

# Articles of Incorporation of Swisscom Ltd.

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Edition of 20 April 2011



This Articles of Incorporation are a translation of the German original. In the event of any inconsistencies, the German version of the Articles of Incorporation shall prevail over the French and English translations.

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## **1. Name, Registered Office and Duration**

Under the name

Swisscom AG  
Swisscom SA  
Swisscom Ltd.

there exists a joint-stock corporation pursuant to Art. 2 ff. of the TUG (Telecommunications Enterprise Act of 30 April 1997) and the Code of Obligations with registered office in 3063 Ittigen.

The duration of the Corporation is unlimited.

## **2. Purpose**

The purpose of the Corporation is to provide telecommunications and radiocommunication services in and outside Switzerland, and to offer products and services related thereto.

The Corporation may enter into all transactions which the business purpose entails, including the purchase and sale of real estate, the procurement and investment of funds on the money and capital markets, the establishment and purchase of interests in corporations and other means of co-operation with third parties.

## **3. Share capital and Shares**

### **3.1 Share Capital, Types of Shares, Par Value and Amounts Paid in**

3.1.1 The share capital of the Corporation is CHF 51,801,943 divided into 51,801,943 registered shares with a par value of CHF 1 each. The shares are fully paid in.

3.1.2 The Corporation may at any time convert registered shares into bearer shares and bearer shares into registered shares by changing the Articles of Incorporation.

### **3.2 Share Class, Transfer and Pledging of Shares**

- 3.2.1 The shareholder is not, however, entitled to request the printing and issuance of certificates for registered shares (securities), but is nonetheless entitled to issuance of confirmation. The Corporation may, on the other hand, replace uncertificated registered shares (dematerialized securities) with securities and securities with dematerialized securities.
- 3.2.2 Uncertificated registered shares that are not book-entry securities including any uncertificated rights arising therefrom may only be transferred by assignment. The assignment must be notified to the Corporation in order to be valid. Registered shares that are book-entry securities may only be transferred according to the provisions of the Book-Entry Securities Act.
- 3.2.3 Uncertificated registered shares that are not book-entry securities and the pecuniary rights associated thereto may only be pledged by a written agreement, and only in favour of the bank at which the shareholder holds such shares in book-entry form. It is not necessary to inform the Corporation of the pledge. The pledging of registered shares that are book-entry securities is governed by the Book-Entry Securities Act.

### **3.3 Share Register and Register of Dematerialized Securities**

- 3.3.1 The Board of Directors shall maintain a Share Register for registered shares, in which the owners and usufructuaries shall be recorded with their name and address or with their firm name and registered office.
- 3.3.2 Only persons who are registered in the Share Register shall be considered shareholders or usufructuaries of shares vis-à-vis the Corporation. The Board of Directors shall regulate the conditions and competences for acknowledging persons as shareholders or usufructuaries with or without voting rights, as well as their entry in the Share Register.

3.3.3 The Board of Directors shall maintain a Register of Dematerialized Securities, in which the number and denomination of the issued dematerialized securities as well as the creditors shall be recorded.

3.3.4 The Board of Directors shall regulate the responsibilities for maintaining the Share Register and the Register of Dematerialized Securities.

### **3.4 Shareholding by the Swiss Government**

According to Art. 6 para. 1 TUG, the Swiss Confederation holds the majority of voting rights and capital of the Corporation.

### **3.5 Transfer Restrictions**

3.5.1 The Board of Directors may refuse the approval of an acquirer of shares as a shareholder or usufructuary with voting rights if the holding of this shareholder, together with his shares already registered with voting rights in the Share Register, exceeds the limit of 5 % of all registered shares recorded in the Commercial Register. As to the excess shares, the acquirer will be registered in the Share Register as a shareholder or usufructuary without voting rights.

The Board of Directors may approve an acquirer of shares with more than 5 % of all registered shares as a shareholder or usufructuary with voting rights in particular in the following exceptional cases:

- a. in case of the acquisition of shares due to a merger or combination of businesses;
- b. in case of the acquisition of shares due to a contribution in kind or a share exchange;
- c. for the foundation of a long-term co-operation or a strategic alliance by equity interest.

Legal entities and business associations that are linked together by capital, voting power, management or in another manner, as well as all persons, entities and partnerships that are acting in concert by agreement, syndicate or in another manner with a view to circumvent the percentage limit, shall be deemed as one person.

- 3.5.2 The restriction of clause 3.5.1 also applies, subject to Art. 652b para. 3 and 653c para. 3 CO, in the case of acquisition of registered shares by exercise of subscription, option and conversion rights. The restriction shall not apply in an acquisition as a result of inheritance, the apportionment of an estate or matrimonial law.
- 3.5.3 The Board of Directors may refuse the recognition and registration as a shareholder or usufructuary with voting rights if an acquirer of shares does not expressly state on request that he has acquired the shares or the usufruct of the shares in his own name and for his own account.
- 3.5.4 The Board of Directors may delete the entry of a shareholder with voting rights in the Share Register after hearing the concerned party if the acquirer has obtained said entry by giving false information, in which case he shall be recorded as a shareholder without voting rights. The acquirer must be immediately informed of the deletion of the entry.

### **3.6 Facilitation of Exchange Trading of Shares**

In order to facilitate the trading of the shares on the exchange, the Board of Directors may, by means of regulations or by way of agreements, allow the fiduciary registration of registered shares with voting rights exceeding the limit mentioned in section 3.5 by fiduciaries who declare their status as fiduciary (nominees, ADR-Depository Banks). These parties must be subject to supervision by a banking or financial market supervisory authority or otherwise offer assurance of proper business conduct, must act for the account of one or several parties unrelated to each other, and must be able to disclose to the Corporation the names, addresses and the amount of shareholdings of the beneficial owners of the shares.

#### **4. The Bodies of the Corporation**

The bodies of the Corporation are:

- a. Shareholders' Meeting
- b. Board of Directors
- c. Executive Board
- d. Auditors

#### **5. Shareholders' Meeting**

##### **5.1 Powers of the Shareholders' Meeting**

The Shareholders' Meeting is the supreme body of the Corporation. It has the following powers:

- a. Establishment and alteration of the Articles of Incorporation;
- b. Election and dismissal of the members of the Board of Directors and the statutory auditors;
- c. Approval of the annual report and the consolidated financial statements;
- d. Approval of the annual financial statements as well as resolutions on the allocation of the balance sheet profits, in particular the determination of dividends;
- e. Release of the members of the Board of Directors and the Executive Board;
- f. Resolutions on those matters which are the prerogative of the Shareholders' Meeting by virtue of the law and the Articles of Incorporation.

##### **5.2 Meetings**

5.2.1 The ordinary Shareholders' Meeting shall take place annually within six months after the end of the fiscal year.

5.2.2 Extraordinary Shareholders' Meetings shall be called as often as may be necessary, in particular in the cases provided for by law.

5.2.3 The Board of Directors must convene extraordinary Shareholders' Meetings upon request by shareholders who represent at least ten percent of the share capital. Such request must be in writing and must state the items to be put on the agenda as well as the corresponding motions.

### **5.3 Convocation**

5.3.1 The Shareholders' Meeting is convened by the Board of Directors, if necessary by the auditors.

5.3.2 The Shareholders' Meeting is called at least 20 days before the date of the meeting by communication in the means of publication of the Corporation. The convocation may, in addition, be made by a letter (registered or ordinary mail) to all registered shareholders at the addresses recorded in the Share Register.

5.3.3 The notice of the meeting shall set forth the items on the agenda as well as the motions of the Board of Directors and of the shareholders who have requested that a Shareholders' Meeting be called or an item be placed on the agenda.

### **5.4 Agenda, Right to Put forward Motions**

5.4.1 Resolutions on matters which have not been announced in conformity with the procedures outlined in section 5.3 may be not passed, except in a meeting where all shareholders are present. This provision shall not apply to proposals to convene an extraordinary Shareholders' Meeting or to initiate a special audit.

5.4.2 On the other hand, no previous announcement is necessary to put forward motions concerning items already on the agenda and to debate issues without passing a resolution.

5.4.3 Shareholders who represent shares with a par value of at least CHF 40,000 may request that a motion is placed on the agenda. The request must be communicated to the Board of Directors in

writing, by stating the item on the agenda and the corresponding motion, at least 45 days prior to the Shareholders' Meeting.

## **5.5 Presentation of the Business Report and the Auditors' Report**

The business report and the report of the auditors must be presented at the headquarters of the Corporation to the shareholders for inspection at least 20 days before the ordinary Shareholders' Meeting. Reference must be made in the invitation for the Shareholders' Meeting to this presentation as well as to the right of the shareholders to request to be delivered these documents.

## **5.6 Conduct of Shareholders' Meetings**

5.6.1 The Chairman shall chair the Shareholders' Meeting. In the event that he is unable to do so, another member of the Board of Directors or another person elected by the Shareholders' Meeting shall be Chairman for the duration of the Meeting.

5.6.2 The Chairman shall designate the secretary and the vote counters, who need not to be shareholders. He shall be responsible for the minutes, which shall be signed by the Chairman and the secretary.

## **5.7 Resolutions**

5.7.1 Every share registered with voting rights in the Share Register of the Corporation shall be entitled to one vote.

5.7.2 Every shareholder may be represented at the Shareholders' Meetings by another shareholder with voting rights who has to present a written power of attorney.

5.7.3 The Shareholders' Meeting passes resolutions and conducts its elections with an absolute majority of the votes validly cast, provided the law or the Articles of Incorporation do not contain other provisions.

- 5.7.4 In the case of elections, if in the first round of voting a majority is not reached, then a second round of voting shall take place in which the relative majority shall be decisive.
- 5.7.5 The Chairman does not have a casting vote.
- 5.7.6 The Chairman shall determine the voting procedure for holding elections and passing resolutions. He may adopt an electronic voting procedure. If elections and resolutions are not held or taken by using an electronic voting procedure, shareholders with a par value of at least CHF 40,000 may request a written ballot.

## **5.8 Special Decision Quorums**

- In addition to Art. 704 CO, a resolution of the Shareholders' Meeting must be passed by at least two-thirds of the represented votes and the absolute majority of the represented par values for:
- a. introduction of restrictions on voting rights;
  - b. conversion of registered shares into bearer shares and vice versa;
  - c. modifications of this provision.

## **6. Board of Directors**

### **6.1 Composition, Election and Constitution**

- 6.1.1 The Board of Directors shall consist of seven to nine members. The number of members may be increased temporarily if required.
- 6.1.2 The term of office of members of the Board of Directors is generally two years of office. A year of office is taken to be the period of time from one ordinary Shareholders' Meeting until the closing of the next ordinary Shareholders' Meeting. Members of the Board of Directors who have reached the age of 70 shall retire from the Board of Directors upon the date of the next ordinary Shareholders' Meeting. Members may serve a maximum of twelve years of office on the Board of Directors.

- 6.1.3 The Swiss Confederation has the right to delegate two members of the Board of Directors and to remove them if necessary. The members of the Board of Directors delegated by the Swiss Confederation have the same rights and obligations as the members elected by the Shareholders' Meeting.
- 6.1.4 The Board of Directors of the Corporation shall also include two representatives of the employees (appropriate representation according to Art. 9 para. 3 TUG). The employees of the Corporation have the right to propose candidates for the election.
- 6.1.5 The Shareholders' Meeting appoints the Chairman of the Board of Directors. All further organizational matters within the Board of Directors shall be decided by the Board of Directors.

## **6.2 Powers and Duties**

- 6.2.1 The Board of Directors is entrusted with the ultimate direction of the Corporation and the supervision of the Executive Board. It represents the Corporation toward third parties and attends to all matters which are not reserved to another body of the Corporation by law, the Articles of Incorporation or the regulations.
- 6.2.2 The Board of Directors delegates, in accordance with Art. 10 para. 1 TUG, the executive management of the business of the Corporation to the Executive Board. The Board of Directors shall enact Management and Board Regulations to this effect and shall arrange for the appropriate contractual relationships.
- 6.2.3 The Board of Directors has the following non-delegable and irrevocable duties:
- a. Ultimate direction of the Corporation and issuance of the necessary directives;
  - b. Determination of the organization;
  - c. Organization of the accounting, the financial control, as well as the financial planning;
  - d. Appointment and dismissal of the persons entrusted with management, and the persons with signatory powers;

- e. Ultimate supervision of the persons entrusted with the management, in particular with respect to compliance with the law, the Articles of Incorporation, regulations and directives;
- f. Preparation of the business report, as well as the Shareholders' Meeting and implementation of the latter's resolution;
- g. Notification of the court in the event liabilities exceed assets;
- h. Decision on authorized capital increases;
- i. Passing of implementing resolutions on ordinary, authorized and conditional capital increases, and resolution on the amendments to the Articles of Incorporation and the reports on the capital increases related thereto;
- j. Examination of the professional qualifications of the statutory Auditors.

### **6.3 Passing of Resolutions**

- 6.3.1 The organization of the meetings, the quorum and the passing of resolutions of the Board of Directors shall be set forth in the Management and Board Regulations of the Board of Directors.
- 6.3.2 The Chairman has the casting vote.
- 6.3.3 Minutes shall be kept of the deliberations and resolutions of the Board of Directors. The minutes shall be signed by the Chairman and the secretary of the Board of Directors.

### **6.4 Remuneration**

The members of the Board of Directors are entitled to reimbursement of all expenses incurred in the interests of the Corporation, as well as a remuneration for their services that is adequate in view of their function and responsibility. The amount of the remuneration due shall be fixed by the Board of Directors.

## **7. Executive Board**

According to Art. 10 para. 1 TUG, the Executive Board, whose members are elected by the Board of Directors, is in charge of the executive management of the business of the Corporation.

The Executive Board shall consist of one or several members who may not simultaneously be members of the Board of Directors. Exceptions are permitted for a limited period of time in extraordinary circumstances.

## **8. Auditors**

The Shareholders' Meeting shall elect a state-supervised audit company as the auditor. The term of office of the auditor is one fiscal year, and ends with acceptance of the corresponding annual accounts. Re-election is possible. The tasks of the auditor are determined by the legal requirements.

## **9. Fiscal Year**

The fiscal year ends as per 31 December of each year, ending for the first time on 31 December 1998.

## **10. Allocation of Profits**

The Shareholders' Meeting shall decide on the allocation of the balance sheet profits taking into consideration all statutory requirements (Art. 14 TUG and Art. 671 CO).

Dividends which have not been paid within five years after falling due will be retained by the Corporation.

**11. Contribution in kind**

Pursuant to Art. 23 TUG, the Corporation assumes and will continue assets in the amount of CHF 15,529,896,471 and liabilities in the amount of CHF 13,380,221,089 of the telecommunications department of the PTT Services in accordance with the decision by the Federal Council of 13 May 1998 (Art. 21 TUG) at a price of CHF 2,149,675,382 as set forth in the opening balance sheet as per 1.1.1998, for which 33,000,000 registered shares have been issued.

**12. Communications and Notifications**

Communications to the shareholders and notifications shall be made through publication in the Swiss Official Commercial Gazette. The Board of Directors may determine further means of publication. Communications to the registered shareholders may, subject to Article 5.3, instead be validly made by letter (registered or ordinary mail) to the addresses shown in the Share Register.

**13. Grammatical gender**

In these Articles of Incorporation, each title and function designation in the generic masculine is equally applicable to both sexes.

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These Articles of Incorporation have been definitively approved by the Federal Council on 13 May 1998.

The present Articles of Incorporation have been revised by the extraordinary Shareholders' Meeting on 26 August 1998.

Berne, 26 August 1998

For the Shareholders' Meeting

The Chairman:

signed Gygi

Article 3.1.1 of the present Articles of Incorporation has been revised by the Board of Directors at its meeting of 1 October 1998.  
Berne, 1 October 1998

For the Board of Directors:  
The Chairman of the meeting:  
signed Küpfer

Article 5.7.6 of the present Articles of Incorporation has been revised by the ordinary Shareholder's Meeting on 30 May 2000.  
Zurich, 30 May 2000

For the Shareholder's Meeting:  
The Chairman:  
signed Rauh

The articles 3.1.1, 6.1.2 and 6.1.3 of the present Articles of Incorporation have been revised by the ordinary Shareholder's Meeting on 29 May 2001.

Zurich, 29 May 2001  
For the Shareholder's Meeting:  
The Chairman:  
signed Rauh

The articles 3.1.1, 5.4.3 and 5.7.6 of the present Articles of Incorporation have been revised by the ordinary Shareholder's Meeting on 30 April 2002.

Zurich, 30 April 2002  
For the Shareholder's Meeting:  
The Chairman:  
signed Rauh

The articles 3.1.1, 5.4.3 and 5.7.6 of the present Articles of Incorporation have been revised by the ordinary Shareholder's Meeting on 6 May 2003.

Zurich, 6 May 2003  
For the Shareholder's Meeting:  
The Chairman:  
signed Rauh

The article 3.1.1 of the present Articles of Incorporation has been revised by the ordinary Shareholder's Meeting on 26 April 2005.  
Lucerne, 26 April 2005

For the Shareholder's Meeting:

The Chairman:  
signed Rauh

The article 3.1.1 of the present Articles of Incorporation has been revised by the ordinary Shareholder's Meeting on 25 April 2006.  
Lucerne, 25 April 2006

For the Shareholder's Meeting:

The Chairman:  
signed Rauh

The article 6.1.2 of the present Articles of Incorporation has been revised by the ordinary Shareholder's Meeting on 24 April 2007.  
Zurich, 24 April 2007

For the Shareholder's Meeting:

The Chairman:  
signed Scherrer

The articles 3.1.1, 3.5, 5.1 b, 5.5, 6.1.3, 6.2.3 j, 7 and 8 para. 2 of the present Articles of Incorporation have been revised by the ordinary Shareholder's Meeting on 22 April 2008.  
Zurich, 22 April 2008

For the Shareholder's Meeting:

The Chairman:  
signed Scherrer

The article 3.1.1 of the present Articles of Incorporation has been revised by the ordinary Shareholder's Meeting on 21 April 2009.  
Zurich, 21 April 2009

For the Shareholder's Meeting:

The Chairman:  
signed Scherrer  
The recording clerk:  
signed Vögeli

The articles 3.2 and 3.3 of the present Articles of Incorporation have been revised by the ordinary Shareholder's Meeting on 27 April 2010.

Zurich, 27 April 2010

For the Shareholder's Meeting:

The Chairman:

signed Scherrer

President of the Board of Directors

The recording clerk:

signed Vögeli

Secretary of the Board of Directors

The articles 6.1.1 and 6.1.2 of the present Articles of Incorporation have been revised by the ordinary Shareholder's Meeting on 20 April 2011.

Zurich, 20 April 2011

For the Shareholder's Meeting:

The Chairman:

signed Scherrer

President of the Board of Directors

The recording clerk:

signed Vögeli

Secretary of the Board of Directors

**Contact**

Swisscom Ltd.

Finances

Investor Relations

CH-3050 Berne

Phone: +41 (0)58 221 62 78

E-Mail: [investor.relations@swisscom.com](mailto:investor.relations@swisscom.com)

Internet: <http://www.swisscom.ch>