

**Report of the Management Board
of AMAG Austria Metall AG**
**pursuant to Section 65 para. 1b in connection with Section 170
para. 2 and Section 153 para. 4 of the Austrian Stock Corporation
Act (Aktiengesetz, AktG)**
(Acquisition and sale of treasury stock)

Concerning item 11 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 authorization of the Management Board, which shall be valid for not more than 30 months as from the day of adopting the resolution, to acquire, with the consent of the Supervisory Board, treasury stock (eigene Aktien) pursuant to Section 65 para. 1 item 8 of the Austrian Stock Corporation Act amounting to up to 10% of the share capital, as well as on the determination of the buyback conditions and on the authorization of the Management Board to redeem shares without any further resolution on the part of the shareholders' meeting; and on the same time on*
- b) *the authorization of the Management Board to resolve that treasury stock of the company may be sold in legally permitted ways other than through the stock exchange or by a public offer, also to the exclusion of the shareholders' repurchase right, and to determine the selling conditions, all without any further resolution on the part of the shareholders' meeting; and on the same time on*
- c) *the authorization of the Supervisory Board to agree upon amendments to the Articles of Association which result from the redemption of shares.*

The draft resolution of the Management Board and the Supervisory Board provides that when acquiring treasury stock, the lowest consideration may not be more than 20% lower and the highest consideration may not be more than 10% higher than the average closing price of the last 3 trading days preceding acquisition of the shares. Trading in treasury stock is excluded as a purpose of acquisition.

With regard to the authorization of the Management Board to resolve that treasury stock of the company may be sold in legally permitted ways other than through the stock exchange or by a public offer, also to the exclusion of the shareholders' repurchase right, and to determine the selling conditions, all without any further resolution on the part of the shareholders' meeting, and the fact that the situation

concerning this resolution is therefore comparable to an exclusion of existing shareholders' subscription rights, the Management Board pursuant to Section 65 para. 1b in connection with Section 170 para. 2 in connection with Section 153 para. 4 of the Austrian Stock Corporation Act has to submit to the Annual General Meeting a written report thereon.

The possible exclusion of the shareholders' general option to purchase shares in the course of the resale of treasury stock and the possible redemption of the shares without any further resolution on the part of the shareholders' meeting are necessary, appropriate and objectively justified in the interests of the company in particular for the following reasons:

Off-exchange sale subject to the exclusion of the shareholders' repurchase right

1. In line with its strategic orientation, the company within the scope of its intended policy of expansion and acquisition frequently encounters opportunities to acquire new equity holdings. Quite often, acquiring existing enterprises has its advantages (for instance over the formation of "own" subsidiaries or establishments) because it allows quick market entry, the acquisition of an existing customer base and taking over staff members who are familiar with the local market.
2. The owners of attractive acquisition targets, as part of the compensation for transferring their equity interests to the company proposing to acquire their holdings, increasingly tend to claim an equity interest (shares) in that company. Moreover, granting treasury stock often permits achieving a more favorable purchase price than if payment is "purely" in cash. It is essential that the Management Board be able to respond flexibly, and quickly, in such a setting, especially if the acquisition target is offered to several interested bidders in a bidding process, in order to take the best possible advantage of all offers on the market and perform acquisitions that are of interest to the company. For instance, it may be necessary for the company to quickly and flexibly issue company shares to owners of attractive acquisition targets and thus be able to utilize treasury stock as "transaction currency" for such acquisitions.
3. Using treasury stock as a "transaction currency" can also reduce the company's liquidity requirements for acquisitions, which in turn has advantages for the company as well as for the shareholders.
4. In addition, the sale of treasury stock can speed up the process of realizing the transaction as existing shares can be used, obviating the need to create new shares in the course of a comparably complex and expensive capital increase against contribution in kind or in cash. Especially the granting of a repurchase right would require following a time- and cost-consuming procedure, thus preventing the company from making use of market opportunities arising at a given moment.

5. The authorization to sell treasury stock in ways other than through the stock exchange or by a public offer subject to the exclusion of the existing shareholders option to purchase shares would thus make it possible for the Management Board, for instance, to directly offer such treasury stock as consideration to owners of suitable acquisition targets willing to sell. This alternative is of practical importance especially in acquisitions where, for strategic reasons or other reasons of corporate policy, the respective seller is to be granted a minor equity holding in the company. It must be kept in mind that due to the restriction concerning the acquisition of treasury stock – namely to a total of 10% of the share capital of the company – a seller of an enterprise cannot acquire a significant equity holding in the company by means of this procedure.
6. To allow for flexibility regarding acquisitions it is sometimes necessary to carry out the sale of treasury stock quickly and without completing a comparably complex and expensive sales program and by excluding the company's shareholders' option to purchase shares and, thus, to possibly grant treasury stock exclusively to owners of suitable acquisition targets willing to sell or to strategic partners. In such cases, the right of the shareholders to acquire treasury stock should therefore be excluded.
7. The Management Board is therefore to be able to use the authorization to sell treasury stock among other things in order to implement its corporate, growth and acquisition policies, bearing in mind that it is necessary in each such case to exclude the shareholders' general repurchase right to be able to achieve the corporate-policy goal.
8. In the case of the proposed authorization of sale to be granted to the Management Board, also permitting the exclusion of the general option to purchase, the interest of the company for the above-mentioned reasons on the whole outweighs shareholder interests and therefore appears objectively justified. The proposed authorization of the Management Board to utilize and/or sell treasury stock is moreover in line with the legal principle that treasury stock should not be retained by the company but rather be put on the market again.
9. In this context it is pointed out that the acquisition of treasury stock does not cause a "typical" dilution of shareholder rights such as occurs, e.g., in capital increases against contribution in kind with exclusion of shareholders' subscription rights:

Actually, at first, the interest of those shareholders not tendering their shares to the company, and/or the voting power granted by these shares, "increases" by the simple fact that the company reacquires treasury stock and the rights attaching to these shares are suspended for as long as the company holds them as treasury stock.

A reduction of the proportionate equity interest of a shareholder comparable with a dilutive effect only occurs once the treasury stock purchased by the company is resold by the company subject to exclusion of the shareholders' purchasing option. But in this context it has to be kept in mind that this dilutive effect is associated with the preceding increase of the shareholder's proportionate equity interest. The reason for this is that if such a sale takes place the status of a shareholder will go back to what it was before the company acquired the treasury stock.

Due to the acquisition of treasury stock being restricted to a total of 10% of the share capital of the company, acquisition of a "controlling" equity holding in the company by a third party is excluded.

10. Furthermore, it is pointed out that the share buyback is to take place exclusively through the stock exchange; this not only gives shareholders an "exit right" but, if that right is exercised, also provides additional liquidity. The potential price-stabilizing effects of a share buyback are equally valid reasons for a possible share buyback and benefit the interests of both the company and the shareholders.
11. The Management Board shall only make use of the authorization to sell treasury stock also in ways other than through the stock exchange or by a public offer subject to the exclusion of the shareholders' option to purchase, and to determine the selling conditions, if any and all legal requirements are fulfilled. Moreover, the consideration for the treasury stock being sold shall be determined by the Management Board taking full account of the interests of the company and the shareholders. Likewise, the Management Board shall comply with the duties of publication and announcement under stock corporation and stock exchange law to be observed when acquiring and/or selling stock (with or without exclusion of the shareholders' purchasing option).
12. After resolving on the way in which treasury stock is to be sold, the Management Board shall publish a corresponding report in accordance with the legal provisions.

Redemption of shares

1. The Management Board is to be authorized to redeem the treasury stock acquired, without any further resolution on the part of the Annual General Meeting. This is permissible pursuant to Section 65 para. 1 item 8 of the Austrian Stock Corporation Act because that Act contains no mandatory requirements as to the subsequent fate of treasury stock once it has been permissibly acquired. Redeeming treasury stock may benefit the company and its shareholders, especially with regard to accounting, because reserves must also be set up for own shares.

2. If, once permissibly acquired, the treasury stock is no longer needed and there is no better use for it than redemption, the authorization granted to the Management Board to redeem treasury stock is an appropriate means to obviate the need for calling a further time- and cost-consuming General Meeting during which to adopt such measure.
3. Moreover, redemption would reduce the number of shares outstanding and at the same time increase the share value of the remaining stock.
4. The Management Board shall only make use of the authorization to redeem treasury stock once it has been permissibly acquired if the legal requirements are fulfilled. Likewise, the Management Board shall comply with the duties of publication and announcement under stock corporation and stock exchange law to be observed when redeeming treasury stock.
5. After resolving on the redemption of treasury stock, the Management Board shall publish a corresponding report in accordance with the legal requirements.

Summary

Summing up it can be said, weighing all of the circumstances set out above, that the authorization of the Management Board to utilize and/or sell treasury stock – also to the exclusion of the general option to purchase – 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