

Press Release

Munich, December 1, 2016

Knorr-Bremse AG issues corporate bond

- **Volume: EUR 500 million**
- **Fixed coupon rate 0.50 percent p. a. over 5-year term**
- **Revenue will serve to finance growth**
- **Listing on Luxembourg Stock Exchange's EURO MTF market**

Knorr-Bremse AG, the leading manufacturer of braking systems for rail and commercial vehicles, is issuing a corporate bond with a volume of EUR 500 million. The bond has a fixed coupon rate of 0.50 percent p. a. and a five-year term.

The subscription period began on December 1, 2016. In just under four hours the bond was more than 4.4 times oversubscribed. The order book was filled by 168 investors, reaching a total volume of over EUR 2.2 billion.

The revenue from the bond will serve to finance the growth of the Knorr-Bremse Group, while at the same time optimizing the ratio of equity to outside capital in its financing structure. "By issuing this bond we are adding to the existing latitude provided by our own liquid assets to enable us to react fast and efficiently to external growth opportunities as they arise," explains Dr. Lorenz Zwingmann, CFO of Knorr-Bremse AG. "At the same time we are also benefiting from the current favorable interest rate environment and strong investor demand for bonds issued by corporate borrowers with top-class credit ratings," Zwingmann adds. "Fourteen years after our previous issue, we are returning to the capital market with a debt issuance program with a volume of EUR 1 billion. This issue is the first step in the deployment of that program." The bond issue is underwritten by Deutsche Bank, Commerzbank and UniCredit as joint bookrunners.

Only this summer, Standard & Poor's and Moody's raised Knorr-Bremse's creditworthiness rating from 'A-/Outlook positive' to 'A/Outlook stable' and from 'A3/Outlook positive' to 'A2/Outlook stable' respectively. With this upgrade, the rating agencies are honoring the continuity of the Group's performance, the strengthening of its competitive position, not least through investments in research and development, and the substantial growth of the Group through acquisitions and joint ventures. Standard & Poor's have also awarded the new issue an "A" rating. Issued in denominations of EUR 1,000 the bond is designed to attract both private and institutional investors.

About the bond:

Issuer:	Knorr-Bremse AG
Issuer ratings:	A2/Outlook stable (Moody's), A/Outlook stable (Standard & Poor's)
Volume:	EUR 500 million
Term:	5 years
Settlement:	08.12.2016
Maturity:	08.12.2021
Coupon:	0.5% p. a.
Reoffer spread:	0.571% p. a.
Listing:	EURO MTF Luxembourg
Denomination:	EUR 1,000
Applicable law:	German law
Bookrunners:	Commerzbank, Deutsche Bank and UniCredit

Caption 1: Knorr-Bremse AG, the leading manufacturer of braking systems for rail and commercial vehicles, is issuing a corporate bond with a volume of EUR 500 million. | © Kubinska & Hofmann

Caption 2: CFO Dr. Lorenz Zwingmann: "By issuing this bond we are adding to the existing latitude provided by our own liquid assets to enable us to react fast and efficiently to external growth opportunities as they arise." | © Knorr-Bremse

IMPORTANT NOTE:

This information constitutes neither an offer to purchase or subscribe for securities of Knorr-Bremse AG nor an invitation to submit an offer for the acquisition of securities. The purchase of or subscription for bearer bonds of Knorr-Bremse AG can only be based on the Prospectus approved by CSSF and notified to the German Financial Supervisory Authority. The Prospectus of the Debt Issuance Program which also applies to the bond can be obtained from the Luxembourg Stock Exchange under the following link: <http://bit.ly/2gDfjMB>

Knorr-Bremse is the world's leading manufacturer of braking systems for rail and commercial vehicles, with sales totaling almost €6 billion in 2015. In 30 countries, some 25,000 employees develop, manufacture, and service braking, entrance, control, and energy supply systems, HVAC and driver assistance systems, as well as powertrain and transmission control solutions. As a technology leader, for more than 110 years now, through its products the company has been making a decisive contribution to greater safety by road and rail. Every day, more than one billion people around the world put their trust in systems made by Knorr-Bremse.

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