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Report by the Executive Board to the Annual General Meeting on item 6 of the Agenda on exclusion of the subscription right in accordance with Section 221 (4) sentence 2 German Stock Corporation Act (AktG) in conjunction with Section 186 (3) and (4) sentence 2 German Stock Corporation Act (AktG):

The proposed resolution foresees authorizing the Executive Board, subject to the approval of the Supervisory Board, to issue bearer or registered convertible bonds and/or bonds with warrants, profit participation rights and/or participating bonds (or combinations of these instruments) (referred to collectively as “bonds”) until March 1, 2022 once or several times, with or without a maturity limit, in the total nominal amount of up to € 1,100,000,000.00 and to grant conversion or option rights to the holders or creditors of such bonds for no-par-value bearer shares in the Company representing a proportionate amount of the subscribed capital totaling € 57,544,604.16 as further specified in the terms and conditions of the conversions or options.

The issuance of bonds in the sense described above offers the company the possibility to utilize attractive financing alternatives on the capital market depending on the market situation, in addition to the classic options of taking up borrowings and equity. The authorization to issue profit-dependent or profit-oriented instruments in particular, such as profit participation rights and participating bonds, offers the possibility to strengthen the Company’s funding by issuing so-called hybrid financing instruments and to secure the conditions for future business growth in this way. For the reasons mentioned above, the creation of an authorization to issue bonds is proposed to the participants of the Annual General Meeting. The purpose of the recommended authorization is to align the situation to current market practice and to achieve further flexibility.

The issuance of bonds enables the taking up of borrowings that can be classified as equity or similar to equity according to the arrangement of the bond conditions for rating purposes as well as for accounting purposes. The conversion or option premiums achieved and the inclusion in equity benefit the capital base. The additional foreseen possibilities of stipulating conversion obligations and the Company’s rights to offer shares or combining convertible bonds, bonds with warrants, profit participation rights and/or participating bonds, in addition to granting conversion and/or option rights, expand the scope for arranging these financial instruments. Moreover, the authorization enables the Company to place the bonds itself or through its direct or indirect affiliated holding companies. Aside from euros, the bonds can be issued in other currencies, for example the legal currency of an OECD country, with or without a maturity limit.

For bonds that grant a conversion or option right, the conditions of the bonds to increase flexibility can have a provision that the Company does not grant an owner of a conversion or an owner of an option no-par-value bearer shares of the Company but pays the equivalent in cash. It shall also be permissible to arrange for a combination of these forms of fulfillment. Furthermore, it can also be arranged that the number of shares to be drawn upon exercising the option or conversion rights or after fulfilling the conversion or option obligations or the issuer’s right to offer, or a conversion right related to this, is variable and/or the conversion or option price can be changed during the term depending on the share price or as a result of provisions to protect against dilution.

The authorization has a provision that the conversion or option price must amount to at least 80 % of the average price of the Company's shares defined in detail in the authorization in each case. Since the conversion or option price can be arranged as the lowest price, the authorization also has a provision that the conversion price and the exchange ratio in the conditions for convertible bonds can also be determined variably, especially depending on the share price or as a result of provisions to protect against dilution during the term. If bonds include a conversion/option obligation or the Company's right to offer shares, the conversion/option price can also correspond to the average volume-weighted price of the Company's share on at least three trading days in Xetra trade (or a comparable successor system) directly before the conversion/option price is determined (pursuant to the respective conditions). This also applies if this average price is below the minimum price (80 %) mentioned above.

If the economic value of the existing conversion or option rights is diluted during the term of a bond (e.g. by a capital increase), the conversion or option rights are adjusted in a way that preserves their value, irrespective of Section 9 (1) German Stock Corporation Act (AktG), insofar as the adjustment is not already required by law. Such adjustments can be provided by granting subscription rights, by changing the conversion/option price and by changing or granting cash components.

The shareholders shall be granted a subscription right. To ease processing, there must also be an option to issue the bonds to credit institutes or companies within the meaning of Section 186 (5) sentence 1 German Stock Corporation Act (AktG) with the obligation that the bonds be offered to shareholders for subscription in accordance with their subscription right. However, an exclusion of the subscription right shall be possible under the conditions listed below:

If convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with a conversion right, option right or conversion obligation, or the Company's right to offer) shall be issued with a conversion or an option right or a conversion obligation, the Executive Board shall be authorized, subject to the approval of the Supervisory Board, to exclude the subscription right in commensurate application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG), insofar as the issuance of shares that are to be issued due to bonds issued under this authorization is limited to up to 10 % of the Company's subscribed capital. This upper limit for the simplified exclusion of subscription rights is decreased by the proportionate amount of the subscribed capital that is allotted to the shares or convertible bonds and/or bonds with warrants that were issued or sold since March 2, 2017, excluding the subscription right, in direct or commensurate application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG). These inclusions ensure that – subject to a new resolution at the Annual General Meeting – no bonds will be issued if this would lead to the shareholders' subscription rights being excluded for a total of more than 10 % of the subscribed capital in direct or commensurate application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG) without a particular objective reason. This more far-reaching restriction is in the interests of the shareholders, who want as far as possible to maintain their investment holdings when capital measures are carried out.

In case of such an exclusion of subscription rights, a requirement not to set the issue price of the bonds significantly below the market value results from the corresponding application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG). This accommodates shareholders' protection requirement as regards dilution of their shareholdings. The value of a subscription right would virtually decrease to zero due to not setting the issue price of the bonds significantly below the calculated market value as provided for in the authorization. In order to safeguard this requirement for the issuance of bonds, the issue price may not be significantly below the theoretical value of the convertible bonds or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) determined using accepted finance mathematical methods. The protection of the shareholders from dilution of their shareholdings is then ensured and there is no economic disadvantage for the shareholders due to an exclusion of the subscription right. Shareholders who would like to maintain their share of the subscribed capital or acquire bonds corresponding to their investment holdings can attain this with an additional purchase via the market.

Nevertheless, the inclusion of other exclusions of subscription rights in direct or commensurate application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG) provided for in the authorization are no longer justified if the participants of the Annual General Meeting pass a resolution about the authorization that led to the inclusion again. The reason for the inclusion ceases to exist again due to the new resolution. The proposed resolution on item 6 of the Agenda of the Annual General Meeting on March 2, 2017 thus foresees that an inclusion that is carried out be canceled again if the participants of the Annual General Meeting pass a new authorization to issue convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) with the possibility of excluding the subscription right corresponding to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) after issuing convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) in commensurate application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG). Likewise, an inclusion that has been carried out shall be canceled if the participants of the Annual General Meeting pass a new authorization to sell own shares in accordance with Section 71 (1) No. 8 and Section 186 (3) sentence 4 German Stock Corporation Act (AktG) or to issue new shares in accordance with Section 203 (2) and Section 186 (3) sentence 4 German Stock Corporation Act (AktG) following a sale of own shares in accordance with Section 71 (1) No. 8 and Section 186 (3) sentence 4 German Stock Corporation Act (AktG). If convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) or new shares from authorized capital can be issued under simplified exclusion of subscription rights again or own shares can be sold under simplified exclusion of subscription rights again, the power of simplified exclusion of subscription rights shall also be in place again for the authorization to issue convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer). When the new power of simplified exclusion of subscription rights takes effect, the barrier with regard to the issuance of convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) that results from the exercise of the authorization to issue convertible bonds and/or bonds with warrants, to issue new shares from authorized capital or to sell own shares ceases to exist. Since the majority requirements for such a resolution are identical to those for a resolution on the creation of an authorization to issue convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) with the possibility of excluding the subscription right corresponding to Section 186 (3) sentence 4 German Stock Corporation Act (AktG), a confirmation with respect to the resolution on the power to issue convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) in accordance with Section 221 (4) sentence 2 and Section 186 (3) sentence 4 German Stock Corporation Act (AktG) is also evident at the same time in the resolution of the Annual General Meeting on the creation of a new authorization to issue convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) with the option of excluding the subscription right corresponding to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) or a new authorization to issue new shares from authorized capital with the possibility of excluding subscription rights in accordance with Section 203 (2) and Section 186 (3) sentence 4 German Stock Corporation Act (AktG) or a new authorization to sell own shares in accordance with Section 71 (1) No. 8 and Section 186 (3) sentence 4 German Stock Corporation Act (AktG).

The inclusion is carried out again if there is a new exercise of an authorization to exclude subscription rights in direct or commensurate application of Section 186 (3) sentence 4 German Stock Corporation Act (AktG). As a result, this regulation, in combination with the identical recognition rules in conjunction with the other powers of exclusion of subscription rights in accordance with or corresponding to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) in the sale of own shares (item 7 on the Agenda of the Annual General Meeting on February 28, 2013) and in the authorization to issue new shares from authorized capital (item 6 on the Agenda of the Annual General Meeting on February 24, 2016) thus leads to (i) the Executive Board being able to make use of the simplified exclusion of the subscription right in accordance with or corresponding to Section 186 (3) sentence 4 German Stock Corporation Act (AktG) only one time in total during the (remaining) term of the power without a new resolution at the Annual General Meeting and (ii) in the case of a new resolution at the Annual General Meeting, the Executive Board being free to choose whether it makes use of the simplifications of Section 186 (3) sentence 4 German Stock Corporation Act (AktG) within the legal limits in connection with the issuance of convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option/conversion obligation or right to offer) in return for a cash payment, the issuance of new shares from authorized capital against cash contributions or the sale of own shares in return for a cash payment during the (remaining) term of the authorization.

In accordance with legal regulations, these provisions accommodate shareholders' protection requirement as regards dilution of their shareholdings.

Insofar as profit participation rights or participating bonds shall be issued without a conversion right, an option right or an option/conversion obligation, the Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' subscription rights overall if these profit participation rights or participating bonds have features similar to bonds, i.e. if they do not convey any membership rights in the Company, if they do not grant a share in the liquidation proceeds and if the amount of interest is not calculated based on the amount of the net income, the unappropriated earnings or the dividend. Furthermore, it is required that the interest and the issue amount of the profit participation rights or participating bonds correspond to the current market conditions at the time of issue. If the conditions mentioned are fulfilled, no disadvantages result for the shareholders from the exclusion of subscription rights, as the profit participation rights or participating bonds do not convey any membership rights and do not grant a share in the liquidation proceeds or in the profit of the Company. There can be a provision that the interest depends on the existence of net income, unappropriated earnings or a dividend. However, a regulation according to which a higher net income, higher unappropriated earnings or a higher dividend would lead to higher interest would not be permitted. Therefore, neither the voting right nor the investment of the shareholders in the Company and its profit will be changed or diluted due to the issuance of the profit participation rights or participating bonds. Moreover, no considerable subscription right value arises due to the conditions for issuance in line with the market, which are bindingly stipulated for this case of exclusion of subscription rights.

The options for excluding subscription rights outlined above enable the Company to exploit favorable situations on the capital market at short notice and to use a low interest level or a favorable demand situation for an issuance flexibly and at short notice. A decisive factor is that, in contrast to an issuance of bonds with subscription rights, the issue price can be determined directly before the placement, which prevents an increased risk of price changes for the duration of a subscription period and allows the issue proceeds to be maximized in the interest of all shareholders. Furthermore, additional benefits arise from the cancellation of the lead time connected with the subscription rights with regard to the costs of borrowing as well as with regard to the placement risk. A placement without subscription rights can reduce the safety margin otherwise required and the placement risk, and decrease the price of borrowing accordingly for the benefit of the Company and its shareholders.

Furthermore, the Executive Board shall be authorized, subject to the approval of the Supervisory Board, to exclude the shareholders' subscription rights to the bonds if the bonds are issued against assets in kind or non-cash benefits, especially in the course of company mergers or for the acquisition (even indirect) of companies, plants, business units, stakes or other assets or claims to the acquisition of assets, including receivables against the Company or its affiliates. The condition is that the value of the non-cash benefit is in adequate proportion to the value of the bond. In the case of convertible bonds and/or bonds with warrants (or profit participation rights, or participating bonds with a conversion right, option right or conversion/option obligation, or the Company's right to offer), the theoretical market value determined using recognized methods applies. The issuance of bonds against non-cash benefits opens up the possibility to be able to use the bonds, in suitable individual cases, as acquisition currency in connection with the acquisition of companies, business units or stakes in companies. As a supplement to the authorized capital, this therefore creates the scope to be able to utilize opportunities to acquire companies, business units or stakes in companies that may present themselves in a way that preserves liquidity. Depending on the circumstances of the individual case, this type of approach can be useful under the aspect of an optimal financing structure.

Furthermore, the Executive Board is authorized, subject to the approval of the Supervisory Board, to exclude fractional amounts from subscription rights. Such fractional amounts can arise from the amount of the respective issue volume and the necessity of presenting a feasible subscription ratio. An exclusion of subscription rights simplifies the handling of the issue in these cases. The free fractions excluded from shareholders' subscription rights will be utilized in the Company's best interest by selling them on the stock exchange or in another way.

In addition, the Executive Board shall obtain the possibility, subject to the approval of the Supervisory Board, to exclude the shareholders' subscription rights in order to grant holders or creditors of conversion or option rights, or of bonds to compensate for dilutions which include conversion/option obligations, or the Company's right to offer shares, a subscription right to the same extent as they would be entitled after exercising the conversion or option rights or after fulfilling the conversion obligations. The terms and conditions of the options and conversions generally contain clauses that protect the holders or creditors of option or conversion rights from dilution. This allows these financing instruments to be better placed on the market. Subscription rights of holders of already existing option or conversion rights offer the possibility of preventing the option or conversion price from having to be reduced for the holders of already existing option or conversion rights if the authorization is exercised. This ensures a higher issue price of the no-par-value bearer shares to be issued when the option or conversion is exercised. Since this simplifies the placement of the issue, the exclusion of subscription rights serves the shareholders' interest in an optimal financial structure for their Company.

The suggested limitation to the total volume of capital increases excluding subscription rights to a total of 20 % of the Company's share capital, both at the time the existing authorization goes into effect and – if this value is lower – at the time the existing authorization is exercised while offsetting other capital increases excluding subscription rights at the same time, corresponds in terms of content to the Executive Board's voluntary declaration of commitment regarding point 6 of the Agenda of the Annual General Meeting on February 24, 2016. Due to this additional quantitative limitation that extends beyond the legal restrictions, any negative impact on shareholders' interests is kept within narrow limits. However, offsetting that has been carried out shall be canceled again if the authorization to exclude subscription rights that led to offsetting against the previously mentioned 20 % limit is reissued by the participants of the Annual General Meeting.

If the suggested authorization is exercised, the Executive Board will report on it in the next Annual General Meeting.

The conditional capital increase suggested for a resolution under item 6 of the Agenda will be used to issue no-par-value bearer shares to the holders or creditors of convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with an option or conversion right, option obligation or right to offer) that are issued by the Company or its direct or indirect affiliated holding companies for a cash contribution and that grant or stipulate a conversion or option right or a conversion/option obligation for, or rights to offer, new no-par-value bearer shares of the Company due to the authorization to be passed at the Annual General Meeting on March 2, 2017 under item 6 of the Agenda. Alternatively, own shares or other forms of fulfillment can also be used for this purpose within the legal limits. However, the conditional capital arranged is not intended to serve conversion/option rights associated with convertible bonds and/or bonds with warrants (or profit participation rights or participating bonds with a conversion/option right, conversion/option obligation or the issuer's right to offer) issued against non-cash benefits, or to fulfill conversion/option obligations or the Company's right to offer shares.

Hamburg, January 2017

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