

## Media Release

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### **Rieter to position its two industrial activities as separate listed companies with independent ownership and management**

#### **Board proposes to split the Rieter Group and separate the Rieter Textile Systems and Rieter Automotive Systems divisions**

- At the 2011 Annual General Meeting on April 13, 2011 the Board of Directors of Rieter Holding AG proposes the separation of Rieter's Textile Systems and Automotive Systems division into two distinct listed companies with independent ownership and management.
- Subject to the approval by the Annual General Meeting on 13 April, 2011, Rieter Holding will change its corporate purpose and distribute the shares of the entity holding the business of its Automotive Systems division to its shareholders in the form of a special dividend. The name of the new company will be Autoneum Holding AG.
- The new company Autoneum will be listed on the SIX Swiss Exchange as of mid-May 2011. Hans-Peter Schwald is expected to be nominated as Chairman of the Board, Martin Hirzel as CEO, Urs Leinhäuser as CFO and Deputy CEO.
- The current Rieter Textile Systems Division will continue to trade as an independent company under the name of Rieter (symbol RIEN).
- The proposed transaction is not expected to result in job losses.
- The two Board Members and largest shareholders of Rieter Holding, Peter Spuhler and Michael Pieper, support the transaction. In connection with the separation, these two shareholders have agreed to grant to Autoneum a subordinated loan of 12.5 million CHF each and not sell their Autoneum shares for a certain agreed time period (lock-up). They have also agreed to serve on the Board of Directors of Autoneum at least until the 2014 Annual General Meeting.

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**Winterthur (Switzerland), March 22, 2011 — The Board of Directors of Rieter Holding AG plans to separate its two industrial activities, the textile machinery and automotive component supply businesses.. The intent is to fully separate the two divisions, both legally and financially, to enable them to operate with greater strategic flexibility and position themselves more clearly in their respective markets. The Board of Directors will propose to the Annual General Meeting on April 13, 2011, to separate the automotive component supply business from Rieter Holding AG and list it as an independent entity on the SIX Swiss Exchange.**

Rieter acquired its automotive component supply business in the mid-1980s, thereby creating a counterweight to its established but cyclical business in the textile machinery sector. Rieter's Automotive Systems division developed steadily for many years against the backdrop of the previously prevailing constant growth rates in the automotive component supply business. Innovations and numerous acquisitions also contributed to its growth.

Rieter's Textile Systems division has also developed satisfactorily and nowadays successfully counteracts the demand cycles typical of its sector with flexible structures. Rieter has coped successfully with the market-related slump in 2008 and 2009 by systematically implementing restructuring and cost-cutting programs, and achieved the turnaround in the past financial year.

Following the successful, joint development under one roof for decades, both divisions are now globally structured, individually sustainable and ready to be positioned as strong and focused standalone entities on the capital markets.

The proposed separation is also a consequence of Rieter's long-running development goal to establish the financial independence of both businesses. Already today both divisions are operated as separate businesses with their own management teams and organizations. "The proposed separation and making the divisions formally independent," comments Rieter's Executive Chairman Erwin Stoller, "is a logical next step that we are now taking." The divisions would therefore be better equipped to face the structural changes in the textile and automotive industries as well as the increasing complexity and globalization of both businesses, which will continue in future. The proposed separation is not expected to result in any job losses.

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**Well placed to be launched as independent companies**

Rieter's Board of Directors expects considerable benefits for both activities if they operate as independent, listed companies in the future. One important result will be the higher strategic and operational flexibility of each entity. This will enable both companies to capitalize on further development potential and growth opportunities, e.g. through partnerships or cooperations. The proposed separation offers interesting prospects to Rieter's shareholders. By separating the group into two pure-play listed entities, shareholders will benefit from increased transparency and visibility.

Rieter's textile machinery and automotive component supply businesses are currently well placed in industrial and financial terms to operate successfully as independent companies in their markets and expand their activities.

**Two attractive, publicly listed companies**

Rieter and Autoneum provide investors with an investment choice for two attractive, clearly focused, publicly listed companies. Rieter Holding Ltd. provides more detailed information on the planned separation in its invitation to the Annual General Meeting published today and a separate Shareholder Information Brochure sent out to the shareholders with the invitation. The relevant documents can also be accessed online at [www.rieter.com](http://www.rieter.com).

**AUTONEUM: ONE OF THE GLOBAL TECHNOLOGY LEADERS IN ACOUSTIC AND THERMAL MANAGEMENT SOLUTIONS FOR MOTOR VEHICLES**

Autoneum provides innovative and cost effective solutions for noise reduction and heat management to increase vehicle comfort and value. Autoneum has a broad portfolio of products, which it has categorized into six product lines: interior floor, underbody, engine bay, body treatment, interior trim and trunk. Autoneum supplies its products to major automotive original equipment manufacturers around the world and is structured into four regional segments: Business Group Europe, Business Group North America (United States, Canada and Mexico), Business Group Asia, and Business Group SAMEA (South America, Middle East and Africa). All its business groups produce a wide range of products with regional differences.

Autoneum serves the mature markets of Europe and North America, as well as the South American market, while participating in the growth of emerging markets, in particular Asia (excluding Japan). The continued growth of Autoneum's business and manufacturing footprint outside of Autoneum's

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traditional main markets of North America and Europe is reflected in its increasing product sales in Asia.

### **Corporate Governance**

Upon listing, the Board of Directors of Autoneum is expected to consist of Hans-Peter Schwald (Chairman), Rainer Schmückle (Vice Chairman and Chairman of the Audit Committee), Michael Pieper, This E. Schneider (Chairman of the Nomination and Compensation Committee), Peter Spuhler, and Ferdinand Stutz. Peter Spuhler and Michael Pieper have agreed to remain on the Board of Directors until Autoneum's 2014 Annual General Meeting.

Upon listing, the Group Executive Board of Autoneum is expected to consist of Martin Hirzel (CEO), Urs Leinhäuser (CFO and Deputy CEO), the four Business Group Heads: Charles Fäh, Business Group Europe, Richard Derr, Business Group North America, Uwe Trautmann, Business Group Asia, and Martin Hirzel, Business Group SAMEA.

### **Dividend policy**

Upon listing, Autoneum's dividend and other distribution policy in future periods will depend on a number of factors, including its results of operation, its financial conditions, its capital and cash requirements, general business conditions, legal and contractual restrictions regarding the payments of distributions by Autoneum and other factors. Subject to the foregoing, Autoneum's target pay-out ratio is up to 30%.

Upon listing, Autoneum is expected to have approximately CHF 30,000,000 in reserves from capital contributions (Reserven aus Kapitaleinlagen), which, subject to certain restrictions and subject to Autoneum's dividend policy, can be distributed to Autoneum's shareholders without deducting any Swiss withholding tax.

### **RIETER: A LEADING SUPPLIER OF SHORT-STAPLE SPINNING MACHINERY AND COMPONENTS WITH THE BROADEST GLOBAL PRODUCT OFFERING**

Rieter Holding's existing Textile Systems Division, which will, if the separation is successfully completed, form the operating business of Rieter, is a leading supplier of short-staple spinning machinery and components with the broadest global product offering.

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Rieter is the world's only supplier offering both solutions for spinning preparation as well as all four final spinning processes established in the marketplace.

Rieter has systematically expanded its traditional machine business with technology components and service offerings for short-staple spinning mills and is now one of the world's largest suppliers in the components segment. Rieter supplies spinning mills as well as various machinery manufacturers with technology components. This business is less exposed than the machinery business to the market cycles specific to the industry.

### **Corporate Governance**

Following the 2011 AGM, the Board of Directors is expected to consist of Erwin Stoller (Executive Chairman), This E. Schneider (Vice-Chairman and Lead Director and Chairman of the Nomination and Compensation Committee), Dieter Spälti, Jakob Baer (Chairman of the Audit Committee), Michael Pieper, Hans-Peter Schwald, and Peter Spuhler.

After completion of the separation, the Group Executive Team is expected to consist of Erwin Stoller (Executive Chairman), Peter Gnägi (Head of Business Group Spun Yarns Systems), Werner Strasser (Head of Business Group Premium Textile Components), Joris Gröflin (CFO), and Thomas Anwander (General Counsel).

### **Dividend policy**

Rieter Holding's target pay-out ratio is approximately 30%. Such future dividend will depend on a number of financial and legal factors.

Upon completion of the separation, Rieter Holding is expected to have approximately CHF 130,000,000 in reserves from capital contributions (Reserven aus Kapitaleinlagen), which, subject to certain restrictions and subject to Rieter Holding's dividend policy, can be distributed to Rieter Holding's shareholders without deducting any Swiss withholding tax.

### **How the separation works**

At the 2011 Annual General Meeting the shareholders of Rieter Holding are asked to decide on the proposed separation:

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- Subject to the approval of the separation by the 2011 AGM, each Rieter Holding shareholder will receive one registered Autoneum Share for each Rieter Holding Share held at the Cut-off Date in the form of a special dividend. Holders of Rieter Holding Shares will not pay any consideration for such Autoneum Shares.
- Upon completion of the separation, the Autoneum Shares are expected to be listed and traded on the SIX in accordance with the Main Standard. The Rieter Holding Shares will remain listed on the SIX.
- The Board of Directors of Rieter Holding unanimously recommends that Rieter Holding's shareholders approve the proposed separation.

The two largest shareholders of Rieter Holding, Peter Spuhler and Michael Pieper, support the proposed transaction and have confirmed to vote all their Rieter Holding shares in favor of the separation at the 2011 AGM.

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#### **INDICATIVE TIMETABLE OF KEY EVENTS**

All dates listed below represent Rieter Holding's current expectations of the timing of key events in connection with the separation and are subject to change.

<b>Event</b>	<b>Date</b>
Rieter Holding's share register closed	March 31-April 13, 2011
Annual General Meeting of Rieter Holding	April 13, 2011
Publication of listing prospectus for Autoneum Shares	May 2, 2011
Cut-off Date for entitlement to receive Autoneum Shares	May 12, 2011
Date of listing of Autoneum Shares on the SIX	May 13, 2011
First Trading Day for Autoneum Shares on the SIX	May 13, 2011
First day Rieter Holding Shares trade ex-dividend right	May 13, 2011

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**2010 Annual Results Media Conference**

Today, March 22, 09.00 h

**2010 Annual Results Financial Analysts' Conference**

Today, March 22, 14.00 h

Location : Maschinenfabrik Rieter, Training Center, Klosterstrasse 20, 8406 Winterthur

**Important dates 2011**

Annual General Meeting 2011 April 13, 2011

Semi-annual report 2011 July 27, 2011

Further information on the separation, the invitation to the AGM of April 13, 2011, the Shareholder information Brochure, and the results of the 2010 financial year, see also at [www.rieter.com](http://www.rieter.com).

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