AMAG
AUSTRIA METALL

Report of the Management Board of AMAG Austria Metall AG pursuant to Section 174 para. 4 in connection with Section 153 para. 4 of the Austrian Stock Corporation Act (*Aktiengesetz, AktG*) (2015 Convertible Bonds)

Concerning item 8 on the agenda of the 4th Annual General Meeting of AMAG Austria Metall AG ("**AMAG**") with registered office in Ranshofen, in the political district of Braunau am Inn, and business address at Lamprechtshausener Straße 61, 5282 Braunau am Inn, Ranshofen, the following resolution is proposed to be adopted:

Resolution on

a) *the revocation of the existing authorization for the issue of convertible bonds provided by the resolution of the shareholders' meeting of March 21, 2011; and at the same time on*

b) *the authorization of the Management Board to issue, with the consent of the Supervisory Board, pursuant to Section 174 para. 2 of the Austrian Stock Corporation Act convertible bonds with exchange rights and/or subscription rights for ordinary bearer shares of the company attaching to them, also to the full or partial exclusion of the existing shareholders' subscription rights (the 2015 Convertible Bond issue).*

Concerning item 9 on the agenda of the 4th Annual General Meeting of AMAG, the following resolution is proposed to be adopted:

Resolution on

a) *the revocation of the contingent capital according to Article 4 para. 6 of the Articles of Association as amended, currently existing in the amount of EUR 15,000,000 (fifteen million euros) under a contingent capital increase which may be completed through the issue of a maximum of 15,000,000 (fifteen million) new voting no-par bearer shares on the conditions stipulated in the authorization provided according to Article 4 para. 6 of the Articles of Association; and at the same time on*

b) *the contingent increase of the company share capital in accordance with Section 159 para. 2 item 1 of the Austrian Stock Corporation Act through the issue of a maximum of 17,500,000 (seventeen million five hundred thousand) ordinary no-par bearer shares to creditors holding convertible bonds amounting to a share capital portion of up to EUR 17,500,000 (seventeen million five hundred thousand euros), such increase to be carried out with the consent of the Supervisory Board, also to the full or partial exclusion of the*

existing shareholders' subscription rights (the 2015 Contingent Capital); and at the same time on

c) *the authorization of the Supervisory Board to agree upon amendments to the Articles of Association, which result from the issue of shares from the 2015 Contingent Capital; and at the same time on*

d) *the corresponding amendments to Article 4 (Share capital) of the Articles of Association.*

With regard to the possible exclusion, connected with the resolution on the 2015 Convertible Bond issue and as a result also with the 2015 Contingent Capital, of the existing shareholders' subscription rights, the Management Board pursuant to Section 174 para. 4 in connection with Section 153 para. 4 of the Stock Corporation Act has to submit to the Annual General Meeting a written report concerning the reasons for the possible exclusion of the existing shareholders' subscription rights.

The possible exclusion of the existing shareholders' subscription rights in connection with the 2015 Convertible Bond issue (and therefore also the 2015 Contingent Capital) is necessary, appropriate and objectively justified in the interests of the company in particular for the following reasons:

<u>Flexibility and optimization of corporate financing</u>

As the authorization to issue convertible bonds will expire in less than one year, it is requested that it be renewed. This is intended to allow the Management Board to, subject to the consent of the Supervisory Board, act with similar comprehensive flexibility regarding corporate financing also in future. To take the best possible advantage of that instrument, i.e. the convertible bonds, in the interest of the company it is appropriate and necessary to exclude subscription rights. This will ensure in particular that shares can be promptly placed, which tends to allow mostly better terms to be achieved.

<u>2015 Convertible Bond issue for financing the expansion</u>

1. One of the major strategic goals pursued by AMAG is to safeguard and enhance AMAG's earning power by achieving sustainable growth. The financing of stages of organic growth and of potential company acquisitions calls for utmost flexibility. The exclusion of subscription rights is necessary, among other things, in order to implement financing measures without loss of time.

2. Especially, using convertible bonds as a form of "transaction currency" may be expedient. Using convertible bonds as (at least part of the) consideration could permit achieving a better purchase price than if payment is (entirely) in cash. Regardless of the fact that with regard to its existing capital structure AMAG currently has sufficient leeway for borrowing, it is therefore expedient in the

opinion of the Management Board to make it possible to fund further expansion moves also by employing convertible bonds.

3. Being able to provide equity financing for expansion moves has the added advantage that due to there being no cash purchase price there is no outflow of liquidity from the company and thus no burden on the company's equity base.

4. The possibility of issuing convertible bonds to the exclusion of the shareholders' subscription right therefore makes possible in particular the funding of expansion moves, the quick and flexible use of the market opportunities and possibilities opening up in existing markets and in new markets as well as short-term coverage of the resulting capital requirements.

2015 Convertible Bond issue as an opportunity to tap into a new investor base

1. The Management Board furthermore considers that by excluding the existing shareholders' subscription rights the company's equity base can also be improved through the possible entry of investors and new investors can thus be won as shareholders.

2. Especially on the international capital market it is already common practice to exclude existing shareholders' subscription rights when issuing convertible bonds. The flexibility (in terms of time) provided by excluding the subscription rights may further improve the company's ability to appeal to institutional investors specializing in these forms of investment and win them as a new investor base.

3. Generally, it is only if the existing shareholders' subscription rights can be excluded that convertible bonds can be issued to qualified investors without drawing up a capital market prospectus and without being bound by subscription periods or trading hours in order to take the best possible advantage of possible time windows for favorable financing opportunities in a volatile market environment; this allows in particular reducing the price risk and the transaction costs, minimizing the risk of speculation against the company's shares, broadening the shareholder base and achieving an issue amount as close to the then current stock exchange price as possible.

4. Existing shareholders are moreover able to purchase company shares on the stock market, thus that, generally, the risk of a dilution of shareholder rights can also be minimized in this respect while the company gains additional room to manoeuver, allowing quick and attractive corporate financing.

Summary

1. Optimal achievement of the goals being pursued, i.e. expansion and the opening up of new markets as well as quick and attractive corporate financing, is in the

interest of all shareholders, and the exclusion of subscription rights which is necessary to accomplish these goals is thus objectively justified.

2. In closing, it must be pointed out that the issuance of convertible bonds and the related utilization of the contingent capital by the Management Board as well as the exclusion of the shareholders' subscription rights in this context can be carried out only with the consent of the Supervisory Board of the company.

3. The proposed resolution is thus only an authorization resolution, and not a direct exclusion of subscription rights. This report can therefore not go into any specific transactions; however, if new shares should in fact be issued to the exclusion of shareholders' subscription rights, the Management Board, applying Section 171 para. 1 of the Austrian Stock Corporation Act by analogy, will publish a further report on the exclusion of the existing shareholders' subscription rights not later than two weeks before the corresponding resolution is adopted by the Supervisory Board.

Summing up it can be said, weighing all of the circumstances set out above, that the authorization to exclude the existing shareholders' subscription rights within the limits described is necessary, appropriate and objectively justified and indicated in the interest of the company.

Ranshofen, March 23, 2015

Helmut Wieser
Chief Executive Officer

Gerald Mayer
Chief Finance Officer

Dr. Helmut Kaufmann
Chief Operating Officer