	1 125	1 080	1 340
Fair value of the Restricted Stock Units (RSU)	905	905	1 155
Mandatory social security contributions	243	143	180
Reserve amount <sup>2</sup>	127	0	127
<b>Total compensation</b>	<b>2 400</b>	<b>2 128</b>	<b>2 802</b>

<sup>1</sup> Includes basic membership fee and committee fees.

<sup>2</sup> Compensation for ad hoc committees and significant additional assignments.

<sup>3</sup> An additional Board member was announced in February 2016.

The actual compensation payout, including the distribution among these non-binding components, will be disclosed in the 2016 and 2017 compensation reports, respectively, which will be submitted to an advisory shareholder vote.

Further information on the compensation of the Board of Directors is provided in the 2015 compensation report ([www.sulzer.com/AR15](http://www.sulzer.com/AR15)).

## Vote 4.2

### Binding vote on the maximum aggregate compensation of the Executive Committee for the financial year 2017

Proposal: The Board of Directors proposes to approve a maximum aggregate amount of compensation of the Executive Committee of CHF 20 810 000 for the financial year 2017.

Explanation: This binding vote, which is to be conducted according to the Ordinance against excessive compensation in stock listed corporations, allows shareholders to vote directly on the aggregate maximum compensation amount of the Executive Committee for the forthcoming financial year. The proposed amount allows for a maximum aggregate compensation of the Executive Committee for the financial year 2017 of CHF 20 810 000.

The compensation policy of Sulzer is driven by the performance orientation of the company and a strong alignment with long-term shareholder value creation and sustainable growth. Therefore, the overall compensation of the members of the Executive Committee consists of a fixed and a variable compensation. The variable compensation is performance-based and includes a short-term incentive (in cash) and a long-term Performance Share Unit (PSU) plan. This system shall encourage and reward superior performance.

Elements of compensation of the Executive Committee			
Base salary	Benefits	Bonus in cash (short-term incentive)	Performance Share Unit (PSU) Plan (long-term incentive)
Reflects the function and scope of responsibilities, as well as the personal profile of the employee (experience and skill set)	Establishes a level of security for the employees and their dependents in the retirement age and against risks such as death and disability. Tailored to local regulations and market practice	Rewards performance and the achievement of business, financial and personal objectives over a one-year period	Rewards the company's success over a three-year period and drives long-term shareholder value creation. Ties compensation to the long-term performance of the Sulzer share

The following table illustrates the composition of the proposed maximum aggregate amount of CHF 20 810 000 for the compensation of the Executive Committee for the financial year 2017. Furthermore, the table shows the compensation effectively paid out or granted in the financial years 2014 and 2015 and the maximum amount of compensation which would have been payable under the applicable compensation plans upon the maximal achievement of the performance targets.

Yearly compensation of the Executive Committee	2014	2014	2015 <sup>3</sup>	2015	2016 <sup>4</sup>	2017 <sup>4</sup>
thousands of CHF	Max	Actual	Max	Actual	Max	Max proposed
Base salary	3 139	3 139	3 142	3 349	3 702	3 913
Bonus in cash	4 056	2 752	4 264	1 841	5 012	5 262
Other	103	103	245	185	350	380
Fair value of the Restricted Stock Units (RSU)	1 800	1 800	-	2 923	-	
Cap value of the Performance Share Units (PSU) <sup>1</sup>	7 370	2 834	8 370	4 204	8 940	8 940
Contributions to pension benefits and social security <sup>2</sup>	2 220	1 809	2 175	1 781	2 294	2 315
<b>Total compensation</b>	<b>18 688</b>	<b>12 437</b>	<b>18 196</b>	<b>14 283</b>	<b>20 298</b>	<b>20 810</b>

<sup>1</sup> 2014 Actual and 2015 Actual: represents the full fair value at grant.

<sup>2</sup> Employer contributions. Contributions to social security are owed under mandatory law. The maximum amount included for 2017 covers contributions to social security to be made (or expected to be made) with respect to base salaries, bonuses in cash and other compensation as well as PSU (based on the cap value), as well as contributions to pension benefits.

<sup>3</sup> Does not include the one month of employment of the new CEO and the corresponding RSU replacement award.

<sup>4</sup> An additional Executive Committee member was appointed in February 2016.

The actual compensation payout, including the distribution among these non-binding components, will be disclosed in the 2017 compensation report, which will be submitted to an advisory shareholder vote.

Further information on the compensation of the Executive Committee is provided in the 2015 compensation report ([www.sulzer.com/AR15](http://www.sulzer.com/AR15)).