

**Report of the Management Board
of RHI AG**

Vienna, FN [Business Register Number] 103123 b

on the authorisation of the Management Board to acquire treasury shares over the counter and to dispose of them other than via the stock exchange or a public offering (item 8 on the agenda)

Pursuant to Section 65 (1b) of the Austrian Stock Corporations Act [*Aktiengesetz/AktG*] in conjunction with Section 170 (2) *AktG* and Section 153 (4) 2nd sentence *AktG* the members of the Management Board render the following report of the Management Board of RHI AG, whose registered office is in Vienna, to the shareholders' meeting of RHI AG which will be held on 5 May 2017.

1. The Management Board and the Supervisory Board of the Company intend to propose to the Company's shareholders' meeting which will be held on 5 May 2017 to resolve on item 8 on the agenda as follows:

(a) Pursuant to Section 65 (1) No. 4, (1a) and (1b) *AktG* the Management Board shall be authorised to acquire no-par value bearer shares of the Company in the amount of up to 12,000 no-par value shares at the stock market price on the day on which the authorisation is exercised both via the stock exchange and over the counter during a term of thirty (30) months from 5 May 2017. Trading in treasury shares shall be excluded as the purpose of the acquisition. The authorisation may be exercised in whole or in part or in several tranches by the Company, a subsidiary (Section 228 (3) of the Austrian Business Code [*UGB*]) or by third parties for the account of the Company.

The Management Board of RHI AG can resolve on acquisition via the stock exchange, but the Supervisory Board must be notified of such resolution afterwards. Over the counter acquisition is subject to the Supervisory Board's prior approval.

(b) Pursuant to Section 65 (1b) *AktG* the Management Board shall be authorised for a duration of five years from 5 May 2017 to resolve on a way to dispose of or use treasury shares other than via the stock exchange or a public offering subject to the Supervisory Board's approval, applying the regulations on exclusion of subscription rights of the shareholders *mutatis mutandis*, and to define the terms and conditions of such disposal. The authorisation may be exercised in whole or in part or in several tranches by the Company, a subsidiary (Section 228 (3) *UGB*) or by third parties for the account of the Company for the purpose of implementation of a scheme for staff participation for issuing shares to staff and executive employees of the Company and to members of the management, executive employees and staff of companies affiliated with the Company (continuation of the "4+1 staff participation scheme").

2. With regard to the option to acquire treasury shares over the counter as defined in Section 65 (1) No. 4 *AktG* and to dispose of treasury shares acquired in accordance with Section 65 (1b) *AktG* other than via the stock exchange or a public offering the Management Board must present a written report on the reason for the ensuing exclusion of the subscription rights or for exclusion of the pro-rata right of disposal (reversed exclusion of subscription rights) that results from over the counter acquisition, if any, pursuant to Section 65 (1b) *AktG* in conjunction with Section 170 (2) *AktG* and Section 153 (4) 2nd sentence *AktG*.

Over the counter acquisition of treasury shares by the Company's Management Board is subject to the Supervisory Board's prior approval and treasury shares acquired by the Company may be disposed of by the Management Board other than via the stock exchange or a public offering only subject to the Supervisory Board's approval. The Management Board of RHI AG can resolve on acquisition via the stock exchange, but the Supervisory Board must be notified of such resolution afterwards.

3. Treasury shares acquired in accordance with Section 65 (1) No. 4, (1a) and (1b) *AktG* can be disposed of other than via the stock exchange or a public offering if they are disposed of under the 4+1 staff participation scheme, i.e. if the shares are granted to members of staff and executive employees of the Company and to members of the management, executive employees and staff of companies affiliated with the Company. Pursuant to Section 153 (5) *AktG* preferential issuing of shares to staff and executive employees of the Company and to members of the management, executive employees and staff of companies affiliated with the Company constitutes a sufficient reason for exclusion of the subscription rights.
4. In summary the Management Board of RHI AG arrives at the conclusion that granting the Company's Management Board authorisation to acquire treasury shares over the counter or, if necessary, to dispose of them subject to the Supervisory Board's approval in a way other than via the stock exchange or a public offering as defined in Section 65 (1) No. 4, (1a) and (1b) *AktG* is in full compliance with the statutory provisions.

Vienna, 3 April 2017

The Management Board