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## **Media release**

### **SCHMOLZ+BICKENBACH AG announces details of its planned capital increase**

Lucerne/Dusseldorf, October 28, 2010 – The Board of Directors of SCHMOLZ+BICKENBACH AG (listed on the SIX Swiss Exchange: STLN) has set out the final terms for its announced capital increase of approximately CHF 297 million.

The shareholders of SCHMOLZ+BICKENBACH AG will be offered to subscribe for 5 new registered shares at a subscription price of CHF 3.97 per registered share for 2 registered shares held. A total of 75'000'000 new registered shares with a par value of CHF 3.50 each will be issued. Since the subscription price per registered share has been set below the current par value of SCHMOLZ+BICKENBACH AG's registered shares, the Board of Directors is proposing to the extraordinary general meeting to approve an ordinary capital increase together with a prior capital reduction to be effected by reducing the par value from the current CHF 10 to CHF 3.50 per registered share.

If today's extraordinary general meeting approves the capital increase in line with the Board of Directors' proposal, the last trading day for existing registered shares cum rights will be October 29, 2010. The subscription period is expected to run from November 1, 2010 to November 8, 2010, 12:00 noon (CET). The first trading day for the new registered shares on the SIX Swiss Exchange is scheduled for November 9, 2010. The listing prospectus for the capital increase is expected to be published on November 1, 2010.

A bank syndicate led by Credit Suisse AG, Zurich, and also including COMMERZBANK Aktiengesellschaft, Frankfurt am Main, The Royal Bank of Scotland N.V. (London Branch), London, and WestLB AG, Düsseldorf, has undertaken, subject to certain conditions, to underwrite all the new shares issued as part of the ordinary capital increase in accordance with the terms and conditions of the underwriting agreement.

SCHMOLZ+BICKENBACH KG, which currently holds an indirect stake of 70.16% in SCHMOLZ+BICKENBACH AG, has undertaken to participate in the capital increase. The relevant SCHMOLZ+BICKENBACH companies will sell subscription rights and use the proceeds to buy new shares. Furthermore, SCHMOLZ+BICKENBACH KG intends to exercise further subscription rights with additional funds. In addition, Gebuka AG intends to exercise its

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subscription rights in such a way that it continues to hold a 5% stake in SCHMOLZ+BICKENBACH after the capital increase. Finally, members of the senior management of SCHMOLZ+BICKENBACH AG plan to participate in the capital increase with an investment of at least CHF 3 million.

The chairman of the board of directors, Michael Storm, comments on the envisaged capital increase with the following words: "The capital increase is an important step in the re-positioning of SCHMOLZ+BICKENBACH AG. We are pleased about the new, pan-European interest by investors, which reflects the strong market position, the high-class product mix as well as the attractive profit growth outlook of SCHMOLZ+BICKENBACH AG."

The chairman of the group management and CEO, Benedikt Niemeyer, adds to this: "SCHMOLZ+BICKENBACH AG has achieved its current strong market position mainly through strategic acquisitions as well as significant own investments over the last years. This expansion phase is now completed. Therefore, in the coming years, the amount of new investments will be lower than the depreciation amount. The continuous recovery of the relevant end-user markets of SCHMOLZ+BICKENBACH AG offers the right moment for the envisaged capital increase.

This transaction is an important step towards strengthening the balance sheet of SCHMOLZ+BICKENBACH AG. In addition, SCHMOLZ+BICKENBACH AG plans to increase the duration of its financial debt and to diversify it through capital market instruments. On top of that, SCHMOLZ+BICKENBACH AG is currently assessing the conversion of its hybrid capital into share capital. We are convinced that all shareholders will benefit in the future from the strong market position and the strengthened balance sheet of SCHMOLZ+BICKENBACH AG."

The capital increase is part of the announced refinancing of SCHMOLZ+BICKENBACH AG together with the extension of the existing credit line in the amount of EUR 342 million until at least the end of 2012 as well as by a credit facility granted by an international banking syndicate in the amount of EUR 825 million with a term until 2012, which has been signed by the parties thereto.

### **Capital increase and capital reduction in detail**

The subscription price of the new registered shares is CHF 3.97. Shareholders will be offered to subscribe for a total of 75'000'000 new registered shares at this price. Consequently, 2 old shares entitle the holder to subscribe for 5 new shares. The issue price of the new registered shares is CHF 3.50 per registered share. Since the subscription and issue price of the new registered shares has been set below CHF 10.00 (and thus lower than the current par value of SCHMOLZ+BICKENBACH AG registered shares), the Board of Directors proposes to the extraordinary general meeting of October 28, 2010 to approve an ordinary capital increase together with a prior capital reduction under option B as detailed in the invitation to the extraordinary general meeting published on October 7, 2010 in the Schweizerisches Handelsamtsblatt (SHAB). The Board of Directors is therefore proposing to the extraordinary general meeting of October 28, 2010 in a comprehensive resolution that



- the par value of all 30'000'000 outstanding registered shares of SCHMOLZ+BICKENBACH AG be reduced from the current CHF 10.00 to CHF 3.50 per registered share, and thus the total share capital of SCHMOLZ+BICKENBACH AG be reduced from the current CHF 300'000'000.00 by CHF 195'000'000.00 to CHF 105'000'000.00;
- the share capital reduced to CHF 105'000'000.00 be increased, through the issue of no more than 75'000'000 new registered shares with a par value of CHF 3.50 each, by no more than CHF 262'500'000.00 to no more than CHF 367'500'000.00, whereby the share capital of SCHMOLZ+BICKENBACH AG shall be increased by more than the amount by which it was reduced (CHF 195'000'000.00); and that
- the reduction of the par value per registered share from CHF 10.00 to CHF 3.50 be reflected in Art. 3b of the articles of association of SCHMOLZ+BICKENBACH AG, which should allow the Board of Directors to increase the share capital of SCHMOLZ+BICKENBACH AG at any time up to April 23, 2011 through an approved capital increase of no more than CHF 21'000'000.00 by issuing no more than 6'000'000 new shares with a par value of CHF 3.50.

### **Indicative timetable for the capital increase**

<b>Date</b>	<b>Event</b>
October 28, 2010	– Extraordinary general meeting
November 1, 2010	– Start of subscription rights trading on SIX Swiss Exchange – Start of book-building for subscription rights for SCHMOLZ+BICKENBACH companies – Start of subscription period – Publication of prospectus
November 2, 2010	– End of book-building for subscription rights for SCHMOLZ+BICKENBACH companies
November 5, 2010	– End of subscription rights trading on SIX Swiss Exchange
November 8, 2010	– End of subscription period, 12 noon (CET)
November 9, 2010	– First day of trading of new registered shares on the SIX Swiss Exchange
November 11, 2010	– Delivery of and payment for the new registered shares

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**About SCHMOLZ+BICKENBACH**

SCHMOLZ+BICKENBACH was established in 1919 in Düsseldorf by Arthur Schmolz and Oswald Bickenbach and since 1937 the company bearing their names has been a synonym for tradition in steel. Since the acquisition of the former Swiss Steel AG in 2003, SCHMOLZ+BICKENBACH has been listed on the SIX Swiss Exchange (STLN). Today, the SCHMOLZ+BICKENBACH Group is the world's largest manufacturer, processor and distributor of special-steel long products. The Group has a total of approximately 10 000 employees. SCHMOLZ+BICKENBACH is the world's Number 1 producer of stainless long steels as well as tool steels, and is one of the ten largest companies for alloy and high-alloy special and engineering steels. In the first half year 2010, the Group generated total revenue of EUR 1.48 billion after EUR 1.05 billion in the first half of the previous crisis year. [www.schmolz-bickenbach.com](http://www.schmolz-bickenbach.com)

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