REPORT
of the Executive Board and the Supervisory Board of
ANDRITZ AG

on the planned sale of own shares
under the 2008 share option program

as of
March 8, 2011

The Executive Board and the Supervisory Board of ANDRITZ AG headquartered in Graz at the business address A-8045 Graz, Stattegger Strasse 18, entered in the Companies Register of Graz provincial court serving as commercial court under FN 50935 f (the “**Company**”) inform the shareholders in the following report about the planned resale of own shares for the purpose of servicing the 2008 share option program for senior managers and Executive Board members (the “**2008 share option program**”) by analogy to sec. 171 para. 1 in conjunction with sec. 159 para. 2 sub-para. 3 AktG (Corporation Act).

1. Introduction

The company pursues a shareholder oriented business strategy that actively and sustainably seeks to increase the Company’s market value. For this purpose, the Company granted senior managers options to purchase Company shares under the 2008 share option program thus enabling them to participate in the increase in the Company’s value and creating a special incentive and additional bonding with the Company.

2. Program, exercise price, duration, and window of exercise

Participation in the 2008 share option program is limited to selected employees of the Company that have been in active employment of the Company or one of the affiliates of the ANDRITZ GROUP (a “**Group Affiliate**”) since May 1, 2008.

A further requirement for participation is an investment of EUR 20,000.- for senior managers and EUR 40,000.- for Executive Board members of the Company and of Group Affiliates in shares of the Company from own resources subject to the relevant conditions of the 2008 share option program.

One share option entitles the holder to purchase one share of the Company. The total maximum amount of shares that can be purchased is 1,200,000.

The share options can be exercised provided

a) (i) that the average unweighted closing price of the Company's shares during 20 successive trading days in the period May 1, 2010 − April 30, 2011 is at least 15% above the average unweighted closing price during the four calendar weeks following the 101st Annual General Meeting of Shareholders held on March 27, 2008 ("**Requirement for Exercise I A**") and (ii) the earnings per share (based on the overall number of shares listed) for the 2009 business year or the earnings per share (based on the overall number of shares listed) for the 2010 business year are at least 15% above the earnings per share (based on the total number of shares listed) for the 2007 business year ("**Requirement for Exercise I B**"; Requirement for Exercise I A and Requirement for Exercise I B, "**Requirements for Exercise I**"); or

b) (i) that the average unweighted closing price of the Company's shares during 20 successive trading days in the period May 1, 2011 − April 30, 2012 is at least 20% above the average unweighted closing price during the four calendar weeks following the 101st Annual General Meeting of Shareholders held on March 27, 2008 ("**Requirement for Exercise II A**") and (ii) the earnings per share (based on the overall number of shares listed) for the 2010 business year or the earnings per share (based on the overall number of shares listed) for the 2011 business year are at least 20% above the earnings per share (based on the total number of shares listed) for the 2007 business year ("**Requirement for Exercise II B**"; Requirement for Exercise II A and Requirement for Exercise II B, "**Requirements for Exercise II**").

Provided that Requirements for Exercise I or Requirements for Exercise II are met, 50 % of the share options can be exercised immediately, 25% of the share options can be exercised after three months, and the remaining 25 % after a further three months.

The exercise price for the share options is the unweighted average of the closing prices of the Company's shares during the four calendar weeks following the 101st Annual General Meeting of Shareholders held on March 27, 2008. Thus, the exercise price for the share options is EUR 35.44.

As to the fulfillment of Requirements for Exercise I:

a) As to the fulfillment of Requirement for Exercise I B:
The earnings per share for the 2010 business year were EUR 3.48. The earnings per share for the 2007 business year were EUR 2.61. The earnings per share for the 2010 business year are therefore 33.3 % above the earnings per share for the 2007 business year and thus above the 15 % threshold stated in Requirement for Exercise I B.

b) As to the fulfillment of Requirement for Exercise I A:
The average unweighted closing price during the four calendar weeks following the 101st Annual General Meeting of Shareholders held on March 27, 2008 was EUR 35.44. The average unweighted closing price of the Company's shares in the period May 3, 2010 − June 2, 2010 (which corresponds to twenty successive trading days) was EUR 43.85, which is at least 15% above EUR 35.44. Thus, Requirement for Exercise I A is also met.

The eligible managers have been informed that Requirements for Exercise I are met and that the share options can be exercised. The share options can be exercised by way of a written notification to the Company.

The shares are to be purchased in tranches. Each participant is entitled to subscribe to 50% of the number of Company shares stated in the notification of exercise of options (the "**First Tranche**") immediately after exercise of options and payment of the pro-rata purchase price. Three months after exercise of options and after payment of the pro-rata purchase price, the participant can subscribe to a further 25% of the number of Company shares stated in the notification of exercise of options (the "**Second Tranche**"). Six months after exercise of options and payment of the remaining purchase price, the participant can subscribe to the remaining 25% of the number of Company shares stated in the notification of exercise of options (the "**Third Tranche**").

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

3. Number and distribution of the share options granted

It is planned to satisfy the share options by reselling Company shares that have been bought back. The Executive Board of the Company intends to take a decision to this effect. The Supervisory Board of the Company intends to approve this decision by the Executive Board after it has been taken and to take an identical decision. The resale of purchased Company shares for the purpose of servicing the 2008 share option program is based on the following principles and key data:

a) Shares to be used for the 2008 share option program: no-par value shares of the Company issued to bearer that have been bought back by the Company under buy-back programs in accordance with authorization resolutions by the General Meetings of the Company;

b) Volume (number) of own shares kept for resale by the Company: 1,055,263;

c) Percentage of the capital stock of the Company represented by the shares kept for resale: 2.03 %;

d) Number of options granted to eligible persons under the 2008 share option program (each option entitles the option holder to purchase one no-par value share of the Company issued to bearer):

Eligible persons	**Number of options**
Executive Board members of the Company and Group Affiliates	210,000
Senior managers of the Company and Group Affiliates	836,000

The options under the 2008 share option program were granted entirely to the managers listed in the above table (Executive Board members and senior managers) of the Company and Group Affiliates.

4. Principles and incentives

The planned resale of own shares under the 2008 share option program is in the interest of the Company. It is in the interest of the Company to bind managers even more closely to the company the work for and to motivate managers by offering them the opportunity to purchase shares under the 2008 share option program. Managers who hold shares in the Company identify more strongly with the Company. They show heightened interest in the economic success of the company. Furthermore, pursuant to sec. 153 para. 5 AktG, prioritized issuing of shares to employees, managers, and members of the Executive Board and Supervisory Board of the Company or one of its affiliated companies also provides sufficient grounds for the exclusion of (other) shareholders' subscription rights.

In addition, the Company does business on an international level thus being exposed to competition in the international market for managers. Being an internationally active corporation, the Company has great interest, based on sound commercial considerations, in attracting, motivating, and retaining, on a long-term basis, capable managers by offering them an internationally competitive, success-based type of remuneration. Giving managers a shareholding in the Company by issuing own shares to service the 2008 share option program is one means of reaching this goal.

5. Next steps

After expiration of a 14-day period as from publication of this report and three market days after publication of the resale of own shares, own shares of the Company will be sold, on the basis of the 2008 share option program, to eligible persons specified under item 3 pursuant to the terms stipulated under items 3 and 4.

The Executive Board of ANDRITZ AG   The Supervisory Board of ANDRITZ AG