

Report of the Board of Directors of Sulzer AG

regarding the application of Natixis S.A., Credit Suisse AG, J.P. Morgan Securities Plc, Société Générale, ING Bank N.V. (each a "Bank" and together the "Banks") and Liwet Holding AG ("Liwet" and, together with the Banks, the "Applicants") dated May 17, 2013, for confirmation of the non-existence of an obligation to launch a mandatory offer pursuant to art. 32 of the Federal Act on Stock Exchanges and Securities Trading (*Bundesgesetz über die Börsen und den Effektenhandel*, "SESTA") and, alternatively, for the granting of an exception from the mandatory offer rule in relation to a refinancing of the Renova Group.

The Board of Directors of Sulzer AG, Winterthur ("Sulzer") acknowledges the application submitted to the Swiss Takeover Board by the Applicants on May 17, 2013, and puts forward its opinion pursuant to art. 61 para. 3 of the Ordinance of the Takeover Board on Public Tender Offers (*Übernahmeverordnung*, "O-TV") as follows:

I. STATUS QUO AND FACTS PURSUANT TO THE INFORMATION PROVIDED BY THE APPLICANTS

a) Status quo

Sulzer is a Swiss stock company (*Aktiengesellschaft*) with registered seat in Winterthur and a share capital of CHF 342,623.70, divided into 34,262,370 registered shares with a nominal value of CHF 0.01 each ("Sulzer Shares"). The Sulzer Shares are listed on the SIX Swiss Exchange (ISIN CH0038388911 (SIX: SUN)).

According to the disclosure notification dated August 5, 2011, Victor Vekselberg held, indirectly via the Renova Group, 31.23% of all Sulzer Shares. According to Renova, the current shareholding amounts to 30.92% as of June 25, 2013. The Sulzer Shares are directly held by Lamesa Holding S.A. and Liwet.

b) Facts pursuant to the Applicants

According to the Applicants, the facts underlying their application can be summarized as follows:

- On April 24, 2013, the Renova Group entered into a credit facility agreement with the Banks through its subsidiary Liwet in order to refinance parts of its accounts payable. Therefore, Liwet has entered into a by and large identical set of agreements with each of the five Banks.
- The refinancing comprises a combination of five cash-settled prepaid share basket forwards ("Forwards") and five cash-settled share basket swaps ("Swaps"). Forwards and Swaps are based on identical share baskets which include, amongst others, a certain number of Sulzer Shares. Further, Liwet has pledged to the Banks, amongst others, 9,340,000 Sulzer Shares (i.e. 27.26% of all outstanding Sulzer Shares). Additionally, Liwet and certain of its affiliates and subsidiaries have entered into an intercreditor agreement with the Banks, setting out the basic rules regarding the relationship between and the coordination amongst the Banks, in particular in case of a possible realization of the pledge.

According to the Applicants the refinancing can in economic terms be considered a common financing by Lombard loan, whereby:

- the Banks grant Liwet a credit facility;
- Liwet grants security, amongst others in the form of a pledge of 9,340,000 Sulzer Shares; and
- the ownership of and the voting rights in the Sulzer Shares concerned as well as the risks and benefits regarding the market value of the Sulzer Shares concerned remain with Liwet through-

out the entire term of the credit facility, except for certain particular rules in case of the realization of the pledge.

Prior to entering into the agreements relating to the refinancing of the Renova Group, the Applicants have sought a recommendation by the Disclosure Office of the SIX Swiss Exchange ("DO") regarding their notification obligations pursuant to art. 20 SESTA. According to the request of the Applicants, in its recommendation of April 23, 2013, the DO decided inter alia that the Applicants by entering into the agreements in connection with the refinancing of the Renova Group do not act in concert or form a group in the sense of art. 20 para. 3 SESTA, provided, however, that in case of an enforcement event the Banks form a group.

II. Report of the Board of Directors and Reasoning

Based on the information provided by the Applicants and the recommendation of the DO, the Board of Directors of Sulzer has no objections to the application for confirmation of the non-existence of an obligation to launch a mandatory offer pursuant to art. 32 para. 1 SESTA or, alternatively, for the granting of an exception from the mandatory offer rule pursuant to art. 32 para.2 SESTA.

The arguments put forward by the Applicants, which the Board of Directors did not verify itself, seem comprehensible. Furthermore, the threshold of 33 1/3 percent of the voting rights which would trigger the mandatory offer rule is not met with the Sulzer Shares pledged in the refinancing transaction.

III. Intentions of Shareholders holding more than 3 % of the Voting Rights

At the time of this report Sulzer is aware of the following shareholder holding more than 3% of the voting rights in Sulzer:

- Victor Vekselberg (holding 30.92% of the shares in Sulzer AG indirectly through Liwet and Lamesa Holding S.A.): The intentions of Liwet and respectively Victor Vekselberg as beneficial owner are reflected in the transactions described in section I.2.

IV. Potential Conflicts of Interest

The Board of Directors of Sulzer comprises the following members: Thomas Glanzmann, Vladimir Kuznetsov, Jill Lee, Marco Musetti, Luciano Respini, Dr. Klaus Sturany and Manfred Wennemer.

The members of the Board of Directors Vladimir Kuznetsov and Marco Musetti have been appointed upon request of the Renova Group. These persons are not only members of the Board of Directors of Sulzer, but have direct or indirect interdependencies with Liwet and the Renova Group and the beneficial owner of the Renova Group respectively and are in this context personally involved in material decision-making processes.

In order to avoid a potential conflict of interest, the members of the Board of Directors Vladimir Kuznetsov and Marco Musetti have abstained from the discussions and the vote on this report of the Board of Directors, and a committee has been formed comprising the remaining members of the Board of Directors, i.e. Thomas Glanzmann, Jill Lee, Luciano Respini, Dr. Klaus Sturany and Manfred Wennemer (Chair).

The committee members do not have any particular relations neither to the Applicants, nor to the Renova Group or Mr. Victor Vekselberg which would entail a conflict of interest.

The members of the executive management of Sulzer do not have any particular relations neither to the Applicants, nor to the Renova Group or Mr. Victor Vekselberg which would entail a conflict of interest.

V. Further Information

1. Decree by the Takeover Board

In its decree of July 24, 2013 (published on www.takeover.ch) the Takeover Board has decided the following:

1. It is declared that the refinancing, including a potential enforcement of the pledged shares of Sulzer AG and OC Oerlikon Corporation AG for Natixis S.A., Credit Suisse AG, J.P. Morgan Securities Plc, Société Générale, ING Bank N.V. and Liwet Holding AG and their beneficial owner, respectively, does not trigger a tender offer obligation.
2. Natixis S.A., Credit Suisse AG, J.P. Morgan Securities Plc, Société Générale, ING Bank N.V. have to inform the Takeover Board (i) in case a Deemed Mandatory Early Termination or an Enforcement Event occurs, (ii) if Sulzer or OC shares are acquired by Livet in case of an Enforcement Event by way of acquisition on its own behalf (*Selbsteintritt*) or by any other means and (iii) if an how voting rights of potentially acquired Sulzer and OC shares will be exercised until their resale to a third party.
3. Sulzer AG and OC Oerlikon Corporation have to publish the report of their respective board of directors electronically on July 25, 2013, including the operative part of the decree of the decree at hand and the reference to the right of appeal.
4. The present decree will be published on the website of the Swiss Takeover Board on the day on which the electronic publication of the report of the board of directors is published.
5. The fee charged to Natixis S.A., Credit Suisse AG, J.P. Morgan Securities Plc, Société Générale, ING Bank N.V. and Liwet Holding AG amounts to CHF 50'000, under joint liability.

2. Appeals (art. 58 in conjunction with art. 56 O-TV)

Shareholder evidencing that they hold at least 3 percent of the voting rights in the target company, whether exercisable or not, and who have not been party to the present proceedings, may file an appeal against the decree of the Takeover Board (cf. section V.1.). The appeal must be filed with the Takeover Board (Selnaustrasse 30, P.O. Box 1758, CH-8021 Zurich, counsel@takeover.ch, Telefax: +41 58 499 22 91) within five trading days following the publication of the report of the Board of Directors in the print media. The deadline runs from the first trading day following this publication. The appeal must include a motion and a summary reasoning as well as evidence for the shareholding pursuant to art. 56 O-TV.

Winterthur, July 19, 2013

On behalf of the Board of Directors:

Manfred Wennemer

Chairman of the Board of Directors