



**ZF Europe Finance B.V.**

(Kingsfordweg 151, 1043GR Amsterdam, the Netherlands)

**EUR 500,000,000 1.250% fixed rate notes due October 23, 2023, issue price: 99.117%,**

**EUR 900,000,000 2.000% fixed rate notes due February 23, 2026, issue price: 98.904%,**

**EUR 600,000,000 2.500% fixed rate notes due October 23, 2027, issue price: 99.030%,**

**EUR 700,000,000 3.000% fixed rate notes due October 23, 2029, issue price: 98.638%,**

each with an unconditional and irrevocable guarantee as to payment of principal and interest from

**ZF Friedrichshafen AG**

(Friedrichshafen, Federal Republic of Germany)

ZF Europe Finance B.V., Amsterdam, the Netherlands (the "Issuer"), will issue on October 23, 2019 (the "Issue Date") EUR 500,000,000 1.250% fixed rate notes in bearer form due October 23, 2023 with a denomination of EUR 100,000 (the "2023 Notes"), EUR 900,000,000 2.000% fixed rate notes in bearer form due February 23, 2026 with a denomination of EUR 100,000 (the "2026 Notes"), EUR 600,000,000 2.500% fixed rate notes in bearer form due October 23, 2027 with a denomination of EUR 100,000 (the "2027 Notes") and EUR 700,000,000 3.000% fixed rate notes in bearer form due October 23, 2029 with a denomination of EUR 100,000 (the "2029 Notes", and together with the 2023 Notes, the 2026 Notes and the 2027, the "Notes", and each of the 2023 Notes, the 2026 Notes, the 2027 Notes and the 2029 Notes also referred to as a "Tranche of Notes"). Each Tranche of Notes will be unconditionally and irrevocably guaranteed by ZF Friedrichshafen AG, Löwentaler Straße 20, 88046 Friedrichshafen, Federal Republic of Germany (the "Guarantor", "ZF" or "ZF AG", and together with its consolidated subsidiaries, the "ZF Group", "we", "us", "our", or the "Group") pursuant to an unconditional and irrevocable guarantee (each of these guarantees, a "Guarantee", and collectively, the "Guarantees"). The Notes and the Guarantees will be governed by the laws of the Federal Republic of Germany ("Germany").

This prospectus (the "Prospectus") constitutes a prospectus within the meaning of Article 6.3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended, the "Prospectus Regulation").

This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "CSSF"), in its capacity as competent authority under the Prospectus Regulation, and will be published in electronic form on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu>). The CSSF has only approved this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such an approval should not be considered as an endorsement of the Issuer or the Guarantor that are the subject of this Prospectus nor as an endorsement of the quality of any Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in such Notes.

Application has been made to list the Notes on the official list (the "Official List") of the Luxembourg Stock Exchange (*Bourse de Luxembourg*) and to admit the Notes to trading on the regulated market of the Luxembourg Stock Exchange. The regulated market of the Luxembourg Stock Exchange is a regulated market in the meaning of Directive 2014/65/EU (as amended, "MiFID II").

This Prospectus will be valid for admission to trading of the Notes on a regulated market until October 20, 2020. In case of a significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Notes and which arises or is noted between the time when this Prospectus is approved and the time when trading of the Notes begins on the regulated market of the Luxembourg Stock Exchange, the Issuer will prepare and publish a supplement to the Prospectus without undue delay in accordance with Article 23 of the Prospectus Regulation. The obligation of the Issuer to supplement this Prospectus will cease to apply at the latest upon expiry of the validity of this Prospectus.

It is expected that delivery of the Notes will be made upon instruction of the Joint Lead Managers (as defined in the section "Notice to Investors") through the facilities of Clearstream Banking S.A., Luxembourg and Euroclear Bank SA/NV, Belgium (the "Clearing System") on or about October 23, 2019. Each Tranche of Notes will initially be represented by a temporary global note to be exchanged for a permanent global note in accordance with the terms and conditions of the Notes (the "Terms and Conditions") each to be kept in custody on behalf of the Clearing System.

**Investing in the Notes involves risks. See "Risk Factors" beginning on page 13.**

The Notes have been assigned the following securities codes:

2023 Notes: ISIN XS2010040124, Common Code 201004012, WKN A2YN3H

2026 Notes: ISIN XS2010039381, Common Code 201003938, WKN A2YN3J

2027 Notes: ISIN XS2010039977, Common Code 201003997, WKN A2YN3K

2029 Notes: ISIN XS2010039894, Common Code 201003989, WKN A2YN3L

**The Notes and the Guarantees have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The Notes may not be offered or sold within the United States of America (the "United States" or "U.S.") or to, for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). See "Notice to Investors" and "Subscription of Sale of the Notes – Selling Restrictions" for additional information.**

*Joint Lead Managers and Joint Bookrunners*

**Santander  
Corporate & Investment Banking**

**Bank of China**

**BNP PARIBAS**

**BofA Merrill Lynch**

**Citigroup**

**Deutsche Bank**

**ING**

**J.P. Morgan**

**Mizuho Securities**

**MUFG**

**SMBC Nikko**

The date of this Prospectus is October 21, 2019.

## RESPONSIBILITY STATEMENT

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus (including any documents incorporated by reference) and hereby declares that, to the best of their knowledge, the information contained in this Prospectus (including any documents incorporated by reference) is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

The Issuer and the Guarantor further confirm that (i) this Prospectus contains all information with respect to the Issuer, the Guarantor, the ZF Group, the Notes and the Guarantees which is material in the context of the issue and offering of the Notes, including all information which, according to the particular nature of the Issuer, the Guarantor, the Notes and the Guarantees is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer, the Guarantor, the ZF Group and of the rights attached to the Notes and the Guarantees; (ii) the information contained in this Prospectus relating to the Issuer, the Guarantor, the ZF Group, the Notes and the Guarantees is accurate and complete in all material respects and not misleading; (iii) that any opinions and intentions expressed herein are honestly held and based on reasonable assumptions; (iv) there are no other facts in relation to the Issuer, the Guarantor, the ZF Group, the Notes or the Guarantees the omission of which would, in the context of the issue and offering of the Notes, make this Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading; and (v) reasonable enquiries have been made by the Issuer and the Guarantor to ascertain all such facts for the purposes aforesaid.

## NOTICE TO INVESTORS

No person is authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Issuer, the Guarantor or Banco Santander, S.A., Bank of China Limited, London Branch, BNP Paribas, Citigroup Global Markets Europe AG, Deutsche Bank Aktiengesellschaft, ING Bank N.V., J.P. Morgan Securities plc, Merrill Lynch International, MUFG Securities (Europe) N.V., Mizuho Securities Europe GmbH and SMBC Nikko Capital Markets Europe GmbH (together, the "**Joint Lead Managers**"). Neither the delivery of this Prospectus nor any offering, sale or delivery of any Notes made hereunder shall, under any circumstances, create any implication that (i) the information in this Prospectus is correct as of any time subsequent to the date hereof or, as the case may be, subsequent to the date on which this Prospectus has been most recently supplemented; (ii) there has been no adverse change in the financial situation of the Issuer or the Guarantor which is material in the context of the issue and sale of the Notes since the date of this Prospectus or, as the case may be, the date on which this Prospectus has been most recently supplemented, or the balance sheet date of the most recent consolidated financial statements which are deemed to be incorporated into this Prospectus by reference; or (iii) any other information supplied in connection with the issue of the Notes is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Prospectus contains certain forward-looking statements, including statements using the words "believes", "anticipates", "intends", "expects" or other similar terms. This applies in particular to statements under the caption "*Information about the Guarantor and the ZF Group*" and statements elsewhere in this Prospectus relating to, among other things, the future financial performance, plans and expectations regarding developments in the businesses of the Issuer and the Guarantor. These forward-looking statements are subject to a number of risks, uncertainties, assumptions and other factors that may cause the actual results, including the financial position and profitability of the Issuer or the Guarantor, to be materially different from

or worse than those expressed or implied by these forward-looking statements. Neither the Issuer nor the Guarantor assumes any obligation to update such forward-looking statements or to adapt them to future events or developments.

This Prospectus contains non-IFRS financial measures and ratios, including adjusted EBIT, adjusted EBIT margin, free cash flow, adjusted free cash flow, gross debt and net debt that are not required by, or presented in accordance with, International Financial Reporting Standards as adopted by the European Union ("**IFRS**"). The Guarantor presents non-IFRS financial measures because some investors may find it helpful. The definitions of the non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. Non-IFRS financial measures and ratios such as adjusted EBIT, adjusted EBIT margin, free cash flow, adjusted free cash flow, gross debt and net debt should not be considered as alternatives to EBIT, net profit after tax, cash flow from operating activities or any other performance or liquidity measures derived in accordance with IFRS.

In accordance with commercial accounting, some numerical figures (including percentages) in this Prospectus have been rounded to the nearest whole number. As a result, figures shown as totals in some tables may not be the exact arithmetic aggregation of the rounded figures that precede them. Percentages cited in the text, however, were calculated using the actual values rather than the rounded values. Accordingly, in certain cases it is possible that the percentages in the text differ from percentages based on the rounded values.

To the extent not otherwise indicated, the information contained in this Prospectus on the market environment, market developments, growth rates, market trends and competition in the markets in which the Issuer and the Group operate is taken from publicly available sources, including, but not limited to, third-party studies or the Issuer's or Guarantor's own estimates that are also primarily based on data or figures from publicly available sources. The information from third-party sources that is cited here has been reproduced accurately. As far as the Issuer and the Guarantor are aware and are able to ascertain from information published by such third-party, no facts have been omitted which would render the reproduced information published inaccurate or misleading.

This Prospectus also contains estimates of market data and information derived from these estimates that would not be available from publications issued by market research firms or from any other independent sources. This information is based on the Issuer's and Guarantor's internal estimates and, as such, may differ from the estimates made by the Issuer's and Guarantor's competitors or from data collected in the future by market research firms or other independent sources. To the extent the Issuer or the Guarantor derived or summarized the market information contained in this Prospectus from a number of different studies, an individual study is not cited unless the respective information can be taken from it directly.

The Issuer and the Guarantor have not independently verified the market data and other information on which third parties have based their studies or the external sources on which the Issuer's own estimates are based. Therefore, neither the Issuer nor the Guarantor assume responsibility for the accuracy of the information on the market environment, market developments, growth rates, market trends and competitive situation presented in this Prospectus from third-party studies or the accuracy of the information on which the Issuer's or Guarantor's own estimates are based. Any statements regarding the market environment, market developments, growth rates, market trends and competitive situation presented in this Prospectus regarding ZF Group and its operating divisions contained in this Prospectus are based on own estimates and/or analysis unless other sources are specified.

This Prospectus should be read and understood in conjunction with any supplement hereto and with any documents incorporated herein by reference.

Neither the Joint Lead Managers nor any other person mentioned in this Prospectus, except for the Issuer and the Guarantor, is responsible for the information contained in this Prospectus or any other document incorporated herein by reference, and accordingly, and to the extent permitted by the laws of any relevant jurisdiction, none of these persons accepts any responsibility for the accuracy and completeness of the information contained in any of these documents.

This Prospectus does not constitute an offer of Notes or an invitation by or on behalf of the Issuer, the Guarantor or the Joint Lead Managers to purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by the Issuer, the Guarantor or the Joint Lead Managers to a recipient hereof and thereof that such recipient should purchase any Notes.

The offer, sale and delivery of the Notes and the distribution of this Prospectus in certain jurisdictions are restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. In particular, the Notes and the Guarantees have not been, and will not be, registered under the Securities Act. Subject to certain limited exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

**PROHIBITION OF SALES TO EEA RETAIL INVESTORS:** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in Directive 2014/65/EU (as amended, "**MiFID II**") or (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**MIFID II PRODUCT GOVERNANCE / PROFESSIONAL INVESTORS AND ELIGIBLE COUNTERPARTIES ONLY TARGET MARKET** – Solely for the purposes of the product approval process conducted by each Joint Lead Manager who is a manufacturer for the purposes of EU Delegated Directive 2017/593, the target market assessment in respect of the Notes has led to the conclusion that, as of the date of this Prospectus: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II, and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**Distributor**") should take into consideration the manufacturers' target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

**SINGAPORE SECURITIES AND FUTURES ACT PRODUCT CLASSIFICATION** – Solely for the purposes of its obligations pursuant to sections 309B(1)(a) and 309B(1)(c) of the Securities and Futures Act (Chapter 289 of Singapore) (the "**SFA**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018).

For a further description of certain restrictions on offerings and sales of the Notes and distribution of this Prospectus (or of any part thereof) see "*Subscription and Sale of the Notes – Selling Restrictions.*"

The legally binding language of this Prospectus is English. Any part of this Prospectus in German language constitutes a translation, except for the Terms and Conditions in respect of which German is the legally binding language.

In this Prospectus, unless otherwise specified, all references to "€", "EUR" or "Euro" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of May 3, 1998 on the introduction of the Euro, as amended, and references to "\$" or "USD" or "US Dollar" refer to the legal currency of the United States.

For the avoidance of doubt, the content of any website referred to in this Prospectus does not form part of this Prospectus (unless it is explicitly incorporated by reference into this Prospectus) and has not been scrutinized or approved by the CSSF.

IN CONNECTION WITH THE ISSUE OF THE NOTES, J.P. MORGAN SECURITIES PLC (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILIZATION MANAGER(S) (OR PERSON(S) ACTING ON BEHALF OF ANY STABILIZATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS, DIRECTIVES, REGULATIONS AND RULES OF ANY RELEVANT JURISDICTION.

**This Prospectus may only be used for the purpose for which it has been published.**

**This Prospectus does not constitute, and may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.**

## TABLE OF CONTENTS

|  |     |
|--|-----|
| OVERVIEW OF THE TERMS AND CONDITIONS .....             | 7   |
| RISK FACTORS .....                                     | 13  |
| USE OF PROCEEDS .....                                  | 49  |
| INFORMATION ABOUT THE ISSUER .....                     | 50  |
| INFORMATION ABOUT THE GUARANTOR AND THE ZF GROUP ..... | 54  |
| BUSINESS OF THE ZF GROUP.....                          | 66  |
| TERMS AND CONDITIONS.....                              | 80  |
| FORM OF GUARANTEE .....                                | 139 |
| TAXATION.....  | 154 |
| SUBSCRIPTION AND SALE OF THE NOTES .....               | 161 |
| GENERAL INFORMATION .....                              | 164 |
| INCORPORATION BY REFERENCE .....                       | 167 |
| NAMES AND ADDRESSES .....                              | 169 |

## OVERVIEW OF THE TERMS AND CONDITIONS

*The following overview contains basic information about the Notes and the Guarantees and is not intended to be complete. It does not contain all the information that is important for making a decision to invest in the Notes. For a more complete description of the Notes and the Guarantees, please refer to the section "Terms and Conditions" of this Prospectus and to the section "Form of Guarantee" of this Prospectus. For information on the Issuer and the Guarantor, their businesses and their financial condition and results of operations, please refer to the sections "Information about the Issuer" and "Information about the Guarantor and the ZF Group", respectively, of this Prospectus. Terms used in this overview and not otherwise defined have the meanings given to them in the Terms and Conditions.*

|                  |  |
|------------------|--|
| <b>Issuer</b>    | ZF Europe Finance B.V.   |
| <b>Guarantor</b> | ZF Friedrichshafen AG  |
| <b>Notes</b>     | <p>The Notes consist of:</p> <ul style="list-style-type: none"><li>• EUR 500,000,000 1.250% fixed rate notes in bearer form due 23 October 2023 (the "<b>2023 Notes</b>");</li><li>• EUR 900,000,000 2.000% fixed rate notes in bearer form due 23 February 2026 (the "<b>2026 Notes</b>");</li><li>• EUR 600,000,000 2.500% fixed rate notes in bearer form due 23 October 2027 (the "<b>2027 Notes</b>"); and</li><li>• EUR 700,000,000 3.000% fixed rate notes in bearer form due 23 October 2029 (the "<b>2029 Notes</b>" and together with the 2023 Notes, the 2026 Notes and the 2027 Notes, the "<b>Notes</b>", and each of the 2023 Notes, the 2026 Notes, the 2027 Notes and the 2029 Notes also referred to as a "<b>Tranche of Notes</b>").</li></ul> |

The Notes have been assigned the following securities codes:

- 2023 Notes:  
ISIN XS2010040124  
Common Code 201004012  
WKN A2YN3H
- 2026 Notes:  
ISIN XS2010039381  
Common Code 201003938  
WKN A2YN3J
- 2027 Notes:  
ISIN XS2010039977  
Common Code 201003997  
WKN A2YN3K

|  |  |
|--|--|
|  | <ul style="list-style-type: none"> <li>• 2029 Notes:<br/>ISIN XS2010039894<br/>Common Code 201003989<br/>WKN A2YN3L</li> </ul>   |
| <b>Joint Lead Managers and Joint Bookrunners</b> | <p>Banco Santander, S.A.<br/>Bank of China Limited, London Branch<br/>BNP Paribas<br/>Citigroup Global Markets Europe AG<br/>Deutsche Bank<br/>ING Bank N.V.<br/>J.P. Morgan Securities plc<br/>Merrill Lynch International<br/>MUFG Securities (Europe) N.V.<br/>Mizuho Securities Europe GmbH<br/>SMBC Nikko Capital Markets Europe GmbH</p>   |
| <b>Principal Paying Agent</b>                    | Deutsche Bank Aktiengesellschaft   |
| <b>Principal Amount</b>                          | <p>2023 Notes: EUR 500,000,000<br/>2026 Notes: EUR 900,000,000<br/>2027 Notes: EUR 600,000,000<br/>2029 Notes: EUR 700,000,000</p>   |
| <b>Issue Price</b>                               | <p>2023 Notes: 99.117%<br/>2026 Notes: 98.904%<br/>2027 Notes: 99.030%<br/>2029 Notes: 98.638%</p>   |
| <b>Issue Date of the Notes</b>                   | October 23, 2019   |
| <b>Specified Denomination</b>                    | EUR 100,000  |
| <b>Form of Notes</b>                             | Each Tranche of Notes will initially be represented by a temporary global note to be exchanged for a permanent global note in accordance with the terms and conditions of the Notes each to be kept in custody on behalf of the Clearing System.   |
| <b>Status of the Notes</b>                       | The obligations under the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer ranking <i>pari passu</i> without any preference among themselves and at least <i>pari passu</i> with all other unsubordinated and unsecured obligations of the Issuer, present or future, unless such obligations are accorded priority under mandatory provisions of statutory law. |
| <b>Guarantee and Status of the Guarantee</b>     | The Guarantor will give unconditional and irrevocable guarantees for the due and punctual payment of principal of, and interest on, and any other amounts payable under each Tranche of Notes. Each Guarantee constitutes a contract for the benefit of the holders of the relevant Tranche of Notes (the " <b>Noteholders</b> ") from time to time  |



as third party beneficiaries in accordance with section 328 paragraph 1 of the German Civil Code (*Bürgerliches Gesetzbuch*), giving rise to the right of each Noteholder to require performance of the relating Guarantee directly from the Guarantor and to enforce such Guarantee directly against the Guarantor.

The obligations of the Guarantor under each Guarantee rank at least *pari passu* with all other unsubordinated and unsecured obligations of the Guarantor, present or future, unless such obligations are accorded priority under mandatory provisions of statutory law.

#### **Interest on the Notes**

The 2023 Notes will bear interest from and including October 23, 2019 to, but excluding, October 23, 2023 at a rate of 1.250% *per annum*, payable annually in arrears on October 23, in each year, commencing on October 23, 2020.

The 2026 Notes will bear interest from and including October 23, 2019 to, but excluding, February 23, 2026 at a rate of 2.000% *per annum*, payable annually in arrears on February 23, in each year, commencing on February 23, 2020 (short first interest period).

The 2027 Notes will bear interest from and including October 23, 2019 to, but excluding, October 23, 2027 at a rate of 2.500% *per annum*, payable annually in arrears on October 23, in each year, commencing on October 23, 2020.

The 2029 Notes will bear interest from and including October 23, 2019 to, but excluding, October 23, 2029 at a rate of 3.000% *per annum*, payable annually in arrears on October 23, in each year, commencing on October 23, 2020.

#### **Maturity**

Unless previously redeemed or repurchased, the 2023 Notes will be redeemed at par on October 23, 2023.

Unless previously redeemed or repurchased, the 2026 Notes will be redeemed at par on February 23, 2026.

Unless previously redeemed or repurchased, the 2027 Notes will be redeemed at par on October 23, 2027.

Unless previously redeemed or repurchased, the 2029 Notes will be redeemed at par on October 23, 2029.

#### **Redemption following a Gross-up or a Clean-up Call Event**

If either the Issuer or the Guarantor becomes obligated to pay Additional Amounts (as defined in the Terms and Conditions) or upon occurrence of a Clean-up Call Event (as defined in the Terms and Conditions), the Issuer may call each Tranche of Notes for redemption (in whole but not in part).

In the case such call notice is given due to the obligation of the Issuer or the Guarantor to pay Additional Amounts

or following a Clean-up Call Event the Issuer (failing which the Guarantor) shall redeem the remaining Notes of the relevant Tranche of Notes on the specified redemption date at an amount per Note equal to the principal amount plus any accrued and unpaid interest on the Notes to but excluding the date of redemption.

**Early Redemption in case of an Acquisition Event**

If an Acquisition Event (as defined in the Terms and Conditions) occurs, the Issuer may call each Tranche of Notes (in whole but not in part) for redemption upon giving of not less than 10 nor more than 30 calendar days' irrevocable notice at 101% of the principal amount per Note outstanding plus any Interest accrued to, but excluding, the Call Redemption Date (as defined in the Terms and Conditions).

**Redemption at the Option of the Issuer**

Upon giving not less than 30 and not more than 60 days' prior notice to the Noteholders, the Issuer may at any time redeem all or only some of the Notes of each Tranche at an amount per Note equal to its principal amount plus any accrued and unpaid interest on the Note to but excluding the date of redemption plus a make-whole premium.

Upon giving not less than 30 and not more than 60 days' prior notice to the Noteholders, the Issuer may also, during the period beginning on September 23, 2023 in case of the 2023 Notes, on December 23, 2025 in case of the 2026 Notes, on July 23, 2027 in case of the 2027 Notes and on July 23, 2029 in case of the 2029 Notes, and ending on the scheduled redemption date of such Tranche of Notes, redeem the remaining Notes of each Tranche, in whole but not in part, at an amount per Note equal to its principal amount plus any accrued and unpaid interest on the Note to but excluding the date of redemption.

**Change of Control**

The Notes provide for a change of control provision. Each Noteholder is entitled to request the Issuer to redeem the Notes of each such requesting Noteholder upon the occurrence of a change of control at an amount per Note equal to its principal amount plus any accrued and unpaid interest on the Note to but excluding the date of redemption.

**Events of Default**

The Notes provide for events of default entitling Noteholders to demand immediate redemption of the Notes. However, the Notes provide that the effectiveness of such right of a Noteholder in some cases is subject to the receipt of default notices from Noteholders representing at least 10% of the aggregate principal amount of the relevant Tranche of Notes then outstanding.

|   |   |
|---|---|
| <b>Negative Pledge</b>  | The Notes contain a negative pledge provision that is subject to exceptions and carve-outs. See " <i>Risks relating to the Notes — Risks related to the structural subordination of the Notes and the Issuer's and Guarantor's solvency — The Notes and the Guarantees will be effectively subordinated to the debt of the Guarantor or any of its subsidiaries to the extent such debt is secured by assets of the Guarantor or such subsidiaries.</i> "   |
| <b>Taxation</b>   | All payments of principal and interest in respect of the Notes (including payments by the Guarantor under a Guarantee) will be made free and clear of, and without withholding or deduction at source for any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by way of deduction or withholding by or on behalf of any jurisdiction in which the Issuer or Guarantor, as applicable, is organized, engaged in business, resident for tax purposes or generally subject to tax on a net income basis, or through or from which payments on the Notes or the Guarantee, as applicable, is made, or any political subdivision or any authority therein or thereof having power to tax, unless the Issuer or the Guarantor is required by law to make such deduction or withholding. In the case that such deduction or withholding by the Issuer or the Guarantor is required by law, the Issuer or the Guarantor will pay such additional amounts as will result in receipt by the Noteholders of the same amounts that the Noteholders would have received if no such deduction or withholding had been required, subject to exceptions set out in the Terms and Conditions. |
| <b>German Act on Issues of Debt Securities<br/>(Schuldverschreibungsgesetz)</b> | Each Tranche of Notes will be subject to the German Act on Issues of Debt Securities ( <i>Gesetz über Schuldverschreibungen aus Gesamtemissionen, "SchVG"</i> ), which, <i>inter alia</i> , allows the Issuer to amend the Terms and Conditions of the relevant Tranche of Notes and allows the Guarantor to amend the terms of the relating Guarantee with the consent by majority vote of the relevant Noteholders and allows the Noteholders to appoint a joint representative ( <i>gemeinsamer Vertreter</i> ) for the preservation of their rights.  |
| <b>Governing Law</b>  | The Notes and the Guarantees will be governed by German law.  |
| <b>Jurisdiction</b>   | To the extent legally permissible, the non-exclusive place of jurisdiction for any legal proceedings arising under the Notes is Frankfurt am Main.  |
| <b>Listing and admission to trading</b>   | Application has been made for the Notes to be listed on the Official List of the Luxembourg Stock Exchange and  |

to be admitted to trading on the regulated market of the Luxembourg Stock Exchange.

**Selling Restrictions**

The offer and the sale of the Notes and the distribution of offering materials are subject to specific restrictions. The relevant restrictions are set out under "Subscription and Sale" of this Prospectus.

**Availability of Prospectus**

The Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

**Risk Factors**

Investing in the Notes involves risks. Investors should carefully consider the information under the caption "Risk Factors" set forth on pages 13 through 48 of this Prospectus.

## RISK FACTORS

*Before deciding to purchase the Notes, investors should carefully review and consider the following risk factors and the other information contained in this Prospectus (including any document incorporated by reference) or any supplement to this Prospectus. Should one or more of the risks described below materialize, this may have a material adverse effect on the business, financial condition and results of operations of the Issuer, the Guarantor and the ZF Group. Moreover, if any of these risks materialize, the market value of the Notes and the likelihood that the Issuer and the Guarantor will be in a position to fulfill their respective payment obligations under the Notes and the Guarantees may decrease, in which case the Noteholders could lose all or part of their investments. Additional risks and uncertainties, which are not currently known to the Issuer or the Guarantor, or which the Issuer and the Guarantor currently believe are immaterial, could impair the business operations of the Issuer, the Guarantor or the ZF Group and have a material adverse effect on their businesses, financial condition and results of operations. The order in which the risks are presented does not reflect the likelihood of their occurrence or the magnitude of their potential impact on the business, financial condition and results of the operations of the ZF Group.*

*Words and expressions defined in the Terms and Conditions below shall have the same meanings in this section of this Prospectus.*

### RISKS RELATING TO THE ZF GROUP AND ITS BUSINESS

#### I. Risks relating to the ZF Group's Business and Industry

***We operate in a cyclical industry and our business could be adversely impacted by periodic downturns in target markets, in particular within the automotive industry.***

Sales to our customers in the automotive industry of our business sectors Cars and light commercial vehicles and Commercial vehicles (which together generated 92% of our sales in 2018 prior to consolidation) are cyclical and depend, among other things, on general economic conditions as well as on consumer spending and preferences, which can be affected by a number of factors, including employment, consumer confidence and income, energy costs, regulatory requirements, interest rate levels, inflation and the availability of consumer financing. Sales to our customers of our business sector Construction and agricultural machinery, marine craft, aircraft, special and rail vehicles and wind power (which generated 8% of our sales in 2018 prior to consolidation), primarily depend, among other things, on fiscal policies, infrastructure programs or consumer behavior in general in certain countries or industry sectors. Due to this wide variety of factors influencing our markets, the demand for our products is characterized by volatility. In addition, automotive and industrial original equipment manufacturers ("OEMs") generally do not commit to purchasing minimum quantities from their suppliers. These uncertainties make it difficult for us to accurately estimate the ideal level of production capacity or reliably predict our future working capital requirements.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Our business could suffer if we are not able to develop new technologies and/or if we cannot keep pace with the technical developments of our competitors.***

Our customers demand increasingly complex and innovative solutions to meet their needs. The ability to anticipate technological trends and respond to customer needs by developing innovative solutions in a timely manner is crucial to major parts of our business. For example, the markets for automotive vehicles and, as a result, our business with OEM customers, are currently subject to a number of market trends and technical developments to which we are required to respond. These include an increasing level of standardization due to further globalization, tighter emissions regulations and the uncertainty about the future of the traditional combustion engine in general and the diesel technology in particular and its unknown legal implications, growing environmental awareness and an increasing demand for vehicle safety, as well as for autonomous driving functionalities. As a result of these and further market trends and technical developments, the vehicle mix sold by our customers and the technical features thereof have shifted considerably in the last few years and is also expected to change further in future, and we may not be able to successfully foresee and assess these changes and to successfully adapt and implement our strategy for the future development of the Group. This is particularly relevant as the development of products sold by us and the ramp-up of new product lines requires substantial amounts of time and investment, including research and production costs.

We currently generate a substantial portion of our sales with products based on the combustion engine driveline. The progressive electrification in the passenger car and commercial vehicle drive segment, as well as other technological changes, may jeopardize our market position, and we may not be successful to foresee, adapt to, and combat these developments by stepping up sufficient activities in these new sectors and to successfully expand our expertise in new technologies. New technologies may also be disruptive and change the entire market environment of a product, which constitutes a further specific risk.

In addition, innovative and increasingly complex products and solutions are particularly exposed to the risk of yet unknown and/or undetected defects and errors which in turn may expose us to increased risk from warranty and product liability claims (see also "*Products that do not meet customer specifications or that contain, or are perceived to contain, defects or errors or that are otherwise incompatible with their intended end use could impose significant costs on us, including from warranty and product liability claims. In addition, quality risks could also damage our reputation.*"). If we fail to innovate and develop new solutions, fail to develop enough new solutions to generate sufficient sales, or if our future solutions fail to receive regulatory approval, or if we fail to introduce new products of sufficient quality or are otherwise unsuccessful to adapt our business to trends, technical developments or customer demand, this failure could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Adverse developments in the global economic environment could have an adverse impact on our business, financial condition and results of operations.***

We are exposed to substantial risks associated with the performance of the global economy. In general, demand for automotive products and services as well as for the industrial sectors is highly cyclical and directly related to the strength of the global economy. Therefore, our income and results of operations have been, and will continue to be, influenced by the general state and the performance of the global economy.

The state of the economy could be affected by geopolitical instability. As a result of the continuing conflict in Ukraine, there is a risk that Russia will respond to the sanctions imposed by the European Union ("EU") and the United States by imposing further counter-sanctions, and the demand for our products may as a result be adversely affected. In addition, the consequences of the impending withdrawal of the United Kingdom from the EU (Brexit) are uncertain, with respect to the EU integration process, the relationship between the United Kingdom and the EU and the impacts on economies and businesses, and declines in demand for our products as well as potential trade difficulties have to be expected. Furthermore, the uncertain political development in North America as well as growing tendencies towards protectionism and potential restrictions and limitations impacting international trade, such as the potential impact of the negotiations in connection with the North American Free Trade Agreement (NAFTA), may have a negative impact on the export economy in general, and on our sales and results of operations in particular. We particularly see the risk that individual countries might take evermore protectionist measures when trying to protect or improve their competitiveness on the global market, and other countries may institute corresponding counter-measures. This might result in market access barriers, such as higher import duties or more complicated certification processes in order to reduce imports, up to an international trade war. Due to the current increase in protectionist tendencies around the world, we particularly see ourselves at risk from additional or higher tariffs on automobiles and on the products, components and raw materials we supply or purchase, with import duties instituted between the United States and China posing a particular ongoing threat and uncertainty. These and other tariffs and/or measures could lead to a growing uncertainty on the demand side and a decrease in the sales of vehicles, in demand for automotive products and services in the industrial sector, causing demand for our products to drop and/or costs to increase.

There are numerous other factors that may have an impact on the global economy and also affect the demand for our products, such as a further economic slowdown in Argentina, Brazil, Russia, India and China, where we are widely operating. Economic downturns in these countries may particularly lead to declining sales and payment defaults. Low growth rates and trade barriers in China are of a particular risk to our Car Powertrain Technology, Car Chassis Technology, Electronics and ADAS (Advanced Driver Assistance Systems), Passive Safety Systems and Active Passive Safety Systems (formerly Active & Passive Safety), Commercial Vehicle Technology as well as our Industrial Technology and E-Mobility divisions.

Any downturn in the European and global economies could cause demand in our relevant market segments to decline and adversely affect our business, financial position and results of operations, which could in turn (in particular in the event of a significant and sudden decline of our sales) adversely affect our financing conditions and our ability to meet our financial covenants and other obligations under our credit facilities or other indebtedness, and to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***The demand for our products is subject to fluctuations. If our production capacities do not meet the actual demand for our products, this could affect our results of operations.***

If markets do not grow or shrink faster than we have anticipated, we risk underutilization of our production facilities. Market developments and industry overcapacity may lead to underutilization of our production facilities, which may result in idle capacity costs, write-offs of inventories and fixed assets as well as losses on products due to falling average selling prices. Fluctuations in the rate at which industry capacity grows relative to the growth rate of demand

for our products may in the future put pressure on our average selling prices and negatively affect our results of operations. On the other hand, during periods of increased demand, we may not have sufficient capacity to meet customer orders. In the past, we have responded to increased demand by opening new production facilities, providing for additional capacities in existing production facilities or entering into strategic alliances, which in many cases resulted in significant expenditures. If we are unable to meet rapidly increasing customer demand, we may lose customers, resulting in a loss of market share.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***The industry in which we operate is characterized by intense competition and commoditization of products, which could reduce our sales and/or put continued pressure on our sales prices.***

The markets in which we operate are competitive and have been characterized by changes in market penetration, increased price competition, and the development and introduction of new products, product designs and technologies by significant existing and new competitors. We compete primarily on the basis of price, quality, timeliness of delivery and design as well as the ability to provide engineering support and service on a global basis. Should we fail to secure the quality of our products and the reliability of our supply in the future, then our customers could decide to procure products from our competitors.

The automotive industry, in particular, has been characterized by rapid technological change, high capital expenditures, intense pricing pressure from major OEM customers, periods of oversupply and continuous advancements in process technologies and manufacturing facilities. New competitors enter the market, as well as new customers who bring new customer needs and demands to which we may be unable to adapt. We compete with other international suppliers and, to a lesser extent, regional companies. Increasing pricing-pressure in a more competitive market environment, combined with increased requirements concerning product performance and enhanced functionalities may create a challenge to offset effects from a price and cost perspective. If we became unable to offset price reductions through improved operating efficiencies and the realization of synergies, price reductions could negatively impact our profit margins.

Furthermore, establishing a strong position in the Asian market is a key component of our global growth strategy. While the automotive supply market in Asia is already highly competitive, as the size of the Asian market, in particular in the People's Republic of China ("**China**"), continues to increase in the medium and long term, additional competitors may seek to enter the Asian market, and may act aggressively to establish their market share, increasing competition further. Competition can lead to price reductions, reduced margins and an inability to gain or maintain market share. If we are unable to compete successfully, our sales, profitability and financial condition could be adversely affected.

A fall in orders due to insourcing coupled with increasing price pressure recently resulted in a particular need to implement cost-cutting measures in our Commercial Vehicle Technology division, which we may not be able to implement successfully. The spare parts business is particularly influenced by the increasing market power of wholesalers which is further increasing the already high price pressure (especially for merchandise) and recently resulted in a need to



restructure our business divisions. If we are unable to successfully adapt our business to these competitive needs, our sales, profitability and financial condition could be adversely affected.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Due to the characteristics of the industry in which we operate, a substantial portion of our sales is generated from a limited number of customers. The loss or default of, or a significant reduction in purchases by, such key customers could have a material adverse effect on our results.***

We generate a substantial portion of our sales from a limited number of customers, predominantly from OEMs in the automotive sector. If one or more of our major customers ceases to do business with us, this would significantly reduce volumes, sales and earnings and worsen our cost situation, in particular the coverage of fixed costs. In addition, the original investments made by us to provide such services or products, or outstanding claims against such customers, could be wholly or partially lost. Furthermore, our customers in the automotive industry have a powerful bargaining position and are therefore able to exert a high degree of influence on the terms and conditions of contracts. This may lead to disadvantageous conditions for us in these contracts. Additionally, we may suffer losses in the event that one or more of our larger customers should become unable to fulfill its or their contractual obligations vis-à-vis our Group or should become insolvent (counterparty default).

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***A reduction in outsourcing activities or the insourcing of activities by our customers, or the loss of any material production or assembly programs, combined with a failure to secure sufficient alternative programs, could have a material adverse effect on our profitability.***

We depend on the outsourcing of components, modules and assemblies by automobile manufacturers. The extent of automobile manufacturer outsourcing is influenced by a number of factors, including: relative cost, quality and timeliness of production by suppliers as compared to automobile manufacturers; capacity utilization; automobile manufacturers' perceptions regarding the strategic importance of certain components/modules to them; labor relations among automobile manufacturers, their employees and unions; access to capital; and other considerations. A reduction in outsourcing activities or the insourcing of activities by automobile manufacturers, or the loss of any material production or assembly programs combined with the failure to secure alternative programs with sufficient volumes and margins, could have a material adverse effect on our profitability. Furthermore, due to increasing electrification, in particular regarding pure battery electric vehicles, many OEMs face a significant reduction in value-add components for traditional combustion engine vehicles (e.g., engines, transmissions and exhausts). In order to off-set the losses resulting therefrom, these OEMs may consider insourcing electrical components.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to

fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We rely on a limited number of suppliers for certain products, manufacturing equipment and materials and could suffer shortages if these suppliers were to interrupt the supply or increase their prices.***

We require substantial amounts of raw materials and electric power. We are subject to the risk that any or all of these materials may become in short supply or be unavailable. Although our general policy is to source raw materials from a number of different suppliers, reliance on a single supplier cannot always be avoided and, consequently, we are dependent on certain suppliers, including their financial stability and other problems affecting them. Furthermore, our procurement logistics may experience supply delays, cancellations, strikes, insufficient quantities or inadequate quality which would result in interruptions in production and, therefore, have a negative impact on our production capacity and lead to underutilization of our production sites. This in turn may cause delays in the delivery of products to our customers in these areas. If any one of our suppliers becomes unable to meet our delivery requirements for any reason (for example, due to insolvency, force majeure, subcontractor default or refusal to perform following a change in control), we might be unable to source input products from other suppliers on short notice and/ or at the required volume or we might be required to pay higher prices for these products, which would reduce our operating margin.

Furthermore, scarcity of materials, resources (including software) and qualified employees (see "*We could have difficulties in hiring and retaining qualified executives and employees, in particular engineers and/or IT and software specialists.*") in new upcoming fields of our industry could prevent us from keeping pace with technical developments and market trends (see "*Our business could suffer if we are not able to develop new technologies and/or if we cannot keep pace with the technical developments of our competitors.*").

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Products that do not meet customer specifications or that contain, or are perceived to contain, defects or errors or that are otherwise incompatible with their intended end use could impose significant costs on us, including from warranty and product liability claims. In addition, quality risks could also damage our reputation.***

As a manufacturer, we are subject to product liability lawsuits and other proceedings alleging violations of due care, violations of warranty obligations, treatment errors and claims arising from breaches of contract, recall actions or fines imposed by government or regulatory authorities. Any such lawsuits, proceedings and other claims could result in increased costs for us. Defective products could result in loss of sales, loss of customers, and loss of market acceptance, in particular against the background that many of our products are important components which could have an impact on the overall safety, durability and performance of our customers' end-product. In addition, where vehicle manufacturers are themselves exposed to product liability lawsuits, claims and/or vehicle recall claims due to products delivered by us, they may seek a contribution from us for any such liabilities and claims. Moreover, those manufacturers may attempt to modify or amend contractual terms and conditions concerning warranty and recall participation in the future. The risks arising from such warranty claims and product liability lawsuits, proceedings and other claims are insured up to levels we consider

economically reasonable, but the insurance coverage could prove insufficient in individual cases. Additionally, any allegations of a defect in one of our products could also have a material adverse effect on our reputation and market perception, which in turn could have a significant adverse effect on our business, financial condition and results of operations.

This holds particularly true for high-volume and safety-related products. We have supplied various designs of airbag control units ("**ACUs**") to certain OEMs that include a common application-specific integrated circuit ("**ASIC**"). Electrical overstress ("**EOS**") in ACUs has been observed in certain crash events involving certain vehicles where there is no airbag deployment. The investigation into this issue is ongoing and we are cooperating fully with our customers and the U.S. National Highway Traffic Safety Administration ("**NHTSA**"). Approximately 2.5 million vehicles equipped with our ACUs have been recalled by certain OEMs since 2016 on a voluntary basis. By way of announcement dated April 23, 2019, the NHTSA estimated the total number of vehicles that could be affected in the United States at approximately 12.3 million (also see "*Regulatory, Legal and Tax Risks – We are subject to legal disputes and proceedings, the outcome of which could lead to substantial payment obligations, fines and related damage claims*"). In addition, we are fully cooperating with the NHTSA and one of our customers in connection with an investigation into a field event with a fatality in the United States involving a 2002 vehicle with an airbag inflator product supplied by us and we estimate that approximately 2.8 million inflators of this type were delivered to ZF customers. The investigation into the incident is ongoing and it is uncertain whether and to what extent it might affect us and the outcome cannot be predicted at this time.

On August 9, 2019, Continental AG issued a statement according to which some of its electronic components contain a level of lead potentially exceeding the levels permitted by applicable regulations and that this fact was reported to the German environmental authorities in June 2019. We have integrated various products purchased from the Continental group into our products in the past and continue to do so. We are investigating the situation together with Continental AG and we are reviewing whether potentially affected products have also been used by ZF. This review is on-going. Whether and to what extent this matter might impact us cannot be predicted at this time.

Furthermore, as a general rule, we manufacture many products pursuant to OEM customer specifications and quality requirements. Where OEMs or end users allege that the products manufactured and delivered by us do not meet the requirements stipulated by our OEM customers at the agreed date of delivery, we generally discontinue production of the relevant products until the cause of the alleged non-compliance has been identified and/or remedied. However, our OEM customers may seek damages on the basis of breach of contract, even if the cause of the alleged non-compliance is remedied at a later point in time. Allegations of our failure to perform with respect to quality requirements could negatively affect the market acceptance of our other products and our market reputation in various market segments.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Shifts in market shares among vehicles or vehicle segments or shifts away from vehicles for which we supply significant parts could have a material adverse effect on our profitability.***

While we supply parts for a wide variety of vehicles produced globally, we do not supply parts for all vehicles produced, nor is the number or value of parts we supply evenly distributed among the vehicles for which we do supply parts. Shifts in market shares among vehicles or vehicle segments, particularly shifts away from vehicles for which we supply significant parts and shifts away from vehicle segments in which our sales may be more heavily concentrated (such as vehicles with traditional combustion engine technology), could have a material adverse effect on our profitability. Similarly, outstanding authorizations according to the new Worldwide Harmonized Light Vehicle Test Procedure (WLTP) fuel efficiency test cycle may pose a potential risk to the volumes of our OEM customers, which could result in lower demand for our products and thereby have a material adverse effect on our profitability.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

## **II. Risks relating to the ZF Group's Business Operations**

***We are subject to risks related to our international operations which could have an adverse impact on our business, financial condition and results of operations.***

We and our customers have significant international operations. In 2018, our sales to customers from Europe (Germany/Domestic, Western and Eastern Europe) accounted for 47% of our sales. In the markets of North and South America we generated 31% of our sales in 2018. Africa and the Asia-Pacific accounted for 22% of total sales in 2018, with China being the most important single market.

Our international operations and those of our customers are exposed to a number of factors, over which we and our customers have little to no control. These factors include, but are not limited to, the following:

- foreign currency control regulations and other regulations or government interventions or the negative impacts related to exchange rates, foreign currencies and taxation;
- restrictions on capital transfer;
- absence of independent and experienced judiciary and inability to enforce contracts, as well as corruption;
- reimbursement rates and services covered by government reimbursement programs;
- trade restrictions and sanctions regimes; and
- restrictions on repatriation of earnings.

Any material deterioration in any of the factors named above could, directly or indirectly, have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We are subject to material location and country-specific risks.***

We operate production companies in around 40 countries worldwide. In 2018, we already generated 53% of our sales outside our traditional markets in Europe (Germany/Domestic, Western and Eastern Europe), in particular in North and South America as well as in the Asia-Pacific region, with China as the core market and India as the growth market, and we expect this percentage to increase further. As an internationally operating group, we are subject to material location and country-specific risks, such as logistical risks, risks related to international deliveries, risks of order processing and fulfillment, local price and cost pressure, and risks arising from different legal and tax systems.

In several countries in which we operate we are exposed to political risks (e.g. the risk of political unrest, war and the risk of terrorist attacks). In addition, some countries may lack infrastructure which may give rise to logistical risks. Furthermore, there is a risk that we may lose some or all of our investments in buildings and production sites due to political unrest, war, terrorist attacks or natural disasters in a country in which we operate or in neighboring countries. Should such force majeure event occur, the production capacities of large sites could not be replaced on short notice. This could impair our ability to fulfil our obligations towards our customers, give rise to temporary suspensions of production at the customers and result in substantial claims for damages against our Group.

In addition, when we commence operations in a new country, we must comply with that country's legal system, which may differ significantly from the legal systems which we are currently accustomed to. Therefore, we may be unable to obtain the franchise licenses, other licenses and permits required for the operation of our sites in the new country or such franchise licenses, other licenses and permits may be revoked. As a result, there is a risk that the production sites in a new country will be unable to commence operations or to continue operations for a certain period or will have to be closed.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We may experience failures of or other malfunctions in our IT systems as well as data breaches.***

The increasing reliance on IT systems (hardware and software) and the necessity of their permanent availability impose high demands on the information technology used. Our IT systems support almost all functions of our Group, including all business units and geographic locations. Our products and systems generate and store significant volumes of personal and sensitive business information, including personally identifiable information of customers, drivers, employees, partners and suppliers. The volume and complexity of electronically processed data moreover continues to increase as we increasingly sell driver assistance and autonomous driving solutions, which involve the transfer and analysis of data, such as sensor and vehicle data.

An extended outage in a data center or telecommunications network utilized by our systems, any malfunction, fault or security breach in our IT systems and data, including possible attacks, disruptions, misdirections of services, or unauthorized access by outsiders, for instance by criminal hackers, computer viruses or social engineering, or any similar event could lead to an extended unanticipated interruption of our systems or networks or loss of data (see "*We are*

*exposed to the risk of product-related crime and industrial espionage.*") or loss of cash, for example in case of unauthorized money transfers. Furthermore, it cannot be ruled out that doubts may arise regarding the security of the data and information collected and managed by us. In any such case, we may have to expend substantial amounts of money and resources on the prevention and fixing of potential or existing security breaches and their consequences.

We are subject to privacy and information security regulations with respect to, among other things, the use and disclosure of personal data, and the confidentiality, integrity and availability of such information. If we fail to adequately safeguard confidential personal or other sensitive data or such data is wrongfully used by us (or by third parties) or disclosed to unauthorized persons, this could result in claims for damages and other liabilities, significant fines and other penalties and the loss of customers and reputation. In particular, we are subject to the stringent requirements of the EU General Data Protection Regulation, which came into force in May 2018, and a violation could trigger fines of up to 4% of our global sales.

The realization of any risks related to our IT system and network disruptions as well as data security could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We could have difficulties in hiring and retaining qualified executives and employees, in particular engineers and/or IT and software specialists.***

Our success depends largely on our executives and employees in key functions. The loss of executives or key employees, in particular engineers and/or IT and software specialists, could have a material adverse effect on our market position and prospects. Considerable expertise could be lost or access thereto gained by competitors. Due to intense competition within the industry, there is a risk of losing qualified employees to competitors or being unable to find a sufficient number of appropriate new employees. There is no guarantee that we will be successful in retaining our executives and the employees in key positions or in attracting new employees with corresponding qualifications. Although we try to retain the commitment of our executives and key employees through different benefit schemes as well as performance-based remuneration systems, there is a risk that any such individuals would leave the ZF Group.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Work stoppages and/or other labor issues at our facilities or the facilities of our customers or those in our supply chain could have a material adverse effect on our business.***

Our relationships with our employees and our unions could deteriorate in the future and we could experience additional strikes, unionization efforts or other types of conflicts with labor unions or our employees. In addition, many of our customers and our suppliers also have unionized workforces. Refusals to work or work downtime experienced by our customers or our suppliers could result in decreased or delayed demand for our products (in case of work stoppages affecting our customers) or could require us to slow or shut down our production (in case of supply delays or work stoppages in our production facilities). This could have a material adverse effect on our business, financial condition and results of operations, which could in turn

adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We may incur additional costs as a result of industry collective bargaining agreements applicable to our German employees or any other country where collective bargaining agreements are in place.***

If the conditions of employment of individuals entitled to the benefits of industry collective bargaining agreements fall below the standard of industry collective bargaining agreements in Germany, an employee, the union or relevant social insurance institutions may object to these conditions. If they are successful, we could incur higher employment costs. If employment contracts fall below the standard of applicable collective bargaining agreements, we could also incur higher social security contributions for the past and future with regard to our German employees. Similar risks exist in other countries where collective bargaining agreements are in place.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We do not control certain of our joint ventures and minority investments.***

We have, and will continue to have, a number of strategic partnerships and joint ventures, investments and alliances in which we hold a non-controlling interest. As of the date of this Prospectus, we hold minority interests, inter alia, in Brakes India Private Limited, Chennai (India) and in CSG TRW Chassis Systems Co., Ltd., Chongqing (China). There can be no assurance that the arrangements will be successful and/or achieve their planned objectives. The performance of all such operations in which we do not have a controlling interest will depend on the financial and strategic support of the other shareholders. Such other shareholders may make ill-informed or inadequate management decisions, or may fail to supply or be unwilling to supply the required operational, strategic and financial resources, which could materially adversely affect these operations. If any of our strategic partners were to encounter financial difficulties, change their business strategies or no longer be willing to participate in these strategic partnerships, joint ventures and alliances, our business, financial condition and results of operations could be materially adversely affected. Moreover, in some of these businesses, we may not have the power to control the payment of dividends or other distributions. As a result even if the business is performing well, we may not receive payment of our share of any profits. Finally, there could be circumstances in which we may wish or be required to acquire the ownership interests of our partners, and there can be no assurance that we will have access to the funds necessary to do so, on commercially reasonable terms or at all.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We rely on strategic partners and other third-party contractors, and our business could be harmed if they fail to perform as expected or relationships with them were to be terminated.***

Many of our OEM customers reserve the right to approve the suppliers we use. Our ability to source input products from additional or alternate suppliers on short notice may be limited if the

relevant OEM customer needs time to approve the additional or alternate supplier. If approved suppliers fail to perform as expected or the relationships with them were terminated, this could lead to order cancellations or even damages and could harm our long-term relationships with OEM customers, who may choose to select another supplier. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We may be adversely affected by rising raw material and energy prices.***

In our production processes, we are heavily dependent on the availability and cost of numerous commodities and raw materials (in particular, steel and aluminum), which account for a significant portion of our cost base. Commodities, raw materials and energy are subject to substantial price fluctuations. These price fluctuations may give rise to material earnings risks. Due to the strong competition on the markets relevant for our Group, it is often not possible to pass on these price fluctuations to our customers. We only hedge ourselves against these price risks to a limited extent and there is no assurance that we can hedge ourselves at all. Consequently, a continued rise in the cost of the commodities and raw materials we use could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We are exposed to compliance risks.***

We are exposed to a large variety of business and compliance risks. Since our domestic and foreign managers retain a certain amount of operational and decision-making flexibility we cannot guarantee that our domestic and foreign managers will not take actions, or, in particular cases, take fraudulent actions against us or third parties, or experience problems or conflicts of interests that could be detrimental to our business, financial condition and results of operations or damage our reputation. Individual employees of the ZF Group could violate applicable laws, for example in the areas of antitrust law as well as anticorruption laws. This could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantee or cause the market price of the Notes to decline.

***We are exposed to the risk of product-related crime and economic and/or industrial espionage.***

As a manufacturer and supplier of high-quality products, we face certain crime risks. These include, among others, theft, misuse and counterfeiting of products (including attempts at these crimes). This is often accompanied by an infringement of trademark rights. The risk resulting from illegal trading of counterfeit products by criminal third parties relates to the fact that in most cases, the quality of counterfeit products is inferior to that of the original products. Products originating from illegal third-party manufacturing not only endanger users and the environment, but also jeopardize our reputation and that of our products and therefore undermine our competitiveness. The sophistication and complexity of product-related crime has increased significantly in recent years. The material damage cannot easily be estimated, in particular, because an exact number of cases of product related crimes is not available. The impact of product related crimes on business activities differs by case and is influenced by factors specific to regions and products.



Furthermore, there is a risk of loss of sensitive business information, other data or the tangible and intangible expertise due to an ineffective protection of confidential information, in particular as a result of any possible form of offence such as economic and/or industrial espionage (also see "*We may experience failures of or other malfunctions in our IT systems as well as data breaches.*"). Our key employees and officers have access to sensitive confidential information relating to our business such as insights about strategic developments, business case planning and core technology. We have implemented various measures to protect such confidential data. However, in the event that competitors, third parties or the general public gain access to such confidential information in spite of our protective measures, be it on purpose or by accident, our market position could be materially weakened.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Our business could suffer if the reputation of our brands is damaged.***

Our business depends to a significant extent on our reputation and the reputation of the brands under which we market our products. Actual or alleged instances of inferior service or product quality or of damage caused or allegedly caused by our services or products, could damage our reputation in the markets in which we operate and could lead to customers becoming less willing to work with the relevant company of our Group. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We face environmental risks associated with soil, water, or groundwater contamination or for risks related to hazardous materials.***

The majority of the sites at which we operate have been used for industrial purposes for many years, so in certain cases this leads to risks of contamination and the resulting site restoration obligations. We could be held responsible for the remediation of areas adjacent to our sites if these areas were contaminated due to our activities or activities of the former operator. In particular, soil, water or groundwater contamination has been discovered at our sites in Union Springs, New York (United States), Sullivan, Missouri (United States) and South Daton Dump/Dayton, Ohio (United States) in the past.

The competent authorities could assert claims against us, as the owner or tenant of the affected plots for the examination or remediation of such soil or groundwater contamination, or order us to dispose of or treat contaminated soil excavated in the course of construction. We could also be required to indemnify the owners of plots leased by us or of other properties, if the authorities were to pursue claims against the relevant owner of the property and if we caused the contamination. On several of the sites where contaminations have been discovered, remediation activities have already taken place upon order by or agreement with the competent authorities. Costs typically incurred in connection with such claims are generally difficult to predict. Also, if any contamination were to become a subject of public discussion, there is a risk that our reputation or relations with our customers could be harmed.

Furthermore, at certain sites at which we operate, hazardous materials were used in the past, such as asbestos-containing building materials used for heat insulation. The health and safety of third parties (such as former employees) may have been affected due to the use of such

hazardous materials and we could therefore be exposed to related damage claims in the future. We face similar risks with respect to former sites which we sold in the past. Even if we have contractually excluded or limited our liability in connection with the sale of such properties, we could be held responsible for currently unknown contamination on properties which we previously owned or used.

In addition, manufacturers of friction lining materials are sometimes defendants in suits brought by individuals claiming personal injuries as a result of alleged exposure to asbestos or asbestos-containing products. Claims of this nature have been filed against certain of our subsidiaries in various jurisdictions (including the United States) as a result of sales of friction material containing asbestos made until the mid 1990s.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Natural disasters could disrupt our supply of products to our customers which could have a material adverse effect on our operations and profitability.***

Our manufacturing facilities as well as manufacturing facilities in our supply chain are subject to risks associated with natural disasters, including fires, floods, hurricanes and earthquakes. The occurrence of any of these disasters could cause the total or partial destruction of a manufacturing facility, thus preventing us from supplying products to our customers and disrupting production at their facilities for an indeterminate period of time. The inability to promptly resume the supply of products following a natural disaster at a manufacturing facility could have a material adverse effect on our operations and profitability.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

### **III. Financial Risks relating to the ZF Group**

***The financial resources available to us may be insufficient to meet our capital needs.***

Our cash flow from operating activities, current cash resources, existing sources of external financing and the proceeds from the issue and sale of the Notes could be insufficient to meet our future capital needs.

Our access to and costs of financing are influenced by investor perceptions and expectations and the general reputation of the industry in which we operate. Should public or investor perception of the automotive sector in general, or ZF in particular, deteriorate, this may impact our ability to obtain future financing or the cost of such financing. Furthermore, future disruptions in the financial markets, including the bankruptcy, insolvency or restructuring of a number of financial institutions, and further changes in the regulatory environment affecting financial institutions could adversely impact the availability and cost of additional financing for us and could adversely affect the availability of financing already arranged or committed. Our liquidity could also be adversely impacted if our suppliers tighten terms of payment as the result of any decline in our financial condition or if our customers were to extend their normal payment terms.

Moreover, due to the fact that the shares of the Guarantor are not publicly listed but held by two foundations, the access to raise additional equity from outside the Group is limited.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We may be adversely affected by changes in our borrowing costs.***

The costs at which we can obtain financing depend on general market conditions, particularly on the development of interest rates and our (perceived) creditworthiness and ratings. In the case of deteriorating general market conditions, only debt financing with comparatively higher interest rates may be available. In addition, a relevant part of our financing arrangements contains unhedged variable interest rates. There is no assurance that increased interest rates may be compensated by other means. In this case, a rise of interest rates would have an adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

A decrease in interest rates, on the other hand, would adversely impact our interest income on our interest-earning financial investments.

***We may be adversely affected by changes in currency exchange rates.***

Our earnings are exposed to currency exchange rate fluctuations. This could lead to the value of our production costs not matching the value of the consideration received in transactions, because income and expenditure arise in different currencies. Exchange rate fluctuations affect the levels of proceeds and receivables in particular.

Furthermore, currency effects arise at subsidiaries whose functional currency is not the Euro, since on the one hand the earnings of these companies determined in a foreign currency are translated at average rates and recognized in profit or loss, and on the other hand the net assets are translated into Euro at spot rates and result in currency-related fluctuations in the equity of our Group.

In particular, the financing of the acquisition of TRW Automotive Holdings Corp. ("**TRW Holding**", and together with its subsidiaries, "**TRW**") in 2015 and the resulting cash flows between the Eurozone and US dollar area may lead to risks that cannot be hedged in their entirety. This currency risk may be further exacerbated in light of the financing of the intended Merger with the WABCO Group (see "*Risks relating to the contemplated acquisition of WABCO Holdings Inc. as well as other future acquisitions, divestments and/or other strategic partnerships.*") and the resulting cash flows between the Eurozone and U.S. Dollar area may particularly lead to currency risks which cannot be sufficiently hedged, and we have not yet fully implemented our new Group strategy which also aims at managing these risks more effectively. However, we may not be able to correctly assess these needs, and hedging may prove to be insufficient.

There is no assurance that these fluctuations in currency exchange rates can be compensated by other means. Any uncompensated fluctuations may have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Our leverage and debt service obligations could have a material adverse effect on our business.***

We have incurred substantial indebtedness. On top of our existing indebtedness, we are able to borrow additional funds subject to compliance with certain covenants and other conditions. Increasing our level of indebtedness could have important consequences for investors in the Notes. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our indebtedness;
- increase our vulnerability to adverse economic and industry conditions;
- require us to dedicate a substantial portion of cash flow from operating activities to payments on our existing indebtedness, which could reduce the availability of cash flow to fund capital expenditures, future acquisitions and other general corporate needs;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- place us at a competitive disadvantage compared to our competitors with less debt;
- put pressure on our credit ratings; and
- limit our ability to borrow additional funds.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We are exposed to a number of risks associated with our existing indebtedness.***

Our existing financing agreements and instruments contain a number of restrictive and affirmative covenants that include, but are not limited to, restrictions on the incurrence of financial indebtedness in respect of ZF's subsidiaries, asset disposals, the granting of security (so-called 'negative pledge'), loans and guarantees, corporate restructurings and change of business. Some of our existing financing arrangements also contain a financial covenant which requires us to maintain a specified financial ratio regarding the maximum level of net indebtedness (leverage). According to our current financial projections, the relevant financial covenants included in our financing agreements will be observed, even in case the EUR 7.3 billion syndicated credit facilities agreement dated March 28, 2019 (as amended on April 5, 2019) (the "**Syndicated Facilities Agreement**") is utilized in full to finance the acquisition of WABCO Holdings Inc. In addition, the leverage ratio covenants included in both, the EUR 3,500,000,000 multicurrency term loan and revolving credit facilities agreement (as such agreement has been amended pursuant to an amendment request dated April 9, 2019/May 2, 2019; the "**Senior Facilities Agreement**") and the finance contract with the European Investment Bank ("**EIB**"), under which EIB established a credit in favor of ZF AG in an amount of EUR 500,000,000 (as amended by an amendment letter agreement dated July 29, 2019/August 2, 2019, the "**EIB Loan**"), have been amended to allow us to incur the additional financial indebtedness under the Syndicated Facilities Agreement. Other financing agreements or instruments that we may enter into or issue in the future may include similar covenants and financial covenants.

In light of the cyclical nature of our business and the possible effects on our business activities and results of operations as well as the other market and business-related risks described herein, we may not be able to maintain our current sales and profitability at the levels required for meeting the EBIT related financial ratio. Hence, we cannot assure that we will continue to comply with this financial covenant in the future. A breach of any other covenant, as well as the

inability to comply with the required financial ratio, could result in a default under the respective agreement or facility unless we can obtain waivers for the breach of any covenant or financial obligations thereunder. We cannot assure that such waivers will be granted by the respective lenders. In the event of any default under a financing agreement or instrument, the respective lenders will not be required to lend any additional amounts to us and could elect to declare all outstanding borrowings, together with accrued interest, fees and other amounts due, to be immediately due and payable. In addition, indebtedness under other agreements or instruments that contain cross-default or cross-acceleration provisions also may be accelerated and become immediately due and payable. If any of our debt was to be accelerated, we cannot assure that our assets would be sufficient to repay such debt in full.

Furthermore, in addition to the compliance with specific covenants, our existing indebtedness (as well as the Notes) provides for covenants and undertakings that limit our operations as well as change of control provisions. If we fail to comply with any of these covenants or undertakings, a change of control occurs, or if a cross default or cross acceleration provision is triggered, and we are unable to obtain a waiver from the respective lenders, a default or mandatory redemption could result under the relevant financing instrument, which then could be declared to be immediately due and payable and/or would then become immediately due and payable.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Significant intangible assets on our consolidated statement of financial position could become impaired.***

We carry significant intangible assets on our consolidated statement of financial position. As of December 31, 2018, the carrying amount of intangible assets on our consolidated statement of financial position was EUR 7,205 million, representing 27% of our total assets. This carrying amount includes EUR 4,085 million in goodwill resulting from the consolidation of investments in subsidiaries which is carried out according to the purchase method. This goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. In 2018, we recorded no goodwill impairments. However, there is no guarantee that additional impairments will not occur, particularly in the event of a substantial deterioration of our future prospects or general economic conditions. A significant impairment of intangible assets could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Changes in accounting standards could have a material adverse effect on our financial condition and results of operations.***

Our consolidated financial statements are prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315e(1) of the German Commercial Code (*Handelsgesetzbuch*). In 2019, we applied IFRS 16 (Leases) for the first time which requires lessees to recognize lease arrangements on-balance. In the measurement of the right-of-use asset and the lease liability, we are required to make accounting estimates about the lease term and whether options will be exercised in the future. Changes in such accounting estimates may have an adverse effect on the amount of right-of-use assets capitalized and lease liabilities assumed, and, therefore, may have an adverse impact on our equity ratio and indebtedness.

New or changed accounting standards may lead to adjustments in the relevant accounting positions of our Group which could have a material adverse effect on our financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Our pension and other postretirement benefits obligations are significant and the related expense and funding requirements of our pension plans (including obligations from medical care benefits) could materially increase.***

We maintain defined benefit pension plans in Germany, the United States, the United Kingdom and certain other countries which, however, have been closed for both new entrants as well as for new contributions (with the exception of Germany). As of June 30, 2019, the present value of our defined benefit plans (including obligations from medical care benefits) amounted to EUR 8,462 million (as of December 31, 2018: EUR 7,442 million) and our net liability for defined benefit obligations shown in our consolidated statement of financial position as provisions for pensions (net liability) amounted to EUR 4,847 million (as of December 31, 2018: EUR 4,065 million). The net liability for defined benefit obligations includes our obligations from medical care benefits of EUR 250 million as of June 30, 2019 (as of December 31, 2018: EUR 228 million).

The plan assets and special funds are invested in different asset classes including stocks, fixed-income securities and real estate. The values attributable to the externally invested pension plan assets are subject to fluctuations in the capital markets that are beyond our influence. Unfavorable developments in the capital markets could result in a substantial coverage shortfall for these pension obligations, resulting in an increase in our net liability for defined benefit plans. Any such increase in our net liability for defined benefit plans could adversely affect our financial condition due to an increased additional outflow of funds to finance the pension obligations.

Also, we are primarily exposed to risks associated with longevity and interest rate changes in connection with our pension commitments as an interest rate decrease could have an adverse effect on our net liability under these pension schemes.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

#### **IV. Regulatory, Legal and Tax Risks relating to the ZF Group**

***We are subject to legal disputes and proceedings, the outcome of which could lead to substantial payment obligations, fines and related damage claims.***

Companies of the ZF Group are regularly parties to legal disputes and arbitration proceedings. We are also subject to regulatory investigations and enforcement proceedings by various governmental authorities, including national and supranational antitrust authorities.

In 2016, the premises of ZF were searched by the German Federal Cartel Office (*Bundeskartellamt*) in connection with the alleged involvement of ZF in anticompetitive steel purchasing arrangements.

If in any of these proceedings, the authorities determine that we have breached antitrust regulations, we may be fined by the relevant authorities and we may become subject to follow-on claims for damages by third parties, including customers, based on such breaches. The amount of any such fines and follow-on claims for damages cannot currently be determined

with any certainty, but could be, individually or in the aggregate, substantial and may exceed provisions recorded by us in view of such proceedings. In addition, there is no assurance that current or future internal investigations that we conduct will not reveal further potential or actual non-compliance with competition laws. In addition, alleged or actual anti-competitive behavior might seriously disrupt business relationships with business partners.

In a pending putative class action in the United States against several companies from the automotive industry, the plaintiffs allege, that ZF participated in the alleged development and implementation of illegal devices designed to manipulate the testing of vehicle emissions. Although the complaint in the pending action does not name ZF as a defendant, the complaint states that discovery is ongoing as to the role of ZF. For this reason, we cannot preclude the possibility that ZF will eventually be named as a defendant in the action. ZF is furthermore in talks with the Stuttgart public prosecutor's office in Germany. While ZF is cooperating in such process, we are of the view that our current product portfolio is in line with the existing legal requirements that are applicable to us. However, due to the complexity of the issues involved, it cannot be excluded that authorities or courts could conclude in individual cases in current or future proceedings and investigations that ZF has breached regulations. In such case, we could be liable to third parties including customers and may be fined by the relevant authorities and/or courts. The amount of any such liabilities and fines cannot currently be predicted with any certainty, but could be substantial as well.

Furthermore, following the NHTSA announcement on April 23, 2019 regarding damaged ACUs (see "*Risks relating to the ZF Group's Business and Industry – Products that do not meet customer specifications or that contain, or are perceived to contain, defects or errors or that are otherwise incompatible with their intended end use could impose significant costs on us, including from warranty and product liability claims. In addition, quality risks could also damage our reputation.*"), 25 class actions have been filed against us in the United States and two class actions have been filed in Canada, seeking, inter alia, compensatory damages, punitive damages, statutory penalties and attorneys' fees. A motion has been filed to consolidate the class actions in the United States into a consolidated proceeding under federal multi-district litigation (MDL) procedural laws.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfil our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We may be unable to protect our intellectual property rights effectively.***

Our products and services are highly dependent upon our technological know-how and the scope and limitations of our proprietary rights therein. We have obtained or applied for a large number of intellectual property rights, such as patents, that are of considerable importance to our business.

The process of seeking patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide us with meaningful protection or commercial advantage. In addition, while there is a presumption that patents are valid, the granting of a patent does not necessarily imply that it is effective or that possible patent claims can be enforced to the degree necessary or desired. Furthermore, a major part of our know-how and industrial secrets is not patented or cannot be protected through intellectual property rights. Consequently, there is a risk that certain parts of our know-how and trade secrets are transferred to collaboration partners, customers or suppliers. Granted patents for important products may also expire before these

products are replaced by new products. This poses a risk that competitors will copy our know-how without incurring any expenses of their own or compensate us for that.

Moreover, we have concluded a number of license, cross-license, and cooperation and development agreements with our customers, competitors and other third parties under which our Group is granted rights in industrial property and/or know-how of such third parties. It is possible that license agreements could be terminated, for example, in the event of the licensing partner's insolvency or bankruptcy and/or in the event of a change-of-control in either party, leaving our Group with reduced access to intellectual property rights to commercialize its own technologies.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***There is a risk that we may infringe intellectual property rights of third parties.***

There is a risk that we may infringe intellectual property rights of third parties, since our competitors, suppliers and customers also submit a large number of inventions for industrial property protection. It is not always possible to determine with certainty whether processes, methods or applications we use are subject to intellectual property rights of third parties. Therefore, third parties could assert infringements of intellectual property rights (including illegitimate ones) against the ZF Group. As a result, we could be required to cease manufacturing, using or marketing the relevant technologies or products in certain countries or be forced to make changes to manufacturing processes and/or products. In addition, we could be liable to pay compensation for infringements or could be forced to purchase licenses to make use of technology from third parties. The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We may not have validly acquired employee inventions or could fail to validly acquire them in the future.***

There is a risk that we have failed or will fail to properly claim inventions of our employees. Former or present employees who made or make employee inventions may continue to be the owners of the rights to inventions if we fail to claim the invention in a timely manner. If this should be the case and we nevertheless registered an employee invention with us as the owner of a patent or utility model and/or used an employee invention as such, then the employee who made the invention may have a claim for transfer of the patent/of the utility model against us, and may be able to assert claims for damages for the unauthorized use of his or her invention (e.g., disgorgement of profits or notional license fees). In addition, a claim could be asserted against us to enjoin our use of the invention, or we could be forced to enter into a license agreement providing for the payment of royalties in order to use the invention in the future, or we may have to acquire the invention. Furthermore, there is a risk that employees may have claims for employee invention compensation which have not yet been fully satisfied. Should we have failed to validly acquire employee inventions or should we potentially fail to validly acquire them in the future or should employees have claims for employee invention compensation which have not been fully satisfied, this could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to



fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We are subject to export controls that could subject us to liability or impair our ability to compete in international markets.***

We are subject to export control laws that may limit where and to whom we may sell certain of our products and with whom we conduct business. We are subject to routine foreign trade audits by competent German authorities. Moreover, export licenses are required from government agencies for some of our products in accordance with various statutory and regulatory authorities and in some cases we are not allowed to conduct any business. Failure to obtain these necessary licenses or to comply with applicable export controls, or the termination or significant limitation on our ability to export certain of our products, could result in a material adverse effect on our business, financial condition and/or results of operations and individual penalties/sanctions for each involved employee.

***Governmental regulations, international trade barriers and/or taxes could increase our costs and could adversely affect our business and results of operations.***

We must observe a large number of different regulatory systems across the world that change frequently and are continuously evolving and becoming more stringent, in particular with respect to environmental regulations, chemicals and hazardous materials, as well as workers' health regulations. This applies also to air, water and soil pollution regulations and to waste legislation, all of which have recently become more stringent through new laws, in particular in the European Union and the United States. For instance, ISO 14001 is the Group standard for all our production and main development locations, and 246 of our plants are certified according to the British Standard for Occupational Health and Safety Assessment Series 18001 ("**OHSAS**"). The number of OHSAS certified plants is steadily increasing. In addition, for our sites and operations, we require various permits and we have to comply with the requirements specified therein. In the past, adjusting to new requirements has required significant investments and we assume that further significant investments in this regard will be required in the future. Furthermore, any additional regulation restricting or limiting car traffic with an aim at reducing carbon emissions could lead to a material decrease in car sales and consequently adversely affect demand for our products and services.

Furthermore, an introduction of regional or international trade barriers, including tariffs such as those recently imposed by the U.S. on selected imports from a number of trading partners and a broad range of imports from China and retaliation by those trading partners and China, withdrawal from or renegotiation of bi- and multilateral trade agreements by the U.S., or any countermeasures by regional or global trading partners, including the European Union, could have a negative impact on the global economic environment and thereby result in lower demand for the Group's products (also see "*Risks relating to the ZF Group's Business and Industry – Adverse developments in the global economic environment could have an adverse impact on our business, financial condition and results of operations.*"). In particular, an increase in such protectionist tendencies globally may impose a risk of additional or higher tariffs on automobiles and on the products, components and raw materials the Group supplies or purchases. Any such development may cause demand for the Group's products to drop and costs to increase, and could have a negative impact on the Group's business, sales and earnings situation, the Group's supply chain, if suppliers are also negatively affected, or may lead to payment difficulties on the customers' side.

In addition, any change in legislation concerning corporate income tax and other future changes in tax law in Germany or other countries in which we are subject to taxation could lead to higher tax expenses and also have the potential to significantly influence the development of the markets in which we operate generally. In addition, increasing taxes reducing the income available for consumption may also weaken the global demand in the automotive markets. Tax increases are a likely reaction of the national governments (especially of the EU member states) to the increase of national debt resulting from the various bailout programs set out for banks or, e.g., the stabilization package for EU member states.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***We could be subject to tax risks attributable to previous tax assessment periods.***

We could accrue unanticipated tax expenses in relation to previous tax assessment periods which have not yet been subject to a tax audit or are currently subject to a tax audit in the various countries in which we operate.

Many of our German and foreign companies, including the Guarantor, are subject to a routine tax audit by German or foreign tax authorities. The German tax authorities are at present performing a tax audit at ZF (and its German operating facilities) for the assessment periods 2012 through 2016. In ongoing or future tax audits, the tax laws or relevant facts, especially in relation to acquisitions or group restructuring activities, could be interpreted by the tax authorities in a manner deviating from the relevant company's view. As a result, the tax authorities could revise original tax assessments and substantially increase the tax burden (including interest and penalty payments) of the relevant company.

Our companies, so far, have not been made aware by any tax auditor of any significant findings which would not be covered by the tax provisions and liabilities the respective company has accounted for. Nevertheless, it cannot be ruled out that ongoing and/or future tax audits may lead to an additional tax expense and/or payment, which may have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

**V. Risks relating to the contemplated acquisition of WABCO Holdings Inc. as well as other future acquisitions, divestments and/or other strategic partnerships.**

***We are exposed to risks relating to the acquisition and integration of WABCO and to other potential acquisitions, divestments, joint ventures and/or other strategic collaborations in the future.***

On March 28, 2019, ZF AG and Verona Merger Sub Corp. ("**Verona**"), a wholly owned U.S. subsidiary of ZF, entered into an agreement and plan of merger (the "**Merger Agreement**") with WABCO Holdings Inc., a Delaware corporation ("**WABCO**" and together with its subsidiaries, "**WABCO Group**"). Under the terms of the Merger Agreement, Verona will be merged with and into WABCO (the "**Merger**"), with WABCO surviving the Merger as an indirect wholly owned subsidiary of ZF AG. ZF will, subject to certain closing conditions, acquire all of WABCO's shares at a share price of USD 136.50 per share for a total equity value of approximately USD 7 billion (the "**Acquisition**"). The transaction has already been unanimously approved by the relevant corporate bodies of both ZF and WABCO.

The completion of the Acquisition is still subject to regulatory approvals, including antitrust clearances, and other customary closing conditions, as well as certain termination rights for each of ZF AG and WABCO. Should those or other conditions precedent for the Acquisition not be fulfilled and/or obtained and/or the Merger Agreement be terminated otherwise, the Acquisition or the Merger, respectively, will fail. For ZF AG, a failure of the Acquisition may entail reputational damage due to the failure of the transaction and financial disadvantages caused, inter alia, by the time lost and costs incurred in connection with the transaction. For example, ZF AG as borrower entered into a EUR 7.3 billion syndicated credit facilities agreement dated March 28, 2019 (as amended on 5 April 2019) (the "**Syndicated Facilities Agreement**") to finance the intended acquisition of WABCO. Pursuant to the fee letters entered into in connection with the Syndicated Facilities Agreement ZF AG had to pay certain fees to the finance parties under the Syndicated Facilities Agreement, regardless of whether the Acquisition is successful or not. In addition, a major part of the fees agreed will become payable upon the actual utilization of the Syndicated Facilities Agreement.

The implementation of the Acquisition involves risks. For instance, the price paid as consideration for WABCO Group's shares may be considered too high, the Acquisition may prove to be less successful than anticipated, WABCO's financial or operational performance may not develop as expected, or sales, earnings and cash flow goals pursued by way of the Acquisition may not be met. In addition, the Acquisition, as well as other potential acquisitions in the future, is subject to a number of risks, including unexpected losses of key employees; extraordinary or unexpected legal, regulatory, contractual and other costs; difficulties in integrating the financial, technological and management standards, processes, procedures and controls of WABCO and its subsidiaries with those of our existing operations; challenges in managing the increased scope, geographic diversity and complexity of our operations; mitigating contingent and/or assumed liabilities; the possible loss of customers and/or suppliers; and control issues in relation to joint ventures and other arrangements where we do not exercise sole control. Hence, we may not be able to integrate WABCO Group into the ZF Group as planned or only at a higher cost than originally planned, and/or any intended synergy effects may not be realized to the extent planned or at all.

In addition, the Acquisition may expose us to the following risks:

- *Commitment of management capacity:* The integration of WABCO Group into the ZF Group will require a large amount of the time and attention of both companies' management. If integration issues significantly divert management's attention from other responsibilities, our and WABCO Group's business could be adversely affected.
- *Increased Indebtedness:* As a result of the Acquisition, our indebtedness will increase considerably as a result of the financing we obtain under the Syndicated Facilities Agreement to fund the acquisition (also see "*Risks relating to ZF Group and its business – Financial Risks – We are exposed to a number of risks associated with our existing indebtedness.*").
- *Risks arising from Syndicated Facilities Agreement:* The Syndicated Facilities Agreement contains certain undertakings, restrictions and covenants that restrict our operating flexibility. However, such undertakings, restrictions and covenants restrict us to a similar or same extent as the corresponding undertakings, restrictions and covenants in the Senior Facilities Agreement restrict us. Furthermore, the Syndicated Facilities Agreement contains certain market-standard provisions, pursuant to which the lenders may terminate the Syndicated Facilities Agreement and accelerate all

borrowings or, as applicable, cancel their commitments under the Syndicated Facilities Agreement.

- *Possible loss of key employees:* Both we and WABCO Group depend on our respective key employees for the successful integration and implementation of a common strategy. If either of the companies were to lose key employees due to their combination or other reasons, a rapid integration and leveraging of the respective strengths of each company could be more difficult.

In addition to the Acquisition, we continue to examine possibilities to expand our business through acquisitions. We may thus grow further through additional acquisitions. No guarantee can be given that additional suitable acquisition targets can be found or that further acquisitions that are identified as strategically important can be realized. The consummation of such further acquisitions may involve risks similar to those described above with regard to the Acquisition. Divestments, on the other side, bear risks arising from the sale contract with the purchaser and that the achieved sale price is too low in the view of the market.

Investments made in joint ventures and acquisitions may weaken our financial profile, especially in the short term, which may result, among others, in rating downgrades. We may not realize the anticipated cost savings, synergies, future earnings or other benefits that we intend to achieve from acquisitions or joint ventures, or the acquired entities or established joint ventures may not develop as expected. We cannot guarantee that any acquisition or joint venture will yield benefits that are sufficient to justify the expenses we have incurred or will incur in completing such acquisition or joint venture. Furthermore, any acquisition or joint venture may not be as successful as the acquisitions or joint ventures that we have completed in the past. We could also take on additional risks as a result of acquisitions or joint ventures, including the risk of potential guarantee or liability claims resulting from the disposal of former business units or joint ventures.

The realization of any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***If unexpected difficulties were to arise in the course of the Acquisition and integration of WABCO Group, or if WABCO Group's business failed to perform and/or develop as anticipated, we could be forced to recognize impairment losses on the tangible or intangible assets and/or goodwill of WABCO Group in the future.***

Following the completion of the Acquisition, we will have to recognize a substantial portion of the difference between the amount paid for the Acquisition and the book value of WABCO Group's equity as tangible and intangible assets and/or goodwill of WABCO Group. IFRS and the International Accounting Standard 36 (Impairment of Assets) ("**IAS 36**") require us to test goodwill and intangible assets with indefinite lives at least annually, or more frequently if there is an indication of impairment, by using a single-step quantitative test performed at the level of a cash-generating unit ("**CGU**") or group of CGUs which compares the carrying amount of a CGU or group of CGUs with its recoverable amount. The excess (if any) of the carrying amount over the recoverable amount has to be recorded as an impairment loss. Tangible and intangible assets with definite lives are not tested annually, we are required to assess at each reporting date whether there are any indicators of impairment. The impairment test itself only has to be carried out if there are such indicators and is also performed on a CGU or group of CGU-level and an excess (if any) of the carrying amount over the recoverable amount has to be recorded

as an impairment loss. As a result, we may be forced to recognize an impairment loss on the tangible and intangible assets and/or goodwill of WABCO Group in accordance with IFRS and IAS 36 if unexpected difficulties were to arise in the course of the integration of WABCO Group into the ZF Group, if WABCO Group's business were to fail to develop as expected or if any other unexpected development were to occur affecting the performance or sustainability of WABCO Group's business.

Any such impairment losses could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.

***Following the completion of the Acquisition, we will be exposed to risks associated with the business of WABCO Group, some of which we may not presently be aware of, and in general we will not have warranty claims against the current shareholders of the WABCO Group for any such risks.***

We derived the information about WABCO Group that is contained in this Prospectus, including the financial information about WABCO Group from publicly available information. We were not involved in the preparation of the relevant information or consolidated financial statements of WABCO Group and therefore could not examine whether or not such information or financial statements are accurate and complete, or whether they represent WABCO Group in a comprehensive manner. In preparing the acquisition offer and its terms, we relied on publicly available information about WABCO Group.

We believe that we may, following the completion of the Acquisition, face the following specific risks associated with the business of WABCO Group and that exist in addition to the risks described in this section "Risk Factors" with regard to our business generally:

- *WABCO Group's exposure to exchange rate fluctuations on cross border transactions and the translation of local currency results into U.S. Dollars could negatively impact its results of operations.*

WABCO Group conducts business through subsidiaries in many different countries, including most of the major countries of Western and Eastern Europe, Brazil, Russia, China, South Korea, India, Thailand and Japan, and fluctuations in currency exchange rates may have a significant impact on the reported results of its operations, which are up to now presented in U.S. Dollars. In 2018, approximately 78% of WABCO Group's combined sales occurred outside of the United States. Accordingly, fluctuations in the currency exchange rates could negatively impact its results of operations, especially fluctuations in the exchange rates of the currencies for the countries referred to above. Additionally, WABCO Group's results of operations are up to now translated into U.S. Dollars for reporting purposes. The strengthening or weakening of the U.S. Dollar may result in unfavorable or favorable translation effects as the results of foreign locations are translated into U.S. Dollars. Following the consummation of the Merger, WABCO's results will be included in ZF's consolidated financial statements and, therefore, be exposed to fluctuations in the exchange rate between the reported local currencies of the WABCO Group companies and the Euro.

- *WABCO Group could be subject to an increase in its tax rates following the adoption of new U.S. or international tax legislation.*

WABCO Group's overall effective tax rate could be affected by changes in the mix of earnings in countries with different statutory tax rates or changes in tax laws or their interpretation. The Organisation for Economic Co-operation and Development (OECD) has recommended changes to numerous long-standing tax principles relating to Base Erosion and Profit Shifting ("**BEPS**"). These changes are being adopted and implemented by many of the countries in which WABCO Group does business and may increase its taxes in these countries. In addition, the European Commission has launched several initiatives to implement BEPS actions including an anti-tax avoidance directive and having a common (consolidated) corporate tax base. One impact for WABCO Group is that, since January 1, 2019, the WABCO Group's Dutch hybrid financing structure is no longer effective. WABCO Group is in the process of establishing new treasury function in Switzerland but this change will give rise to an increase in its effective tax rate. Furthermore, on December 22, 2017, the U.S. government enacted the Tax Act, which includes a global intangible low-taxed income ("**GILTI**") provision. WABCO Group elected to account for GILTI tax in the period in which it is incurred. The GILTI provision requires WABCO to include in its U.S. income tax return foreign subsidiary earnings in excess of an allowable return on foreign subsidiary's tangible assets. The GILTI tax expense is primarily caused by a U.S. foreign tax credit limitation which requires an allocation of interest expense to the GILTI income, effectively rendering the allocated interest expense non-deductible. The ultimate impact of the Tax Act may differ from WABCO Group's assessment and amounts recorded as income tax expense may require further adjustment due to, among other things, additional analysis, changes in interpretations or applications of the Tax Act, and additional regulatory guidance that may be issued.

- *WABCO Group's annual effective tax rate may increase significantly, which would negatively impact its results of operations.*

WABCO Group's overall effective tax rate ("**ETR**") is equal to its total expense as a percentage of its total profit or loss before tax. However, tax expenses and benefits are determined separately for each tax paying entity or group of entities that is consolidated for tax purposes in each jurisdiction. WABCO Group estimates that its ETR will amount to approximately 18% in 2019, which includes the anticipated benefit associated with the reorganization of WABCO Group's treasury function which will be located in its new corporate headquarters in Switzerland and assumes that WABCO Group will be able to establish a regulated insurance company to better manage its group unfunded pension liabilities. If WABCO Group is not able to establish the regulated insurance company described above and to realize the tax benefits associated with these projects, WABCO Group's ETR could significantly increase, which may materially and adversely impact its results of operations.

- *The value of WABCO Group's deferred tax assets could become impaired, which could materially and adversely affect its operating results.*

As of December 31, 2018, WABCO Group had net deferred tax assets of approximately USD 161.3 million. These deferred tax assets relate to post-retirement and other employee benefits and net operating loss carryovers that can be used to offset taxable income in future periods and reduce income taxes payable in those future periods. If

WABCO Group determines in the future that there is insufficient evidence to support the valuation of these assets, it may be required to record or further adjust a valuation allowance to revalue its deferred tax assets. Such revaluation could result in material non-cash expense in the period in which the valuation allowance is adjusted and could have a material adverse effect on WABCO Group's results of operations.

- *Increasing WABCO Group's financial leverage could affect its operations and profitability.*

As of December 31, 2018, WABCO Group's total debt balance amounted to USD 845.2 million (December 31, 2017: USD 1,409.8 million). WABCO Group's indebtedness could affect its business and financial condition in various ways, including (i) increasing its interest expense under its revolving credit facilities or other variable-rate borrowing if interest rates were to rise, and (ii) potentially limiting its ability to borrow additional funds on favorable terms, or at all. While WABCO Group believes that it will have the ability to service its debt, respect all of the covenants contained in the credit facilities and obtain additional capital in the future if and when needed, that will depend upon its results of operations and financial position at the time, the then-current state of the credit and financial markets, and other factors that may be beyond its control. If WABCO Group is unable to service its debt or obtain additional capital in the future on favorable terms, its financial condition and results of operations would be adversely affected.

- *Changes in factors that impact the determination of its non-U.S. pension liabilities may adversely affect WABCO Group.*

Certain of WABCO Group's non-U.S. subsidiaries sponsor defined benefit pension plans, which generally provide benefits based on negotiated amounts for each year of service. WABCO Group's pension expense and its required contributions to its pension plans are directly affected by the value of plan assets, the projected and actual rates of return on plan assets and the actuarial assumptions WABCO Group uses to measure its defined benefit pension plan obligations, including the discount rate at which future projected and accumulated pension obligations are discounted to a present value and the inflation rate. WABCO Group could experience increased pension expense due to a combination of factors, including the decreased investment performance of its pension plan assets, decreases in the discount rate and changes in its assumptions relating to the expected return on plan assets. WABCO Group could also experience increased other post-retirement expense due to decreases in the discount rate, increases in the health care trend rate and changes in demographics. If the actual trends in these factors are less favorable than WABCO Group's assumptions, this could have an adverse effect on its results of operations and financial condition.

- *If WABCO Group is not able to maintain good relations with its employees, it could suffer work stoppages that could negatively affect its business and results of operations.*

Employees located in WABCO Group's sites in Europe, Asia and South America are subject to collective bargaining, with internal company agreements or external agreements at the region or country level. Currently approximately 50% of its workforce is covered by collective bargaining agreements. Any disputes with WABCO Group's employee base could result in work stoppages or labor protests, which could disrupt its operations. Any such labor disputes could negatively affect WABCO Group's business and results of operations.

- *WABCO Group is dependent on key customers.*

WABCO Group relies on several key customers. In the financial year ended December 31, 2018, WABCO Group's sales to its top ten customers accounted for approximately 49% of its sales. Many of its customers place orders for products on an as-needed basis and operate in cyclical industries and, as a result, their order levels have varied from period to period in the past and may vary significantly in the future. As a result of its dependence on key customers, WABCO Group experienced and could experience in the future a material adverse effect on its business and results of operations if any of the following were to occur (i) the loss of any key customer, in whole or in part, (ii) a declining market in which customers reduce orders or demand reduced prices, or (iii) a strike or work stoppage at a key customer facility, which could affect both its suppliers and customers.

- *Risks relating to the separation of WABCO from American Standard.*

WABCO was spun off from American Standard Companies Inc. ("**American Standard**") on July 31, 2007. Subsequent to the spin-off, American Standard changed its name to Trane Inc. ("**Trane**"). On June 5, 2008, Trane was acquired in a merger with Ingersoll-Rand Company Limited ("**Ingersoll Rand**") and exists today as a wholly owned subsidiary of Ingersoll Rand. WABCO Group is responsible for certain of Trane's contingent and other corporate liabilities. Under the indemnification and cooperation agreement, the separation and distribution agreement and the tax sharing agreement, WABCO Group's wholly owned subsidiary WABCO Europe BVBA has assumed and is responsible for certain contingent liabilities related to Trane's business (including certain associated costs and expenses, whether arising prior to, at or after the distribution) and will indemnify Trane for these liabilities. Among the contingent liabilities against which WABCO Group will indemnify Trane and the other indemnities, are liabilities associated with certain non-U.S. tax liabilities and certain U.S. and non-U.S. environmental liabilities associated with certain Trane entities.

In addition, all other risk factors described in this section "Risk Factors" generally also apply to the business of WABCO Group. WABCO Group's business may also be subject to additional risks that we may not be aware of and that may only emerge after the completion of the Acquisition and the Merger or during the integration process.

The Merger Agreement underlying the Acquisition provides, in line with market practice for acquisitions of public companies, that warranties and representations made by WABCO Group shall not survive the closing of the acquisition. No warranties and representations are made by the shareholders of WABCO. We are therefore not in a position to assert claims against WABCO's current shareholders based on risks, defects, losses and damages that may be identified following the completion of the Merger.

If any of the business risks of WABCO Group proved to be more severe or if any unknown risks emerge, this could have a material adverse effect on our business, financial condition and results of operations, which could in turn adversely affect our ability to fulfill our obligations under the Notes and the Guarantees or cause the market price of the Notes to decline.



## **VI. Risks relating to the Issuer and to the Guarantor**

***The Issuer is a financing vehicle for the ZF Group and has no material assets or sources of sales except for claims against members of the ZF Group resulting from intercompany loans and relies on funding from such entities to service and repay the Notes.***

The Issuer is a subsidiary wholly owned by the Guarantor with limited assets which concentrates on financing activities for the ZF Group. The Issuer will on-lend the proceeds from the sale of the Notes by way of intercompany loans to ZF or other entities of the Group. The Issuer intends to service and repay the Notes out of the payments it receives under these intercompany loans. Other than the receivables under these intercompany loans and any other proceeds that may be made in connection with potential other financing transactions by the Issuer, the Issuer has no material assets or sources of sales. The Issuer's ability to service and repay the Notes therefore depends on the ability of members of the ZF Group to service in full any intercompany loans extended to them by the Issuer. In the event that any members of the ZF Group were to fail to make payments under intercompany loans extended to them by the Issuer, the Issuer may not be able to meet its obligations under the Notes when due. In meeting its payment obligations under the Notes, the Issuer is therefore wholly dependent on the profitability and cash flow of ZF and its subsidiaries.

***As the Guarantor operates in part through its subsidiaries and participations, its ability to meet its payment obligations under the Guarantee also depends – to a certain extent – on the receipt of funds from its subsidiaries and participations.***

The Guarantor acts as the main operating and holding company for the ZF Group and performs group-wide functions as a management company. In its holding function, the Guarantor's ability to serve its payment obligations also depends on the receipt of funds from its subsidiaries and participations. Therefore, the Guarantor's cash flow and its ability to meet its cash requirements, including its obligations as Guarantor under each Guarantee, is – to a certain extent – subject to the profitability and cash flow of its subsidiaries and payments by such subsidiaries to it in the form of loans, dividends, fees, or otherwise, as well as upon the Guarantor's own business and credit arrangements. The ability of the Guarantor's subsidiaries to make payments to the Guarantor may be restricted by, among other things, applicable corporate and other laws and regulations and by the terms of covenants and restrictions contained in financing agreements to which such subsidiaries are or will be a party. In addition to any limitations on payment to the Guarantor contained in such agreements, any failure to comply with the covenants and restrictions contained in such agreements could trigger defaults under those agreements which could delay or preclude the distribution of dividend payments or any other similar payments to the Guarantor.

## **RISKS RELATING TO THE NOTES**

*Any investment in the Notes involves certain risks associated with the characteristics, specification and type of Notes which could lead to substantial losses that Noteholders may have to bear in the event of selling their Notes or with regard to receiving interest payments and repayment of principal. Risks regarding the Notes comprise, inter alia, the following risks:*

*Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:*

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement to this Prospectus;*
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation and the investment(s) it is considering, an investment in the Notes and the impact the investment in the Notes will have on its overall investment portfolio;*
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal and interest payments is different from the potential investor's functional currency;*
- understand thoroughly the terms of the Notes and be familiar with the financial markets; and*
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.*
- recognize that it may not be possible to dispose of the Notes for a substantial period of time or at all.*

*The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers prior to investing in the Notes to determine whether and to what extent (i) the Notes are permitted investments for it, (ii) where relevant, the Notes can be used as collateral for various types of borrowing, and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules. Each investor should also consider the tax consequences of investing in the Notes and consult its own tax advisers with respect to the acquisition, sale and redemption of the Notes in light of its personal situation.*

### **I. Risks related to the structural subordination of the Notes and the Issuer's and Guarantor's solvency**

***The Notes and the Guarantees will be structurally subordinated to the indebtedness of the Guarantor's subsidiaries (other than the Issuer).***

ZF, as Guarantor, will provide a guarantee in favor of each Tranche of Notes. The Notes will not be guaranteed by any subsidiary of the Guarantor. In the event of a liquidation, winding-up, dissolution, bankruptcy, administration, reorganization, insolvency, receivership or similar proceeding of a subsidiary of the Guarantor (other than the Issuer), such subsidiary will pay the

holders of its own debt (including holders of debt which such subsidiaries have guaranteed) before they would be able to distribute any of their assets to the Guarantor. In such case, the Guarantor may not have sufficient assets to make payments on the Guarantees or to service in full any intercompany loans extended to it by the Issuer. As a result, the Issuer may not be able to meet its obligations under the Notes when due.

***The market value of the Notes could decrease if the creditworthiness of the Issuer or the Guarantor worsens or is perceived to worsen.***

If, for example, because of the materialization of any of the risks regarding the ZF Group, the Issuer or the Guarantor is less likely to be in a position to fully perform all of their obligations under the Notes or the Guarantees, respectively, when they come due, the market value of the Notes may suffer. Even if the Issuer or the Guarantor is not actually less likely to be in a position to fully perform all such obligations when they come due, market participants including rating agencies could nevertheless have a different perception. In addition, the market participants' estimation of the creditworthiness of corporate debtors in general or debtors operating in the same business areas as the ZF Group could adversely change. Also, changes in accounting standards may lead to adjustments in the relevant accounting positions of the ZF Group which could have a material adverse effect on the presentation of the ZF Group's financial condition and could impact the market value of the Notes.

If any of these risks occurs, the market value of the Notes could decrease, potentially by a significant amount.

***The Notes and the Guarantees will be effectively subordinated to the debt of the Guarantor or any of its subsidiaries to the extent such debt is secured by assets of the Guarantor or such subsidiaries.***

The Notes and the Guarantees will be effectively subordinated to the debt of the Guarantor or any of its subsidiaries to the extent such debt is secured by assets of the Guarantor or its subsidiaries that are not also securing the Notes. Although the Terms and Conditions and the Guarantees require the Issuer and the Guarantor to secure the Notes equally if they provide security for the benefit of Capital Markets Indebtedness (as defined in the Terms and Conditions), the requirement to provide equal security to the Notes is subject to a number of significant exceptions and carve-outs as set out in detail in the Terms and Conditions included in this Prospectus. To the extent the Guarantor or any of its subsidiaries provides security interest over its assets for the benefit of debt without also securing the Notes or the Guarantees, the Notes and/or the Guarantees will be effectively junior to such debt to the extent of such assets. As a result, the holders of (present or future) secured debt of the Issuer or the Guarantor may recover disproportionately more on their claims than the Noteholders in case of an insolvency, bankruptcy or similar proceeding of the Guarantor or any of its subsidiaries.

***The proceeds from the enforcement of the Guarantees may not be sufficient to satisfy the obligations under the Notes.***

The Notes will be guaranteed by the Guarantor as specified in the Terms and Conditions. No appraisal of the value of the assets of the Guarantor has been made in connection with the issue of the Notes. In addition, the Terms and Conditions permit the incurrence of financial indebtedness in the future that is secured by the Guarantors' assets. The amount to be received upon an enforcement of each Guarantee would depend on numerous factors affecting the financial situation of the Guarantor at the time of its enforcement. In the event of a foreclosure,

liquidation, bankruptcy or similar proceeding of the Guarantor, the payments under the Guarantees may not be sufficient to repay the obligations under the Notes.

***Credit ratings may not reflect all risks and are subject to change.***

S&P Global Ratings Europe Limited ("**S&P**") and Moody's Deutschland GmbH ("**Moody's**") have assigned a credit rating to the Guarantor and are expected to assign a credit rating to the Notes. The market value of the Notes is likely to be dependent upon the level of such credit ratings assigned. In April 2019, S&P affirmed ZF's long-term corporate credit rating of "BBB"<sup>1</sup> but revised the outlook from "stable" to "negative" to reflect the risk of a downgrade if increasingly difficult conditions in the automotive industry cause a further decline in ZF's operating margins and subsequently impair its ability to reduce leverage following the Acquisition. At the same time, Moody's affirmed ZF's long-term corporate credit rating of "Baa3"<sup>2</sup> but changed the outlook from "stable" to "negative" to reflect the expectation that ZF's financial leverage will increase as a consequence of the contemplated Acquisition as well as a more challenging automotive industry environment globally.<sup>3 4</sup>

However, such credit ratings only reflect the assessment by the aforementioned rating agencies of the credit risks associated with the ZF Group or the Notes. They may not reflect the potential impact of all risks related to the structure, market and additional factors discussed herein, recent developments and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold the Notes and may be revised, suspended or withdrawn by the respective rating agency at any time. In the event of a change, suspension or withdrawal of a credit rating the price and the market value of the Notes may be affected. As a result, an investor may incur financial losses as he may only be able to sell the Notes at a lower price.

**II. Risks related to the admission to trading of the Notes on a regulated market**

***The Notes do not have an established trading market and an active trading market for the Notes may not develop.***

The Notes represent a new issue of securities for which there is currently no established trading market. There can be no assurance that a market for the Notes will develop or, if it does develop, continue, or that it will be liquid, thereby enabling investors to sell their Notes when desired, or at all, or at prices they find acceptable.

Investors may not be able to sell Notes readily or at prices that will enable investors to realize their anticipated yield. No investor should purchase Notes unless the investor understands and

---

<sup>1</sup> According to S&P: "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments." "Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories".

<sup>2</sup> According to Moody's: "Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics." "Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier ... 3 indicates a ranking in the lower end of that generic rating category".

<sup>3</sup> Rating information is merely an aid for investors for the purposes of decision-making and cannot replace an individual judgment to be made by the investor and may not be taken as a recommendation to purchase or sell certain instruments. Ratings are merely intended as a support when making an investment decision and are only one of the factors relevant to an evaluation, which factor must be seen and weighted in the context of other factors. As ratings often are amended only after the creditworthiness of an issuer or guarantor has changed, investors have to make their own judgments although a rating may exist.

<sup>4</sup> The European Securities and Markets Authority (ESMA) publishes on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) a list of credit rating agencies registered in accordance with the Credit Rating Agencies Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 Credit Rating Agencies Regulation. The European Commission shall publish the updated list in the Official Journal of the European Union within 30 days following such update.

is able to bear the risk that the Notes may not be readily saleable, that the value of the Notes will fluctuate over time and that such fluctuations may be significant.

Such fluctuations could result from interrelated factors, including economic, financial and political conditions and events in Germany, the United States and other jurisdictions in which the ZF Group is active as well as economic conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialized countries. There can be no assurance that events in Germany, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the market price of the Notes or that economic and market conditions will not have any other material adverse effect. The liquidity of, and the trading market for, the Notes may also be adversely affected by a decline in the market for similar debt securities generally. Such a decline may affect the liquidity and trading of the Notes independently of our financial performance and prospects. Accordingly, the price at which an investor in the Notes will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price of the Notes or the purchase price paid by such investor.

### **III. Risks related to the Notes being long-term securities**

#### ***The Notes bear specific risks typical for fixed rate notes.***

The Notes are fixed rate notes. Therefore, each Noteholder is exposed to the risk that the price of the Notes may fall as a result of changes in market interest rates. While the nominal interest rate of the Notes is fixed during the term of the Notes, as specified in the Terms and Conditions, market interest rates typically change on a daily basis. As the market interest rates change, the price of fixed rate notes also changes, but in the opposite direction. If the market interest rate increases, the price of fixed rate notes typically decreases, until the yield of such notes is approximately equal to the market interest rate of comparable issues. If the market interest rate decreases, the price of fixed rate notes typically increases, until the yield of such notes is approximately equal to the market interest rate of comparable issuances. Noteholders should be aware that movements of market interest rates can adversely affect the market price of the Notes and can lead to losses for Noteholders if they sell their Notes.

#### ***The Notes are subject to a risk of early redemption.***

The Issuer will have the right to redeem each Tranche of Notes as set out in the Terms and Conditions, which include, among others, a redemption right at the discretion of the Issuer. If the Issuer redeems any Tranche of Notes prior to their maturity or if any Tranche of Notes is subject to early redemption, the respective Noteholders are exposed to the risk that due to such early redemption their investment may have a lower yield than expected. Additionally, such Noteholders may only be able to reinvest on less favorable conditions as compared to the original investment.

The Issuer will have the right to redeem each Tranche of Notes in the event that the Issuer is required to pay Additional Amounts on the Notes for reasons of taxation as set out in the Terms and Conditions. One of the policy intentions of the Netherlands government is to introduce a withholding tax on interest payments directly or indirectly made to group entities in "low-tax jurisdictions" or countries that are included on the EU list of non-cooperative jurisdictions as of January 1, 2021. If, however, the proposed withholding tax would also apply to interest payments to unrelated recipients, it could potentially be applicable to interest payments made under the Notes. In the event that the proposed measure would apply to payments made under

the Notes and the Issuer is required to pay additional amounts pursuant to the Terms and Conditions, the Notes may be redeemed at the option of the Issuer.

***Although the occurrence of specific change of control events will permit the Noteholders to require redemption of their Notes, the Issuer may not be able to redeem such Notes.***

Upon the occurrence of specific change of control events, the Noteholders will have the right to require the redemption of their Notes at the principal amount, plus accrued and unpaid interest. The Issuer's or the Guarantor's ability to redeem the Notes upon such a change of control event will be limited by their access to funds at the time of redemption. Upon a change of control event, the Guarantor may be required to immediately repay the outstanding principal, any accrued interest on and any other amounts owed by it under other debt outstanding. There can be no assurance that there will be sufficient funds available upon a change of control event to make these repayments and any required redemption of the Notes.

***The Notes are subject to inflation risks.***

The inflation risk is the risk of future money depreciation. The real yield from an investment is reduced by inflation. The higher the rate of inflation, the lower the real yield on a Note. If the inflation rate is equal to or higher than the nominal yield, the real yield is zero or even negative.

#### **IV. Risks related to the investors of the Notes and application of certain laws**

***The Terms and Conditions of each Tranche of Notes and the terms of the relating Guarantee, including the terms of payment of principal and interest, can be amended by a Noteholders' resolution and any such resolution will be binding for all holders of the relevant Tranche of Notes. Any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the relevant Tranche of Notes outstanding.***

Since Terms and Conditions provide for meetings of Noteholders or the taking of votes without a meeting, the Terms and Conditions of each Tranche of Notes and the terms of the relating guarantee may be amended (as proposed or agreed by the Issuer) by majority resolution of the Noteholders and any such majority resolution will be binding on all holders of such Tranche of Notes. Any Noteholder is therefore subject to the risk that its rights against the Issuer under the Terms and Conditions, including the terms of payment of principal and interest, and its rights under the respective guarantee are amended, reduced or even cancelled by a majority resolution of the Noteholders. Any such majority resolution will even be binding on Noteholders, who have declared their claims arising from the Notes due and payable based on the occurrence of an event of default, but who have not received payment from the Issuer or the Guarantor prior to the amendment taking effect. According to the German Act on Debt Securities of 2009 (*Schuldverschreibungsgesetz* – "**SchVG**"), the relevant majority for Noteholders' resolutions is generally based on votes cast, rather than on the aggregate principal amount of Notes outstanding. Therefore, any such resolution may effectively be passed with the consent of less than a majority of the aggregate principal amount of the Notes outstanding.

***In the event of certain events of default, each Tranche of Notes will only be redeemable if the holders of at least 10% of the aggregate principal amount of such Tranche of Notes then outstanding declare such Tranche of Notes due and payable. Such declaration of acceleration may be rescinded by majority resolution of the Noteholders of such Tranche of Notes.***

The Terms and Conditions of each Tranche of Notes provide that, in the event of certain events of default, any notice declaring such Tranche of Notes due and payable shall become effective only when the Principal Paying Agent has received such default notices from Noteholders representing at least 10% of the aggregate principal amount of Notes then outstanding. In addition, under the SchVG, even if a default notice is given by a sufficient number of holders of the relevant Tranche of Notes, such acceleration could be rescinded by majority resolution of such Noteholders within three months. A simple majority of votes would be sufficient for a resolution on the rescission of such acceleration but, in any event, more Noteholders would have to consent to such rescission than those who have delivered the relevant default notice.

Noteholders should be aware that, as a result, they may not be able to accelerate their Notes upon the occurrence of certain events of default, unless the required quorum of Noteholders delivers a default notice and such acceleration is not rescinded by majority resolution of such Noteholders.

***Since no Noteholders' Representative will be appointed as from the issue date of the Notes, it will be more difficult for Noteholders to take collective action with respect to the Notes.***

No initial joint representative of the Noteholders (a "Noteholders' Representative") will be appointed under the Terms and Conditions. Any appointment of a Noteholders' Representative following the issuance of the Notes will, therefore, require a majority resolution of Noteholders. If the appointment of a Noteholders' Representative is delayed or does not occur, this will make it more difficult for Noteholders to take collective action to enforce their rights under the Notes and the Guarantees, respectively. If a Noteholders' Representative is appointed, it is possible that a Noteholder may be deprived of its individual right to pursue and enforce its rights against the Issuer under the Terms and Conditions, because the Noteholders' Representative will then have the exclusive responsibility to claim and enforce the rights of all holders of the relevant Tranche of Notes.

***No assurance can be given as to the impact of any possible judicial decision or change of laws or administrative practices after the date of this Prospectus.***

The Terms and Conditions are based on the laws of Germany in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of Germany or administrative practice or the official application or interpretation of German law after the date of this Prospectus. Any such decision, change, application or interpretation could have a material adverse impact on the market value of the Notes.

***The Notes are subject to transaction costs and charges.***

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the purchase or sale price of the Notes. These incidental costs may significantly reduce or eliminate any profit from holding the Notes. Credit institutions generally charge commissions which are either fixed minimum commissions or pro-rata commissions, depending on the value of the order. To the extent that additional parties are

involved in the execution of an order, including domestic dealers or brokers in foreign markets, Noteholders may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third-party costs). In addition to such costs directly related to the purchase of securities (direct costs), potential investors must also take into account any follow-up costs (such as custody fees). Potential investors should inform themselves about any additional costs or fees incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

***Noteholders are subject to tax risks.***

Potential investors of the Notes should be aware that stamp duty and other taxes and/or charges may be levied in accordance with the laws and practices in the countries where the Notes are transferred and other relevant jurisdictions.



## **USE OF PROCEEDS**

In connection with the offering of the Notes, the Issuer will receive aggregate net proceeds of approximately EUR 2,657,092,000. ZF intends to use these net proceeds to pay a portion of the consideration for the Acquisition.

## INFORMATION ABOUT THE ISSUER

### General Information

#### ***Incorporation, Registered Office, Duration, Name***

The Issuer's legal and commercial name is ZF Europe Finance B.V.

The Issuer was incorporated on September 12, 2018 and operates as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid (B.V.)*) under the laws of the Netherlands. The Issuer has been incorporated for an indefinite period of time. The Issuer is registered with the commercial register of the Dutch Chamber of Commerce (*Handelsregister van de Kamer van Koophandel*) under file number 72569263. The Issuer's Legal Entity Identifier (LEI) is 549300RI533US2G6G542.

The Issuer's registered office and place of business is Kingsfordweg 151, 1043GR Amsterdam, the Netherlands. Its telephone number is: +31 20 491 9151.

There have been no relevant recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency.

#### ***Corporate Purpose***

Pursuant to Article 2.2 of the Issuer's articles of association dated September 12, 2018, the objects of the Issuer are to issue bonds, to provide for intercompany loans, to participate in other businesses of whatever nature, to take any other interest in or conduct the management of those businesses, to attract financing, to finance third parties, to provide security or assume liability for the obligations of third parties, and finally all activities which in the broadest sense relate to or promote the objects.

#### ***Financial Year***

The Issuer's financial year corresponds to the calendar year.

#### ***Auditors***

The independent auditor of the Issuer is Visser & Visser Accountants B.V., Bijdorp-Oost 60, 2992 LA Barendrecht, the Netherlands ("**Visser & Visser**"). Visser & Visser is a member of the Royal Netherlands Institute of Chartered Accountants (*Koninklijke Nederlandse Beroepsorganisatie van Accountants*) and is registered with the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*).

Visser & Visser has audited the Issuer's financial statements for the short financial year from September 12, 2018 to December 31, 2018 and issued an unqualified independent auditor's report thereon.

#### ***Share Capital***

The issued share capital of the Issuer amounts to EUR 100,000, divided into 100,000 shares of common stock with a par value of EUR 1.00 which is fully issued and paid-up. The Issuer does not have authorized but unissued capital.

#### ***Major Shareholder***

The Guarantor is the sole shareholder of the Issuer.

#### ***Organizational structure***

The Issuer is a wholly owned subsidiary of the Guarantor, and belongs to the ZF Group. For more information on the organizational structure of ZF Group, see "*Information about the Guarantor and the ZF Group—General Information—Organizational structure*".

The Issuer does not have any subsidiaries of its own and is dependent upon administrative and management services provided by the Guarantor and certain subsidiaries of the Guarantor.

## **Business Overview**

### ***Principal Activities***

The main purpose of the Issuer is the financing of ZF's subsidiaries. Beside these operations, the Issuer has no further material activities.

### ***Material Contracts***

The Issuer has not entered into any material contracts in the ordinary course of its business that are material to its ability to meet its obligations to the Noteholders.

### ***Legal and Arbitration Proceedings***

From September 12, 2018, the date of its incorporation, to the date of this Prospectus, the Issuer has not been involved in any, governmental, legal or arbitration proceedings against or affecting the Issuer, nor is the Issuer aware of any pending or threatened proceedings, which (in either case) may have or have had in the recent past significant effects on the financial position or profitability or results of operations of the Issuer.

## **Administrative, Management and Supervisory Bodies of the Issuer**

### ***Board of Directors***

The Issuer has a one-tier board structure. Pursuant to the Issuer's articles of association, the management board of the Issuer must have at least one executive director A and one non-executive director B. As of the date of this Prospectus, the Issuer's management board consists of the following directors:

- Alexander Antonius Marinus Peeters (executive director A);
- Daniel Edward Shattock (executive director A); and
- Werner Erwin Stuffer (non-executive director B).

Their respective responsibilities and their principal activities outside the ZF Group to the extent those activities are significant with respect to the ZF Group are set out below:

| <u>Name</u>                        | <u>Member since</u> | <u>Responsibilities within ZF Group</u>   | <u>Membership on other administrative, management or supervisory bodies</u> |
|------------------------------------|---------------------|---|---|
| Alexander Antonius Marinus Peeters | 2018                | Director or supervisory board member of different ZF Group entities   | None  |
| Daniel Edward Shattock             | 2018                | Head of Treasury Hub Europe ZF Group<br><br>Director or supervisory board member of different ZF Group entities | Director of T & K Furniture Limited   |

|                         |      |   |   |
|-------------------------|------|---|---|
| Werner Erwin<br>Stuffer | 2018 | Head of Corporate<br>Taxes ZF Group<br><br>Director of different<br>ZF Group entities | <ul style="list-style-type: none"> <li>- Member of the advisory board (<i>Beirat</i>) of the German International Fiscal Association (IFA), section Baden-Württemberg</li> <li>- Vice-chairman of the tax committee (<i>Steuerausschuss</i>) of the German Automotive Association (<i>Verband der Automobilindustrie - VDA</i>)</li> <li>- Member of the respective tax committee (<i>Steuerausschuss</i>) of the Federation of German Industries (<i>Bundesverband der Deutschen Industrie – BDI</i>), the Association of German Chambers of Commerce and Industry (<i>Deutscher Industrie- und Handelskammertag – DIHK</i>) and the German Mechanical Engineering Industry Association (<i>Verband Maschinen und Anlagenbau – VDMA</i>)</li> <li>- Chairman of the tax committee (<i>Steuerausschuss</i>) of the Chamber of Commerce and Industry (<i>Industrie- und Handelskammer – IHK</i>) for the Weingarten-Bodensee region</li> </ul> |
|-------------------------|------|---|---|

The executive directors A of the management board of the Issuer are responsible for the Issuer's day-to-day affairs and the Issuer's financial affairs. The non-executive director B of the management board of the Issuer supervises the policy of and the performance of duties by the executive directors A and the Issuer's general affairs and its business.

The current members of the Issuer's management board of directors can be contacted at the address of the registered office of the Issuer. The Issuer has no separate supervisory board.

**Conflicts of Interest**

None of the members of the Issuer's board of directors has declared that there are actual or potential conflicts of interest between any of their duties to the Issuer and their private interests and/or other duties.

**Financial Information relating to the Issuer**

The Issuer's financial statements for the short financial year from September 12, 2018 (the date of its incorporation) to December 31, 2018, prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code (accounting principles generally accepted in the Netherlands), together with the independent auditors' report thereon are incorporated by reference into this Prospectus.

The following table sets out selected financial information relating to the Issuer. The financial information has been extracted from the Issuer's audited financial statements for the short financial year from September 12, 2018 to December 31, 2018:

***Selected Key Financial Data***

| <b>(in EUR)</b>   | <b>As of<br/>December 31,<br/>2018</b> |
|---|--|
|   | <b>(audited)</b>                       |
| Non-current assets.....                                 | 818                                    |
| Current assets.....                                     | 100,509                                |
| <b>Total assets</b> .....                               | <b>101,327</b>                         |
| Shareholders' equity .....                              | 78,150                                 |
| Current liabilities .....                               | 23,177                                 |
| <b>Total Shareholders' equity and Liabilities</b> ..... | <b>101,327</b>                         |
| <b>Net cash flow</b> .....                              | <b>99,975</b>                          |

***Significant Changes in Financial Performance***

There has been no significant change in the financial performance of the ZF Group since June 30, 2019.

***Trend Information***

There has been no material adverse change in the prospects of the Issuer since December 31, 2018.

There has been no significant change in the financial position of the ZF Group since June 30, 2019.

## INFORMATION ABOUT THE GUARANTOR AND THE ZF GROUP

### General Information

#### ***Incorporation, Registered Office, Duration, Name, Website***

The Guarantor was incorporated on May 27, 1921 under the laws of Germany as a stock corporation (*Aktiengesellschaft*). It is registered with the commercial register (*Handelsregister*) of the local court (*Amtsgericht*) of Ulm, Germany, under registration number HRB 630206 and has its registered office at Löwentaler Straße 20, 88046 Friedrichshafen, Germany (telephone number: +49 7541 77-0). The duration of the Guarantor is indefinite. The Guarantor's Legal Entity Identifier (LEI) is 529900CAYOWB8YIG7X25.

The Guarantor's legal and commercial name is "ZF Friedrichshafen AG".

The Guarantor's website is available at [www.zf.com](http://www.zf.com). The information on the Guarantor's website does not form part of this Prospectus unless it is explicitly incorporated by reference into this Prospectus.

#### ***History and Development***

ZF's history stretches back to its foundation as a gearwheel factory named Zahnradfabrik GmbH in 1915 with the objective to produce gears and transmissions for aircraft, motor vehicles, and motorboats. In 1921, the company's legal form was changed to a German stock corporation (*Aktiengesellschaft*) named Zahnradfabrik Aktiengesellschaft. In 2011, the major German ZF subsidiaries were merged into ZF. As of today, ZF is ZF Group's main operating entity and acts as the management and holding company for production companies in approximately 40 countries.

From the very beginning, ZF's aim was to create innovative products designed for optimum mobility. ZF has continuously developed from its early days, producing gearwheels and transmissions for the Zeppelin airships, to become the present-day international group supplying driveline, chassis as well as active and passive safety technology especially to the automotive industry. Some of the key milestones of the Group's development in recent years were:

- the takeover of Mannesmann Sachs AG with its powertrain, chassis, rubber-metal and aftermarket trading business units in 2001;
- the acquisition of the Cherry Corporation in 2008 in order to reinforce our competence profile in the fields of mechatronics and electronics;
- the acquisition of Hansen Transmissions International N.V. in 2011 and of the industrial gears and wind turbine gearbox business from Bosch Rexroth in 2015 in order to further diversify our product portfolio in the area of wind turbine gearboxes; and
- the acquisition of TRW in 2015 in order to enhance our global footprint, expand our customer base and to further diversify our product portfolio in the areas of integrated safety and automated driving systems;
- the foundation of Zukunft Ventures GmbH, the venture capital company of the ZF Group in 2016, and the following investments in participations such as Ibeo Automotive Systems GmbH and doubleSlash Net Business GmbH (40% each);
- the presentation of the ZF ProAI platform in 2017 as a result of ZF's cooperation with NVIDIA, a system for automated freeway driving that is based on NVIDIA's artificial intelligence solutions and enables vehicles to "understand" their surroundings by using deep learning technology to process and interpret data from sensors and cameras;

- investments in participations such as e.GO Moove GmbH, Astyx GmbH (both in 2017), ASAP Holding GmbH and the Indian IT service provider AVIN Systems (both in 2018), as well as the sale of the Group's Body Control Systems business unit (in 2018);
- the partnership entered into in 2019 among ZF, Transdev Group S.A., a leading operator and global integrator of mobility solutions, and e.GO Moove GmbH, a manufacturer of electric vehicles, to jointly develop a new shared mobility solutions a specialist for image-based 3D systems for the recording and analysis of human movement;
- the acquisition in 2019 of majority stakes in 2getthere B.V., which offers complete automated and electric transport systems, to strengthen ZF's foothold in the mobility-as-a-Service and automated guided vehicle growth markets and to complement ZF's existing activities in these fields , as well as in Simi Reality Motion Systems GmbH; and
- the opening in 2019 of a joint transmission plant in Jiaxing (China) by ZF and Beiqi Foton Motor Co., Ltd. ("**Foton**") a Chinese commercial vehicle manufacturer, to produce automatic commercial vehicle transmissions for the Chinese market.

ZF also consequently divested certain non-core business lines.

### **Corporate Purpose**

Pursuant to Article 2 of ZF's articles of association dated March 1, 2016 (the "**Articles of Association**"), the corporate purpose of the Guarantor is the development, manufacture, and sale of technical products and systems for automotive, mechanical, and apparatus engineering, especially for chassis and driveline technology, the sale of engineering services, and all associated activities. To achieve this objective, the company may own holdings in other companies, set up branch offices, and enter into joint-venture agreements or similar agreements that seem relevant to the company purpose.

### **Financial Year**

The Guarantor's financial year corresponds to the calendar year.

### **Auditors**

The independent auditor of the Guarantor is Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany ("**EY**"), a member of the German Chamber of Public Accountants (*Wirtschaftsprüferkammer*), Berlin, Germany.

EY has audited the consolidated financial statements of the Guarantor as of and for the financial years ended December 31, 2018 and December 31, 2017, prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("**IFRS**") and the additional requirements of German commercial law pursuant to section 315e(1) of the German Commercial Code (*Handelsgesetzbuch*), and issued unqualified independent auditor's reports (*Bestätigungsvermerke des unabhängigen Abschlussprüfers*) thereon. EY conducted its audits of the German language versions of these consolidated financial statements in accordance with section 317 of the German Commercial Code (*Handelsgesetzbuch*) and the German generally accepted standards for financial statement audits promulgated by the Institute of Public Auditors in Germany (*Institut der Wirtschaftsprüfer in Deutschland e.V., IDW*).

The condensed interim consolidated financial statements of the Guarantor as of and for the six-month period ended June 30, 2019, prepared in accordance with IFRS on interim financial reporting (IAS 34), are unaudited.

### **Share Capital**

As of December 31, 2018, the Guarantor had a registered share capital of EUR 500,000,000.00, divided into 500,000,000 no-par value registered shares, each of which represents one vote in the general shareholders' meeting of the Guarantor. All shares have been fully paid up.

### **Major Shareholders**

As of the date of this Prospectus, the Zeppelin Foundation, Friedrichshafen, Germany (the "**Zeppelin Foundation**"), is the main shareholder of ZF, holding 93.8% of our shares. The Zeppelin Foundation is a dependent foundation (*unselbständige Stiftung*) without legal capacity (*nicht rechtsfähig*). It is managed by the City of Friedrichshafen and dedicated mainly to promoting science and research, the arts and culture, and the welfare of children and young people. The financial resources of Zeppelin Foundation may only be used to fund non-profit charitable or social projects.

Our other shareholder is the Dr. Jürgen and Irmgard Ulderup Foundation, Lemförde, Germany, which holds 6.2% of our shares. The Guarantor has not issued employee stocks.

### **Organizational Structure**

ZF acts as the main operating and holding company for the ZF Group and performs group-wide functions as a management company. These include, for example, financing, group controlling and accounting, research and development, purchasing, as well as legal affairs, internal auditing, corporate communication, and human resources management.

Our Group is set up as a matrix organization which links the Group-wide competencies of the corporate functions with the global business responsibility of the divisions and business units. The central departments of our Group are headed by members of the Board of Management. ZF Group's comprises the following business divisions: Car Powertrain Technology, Car Chassis Technology, Commercial Vehicle Technology, Industrial Technology, E-Mobility, Aftermarket as well as Electronics and ADAS (Advanced Driver Assistance Systems), Passive Safety Systems and Active Safety Systems (prior to the corporate reorganization effective as of October 1, 2018, these three divisions were part of our former Active & Passive Safety Technology division). The business divisions are directly assigned to members of the Board of Management. The same applies to the responsibilities with regard to the North America, South America, and Asia-Pacific regions.



The Group's organizational structure as of the date of this Prospectus is set forth in the following chart:

| Car Powertrain Technology Division               | Car Chassis Technology Division | Commercial Vehicle Technology Division          | Industrial Technology Division        | E-Mobility Division     | Aftermarket Division                                   | Electronics and ADAS Division             | Passive Safety Systems Division | Active Safety Systems Division |
|--|---------------------------------|---|---------------------------------------|-------------------------|--|---|---------------------------------|--------------------------------|
| Automatic Transmissions                          | Chassis Systems                 | Truck & Van Driveline Technology                | Off-Highway Systems                   | Electronic Systems      | Independent Aftermarket                                | Advanced Driver Assistance Systems (ADAS) | Inflatable Restraint Systems    | Foundation Brakes              |
| Manual Transmissions / Dual Clutch Transmissions | Chassis Components              | Axle & Transmission Systems for Buses & Coaches | Industrial Drives                     | Electric Traction Drive | Original Equipment Service Specific Original Equipment | Safety Electronics                        | Seat Belt Systems               | Brake Controls                 |
| Powertrain Modules                               | Suspension Technology           | CV Chassis Technology                           | Marine & Special Driveline Technology | Axle Drives             | Manufacturing  |   | Steering Wheel Systems          | Rack Drive                     |
|  |                                 | CV Powertrain Modules                           | Test Systems                          | Electronic Interfaces   | Friction Materials Group                               |   |                                 |                                |
|  |                                 | CV Steering Systems                             | Aviation Technology                   | System House            |  |   |                                 |                                |
|  |                                 |   | Wind Power Technology                 |                         |  |   |                                 |                                |
| Corporate Functions/Regions                      |                                 |   |                                       |                         |  |   |                                 |                                |

## Business Overview

See "*Business of the ZF Group*".

## Administrative, Management and Supervisory Bodies of the Guarantor

The governing bodies of ZF are the Board of Management (*Vorstand*) (the "**Board of Management**"), the Supervisory Board (*Aufsichtsrat*) (the "**Supervisory Board**") and the general shareholders' meeting (*Hauptversammlung*).

### Board of Management

The Board of Management is responsible for managing the ZF Group's day-to-day business and for representing ZF in dealings with third parties. As of the date of this Prospectus, the Board of Management comprises seven members. Their respective responsibilities and their principal activities outside the ZF Group to the extent those activities are significant with respect to the ZF Group are set out below:

| Name   | Member since | Responsibilities                                  | Membership on other administrative, management or supervisory bodies  |
|--|--------------|---|---|
| Wolf-Henning Scheider<br>(Chief Executive Officer) | 2018         | Corporate Research & Development, Corporate Sales | <ul style="list-style-type: none"> <li>Chairman of the foundation board of Zeppelin University</li> <li>Member of the board of the German Automotive Association (<i>Verband der Automobilindustrie – VDA</i>)</li> </ul> |

|   |      |  |   |
|---|------|--|---|
| Dr. Konstantin Sauer<br>(Chief Financial Officer) | 2010 | Corporate Finance, IT, M&A   | <ul style="list-style-type: none"> <li>• Vice chairman of the supervisory board of SupplyOn AG</li> <li>• Chairman of the supervisory board of Flughafen Friedrichshafen GmbH</li> <li>• Member of the advisory board of Landesbank Baden-Wuerttemberg</li> <li>• Member of the supervisory board of the Institute of Accounting, Control and Auditing of the University of St. Gallen (ACA-HSG)</li> <li>• Member of the finance committee (<i>Finanzausschuss</i>) of the German Automotive Industry Association (<i>Verband der Automobilindustrie - VDA</i>)</li> <li>• Representative of ZF Friedrichshafen AG at Zeppelin Luftschifftechnik GmbH</li> </ul> |
| Sabine Jaskula<br>(Member)                        | 2019 | Human Resources, Legal   | None  |
| Michael Hankel<br>(Member)                        | 2013 | Corporate Production, Car Powertrain Technology, E-Mobility, Key Account Management, Passenger Cars Customers Europe & North America       | Member of the supervisory board of Siltronic AG   |
| Dr. Franz Kleiner<br>(Member)                     | 2015 | Electronics and ADAS, Passive Safety Systems, Active Safety Systems, Regions Americas, Corporate Quality                                   | None  |
| Wilhelm Rehm<br>(Member)                          | 2012 | Corporate Materials Management, Commercial Vehicle Technology, Industrial Technology   | Member of the main management board of the German Mechanical Engineering Industry Association ( <i>Verband Maschinen und Anlagenbau – VDMA</i> )  |
| Dr. Holger Klein<br>(Member)                      | 2018 | Car Chassis Technology Aftermarket Region Asia Pacific Region India, Key Account Management, Passenger Cars Customers Asia Pacific & India | None  |

The Supervisory Board has appointed Dr. Martin Fischer as new member of the Board of Management with effect as of November 1, 2019. Beginning 2020, Dr. Martin Fischer will assume the responsibilities of Dr. Franz Kleiner who will retire.

The members of the Board of Management may be contacted at the business address of the Guarantor: Löwentaler Straße 20, 88046 Friedrichshafen, Germany.

### **Supervisory Board**

The Supervisory Board supervises and advises the Board of Management in its management of ZF Group and represents ZF in transactions between a member of the Board of Management and ZF. The Supervisory Board appoints and may dismiss members of the Board of Management. In general, the Supervisory Board is not directly involved in the day-to-day management of ZF Group. However, pursuant to the Articles of Association, certain transactions require the consent of the Supervisory Board.

The Supervisory Board consists of 20 members, including ten members elected by the shareholders at a shareholders' meeting in accordance with the provisions of the German Stock Corporation Act (*Aktiengesetz*) and ten members selected by the ZF employees, in accordance with the provisions of the German Codetermination Act (*Mitbestimmungsgesetz*). The Supervisory Board members are usually elected for a fixed term of five years. Each term expires at the end of the annual general meeting in the fourth financial year after the year in which such Supervisory Board member was elected. Supervisory Board members may be re-elected.

As of the date of this Prospectus, the members of the Supervisory Board and their principal activities outside the ZF Group to the extent those activities are significant with respect to the ZF Group, are:

| <u>Name</u>                  | <u>Function</u> | <u>Membership on other administrative, management or supervisory bodies</u>  |
|------------------------------|-----------------|--|
| Dr.-Ing. Franz-Josef Paefgen | Chairman        | Member of the supervisory board of MAHLE Group   |
| Ernst Baumann                | Member          | None   |
| Andreas Brand                | Member          | <ul style="list-style-type: none"> <li>• Lord Mayor of the City of Friedrichshafen</li> <li>• Chairman of the supervisory board of ZEPPELIN GmbH</li> <li>• Chairman of the supervisory board of Luftschiffbau Zeppelin GmbH</li> <li>• Member of the supervisory board of Zeppelin Systems GmbH</li> <li>• Chairman of the supervisory board of the Zeppelin Foundation</li> <li>• Chairman of the supervisory board of Technical Works Friedrichshafen GmbH</li> <li>• Member of the supervisory board of STADTWERK AM SEE GmbH &amp; Co. KG</li> <li>• Chairman of the supervisory board of Friedrichshafen Exhibition GmbH</li> <li>• Deputy chairman of the advisory board of Katamaran Reederei Bodensee GmbH &amp; Co. KG</li> <li>• Chairman of the supervisory board of Friedrichshafen Clinical Center</li> <li>• Chairman of the board of trustees of ZF Cultural Foundation</li> </ul> |
| Robert Friedmann             | Member          | <ul style="list-style-type: none"> <li>• Chairman of the central managing board of Würth Group, Künzelsau</li> <li>• Member of the supervisory board of Kronen AG, Neutraubling</li> </ul>   |
| Prof. Dr.-Ing. Gisela Lanza  | Member          | <ul style="list-style-type: none"> <li>• Holder of the Professorship for Production System and Quality Management at the Karlsruhe Institute of Technology (KIT), Karlsruhe</li> <li>• Member of the Global Advanced Manufacturing Institute (GAMI), Suzhou/China</li> <li>• Member of the supervisory board of MAHLE Group</li> <li>• Member of the advisory board of Balluff GmbH</li> <li>• Member of the supervisory board of König &amp; Bauer AG</li> <li>• Member of the supervisory board of Hager SE</li> </ul>   |
| Dr. Joachim Meinecke         | Member          | None   |

|                            |                 |  |
|----------------------------|-----------------|--|
| Jürgen Otto                | Member          | Chief executive officer of DRÄXLMAIER Group, Vilsbiburg  |
| Dr. Mohsen Sohi            | Member          | <ul style="list-style-type: none"> <li>• Chief executive officer of Freudenberg SE, Weinheim</li> <li>• Chairman of the board of directors, Steris plc</li> <li>• Chairman of the board of partners, Freudenberg Stiftung</li> </ul> |
| Dagmar Steinert            | Member          | Member of the executive board (chief financial officer) of Fuchs Petrolub SE, Mannheim   |
| Axel Strotbek              | Member          | None   |
| Frank Iwer* <sup>(1)</sup> | Deputy Chairman | Head of staff position political and strategic planning of the board of management of IG Metall, Frankfurt am Main   |
| Jürgen Bunge*              | Member          | None   |
| Achim Dietrich*            | Member          | None   |
| Joachim Holzner*           | Member          | None   |
| Peter Kippes*              | Member          | Member of the supervisory board of SKF GmbH  |
| Oliver Moll*               | Member          | None   |
| Vincenzo Savarino*         | Member          | Member of the supervisory board of ZEPPELIN GmbH   |
| Mario Kläs* <sup>(2)</sup> | Member          | Member of the board of management of IG Metall Administration Center, Saarbrücken  |
| Hermann Sicklinger*        | Member          | None   |
| Erdal Tahta*               | Member          | Member of the board union IG Metall Koblenz  |

<sup>(1)</sup> Employee Representative

<sup>(1)</sup> Effective as of October 1, 2019, Mr Frank Iwer resigned from the Supervisory Board. Application has been made to the local court (*Amtsgericht*) of Ulm, Germany, to appoint a successor employee representative in accordance with Section 104 of the German Stock Corporation Act (*Aktiengesetz*).

<sup>(2)</sup> Effective as of July 31, 2019, Mr Matthias Scherer resigned from the Supervisory Board. With effect as of August 1, 2019, Mr Mario Kläs joined the Supervisory Board as successor employee representative in accordance with Section 101 para. 3 of the German Stock Corporation Act (*Aktiengesetz*) and Section 17 para. 2 of the German Co-Determination Act (*Mitbestimmungsgesetz*).

The members of the Supervisory Board may be contacted at the business address of the Guarantor: Löwentaler Straße 20, 88046 Friedrichshafen, Germany.

### **Conflicts of Interest**

As of the date of this Prospectus, there are no potential conflicts of interests between any duties to the Issuer or the Guarantor of the above mentioned members of the Board of Management or the Supervisory Board and their private interests.

### **Financial information relating to the Guarantor**

#### **Financial Information relating to ZF Group's assets and liabilities, financial position and profits and losses**

The English language translations of the German language audited consolidated financial statements of the Guarantor as of and for the financial years ended December 31, 2018 and

2017, prepared in accordance with IFRS and the additional requirements of German commercial law pursuant to section 315e(1) of the German Commercial Code (*Handelsgesetzbuch*), together with the independent auditor's reports thereon, as contained in the respective annual report of the Guarantor, are incorporated by reference into this Prospectus (see "*Incorporation by Reference—ZF Group—ZF Friedrichshafen AG*").

The English language translation of the German language unaudited condensed interim consolidated financial statements of the Guarantor as of and for the six-month period ended June 30, 2019, prepared in accordance with IFRS on interim financial reporting (IAS 34), is incorporated by reference into this Prospectus (see "*Incorporation by Reference—ZF Group—ZF Friedrichshafen AG*").

### **Selected Financial Information**

The following tables set out selected financial information relating to the ZF Group. The financial information has been extracted or derived from the Guarantor's audited consolidated financial statements as of and for the financial years ended December 31, 2018 and December 31, 2017, from the Guarantor's unaudited condensed interim consolidated financial statements as of and for the six-month period ended June 30, 2019, as well as from the Guarantor's internal accounting records or management reporting system.

ZF has applied the new International Financial Reporting Standards IFRS 9 (Financial Instruments) and IFRS 15 (Revenue from Contracts with Customers), in its consolidated financial statements as of and for the financial year ended December 31, 2018 for the first time as of January 1, 2018 as described in section "*Changes in accounting policies*" of the notes to the consolidated financial statements as of and for the financial year ended December 31, 2018. Due to following the modified retrospective method in connection with the first-time application of IFRS 15 and IFRS 9, the cumulative effect from the first-time application has been reported in retained earnings and the prior-year comparative figures as of and for the financial year ended December 31, 2017 in the consolidated financial statements as of and for the financial year ended December 31, 2018 has not been adjusted which limits the comparability of the financial information as of and for the financial year ended December 31, 2018 and as of and for the financial year ended December 31, 2017. Furthermore, ZF has applied the new International Financial Reporting Standard IFRS 16 (Leases), in its unaudited condensed interim consolidated financial statements as of and for the six-month period ended June 30, 2019 for the first time as of January 1, 2019 as described in section "*Changes in accounting policies*" of the notes to the condensed interim consolidated financial statements as of and for the six-month period ended June 30, 2019. Due to following the modified retrospective method in connection with the first-time application of IFRS 16, the prior-period comparative figures as of December 31, 2018 and for the six-month period ended June 30, 2018 in the unaudited condensed interim consolidated financial statements as of and for the six-month period ended June 30, 2019 has not been adjusted which limits the comparability of the financial information as of and for the six-month period ended June 30, 2019 and as of December 31, 2018 and for the six-month period ended June 30, 2018.

Where financial information in the tables below is labeled "audited", this means that it has been extracted from our audited consolidated financial statements mentioned above. The label "unaudited" is used in the tables below to indicate financial information that has not been extracted from our audited consolidated financial statements mentioned above but rather was extracted or derived from our unaudited condensed interim consolidated financial statements mentioned above, our internal accounting records or management reporting systems, or has been calculated on the basis of financial information from the previously mentioned sources.

### Selected Consolidated Statement of Profit or Loss Information

|   | <u>Jan. 1 – June 30,</u> |              | <u>Jan. 1 – Dec. 31,</u>                       |   |
|---|--------------------------|--------------|--|---|
|   | <u>2019</u>              | <u>2018</u>  | <u>2018</u>                                    | <u>2017</u>                                   |
|   | (unaudited)              | (unaudited)  | (audited,<br>unless<br>otherwise<br>indicated) | (audited<br>unless<br>otherwise<br>indicated) |
|   | (in EUR million)         |              |  |   |
| Sales .....   | 18,366                   | 18,654       | 36,929   | 36,444  |
| <b>Gross profit on sales .....</b>  | <b>2,786</b>             | <b>3,081</b> | <b>6,093</b>                                   | <b>6,549</b>                                  |
| EBIT .....  | 378                      | 887          | 1,528  | 1,771   |
| Net financial result (financial income and<br>financial expenses) (unaudited) ..... | (155)                    | (143)        | (303)  | (362)   |
| Net profit or loss before tax .....   | 223                      | 744          | 1,225  | 1,409   |
| <b>Net profit or loss after tax .....</b>   | <b>166</b>               | <b>568</b>   | <b>965</b>                                     | <b>1,167</b>                                  |
| - thereof shareholders of ZF<br>Friedrichshafen AG .....                            | 143                      | 542          | 902  | 1,084   |
| - thereof non-controlling interests .....   | 23                       | 26           | 63   | 83  |

### Selected Consolidated Statement of Financial Position Information

|   | <u>June 30,</u>  | <u>December 31,</u> |               |
|---|------------------|---------------------|---------------|
|   | <u>2019</u>      | <u>2018</u>         | <u>2017</u>   |
|   | (unaudited)      | (audited)           | (audited)     |
|   | (in EUR million) |                     |               |
| <b>Current assets .....</b>               | <b>11,523</b>    | <b>10,735</b>       | <b>11,205</b> |
| Cash and cash equivalents .....           | 856              | 922                 | 1,315         |
| Trade receivables .....                   | 5,563            | 5,161               | 5,303         |
| Inventories .....                         | 4,074            | 3,915               | 3,058         |
| <b>Non-current assets .....</b>           | <b>17,132</b>    | <b>16,297</b>       | <b>16,628</b> |
| Intangible assets .....                   | 7,007            | 7,205               | 8,039         |
| Property, plant and equipment .....       | 7,234            | 6,630               | 6,194         |
| <b>Total assets .....</b>                 | <b>28,655</b>    | <b>27,032</b>       | <b>27,833</b> |
| <b>Current liabilities .....</b>          | <b>10,856</b>    | <b>9,572</b>        | <b>10,442</b> |
| Trade payables .....                      | 5,196            | 5,467               | 5,936         |
| <b>Non-current liabilities .....</b>      | <b>10,830</b>    | <b>10,019</b>       | <b>10,606</b> |
| Financial liabilities .....               | 4,552            | 4,464               | 5,050         |
| Provisions for pensions .....             | 4,847            | 4,065               | 3,851         |
| <b>Equity .....</b>                       | <b>6,969</b>     | <b>7,441</b>        | <b>6,785</b>  |
| Retained earnings <sup>(1)</sup> .....    | 5,789            | 6,262               | 5,600         |
| <b>Total liabilities and equity .....</b> | <b>28,655</b>    | <b>27,032</b>       | <b>27,833</b> |

(1) Retained earnings related to assets held for sale and disposal groups account for nil as of June 30, 2019, nil as of December 31, 2018 and EUR 8 million as of December 31, 2017.

### Selected Consolidated Statement of Cash Flows Information

|  | <u>Jan. 1 – June 30,</u> |              | <u>Jan. 1 – Dec. 31,</u> |              |
|--|--------------------------|--------------|--------------------------|--------------|
|  | <u>2019</u>              | <u>2018</u>  | <u>2018</u>              | <u>2017</u>  |
|  | (unaudited)              | (unaudited)  | (audited)                | (audited)    |
|  | (in EUR million)         |              |                          |              |
| Cash flow from operating activities.....                     | 315                      | 478          | 2,389                    | 3,431        |
| Cash flow from investing activities .....                    | (624)                    | 292          | (842)                    | (1,644)      |
| Cash flow from financing activities .....                    | 235                      | (857)        | (1,942)                  | (1,950)      |
| Net change in cash .....                                     | (74)                     | (87)         | (395)                    | (163)        |
| <b>Cash position at the end of the reporting period.....</b> | <b>856</b>               | <b>1,240</b> | <b>922</b>               | <b>1,324</b> |

### Selected Geographic and Operational Information

|   | <u>Jan. 1 – June 30,</u> |               | <u>Jan. 1 – Dec. 31,</u>              |                                       |
|---|--------------------------|---------------|---------------------------------------|---------------------------------------|
|   | <u>2019</u>              | <u>2018</u>   | <u>2018</u>                           | <u>2017</u>                           |
|   | (unaudited)              | (unaudited)   | (audited, unless otherwise indicated) | (audited, unless otherwise indicated) |
|   | (in EUR million)         |               |                                       |                                       |
| <b>Sales.....</b>   | <b>18,366</b>            | <b>18,654</b> | <b>36,929</b>                         | <b>36,444</b>                         |
| <i>By geographic region:</i>  |                          |               |                                       |                                       |
| Europe <sup>(1)</sup> .....   | 8,632                    | 9,063         | 17,390                                | 17,394                                |
| North America .....   | 5,363                    | 5,022         | 10,264                                | 10,010                                |
| South America.....  | 532                      | 519           | 1,034                                 | 1,066                                 |
| Asia-Pacific .....  | 3,600                    | 3,955         | 8,008                                 | 7,775                                 |
| Africa.....   | 239                      | 95            | 233                                   | 199                                   |
| <i>By division:</i>   |                          |               | (unaudited)                           | (unaudited)                           |
| Active & Passive Safety Technology <sup>(2)</sup> ....  | -                        | -             | 12,121                                | 13,970                                |
| Active Safety Systems <sup>(2)</sup> .....  | 3,207                    | 3,351         | -                                     | -                                     |
| Electronics and Advanced Driver Assistance Systems (ADAS) <sup>(2)</sup> .....                                      | 912                      | 781           | -                                     | -                                     |
| Passive Safety Systems <sup>(2)</sup> .....   | 2,181                    | 2,079         | -                                     | -                                     |
| Car Powertrain Technology.....  | 3,697                    | 3,876         | 7,775                                 | 8,725                                 |
| Car Chassis Technology .....  | 3,788                    | 3,998         | 7,876                                 | 6,484                                 |
| E-Mobility .....  | 1,131                    | 1,084         | 2,195                                 | 924                                   |
| Commercial Vehicle Technology .....   | 1,950                    | 1,894         | 3,720                                 | 3,172                                 |
| Industrial Technology .....   | 1,507                    | 1,407         | 2,782                                 | 2,530                                 |
| Aftermarket.....  | 1,481                    | 1,499         | 2,975                                 | 3,007                                 |
| Corporate R&D, corporate headquarters and services companies and consolidation (elimination of internal sales)..... | (1,488)                  | (1,315)       | (2,515)                               | (2,368)                               |

(1) Europe comprises Germany/Domestic, Western and Eastern Europe. The amounts for the financial years ended December 31, 2018 and 2017 are unaudited.

(2) The Active & Passive Safety Technology division was split into the individual divisions Electronics and ADAS, Passive Safety Systems and Active Safety Systems as of October 1, 2018. The new corporate structure with the individual divisions Electronics and ADAS, Passive Safety Systems and Active Safety Systems is the basis of our reporting for periods beginning as of January 1, 2019. Although the new corporate structure had not yet been established in the six-month period ended June 30, 2018, for comparison purposes the respective comparative amounts for the above-mentioned new individual divisions have been presented in the above table.

### Selected Other Consolidated Financial Information

|  | <u>Jan. 1 – June 30,</u>                     |             | <u>Jan. 1 – Dec. 31,</u>                |                       |
|--|--|-------------|---|-----------------------|
|  | <u>2019</u>                                  | <u>2018</u> | <u>2018</u>                             | <u>2017</u>           |
|  | (unaudited)                                  | (unaudited) | (unaudited, unless otherwise indicated) |                       |
|  | (in EUR million, unless otherwise indicated) |             |   |                       |
| Sales.....   | 18,366                                       | 18,654      | 36,929 <sup>(1)</sup>                   | 36,444 <sup>(1)</sup> |
| EBIT.....  | 378  | 887         | 1,528 <sup>(1)</sup>                    | 1,771 <sup>(1)</sup>  |
| Adjusted EBIT <sup>(2), (3)</sup> .....                                      | 646  | 1,055       | 2,065                                   | 2,339                 |
| Adjusted EBIT margin <sup>(2), (4)</sup> .....                               | 3.5%   | 5.7%        | 5.6%                                    | 6.4%                  |
| Free cash flow <sup>(2), (5)</sup> .....                                     | (309)  | 770         | 1,547                                   | 1,787                 |
| Adjusted free cash flow <sup>(2), (5)</sup> .....                            | (257)  | 19          | 891                                     | 1,818                 |
| Expenditures for investments in property, plant and equipment.....           | 587  | 499         | 1,586 <sup>(1)</sup>                    | 1,350 <sup>(1)</sup>  |
| Gross debt (as of the end of the reporting period) <sup>(2), (6)</sup> ..... | 6,391  | N/A         | 5,020                                   | 6,391                 |
| Net debt (as of the end of the reporting period) <sup>(2), (6)</sup> .....   | 5,535  | N/A         | 4,098                                   | 5,076                 |

(1) Audited.

(2) Non-IFRS financial measures. The Group presents non-IFRS financial measures because some investors may find it helpful. Non-IFRS financial measures are not defined by IFRS. The definitions of non-IFRS financial measures may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of the Group's operating results as reported under IFRS. Non-IFRS financial measures and ratios should not be considered as alternatives to EBIT, net profit after tax, cash flow from operating activities or any other performance or liquidity measures derived in accordance with IFRS.

(3) The Group defines adjusted EBIT as follows: EBIT plus/minus net effects from purchase price allocation (including amortization and depreciation), net effects from M&A activities and other special items that are considered exceptional or non-recurring in nature. The Group discloses this figure because the Group believes that investors may find it helpful in order to compare the Group's operational profitability between periods. The table below shows the reconciliation for adjusted EBIT:

|   | <u>Jan. 1 – June 30,</u> |             | <u>Jan. 1 – Dec. 31,</u>                |                      |
|---|--------------------------|-------------|---|----------------------|
|   | <u>2019</u>              | <u>2018</u> | <u>2018</u>                             | <u>2017</u>          |
|   | (unaudited)              | (unaudited) | (unaudited, unless otherwise indicated) |                      |
|   | (in EUR million)         |             |   |                      |
| EBIT.....   | 378                      | 887         | 1,528 <sup>(a)</sup>                    | 1,771 <sup>(a)</sup> |
| +/- Net effects from purchase price allocation (including amortization and depreciation) <sup>(b)</sup> ..... | 268                      | 255         | 624                                     | 568                  |
| +/- Net effects from M&A activities <sup>(c)</sup> .....  | -                        | (87)        | (87)                                    | -                    |
| Adjusted EBIT.....  | 646                      | 1,055       | 2,065                                   | 2,339                |

(a) Audited.

(b) The net effects from purchase price allocation (including amortization and depreciation) shown in the above table mainly relate to the purchase price allocation from the acquisition of TRW by the Group.

(c) The net effects from M&A activities shown in the above table relate to capital gains in the six-month period ended June 30, 2018 and the financial year ended December 31, 2018, mainly from the sale of the Group's Global Body Control Systems business unit in April 2018.

(4) Adjusted EBIT margin means adjusted EBIT as a percentage of sales. The Group discloses this figure because the Group believes that investors may find it helpful in order to compare the Group's operational profitability between periods.



- (5) The Group defines free cash flow as cash flow from operating activities plus cash flow from investing activities. The Group defines adjusted free cash flow as free cash flow plus/minus adjustments for M&A activities. The Group discloses free cash flow and adjusted free cash flow because the Group believes that investors may find these figures helpful for evaluating and comparing the Group's financial performance between periods. The table below shows the reconciliation for free cash flow and adjusted free cash flow:

|   | <u>Jan. 1 – June 30,</u><br><u>2019</u><br>(unaudited) | <u>2018</u><br>(unaudited) | <u>Jan. 1 – Dec. 31,</u><br><u>2018</u><br>(unaudited, unless<br>otherwise indicated) | <u>2017</u><br>(unaudited, unless<br>otherwise indicated) |
|---|--|----------------------------|---|---|
|   | (in EUR million)                                       |                            |   |   |
| Cash flow from operating activities..             | 315  | 478                        | 2,389 <sup>(a)</sup>  | 3,431 <sup>(a)</sup>                                      |
| +/- Cash flow from investing<br>activities.....   | (624)  | 292                        | (842) <sup>(a)</sup>  | (1,644) <sup>(a)</sup>                                    |
| <b>Free cash flow.....</b>                        | <b>(309)</b>   | <b>770</b>                 | <b>1,547</b>  | <b>1,787</b>  |
| +/- Adjustments for M&A activities <sup>(b)</sup> | 52   | (751)                      | (656)   | 31  |
| <b>Adjusted free cash flow.....</b>               | <b>(257)</b>   | <b>19</b>                  | <b>891</b>  | <b>1,818</b>  |

(a) Audited.

(b) The adjustments for M&A activities shown in the above table relate (i) in the six-month period ended June 30, 2019 mainly to the cash outflow from the acquisition of shares in Simi Reality Motion Systems GmbH and 2getthere B.V and investments in e.GO Mobile AG, (ii) in the six-month period ended June 30, 2018 and the financial year ended December 31, 2018 mainly to the cash inflow from the sale of Group's Global Body Control Systems business unit, (iii) and in the financial year ended December 31, 2017 mainly to the cash outflow from investments in Astyx GmbH.

- (6) The Group defines gross debt as current financial liabilities plus non-current financial liabilities minus total derivative financial instruments included in financial liabilities. The Group defines net debt as gross debt minus cash and cash equivalents. The Groups disclose these figures because The Group believes that investors may find them helpful for evaluating the Group's indebtedness. The table below shows the reconciliation for gross debt and net debt:

|  | <u>June 30,</u><br><u>2019</u><br>(unaudited) | <u>2018</u><br>(unaudited, unless otherwise<br>indicated) | <u>Dec. 31,</u><br><u>2017</u><br>(unaudited, unless otherwise<br>indicated) |
|--|---|---|--|
|  | (in EUR million)                              |   |  |
| Current financial liabilities            | 1,938   | 606 <sup>(a)</sup>  | 1,396 <sup>(a)</sup>   |
| + Non-current financial liabilities..... | 4,552   | 4,464 <sup>(a)</sup>                                      | 5,050 <sup>(a)</sup>   |
| - Derivative financial instruments.....  | (99)  | (50) <sup>(a)</sup>                                       | (55) <sup>(a)</sup>  |
| <b>Gross debt.....</b>                   | <b>6,391</b>                                  | <b>5,020</b>  | <b>6,391</b>   |
| - Cash and cash equivalents.....         | (856)   | (922) <sup>(a)</sup>                                      | (1,315) <sup>(a)</sup>   |
| <b>Net debt.....</b>                     | <b>5,535</b>                                  | <b>4,098</b>  | <b>5,076</b>   |

(a) Audited.

### **Significant Changes in Financial Performance**

There has been no significant change in the financial performance of the ZF Group since June 30, 2019.

### **Trend Information**

There has been no material adverse change in the prospects of the Guarantor since December 31, 2018.

There has been no significant change in the financial position of the ZF Group since June 30, 2019.

## **BUSINESS OF THE ZF GROUP**

### **Business Overview**

Founded in 1915 to produce gears and transmissions for aircraft, motor vehicles, and motorboats, we are today a global leader in the design, manufacturing and sale of driveline and chassis technology as well as active and passive safety technology for the automotive industry and certain industrial sectors. We have production companies in approximately 40 countries, maintain 19 major development locations in Europe, North America, and Asia, and are headquartered in Friedrichshafen, Germany. As of December 31, 2018, we had 148,969 employees worldwide.

We are primarily active in the automotive industry, in particular in the areas of transmission systems, active and passive safety systems, units and components, as well as chassis systems and components for passenger car and commercial vehicle manufacturers. However, our activities also cover other market segments such as construction and agricultural machinery, wind power, marine propulsion, aviation technology, rail drives, special drives and test systems.

In 2018, prior to consolidation, 80% (2017: 81%) of our sales were in the business sector Cars and light commercial vehicles below six tons, 12% (2017: 11%) in the business sector Commercial vehicles over six tons, and 8% (2017: 8%) in the business sector Construction and agricultural machinery, marine craft, aircraft, special and rail vehicles, as well as wind power.

Our strong presence in the world's largest automotive markets is complemented by a significant footprint in key emerging markets as we are continually expanding our global market presence. In recent years, particularly our operations outside of Western Europe have become increasingly important with not only the established markets in North and South America, Germany/Domestic and Western Europe and Japan, but also the new markets in the Asia-Pacific region (especially China and India) and Eastern Europe playing a major role. We are expanding our global presence by adapting our products to specific customers and market requirements while considering the most cost effective country for production and procurement. We support the international expansion of our existing customers while also servicing new customers in the markets which we enter. In 2018, we already generated 47% (2017: 52%) of our sales outside our traditional markets in Europe (Germany/Domestic, Western and Eastern Europe), in particular in North America (28%; 2017: 27%) and South America (3%; 2017: 3%) as well as the Asia-Pacific region (22%; 2017: 21%), with China as the core market and India as the growth market.

In addition to our primary product offering, we offer a wide range of services that are mainly marketed by our Aftermarket organization. Our international service network of 120 wholly owned service companies and more than 650 service partners offers our customers an extensive range of services globally. These services primarily involve the spare-parts business for driveline and chassis technology as well as maintenance and repair services.

### **Strategy**

With our strategy "Next Generation Mobility" we strive to deliver a clean and safe mobility that is automated, comfortable and affordable. The "Next Generation Mobility" strategy builds upon the improvement of the following five core strategic targets: "Innovation and Cost Leadership", "Balanced Market Penetration", "Financial Independence", "Globally Attractive Employer" and "Diversified Product Portfolio". Due to megatrends such as e-mobility, autonomous driving, new mobility concepts, digitalization, urbanization, globalization, demographic change and the war for talents as well as scarce resources/energy efficiency and global warming, the automotive industry is currently experiencing a rapid change. Focusing on these megatrends with "Next Generation Mobility", we intend to tackle the massive on-going transformation with our broad

portfolio serving the demands of the customers in the different markets. With our broad product portfolio, covering automated driving, e-mobility, integrated safety systems and vehicle motion control solutions, we are a global system supplier of mobility products and services for passenger cars, commercial vehicles as well as mobility-as-a-service solutions and industrial technology applications. In addition, we have set up our Internet of Things (IoT) cloud-based system in order to enable extensive networking between systems. We plan to be active globally and across all applications in these fields, namely for passenger cars, commercial vehicles, off-highway vehicles and industrial technology.

Regarding global markets, we seek to expand our presence in China to enable further development and the manufacturing of our complete product portfolio to support the local market in full. We already offer customers in China high-tech solutions for e-mobility and autonomous driving and we seek to continuously increase our existing customer base with Chinese manufacturers and new mobility providers. In order to further increase our footprint in China, we invest significantly in the expansion of our production capacities and on-site development in China. To highlight the importance of the Chinese market to ZF, our board member Dr. Holger Klein, with responsibility for the Asia-Pacific region, has been directing our business in this increasingly important region directly from ZF's China headquarters in Shanghai. In addition, in 2019 we opened a joint transmission in Jiaxing (China) together with Foton, a Chinese commercial vehicle manufacturer, to produce automatic commercial vehicle transmissions for the Chinese market.

In 2015, as part of our "Strategy 2025", the Group acquired TRW and was able to integrate it into the corporate structure within a timeframe of about two years. During that time, we were also able to steadily reduce the debts incurred in connection with this acquisition and significantly increase investments in property, plant and equipment, as well as expenditure in research and development. Since then, we have made further acquisitions and entered into strategic partnership, in particular in the field of mobility-as-a-Service and automated guided vehicle growth markets (see "*General Information–History and Development*").

Following the successful integration of TRW and in order to ensure that our organization and structure continue to meet all the requirements from the different markets and customers in the future, in 2018 we decided to adjust our organizational set-up in line with our strategy. One transformation will be the introduction of a dual operating system that allows ZF Group to operate at different speeds and organizational modes. The goal is to achieve a maximum of standardized internal processes while remaining very flexible when it comes to serving customers and markets. Additionally this change aims at empowering the divisions to better steer their business by giving them a lean and efficient structure.

The ZF Group's corporate structure was organized in new divisions as of October 1, 2018. The Active & Passive Safety Technology division was split into the individual divisions Electronics and ADAS, Passive Safety Systems and Active Safety Systems. The new corporate structure with the individual divisions Electronics and ADAS, Passive Safety Systems and Active Safety Systems has been the basis of the ZF Group's reporting for periods beginning as of January 1, 2019.

## **ZF Divisions**

Our operating activities are organized into the following divisions:

### ***Electronics and ADAS, Passive Safety Systems and Active Safety Systems***

The (former) Active & Passive Safety Technology division was established by the ZF Group after its acquisition of TRW in 2015, comprising the following business units: Braking Systems, Steering Systems, Occupant Safety Systems and Body Control Systems. In April 2018, the Group sold its Global Body Control Systems business unit, which was previously part of the Active & Passive Safety Technology division. Effective as of October 1, 2018, the Active & Passive Safety Technology division was split into the individual divisions Electronics and ADAS, Passive Safety Systems and Active Safety Systems. The new corporate structure with the individual divisions Electronics and ADAS, Passive Safety Systems and Active Safety Systems has been the basis of the ZF Group's reporting for periods beginning as of January 1, 2019.

The Active Safety Systems division includes our braking and steering business and has its headquarters in Livonia, Michigan (United States). The division Passive Safety Systems includes our former Occupant Safety Systems business and has its headquarters in Alfdorf, Germany. Electronics and ADAS has its headquarters in Farmington Hills, Michigan (United States).

In 2018, the former Active & Passive Safety Technology division (now split into the three individual divisions Electronics and ADAS, Passive Safety Systems and Active Safety Systems) generated sales of EUR 12,121 million (2017: EUR 13,970 million).

### ***Car Powertrain Technology***

The Car Powertrain Technology division pools our activities for passenger car driveline technology, in particular the development, production, and sale of transmissions and powertrain modules.

The division comprises the following business units: Automatic Transmissions, Manual Transmissions/ Dual Clutch Transmissions and Powertrain Modules.

In 2018, the Car Powertrain Technology division generated sales of EUR 7,775 million (2017: EUR 8,725 million).

### ***Car Chassis Technology***

The Car Chassis Technology division has the overall responsibility for passenger car chassis products applicable for vehicles up to 6 tons. The product portfolio includes complete front and rear axles, chassis and steering components, dampers, electronic damper and chassis systems for vehicles from all renowned global manufacturers.

The division comprises the business units Chassis Systems, Chassis Components and Suspension Technology.

In 2018, the Car Chassis Technology division generated sales of EUR 7,876 million (2017: EUR 6,484 million).

### ***E-Mobility***

The E-Mobility division was founded in 2016 and develops and produces hybrid modules, plug-in hybrid transmissions as well as electric drives for vehicles complete with power electronics and system integration.

The division comprises the business units Axle Drives, Electronic Interfaces, Electronic Systems, Electronic Traction Drives as well as the System House where all electromobility-related customer requests are processed and the competencies of the Group are bundled.

In 2018, the E-Mobility division generated sales of EUR 2,195 million (2017: EUR 924 million).

### ***Commercial Vehicle Technology***

The Commercial Vehicle Technology division is responsible for our international business of powertrain and chassis technology for commercial vehicles, including automated and manual transmissions, powerline transmissions, and powertrain components, shock absorbers, cabin dampers, axle systems and ADAS technology such as automated, camera and radar-based safety and comfort functions for trucks and buses.

The division comprises the following business units: Truck & Van Driveline Technology, Axle & Transmission Systems for Buses & Coaches, CV Chassis Technology, CV Steering Systems and CV Powertrain Modules. In 2017, the CV Steering Systems business unit, which had previously been assigned to the then-existing Active & Passive Safety Technology division became part of the Commercial Vehicle Technology division.

In 2018, the Commercial Vehicle Technology division generated sales of EUR 3,720 million (2017: EUR 3,172 million).

### ***Industrial Technology***

The Industrial Technology division bundles our activities for "Off-Road" applications. It focuses on the development and production of transmissions and axles for agricultural and construction machinery as well as driveline technology for material handling systems, rail and special vehicles as well as marine transmissions, aviation technology, wind turbine transmissions and test systems.

The division comprises the following business units: Off-Highway Systems, Industrial Drives, Marine & Special Driveline Technology, Test Systems, Aviation Technology and Wind Power Technology.

In 2018, the Industrial Technology division generated sales of EUR 2,782 million (2017: EUR 2,530 million).

### ***Aftermarket***

The division Aftermarket combines our aftersales business as well as the global offering of the ZF Group in retail, services and customer service. The term "aftermarket" refers to the market of spare parts that are used in the maintenance and repair of passenger cars and commercial vehicles. The division supports the performance and efficiency of vehicles throughout their life cycle with integrated solutions and the entire ZF product portfolio. In the aftermarket sector, we generally distribute the same products which we also supply to our OEM clients.

Since 2017, the division combines the former ZF Services and TRW Aftermarket business units. The TRW name has been retained as a product brand and enhances the existing brand portfolio alongside ZF, Sachs, Lemförder, Boge and Openmatics.

In 2018, the Aftermarket division generated sales of EUR 2,975 million (2017: EUR 3,007 million).

### **Research and Development**

To provide innovative products which generate the greatest possible added value for vehicle manufacturers and end customers, we invest more than 6% of our sales in research and development ("**R&D**") every year. In the financial year ended December 31, 2018, our R&D expenditure amounted to EUR 2,502 million (defined as R&D costs of EUR 2,158 million recognized in our consolidated statement of profit and loss and the capitalized development costs as inventories and intangible assets of EUR 361 million and excluding the respective amortization of the capitalized development costs of EUR 17 million) compared to R&D

expenditure of EUR 2,212 million (R&D costs of EUR 2,230 million recognized in our consolidated statement of profit and loss and the capitalized development costs as inventories and intangible assets of EUR 1 million and excluding the respective amortization of the capitalized development cost of EUR 19 million) in the financial year ended December 31, 2017. We expect to continue to invest significantly in the years to come in order to further strengthen and expand the Group's position. In the six-month period ended June 30, 2019, our R&D expenditure amounted to EUR 1,285 million (R&D costs of EUR 1,129 million recognized in our consolidated statement of profit and loss and the capitalized development costs as inventories and intangible assets of EUR 168 million and excluding the respective amortization of the capitalized development cost of EUR 12 million) compared to R&D expenditure of EUR 1,241 million (R&D costs of EUR 1,110 million recognized in our consolidated statement of profit and loss and the capitalized development costs as inventories and intangible assets of EUR 139 million and excluding the respective amortization of the capitalized development cost of EUR 8 million) in the six-month period ended June 30, 2018.

Our major R&D departments are located in Friedrichshafen (Germany), Pilsen (Czech Republic), Shanghai (China), Yokohama (Japan), Hyderabad (India) and Northville, Michigan (United States). In addition, we operate 13 other main development locations worldwide where we can tailor innovations to the needs of the specific market. In 2018, we filed 1,350 first-time patent applications worldwide.

In addition, we are establishing a technology center for artificial intelligence (AI) and cybersecurity (the "**ZF AI & Cybersecurity Center**") in Saarbrücken, Germany. In a global network, the technology group develops application possibilities with AI to make systems and components as well as production and services more intelligent, efficient and safer. With the new ZF AI & Cybersecurity Center, the ZF Group is expanding its activities in the area of AI research in order to coordinate and control the company's AI activities in the future. As shareholder of the German Research Center for Artificial Intelligence (DFKI) and strategic partner of the Helmholtz Center for Information Security (CISPA), the ZF Group also plans to cooperate closely with these leading research institutions in the future.

Our R&D centers work in close cooperation in all key areas of product development with customers of the automotive industry and with customers with demands for non-automotive drive technology. We use tools, such as simulation and rapid prototyping, for developing increasingly complex products that involve mechatronics. Due to the high technological bandwidth mastered, ranging from mechanics via hydraulics, pneumatics and electro mechanics up to highly complex electronics and mechatronics systems, we are capable of realizing large-scale systems integration projects in-house.

### **Raw Materials and Suppliers**

In the financial year ended December 31, 2018, our cost of raw materials, supplies, and merchandise amounted to EUR 22,609 million (2017: EUR 21,851 million).

Steel and aluminum are the principal raw materials used in many of our products. We purchase raw materials from global sources with whom we work closely to assure steel quality. Other important production materials include castings, turned parts and forgings. We obtain raw materials from a variety of sources and in general from more than one supplier. Prices of raw materials and energy resources are subject to curtailment or change due to, among other things, new laws or regulations, changes in demand levels, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels.

## Competition

We compete with a large number of other companies in our several business divisions and independent business units.

Our key competitors in the automotive supply business are worldwide active suppliers of mechanical or electronic components, such as Robert Bosch GmbH (Stuttgart, Germany) ("**Bosch**"), Continental AG (Hanover, Germany), Denso Corp. (Kariya, Japan), Delphi Corp. (Troy, Michigan, United States), and Magna International Inc. (Aurora, Ontario, Canada). In many segments, we also have strong in-house competition of our larger OEM customers.

In addition to these global players, we compete with a wide number of other companies in certain product areas, such as, for passenger cars:

- in the field of car automatic transmissions: Aisin AW Co., Ltd. (Anjo, Japan), Jatco Ltd. (Shizuoka, Japan) and GETRAG Getriebe- und Zahnradfabrik Hermann Hagenmeyer GmbH & Cie. KG (Untergruppenbach, Germany);
- in the field of starting devices (e.g. clutches): Valeo Group (Paris, France), LuK GmbH & Co. KG (Bühl, Germany) and Exedy Corp. (Osaka, Japan);
- for chassis: Somic Ishikawa Inc. (Hamamatsu, Japan), THK Co., Ltd. (Tokyo, Japan), CTR (Sinheung-Dong, Korea), Musashi Seimitsu Industry Co., Ltd. (Toyohashi-shi, Japan) for chassis components, for dampers Tenneco Inc. (Lake Forest, Illinois, United States), KYB Corporation (Tokyo, Japan), Showa Corp. (Gyoda, Saitama, Japan), Hitachi, Ltd. (Tokyo, Japan), Mando Corporation (Seongnam, South Korea), ThyssenKrupp Bilstein (Ennepetal, Germany);
- for steering systems: Robert Bosch GmbH (Stuttgart, Germany), JTEKT Corporation (Osaka, Japan), Nexteer (Auburn Hills, Michigan, United States), Showa Corp. (Gyoda, Saitama, Japan), NSK (Tokyo, Japan), Mando Corporation (Seongnam, South Korea), KYB Corporation (Tokyo, Japan), ThyssenKrupp Presta (Eschen, Liechtenstein);
- for Braking systems: Robert Bosch GmbH (Stuttgart, Germany), Continental AG (Hannover, Germany), Advics (Kariya, Japan), Mando Corporation (Seongnam, South Korea), Akebono (Japan); Chassis Brakes International (Eindhoven, the Netherlands);
- for safety systems (airbags, seatbelts, steering wheels): Autoliv (Sweden), Joyson Safety Systems (Auburn Hills, Michigan, United States), Toyoda Gosei (Japan).

In the area of heavy commercial vehicles, we primarily compete with:

- with regard to heavy commercial vehicle transmissions: Eaton Corporation Plc (Dublin, Ireland), Allison Transmission, Inc. (Indianapolis, Indiana, United States), Voith GmbH (Heidenheim, Germany) and Shaanxi Fast Gear Co., Ltd. (Xi'an, Shaanxi, China);
- in clutches: Valeo Group (Paris, France), LuK GmbH & Co. KG (Bühl, Germany) and Exedy Corp. (Osaka, Japan) as well as Eaton Corporation Plc (Dublin, Ireland);
- in chassis components and shock absorbers: Tenneco, Inc. (Lake Forest, Illinois, United States), Dongfeng (Wuhan, China), Dalian Anda (China), THK Co., Ltd. (Tokyo, Japan);
- for steering systems: Bosch Lenksysteme (Schwäbisch Gmünd, Germany), CAAS China Automotive Systems (Hubei, China), WABCO (Sheppard) (Bruxelles, Belgium).

Our competitors in the Industrial Technology division depend on the specific industry. Mainly, we compete with in-house production at the big OEM's. In addition, our further main competitors are Dana, Carraro, Kordel, TwinDisc, Reintjes, Renk, Schottel, Winergy, Moventas, Bosch Rexroth, China High Speed, Voith, Flender and Wateeuw.

In the E-Mobility division, selected main competitors are: Robert Bosch GmbH (Stuttgart, Germany), Continental AG (Hannover, Germany), Aisin AW Co., Ltd. (Anjo, Japan), Denso Corp. (Kariya, Japan), Aptiv (United States), Siemens / Valeo Group (Paris, France), Autoliv

(Sweden), Nidec Corporation (Kyoto, Japan), LG (Seoul, South Korea) as well as OEM in-house manufacturing.

## **Employees**

As of December 31, 2018, we had 148,969 (as of December 31, 2017: 146,148) employees (in headcounts; excluding temporary workforce) in approximately 40 countries worldwide.

## **Legal and Arbitration Proceedings**

Companies of the ZF Group are regularly parties to legal disputes and arbitration proceedings. We are also subject to regulatory investigations and enforcement proceedings by various governmental authorities, including national and supranational antitrust authorities.

In 2014, the Brazilian *Conselho Administrativo de Defesa Economica* (CADE) conducted an on-site inspection to investigate the alleged involvement of one of our Brazilian subsidiaries in anticompetitive pricing arrangements relating to car components. Antitrust procedures are also pending in Brazil against a subsidiary of ZF which relate to the alleged involvement of such subsidiary in anticompetitive agreements relating to other car components. In addition, the premises of ZF were searched in 2016 by the German Federal Cartel Office (*Bundeskartellamt*) in connection with the alleged involvement of ZF in anticompetitive steel purchasing arrangements. ZF is currently the subject of further proceedings by an antitrust authority relating to alleged anticompetitive behavior in connection with certain of its product groups.

If in any of these proceedings, we are found to have breached antitrust regulations, we may be fined by the relevant authorities and we may become subject to follow-on claims for damages by third parties, including customers, based on such breaches. The amount of any such fines and follow-on claims for damages cannot currently be determined with any certainty, but could be, individually or in the aggregate, substantial and may exceed provisions recorded by us in view of such proceedings. In addition, there is no assurance that current or future internal investigations that we conduct will not reveal further potential or actual non-compliance with competition laws. In addition, alleged or actual anti-competitive behavior might seriously disrupt business relationships with business partners.

Furthermore, in a pending putative class action in the United States against several companies from the automotive industry, the plaintiffs allege that ZF participated in allegedly culpable conduct. Although the complaint in the pending action does not name ZF as a defendant, the complaint states that discovery is ongoing as to the role of ZF. For this reason, we cannot preclude the possibility that ZF will eventually be named as a defendant in the action.

Additionally, in connection with damaged ACUs and an announcement made by the NHTSA on April 23, 2019 (see "*Risk Factors – Risks relating to the ZF Group's Business and Industry – Products that do not meet customer specifications or that contain, or are perceived to contain, defects or errors or that are otherwise incompatible with their intended end use could impose significant costs on us, including from warranty and product liability claims. In addition, quality risks could also damage our reputation.*"), 16 class actions have been filed against us in the United States and at least one class action has been filed in Canada, seeking, inter alia, compensatory damages, punitive damages, statutory penalties and attorneys' fees. A motion has been filed to consolidate the class actions in the United States into a consolidated proceeding under federal multi-district litigation (MDL) procedural laws.



## Material Contracts

### Description of other indebtedness

#### Existing ZF Bonds

The following bonds issued by ZF North America Capital Inc. ("**ZF North America**"), a wholly owned subsidiary of ZF, issued in April 2015 and each guaranteed by ZF on an unconditional and irrevocable basis (together, the "**Existing ZF Bonds**"), are still outstanding:

- USD 1.0 billion in aggregate principal amount of 4.00% fixed rate notes due April 29, 2020 (the "**4.00% USD 2020 Notes**").
- USD 1.0 billion in aggregate principal amount of 4.50% fixed rate notes due April 29, 2022 (the "**4.50% USD 2022 Notes**").
- USD 1.5 billion in aggregate principal amount of 4.75% fixed rate notes due April 29, 2025 (the "**4.75% USD 2025 Notes**").
- EUR 1.1 billion in aggregate principal amount of 2.75% fixed rate notes due April 27, 2023 (the "**2.75% EUR 2023 Notes**").

As a result of buy-backs, especially completed in December 2017, and a partial premature termination, as of the date of this Prospectus, Existing ZF Bonds in the following principal amounts are outstanding: USD 548.5 million in the 4.00% USD 2020 Notes, USD 621.5 million in the 4.50% USD 2022 Notes, USD 1,077.4 million in the 4.75% USD 2025 Notes and EUR 1,075.0 million in the 2.75% EUR 2023 Notes.

The Existing ZF Bonds provide for a redemption right of the holders upon the occurrence of a change of control event. The Existing ZF Bonds further provide for events of default entitling their holders to demand immediate redemption thereof (including a cross-default provision for liabilities in excess of EUR 100 million). The Existing ZF Bonds also contain a negative pledge provision (including certain customary exemptions).

#### ZF Bonded Loans 2012/2015 (*Schuldscheindarlehen*)

As of the date of this Prospectus, the outstanding tranches of fixed rate and floating rate euro-denominated bonded loans (*Schuldscheindarlehen*) issued by the Guarantor in October 2012 and January 2015 (the "**ZF Bonded Loans 2012/2015**") consist of:

| <u>Tranche</u>     | <u>Maturity</u> | <u>Interest rate</u> | <u>Carrying amount /<br/>nominal value<br/>(in EUR million)<br/>(unaudited)</u> |
|--------------------|-----------------|----------------------|---|
| ZF 2012-2019.....  | October 2019    | 3.117%               | 42.0  |
| ZF 2015-2020.....  | January 2020    | 2.500%               | 506.5   |
| ZF 2015-2022.....  | January 2022    | 2.910%               | 345.0   |
| <b>Total .....</b> |                 |                      | <b>893.5</b>  |

The ZF Bonded Loans 2012/2015 provide for an increase of the interest rate by 75 basis points per annum if our net debt is equal to or more than three times of our EBITDA (calculated in accordance with certain parameters stipulated by the respective ZF Bonded Loan).

The ZF Bonded Loans 2012/2015 contain certain undertakings of ZF such as a negative pledge provision (including certain customary exemptions) as well as a restriction on disposals with regard to ZF and its material subsidiaries (including certain exemptions which include a general exemption in relation to disposals in an aggregate amount of not more than EUR 500,000,000

for each year as well as an exemption with respect to disposal proceeds which are re-invested in the ZF Group).

Each of the ZF Bonded Loans 2012/2015 also includes a termination right for the relevant lender in case of certain events of default (including a cross-default provision for liabilities in excess of EUR 60 million) as well as in case of a change of control.

The obligations represented by the ZF Bonded Loans 2012/2015 rank pari passu with all other senior unsecured obligations of ZF.

### **ZF Bonded Loans 2019 (Schuldscheindarlehen)**

On September 30, 2019, the Guarantor entered into several fixed rate and floating rate tranches of euro-denominated bonded loans (*Schuldscheindarlehen*) to be paid out to the Guarantor on October 25, 2019 and partially on January 20, 2020 and February 6, 2020 (the "**ZF Bonded Loans 2019**"):

| <u>Tranche</u>     | <u>Maturity</u> | <u>Interest rate</u> | <u>Nominal value<br/>(in EUR million)<br/>(unaudited)</u> |
|--------------------|-----------------|----------------------|---|
| ZF 2019-2022.....  | October 2022    | 1.100%/floating      | 565.0   |
| ZF 2019-2023.....  | January 2023    | 1.100%/floating      | 143.5   |
| ZF 2019-2024.....  | October 2024    | 1.400%/floating      | 508.0   |
| ZF 2019-2025.....  | January 2023    | 1.400%/floating      | 152.0   |
| ZF 2019-2026.....  | October 2026    | 1.600%/floating      | 552.5   |
| ZF 2019-2027.....  | January 2027    | 1.600%/floating      | 86.5  |
| ZF 2019-2029.....  | October 2029    | 1.800%/floating      | 49.0  |
| <b>Total</b> ..... |                 |                      | 2,056.5   |

The ZF Bonded Loans contain certain undertakings of ZF such as a negative pledge provision (including certain customary exemptions).

In case a change of control in relation to ZF occurs, the relevant lender under the ZF Bonded Loans 2019 may claim prepayment of its participation in the ZF Bonded Loans 2019.

Each of the ZF Bonded Loans 2019 also includes a termination right for the relevant lender in case of certain events of default (including a cross-acceleration provision for financial liabilities in excess of EUR 75 million).

The obligations represented by the ZF Bonded Loans 2019 rank pari passu with all other senior unsecured obligations of ZF.

In connection with the agreements on the ZF Bonded Loans 2019, the Guarantor agreed to repurchase ZF Bonded Loans 2012/2015 with a maturity in January 2020 in a nominal amount of EUR 96.5 million with value date October 25, 2019.

Based on investor demand in connection with the agreements on the ZF Bonded Loans 2019, the Guarantor considers to enter into additional bonded loan agreements on substantially the same terms as the ZF Bonded Loans 2019 in a nominal value of up to EUR 200 million in the foreseeable future.

### **Senior Facilities Agreement**

On July 27, 2016, ZF as borrower and guarantor, certain of its subsidiaries and certain financial institutions entered into an unsecured syndicated EUR 3,500,000,000 multicurrency term loan and revolving credit facilities agreement (as such agreement has been amended pursuant to an amendment request dated April 9, 2019/May 2, 2019; the "**Senior Facilities Agreement**") consisting of a EUR 3,000,000,000 revolving loan facility (the "**RCF**") and a EUR 500,000,000

term loan facility (the "**Term Loan**"). The Term Loan was fully repaid in 2016 and is no longer available for utilization. Both extension options were drawn, hence the RCF matures in July 2023.

The Senior Facilities Agreement contains customary events of default, the occurrence of which would allow for, among other things, the cancellation of the lenders' commitments or a declaration that all or part of the loans together with accrued interest and all other amounts outstanding under the finance documents are immediately due and payable. Additionally, the Senior Facilities Agreement contains a mandatory prepayment event and termination right of a lender's commitment in case of a change of control with regard to ZF subject to a negotiation period. Furthermore, the Senior Facilities Agreement contains a mandatory prepayment event with respect to a creditor's commitment if such lender's respective participation in a loan becomes unlawful.

The RCF bears interest in the aggregate of EURIBOR (floored at zero) and a margin, with such margin being adjusted depending on the public long-term rating from certain rating agencies, increasing or decreasing dependent on such rating.

The Senior Facilities Agreement contains a number of affirmative and negative covenants customary for this type of financing which are subject to certain specified exceptions. These covenants include, among others, the obligation to provide financial statements and management accounts as well as business plans and also comprise certain other customary information obligations.

The restrictive covenants include, but are not limited to, restrictions on the incurrence of financial indebtedness in respect of ZF's subsidiaries, asset disposals, the granting of security (so called 'negative pledge'), loans and guarantees out, corporate restructurings, change of business, and substantial change of the general nature of the business of the ZF Group (including TRW).

Furthermore, ZF must ensure that the ratio of its consolidated total net borrowings to its consolidated adjusted EBITDA (calculated in accordance with certain parameters stipulated by the Senior Facilities Agreement) does not exceed certain thresholds. According to the terms of the Senior Facilities Agreement, ZF must ensure that the aforementioned ratio does not exceed 3.25:1 prior to the closing of the acquisition of all shares in WABCO and, after such closing and until September 29, 2021 does not exceed 4.00:1; thereafter the aforementioned ratio is reduced in annual steps to 3.75:1, to 3.50:1 and finally to 3.25:1 (which ratio must be observed from September 30, 2023).

#### ***Outstanding TRW Notes***

In November 2013, TRW Automotive Inc. ("**TAI**"), a wholly owned subsidiary of TRW Holding, issued USD 400 million in aggregate principal amount of 4.45% senior unsecured notes due 2023 (the "**4.45% TRW Notes**") in a private placement.

In February 2013, TAI issued USD 400 million in aggregate principal amount of 4.50% senior unsecured notes due 2021 (the "**4.50% TRW Notes**") in a private placement.

After several repurchases, an aggregate amount of USD 14.3 million principal amount of the 4.45% TRW Notes and an aggregate amount of USD 7.1 million principal amount of the 4.50% TRW Notes is outstanding as of September 30, 2019.

#### ***EIB loan***

On December 21, 2016, ZF AG entered into a finance contract with the European Investment Bank ("**EIB**"), under which EIB established a credit in favor of ZF in an amount of EUR 500,000,000 (as amended by an amendment letter agreement dated July 29, 2019/ August 2, 2019, the "**EIB Loan**") in order to finance certain R&D activities (the "**Project**"). The

EIB Loan was fully disbursed in one single tranche on June 29, 2018 and with a repayment of the full amount being due on June 29, 2024.

The EIB Loan contains customary events of default, the occurrence of which would entitle EIB to demand (in writing) that all or part of the EIB Loan together with all other accrued interest or outstanding amounts under the EIB Loan are immediately due and payable. Additionally, the EIB Loan contains certain compulsory prepayment events relating to the overall costs and financing of the Project and EIB's proportionate participation therein, the voluntary prepayment of non EIB financings, it becoming unlawful for the EIB to perform its obligations, and the occurrence of a change of control, upon which ZF may have to prepay part or all of the EIB Loan.

The loan drawn under the EIB Loan bears interest at the applicable 3-month EURIBOR plus a fixed margin per annum.

The EIB Loan contains a number of affirmative and negative covenants customary for this type of financing which are subject to certain specified exceptions. These covenants include, among others, the obligation to provide financial statements and management accounts as well as business plans and also comprise certain other customary information obligations.

The restrictive covenants include, but are not limited to, restrictions on the incurrence of financial indebtedness in respect of ZF's subsidiaries, asset disposals, the granting of security (so called 'negative pledge'), loans and guarantees out, corporate restructurings, change of business, and substantial change of the general nature of the business of the ZF Group.

The EIB Loan also contains certain covenants in relation to the Project, particularly but not limited to, in respect of procurement procedure, costs and completion.

Furthermore, ZF AG must ensure that the ratio of its consolidated total net debt to its consolidated adjusted EBITDA (calculated in accordance with certain parameters stipulated by the EIB Loan) does not exceed certain thresholds.

According to the terms of the EIB Loan, ZF AG must ensure that the aforementioned ratio does not exceed 3.25:1 prior to the closing of the acquisition of all shares in WABCO and, after such closing and until September 29, 2021 does not exceed 4.00:1; thereafter the aforementioned ratio is reduced in annual steps to 3.75:1, to 3.50:1 and finally to 3.25:1 (which ratio must be observed from September 30, 2023).

### ***Bilateral loan agreements***

In addition to the financing instruments above, ZF AG and certain of its subsidiaries have entered into bilateral loan agreements with certain banks or other financial institutions. As of June 30, 2019 the financial liabilities (excluding accrued interest and fees) relating to such agreements amounted to approximately EUR 1,153 million.

### ***Merger Agreement***

On March 28, 2019, ZF AG and Verona Merger Sub Corp. ("**Verona**"), a wholly owned U.S. subsidiary of ZF, entered into an agreement and plan of merger (the "**Merger Agreement**") with WABCO Holdings Inc., a Delaware corporation ("**WABCO**").

Under the Merger Agreement, Verona will be merged with and into WABCO (the "**Merger**"), with WABCO surviving the Merger as an indirect wholly owned subsidiary of ZF AG. At the effective time of the Merger, each share of WABCO's common stock with a par value of USD 0.01 per share, issued and outstanding immediately prior thereto (other than shares owned by ZF AG, Verona or any other direct or indirect wholly owned subsidiary of ZF AG and shares owned by WABCO, including, inter alia, shares held in treasury by WABCO), will be converted

automatically into the right to receive USD 136.50 in cash, without interest. Based on the agreed price per share, the purchase price is expected to amount to approximately USD 7 billion.

The Merger Agreement contains representations and warranties customary for transactions of this type. WABCO has agreed to various customary covenants and agreements, including, among others, agreements to use commercially reasonable efforts to conduct its business in the ordinary course consistent with past practice during the period between the execution of the Merger Agreement and the effective time of the Merger, and not to engage in certain kinds of transactions during this period.

The planned acquisition has been approved by ZF's Management Board and Supervisory Board and WABCO's Board of Directors. On June 27, 2019, WABCO's shareholders also approved the Merger. The Merger is still subject to regulatory approvals and other customary closing conditions, inter alia, the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, as well as clearance by the U.S. Committee on Foreign Investment in the United States (CFIUS).

The Merger Agreement contains certain termination rights for ZF AG and WABCO and, under certain circumstances, each party may be required to pay a termination fee of USD 211 million. In addition, each party may terminate the Merger Agreement if the Merger is not consummated by March 28, 2020, which will be automatically extended until September 28, 2020 if all conditions have been satisfied (other than conditions to be satisfied at the closing), except for the receipt of required regulatory approvals or clearances. ZF expects to close the transaction in the beginning of 2020.

The transaction is financed through a combination of cash provided by ZF AG (including through the financing arrangements described under "Syndicated Facilities Agreement" below and the Notes issued pursuant to this Prospectus).

### ***Syndicated Facilities Agreement***

On March 28, 2019, ZF AG entered into a syndicated credit facilities agreement, with ZF AG as borrower, J.P. Morgan Securities plc as mandated lead arranger, J.P. Morgan Europe Ltd as agent and various lenders, including some of the Joint Lead Managers or their affiliates, as amended on April 5, 2019 (the "**Syndicated Facilities Agreement**"). Under the Syndicated Facilities Agreement, ZF AG may utilize an aggregate amount of EUR 7.3 billion to finance the acquisition costs for the acquisition of all shares in WABCO and any costs related to such acquisition. The Syndicated Facilities Agreement includes a term loan facility (bridge to bond) in an amount of EUR 4.8 billion ("**Facility A**") with maturity at the earlier of (i) the date falling one year after the closing date of the planned WABCO transaction and (ii) 28 September 2020; ZF AG has the right to extend the maturity of Facility A by twelve months in aggregate. The Syndicated Facilities Agreement also includes a term loan facility in an amount of EUR 1.0 billion ("**Facility B**") with maturity on March 28, 2022 and a third term loan facility in an amount of EUR 1.5 billion ("**Facility C**") with maturity on March 28, 2024.

The terms of the Syndicated Facilities Agreement are substantially the same as the terms of the Senior Facilities Agreement. Accordingly, the Syndicated Facilities Agreement contains customary events of default, the occurrence of which would allow for, among other things, the cancellation of the lenders' commitments or a declaration that all or part of the loans together with accrued interest and all other amounts outstanding under the Syndicated Facilities Agreement (and related agreements) are immediately due and payable.

The Syndicated Facilities Agreement also contains a mandatory prepayment event and termination right of a lender's commitment in case of a change of control with regard to ZF AG subject to a negotiation period. Furthermore, the Syndicated Facilities Agreement contains a mandatory prepayment event with respect to a creditor's commitment if such lender's respective

participation in a loan becomes unlawful. In addition, ZF AG must prepay the loans outstanding under the Syndicated Facilities Agreement (or, as applicable, cancel the commitments under such agreement) with net proceeds resulting from a disposal of assets, from a debt raising by way of syndicated loans, bonded loans (*Schuldscheindarlehen*) or the issuance of any public or private bond, note or debt linked capital markets sale. A prepayment obligation also exists if ZF AG receives net proceeds from the issuance of equity. However, only the net proceeds exceeding a certain threshold have to be applied towards a prepayment under the Syndicated Facilities Agreement.

Facility A of the Syndicated Facilities Agreement bears interest at a pre-agreed rate which will increase during the term of the Syndicated Facilities Agreement; the first increase of interest will occur three months after the initial utilization of Facility A; after such first increase, the following increases will occur on a three months basis. The interest payable in relation to Facility B and Facility C will be adjusted depending on the public long-term rating from certain rating agencies, increasing or decreasing dependent on such rating.

The Syndicated Facilities Agreement contains a number of affirmative and negative covenants customary for this type of financing which are subject to certain specified exceptions. These covenants include, among others, the obligation to provide financial statements and management accounts as well as acquisition related information and also comprise certain other customary information obligations. The restrictive covenants include, but are not limited to, restrictions on the incurrence of financial indebtedness in respect of ZF AG's subsidiaries, asset disposals, the granting of security (so-called negative pledge), loans and guarantees out, corporate restructurings, change of business, and substantial change of the general nature of the business of the ZF Group.

Furthermore, ZF must ensure that the ratio of its consolidated total net borrowings to its consolidated adjusted EBITDA (calculated in accordance with certain parameters stipulated by the Syndicated Facilities Agreement) does not exceed 4.00:1 prior to the closing of the acquisition of all shares in WABCO and after such closing until September 29, 2021; thereafter the aforementioned ratio is reduced in annual steps to 3.75:1, to 3.50:1 and finally to 3.25:1 (which ratio must be observed from September 30, 2023).

### ***Contingent liabilities***

As of June 30, 2019, the ZF Group had contingent liabilities in an amount of EUR 137 million.

## **Recent Developments and Outlook**

### ***Recent Developments***

On March 28, 2019, ZF announced that it entered into the Merger Agreement. Under the terms of the Merger Agreement, ZF will acquire all of WABCO's shares at a share price of USD 136.50 per share. Based on the agreed price per share, the purchase price is expected to amount to approximately USD 7 billion. The planned acquisition has been approved by ZF's Management Board and Supervisory Board and WABCO's Board of Directors. On June 27, 2019, WABCO's shareholders also approved the Merger. The Merger is still subject to regulatory approvals, including antitrust clearances, as well as other customary closing conditions. ZF expects to close the transaction in the beginning of 2020.

WABCO is a global supplier of electronic, mechanical, electro-mechanical and aerodynamic products for major manufacturers of commercial trucks, buses and trailers, as well as passenger cars. WABCO engineers, develops, manufactures and sells integrated systems controlling advanced braking, stability, suspension, steering, transmission automation, as well as air compression and processing. These systems are designed to improve vehicle safety, efficiency and performance while reducing overall vehicle operating costs. WABCO, which is

listed on the New York Stock Exchange (NYSE), generated sales of approximately EUR 3.2 billion and an EBIT of approximately EUR 399 million in 2018 and had approximately 16,000 employees in approximately 40 countries.

On March 28, 2019, ZF AG entered into the Syndicated Facilities Agreement to finance the acquisition costs for the acquisition of all shares in WABCO and any costs related to such acquisition (for more information, please see "*Business of the ZF Group – Material Contracts – Syndicated Facilities Agreement*" above). Furthermore, as a refinancing measure, ZF plans to issue the Notes described in this Prospectus. The Notes will include an early termination right of the Issuer in case the transaction does not close.

With effect as of January 1, 2019, the Supervisory Board appointed Sabine Jaskula as member of the Board of Management, taking over responsibility for Human Resources and Legal from Wolf-Henning Scheider who was responsible from October 1 to December 31, 2018.

In April 2019, S&P affirmed ZF's long-term corporate credit rating of "BBB"<sup>5</sup> but revised the outlook from "stable" to "negative" to reflect the risk of a downgrade if increasingly difficult conditions in the automotive industry cause a further decline in ZF's operating margins and subsequently impair its ability to reduce leverage following the WABCO Acquisition. At the same time, Moody's affirmed ZF's long-term corporate credit rating of "Baa3"<sup>6</sup> but changed the outlook from "stable" to "negative" to reflect the expectation that ZF's financial leverage will increase as a consequence of the contemplated Acquisition as well as a more challenging automotive industry environment globally.<sup>7, 8</sup>

## **Outlook**

Due to the general economic downturn and uncertainties caused by the ongoing protectionism discussions with several import tariffs already put in place and the trade war discussions mainly between China and the United States, we are less optimistic for the rest of the year 2019, compared to our assessment at the beginning of 2019. During the first half of 2019, many key indicators reflected a flat trend for the economic environment in general. The overall sales in passenger car and light commercial vehicle declined in the first half year 2019 mainly effected by Chinese sales dropping by 13%.

---

<sup>5</sup> According to S&P: "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments." "Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories".

<sup>6</sup> According to Moody's: "Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics." "Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier ... 3 indicates a ranking in the lower end of that generic rating category".

<sup>7</sup> Rating information is merely an aid for investors for the purposes of decision-making and cannot replace an individual judgment to be made by the investor and may not be taken as a recommendation to purchase or sell certain instruments. Ratings are merely intended as a support when making an investment decision and are only one of the factors relevant to an evaluation, which factor must be seen and weighted in the context of other factors. As ratings often are amended only after the creditworthiness of an issuer or guarantor has changed, investors have to make their own judgments although a rating may exist.

<sup>8</sup> The European Securities and Markets Authority (ESMA) publishes on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) a list of credit rating agencies registered in accordance with the Credit Rating Agencies Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 Credit Rating Agencies Regulation. The European Commission shall publish the updated list in the Official Journal of the European Union within 30 days following such update.

## TERMS AND CONDITIONS

### Anleihebedingungen

Nachfolgend ist der Text der Anleihebedingungen (die "Anleihebedingungen") für die Schuldverschreibungen abgedruckt. Die endgültigen Anleihebedingungen werden Bestandteil der Globalurkunde, welche die Schuldverschreibungen verbrieft.

Diese Anleihebedingungen sind in deutscher Sprache abgefasst und mit einer englischen Übersetzung versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur Informationszwecken.

#### § 1

##### Form und Nennbetrag

- (a) *Währung, Stückelung, Form.* Die von der ZF Europe Finance B.V., Amsterdam, Niederlande (die "Emittentin"), begebene Anleihe im Gesamtnennbetrag (vorbehaltlich § 1(d)) von **[im Fall der 2023 Schuldverschreibungen einzufügen: EUR 500.000.000** (in Worten: Euro fünfhundert Millionen) ist eingeteilt in 5.000] **[im Fall der 2026 Schuldverschreibungen einzufügen: EUR 900.000.000** (in Worten: Euro neunhundert Millionen) ist eingeteilt in 9.000] **[im Fall der 2027 Schuldverschreibungen einzufügen: EUR 600.000.000** (in Worten: Euro sechshundert Millionen) ist eingeteilt in 6.000] **[im Fall der 2029 Schuldverschreibungen einzufügen: EUR 700.000.000** (in Worten: Euro siebenhundert Millionen) ist eingeteilt in 7.000] auf den Inhaber lautende Schuldverschreibungen (die "Schuldverschreibungen") in einer

### Terms and Conditions

The following is the text of the terms and conditions of the notes (the "**Terms and Conditions**"). The final version of the Terms and Conditions will be part of the global note representing the notes.

These Terms and Conditions are written in the German language and provided with an English language translation. The German text shall be the only legally binding version. The English language translation is provided for convenience purposes only.

#### § 1

##### Form and Denomination

- (a) *Currency, Denomination, Form.* The notes issued by ZF Europe Finance B.V., Amsterdam, the Netherlands (the "Issuer"), in the aggregate principal amount (subject to § 1(d)) of **[in case of the 2023 Notes insert: EUR 500,000,000** (in words: Euro five hundred million) are divided into 5,000] **[in case of the 2026 Notes insert: EUR 900,000,000** (in words: Euro nine hundred million) are divided into 9,000] **[in case of the 2027 Notes insert: EUR 600,000,000** (in words: Euro six hundred million) are divided into 6,000] **[in case of the 2029 Notes insert: EUR 700,000,000** (in words: Euro seven hundred million) are divided into 7,000] notes in bearer form (the "Notes") in the denomination of EUR 100,000 each (the "**Principal Amount**").



Stückelung von je EUR 100.000 (der "**Nennbetrag**").

- |  |  |
|--|--|
| <p>(b) <i>Vorläufige Globalurkunde – Austausch.</i></p> <p>(i) Die Schuldverschreibungen sind anfänglich durch eine vorläufige Globalurkunde (die "<b>vorläufige Globalurkunde</b>") ohne Zinsscheine verbrieft. Die vorläufige Globalurkunde wird gegen Schuldverschreibungen in Nennbeträgen, die durch eine Dauerglobalurkunde (die "<b>Dauerglobalurkunde</b>" und zusammen mit der vorläufigen Globalurkunde, die "<b>Globalurkunden</b>") ohne Zinsscheine verbrieft sind, ausgetauscht. Die Einzelheiten eines solchen Austausches werden in die Aufzeichnungen der ICSDs (wie nachstehend definiert) aufgenommen. Die Globalurkunden tragen jeweils die eigenhändigen Unterschriften zweier ordnungsgemäß bevollmächtigter Vertreter der Emittentin und sind jeweils von der Hauptzahlstelle (wie in § 12 definiert) oder in deren Namen mit einer Kontrollunterschrift versehen. Einzelurkunden und Zinsscheine werden nicht ausgegeben.</p> <p>(ii) Die vorläufige Globalurkunde wird an einem Tag (der "<b>Austauschtag</b>") gegen die Dauerglobalurkunde ausgetauscht, der nicht weniger als 40 Tage nach dem Tag der Begebung der Schuldverschreibungen liegt. Ein solcher Austausch darf nur nach Vorlage von Bescheinigungen erfolgen,</p> | <p>(b) <i>Temporary Global Note – Exchange.</i></p> <p>(i) The Notes are initially represented by a temporary global note (the "<b>Temporary Global Note</b>") without coupons. The Temporary Global Note will be exchangeable for Notes in the Principal Amounts represented by a permanent global note (the "<b>Permanent Global Note</b>" and together with the Temporary Global Note, the "<b>Global Notes</b>") without coupons. The details of such exchange shall be entered in the records of the ICSDs (as defined below). The Global Notes shall each be signed manually by two authorized signatories of the Issuer and shall each be authenticated by or on behalf of the Principal Paying Agent (as defined in § 12). Definitive Notes and interest coupons will not be issued.</p> <p>(ii) The Temporary Global Note shall be exchanged for the Permanent Global Note on a date (the "<b>Exchange Date</b>") not earlier than 40 days after the date of issue of the Notes. Such exchange shall only be made upon delivery of certifications to the effect that the beneficial owner or owners of the Notes is not a US person</p> |
|--|--|

wonach der oder die wirtschaftlichen Eigentümer der Schuldverschreibungen keine US-Personen sind (ausgenommen bestimmte Finanzinstitute oder bestimmte Personen, die Schuldverschreibungen über solche Finanzinstitute halten). Solange die Schuldverschreibungen durch die vorläufige Globalurkunde verbrieft sind, werden Zinszahlungen erst nach Vorlage dieser Bescheinigungen vorgenommen. Eine gesonderte Bescheinigung ist für jede solche Zinszahlung erforderlich. Jede Bescheinigung, die am oder nach dem 40. Tag nach dem Tag der Begebung der Schuldverschreibungen eingeht, wird als ein Ersuchen behandelt werden, diese vorläufige Globalurkunde gemäß Absatz (i) dieses § 1 auszutauschen. Schuldverschreibungen, die im Austausch für die vorläufige Globalurkunde geliefert werden, dürfen nur außerhalb der Vereinigten Staaten (wie in § 1(f) definiert) geliefert werden.

(c) *Clearingsystem.* Die Globalurkunde wird solange von einem oder im Namen eines Clearingsystems verwahrt, bis sämtliche Verbindlichkeiten der Emittentin aus den Schuldverschreibungen erfüllt sind. "**Clearingsystem**" bedeutet jeweils folgendes: Clearstream Banking S.A., Luxemburg ("**CBL**") und Euroclear Bank SA/NV, Brüssel, als Betreiberin des Euroclear

(other than certain financial institutions or certain persons holding Notes through such financial institutions). Payment of interest on Notes represented by the Temporary Global Note will be made only after delivery of such certifications. A separate certification shall be required in respect of each such payment of interest. Any such certification received on or after the 40<sup>th</sup> day after the date of issue of the Notes will be treated as a request to exchange the Temporary Global Note pursuant to paragraph (i) of this § 1. Any Notes delivered in exchange for the Temporary Global Note shall be delivered only outside of the United States (as defined in § 1(f)).

(c) *Clearing System.* Each Global Note will be kept in custody by or on behalf of the Clearing System until all obligations of the Issuer under the Notes have been satisfied. "**Clearing System**" means each of the following: Clearstream Banking S.A., Luxembourg ("**CBL**") and Euroclear Bank SA/NV, Brussels as operator of the Euroclear System ("**Euroclear**") and any successor in such capacity.

Systems ("**Euroclear**") sowie jeder Funktionsnachfolger. "**International Central Securities Depository**" oder "**ICSD**" bezeichnet jeweils CBL und Euroclear (zusammen die "**ICSDs**").

(d) *Register der ICSDs.* Die Schuldverschreibungen werden in Form einer New Global Note ("**NGN**") ausgegeben und von einer gemeinsamen Verwahrstelle im Namen beider ICSDs verwahrt. Der Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen entspricht dem jeweils in den Registern beider ICSDs eingetragenen Gesamtbetrag. Die Register der ICSDs (unter denen man die Register versteht, die jeder ICSD für seine Kunden über den Betrag ihres Anteils an den Schuldverschreibungen führt) sind schlüssiger Nachweis über den Nennbetrag der durch die Globalurkunde verbrieften Schuldverschreibungen und eine zu diesen Zwecken von einem ICSD jeweils ausgestellte Bestätigung mit dem Nennbetrag der so verbrieften Schuldverschreibungen ist zu jedem Zeitpunkt ein schlüssiger Nachweis über den Inhalt des Registers des jeweiligen ICSD. Bei Rückzahlung oder Zinszahlung bezüglich der durch die Globalurkunde verbrieften Schuldverschreibungen bzw. bei Kauf und Entwertung der durch die Globalurkunde verbrieften Schuldverschreibungen stellt die Emittentin sicher, dass die Einzelheiten über jede Rückzahlung und Zahlung bzw. Kauf und Entwertung bezüglich der Globalurkunden pro rata in die Unterlagen der ICSDs eingetragen werden, und nach dieser Eintragung vom Nennbetrag der in die Register der ICSDs aufgenommenen und

"**International Central Securities Depository**" or "**ICSD**" means each of CBL and Euroclear (together, the "**ICSDs**").

(d) *Register of ICSDs.* The Notes are issued in new global note ("**NGN**") form and are kept in custody by a common safekeeper on behalf of both ICSDs. The principal amount of Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. The records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the principal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the principal amount of Notes so represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time. On any redemption or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered pro rata in the records of the ICSDs and, upon any such entry being made, the principal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate principal amount of the Notes so redeemed or purchased and cancelled. On an exchange of a portion only of the Notes represented by the Temporary Global Note, the Issuer shall procure that details of

durch die Globalurkunde verbrieften Schuldschreibungen der Gesamtnennbetrag der zurückgezahlten bzw. gekauften und entwerteten Schuldverschreibungen abgezogen wird. Bei Austausch nur eines Teils von Schuldverschreibungen, die durch die vorläufige Globalurkunde verbrieft sind, wird die Emittentin sicherstellen, dass die Einzelheiten dieses Austauschs *pro rata* in die Register der ICSDs aufgenommen werden.

- (e) *Lieferung* von *Schuldverschreibungen*. Die Schuldverschreibungen sind gemäß den Regeln der maßgeblichen Clearingsysteme übertragbar.
- (f) *Definitionen*.
- (i) "**Anleihegläubiger**" bezeichnet jeden Inhaber eines Miteigentumsanteils oder anderen vergleichbaren Rechts an den Globalurkunden.
- (ii) "**Vereinigte Staaten**" die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der US Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

## § 2 Status der Schuldverschreibungen, Garantie

- (a) *Status*. Die Schuldverschreibungen begründen unmittelbare, unbedingte, nicht nachrangige und nicht besicherte Verbindlichkeiten der Emittentin und stehen im gleichen Rang untereinander und mindestens im gleichen Rang mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht nachrangigen Verbindlichkeiten der Emittentin,

such exchange shall be entered *pro rata* in the records of the ICSDs.

- (e) *Delivery of Notes*. The Notes shall be transferable pursuant to the rules of the relevant clearing systems.
- (f) *Definitions*.
- (i) "**Noteholder**" means any holder of a proportionate co-ownership or similar interest or right in the Global Notes.
- (ii) "**United States**" means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

## § 2 Status of the Notes, Guarantee

- (a) *Status*. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank *pari passu* without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Issuer, present or future, unless such obligations are

soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(b) *Garantie der Garantin.* Die ZF Friedrichshafen AG (die "**Garantin**") hat eine unbedingte und unwiderrufliche Garantie (die "**Garantie**") für die ordnungsgemäße und pünktliche Zahlung von Kapital und Zinsen auf die Schuldverschreibungen sowie von jeglichen sonstigen Beträgen, die auf die Schuldverschreibungen zahlbar sind, übernommen. Die Garantie stellt einen Vertrag zugunsten Dritter im Sinne des § 328 Abs. 1 BGB dar, der jedem Anleihegläubiger das Recht gibt, die Erfüllung der in der Garantie übernommenen Verpflichtungen unmittelbar von der Garantin zu verlangen und die Garantie unmittelbar gegen die Garantin durchzusetzen. Kopien der Garantie sind kostenfrei bei der bezeichneten Geschäftsstelle der Hauptzahlstelle erhältlich.

(c) *Freigabe der Garantie.* Die Garantie darf nur nach vollständiger Zahlung des Gesamtnennbetrages aller zum jeweiligen Zeitpunkt ausstehenden Schuldverschreibungen, der hierauf fälligen Zinsen und jeglicher sonstigen zum jeweiligen Zeitpunkt fälligen und geschuldeten Beträge aus den Schuldverschreibungen freigegeben werden.

### § 3

#### Negativverpflichtungen

(a) *Negativverpflichtung der Emittentin.* Solange Zahlungen aus den

accorded priority under mandatory provisions of statutory law.

(b) *Guarantee of the Guarantor.* ZF Friedrichshafen AG (the "**Guarantor**") has given an unconditional and irrevocable guarantee (the "**Guarantee**") for the due and punctual payment of principal of, and interest on, and any other amounts payable under any Notes. The Guarantee constitutes a contract for the benefit of the Noteholders from time to time as third party beneficiaries in accordance with Section 328 para. 1 of the German Civil Code (*Bürgerliches Gesetzbuch*)<sup>9</sup>, giving rise to the right of each Noteholder to require performance of the obligations assumed in the Guarantee directly from the Guarantor and to enforce such obligations directly against the Guarantor. Copies of the Guarantee may be obtained free of charge at the specified office of the Principal Paying Agent.

(c) *Release of Guarantee.* The Guarantee shall be released only upon discharge in full of the aggregate Principal Amount of all Notes then outstanding, any interest due thereon and all other amounts under the Notes then due and owing.

### § 3

#### Negative Pledges

(a) *Negative Pledge of the Issuer.* While any amounts remain outstanding

<sup>9</sup> An English language convenience translation of Section 328 para. 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) reads as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance".

Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle auf die Schuldverschreibungen gemäß diesen Anleihebedingungen zu zahlenden Beträge an das Clearingsystem oder an dessen Order gezahlt worden sind, verpflichtet sich die Emittentin, für Kapitalmarktverbindlichkeiten (wie in § 3(e) definiert) (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen), die von der Emittentin begeben worden sind, keine dinglichen Sicherheiten in Bezug auf ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihres gegenwärtigen oder zukünftigen Vermögens zu gewähren oder bestehen zu lassen, sofern nicht die Verpflichtungen der Emittentin aus den Schuldverschreibungen gleichrangig und anteilig an einer solchen dinglichen Sicherheit teilhaben, oder diesbezüglich eine dingliche Sicherheit zu im Wesentlichen gleichen Bedingungen bestellt wird.

- (b) *Ausnahmen von der Negativverpflichtung der Emittentin.* Die Verpflichtung nach § 3(a) besteht jedoch nicht für solche Sicherheiten, die
- (i) gesetzlich vorgeschrieben sind, oder
  - (ii) als Voraussetzung für staatliche Genehmigungen verlangt werden, oder
  - (iii) am Begebungstag der Schuldverschreibungen bestehen, oder
  - (iv) durch die Emittentin zur Sicherung von gegenwärtigen oder zukünftigen Ansprüchen

under the Notes, but only up to the time all amounts payable to Noteholders under the Notes in accordance with these Terms and Conditions have been paid to the Clearing System or to its order, the Issuer undertakes that it will not create or permit to subsist any security interest *in rem* (*dingliche Sicherheit*) over all or part of its present or future assets as security for any Capital Market Indebtedness (as defined in § 3(e)) (including any guarantees and indemnities given in respect thereof) issued by the Issuer, unless the Issuer's obligations under the Notes are secured equally and rateably therewith or benefit from a security interest *in rem* in substantially identical terms thereto.

- (b) *Exemptions from the Negative Pledge of the Issuer.* The undertaking pursuant to § 3(a) shall not apply to a security which
- (i) is mandatory according to applicable laws, or
  - (ii) is required as a prerequisite for governmental approvals, or
  - (iii) is existing on the issue date of the Notes, or
  - (iv) provided by the Issuer over any of the Issuer's claims against any affiliated companies within

der Emittentin gegen verbundene Unternehmen im Sinne der §§ 15 ff. Aktiengesetz oder gegen Dritte aufgrund der Weiterleitung von Erlösen aus der Emission von Wertpapieren bestehen, soweit diese Sicherheiten zur Sicherung von Verpflichtungen aus diesen durch die Emittentin ausgegebenen Wertpapieren dienen, oder

- (v) eine im Zeitpunkt einer Akquisition bestehende Kapitalmarktverbindlichkeit besichern, die infolge der Akquisition eine Verpflichtung der Emittentin oder einer Gesellschaft der Gruppe wird, sofern diese Kapitalmarktverbindlichkeit nicht im Hinblick auf diese Akquisition begründet wurde, oder
- (vi) im Zusammenhang mit der Begebung von asset backed securities (ABS) durch die Emittentin oder eine Gesellschaft der Gruppe bestellt werden, oder
- (vii) im Zusammenhang mit der Begebung von asset backed securities (ABS) durch eine Zweckgesellschaft gegeben werden, bei denen die Emittentin oder eine Gesellschaft der Gruppe der Originator der zugrunde liegenden Vermögenswerte ist, oder
- (viii) im Zusammenhang mit der Finanzierung von Projekten oder Vermögensgegenständen gegeben werden,

the meaning of Sections 15 et seqq. of the German Stock Corporation Act (*Aktiengesetz*) or any third party, which claims exist now or arise at any time in the future, as a result of the passing on of the proceeds from the issuance of any securities, provided that any such security serves to secure obligations under such securities issued by the Issuer, or

- (v) secures Capital Market Indebtedness existing at the time of an acquisition that becomes an obligation of the Issuer or any member of the Group as a consequence of such acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such acquisition, or
- (vi) is provided in connection with any issuance of asset backed securities by the Issuer or by any member of the Group, or
- (vii) is provided in respect of any issuance of asset backed securities made by a special purpose vehicle where the Issuer or any member of the Group is the originator of the underlying assets, or
- (viii) is provided in respect of any financing of any project or asset, provided that the assets on which the security is created

vorausgesetzt, dass die Vermögensgegenstände, an denen das Sicherungsrecht besteht, (A) Vermögensgegenstände sind, die in dem Projekt oder im Zusammenhang mit dem Projekt, auf das sich die Kapitalmarktverbindlichkeiten beziehen, genutzt werden oder genutzt werden sollen, oder (B) Einnahmen oder Ansprüche sind, die aufgrund der Nutzung, des Betriebs, der Nichteinhaltung von Spezifikationen, der Verwertung, des Verkaufs, des Verlusts/Untergangs oder der Beschädigung dieser Vermögensgegenstände entstehen, und weiter vorausgesetzt, dass diese Kapitalmarktverbindlichkeiten weder direkt noch indirekt Gegenstand einer Garantie, Freistellung oder anderen Form der Zusicherung, Verpflichtung oder Unterstützung irgendeines anderen Mitglieds der Gruppe sind, oder

- (ix) eine Erneuerung, Verlängerung oder Ersetzung irgendeiner Sicherheit gemäß vorstehend (i) bis (viii) darstellen, oder
- (x) nicht in den Anwendungsbereich von (i) bis (ix) fallen und Kapitalmarktverbindlichkeiten besichern, deren Kapitalbetrag (zusammen mit dem Kapitalbetrag anderer Kapitalmarktverbindlichkeiten, für die andere dingliche Sicherheiten als solche (begeben durch die Emittentin, die Garantin oder eine Wesentliche

are (A) the assets which are used or to be used in or in connection with the project to which such Capital Markets Indebtedness relates or (B) revenues or claims which arise from the use, operation, failure to meet specifications, exploitation, sale, or loss of or damage to, such assets and provided further that such Capital Markets Indebtedness is not directly or indirectly the subject of any guarantee, indemnity or other form of assurance, undertaking or support from any other member of the Group, or

- (ix) constitutes the renewal, extension or replacement of any security pursuant to foregoing (i) through (viii), or
- (x) do not fall within the scope of application of (i) through (ix) above and which secure Capital Market Indebtedness with a principal amount (when aggregated with the principal amount of other Capital Markets Indebtedness which has the benefit of security issued by the Issuer, the Guarantor or any Material Subsidiary (as defined in § 3(e)) other than any falling



Tochtergesellschaft (wie in § 3(e) definiert)), die in den Anwendungsbereich von (i) bis (ix) fallen, bestehen) EUR 300.000.000 (bzw. den Gegenwert in anderen Währungen) nicht überschreitet.

Eine nach diesem § 3(b) zu stellende Sicherheit kann auch zu Gunsten der Person eines Treuhänders der Anleihegläubiger bestellt werden.

(c) *Negativverpflichtung der Garantin.* Solange Zahlungen aus den Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle auf die Schuldverschreibungen gemäß diesen Anleihebedingungen zu zahlenden Beträge an das Clearingsystem oder an dessen Order gezahlt worden sind, hat sich die Garantin in der Garantie verpflichtet,

(i) für Kapitalmarktverbindlichkeiten (wie in § 3(e) definiert) (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen) keine dinglichen Sicherheiten in Bezug auf ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihres gegenwärtigen oder zukünftigen Vermögens zu gewähren oder bestehen zu lassen, und

(ii) soweit rechtlich möglich, sicherzustellen, dass keine Wesentliche Tochtergesellschaft für Kapitalmarktverbindlichkeiten (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen), die

within the scope of application of (i) through (ix) above) not exceeding EUR 300,000,000 (or its equivalent in other currencies).

Any security which is to be provided pursuant to this § 3(b) may also be provided to a person acting as trustee for the Noteholders.

(c) *Negative Pledge of the Guarantor.* While any amounts remain outstanding under the Notes, but only up to the time all amounts payable to Noteholders under the Notes in accordance with these Terms and Conditions have been paid to the Clearing System or to its order, the Guarantor has undertaken in the Guarantee that

(i) it will not create or permit to subsist any security interest *in rem (dingliche Sicherheit)* over all or part of its present or future assets as security for any Capital Market Indebtedness (as defined in § 3(e)) (including any guarantees and indemnities given in respect thereof), and

(ii) it will procure, to the extent legally permissible, that no Material Subsidiary will at any time create or permit to subsist any security interest *in rem* upon all or any of its present or future assets as security for any Capital Market Indebtedness

von der Garantin oder einer Wesentlichen Tochtergesellschaft begeben wurden, irgendwelche dinglichen Sicherheiten in Bezug auf ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihres gegenwärtigen oder zukünftigen Vermögens gewährt oder bestehen lässt,

sofern nicht die Verpflichtungen der Emittentin aus den Schuldverschreibungen gleichrangig und anteilig an einer solchen dinglichen Sicherheit teilhaben, oder diesbezüglich eine dingliche Sicherheit zu im Wesentlichen gleichen Bedingungen bestellt wird.

(d) *Ausnahmen von der Negativverpflichtung der Garantin.* Die Verpflichtung nach § 3(c) besteht jedoch nicht für solche Sicherheiten, die

- (i) gesetzlich vorgeschrieben sind, oder
- (ii) als Voraussetzung für staatliche Genehmigungen verlangt werden, oder
- (iii) am Begebungstag der Schuldverschreibungen bestehen, oder
- (iv) durch die Garantin oder von einer Wesentlichen Tochtergesellschaft zur Sicherung von gegenwärtigen oder zukünftigen Ansprüchen der Garantin oder Ansprüchen einer Wesentlichen Tochtergesellschaft gegen verbundene Unternehmen im Sinne der §§ 15 ff. Aktiengesetz oder gegen Dritte aufgrund der Weiterleitung von

(including any guarantees and indemnities given in respect thereof) issued by the Guarantor or a Material Subsidiary,

unless at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and rateably therewith or benefit from a security interest *in rem* in substantially identical terms thereto.

(d) *Exemptions from the Negative Pledge of the Guarantor.* The undertaking pursuant to § 3(c) shall not apply to a security which

- (i) is mandatory according to applicable laws, or
- (ii) is required as a prerequisite for governmental approvals, or
- (iii) is existing on the issue date of the Notes, or
- (iv) provided by the Guarantor or by any Material Subsidiary over any of the Guarantor's claims or claims of any Material Subsidiary against any affiliated companies within the meaning of Sections 15 et seqq. of the German Stock Corporation Act (*Aktiengesetz*) or any third party, which claims exist now or arise at any time in the future, as a result of the

Erlösen aus der Emission von Wertpapieren bestehen, soweit diese Sicherheiten zur Sicherung von Verpflichtungen aus diesen durch die Garantin oder durch eine Wesentliche Tochtergesellschaft ausgegebenen Wertpapieren dienen, oder

- (v) eine im Zeitpunkt einer Akquisition bestehende Kapitalmarktverbindlichkeit besichern, die infolge der Akquisition eine Verpflichtung der Garantin oder einer Gesellschaft der Gruppe wird, sofern diese Kapitalmarktverbindlichkeit nicht im Hinblick auf diese Akquisition begründet wurde, oder
- (vi) im Zusammenhang mit der Begebung von asset backed securities (ABS) durch die Garantin oder eine Gesellschaft der Gruppe bestellt werden, oder
- (vii) im Zusammenhang mit der Begebung von asset backed securities (ABS) durch eine Zweckgesellschaft gegeben werden, bei denen die Garantin oder eine Gesellschaft der Gruppe der Originator der zugrunde liegenden Vermögenswerte ist, oder
- (viii) im Zusammenhang mit der Finanzierung von Projekten oder Vermögensgegenständen gegeben werden, vorausgesetzt, dass die Vermögensgegenstände, an denen das Sicherungsrecht besteht, (A) Vermögensgegenstände sind,

passing on of the proceeds from the issuance of any securities, provided that any such security serves to secure obligations under such securities issued by the Guarantor or by a Material Subsidiary, or

- (v) secures Capital Market Indebtedness existing at the time of an acquisition that becomes an obligation of the Guarantor or any member of the Group as a consequence of such acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such acquisition, or
- (vi) is provided in connection with any issuance of asset backed securities by the Guarantor or by any member of the Group, or
- (vii) is provided in respect of any issuance of asset backed securities made by a special purpose vehicle where the Guarantor or any member of the Group is the originator of the underlying assets, or
- (viii) is provided in respect of any financing of any project or asset, provided that the assets on which the security is created are (A) the assets which are used or to be used in or in connection with the project to which such Capital Markets Indebtedness relates or (B)

die in dem Projekt oder im Zusammenhang mit dem Projekt, auf das sich die Kapitalmarktverbindlichkeiten beziehen, genutzt werden oder genutzt werden sollen, oder (B) Einnahmen oder Ansprüche sind, die aufgrund der Nutzung, des Betriebs, der Nichteinhaltung von Spezifikationen, der Verwertung, des Verkaufs, des Verlusts/Untergangs oder der Beschädigung dieser Vermögensgegenstände entstehen, und weiter vorausgesetzt, dass diese Kapitalmarktverbindlichkeiten weder direkt noch indirekt Gegenstand einer Garantie, Freistellung oder anderen Form der Zusicherung, Verpflichtung oder Unterstützung irgendeines anderen Mitglieds der Gruppe sind, oder

- (ix) eine Erneuerung, Verlängerung oder Ersetzung irgendeiner Sicherheit gemäß vorstehend (i) bis (viii) darstellen, oder
- (x) nicht in den Anwendungsbereich von (i) bis (ix) fallen und Kapitalmarktverbindlichkeiten besichern, deren Kapitalbetrag (zusammen mit dem Kapitalbetrag anderer Kapitalmarktverbindlichkeiten, für die andere dingliche Sicherheiten als solche (begeben durch die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft), die in den Anwendungsbereich von (i) bis (ix) fallen, bestehen) EUR 300.000.000 (bzw. den Gegenwert in anderen

revenues or claims which arise from the use, operation, failure to meet specifications, exploitation, sale, or loss of or damage to, such assets and provided further that such Capital Markets Indebtedness is not directly or indirectly the subject of any guarantee, indemnity or other form of assurance, undertaking or support from any other member of the Group, or

- (ix) constitutes the renewal, extension or replacement of any security pursuant to foregoing (i) through (viii), or
- (x) do not fall within the scope of application of (i) through (ix) above and which secure Capital Market Indebtedness with a principal amount (when aggregated with the principal amount of other Capital Markets Indebtedness which has the benefit of security (issued by the Issuer, the Guarantor or any Material Subsidiary) other than any falling within the scope of application of (i) through (ix) above) not exceeding EUR 300,000,000 (or its equivalent in other currencies).

Währungen) nicht  
überschreitet.

Eine nach § 3(c) zu stellende Sicherheit kann auch zu Gunsten der Person eines Treuhänders der Anleihegläubiger bestellt werden.

Die in diesem § 3 benutzten Begriffe "Vermögen" und "Verpflichtung zur Zahlung oder Rückzahlung von Geldern" schließen nicht solche Vermögensgegenstände der Emittentin, der Garantin oder einer Wesentlichen Tochtergesellschaft mit ein, die im Einklang mit den Gesetzen und in der Bundesrepublik Deutschland ("Deutschland") anerkannten Regeln der Bilanzierung und Buchführung oder den jeweils anwendbaren Gesetzen und anerkannten Regeln der Bilanzierung und Buchführung nicht in den Bilanzen der Emittentin, der Garantin oder einer Wesentlichen Tochtergesellschaft ausgewiesen werden müssen und darin auch nicht ausgewiesen werden.

(e) *Definitionen.*

**"Kapitalmarktverbindlichkeit"**

bezeichnet jede gegenwärtige oder zukünftige Verpflichtung zur Zahlung oder Rückzahlung von Geldern (einschließlich Verpflichtungen aus Garantien oder anderen Haftungsvereinbarungen für Verbindlichkeiten von Dritten) entweder (i) aus Schuldscheindarlehen, (ii) aus Namensschuldverschreibungen oder (iii) aus Schuldverschreibungen, sofern diese eine ursprüngliche Laufzeit von mehr als einem Jahr haben und an einer Börse oder an einem anderen anerkannten Wertpapiermarkt notiert, zugelassen oder gehandelt werden oder notiert,

Any security which is to be provided pursuant to § 3(c) may also be provided to a person acting as trustee for the Noteholders.

The expressions "assets" and "obligation for the payment or repayment of money that is borrowed" as used in this § 3 do not include assets of the Issuer, Guarantor or any Material Subsidiary which, pursuant to the requirements of law and accounting principles generally accepted in the Federal Republic of Germany ("Germany") or such other applicable law and accepted accounting principles generally, as the case may be, need not, and are not, reflected in the Issuer's, Guarantor's or in a Material Subsidiary's balance sheets.

(e) *Definitions.*

**"Capital Market Indebtedness"**

means any present or future obligation for the payment or repayment of money (including obligations by reason of any guarantee or other liability agreement for obligations of third parties) that is borrowed either in the form of (i) bonded loans (*Schuldscheindarlehen*), (ii) registered notes (*Namensschuldverschreibungen*), or (iii) in the form of an issuance of notes with an original maturity of more than one year and which are, or are capable of being, quoted, listed or traded on a stock exchange or other recognized securities market.

zugelassen oder gehandelt werden können.

**"Gruppe"** bezeichnet die Garantin und ihre jeweiligen vollkonsolidierten Tochtergesellschaften (wie in diesem § 3(e) definiert).

**"Tochtergesellschaft"** bezeichnet ein Unternehmen, bei dem eine Person die unmittelbare oder mittelbare Kontrolle besitzt oder unmittelbar oder mittelbar Eigentümer von mehr als 50 % des stimmberechtigten Kapitals oder entsprechender Eigentumsrechte ist; "Kontrolle" bedeutet in diesem Zusammenhang die Berechtigung, die Geschäftsführung und die Politik des Unternehmens sei es über das Eigentum am stimmberechtigten Kapital, mittels eines Vertrages oder auf andere Weise im Sinne von § 17 Aktiengesetz zu bestimmen (Fälle mehrfacher Abhängigkeit bei Gemeinschaftsunternehmen, bei denen kein Partner mehr als 50 % der Stimmrechte hält, sind dabei ausgeschlossen).

**"Wesentliche Tochtergesellschaft"** bezeichnet eine Tochtergesellschaft der Garantin, deren nicht konsolidiertes Bruttovermögen oder deren nicht konsolidierter Umsatz (gemäß dem letzten Jahresabschluss der betreffenden Tochtergesellschaft, der in den letzten geprüften Konzernabschluss konsolidiert wurde) mindestens 5 % des nicht konsolidierten Bruttovermögens oder des nicht konsolidierten Umsatzes der Gruppe ausmacht, wobei eine neu erworbene Tochtergesellschaft der Garantin bis zum Ablauf von sechs Monaten ab Durchführung des Erwerbs nicht als Wesentliche Tochtergesellschaft gilt. Ein Bericht der Wirtschaftsprüfer der Garantin

**"Group"** means the Guarantor and all of its fully consolidated Subsidiaries (as defined in this § 3(e)) from time to time.

**"Subsidiary"** means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50% of the voting capital or similar right of ownership and "control" in this context means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise within the meaning of Section 17 of the German Stock Corporation Act (*Aktiengesetz*) (cases of multiple dependency (*mehrfache Abhängigkeit*) in relation of joint ventures where no partner holds more than 50% of the voting rights shall be excluded).

**"Material Subsidiaries"** means a Subsidiary of the Guarantor which has unconsolidated gross assets or unconsolidated turnover (based on the latest annual financial statements of the respective Subsidiary which was consolidated into the latest audited consolidated financial statements of the Group (*Konzernabschluss*)) representing 5% or more of the unconsolidated gross assets or unconsolidated turnover of the Group, provided that any newly acquired subsidiary of the Guarantor shall in no event constitute a Material Subsidiary until expiry of a six-month period from the completion of the relevant acquisition. A certificate issued by the Guarantor's auditors

darüber, ob ihrer Meinung nach eine Tochtergesellschaft zu einem bestimmten Zeitpunkt eine Wesentliche Tochtergesellschaft ist oder war bzw. nicht ist oder nicht war, ist, sofern nicht ein offensichtlicher Irrtum vorliegt, für alle Beteiligten endgültig und bindend.

#### § 4 Verzinsung

- (a) *Zinssatz und Zinszahlungstage.* Die Schuldverschreibungen werden, bezogen auf ihren Nennbetrag, ab dem 23. Oktober 2019 (der "Zinslaufbeginn") (einschließlich) bis zum Fälligkeitstag (wie in § 5(a) definiert) (ausschließlich) mit ***[im Fall der 2023 Schuldverschreibungen einzufügen: 1,250 %] [im Fall der 2026 Schuldverschreibungen einzufügen: 2,000 %] [im Fall der 2027 Schuldverschreibungen einzufügen: 2,500 %] [im Fall der 2029 Schuldverschreibungen einzufügen: 3,000 %]*** jährlich verzinst. Die Zinsen sind jährlich nachträglich am ***[im Fall der 2023 Schuldverschreibungen einzufügen: 23. Oktober] [im Fall der 2026 Schuldverschreibungen einzufügen: 23. Februar] [im Fall der 2027 Schuldverschreibungen einzufügen: 23. Oktober] [im Fall der 2029 Schuldverschreibungen einzufügen: 23. Oktober]*** jeden Jahres (jeweils ein "Zinszahlungstag") zu zahlen. Die erste Zinszahlung erfolgt am ***[im Fall der 2023 Schuldverschreibungen einzufügen: 23. Oktober 2020] [im Fall der 2026 Schuldverschreibungen einzufügen: 23. Februar 2020]*** (kurze erste Zinsperiode) und beläuft sich auf EUR 672,13 je Nennbetrag ***[im Fall der 2027 Schuldverschreibungen***

stating that a subsidiary is or is not or was or was not at a specified date a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties.

#### § 4 Interest

- (a) *Rate of Interest and Interest Payment Dates.* The Notes shall bear interest on their Principal Amount at a rate of ***[in case of the 2023 Notes insert: 1.250%] [in case of the 2026 Notes insert: 2.000%] [in case of the 2027 Notes insert: 2.500%] [in case of the 2029 Notes insert: 3.000%]*** per annum from and including 23 October 2019 (the "Interest Commencement Date") to (but excluding) the Redemption Date (as defined in § 5(a)). Interest is payable annually in arrear on ***[in case of the 2023 Notes insert: October 23] [in case of the 2026 Notes insert: February 23] [in case of the 2027 Notes insert: October 23] [in case of the 2029 Notes insert: October 23]*** of each year (each an "Interest Payment Date"). The first payment of interest shall be made on ***[in case of the 2023 Notes insert: October 23, 2020] [in case of the 2026 Notes insert: February 23, 2020]*** (short first interest period) and will amount to EUR 672.13 per Principal Amount ***[in case of the 2027 Notes insert: October 23, 2020] [in case of the 2029 Notes insert: October 23, 2020]***.

**einzufügen: 23. Oktober 2020] [im  
Fall der 2029  
Schuldverschreibungen  
einzufügen: 23. Oktober 2020].**

- (b) *Verzugszinsen.* Der Zinslauf der Schuldverschreibungen endet, soweit hierin nicht abweichend geregelt, am Ende des Tages, der dem Tag vorangeht, an dem sie zur Rückzahlung fällig werden. Falls die Emittentin die Schuldverschreibungen bei Fälligkeit nicht zurückzahlt, wird der ausstehende Gesamtnennbetrag der Schuldverschreibungen vom Tag der Fälligkeit (einschließlich) bis zum Tag der vollständigen Zahlung an die Anleihegläubiger (ausschließlich) mit dem gesetzlich bestimmten Verzugszins verzinst. Der gesetzliche Verzugszinssatz entspricht dem von der Deutschen Bundesbank von Zeit zu Zeit veröffentlichten Basiszinssatz zuzüglich fünf Prozentpunkten, §§ 288 Abs. 1, 247 Abs. 1 BGB.
- (b) *Default Rate of Interest.* Unless provided herein, a Note shall cease to bear interest from the end of the day preceding the due date for redemption. If the Issuer fails to redeem the Notes when due, interest shall continue to accrue on the outstanding aggregate principal amount of the Notes at the default rate of interest established by statutory law on the outstanding amount from (and including) the due date to (but excluding) the day on which such payment is received by or on behalf of the Holders. The default rate of interest established by statutory law is five percentage points above the basis rate of interest published by Deutsche Bundesbank from time to time, Sections 288 para. 1, 247 para. 1 of the German Civil Code (*Bürgerliches Gesetzbuch*).
- (c) *Zinsberechnungsmethode.* Sind Zinsen für einen Zeitraum zu berechnen, der kürzer als eine Zinsperiode (wie in diesem § 4(c) definiert) ist, so werden die Zinsen auf der Grundlage der tatsächlichen Anzahl der Kalendertage in dem jeweiligen Zeitraum ab dem ersten Tag des jeweiligen Zeitraums (einschließlich) bis zum letzten Tag des jeweiligen Zeitraums (ausschließlich) berechnet, geteilt durch die Anzahl der Kalendertage in der Zinsperiode, in die der jeweilige Zeitraum fällt (einschließlich des ersten Tages der betroffenen Zinsperiode, aber ausschließlich des letzten Tages der betroffenen Zinsperiode).
- (c) *Day Count Convention.* Where interest is to be calculated in respect of a period which is shorter than an Interest Period (as defined in this § 4(c)), the interest will be calculated on the basis of the actual number of calendar days elapsed in the relevant period, from (and including) the first date in the relevant period to (but excluding) the last date of the relevant period, divided by the actual number of calendar days in the Interest Period in which the relevant period falls (including the first such day of the relevant Interest Period but excluding the last day of the relevant Interest Period).



"Zinsperiode" bezeichnet den Zeitraum ab dem Zinslaufbeginn (einschließlich) bis zum ersten Zinszahlungstag (ausschließlich) und danach ab dem jeweiligen Zinszahlungstag (einschließlich) bis zum nächstfolgenden Zinszahlungstag (ausschließlich).

## § 5

### Fälligkeit und Rückzahlung

- (a) *Endfälligkeit.* Die Schuldverschreibungen werden am **[im Fall der 2023 Schuldverschreibungen einzufügen: 23. Oktober 2023] [im Fall der 2026 Schuldverschreibungen einzufügen: 23. Februar 2026] [im Fall der 2027 Schuldverschreibungen einzufügen: 23. Oktober 2027] [im Fall der 2029 Schuldverschreibungen einzufügen: 23. Oktober 2029]** (der "Fälligkeitstag") zu ihrem Nennbetrag zuzüglich aufgelaufener Zinsen zurückgezahlt, soweit sie nicht vorher zurückgezahlt oder zurückgekauft und entwertet worden sind.
- (b) *Vorzeitige Rückzahlung aus steuerlichen Gründen.* Falls die Emittentin oder die Garantin als Folge einer Änderung oder Ergänzung der Steuer- oder Abgabengesetze und -vorschriften des für die Emittentin bzw. die Garantin Maßgeblichen Steuerhoheitsgebiets (wie in § 7(a) definiert) oder als Folge einer Änderung oder Ergänzung der Anwendung oder der offiziellen Auslegung dieser Gesetze und Vorschriften (vorausgesetzt, diese Änderung oder Ergänzung wird am oder nach dem Tag, an dem die Schuldverschreibungen begeben

"Interest Period" means the period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and thereafter from (and including) each relevant Interest Payment Date to (but excluding) the next following Interest Payment Date.

## § 5

### Maturity and Redemption

- (a) *Maturity.* The Notes will be redeemed at their Principal Amount together with accrued interest on **[in case of the 2023 Notes insert: October 23, 2023] [in case of the 2026 Notes insert: February 23, 2026] [in case of the 2027 Notes insert: October 23, 2027] [in case of the 2029 Notes insert: October 23, 2029]** (the "Redemption Date") to the extent they have not previously been redeemed or purchased and cancelled.
- (b) *Early Redemption for Reasons of Taxation.* If as a result of any change in, or amendment to, the laws or regulations of the Relevant Taxing Jurisdiction (as defined in § 7(a)) in respect of the Issuer or, as applicable, the Guarantor, affecting taxation or the obligation to pay duties of any kind, or any change in, or amendment to, an official interpretation or application of such laws or regulations, which amendment or change is effective on or after the date on which the Notes were issued, the Issuer or the Guarantor, as the case may be, is required to pay Additional

worden sind, wirksam) am nächstfolgenden Zinszahlungstag (wie in § 4(a) definiert) zur Zahlung von Zusätzlichen Beträgen (wie in § 7(b) definiert) verpflichtet sein wird und diese Verpflichtung nicht durch das Ergreifen zumutbarer, der Emittentin oder der Garantin zur Verfügung stehender Maßnahmen vermieden werden kann, dann ist die Emittentin berechtigt, die Schuldverschreibungen jederzeit (vollständig, jedoch nicht nur teilweise) durch Mitteilung an die Anleihegläubiger gemäß § 10 unter Einhaltung einer Frist von nicht weniger als 30 und nicht mehr als 60 Kalendertagen zu kündigen. Im Falle einer solchen Kündigung hat die Emittentin die Schuldverschreibungen an dem in der Kündigungserklärung festgelegten Rückzahlungstermin zum Nennbetrag zuzüglich bis zum festgelegten Rückzahlungstermin (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.

Die Kündigungserklärung darf nicht früher als 90 Kalendertage vor dem Tag erfolgen, an dem die Emittentin oder die Garantin erstmals verpflichtet wäre, Zusätzliche Beträge zu zahlen.

Vor Abgabe einer solchen Kündigungserklärung wird die Emittentin bzw. die Garantin der Hauptzahlstelle ein Gutachten eines angesehenen unabhängigen Rechtsberaters übergeben, aus dem hervorgeht, dass die Emittentin bzw. die Garantin verpflichtet ist oder verpflichtet sein wird, die betreffenden Zusätzlichen Beträge als Folge der entsprechenden Rechtsänderung zu zahlen.

Eine solche Kündigung ist gemäß § 10 bekanntzumachen. Sie ist

Amounts (as defined in § 7(b)) on the next succeeding Interest Payment Date (as defined in § 4(a)), and this obligation cannot be avoided by the use of reasonable measures available to the Issuer or the Guarantor, as the case may be, the Issuer may, upon giving not less than 30 nor more than 60 calendar days' notice to the Noteholders in accordance with § 10, call the Notes (in whole but not in part) at any time. In the case such call notice is given, the Issuer shall redeem the Notes on the date fixed for redemption in the call notice at their Principal Amount together with accrued interest until the date fixed for redemption (excluding).

No such call notice may be given earlier than 90 calendar days prior to the earliest date on which the Issuer or the Guarantor would be for the first time obliged to pay the Additional Amounts.

Prior to giving any such call notice, the Issuer and the Guarantor respectively will deliver to the Principal Paying Agent an opinion of an independent legal advisor of recognised standing to the effect that the Issuer and the Guarantor respectively have been obliged or will become obliged to pay the Additional Amounts in question as a result of the relevant change in law.

Any such notice shall be given in accordance with § 10. It shall be

unwiderruflich, muss den für die Rückzahlung festgelegten Termin nennen und eine zusammenfassende Erklärung enthalten, welche die das Rückzahlungsrecht der Emittentin bzw. der Garantin begründenden Umständen darlegt.

- (c) *Vorzeitige Rückzahlung nach Wahl der Emittentin bei geringfügigem ausstehenden Nennbetrag.* Wenn Schuldverschreibungen mit einem Nennbetrag, der insgesamt 80 % oder mehr des ursprünglichen Gesamtnennbetrags der Schuldverschreibungen entspricht, durch die Emittentin, die Garantin oder eine direkte oder mittelbare Tochtergesellschaft der Garantin zurückgezahlt oder zurückerworben wurden (ein "**Rückführungseignis**"), ist die Emittentin berechtigt, nach vorheriger Mitteilung, die innerhalb von 30 Kalendertagen nach dem Eintritt eines Rückführungseignis erfolgen muss, gegenüber den Anleihegläubigern mit einer Frist von mindestens 30 und höchstens 60 Kalendertagen nach ihrer Wahl alle ausstehenden Schuldverschreibungen zum Nennbetrag zuzüglich bis zum festgelegten Rückzahlungstermin (ausschließlich) aufgelaufener Zinsen zurückzuzahlen. Die Kündigung ist den Anleihegläubigern durch die Emittentin gemäß § 10 bekannt zu geben.

irrevocable, must specify the date fixed for redemption and must set forth a statement in summary form of the facts constituting the basis for the right of the Issuer and of the Guarantor respectively to redeem.

- (c) *Early Redemption at the Option of the Issuer for Reasons of Minimal Outstanding Principal Amount.* If Notes with a principal amount which in aggregate represents 80% or more of the aggregate Principal Amount of the Notes which was originally outstanding have been redeemed or repurchased by the Issuer, the Guarantor or any direct or indirect Subsidiary of the Guarantor (the "**Clean-up Call Event**"), the Issuer may, on not less than 30 or more than 60 calendar days' notice to the Noteholders given within 30 calendar days after the occurrence of a Clean-up Call Event, redeem, at its option, the remaining Notes as a whole at their Principal Amount plus interest accrued to (but excluding) the date fixed for redemption. Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 10.

- (d) *Vorzeitige Rückzahlung nach Wahl der Emittentin am Wahl-Rückzahlungstag.*
- (i) Die Emittentin kann, nachdem sie gemäß (ii) dieses § 5(d) gekündigt hat, die Schuldverschreibungen jederzeit insgesamt oder teilweise nach ihrer Wahl zu einem Rückzahlungsbetrag in Höhe von 100% des Nennbetrags der zurückzuzahlenden Schuldverschreibungen, nebst etwaigen bis zum maßgeblichen Wahl-Rückzahlungstag (der "**Wahl-Rückzahlungstag**") (ausschließlich) aufgelaufenen Zinsen, zuzüglich des Betrages (sofern sich ein solcher ergibt), um den
- (x) die durch die Berechnungsstelle ermittelte Summe der Barwerte der verbleibenden planmäßigen Kapitalrückzahlungen und Zinszahlungen auf die zurückzuzahlenden Schuldverschreibungen (nicht eingerechnet der bis zum Wahl-Rückzahlungstag (ausschließlich) aufgelaufene Teil dieser Zinszahlungen) vom Wahl-Rückzahlungstag (einschließlich) bis zum Fälligkeitstag (ausschließlich), abgezinst auf den Wahl-Rückzahlungstag auf einer jährlichen Basis, bei Annahme eines 365-Tage-Jahres bzw. eines
- (d) *Early Redemption at the Option of the Issuer on the Optional Redemption Date.*
- (i) The Issuer may, upon notice given in accordance with clause (ii) of this § 5(d), at any time redeem all or only some of the Notes at its option, at a redemption price equal to 100% of the principal amount of the Notes being redeemed plus accrued interest, if any, to (but excluding) the relevant optional redemption date (the "**Optional Redemption Date**"), plus the excess (if any) of:
- (x) as determined by the Calculation Agent, the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed (not including any portion of such payment of interest accrued to (but excluding) the Optional Redemption Date), from (and including) the Optional Redemption Date to (but excluding) the Redemption Date, discounted to the Optional Redemption Date on an annual basis, assuming a 365-day year or a 366-day year, as the case may be, and the actual number of days elapsed in such

366-Tage-Jahres und auf Basis der tatsächlichen Anzahl von Tagen, die in einem solchen Jahr abgelaufen sind, unter Anwendung der Benchmark- Rendite zuzüglich **[im Fall der 2023 Schuldverschreibungen einzufügen: 0,350 %]** **[im Fall der 2026 Schuldverschreibungen einzufügen: 0,450 %]** **[im Fall der 2027 Schuldverschreibungen einzufügen: 0,500 %]** **[im Fall der 2029 Schuldverschreibungen einzufügen: 0,500 %]**,

(y) den Nennbetrag der zurückzuzahlenden Schuldverschreibungen übersteigt,

(der "**Make-Whole-Betrag**") zurückzahlen.

(ii) Die Kündigung ist den Anleihegläubigern durch die Emittentin gemäß § 10 bekannt zu geben. Sie muss die folgenden Angaben enthalten:

(x) eine Erklärung, ob die Schuldverschreibungen insgesamt oder teilweise zurückgezahlt werden und im letzteren Fall den Gesamtnennbetrag der zurückzuzahlenden Schuldverschreibungen; und

year, at the Benchmark Yield plus **[in case of 2023 Notes insert: 0.350%]** **[in case of 2026 Notes insert: 0.450%]** **[in case of 2027 Notes insert: 0.500%]** **[in case of 2029 Notes insert: 0.500%]**; over

(y) the principal amount of the Notes being redeemed

(the "**Make-Whole Amount**").

(ii) Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 10. Such notice shall specify:

(x) whether the Notes will be redeemed in whole or in part only and, if in part only, the aggregate Principal Amount of the Notes which are to be redeemed; and

- |   |  |
|---|--|
| <p>(y) den Wahl-Rückzahlungstag, der nicht weniger als 30 Kalendertage und nicht mehr als 60 Kalendertage nach dem Tag der Kündigung durch die Emittentin gegenüber den Anleihegläubigern liegen darf.</p>  | <p>(y) the Optional Redemption Date, which shall be not less than 30 calendar days nor more than 60 calendar days after the date on which notice is given by the Issuer to the Noteholders.</p>  |
| <p>(iii) Wenn die Schuldverschreibungen nur teilweise zurückgezahlt werden, werden die zurückzuzahlenden Schuldverschreibungen in Übereinstimmung mit den Regeln und Verfahren des Clearingsystems ausgewählt. Für das technische Verfahren der ICSDs wird im Fall einer teilweisen Rückzahlung der entstehende Rückzahlungsbetrag entweder als reduzierter Nennbetrag oder als Poolfaktor nach Ermessen der ICSDs in das Register der ICSDs aufgenommen.</p> | <p>(iii) In the case of a partial redemption of Notes, Notes to be redeemed shall be selected in accordance with the rules and procedures of the Clearing System. For technical procedure of the ICSDs, in the case of a partial redemption the outstanding redemption amount will be reflected in the records of the ICSDs as either a reduction in nominal amount or as a pool factor, at the discretion of the ICSDs.</p> |

**"Benchmark-Rendite"** ist die Rendite zum Rückzahlungs-Berechnungstag, die um oder gegen 12:00 Uhr mittags (Frankfurter Zeit) auf der Bildschirmseite für die Referenzanleihe angezeigt wird, oder, sollte diese Rendite zu diesem Zeitpunkt nicht festgestellt werden können, die Rendite, die zu einem anderen Zeitpunkt, der von der Emittentin nach billigem Ermessen als angemessen ausgewählt wird, am Rückzahlungs-Berechnungstag auf der Bildschirmseite angezeigt wird.

**"Benchmark Yield"** means the yield as at the Redemption Calculation Date appearing at or around noon (Frankfurt am Main time) on the Screen Page in respect of the Benchmark Security, or if such yield cannot be so determined at such time, the yield appearing on the Screen Page at such other time on the Redemption Calculation Date determined by the Issuer in its reasonable discretion to be appropriate.

"Referenzanleihe" ist die *[im Fall der 2023 Schuldverschreibungen einzufügen: 0,000 % Euro-Referenz-Anleihe der Bundesrepublik Deutschland fällig 2023 mit ISIN DE0001141786]* *[im Fall der 2026 Schuldverschreibungen einzufügen: 0,500 % Euro-Referenz-Anleihe der Bundesrepublik Deutschland fällig 2026 mit ISIN DE0001102390]* *[im Fall der 2027 Schuldverschreibungen einzufügen: 0,500 % Euro-Referenz-Anleihe der Bundesrepublik Deutschland fällig 2027 mit ISIN DE0001102424]* *[im Fall der 2029 Schuldverschreibungen einzufügen: 0,000 % Euro-Referenz-Anleihe der Bundesrepublik Deutschland fällig 2029 mit ISIN DE0001102473]* oder, falls diese Anleihe am Rückzahlungs-Berechnungstag nicht mehr aussteht, eine von der Emittentin nach billigem Ermessen ausgewählte Ersatz-Referenzanleihe, deren Laufzeit mit der verbleibenden Restlaufzeit der Schuldverschreibung bis zum Fälligkeitstag vergleichbar ist, und die im Zeitpunkt der Auswahlentscheidung und in Übereinstimmung mit der üblichen Finanzmarktpraxis zur Preisbestimmung bei Neuemissionen von Unternehmensanleihen mit einer vergleichbaren Laufzeit bis zum Fälligkeitstag verwendet würde.

"Bildschirmseite" ist Bloomberg *[im Fall der 2023 Schuldverschreibungen einzufügen: AT634023 Corp HP]* *[im Fall der 2026 Schuldverschreibungen einzufügen: JV503423 Corp HP]* *[im Fall der 2027 Schuldverschreibungen einzufügen: AO223542 Corp HP]* *[im*

"Benchmark Security" means *[in case of 2023 Notes insert: the 0.000% euro denominated benchmark debt security of the Federal Republic of Germany due 2023, carrying ISIN DE0001141786]* *[in case of 2026 Notes insert: the 0.500% euro denominated benchmark debt security of the Federal Republic of Germany due 2026, carrying ISIN DE0001102390]* *[in case of 2027 Notes insert: the 0.500% euro denominated benchmark debt security of the Federal Republic of Germany due 2027, carrying ISIN DE0001102424]* *[in case of 2029 Notes insert: the 0.000% euro denominated benchmark debt security of the Federal Republic of Germany due 2029, carrying ISIN DE0001102473]*, or, if such security is no longer outstanding on the Redemption Calculation Date, such substitute benchmark security selected by the Issuer in its reasonable discretion, having a maturity comparable to the remaining term of the Note to the Redemption Date, that would be used at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the Redemption Date.

"Screen Page" means Bloomberg page *[in case of 2023 Notes insert: AT634023 Corp HP]* *[in case of 2026 Notes insert: JV503423 Corp HP]* *[in case of 2027 Notes insert: AO223542 Corp HP]* *[in case of 2029 Notes insert: AZ461235 Corp HP]* (setting "Last Yield To Convention" and using the pricing source "FRNK") (or any successor page or successor

**Fall der 2029  
Schuldverschreibungen**

**einzu**fügen: AZ461235 Corp HPJ (Einstellung "Last Yield to Convention" und Verwendung der Preisquelle "FRNK") (oder jede Nachfolgesseite oder Nachfolge-Preisquelle) für die Referenzanleihe oder, falls diese Bloomberg-Seite oder Preisquelle nicht verfügbar ist, eine andere Seite (falls vorhanden) eines anderen Informationsanbieters, die weitgehend ähnliche Daten anzeigt, wie von der Emittentin nach billigem Ermessen ausgewählt.

**"Rückzahlungs-Berechnungstag"** ist der zehnte Geschäftstag vor dem jeweiligen Wahl-Rückzahlungstag.

- (e) *Kündigungsrecht der Emittentin und vorzeitige Rückzahlung bei einem Akquisitionereignis.*

Bei Eintritt eines Akquisitionereignisses (wie in diesem § 5(e) definiert) im Zeitraum vom Zinslaufbeginn (einschließlich) bis zum 31. Dezember 2020 (einschließlich) ist die Emittentin berechtigt, die Schuldverschreibungen (insgesamt, jedoch nicht teilweise) durch eine unwiderrufliche Mitteilung gemäß § 10 unter Einhaltung einer Frist von nicht weniger als 10 und nicht mehr als 30 Kalendertagen zu kündigen.

Die Kündigungsmittteilung kann nur zeitgleich mit oder nach einer Mitteilung der Emittentin über den Eintritt des Akquisitionereignisses nach Maßgabe von § 10 gemacht werden und muss das Datum der Rückzahlung festlegen (der **"Kündigungs-Rückzahlungstag"**).

Im Fall der Kündigung wegen eines Akquisitionereignisses hat die

pricing source) for the Benchmark Security, or, if such Bloomberg page or pricing source is not available, such other page (if any) from such other information provider displaying substantially similar data as selected by the Issuer in its reasonable discretion.

**"Redemption Calculation Date"** means the tenth Business Day prior to the relevant Optional Redemption Date.

- (e) *Termination Right of the Issuer and Early Redemption in case of an Acquisition Event.*

If an Acquisition Event (as defined in this § 5(e)) occurs in the period from the Interest Commencement Date (including) and until 31 December 2020 (including), the Issuer may call and redeem the Notes (in whole but not in part) upon giving of not less than 10 nor more than 30 calendar days' irrevocable notice in accordance with § 10.

The notice of redemption may only be given simultaneously with or after a notification by the Issuer in accordance with § 10 that the Acquisition-Event has occurred and has to set forth the date of redemption (the **"Call Redemption Date"**).

In case of a redemption due to an Acquisition Event, the Issuer will



Emittentin sämtliche ausstehenden Schuldverschreibungen zu 101 % des Nennbetrags je ausstehender Schuldverschreibung nebst Zinsen, die bis zum Kündigungs-Rückzahlungstag (ausschließlich) aufgelaufen sind, zurückzuzahlen.

Die Emittentin hat der Hauptzahlstelle vor Abgabe einer Kündigungsmitteilung wegen eines Akquisitionseignisses eine von zwei ordnungsgemäß bevollmächtigten Vertretern der Garantin unterzeichnete Bescheinigung zu übermitteln bzw. deren Übermittlung zu veranlassen, die bestätigt, dass die Emittentin berechtigt ist, die maßgebliche Rückzahlung vorzunehmen, und aus der die Tatsachen hervorgehen, auf deren Grundlage die Voraussetzungen für das Rückzahlungsrecht der Emittentin eingetreten sind.

Ein "**Akquisitionseignis**" tritt ein, wenn

- (i) keine Vollzugsmitteilung über den Erwerb der WABCO Holdings Inc. durch die Garantin erfolgt ist und
- (ii) die Garantin öffentlich erklärt hat, dass sie nicht länger beabsichtigt, den Erwerb der WABCO Holdings Inc. zu verfolgen und
- (iii) die Emittentin den Anleihegläubigern dieses Akquisitionseignis gemäß § 10 bekanntgemacht hat.
- (iv) "**Vollzugsmitteilung**" bedeutet die Einreichung der Verschmelzungsbestätigung (*certificate of merger*) beim Secretary of State des Bundesstaates Delaware

redeem all outstanding Notes at 101% of the principal amount per Note outstanding plus any Interest accrued to, but excluding, the Call Redemption Date.

Prior to giving any notice of redemption resulting from an Acquisition Event the Issuer shall deliver or procure delivery to the Principal Paying Agent of a certificate signed by any two duly authorized representatives of the Guarantor stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions precedent to the exercise of the right of the Issuer to redeem have been satisfied.

An "**Acquisition Event**" shall occur if

- (i) a Closing Certificate regarding the acquisition of WABCO Holdings Inc. has not been filed by the Guarantor, and
- (ii) the Guarantor has publicly stated that it no longer intends to pursue the acquisition of WABCO Holdings Inc., and
- (iii) the Issuer has given notice to the Noteholders in accordance with § 10 of such Acquisition Event.
- (iv) "**Closing Certificate**" means the filing with the Secretary of State of the State of Delaware of a certificate of merger as provided in Section 251 of the

gemäß § 251 des General Corporation Law des Bundesstaates Delaware.

General Corporation Law of the State of Delaware.

- (f) *Vorzeitige Rückzahlung nach Wahl der Emittentin zum Nennbetrag.* Die Emittentin kann die Schuldverschreibungen während eines Zeitraums vom **[im Fall der 2023 Schuldverschreibungen einzufügen: 23. September 2023] [im Fall der 2026 Schuldverschreibungen einzufügen: 23. Dezember 2025] [im Fall der 2027 Schuldverschreibungen einzufügen: 23. Juli 2027] [im Fall der 2029 Schuldverschreibungen einzufügen: 23. Juli 2029]** bis zum Fälligkeitstag gegenüber den Anlegern mit einer Kündigungsfrist von nicht weniger als 30 und nicht mehr als 60 Tagen insgesamt, jedoch nicht teilweise, kündigen und zu ihrem Nennbetrag nebst etwaigen bis zum festgelegten Rückzahlungstermin (ausschließlich) aufgelaufenen Zinsen zurückzahlen. Die Kündigung ist den Anleihegläubigern durch die Emittentin gemäß § 10 bekannt zu geben.

## § 6 Zahlungen

- (a) *Zahlung von Kapital und Zinsen.* Die Zahlung von Kapital und Zinsen auf die Schuldverschreibungen erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen und Vorschriften, an das Clearingsystem oder an dessen Order zur Gutschrift für die jeweiligen Kontoinhaber bei dem Clearingsystem. Die Zahlung von Zinsen auf die Vorläufige Globalurkunde erfolgt, vorbehaltlich geltender steuerrechtlicher und sonstiger gesetzlicher Regelungen

- (f) *Early Redemption at the Option of the Issuer at the Principal Amount.* The Issuer may, on not less than 30 or more than 60 calendar days' notice to the Noteholders, during the period beginning on **[in case of the 2023 Notes insert: 23 September 2023] [in case of the 2026 Notes insert: 23 December 2025] [in case of the 2027 Notes insert: 23 July 2027] [in case of the 2029 Notes insert: 23 July 2029]** and ending on the Redemption Date, redeem, at its option, the remaining Notes in whole but not in part, at their Nominal Amount together with accrued interest, if any, to (but excluding) the date fixed for such redemption. Notice of redemption shall be given by the Issuer to the Noteholders in accordance with § 10.

## § 6 Payments

- (a) *Payment of Principal and of Interest.* Payment of principal and interest on the Notes shall be made, subject to applicable fiscal and other laws and regulations, for on-payment to the Clearing System or to its order for credit to the accounts of the respective account holders with the Clearing System. Payment of interest on the Temporary Global Note shall be made, subject to applicable fiscal and other laws and regulations, for on-payment to the Clearing System or to its order for credit to the accounts of

und Vorschriften, an das Clearingsystem oder an dessen Order zur Gutschrift für die jeweiligen Kontoinhaber bei dem Clearingsystem und zwar nach ordnungsgemäßer Bescheinigung gemäß § 1(b)(ii).

Die Zahlung an das Clearingsystem oder an dessen Order befreit die Emittentin bzw. die Garantin in Höhe der geleisteten Zahlung von ihren entsprechenden Verbindlichkeiten aus den Schuldverschreibungen.

Eine Bezugnahme in diesen Anleihebedingungen auf Kapital oder Zinsen der Schuldverschreibungen schließt jegliche Zusätzlichen Beträge gemäß § 7(b) ein.

- (b) *Zahltag.* Falls eine Zahlung auf Kapital oder Zinsen einer Schuldverschreibung an einem Tag zu leisten ist, der kein Geschäftstag (wie in diesem § 6(b) definiert) ist, so erfolgt die Zahlung am nächstfolgenden Geschäftstag. In diesem Fall steht den betreffenden Anleihegläubigern weder ein Zahlungsanspruch noch ein Anspruch auf Zinszahlungen oder eine andere Entschädigung wegen dieser Verzögerung zu.

**"Geschäftstag"** ist jeder Tag (außer einem Samstag oder Sonntag), an dem

- (i) Banken in London und Frankfurt am Main für den Geschäftsverkehr geöffnet sind und
- (ii) das Trans-European Automated Real-time Gross-settlement Express Transfer

the respective account holders with the Clearing System upon due certification as provided in § 1(b)(ii).

Payments to the Clearing System or to its order shall to the extent of amounts so paid constitute the discharge of the Issuer and the Guarantor respectively from their corresponding liabilities under the Notes.

Any reference in these Terms and Conditions to principal or interest will be deemed to include any Additional Amounts pursuant to § 7(b).

- (b) *Payment Business Day.* If any payment of principal or interest or any other amount with respect to a Note is to be effected on a day which is not a Business Day (as defined in this § 6(b)), payment shall be effected on the next following Business Day. In this case, the relevant Noteholders shall neither be entitled to any payment claim nor to any interest claim or other compensation with respect to such delay.

**"Business Day"** means a day (other than a Saturday or Sunday) on which

- (i) banks are open for general business in London and Frankfurt am Main and
- (ii) the Trans-European Automated Real-time Gross-settlement Express Transfer

System (TARGET 2) in Betrieb ist und

(iii) das Clearingsystem Zahlungen abwickelt.

(c) *Sonstige Zahlungen.* Alle sonstigen Zahlungen auf die Schuldverschreibungen gemäß diesen Anleihebedingungen erfolgen ausschließlich durch Überweisung auf ein vom Anleihegläubiger oder von dessen depotführender Bank benanntes, auf Euro lautendes Konto bei einer Bank außerhalb der Vereinigten Staaten von Amerika. Zahlungen an die so benannte Bank oder an deren Order befreien die Emittentin in Höhe der geleisteten Zahlungen von ihren Verbindlichkeiten aus den Schuldverschreibungen mit Zahlungseingang bei der Bank oder an deren Order auf ein Konto der Bank.

**"Vereinigte Staaten von Amerika"** bezeichnet für die Zwecke dieser Anleihebedingungen die Vereinigten Staaten von Amerika (einschließlich deren Bundesstaaten und des District of Columbia) sowie deren Territorien (einschließlich Puerto Rico, der U.S. Virgin Islands, Guam, American Samoa, Wake Island und Northern Mariana Islands).

## § 7

### Besteuerung

(a) *Zahlungen ohne Abzug oder Einbehalt von Steuern.* Alle in Bezug auf die Schuldverschreibungen von der Emittentin bzw. der Garantin an die Anleihegläubiger zahlbaren Kapital- oder Zinsbeträge werden ohne Einbehalt oder Abzug an der Quelle für oder wegen gegenwärtiger oder zukünftiger Steuern, Abgaben, Festsetzungen oder behördlichen

System (TARGET 2) is operating and

(iii) the Clearing System settles payments.

(c) *Other Payments.* All other payments on the Notes pursuant to these Terms and Conditions will be effected exclusively by transfer of the funds to a euro account with a bank designated by the Noteholder or its depositary bank outside the United States. Payments made to the bank so designated or to its order will discharge the liability of the Issuer under the Notes to the extent of the sums so paid upon receipt of the sums by such bank or to its order on an account of such bank.

**"United States"**, for the purposes of these Terms and Conditions, means the United States of America (including the States thereof and the District of Columbia) and its possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and Northern Mariana Islands).

## § 7

### Taxation

(a) *Payments Free and Clear of Taxes.* All payments of principal and interest made by the Issuer and the Guarantor respectively in respect of the Notes to the Noteholders shall be made free and clear of, and without withholding or deduction at source for, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**")

Gebühren jedweder Art ("**Steuern**") gezahlt, die von oder im Namen oder für Rechnung eines Hoheitsgebiets, in welchem die Emittentin bzw. die Garantin gegründet ist, Geschäften nachgeht, ihren Steuersitz hat, oder allgemein einer Besteuerung von Nettoeinkommen und -ertrag unterworfen ist, oder über welches bzw. von welchem aus Zahlungen auf die Schuldverschreibungen bzw. aufgrund der Garantie geleistet werden, oder von oder im Namen von oder für Rechnung einer seiner politischen Untergliederungen oder Steuerbehörden (jeweils ein "**Maßgebliches Steuerhoheitsgebiet**") im Wege des Abzugs oder Einbehalts auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, ein solcher Abzug oder Einbehalt ist gesetzlich vorgeschrieben.

(b) *Zahlungen Zusätzlicher Beträge.* In diesem Fall wird die Emittentin bzw. die Garantin diejenigen zusätzlichen Beträge ("**Zusätzliche Beträge**") zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen an Kapital und Zinsen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Anleihegläubigern erhalten worden wären. Solche Zusätzlichen Beträge sind jedoch nicht zu zahlen:

(i) in Bezug auf Steuern, die anders als durch Einbehalt oder Abzug durch die Emittentin bzw. die Garantin von Zahlungen, die sie an den Anleihegläubiger leistet, zu entrichten sind; oder

imposed, levied, collected, withheld or assessed by way of deduction or withholding by or on behalf of any jurisdiction in which the Issuer or Guarantor, as applicable, is organized, engaged in business, resident for tax purposes or generally subject to tax on a net income basis, or through or from which payments on the Notes or the Guarantee, as applicable, is made, or any political subdivision or any authority therein or thereof having power to tax (each, a "**Relevant Taxing Jurisdictions**"), unless such deduction or withholding is required by law.

(b) *Payments of Additional Amounts.* In that case, the Issuer and the Guarantor respectively shall pay such additional amounts (the "**Additional Amounts**") as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such deduction or withholding been required. However, no such Additional Amounts shall be payable with respect to:

(i) taxes that are payable otherwise than by withholding or deduction by the Issuer and the Guarantor respectively from payments made by it to the Noteholder; or

- (ii) an einen Anleihegläubiger oder an einen Dritten für einen Anleihegläubiger, falls dieser Anleihegläubiger (oder ein Treuhänder, Gründer eines Treuhandvermögens, ein Begünstigter, oder ein Gesellschafter eines solchen Anleihegläubigers, falls es sich bei diesem um ein Nachlassvermögen, ein Treuhandvermögen, eine Personengesellschaft oder eine Kapitalgesellschaft handelt) auf Grund einer früheren oder gegenwärtigen Verbindung zu dem Maßgeblichen Steuerhoheitsgebiet (einschließlich solcher Anleihegläubiger (bzw. Treuhänder, Gründer eines Treuhandvermögens, Begünstigter oder Gesellschafter), welche Staatsbürger dieses Landes waren oder sind oder in diesem Land Handel oder Geschäfte betrieben haben oder betreiben oder in diesen eine Betriebsstätte hatten oder haben) einem solchen Einbehalt oder Abzug unterliegt und sich diese Verbindung nicht nur darauf beschränkt, dass er die Schuldverschreibung hält oder die unter dieser jeweils zu leistenden Zahlungen erhält; oder
- (iii) an einen Anleihegläubiger oder an einen Dritten für einen Anleihegläubiger, falls kein Einbehalt oder Abzug hätte erfolgen müssen, wenn die Schuldverschreibungen zum Zeitpunkt der fraglichen
- (ii) payments to, or to a third party on behalf of, a Noteholder where such Noteholder (or a fiduciary, settlor, beneficiary, member or shareholder of such Noteholder, if such Noteholder is an estate, a trust, a partnership or a corporation) is liable to such withholding or deduction by reason of having some present or former connection with the Relevant Taxing Jurisdiction, including, without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or having, or having had, a permanent establishment therein, other than by reason only of the holding of such Note or the receipt of the relevant payment in respect thereof; or
- (iii) payments to, or to a third party on behalf of, a Noteholder where no such withholding or deduction would have been required to be made if the Notes, at the time of payment, had been credited to a

- |   |  |
|---|--|
| <p>Zahlung einem Depotkonto bei einer bzw. einem nicht in dem Maßgeblichen Steuerhoheitsgebiet ansässigen Bank, Finanzdienstleistungsinstitut, Wertpapierhandelsunternehmen oder Wertpapierhandelsbank gutgeschrieben gewesen wären; oder</p>   | <p>securities deposit account with a bank, financial services institution, securities trading business or securities trading bank, in each case outside the Relevant Taxing Jurisdiction; or</p>   |
| <p>(iv) falls der Einbehalt oder Abzug gemäß</p> <p>(A) einer Richtlinie oder Verordnung der Europäischen Union zur Zinsbesteuerung oder</p> <p>(B) einem internationalen Abkommen oder Übereinkommen zu einer solchen Besteuerung, bei dem das Maßgebliche Steuerhoheitsgebiet oder die Europäische Union Parteien sind, oder</p> <p>(C) einem diese Richtlinie oder Verordnung oder dieses Abkommen oder Übereinkommen umsetzenden oder sie befolgenden oder zu ihrer Befolgung erlassenen Gesetz; oder</p> | <p>(iv) payments where such withholding or deduction is imposed pursuant to</p> <p>(A) any European Union Directive or Regulation concerning the taxation of savings, or</p> <p>(B) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party/are parties, or</p> <p>(C) any provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or</p> |
| <p>(v) soweit der Einbehalt oder Abzug von einem Anleihegläubiger oder von einem Dritten für einen Anleihegläubiger zahlbar ist, der einen solchen Einbehalt oder Abzug dadurch rechtmäßigerweise hätte vermindern können (aber nicht vermindert hat), dass er</p>  | <p>(v) payments to the extent such withholding or deduction is payable by or on behalf of a Noteholder who could lawfully mitigate (but has not so mitigated) such withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making or</p>  |

gesetzliche Vorschriften beachtet, oder dafür sorgt, dass Dritte dies tun, oder dadurch dass er eine Nichtansässigkeitserklärung oder einen ähnlichen Antrag auf Quellensteuerbefreiung gegenüber der am Zahlungsort zuständigen Steuerbehörde abgibt oder dafür sorgt, dass dies durch einen Dritten erfolgt, oder

(vi) soweit der Einbehalt oder Abzug von dem Anleihegläubiger oder von einem Dritten für einen Anleihegläubiger vorzunehmen ist, der einen solchen Einbehalt oder Abzug durch die Bewirkung einer Zahlung über eine andere Zahlstelle in einem Mitgliedsstaat der Europäischen Union, welche nicht zu einem solchen Einbehalt oder Abzug verpflichtet ist, hätte vermindern können; oder

(vii) soweit der Einbehalt oder Abzug für einen Anleihegläubiger oder dessen Rechnung vorzunehmen ist, der Schuldverschreibungen mehr als 30 Kalendertage nach dem Tag, an dem eine Zahlung unter den Schuldverschreibungen fällig und zahlbar wurde bzw., soweit dies später eintritt, nach dem Tag, an dem die Zahlung ordnungsgemäß vorgenommen wurde, vorgelegt hat; oder

(viii) soweit der Einbehalt oder Abzug vorzunehmen ist, weil der Anleihegläubiger eine Bank ist, die die

procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the payment is effected; or

(vi) payments to the extent such withholding or deduction is payable by or on behalf of a Noteholder who would have been able to mitigate such withholding or deduction by effecting a payment via another Paying Agent in a member state of the European Union, not obliged to withhold or deduct tax; or

(vii) payments to the extent such withholding or deduction is for or on account of the presentation by the Noteholder of any Note for payment on a date more than 30 calendar days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later; or

(viii) payments where such withholding or deduction is imposed because the Noteholder is a bank



Schuldverschreibungen im ordentlichen Geschäftsgang ihres Aktivgeschäfts erwirbt; oder

- (ix) soweit der Einbehalt oder Abzug gemäß §§ 1471 bis 1474 des U.S. Internal Revenue Code von 1986 in seiner jeweils gültigen Fassung (der "**Internal Revenue Code**") (diese Bestimmungen sind allgemein bekannt als *Foreign Account Tax Compliance Act* oder *FATCA*), jeder gegenwärtigen oder zukünftigen Verordnung oder offiziellen Auslegung davon, jeder Vereinbarung, die gemäß § 1471(b) des Internal Revenue Codes eingegangen wurde oder jeder steuerlichen oder regulatorischen Gesetzgebung, sowie steuerlichen und regulatorischen Gesetzen oder Vorgehensweisen, die nach einem völkerrechtlichen Vertrag, der zur Umsetzung der Bestimmungen des Internal Revenue Codes geschlossen wurde, vorzunehmen ist; oder
- (x) jegliche Kombination von § 7(b)(i)-(ix).

Zudem werden keine Zusätzlichen Beträge im Hinblick auf Zahlungen auf die Schuldverschreibungen an einen Anleihegläubiger gezahlt, welcher die Zahlung als Treuhänder oder Personengesellschaft oder als sonstiger nicht alleiniger wirtschaftlicher Eigentümer erhält, soweit nach den Gesetzen des Maßgeblichen Steuerhoheitsgebiets eine solche Zahlung für Steuerzwecke dem Einkommen des Begünstigten bzw. Gründers eines

purchasing the Notes in the ordinary course of its lending business; or

- (ix) payments to the extent such withholding or deduction is required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**") (these provisions are commonly referred to as *Foreign Account Tax Compliance Act* or *FATCA*), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Internal Revenue Code; or
- (x) any combination of § 7(b)(i)-(ix).

Neither shall any Additional Amounts be paid with respect to any payment on a Note to a Noteholder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have

Treuhandvermögens oder dem Gesellschafter der Personengesellschaft zugerechnet würde, der jeweils selbst nicht zum Erhalt von Zusätzlichen Beträgen berechtigt gewesen wäre, wenn der Begünstigte, Gründer eines Treuhandvermögens, Gesellschafter oder wirtschaftliche Eigentümer unmittelbarer Anleihegläubiger der Schuldverschreibungen wäre.

Zur Klarstellung wird festgehalten, dass die gegenwärtig in der Bundesrepublik Deutschland gemäß dem zum Begebungstag geltenden Steuerrecht auf der Ebene der Depotbank erhobene Kapitalertragsteuer und der darauf anfallende Solidaritätszuschlag keine Steuern oder Abgaben der vorstehend beschriebenen Art darstellen, für die von der Emittentin Zusätzliche Beträge zu zahlen wären.

#### **§ 8 Kontrollwechsel**

- (a) *Veröffentlichung eines Kontrollwechsels.* Wenn ein Kontrollwechsel (wie in § 8(d) definiert) eintritt, wird die Emittentin sobald wie möglich, nachdem sie Kenntnis davon erhalten hat, den Kontrollwechsel und den Stichtag (wie in § 8(d) definiert) gemäß § 10 mitteilen.
- (b) *Veröffentlichung eines Rückzahlungsereignisses.* Wenn ein Rückzahlungsereignis (wie in § 8(d) definiert) eintritt, wird die Emittentin innerhalb von 21 Kalendertagen nach Ablauf des Kontrollwechselzeitraums (wie in § 8(d) definiert) das Rückzahlungsereignis und den Rückzahlungsstichtag (wie in § 8(d) definiert) unter Angabe der Umstände

been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Noteholder.

For the avoidance of doubt, the withholding tax (*Kapitalertragsteuer*) currently levied in Germany at the level of the custodian bank and the solidarity surcharge (*Solidaritätszuschlag*) imposed thereon pursuant to tax law as in effect as of the issue date do not constitute a tax or duty as described above in respect of which Additional Amounts would be payable by the Issuer.

#### **§ 8 Change of Control**

- (a) *Publication of a Change of Control.* If a Change of Control (as defined in § 8(d)) occurs, the Issuer will give notice in accordance with § 10 of the Change of Control and the Record Date (as defined in § 8(d)) as soon as practicable after becoming aware thereof.
- (b) *Publication of a Put Event.* If a Put Event (as defined in § 8(d)) occurs, the Issuer will give notice of the Put Event and the Put Record Date (as defined in § 8(d)) specifying the nature of the Put Event within 21 calendar days of the end of the Change of Control Period (as defined in § 8(d)) in accordance with § 10.

des Rückzahlungsereignisses gemäß § 10 mitteilen.

- (c) *Vorzeitige Rückzahlung nach Wahl der Anleihegläubiger.* Falls die Emittentin gemäß § 8(b) ein Rückzahlungsereignis bekannt gemacht hat, ist jeder Anleihegläubiger nach seiner Wahl berechtigt, mit einer Frist von mindestens 7 Kalendertagen mit Wirkung zum Rückzahlungsstichtag alle oder einzelne seiner Schuldverschreibungen, die noch nicht zurückgezahlt wurden, vorzeitig fällig zu stellen. In einem solchen Fall hat die Emittentin die betreffenden Schuldverschreibungen am Rückzahlungsstichtag zu ihrem Nennbetrag zuzüglich etwaiger bis zum Rückzahlungsstichtag (ausschließlich) aufgelaufener Zinsen zurückzuzahlen.

Eine Kündigung gemäß § 8(c) ist unwiderruflich und hat in Textform (§ 126b BGB) gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank (wie in § 17(d) definiert) gemäß § 17(d)(i), dass der entsprechende Anleihegläubiger im Zeitpunkt der Kündigung Inhaber der betreffenden Schuldverschreibung ist, zu erfolgen.

- (d) *Definitionen.* "**Stichtag**" bezeichnet den Tag, an dem der Kontrollwechsel (wie in diesem § 8(d) definiert) eingetreten ist.

Ein "**Kontrollwechsel**" liegt vor, sobald die Emittentin oder die Garantin Kenntnis davon erlangt, dass eine Person oder eine Gruppe von gemeinsam handelnden Personen, jedoch mit Ausnahme der Zeppelin-Stiftung Friedrichshafen und

- (c) *Early Redemption at the Option of the Noteholders.* If the Issuer gives notice in accordance with § 8(b) of a Put Event, each Noteholder may at his option on giving not less than 7 calendar days' notice declare all or only some of his Notes not previously redeemed due which notice shall take effect on the Put Record Date. In such case the Issuer will redeem such Notes on the Put Record Date at the Principal Amount plus interest accrued, if any, to (but excluding) the Put Record Date.

A notice of termination pursuant to § 8(c) is irrevocable and must be effected by delivering a notice in text form (Section 126b of the German Civil Code (*Bürgerliches Gesetzbuch*)) to the Principal Paying Agent together with evidence by means of a certificate of the Custodian (as defined in § 17(d)) in accordance with § 17(d)(i) that such Noteholder at the time of such notice is the holder of the relevant Notes.

- (d) *Definitions.* "**Record Date**" means the day on which the Change of Control (as defined in this § 8(d)) occurred.

A "**Change of Control**" occurs if the Issuer or the Guarantor becomes aware that any Person or group of Persons acting in concert, other than the Zeppelin-Stiftung Friedrichshafen or any entity directly or indirectly controlled by the Zeppelin-Stiftung

jeder von der Zeppelin-Stiftung Friedrichshafen direkt oder indirekt beherrschten Person, direkt oder indirekt mehr als 50 % der stimmberechtigten Aktien der Garantin erlangt.

**"Person"** bezeichnet jede natürliche oder juristische Person.

**"Gemeinsam handelnd"** bedeutet gemeinsam handelnd im Sinne von § 2 Abs. 5 des Wertpapiererwerbs- und Übernahmegesetzes (*WpÜG*).

Ein **"Rückzahlungsereignis"** tritt ein, wenn

- (i) die Emittentin einen Kontrollwechsel bekannt macht; und
- (ii) eine Ratingherabstufung (wie in diesem § 8(d) definiert) eintritt.

Eine **"Ratingherabstufung"** liegt vor, falls die Garantin bei Eintritt des Kontrollwechsels von einer Rating Agentur, bei der die Garantin ein solches Rating beauftragt hat (a) mit Investment Grade bewertet ist und dieses Rating von einer Rating Agentur innerhalb des Kontrollwechselzeitraums zu einem non-investment grade Rating herabgestuft oder das Rating zurückgezogen wurde und nicht innerhalb des Kontrollwechselzeitraums anschließend (im Falle einer Herabstufung) durch diese Rating Agentur wieder auf ein Investment Grade Rating heraufgestuft oder (im Falle eines Zurückziehens) durch das Investment Grade Rating

Friedrichshafen, has become the owner, directly or indirectly, of more than 50% of the voting shares of the Guarantor.

**"Person"** means any individual or legal entity.

**"Acting in concert"** means *"gemeinsam handelnd"* within the meaning of § 2 (5) of the German Securities Acquisition and Take Over Act (*Wertpapiererwerbs- und Übernahmegesetz*).

A **"Put Event"** will occur if

- (i) the Issuer announces a Change of Control; and
- (ii) a Rating Decline (as defined in this § 8(d)) occurs.

A **"Rating Decline"** occurs if, at the time of the occurrence of a Change of Control, the Guarantor has been, from any Rating Agency it has solicited, (a) rated Investment Grade and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade rating or withdrawn and is not within the Change of Control Period subsequently (in the case of a downgrade) upgraded to Investment Grade by such Rating Agency or (in the case of withdrawal) replaced by an Investment Grade rating from any other Rating Agency; or (b) rated below Investment Grade and such rating from any

einer anderen Rating Agentur ersetzt wurde; oder (b) unterhalb von Investment Grade bewertet ist und dieses Rating von einer Rating Agentur innerhalb des Kontrollwechselzeitraums um eine oder mehrere Stufen (einschließlich Untergliederungen innerhalb von sowie zwischen Ratingkategorien, nicht jedoch einer Änderung des Ausblicks) herabgestuft und nicht innerhalb des Kontrollwechselzeitraums anschließend wieder auf das ursprüngliche oder ein besseres Rating durch diese Rating Agentur heraufgestuft wurde; wobei, falls die Garantin oder die Gruppe zum Zeitpunkt des Eintritts des Kontrollwechsels über ein Rating von mehr als einer Rating Agentur verfügen, von denen mindestens eines ein Investment Grade Rating ist, Unterabsatz (a) Anwendung findet.

Eine Ratingherabstufung liegt jedoch in keinem Fall vor, falls die Garantin am Ende des Kontrollwechselzeitraums von mindestens zwei Rating Agenturen mit Investment Grade bewertet wird.

Falls sich die von den Rating Agenturen verwendeten Rating Kategorien ändern sollten, wird die Emittentin oder die Garantin diejenigen Rating Kategorien der Rating Agenturen bestimmen, die den früheren Rating Kategorien der jeweiligen Rating Agenturen möglichst nahe kommen. Der

Rating Agency is, within the Change of Control Period, downgraded by one or more gradations (including gradations within rating categories as well as between rating categories, but excluding, for the avoidance of doubt, any changes in the outlook) and is not within the Change of Control Period subsequently upgraded to its earlier credit rating or better by such Rating Agency, provided that if at the time of the occurrence of the Change of Control the Guarantor or the Group carries a rating from more than one Rating Agency, at least one of which is Investment Grade, then subparagraph (a) will apply.

Provided, however, that no Rating Decline will occur if at the end of the Change of Control Period the Guarantor has been rated Investment Grade by at least two Rating Agencies.

If the rating designations employed by any of the Rating Agencies are changed, the Issuer or the Guarantor shall determine the rating designations of the Rating Agencies (as appropriate) as are most equivalent to the prior rating designations of the respective Rating Agencies.

Begriff "Ratingherabstufung" ist dann entsprechend auszulegen.

**"Kontrollwechselzeitraum"**

bezeichnet die Periode, die 90 Kalendertage nach dem Stichtag endet.

**"Rating Agentur"** bezeichnet jeweils Moody's Investors Services Limited ("**Moody's**") oder Standard & Poor's Credit Market Services Europe Limited, eine Abteilung von S&P Global Inc. ("**S&P**"), oder Fitch Ratings Ltd ("**Fitch**") oder deren entsprechende Nachfolger oder jede andere Rating Agentur mit entsprechendem internationalen Ansehen, die von der Emittentin benannt wird.

**"Investment Grade"** bezeichnet ein Rating von (i) BBB- oder höher im Fall von S&P und Fitch und (ii) Baa3 oder höher im Fall von Moody's (oder, im Falle einer Änderung der Ratingkategorien durch die betreffende Rating Agentur, das entsprechende Äquivalent dieser Ratings) sowie das entsprechende Äquivalent in den Ratingkategorien einer anderen Ratingagentur, durch die S&P, Moody's oder Fitch ersetzt wurde.

**"Rückzahlungsstichtag"** bezeichnet den von der Emittentin gemäß § 8(b) festgelegten Geschäftstag, der nicht weniger als 20 und nicht mehr als 30 Kalendertage nach dem Tag der Veröffentlichung des Rückzahlungsereignisses gemäß § 10 liegen darf.

The term "Rating Decline" shall be construed accordingly.

**"Change of Control Period"** means the period ending 90 calendar days after the Record Date.

**"Rating Agency"** means each of Moody's Investors Services Limited ("**Moody's**") or Standard & Poor's Credit Market Services Europe Limited, a division of S&P Global Inc. ("**S&P**") or Fitch Ratings Ltd ("**Fitch**") or any of their respective successors or any other rating agency of equivalent international standing specified from time to time by the Issuer.

**"Investment Grade"** means a rating of (i) BBB- or higher by S&P and Fitch and, (ii) Baa3 or higher by Moody's, (or, in case the definitions of rating categories are changed by a Rating Agency, the equivalent of such ratings) and the equivalent in respect of rating categories of any Rating Agencies substituted for S&P, Moody's or Fitch.

**"Put Record Date"** means the Business Day fixed by the Issuer pursuant to § 8(b) which will be not less than 20 nor more than 30 calendar days after the notice of the Put Event has been published in accordance with § 10.

## § 9

### Kündigungsrechte der Anleihegläubiger

(a) *Kündigungsgründe.* Die Anleihegläubiger sind berechtigt, ihre Schuldverschreibungen zur sofortigen Rückzahlung fällig zu stellen und deren sofortige Rückzahlung zu ihrem Nennbetrag zuzüglich etwaiger bis zum Tag der Rückzahlung (ausschließlich) aufgelaufener Zinsen durch Abgabe einer Kündigungserklärung in Textform (§ 126b BGB) gegenüber der Emittentin und der Hauptzahlstelle zu verlangen, falls einer der folgenden Kündigungsgründe vorliegt (jeweils ein "**Kündigungsgrund**"):

- (i) die Emittentin zahlt Kapital oder Zinsen oder sonstige auf die Schuldverschreibungen zu zahlende Beträge nicht innerhalb von 10 Geschäftstagen nach dem betreffenden Fälligkeitsdatum; oder
- (ii) die Garantin zahlt auf die Garantie zahlbare Beträge nicht innerhalb von 10 Geschäftstagen nach dem Fälligkeitstag; oder
- (iii) die Emittentin erfüllt eine oder mehrere ihrer sonstigen wesentlichen Verpflichtungen aus den Schuldverschreibungen nicht oder die Garantin erfüllt eine oder mehrere ihrer sonstigen wesentlichen Verpflichtungen aus der Garantie nicht und dieser Zustand wird nicht innerhalb von 30 Kalendertagen, nachdem die Hauptzahlstelle eine diesbezügliche Mitteilung durch den Anleihegläubiger in

## § 9

### Events of Default

(a) *Events of Default.* Noteholders shall be entitled to declare their Notes to be immediately due and repayable and to demand their immediate redemption at their Principal Amount together with accrued interest, if any, to (but excluding) the date of repayment by giving notice of default in text form (Section 126b of the German Civil Code (*Bürgerliches Gesetzbuch*)) to the Issuer and the Principal Paying Agent, if any of the following events (each an "**Event of Default**") shall occur:

- (i) the Issuer fails to pay any interest or principal or any other amounts under the Notes when due and such failure continues for a period of 10 Business Days after the relevant due date; or
- (ii) the Guarantor fails to pay amounts payable under the Guarantee within 10 Business Days from the relevant due date; or
- (iii) the Issuer does not perform or comply with any one or more of its other material obligations under the Notes or the Guarantor respectively does not perform or comply with any one or more of its other material obligations under the Guarantee and such default is not remedied within 30 calendar days after the Principal Paying Agent has received notice thereof from the Noteholder, such notice being

der in § 9(c) festgelegten Art erhalten hat, behoben; oder

- (iv) die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft erfüllt eine Zahlungsverpflichtung in Höhe oder im Gegenwert von mehr als EUR 100.000.000 aus einer Kapitalmarktverbindlichkeit (wie in § 3(e) definiert) oder aufgrund einer Bürgschaft oder Garantie, die für Kapitalmarktverbindlichkeiten Dritter gegeben wurde, nicht innerhalb von 30 Kalendertagen nach ihrer Fälligkeit bzw. im Fall einer Bürgschaft oder Garantie nicht innerhalb von 30 Kalendertagen nach Inanspruchnahme aus dieser Bürgschaft oder Garantie, es sei denn, die Emittentin, die Garantin oder die betreffende Wesentliche Tochtergesellschaft bestreitet in gutem Glauben, dass diese Zahlungsverpflichtung besteht oder fällig ist bzw. diese Bürgschaft oder Garantie berechtigterweise geltend gemacht wird; oder

- (v) jedwede Kapitalmarktverbindlichkeit (wie in § 3(e) definiert) der Emittentin, der Garantin oder einer Wesentlichen Tochtergesellschaft in Höhe oder im Gegenwert von mehr als EUR 100.000.000 wird vor dem Ende ihrer festgelegten Laufzeit als Folge einer von der Emittentin, Garantin oder Wesentlichen Tochtergesellschaft zu verantwortenden

substantially in the form as specified in § 9(c); or

- (iv) the Issuer, the Guarantor or any Material Subsidiaries fails to fulfil any payment obligation in excess of EUR 100,000,000 or the equivalent thereof under any Capital Market Indebtedness (as defined in § 3(e)) or under any guarantees or suretyships given for any Capital Market Indebtedness of others within 30 calendar days from its due date or, in the case of such guarantee or suretyship, within 30 calendar days of such guarantee or suretyship being invoked, unless the Issuer, the Guarantor or the relevant Material Subsidiary contests in good faith that such payment obligation exists or is due or that such guarantee or suretyship has been validly invoked; or

- (v) any Capital Market Indebtedness (as defined in § 3(e)) of the Issuer, the Guarantor or any Material Subsidiary in excess of EUR 100,000,000 or the equivalent thereof becomes due and payable prior to its specified maturity as a result of an event of default (however described) for which the Issuer, the Guarantor or the Material Subsidiary is responsible; or



Leistungsstörung (wie auch immer diese definiert ist) fällig gestellt; oder

(vi) die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft stellt ihre Zahlungen allgemein ein oder gibt ihre Zahlungsunfähigkeit bekannt; oder

(vii) ein zuständiges Gericht eröffnet ein Insolvenzverfahren (einschließlich Konkursverfahren (*faillissement*) und Zahlungsmoratorien (*surseance van betaling*) nach niederländischem Insolvenzrecht) gegen die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft und ein solches Verfahren ist nicht innerhalb von 90 Kalendertagen aufgehoben oder ausgesetzt worden, oder die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft beantragt die Einleitung eines solchen Verfahrens, oder ein auf Einleitung eines solchen Verfahrens gestellter Antrag wird von dem zuständigen Gericht mangels Masse abgelehnt, oder die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft trifft eine allgemeine Schuldenregelung zu Gunsten all ihrer Gläubiger oder bietet diese an; oder

(viii) die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft tritt in Liquidation (es sei denn, dies

(vi) the Issuer, the Guarantor or a Material Subsidiary suspends its payments generally or announces its inability to meet its financial obligations; or

(vii) any competent court institutes insolvency proceedings (including bankruptcy proceedings (*faillissement*) and moratorium of payments (*surseance van betaling*) pursuant to the insolvency laws of the Netherlands) against the Issuer, the Guarantor or a Material Subsidiary and such proceedings have not been discharged or stayed within 90 calendar days, or the Issuer, the Guarantor or a Material Subsidiary applies for the institution of such proceedings or an application for the institution of such proceedings has been filed but rejected by the competent court for lack of assets, or if the Issuer, the Guarantor or a Material Subsidiary offers or makes a general arrangement for the benefit of all of its creditors; or

(viii) the Issuer, the Guarantor or a Material Subsidiary goes into liquidation (except in connection with a merger or

geschieht im Zusammenhang mit einer Verschmelzung, Reorganisation oder einer anderen Form des Zusammenschlusses mit einer anderen Gesellschaft oder im Zusammenhang mit einer Umwandlung, sofern die andere oder neue Gesellschaft oder gegebenenfalls die anderen neuen Gesellschaften im Wesentlichen alle Aktiva und Passiva der Emittentin, der Garantin oder der betreffenden Wesentlichen Tochtergesellschaft übernimmt oder übernehmen).

reorganization or other form of combination with another company or in connection with a reconstruction and such other or new company or, as the case may be, companies effectively assume substantially all of the assets and liabilities of the Issuer, the Guarantor or the relevant Material Subsidiary, as the case may be).

- |  |   |
|--|---|
| <p>(b) <i>Erlöschen des Kündigungsrechts.</i> Das Kündigungsrecht erlischt, falls der Kündigungsgrund vor Ausübung des Rechts geheilt wurde. Vorbehaltlich anwendbaren zwingenden Rechts berechtigen andere Ereignisse oder Umstände als die in § 9(a) genannten den Anleihegläubiger nicht dazu, seine Schuldverschreibungen vorzeitig zur Rückzahlung fällig zu stellen, es sei denn, dies ist ausdrücklich in diesen Anleihebedingungen bestimmt.</p> | <p>(b) <i>Lapse of the Right to Terminate.</i> The right to declare Notes due shall lapse if the Event of Default has been cured before the right is validly exercised. No event or circumstance other than an event specified in § 9(a) shall entitle Noteholders to declare their Notes due and payable prior to their stated maturity, save as expressly provided for in these Terms and Conditions and subject to applicable mandatory law.</p> |
| <p>(c) <i>Kündigungserklärung bei Kündigungsgrund.</i> Eine Kündigungserklärung gemäß § 9(a) ist unwiderruflich und hat in Textform gegenüber der Hauptzahlstelle, zusammen mit dem Nachweis durch eine Bescheinigung der Depotbank gemäß § 17(d)(i), dass der jeweilige Anleihegläubiger im Zeitpunkt der Kündigung Inhaber der betreffenden Schuldverschreibung ist, zu erfolgen.</p>  | <p>(c) <i>Notice of Default.</i> A notice of default pursuant to § 9(a) is irrevocable and must be effected by delivering a notice in text form to the Principal Paying Agent together with evidence by means of a certificate of the Custodian in accordance with § 17(d)(i) that such Noteholder at the time of such notice is the holder of the relevant Notes.</p>  |
| <p>(d) <i>Wirksamkeit der Kündigungserklärung.</i> In den Fällen gemäß § 9(a)(iii) bis (v) wird eine</p>   | <p>(d) <i>Effectiveness of the Notice of Default.</i> In the events specified in § 9(a)(iii) to (v) any Default Notice shall, unless at</p>   |

Kündigung, sofern nicht bei deren Eingang zugleich einer der in den § 9(a)(i) und § 9(a)(ii) oder § 9(vi) bis § 9(viii) bezeichneten Kündigungsgründe vorliegt, erst wirksam, wenn bei der Hauptzahlstelle Kündigungserklärungen von Anleihegläubigern im Gesamtbetrag von mindestens einem Zehntel, gemessen am Gesamtnennbetrag der dann ausstehenden Schuldverschreibungen, eingegangen sind.

### **§ 10 Mitteilungen**

- (a) *Veröffentlichungen.* Alle die Schuldverschreibungen betreffenden Mitteilungen sind auf der Internetseite der Luxemburger Börse ([www.bourse.lu](http://www.bourse.lu)) zu veröffentlichen. Jede derartige Mitteilung, außer wie in § 14(h) vorgesehen, gilt mit dem dritten Tag nach dem Tag der Veröffentlichung (oder bei mehreren Veröffentlichungen mit dem dritten Tag nach dem Tag der ersten solchen Veröffentlichung) als wirksam erfolgt.
- (b) *Mitteilungen an das Clearingsystem.* Solange Schuldverschreibungen an der Luxemburger Börse notiert sind, sind alle die Schuldverschreibungen betreffenden Mitteilungen gemäß § 10(a) zu veröffentlichen. Soweit die Regeln der Luxemburger Börse dies zulassen, kann die Emittentin eine Veröffentlichung nach § 10(a) durch eine Mitteilung an das Clearingsystem zur Weiterleitung durch das Clearingsystem an die Anleihegläubiger ersetzen; jede derartige Mitteilung gilt am siebten Tag nach dem Tag der Mitteilung an das Clearingsystem als den Anleihegläubigern mitgeteilt.

the time such notice is received, any of the events specified in § 9(a)(i) and § 9(a)(ii) or § 9(vi) through (viii) entitling Noteholders to declare their Notes due has occurred, become effective only when the Principal Paying Agent has received notices of default from Noteholders of at least one-tenth in aggregate Principal Amount of Notes then outstanding.

### **§ 10 Notices**

- (a) *Publication.* All notices concerning the Notes will be made by means of electronic publication on the internet website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). Any such notice, except as stipulated in § 14(h), will be deemed to have been validly given on the third day following the date of such publication (or, if published more than once, on the third day following the date of the first such publication).
- (b) *Notification to the Clearing System.* So long as any Notes are listed on the Luxembourg Stock Exchange, all notices concerning the Notes shall be published in accordance with § 10(a). If the Rules of the Luxembourg Stock Exchange otherwise so permit, the Issuer may deliver the relevant notice to the Clearing System for communication by the Clearing System to the Noteholders, in lieu of publication as set forth in § 10(a); any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to the Clearing System.

**§ 11**  
**Begebung weiterer**  
**Schuldverschreibungen, Ankauf und**  
**Entwertung**

- (a) *Begebung weiterer Schuldverschreibungen.* Die Emittentin ist berechtigt, jederzeit ohne Zustimmung der Anleihegläubiger weitere Schuldverschreibungen mit gleicher Ausstattung (mit Ausnahme des Ausgabepreises und des Beginns des Zinslaufs) zu begeben in der Weise, dass sie mit den Schuldverschreibungen zusammengefasst werden, eine einheitliche Emission mit ihnen bilden und ihren Gesamtnennbetrag erhöhen. Der Begriff "Schuldverschreibungen" umfasst im Falle einer solchen Erhöhung auch solche zusätzlich begebenen Schuldverschreibungen.
- (b) *Ankauf.* Die Emittentin und die Garantin sind berechtigt, jederzeit im Markt oder auf andere Weise Schuldverschreibungen zu jedem beliebigen Preis anzukaufen und zu verkaufen. Die von der Emittentin erworbenen Schuldverschreibungen können nach Wahl der Emittentin von ihr gehalten, weiterverkauft oder bei der Hauptzahlstelle zwecks Entwertung eingereicht werden.
- (c) *Entwertung.* Sämtliche vollständig zurückgezahlten Schuldverschreibungen sind unverzüglich zu entwerten und können nicht wiederbegeben oder wiederverkauft werden.

**§ 11**  
**Further Issues, Purchases and**  
**Cancellation**

- (a) *Further Issues of Notes.* The Issuer reserves the right from time to time without the consent of the Noteholders to issue additional Notes with identical terms or in all respects (except for the issue price and the interest commencement date), so that the same shall be consolidated, form a single issue with and increase the aggregate principal amount of these Notes. The term "Notes" shall, in the event of such increase, also comprise such additionally issued Notes.
- (b) *Purchases.* The Issuer and the Guarantor are entitled to purchase and resell Notes at any time and at any price in the market or otherwise. Notes purchased by the Issuer may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation.
- (c) *Cancellation.* All Notes redeemed in full shall be cancelled forthwith and may not be reissued or resold.

## § 12

### Zahlstellen und Berechnungsstelle

- (a) *Hauptzahlstelle.* Die Hauptzahlstelle (die "**Hauptzahlstelle**" und gemeinsam mit etwaigen von der Emittentin nach § 12(e) bestellten zusätzlichen Zahlstellen, die "**Zahlstellen**") ist:

Deutsche Bank Aktiengesellschaft  
Trust & Agency Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Deutschland

- (b) *Berechnungsstelle.* Die Berechnungsstelle (die "**Berechnungsstelle**") ist:

Deutsche Bank Aktiengesellschaft  
Trust & Agency Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Deutschland

- (c) *Ortswechsel.* Die Hauptzahlstelle und die Berechnungsstelle behalten sich das Recht vor, jederzeit ihre jeweiligen bezeichneten Geschäftsstellen durch eine andere bezeichnete Geschäftsstelle in demselben Land zu ersetzen.

- (d) *Berechnungen der Berechnungsstelle.* Sämtliche Berechnungen, die von der Berechnungsstelle für die Zwecke dieser Anleihebedingungen gemacht, abgegeben, getroffen oder eingeholt werden, sind (sofern nicht vorsätzliches Fehlverhalten oder ein offensichtlicher Irrtum vorliegt) für die Emittentin, die Garantin, die Anleihegläubiger und die Zahlstellen bindend.

- (e) *Änderung der Bestellung oder Abberufung.* Die Emittentin behält sich das Recht vor, jederzeit

## § 12

### Paying Agents

- (a) *Principal Paying Agent.* The principal paying agent (the "**Principal Paying Agent**" and, together with any additional paying agent appointed by the Issuer in accordance with § 12(e), the "**Paying Agents**") shall be:

Deutsche Bank Aktiengesellschaft  
Trust & Agency Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

- (b) *Calculation Agent.* Calculation agent (the "**Calculation Agent**") shall be:

Deutsche Bank Aktiengesellschaft  
Trust & Agency Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

- (c) *Change of Office.* Each of the Principal Paying Agent and the Calculation Agent reserves the right at any time to change its specified office to some other specified office in the same country.

- (d) *Calculations made by the Calculation Agent.* All calculations given, expressed, made or obtained for the purposes of the provisions of these Terms and Conditions by the Calculation Agent shall (in the absence of wilful misconduct or manifest error) be binding upon the Issuer, the Guarantor, the Noteholders and the Paying Agents.

- (e) *Variation or Termination of Appointment.* The Issuer reserves the right at any time to appoint additional

zusätzliche oder ersetzende Zahlstellen zu beauftragen oder eine solche Beauftragung zu beenden und zusätzliche oder Nachfolge-Zahlstellen zu ernennen. Die Emittentin wird zu jedem Zeitpunkt eine Zahlstelle unterhalten. Den Anleihegläubigern werden Änderungen in Bezug auf die Zahlstellen oder ihre jeweils angegebenen Geschäftsstellen umgehend gemäß § 10 mitgeteilt.

- (f) *Erfüllungsgehilfen der Emittentin und der Garantin.* Die Zahlstellen und die Berechnungsstelle handeln ausschließlich als Beauftragte der Emittentin und der Garantin und übernehmen keine Verpflichtungen gegenüber den Anleihegläubigern; es wird kein Vertrags-, Auftrags- oder Treuhandverhältnis zwischen ihnen und den Anleihegläubigern begründet.

### § 13

#### **Vorlegungsfrist, Verjährung**

Die Vorlegungsfrist gemäß § 801 Absatz 1 Satz 1 BGB für die Schuldverschreibungen wird auf zehn Jahre verkürzt. Die Verjährungsfrist für Ansprüche aus den Schuldverschreibungen, die innerhalb der Vorlegungsfrist zur Zahlung vorgelegt wurden, beträgt zwei Jahre vom Ende der betreffenden Vorlegungsfrist an.

### § 14

#### **Änderung der Anleihebedingungen durch Beschluss der Anleihegläubiger**

- (a) *Mehrheitsbeschlüsse nach dem Schuldverschreibungsgesetz.* Die Emittentin kann mit den Anleihegläubigern gemäß §§ 5 ff. des Gesetzes über Schuldverschreibungen aus Gesamtemissionen

or substitute Paying Agent(s) or terminate any such appointment and to appoint additional or successor Paying Agents. The Issuer shall at all times maintain a Paying Agent. Notice of any changes relating to the Paying Agents or to their specified offices will be given without undue delay to the Noteholders in accordance with § 10.

- (f) *Agents of the Issuer and of the Guarantor.* The Paying Agents and the Calculation Agent act solely as agents of the Issuer and the Guarantor and do not assume any obligations towards or relationship of contract, agency or trust for or with any of the Noteholders.

### § 13

#### **Presentation Period, Prescription**

The presentation period provided for in Section 801(1) sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten years for the Notes. The period of limitation for claims under the Notes presented during the period for presentation will be two years calculated from the expiration of the relevant presentation period.

### § 14

#### **Amendments to the Terms and Conditions by Resolution of the Noteholders**

- (a) *Majority Resolutions pursuant to the German Act on Issues of Debt Securities.* The Issuer may agree with the Noteholders on amendments to the Terms and Conditions by virtue of a majority resolution of the Noteholders pursuant to Sections 5 et

(Schuldverschreibungsgesetz – "SchVG") in seiner jeweils geltenden Fassung Änderungen der Anleihebedingungen durch Mehrheitsbeschluss der Anleihegläubiger vereinbaren. Insbesondere können die Anleihegläubiger durch Beschluss mit der in § 14(b) genannten Mehrheit Änderungen zustimmen, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, einschließlich der in § 5 Abs. 3 SchVG genannten Maßnahmen. Ein ordnungsgemäß gefasster Mehrheitsbeschluss ist für alle Anleihegläubiger gleichermaßen verbindlich.

(b) *Qualifizierte Mehrheit.* Vorbehaltlich der Bestimmungen des folgenden Satzes und der Erreichung der erforderlichen Beschlussfähigkeit können die Anleihegläubiger Beschlüsse mit der einfachen Mehrheit der an der Abstimmung teilnehmenden Stimmrechte fassen. Beschlüsse, durch welche der wesentliche Inhalt der Anleihebedingungen geändert wird, insbesondere in den Fällen des § 5 Abs. 3 Nr. 1 bis 9 SchVG, dürfen nur mit einer Mehrheit von mindestens 75 % der an der Abstimmung teilnehmenden Stimmrechte (eine "**Qualifizierte Mehrheit**") gefasst werden.

(c) *Abstimmung.* Die Anleihegläubiger können Beschlüsse in einer Gläubigerversammlung gemäß §§ 5 ff. SchVG oder im Wege einer Abstimmung ohne Versammlung gemäß § 18 und § 5 ff. SchVG fassen.

seqq. of the German Act on Issues of Debt Securities (*Gesetz über Schuldverschreibungen aus Gesamtemissionen – "SchVG"*), as amended from time to time. In particular, the Noteholders may consent to amendments which materially change the substance of the Terms and Conditions, including such measures as provided for under Section 5 para. 3 of the SchVG by resolutions passed by such majority of the votes of the Noteholders as stated under § 14(b) below. A duly passed majority resolution shall be binding equally upon all Noteholders.

(b) *Qualified Majority.* Except as provided by the following sentence and provided that the quorum requirements are being met, the Noteholders may pass resolutions by simple majority of the voting rights participating in the vote. Resolutions which materially change the substance of the Terms and Conditions, in particular in the cases of Section 5 para. 3 numbers 1 through 9 of the SchVG, may only be passed by a majority of at least 75% of the voting rights participating in the vote (a "**Qualified Majority**").

(c) *Voting.* The Noteholders may pass resolutions in a meeting (*Gläubigerversammlung*) in accordance with Sections 5 et seqq. of the SchVG or by means of a vote without a meeting (*Abstimmung ohne Versammlung*) in accordance with Section 18 and Sections 5 et seqq. of the SchVG.

- (d) *Gläubigerversammlung.* Falls Beschlüsse der Anleihegläubiger in einer Gläubigerversammlung gefasst werden, enthält die Mitteilung der Einberufung nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den Anleihegläubigern mit der Mitteilung der Einberufung bekannt gemacht. Die Teilnahme an der Gläubigerversammlung und die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss unter der in der Mitteilung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der Gläubigerversammlung zugehen. Mit der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis einer Depotbank gemäß § 17(d)(i)(x) und (y) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Gläubigerversammlung (einschließlich) nicht übertragbar sind, nachweisen.
- (d) *Noteholders' Meetings.* If resolutions of the Noteholders shall be made by means of a meeting the convening notice (*Einberufung*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified to the Noteholders together with the convening notice. Attendance at the meeting and exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the meeting. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of a Custodian in accordance with § 17(d)(i)(x) and (y) in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.
- (e) *Beschlussfassung ohne Versammlung.* Falls Beschlüsse der Anleihegläubiger im Wege einer Abstimmung ohne Versammlung gefasst werden, enthält die Aufforderung zur Stimmabgabe nähere Angaben zu den Beschlüssen und zu den Abstimmungsmodalitäten. Die Gegenstände und Vorschläge zur Beschlussfassung werden den
- (e) *Passing Resolutions without Noteholders' Meeting.* If resolutions of the Noteholders shall be made by means of a vote without a meeting the request for voting (*Aufforderung zur Stimmabgabe*) will provide for further details relating to the resolutions and the voting procedure. The subject matter of the vote as well as the proposed resolutions shall be notified



Anleihegläubigern mit der Aufforderung zur Stimmabgabe bekannt gemacht. Die Ausübung der Stimmrechte ist von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss unter der in der Aufforderung zur Stimmabgabe mitgeteilten Adresse spätestens am dritten Tag vor Beginn des Abstimmungszeitraums zugehen. Mit der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis einer Depotbank gemäß § 17(d)(i)(x) und (y) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum letzten Tag des Abstimmungszeitraums (einschließlich) nicht übertragbar sind, nachweisen.

(f) *Mangelnde Beschlussfähigkeit, zweite Versammlung.* Wird für die Gläubigerversammlung gemäß § 14(d) oder die Abstimmung ohne Versammlung gemäß § 14(e) die mangelnde Beschlussfähigkeit festgestellt, kann – im Fall der Gläubigerversammlung – der Vorsitzende eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 2 SchVG und – im Fall der Abstimmung ohne Versammlung – der Abstimmungsleiter eine zweite Versammlung im Sinne von § 15 Abs. 3 Satz 3 SchVG einberufen. Die Teilnahme an der zweiten Versammlung und die Ausübung der Stimmrechte sind von einer vorherigen Anmeldung der Anleihegläubiger abhängig. Die Anmeldung muss unter der in der

to the Noteholders together with the request for voting. The exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the request for voting no later than the third day preceding the beginning of the voting period. As part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of a Custodian in accordance with § 17(d)(i)(x) and (y) in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the day the voting period ends.

(f) *Failed Quorum, Second Noteholders' Meeting.* If it is ascertained that no quorum exists for the meeting pursuant to § 14(d) or the vote without a meeting pursuant to § 14(e), in case of a meeting the chairman (*Vorsitzender*) may convene a second meeting in accordance with Section 15 para. 3 sentence 2 of the SchVG or in case of a vote without a meeting the scrutineer (*Abstimmungsleiter*) may convene a second meeting within the meaning of Section 15 para. 3 sentence 3 of the SchVG. Attendance at the second meeting and exercise of voting rights is subject to the Noteholders' registration. The registration must be received at the address stated in the convening notice no later than the third day preceding the second meeting. As

Mitteilung der Einberufung mitgeteilten Adresse spätestens am dritten Tag vor der zweiten Versammlung zugehen. Mit der Anmeldung müssen die Anleihegläubiger ihre Berechtigung zur Teilnahme an der Abstimmung durch einen in Textform erstellten besonderen Nachweis einer Depotbank gemäß § 17(d)(i)(x) und (y) und durch Vorlage eines Sperrvermerks der Depotbank, aus dem hervorgeht, dass die betreffenden Schuldverschreibungen ab dem Tag der Absendung der Anmeldung (einschließlich) bis zum angegebenen Ende der Versammlung (einschließlich) nicht übertragbar sind, nachweisen.

- (g) *Gemeinsamer Vertreter.* Die Anleihegläubiger können durch Mehrheitsbeschluss einen gemeinsamen Vertreter der Anleihegläubiger (der "**Gemeinsame Vertreter**") bestellen oder abberufen, und die Pflichten, Aufgaben und Befugnisse des Gemeinsamen Vertreters, die Übertragung der Rechte der Anleihegläubiger auf den Gemeinsamen Vertreter und eine Beschränkung der Haftung des Gemeinsamen Vertreters festlegen. Der Beschluss zur Bestellung eines Gemeinsamen Vertreters bedarf einer Qualifizierten Mehrheit, wenn der Gemeinsame Vertreter befugt ist, Änderungen des wesentlichen Inhalts der Anleihebedingungen gemäß § 14(b) zuzustimmen.
- (h) *Veröffentlichung.* Mitteilungen betreffend diesen § 14 erfolgen ausschließlich gemäß den Bestimmungen des SchVG.
- (i) *Garantie.* Die vorstehenden Bestimmungen dieses § 14, die auf die Schuldverschreibungen

part of the registration, Noteholders must demonstrate their eligibility to participate in the vote by means of a special confirmation of a Custodian in accordance with § 17(d)(i)(x) and (y) in text form and by submission of a blocking instruction by the Custodian stating that the relevant Notes are not transferable from and including the day such registration has been sent until and including the stated end of the meeting.

- (g) *Noteholders' Representative.* The Noteholders may by majority resolution provide for the appointment or dismissal of a joint representative of the Noteholders (the "**Noteholders' Representative**"), the duties and responsibilities and the powers of such Noteholders' Representative, the transfer of the rights of the Noteholders to the Noteholders' Representative and a limitation of liability of the Noteholders' Representative. Appointment of a Noteholders' Representative may only be passed by a Qualified Majority if such Noteholders' Representative is to be authorised to consent, in accordance with § 14(b) hereof, to a material change in the substance of the Terms and Conditions.
- (h) *Publication.* Any notices concerning this § 14 shall be made exclusively pursuant to the provisions of the SchVG.
- (i) *Guarantee.* The provisions set out above in this § 14 applicable to the

anwendbar sind, gelten entsprechend für die Garantie.

### § 15 Ersetzung

- (a) *Nachfolgeschuldnerin*. Die Emittentin (wobei eine Bezugnahme auf die Emittentin auch alle früheren Nachfolgeschuldner (wie in diesem § 15(a) definiert) umfasst) ist jederzeit berechtigt, wenn kein Zahlungsverzug hinsichtlich Kapital oder Zinsen auf die Schuldverschreibungen vorliegt, ohne weitere Zustimmung der Anleihegläubiger die Garantin oder ein mit der Emittentin verbundenes Unternehmen (wie in diesem § 15(a) definiert) an ihrer Stelle als Hauptschuldnerin (ein solches Unternehmen ist die "**Nachfolgeschuldnerin**") für alle Verpflichtungen aus und im Zusammenhang mit den Schuldverschreibungen einzusetzen, vorausgesetzt, dass:
- (i) die Nachfolgeschuldnerin alle Verpflichtungen der Emittentin im Zusammenhang mit den Schuldverschreibungen rechtswirksam übernimmt;
  - (ii) die Garantin, falls sie nicht selbst die Nachfolgeschuldnerin ist, erklärt, dass ihre Garantie bezüglich der Schuldverschreibungen auch für die Nachfolgeschuldnerin gilt (jede solche Erklärung eine "**Ersetzungsgarantie**");
  - (iii) die Nachfolgeschuldnerin und die Emittentin alle für die Ersetzung und die Garantin, falls sie nicht selbst Nachfolgeschuldnerin ist, alle für die Abgabe der Ersetzungsgarantie

Notes shall apply mutatis mutandis to the Guarantee.

### § 15 Substitution

- (a) *Substitute Debtor*. The Issuer (reference to which shall always include any previous Substitute Debtor (as defined in this § 15(a))) may, at any time, if no payment of principal of or interest on any of the Notes is in default, without the consent of the Noteholders, substitute for the Issuer the Guarantor or any Affiliate (as defined in this § 15(a)) of the Issuer as the principal debtor in respect of all obligations arising from or in connection with the Notes (any such company, the "**Substitute Debtor**"), provided that:
- (i) the Substitute Debtor validly assumes all obligations of the Issuer in respect of the Notes;
  - (ii) the Guarantor if it is not itself the Substitute Debtor declares that its Guarantee shall with respect to the Notes also apply to the Substitute Debtor (each such declaration a "**Substitution Guarantee**");
  - (iii) the Substitute Debtor and the Issuer have obtained all necessary governmental and regulatory approvals and consents for such substitution and the Guarantor if it is not itself the Substitute Debtor has

notwendigen Genehmigungen und Einverständniserklärungen von Regierungsstellen und Aufsichtsbehörden erhalten haben, die Nachfolgeschuldnerin alle für die Erfüllung ihrer Verpflichtungen aus den Schuldverschreibungen notwendigen Genehmigungen und Einverständniserklärungen von Regierungsstellen und Aufsichtsbehörden erhalten hat und weiterhin sämtliche dieser Genehmigungen und Einverständniserklärungen in vollem Umfang gültig und wirksam sind und zudem die Verpflichtungen der Nachfolgeschuldnerin und die von der Garantin, falls sie nicht selbst Nachfolgeschuldnerin ist, begebene Ersetzungsgarantie jeweils gemäß ihren Bestimmungen wirksam und rechtsverbindlich und durch jeden Anleihegläubiger durchsetzbar sind;

- (iv) die Nachfolgeschuldnerin sich verpflichtet, jedem Anleihegläubiger alle Steuern, Gebühren oder Abgaben zu erstatten, die ihm im Zusammenhang mit Zahlungen auf die Schuldverschreibungen (einschließlich Steuern und Abgaben, die von der Nachfolgeschuldnerin an der Quelle abgeführt oder einbehalten wurden), durch den Schuldnerwechsel oder in anderer Weise infolge der Schuldübernahme durch die Nachfolgeschuldnerin auferlegt werden, vorausgesetzt, dass sich die Verpflichtung auf

obtained all such approvals and consents for the giving of the Substitution Guarantee, that the Substitute Debtor has obtained all necessary governmental and regulatory approvals and consents for the performance of its obligations under the Notes, and that all such approvals and consents are in full force and effect and that the obligations assumed by the Substitute Debtor and the Substitution Guarantee given by the Guarantor if it is not itself the Substitute Debtor are each valid and binding in accordance with their respective terms and enforceable by each Noteholder;

- (iv) the Substitute Debtor undertakes to reimburse any Noteholder for such taxes, fees or duties which may be imposed upon such Noteholder in connection with any payments on the Notes (including taxes or duties being deducted or withheld at source by the Substitute Debtor), upon conversion or otherwise, as a consequence of the assumption of the Issuer's obligations by the Substitute Debtor, provided that such undertaking shall be limited to amounts that would not have been imposed upon the

Beträge beschränkt, die der Anleihegläubiger ohne die Ersetzung der Emittentin nicht hätte tragen müssen; und

- (v) der Hauptzahlstelle jeweils ein Rechtsgutachten bezüglich der betroffenen Rechtsordnungen von anerkannten Rechtsanwälten vorgelegt wurden, die bestätigen, dass die Bestimmungen in § 15(a)(i) bis (iv) erfüllt wurden.

**"Verbundenes Unternehmen"** bedeutet jedes von der Emittentin gehaltene verbundene Unternehmen im Sinne der §§ 15 f. Aktiengesetz.

- (b) *Folgen der Ersetzung.* Nach einer Ersetzung gemäß dieses § 15 gilt die Nachfolgeschuldnerin als in den Schuldverschreibungen an Stelle der Emittentin als Hauptschuldnerin bestimmt und die Schuldverschreibungen gelten als dementsprechend ergänzt, um der Ersetzung zur Durchsetzung zu verhelfen. Als das Maßgebliche Steuerhoheitsgebiet in Bezug auf § 7 gilt die das Hoheitsgebiet, in dem die Nachfolgeschuldnerin steuerlich ansässig ist.

Darüber hinaus gilt § 9 als dergestalt ergänzt, dass ein zusätzlicher Kündigungsgrund unter dieser Bestimmung der Wegfall der Wirksamkeit, Rechtsverbindlichkeit oder Durchsetzbarkeit der Ersetzungsgarantie gegen die Garantin, falls sie nicht selbst Nachfolgeschuldnerin ist, ist.

Jede Ersetzung zusammen mit der Mitteilung gemäß § 15(c) befreit, im Fall der Einsetzung einer anderen Gesellschaft als Hauptschuldnerin,

Noteholder had such substitution not occurred; and

- (v) there shall have been delivered to the Principal Paying Agent one opinion for each jurisdiction affected of lawyers of recognized standing to the effect that § 15(a)(i) through (iv) above have been satisfied.

**"Affiliate"** shall mean any affiliated company (*verbundenes Unternehmen*) within the meaning of Sections 15 et seq. of the German Stock Corporation Act (*Aktiengesetz*) held by the Issuer.

- (b) *Consequences of the Substitution.* Upon a substitution in accordance with this § 15, the Substitute Debtor shall be deemed to be named in the Notes as the principal debtor in place of the Issuer as issuer and the Notes shall thereupon be deemed to be amended to give effect to the substitution. The Relevant Taxing Jurisdiction in relation to the Issuer in § 7 shall be the jurisdiction in which the Substitute Debtor is domiciled or resident for tax purposes.

Furthermore, § 9 shall be deemed to be amended so that it shall also be an Event of Default under such provision if the Substitution Guarantee shall cease to be valid or binding on or enforceable against the Guarantor if it is not itself the Substitute Debtor.

Any such substitution, together with the notice referred to in § 15(c), shall, in the case of the substitution of any other company as principal debtor,

die Emittentin von allen Verbindlichkeiten, die sie als Hauptschuldnerin unter den Schuldverschreibungen hatte.

- (c) *Veröffentlichung der Ersetzung.* Spätestens 15 Geschäftstage nach Durchführung der Ersetzung wird die Nachfolgeschuldnerin dies den Anleihegläubigern und, sollten die Schuldverschreibungen an einer Börse notiert sein, dieser Börse gemäß § 10 mitteilen und jede andere Person oder Stelle gemäß den anwendbaren Gesetzen und Regelungen informieren.

#### **§ 16 Informationen**

- (a) Die Garantin hat sich in der Garantie verpflichtet, solange die Schuldverschreibungen noch nicht zurückgezahlt oder zurückgekauft und entwertet wurden, spätestens an den nachstehend bestimmten Tagen (oder, falls ein solcher Tag kein Geschäftstag ist, am nächstfolgenden Geschäftstag) eine englischsprachige Fassung der Regelmäßigen Finanzinformationen auf ihrer Internetseite zu veröffentlichen.

**"Regelmäßige Finanzinformationen"** bezeichnet

- (i) den im Einklang mit der Verordnung (EG) 1606/2002 in ihrer jeweils geltenden Fassung bzw. der jeweils anwendbaren Nachfolgeregelung aufgestellten geprüften Konzernabschluss der Garantin einschließlich des Konzernlageberichts, der jeweils spätestens sechs Monate nach Ende des vorangegangenen

operate to release the Issuer as issuer from all of its obligations as principal debtor in respect of the Notes.

- (c) *Publication of the Substitution.* Not later than 15 Business Days after effecting the substitution, the Substitute Debtor shall give notice thereof to the Noteholders and, if any Notes are listed on any stock exchange, to such stock exchange in accordance with § 10 and to any other person or authority as required by applicable laws or regulations.

#### **§ 16 Information**

- (a) The Guarantor has undertaken in the Guarantee that for such time as the Notes have not been redeemed or repurchased and cancelled, the Guarantor shall publish an English language version of the Periodic Financial Information on its internet website no later than on the dates specified below (or, if any such day is not a Business Day, on the following Business Day).

**"Periodic Financial Information"** means

- (i) the audited consolidated financial statements of the Guarantor prepared in accordance with Regulation (EC) No. 1606/2002 as amended from time to time or the respective applicable successor provision including the group management report which have to be published no later than six months after the end of the Guarantor's preceding fiscal year; and

Geschäftsjahrs der Garantin veröffentlicht sein muss; und

- |   |   |
|---|---|
| <p>(ii) den ungeprüften verkürzten Konzernhalbjahreszwischenabschluss der Garantin (bestehend aus Konzernbilanz, vereinfachter Konzern-Gewinn- und Verlustrechnung und Konzern-Kapitalflussrechnung), der jeweils spätestens am neunzigsten Kalendertag nach dem Ende des zweiten Quartals des jeweils laufenden Geschäftsjahrs der Garantin zu veröffentlichen ist.</p>  | <p>(ii) the unaudited condensed consolidated half-yearly interim financial statements of the Guarantor (comprising consolidated statement of financial position, condensed consolidated statement of profit or loss and consolidated statement of cash flows) which has to be published no later than the ninetieth calendar day following the end of the second quarter of the Guarantor's recent fiscal year.</p>   |
| <p>(b) Die Garantin hat sich in der Garantie dazu verpflichtet, es zu unterlassen, einem Anleihegläubiger über die Regelmäßigen Finanzinformationen hinaus, Informationen über die Garantin oder andere Umstände, die den Wert der Schuldverschreibungen beeinflussen können, zukommen zu lassen, ohne diese Informationen zur gleichen Zeit allen Anleihegläubigern bekannt zu machen, es sei denn, der betreffende Anleihegläubiger erhält solche Informationen aufgrund eines Rechtsverhältnisses mit der Garantin, das von seiner Stellung als Anleihegläubiger unabhängig ist.</p> | <p>(b) The Guarantor has undertaken in the Guarantee not to provide information about the Guarantor or any other factors which may affect the value of the Notes to any Noteholder in addition to the Periodic Financial Information, without providing such information to all Noteholders at the same time, unless the relevant Noteholder is provided with such information because of a legal relationship with the Guarantor which is independent from its status as Noteholder.</p> |

#### **§ 17**

##### **Schlussbestimmungen**

- (a) *Anwendbares Recht.* Form und Inhalt der Schuldverschreibungen sowie die Rechte und Pflichten der Emittentin und die Rechte der Anleihegläubiger bestimmen sich in jeder Hinsicht nach dem Recht Deutschlands und werden in Übereinstimmung damit ausgelegt.
- (b) *Erfüllungsort.* Erfüllungsort ist Frankfurt am Main.

#### **§ 17**

##### **Final Clauses**

- (a) *Applicable Law.* The form and content of the Notes and the rights and obligations of the Issuer and the rights of the Noteholders shall in all respects be governed by and shall be construed in accordance with the laws of Germany.
- (b) *Place of Performance.* Place of performance is Frankfurt am Main.

- (c) *Gerichtsstand.* Vorbehaltlich eines zwingenden Gerichtsstandes für besondere Rechtsstreitigkeiten im Zusammenhang mit dem SchVG, unterliegen jegliche aus oder im Zusammenhang mit den Schuldverschreibungen entstehenden Klagen oder Verfahren der nichtausschließlichen Zuständigkeit der Gerichte in Frankfurt am Main.
- (d) *Geltendmachung.* Jeder Anleihegläubiger kann in Rechtsstreitigkeiten gegen die Emittentin oder die Garantin oder in Rechtsstreitigkeiten, an denen der Anleihegläubiger und die Emittentin oder die Garantin beteiligt sind, im eigenen Namen seine Rechte aus den ihm zustehenden Schuldverschreibungen unter Vorlage der folgenden Dokumente geltend machen:
- (i) einer Bescheinigung seiner Depotbank, die
    - (x) den vollen Namen und die volle Anschrift des Anleihegläubigers bezeichnet
    - (y) den Gesamtnennbetrag von Schuldverschreibungen angibt, die am Ausstellungstag dieser Bescheinigung dem bei dieser Depotbank bestehenden Wertpapierdepot dieses Anleihegläubigers gutgeschrieben sind und
    - (z) bestätigt, dass die Depotbank an das Clearingsystem und die Hauptzahlstelle eine schriftliche Mitteilung
- (c) *Jurisdiction.* Subject to any mandatory jurisdiction for specific proceedings under the SchVG, non-exclusive place of jurisdiction for all actions or proceedings arising from matters provided for in these Terms and Conditions shall be Frankfurt am Main.
- (d) *Enforcement.* Any Noteholder may in any proceedings against the Issuer or the Guarantor, or to which such Noteholder and the Issuer or the Guarantor are parties, protect and enforce in his own name his rights arising under such Notes on the basis of the following documents:
- (i) a statement issued by the Custodian
    - (x) stating the full name and address of the Noteholder,
    - (y) specifying the aggregate principal amount of Notes credited to the securities account maintained by such Noteholder with such Custodian on the date of such statement and
    - (z) confirming that the Custodian has given a written notice to the Clearing System and the Principal Paying Agent



gemacht hat, die die Angaben gemäß (x) und (y) enthält und Bestätigungsvermerke des Clearingsystems trägt; sowie

containing the information pursuant to (x) and (y) as well as confirmations by the Clearing System; as well as

- (ii) einer von einem Vertretungsberechtigten des Clearingsystems oder des Verwahrers des Clearingsystems beglaubigten Ablichtung der Globalurkunde, ohne das Erfordernis der Vorlage der die Schuldverschreibungen verkörpernden Globalurkunde.

- (ii) a copy of the Global Note certified as being a true copy by a duly authorised representative of the Clearing System or a depositary of the Clearing System, without the need for production in such proceedings of the Global Note representing the Notes.

**"Depotbank"** bezeichnet ein Bank- oder sonstiges Finanzinstitut von international anerkanntem Ruf, das zum Betreiben des Wertpapierdepotgeschäfts berechtigt ist und bei dem der Anleihegläubiger Schuldverschreibungen in einem Wertpapierdepot verwahren lässt.

**"Custodian"** means any bank or other financial institution of recognised international standing authorised to engage in the securities custody business with which the Noteholder maintains a securities account in respect of the Notes.

Jeder Anleihegläubiger kann, unbeschadet des Vorgenannten, seine Rechte aus den Schuldverschreibungen auf jede andere Weise schützen oder durchsetzen, die im Land des Rechtsstreits prozessual zulässig ist.

Each Noteholder may, without prejudice to the foregoing, protect and enforce his rights under these Notes also in any other way which is admitted under procedural law in the country of the relevant proceedings.

- (e) *Bestellung von Zustellungsbevollmächtigten.* Für etwaige Rechtsstreitigkeiten vor deutschen Gerichten hat die Emittentin die Garantin zu ihrer Zustellungsbevollmächtigten in Deutschland bestellt.

- (e) *Appointment of Authorized Agent.* For any proceedings before German courts, the Issuer has appointed the Guarantor as its authorised agent for service of process in Germany.

**§ 18**  
**Sprache**

Die deutsche Version dieser Anleihebedingungen ist bindend. Die englische Übersetzung dient lediglich Informationszwecken.

**§ 18**  
**Language**

The German text of these Terms and Conditions is binding. The English translation is for information purposes only.

## FORM OF GUARANTEE

*Diese Garantie ist in deutscher Sprache abgefasst und mit einer Übersetzung in die englische Sprache versehen. Der deutsche Wortlaut ist allein rechtsverbindlich. Die englische Übersetzung dient nur zur Information.*

*This Guarantee is written in the German language and provided with an English language translation. The German text will be the only legally binding version. The English language translation is provided for convenience only.*

### **GARANTIE**

der

#### **ZF Friedrichshafen AG**

(einer Aktiengesellschaft gegründet nach dem Recht der Bundesrepublik Deutschland)

(die "**Garantin**")

zugunsten der Anleihegläubiger der

**[im Fall der 2023 Schuldverschreibungen einzufügen:** EUR 500.000.000 1,250 %  
Schuldverschreibungen fällig in 2023  
ISIN XS2010040124]

**[im Fall der 2026 Schuldverschreibungen einzufügen:** EUR 900.000.000 2,000 %  
Schuldverschreibungen fällig in 2026  
ISIN XS2010039381]

**[im Fall der 2027 Schuldverschreibungen einzufügen:** EUR 600.000.000 2,500 %  
Schuldverschreibungen fällig in 2027  
ISIN XS2010039977]

**[im Fall der 2029 Schuldverschreibungen einzufügen:** EUR 700.000.000 3,000 %  
Schuldverschreibungen fällig in 2029  
ISIN XS2010039894]

(die "**Schuldverschreibungen**")

emittiert durch

ZF Europe Finance B.V.

(einer mit beschränkter Haftung nach dem Recht der Niederlande errichteten Gesellschaft)

(die "**Emittentin**")

### **GUARANTEE**

of

#### **ZF Friedrichshafen AG**

(a stock corporation (*Aktiengesellschaft*) incorporated under the laws of the Federal Republic of Germany)

(the "**Guarantor**")

for the benefit of the Noteholders of the

**[in case of the 2023 Notes insert:** EUR 500,000,000 1.250%  
Notes due 2023  
ISIN XS2010040124]

**[in case of the 2026 Notes insert:** EUR 900,000,000 2.000%  
Notes due 2026  
ISIN XS2010039381]

**[in case of the 2027 Notes insert:** EUR 600,000,000 2.500%  
Notes due 2027  
ISIN XS2010039977]

**[in case of the 2029 Notes insert:** EUR 700,000,000 3.000%  
Notes due 2029  
ISIN XS2010039894]

(the "**Notes**")

issued by

ZF Europe Finance B.V.

(incorporated as private limited liability company under the laws of the Netherlands)

(the "**Issuer**")

Präambel:

- (A) Die Garantin beabsichtigt, die Zahlung von Kapital und Zinsen sowie aller anderen in Bezug auf die Schuldverschreibungen fälligen Beträge unbeding und unwiderruflich zu garantieren.
- (B) Soweit nicht anderweitig definiert, haben Begriffe, die hierin benutzt werden, die ihnen in den Anleihebedingungen (wie nachstehend definiert) zugewiesene Bedeutung.

Whereas:

- (A) The Guarantor wishes to guarantee unconditionally and irrevocably the payment of principal and interest as well as any other amounts due and payable in respect of the Notes.
- (B) Unless otherwise defined herein, terms used and not separately defined herein shall have the same meaning as given to such terms as defined in the Terms and Conditions (as defined below).

### § 1 DEFINITION

In dieser Garantie hat der nachstehende Begriff die folgende Bedeutung:

"**Anleihebedingungen**" bezeichnet die Anleihebedingungen Schuldverschreibungen.

### § 1 DEFINITION

In this Guarantee:

"**Terms and Conditions**" means the terms and conditions of the Notes.

### § 2 GARANTIE

- (1) Die Garantin garantiert hiermit unbeding und unwiderruflich im Wege eines selbständigen Zahlungsverprechens gegenüber jedem Anleihegläubiger die ordnungsgemäße und pünktliche Zahlung aller Kapital-, Zins- und sonstigen auf die Schuldverschreibungen fälligen Beträge (die "**Garantie**"). Diese Garantie besteht selbständig und unabhängig von den Verbindlichkeiten der Emittentin und gilt unabhängig von der Wirksamkeit und Durchsetzbarkeit der Verbindlichkeiten der Emittentin.
- (2) Die Verbindlichkeiten der Garantin aus dieser Garantie begründen unmittelbare, unbedingte, nicht nachrangige und nicht besicherte Verbindlichkeiten der Garantin und stehen mindestens im gleichen Rang mit allen anderen gegenwärtigen und zukünftigen nicht besicherten und nicht

### § 2 GUARANTEE

- (1) The Guarantor hereby unconditionally and irrevocably guarantees by way of an independent payment obligation (*selbständiges Zahlungsverprechen*) to each Noteholder the due and punctual payment of principal of, and interest on, and any other amounts due and payable under the Notes (the "**Guarantee**"). This Guarantee shall be separate and independent from the obligations of the Issuer and shall exist irrespective of the validity and enforceability of the obligations of the Issuer.
- (2) The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank at least *pari passu* with all other unsubordinated and unsecured obligations of the Guarantor, present or future, unless such obligations are

nachrangigen Verbindlichkeiten der Garantin, soweit diesen Verbindlichkeiten nicht durch zwingende gesetzliche Bestimmungen ein Vorrang eingeräumt wird.

(3) Die Garantin verpflichtet sich solange Zahlungen aus den Schuldverschreibungen ausstehen, jedoch nur bis zu dem Zeitpunkt, an dem alle auf die Schuldverschreibungen gemäß den Anleihebedingungen zu zahlenden Beträge an das Clearingsystem oder an dessen Order gezahlt worden sind,

(i) für Kapitalmarktverbindlichkeiten (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen) keine dinglichen Sicherheiten in Bezug auf ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihres gegenwärtigen oder zukünftigen Vermögens zu gewähren oder bestehen zu lassen, und

(ii) soweit rechtlich möglich, sicherzustellen, dass keine Wesentliche Tochtergesellschaft für Kapitalmarktverbindlichkeiten (einschließlich hierfür abgegebener Garantien und Freistellungserklärungen), die von der Garantin oder einer Wesentlichen Tochtergesellschaft begeben wurden, irgendwelche dinglichen Sicherheiten in Bezug auf ihr gesamtes gegenwärtiges oder zukünftiges Vermögen oder Teile ihres gegenwärtigen oder zukünftigen Vermögens gewährt oder bestehen lässt,

sofern nicht die Verpflichtungen der Emittentin aus den Schuldverschreibungen gleichrangig

accorded priority under mandatory provisions of statutory law.

(3) While any amounts remain outstanding under the Notes, but only up to the time all amounts payable to Noteholders under the Notes in accordance with the Terms and Conditions have been paid to the Clearing System or to its order, the Guarantor undertakes that

(i) it will not create or permit to subsist any security interest *in rem* (*dingliche Sicherheit*) over all or part of its present or future assets as security for any Capital Market Indebtedness (including any guarantees and indemnities given in respect thereof), and

(ii) it will procure, to the extent legally permissible, that no Material Subsidiary will at any time create or permit to subsist any security interest *in rem* upon all or any of its present or future assets as security for any Capital Market Indebtedness (including any guarantees and indemnities given in respect thereof) issued by the Guarantor or a Material Subsidiary,

unless at the same time or prior thereto, the Issuer's obligations under the Notes are secured equally and

und anteilig an einer solchen dinglichen Sicherheit teilhaben, oder diesbezüglich eine dingliche Sicherheit zu im Wesentlichen gleichen Bedingungen bestellt wird.

Der in diesem § 2 benutzte Begriff "Vermögen" und der in der Definition von Kapitalmarktverbindlichkeiten benutzte Begriff "Verpflichtung zur Zahlung oder Rückzahlung von Geldern" schließen nicht solche Vermögensgegenstände der Garantin oder einer Wesentlichen Tochtergesellschaft mit ein, die im Einklang mit den Gesetzen und in der Bundesrepublik Deutschland ("Deutschland") anerkannten Regeln der Bilanzierung und Buchführung oder den jeweils anwendbaren Gesetzen und anerkannten Regeln der Bilanzierung und Buchführung nicht in den Bilanzen der Garantin oder einer Wesentlichen Tochtergesellschaft ausgewiesen werden müssen und darin auch nicht ausgewiesen werden.

(4) Die Verpflichtung nach § 2(3) besteht jedoch nicht für solche Sicherheiten, die

- (i) gesetzlich vorgeschrieben sind, oder
- (ii) als Voraussetzung für staatliche Genehmigungen verlangt werden, oder
- (iii) am Begebungstag der Schuldverschreibungen bestehen, oder
- (iv) durch die Garantin oder von einer Wesentlichen Tochtergesellschaft zur Sicherung von gegenwärtigen oder zukünftigen Ansprüchen der Garantin oder Ansprüchen einer Wesentlichen Tochtergesellschaft gegen verbundene Unternehmen im Sinne der §§ 15 f.

rateably therewith or benefit from a security interest *in rem* in substantially identical terms thereto.

The expression "assets" as used in this § 2 and the expression "obligation for the payment or repayment of money that is borrowed" as used in the definition of Capital Markets Indebtedness does not include assets of the Guarantor or any Material Subsidiary which, pursuant to the requirements of law and accounting principles generally accepted in the Federal Republic of Germany ("**Germany**") or such other applicable law and accepted accounting principles generally, as the case may be, need not, and are not, reflected in the Guarantor's or in a Material Subsidiary's balance sheets.

(4) The undertaking pursuant to § 2(3) shall not apply to a security which

- (i) is mandatory according to applicable laws, or
- (ii) is required as a prerequisite for governmental approvals, or
- (iii) is existing on the issue date of the Notes, or
- (iv) provided by the Guarantor or by any Material Subsidiary over any of the Guarantor's claims or claims of any Material Subsidiary against any affiliated companies within the meaning of Sections 15 et seq. of the German Stock Corporation Act (*Aktiengesetz*) or any third party, which claims

|        |   |  |  |
|--------|---|--|--|
|        | <p>Aktiengesetz oder gegen Dritte aufgrund der Weiterleitung von Erlösen aus der Emission von Wertpapieren bestehen, soweit diese Sicherheiten zur Sicherung von Verpflichtungen aus diesen durch die Garantin oder durch eine Wesentliche Tochtergesellschaft ausgegebenen Wertpapieren dienen, oder</p> | <p>exist now or arise at any time in the future, as a result of the passing on of the proceeds from the issuance of any securities, provided that any such security serves to secure obligations under such securities issued by the Guarantor or by a Material Subsidiary, or</p> |  |
| (v)    | <p>eine im Zeitpunkt einer Akquisition bestehende Kapitalmarktverbindlichkeit besichern, die infolge der Akquisition eine Verpflichtung der Garantin oder einer Gesellschaft der Gruppe wird, sofern diese Kapitalmarktverbindlichkeit nicht im Hinblick auf diese Akquisition begründet wurde, oder</p>  | (v)  | <p>secures Capital Market Indebtedness existing at the time of an acquisition that becomes an obligation of the Guarantor or any member of the Group as a consequence of such acquisition, provided that such Capital Market Indebtedness was not created in contemplation of such acquisition, or</p> |
| (vi)   | <p>im Zusammenhang mit der Begebung von asset backed securities (ABS) durch die Garantin oder eine Gesellschaft der Gruppe bestellt werden, oder</p>  | (vi)   | <p>is provided in connection with any issuance of asset backed securities by the Guarantor or by any member of the Group, or</p>   |
| (vii)  | <p>im Zusammenhang mit der Begebung von asset backed securities (ABS) durch eine Zweckgesellschaft gegeben werden, bei denen die Garantin oder eine Gesellschaft der Gruppe der Originator der zugrunde liegenden Vermögenswerte ist, oder</p>  | (vii)  | <p>is provided in respect of any issuance of asset backed securities made by a special purpose vehicle where the Guarantor or any member of the Group is the originator of the underlying assets, or</p>   |
| (viii) | <p>im Zusammenhang mit der Finanzierung von Projekten oder Vermögensgegenständen gegeben werden, vorausgesetzt, dass die Vermögensgegenstände, an denen das Sicherungsrecht</p>   | (viii)   | <p>is provided in respect of any financing of any project or asset, provided that the assets on which the security is created are (A) the assets which are used or to be used in or in connection with the project to which such Capital</p>   |

besteht, (A) Vermögensgegenstände sind, die in dem Projekt oder im Zusammenhang mit dem Projekt, auf das sich die Kapitalmarktverbindlichkeiten beziehen, genutzt werden oder genutzt werden sollen, oder (B) Einnahmen oder Ansprüche sind, die aufgrund der Nutzung, des Betriebs, der Nichteinhaltung von Spezifikationen, der Verwertung, des Verkaufs, des Verlusts/Untergangs oder der Beschädigung dieser Vermögensgegenstände entstehen, und weiter vorausgesetzt, dass diese Kapitalmarktverbindlichkeiten weder direkt noch indirekt Gegenstand einer Garantie, Freistellung oder anderen Form der Zusicherung, Verpflichtung oder Unterstützung irgendeines anderen Mitglieds der Gruppe sind, oder

Markets Indebtedness relates or (B) revenues or claims which arise from the use, operation, failure to meet specifications, exploitation, sale, or loss of or damage to, such assets and provided further that such Capital Markets Indebtedness is not directly or indirectly the subject of any guarantee, indemnity or other form of assurance, undertaking or support from any other member of the Group, or

(ix) eine Erneuerung, Verlängerung oder Ersetzung irgendeiner Sicherheit gemäß vorstehend (i) bis (viii) darstellen, oder

(ix) constitutes the renewal, extension or replacement of any security pursuant to foregoing (i) through (viii), or

(x) nicht in den Anwendungsbereich von (i) bis (ix) fallen und Kapitalmarktverbindlichkeiten besichern, deren Kapitalbetrag (zusammen mit dem Kapitalbetrag anderer Kapitalmarktverbindlichkeiten, für die andere dingliche Sicherheiten als solche (begeben durch die Emittentin, die Garantin oder eine Wesentliche Tochtergesellschaft), die in den Anwendungsbereich von (i) bis (ix) fallen, bestehen) EUR 300.000.000 (bzw. den

(x) do not fall within the scope of application of (i) through (ix) above and which secure Capital Market Indebtedness with a principal amount (when aggregated with the principal amount of other Capital Markets Indebtedness which has the benefit of security (issued by the Issuer, the Guarantor or any Material Subsidiary) other than any falling within the scope of application of (i) through (ix) above) not exceeding EUR 300,000,000 (or its equivalent in other currencies).



Gegenwert in anderen Währungen) nicht überschreitet.

Eine nach diesem § 2(4) zu stellende Sicherheit kann auch zu Gunsten der Person eines Treuhänders der Anleihegläubiger bestellt werden.

Any security which is to be provided pursuant to this § 2(4) may also be provided to a person acting as trustee for the Noteholders.

- (5) Die Garantin verzichtet hiermit ausdrücklich auf alle der Emittentin zustehenden persönlichen Einreden des Hauptschuldners sowie auf alle der Emittentin zustehenden Einreden der Anfechtbarkeit oder Aufrechenbarkeit im Hinblick auf die Schuldverschreibungen. Dieser Verzicht auf die Einrede der Aufrechenbarkeit gilt nicht für (i) unbestrittene oder (ii) rechtskräftig festgestellte Gegenforderungen.
- (6) Die Zahlungsverpflichtungen der Garantin aus dieser Garantie werden automatisch fällig und zahlbar, sofern und sobald die Emittentin eine Zahlung auf die Schuldverschreibungen nicht bei Fälligkeit gemäß den Anleihebedingungen leistet.
- (7) Diese Garantie ist mit der vollständigen und unwiderruflichen Befriedigung aller gemäß diesem § 2 garantierten Ansprüche (die "**Garantierten Verpflichtungen**") abschließend erfüllt. Sollten Garantierte Verpflichtungen jedoch nur vorläufig erfüllt oder Gegenstand eines Anfechtungsrechts eines Insolvenzverwalters oder anderweitig anfechtbar sein, so bleibt diese Garantie weiterhin in Kraft.
- (5) The Guarantor hereby explicitly waives any personal defences of the Issuer (*Einreden des Hauptschuldners*) as well as any defences arising out of the Issuer's right of revocation (*Anfechtbarkeit*) or set-off (*Aufrechenbarkeit*) with respect to the Notes. This waiver shall not apply to any defences relating to any right of set-off with counterclaims that are (i) uncontested (*unbestritten*) or (ii) based on an unappealable (*rechtskräftig festgestellt*) court decision.
- (6) The Guarantor's payment obligations under this Guarantee become automatically due and payable if and when the Issuer does not make a payment with respect to the Notes when such payment is due and payable pursuant to the Terms and Conditions.
- (7) This Guarantee is discharged upon the full and irrevocable satisfaction of all claims guaranteed pursuant to this § 2 (the "**Guaranteed Obligations**"). However, if any of the Guaranteed Obligations was only temporarily satisfied or may be set aside by an insolvency administrator (*Anfechtungsrecht*) or may otherwise be avoided, this Guarantee shall continue in full force and effect.

### § 3 BESTEUERUNG

### § 3 TAXATION

- (1) Alle in Bezug auf die Schuldverschreibungen von der Garantin an die Anleihegläubiger zahlbaren Kapital- oder Zinsbeträge
- (1) All payments of principal and interest made by the Guarantor in respect of the Notes to the Noteholders shall be made free and clear of, and without

werden ohne Einbehalt oder Abzug an der Quelle für oder wegen gegenwärtiger oder zukünftiger Steuern, Abgaben, Festsetzungen oder behördlichen Gebühren jedweder Art ("**Steuern**") gezahlt, die von oder im Namen der oder für Rechnung eines Hoheitsgebiets, in welchem die Emittentin bzw. die Garantin gegründet ist, Geschäften nachgeht, ihren Steuersitz hat, oder allgemein einer Besteuerung von Nettoeinkommen und -ertrag unterworfen ist, oder über welches bzw. von welchem aus Zahlungen auf die Schuldverschreibungen bzw. aufgrund der Garantie geleistet werden, oder von oder im Namen von oder für Rechnung einer seiner politischen Untergliederungen oder Steuerbehörden (jeweils ein "**Maßgebliches Steuerhoheitsgebiet**") im Wege des Abzugs oder Einhalts auferlegt, erhoben, eingezogen, einbehalten oder festgesetzt werden, es sei denn, ein solcher Abzug oder Einbehalt ist gesetzlich vorgeschrieben.

withholding or deduction at source for, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed, levied, collected, withheld or assessed by way of deduction or withholding by or on behalf of any jurisdiction in which the Issuer or Guarantor, as applicable, is organized, engaged in business, resident for tax purposes or generally subject to tax on a net income basis, or through or from which payments on the Notes or the Guarantee, as applicable, is made, or any political subdivision or any authority therein or thereof having power to tax (each, a "**Relevant Taxing Jurisdiction**"), unless such deduction or withholding is required by law.

- |  |  |
|--|--|
| <p>(2) In diesem Fall wird die Garantin diejenigen zusätzlichen Beträge ("<b>Zusätzliche Beträge</b>") zahlen, die erforderlich sind, damit die den Anleihegläubigern zufließenden Nettobeträge nach diesem Einbehalt oder Abzug jeweils den Beträgen an Kapital und Zinsen entsprechen, die ohne einen solchen Einbehalt oder Abzug von den Anleihegläubigern erhalten worden wären. Solche Zusätzlichen Beträge sind jedoch nicht zu zahlen:</p> | <p>(2) In that case, the Guarantor shall pay such additional amounts (the "<b>Additional Amounts</b>") as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required. However, no such Additional Amounts shall be payable with respect to:</p> |
| <p>(a) in Bezug auf Steuern, die anders als durch Einbehalt oder Abzug durch die Garantin von Zahlungen, die sie an den Anleihegläubiger leistet, zu entrichten sind; oder</p>   | <p>(a) taxes that are payable otherwise than by withholding or deduction by the Guarantor from payments made by it to the Noteholder; or</p>   |
| <p>(b) an einen Anleihegläubiger oder an einen Dritten für einen Anleihegläubiger, falls dieser</p>  | <p>(b) payments to, or to a third party on behalf of, a Noteholder where such Noteholder (or a fiduciary, settlor,</p>   |

Anleihegläubiger (oder ein Treuhänder, Gründer eines Treuhandvermögens, ein Begünstigter, oder ein Gesellschafter eines solchen Anleihegläubigers, falls es sich bei diesem um ein Nachlassvermögen, ein Treuhandvermögen, eine Personengesellschaft oder eine Kapitalgesellschaft handelt) auf Grund einer früheren oder gegenwärtigen Verbindung zu dem Maßgeblichen Steuerhoheitsgebiet (einschließlich solcher Anleihegläubiger (bzw. Treuhänder, Gründer eines Treuhandvermögens, Begünstigter oder Gesellschafter), welche Staatsbürger dieses Landes waren oder sind oder in diesem Land Handel oder Geschäfte betrieben haben oder betreiben oder in diesen eine Betriebsstätte hatten oder haben) einem solchen Einbehalt oder Abzug unterliegt und sich diese Verbindung nicht nur darauf beschränkt, dass er die Schuldverschreibung hält oder die unter dieser jeweils zu leistenden Zahlungen erhält; oder

beneficiary, member or shareholder of such Noteholder, if such Noteholder is an estate, a trust, a partnership or a corporation) is liable to such withholding or deduction by reason of having some present or former connection with the Relevant Taxing Jurisdiction, including, without limitation, such Noteholder (or such fiduciary, settlor, beneficiary, member or shareholder) being or having been a citizen or resident thereof or being or having been engaged in a trade or business or having, or having had, a permanent establishment therein, other than by reason only of the holding of such Note or the receipt of the relevant payment in respect thereof; or

- |     |   |     |   |
|-----|---|-----|---|
| (c) | an einen Anleihegläubiger oder an einen Dritten für einen Anleihegläubiger, falls kein Einbehalt oder Abzug hätte erfolgen müssen, wenn die Schuldverschreibungen zum Zeitpunkt der fraglichen Zahlung einem Depotkonto bei einer bzw. einem nicht in dem Maßgeblichen Steuerhoheitsgebiet ansässigen Bank, Finanzdienstleistungsinstitut, Wertpapierhandelsunternehmen oder Wertpapierhandelsbank gutgeschrieben gewesen wären; oder | (c) | payments to, or to a third party on behalf of, a Noteholder where no such withholding or deduction would have been required to be made if the Notes, at the time of payment, had been credited to a securities deposit account with a bank, financial services institution, securities trading business or securities trading bank, in each case outside the Relevant Taxing Jurisdiction; or |
| (d) | falls der Einbehalt oder Abzug gemäß (i) einer Richtlinie oder Verordnung der Europäischen Union zur Zinsbesteuerung oder (ii) einem internationalen Abkommen oder Übereinkommen zu einer solchen Besteuerung, bei dem das Maßgebliche Steuerhoheitsgebiet oder die Europäische Union Parteien  | (d) | payments where such withholding or deduction is imposed pursuant to (i) any European Union Directive or Regulation concerning the taxation of savings, or (ii) any international treaty or understanding relating to such taxation and to which the Relevant Taxing Jurisdiction or the European Union is a party/are parties, or (iii) any   |

- sind oder (iii) einem diese Richtlinie oder Verordnung oder dieses Abkommen oder Übereinkommen umsetzenden oder sie befolgenden oder zu ihrer Befolgung erlassenen Gesetz; oder
- (e) soweit der Einbehalt oder Abzug von einem Anleihegläubiger oder von einem Dritten für einen Anleihegläubiger zahlbar ist, der einen solchen Einbehalt oder Abzug dadurch rechtmäßigerweise hätte vermindern können (aber nicht vermindert hat), dass er gesetzliche Vorschriften beachtet, oder dafür sorgt, dass Dritte dies tun, oder dadurch dass er eine Nichtansässigkeitserklärung oder einen ähnlichen Antrag auf Quellensteuerbefreiung gegenüber der am Zahlungsort zuständigen Steuerbehörde abgibt oder dafür sorgt, dass dies durch einen Dritten erfolgt, oder
- (f) soweit der Einbehalt oder Abzug von einem Anleihegläubiger oder von einem Dritten für einen Anleihegläubiger vorzunehmen ist, der einen solchen Einbehalt oder Abzug durch die Bewirkung einer Zahlung über eine andere Zahlstelle in einem Mitgliedsstaat der Europäischen Union, welche nicht zu einem solchen Einbehalt oder Abzug verpflichtet ist, hätte vermindern können; oder
- (g) soweit der Einbehalt oder Abzug für einen Anleihegläubiger oder dessen Rechnung vorzunehmen ist, der Schuldverschreibungen mehr als 30 Kalendertage nach dem Tag, an dem eine Zahlung unter den Schuldverschreibungen fällig und zahlbar wurde bzw., soweit dies später eintritt, nach dem Tag, an dem die Zahlung ordnungsgemäß vorgenommen wurde, vorgelegt hat; oder
- (h) soweit der Einbehalt oder Abzug vorzunehmen ist, weil der
- provision of law implementing, or complying with, or introduced to conform with, such Directive, Regulation, treaty or understanding; or
- (e) payments to the extent such withholding or deduction is payable by or on behalf of a Noteholder who could lawfully mitigate (but has not so mitigated) such withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making or procuring that a third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the payment is effected; or
- (f) payments to the extent such withholding or deduction is payable by or on behalf of a Noteholder who would have been able to mitigate such withholding or deduction by effecting a payment via another Paying Agent in a member state of the European Union, not obliged to withhold or deduct tax; or
- (g) payments to the extent such withholding or deduction is for or on account of the presentation by the Noteholder of any Note for payment on a date more than 30 calendar days after the date on which such payment became due and payable or the date on which payment thereof is duly provided for, whichever occurs later; or
- (h) payments where such withholding or deduction is imposed because the

Anleihegläubiger eine Bank ist, die die Schuldverschreibungen im ordentlichen Geschäftsgang ihres Aktivgeschäfts erwirbt; oder

Noteholder is a bank purchasing the Notes in the ordinary course of its lending business; or

- (i) soweit der Einbehalt oder Abzug gemäß §§ 1471 bis 1474 des U.S. Internal Revenue Code von 1986 in seiner jeweils gültigen Fassung (der "**Internal Revenue Code**") (diese Bestimmungen sind allgemein bekannt als *Foreign Account Tax Compliance Act* oder *FATCA*), jeder gegenwärtigen oder zukünftigen Verordnung oder offiziellen Auslegung davon, jeder Vereinbarung, die gemäß § 1471(b) des Internal Revenue Codes eingegangen wurde oder jeder steuerlichen oder regulatorischen Gesetzgebung, sowie steuerlichen und regulatorischen Gesetzen oder Vorgehensweisen, die nach einem völkerrechtlichen Vertrag, der zur Umsetzung der Bestimmungen des Internal Revenue Codes geschlossen wurde, vorzunehmen ist; oder
- (i) payments to the extent such withholding or deduction is required pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the "**Internal Revenue Code**") (these provisions are commonly referred to as *Foreign Account Tax Compliance Act* or *FATCA*), any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Internal Revenue Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Internal Revenue Code; or
- (j) jegliche Kombination von § 3(b)(a)-(i).
- (j) any combination of § 3(b)(a)-(i).

Zudem werden keine Zusätzlichen Beträge im Hinblick auf Zahlungen auf die Schuldverschreibungen an einen Anleihegläubiger gezahlt, welcher die Zahlung als Treuhänder oder Personengesellschaft oder als sonstiger nicht alleiniger wirtschaftlicher Eigentümer erhält, soweit nach den Gesetzen des Maßgeblichen Steuerhoheitsgebiets eine solche Zahlung für Steuerzwecke dem Einkommen des Begünstigten bzw. Gründers eines Treuhandvermögens oder dem Gesellschafter der Personengesellschaft zugerechnet würde, der jeweils selbst nicht zum Erhalt von Zusätzlichen Beträgen berechtigt gewesen wäre, wenn der Begünstigte, Gründer eines Treuhandvermögens, Gesellschafter oder wirtschaftliche Eigentümer unmittelbarer Anleihegläubiger der Schuldverschreibungen wäre.

Neither shall any Additional Amounts be paid with respect to any payment on a Note to a Noteholder who is a fiduciary or partnership or who is other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the Relevant Taxing Jurisdiction to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had such beneficiary, settlor, member or beneficial owner been the Noteholder.

Zur Klarstellung wird festgehalten, dass die gegenwärtig in der Bundesrepublik

For the avoidance of doubt, the withholding tax (*Kapitalertragsteuer*) currently levied in

Deutschland gemäß dem zum Begebungstag geltenden Steuerrecht auf der Ebene der Depotbank erhobene Kapitalertragsteuer und der darauf anfallende Solidaritätszuschlag keine Steuern oder Abgaben der vorstehend beschriebenen Art darstellen, für die von der Emittentin Zusätzliche Beträge zu zahlen wären.

Germany at the level of the custodian bank and the solidarity surcharge (*Solidaritätszuschlag*) imposed thereon pursuant to tax law as in effect as of the issue date do not constitute a tax or duty as described above in respect of which Additional Amounts would be payable by the Issuer.

**§ 4  
VERTRAG ZUGUNSTEN DRITTER**

Diese Garantie stellt einen Vertrag zugunsten Dritter gemäß § 328 Absatz 1 BGB dar, der jedem Anleihegläubiger das Recht gibt, die Erfüllung der in dieser Garantie übernommenen Verpflichtungen unmittelbar von der Garantin zu verlangen und diese Garantie unmittelbar gegen die Garantin durchzusetzen.

**§ 4  
CONTRACT FOR THE BENEFIT OF A  
THIRD PARTY**

This Guarantee constitutes a contract for the benefit of the Noteholders from time to time as third party beneficiaries in accordance with Section 328 paragraph 1 of the German Civil Code (*Bürgerliches Gesetzbuch*)<sup>1</sup> giving rise to the right of each Noteholder to require performance of the obligations assumed herein directly from the Guarantor and to enforce such obligations directly against the Guarantor.

**§ 5  
ERSETZUNG**

Im Fall der Ersetzung der Emittentin durch eine andere Rechtspersönlichkeit gemäß § 15 der Anleihebedingungen sollen sich diese Garantie und die Verpflichtungen aus dieser Garantie auf die Bezahlung aller Beträge erstrecken, die von einer nicht mit der Garantin identischen Nachfolgeschuldnerin gemäß den Anleihebedingungen geschuldet werden. Dies gilt auch dann, wenn die Nachfolgeschuldnerin die Verpflichtungen aus den Schuldverschreibungen direkt von der Garantin übernommen haben sollte.

**§ 5  
SUBSTITUTION**

In the event of any substitution of the Issuer by any other entity pursuant to § 15 of the Terms and Conditions, this Guarantee and the obligations hereunder shall extend to any and all sums expressed to be payable pursuant to the Terms and Conditions by any Substitute Debtor (other than the Guarantor). This shall also apply if the Substitute Debtor has assumed the obligations arising under the Notes directly from the Guarantor.

**§ 6  
BESCHLÜSSE DER ANLEIHEGLÄUBIGER  
— ÄNDERUNGEN DER GARANTIE**

Die Anleihegläubiger können ihre Rechte nach Maßgabe des § 14 der Anleihebedingungen auch im Hinblick auf diese Garantie wahrnehmen.

**§ 6  
RESOLUTION OF NOTEHOLDERS —  
AMENDMENTS OF THE GUARANTEE**

The Noteholders may exercise their rights in accordance with § 14 of the Terms and Conditions also with respect to this Guarantee.

---

<sup>1</sup> An English language convenience translation of Section 328 para. 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) reads as follows: "A contract may stipulate performance for the benefit of a third party, to the effect that the third party acquires the right directly to demand performance".

Die Anleihegläubiger können insbesondere durch einen gemäß § 14 der Anleihebedingungen gefassten Mehrheitsbeschluss Änderungen dieser Garantie zustimmen. Eine Verpflichtung zur Leistung kann für die Anleihegläubiger durch Mehrheitsbeschluss nicht begründet werden.

Mehrheitsbeschlüsse der Anleihegläubiger sind für alle Anleihegläubiger gleichermaßen verbindlich.

In particular, the Noteholders may consent to amendments of this Guarantee by majority resolution passed in accordance with § 14 of the Terms and Conditions, provided that no obligation to make any payment or render any other performance shall be imposed on any Noteholder by majority resolution.

Majority resolutions shall be binding on all Noteholders.

## § 7 INFORMATIONEN

- (1) Die Garantin verpflichtet sich, solange die Schuldverschreibungen noch nicht zurückgezahlt oder zurückgekauft und entwertet wurden, spätestens an den nachstehend bestimmten Tagen (oder, falls ein solcher Tag kein Geschäftstag ist, am nächstfolgenden Geschäftstag) eine englischsprachige Fassung der Regelmäßigen Finanzinformationen auf ihrer Internetseite zu veröffentlichen.

**"Regelmäßige Finanzinformationen"** bezeichnet:

den im Einklang mit der Verordnung (EG) 1606/2002 in ihrer jeweils geltenden Fassung bzw. der jeweils anwendbaren Nachfolgeregelung aufgestellten geprüften Konzernabschluss der Garantin einschließlich des Konzernlageberichts, der jeweils spätestens sechs Monate nach Ende des vorangegangenen Geschäftsjahrs der Garantin veröffentlicht sein muss; und

den ungeprüften verkürzten Konzernhalbjahreszwischenabschluss der Garantin (bestehend aus Konzernbilanz, vereinfachter Konzern-Gewinn- und Verlustrechnung und Konzern-Kapitalflussrechnung), der jeweils spätestens am neunzigsten Kalendertag nach dem Ende des

## § 7 INFORMATION

- (1) The Guarantor undertakes that for such time as the Notes have not been redeemed or repurchased and cancelled, to publish an English language version of the Periodic Financial Information on its internet website no later than on the dates specified below (or, if any such day is not a Business Day, on the following Business Day).

**"Periodic Financial Information"** means:

the audited consolidated financial statements of the Guarantor prepared in accordance with Regulation (EC) No. 1606/2002 as amended from time to time or the respective applicable successor provision including the group management report which have to be published no later than six months after the end of the Guarantor's preceding fiscal year; and

the unaudited condensed consolidated half-yearly interim financial statements of the Guarantor (comprising consolidated statement of financial position, condensed consolidated statement of profit or loss and consolidated statement of cash flows) which has to be published no later than

zweiten Quartals des jeweils laufenden Geschäftsjahrs der Garantin zu veröffentlichen ist.

- (2) Die Garantin verpflichtet sich, es zu unterlassen, einem Anleihegläubiger über die Regelmäßigen Finanzinformationen hinaus, Informationen über sich selbst oder andere Umstände, die den Wert der Schuldverschreibungen beeinflussen können, zukommen zu lassen, ohne diese Informationen zur gleichen Zeit allen Anleihegläubigern bekannt zu machen, es sei denn, der betreffende Anleihegläubiger erhält solche Informationen aufgrund eines Rechtsverhältnisses mit der Garantin, das von seiner Stellung als Anleihegläubiger unabhängig ist.

the ninetieth calendar day following the end of the second quarter of the Guarantor's recent fiscal year.

- (2) The Guarantor undertakes not to provide information about itself or any other factors which may affect the value of the Notes to any Noteholder in addition to the Periodic Financial Information, without providing such information to all Noteholders at the same time, unless the relevant Noteholder is provided with such information because of a legal relationship with the Guarantor which is independent from its status as Noteholder.

#### **§ 8**

#### **ANWENDBARES RECHT, SONSTIGE BESTIMMUNGEN**

Die aus dieser Garantie erwachsenden Rechte und Pflichten bestimmen sich in jeder Hinsicht nach deutschem Recht.

Erfüllungsort ist Frankfurt am Main, Deutschland.

Nicht ausschließlicher Gerichtsstand für alle Rechtsstreitigkeiten in den in dieser Garantie geregelten Angelegenheiten ist Frankfurt am Main, Deutschland.

Das Original dieser Garantie wird der Deutsche Bank Aktiengesellschaft in ihrer Eigenschaft als Hauptzahlstelle ausgehändigt und von dieser verwahrt. Die Hauptzahlstelle handelt nicht als Beauftragter, Treuhänder oder in einer ähnlichen Eigenschaft für die Anleihegläubiger.

Jeder Anleihegläubiger kann in jeder Rechtsstreitigkeit gegen die Garantin und in jeder Rechtsstreitigkeit, in der er und die Garantin Partei sind, seine aus dieser Garantie hervorgehenden Rechte auf der Grundlage einer von einer vertretungsberechtigten Person der Hauptzahlstelle beglaubigten Kopie dieser Garantie ohne Vorlage des Originals im

#### **§ 8**

#### **GOVERNING LAW, MISCELLANEOUS**

The rights and obligations arising from this Guarantee are in all respects governed by the laws of Germany.

Place of performance is Frankfurt am Main, Germany.

Non-exclusive place of jurisdiction for all proceedings arising from matters provided for in this Guarantee shall be Frankfurt am Main, Germany.

The original of this Guarantee shall be delivered to, and kept by, Deutsche Bank Aktiengesellschaft in its capacity as Principal Paying Agent. The Principal Paying Agent does not act as agent, fiduciary or in any other similar capacity for the Noteholders.

On the basis of a copy of this Guarantee, certified as being a true copy by a duly authorized officer of the Principal Paying Agent, each Noteholder may protect and enforce in his own name his rights arising under this Guarantee in any proceedings against the Guarantor or to which such Noteholder and the Guarantor are parties, without the need for



eigenen Namen wahrnehmen und durchsetzen.

production of the original of this Guarantee in such proceedings.

Diese Garantie ist in deutscher Sprache abgefasst. Eine Übersetzung in die englische Sprache ist beigefügt. Der deutsche Text ist bindend und maßgeblich. Die Übersetzung in die englische Sprache ist unverbindlich.

This Guarantee is written in the German language and provided with an English language translation. The German text shall be controlling and binding. The English language translation is provided for convenience only.

Friedrichshafen, im Oktober 2019

Friedrichshafen, in October 2019

ZF Friedrichshafen AG

ZF Friedrichshafen AG

---

Wir nehmen die Bedingungen der vorstehenden Garantie ohne Obligo, Gewährleistung oder Haftung und ohne als Beauftragter, Treuhänder oder in einer ähnlichen Eigenschaft für einen Anleihegläubiger zu handeln, an.

We accept the terms of the above Guarantee without recourse, warranty or liability and without acting as agent, fiduciary or in any similar capacity for any Noteholder.

Deutsche Bank Aktiengesellschaft

Deutsche Bank Aktiengesellschaft

---

## TAXATION

### **Warning on tax consequences**

*Income received from the Notes is subject to taxation. In particular, the tax laws of any jurisdiction with authority to impose taxes on the investor and the tax laws of the Issuer's and the Guarantor's state of incorporation, statutory seat and place of effective management, i.e. the Netherlands and Germany, might have an impact on the income received from the Notes.*

*Neither the Issuer nor the Guarantor assume any responsibility for the withholding of taxes at the source. The following is a general discussion of certain tax consequences under the tax laws of Germany and The Netherlands of the acquisition, ownership and disposal of Notes. This discussion does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase Notes. The following section only provides some very general information on the possible tax treatment of the Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular investor. This overview is based on the laws of Germany and The Netherlands currently in force and as applied on the date of this Prospectus, which are subject to change, possibly with retroactive effect. Potential investors of the Notes should be aware that (i) the tax treatment of payments in respect of the Notes may be different (and in some cases significantly different) from that set out below, and (ii) tax regulations and their application by the relevant taxation authorities may change from time to time. Accordingly, it is not possible to predict the precise tax treatment of the Notes which will apply at any given time. As a result, potential investors of the Notes who are in any doubt as to their tax position should consult their own independent tax advisers.*

**PROSPECTIVE INVESTORS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSAL OF THE NOTES INCLUDING THE EFFECT OF ANY TAXES, UNDER THE TAX LAWS APPLICABLE IN GERMANY AND THE NETHERLANDS AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR WHOSE TAX LAWS APPLY TO THEM FOR OTHER REASONS.**

### **Germany**

#### **Withholding Tax**

For German tax residents (e.g., persons whose residence, habitual abode, statutory seat or place of management is located in Germany), interest payments on the Notes are generally subject to withholding tax, provided that the Notes are held in custody with a German custodian, who is required to deduct the withholding tax from such interest payments (the "**Disbursing Agent**", *auszahlende Stelle*). Disbursing Agents are German resident credit institutions, financial services institutions (including German permanent establishments of foreign institutions but excluding foreign permanent establishments of German resident institutions), securities trading companies or securities trading banks. The applicable withholding tax rate is 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax). For individuals subject to church tax the Disbursing Agent has to collect the church tax by way of withholding unless the investor has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) in which case the investor has to file a tax return specifying its investment income and will then be assessed to church tax.

The withholding tax regime should also apply to any capital gains from the disposition or redemption of Notes realized by private investors holding the Notes as private (and not as business) assets in custody with a Disbursing Agent. Subject to exceptions, the amount of capital gains on which the withholding tax charge is applied is generally levied on the difference

between the proceeds received upon the disposition or redemption of the Notes and (after the deduction of actual expenses directly related thereto) the acquisition costs. If Notes kept or administered in the same custodial account have been acquired at different points in time, the Notes first acquired will be deemed to have been sold first for the purpose of determining the capital gains. Where Notes are acquired and/or sold or redeemed in a currency other than Euro, the sales/redemption price and the acquisition costs have to be converted into Euro on the basis of the foreign exchange rates prevailing on the sale or redemption date and the acquisition date respectively with the result that any currency gains or losses are part of the capital gains. If interest claims are disposed of separately (i.e. without the Notes), the proceeds from the disposition are subject to withholding tax. The same applies to proceeds from the payment of interest claims if the Notes have been disposed of separately. Where custody has changed since the acquisition and the acquisition data is not proved or not permitted to be proved to the Disbursing Agent, the tax at a rate of 25% (plus 5.5% solidarity surcharge and, if applicable, church tax) will be imposed on an amount equal to 30% of the proceeds from the disposal or redemption of the Notes. In this case, an investor who is an individual tax resident may, and if the actual gain is higher than 30% of the respective proceeds must, apply for an assessment on the basis of the actual acquisition costs of the Notes.

Accrued interest (*Stückzinsen*) received by the investor upon disposal of the Notes between two interest payment dates is considered as part of the sales proceeds thus increasing a capital gain or reducing a capital loss from the Notes. Accrued interest paid by the investor upon an acquisition of the Notes after the Issue Date qualifies as negative investment income either to be deducted from positive investment income generated in the same assessment period or to be carried forward to future assessment periods.

Pursuant to a tax decree issued by the Federal Ministry of Finance dated January 18, 2016, as amended from time to time, neither a bad debt loss (*Forderungsausfall*), i.e. should the Issuer become insolvent, nor a waiver of a receivable (*Forderungsverzicht*), to the extent the waiver does not qualify as a hidden contribution, shall be treated like a sale. Accordingly, losses suffered upon such bad debt loss or waiver shall not be tax-deductible. With respect to a bad debt loss, the German Federal Fiscal Court (*Bundesfinanzhof*) has objected the view expressed by the Federal Ministry of Finance. However, the Federal Ministry of Finance has not yet updated the aforementioned tax decree in this respect. Rather, the legislator intends to change the law reflecting the tax authorities' view.

The tax authorities have confirmed in 2019 in the aforementioned tax decree that, deviating from their former view, losses from a sale or redemption qualify, subject to the aforementioned loss ring-fencing rules, as tax deductible even where the transaction costs exceed the sales or redemption proceeds. However, pursuant to the tax decree, Disbursing Agents may apply the former view of the tax authorities until the end of 2019 with respect to German withholding tax.

German withholding tax should generally not be levied if the investor filed a withholding tax exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent, but only to the extent the annual aggregate investment income does not exceed the maximum lump sum deduction amount (*Sparer-Pauschbetrag*) shown on the withholding tax exemption certificate. Currently, the maximum lump sum deduction amount (*Sparer-Pauschbetrag*) is EUR 801 (EUR 1,602 in the case of individuals filing jointly). Expenses actually incurred are not deductible. Similarly, no withholding tax is levied if the investor has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungs-Bescheinigung*) issued by the competent local tax office of the investor.

German tax resident corporate investors and, upon application, other German tax resident business investors holding the Notes as assets of a domestic business should in essence not be subject to withholding tax on capital gains from the disposition, sale or redemption of the Notes subject to certain formal requirements (i.e., for these investors only interest payments,

but no capital gains from the sale or redemption of the Notes are subject to the withholding tax regime).

The Issuer of the Notes should under German law not be required to deduct withholding tax from the proceeds from the investment in the Notes. The Issuer does not assume any responsibility for the deduction of German withholding tax at the source (including solidarity surcharge and, where applicable, church tax thereon).

### ***Private Investors***

For German tax resident private investors the withholding tax is – without prejudice to certain exceptions – definitive under a special flat tax regime (*Abgeltungsteuer*). Under the flat tax regime, expenses actually incurred in connection with the investment into the Notes are not tax-deductible. Private investors can apply to have their income from the investment into the Notes assessed in accordance with the general rules on determining an individual's tax bracket if this results in a lower tax burden. Also in this case, expenses actually incurred are not deductible. An assessment is mandatory for income from the investment into the Notes where the Notes are held in custody outside of Germany. Losses resulting from the sale or redemption of the Notes can only be offset against other investment income. In the event that a set-off is not possible in the assessment period in which the losses have been realized, such losses can be carried forward into future assessment periods only and can be offset against investment income generated in future assessment periods.

### ***Business Investors***

Interest payments and capital gains from the disposition or redemption of the Notes held as business assets (*Betriebsvermögen*) by German tax resident business investors are generally subject to German income tax or corporate income tax (plus 5.5% solidarity surcharge thereon and, if applicable in the case of an individual holding the Notes as business assets, church tax). Any withholding tax deducted from interest payments is – subject to certain requirements – creditable to the extent the amount withheld exceeds the (corporate) income tax liability, the withholding tax is – as a rule - refundable. The interest payments and capital gains are also subject to trade tax if the Notes are attributable to a trade or business.

### ***Foreign Tax Residents***

Investors not tax resident in Germany should, in essence, not be taxable in Germany with the proceeds from the investment in the Notes, and no German withholding tax should be withheld from such income, even if the Notes are held in custody with a German credit (or comparable) institution. Exceptions apply, e.g., where the Notes are held as business assets in a German permanent establishment or by a German permanent representative of the investor.

### ***Substitution of the Issuer***

If the Issuer exercises the right to substitute the debtor of the Notes, the substitution might, for German tax purposes, be treated as an exchange of the Notes for new notes issued by the Substitute Debtor and subject to similar taxation rules like the Notes. In particular, such a substitution might result in the recognition of a taxable gain or loss for any Noteholder.

### ***Inheritance and Gift Tax***

No inheritance or gift taxes with respect to any Notes will arise under the laws of Germany, if, in the case of inheritance tax, neither the deceased nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

## **Other taxes**

At present, the purchase, sale or other disposal of Notes does not give rise to capital transfer tax, value added tax, stamp duties or similar taxes or charges in Germany. However, under certain circumstances entrepreneurs may opt for a liability to value added tax with regard to the sales of Notes which would otherwise be tax exempt. Net wealth tax (*Vermögensteuer*) is, at present, not levied in Germany.

## **Proposed Tax Law Changes under the 2018-2021 Agenda of the Grand Coalition**

The German government for the legislative period 2018 - 2021 formed by the coalition of Christian Democratic Union (*CDU*), the Christian Social Union (*CSU*) and the Social Democratic Party (*SPD*) concluded a coalition agreement providing, inter alia, for an abolishment of the flat tax rate of 26.375% with the definitive taxation of interest income as soon as the automatic information exchange on tax matters (*Automatischer Informationsaustausch in Steuerfragen*) is established. Instead, interest income shall be taxed by way of assessment on the basis of the investor's marginal tax rate of up to 47.475% (plus church tax, if any). The coalition agreement further specifies that the solidarity surcharge shall be abolished in stages provided that the individual income does not exceed certain thresholds. There is however no draft bill available yet, and numerous details are hence still unclear. Accordingly, it is at present unclear whether, how and when the current discussion may result in any legislative change.

## **The Netherlands**

### **General**

The following is a general summary of certain Netherlands tax consequences of the acquisition, holding and disposal of the Notes. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Notes should consult with their tax advisers with regard to the tax consequences of investing in the Notes in their particular circumstances. The discussion below is included for general information purposes only.

Where this summary refers to a holder of a Note, an individual holding a Note or an entity holding a Note, such reference is restricted to an individual or entity holding legal title to as well as an economic interest in such Note or otherwise being regarded as owning a Note for Netherlands tax purposes. It is noted that for purposes of Netherlands income, corporate, gift and inheritance tax, assets legally owned by a third party, such as a trustee, foundation or similar entity, may be treated as assets owned by the (deemed) settlor, grantor or similar originator or the beneficiaries in proportion to their interest in such arrangement.

Except as otherwise indicated, this summary only addresses the Netherlands national tax legislation and published regulations, whereby the Netherlands means the European part of the Kingdom of the Netherlands, as in effect on the date of this Prospectus and as interpreted in published case law until this date, without prejudice to developments or amendments introduced at a later date and implemented with or without retroactive effect.

### **Withholding tax**

All payments of principal and/or interest made by the Issuer under the Notes may be made free of withholding or deduction of, for or on account of any taxes of whatever nature imposed, levied, withheld or assessed by the Netherlands or any political subdivision or taxing authority thereof or therein.

## Taxes on income and capital gains

Please note that the summary in this section does not describe the Netherlands tax consequences for:

(i) holders of Notes if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest (aanmerkelijk belang) or deemed substantial interest (fictief aanmerkelijk belang) in the Issuer under the Netherlands Income Tax Act 2001 (*Wet inkomstenbelasting 2001*). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in the Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

(ii) pension funds, investment institutions (*fiscale beleggingsinstellingen*), exempt investment institutions (*vrijgestelde beleggingsinstellingen*) (as defined in the Netherlands Corporate Income Tax Act 1969; *Wet op de vennootschapsbelasting 1969*) and other entities that are exempt from the Netherlands corporate income tax;

(iii) holders of Notes who are individuals for whom the Notes or any benefit derived from the Notes are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in the Netherlands Income Tax Act 2001); and

(iv) holders of Notes that are a resident or deemed to be a resident of, or have a permanent establishment or permanent representative in any non-European part of the Kingdom of the Netherlands.

### *Residents of the Netherlands*

If a holder of Notes is an entity that is a resident or deemed to be resident of the Netherlands for Netherlands corporate income tax purposes, income or capital gains in respect of the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is subject to Netherlands corporate income tax at a rate of 19% (to be reduced to 16.5% in 2020 and 15% in 2021) with respect to taxable profits up to EUR 200,000 and 25% (to be reduced to 22.5% in 2020 and 20.5% in 2021) with respect to taxable profits in excess of that amount.

If a holder of Notes is an individual, resident or deemed to be resident of the Netherlands for Netherlands income tax purposes, income or capital gains in respect of the Notes or any gain or loss realized on the disposal or deemed disposal of the Notes is taxable at the progressive income tax rates (with a maximum of 51.75%), if:

(i) the Notes are attributable to an enterprise from which the holder of Notes derives a share of the profit, whether as an entrepreneur (*ondernemer*) or as a person who has a co entitlement to the net worth (*medegerechtigd tot het vermogen*) of such enterprise without being a shareholder (as defined in the Netherlands Income Tax Act 2001); or

(ii) the holder of Notes is considered to perform activities with respect to the Notes that go beyond ordinary asset management (*normaal, actief vermogensbeheer*) or derives benefits from the Notes that are taxable as benefits from other activities (*resultaat uit overige werkzaamheden*).

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of Notes, such holder will be taxed annually on a deemed income on savings and investments (*sparen en beleggen*). This deemed income on savings and investments is determined on the basis of the amount of his/her net investment assets (*rendementsgrondslag*) for the year at an income tax rate of 30%, insofar as the individual's yield basis exceeds a statutory threshold (*heffingvrij vermogen*). As from January 2019 the deemed income will amount to 1.94% of the individual's net investment assets up to EUR 71,650, 4.45% of the individual's net investment assets exceeding EUR 71,650 up to and including EUR 989,736 and 5.60% of individual's net investment assets in excess of EUR 989,736. The percentages to determine the deemed income will be reassessed every year. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Notes are included as investment assets. An actual gain or loss in respect of the Notes is not subject to Netherlands income tax.

#### *Non residents of the Netherlands*

A holder of Notes that is neither resident nor deemed to be resident of the Netherlands will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Notes or in respect of any gain or loss realized on the disposal or deemed disposal of the Notes, provided that:

(i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in the Netherlands Income Tax Act 2001 and the Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in the Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in the Netherlands and to which enterprise or part of an enterprise the Notes are attributable; and

(ii) in the event the holder is an individual, such holder does not carry out any activities in the Netherlands with respect to the Notes that go beyond ordinary asset management and does not derive benefits from the Notes that are taxable as benefits from other activities in the Netherlands.

#### **Gift and inheritance taxes**

##### *Residents of the Netherlands*

Gift or inheritance taxes will arise in the Netherlands with respect to a transfer of the Notes by way of a gift by, or on the death of, a holder of such Notes who is resident or deemed resident of the Netherlands at the time of the gift or his/her death.

##### *Non residents of the Netherlands*

No Netherlands gift or inheritance taxes will arise on the transfer of Notes by way of gift by, or on the death of, a holder of Notes who is neither resident nor deemed to be resident in the Netherlands, unless:

(i) in the case of a gift of a Note by an individual who at the date of the gift was neither resident nor deemed to be resident in the Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in the Netherlands; or

(ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in the Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person

not holding the Netherlands nationality will be deemed to be resident in the Netherlands if such person has been resident in the Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

For purposes of Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

#### **Value added tax (VAT)**

No Netherlands VAT will be payable by the holders of the Notes on (i) any payment in consideration for the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

#### **Other taxes and duties**

No Netherlands registration tax stamp duty or any other similar documentary tax or duty will be payable by the holders of the Notes in respect of (i) the issue of the Notes or (ii) the payment of interest or principal by the Issuer under the Notes.

#### **The proposed European financial transactions tax (FTT)**

On February 14, 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**") as well as Estonia. However, Estonia has since stated that it will not participate.

The Commission's Proposal has a very broad scope and could, if introduced, apply to certain dealings in financial instruments (including secondary market transactions) in certain circumstances. The Commission's Proposal focused on levying a FTT on financial transactions (as defined in the Commission's Proposal), including the purchase, sale and exchange of financial instruments. Under the Commission's Proposal, the rate of the FTT for securities would not be lower than 0.1%, generally based on the amount of the paid or owed consideration. The issuance and subscription of the Notes should, however, be exempt.

Since the date of the publication of the Commission's Proposal, discussions have taken place between the participating Member States. According to a note dated June 7, 2019 by the German delegation for a meeting of the Economic and Financial Affairs Council (ECOFIN) of the European Union on 14 June 2019, the finance ministers of the participating Member States agreed on March 11, 2019 to continue the negotiations based on a new approach. Such new approach is based on a proposal by France and Germany which is modelled on the concept of the financial transaction tax currently imposed in France. According to such note, the FTT would be limited to shares of listed companies whose head office is located in a Member State of the European Union and whose market capitalization exceeds EUR 1 billion on 1 December of the preceding year. Based on such concept, secondary dealings in the Notes should not be subject to FTT.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate and/or participating Member States may decide to discard the Commission's Proposal. Therefore, it is currently uncertain whether and when the proposed FTT will be enacted by the participating EU Member States and when it will take effect with regard to dealings in the Notes.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.



## SUBSCRIPTION AND SALE OF THE NOTES

### Subscription

The Issuer, the Guarantor and the Joint Lead Managers have entered into a subscription agreement dated October 21, 2019 (the "**Subscription Agreement**"), pursuant to which the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have agreed, subject to certain customary closing conditions, to purchase, the Notes on October 23, 2019. The Issuer has agreed to pay certain fees to the Joint Lead Managers and to reimburse the Joint Lead Managers for certain expenses incurred in connection with the issue of the Notes.

The Joint Lead Managers may terminate (*zurücktreten*), under certain circumstances, the Subscription Agreement reached. In such event, no Notes will be delivered to investors. Furthermore, the Issuer and the Guarantor have agreed to indemnify the Joint Lead Managers against certain liabilities in connection with the offer and sale of the Notes.

### Interested Persons Participating in the Offering

In connection with this offering, the Joint Lead Managers will receive certain fees. Additionally, the Joint Lead Managers or other companies affiliated with them already have entered or may, from time to time, enter into business relationships with ZF and render other services to ZF in the ordinary course of business.

The Joint Lead Managers or their affiliates have provided from time to time, and expect to provide in the future, investment services to the Issuer and/or the Guarantor and their affiliates, for which the Joint Lead Managers or their affiliates have received or will receive customary fees and commissions. Some of the Joint Lead Managers or their affiliates are lenders under the Senior Facilities Agreement and the Syndicated Facilities Agreement (for more information, please see "*Business of the ZF Group – Material Contracts – Senior Facilities Agreement / Syndicated Facilities Agreement*" above).

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Guarantor and/or their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor and/or their affiliates (including the Notes). Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer, the Guarantor and/or their affiliates routinely hedge their credit exposure to the Issuer, the Guarantor and/or their affiliates consistent with their customary risk management policies. Typically, such Joint Lead Manager and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities (including potentially the Notes). Any such short positions could adversely affect future trading prices of Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

## **Selling Restrictions**

### ***General***

Each Joint Lead Manager has agreed to observe all applicable laws and regulations in each jurisdiction in or from which it may acquire, offer, sell or deliver Notes or have in its possession or distribute this Prospectus or any other offering material relating to the Notes. No action has been, or will be, taken in any country or jurisdiction that would permit a public offering of the Notes, or the possession or distribution of this Prospectus or any other offering material relating to the Notes, in any country or jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any circular, prospectus, form of application, advertisement or other offering material relating to the Notes may be distributed in or from, or published in, any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

### ***Prohibition of Sales to EEA Retail Investors***

In relation to each Member State of the European Economic Area (each, a "**Relevant Member State**"), each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision the expression retail investor means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
- (ii) a customer within the meaning of Directive 2016/97/EU (as amended, the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### ***Singapore***

Each Joint Lead Manager has acknowledged that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented, warranted and agreed, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law; or
- (iv) as specified in Section 276(7) of the SFA.

### ***United States***

The Notes (and any accompanying Guarantees) have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Each Joint Lead Manager has represented that it has not offered, sold or delivered, and agreed that it will not offer, sell or deliver any Notes (or Guarantees) (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the issue date, within the United States or to, for the account of or benefit of, U.S. persons, and will have sent to each dealer to which it sells the Notes (and any Guarantees) during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes (and any Guarantees) within the United States or to, or for the account or benefit of, U.S. persons. Each Joint Lead Manager has represented that neither it, its affiliates, nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes (and any accompanying Guarantees) within the United States by any dealer (whether or not participating in the offering) could violate the registration requirements of the Securities Act.

### ***United Kingdom***

Each Joint Lead Manager has represented and agreed that,

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer and the Guarantor; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

## GENERAL INFORMATION

### Authorization

The creation and issue of the Notes has been authorized by a resolution of the management of the Issuer dated August 6, 2019.

The granting of the Guarantees and issue of the Notes have been authorized by a resolution of the Board of Management of the Guarantor dated March 28, 2019.

### Clearing and Settlement

The Notes have been accepted for clearance through Clearstream Banking S.A., Luxembourg and Euroclear Bank SA/NV, Belgium.

The 2023 Notes have been assigned securities codes as follows:

ISIN: XS2010040124;  
Common Code: 201004012; and  
WKN: A2YN3H.

The 2026 Notes have been assigned securities codes as follows:

ISIN: XS2010039381;  
Common Code: 201003938; and  
WKN: A2YN3J.

The 2027 Notes have been assigned securities codes as follows:

ISIN: XS2010039977;  
Common Code: 201003997; and  
WKN: A2YN3K.

The 2029 Notes have been assigned securities codes as follows:

ISIN: XS2010039894;  
Common Code: 201003989; and  
WKN: A2YN3L.

### Eurosystem Eligibility

The Notes are intended to be held in a manner which would allow Eurosystem eligibility.

This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intraday credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the Eurosystem eligibility criteria have been met.

### Notices to Noteholders

For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and admitted to trading on the regulated market of the Luxembourg Stock Exchange, all notices to the Noteholders regarding the Notes shall be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## Yield

The yield of the 2023 Notes is 1.479% per annum.

The yield of the 2026 Notes is 2.188% per annum.

The yield of the 2027 Notes is 2.636% per annum.

The yield of the 2029 Notes is 3.161% per annum.

Such yield is calculated in accordance with the ICMA (International Capital Markets Association) method and based on the issue price of the Notes. The ICMA method determines the effective interest rate of notes taking into account accrued interest on a daily basis.

## Expenses

The total expenses related to the listing and to the admission to trading of the Notes are expected to amount to approximately EUR 10,000.

## Listing and Admission to Trading

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit them to trading on the regulated market of the Luxembourg Stock Exchange.

## Credit Ratings<sup>1</sup>

The Issuer has not been rated.

S&P has assigned a solicited long-term credit rating of "BBB-" (outlook: negative) to the Guarantor.<sup>2</sup>

Moody's has assigned a solicited long-term credit rating of "Baa3" (outlook: negative) to the Guarantor.<sup>3</sup>

The Notes are expected to be rated "BBB-"<sup>2</sup> by S&P and "Baa3"<sup>3</sup> by Moody's.

Each of these credit rating agencies is established in the European Community and is registered under Regulation (EC) No. 1060/2009 of the European Parliament and of the Council of September 16, 2009 on credit rating agencies (the "**Credit Rating Agencies Regulation**") and has been published by ESMA in the list of registered and certified credit rating agencies in accordance with Article 18(3) of the Credit Rating Agencies Regulation.<sup>4</sup>

---

<sup>1</sup> Rating information is merely an aid for investors for the purposes of decision-making and cannot replace an individual judgment to be made by the investor and may not be taken as a recommendation to purchase or sell certain instruments. Ratings are merely intended as a support when making an investment decision and are only one of the factors relevant to an evaluation, which factor must be seen and weighted in the context of other factors. As ratings often are amended only after the creditworthiness of an issuer or guarantor has changed, investors have to make their own judgments although a rating may exist.

<sup>2</sup> According to S&P: "An obligor rated 'BBB' has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor's capacity to meet its financial commitments." "Ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories".

<sup>3</sup> According to Moody's: "Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess speculative characteristics." "Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier ... 3 indicates a ranking in the lower end of that generic rating category".

<sup>4</sup> The European Securities and Markets Authority (ESMA) publishes on its website (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) a list of credit rating agencies registered in accordance with the Credit Rating Agencies Regulation. That list is updated within five working days following the adoption of a decision under Article 16, 17 or 20 Credit Rating Agencies Regulation. The European Commission shall publish the updated list in the Official Journal of the European Union within 30 days following such update.

Noteholders should be aware that a credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the credit rating agency at any time.

**Documents on Display**

For the term of this Prospectus, electronic copies of the following documents will be available free of charge at <https://www.zf.com>:

- (a) the up to date articles of association of the Issuer; and
- (b) the up to date articles of association (*Satzung*) of the Guarantor.

A copy of each Guarantee may be obtained free of charge at the specified office of the Principal Paying Agent.

This Prospectus, any supplement hereto as well as the documents incorporated by reference in this Prospectus are available on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

## INCORPORATION BY REFERENCE

### **ZF Group**

The following documents of ZF Group are incorporated by reference into this Prospectus:

#### ***ZF Europe Finance B.V.***

The English language financial statements of the Issuer for the short financial year from September 12, 2018 to December 31, 2018 prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and the independent auditor's report thereon, to which the page numbers refer:

- Balance sheet (p. 4);
- Statement of Income and Expenses (p. 5);
- Notes to the financial statements (p. 6 – p. 9); and
- Independent auditor's report (p. 12 – p. 15)

#### ***ZF Friedrichshafen AG***

The English language translation of the German language unaudited condensed interim consolidated financial statements of the Guarantor as of and for the six-month period ended June 30, 2019, prepared in accordance with IFRS on interim financial reporting (IAS 34), to which the page numbers refer:

- Consolidated statement of profit or loss (p. 3);
- Consolidated statement of comprehensive income (p. 4);
- Consolidated statement of financial position (p. 5);
- Consolidated statement of cash flows (p. 6);
- Consolidated statement of changes in equity (p. 7); and
- Notes to the condensed interim consolidated financial statements (p. 8 - 20).

The English language translation of the German language audited IFRS consolidated financial statements of the Guarantor as of and for the financial year ended December 31, 2018 and the independent auditor's report thereon as contained in the Guarantor's annual report 2018 to which the page numbers refer:

- Consolidated statement of profit or loss (p. 46);
- Consolidated statement of comprehensive income (p. 47);
- Consolidated statement of financial position (p. 48);
- Consolidated statement of cash flows (p. 49);
- Consolidated statement of changes in equity (p. 50);
- Notes to the consolidated financial statements (p. 51 – p. 119); and
- Independent auditor's report\* (p. 121 – p. 123).

The English language translation of the German language audited IFRS consolidated financial statements of the Guarantor as of and for the financial year ended December 31, 2017 and the independent auditor's report thereon as contained in the Guarantor's annual report 2017 to which the page numbers refer:

- Consolidated statement of profit or loss (p. 58);
- Consolidated statement of comprehensive income (p. 59);
- Consolidated statement of financial position (p. 60 – p. 61);
- Consolidated statement of cash flows (p. 62 – p. 63);

- Consolidated statement of changes in equity (p. 64 – p. 65);
- Notes to the consolidated financial statements (p. 66 – p. 136); and
- Independent auditor's report\* (p. 137 – p. 140).

\* The independent auditor's report is an English language translation of the German language independent auditor's report (*Bestätigungsvermerk des unabhängigen Abschlussprüfers*) and refers to the respective consolidated financial statements as well as the respective group management report of the Guarantor as a whole and not solely to the consolidated financial statements incorporated by reference into this Prospectus.

Any information not incorporated by reference into this Prospectus but contained in one of the documents mentioned as source documents in the cross-reference list above is either not relevant for the investor or covered in another part of the Prospectus.

As long as any Notes are listed on the official list of the Luxembourg Stock Exchange and are admitted to trading on the regulated market of the Luxembourg Stock Exchange and any applicable laws so require the documents incorporated by reference are available on the website of the Luxembourg Stock Exchange (<http://www.bourse.lu/>) and may be inspected and are available free of charge during normal business hours at the office of the Guarantor, Löwentaler Straße 20, 88046 Friedrichshafen, Germany.

Electronic versions of the documents incorporated by reference are also available at <https://www.zf.com> and can be accessed by using the following hyperlinks:

(1) ZF Europe Finance B.V. Annual Report 2018:

[https://www.zf.com/master/media/corporate/m\\_zf\\_com/company/bonds\\_relations\\_bonds\\_and\\_rating/ZF-Europe-Finance-BV\\_Annual-Report-2018.pdf](https://www.zf.com/master/media/corporate/m_zf_com/company/bonds_relations_bonds_and_rating/ZF-Europe-Finance-BV_Annual-Report-2018.pdf)

(2) ZF Condensed Interim Consolidated Financial Statement as of and for the six-month period ended June 30, 2019:

[https://www.zf.com/master/media/en/corporate/m\\_zf\\_com/company/bonds\\_relations\\_financial\\_reports/annual\\_report/2019\\_2/ZF\\_HJ19\\_EN\\_s.pdf](https://www.zf.com/master/media/en/corporate/m_zf_com/company/bonds_relations_financial_reports/annual_report/2019_2/ZF_HJ19_EN_s.pdf)

(3) ZF Annual Report 2018:

[https://www.zf.com/master/media/en/corporate/m\\_zf\\_com/company/bonds\\_relations\\_financial\\_reports/annual\\_report/2018\\_1/zf\\_annualreport\\_2018.pdf](https://www.zf.com/master/media/en/corporate/m_zf_com/company/bonds_relations_financial_reports/annual_report/2018_1/zf_annualreport_2018.pdf)

(4) ZF Annual Report 2017:

[https://www.zf.com/master/media/en/corporate/m\\_zf\\_com/company/bonds\\_relations\\_financial\\_reports/annual\\_report/2017\\_3/annual\\_report\\_2017\\_en\\_download.pdf](https://www.zf.com/master/media/en/corporate/m_zf_com/company/bonds_relations_financial_reports/annual_report/2017_3/annual_report_2017_en_download.pdf)



## NAMES AND ADDRESSES

### Issuer

**ZF Europe Finance B.V.**  
Kingsfordweg 151  
1043GR Amsterdam  
The Netherlands

### Principal Paying Agent

**Deutsche Bank Aktiengesellschaft**  
Trust & Agency Services  
Taunusanlage 12  
60325 Frankfurt am Main  
Deutschland

### Guarantor

**ZF Friedrichshafen AG**  
Löwentaler Straße 20  
88046 Friedrichshafen  
Germany

### Listing Agent in Luxembourg

**Deutsche Bank Luxembourg S.A.**  
2 Boulevard Konrad Adenauer  
1125 Luxembourg  
Luxembourg

### Joint Lead Managers and Joint Bookrunners

**Banco Santander, S.A.**  
Ciudad Grupo Santander  
Avenida de Cantabria s/n  
Edificio Encinar  
28660, Boadilla del Monte, Madrid  
Spain

**Bank of China Limited, London Branch**  
1 Lothbury  
London EC2R 7DB  
United Kingdom

**BNP Paribas**  
10 Harewood Avenue  
London NW1 6AA  
United Kingdom

**Citigroup Global Markets Europe AG**  
Reuterweg 16  
60323 Frankfurt am Main  
Federal Republic of Germany

**Deutsche Bank Aktiengesellschaft**  
Mainzer Landstraße 11-17  
60329 Frankfurt am Main  
Federal Republic of Germany

**ING Bank N.V.**  
Foppingadreef 7  
1102 BD Amsterdam  
The Netherlands

**J.P. Morgan Securities plc**  
25 Bank Street  
London, E14 5JP  
United Kingdom

**Merrill Lynch International**  
2 King Edward Street  
London EC1A 1HQ  
United Kingdom

**MUFG Securities (Europe) N.V.**  
World Trade Center, Tower H, 11th Floor  
Zuidplein 98  
1077 XV Amsterdam  
The Netherlands

**Mizuho Securities Europe GmbH**  
Taunustor 1  
60310 Frankfurt am Main  
Federal Republic of Germany

**SMBC Nikko Capital Markets Europe GmbH**  
Neue Mainzer Straße 52-58  
60311 Frankfurt am Main  
Federal Republic of Germany

### Auditors

*To the Issuer*

**Visser & Visser Accountants B.V.**  
Bijldorp-Oost 60  
2992 LA Barendrecht  
The Netherlands

*To the Guarantor*

**Ernst & Young GmbH**  
**Wirtschaftsprüfungsgesellschaft**  
Flughafenstraße 61  
70629 Stuttgart  
Germany

### Legal Advisors

*To the Issuer and the Guarantor as to German law*

**Freshfields Bruckhaus Deringer LLP**  
Bockenheimer Anlage 44  
60322 Frankfurt am Main  
Germany

*To the Joint Lead Managers as to German law*

**Clifford Chance Deutschland LLP**  
Mainzer Landstraße 46  
60325 Frankfurt am Main  
Germany

*To the Issuer and the Guarantor as to Dutch law*

**Freshfields Bruckhaus Deringer LLP**  
Strawinskylaan 10  
1077 XZ Amsterdam  
The Netherlands