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AMG’s Executive Remuneration Strategy

- Help secure the human capital that will achieve AMG’s short-term, medium-term and long-term objectives through attraction, retention and motivation
- Reward superior performance
- Engender an innovative fast-paced entrepreneurial environment
- Provide a clear linkage between executive and shareholder interests
- Support the business model and, in particular, a collaborative culture
Hay Group has been retained by the AMG’s Supervisory Board to review and design the remuneration program and structure.

Reflecting on AMG’s three major pillars, Hay Group has selected a group of peer organizations from the metals, technologies and mining industry segments.

The selection criteria reflect:
- Comparability to AMG business segments
- General comparability to AMG in revenue size
- Established companies in mature markets, with comparable remuneration practices
- Similar end users/customers
Among the peer organizations, 13 are US based, 2 are Canadian based and 5 are European based.

Hay Group believes that this mix of peer organizations is a fair approach for setting target compensation, in light of AMG’s geographic presence in terms of both executive talent and business focus.
Remuneration Portfolio

- Management Board member’s current remuneration consists of the following:
  - Base Salary
  - Short term incentives “STI”
    - Annual bonus
  - Long-term incentives “LTI”
    - Stock options “SO”
    - Performance share units “PSU”
Target Compensation Competitive Standing

- AMG targets remuneration between 50th and 75th percentile of the peer group
- AMG is highly competitive in current base salary
- AMG is below P50 for target STI% by approximately 5% to 20% of salary
- AMG’s target LTI% (PSU & SO) values fall between 25th and 40th percentile of the peer group
- AMG is currently positioned between 40th and 60th percentile in target total direct compensation (salary, target STI and target LTI)
## Short Term Incentives (STI) - Annual Bonus

<table>
<thead>
<tr>
<th>STI Metric</th>
<th>Weight</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROCE</td>
<td>40%</td>
<td>EBIT/Capital employed in established target ranges</td>
</tr>
<tr>
<td>Operating Cash Flow</td>
<td>40%</td>
<td>Against established target ranges</td>
</tr>
<tr>
<td>Personal Targets</td>
<td>20%</td>
<td>Leadership, human capital development, specific initiatives, including EHS performance</td>
</tr>
</tbody>
</table>

### Objectives

- Management of expenses and net debt (capital)
- Discipline of capital investments
- Efficient use of capital
- Maximizing EBIT potential
## STI Considerations

Maintain the current STI opportunities related to target and maximum payouts

<table>
<thead>
<tr>
<th></th>
<th>AMG Target STI % of Salary</th>
<th>Market P50 % of Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>President &amp; CEO</td>
<td>85%</td>
<td>100%</td>
</tr>
<tr>
<td>COO &amp; President AMG Processing</td>
<td>65%</td>
<td>75%</td>
</tr>
<tr>
<td>CFO</td>
<td>60%</td>
<td>75%</td>
</tr>
</tbody>
</table>
Long Term Incentives (LTI) – Stock Options & PSU

LTI represent the **Opportunity** to **Realize** rewards for **Performance**

- They must be earned to be realized
- LTI awards based upon peer group
- LTI (s) are split
  - 80% on Performance Share Units (PSU) - cash settled
  - 20% on Stock Option Plan (SOP)
- Vesting starts only after achieving 3 year average ROCE target
  - Then SOP(s) vest 50% in year 3, 50% in year 4
  - The PSU(s) are earned by 3 year total shareholder return (TSR) versus the Bloomberg Worldwide Metals Index
Compensation Observations

- We need to rebalance our components of compensation
  - Keep salary increases flat or moderate
  - Put more emphasis on long term incentives
- STI reflect annual performance metrics agreed by the SB
  - No bonuses paid in 2012
  - Bonus target payouts reduced by 25% in 2013
- PSU’s paid reflect TSR ranking and 25% of fair value
- The remuneration portfolio (i.e., base salary, STI, PSU and SO) continues to be appropriate for the Mgmt Board
- Hay Group believes that any significant modifications to the programs are not necessary