

---

## **Share Option Program for 2006 Andritz AG**

### **1. Goals and principles of the program**

It is the goal of the program to bind the amounts of variable salary parts directly to the progress of the financial results and of the share price of the Company. This is also in keeping with the recommendation suggested in the Austrian Corporate Governance Code that “stock option plans are to be related to pre-determined comparison parameters such as development of share indices, share price goals, or suitable benchmarks” (Rule 28). The goal also is to increase management orientation to the goals of the corporate Shareholders and to ensure participation in the success achieved.

### **2. Number and distribution of the share options granted, validity of program**

Approx. 50 to 70 managers of the Andritz Group as well as the Members of the Managing Board shall have the opportunity to benefit from the share option program. The number of shares allocated per eligible manager will vary, depending on the area of responsibility, between 1,500, 2,500 and 5,000 for managers, to 10,000 for Board Members and 12,500 for the CEO. These options are to be drawn from the pool of shares under the corporate buy-back program. The maximum number of subscribable share options is 300,000.

The share option program shall be terminated on April 30, 2010.

The current number of share options subscribed to by a total of 43 managers is 173,875.

### **3. Terms and conditions of exercise**

3.1 A share option provides eligibility for subscribing to a share.

3.2 In order to exercise a share option, eligible persons must be in active employment of the Company or one of its affiliates as from May 1, 2006 and until such time before exercising their options; this requirement may, in certain special cases, be waived for important reasons. Another requirement is that managers must have invested at least EUR 20,000 and the Members of the Managing Board at least EUR 40,000 in shares from their own resources, which investment must have been paid up latest by the time of allocation of the options, i.e. June 1, 2006.

Eligible persons who have previously invested money from their own resources under the current share option program may use this investment for the new share ownership program. Shares that were endowed to foundations of which eligible persons are founders and beneficiaries can also be used in terms of these own resources. Any persons who have so far not participated in the ownership program must prove their investments from their own resources by June 1, 2006.

3.3 The total number of shares that can be purchased is the same as that of the options previously subscribed to. Options can be exercised between May 1, 2008 and April 30, 2010 (= period of exercise), subject to:

- the unweighted average closing price of Andritz shares of twenty successive trading days during the period May 1, 2008 - April 30, 2009 being at least 15% above the unweighted average closing price of Andritz shares over the four calendar weeks following the 99<sup>th</sup> Annual General Meeting of Shareholders on March 29, 2006, and
- the earnings per share (related to the overall number of listed shares) for the business year 2007 or the earnings per share (related to the overall number of listed shares) for the business year 2008 being at least 15% above the earnings per share (related to the overall number of listed shares) for the business year 2005,

or

- the unweighted average closing price of Andritz shares of twenty successive trading days during the period May 1, 2009 - April 30, 2010 being at least 20% above the unweighted average closing price of Andritz shares over the four calendar weeks following the 99<sup>th</sup> Annual General Meeting of Shareholders on March 29, 2006, and
- the earnings per share (related to the overall number of listed shares) for the business year 2008 or the earnings per share (related to the overall number of listed shares) for the business year 2009 being at least 20% above the earnings per share (related to the overall number of listed shares) for the business year 2005.

In the event of the terms and conditions of exercise being fulfilled, 50% of the options can be exercised immediately and 25% of the options after three months, with the remaining 25% being exercisable after a further 3 months.

3.4 The exercise price for the share options is the unweighted average closing price of Andritz shares over the four calendar weeks following the 99<sup>th</sup> Annual General Meeting of Shareholders on March 29, 2006.

3.5 Share options can only be exercised by way of a written notification to the Company.

#### **4. General remarks**

4.1 The share options are not transferable.

4.2 The shares purchased under the share option program are not subject to a ban on sales over a certain period.

Graz, March 2006