oerlikon

Media Release

Agreement on comprehensive financial restructuring measures leads to sustainable, long-term capital structure and provides basis for future profitable growth of Oerlikon

Cornerstones of the financial restructuring include

- a capital decrease in the form of a nominal value reduction from CHF 20 to CHF 1 per share;
- a subsequent capital increase by means of a CHF 1,000 million Rights Offering of 268.7 million new shares to existing shareholders at an issue price of CHF 3.72 per share, with a commitment of Renova to exercise its subscription rights and a backstop commitment by the lenders to subscribe for any remaining new shares for which Rights have not been exercised in the Rights Offering (other than by Renova) against conversion of debt;
- a possible further capital increase of up to CHF 150 million through the issuance of up to 40.4 million additional new shares to the lenders against conversion of debt in a nominal amount equal to the Issue Price of CHF 3.72;
- warrants granted to the lenders to purchase shares corresponding to up to 5% of Oerlikon's share capital on a fully diluted basis expiring on 30 June 2014, such shares to come from a newly proposed conditional capital;
- an option granted to the lenders to purchase part or all of Oerlikon's 1.3 million treasury shares (representing 9.3% of the current share capital) at market value by 14 April 2010 against conversion of debt;
- a waiver of between CHF 25 million and CHF 125 million of debt by the lenders; and
- the conclusion of a new facility agreement with the lenders with three tranches in a total amount of approximately CHF1,490-1,740 million (depending on the take-up of the Rights Offering) and maturity on 30 June 2014, which will replace the remaining outstanding portion of the existing syndicated loan facilities. The new facility agreement also contains a requirement that a majority of the members of the Board of Directors be independent from Renova and any other party or group of parties controlling more than 20% of Oerlikon's voting rights.

All measures together are expected to result in a reduction in Oerlikon's net financial debt of approximately CHF 1,050-1,300 million. All measures are mutually dependent on each other and the capital changes have to be approved by Oerlikon's Annual General Meeting of shareholders on 18 May 2010 ("AGM").

Pfaeffikon SZ, 1 April 2010 – Oerlikon Group today announces that it has reached agreement on the terms of a set of comprehensive financial

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restructuring measures with the lenders of its CHF 2.5 billion syndicated loan facilities, composed of banks and non-bank lenders (the "Lenders") and the Renova Group, Oerlikon's main shareholder ("Renova").

The substantial indebtedness resulting from the debt-financed acquisition of Saurer in November 2006 combined with the subsequent unprecedented downturn of the global economy in 2008 and 2009 have had a significant detrimental effect on Oerlikon's financial position.[1] The abrupt and substantial drop in demand for Oerlikon's products and services during the economic downturn has heavily impacted the Group's profitability and has made the current level of debt unsustainable.

The financial restructuring agreed between Oerlikon, the Lenders and Renova is expected to significantly strengthen the Company's equity base, reduce its indebtedness in a single step to sustainable levels and remove any refinancing risk until maturity of the new loan facilities in June 2014. Of the gross proceeds of the CHF 1,000 million Rights Offering, Oerlikon expects to retain cash proceeds of approximately CHF 300 million for investment in the existing business. Together with the operational restructuring progressing, Oerlikon believes that the proposed measures will give the Company the operational flexibility to manage the economic recovery and to position the Group's six business segments for sustainable, long-term growth.

Details of the agreed financial restructuring plan

Capital decrease

As a pre-condition for the issuance of new shares in the Rights Offering as further described below, the Board of Directors will propose to the AGM that the Company's share capital be decreased by way of a nominal value reduction from currently CHF 20 to CHF 1 per share. This step is required to allow an issue price in the Rights Offering of CHF 3.72 per share, which would not be possible

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[1] For further details on the annual result 2009 see the press release "On the way to recovery", disclosed in parallel today.

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 under Swiss law if the nominal value per share remained at CHF 20. The capital decrease will be conditional upon an immediate re-increase of the share capital through the issuance of 268'706'303 new shares with a nominal value of CHF 1 each in the Rights Offering, which will bring the Company's share capital back to the previous level of CHF 282'848'740.

Capital increase by means of a Rights Offering

The Board of Directors will propose to the AGM the issuance of new equity by way of an ordinary capital increase with expected gross proceeds of approximately CHF 1,000 million. If approved, the capital increase will be executed by issuing tradable subscription rights (the "Rights") to existing shareholders of Oerlikon, which will allow them to subscribe for 268'706'303 newly issued registered shares with a nominal value of CHF 1 each, as well as to buy or sell Rights on the SIX Swiss Exchange. Each existing shareholder of Oerlikon will be allotted 19 Rights for each existing share held on or about 21 May 2010 after close of trading. Each Right will entitle the holder to subscribe for one new share at an issue price of CHF 3.72 per new share (the "Issue Price").

In an subscription agreement with the Company, Renova has undertaken to vote in the AGM in favour of the proposals in relation to the financial restructuring set forth by the Board of Directors and to participate in the Rights Offering by subscribing for 107'828'588 new shares against payment of the Issue Price in cash (CHF 401 million). Renova has furthermore undertaken not to exercise the 12'201'841 Rights allotted to its remaining existing shares, but has instead committed to subscribe for the corresponding number of 12'201'841 new shares against conversion of CHF 45 million of debt indirectly held by Renova in the second capital increase as described below.

The Lenders will not exercise the Rights allotted to any Treasury Shares purchased by them as described below, but have committed to subscribe for the corresponding number of up to 25'047'871 new shares in the second capital

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increase against conversion of debt in a nominal amount equal to the Issue Price, corresponding to up to CHF 93 million in total.

Of the CHF 401 million cash proceeds received from Renova, the Company will retain CHF 300 million for investment in the existing business, with the remaining cash proceeds from Renova of CHF 101 million as well as any cash proceeds from exercise of Rights by other holders of Rights being used for repayment of the existing debt facilities.

The Rights are expected to be traded on SIX Swiss Exchange from 25 May 2010 through 1 June 2010. The exercise period for the Rights is expected to last from 25 May 2010 to 12:00 noon CEST on 2 June 2010. The first trading day of the new shares is expected to be on or around 9 June 2010. UBS Investment Bank is acting as Sole Global Coordinator and Bookrunner in the Rights Offering.

Second capital increase without subscription rights for the benefit of the Lenders

If and to the extent Rights have not been exercised in the Rights Offering (other than by Renova and the Lenders regarding any treasury shares purchased by them) and offered new shares have not been validly subscribed and paid for, a corresponding number of new shares will be re-issued in a second capital increase under the exclusion of the subscription rights of the existing shareholders. The Lenders have undertaken to subscribe for up to 148'675'874 new shares against conversion of debt in a nominal amount equal to the Issue Price of CHF 3.72. Thus, the aggregate potential conversion of debt by the Lenders for the subscription of up to 148'675'874 new shares in the second capital increase would amount to up to CHF 553 million. In addition, Renova has undertaken to subscribe for 12’201’841 new shares as part of the second capital increase against conversion of debt indirectly held by Renova (through an acquired sub-participation in the existing credit facilities) in a nominal amount equal to the Issue Price of CHF 3.72, corresponding to a total amount of debt of

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Possible third capital increase without subscription rights through issuance of additional new shares to the Lenders

Depending on the extent to which Rights have been exercised in the Rights Offering (other than by Renova and the Lenders regarding any treasury shares purchased by them), the Lenders will waive between CHF 25 million and CHF 125 million of debt, as described below. Against this background and in view of their commitment to the restructuring, the Company has granted the Lenders the right to subscribe for up to 40’406’963 additional new shares (representing up to 12.5% of the increased share capital following the Rights Offering and the issuance of such additional new shares) under the exclusion of the subscription rights of existing shareholders. The number of additional new shares allocated to the Lenders will increase linearly from 0 (if no Rights are exercised in the Rights Offering[2]) to 40.4 million (if the Rights are fully exercised in the Rights Offering[2]). The additional new shares will be paid for by additional conversion of debt under the existing debt facilities in a nominal amount equal to the Issue Price of CHF 3.72, totalling up to CHF 150 million. To create the required capital for the additional new shares, the Board of Directors will propose to the AGM a third ordinary capital increase of up to 40’406’963 new shares.

Issuance of Warrants

Furthermore, in view of their debt waiver and commitment to the financial restructuring, the Lenders will receive up to 17’013’458 warrants to purchase new shares at any time after 90 days following their issue date, which is 7 trading days after completion of the financial restructuring, until 30 June 2014 representing between 1 and 5% of the Company’s increased share capital following the Rights Offering, the issuance of the additional new shares and the shares issued under the warrants. The number of warrants granted to the Lenders will decrease linearly from 5% (if the Rights are fully exercised in the Rights Offering[2]) to 1% (if no Rights are exercised in the Rights Offering[2]). The

[2] Not taking into account Rights allotted to Renova and to any treasury shares purchased by the Lenders.

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strike price of such warrants will amount to CHF 6 per share to be paid in cash, which represents a premium of approximately 13 to 17% to the theoretical ex-rights price ("TERP") of Oerlikon shares based on the closing price on 31 March 2010, depending on whether the additional new shares are considered in calculating the TERP. The Board of Directors will propose to the AGM the creation of conditional capital as underlying for share delivery obligations under the warrants.

Expected key dates for capital increases

27 April 2010	Publication and posting of AGM invitation
18 May 2010	AGM and publication of Q1 2010 financial results
25 May 2010	Start rights trading and exercise period
1 June 2010	End of rights trading period
2 June 2010	End of rights exercise period (12:00 noon CEST)
4 June 2010	Payment of subscription price by shareholders
8 June 2010	Registration of capital decrease and capital increases in commercial register
9 June 2010	Delivery and first trading day of new shares

Sale of treasury shares

Oerlikon has also granted the Lenders the option to purchase some or all of the 1'318'309 own shares the Company currently holds (amounting to 9.3% of the Company's current share capital) (the "**Treasury Shares**") by 14 April 2010. The purchase price for the Treasury Shares will be determined as the average of the daily volume-weighted average price ("VWAP") of Oerlikon shares on SIX Swiss Exchange on the four trading days following the day of this announcement. Based on the closing price of the Oerlikon shares of CHF 35.82 on 31 March 2010, the market value of the Treasury shares is approximately CHF 47 million. If the Lenders choose to purchase the Treasury Shares, the purchase price will be settled against conversion of debt in the total amount of CHF 25 million and by offsetting deferred fees under the existing syndicated loan facilities for the

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remainder. The Treasury Shares purchased by the Lenders will be transferred to such Lenders after the AGM.

The Lenders will not exercise the Rights allotted to such Treasury Shares, but have committed to subscribe for the corresponding number of up to 25'047'871 new shares in the second capital increase against conversion of debt in a nominal amount equal to the Issue Price, corresponding to up to CHF 93 million in total. In case the Lenders do not exercise their right to purchase the Treasury Shares, the Company intends to place them otherwise with investors prior to the Rights Offering.

Lock-up provisions

Oerlikon, Renova and the Lenders have agreed to lock-up provisions of 180 days for Oerlikon, 60 days for Renova on existing and new shares, as well as 60 days for Treasury Shares purchased, and any new shares thereon and additional new shares subscribed for by the Lenders. To the extent more than 95% of the Rights to be exercised for cash are taken up in the Rights Offering (including the shares subscribed for by Renova), the 60 days lock-up period will also apply to the remaining new shares subscribed for by the Lenders due to their backstop commitment.

Debt restructuring

Any cash proceeds from the Rights Offering (apart from the CHF 300 million to be invested in the Company as described above) will be used to partly repay the existing syndicated loan facilities. In addition, the Lenders have agreed to waive between CHF 25 million and CHF 125 million of debt under the existing debt facilities. The waiver will apply on a sliding linear scale depending on the portion of Rights taken up in the Rights Offering, ranging from CHF 25 million (if none of the Rights are exercised in the Rights Offering[2]) to CHF 125 million (if the Rights are fully exercised in the Rights Offering[2]).

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[2] Not taking into account Rights allotted to Renova and to any treasury shares purchased by the Lenders.

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In summary, taking into account the repayment of debt from the cash proceeds of the Rights Offering, the conversion of debt against any additional new shares issued to the Lenders and the waiving of debt as described above, the Company's total debt is expected to be reduced by between approximately CHF 750 million (in case of 0% exercise of Rights in the Rights Offering[2]) and CHF 1,000 million (in case of 100% exercise of Rights in the Rights Offering[2]). Taking into consideration the CHF 300 million cash proceeds from the Rights Offering to be retained by the Company for investment in the business, the implied net debt position of Oerlikon as of 31 December 2009 on a pro forma basis would have amounted to between CHF 396 million (in case of 100% exercise of Rights in the Rights Offering[2]) and CHF 646 million (in case of 0% exercise of Rights in the Rights Offering[2]). The pro forma ratio of equity to total assets as of 31 December 2009 would have amounted to between approximately 34 and 39% taking into account all financial restructuring measures, compared with approximately 12% based on actual 2009 results.

The Lenders have agreed to replace the remaining portion of the existing syndicated loan facilities with three new loan facilities, all due 30 June 2014:

- Revolving Credit Facility (Facility A) in the amount of CHF 435 million
- Senior Term Loan (Facility B) in the amount of CHF 580 – 717 million
- Junior Term Loan (Facility C) in the amount of CHF 474 – 587 million

The final size of Facilities B and C will depend on the extent to which Rights have been exercised in the Rights Offering (other than by Renova and the Lenders regarding any treasury shares purchased by them). The total remaining debt post Rights Offering less CHF 435 million (Facility A) will be split 55% / 45% into Facility B and Facility C, respectively. In case of a 100% take-up[2], the respective sizes of Facilities B and C would hence be CHF 580 and CHF 474 million. In case of a 0% take-up[2], the respective sizes of Facilities B and C would be CHF 717 and CHF 587 million. Facilities A and B will each carry cash interest at LIBOR plus a margin of 4.5% p.a., while Facility C will carry cash interest at LIBOR plus a margin of 4.0% p.a. as well as payment-in-

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kind interest at 7.0% p.a.. Facilities A and B have an underlying margin grid, with a reduction in the net debt/EBITDA ratio resulting in reduced interest margins.

The new loan facilities contain financial covenants that are customary for debt facilities of this kind (net debt/EBITDA, interest cover, equity/total assets, minimum liquidity, absolute EBITDA, and capital expenditure). While setting guardrails to Oerlikon for the tenure of the new loan facilities, the agreed covenant levels are expected to provide sufficient headroom to ensure adequate operational flexibility to Oerlikon going forward. In addition, the new loan facilities require that a majority of the Company's Board of Directors be independent from Renova and any other party or group of parties controlling more than 20% of Oerlikon's voting rights. Such independence is defined as the absence of significant or close personal, economical or other relationship with the relevant shareholder. A failure to comply with this condition, which shall apply as long as the ratio of net debt to EBITDA is above 3 to 1, but in any event until the day of the annual general meeting of shareholders 2012, would constitute an event of default. To secure this requirement, Renova Industries Ltd. and the Company have entered into an agreement pursuant to which Renova Industries Ltd. consents to such independent majority of the members of the Board of Directors and agrees to vote its shares at the AGM accordingly to effect the required amendment to the Board of Director's composition.

SIX Disclosure

The Disclosure Office of the SIX Swiss Exchange considered that certain of the Lenders and Renova Industries Ltd. with regard to the financial restructuring and with regard to the composition of the Board of Directors of the Company as described above are deemed to form a group in the meaning of Art. 10 SESTO-FINMA.

The Disclosure Office granted an easing of the group disclosure obligation with regard to the financial restructuring to the extent that the disclosure obligations

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do not have to be fulfilled within four trading days following execution of the agreements in relation to the financial restructuring, but in the offering prospectus and according to the requirements of the Disclosure Office's Notice 1/09.
In addition, the Disclosure Office granted an exemption of the group disclosure obligation in the context of the composition of the Board of Directors as described above. The easing and exemption set forth above apply, to the extent relevant, also to Oerlikon.

Oerlikon, Renova and the Lenders strongly believe that the financial restructuring comprehensively addresses the Group's financing situation and establishes a sustainable capital structure in a single step. Furthermore, through the strengthening of the equity base and the significantly reduced indebtedness, the financial restructuring is expected to remove any refinancing risk until maturity of the new loan facilities in June 2014 and to facilitate refinancing in the medium term. Together with the ongoing operational restructuring, the financial restructuring will provide the basis for bringing Oerlikon's business segments back to profitability and support their sustainable, long-term development.

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About Oerlikon
Oerlikon (SWX: OERL) is a leading high-tech industrial group specializing in machine and plant engineering. The company is a provider of innovative industrial solutions and cutting-edge technologies for textile manufacturing, thin-film coating, drive, precision, vacuum, solar energy systems and advanced nanotechnology. A Swiss company with a tradition going back 150 years, Oerlikon is a global player with around 16,000 employees at 157 locations in 36 countries and sales of CHF 2.9 billion in 2009. The Company invests more than CHF 200 million annually in R&D, with over 1 200 specialists working on future products and services. The operative businesses rank either first or second in their respective global markets.

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