

2016



**Main Terms of the Contracts of the Members of
the Management Board of AMG Advanced
Metallurgical Group N.V.**

(Updated as per 31.05.2016)

Main Terms of the Employment Contracts of the Management Board members of AMG

Both Dr. H. Schimmelbusch (CEO and Chairman of the Management Board) and Mr. E. Jackson (COO) have a contract of employment with AMG as well as a contract with one of AMG's US subsidiaries. The AMG contracts have all been initially concluded in 2007 upon establishment of AMG and have been renewed and updated in 2010. Also the employment contracts of Messrs. Schimmelbusch and Jackson with the respective AMG subsidiaries have been renewed and updated in 2010. This document provides a summary of the main elements of the two relevant employment contracts for these Management Board members.

This document further provides a summary of the main elements of the employment contract for Mr. Jackson Dunckel, CFO and Management Board member. Mr. Dunckel has only one contract with Metallurg Inc., one of AMG's US subsidiaries.

The terms of the employment agreements are to a large extent dictated by the Remuneration Policy of AMG, which has been adopted by the General Meeting of Shareholders in its meeting of 13 May 2009 and has been amended by the General Meeting of Shareholders on 3 May 2013. The Remuneration Policy is published on the Company's website (www.amg-nv.com). In addition actual information about the remuneration of the Management Board members can be found in the Report of the Supervisory Board as published in the most recent Annual Report of the Company (24 March 2016) as well as in the notes to the most recent Financial Statements of the Company (also available on the Company's website (www.amg-nv.com)).

Dr. Heinz Schimmelbusch - Chairman of the Management Board & CEO

Dr. Schimmelbusch has an employment agreement with AMG, since November 27, 2007, and one with Metallurg Holding Inc., since April 6, 2007. For 2016, Dr. Schimmelbusch receives an aggregate fixed annual base salary of \$1,082,000 for both contracts*.

Dr. Schimmelbusch participates in the short-and long-term incentive schemes of AMG as set out in the Remuneration Policy. The annual bonus is based on the aggregate fixed base salary earned by Dr. Schimmelbusch. The target payout is 85% of the aggregate fixed base salary, while the maximum payout is three times the target pay out. Payout is based on performance criteria set forth in the Remuneration Policy. The long-term incentive scheme consists of two elements: a Performance Share Unit Plan (PSU) and a Stock Option Plan (SOP). Payout for the PSU Plan is based on two performance criteria: 3-year average ROCE and relative Total Shareholder Return (TSR). Payout for the SOP is based on one performance criteria: 3-year average ROCE. ROCE thresholds are set by the Supervisory Board. For

2016, the net present value of the granted long-term incentives equaled € 1,360,000 under the PSU Plan and \$ 340,000 under the SOP Plan.

With respect to the pension benefits, Dr. Schimmelbusch participates in the defined contribution plan and a Supplemental Executive Retirement Plan of Metallurg. The plans provide for a maximum retirement benefit of 50% of the final three year average compensation with a maximum per annum of \$ 600,000 payable at the later of age 70 or the end of the employment with AMG and Metallurg. Furthermore, Dr. Schimmelbusch is entitled to the same benefits as all other senior-level executives within the Company, such as a company car and personal insurances (including term life insurance and disability insurance).

The contracts with AMG and Metallurg have been entered into for an indefinite period of time. In case the AMG and Metallurg contracts are terminated by the Company, other than for cause, Dr. Schimmelbusch will receive, depending on the circumstances (e.g. redundancy, death, disability, change in control), at most:

- all fixed income, variable income and benefits earned but not paid;
- a maximum payment of 24 months of base salary and payment of (one time) AMG's target annual bonus, payable over a period of at most 24 months;
- continued participation in all employee plans in which he was participating for at most two years;
- continued accrual of pension rights until the end of the term of the Agreement; and

Dr. Schimmelbusch shall not, without the prior written consent of the AMG Supervisory Board, during the term of his employment and for a period of 24 months following termination of his employment with the Company for any reason, on his own behalf or on behalf of any entity, whether directly or indirectly, in any capacity whatsoever carry on or be engaged in any activity which directly competes with the Company.

Mr. Eric E. Jackson - Chief Operating Officer. Mr. Jackson has an employment agreement with AMG since July 1, 2007, and an employment agreement with Metallurg Holdings Inc. since November 19, 1998. For 2016, Mr. Jackson received an aggregate fixed annual base salary of \$ 611,000 for both contracts.

Mr. Jackson participates in the same long-and short-term incentive schemes as Dr. Schimmelbusch and the other Management Board members. With respect to the annual bonus, target payout is 65% of the aggregate fixed base salary, while the maximum payout is three times the target pay out. With respect to long-term incentive schemes (i.e. Performance Share Unit Plan and the Stock Option Plan), for 2016, the net present value of the granted long-term incentives equaled € 400,000 under the PSU Plan and € 100,000 under the SOP Plan. Further details with regard to the variable income components are provided in the Remuneration Report published in the Company's Annual Report.

With respect to the pension benefits, Mr. Jackson participates in the defined contribution plan and Supplemental Executive Retirement Plan of Metallurg. The plans provide for a maximum retirement benefit of 50% of the final three year average compensation reduced by, amongst others, retirement benefits as determined in accordance with the Metallurg's defined contribution plan and payable from age 65 to 88. Furthermore, Mr. Jackson is entitled to the same benefits as all other senior-level executives within the Company, such as a company car and personal insurances (including term life insurance and disability insurance).

The contracts with AMG and Metallurg have been entered into for an indefinite period of time. In case the AMG and Metallurg contracts are terminated by the Company, other than for cause, Mr. Jackson will receive, depending on the circumstances (e.g. redundancy, death, disability, change in control), at most:

- all fixed income, variable income and benefits earned but not paid;
- all fixed income a maximum payment of 24 months of base salary and payment of (one time) AMG's target annual bonus, payable over a period of at most 24 months;
- continued participation in all employee plans in which he was participating for at most two years;
- continued accrual of pension rights until the end of the term of the Agreement; and

Mr. Jackson shall not, without the prior written consent of the AMG Supervisory Board, during the term of his employment and for a period of 24 months following termination of his employment with the Company for any reason, on his own behalf or on behalf of any entity, whether directly or indirectly, in any capacity whatsoever carry on or be engaged in any activity which directly competes with the Company.

Mr Jackson Dunckel. - Chief Financial Officer. Mr. Dunckel has an employment agreement with Metallurg Inc. since January 2016. For 2016, Mr. Dunckel received a fixed annual base salary of \$633,000.

Mr. Dunckel participates in the same long- and short-term incentive schemes as Dr. Schimmelbusch and the other Management Board members. With respect to the annual bonus, target payout is 65% of the annual fixed base salary, while the maximum payout is three times the target pay out. With respect to long-term incentive schemes (i.e. Performance Share Unit Plan and the Stock Option Plan), for 2016, the net present value of the granted long-term incentives equals € 400,000 under the PSU Plan and € 100,000 under the SOP Plan. Further details with regard to the variable income components are provided in the Remuneration Report published in the Company's Annual Report.

With respect to the pension benefits, Mr. Dunckel participates in the defined contribution plan and Supplemental Executive Retirement Plan of Metallurg. The plans provide for a maximum retirement benefit of 50% of the final three year average compensation reduced by, amongst others, retirement benefits as determined in accordance with the Metallurg's defined contribution plan and payable from age 65 to 88. Furthermore, Mr. Dunckel is entitled to the same benefits as all other senior-level executives within the Company, such as a company car and personal insurances (including term life insurance and disability insurance).

The contract with Metallurg Inc. has been entered into for an indefinite period of time. In case the Metallurg Inc. contract is terminated by the Company, other than for cause, Mr. Dunckel will receive, depending on the circumstances (e.g. redundancy, death, disability, change in control), at most:

- all fixed income, variable income and benefits earned but not paid;
- all fixed income a maximum payment of 24 months of base salary, payable over a period of at most 24 months;
- continued participation in all employee plans in which he was participating for at most two years;
- continued accrual of pension rights until the end of the term of the Agreement; and

Mr. Dunckel shall not, without the prior written consent of the AMG Supervisory Board, during the term of his employment and for a period of 24 months following termination of his employment with the Company for any reason, on his own behalf or on behalf of any entity, whether directly or indirectly, in any capacity whatsoever carry on or be engaged in any activity which directly competes with the Company.