

RHI AG

Vienna, FN 103123b

**Resolutions proposed
by the Management Board and Supervisory board
for the Extraordinary General Meeting
on 4 and 5 August 2017**

- 1. Resolution on the demerger, namely**
 - a) Consent to the transfer of the entire business operations of RHI AG, including the equity interests listed in section 4.10.1 of the Demerger and Acquisition Agreement, by means of a demerger by absorption pursuant to Section 1 para. 2 no. 2 in conjunction with Section 17 of the Demerger Act, taking advantage of the tax benefits provided for under Article VI of the Reorganisation Tax Act, from RHI AG as the transferring company to RHI Feuerfest GmbH, with its registered office in Vienna, FN 442121 d, as the acquiring company under the terms of the Demerger and Acquisition Agreement of 23 June 2017, as at the effective date of the demerger, 31 December 2016 (24:00 CET), and**
 - b) Consent to the conclusion of the Demerger and Acquisition Agreement relating thereto.**

The management board and supervisory board recommend that the general meeting adopts the following resolution:

"The general meeting gives its (a) consent to the transfer of the entire business operations of RHI AG, including the equity interests listed in section 4.10.1 of the Demerger and Acquisition Agreement, by means of a demerger by absorption pursuant to Section 1 para. 2 no. 2 in conjunction with Section 17 of the Demerger Act, taking advantage of the tax benefits provided for under Article VI of the Reorganisation Tax Act, from RHI AG as the transferring company to RHI Feuerfest GmbH, with its registered office in Vienna, FN 442121 d, as the acquiring company under the terms of the Demerger and Acquisition Agreement of 23 June 2017, as at the effective date of the demerger, 31 December 2016 (24:00 CET), and gives its (b) consent to the conclusion of the Demerger and Acquisition Agreement relating thereto. The management board of RHI AG is herewith authorised, at its discretion and in agreement with the management of RHI Feuerfest GmbH, to file an application requesting that the demerger be entered in the Companies Register only if (i) no applications or actions for annulment are pending in respect of the demerger or the resolutions relating thereto, especially the resolutions regarding the merger that are to be adopted by the general meeting of RHI AG, or (ii) such applications or actions are – following a legal review – unlikely to prevent the demerger and/or the merger

from being entered in the Companies Register (and consequently prevent their entry into force and consequently the entry into force of all resolutions relating thereto). In the event of a delay in registering the demerger and merger and the associated resolutions due to pending applications and actions for annulment, the management board of RHI AG is by mutual agreement authorised, with the approval of the supervisory board and in agreement with the management of RHI Feuerfest GmbH and the board of directors of RHI-MAG N.V. – and without requiring the adoption of a further resolution at a general meeting – to cancel the merger agreement not yet entered in the Companies Register with retroactive effect to 31 December 2016 and to withdraw the application for the merger to be entered in the Companies Register."

Explanation:

The intended demerger is the first stage of a two-stage reorganisation; the second stage – the cross-border merger – is the subject of the second item on the agenda. Despite being independent measures from a legal perspective, there exists a close technical and economic link between the demerger and the merger.

In accordance with the Demerger and Acquisition Agreement, the validity of the Demerger and Acquisition Agreement is conditional upon (a) its approval by the general meeting of RHI AG and the annual general meeting of RHI Feuerfest GmbH, and upon (b) the approval of the merger by the general meeting of RHI AG and the general meeting of RHI-MAG N.V.

The authorisations contained in the proposed resolution should enable the corporate bodies of RHI AG to react with the necessary flexibility to any legally relevant events which may concern the two-stage reorganisation as a whole.

2. Resolution on the cross-border merger, namely

- a) Consent to the cross-border merger by absorption of RHI AG as the transferring company by way of universal succession through the transfer of its assets in their entirety, including all assets and liabilities, rights and obligations and excluding liquidation, to RHI-MAG N.V., with its registered office in Arnhem, the Netherlands, registered with the Commercial Register of the Dutch Chamber of Commerce under registration no. 68991665, as the acquiring company in accordance with the statutory provisions of the EU Mergers Act and the Dutch Civil Code and pursuant to the provisions of the merger terms dated 23 June 2017, subject to the acquiring company giving its explicit consent that the shareholders of RHI AG can initiate proceedings under Section 225c et seq. of the Stock Corporation Act regarding a review of the exchange ratio and that the shareholders of RHI AG who have objected can initiate review proceedings under Section 11 of the EU Mergers Act concerning the cash settlement, in each case before the Commercial Court of Vienna (declarations of submission), and by taking advantage of the tax benefits provided for under Article I of the Reorganisation Tax Act, as at the effective date of the merger, 31 December 2016 (24:00 CET), and**

- b) **Consent to the merger terms dated 23 June 2017, and**
- c) **Consent to the application of the standard rules applicable to employee participation, as provided for in Article 1:31 paragraphs 2 and 3 of the Dutch Act on Employee Participation in European Companies (*Wet rol werknemers bij de Europese vennootschap*) (standard rules) in accordance with Section 2:333k para. 12 of the Dutch Civil Code.**

The management board and supervisory board recommend that the general meeting adopts the following resolution:

*"The general meeting gives its (a) consent to the cross-border merger by absorption of RHI AG as the transferring company by way of universal succession through the transfer of its assets in their entirety, including all assets and liabilities, rights and obligations and excluding liquidation, to RHI-MAG N.V., with its registered office in Arnhem, the Netherlands, registered with the Commercial Register of the Dutch Chamber of Commerce under registration no. 68991665, as the acquiring company in accordance with the statutory provisions of the EU Mergers Act and the Dutch Civil Code and pursuant to the provisions of the merger terms dated 23 June 2017, subject to the acquiring company giving its explicit consent that the shareholders of RHI AG can initiate proceedings under Section 225c et seq. of the Stock Corporation Act regarding a review of the exchange ratio and that the shareholders who have objected can initiate review proceedings under Section 11 of the EU Mergers Act concerning the cash settlement, in each case before the Commercial Court of Vienna (declarations of submission), and by taking advantage of the tax benefits provided for under Article I of the Reorganisation Tax Act, as at the effective date of the merger, 31 December 2016 (24:00 CET), and gives its (b) consent to the merger terms dated 23 June 2017 and the general meeting gives its (c) consent to the application of the standard rules applicable to employee participation, as provided for in Article 1:31 paragraphs 2 and 3 of the Dutch Act on Employee Participation in European Companies (*Wet rol werknemers bij de Europese vennootschap*) (standard rules) in accordance with Section 2:333k para. 12 of the Dutch Civil Code."*

Explanations:

1. Two-stage reorganisation

The intended cross-border merger is the second stage of a two-stage reorganisation process; the first stage – the demerger – is the subject of the first item on the agenda. Despite being independent measures from a legal perspective, there exists a close technical and economic link between the demerger and the merger.

2. Conditions precedent

According to the merger terms, the implementation of the merger is conditional upon the fulfilment of – or, to the extent permissible by law, upon the issuance of a waiver by both companies involved in the merger regarding – the following conditions:

- (i) the fulfilment of the listing criteria for the admission of the RHI-MAG N.V. shares allotted in the course of the merger to the RHI Shareholders to the

London Stock Exchange has been confirmed by the issuance of a *Confirmation of Eligibility* by the UK Listing Authority;

- (ii) no governmental entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any order or act which is in effect and prohibits consummation of the merger in accordance with the terms set forth herein and no order shall have been enacted, entered, promulgated or enforced by any governmental entity of competent jurisdiction which prohibits or makes illegal the consummation of the merger;
- (iii) the aggregate amount of cash, if any, required to be paid to RHI shareholders exercising cash exit rights under Section 10 of the Austrian EU Mergers Act, shall not exceed in the aggregate EUR 70,000,000.00;
- (iv) the approval of the demerger and merger by the extraordinary general meeting of RHI AG;
- (v) the approval of the demerger by the general meeting of RHI Feuerfest GmbH;
- (vi) the approval of the merger by the general meeting of RHI-MAG N.V.; and
- (vii) the registration of the demerger with the Companies Register at the Commercial Court of Vienna, Austria .

3. Participation under employment law

Currently, there is no employee participation within the meaning of Council Directive 2001/86/EC at the level of RHI-MAG N.V.. There is employee participation at the level of RHI as required under the Austrian Labour Relations Act (*Arbeitsverfassungsgesetz*). The RHI AG group's works council (*Konzernbetriebsrat*) currently has the right to appoint one third (rounded up) of the members of the supervisory board of RHI AG. As RHI employs more than 500 employees on average, it is in principle required to negotiate the employee participation rights that will apply after the Merger at RHI-MAG N.V. with a special negotiating body that must be set up for that purpose. However, the management bodies of the companies have agreed to propose to the general meetings of both RHI AG and RHI-MAG N.V. that the standard rules applicable to employee participation, as mentioned in Article 1:31 paragraphs 2 and 3 of the Dutch Act on Employee Participation in European Companies (*Wet rol werknemers bij de Europese vennootschap*) (standard rules) should be applied instead, in accordance with Section 2:333k para. 12 of the Dutch Civil Code.

The Standard Rules stipulate that after the merger, the employee representatives must have the right to appoint a number of non-executive directors of RHI-MAG N.V. equal to the number of supervisory board members that employee representatives are currently entitled to appoint at RHI AG. As the employee representatives at RHI AG are currently entitled to appoint one third (rounded upwards) of the supervisory board members, the employee representatives must also be granted the right to appoint 1/3rd of the non-executive directors of RHI-MAG N.V. after the merger. The board of RHI-MAG N.V. will consist of seventeen (17) non-executive directors. Hence, upon the merger becoming effective, six (6) non-executive directors may be

appointed by the employee representatives (being 1/3rd of the total number of non-executive directors of RHI-MAG N.V., rounded upwards) and RHI-MAG N.V.'s articles of association will reflect the same.

The distribution of seats on the board of RHI-MAG N.V. that are to be occupied by employees must take all employees of the RHI Group employed within the European Union into account and this will be decided by the competent body, being the European Works Council of RHI AG. This decision must comply with specific distribution rules. When applying these rules, it is likely that the seats will be distributed as follows: There will be eleven non-executive directors on the board of directors of RHI-MAG N.V. appointed by shareholders, meaning employees may appoint six employee representatives as non-executive directors on the board of directors of RHI-MAG N.V. (one third parity) in accordance with the Standard Rules. These six seats would be distributed as follows:

Austria: 1 seat

The Netherlands: 1 seat

Germany: 1 seat

Italy: 1 seat

United Kingdom: 1 seat

Ireland: 1 seat

After the seats are distributed, the employees in each EU Member State entitled to a seat can appoint their representatives on the board of directors of RHI-MAG N.V. in accordance with local laws. In Austria the group's works council is responsible for making such an appointment.

4. Declarations of submission relating to review proceedings

In the merger terms, provision is made that the acquiring company RHI-MAG N.V. will issue declarations of submission relating to the initiation of review proceedings under Austrian law and before the Commercial Court of Vienna. These declarations of submission form part of the merger resolution of the general meeting of RHI-MAG N.V. By virtue of these declarations of submission, the general meeting of RHI-MAG N.V. agrees to the detailed rules of Sections 11 and 12 of the EU Mergers Act and to them forming an integral part of the merger resolution, it being understood that (a) the shareholders of RHI AG can initiate proceedings under Section 225c et seq. of the Stock Corporation Act regarding a review of the exchange ratio, and (b) the shareholders who have objected can initiate review proceedings under Section 11 of the EU Mergers Act concerning the cash settlement to be paid pursuant to Section 10 of the EU Mergers Act, in each case before the Commercial Court of Vienna.

Provision is made for these declarations of submission in the merger terms. Thus, in connection with this merger the shareholders of RHI AG have the possibility, pursuant to the detailed rules of Sections 11 and 12 of the EU Mergers Act, in each case in conjunction with Section 225c et seq. of the Stock Corporation Act, to ask the Commercial Court to review the exchange ratio and/or the size of the cash settlement for the shareholders who have objected.

3. Resolution on the formal approval of the actions of the members of the management board for the period from 1 January 2017 up to and including 4 August 2017.

The management board and supervisory board recommend that the general meeting formally approves the actions of the members of the management board in office for the period from 1 January 2017 up to and including 4 August 2017.

Explanation:

RHI AG will cease to exist without being liquidated as a result of the cross-border merger. In connection with such reorganisations, it is legally admissible and also standard practice for the final general meeting of the company that will cease to exist during the course of the reorganisation to approve the actions of the management board for the current financial year up until the day on which the resolution is adopted. Consequently, a clear demarcation is made between the transferring company and its universal successor. The legal effect of approving the actions of the board is limited to a certain extent by the fact that the approval for the current financial year cannot be drawn up on the basis of an annual financial statement. The proposed approval of actions is therefore only based on the information already known and made available to the shareholders for the current financial year.

4. Resolution on the formal approval of the actions of the members of the supervisory board for the period from 1 January 2017 up to and including 4 August 2017.

The management board and supervisory board recommend that the general meeting formally approves the actions of the members of the supervisory board in office for the period from 1 January 2017 up to and including 4 August 2017.

Explanation:

RHI AG will cease to exist without being liquidated as a result of the cross-border merger. In connection with such reorganisations, it is legally admissible and also standard practice for the final general meeting of the company that will cease to exist during the course of the reorganisation to approve the actions of the supervisory board for the current financial year up until the day on which the resolution is adopted. Consequently, a clear demarcation is made between the transferring company and its universal successor. The legal effect of approving the actions of the board is limited to a certain extent by the fact that the approval for the current financial year cannot be drawn up on the basis of an annual financial statement. The proposed approval of actions is therefore only based on the information already known and made available to the shareholders for the current financial year.

5. Resolution on remuneration for the supervisory board for the 2017 financial year.

The management board and supervisory board recommend setting the remuneration for the members of the supervisory board of RHI AG for the 2017 financial year as follows:

- EUR 20,000.00 (twenty thousand euros) for members of the supervisory board,
- EUR 35,000.00 (thirty-five thousand euros) for the deputy chairman of the supervisory board,
- EUR 35,000.00 (thirty-five thousand euros) for the chairman of the audit committee, and
- EUR 50,000.00 (fifty thousand euros) for the chairman of the supervisory board,

where appropriate, aliquoted on a pro rata temporis basis.

The attendance fee for the 2017 financial year is to be fixed at EUR 700.00 (seven hundred euros) payable to each member of the supervisory board for each meeting he or she attends and the same amount is to be paid to each committee member for each committee meeting he or she attends.

Explanation:

The supervisory board of RHI AG will cease to exist at the same time at which RHI AG ceases to exist. It therefore makes sense and is legally admissible for a decision to be taken on the (pro rata) remuneration of members of the supervisory board for the current financial year during the general meeting that adopts a resolution on the cross-border merger.
