Repurchase of own shares
Trading on second trading line on SIX Swiss Exchange Ltd

As The Swatch Group Ltd, Faubourg de l’Hôpital 3, 2000 Neuenburg («Swatch Group»), announced on 3 February 2016, Swatch Group intends to carry out a share repurchase program with a maximum value of CHF 1 billion. Swatch Group is repurchasing the shares for the purpose of share capital reduction or for the purpose of holding them as treasury shares for a minimum of six years from the date of repurchase as a partial liquidation of the company engaged in the repurchases. The implications for shareholders selling their shares — regardless of the purpose Swatch Group uses the repurchased shares for — are outlined below:

1. Withholding tax

State federal withholding tax amounts to 35% of the difference between the repurchase price of the shares and their nominal value. The company engaged in the repurchase, or the bank mandated respectively, will deduct the tax from the repurchase price for payment to the Federal Tax Administration. Shareholders domiciled outside Switzerland are entitled on amendment of the witholding tax if they are beneficial owners and if they present documentary evidence of their domicile. A 1.14% of the Witholding Tax Law. Shareholders domiciled outside Switzerland may reclaim the tax in accordance with any applicable double taxation agreements.

2. Direct taxes

The tax consequences apply regardless of the purpose Swatch Group uses the repurchased shares for:

- Shares held by corporate companies, the difference between the repurchase price and the nominal value of the shares constitutes taxable profits.
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Note

This note does not constitute an issue prospectus as defined in articles 695f and 1156 of the Swiss Code of Obligations.

The offer is not made in the United States of America and to U.S. persons and may be accepted by only non-U.S. persons and subject to the United States, Ontario and other jurisdictions. The offer is made to persons in accordance with the laws of the United States and must not be used for the purpose of solicitation of an offer or purchase of any securities in the United States.