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Schindler Rejects Hyundai Elevator's Proposed Capital Increase

Schindler Holding AG ('Schindler') is the second-largest shareholder of Hyundai Elevator Co. Ltd. (HE), holding 35% of HE shares.

On June 4, HE intends to launch a KRW 110 billion capital increase through a general public offering, applying a 25% discount rate and **ignoring the preemptive rights of existing shareholders**.

Schindler is seriously concerned about the **significant dilution effects** of this capital increase on the equity stakes and voting rights of minority shareholders. In addition, Schindler is disturbed that HE announced such unusual capital increase **without consulting Schindler**. It should be mentioned that HE had already realized a capital increase in the amount of KRW 82 billion in December 2012 and **never convincingly disclosed the ultimate use of those funds**.

Schindler views the announced capital increase as another unilateral decision made by the controlling shareholders of HE, **the real purpose of which is to finance its loss-making control of Hyundai Merchant Marine Ltd. (HMM)**. HMM, in turn, controls a large stake in HE. This "**circular shareholding**"-structure, brought to its extreme by combining it **with significant use of derivative contracts**, allows the controlling shareholders of HE to keep a firm grip over the whole Hyundai group to the detriment of minority shareholders. Schindler has, accordingly, challenged the capital increase in **court**. The action is **pending**.

Schindler will therefore not **participate** in the planned capital increase **unless**:

- Hyundai Elevator respects the **preemptive rights** of minority shareholders.
- Hyundai Elevator properly **discloses its ultimate use of funds** collected from the last capital increase in December 2012 and **convincingly explains its plans** to use the funds to be collected from the planned capital increase of June 4.

About Schindler Holding AG:

The Schindler Group, founded in Switzerland in 1874, is a leading global provider of elevators, escalators and related services. Its innovative and environmentally-friendly access and transit-management systems make an important contribution to mobility in urban societies.

In 2012, the Schindler Group generated sales of more than CHF 8.2 billion. Schindler mobility solutions move one billion people every day all over the world. Behind the company's success are over 45,000 employees in more than 100 countries.

For inquiries on the press release, please contact:

Schindler Holding AG's communication agency, FleishmanHillard Korea

- Scarlett Cho: 02-2016-7129 / scarlett.cho@fleishman.co.kr
- Wang Yang: 02-2016-7200 / wang.yang@fleishman.co.kr