

Press Release

IHO Holding launches EUR 3.3 billion refinancing

- **Issuance of bonds totaling EUR 2.5 billion equivalent with 5, 7 and 10 years maturities in Euros and U.S. Dollars**
- **Repayment of existing EUR 1.7 billion equivalent bonds and partial prepayment of Schaeffler AG Loan Note**
- **New EUR 800 million credit agreement signed with four international banks**

HERZOGENAURACH, *September 7, 2016*. Today, IHO Holding, a group of holding companies indirectly owned by the Schaeffler Family, announces a EUR 3.3 billion equivalent refinancing of existing indebtedness. The objective of the refinancing is to refinance all EUR 1.7 billion equivalent existing IHO Holding bonds, partially prepay the EUR 1.7 billion existing Schaeffler AG Loan Note, reducing it to approximately EUR 1.0 billion, and replace the existing credit agreement with a new agreement on improved terms. The refinancing will extend the debt maturity profile of IHO Holding and further optimize financing costs.

The refinancing package includes the issuance of EUR 2.5 billion equivalent Senior Secured PIK toggle notes denominated in Euros and U.S. Dollars with maturities of 5, 7 and 10 years. The tranche sizes and the final terms will be determined over the next few days.

The proceeds from the bond issuance will be used to fully redeem all existing bonds at IHO Holding totaling approximately EUR 1.7 billion equivalent with coupons ranging from 5.75% to 6.875%, to pay redemption costs, and for the partial prepayment of the existing Schaeffler AG Loan Note in the amount of EUR 674 million.

The new EUR 800 million credit agreement that has been signed with four international banks includes a term loan in the amount of EUR 600 million and a revolving credit facility in the amount of EUR 200 million, all of which were agreed with improved terms and conditions. The new term loan and revolving credit facility mature in September 2021.

Standard & Poor's and Moody's will publish their respective rating outcomes shortly.

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