

**74<sup>th</sup> Annual General Meeting of Lenzing Aktiengesellschaft  
Thursday, 12 April 2018, 10:30 a.m.**

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

**Adopting a resolution on the use of the net profit shown in the 2017 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, 2017 in the amount of EUR 132,750,000 is to be distributed in accordance with the proposal of the Management Board, as approved by the Supervisory Board, as follows:*

- *A dividend of EUR 3.00 plus a special 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 132,750,000.*
- *Payment date for these dividends is 18 April 2018.”*

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

**Adopting a resolution on discharge of the Members of the Management Board for the business year 2017**

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 the business year 2017 are discharged from liability with regard to their managing activities during the relevant period.“*

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

**Adopting a resolution on discharge of the Members of the Supervisory Board for the business year 2017**

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 the business year 2017 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 2017**

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 of the Austrian Stock Corporation Act (AktG) adopts the following

### Resolution

1. *“The compensation of members of the Supervisory Board for the business year 2017 is determined as follows:*
  - a. *chairman of Supervisory Board: EUR 90,000,00*
  - b. *vice-chairman of Supervisory Board: EUR 50,000.00*
  - c. *each other member of the Supervisory Board: EUR 40,000.00*
  - d. *chairman of the Audit Committee, the Strategy Committee and Finance Expert, insofar as he is not chairman of the Audit Committee: EUR 50,000.00*
  - e. *chairman of Nomination and Remuneration Committee: EUR 25,000.00*
  - f. *each member of Audit Committee and the Strategy Committee: EUR 20,000.00*
  - g. *each member of the Nomination and Remuneration Committee: EUR 10,000.00*
2. *Each member of the Supervisory board receives an attendance fee for each Supervisory Board meeting attended in the business year 2017 in the amount of EUR 1,500.00.*
3. *Each committee member receives an attendance fee for each committee meeting in the business year 2017, unless the meeting was held on the same day as a Supervisory Board meeting, in the amount of EUR 1,500.00.”*
4. *The calculation and monthly factoring conforms to the term of membership of the Supervisory Board respectively the committee. Similarly, such monthly factoring shall apply to the 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 Nomination Committee of the Supervisory Board proposes that the shareholders' meeting adopts the following

#### Resolutions

1. *“Dr. Christoph Kollatz, born on 9 December 1960, is elected as member of the Supervisory Board of Lenzing Aktiengesellschaft. His term of office runs from the end of this shareholders' meeting for the remaining term of Dr. Hanno Bästlein's mandate until the end of the shareholders' meeting that will decide on the discharge of the members of the Supervisory Board with regard to the business year 2020.*
2. *Dr. Felix Fremerey, born 29. January 1961, is elected as member of the Supervisory Board of Lenzing Aktiengesellschaft. His term of office runs from the end of this shareholders' meeting for the remaining term of Dr. Josef Krenner's mandate until the end of the shareholders' meeting that will decide on the discharge of the members of the Supervisory Board with regard to the business year 2018.*
3. *Dipl.-Bw. Peter Edelmann, born 26. November 1959, is elected as member of the Supervisory Board of Lenzing Aktiengesellschaft. His term of office runs from the end of this shareholders' meeting for the remaining term of Dr. Felix Strohbichler's mandate until the end of the shareholders' meeting that will decide on the discharge of the members of the Supervisory Board with regard to the business year 2020.*
4. *Dr. Astrid Skala-Kuhmann, born 7 September 1953, is elected as member of the Supervisory Board of Lenzing Aktiengesellschaft. Her 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 the business year 2021.*
5. *Dr. Veit Sorger, born 10 June 1942, 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 the business year 2020.“*

#### **Reasoning**

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 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 12 April 2018, Dr. Hanno Bästlein retires at his own request.
2. Upon completion of the shareholders' meeting dated 12 April 2018, Dr. Felix Strohbichler retires at his own request.
3. Upon completion of the shareholders' meeting dated 12 April 2018, Dr. Josef Krenner retires at his own request.
4. Upon completion of the shareholders' meeting dated 12 April 2018, Dr. Astrid Skala Kuhmann retires in accordance with Article 8 para 2 of the company's Articles of Incorporation.
5. Upon completion of the shareholders' meeting dated 12 April 2018, Dr. Veit Sorger 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, five members must be elected to the Supervisory Board on the upcoming shareholders' meeting.

The Nomination Committee therefore nominates,

1. Dr. Christoph Kollatz on the mandate of Dr. Hanno Bästlein for election to the Supervisory Board for a period that runs from the end of the upcoming shareholders' meeting for the remaining term of Dr. Hanno Bästlein's mandate 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 2020.
2. Dr. Felix Fremerey on the mandate of Dr. Josef Krenner for election to the Supervisory Board for a period that runs from the end of the upcoming shareholders' meeting for the remaining term of Dr. Josef Krenner 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 2018.
3. Dipl.Bw. Peter Edelmann on the mandate of Dr. Felix Strohbichler for election to the Supervisory Board for a period that runs from the end of the upcoming shareholders' meeting for the remaining term of Dr. Felix Strohbichler 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 2020.
4. Dr. Astrid Skala-Kuhmann for election to the Supervisory Board for a period that runs from the end of the upcoming 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 2021.
5. Dr. Veit Sorger for election to the Supervisory Board for a period that runs from the end of the upcoming 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 2020.

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

Pursuant to section 87 para 3 Austrian Stock Corporation Act (AktG), 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 2018**

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

#### **Resolution**

*„KPMG Austria GmbH Wirtschaftsprüfungs- u. Steuerberatungsgesellschaft, is appointed to be Auditor for the annual financial statements and the consolidated financial statements relating to the business year 2018.“*

### VII. Proposed resolution regarding agenda item 8:

#### **Adopting a resolution on the comprehensive amendment and revision to the Articles of Incorporation with exception as to the company objective, which will not be amended.**

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

#### **Resolution**

*„The Articles of Incorporation of Lenzing AG shall be substantially amended and revised with the exception of § 2 (corporate objective) and § 4 (3), (4) and (5) (nominal capital and shares), which remain unchanged in terms of content, however, have added the new paragraphs (5), (6) and (7), in accordance with the attached new version of the Articles of Incorporation. The attached new version of the Articles of Incorporation constitutes an integral part of this resolution.“*

#### **Reasoning**

The Articles of Incorporation of Lenzing AG are to be comprehensively revised in order to adapt them to current standards and to improve the clarity and thus the readability of the Lenzing Articles of Incorporation. The revised version of the amended Articles of Incorporation is attached to this resolution as an annex.

The new version of the Articles of Association is intended, as far as legally permitted, to facilitate the communication of shareholders with Lenzing AG and their participation in the Annual General Meeting by allowing them to use the text form (e. g. e-mail) for the purpose of submitting proposals for shareholder resolutions or the deposit confirmations as proof of qualification as shareholder. In addition, the Management Board's existing obligations under the Austrian Stock Corporation Act (AktG) to inform the Supervisory Board

are incorporated into the Articles of Incorporation and administrative requirements for Supervisory Board meetings as previously contained in the by-laws of the Supervisory Board shall be facilitated taking into account modern means of communication.

The existing provisions in § 2 (corporate objective) and § 4 (3) - (5) (nominal capital and shares) regarding authorized capital and conditional capital with the authorization of the Management Board to exclude subscription rights in certain cases shall remain unchanged. This is due to the fact that a change of the aforementioned provisions requires the approval of a qualified majority of voting rights (75% of the nominal capital represented at the Annual General Meeting). The comprehensive amendment and revision of the Articles of Incorporation of Lenzing AG proposed under this agenda item merely requires the approval of a simple majority (50% of the share capital represented at the Annual General Meeting) and the resolution shall not be made more difficult by the required qualified majority of voting rights for the above-mentioned provisions. The amendment to § 4 (nominal capital and shares) concerning authorized capital and conditional capital should therefore be included in the separate agenda items 10 and 11.

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

**9a. Adopting a resolution on the further 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), if necessary for the redemption of own shares, and on the determination of the repurchase terms and conditions by revocation of the corresponding authorization to purchase own shares granted by the Annual General Meeting resolution of 20 April 2016 on the 8<sup>th</sup> item on the agenda.**

**9b. Adopting a resolution on the authorization of the Management Board pursuant to section 65 para 1b Austrian Stock Corporation Act (AktG), with the consent by the Supervisory Board, to sell the shares in a manner other than via the stock exchange or by means of a public offer and to decide on any exclusion of shareholders' right to repurchase (subscription rights).**

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

### **Resolutions**

#### **Item 9a of the agenda:**

- 1. "For a period of 30 months from the day on which the resolution is passed, the Management Board shall be authorized in accordance with section 65 para 1 rec. 8 and para 1a and 1b of the Austrian Stock Corporation Act (AktG) - subject to the simultaneous revocation of the relevant resolutions adopted by the Annual General Meeting on 20 April 2016 -, with the consent by the Supervisory Board, to acquire own*

*shares of the Company, whereby the lowest consideration to be paid at the time of repurchase is 25% below the weighted average closing price of the last 20 trading days prior to the start of the respective repurchase program and the highest consideration to be paid at the time of repurchase is 25% above the weighted average closing price of the last 20 trading days prior to the start of the corresponding repurchase program, and to determine the terms and conditions of the repurchase, whereby the Management Board shall publish the Management Board's resolution and the respective repurchase program based on it, including its duration, in accordance with the statutory provisions (each). The Management Board may exercise this authorization once or several times within the limits of the legal requirements regarding the maximum number of own shares permitted, up to a total limit of 10% of the nominal capital. The authorization may be exercised in whole or in part or in several partial amounts and in pursuit of one or more purposes by the Company, by a subsidiary company (section 189a rec. 7 of the Austrian Commercial Code) or by third parties for the account of the Company. The acquisition can be carried out on or off-exchange in compliance with the legal requirements. Trading in own shares is excluded as the purpose of acquisition.*

*2. The Management Board is authorized, with the consent by the Supervisory Board, to redeem or resell the acquired own shares without a further resolution of the General Meeting and to determine the terms and conditions of sale. The authorization may be exercised in whole or in several partial amounts and in pursuit of one or more purposes by the Company, by a subsidiary company (section 189a rec. 7 of the Austrian Commercial Code) or by third parties for the account of the Company.*

*3. The Supervisory Board is authorised to adopt any amendments to the Articles of Incorporation resulting from the redemption of shares.”*

### Item 9b of the agenda:

*“For a period of five years from the date of the resolution, the Management Board is authorized, with the consent by the Supervisory Board, to determine, in accordance with section 65 para 1b of the Austrian Stock Corporation Act (AktG), for the sale of own shares a legally permissible method of disposal other than via the stock exchange or a public offer and to resolve on any exclusion of the shareholders' right to repurchase (subscription right) and to determine the conditions of sale.”*

### **Reasoning**

Section 65 para 1 rec. 8 of the Austrian Stock Corporation Act (AktG) enables listed stock companies, such as Lenzing Aktiengesellschaft, to repurchase their own shares for a neutral purpose. The resolution is intended to authorize the Management Board of Lenzing Aktiengesellschaft to carry out a share repurchase program with the consent of the Supervisory Board – of course, taking into account the extensive statutory disclosure requirements. With the option to implement a share repurchase program, the Company shall be enabled to react quickly and flexibly to market opportunities and, in the event of declining prices, to implement share repurchases to stabilize the share price.

The Company will also be given the opportunity to invest liquid funds in its own shares at attractive conditions.

The option provided for in the resolution to reduce the share capital by redeeming the shares is intended to increase the Company's flexibility in dealing with the shares, which may be repurchased. Redemption of the shares would lead to a reduction in the number of issued shares and thus to a higher share value of the remaining shares in Lenzing Aktiengesellschaft.

With regard to the proposed possible exclusion of shareholders' repurchase rights (subscription rights) in the cases mentioned in the proposed resolution, reference is made to the corresponding report of the Company's Management Board, which is expected to be available on the Company's website at [www.lenzing.com](http://www.lenzing.com) under the menu items "investors" and "Annual General Meeting 2018" from 16 March 2018. This report will also be available at the Annual General Meeting.

It is pointed out that the proposed resolutions on agenda items 9a and 9b are to be voted on separately. If three resolutions in accordance with the corresponding resolution proposal are passed on agenda item 9a, these resolutions shall remain unaffected by any negative outcome of the resolution on agenda item 9b.

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

**Adopting a resolution on the creation of a new "authorized capital" while safeguarding the statutory subscription right, also within the meaning of the indirect subscription right pursuant to section 153 para 6 of the Austrian Stock Corporation Act (AktG), but also with the authorization of the Management Board to exclude subscription rights of shareholders in whole or in part with the consent by the Supervisory Board, including the possibility of issuing new shares against contributions in kind, with the cancellation of the "authorized capital" in accordance with the resolution of the Annual General Meeting of 22 April 2015 on the 8<sup>th</sup> agenda item and resolution on the corresponding amendment to article 4 of the Articles of Incorporation.**

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

#### **Resolutions**

1. *"Resolution on the (renewed) authorization of the Management Board - with simultaneous cancellation of the relevant resolutions of the Annual General Meeting of 22 April 2015 -, with the consent by the Supervisory Board, to increase the Company's share capital within five years from the registration of the changes to the Articles of Incorporation with the Commercial Register, in one or several tranches, by up to EUR 13,787,034.68 by issuing up to EUR 13,274,999 new no-par share certificates in bearer or registered form against cash and/or payment in kind and to determine the issue price and further conditions of issue, and resolution on the authorization of the Management Board, with the consent by the Supervisory Board, to exclude the subscription rights of shareholders in the event of a capital increase from the authorized capital in whole or in part (i) if the capital increase against contributions in kind is carried out for the purpose of acquiring companies, parts of companies, operations, parts of*



*operations, participations in companies or other assets in connection with an acquisition project, (ii) to service an over-allotment option (greenshoe) or (iii) to compensate for fractional amounts. The statutory subscription rights may be granted to shareholders in such a way that the capital increase is underwritten by a bank or a syndicate of credit institutions with the obligation to offer it to shareholders in accordance with their subscription right (indirect subscription right)."*

2. Resolution on the corresponding amendment of the Articles of Incorporation by a new Article 4 para. 3:

*(3) The Management Board is authorized, with the approval by the Supervisory Board, to increase the company's share capital by up to EUR 13,787,034.68 by issuing up to 13,274,999 against cash and/or payment in kind within five years of the entry of the amendment to the Articles of Incorporation in the commercial register - possibly in several tranches - new no-par value bearer or registered shares and to determine the type of shares, issue price and issue conditions (authorized capital).*

*The statutory subscription right may be granted to shareholders in such a way that the capital increase is underwritten by a bank or a syndicate of credit institutions with the obligation to offer it to shareholders in accordance with their subscription right (indirect subscription right).*

*However, the Management Board is authorized, with the approval by the Supervisory Board, to exclude shareholders' subscription rights in the event of a capital increase from the authorized capital in whole or in part (i) if the capital increase against contributions in kind is carried out for the purpose of acquiring companies, parts of companies, operations, parts of operations, participations in companies or other assets connected with an acquisition project, (ii) to satisfy an over-allotment option (greenshoe) or (iii) to compensate for fractional amounts.*

*The Supervisory Board is authorized to adopt amendments to the Articles of Incorporation resulting from the issue of shares from the authorized capital."*

### Reasoning

The Annual General Meeting of 22 April 2015, on the 8th item of the agenda "resolution on "authorized capital" and a corresponding amendment of the Articles of Incorporation in § 4", authorized the Management Board to increase the Company's share capital with the consent by the Supervisory Board by up to EUR 13,778,412 by issuing up to 13,274,000 new no-par value bearer shares or registered shares. To date, no use has been made of this authorization.

Lenzing AG wants to continue to take advantage of its market opportunities and expand its leading market position through investments and acquisitions. In order to finance the future growth course, the Management Board shall be given an additional option to raise equity. For this reason, the Management Board shall be further authorized, with the consent of the Supervisory Board, with simultaneous cancellation of the existing authorization, to increase the Company's share capital by the maximum amount as permissible under stock corporation law of EUR 13,787,034.68 by issuing up to 13,274,999 new bearer or registered no-par value

shares and with a maximum term of five years from the date on which the amendment to the Articles of Incorporation is registered. With regard to the authorization to fully or partially exclude subscription rights, reference is made to the corresponding report of the Company's Management Board, which is expected to be available from 16 March 2018 on the Company's website at [www.lenzing.com](http://www.lenzing.com) under the menu items "Investors" and "Annual General Meeting 2018". This report will also be available at the Annual General Meeting.

### **X. Proposed resolution regarding agenda item 11:**

**11a. Adopting a resolution on the authorization of the Management board to issue convertible bonds with the approval by the Supervisory Board and on the authorization of the Management board with the approval of the Supervisory Board to exclude shareholders' subscription rights in full or in part, with the cancellation of the corresponding authorization of the Management Board with approval by the Supervisory Board to issue convertible bonds pursuant to the Annual General Meeting Resolution of 22 April 2015 on the 9<sup>th</sup> agenda item..**

**11b. Adopting a resolution on the conditional increase of the Company's share capital in accordance with section 159 para 2 rec. 1 Austrian Stock Corporation Act (AktG) for the issue to creditors of financial instruments (convertible bonds), with cancellation of the "conditional capital" in accordance with the Annual General Meeting resolution of 22 April 2015 on the 10<sup>th</sup> agenda item and corresponding amendment to article 4 of the Articles of Incorporation.**

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

### **Resolutions**

#### **Item 11a of the agenda:**

*"Resolution on the (renewed) authorization of the Management Board pursuant to section 174 para 2 AktG - with the simultaneous revocation of the relevant resolutions of the Annual General Meeting of 22 April 2015 - to issue, with the consent by the Supervisory Board, convertible bonds in one or several tranches that grant or provide for the subscription or conversion right or a subscription or conversion obligation for up to 13,274,999 shares of the Company. The issue price, the issue, the conversion procedure for the convertible bonds and all other conditions are to be determined by the Management Board with the consent of the Supervisory Board. The issue price and the exchange ratio shall be determined in accordance with recognized financial mathematical methods and the stock exchange price of the Company's shares in a recognized pricing procedure. This authorization shall be valid until 12 April 2023.*

*The statutory subscription right may be granted to shareholders in such a way that the convertible bonds are taken over by a bank or a consortium of banks with the obligation to offer them to the shareholders in accordance with their subscription right (indirect subscription right). However, the Management Board is*

*authorized, with the consent by the Supervisory Board, to exclude the subscription right of shareholders when issuing convertible bonds in whole or in part (i) if the issue of convertible bonds against contributions in kind for the purpose of acquiring companies, parts of companies, operations, parts of operations, participations in companies or other assets relating to an acquisition project, or (ii) for the compensation of fractional amounts resulting from the subscription ratio.*

*The Management Board is also authorized, with the consent by the Supervisory Board, to exclude the subscription right for convertible bonds in whole or in part, provided that the Management Board, after due examination, comes to the conclusion that the issue price of the convertible bonds at the time of the final determination of the issue price is not less than the hypothetical market value determined according to recognized, in particular financial-mathematical methods and that the conversion price or subscription price (issue price) of the subscription shares is determined by taking into account recognized financial-mathematical methods and the price of the Company's ordinary shares in a recognized pricing procedure and is not lower than the stock market price of the Company's shares during the last 20 trading days prior to the date of announcement of the issue of convertible bonds."*

Item 11b of the agenda:

1. *"Resolution on the (renewed) contingent increase in share capital pursuant to section 159 para 2 rec. 1 of the Austrian Stock Corporation Act (AktG) - with the simultaneous cancellation of the relevant resolutions adopted by the Annual General Meeting on 22 April 2015 - by up to 13,274,999 new bearer shares with no par value (no-par value shares) for the issue to creditors of convertible bonds - at which the Management Board is authorized by this Annual General Meeting. The issue price and the exchange ratio shall be determined in accordance with recognized financial-mathematical methods and the price of the Company's shares in a recognized pricing procedure. The issue price may not be less than the proportionate amount of the share capital. Resolution on the authorization of the Management Board with the consent of the Supervisory Board to determine the further details of the conditional capital increase and its implementation and the authorization of the Supervisory Board to amend the Articles of Incorporation resulting from the issue of shares from the contingent capital.*

2. *"Resolution on the corresponding amendment of the Articles of Incorporation by a new § 4 (6) and (7):*

*(6) In accordance with section 159 para 2 rec.1 of the Austrian Stock Corporation Act (AktG), the Company's share capital is contingently increased by up to EUR 13,787,034.68 by issuing up to 13,274,999 new bearer shares with no par value (no-par value shares) for issue to creditors of convertible bonds, for which the Management Board is authorized at this Annual General Meeting on 12 April 2018. The capital increase may only be carried out to the extent that creditors of convertible bonds exercise their subscription or conversion rights to shares of the Company or those who are obligated to subscribe or exchange them fulfill their respective obligation to subscribe or exchange them, and the Management Board decides to service these convertible bonds with new shares. The issue price and the exchange ratio shall be determined in accordance with recognized financial-mathematical methods and the price of the Company's ordinary shares in a*

*recognized pricing procedure (basis for calculating the issue price); the issue price may not be lower than the pro rata amount of the share capital. The newly issued shares of the conditional capital increase have full dividend entitlement for the entire fiscal year in which they are issued. The Management Board is authorized, with the consent by the Supervisory Board, to determine the further details of the implementation of the conditional capital increase. The Supervisory Board is authorized to amend the wording of the Articles of Incorporation in accordance with the respective issue of the subscription shares. The same shall apply in the event that the authorization to issue convertible bonds is not utilized after the expiry of the authorization period and in the event that the conditional capital is not utilized after expiry of the periods stipulated in the terms and conditions of the convertible bonds.*

*(7) The total number of subscription shares to be issued or potentially issued in accordance with the terms and conditions of the convertible bonds and the number of shares already issued or to be issued from the authorized capital may not exceed 13,274,999 shares (limitation of the amount of the authorizations pursuant to paragraphs (3) and (4)), whereby the subscription or conversion right of the holders of convertible bonds must in any case be preserved."*

### Reasoning

The Annual General Meeting of 22 April 2015, on the 9th item of the agenda, authorized the Management Board in "the resolution on the authorization of the Management Board, with the consent by the Supervisory Board, to issue convertible bonds and the authorization of the Management Board, with the consent by the Supervisory Board, to exclude subscription rights of shareholders in whole or in part with the consent of the Supervisory Board, also in order to exclude fractional amounts from the subscription right" to issue convertible bonds also in several tranches, which carry a subscription or conversion right, as the case may be, to subscribe for or exchange for up to a total of 13,274,000 shares of the Company. To date, no use has been made of this authorization.

The issue of convertible bonds is an alternative to a "simple" cash capital increase and offers the company additional flexibility in financing. A convertible bond is also an alternative to a conventional bond.

The resolution authorizes the Management Board, with the consent by the Supervisory Board, to issue convertible bonds to the maximum extent permitted by stock corporation law by 12 April 2023 at the latest and to exclude shareholders' statutory subscription rights in whole or in part. The advantage for the company lies in the possibility of accelerated and market-oriented placement of convertible bonds, thus reducing the price and placement risk. For the authorization to fully or partially exclude subscription rights, please refer to the corresponding report of the Company's Management Board, which is expected to be available on the company's website at [www.lenzing.com](http://www.lenzing.com) under the menu items "Investors" and "Annual General Meeting 2018" as of 16 March 2018. This report will also be available at the Annual General Meeting.

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

## Annex 1 to item 8 of the agenda

### ARTICLES OF INCORPORATION

of

**Lenzing Aktiengesellschaft**

#### I. GENERAL PROVISIONS

##### **Article 1 Company name and registered office of the Company**

- (1) The name of the Company is Lenzing Aktiengesellschaft.
- (2) The registered office of the Company is at Lenzing, Upper Austria.

##### **Article 2 Object of the Company**

- (1) The object of the Company is the acquisition, establishment and operation of business enterprises as well as the trade in goods of all kinds, in particular the production, processing and utilization of
  - (a) pulp and products based on cellulose,
  - (b) fibers, papers, films, yarns and the corresponding processing products based on cellulose and synthetic raw materials,
  - (c) upmarket products based on synthetic raw materials,
  - (d) machines, devices and appliances of any kind with a focus on the chemical, textile and packaging industries, as well as the industries processing the products of those industries,
  - (e) semi-finished and finished products from its own range of products in quantities required for test purposes,
  - (f) waste products and by-products, as well as the operation of energy systems, accessory systems and auxiliary systems.
- (2) In addition, the Company is entitled to engage in any business transactions and to take any measures considered necessary or useful for achieving the purpose of the Company, in particular
  - (a) acquisition and sale of real estate, patents, licenses, know-how and engineering services,
  - (b) shareholding in and acquisition of companies in Austria and other countries,

- (c) establishing and operating branch offices in Austria and other countries,
- (d) establishing and operating interest groups or concluding syndication agreements suited to directly or indirectly promote the interests of the Company,
- (e) providing general services to subsidiary companies and third parties, especially in the field of electronic data processing and chemical analysis.

### **Article 3 Announcements and communication of the Company**

- (1) The announcements of the Company shall be published in the official gazette of the "*Wiener Zeitung*" to the extent required by mandatory law. Apart from this, announcements of the Company shall be made in accordance with the respective applicable legal provisions.
- (2) Unless written form is required by mandatory law any proposals of resolutions, justifications and other declarations to the Company, in particular shareholder requests including enclosures in connection with section 109 of the Austrian Stock Corporation Act, proposals for resolutions by shareholders including enclosures in connection with section 110 of the Austrian Stock Corporation Act and a deposit confirmations within the meaning of section 10a para. 3 of the Austrian Stock Corporation Act shall be sent in text form exclusively to the fax number or e-mail address published on the Company's website under "Investors" or "Investor Relations". The declaration shall be made in a deed or other manner suitable for permanent reproduction in characters and has to state the person of the declaring party and the conclusion of the declaration has to be made clear by replication of the name signature or otherwise, e. g. by adding the name.
- (3) In any case, proposals for resolutions, justifications, declarations in accordance with section 87 para 2 of the Austrian Stock Corporation Act and other notifications to the Company must be submitted in German. The German version prevails in any event; the Company is not obliged to verify the conformity of versions in foreign languages with the German version.
- (4) Deposit confirmations shall be accepted exclusively in German and English. The convening of a General Meeting may provide for the transmission of safe custody receipts by fax or e-mail (where the electronic format can be specified in the convening notice) as a means of communication. The Company is not obliged to verify the correctness of the deposit confirmations.

### II. CAPITAL OF THE COMPANY

#### Article 4 Nominal capital and shares

- (1) The nominal capital of the Company amounts to EUR 27,574,071.43. It is divided into 26,550,000 no-par value bearer shares, whereby each no-par value share represents an equal share in the capital.
- (2) The shares from future capital increases may be bearer shares or registered shares. If, in the event of a capital increase, the resolution does not specify whether the new shares are to be bearer shares or registered shares, they shall be bearer shares.
- (3) Bearer shares shall be securitized in one or, where applicable, several global certificates and deposited with a central securities depository pursuant to section 1 para 3 of the Depository Act or an equivalent foreign institution.
- (4) Shareholders shall not be entitled to individual securitization of their shares. To the extent permitted by law, share certificates, global certificates and bonds are issued, the Management Board shall determine the form and content with the consent by the Supervisory Board.
- (5) The Management Board is authorized, with the consent by the Supervisory Board, to increase the nominal capital of the Company within five years from the registration of the amendments to the articles of incorporation with the commercial register – in one or several tranches – by up to EUR 13,778,412 by way of issuing up to 13,274,000 new no-par value shares in bearer or registered form against cash and/or payment in kind and to determine the share type, the issue price and the terms and conditions of the issue.

The shareholders' legal subscription rights may be granted to shareholders in such a way that the capital increase is taken over by a bank or a syndicate of credit institutions with the obligation to offer it to shareholders in accordance with their subscription right (indirect subscription right). However, the Management Board, with the consent 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, with the consent of the Supervisory Board, to exclude the subscription right arising from a capital increase 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.

- (6) The nominal capital of the Company is conditionally increased according to section 159 para 2 rec 1 of the Austrian Stock Corporation Act by up to EUR 13,778,412 by issuing up to 13,274,000 new no-par value shares to owners of convertible bonds, to which the Management Board is authorized in this General Meeting of 22 April 2018. The capital increase may only be implemented insofar as owners of convertible bonds exercise their right to subscription or conversion in shares of the Company, or if those owners obligated to subscription or conversion fulfill their obligation, and 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 recognized methods of financial mathematics and the stock exchange quotation of the Company's shares in a recognized pricing procedure (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 in the conditional capital increase bear full dividend entitlement for the year of issue. The Management Board, with the consent by the Supervisory Board, is authorized to determine the further details concerning the implementation of the conditional capital increase.

The Supervisory Board is authorized to amend the Company's articles of incorporation in accordance with the respective issue of subscription shares. The same applies if the authorization to issue convertible bonds has not been exercised within the term of authorization or if the conditional capital has not been used within the time limits of the terms and conditions of the convertible bonds.

- (7) The total number of actually or potentially issued subscription shares under the terms and conditions of the convertible bonds and the number of actually or potentially issued shares from authorized capital must not exceed 13,274,000 shares (limitation of authorized amount according to para (5) and (6)), whereby the subscription or conversion rights of owners must be maintained in any case.

### III. CORPORATE BODIES

#### Article 5 Composition of the Management Board

- (1) The Management Board of the Company consists of up to five members.
- (2) Members of the Management Board shall be appointed by the Supervisory Board for a maximum period of five years. Re-appointments, in each case for a maximum of five years, are permissible.
- (3) If the Management Board consists of more than one person, the Supervisory Board may appoint one Management Board member as Chairman of the Management Board and one Management Board member as Deputy Chairman of the Management Board.



- (4) If a member of the Management Board is appointed Chairman of the Management Board, his or her vote shall be decisive in the event of a tie vote (casting vote). The Deputy Chairman has no casting vote.

### **Article 6 Representation of the Company**

- (1) If the Management Board consists of more than one member, the Company shall be represented by two Management Board members jointly or by one Management Board member together with an authorized signatory ("*Prokurist*"). If only one member of the Management Board has been appointed, the Company will be represented by this member alone.
- (2) The Supervisory Board may also grant individual members of the Management Board sole power of representation.

### **Article 7 Management Board**

- (1) The Management Board shall manage the Company's business in accordance with the law, the articles of incorporation and the by-laws adopted by the Supervisory Board in such a way as is necessary for the welfare of the Company, taking into account the interests of shareholders, employees and the public interest.
- (2) The Supervisory Board shall issue by-laws for the Management Board. These by-laws shall regulate, in particular, the allocation of duties between the members of the Management Board and to determine the business and measures that - in addition to the transactions and measures listed in section 95 para 5 of the Austrian Stock Corporation Act - require the approval of the Supervisory Board. In the cases of section 95 para. 5 rec. 4, 5 and 6 of the Austrian Stock Corporation Act, the Supervisory Board shall set limits on the amounts above which its approval must be obtained. In the cases of section 95 para. 5 rec. 1 and 2 of the Austrian Stock Corporation Act, it is entitled to set limits on amounts.

### **Article 8 Reports to the Supervisory Board**

- (1) The Management Board shall report to the Supervisory Board at least once a year on fundamental issues of the Company's future business policy and shall present the future development of the net assets, financial position and results of operations on the basis of a forecast (annual report).
- (2) The Management Board shall also report to the Supervisory Board on a regular basis, at least quarterly, on the course of business and the position of the Company in comparison with the forecast, taking into account future developments (quarterly report). The Chairman of the Supervisory Board must be informed immediately if there is an important reason to do so; in

addition, the Supervisory Board must be informed immediately about circumstances that are of material importance for the profitability or liquidity of the Company (special report).

- (3) The annual report and the quarterly reports shall be submitted in writing and explained orally at the request of the Supervisory Board; they shall be handed over to each member of the Supervisory Board. The special reports shall be submitted orally or in writing.
- (4) In addition, the Management Board shall report on all other matters relating to the Company if the Supervisory Board so requests.

### **Article 9 Composition and Election of the Supervisory Board**

- (1) The Supervisory Board consists of a minimum of three and a maximum of ten members elected by the General Meeting and the members appointed in accordance with section 110 para 1 ArbVG.
- (2) The members of the Supervisory Board shall be elected, unless they have been elected for a shorter term of office, for the period until the end of the General Meeting which decides on the discharge of liability for the fourth financial year following the election; the financial year in which the Supervisory Board member was elected shall not be included in this calculation. However, at least two members of the Supervisory Board shall resign each year at the end of the Annual General Meeting, whereby members of the Supervisory Board who have resigned from the Supervisory Board since the last General Meeting or have resigned from office with effect from the end of the respective General Meeting shall be counted towards this figure. Apart from that, the members having to retire are determined as follows: firstly, those members have to retire, whose term of office expires. If this does not apply to at least as many members that, taken together with other members who have retired since the last General Meeting or have resigned from office at the end of the respective General Meeting, two members may be determined, those members shall retire, who have been in office for the longest period of their term of office. If hereafter the number of eligible members is greater than necessary, a draw shall be made between these members. The drawing of lots shall also decide if the persons leaving the Company have not yet been determined in accordance with the above provisions. The retiring members can be re-elected immediately.
- (3) If an elected member of the Supervisory Board retires from the Supervisory Board during his term of office, a substitute election shall only be held immediately if the number of elected Supervisory Board members falls below three. Substitute elections shall be held for the remaining term of office of the retiring Supervisory Board member unless the General Meeting decides otherwise at the time of election.
- (5) If a member is elected to the Supervisory Board by an Extraordinary Shareholders' Meeting, the first year in office is considered to be completed upon the close of the next Ordinary Shareholders' Meeting.

- (6) Each member of the Supervisory Board may resign from office by giving written notice to the Chairman of the Supervisory Board without giving reasons, subject to a four-week period of notice. If the Chairman of the Supervisory Board is not available or resigns, the declaration must be submitted to the first Deputy Chairman of the Supervisory Board.
- (6) Members of the Supervisory Board may not hold board functions in other companies that compete with group companies.

### **Article 10 Chairman and Deputy Chairman**

- (1) Each year, after the Ordinary Shareholders' Meeting, the Supervisory Board shall elect a Chairman and several Deputy Chairmen from among its members. If more than one Deputies are elected, the Supervisory Board shall determine who the first Deputy is. A substitute election shall be held immediately if the Chairman or the First Deputy Chairman resign from their office.
- (2) If no member obtains an absolute majority, a second ballot shall be held between the persons who have received the most votes. If the second ballot results in a tie, the decision shall be made by lot.
- (3) The Chairman and his or her Deputy or Deputies may be re-elected.
- (4) If the Deputy Chairman chairs the Supervisory Board, he shall have the same rights and obligations as the Chairman.
- (5) Declarations of intent by the Supervisory Board and any committees shall be made by its Chairman and, if he is prevented from doing so, by his Deputy.

### **Article 11 Meetings and Resolutions of the Supervisory Board**

- (1) The Supervisory Board shall adopt its own by-laws.
- (2) Meetings of the Supervisory Board shall be convened by the Chairman and, if he is prevented, by his Deputy by registered letter, fax, e-mail or courier stating the time, place and agenda. The meeting shall be convened with a period of fourteen days between the convening of the meeting and the day of the Supervisory Board meeting at the last address, fax number or e-mail address of the members of the Supervisory Board notified to the Company. In urgent cases, the Chairman may shorten this period.
- (3) By request of the Chairmen, the meeting of the Supervisory Board may also be convened by the Management Board. Such a convocation shall take place in the same manner as the convocation by the Chairman or his Deputy.

- (4) The Supervisory Board shall constitute a quorum if all members of the Supervisory Board have been duly invited and at least three members of the Supervisory Board, including the Chairman or first Deputy Chairman, are present in person. The Supervisory Board's by-laws shall specify the prerequisites under which a newly convened meeting of the Supervisory Board shall constitute a quorum. Meetings of the Supervisory Board are chaired by the Chairman and, if he is prevented from attending, by his Deputy.
- (5) Resolutions shall be adopted by a simple majority of the votes cast. In the event of a tie, the Chairman's vote is decisive - even in elections (casting vote).
- (6) A member of the Supervisory Board may appoint another Supervisory Board member in writing to represent him at a single meeting and may exercise his right to vote in writing, by fax or by e-mail. The Supervisory Board member represented shall not be counted in determining the quorum of a meeting within the meaning of paragraph (4). The right to chair cannot be delegated.
- (7) Minutes shall be kept of the negotiations and resolutions of the Supervisory Board, which shall be signed by the member chairing the meeting.
- (8) Resolutions may also be passed in writing (by letter or fax or e-mail, by telephone) without a meeting if the Chairman or, if he is prevented from doing so, his Deputy orders such a resolution and no member of the Supervisory Board expressly objects to this procedure by means of a declaration to the Chairman and, if he is prevented from doing so, to his Deputy within six working days after receipt of the circular resolution. The prerequisites for the adoption of circular resolutions shall be laid down in the Supervisory Board's by-laws. The provisions of paragraph (5) shall apply to written voting. Representation within the meaning of paragraph (6) is not permitted in this case.
- (9) The Supervisory Board may adopt amendments to the articles of incorporation which only affect the wording.

### **Article 12 Committees**

- (1) The Supervisory Board may form committees from among its members. The tasks and powers of the committees are determined by the Supervisory Board, which may also adopt its own by-laws. The committees may also be given the authority to make decisions, unless mandatory statutory provisions provide for the fulfilment of tasks by the entire Supervisory Board. The committees can be appointed on a permanent basis or for individual tasks.
- (2) With regard to the composition, the convening of meetings, the right to participate, the quorum, the adoption of resolutions and the minutes, unless the Supervisory Board decides otherwise, the provisions applicable to the Supervisory Board shall also apply, taking into account that a

committee may also consist of only two members. If a committee consists of only two members, a quorum shall only be constituted if both members are present.

- (3) The Supervisory Board shall set up an Audit Committee in accordance with section 92 para. 4a of the Austrian Stock Corporation Act.

### **Article 13 Expense Reimbursement**

- (1) The members of the Supervisory Board elected by the General Meeting shall be entitled to an appropriate reimbursement for their activities, which shall be determined annually by the General Meeting. The General Meeting may decide that the reimbursement for a financial year shall be granted in advance and determine the due dates. The members of the Supervisory Board are also entitled to reimbursement of their cash expenses.
- (2) If members of the Supervisory Board undertake a special activity in the interest of the Company, they may be granted special remuneration by resolution of the General Meeting.
- (3) If the function of a Supervisory Board member begins or ends during the fiscal year, the remuneration shall be granted on a pro rata basis
- (4) The members of the Supervisory Board shall be included in a pecuniary loss liability insurance policy for executive bodies and certain executives (Directors & Officers insurance) taken out by the Company in an appropriate amount in the interest of the Company. The premiums for this are paid by the Company.

### **Article 14 Shareholders' Meeting, Convocation**

- (1) Shareholders' Meetings shall be convened by the Management Board or by the Supervisory Board.
- (2) The convocation is to be announced in accordance with Article 3. The announcement shall be made at the latest on the 28<sup>th</sup> day before an ordinary General Meeting, otherwise at the latest on the 21<sup>st</sup> day before the General Meeting.
- (3) Shareholders' meetings shall be held at the registered office of the Company, any branch office or one of its domestic subsidiaries or in a provincial capital of Austria or at any other place in Upper Austria not more than 100 kilometers away from the registered office of the Company.
- (4) The Management Board is authorized, with the consent of the Supervisory Board, to provide in the invitation to the Shareholder's Meeting that the Shareholder's Meeting be broadcast in full or partially in real-time acoustically and, if necessary, optically, for the shareholders that are not

present (transmission of the Shareholder's Meeting, section 102 para. 4 sentence 1 of the Austrian Stock Corporation Act). It may also be provided for public broadcasting of the Shareholder's Meeting (section 102 para. 4 sentence 2 of the Austrian Stock Corporation Act). If the Management Board makes use of this authorization, the respective details must be communicated in the invitation to the meeting.

### **Article 15 Shareholders' Meeting, Participation**

- (1) The entitlement to attend the Shareholder's Meeting and to exercise the shareholder rights to be asserted within the course of the Shareholder's Meeting shall be based on the shareholdings at the end of the tenth day prior to the day of the Shareholder's Meeting (record date).
- (2) Shareholders who wish to attend the Shareholder's Meeting and exercise their voting rights must provide evidence of their shareholding to the Company on the record date.
- (3) A deposit confirmation in accordance with section 10a of the Austrian Stock Corporation Act (AktG) shall suffice to provide evidence of share ownership on the record date, which must be received by the Company at the address specified in the invitation to the Shareholder's Meeting at the latest on the third working day prior to the Shareholder's Meeting, unless a later date is specified in the invitation. The details for the transmission of safe custody receipts shall be published together with the convening of the meeting. The convocation of the Shareholder's Meeting may provide for the transmission of safe custody receipts by fax or e-mail (where the electronic format can be specified in the convening notice) as a means of communication.
- (4) Each shareholder may appoint one or more natural or legal persons as representatives to participate in the Shareholder's Meeting and to exercise his or her shareholder's rights, which are to be asserted within the course of the Shareholder's Meeting. The power of attorney must be issued in text form, transmitted to the Company in accordance with Article 3 para 2 and kept by the Company or recorded in a verifiable manner. The details for the granting of these proxies will be announced together with the convening of the Shareholder's Meeting.
- (5) Members of the Management Board and the Supervisory Board may attend the Shareholder's Meeting by means of a two-way optical and/or acoustic link.

### **Article 16 Voting Rights in the Shareholder's Meeting and Resolutions**

- (1) Each no-par value share shall grant one vote.
- (2) Resolutions of the Shareholder's Meeting require a simple majority of the votes cast, unless mandatory law requires a larger majority. In cases where a majority of capital is required, it shall

pass resolutions by a simple majority of the share capital represented at the passing of the resolution, unless mandatory law requires a larger majority of capital.

- (3) If a simple majority is not obtained in elections in the first ballot, a second ballot shall be made between the two candidates who have received the most votes. In the event of a tie, the decision is made by lot.
- (4) In order to be valid, every resolution of the Shareholder's Meeting shall require notarization by minutes recorded by an Austrian notary public.

### **Article 17 Chairmanship of the Shareholder's Meeting**

- (1) The Shareholder's Meeting shall be chaired by the Chairman of the Supervisory Board and, if he is prevented from attending, by his Deputy. If these are absent, the notary has to preside over the meeting until the election of a Chairman.
- (2) The person chairing the Shareholder's Meeting shall conduct the proceedings and, in particular, determine the order in which the items on the agenda and the speakers are dealt with and, for each item on the agenda, the form and sequence of voting on the motions for resolutions and the procedure for counting votes, unless otherwise mandatorily stipulated by law.
- (3) The language of the Shareholder's Meeting is German.

## **IV. ANNUAL ACCOUNTS AND PROFIT DISTRIBUTION**

### **Article 18 Fiscal Year and Duration of the Company**

- (1) The business year of the Company is the calendar year.
- (2) The Company has been established for an indefinite period.

### **Article 19 Annual Financial Statements and Management Report**

- (1) In the first five months of the financial year, the Management Board shall submit to the Supervisory Board for the previous financial year the documents required under section 222 para 1 of the Austrian Commercial Code, if applicable, a proposal for the appropriation of profit and, if applicable, a separate non-financial report.

- (2) The Supervisory Board shall examine the documents in accordance with para 1 within two months of their submission, declare about this to the Management Board and submit a report to the Shareholder's Meeting.
- (3) If the Supervisory Board approves the annual financial statements, they shall be adopted unless the Management Board and Supervisory Board decide to adopt them by the Shareholder's Meeting.
- (4) The Shareholder's Meeting shall decide within the first eight months of the financial year on the appropriation of the balance sheet profit, the discharge from liability of the members of the Management Board and the Supervisory Board for the past financial year, the election of the auditors and, in the cases provided for by law, the adoption of the annual financial statements. The Shareholder's Meeting is authorized to exclude the distribution of the balance sheet profit in whole or in part. The Management Board shall make the necessary changes to the annual financial statements.

### **Article 20 Distribution of Profit**

- (1) If the Shareholder's Meeting resolves on the distribution of the distributable profit, the distributable profit shall be distributed in proportion to the contributions paid in on the shares. Deposits made in the course of the financial year shall be taken into account in proportion to the time elapsed since they were paid. In the case of new shares issued during the financial year, the date from which the profit entitlement becomes effective shall be determined.
- (2) Dividends are payable to shareholders within 5 (five) bank working days of the Shareholder's Meeting, unless the Shareholder's Meeting determines otherwise.
  - (2) Dividends not received by shareholders within three years of their due date have expired and are allocated to the free reserves of the Company.

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