

Report on item 11 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 to increase the nominal capital of the Company with exclusion of pre-emptive rights of shareholders (sections 170 (2) in conjunction with 153 Abs (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 increase the nominal capital of the Company by an amount of up to EUR 14.245.000,--, also in several tranches if necessary, with the consent of the Supervisory Board, by issuing up to 12.950.000 no-par-value bearer shares in exchange for cash payment or contribution in kind, even if the shareholders' pre-emptive rights are excluded in whole or in part, and to determine the details of the issuing terms (including without limitation issue price, nature of the contribution in kind, contents of share rights, exclusion of pre-emptive rights etc) with the consent of the Supervisory Board. The Supervisory Board shall be authorized to resolve on amendments to the Articles of Association resulting from the issuance of shares from the authorized capital.

Pursuant to section 170 (2) in conjunction with 153 (4) Stock Corporation Act, the Management Board with regard to the authorization to also exclude the pre-emptive rights of shareholders for the shares issued from the authorized capital, reports as follows:

2. Purpose of the authorized capital

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 a participation, or if a third party offers necessary additional financial services which can not be obtained otherwise.

The possibility of financing expansion measures with equity 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. 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 an increase of the nominal capital.

The exclusion of pre-emptive rights shall further allow the Management Board to react to changing personnel matters – which in particular may result from acquisitions – in a quick and flexible way and to offer the shares from the authorized capital to employees, executive employees, members of the Management Board and the Supervisory Board of the Company or of an affiliate of the Company or to strategic partners. In the course of the acquisition of participations it may be necessary and appropriate to grant shares in the Company to the management and the employees of the acquired company, respectively to integrate them into the stock option programme of the Company. Further, it shall be feasible to utilize the shares from the authorized capital for the backing of stock options (in accordance with the terms of the stock option plan of the Company or for options granted in any other way) and of convertible bonds. As far as pre-emptive rights of shareholders will not be excluded in connection with such measures, this could be an obstacle to the implementation of such measures or impede them; e.g. the flexibility required for the seizing of market opportunities or occasions may necessitate the issuance of shares from the authorized capital in order to serve convertible bonds.

For these reasons, the exclusion of pre-emptive rights of the shareholders, 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 issuance of new non-par value bearer shares with the exclusion of pre-emptive rights.

Further, by an exclusion of the pre-emptive rights of the shareholders in the case of capital increases from the authorized capital, the Management Board shall have the possibility to offer the newly issued shares through a public offering or by way of an accelerated-book building-procedure, in particular in order to get as favorable 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 capital increases, 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.

3. Weighing of Interests

The exclusion of pre-emptive rights, therefore, creates the flexibility necessary to be able to implement the capital increase quickly. With respect to the mentioned authorization to the Management Board of the Company to increase the nominal capital of the Company with exclusion of pre-emptive rights of shareholders, therefore, 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 the increase of the Company's nominal capital. 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.

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

Leoben, July 2010

The Management Board