

Invitation to the Annual General Meeting April 20, 2017

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Invitation to the Annual Shareholder Meeting



Dear Sir/Madam

The Board of Directors of COMET Holding AG cordially invites you to the 68th Annual General Meeting.

Date: **Thursday, April 20, 2017, 10:00 p.m.**

Location: Stade de Suisse Business Center, Bern-Wankdorf
Hall: Champions Lounge, entrance on Papiermühlestrasse

The agenda for the meeting begins on page 12. The complete Annual Report, including the remuneration report and auditor's reports, is available to you upon request. It has also been made available online at www.comet-group.com. The most important key figures for fiscal year 2016 can be found from page 14 onwards.

You can use the attached registration form to sign up for the Annual General Meeting, assign power of attorney and/or request a copy of the Annual Report. You will receive your Annual Report after your request has been received by Devigus Engineering AG, a company that is assisting us with carrying out the Annual General Meeting. Once you have registered, admission tickets and voting cards will be sent with ample time before the Annual General Meeting. For organisational reasons, we ask you to submit your registration by April 10, 2017.

This year, you will once again have the chance to vote online at the Annual General Meeting of the COMET Group. To do so, please go to www.gvmanager.ch/comet. Your personal one-time access code for assigning power of attorney can be found in the top section of the registration form. Electronic remote votes need to be submitted between 6:00 a.m. on March 24, 2017 and 12:00 p.m. on April 18, 2017.

Eligible to vote are those shareholders whose names are entered in the share register 10 days before the Annual General Meeting, that is, by April 10, 2017.

On behalf of the Board of Directors

The Chairperson:

A handwritten signature in dark ink, appearing to read 'H. Hess'.

Hans Hess

To Our Shareholders

In 2016 the COMET Group recorded the best results in its history. It accelerated its expansion and achieved sales growth of almost 18% to CHF 332.4 million. Net income increased disproportionately strongly, by 60% to CHF 27.3 million. The Group is thus stronger than ever and has continued to add value for its shareholders.

The COMET Group is on a successful trajectory with its growth strategy 2020. The investment of the past years in expanding customer relationships, the intensified market development and the tapping of new applications proved effective. In 2016 the COMET Group accelerated its growth from the pace of recent years and delivered its best-ever performance. Consolidated net sales expanded to CHF 332.4 million, surpassing the prior year by CHF 50 million. Operating income, despite high strategic investment in future growth, jumped by 43% to CHF 36.5 million. Net income rose by more than CHF 10 million to a historic high of CHF 27.3 million. With an equity ratio of 51% the balance sheet of the COMET Group remains very robust. The return on capital employed (ROCE) of 14.9%, with capital costs of 9%, means that the Group continued to generate significant value for shareholders.

Strategy is leading to success – growth accelerated

The growth engine of the COMET Group is firing on all cylinders. Through the consistent implementation of the strategy for growth, the expansion of the key account business was expedited and new markets were developed. The Group substantially boosted its sales, growing in all core regions and in its established segments. The highest sales growth, at 22.9%, was attained by Plasma Control Technologies (PCT). Thanks to its investment during the prior years, this segment was able to further expand its business with key accounts in the semiconductor market. Sales rose for the fourth year in succession to a record CHF 137.6 million. The X-Ray Systems segment (IXS) likewise had a strong year, with growth of 19.8% in sales to CHF 121.4 million. It successfully exploited the positive momentum of the Asian electronics market by targeting new geographic regions and gearing its portfolio more strongly to regional requirements. The x-ray sources and modules business, operating as the Industrial X-Ray Modules (IXM) segment since January 2016, benefited from its consistent forward strategy and a slight improvement in the market's business confidence. Its sales increased by 7.5% to CHF 69.6 million. In the emerging and expanding ebeam Technologies segment (EBT), postponements in the acceptance process for various large systems led to a sales decrease compared to the prior year. However, EBT's high order backlog at the end of 2016 validates the growth strategy in this segment.

“The Strategy 2020 is working: In our best year since the company began, we have grown in all core regions and the established operating segments.”

Hans Hess, Chairman of the Board

Profitability up significantly – economic profit doubled

Thanks both to disciplined execution of the operational efficiency initiatives and to higher volume, Group earnings grew significantly. EBITDA operating earnings of the COMET Group increased from CHF 35.7 million to CHF 47.7 million. The largest contributions came from the PCT segment, up 37.7% to CHF 30.9 million, and from IXM, up 34.9% to CHF 16.5 million. In the IXS segment, strategic investment in programs like the further development of metrology expertise resulted in an EBITDA decrease to CHF 11.5 million (2015: CHF 12.8 million). In the ebeam Technologies segment the increased investment in the development of new applications, decided at the start of the year, translated into negative EBITDA of CHF 9.1 million (2015: deficit of CHF 9.7 million).

Group net income rose markedly to CHF 27.3 million (2015: CHF 17.1 million). The primary reasons for this record profit, besides the higher sales, were revised pricing and a



Ronald Fehlmann, Chief Executive Officer, and Hans Hess, Chairman of the Board of Directors

“With our focused growth strategy, we have boosted sales by 55% since 2012.”

Ronald Fehlmann, Chief Executive Officer

significant improvement in operating efficiency. On the currency front, the strong US dollar was a positive driver for net income. Economic profit – or profit after the cost of capital – also increased sharply, more than doubling to CHF 11.0 million (2015: CHF 4.8 million).

Group strengthened – growth engine is running
The disciplined execution of the Group strategy is producing

tangible rewards. The COMET Group has cemented its position as a leading innovation partner with key accounts and expanded its portfolio in core markets. The strategy’s success is clearly reflected in the profitable sales growth of 55% since 2012 and the significant gain in company value over these years.

With cutting-edge innovations such as the pilot system developed with Bühler for the chemical-free treatment of dry foods and the

“The Group continued to generate value-added: We doubled economic profit despite high investment in strategic initiatives.”

Hans Hess, Chairman of the Board

ebeam Inkjet Dryer for food-safe, individualized digital printing, it has further paved the way for promising new applications. Moreover, the COMET Group has physically and financially prepared the ground for future growth: It started construction for the expansion of production capacity in Flamatt and, to finance the building project, successfully issued its first bond. In the pursuit of operational excellence, the supply chain preparations were made for the increase in production required for the planned growth.

Strategy 2020 for continuing vigorous growth

The Strategy 2020 picks up seamlessly from the forward strategy of the previous years. In the period to 2020, building on the existing technologies and the pooling of its strengths, the COMET Group plans to grow through new applications and by intensifying the collaboration with key customers. The growth target: sales of about CHF 500 million at an EBITDA margin of 16-18%.

True to the motto of “Exploit & Explore”, the strategic focus is on strengthening the core business

and at the same time leveraging the three core technologies of x-ray, radio frequency and ebeam to utilize new opportunities for growth through innovative solutions, new applications and close partnerships. With its growth engine, the COMET Group will continue to gain in strength by taking advantage of global market trends. Rich potential for the Group is seen especially in the Internet of Things, in the trends toward 3D technologies and highly functional materials and in the demand for resource-conserving, efficient processes.

Leadership changes

The COMET Group has further strengthened its Board by gaining Mariel Hoch and Franz Richter as new Board members and has reinforced the Executive Committee by bringing in Detlef Steck as President of X-Ray Systems (from April 2016) and Thomas Polzer as Chief Operating Officer (from August 2016). In May 2017, René Lenggenhager will assume the position of Chief Executive Officer from Ronald Fehlmann and lead the company in its further growth.

The Board of Directors thanks Ronald Fehlmann very sincerely for his strong commitment over the past six years. During this time he has positioned the Group very auspiciously and made it significantly larger and more profitable. The corresponding confidence of shareholders is evident in a stock price about five times higher than it was a good six years ago.

Positive outlook

The COMET Group is on track. The Board and management are con-

vinced that in the years ahead the COMET Group will consistently continue to generate value-added and, in annual steps of varying size, will reach its growth target for 2020. To this end, the Group will continue to invest heavily in strategic growth areas. For 2017 it expects sales growth to CHF 370-390 million with an EBITDA margin of 13-15% and a further rise in economic profit.

“The consistent strategy execution is proving effective. The COMET Group continued to gain in strength.”

Ronald Fehlmann, Chief Executive Officer

Higher distribution

At the Annual Shareholder Meeting on April 20, 2017 the Board of Directors will propose a distribution of CHF 12.00 per share from distributable paid-in capital (2016: CHF 11.00), exempt from Swiss anticipatory tax. This represents a payout of 34% of net income.

Ten-for-one stock split

The stock price of the COMET Group has risen strongly in the past several years. In 2016 it advanced by 44% and for the first time surpassed CHF 1,000 per share. In order to boost the liquidity and marketability of the stock, the Board will propose at the next Annual Shareholder Meeting to conduct a ten-for-one stock split.

Thank you!

Great progress takes the work of many people. On behalf of the whole Board and management, we extend our thanks to all of the Group's partners, customers and suppliers for their constructive collaboration and their deep confidence in our technologies and our business. Our particular thank-you also goes to all employees of the COMET Group. They made the year's outstanding results possible with their strong commitment and passion. As well, we sincerely thank our shareholders for their continuing confidence.



Hans Hess
Chairman of the Board



Ronald Fehlmann
Chief Executive Officer

Sales

2016
CHF million

332.4

+17.8%

Growth in EBITDA

2016

+33.5%

to CHF 47.7 million
and EBITDA margin of 14.3%

Growth in net income

2016

+60%

to CHF 27.3 million

Ratings

Top 3

in zRating

Top 20 in Forbes
"50 Most Trustworthy Companies
in Western Europe"

COMET Group consolidated financial statements

Consolidated balance sheet

In thousands of CHF	Note	Dec. 31, 2016	%	Dec. 31, 2015	%
Assets					
Cash and cash equivalents		74,832		24,295	
Trade and other receivables	5	60,893		44,483	
Other financial assets	6	152		25	
Inventories	7	81,473		65,820	
Prepaid expenses		2,651		3,104	
Total current assets		220,001	63.8%	137,728	53.9%
Property, plant and equipment	8	66,902		58,481	
Intangible assets	9	49,703		50,454	
Financial assets	6	234		349	
Employee benefit plan assets	16	0		997	
Deferred tax assets	11	8,068		7,633	
Total non-current assets		124,907	36.2%	117,914	46.1%
Total assets		344,908	100.0%	255,642	100.0%
Liabilities and shareholders' equity					
Current debt	12	2,666		11,287	
Trade and other payables	13	58,153		42,402	
Other financial liabilities	6	184		4,177	
Tax payables		5,408		2,201	
Accrued expenses	14	18,048		10,440	
Current provisions	15	7,842		5,993	
Total current liabilities		92,301	26.8%	76,499	29.9%
Long-term debt	12	67,760		10,749	
Non-current provisions	15	57		65	
Employee benefit plan liabilities	16	5,546		1,795	
Deferred tax liabilities	11	2,899		4,330	
Total non-current liabilities		76,262	22.1%	16,938	6.7%
Total liabilities		168,563	48.9%	93,438	36.6%
Capital stock	27	7,745		7,738	
Additional paid-in capital		37,576		45,615	
Retained earnings		156,033		133,105	
Foreign currency translation differences		(25,009)		(24,253)	
Total equity attributable to shareholders of COMET Holding AG		176,345	51.1%	162,205	63.4%
Total liabilities and shareholders' equity		344,908	100.0%	255,642	100.0%

Consolidated statement of income

In thousands of CHF	Note	2016	%	2015	%
Net sales	3	332,437		282,321	
Cost of sales		(197,428)		(174,625)	
Gross profit		135,009	40.6%	107,696	38.1%
Other operating income	18	5,820	1.8%	5,539	2.0%
Development expenses	20	(37,470)	- 11.3%	(28,922)	- 10.2%
Marketing and selling expenses		(45,162)	- 13.6%	(38,001)	- 13.5%
General and administrative expenses		(21,724)	- 6.5%	(20,824)	- 7.4%
Operating income		36,473	11.0%	25,488	9.0%
Financing expenses	22	(6,333)	- 1.9%	(10,159)	- 3.6%
Financing income	22	5,950	1.8%	6,750	2.4%
Income before tax		36,090	10.9%	22,079	7.8%
Income tax	11	(8,754)	- 2.6%	(4,973)	- 1.8%
Net income		27,336	8.2%	17,106	6.1%
Earnings per share in CHF, diluted and basic	23	35.31		22.13	
Operating income		36,473	11.0%	25,488	9.0%
Amortization	21	3,157	0.9%	2,506	0.9%
EBITA		39,630	11.9%	27,994	9.9%
Depreciation	21	8,069	2.4%	7,724	2.7%
EBITDA		47,699	14.3%	35,718	12.7%

Consolidated statement of comprehensive income

In thousands of CHF	Note	2016	2015	Change	Change in %
Net income		27,336	17,106	10,229	59.8%
Other comprehensive income					
Foreign currency translation differences		(756)	(5,042)	4,285	- 85.0%
Total items that will be reclassified to the income statement on realization		(756)	(5,042)	4,285	- 85.0%
Actuarial (losses) on defined benefit plans	16	(5,889)	(1,825)	(4,064)	222.7%
Income tax	11	859	251	608	242.2%
Total items that will not subsequently be reclassified to the income statement		(5,030)	(1,574)	(3,456)	219.6%
Total other comprehensive income		(5,786)	(6,615)	830	- 12.5%
Total comprehensive income		21,550	10,491	11,059	105.4%

Consolidated statement of cash flows

In thousands of CHF	Note	2016	2015
Net income		27,336	17,106
Income tax	11	8,754	4,973
Depreciation and amortization	8/9	11,226	10,230
Interest expense/(income), net	22	1,451	1,024
Share-based payments	28	1,107	439
Losses on disposal of property, plant and equipment		9	7
Other non-cash (income)/expense		(625)	1,936
Change in provisions	15	1,834	102
Change in other working capital		(11,479)	7,724
Interest received		15	11
Taxes paid		(6,450)	(7,881)
Net cash provided by operating activities		33,178	35,672
Purchase price payment for acquisition of subsidiary	4/25	(2,630)	(8,190)
Purchases of property, plant and equipment	8	(16,995)	(11,371)
Purchases of intangible assets	9	(2,668)	(2,486)
Disposals of property, plant and equipment	8	715	72
Net cash used in investing activities		(21,579)	(21,974)
Proceeds from new bank loans	12	0	5,809
Net proceeds from issue of bond (2016-2021)		59,600	0
Repayment of bank loans	12	(11,237)	(4,270)
Interest paid		(635)	(745)
Distribution to shareholders of COMET Holding AG		(8,512)	(8,493)
Net cash used in financing activities		39,216	(7,699)
Net increase in cash and cash equivalents		50,816	5,999
Foreign currency translation differences on cash and cash equivalents		(279)	(261)
Cash and cash equivalents at January 1		24,295	18,559
Net cash and cash equivalents at December 31		74,832	24,295

Consolidated statement of changes in equity

In thousands of CHF	Equity attributable to shareholders of COMET Holding AG				
	Capital stock	Additional paid-in capital	Retained earnings	Foreign currency translation differences	Total shareholders' equity
December 31, 2014	7,721	52,740	118,518	(19,212)	159,768
Net income			17,106		17,106
Other comprehensive income			(1,574)	(5,042)	(6,615)
Total comprehensive income			15,533	(5,042)	10,491
Distribution to shareholders of COMET Holding AG		(8,493)			(8,493)
Increase in capital (for stock compensation)	17	1,367	(1,358)		27
Share-based payments			412		412
December 31, 2015	7,738	45,615	133,105	(24,253)	162,205
Net income			27,336		27,336
Other comprehensive income			(5,030)	(756)	(5,786)
Total comprehensive income			22,306	(756)	21,550
Distribution to shareholders of COMET Holding AG		(8,512)			(8,512)
Increase in capital (for stock compensation)	7	473	(417)		63
Share-based payments			1,039		1,039
December 31, 2016	7,745	37,576	156,033	(25,009)	176,345

Agenda

01 2016 management report, separate financial statements and consolidated financial statements of COMET Holding AG and reports of the statutory auditor

Approval of the management report and separate and consolidated financial statements

The Board of Directors proposes the approval of the management report, separate financial statements, and consolidated financial statements for fiscal year 2016.

02 Appropriation of 2016 retained earnings of COMET Holding AG and distribution from distributable paid-in capital

02.1 Appropriation of 2016 retained earnings

The Board of Directors proposes the following use of retained earnings:

In thousands of CHF	2016	2015
Earnings brought forward	65 210	55 883
Transfer from distributable paid-in capital reserve*	74	0
Net income for the year	9 226	9 327
Retained earnings available for distribution	74 510	65 210
Earnings carried forward	74 510	65 210

02.2 Proposal for distribution from distributable paid-in capital

The Board of Directors proposes that the Shareholder Meeting approve a distribution to share-holders from distributable paid-in capital, as follows:

In thousands of CHF	2016	2015
Distributable paid-in capital brought forward	27 117	34 248
Transfer to retained earnings*	-74	0
Additional paid-in capital from increase in capital stock	477	1 381
Distributable paid-in capital reserve	27 520	35 629
Repayment of CHF 12.00 per share from distributable paid-in capital (prior year: CHF 11.00 per share)	-9 295	-8 512
Distributable paid-in capital carried forward	18 225	27 117
Number of shares entitled to receive distribution	774 543	773 801
Proposed distribution in CHF per share	12.00	11.00

* An amount of CHF 74 thousand from capital increases of prior years was not accepted by the Swiss Federal Tax Administration as constituting paid-in capital reserves distributable free of tax and is therefore reclassified to the statutory earnings reserve.

If the proposal is approved, the net distribution of CHF 12.00 per entitled share will be paid on April 26, 2017.

03 Discharge of the members of the Board of Directors and Executive Committee	The Board of Directors proposes to discharge its members and the members of the Executive Committee from liability for fiscal year 2016.
04 Re-election to the Board of Directors and to the Compensation Committee	The Board of Directors proposes the separate re-election of Board members Dr. Gian-Luca Bona, Lucas A. Grolimund, Hans Hess, Dr. Mariel Hoch, Rolf Huber and Dr. Franz Richter for a term ending at the conclusion of the next Annual Shareholder Meeting. All existing Board members have declared their willingness to accept re-election to the Board of Directors and for the proposed roles.
04.1 Re-election of Hans Hess to the Board	The Board of Directors proposes the re-election of Hans Hess as a member of the Board.
04.2 Re-election of Hans Hess as Chairman of the Board	The Board of Directors proposes the re-election of Hans Hess as Chairman of the Board.
04.3 Re-election of Dr. Gian-Luca Bona to the Board	The Board of Directors proposes the re-election of Dr. Gian-Luca Bona as a member of the Board.
04.4 Re-election of Lucas A. Grolimund to the Board	The Board of Directors proposes the re-election of Lucas A. Grolimund as a member of the Board.
04.5 Re-election of Dr. Mariel Hoch to the Board	The Board of Directors proposes the re-election of Dr. Mariel Hoch as a member of the Board.
04.6 Re-election of Rolf Huber to the Board	The Board of Directors proposes the re-election of Rolf Huber as a member of the Board.
04.7 Re-election of Dr. Franz Richter to the Board	The Board of Directors proposes the re-election of Dr. Franz Richter as a member of the Board.
04.8 Election of the members of the Compensation Committee	The Board of Directors proposes the separate re-election of Dr. Mariel Hoch and Rolf Huber as members of the Compensation Committee for a term ending at the conclusion of the next Annual Shareholder Meeting.
04.8.1 Re-election of Dr. Mariel Hoch to the Compensation Committee	The Board of Directors proposes the re-election of Dr. Mariel Hoch as a member of the Compensation Committee of the Board.
04.8.2 Re-election of Rolf Huber to the Compensation Committee	The Board of Directors proposes the re-election of Rolf Huber as a member of the Compensation Committee of the Board.

05 Election of the independent proxy	The Board of Directors proposes the re-election of Patrick Glauser of FIDURIA AG as independent proxy for a term ending at the conclusion of the next Annual Shareholder Meeting.
06 Election of the statutory auditor	The Board of Directors proposes to engage Ernst & Young AG as the external auditor of COMET Holding AG for fiscal year 2017.
07 Amendments to the Bylaws	<p>The Board of Directors proposes the approval of the recommended amendments to the Bylaws. The amendments to the Bylaws are to be decided upon in two separate votes. In addition, if the compensation-related amendments to the Bylaws are approved, the timing of their implementation is to be decided upon in a third vote.</p>
07.1 Stock split – Amendment to section 3 of the Bylaws	<p>The stock price of COMET Holding AG has risen strongly in the past several years. In order to increase the liquidity and marketability of the shares, a ten-for-one stock split is to be conducted.</p> <p>The existing 774,543 registered shares with a par value of CHF 10.00 per share are to be split on a ten-for-one basis, thus giving rise to a new total of 7,745,430 registered shares with a par value of CHF 1.00 per share.</p> <p>The Board of Directors thus proposes that the existing 774,543 registered shares with a par value of CHF 10.00 per share be split on a ten-for-one basis and that section 3 of the Bylaws be amended as follows:</p> <div> <p>Section 3 Capital stock</p> <p>Existing version: ¹ The Company has a capital stock of CHF 7,745,430, divided into 774,543 registered shares with a par value of CHF 10.00 per share.</p> <p>New version: ¹ The Company has a capital stock of CHF 7,745,430, divided into 7,745,430 registered shares with a par value of CHF 1.00 per share.</p> <p>Paragraphs 2 and 3 remain unchanged.</p> </div> <div> <p>Section 3a Authorized capital for purposes other than equity-based compensation</p> <p>Existing version: ¹ The Board of Directors is authorized to increase the capital stock at any time until April 21, 2018 by a maximum of CHF 1.4 million by issuing up to 140,000 fully payable registered shares with a par value of CHF 10.00 per share. Increases by firm commitment underwriting and increases by part of the total authorized amount are permitted. The amount of the respective issue, the date when entitlement to dividend commences, the terms of any exercise of pre-emptive rights and the nature of the contributions are determined by the Board of Directors.</p> </div>

New version:

¹ The Board of Directors is authorized to increase the capital stock at any time until April 21, 2018 by a maximum of CHF 1.4 million by issuing up to 1,400,000 fully payable registered shares with a par value of CHF 1.00 per share. Increases by firm commitment underwriting and increases by part of the total authorized amount are permitted. The amount of the respective issue, the date when entitlement to dividend commences, the terms of any exercise of pre-emptive rights and the nature of the contributions are determined by the Board of Directors.

Paragraphs 2 and 3 remain unchanged.

Section 3b

Existing version:

Authorized capital for equity-based compensation

¹ The Company's capital stock is increased by a maximum of CHF 217,690.00 by issuing up to 21,769 registered shares with a par value of CHF 10.00 per share to employees and/or members of the Board of Directors of the Company and its subsidiaries. With respect to this portion of authorized capital, shareholders' pre-emptive rights are excluded. The issuance to employees of stock or of pre-emptive rights to purchase stock shall be based on one or more compensation plans (in the form of written regulations) to be adopted by the Board of Directors. Stock, pre-emptive rights or stock options may be issued to employees and/or Board members at less than the quoted market price.

New version:

¹ The Company's capital stock is increased by a maximum of CHF 217,690 by issuing up to 217,690 registered shares with a par value of CHF 1.00 per share to employees and/or members of the Board of Directors of the Company and its subsidiaries. With respect to this portion of authorized capital, shareholders' pre-emptive rights are excluded. The issuance to employees of stock or of pre-emptive rights to purchase stock shall be based on one or more compensation plans (in the form of written regulations) to be adopted by the Board of Directors. Stock, pre-emptive rights or stock options may be issued to employees and/or Board members at less than the quoted market price.

Paragraph 2 remains unchanged.

If the stock split proposal is approved, it will be implemented on a ten-for-one basis at April 28, 2017.

07.2 Amendment to sections 22, 23, 24 and 25 on the compensation of the Board of Directors and of the members of the Executive Committee and on the terms and procedures of stock compensation settlement

A compensation benchmarking conducted in 2016 leads the Board of Directors to propose adjustments to the compensation of the Board and the Executive Committee.

The discount granted on stock until now is to be abolished entirely, both for the Board of Directors and the members of the Executive Committee.

In order to maintain the existing relationship between the cash portion and the stock portion of the Board's fixed retainer, the percentage payable in stock is to be increased from 25% to 33.33% for the Board of Directors.

In 2016 the Board performed a benchmarking for the compensation of the Executive Committee. On the basis of this benchmarking, the Board intends to make slight structural adjustments to the variable compensation. This includes, in particular, dividing the existing variable compensation into an annual compensation element paid in cash (short-term incentive, or STI) and a multi-year variable element in the form of stock with a three-year holding period (lock-up period) during which the stock may not be sold (long-term incentive, or LTI). Both variable compensation components (STI and LTI) are tied to the achievement of certain profit and performance targets. Another change is that an upper limit is to be set on the variable compensation elements. The upper limit will be [oder is? Oder is to be? specified in the compensation regulation and represents 200% of the fixed salary for the CEO, and 150% of the fixed salary for the other members of the Executive Committee.

The STI remains based on the annual consolidated net income of the COMET Group and is paid in cash. The LTI also remains based on the annual consolidated net income of the COMET Group and is paid in stock subject to a three-year holding period. Upon the achievement of certain medium-term performance elements (for example, multi-year sales growth and multi-year value generation (ROCE/WACC)), the LTI may be increased by stock not subject to a holding period. Before doing so, the achievement of these multi-year performance targets is compared with that at a peer group of similar companies. If the achievement for the COMET Group is in the bottom 25% of the peer group, no additional stock is awarded. In the top 25% of the peer group, the maximum amount of stock that may be awarded is equivalent to the average of the value of the stock that has been awarded and locked up in the past three years. In intermediate cases, the maximum amount is interpolated on a straight-line basis. The number of shares to be awarded is calculated based on the average daily closing stock price on the SIX Swiss Exchange between the publication date of the full annual financial results and the day of the Annual Shareholder Meeting. All stock, whether subject to a holding period or not, is henceforth to be awarded at this market price and without discount.

The Board of Directors proposes the following amendments to sections 22, 23, 24 and 25 of the Bylaws, which set out the framework for the compensation of the Board of Directors and the Executive Committee:

Section 22**Compensation of the Board of Directors**

Existing version:

² Of the total amount of compensation, 25% must be drawn in stock of the Company.

New version:

² Of the total amount of compensation, one-third (33.33%) must be drawn in stock of the Company with a three-year holding period.

Paragraph 1 remains unchanged.

Section 23**Compensation of the members of the Executive Committee**

Existing version:

¹ The compensation of the members of the Executive Committee consists of a fixed salary and of variable compensation. The fixed salary comprises the base salary and other compensation elements. The total compensation takes into account the recipient's position and level of responsibility.

² Of the variable compensation, up to 50% is paid in stock of the Company with a three-year holding period.

New version:

¹ The compensation of the members of the Executive Committee consists of a fixed salary and of variable compensation. The total compensation takes into account the recipient's position and level of responsibility.

² The fixed salary comprises the base salary and other compensation elements.

³ The variable compensation consists of a performance-based annual variable element (short-term incentive) and a performance-based multi-year variable element (long-term incentive).

⁴ The variable compensation elements are subject to an upper limit.

⁵ A precondition for paying any variable compensation is that, after the accrual of this profit-sharing compensation, the COMET Group is still able to report positive consolidated net income.

Section 24**Composition of the variable compensation of the members of the Executive Committee**

Existing version:

¹ The aggregate amount of variable compensation paid to all members of the Executive Committee of COMET Holding AG is based on a percentage of the consolidated net income of the COMET Group.

² A precondition for paying any performance-based compensation is that, after the accrual of this profit-sharing compensation, the COMET Group is still able to report positive consolidated net income.

³ The Board of Directors periodically determines the percentage rate of net income to pay as performance-based compensation. This percentage rate is guided by criteria such as sales growth, return on capital employed, economic profit, etc.

⁴ The Compensation Committee specifies the details in a regulation that requires the approval of the Board of Directors.

New version:

¹ The aggregate amount of variable compensation paid to all members of the Executive Committee of the COMET Group is based on a percentage of the annual consolidated net income of the COMET Group.

² Part of the aggregate amount (between 50% and 75%) is paid out annually in cash (short-term incentive).

³ Part of the aggregate amount (between 25% and 50%) is paid out annually in stock of the Company with a three-year holding period (long-term incentive).

⁴ This annually determined number of shares with a holding period can, depending on the degree of achievement of medium-term performance targets, be supplemented with additional shares that are not subject to a holding period. The evaluation of achievement of these medium-term performance targets is based on the degree of target achievement in a peer group of comparable companies.

⁵ The Compensation Committee specifies the details in a regulation that requires the approval of the Board of Directors.

Section 25

Terms and procedures of stock compensation settlement

Existing version:

¹ The grant price of the stock is calculated as the average stock price of COMET Holding AG in the period between the annual results press conference and the Annual Shareholder Meeting, less a discount. The discount is intended to make up for the deferral of the compensation and dividends and for the price risk associated with the three-year holding period. The value of the discount is counted as part of the total compensation. The Company may purchase the necessary stock on the market or make it available from authorized capital designated or not designated for equity compensation purposes.

² The stock awarded is subject to a holding period of three years during which it may not be sold.

New version:

¹ The grant price of the stock is calculated as the average stock price of COMET Holding AG in the period between the publication of the full annual results and the Annual Shareholder Meeting. The Company may purchase the necessary stock on the market or make it available by using authorized capital designated for equity compensation purposes.

Paragraph 2 is deleted (covered in section 24). Paragraph 3 remains unchanged.

07.3 Timing of implementation of the Bylaw amendments regarding the variable compensation of the Executive Committee

If approved by the Annual Shareholder Meeting, the Bylaw amendments proposed to the Shareholder Meeting regarding the variable compensation of the members of the Executive Committee are already to apply in the whole fiscal year 2017. This variable compensation of the Executive Committee for fiscal year 2017 will then be submitted, as before, for approval to the 2018 Annual Shareholder Meeting following the fiscal year (retrospective approval in accordance with section 21 of the Bylaws).

The Board proposes to the Annual Shareholder Meeting to apply the new provisions of sections 23, 24 and 25 of the Bylaws retroactively from January 1, 2017 to the variable compensation of the members of the Executive Committee.

08 Approval of the compensation of the Board of Directors and Executive Committee

The Board of Directors proposes the approval of the compensation of the Board of Directors and Executive Committee.

08.1 Approval of the compensation of the Board of Directors

The Board of Directors proposes the approval of a **maximum aggregate amount of CHF 800,000.00** for the compensation of the Board of Directors **for the coming term of office ending at the 2018 Annual Shareholder Meeting**. The compensation amounts to CHF 99,000 per member of the Board of Directors and CHF 198,000 for the Chairman of the Board. This represents an aggregate amount of CHF 693,000 (5 x CHF 99,000 plus 1 x CHF 198,000). Added to this are social security contributions of approximately CHF 60,000, bringing the rounded-up total to CHF 760,000. Allowing for a small reserve of CHF 40,000, the Board of Directors therefore proposes a maximum aggregate amount of CHF 800,000 for the compensation of the Board.

08.2 Approval of the fixed compensation of the Executive Committee

For the fixed compensation of the Executive Committee **for the next fiscal year, 2018**, the Board of Directors proposes the approval of a **maximum aggregate amount of CHF 3,400,000**. This amount includes the contributions for the company pension, state old age and survivors (AHV) insurance, state unemployment insurance (ALV), and accident insurance.

This maximum aggregate amount is based on the maximum fixed compensation of CHF 3,400,000 for fiscal year 2017 approved at the 2016 Annual Shareholder Meeting, which in turn was based on the assumption of fixed compensation of CHF 2,500,000, contributions of CHF 750,000 for pension, social security plans and insurance, as well as a small reserve.

08.3 Approval of the variable compensation of the Executive Committee

For the variable compensation of the Executive Committee **for fiscal year 2016**, the Board of Directors proposes the approval of the **aggregate amount of CHF 1,384,484**. This amount consists of the variable compensation of CHF 499,556 in cash, of stock compensation of CHF 780,557 and proportionate social security contributions of CHF 104,371 (see the compensation report in the annual report 2016).

08.4 Consultative vote on the compensation report 2016

The purpose of the compensation report is to give shareholders detailed information on the compensation systems, policies and practices for the Board of Directors and the members of the Executive Committee. In this General Meeting the Board of Directors is submitting the compensation report 2016 to the shareholders for a consultative vote.

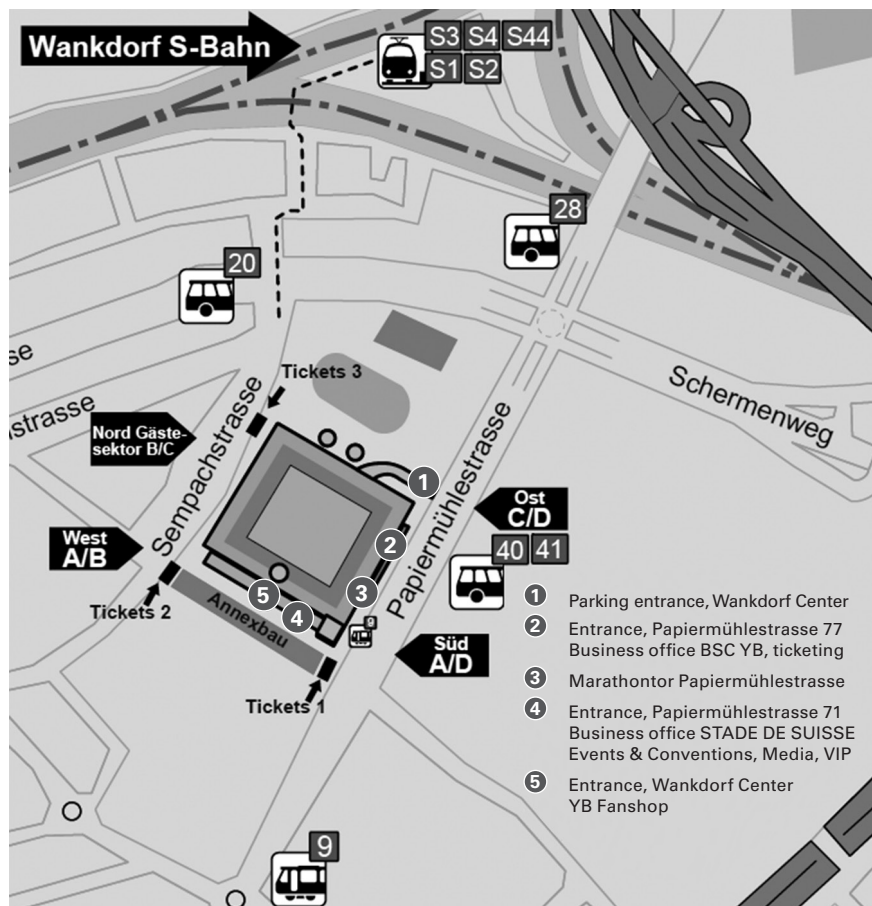
The Board of Directors proposes the approval of the compensation report 2016 in a consultative vote.

Flamatt, Switzerland, March 23, 2017

COMET Holding AG

Hans Hess
Chairman of the Board of Directors

Map



Stade de Suisse
Bern-Wankdorf
 Business Center
Champions Lounge
 3rd floor
 Papiermühlestrasse 71
 3014 Bern, Switzerland
 Tel. 031 344 88 77
www.stadedesuisse.ch

Directions

By public transit from Bahnhof Bern railway station

Take tram line 9 to Wankdorf Center, bus line 20 to Wyler, or various trains to S-Bahn stop Wankdorf on the commuter rail system.

Important note: Bitte betreten Sie das Stadion am Eingang Papiermühlestrasse 71 (number 4 on the map) to enter the stadium, and take the elevator to the third floor.

By car

- From Lausanne via A1 motorway: → Bern exit BEA-Expo → Wankdorf → "Zentrum" (center) → Einkaufszentrum (shopping center)
- From Basel/Zurich via A1 motorway: → Lucerne/Bern → A1/Bern → A6/Interlaken → Exit BEA-Expo → Wankdorf → "Zentrum" (center) → "Einkaufszentrum" (shopping center)
- From Interlaken via A6 motorway: → Thun → A6/Bern exit BEA-Expo → Wankdorf → "Zentrum" (center) → "Einkaufszentrum" (shopping center)
- Drive into the parking facility of the stadium/shopping center.

Important: The access to Papiermühlestrasse 71 is located in the back third of the parking garage and is marked with the word "VIP" and a large number "71". From here, take the elevator to the third floor.

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