

# Proposals for Resolutions

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## **72<sup>th</sup> Annual General Meeting of Lenzing Aktiengesellschaft Wednesday, April 20, 2016, 10:30 a.m.**

### **I. Proposed resolution regarding agenda item 2:**

#### **Adopting a resolution on the use of the net profit shown in the 2015 annual financial statements**

The Management Board and the Supervisory Board propose that the shareholders' meeting adopts the following

#### **Resolution**

*„The balance sheet profit as shown in the company's annual financial statements as of December 31, 2015 in the amount of EUR 53,100,000.00 is to be distributed in accordance with the suggestion of the Management Board, as approved by the Supervisory Board, as follows:*

- *A dividend of EUR 2.00 is to be assigned to every share that is entitled to a share in profits. The total amount of the dividend therefore amounts to EUR 53,100,000.00.*
- *Payment date for these dividends is 26 April 2016*

### **II. Proposed resolution regarding agenda item 3:**

#### **Adopting a resolution on discharge of the Members of the Management Board for the business year 2015**

The Management Board and the Supervisory Board propose that the shareholders' meeting adopts the following

#### **Resolution**

*„The persons who served on the Management Board of Lenzing Aktiengesellschaft in business year 2015 are discharged from liability with regard to their managing activities during the relevant period.“*

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## **III. Proposed resolution regarding agenda item 4:**

### **Adopting a resolution on discharge of the Members of the Supervisory Board for the business year 2015**

The Management Board and the Supervisory Board propose that the shareholders' meeting adopts the following

#### **Resolution**

*„The persons who served on the Supervisory Board of Lenzing Aktiengesellschaft in business year 2015 are discharged from liability with regard to their supervisory activities during the relevant period.“*

## **IV. Proposed resolution regarding agenda item 5:**

### **Adopting a resolution on the compensation of the members of the Supervisory Board for the business year 2015**

The Management Board and the Supervisory Board propose that the shareholders' meeting in accordance with Article 13 of the company's Articles of Incorporation and section 98 Stock Corporation Act adopts the following

#### **Resolutions**

1. *“The following table provides details regarding the compensation of members of the Supervisory Board for business year 2015:*
  - a. *chairman of Supervisory Board: EUR 50,000.00*
  - b. *vice-chairman of Supervisory Board: EUR 35,000.00*
  - c. *each other member of the Supervisory Board: EUR 20,000.00*
  - d. *chairman of the Audit Committee, the Strategy Committee and Finance Expert, insofar as he is not chairman of the Audit Committee: EUR 25,000.00*
  - e. *chairman of Nomination and Remuneration Committee, as well as of the Excellenz Committee: EUR 15,000.00*
  - f. *each member of Audit Committee, the Strategy Committee: EUR 10,000.00*
  - g. *each member of the Nomination an Remuneration Committee, as well as of the Excellenz Committee: EUR 7,500.00*
2. *Each member of the Supervisory board receives attendance fee for each Supervisory Board meeting attended in business year 2015 in the amounting of EUR 1,000.00.*

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3. *Each committee member receives attendance fee for each committee meeting in business year 2015, unless the meeting is held on the same day as the Supervisory Board meeting, in the amounting of EUR 1,000.00.”*
4. *The calculation and monthly factoring conforms to the term of membership of the advisory board respectively the committee. Similarly the monthly factoring change of the chairman of the Supervisory Board respectively of the committee, the vice-chairman and the Finance Expert.*

## **V. Proposed resolutions regarding agenda item 6:**

### **Elections to the Supervisory Board**

The Supervisory Board proposes that the shareholders' meeting adopts the following

#### **Resolutions**

1. *"The Supervisory Board will be reduced from nine to eight members."*
2. *„ Franz Gasselsberger, born on 12 April 1959, is elected as member of the Supervisory Board of Lenzing Aktiengesellschaft. His term of office runs from the end of this shareholders' meeting until the end of the shareholders' meeting that will decide on the discharge of the members of the Supervisory Board with regard to business year 2019.“*
3. *Patrick Prügger, born on 08 August 1975, is elected as member of the Supervisory Board of Lenzing Aktiengesellschaft. His term of office runs from the end of this shareholders' meeting until the end of the shareholders' meeting that will decide on the discharge of the members of the Supervisory Board with regard to business year 2019.“*

#### **Reasoning**

Pursuant to Article 8 para 1 of the company's Articles of Incorporation, the Supervisory Board consists of at least 3 and at most 10 members, who are elected by the shareholders' meeting. Currently the Supervisory Board consists of 9 members elected by the shareholders' meeting.

Mag. Andreas Schmidradner, born on 19 April 1961, resigned effective from 01 March 2016. The supervisory board should be reduced from nine to eight members.

Pursuant to Article 8 para 2 of the company's Articles of Incorporation, at least two members of the Supervisory Board shall yearly retire from office upon completion of the company's ordinary shareholders' meeting. The Supervisory Board members to retire are determined as follows: firstly, those members of the Supervisory Board whose term expires shall retire. If this is not the case for at least two members of the Supervisory Board, then such members

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of the Supervisory Board shall retire whose term of office has been the longest. If this is the case for more than two members of the Supervisory Board, then the lot has to decide on it. The lot also has to decide in such cases if pursuant to the foregoing the members of the Supervisory Board to be retiring from office have not been determined yet. Retired members of the Supervisory Board can be reelected immediately.

1. Upon completion of the shareholders' meeting dated 20 April 2016, Franz Gasselsberger retires in accordance with Article 8 para 2 of the company's Articles of Incorporation.
2. Upon completion of the shareholders' meeting dated 20 April 2016, Patrick Prügger retires in accordance with Article 8 para 2 of the company's Articles of Incorporation.

In order to maintain the status of eight elected members of the Supervisory Board, two members must be elected to the Supervisory Board on the upcoming shareholders' meeting. The Supervisory Board of Lenzing AG is to be reduced from nine to eight members.

1. The Supervisory Board therefore nominates Franz Gasselsberger for reelection to the Supervisory Board for a period that runs from the end of this shareholders' meeting until the end of the shareholders meeting that will decide on the discharge of the members of the Supervisory Board with regard to business year 2019
2. The Supervisory Board therefore nominates Patrick Prügger for reelection to the Supervisory Board for a period that runs from the end of this shareholders' meeting until the end of the shareholders meeting that will decide on the discharge of the members of the Supervisory Board with regard to business year 2019.

Each of the suggested candidates for the reelection has already presented statements within the meaning of section 87 para 2 Stock Corporation Act. Such statements are available on the company's website as well.

Pursuant to section 87 para 3 Stock Corporation Act, it is intended to resolve separately on each vacant mandate in the upcoming shareholders' meeting.

## **VI. Proposed resolution regarding agenda item 7:**

### **Election of the auditor of the annual financial statements and consolidated financial statements for the business year 2016**

According to the recommendation of its Audit Committee, the Supervisory Board proposes that the shareholders' meeting adopts the following

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## Resolution

*„Deloitte Audit Wirtschaftsprüfungs GmbH, Wien is appointed to be Auditor for the annual financial statements and the consolidated financial statements relating to business year 2016.“*

## VII. Proposed resolution regarding agenda item 8:

**Adopting of a resolution on the authorisation (valid up to not more than 30 months of the resolution date) of the Management Board to purchase, with the consent by the Supervisory Board, own shares of up to 10 % of the share capital pursuant to section 65 para 1 rec. 8 of the Austrian Stock Corporation Act (AktG), and on the definition of the repurchase terms and conditions**

The Supervisory Board proposes that the shareholders' meeting adopts the following

## **Resolution**

1. *“Pursuant to section 65 para 1 rec. 4 and 8 as well as 1a and 1b of the Austrian Stock Corporation Act, the Management Board is authorised to purchase via the stock exchange, with the consent by the Supervisory Board, own shares of up to 10 % of the Company's share capital during a period of 30 months from 20 April 2016, with the lowest equivalent of not more than 20 % below and the highest equivalent of not more than 10 % above the average closing price of the last three stock exchange days prior to the purchase of the shares. The purchase may not be for the purpose of trading in own shares. The authorisation may be exercised in whole or in part or in several partial amounts and in pursuit of one or several purposes by the company, by a subsidiary (section 189a rec. 7 of the Austrian Commercial Code [UGB]) or by third parties for the Company's account.*
2. *If necessary, the Management Board is also authorised to reduce the share capital by redeeming such own shares without any further resolution by the shareholders' meeting pursuant to section 65 para 1 rec. 8, last sentence, in conjunction with section 192 of the Austrian Stock Corporation Act. The Supervisory Board is authorised to adopt any amendments to the company's Articles of Incorporation resulting from the redemption of shares.”*

## **Reasoning**

Section 65 para 1 rec. 8 of the Austrian Stock Corporation Act enables listed companies, such as Lenzing AG, to repurchase own shares for general purposes. The resolution is intended to authorise Lenzing AG's Management Board to execute, with the consent by the Supervisory Board, a share repurchase program in compliance with the extensive statutory

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publication obligations. This option to execute a share repurchase program shall allow the Company to quickly and flexibly respond to market chances and, in case of falling prices, to repurchase shares for the purpose of stabilising prices.

In addition, this allows the Company to invest liquid funds in own shares on attractive conditions.

A repurchase of shares leads to a liquidity transfer from the Company to its shareholders, especially if the shares are to be repurchased solely via the stock exchange, as provided in the resolution under consideration. The increased and transparent purchase demand on the capital market associated with the repurchase of shares provides shareholders with an additional exit right - they may sell their shares.

The ability to reduce the share capital by redeeming shares, as provided in the resolution, is intended to increase the Company's flexibility when dealing with the shares that may have been repurchased. A redemption of shares would result in a reduction of the shares issued and a higher value of the remaining shares in Lenzing AG.

The execution of a share repurchase program is generally beneficial to the shareholders because they benefit from price-stabilising effects and, due to the extensive statutory publication obligations before and during the execution of a repurchase program, they are provided with a transparent selling option while enjoying complete equal treatment.

## **VIII. Proposed resolution regarding agenda item 9:**

### **Adopting a resolution on cancellation of the authorized capital pursuant to shareholders' resolution dated 10 December 2010 of agenda item 2**

Management Board and Supervisory Board proposes that the Annual General Meeting adopts the following

#### **Resolution**

*"Cancellation of the existing, registered authorized capital in the companies register pursuant to shareholders' resolution dated 10 December 2010 (authorization of the Management Board pursuant to § 169 Stock Corporation Act, to increase the nominal capital after registration of the corresponding change to the company's Articles Incorporation for cash and / or contribution in kind by up to EUR 13,358,625, - by issuing up to 12,862,500 new no-par share certificates in bearer or registered form with the approval of the Supervisory Board within five years) in the previously unutilized amount".*

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## Reasoning

On 10 December 2010 the General Meeting resolved

**adopting to agenda item 2:**

**“Resolution on creation of a authorized capital and authorizing the Management Board, pending approval of the supervisory board, to exclude total or partial shareholders’ subscription rights to exclude fractional amounts from subscription rights and to enable acquisition of companies, parts of companies or equity interests by issuing new shares against contribution in kind as well as a resolution on the corresponding amendment to the company’s Articles Incorporation in article 4.**

*(3) The management board is authorized, pending the approval of the supervisory board, to raise the nominal capital of the company – if need be in several tranches – by up to EUR 13,358,625.00 by way of issuing up to 12,862,500 new no-par share certificates in bearer or registered form against cash and/or contribution in kind. The management is authorized to determine the share type, the issue price and the terms and conditions of the issue. The authorization will come into effect with registration of the amendment at the company register and shall be valid for five years. The shareholders' legal subscription rights may be acknowledged by the right of indirect subscription. In this case a credit institute or a consortium of credit institutes will be obligated to offer the convertible bonds to shareholders in proportion to their subscription rights. However, the management board, pending the approval of the supervisory board, is authorized to exclude fractional amounts from the subscription right, should these arise as a result of the subscription ratio. Moreover, the management board is authorized, pending the approval of the supervisory board, to exclude the right to subscription arising from an increase in nominal capital from authorized capital against payment in kind for granting shares for acquiring companies, parts of companies or shares in companies. The supervisory board is authorized to resolve on amendments to the company's Articles of Incorporation resulting from the issue of shares from authorized capital.”*

This authorized capital and the associated change in the company’s Articles of Incorporation was registered on 22 December 2010 in the company’s register number 69.

Based on the Management Board resolutions dated 29 May 2011 and 15 June 2011, and with the consent of the Supervisory Board, a share capital increase of EUR 856,821,43,- was registered on 17 June 2011 in the company’s register pursuant to the authorization of 10 December 2010.

The above-referenced authorized capital pursuant to the shareholders’ resolution dated 10 December 2010 of agenda item 2 is still registered in the company’s register with number 69.

The above-referenced authorized capital expired on 10 December 2015.

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In order to ensure legal clarity and to delete the authorized capital still registered pursuant to the shareholders' resolution dated 10 December 2010 with number 69 in the company's register, the cancellation of the shareholders' resolution on 10 December 2010 is required.

The shareholder resolutions dated 22. April 2015 to agenda item 8 on a new authorized capital and the corresponding amendment of the company's Articles of Incorporation in article 4 para. 3 remain unchanged.

## **IX. Proposed resolution regarding agenda item 10:**

### **Adopting a resolution on cancellation of the contingent capital pursuant to shareholders' resolution dated 10 December 2010 of agenda item 3**

Management Board and Supervisory Board proposes that the Annual General Meeting adopts the following

#### **Resolution**

*"Cancellation of the conditional capital pursuant to a shareholders' resolution dated 10 December 2010 (Contingent capital increase pursuant to section 159 para 2 sec. 1 Stock Corporation Act up to EUR 13,358,625,- by issuing up to 12,862,500 new no-par value shares to issue to owners of convertible bonds) of agenda item 3."*

#### **Reasoning**

On 10 December 2010 the General Meeting resolved

**adopting to agenda item 3:**

**"Adoption of a resolution on:**

- (a) authorizing the management board to issue, upon approval by the supervisory board, convertible bonds and on authorizing the Management Board, upon approval by the Supervisory Board, to exclude shareholders' subscription rights, either fully or in part, also in order to exclude fractional amounts from the subscription right.**
- (b) contingent capital**
- (c) the corresponding amendment of article 4 of the company's Articles of Incorporation."**

*"Article 4 of the company's Articles of Incorporation (Nominal Capital and Shares) of the company's Articles of Incorporation is to be amended as follows for the creation of contingent capital:*



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*(4) The nominal capital of the company is to be increased by the creation of contingent capital according to section 159 paragraph 2 no. 1 of the Austrian Stock Exchange Act by up to EUR 13,358,625,00. The contingent capital is to be raised by issuing up to 12,862,500 new no-par value individual share certificates to owners of convertible bonds. The Management Board has been authorized to this extent by the extraordinary General Meeting on 10 December 2010. The increase in capital may only be implemented insofar as owners of convertible bonds exercise their right to subscription or conversion, or if those owners obligated to subscription or conversion fulfill their obligation, and if the Management Board decides to issue new shares to serve the owners' rights. The issue price and the conversion ratio are to be determined by applying the recognized methods of financial mathematics and the stock exchange quotation of the company's shares (basics of issue price calculation). The issue price must not be lower than the amount of the proportional share in nominal capital. The new shares to be issued of the contingent increase in capital bear full dividend entitlement for the year of issue. The management board, pending the approval of the supervisory board, is authorized to determine further details concerning the execution of the increase in capital by means of contingent capital. The Supervisory Board is authorized to amend the company's Articles of Incorporation in accordance with the respective issue of shares under subscription. The corresponding authorization applies if the authority to issue conversion bonds has not been exercised and the authorization has expired or if contingent capital has not been employed and the time limits of the terms and conditions of the convertible bond issue have expired.*

*(5) The total number of actually or potentially issued shares under subscription under the terms and conditions of the conversion bond issue and the number of actually or potentially issued shares from contingent capital must not exceed 12,862,500 individual share certificates (limitation of authorized amount according to clause (3) and (4)). The subscription or conversion rights of owners must be maintained in any case."*

The Management Board has not exercised the granted authorization in accordance with section 174 of the Stock Exchange Act for convertible bonds, that give a subscription and / or conversion right to acquire shares of the company, so that no authorised person could be adversely affected by cancellation of the decision by the conditional capital.

Since the conditional capital has not been exercised, it can be revoked by a shareholders' resolution without violating section 159 para 6 Stock Exchange Act, as this does not conflict with the protection of authorised persons.

The resolution was passed at the Annual General Meeting on 22 April 2015 agenda item 10.

The above-referenced contingent capital pursuant to the shareholders' resolution dated 10 December 2010 of agenda item 2 is still registered in the company's register with number 69.

In order to ensure legal clarity and to delete the contingent capital pursuant to the shareholders' resolution dated 10 December 2010 registered with number 69 in the

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company's register, the cancellation of the shareholders' resolution of 10 December 2010 agenda item 3 is required.

The shareholders' resolution dated 22. April 2015 to agenda item 10 on a new contingent capital and the corresponding amendment of the company's Articles of Incorporation in section 4 remain unchanged.

*This document is published in German and in a non-binding English convenience translation.*