

Press release

Voith GmbH
Press office
St. Pöltener Straße 43
89522 Heidenheim, Germany
Tel. +49 7321 37-2219
Fax +49 7321 37-7107
www.voith.de

Securing the Future of the Heidenheim Location: Voith Committees Agree on Key Issues Paper

2015-04-09

- **Wage increases in the collective agreement for the metalworking industry to be implemented in full**
- **Greater flexibility of individual weekly working hours**
- **European Shared Service Center to be in Heidenheim**
- **Essential parts of paper manufacturing will remain at Heidenheim**
- **Negotiations continuing on layoffs for operational reasons**

Heidenheim. In yesterday's negotiations round between employer, employees' representatives and the trade union IG Metall, an agreement was reached on the key issues of a future company agreement for the location Heidenheim. The parties want to conclude their negotiations in a "Package-2015" by the end of April 2015.

"This key issues paper is a very important step on the path to a viable settlement of securing the future of the location, replacing our existing agreement on securing the future of the location," said Dr. Hubert Lienhard, President and CEO of Voith GmbH. "Yesterday we reached a compromise that required painful concessions on both sides. In the course of the talks the parties came closer together and took responsibility for the location."

The compromise includes the following important points:

Collective agreement with wage increases and working time provisions

Effective April 1, 2015, the wage increases contained in the collective agreement for the metalworking industry will be implemented in full. At the same time, it was agreed that there will be no remuneration for 1/35 of an

employee's contractually agreed weekly working hours. This means, for example, that an employee who works 35 hours per week will only be paid for 34 hours. All collectively agreed benefits, such as vacation allowances, special payments or a continued payment in the event of illness, will be reduced proportionally.

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Greater flexibility of working hours

The employer will be able to increase or decrease an employee's weekly working hours within certain limits without this affecting the gross pay. In the case of a 35-hour work week, for example, the range in which such an increase or decrease is possible is two and a half hours. There will no longer be deductions of working time for breaks and additional time, such as currently practiced in Heidenheim.

Page 2 of 3

Shared Service Center to be located in Heidenheim; essential parts of the paper manufacturing will remain

In addition, the Shared Service Center for Europe, planned as a part of the Group-wide success program Voith 150+, is to be located in Heidenheim and incorporated in the operations of Voith Dienstleistungen. In addition, essential parts of the Voith paper manufacturing in Heidenheim, with 215 full-time jobs, are to remain there.

Job cuts at the location Heidenheim

During the term of the new works agreement, the "Package-2015", there will be no operations-related redundancies at the Heidenheim location. However, it is planned to cut about 170 jobs as part of the success program Voith 150+. Furthermore, due to the unavoidable capacity adjustments at Voith Paper in Heidenheim, cutting around 170 – 200 jobs will be inevitable. As a last resort, operations-related redundancies may be implemented as a part of these two programs if all efforts to minimize social hardship are exhausted and the arrangement agreed by the representatives of labor and the employer is followed. However, this will not happen any earlier than March 1, 2016. The committees responsible for Voith 150+ and the restructuring of Voith Paper in Heidenheim are already conducting separate negotiations on this.

The current negotiations about possible layoffs at other Voith locations are not affected by the contents of the key issues paper that was agreed on in Heidenheim.

Based on what was agreed in the key issues paper, the two sides intend to arrive at a binding settlement by April 30, 2015, that will replace the existing package. The new "Package-2015" is to have a term of five years and end on September 30, 2020, without any notice to terminate being required. If business conditions in Heidenheim change, the "Package-2015" can be terminated before the end of this term.

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Voith sets standards in the markets for energy, oil & gas, paper, raw materials, transportation & automotive. Founded in 1867, Voith today employs more than 39,000 people, generates 5.3 billion euros in sales, operates in around 50 countries around the world and is one of the biggest family companies in Europe.

Page 3 of 3

Contact

Markus Woehl

Voith GmbH Corporate Press Office

Tel.: +49 7321 37-2219

E-mail: markus.woehl@voith.com