

Period of restructuring

Pfäffikon, April 1, 2010



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Agenda

Note from the Chairman	Chairman
Overview of Fiscal Year 2009	CEO
Fiscal Year 2009 Financial Results	CFO
Operational Restructuring	COO
Financial Restructuring	CFO
Outlook	Chairman

2009 Review – Note from the Chairman

Situation End of 2008

- Deterioration of global economy accelerated by end 2008
- Balance sheet carries ~CHF 2.1bn debt and ~CHF 1.3bn in goodwill and brands, mainly from the 2006 Saurer acquisition
- Textile severely impacted by textile down cycle and recession

Challenges 2009

- Major end-markets continued to decline
- Change in policies, overcapacity and uncertainty impacted Solar
- Capacities and cost structure not aligned with changed market outlook
- No signals of recovery in first half year
- Toward mid-year Group came to a critical situation

Actions

- Tight NWC management ensured crucial liquidity
- Oper. restructuring to align structures with new economic realities
- Short-time work delivered fast reduction of personnel costs while preserving skills and growth potential
- Selective asset disposals and amendment of credit facility

2009 Review – Note from the Chairman

Changes in management

- BoD made sustainable long term financial solution main priority
- Hans Ziegler installed as Delegate of the BoD and acting CEO
- Segment management of Textiles and Solar replaced by internal candidates

Results 2009

- Further significant orders and sales decline vs. prior year
- Additional one-time charges
- Cost reductions only partially mitigate impact
- Operational EBIT declined massively, net loss of CHF 592m
- Equity base eroded to CHF 520m or 12% of assets
- First signs of recovery in 2nd half year

Situation end 2009

- Not in a position to repay term loan of CHF 600m by March 2010 without value destructive divestments
- Financial restructuring became indispensable; bankruptcy could not be excluded
- BoD in direct negotiation with lenders and major shareholder

Agenda

Note from the Chairman

Chairman

Overview of Fiscal Year 2009

CEO

Fiscal Year 2009 Financial Results

CFO

Operational Restructuring

COO

Financial Restructuring

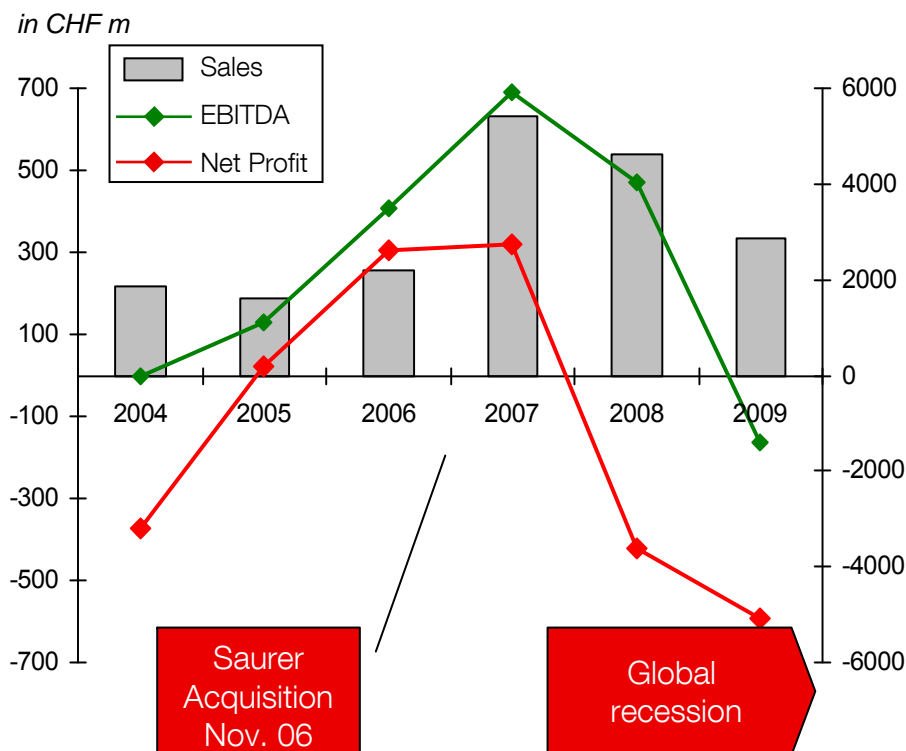
CFO

Outlook

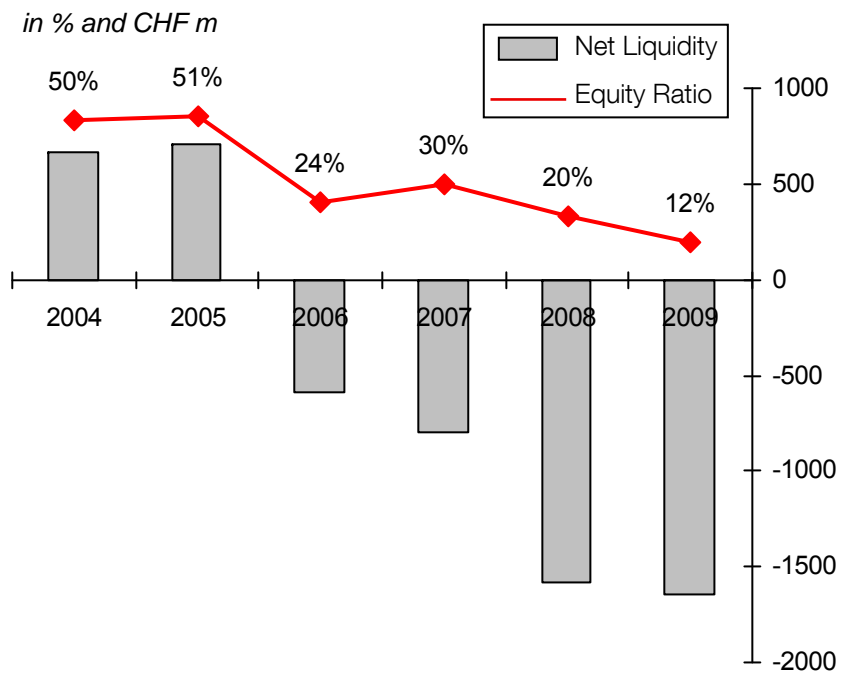
Chairman

Global recession following debt-financed Saurer acquisition drives need for financial restructuring

Sales, EBITDA and Net Result*



Net Liquidity and Equity Ratio



* 2007 – 2009 continuing operations [Source: Annual Report 2008 page 132, Annual Report 2009 page 137]

Key activities to master the challenging situation

Starting point
in
August 2009

- Operational restructuring programs in implementation
- Short-term cash conservation measures initiated
- Syndicated Credit Facility amended in June 2009
- Selective disposal evaluations started

Key measures
since
August 2009

- Continued investments into the future (R&D)
- Further reduction of cash outflows from CAPEX and NWC
- Expansion of operational restructuring programs
- Immediate evaluation of all potential portfolio measures
- Start of discussions for a comprehensive refinancing solution with lending banks and major shareholder

Selective disposals only to support return to sustainability

Further streamlining of portfolio and balance sheet



Goals of the financial restructuring

Strengthening of equity base



- Proposed measures significantly strengthen equity base
- 2009 post financing equity ratio of 34¹–39²% vs. 12% pre restructuring
- Long-term target of 30% reached in one single step

Reduction of debt to sustainable levels



- Significant net debt reduction by CHF 1,050¹ m - CHF1,300² m through proposed measures will provide “room to breathe”
 - Short-term refinancing risk removed; mid-term financing secured until June 2014
 - Strengthened equity base and lower debt levels facilitate refinancing of the new facilities in the medium- to long-term

Increase of operational flexibility



- CHF 300m cash proceeds from rights offering available for investment in the Group
- Prepare for and manage the recovery through investments in
 - Completion of Restructuring
 - Capex, Net Working Capital
 - Faster expansion into emerging markets
 - Innovation (R&D)

¹ 0% take-up in rights offering

² 100% take-up in rights offering

Agenda

Note from the Chairman Chairman

Overview of Fiscal Year 2009 CEO

Fiscal Year 2009 Financial Results CFO

Operational Restructuring COO

Financial Restructuring CFO

Outlook Chairman

Key figures

Continuing operations

<i>in CHF m</i>	2008 ⁽¹⁾	2009	Δ
Orders received	4,209	2,996	-29%
Sales	4,632	2,877	-38%
EBITDA in % of sales	471 10%	-165 -6%	
EBIT in % of sales	-59 -1%	-589 -20%	
Net result ⁽²⁾	-422	-592	
Cash flow from operating activities ^(2,3)	411	-92	

(1) 2008 restated

(2) Total Group including discontinuing operations

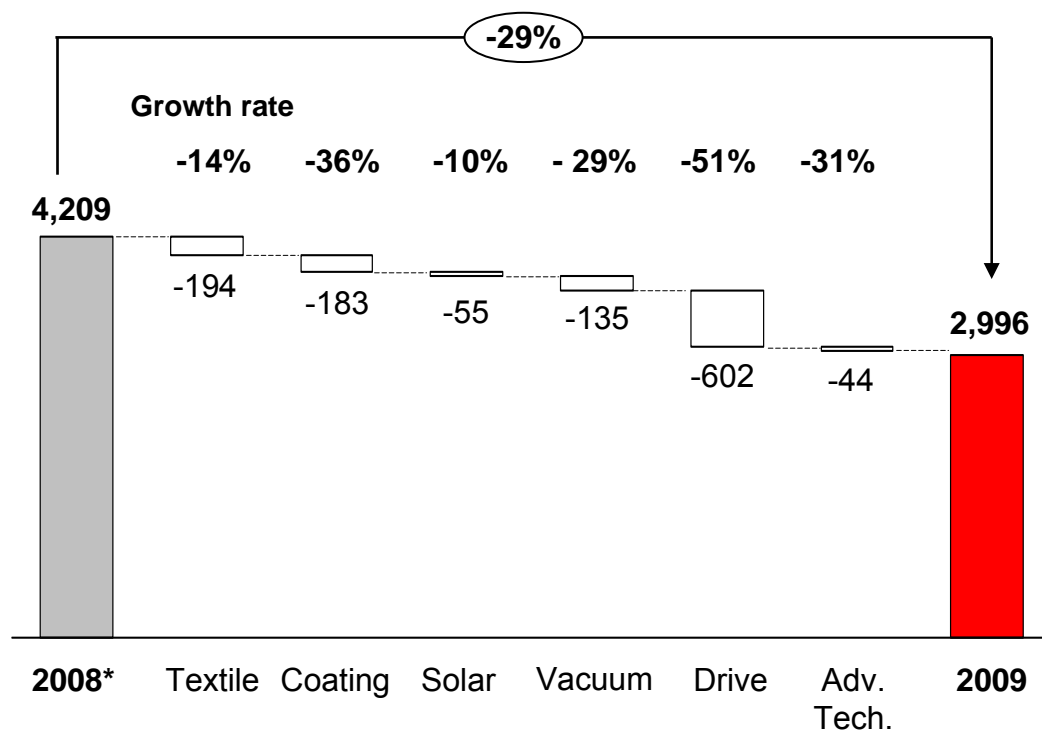
(3) Before changes in net current assets

Order bridge by Segments

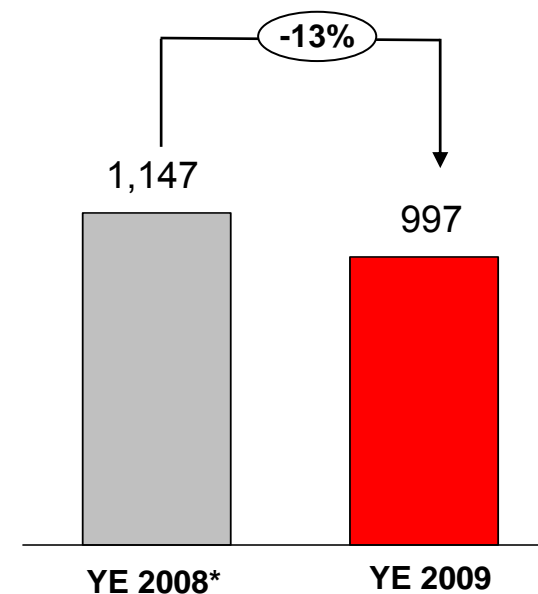
Continuing operations

Orders received by Segments

in CHF m



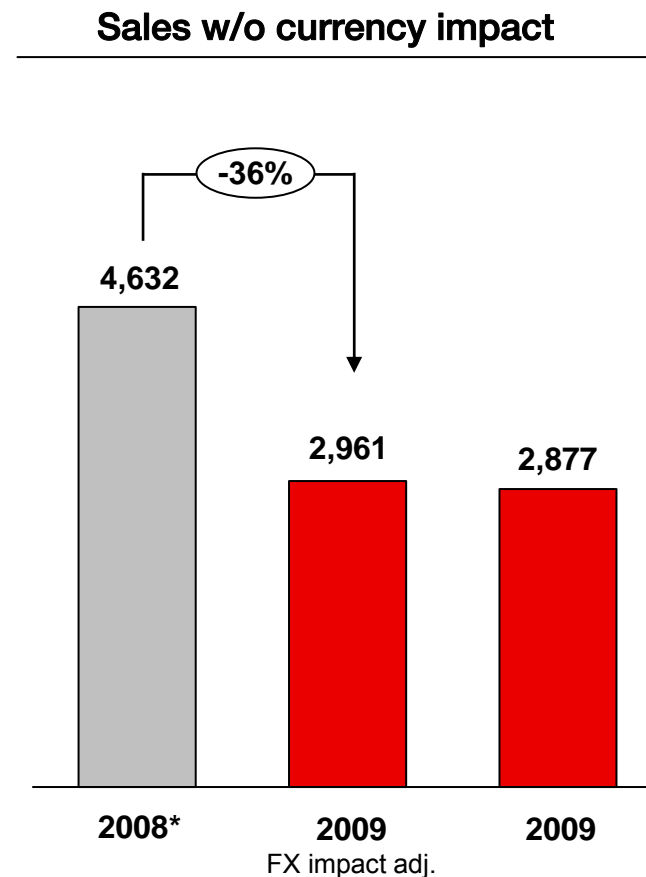
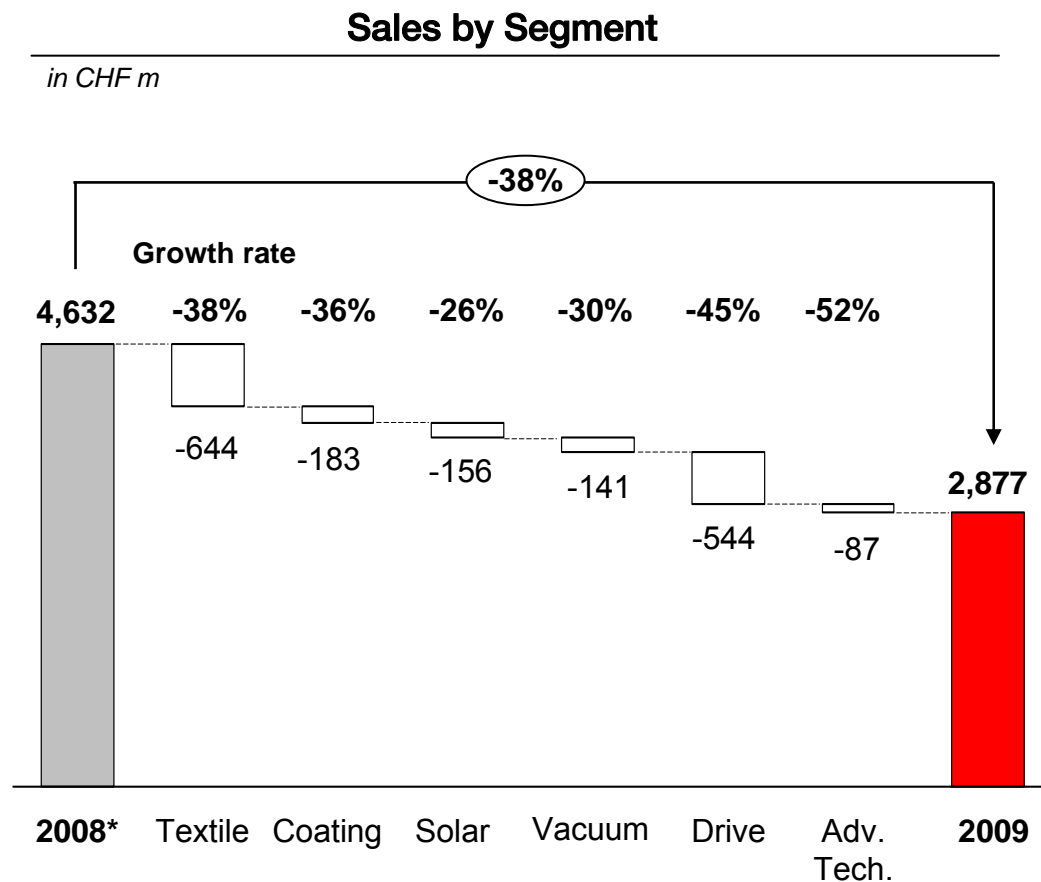
Orders on Hand



* Figures 2008 restated

Sales bridge by Segment

Continuing operations



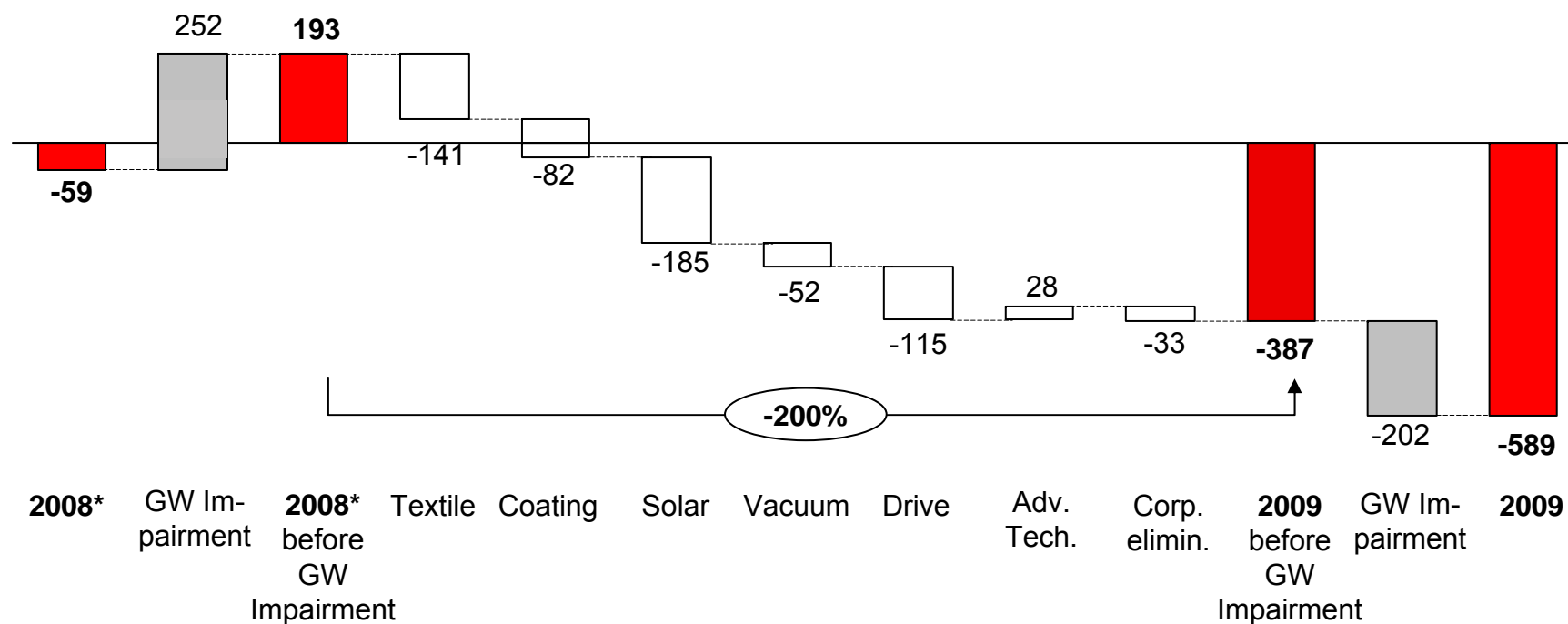
* 2008 restated

Sales decline drove EBIT decrease in all major Segments

Continuing operations

in CHF m

Restructuring	-49	-16	-9	-13	-16	-4	-107
FX impact	+15	-1	-6	+11	+7	0	+26



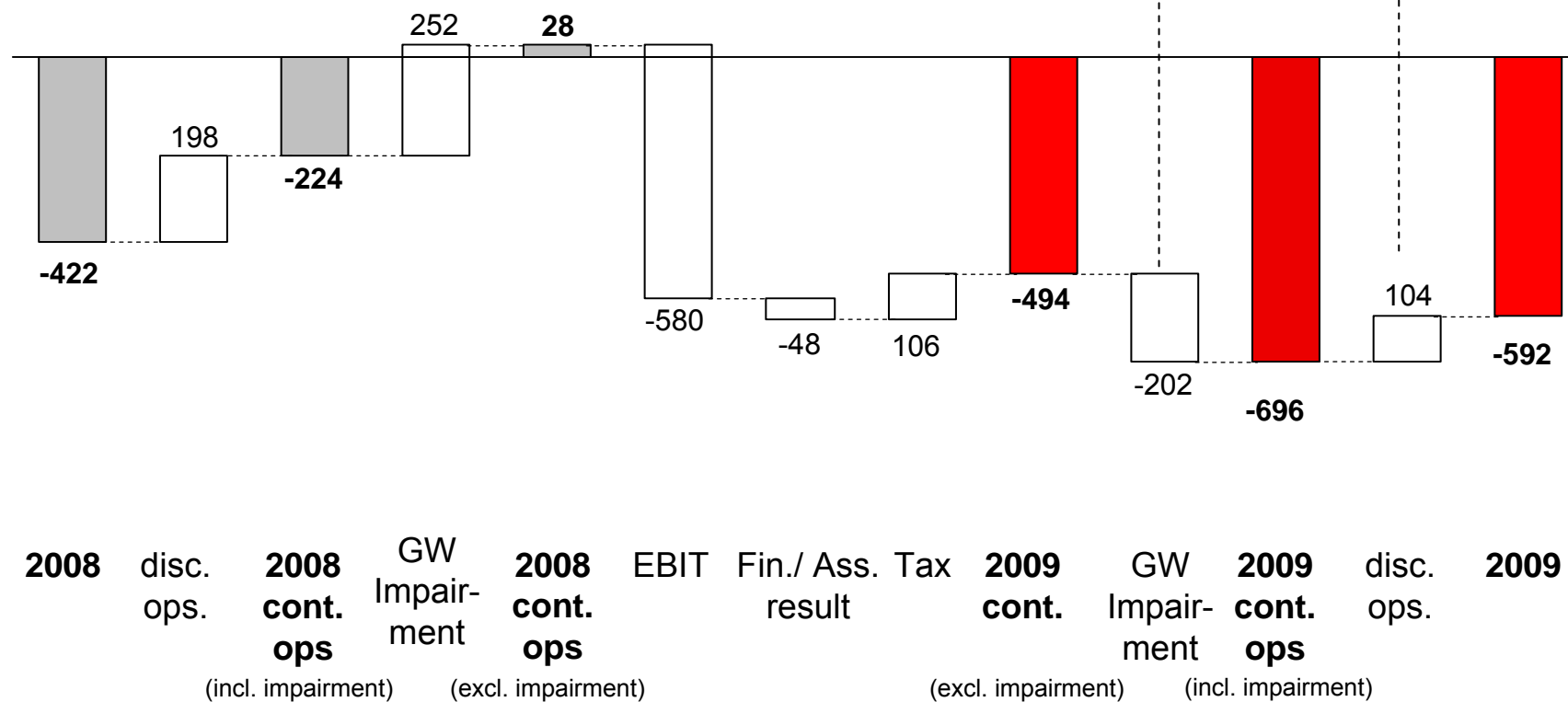
* 2008 restated

Net result bridge

<i>Oerlikon Textile</i>	<i>ESEC</i>	- 41 m
<i>156 m Schlafhorst</i>	<i>Optics</i>	- 10 m
<i>46 m Neumag</i>	<i>Space</i>	+155 m

Net result development

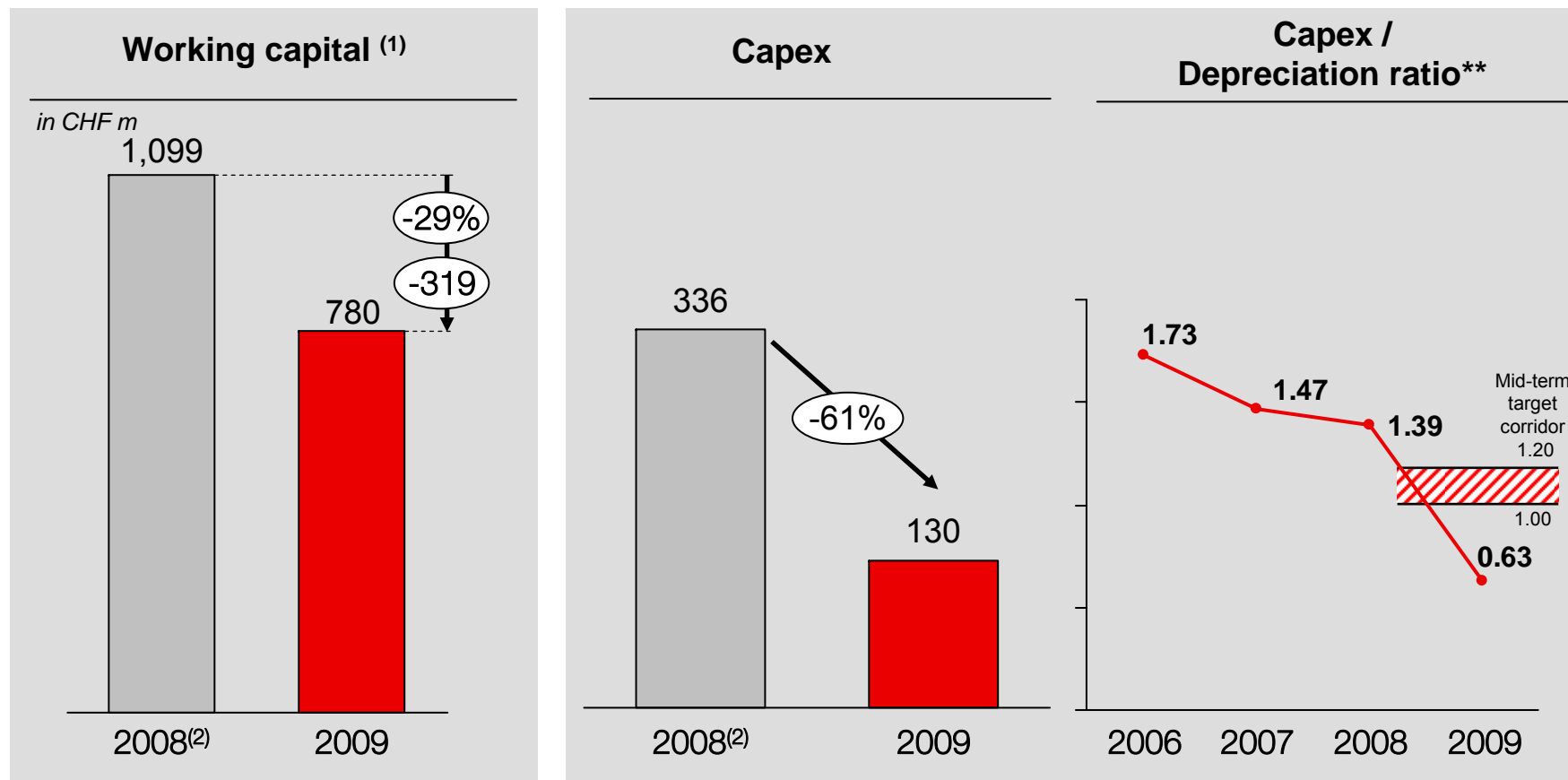
in CHF m



* 2008 restated

Strict management of working capital and capex

More than CHF 500m reduction versus prior year



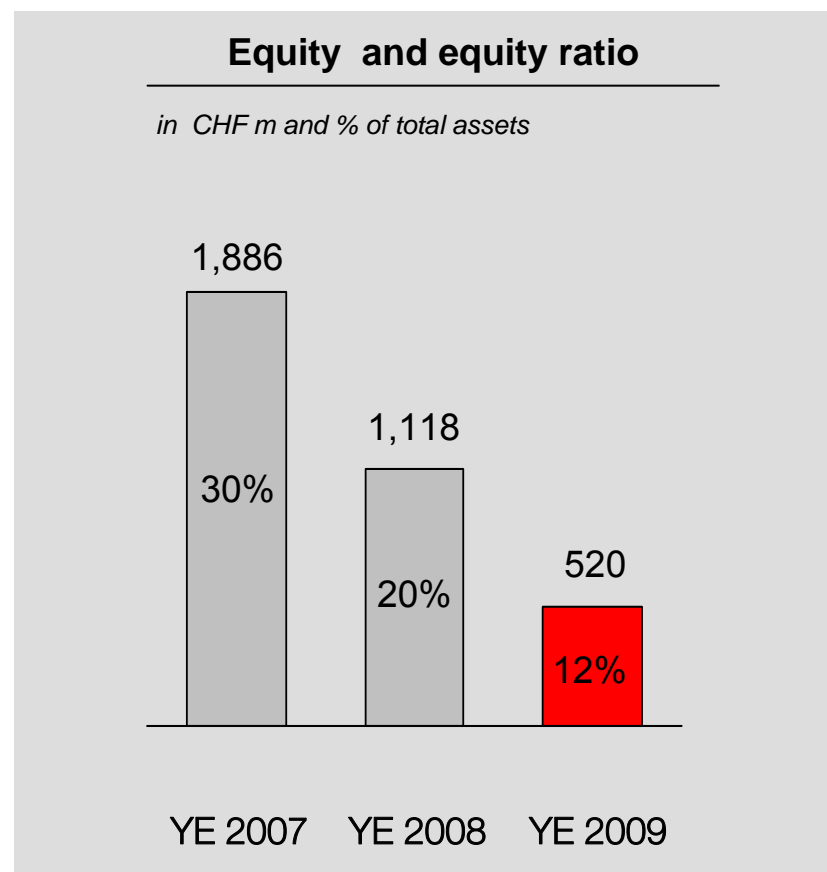
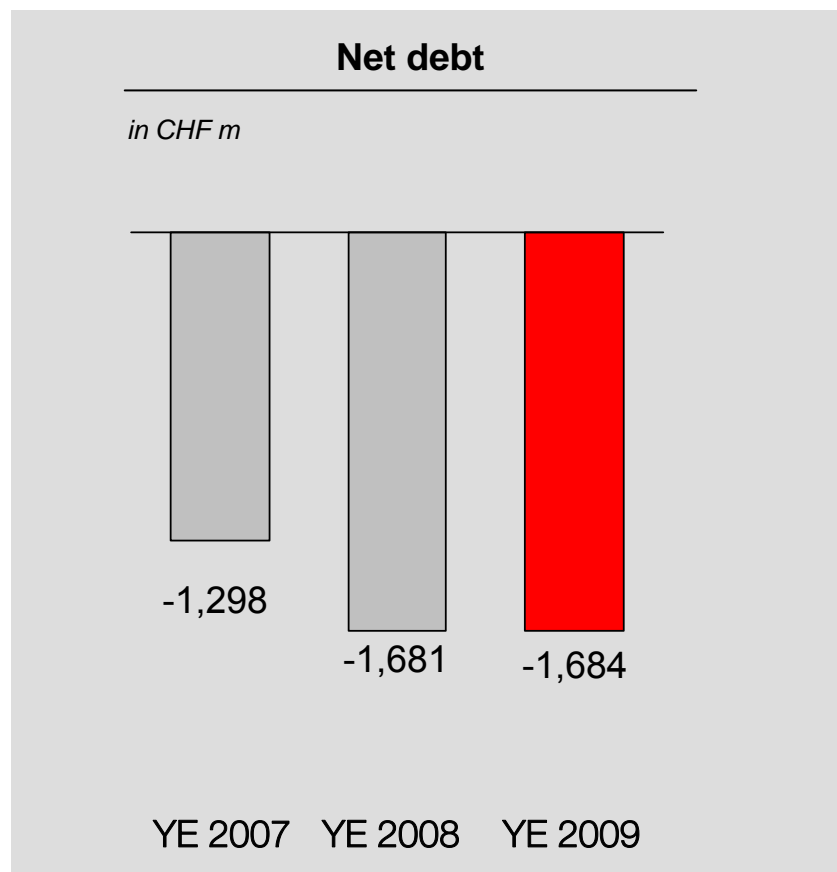
- Management of working capital and capex remain high priority during recovery

(1) Gross trade receivables – trade payables + gross inventory Source: 2009 - Annual report 2009, 2008 – Annual report 2008

(2) 2008 restated

(3) Excluding impairments

Further unfavorable net debt and equity development



Recap: Clear set of measures to solidify financial position

Liquidity & Balance Sheet	<ul style="list-style-type: none"> ▪ Maintain sufficient liquidity and regain solid balance sheet during period of restructuring and portfolio focusing ▪ Work towards improving equity base to provide financial flexibility 		
Operational Measures	NWC	Reduce NWC	✓ >CHF 300m
	CAPEX	Reduce Capex to target corridor of 1.00 – 1.20 Capex / depreciation ratio; Short-term reduction to below 1.00	✓ >CHF 200m
Strategic Measures	Portfolio	Continue controlled disposal of assets	✓ > CHF 100m
	Debt	Amend existing credit facility agreement Review debt financing	✓
	Equity	Evaluate measures to strengthen equity base	} →

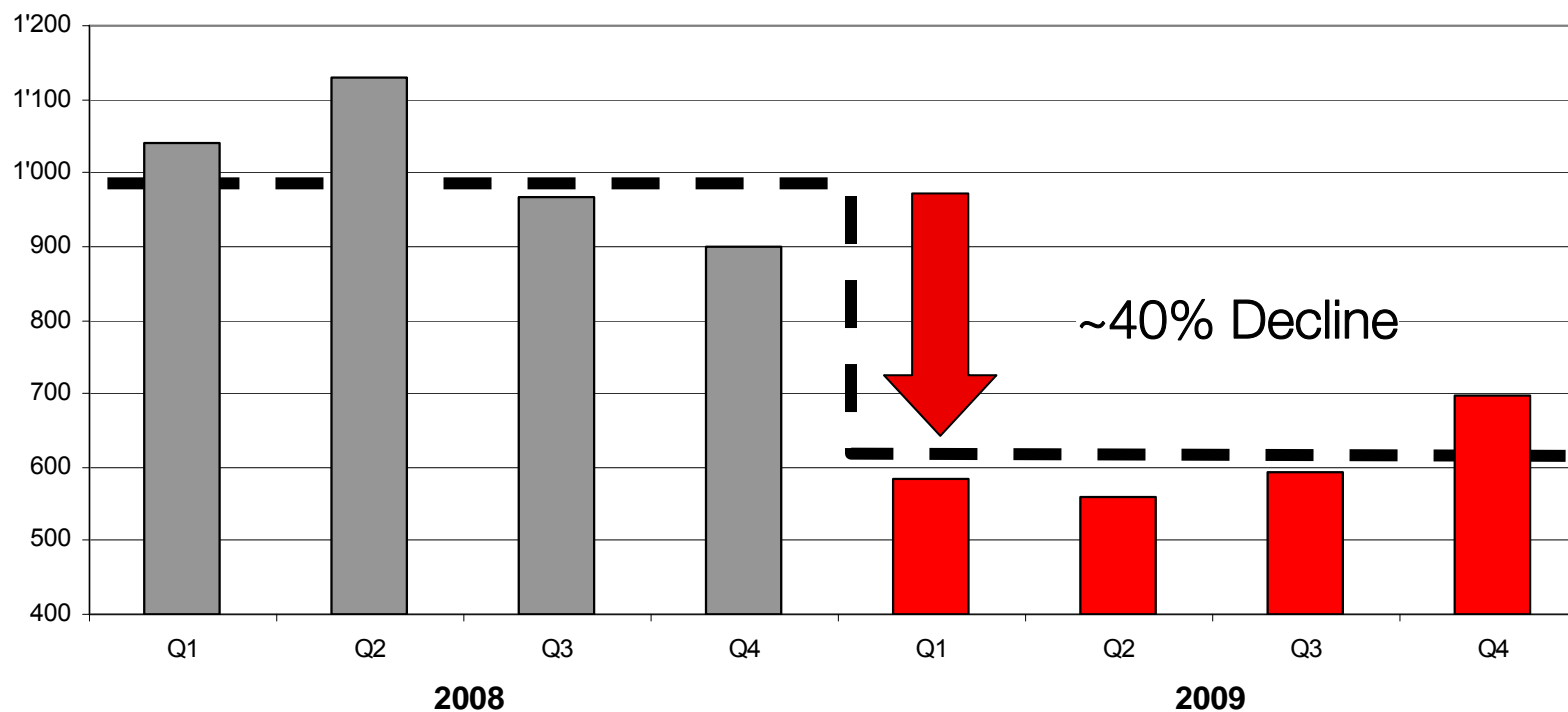
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Additional rapid volume decline experienced since Q2 2008

Sales by quarter total Group (excluding Solar)*

in CHF m

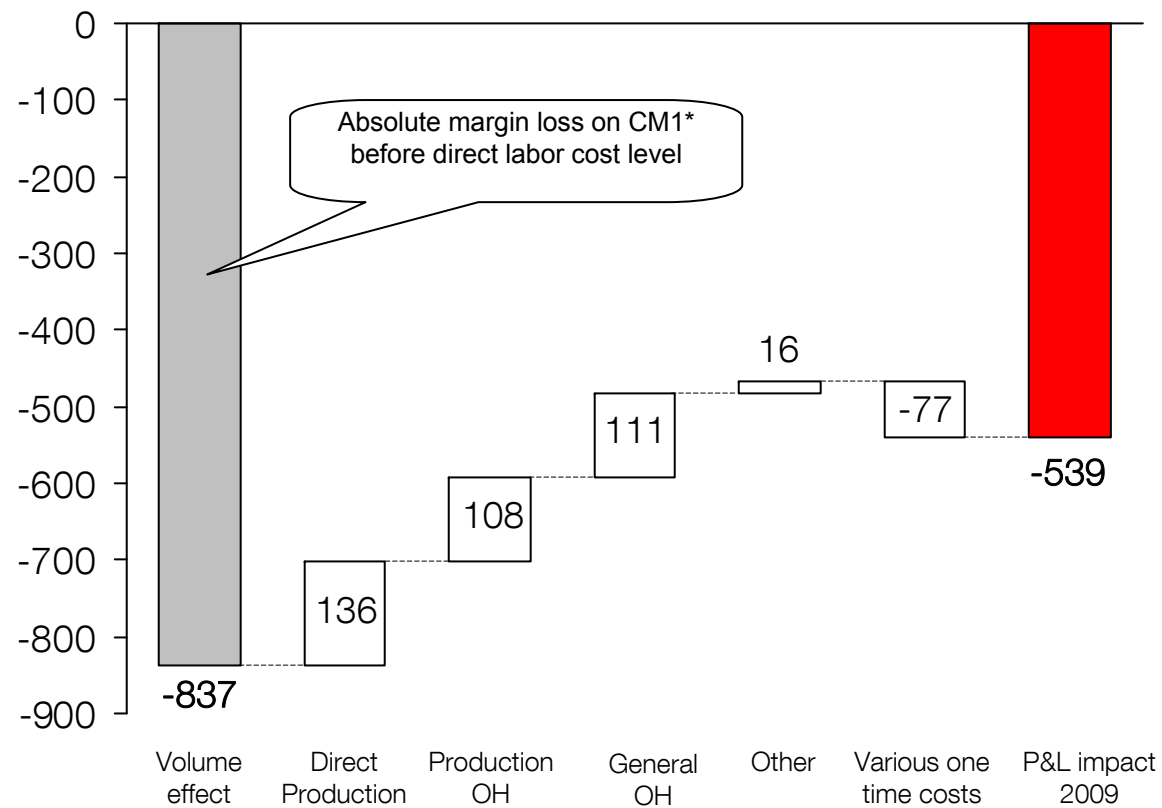


* continuing operations, 2008 restated

> 40% of negative volume impact compensated

EBIT impact from sales decline and cost reduction

in CHF m



- Rapid adjustment of direct production related costs
- Adjustment of production overhead
- General OH cost reductions further lowering break-even

CHF 371m reduction of EBIT hit compensated, partially offset by one-time costs

* Contribution Margin 1

* Savings calculated on all costs except direct material

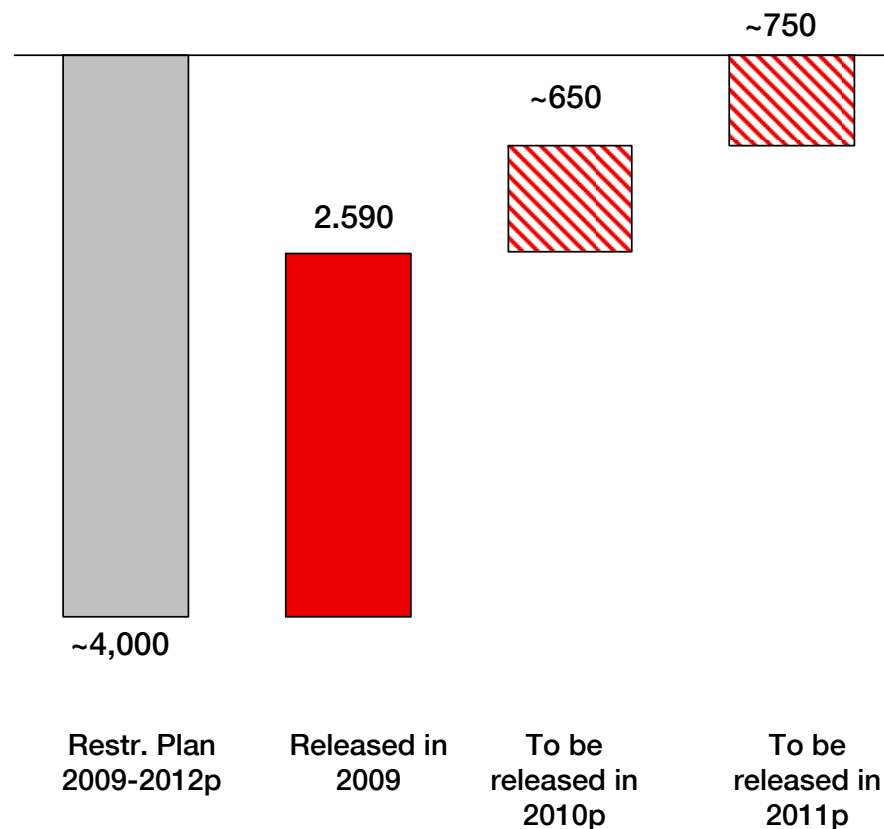
Restructuring: Cost reductions 2009 – 2011p

Operative restructuring program	Achieved and anticipated reductions *	Achievements 2009																
<p>Recurring reductions target of up to CHF 400m by E2011</p> <ul style="list-style-type: none"> Workforce reduction vs. 2008 of approx 3,700 FTEs and 500 ext. temp. staff by 2011 Simplify production footprint with shift to BCC** <p>Main program drivers</p> <ul style="list-style-type: none"> Production site consolidations in Europe and Americas Accelerate ramp-up of production activities in China and India Divestments of non-strategic product lines Reduce fixed costs and lower break even point 	<p>Total reductions in 2009</p> <table border="1"> <tr> <th>Category</th> <th>Value (CHF m)</th> </tr> <tr> <td>Recurring</td> <td>237</td> </tr> <tr> <td>one-time</td> <td>134</td> </tr> <tr> <td>Total</td> <td>371</td> </tr> </table> <p>Recurring reductions *</p> <p><i>In CHF m</i></p> <table border="1"> <tr> <th>Year</th> <th>Value (CHF m)</th> </tr> <tr> <td>2009</td> <td>237</td> </tr> <tr> <td>2010p</td> <td>>350</td> </tr> <tr> <td>2011p</td> <td>~400</td> </tr> </table>	Category	Value (CHF m)	Recurring	237	one-time	134	Total	371	Year	Value (CHF m)	2009	237	2010p	>350	2011p	~400	<p>Results in 2009</p> <ul style="list-style-type: none"> 60% of total targeted recurring cost reductions achieved Total cost reductions including one-time savings of CHF 370m <p>One-time savings of CHF 134m achieved</p> <ul style="list-style-type: none"> CHF 74m savings from short-time work programs Overtime reduction in sites worldwide Significant cost savings in discretionary spending <p>Additional ~CHF 160m in recurring cost reductions expected until end of 2011</p>
Category	Value (CHF m)																	
Recurring	237																	
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2011p	~400																	

* Cost reductions and savings vs. 2008 of all costs excluding direct material

**BCC: Best Cost Countries

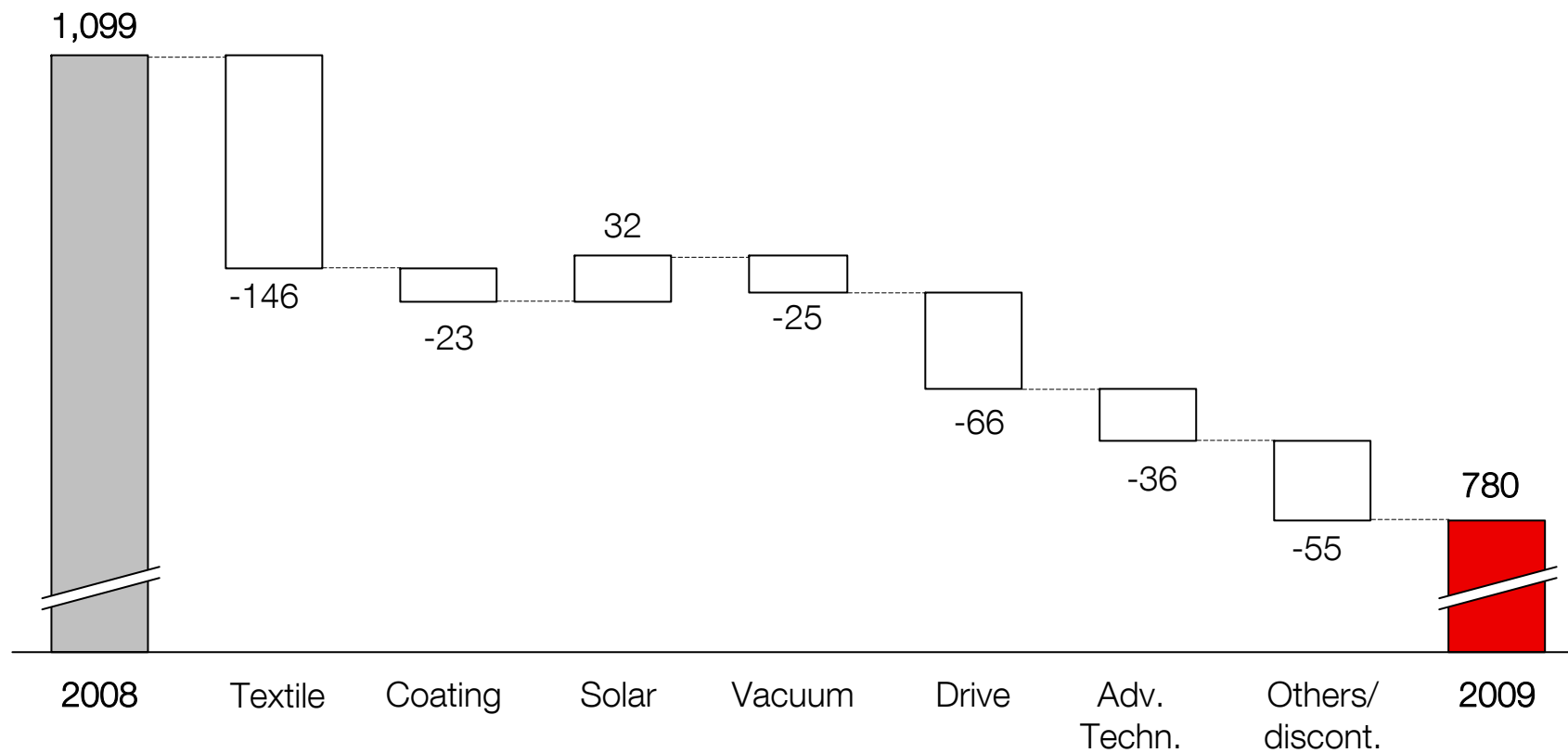
Executing on announced personnel reductions



- Several restructuring programs announced until beginning of 2009
- Further evaluation of market situation mid-year resulted in a further announcement adding up to a total elimination of 4,000 jobs, including ext. temp. positions
- In 2009, workforce was reduced by more than 2,000 FTE and 500 temporary external staff
- Results show an overachievement in the timely execution of the restructuring measures
- Ongoing restructuring measures continue to address need to reduce workforce capacity in European facilities

Working capital reductions in all but one Segment

in CHF m



(1) Gross trade receivables – trade payables + gross inventory Source Annual report
 Page 25 Annual Results Presentation 2009

Innovation: Continuously turning R&D into new products

Further break-through successes in various Segments

oerlikon
saurer

Heat-SET
integrated heat setting into twisting and winding revolutionizes process times and plant utilization in carpet yarn manufacturing



oerlikon
leybold vacuum

RUVAC WH
most compact, robust and energy-efficient pumps offer major advantages to solar and process industry customers



oerlikon
graziano

CVT* Transmission
With replacing hydrostatic gearboxes with CVT for tractors, Oerlikon sets new standards in fuel consumption & noise



oerlikon
systems

SOLARIS
Reduced CoO** through high quality and productivity, smallest footprint and clean technology



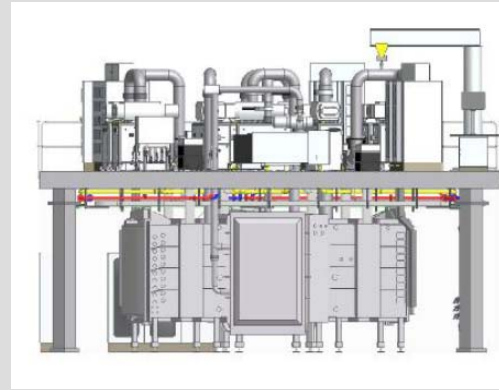
*CVT: chain continuously variable transmission

** CoO: Cost of ownership

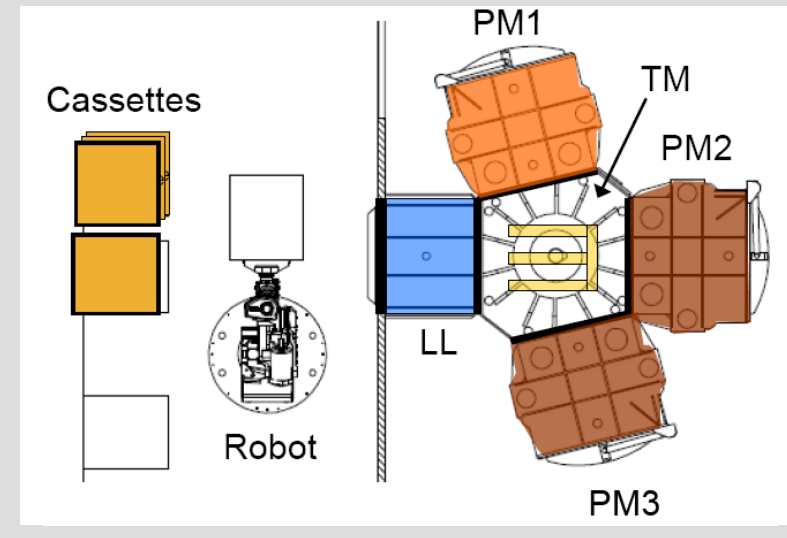
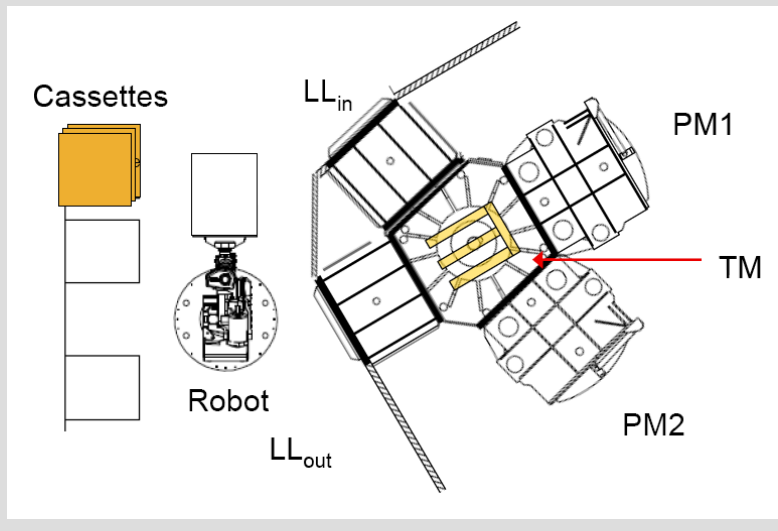
Innovation: Oerlikon Solar on schedule to introduce Next Generation KAI - Tact time reduction of up to 30%



KAI1200



Next Generation KAI



LL – Load lock TM – Transport module PM – Process module

Preparing to manage the recovery

Consequent execution of restructuring

- Manufacturing consolidation Graziano Italy
- Continuation of “Simplify Textile” program
- Planned restructuring costs of CHF 50-70m; additional expected savings of ~CHF 160m

Operational Excellence

- Manage the Supply Chain through the recovery
- Ongoing tight management of Net Working Capital and Cash
- Lean Manufacturing

Regional Expansion

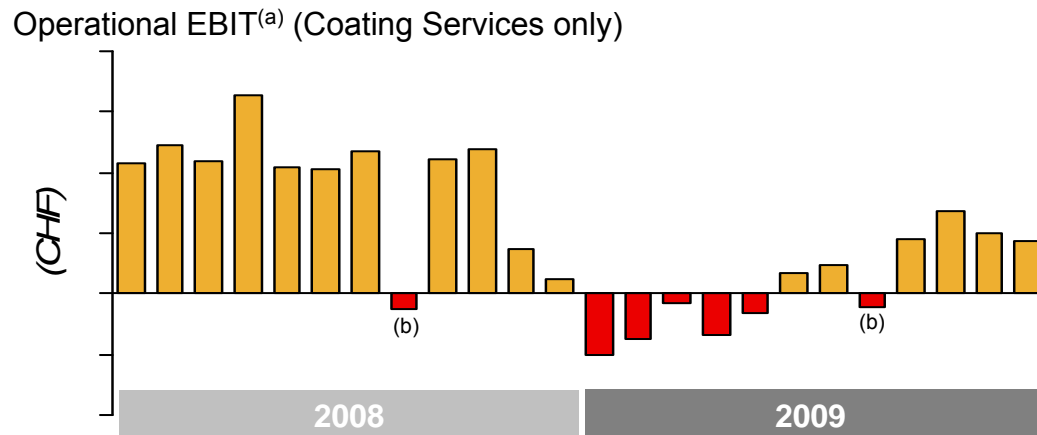
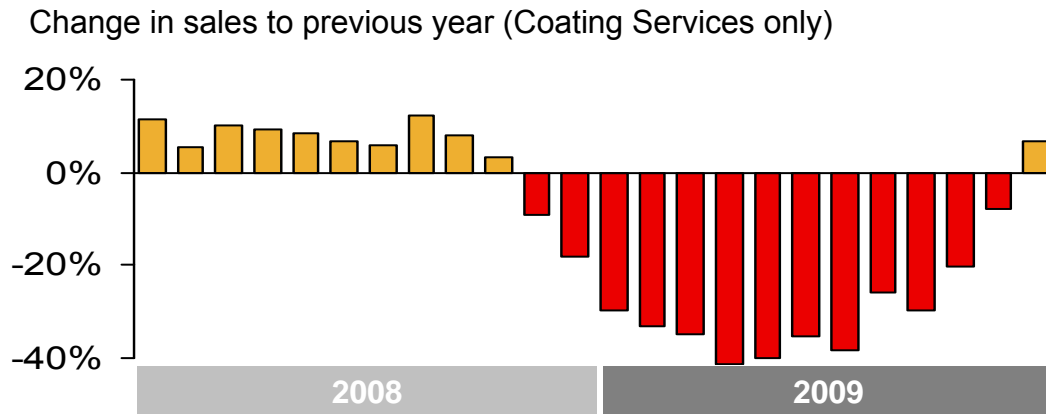
- Selected invest in sales force addressing target market segments
- Further expansion of Asia footprint

Enhanced Innovation

- Roll-out of enhanced innovation process throughout the Group
- Focus even more on break-through innovations (30%+ cost or customer advantages) and significant market potential

Coating: Successfully managed unprecedented crisis

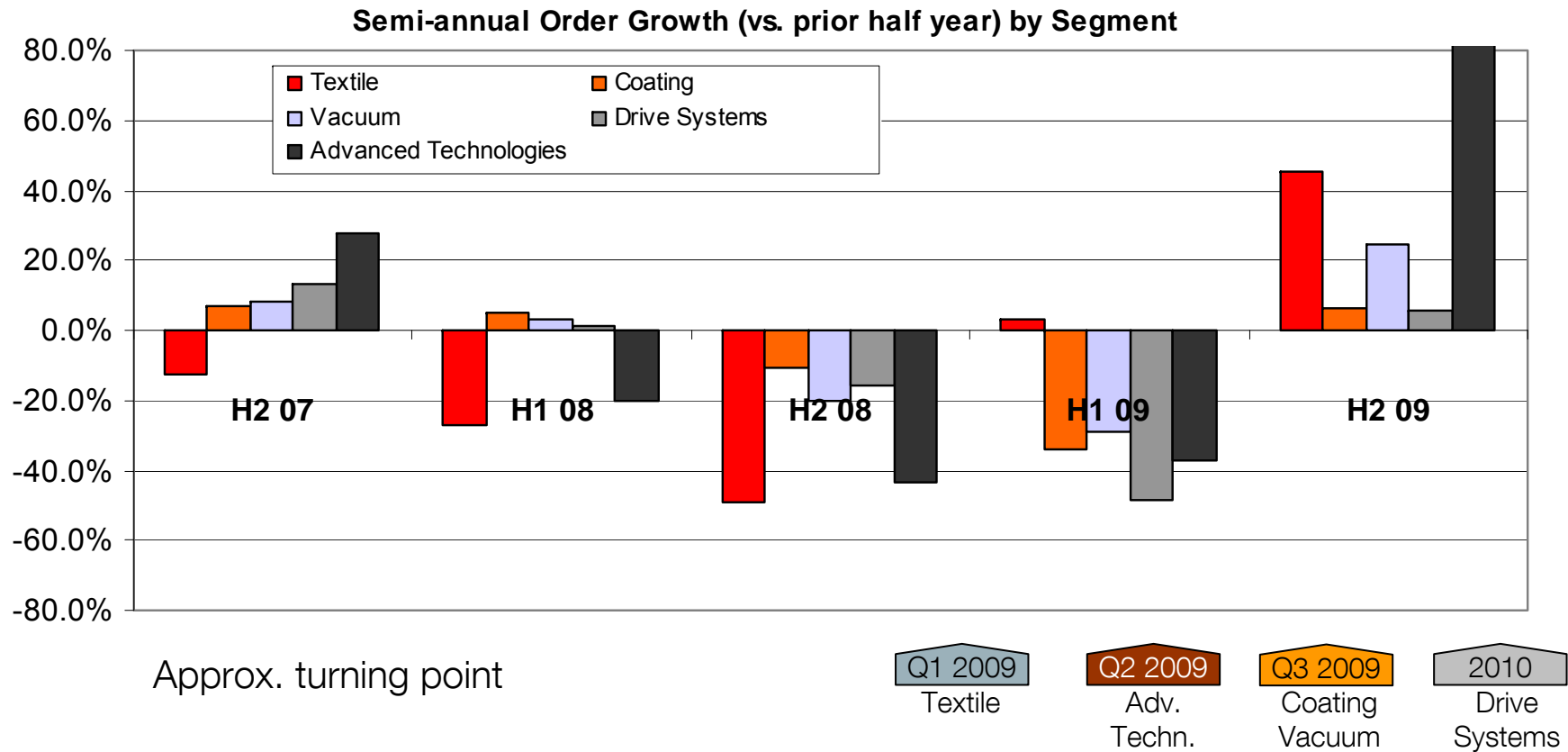
Back to break-even levels only 6 months after volume drop



- 28% sustainable reduction of overhead costs
- > 90% of restructuring initiatives cost effective end of June 2009
- Break-even levels for Coating Services lowered by 27%
- Services offering and service quality remained untouched
- Fast market recovery can easily be handled due to underutilized capacity

(a) Before non-recurring and restructuring
 (b) August decline due to holiday season

Clear signs of recovery from low levels in H2 2009



- Early cycle business Oerlikon Textile started recovery already in H1 2009
- Advanced Technologies, Coating, and Vacuum following
- Drive Systems as late cycle business trailing slightly

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Cornerstones of the financial restructuring to establish a sustainable capital structure

Overall Financing	<ul style="list-style-type: none"> Financing and liquidity secured 	
Sale of treasury shares	<ul style="list-style-type: none"> Option for lenders to purchase up to 9.3% stake at market value 	
Capital decrease	<ul style="list-style-type: none"> Nominal value reduction from CHF 20.00 to CHF 1.00 per share 	
Rights offering to existing shareholders	<ul style="list-style-type: none"> Issuance of 268.7m new shares at issue price of CHF 3.72 per share Commitment by Renova to participate proportionally Remaining part guaranteed through back-stop commitment by Lenders 	
Additional new shares	<ul style="list-style-type: none"> Right for lenders to purchase additional new shares of up to 12.5%* of increased share capital* 	Δ 150m
Warrants	<ul style="list-style-type: none"> Warrants granted to lenders to purchase additional new shares corresponding to between 1 and 5%* of share capital on a fully diluted basis at an exercise price of CHF 6.00 	
Waiver of drawn debt	<ul style="list-style-type: none"> CHF 25m to CHF 125m* waived by lenders 	<u>Δ 100m</u>
New debt facilities, Tenor	<ul style="list-style-type: none"> Total debt facilities of CHF 1.49bn to CHF 1.74bn 30 June 2014 	<u>Δ 250m</u>

* depending on take-up of rights in rights offering

Key terms of rights offering

Transaction	<ul style="list-style-type: none"> ▪ Rights offering of new registered shares to existing shareholders
Issue size	<ul style="list-style-type: none"> ▪ CHF 1,000 million ▪ Creation of approx. 268.7 million new shares through ordinary capital increase
Subscription ratio and price	<ul style="list-style-type: none"> ▪ Subscription ratio: 19 new for 1 existing share ▪ Subscription price: CHF 3.72 per new share
Commitments/ Underwriting	<ul style="list-style-type: none"> ▪ 120 million shares subscription commitment by Renova (CHF 447m) ▪ 123.4m new shares will be offered to other existing shareholders (CHF 459m) <ul style="list-style-type: none"> ▪ new shares not taken up by existing shareholders will be purchased by lenders against debt set-off ▪ 25.3m new shares relating to treasury shares will be purchased by lenders against debt set-off (CHF 94m)*
Offering structure	<ul style="list-style-type: none"> ▪ Public offering in Switzerland ▪ Private placements outside Switzerland and US (Reg S)

* assuming lenders to purchase all 9.3% treasury shares post announcement

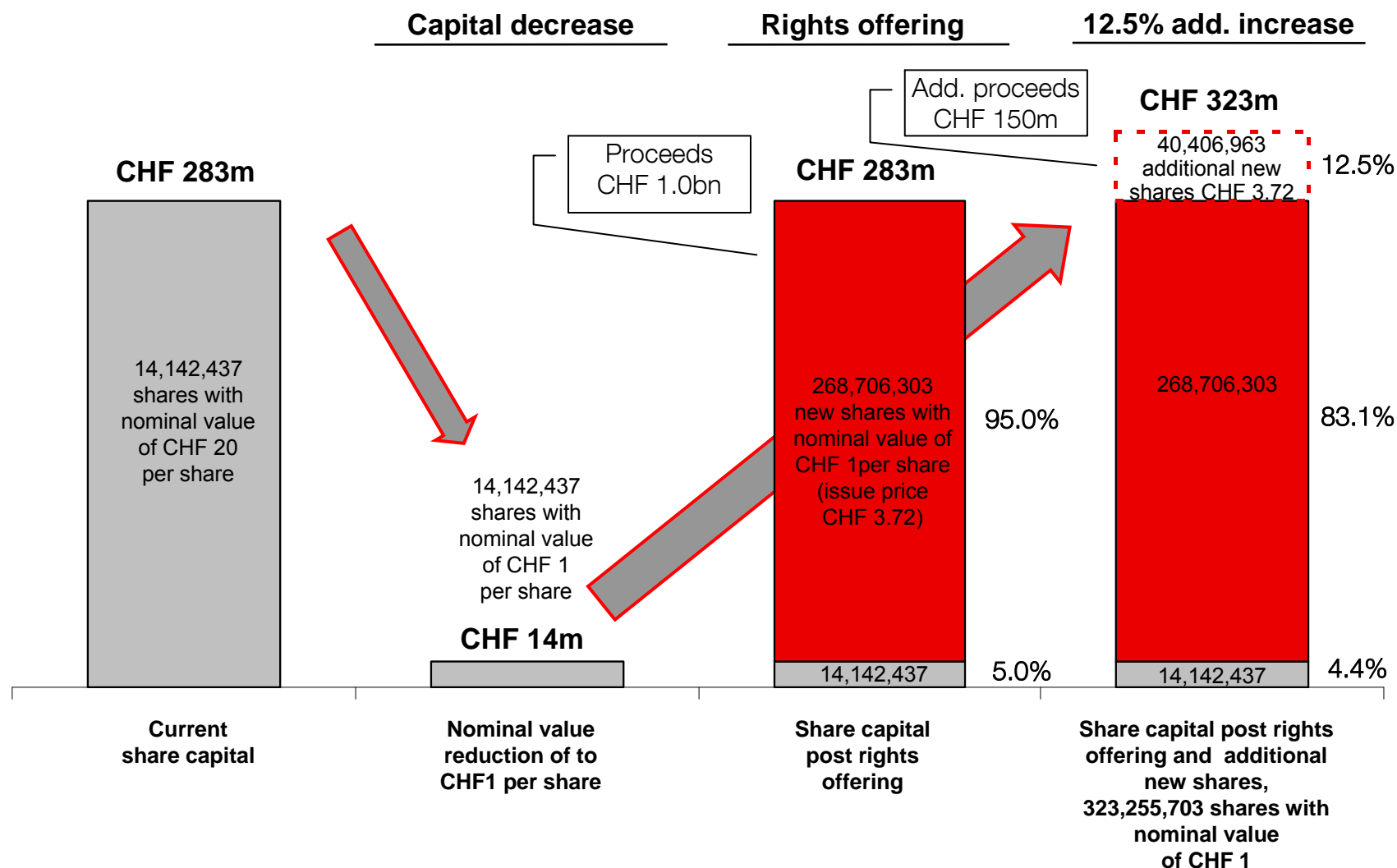
Further equity enhancing measures

Debt waiver	<ul style="list-style-type: none"> ▪ Lenders to waive between CHF 25m and 125m of debt, depending on take-up of rights by public shareholders <ul style="list-style-type: none"> ▪ CHF 125m in case of 100% take-up by public other than Renova ▪ CHF 25m in case of 0% take-up by public other than Renova ▪ Linear scale in between
Sale of Treasury Shares	<ul style="list-style-type: none"> ▪ Lenders have an option to purchase Oerlikon's 1.3m treasury shares (9.3%) within 7 days of the announcement at market price (Ø 4 VWAP* of Oerlikon shares post announcement)
Additional new shares	<ul style="list-style-type: none"> ▪ Lenders will have the right to purchase up to 40.4m additional new shares representing up to 12.5% of the enlarged share capital at CHF 3.72 <ul style="list-style-type: none"> ▪ 12.5% if 100% take-up, linearly decreasing to zero if 0% take-up by existing shareholders other than Renova
Warrants	<ul style="list-style-type: none"> ▪ Lenders will receive warrants on new shares, representing up to 5% of the enlarged share capital (taking into consideration additional new shares and warrants) at exercise price CHF 6.00, maturity 30 June 2014 <ul style="list-style-type: none"> ▪ 5% if 100% take-up, linearly decreasing to 1% if 0% take-up by existing shareholders other than Renova
Lock-ups	<ul style="list-style-type: none"> ▪ Lock-ups in place for Company, Renova and Lenders

* VWAP: Volume-weighted average price

Capital decrease as legal pre-condition for rights offering

Additional CHF 150m proceeds at 100% take-up



Details of new debt facilities

<p>Overview of new facilities</p>	<ul style="list-style-type: none"> ▪ Refinancing of existing debt through 3 new facilities provided by the lenders <ul style="list-style-type: none"> ▪ Facility A (Revolving Credit Facility): CHF 435m ▪ Facility B (Senior Term Loan): CHF 580m – 717m ▪ Facility C (Junior Term Loan): CHF 474m – 587m 	<p>Δ 137m</p> <p><u>Δ 113m</u></p> <p><u>Δ 250m</u></p>
<p>Sizing of facilities B and C</p>	<ul style="list-style-type: none"> ▪ Size of facilities B and C determined by take-up in the rights offering <ul style="list-style-type: none"> ▪ total available debt post rights offering less CHF 435m (Facility A) will be split 55% / 45% into Facility B and Facility C, respectively ▪ Resulting facility sizes for illustrative purposes <ul style="list-style-type: none"> ▪ 100% take-up situation: Facility B CHF 580m, Facility C CHF 474m ▪ 0% take-up situation: Facility B CHF 717m, Facility C CHF 587m 	
<p>Pricing</p>	<ul style="list-style-type: none"> ▪ Facility A 450bps cash (ratchet) ▪ Facility B 450bps cash (ratchet) ▪ Facility C 400bps + 700bps PIK 	
<p>Covenants</p>	<ul style="list-style-type: none"> ▪ Facilities contain financial covenants that are standard in the given situation 	

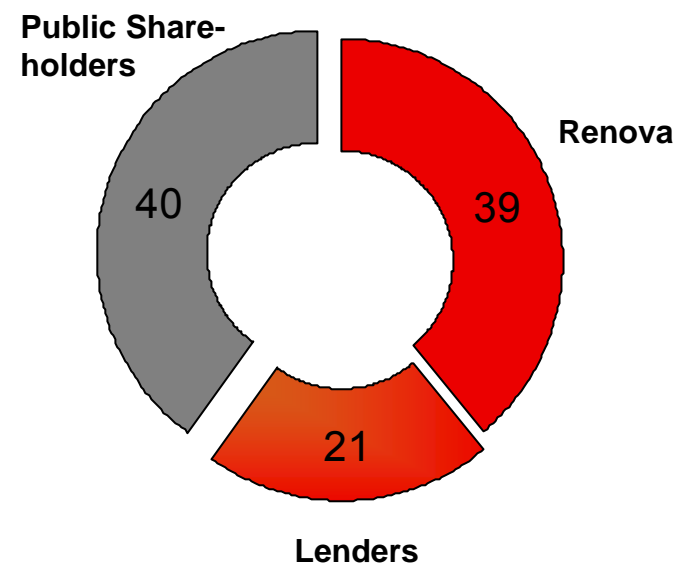
Oerlikon post financial restructuring – 100% take-up

Financial profile

12/2009	Pre	Post*
Total Assets	4,342	4,642
Other liabilities	1,768	1,768
Bank debt	2,054	1,054
Total Equity	520	1,820

- CHF 300m cash proceeds retained
- CHF 1bn debt reduction, CHF 1.3bn net debt reduced
- CHF 1,488m new credit facilities in place, of which CHF 435m unused
- PF2009 net debt of CHF 396m
- PF2009 equity/total assets of 39.2%
- PF2009 Debt/equity ratio 57.9%

Resulting ownership structure**

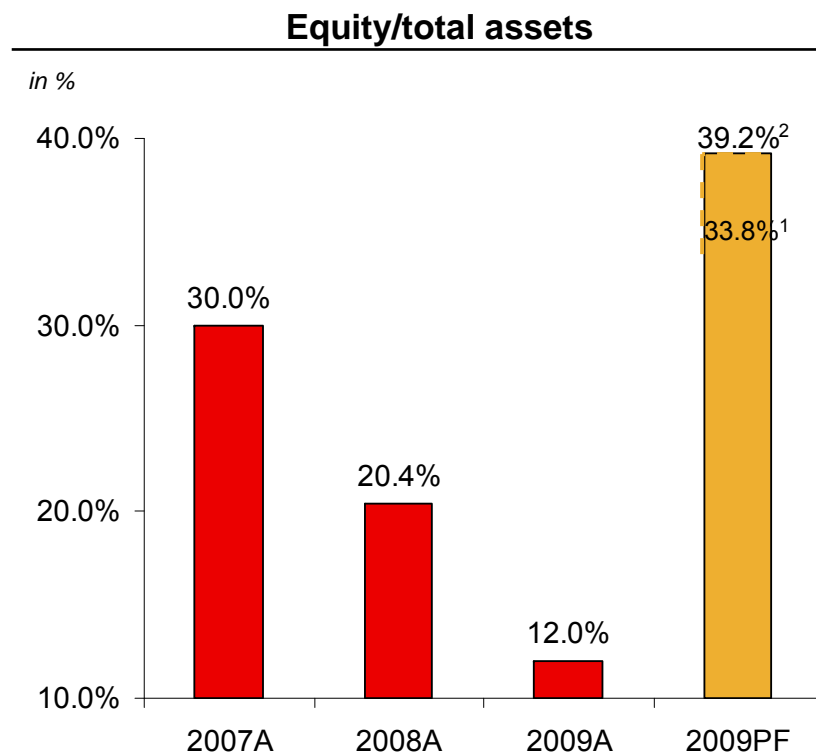
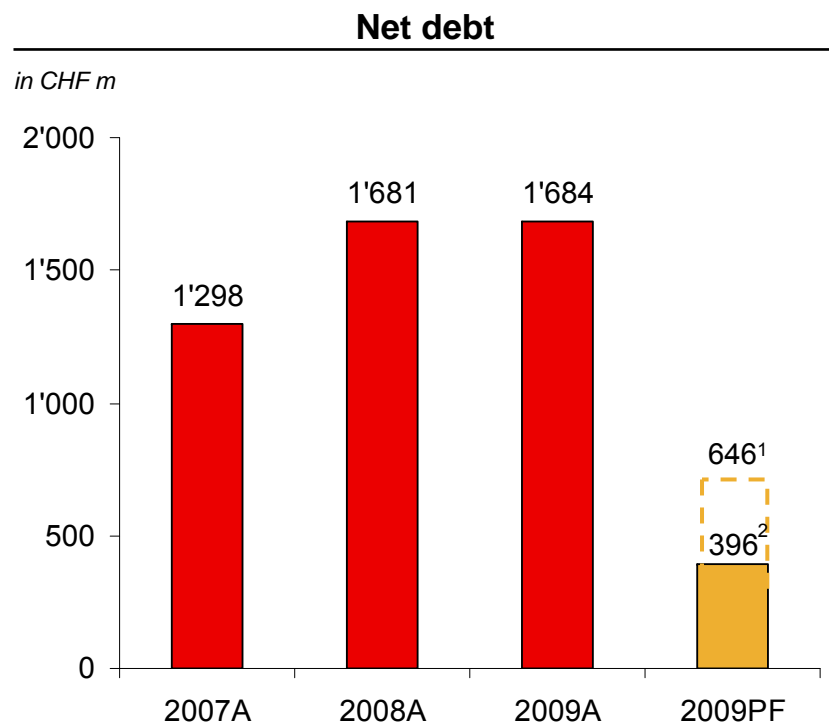


* Pro forma balance sheet structure 12/2009 including equity increase, for illustration purpose only

** including additional new shares, pre warrants

Sustainable capital structure established

- Short-term refinancing risk eliminated
- Substantial net debt reduction of approx. CHF 1,050¹m to 1,300²m in a single step
- Significant strengthening of equity base (2009PF equity ratio of 34¹-39²% vs. 12% pre-restructuring)
- Strengthened equity base and lower debt levels facilitate refinancing in the medium- to long-term
- CHF 300 million of cash proceeds from rights offering available for investment in the Company



1 0% take-up in rights offering
 2 100% take-up in rights offering

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Expected timeline of financial restructuring implementation

- **April 1** **Publication and presentation of annual results 2009
Announcement of the agreed financial restructuring program**
- April Envisaged Sale of 9.3% treasury shares
- April 7-17 Road Show
- April 27 Invitation to the 37th Annual Meeting of Shareholders
- **May 18** **37th Annual Meeting of Shareholders
Publication of Q1 2010 results**
- **May 25** **Start of rights exercise period**
- May 25 - June 1 Rights trading period
- May 25 - June 1 Road Show
- **June 2** **End of rights exercise period (noon)**
- June 4 Payment of subscription price by public shareholders
- June 8 Capital decrease and subsequent capital increase
- **June 9** **Delivery and first trading day of new shares**

AGM: What investors will have to decide

- Approval of the 2009 Annual Report, Annual Financial Statements
- Allocation of the 2009 Balance Sheet Profit
- Discharge of the Members of the Board of Directors
- Amendments to the Articles of Association
- Capital reduction*
- Ordinary capital increase I for public rights offering*
- Ordinary capital increase II for new shares not taken up in rights offering but purchased by lenders*
- Authorized capital increase for 12.5% additional new shares*
- Creation of authorized capital for up to 5% warrants*
- Election of the Board of Directors
- Election of the Auditors

** All proposed capital measures are conditional upon each other*

Outlook

Company

- Regaining sustainable balance sheet and liquidity
- Re-earning long-term partner status for our customers and suppliers
- Strengthened Management incl. newly composed BoD, CEO, CRO

Financials

- Gradually accelerating recovery in majority of segments envisaged, solid recovery in Textile from low levels, Solar accelerating in H2 2010
- Bottom line benefiting from achieved and targeted cost reductions; additional restructuring costs of CHF 50 – 70m, relief in financing costs from significantly strengthened balance sheet
- Return to operational profitability earliest from H2 2010 onwards

Top Priorities

- Execution of operational and financial restructuring measures
- Continue generation of break-through innovations
- Tight cash management along the recovery

Outlook

Investment highlights

- Coating a uniquely positioned business and leader – drive and fund strong expansion in Asia and innovation
- Vacuum to gain #1 or maintain #2 position through new products and leveraging established sales & service network
- Textile with restructured cost base and lead in key technologies – benefit from early cyclical recovery and improved NWC
- Drive Systems to fund restructuring and to increase focus on growth niches and Asia (agriculture, mining, transportation)
- Solar to fund break-through grid parity fab and to win relevant customer orders in China and the US
- Advanced Technologies to leverage potential as technology incubator

Use of funds

- Continue R&D and increase CAPEX to address growth trends
- Complete operational restructurings to improve efficiency

Outlook

- Dr. Buscher will take over as new CEO by mid-May 2010
- Agreed financial restructuring demonstrates confidence in our future

Appendix

Calendar of events

May 18, 2010

- Key figures for the first quarter of 2010
- Annual General Meeting of Shareholders, KKL Luzern (Culture and Convention Center), Lucerne

August 17, 2010

- Media and analyst conference on semi-annual results 2010, SIX Swiss Exchange Convention Point, Zurich

October 21, 2010

- Key figures for the third quarter of 2010