

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 9 OF THE AGENDA OF THE ANNUAL GENERAL MEETING OF VOESTALPINE AG

Within the scope of the 13th 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 except 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 in that they will be 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 incorporation and the bylaws for the Supervisory Board and the Management Board.

Furthermore, the authorization to sell will enable a servicing of convertible bonds; it is planned that the 13th Annual General Shareholders' Meeting shall authorize the Management Board to issue these convertible bonds.

In addition, it is planned to issue shares to employees and senior executives of **voestalpine** AG respectively its subsidiaries to cover existing and future employee investment 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, 8 June 2005

The Management Board