

**MINUTES**  
**of the Annual General Meeting of Shareholders**  
**of AMG Advanced Metallurgical Group N.V.**  
**held on May 3<sup>rd</sup>, 2013**

**1. Opening**

Mr. Pedro Pablo Kuczynski, Chairman of the Supervisory Board, opens the Annual General Meeting of shareholders of AMG Advanced Metallurgical Group N.V. ("AMG"). He extends a warm welcome to all present. He introduces Dr. Heinz Schimmelbusch, Chairman of the Management Board and CEO; Mr. Eric Jackson, President Advanced Materials and Chief Operating Officer; Mr. Jack Messman, Vice Chairman of the Supervisory Board and Chairman of the Remuneration Committee; Mr. Guy de Selliers, Chairman of the Audit Committee; Mr. Norbert Quinkert, Chairman of the Selection and Appointment Committee; Dr. Martin Hoyos, Supervisory Board member.

As has been announced a few days ago, Mr. Levy will step down as CFO once his term as member of the Management Board ends on May 13<sup>th</sup>. He will act as a senior adviser until then. Accordingly, Mr. Kuczynski is pleased to introduce Mr. Levy's successor as CFO, Ms. Amy Ard. The Supervisory Board intends to nominate Ms. Ard for appointment as a member of the Management Board by the General Meeting at the earliest available opportunity.

As the Company announced this morning, General Wesley Clark has asked to withdraw his nomination for reappointment as a Supervisory Board member for another term of four years and thus he will step down when his term ends on May 13<sup>th</sup>. The Supervisory Board deeply regrets, but respects, the decision of General Clark and thanks him for the six years of service on the AMG Supervisory Board.

Also attending this meeting are Professor Steve Hanke and Ms. Ute Wolf. As noted in the agenda of this meeting, the Supervisory Board proposes to the General Meeting to appoint Professor Hanke and Ms. Wolf as members of the Supervisory Board.

Also attending this meeting is Mr. Ludo Mees, General Counsel and Secretary of the Supervisory Board.

Mr. Kuczynski welcomes to the meeting the Dutch legal advisers Mr. Clumpkens and Ms. Kruitbosch of the law firm De Brauw, Blackstone, Westbroek. He also welcomes the external auditor Mr. Van der Sanden of the accounting firm Ernst & Young. Mr. Van der Sanden may be questioned on his auditor's report and his audit activities regarding the Company's 2012 financial statements. The Chairman welcomes Ms. Lombert of TMF Netherlands. She will vote on behalf of shareholders who have indicated that they wanted to be represented at this meeting and have not appointed their own representative. Following each vote, Ms. Lombert will inform all present whether or not at a specific voting item the required majority has voted in favour of the relevant proposal.

The Chairman informs the shareholders that the proceedings of the meeting will be recorded, only for internal purposes and use, to facilitate the preparation of the minutes. The official language of the meeting is English. Once the information is available, the Chairman will inform all present about the number of shares represented in this meeting.

The Chairman informs the shareholders that for each specific agenda item, only questions regarding that particular agenda item may be asked. He asks all present to use the microphone when voting or

asking a question and to state their name, as well as the name of the person or Company they represent.

#### *Voting procedure*

Ms. Lombert explains the voting procedure. The Company has reviewed the possibility of using an electronic voting system for this meeting, but because very few shareholders or proxy holders are attending this meeting, the Company decided not to utilize such a quite costly voting system. Instead, the Company proposes to vote on each voting item by acclamation for practical reasons. Before each proposal that is put to a vote, the text of the proposal will be shown on the screen. Ms. Lombert kindly requests all present to raise their hands if they would like to vote against a proposal that is shown on the screen or if they would like to abstain from voting. They should state their name and the name of the shareholder on behalf of which they vote against the proposal or abstain from voting, as well as the number of shares for which they vote against the proposal or abstain from voting. If shareholders do not raise their hands, this means they vote in favour of the proposal that is put to a vote.

Mr. Kuczynski asks if there are any questions about the procedures of the meeting. There are no questions.

### **1. Report of the Management Board for the financial year 2012 including discussion of the Annual Report 2012**

The Chairman invites Dr. Schimmelbusch to present the report of the Management Board.

Dr. Schimmelbusch thanks the Chairman and summarizes the report according to the Table of Contents. The Table of Contents includes: critical raw materials, organization, management, markets, operations and sustainability.

#### *Raw materials*

AMG is a critical raw materials company and the presented matrix shows where the Company is active. The yellow signs show where the Company is not only engaged in production, but also in engineering. The metals indicated are melted in furnaces constructed by AMG Engineering Systems. Despite the criticality of metals, they can be very volatile. The long-term trend is driven by scarcity and volatility, as can be seen from the events in 2011 and 2012. The prices of almost all metals at the beginning of 2012 were down using average quarterly prices. One exception to that trend was natural graphite, which had a big upward swing. Another exception was tantalum, in which AMG is essentially the market. Therefore, AMG has an interest in higher prices.

#### *Organization*

In regard to the organization, the Company has announced that it now has three divisions: AMG Engineering, AMG Mining and AMG Processing. The difference between the Processing and Mining segments is that the management culture in processing is oriented vis-à-vis supply and demand and has to be co-ordinated harmoniously. AMG Processing is a challenging activity where on the one hand the Company buys materials and on the other sells upgraded materials. It is a different management style from when one operates a mine, for which mining know-how is needed and the risk embedded in the mining operation. Because it is a different kind of business, the Company decided to split the Advanced Materials Division into AMG Mining and AMG Processing.

Although the Company has three Divisions, Dr. Schimmelbusch explains they co-operate intensely and there are innumerable cases where this co-operation is differentiating AMG from the competition. AMG is a global company operating in all continents as shown in the slide. AMG's largest trading partner is China. Forty percent (40%) of the sales in AMG Engineering Systems is generated in China. This has large scale consequences. Dr. Schimmelbusch introduces Dr. Holz, the new head of the

Engineering Division, and shows a slide of a furnace in the largest rare earth operation in China with the inscription "critical equipment".

#### *Management*

Dr. Schimmelbusch points out that the Company has three people in the very lean Management Board; COO, CFO and CEO. The Board is very pleased that one third of the top management of the Company is now female. From an intellectual viewpoint, Amy represents more than one third. By welcoming Ms. Wolf to the Supervisory Board the Company is listening carefully to the trend of the times and is using the suggestions made during the last General Meeting.

#### *Markets*

Dr. Schimmelbusch notes that the Company's three divisions are heavily oriented towards the aerospace industry and the steel industry. Aerospace is very positive, very predictable, very long term. The steel industry is volatile and presently under big pressure. In AMG Mining, tantalum is the dominating product and the Company is market leader with regard to tantalum concentrates.

The worldwide presence of the Engineering Division is very important. The slide shows the more than 1,500 furnaces that AMG's Engineering business has built worldwide. In an engineering company, the number of reference plants is important. This is how the Company sells and this is the Company's intellectual property visible around the world. Dr. Schimmelbusch shows that 650 systems are in Asia; over 500 systems are in China. When ranked by gross margin, AMG is growing in Asia, in particular in China, a little more in India, in North America, in Brazil and in Mexico. The Company is not growing in Europe.

Dr. Schimmelbusch states that the Company is following the big trends in mobility: there is not one jet engine that is not hardened with coatings from the AMG's Engineering Division. The Company is also serving the aerospace industry with titanium alloys. Titanium is one of, or may be, the fastest growing metals market. As mentioned, tantalum is a critical component in the capacitors used in iPads and cell phones. Dr. Schimmelbusch points out that these are hard times: the markets are not improving and therefore the Company is focussing on reducing SG&A, on the improvement of gross margins and operating cash flow. The Company has re-organised itself in such a way that Mr. Jackson is Chief Operating Officer and he is responsible for the implementation of the Company's operating targets. AMG has made significant progress in 2012 and this progress is continuing.

Dr. Schimmelbusch explains that the cash flow from operating activities is positive, as is shown on the last slide.

Dr. Schimmelbusch thanks the Chairman. Before asking Ms. Ard to discuss the financials, he would like to say a few words about sustainability.

#### *Sustainability*

Dr. Schimmelbusch states that the Company is very focussed on sustainability. Mr. David White is responsible for implementing the Company's sustainability targets, as shown on the slide. The Company is proud of the significant progress in regards to safety. All thirty units of the Company have a safety officer reporting to Mr. White. The progress is not continuous and there have been setbacks, but the Company is relentless in its efforts to reach the target of zero safety incidents. As shown on the slide, the Company operates metal plants and therefore certain level of emissions cannot be avoided. These emissions are reduced wherever the Company can by using enabling technologies. Dr. Schimmelbusch points to the large Ohio recycling plant where the Company produces ferrovanadium. This is not produced from primary raw materials, but from hazardous waste from oil refineries. So the Company is a recycler, an urban miner in a way. If the Company were to produce the same quantity of ferrovanadium from primary supply, the Company would emit 90,000 tonnes

more CO2. This is a very big statement. The Company emits 50,000 tonnes of CO2 and enables the saving of 90.000 tonnes of CO2 emissions.

Dr. Schimmelbusch addresses the outlook and states that the Company is operating in difficult markets, which means that the future is uncertain. The Company is focussed on cost reductions and operational improvements and targets for 2013 to increase both EBITDA and cash flow.

Dr. Schimmelbusch thanks the Chairman and before handing the floor to Ms. Ard, a film about the Companies mining activities is shown to the meeting.

### *Financials*

Ms. Ard states that she will review, supported by slides, the 2012 financials including the consolidated results, the capital base, the key products, end markets as well as a little elaboration of the segment results. Ms. Ard reviews the results of the first quarter of 2013. In terms of consolidated financial results, the key take-away is that 2012 was a challenging year. As Dr. Schimmelbusch mentioned, prices of metals and all other products were down in 2012, essentially across the board. In capital equipment markets, prices were also down, which impacted the engineering business.

Addressing the capital base, Ms. Ard states that net debt has been increasing over the recent years, as the Company has been investing in its businesses. A lot of capital expenditure has been spent in the mining businesses, as well as in the processing businesses. In 2012, an important reason for the increase in the net debt was due to the acquisition of the outstanding shares of Graphit Kropfmühl (GK) that AMG did not own at that point. However, as Dr. Schimmelbusch mentioned, the cash flow from operations has improved significantly and this trend is expected to continue.

The Company has a stable credit facility of \$377 million extending until 2016. The Company was able to add \$62 million in incremental debt capacity in 2012 in connection with the acquisition of GK. The total liquidity as of December 31, 2012 was \$172 million.

In regards to key products, the engineering business has always been a higher margin business and a large contributor to the gross profit of the Company. In 2012, however, the margin reduced, largely due to the loss of the solar business, which had significant margins historically. However the Company is working to right-size this business, to reduce cost and increase profit, as mentioned in today's press release.

In regards to Advanced Materials, Ms. Ard points out that tantalum and niobium had price increases in 2012. The Company is also benefitting from improved operations in the tantalum mine and the long term contracts that the Company has been able to secure for the tantalum product. The mineral resource study which was released last week shows longer lasting reserves than previously thought. Titanium alloys is a stable margin business in the aerospace industry.

The end markets were consistent in 2012, composed of: energy, specialty metals and chemicals, infrastructure and aerospace. The biggest take-away is that aerospace represents one third of the Company's revenues and nearly 40% of the gross profit. Various product lines like titanium master alloys; chrome metal and aluminium master alloys serve the aerospace market and the Company expects this to be a larger portion of the gross profit in the future. This is good because aerospace is a stable and long term market.

In discussing the segment financial data, the revenue of Advanced Materials business was down 9% in 2012 compared to 2011. As metal prices decrease, revenues in this business are generally going to decline. Gross margin, however, was consistent compared to 2012 and EBITDA stayed constant. The Advanced Materials Division, reorganized as AMG Processing and AMG Mining in 2013, is working on cost reduction programs, productivity improvements, focussing on higher margin projects

and SG&A reductions. Capital expenditure was substantial in 2012, and \$32 million was spent in the Advanced Materials business, largely related to expansion in tantalum and antimony mining businesses. Further significant capital expenditures were made for the Company's ferrovanadium recycling facility in Ohio.

In 2012, Engineering Systems experienced a cyclical downturn. It is a capital goods business and capital goods have been stagnant as a general trend of the economy. However, the Company still has consistently high order intake in 2012 and 2013 year after year and order intake is expected to continue. The Company is working to right-size its operations, as mentioned earlier, and operating margins are improving as indicated in Q1 of 2013.

Moving on to GK, the primary achievement in 2012 is the acquisition of the remaining outstanding shares of GK. GK experienced a slight decline in revenue in 2012 relative to 2011, again affected by volumes and prices. GK's market is European centric, and as Europe was stagnant, so was GK. The Company believes that it will be able to improve the profitability of GK now that AMG has full control over it. Also impacting GK in 2012 were merger expenses related to the take-out of the minority shareholders. This lowered the EBITDA more than would normally be the case. Capital expenditure related to GK in 2012 was aimed at improving profitability in both silicon and in graphite.

Briefly moving to 2013, Ms. Ard notes that AMG has re-allocated its segments and split AMG Mining from the Advanced Materials businesses because, as Dr. Schimmelbusch mentioned, they are different operating businesses, which, however, serve the same end markets. Q1 2013 revenue declined compared to 2012. Metal prices declined and the weak economy in China and Europe impacted revenues. However, EBITDA increased by about 1%, and it was possible to improve certain margins and decrease SG&A enough to compensate for that. Cash flow from operating activities, one of the strong points in 2012 and into 2013, did improve \$3.8 million in Q1 2013 as compared to Q1 of 2012.

Continuing the comments on the Q1 2013 financial highlights, Ms. Ard states that AMG Processing is the largest segment in terms of revenue, and it remains the foundation or core of the Company. AMG Engineering and AMG Mining are increasing their EBITDA margins. In terms of capital, the capital base remains strong, consistent with the year-end 2012 capital base. Leverage is about the same as it was at year-end 2012 and total liquidity is about \$173 million.

This concludes Ms. Ard's comments on the financials.

Mr. Kuczynski thanks Dr. Schimmelbusch and Ms. Ard. He gives the shareholders the opportunity to discuss the presentation and ask questions about the annual report. He asks the shareholders to mention the page of the report when questions are asked about it. He asks the people who want to ask a question to identify themselves and their shareholding.

Ms. Hanekroot represents the VBDO, the Dutch Association of Investors for Sustainable Development in the Netherlands. She would like to ask some questions and make some observations about sustainability in the Company.

First, she would like to share a positive observation about the achievements and progress in the area of sustainability. VBDO is very pleased with AMG's progress in the area of innovation and improvement of the supply chain benchmarking.

On behalf of the members of VBDO she would like to discuss three topics at this point in the agenda. The first regards the socially responsible tax policy, quite a new topic. As recently mentioned in the news, the Starbucks of this world had some reputation issues with their tax policies. VBDO thinks that it is important to pay attention to tax policies, not just the legal part of it. But there is a responsibility to

the countries where AMG operates. Paying taxes in the countries where AMG operates also supports local development of the people, of education and human rights et cetera. VBDO thinks that this is in everybody's best interest. VBDO has not found any reference to the existence of a tax policy of AMG and VBDO would like to have more insight in AMG's tax policy. On the other hand, it will be interesting to get some more details about AMG's tax payments on a country by country basis. This would provide the shareholders with more transparency and allow them to assess for themselves how they think about AMG's actions in that area.

On the second topic, about human rights, VBDO was pleased to read and to learn that AMG has a policy on human rights and is really making progress in this area. Dr. Schimmelbusch already referred to the progress in that area and VBDO would like to compliment AMG with the fact that none of the reviewed sites were at risk of limitations on freedom of association or collective bargaining, except for China. China is important for AMG, so VBDO assumes that AMG is taking its actions and is paying attention to this topic in the near future. But also that there is no child labour on AMG's premises. VBDO likes to see this good achievement continued. On human rights, the ILO conventions refer to a living wage. This is a basic wage for employees and people in the supply chain to ensure an existence worthy of human dignity. This means not a minimum wage, but it is really about human dignity of living in their country, the region where they live. The members of the VBDO would like to learn more about whether AMG can guarantee for its employees and the supply chain that the people working there earn a living wage. And, if that is not the case, she asks if AMG has any specific plans to take any action in that area. Ms. Hanekroot refers to the countries most at risk such as China, Brazil, Poland, Russia, India, Mexico.

On the third and last topic, supply chain management, Ms. Hanekroot points to the improvement of the supply chain benchmark on which AMG has made good progress. AMG has good intentions because the VBDO has learned that AMG endeavours to extend the values and principles of the policies that AMG has adopted to its suppliers and contractors. But the VBDO has not found any reference to specific actions or plans in that area. The VBDO would be interested to learn more about that, Ms. Hanekroot states, and requests insights in AMG's actions and plans to make that happen. She would also like to know what developments or tools would help AMG in implementing a real supply chain code in future.

Ms. Ard answers that in regards to the tax policy, AMG's policy is to be in compliance with all tax laws in all the countries that AMG operates in. As the investors may know, AMG's tax rate is actually exceptionally high compared to other companies operating in these countries, although AMG is looking to do a better job of paying less tax. AMG is paying taxes in all the countries that it operates in which it generates positive income before taxes. The most significant countries where AMG pays taxes are Germany, the United Kingdom, Brazil and France. In these countries, AMG has pre-tax income and pays taxes.

Dr. Schimmelbusch adds that AMG is criticized routinely that its tax rate compared to income before taxes is too high. That means that in VBDO's definition, AMG is doing great. (laughter) Despite this, he adds, AMG would like to be a little bit less great because that would probably help the share price. It is a fine line. Ms. Hanekroot should rest assured that AMG is not using any instruments to semi-legally shift taxes from one place to another. This is a very important statement, especially in a company that does mining and raw materials around the globe. AMG is not shifting income around according to tax optimization purposes.

Ms. Hanekroot thanks Dr. Schimmelbusch for this clear response and asks if he could provide some more insight into AMG's real tax policies. Does AMG have a written policy, and if so, would AMG be prepared to make it available amongst the shareholders?

Ms. Ard replies that AMG definitely has a policy, which is available on AMG's website. Ms. Hanekroot states that this is good news but that she has not yet found the information. Ms. Hanekroot refers to her question about tax payments on a country level and wants to know if AMG has any plans in that area. Dr. Schimmelbusch answers that this is not the case. Ms. Hanekroot wants to know if there is a specific reason for this. Dr. Schimmelbusch replies that AMG pays taxes according to the rules and regulations of each location and tries to be absolutely precise on this. This is AMG's tax policy.

Mr. Kuczynski states that in 2011, according to the Profit and Loss statement, AMG had a profit before income tax of \$10,878,000 and the income tax expenses were \$10,808,000, so the whole profit went into taxes. Mr. Kuczynski requests some understanding from the VBDO that AMG wants to be a little less "human" according to VBDO's definition. Ms. Hanekroot replies that she understands what Mr. Kuczynski says about the balance and paying taxes and she thanks for the replies so far.

Moving on to human rights, Mr. Kuczynski asks Mr. White to answer the question posed by Ms. Hanekroot on behalf of the VBDO shareholders. Mr. White states that AMG is very aware of human rights and living wage. AMG's mining communities are often in quite remote areas. He states that the countries he is concerned about are Sri Lanka and Brazil and that he is not informed of the details of all the wages. For example in Brazil, AMG pays in excess of the minimum wage and in excess of the median wage that is paid to miners in that area by about 15%-20%. In terms of the lower manual labour, AMG believes that it is taking its responsibilities in paying a living wage seriously. In many countries, for example in China, AMG has relatively few lower paid manual jobs. There are many more high level, high education jobs where people are paid a very good wage.

Mr. Kuczynski states that on the wages, there is an impression that wages in developing countries are low and certainly in some countries they are. But if one looks at Brazilian and Mexican wages in the mining sector, compared to wages in Peru, they are very high. An average truck driver of a major mine in Peru makes \$70,000 a year. Considering the purchasing power parity of that wage, this is a high wage. It comparable to a wage in an advanced industrial country. The problems are more in places like Zimbabwe where there is a high rate of inflation or in Sri Lanka. Chinese wages have gone up a lot. Mr. Kuczynski states that he cannot guarantee that AMG pays living wages everywhere, but in AMG's major areas of activity, AMG certainly pays living wages.

Dr. Schimmelbusch asks Mr. Eric Jackson, the Chief Operating Officer, to comment in regards to the supply chain management. Mr. Jackson states that AMG does not have a written supply chain responsibility statement, but AMG is evaluating this. A major asset of the Company is that it is in compliance with many initiatives such as the EICC and is proving that the Company does not source conflict materials. At present, the Company is going through an audit in Brazil, and AMG will be approved in the coming days. Dr. Schimmelbusch concludes that Ms. Hanekroot has a good point that will be looked at by AMG.

Ms. Hanekroot asks Mr. Jackson whether he confirms that the Company intends to develop a supply code and implement it in the supply chain. Mr. Jackson replies that AMG will take a serious look at this, because AMG believes that it is an asset with its vertical integration and mining operations and that AMG can differentiate itself in many ways. Mr. Jackson states that he is not sure what AMG presently wants to commit to, it is a serious issue. Ms. Hanekroot states that this is good news and thanks Mr. Jackson for his reply.

Mr. Arie Ritskes from the Dutch Association of Shareholders (VEB) states that looking at the Company as a shareholder, AMG has hardly shown any profitability over the last five years. Looking at 2008, AMG scored \$0.45 in profit. And a negative one in 2010 minus \$0.09, in 2011 \$0.19 and in 2012 \$0.09. Looking from the viewpoint of the shareholder, net result and only net result per share is shown in page 75 and further, and not on the first pages of the Annual Report. Now it can also be seen that there is no dividend payment and AMG states that no dividend will be paid in the foreseeable future.

So only a rise in stock price would be good for the shareholders in total. What can also be seen, is that necessary investments for the Company as a whole are high, and higher in depreciation. In 2016 two main loans will become due. 95% of total loans is now priced at a very low percentage EURIBOR, LIBOR +265 percent points. Looking at these figures, Mr. Ritskes wants to know how the Company is planning to re-finance these investments.

Secondly, Mr. Ritskes asks if the slides and the film can be made available on AMG's website. This was not the case until now and can be very useful.

Thirdly, Mr. Ritskes repeats the question he asked Dr. Schimmelbusch last year about providing a summary of a legend for all the used symbols and abbreviations in the Annual Report and the accompanying material as this is very useful for the shareholders.

In regards to the first point made by Mr. Ritskes, Dr. Schimmelbusch replies that the Company has been very careful in commenting on dividend lately; the Company is not ruling out dividend. With regard to re-financing, Dr. Schimmelbusch states that the Company re-financed its credit lines and increased them in 2012. Therefore, there are no difficulties visible to re-finance the credit lines. The Company has a net debt position, which is way below AMG's debt capacity. The Company is targeting a net debt level about twice or lower, than EBITDA. The Company intends to reach this target at the end of 2013 and stay below this target in the future, although short term fluctuations cannot be excluded.

In regards to the second point made by Mr. Ritskes, Ms. Ard states that the slides and the film will be posted on AMG's website today.

In regards to the first question by Mr. Ritskes on the Company's poor financial results, Mr. Kuczynski states that most of the industrial world has been upside down for the last five years and a lot of companies have gone under. AMG has survived in a very difficult environment and obviously metals are more cyclical than for example food. This explains a little why the results are not so bright even though in the last few weeks the stock has gone up 15% from a very low level.

Mr. Ritskes states that investments are still very high and he asks if the investment level was down in 2012 because the cost level is lower because there was a setback in the level of production. He also wants to know if a problem could arise which would hurt operations in the long term if investments stay at this level.

Dr. Schimmelbusch replies that in regards to capital expenditures ("Capex"), AMG is mostly in longer term programmes and AMG had an intensive phase during the last three years. Those big projects are now starting up. A very important example is AMG's recycling facility in Ohio, the world's largest vanadium recycling facility which absorbed \$30 million and now nears its completion and for the next ten years only needs maintenance capital. The facility is then maxed out and operates as the world's premier vanadium, molybdenum and nickel recycling company from hazardous waste from the oil industry. These things take time and once they are fully installed it does not make sense to further invest; it is just maintenance. AMG is entering that phase across although there are exceptions in regards to the mining industry where AMG will have to be a net investor.

Mr. Ritskes wants to know what would roughly be the level of investment in 2013 and 2014. Ms. Ard replies that AMG has mentioned in its press releases that AMG is expecting to invest about \$35 million in 2013 ("Capex").

Mr. Ritskes enquires about graphene, which gets a lot of attention in the press, and asks if this is processed by AMG. Dr. Schimmelbusch replies that this is not the case because AMG cannot do everything. Mr. Ritskes asks if this is the reason why AMG does not have Australia in its portfolio, it is



a big commodity country. Dr. Schimmelbusch replies that AMG goes where its rare metals are being produced. AMG is actually looking at a rare metal opportunity in Australia. AMG does not exclude any continents, but needs to be where the geology needs the Company. Dr. Schimmelbusch explains that geology is not under the control of AMG.

Mr. Ritskes addresses a question to Ms. Ard about the control function in the Company. Mr. Ritskes wants to know whether local management are reporting directly to her, or if each country has its own controller. Ms. Ard replies that she receives direct reporting from all the financial subsidiaries. There are small sub-consolidations, for example the Engineering Division has a small sub-consolidation. But all financial subsidiaries report directly to the CFO, there is a direct line to the CFO. Mr. Ritskes ask if reports are made on a regular basis and if the internal and external auditors have access to these reports. Ms. Ard replies that reports are made on a monthly basis and that the internal auditor not only visits the large sites but also the smaller ones. AMG also works with the external auditor.

Turning to the product side, Mr. Ritskes wants to know if AMG has flexibility in adapting its production levels according to price and demand, or if AMG is bound to fulfil contracts covering 2013 and 2014. Dr. Schimmelbusch replies that it is the Company's policy to lock in margins wherever possible. For example, in certain products where the cost level is significantly below the contract price level, AMG finds ways to lock in the margins over various years. In tantalum for example, AMG announced that it has sold its tantalum mine production for the next five years at a very acceptable price level, locking in a substantial margin. This will start in May/June 2013 at this price level. It is a unique opportunity and it proves that the Company looks for such opportunities and when they present themselves, the Company takes these and might forego certain price hikes but averts risk whenever it is possible to lock in margin, the Company acts on it. The Company has done this with other products as well.

Mr. Ritskes wants to know if it is very costly if AMG has to scale down its production. Dr. Schimmelbusch replies that in general in processing the level of fixed costs is very high. Scaling down production is always a big problem. It is also a big problem socially because the level of employment education is very high and specific. When production is shut down temporarily, this know-how is lost. The Company does not want to do this and fortunately in most cases the Company can find ways to keep the production level high. This is a complex consideration where several conflicting targets have to be weighed against each other.

Ms. Ard adds that the Company has done some rationalization of products, for example in the aluminium business. Revenues are actually down in the aluminium business, but margins are significantly higher than they have been historically. So the Company has found ways to rationalize where it makes sense to rationalize and improve profitability as it makes sense.

Mr. Ritskes points to the new IT-system mentioned in the Annual Report and asks if it is in place. If it is not in place, he would like to know when it will become available and what the costs are.

Ms. Ard replies that the IT-system is still being evaluated and is not yet implemented. The Company has definitely looked at several different ERP systems. Historically AMG has a number of separate IT systems for the different companies brought together in the ITO. The Company has evaluated the IT systems and picked a system that the Company would like. The Company just has to determine when it is the right time to implement it. The Company has been evaluating the cost and when it makes sense to implement. It will probably not be in 2013, the Company is trying to minimize capital expenditure this year.

Mr. Ritskes asks if Ms. Ard can put a number to the cost of the IT system. Ms. Ard replies that she is unable to give a definite estimate at this point in time. Dr. Schimmelbusch, states that fundamentally, IT systems are most important in discretionary manufacturing companies where there is a multitude of products and a multitude of processes with various optimization structures interfacing with each other.

In that respect AMG is simple, because there is a furnace, something comes in and something comes out. This is relatively straightforward. One can optimize IT systems around the furnace to make the productivity higher, this is all in place. However, the Company does not have the typical SAP problem; for example, the Company does not have a direct invoicing dialogue with Boeing in which the Company interfaces with a discretionary plant on one side a discretionary plant on the other side. Therefore, AMG does not consider IT, though very important, to be a strategic priority.

Mr. Verhagen, a shareholder from The Hague asks if there is an open market for tantalum, for example in London and he inquires about the margin on tantalum.

Dr. Schimmelbusch explains that AMG actually has two tantalum businesses. One tantalum business is based on the mine, the Mibra mine in Brazil as shown in the film. The other tantalum business is the processing plant, also in Brazil, where AMG processes tantalum containing streams from other mines. Dr. Schimmelbusch states that the margins in both businesses are very different. The Company does not announce margins because that would hurt negotiations with the Company's customers. Because when the margin is very high, customers tend to be displeased and put pressure to lower the prices. This would be counter-productive, and would hurt the shareholders.

Mr. Verhagen asks about the value of the Brazilian mine as a function of the amount of raw material available.

Dr. Schimmelbusch states that the Company has done large scale exploration work to define the life of the mine. Presently the mine has a twenty year life, not excluding possible future increases, assuming the present level of production. The Company might, one day, be tempted to increase production and is evaluating several different mining strategies which would lead to that effect. The Company operates in a very large area in regards to its concessions, so there might be other geological opportunities. The Company also explores beyond the boundaries of its concession area in Brazil. The Company is very happy to have expanded this mine life. Traditionally the Company thought in terms of five to ten years but now the Company is thinking of a minimum of twenty years.

Mr. Verhagen asks how long it takes to increase production. Dr. Schimmelbusch states that at present the Company is sold out at satisfactory price levels, as stated. This implies that the Company has satisfactory margins which will increase substantially in the second half of this year.

Mr. Verhagen asks if this is certain. Dr. Schimmelbusch affirms this and states that the Company has sold at higher prices and the Company can predict its costs with the exception of currency fluctuations, which are not within the Company's control. Dr. Schimmelbusch does not think that the Company is exposed in this area. The Company does not have a direct plan to increase production, the Company is just evaluating the production level.

Mr. Verhagen asks about the joint venture in China, which the Company has sold, and the Company's activities in that country.

Dr. Schimmelbusch explains that, as is well known, in aluminium master alloys to which Mr. Verhagen refers, the Company acquired KB Alloys and this left AMG with two representative plants in China, one of which has been sold. It is a simplification of the Company's structure. The structure was complicated, because due to an acquisition the Company suddenly had two plants. This was not optimal in regards to servicing AMG's customers. It was confusing and the Company simplified that.

Mr. Verhagen asks if this means that AMG has one more competitor.

Dr. Schimmelbusch states that it is more complicated than that.

Mr. Verhagen asks if there is a competitor to AMG in the world.

Dr. Schimmelbusch replies that in most activities AMG has two or three competitors, which might be a surprise. There are not many in chrome metal, where there are four competitors. In aluminium master alloys there used to be four competitors, but now there remain two, of which AMG bought one. In most of the engineering activities the Company has one or two competitors in regards to production plants. Industry consolidation is a very high priority for the Company. Profit margins tend to increase inversely with the number of competitors. Going from four to three competitors is probably a good move, Dr. Schimmelbusch explains.

Mr. Verhagen would like to hear some more about the future of batteries and graphite in airplanes, an item which was discussed in last year's annual meeting.

Dr. Schimmelbusch recalls that he referred to the consensus estimate of the automotive industry in regards to batteries for E-cars and he did not state his own thoughts on the matter. Dr. Schimmelbusch states that if Mr. Verhagen wants to know his personal thoughts, he is rather sceptical about the velocity of the market in E-cars. Dr. Schimmelbusch states that he thinks the market will be slower than the consensus estimate. In regards to batteries, Dr. Schimmelbusch states that even if it is below the consensus estimate, a large market is opening for all materials which go into those batteries. It is known that because of so-called end node material, the lithium ion battery should be called a graphite battery because there is actually more graphite than lithium in these batteries. Dr. Schimmelbusch explains that in regard to batteries, a very large new market is opening up in a battery related field, namely the fuel cell area. As a consequence of, for example the shale gas revolution and the movement of so-called distributed energy concepts in the United States where the battery equivalent, which is a fuel cell equipment, requires AMG's materials such as chrome metal and other layer metals.

Dr. Schimmelbusch states that in the future the Company is expected to benefit from the battery based fuel cell energy area.

Mr. Verhagen asks which product is made from graphite and why it is important for the Company to sell it.

Dr. Schimmelbusch states that the end market of graphite is presently the largest market in energy saving, in insulation materials and construction. When insulation materials are doped with graphite, the passage of infrared waves is stopped. The in- and outgoing temperatures are insulated from each other. And this is a very important product for the Company. The largest customer is the world's largest chemical company which is the market leader in insulation materials. That is the largest market at present. The end node material may be the next largest upcoming market. Dr. Schimmelbusch says that once bold governments come to their senses, and address the storage of nuclear waste, this will open up a very large market for graphite because graphite is probably the only solution to industrially take care of safe nuclear waste storage.

Mr. Verhagen refers to the Fukushima disaster in Japan and asks if this has consequences because in Germany there are no longer nuclear plants in operation.

Dr. Schimmelbusch replies that the German energy policies go beyond his intellectual capacity. (laughter) Germany will close their nuclear plants irreversibly because they cannot be kept open due to a variety of implications. In the long term this will lead to a massive rise in electricity prices. This will be negative for the Company and AMG is evaluating several strategies to address this development, because AMG is consuming about 70 Mw of electricity in its German plants. The Company can hedge itself against this because the Company has locked in electricity prices beyond 2015, so that there is no short term exposure. This was a very thorough strategy, but the Company is evaluating its response right now. There are several options. The decision to stop with nuclear energy was a

decision taken overnight by a German minister who is no longer on his post. Dr. Schimmelbusch says that he is amazed by this development, as the cost of moving from nuclear energy is prohibitive.

Mr. Ritskes asks about the pension schemes. On page 126 of the Annual Report an extensive plan is described. On the European and the American side a deficit is shown of almost \$130 million. In 2013, IAS-19 will be implemented and Mr. Ritskes asks if this will appear on the negative side of the balance sheet.

Ms. Ard affirms that, as is also stated in the press release, the \$133 million will appear on the balance sheet as of December 31<sup>st</sup> 2012.

Mr. Ritskes states that the Management Board is awarded on three items. 40% on ROCE, 20% on individual performance and 40% on operational cash flow. In total in this measurement there should also be something about net earnings. Now Mr. Ritskes thinks there is a missing link to the shareholders and asks the board's opinion about this.

Mr. Kuczynski passes this question to Mr. Messman who is Chairman of the Compensation Committee and he can explain how the Management Board is paid.

Mr. Messman thanks Dr. Kuczynski and states that the compensation is made up of several components: salary, bonus and long term incentives. Salary is based on individual credentials, experience and competitive position in the marketplace. This is based on the market data that AMG's compensation advisor provides so the Company makes sure that it pays a competitive salary. The Company has a bonus programme that is comprised of four parts, some of which Mr. Ritskes mentioned. In 2012, 40% was based on EBITDA targets, 40% was based on Return On Capital Employed ("ROCE") and 20% on individual objectives. In 2013 the Company is changing the EBITDA on a cash flow based number because the Company's institutional shareholders have requested that the Company focusses on reducing its leverage. By adding operating cash flow (OCF) instead of EBITDA, the Company brings in a link to capital expenditures.

Mr. Ritskes asks if this will again be 40%. Mr. Messman affirms that the compensation will be at the rate of 40%-40%-20%. Mr. Messman adds that 20% bonus calculations are based on individual performances. The Management Board's compensation is primarily based on the budget for the year. The Management Board comes up with performance objectives which are reviewed at the Supervisory Board level and agreed to. The objectives are usually very aggressive, some have 25%-30% increases in them. The Management Board sets aggressive targets and when these are met, the Supervisory Board is happy to pay the bonuses. Mr. Messman continues to explain that long term incentives are also determined competitively. The Company pays in two ways. One is Performance Share Units ("PSU's") and the other is in stock options. In both of those, the vesting does not take place until the Company meets a minimum on ROCE. If the Company does not get through the ROCE gate, nothing vests. Once the Company is through the ROCE gate, on PSU's the Company takes its total shareholder return over the measurement period which is three years and compares this to the Bloomberg world index of companies in AMG's business. The members of the Board get paid out according to how AMG ranks in this index.

In regards to stock options, once the Company is through the measurement gate, Mr. Messman explains the measurement is easy. How much the stock price goes, creates the value for the individual. Mr. Messman, who sits on four compensation committees in the US, states that this is a competitive compensation structure.

Referring to the Management Letter, Mr. Ritskes asks if there are issues with the external auditor on which the Company differs after having had discussions.

Ms. Ard replies that there have been no disagreements with the auditors. Mr. Kuczynski states that the Company never has. (laughter)

Coming to Ms. Schimmelbusch (laughter), Mr. Ritskes asks if it is true what he has heard about Dr. Schimmelbusch's retirement. Dr. Schimmelbusch replies that Mr. Ritskes has the wrong information and states that he does not know who Mr. Ritskes is talking about. Mr. Kuczynski adds that Dr. Schimmelbusch is still with the Company.

Mr. Kuczynski asks if there are any other questions on the Annual Report. As this is not the case he concludes this item on the agenda.

### **3. Adoption of the 2012 financial statements**

Mr. Kuczynski confirms that present at this meeting are 6,848,647 shares which is approximately 24.86% of the shares issued by the Company which total 27,551,000 shares. Therefore all resolutions placed on the agenda and set down in the explanatory notes may be adopted by an absolute majority of the votes cast with the exception of the agenda items 11.2 and 12.2. Agenda items 11.2 and 12.2 may only be adopted by two thirds of the votes cast.

Mr. Kuczynski states that the proposal, as shown on the screen, is to approve the financial statements. Mr. Kuczynski says that the Company's financial statements have been audited by Ernst & Young Associates, whose representative is present. The Company's financial statements have been audited by Ernst & Young Associates, the Company's external auditor. The unqualified audit opinion may be found on page 158 of the annual report. He asks if there are any questions.

Mr. Ritskes asks Mr. Van der Sanden if his controlling has been implemented. Mr. Van der Sanden replies that as has been explained throughout this meeting, AMG is largely a globally oriented company, internationally organized and operating in a complex structure with various legal jurisdictions throughout the world. For Ernst & Young's auditors it is important to look at the structure, at the foreign locations, because the control over the foreign locations is very important, as outlined by Ms. Ard. Not only the direct reporting, but also the quality of the information and how the controls function, which is reported. In Ernst & Young's audits, the Group audit is the most important, so the auditors work together with Ernst & Young's offices throughout the world. Ernst & Young sends out instructions and reviews the results of their procedures and the internal controls over there. Not only by the local auditors over there but also as Ernst & Young's responsibility as a Group auditor. Ernst & Young visits AMG's locations, has meetings with local management, attends the closing meetings, looks at the results of the procedures, the way the internal control structures operate and are defined and the results of the audit procedures. It is a very good question that is posed and for Ernst & Young it is very important in order to reach the top level consolidation statements, it has to make.

Mr. Kuczynski thanks Mr. Van der Sanden and asks if there are any other questions about the financial statements.

There are no questions, so Mr. Kuczynski puts the proposal to the vote. He asks the persons who vote against the proposal and who abstain from voting to raise their hands and to indicate on behalf of which shareholders they vote and for which number of shares, so the exact number of votes that cast in favour or against the proposal can be calculated. Mr. Kuczynski asks who is against the proposal and who wants to abstain from voting.

Ms. Lombert confirms that the majority, in fact all, of the votes have been cast in favour the proposal.

Mr. Kuczynski thanks Ms. Lombert and confirms that the proposal has been adopted.

#### **4. Discharge of liability of the members of the Management Board for the 2012 financial year**

Mr. Kuczynski states the next item on the agenda is the discharge from liability of the members of the Management Board. He asks if there are any questions regarding this proposal.

There are no questions and thus Mr. Kuczynski puts the proposal to a vote. He asks who is against the proposal and who wants to abstain from voting.

Ms. Hanekroot, representing VBDO, says that because VBDO believes that adoption of the supply chain code is very important, VBDO wishes to abstain from voting on this occasion.

Mr. Kuczynski thanks Ms. Hanekroot and confirms that VBDO is abstaining. He asks if there are any votes against the proposal.

Ms. Lombert confirms that the majority of the votes has been cast in favour of the proposal.

Mr. Kuczynski thanks Ms. Lombert and confirms that the proposal has been adopted.

#### **5. Discharge of liability of the members of the Supervisory Board for the 2012 financial year**

Mr. Kuczynski states that the next item on the agenda is the discharge from liability of the members of the Supervisory Board. He asks if there are any questions regarding this proposal.

There are no questions so Mr. Kuczynski puts the proposal to a vote and asks who is against the proposal and who wants to abstain from voting.

Ms. Lombert states that a number of shareholders has requested her to represent them at this meeting for approximately 4.7 million shares. Ms. Lombert states that she will vote these shares in accordance with their voting instructions so for this item she is abstaining from voting for a number of shares. Ms. Lombert confirms that the majority of the votes has been cast in favour of the proposal.

Mr. Kuczynski thanks Ms. Lombert and confirms that the proposal has been adopted.

#### **6. Composition of the Management Board**

##### **6.1 Item has been withdrawn (Reappointment of Mr. William J. Levy)**

##### **6.2 Reappointment of Mr. Eric E. Jackson**

Mr. Kuczynski states that the next item is the reappointment of Mr. Jackson as a member of the Management Board. The appointment of Mr. Levy, as has been announced, has been withdrawn and the Supervisory Board intends to nominate Ms. Ard for appointment as a member of the Management Board at the earliest opportunity, which he expects to be in four to six months. Until Ms. Ard is formally appointed, she will be Chief Financial Officer and she will participate in the meetings of the Management Board.

The Supervisory Board has made a non-binding recommendation to appoint Mr. Jackson for a maximum term of four years from today. The term will elapse immediately after the end of the Annual General Meeting in 2017. Information about Mr. Jackson has been included in the explanatory notes of the agenda for this meeting. It is proposed to reappoint Mr. Jackson in view of his performance as Chief Operating Officer and as head of AMG Processing and his international and managerial experience.

Mr. Kuczynski asks if there are any questions, abstentions or objections.

Ms. Lombert confirms that the majority, in fact 100%, of the votes has been cast in favour of the proposal.

Mr. Kuczynski thanks Ms. Lombert and confirms that the proposal has been adopted. He congratulates Mr. Jackson on his reappointment. (applause)

## **7. Composition of the Supervisory Board**

Mr. Kuczynski states that the next item is the composition of the Supervisory Board. Given the recent streamlining of the Management Board, the relatively small size of the Supervisory Board with six members in comparison with boards of comparable organizations, the Supervisory Board has reviewed if it would be necessary and commendable to expand its number. Since the Company is active in technology, specialty metals and materials, and mining and operates in a difficult and unpredictable economic environment, appropriate diversity in skills, experience and gender of the Supervisory Board is an important component going forward. Based on this belief the review has made the board conclude that AMG should expand its Supervisory Board. An expanded Board also provides an opportunity to add a new Committee dedicated to risk management and to reposition the existing three Committees in order to bring extra focus and efficiency. In the light of all this, the Supervisory Board proposes to appoint two new members to the Supervisory Board.

It is proposed to appoint Professor Steve Hanke from John Hopkins University and Ms. Ute Wolf from Evonik as members of the Supervisory Board for a term of two years, effective today. The information on both is in the explanatory notes. They come highly recommended and the Supervisory Board is honoured that they have accepted the invitation to join.

It is proposed to appoint Professor Steve H. Hanke in view of his extensive academic background in the fields of international economics and finance, his experience in commodity and currency markets and his deep knowledge of Asian, Middle Eastern and Latin American markets.

It is proposed to appoint Ms. Ute Wolf in view of her extensive background and experience in the field of financial management, corporate finance, risk management and banking.

It is furthermore proposed to reappoint Mr. Jack L. Messman and Mr. Martin Hoyos for the maximum term of four years, effective today. The term will elapse immediately after the end of the Annual General Meeting of 2017. Their background is in the information in the explanatory notes of the agenda for this meeting.

Mr. Kuczynski states that the nomination on General Clark, as mentioned before, has been withdrawn and he asks if there are any questions.

Ms. Hanekroot, on behalf of VBDO, stresses that gender diversity is important for sustainable objectives but also, as Dr. Schimmelbusch has mentioned, for more diversity on the Supervisory Board. She congratulates the Board with the first steps that haven been taken by the proposed appointments. She would like to stimulate the Board to continue on its path of diversity. For the moment this is not enough in the view of the VBDO and therefore she will abstain from casting a vote.

Mr. Kuczynski asks if there are any other comments or questions. There are no questions or comments. Mr. Kuczynski puts the proposal to vote consisting of the two new Supervisory Board members and the reappointment of Mr. Messman and Mr. Hoyos. Mr. Kuczynski asks if there are any objections or abstentions.

### **7.1 Reappointment of Mr. Jack L. Messman**

Mr. Ooijevaar, representing Deutsche Bank, votes against on behalf of 6,645 shares. Furthermore, he votes in favour of the proposal on behalf of 500,000 shares. (laughter)

Ms. Lombert refers to the voting instructions that she received just prior to the meeting and she asks Mr. Ooijevaar if for this item he is voting against on behalf of 10,627 shares, rather than 600.000 shares. Ms. Lombert states that in any case she has noted the abstention and she will check this number.

Ms. Lombert confirms that a majority of the votes has been cast in favour of the proposal.

Mr. Kuczynski confirms that this is the proposal for the reappointment of Mr. Messman. The proposal has been adopted. (applause)

## **7.2 Item has been withdrawn (reappointment of General Wesley K. Clark)**

### **7.3 Reappointment of Mr. Martin Hoyos**

Mr. Kuczynski proposes the reappointment of Mr. Martin Hoyos and asks if there are any objections or abstentions.

Mr. Ooijevaar, on behalf of Deutsche Bank, votes against the proposal (7.3) to reappoint Mr. Martin Hoyos. He represents 6,645 shares.

Ms. Lombert confirms that the majority of the votes has been cast in favour of the proposal

Mr. Kuczynski confirms that the proposal is adopted. (applause)

### **7.4 Appointment of Professor Steve H. Hanke**

Mr. Kuczynski proposes the appointment of Professor Steve Hanke and asks if there are any objections or abstentions.

Mr. Ooijevaar, on behalf of Deutsche Bank, votes against the proposal (7.4) to appoint Professor Steve Hanke. He represents 6,645 shares.

Ms. Lombert confirms that the majority of the votes has been cast in favour of the proposal. (applause)

Mr. Kuczynski confirms that the proposal is adopted. (applause)

### **7.5 Appointment of Ms. Ute Wolf**

Mr. Kuczynski proposes the appointment of Professor Steve Hanke and asks if there are any objections or abstentions.

Mr. Ooijevaar, on behalf of Deutsche Bank, votes against the proposal (7.5) to appoint Ms. Ute Wolf. He represents 6,645 shares.

Ms. Lombert confirms that the majority of the votes has been cast in favour of the proposal.

Mr. Kuczynski confirms that the proposal is adopted. (applause)

## **8. Remuneration of the members of the Supervisory Board**

Mr. Kuczynski passes the floor to Mr. Messman for a brief explanation of the minor change this agenda item proposes.



Mr. Messman recalls that in 2012 the Remuneration Committee reviewed the remuneration policy for the Supervisory Board which has been in effect since it was adopted at the general meeting of shareholders in 2009. During the review process the Remuneration Committee retained the Hay Group as its external independent compensation advisor. The review ascertained that minor adjustments to the remuneration structure of the Supervisory Board are merited in order to reflect the practice at those comparable companies, especially in the United States, to specifically compensate for their increasing effort and time spent on serving on the Supervisory Board and Committees. Further information on the proposal to change the remuneration of the Supervisory Board has been included in the explanatory notes and in Annex A to the agenda of the meeting which has been distributed to all present.

The Supervisory Board strongly believes that this relatively minor increase in compensation will enable AMG to continue to attract the best qualified candidates to serve on the board.

Ms. Hanekroot, on behalf of the VBDO, states that the VBDO would like to encourage publicly traded companies to anchor sustainability at the highest levels of management. The VBDO would also like to encourage a strategic approach to sustainability. It is well known that AMG does a very good job in sustainable areas and topic. Furthermore the VBDO would propose that the remuneration policy is adapted to explicitly include sustainable criteria. Ms. Hanekroot states that in 2012, the VBDO proposed to link the Management Board remuneration to sustainable targets. At the time the Chairman of the Remuneration Committee was not available to address this proposal and in this current amendment the VBDO has not identified any reference to linking the long term remuneration to sustainability targets. Ms. Hanekroot wants to know if the Remuneration Committee is considering further development of the remuneration policy towards long term bonuses based on sustainable criteria and if so, when shareholders can expect such proposals.

Mr. Messman asks if Ms. Hanekroot refers to the remuneration of the Management Board or the Supervisory Board.

Mr. Kuczynski assumes that Ms. Hanekroot addresses the amendment of the remuneration of the Management Board, agenda item 9, rather than the present proposal under agenda item 8.

Ms. Hanekroot apologizes for the error. She confirms that she meant to address agenda item 9, the amendment of the remuneration policy of the Management Board.

Mr. Kuczynski asks who is against the proposal.

Ms. Lombert, states that according to voting instructions from numerous shareholders, she would like to abstain from voting for 80,926 shares.

Mr. Kuczynski asks Ms. Lombert if the proposal is approved if those shares are deducted.

Ms. Lombert says that there are no votes against and she confirms that the majority of the votes has been cast in favour of the proposal.

Mr. Kuczynski confirms that the proposal is adopted.

## **9. Amendment of Remuneration Policy for the Management Board**

Mr. Kuczynski asks Mr. Messman to explain the proposal.

Mr. Messman says that the point he was going to make is that 20% of the bonuses is directed towards specific objectives for the Management Board. Those include whatever objectives the CEO would like to have management focus on. Sustainability, or other issues that have been mentioned. This is where it would come into place. It is not specific, AMG does not publish it but sustainability is a big focus of the Management Team and for the Supervisory Board. Some of the slides show that AMG is focussed on sustainability in many respects.

Dr. Schimmelbusch adds that at the last shareholders meeting the Management Board of the Company extensively explained that it is very focussed on sustainability and especially in its environmental dimension. The debate between the Remuneration Committee and himself about these issues is very intense and therefore it is present and represented in the decisions of the 20%. Dr. Schimmelbusch confirms there is a link although the link is not formalized.

Mr. Kuczynski asks if there are any other questions and he puts the proposal to the vote. He asks if there are any abstentions.

Ms. Lombert would like to abstain from voting according to instructions from shareholders for 96,070 shares

Mr. Kuczynski asks if anyone objects and if the votes can be counted.

Ms. Lombert confirms that a majority of the votes has been cast in favour of the proposal.

## **10. Reappointment of Ernst & Young Accountants as external auditor of the Company**

Mr. Kuczynski states that the Audit Committee of the Supervisory Board has completed a full assessment and review in 2012 of the functioning of Ernst & Young as part of a regular review process of the external accountant, which takes place every four years. Based on this assessment and review the Supervisory Board, as recommended by its Audit Committee, proposes to reappoint Ernst & Young as the external auditor for the year 2013.

The text of the proposal is shown and Mr. Kuczynski would like to give the floor to Mr. Guy de Selliers as Chairman of the Audit Committee. Mr. De Selliers will elaborate on the process followed for this review and assessment.

Mr. De Selliers states that the services of Ernst & Young as the Company's external accountant have been reviewed. In this process the Audit Committee paid specific attention to the quality in relation to cost, the sufficiency of the resources they dedicated to their mission, communication and interaction, independence and the professionalism of the audit firm. Each member of the Audit Committee has carried out its own evaluation based on an extensive questionnaire. The key staff members of the Company, the CFO, the Controller, Head of Internal Audit and of Legal completed their own assessment. The Audit Committee then discussed in a plenary session the results of these questionnaires and in this discussion the Audit Committee concluded unanimously that the Audit Committee should recommend to the Supervisory Board that Ernst & Young indeed be reappointed. There were certain areas of improvement, which are not material, which were identified and were communicated to Ernst & Young. Mr. De Selliers would like to use the opportunity here to mention that as of 2013, Mr. Van der Sanden, who is present, will step down as Chief External Auditor due to the mandatory rotation within Ernst & Young. The Audit Committee is pleased that Mr. Warmolt Prins, partner of Ernst & Young based in Eindhoven and in London, will take over.

Mr. Kuczynski asks if there is any objection to the proposal.

One shareholder remarks that this is for the full financial year 2013. He thinks this should be 2014. He asks if the meeting now decides not to have Mr. Van der Sanden as auditor, this should be somewhat strange. Maybe next year the Audit Committee should propose it for 2015.

Ms. Ard replies that the Company does it on an annual basis, at this meeting, and that there have been meetings with Mr. Prins and that he has been involved since last year.

Mr. Kuczynski states that there is always a lag of a few months, that is what the problem is. Dr. Schimmelbusch adds that the process of auditing is continuous. Ms. Ard adds that the suggestion will be taken into consideration.

Mr. Kuczynski asks if there are any other comments. If not, the proposal will be put to the vote.

Ms. Lombert votes against on behalf of a number of shareholders who have provided voting instructions, which represent 500,000 shares. Ms. Lombert states that there are no other abstentions or votes against and she confirms that the majority of the votes has been cast in favour of the proposal.

Mr. Kuczynski confirms that the proposal is adopted and thanks Ms. Lombert.

**11. Renewal of the authorization to (i) issue shares and/or grant options and (ii) to restrict or exclude pre-emptive rights for general corporate purposes**

Mr. Kuczynski states that the full text of the proposal is shown on the screen on either side.

Mr. Kuczynski states that the authorization would provide flexibility in financing the Company and enables the issue of ordinary shares, grants of rights of shares, subscribe to ordinary shares in respect of share based compensation plans for employees. Mr. Kuczynski states that basically this enables issue of shares as compensation.

Mr. Kuczynski asks if there are any questions, abstentions or objections to the proposal.

Ms. Lombert votes against on behalf of some shareholders. She represents 96,070 shares.

Mr. Ooijevaar votes on behalf of Deutsche Bank and represents 759 shares. He would like to vote against.

Mr. Kuczynski asks if Mr. Ooijevaar means 759,000 shares. Mr Ooijevaar confirms that he represents just 759 shares and would like to vote against.

Ms. Lombert confirms that the majority of the votes has been cast in favour of the proposal.

Mr. Kuczynski thanks Ms. Lombert and confirms that item (i) of the proposal has been adopted.

Mr. Kuczynski now moves to the proposal (ii), as shown on the screen behind, to authorize the Management Board for a period of eighteen (18) months as of today to restrict or exclude pre-emptive rights.

Mr. Kuczynski asks if there are any comments, abstentions or objections to the proposal.

Mr. Ooijevaar, on behalf of Deutsche Bank, represents 1,100 shares. He would like to vote against.

Mr. Kuczynski thanks Mr. Ooijevaar.

Ms. Lombert votes against on behalf of some other shareholders. She represents 100,725 shares. This concludes to the confirmation that more than two thirds of the votes have been cast in favour of item (ii) of the proposal.

Mr. Kuczynski confirms that item (ii) of the proposal is adopted and he thanks Ms. Lombert.

**12. Renewal of the authorization to (i) issue shares and/or grant options and (ii) to restrict or exclude pre-emptive rights for the purpose of mergers and acquisitions, strategic alliances and financial support arrangements relating to the Company and/or participations (deelnemingen) of the Company**

Mr. Kuczynski states that this agenda item proposes to renew the authorization to issue shares and grant options to acquire shares in the Company's share capital for the purposes of mergers, acquisitions and financial support and participations.

Mr. Kuczynski states that an additional item under this agenda is renewal of the authorization to restrict or exclude the pre-emptive rights in relation to such issues.

Mr. Kuczynski states that this provides the Management Board with flexibility in the context of mergers, acquisitions and financial support arrangements or participations.

The full text of the proposal is shown on the screen behind.

Mr. Kuczynski asks if there are any questions, objections or abstentions.

Mr. Ooijevaar, on behalf of Deutsche Bank, states that he would like to vote against. He represents 759 shares.

Mr. Kuczynski thanks Mr. Ooijevaar and requests the counting of the votes.

Ms. Lombert states that she can confirm that the majority of the votes have been cast in favour of item (i) of the proposal.

Mr. Kuczynski confirms that item (1) of the proposal is adopted and he thanks Ms. Lombert.

Mr. Kuczynski now moves to the proposal (ii), as shown on the screen behind, to authorize the Management Board for a period of eighteen (18) months, subject to the approval of the Supervisory Board to issue shares and grant options to acquire shares in the Company up to 10% of the Company's issued share capital.

Mr. Kuczynski asks if there are any questions or abstentions.

Mr. Ooijevaar, on behalf of Deutsche Bank, states that he would like to vote against. He represents 1,100 shares.

Mr. Kuczynski thanks Mr. Ooijevaar and requests the counting of the votes.

Ms. Lombert states that she can confirm that more than two thirds of the votes have been cast in favour of item (i) of the proposal.

Mr. Kuczynski confirms that item (ii) of the proposal is adopted and he thanks Ms. Lombert.

**13. Renewal of the authorization to acquire shares**

Mr. Kuczynski states that the agenda item proposes renewal of the authorization to acquire shares in the Company's share capital. The full text is shown on the screen behind.

Mr. Kuczynski states that this authorization provides the Management Board with the flexibility necessary to manage net equity or to enter into financial support arrangements involving the Company and to respond to any demand for shares in the Company's share capital that may arise at any time. This authorization may be used for example if shares need to be acquired to hedge the Company's share and option schemes.

Mr. Kuczynski asks if there are any questions, abstentions or objections.

Ms. Lombert votes against on behalf of some shareholders. She represents 500,000 shares. The majority of votes have been cast in favour of the proposal.

Mr. Kuczynski thanks Ms. Lombert and confirms that the proposal has been adopted.

#### **14. Any other business**

Mr. Kuczynski states that this item of the agenda gives any shareholder the opportunity to ask any more questions or make any other comments.

Mr. Kuczynski asks if there are any comments or questions.

#### **13. Closing**

There are no comments or questions about the previous item of the agenda and Mr. Kuczynski states that he is pleased to close the meeting. He thanks all present for participating, the Management Board and especially the new members of the Supervisory Board. He closes the meeting. (applause)