

Report on item 14 of the agenda of the General Meeting

Report by the Management Board of AT & S Austria Technologie Systemtechnik Aktiengesellschaft with regard to the authorization of the Management Board for the utilization respectively the disposal of treasury shares in the Company also in other ways than on the stock market or through public offering (sections 65 (1b) in conjunction with 170 (2) and 153 (4) Stock Corporation Act)

1. Authorization

The Management and Supervisory Boards of AT & S Austria Technologie Systemtechnik Aktiengesellschaft („AT&S“) envisage to propose a resolution to the General Meeting, by which the Management Board shall be authorized to dispose, after a repurchase of shares pursuant to section 65 (1b) Stock Corporation Act for a period of five years from the day of the resolution, therefore until and including July 6, 2015 with the consent of the Supervisory Board and without any further resolution by the General Meeting, of repurchased treasury shares also in other ways than on the stock market or through public offering, in particular in order to serve stock options of employees, executive employees and members of the Management Board / the management of the Company or any of its affiliates or for issued convertible bonds, as the case may be, for redemption, as consideration for the acquisition of businesses, participations or other assets, for disposal in the form of an accelerated-bookbuilding-procedure, and to utilize them for any other legally permitted purpose and in this connection to exclude any pre-emptive rights of shareholders pursuant to section 65 (1b) in conjunction with 169 to 171 Stock Corporation Act, whereas this authorization shall be exercisable in whole or in part.

With regard to the authorization included in this proposal for a resolution, by which the pre-emptive right for shareholders may be excluded, pursuant to sections 65 (1b) in conjunction with 170 (2) and 153 (4) a written report to the General Meeting is required, which is made as follows:

2. Purpose of the authorization for the utilization and respectively the disposal with exclusion of the general pre-emptive right / Interest of the Company

The expansion and opening of new markets in all fields of business will be one of the strategic targets of AT&S in the future in order to strengthen the profitability of the group of companies. The preparation and structuring of transactions connected to the accomplishment of these targets require the best possible flexibility of the Management Board with regard to the utilization of the available financial instruments.

For the strategy of expansion pursued by the Company it is of major importance that the Management Board is also able to seize the opportunity to acquire existing businesses,

participations or other assets for the preparation of an entrance into a new market or for the stabilization of an already existing market position. The acquisition of existing businesses may be advantageous because it allows a quick market entrance, to build-up on an already existing customer stock and to acquire employees familiar with the local markets. Furthermore, strategic partners are often interested in contributing businesses or other assets as contributions in kind in exchange for shares, to the Company or to implement a share for share exchange. In order to be able to seize the opportunity for the acquisition of businesses, participations or other assets as well as for the conclusion of strategic partnerships by way of contributions in kind to the Company, if necessary without any delay, the Management Board needs to have the authorization to exclude the pre-emptive rights of the shareholders. This shall also be feasible in the case of cash contributions, if the Company has a special interest therein and the legal requirements are met, e.g. in the case of a cooperation with another company in the interest of the Company, if the partner makes its engagement subject to the acquisition of participations, or if a third party offers necessary additional financial services which can not be obtained otherwise.

The possibility of a disposal of treasury shares with exclusion of the general pre-emptive right of the shareholders allows seizing market opportunities as well as occasions which arise in the new markets, in a quick and flexible way and covering the capital demand resulting therefrom in a time-efficient manner. By reason of a waiver of the time and cost intensive implementation of the pre-emptive rights of the shareholders, it is possible in the case of a disposal of treasury shares in the Company to cover the capital demand of the Company arising from short term market occasions in a very time efficient manner. Furthermore, the flexibility required for the seizing of such market occasions and opportunities may also necessitate the utilization of treasury shares for the servicing of convertible bonds.

The possibility of financing expansion measures with equity by issuing treasury shares also bears the benefit that due to the lack of a cash purchase price no outflow of liquidity occurs at the Company level and, therefore, the equity basis of the Company is not adversely affected. Further, in many cases, by using treasury shares as consideration a better purchase price can be achieved than by using a cash consideration. Therefore, in the opinion of the Management Board, it is irrespective of the fact that AT&S due to its capital structure currently has sufficient capacity for the borrowing of debt capital, advisable to also allow the financing of further expansion steps by way of the utilization of treasury shares.

For these reasons, such kind of disposal, if necessary, is for the benefit of the Company and therefore also for all existing shareholders. In particular, an acquisition of participations, businesses or other assets or special transaction structures in the interest of the Company or the shareholders may require the utilization of treasury shares with the exclusion of pre-emptive rights.

Further, by an exclusion of the pre-emptive rights of the shareholders in the case of a disposal, the Management Board shall have the possibility to offer the treasury shares through a public offering or by way of an accelerated-book building-procedure, in particular in order to get as favourable conditions as possible for the financing of the Company; further also to avoid the creation of unassigned fractions of shares or to be able to offer additional issues at domestic and foreign stock exchanges.

In order to be able to implement the issue of treasury shares, the Management Board shall also have the possibility to offer the shares by way of an indirect exclusion of pre-emptive rights pursuant to section 153 (6) Stock Corporation Act.

Furthermore, a stock option programme for the granting of stock options with optional cash settlement or settlement by equity instruments to members of the Management Board, managers and executive employees is in place. Therefore, it is envisaged to also utilize treasury shares for the implementation of the stock option programme and respectively for a possible employee participation programme. For such utilization no resolution on the exclusion of pre-emptive rights is required.

3. Weighing of Interests

With regard to the aforementioned authorization for the utilization and respectively disposal of treasury shares granted to the Management Board – also with exclusion of pre-emptive rights – the overall interest of the Company prevails over the disadvantage of the shareholders resulting from the exclusion of the general pre-emptive right in the course of a utilization respectively disposal of the treasury shares of the Company. Due to the reasons described, the exclusion of pre-emptive rights is, under consideration of all circumstances which have to be considered, necessary, suitable, appropriate, and in the interest of the Company and is, therefore, objectively justified.

The utilization and respectively the disposal of the treasury shares as well as the determination of all conditions of the utilization and respectively the disposal also in another way than on the stock market or through public offering may only be implemented with the consent of the Supervisory Board of the Company. If the Management Board exercises its authorization to exclude the pre-emptive rights, a new written report by the Management Board will have to be established and pursuant to section 171 (1) Stock Corporation Act published two weeks prior to such resolution by the Supervisory Board.

In the above mentioned cases, the Management Board shall become authorized to exclude the shareholders' pre-emptive rights for treasury shares. The Management Board kindly asks for approval.

Leoben, July 2010

The Management Board