

REPORT BY THE MANAGEMENT BOARD

IN ACCORDANCE WITH SEC. 65 PARA. 1b TOGETHER WITH SEC. 170 PARA. 2 and SEC. 153 PARA. 4 OF THE AUSTRIAN STOCK CORPORATION ACT (AKTIENGESETZ) WITH REGARD TO ITEM 10 OF THE AGENDA OF THE ANNUAL GENERAL MEETING OF VOESTALPINE AG

Within the scope of the 14th Annual General Shareholders' Meeting of voestalpine AG, it is proposed to authorize the Management Board to sell own shares, which have previously been purchased in accordance with Sec. 65 para. 1 of the Austrian Stock Corporation Act (Aktiengesetz), in other ways than on the stock exchange or as a public offering.

Since the granting of such an authorization—with the exception of sale of these shares to service share options of the group of persons stipulated in Sec. 65 para. 1 no. 4 of the Austrian Stock Exchange Act—necessitates compliance mutatis mutandis with the provisions regarding the exclusion of subscription rights, the Management Board is providing the present report pursuant to Sec. 153 para. 4 of the Austrian Stock Exchange Act.

The previously mentioned authorization to sell will enable the Management Board, among other things, to have the necessary flexibility when implementing its acquisition strategy by being able to utilize own shares if needed as a (partial) purchase price for acquisition activity. The terms and execution of such transactions shall be individually determined jointly with the Supervisory Board in accordance with the articles of association and the bylaws for the Supervisory Board and the Management Board.

Furthermore, the authorization to sell will enable a servicing of convertible bonds, which voestalpine AG has been issued in July 2005.

In addition, it is planned to issue shares to employees and senior executives of voestalpine AG and its subsidiaries to cover existing and future employee participation programs. Regarding the sale of own shares to employees, senior executives, and members of the Management Board of the Company in order to service share options, we refer to Sec. 65 para. 1b, according to which this does not require a resolution of the Annual General Shareholders' Meeting.

Linz, June 2006

The Management Board