

**Invitation to the ordinary Shareholders' General Meeting to be held at 3 p.m. on Friday, 28 May 2010 in Hotel Klosterhof, Stein am Rhein, Switzerland (Doors open at 2.30 p.m.)**

Agenda and proposals by the Board of Directors

**1 Adoption of the 2009 annual report including the directors' report, Group accounts and financial statements and the acceptance of the auditors' report**

Proposal: The Board of Directors proposes that the Shareholders' General Meeting adopt the 2009 annual report containing the directors' report, Group accounts and financial statements.

**2 Discharge of the members of the Board of Directors and Management**

Proposal: The Board of Directors proposes that the Shareholders' General Meeting grant discharge to the members of the Board of Directors and the Management of Phoenix Mecano.

**3 Decision on the appropriation of retained earnings and determination of dividends**

Proposal: The Board of Directors proposes that the Shareholders' General Meeting appropriate the earnings retained from 2009 as follows:

Net income for the year 2009	CHF 24 315 617
Retained earnings brought forward 2008	CHF 20 886 422
Difference between par value and balance sheet value of own shares in connection with capital decrease	CHF – 25 441 460
Release of reserve for own shares	CHF 30 974 587
<b>Retained earnings</b>	<b>CHF 50 735 166</b>

The Board of Directors proposes to the Shareholders' General Meeting that retained earnings should be distributed as follows:

Dividend of CHF 10.00 per share <sup>1</sup>	CHF 9 880 000
Carried forward to new account	CHF 40 855 166
<b>Total</b>	<b>CHF 50 735 166</b>

<sup>1</sup> Total dividends are calculated based on the 988'000 bearer shares. Dividends will not be paid on own shares held by the company at the time of the payout.

**4 Election of an auditor**

Proposal: The Board of Directors proposes that the Shareholders' General Meeting elect KPMG AG in Zurich as its auditor for a one-year term.

**5 Capital reduction and amendment of the articles of incorporation**

**5.1 Cancellation of shares from the 2008/2009 share buyback programme**

Proposal: The Board of Directors proposes that the remaining 10'000 shares acquired under the 2008/2009 share buyback programme between May and October 2009 be permanently cancelled and the share capital decreased accordingly from CHF 988'000 to CHF 978'000.

Article 3(1) of the Articles of Incorporation will be amended accordingly upon completion of the capital reduction.

In a special auditor's report drawn up for the Shareholders' General Meeting, KPMG AG in Zurich confirmed that creditors' claims will be fully covered even once the capital has been reduced.

**5.2 Amendment of the articles of incorporation (Article 3 paragraph 1)**

Proposal: Provided that the Shareholders' General Meeting adopts the proposal by the Board of Directors set out above under agenda item 5.1, the Board of Directors proposes the following amendment to Article 3.1 of the articles of incorporation when the capital is reduced (the amendments are underlined):

Article 3 paragraph 1

The company's share capital totals CHF 978'000 (nine hundred seventy-eight thousand Swiss francs). This amount is divided into 978'000 fully paid-up bearer shares with a nominal value of CHF 1.00 each. The Shareholders' General Meeting may decide to create nominal shares or to convert bearer shares into nominal shares or nominal shares into bearer shares.

The company may issue certificates for most shares, which can be exchanged for free at any time for smaller certificates or the corresponding number of shares.

**Documentation**

From 27 April 2010 onwards, the 2009 annual report, including the directors' report, Group accounts and financial statements as well as the auditors' report and proposals by the Board of Directors regarding the use of the retained earnings from 2009 may be consulted by shareholders at the company's headquarters and at our subsidiary Phoenix Mecano Management AG, at Lindenstrasse 23, CH-8302 Kloten. Shareholders requesting a copy of the 2009 annual report will immediately be sent one. The annual report can also be downloaded from the Internet (see our website [www.phoenix-mecano.com](http://www.phoenix-mecano.com)).

**Admittance**

Shareholders who wish to attend or be represented at the Shareholders' General Meeting may obtain their admission ticket with voting card by 25 May 2010 at the latest by depositing their shares or submitting corresponding confirmation from their custodian bank to the following bank:

UBS, Zurich

Shares must remain deposited until the day after the Shareholders' General Meeting.

**Appointing proxies**

Shareholders who are unable to attend the Shareholders' General Meeting in person, may be represented by another shareholder, their bank (proxy holder for deposited shares), a Board of Directors of the company (corporate proxy) or by the lawyer Hans Rudi Alder, Peyer Alder Keiser Rechtsanwälte, Pestalozzistrasse 2, CH-8200 Schaffhausen as an independent proxy within the meaning of Article 689c of the Code of Obligations (CO). Shareholders should use their admission ticket to appoint a proxy. For the vote on Agenda Item 2 (Discharge of the members of the Board of Directors and Management) the corporate proxy will transfer its proxy to the independent proxy who, unless otherwise instructed, will use its voting rights to support the proposals made by the Board of Directors.

**Proxy holders for deposited shares**

Proxy holders within the meaning of Article 689d CO are requested to notify the company in good time, and by noon on 26 May 2010 at the latest, of the number of shares they will be representing. Proxy holders include the establishments governed by the federal law of 8 November 1934 on banks and savings banks and also commercial asset managers.

CH-8260 Stein am Rhein, Hofwissenstrasse 6  
28 April 2010

Phoenix Mecano AG  
For the Board of Directors, the Chairman:  
Ulrich Hocker