

A close-up, high-angle photograph of a person's face, focusing on the right eye which is a striking blue color. The person's hair is light-colored and slightly out of focus. The background is a plain, light color. The overall mood is professional and focused.

Letter to Shareholders

1st Half 2007/08

Key figures for the voestalpine Group¹

In millions of euros	1H 2006/07 ² 04/01– 09/30/2006	1H 2007/08 04/01– 09/30/2007	Change in %	1H 2007/08 (pro forma, pre-ppa)
Revenue	3,368.0	4,749.1	41.0	4,749.1
EBITDA	617.4	904.7	46.5	950.9
EBITDA margin (in %)	18.3	19.1		20.0
EBIT	446.5	612.4	37.1	732.4
EBIT margin (in %)	13.3	12.9		15.4
Profit before tax	428.1	556.0	29.9	676.0
Profit from continued operations	322.8	434.4	34.6	521.0
Profit for the period (net income)	328.8	434.4	32.1	521.0
Earnings per share from continuing operations (in euros)	2.01	2.74	36.1	3.3
Investments	258.0	3,318.7	1,186.4	
Depreciations	170.8	292.4	71.2	219.0
Equity	2,751.7	3,476.4	26.3	
Net financial debt	335.6	4,220.3	1,157.6	
Net financial debt in % of equity (gearing)	12.2	121.4	895.4	
Employees (not including apprentices)	23,374	41,018	75.5	
Capital Employed	3,515.8	8,467.4	140.8	

¹ Note on the consolidation of Special Steel Division (BÖHLER-UDDEHOLM Group):

The voestalpine Group's interim results for the first six months of the 2007/08 financial year (April 1 to September 30, 2007) are published concurrently with the report of BÖHLER-UDDEHOLM AG, which has been in majoritarian possession of voestalpine AG since Summer 2007, on the first three quarters of the 2007 financial year (January 1 to September 30, 2007). Due to the fact, that the company is still on the stock exchange, this quarterly report was prepared on a stand-alone basis, using existing book values.

The BÖHLER-UDDEHOLM Group is consolidated as the Special Steel division of voestalpine AG from July 1, 2007 (and is thus included in the consolidated financial statements for three months). In the course of the initial consolidation in the financial statements of voestalpine AG, a purchase price allocation was carried out in accordance with IFRS 3. This means that all assets and liabilities of BÖHLER-UDDEHOLM were incorporated in the consolidated financial statements of voestalpine AG at fair value. For items of property, plant and equipment and inventories especially, an independent appraiser determined fair values well in excess of prior book values. Intangible assets were also recognized on accounting for the acquisition, including brands, order books, customer relationships and technologies.

The resulting change in inventories and increased depreciation and amortization on the above-mentioned assets substantially decrease the earnings reported for the Special Steel division in the voestalpine AG consolidated financial statements for the period under review (a significantly smaller impact on earnings, regressively is expected in future years because of the short-lived nature of the effects in question—inventories, orders in hand, etc.). Free cash flow for the Special Steel division is not changed by this accounting effect.

As a result of the purchase price allocation in accordance with IFRS 3, the earnings figures for the Special Steel Division shown in this interim report for the voestalpine Group differ substantially from those published concurrently by the BÖHLER-UDDEHOLM Group. As the purchase price allocation distorts the picture regarding actual developments, the above table also includes pro forma data for the voestalpine Group excluding these accounting effects.

² Retrospective adjustment in accordance with IFRS 5

Ladies and Gentlemen,

This interim report on the first six months of voestalpine's 2007/08 financial year looks back on the period of greatest change for the Group since its stock market flotation in fall 1995. With the takeover of the BÖHLER-UDDEHOLM Group now finalized and the new Special Steel division consequently included in the consolidated results, this year will see the voestalpine Group pass the EUR 10 billion revenue mark for the first time. But even more important with a view to our strategy of value-creating growth is the matching increase in Group earnings. That increase in value, which we had expected, has proven true in the meantime. It is, however, not yet visible in the published figures due to the obligatory purchase price allocation (ppa) under IFRS rules on accounting for takeovers. We have done our best to guide you through the accounting complexities relating to the purchase price allocation in this interim report. In parallel, we give pro-forma figures showing the Group's development without the purchase price allocation, and we will continue to do this in forthcoming reports until its effects have finished feeding through.

The most important step in implementing the financing plan for the BÖHLER-UDDEHOLM acquisition has been successfully completed in the last few weeks with a EUR 1 billion hybrid bond issue. We will decide whether to effect a further, smaller-scale industrial bond issue by summer 2008 based on how the money and capital market develop in the medium term.

Excellent progress is being made on work to reap the joint synergies between BÖHLER-UDDEHOLM and voestalpine. The identified volume has now risen past EUR 80 million a year, compared with original expectations of synergies of EUR 65 million. The new target is EUR 100 million annually, to be secured in full by the 2010/11 financial year.

Reference to a new earnings record has become almost a standard element in voestalpine interim reports. We do not quite wish to do without this element this time either—simply as an indication that you can expect the voestalpine Group to continue its track record of healthy growth.

Linz, Austria, November 13, 2007

The Management Board



Wolfgang Eder



Franz Hirschmanner



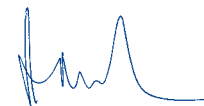
Josef Mülner



Robert Ottel



Claus Raidl



Wolfgang Spreitzer

Overview of business performance

In the most successful mid-year in the history of the voestalpine Group, the relevant key figures have developed as follows as compared to the first six months of the previous financial year:

- **Revenue** rose by 41% from EUR 3.4 billion to more than EUR 4.7 billion. EUR 908 million of this increase resulted from the first-time consolidation of the Special Steel Division (BÖHLER-UDDEHOLM Group).
- **EBITDA** (profit from operations before depreciation) improved by 46.5% from EUR 617.0 million to EUR 905 million (respectively, without consideration of the purchase price allocation [ppa]¹, to EUR 951 million). In comparison to the previous year, the EBITDA margin rose from 18.3% to 19.1% (this corresponds to 20% pre-ppa).
- **EBIT** (profit from operations) in the first half of the 2007/08 financial year rose by 37.1% from EUR 447 million to EUR 612 million. The slight decline in the **EBIT margin** from 13.3% to 12.9% is exclusively a consequence of an adverse affect of the purchase price allocation, while at the same time revenues grew disproportionately. (Without taking this accounting effect into consideration, the first half of 2007/08 shows an operating result of EUR 732 million with an EBIT margin that has risen to 15.4%.)
- **Profit before tax** (EBT) came to EUR 556.0 million and was thus 29.9% higher than the previous year's figure (EUR 428 million). Before application of the ppa, the EBT, at EUR 676 million, shows an even more significant increase in the first half of 2007/08 by 58%.
- At EUR 434 million (against EUR 323 million in the previous year) **profit for the period**² (net income) rose by 34.6% (corresponding to EUR 521.0 million or +61% pre-ppa).
- For the first six months of the 2007/08 financial year, **earnings per share** come to EUR 2.74 EUR (respectively, EUR 3.3 pre-ppa). This represents an increase by 36.3% (64.2%) as compared to the same period of the past financial year (EUR 2.01).
- **Equity** of the voestalpine Group rose by 26.3% from EUR 2,752 million to EUR 3,476 million. At the same time, the **net financial debt** increased from EUR 336 million to EUR 4.220 million, corresponding to an increase in the **gearing ratio** (net financial debt in percent of equity) from 12.2% to 121.4%. This temporary development is exclusively a result of the interim financing of the BÖHLER-UDDEHOLM takeover, respectively of the fact that the hybrid bond with a volume of EUR 1,000 million, intended to partially refinance the acquisition, was issued only in October 2007 and, according to IAS 32, can therefore become effective not until the 3rd quarter of the financial year.
- As of 30 September 2007, the voestalpine Group had 41,018 **employees**; this corresponds to an increase of 75.5% or 17,644 employees and is primarily a result of acquisitions.
- **Crude steel production** of the voestalpine Group reached 3.2 million metric tons in the first half of 2007/08. Of that amount, 2.5 million tons (as in the previous year) were produced at the Linz location, while Donawitz generated about 700,000 tons. The slight decline compared to the total crude steel production achieved in the past financial year (3.3 million metric tons) results from the relining of the blast furnace in Donawitz in the course of summer 2007.

Interim Status Report

Economic environment

In the first half of the 2007/08 financial year, the overall economic situation in the most relevant markets and customer industries of the voestalpine Group continued to develop favorable.

While the good economic situation in Europe remained stable, demand continued to be driven by the dynamics of the overseas markets, with no signs of economic slowdown in the most important customer segments (primarily the premium manufactur-

ers in the automotive industry and the commercial vehicle sector, the railway industry, the energy sector, the building industry and the civil and mechanical engineering).

Toward the end of the period under review, however, increasing uncertainty regarding the development of the global economy became apparent, triggered primarily by the US sub-prime crisis, whose consequences are becoming always more far-reaching, the worsening weakness of the dollar, and the drastic rise in the prices for oil and other raw materials.

¹ In this regard, see explanation on the cover inside.

² For continued operations.

Business Performance of the voestalpine Group

During the first half of 2007/08, the voestalpine Group attained new dimensions in sales revenue, earnings* and employees as a result of the integration of the Special Steel Division (BÖHLER-UDDEHOLM Group). At the same time, even without taking the new Division into account, the first half of the current business year was the most successful six-months period in the history of the Group.

Thus, voestalpine AG will be able to increase its operating result in the 2007/08 financial year against the referring comparison period of the preceding year for already the sixth consecutive time and is heading for a new record result for the fourth year in a row.

The increase both in revenue and earnings during the first half of 2007/08 was a result of significant gains in all five divisions. The Group's revenue rose by 41% from EUR 3,368.0 million to EUR 4,749.1 million. On the one hand, this is primarily due to the initial consolidation of the Special Steel Division in the second quarter of the financial year, which contributed additional revenues of EUR 907.6 million, thus increasing the previous year's figure (EUR 751.7 million) by 20.7%. On the other hand, the other four divisions also achieved significant increases in their sales revenue, above all the Divisions Automotive (+33.6%) and Profiform (+28.9%) Divisions. However, the Railway Systems Division (+11.2%) and the Steel Division (+7.9%) Divisions were able to significantly increase their revenues, too.

With regard to the operating result, the voestalpine Group was able to considerably improve both EBITDA by 46.5% from EUR 617.4 million to EUR 904.7 million (EUR 950.9 million before ppa*, respectively). The operating result (EBIT) was EUR 612.4 mil-

lion, corresponding an increase of 37.1 % compared to the previous year (EUR 446.5 million). This improvement resulted more or less exclusively from improvements of the previously existing four divisions, as, due to the ppa*, the EBIT of the Special Steel Division, as already explained at the beginning of this report, is only included in the consolidated financial statement of the voestalpine Group with EUR 2.8 million. Without consideration of this accounting effect, the EBIT of the included quarter of BÖHLER-UDDEHOLM would amount to EUR 122.8 million. This would correspond on the Group's level to an increase in the proforma EBIT to EUR 732.4 million.

The Steel Division improved its operating result by more than 50%, following significant price increases across all product groups in the first half of 2007/08, thus being able to more than compensate for the adverse affect resulting from raw materials costs that continued to rise.

With EBIT that improved by 36.2%, the Automotive Division increased its earnings significantly, too. This gratifying development is primarily the result of the consolidation of companies acquired in the course of the previous year. With an EBIT that rose by 28%, the Profiform Division also posted an operating result that was distinctly higher than last year's figure. This development was due to a positive earnings trend in all business sectors.

The Railway Systems Division increased its EBIT by 17%, primarily driven by the continuing positive earnings trend for rails and switches (turnout systems).

Due to stable demand at a high level in all customer segments and a steadily high price level, the Special Steel Division has achieved a significant result improvement as compared to the previous year's figure. With

* In this regard, see explanation on the cover inside.

EUR 122.8 million, the EBIT posted by the BÖHLER-UDDEHOLM Group in the third quarter on a stand-alone basis, was 20.6% higher than the result of the previous year (EUR 101.8 million); due to the decreasing effect of the ppa*, however, only EUR 2.8 million are included in the consolidated statement of the voestalpine Group.

In consequence of the ppa*, the EBIT margin of the voestalpine Group in the first half 2007/08 slightly declined from 13.3% to 12.9% (without ppa, however, this corresponds to an increase to 15.4%).

The most significant improvement in profitability, well above the Group's average, was achieved in the Steel Division. In the first half of the 2007/08 financial year, it achieved an EBIT margin of 19.3% (against 13.8% last year), thus claiming result leadership in the European steel sector. In the first half 2007/08, it was also the most profitable division of the voestalpine Group.

The EBIT margin of the Division Railway Systems increased from 15.0% to 15.7%, while the margins of the Divisions Automotive (from 4.8% to 4.9%) and Profilform (from 14.1% to 14.0%) remained more or less at previous year's level. Due to the ppa*, the

Special Steel Division reported an EBIT margin of 0.3%. Without this accounting effect, however, the margin is 13.5% and corresponds to a significant increase as compared to the referring previous year's quarter of the BÖHLER-UDDEHOLM Group (12.0%).

In comparison to the first half of 2006/07, the revenues and results of the following companies, acquired in the past financial year, were fully included in the Group's figures: in the Profilform Division the companies ZAO voestalpine Arkada Profil (Russia), Société Automatique de Profilage and Société Profilafröid (both France), in the Automotive Division the German companies Gutbrod Stanz- und Umformtechnik GmbH, Hügel GmbH & Co. KG, and Dancke Group, as well as Amstutz Levin & Cie. (France); and in the Railway Systems Division the switch manufacturers TENS Spolka z.o.o. (Poland) and Açotrilho (Brazil). As previously indicated, the Special Steel Division's revenue has been fully included since the second quarter of the financial year, its result, however, was only incorporated to a reduced extent due to application of the ppa*.

Steel Division

In millions of euros	H1 2006/07* 04/01 – 09/30/2006	H1 2007/08 04/01 – 09/30/2007	Change in %
Revenue	1,774.5	1,914.3	7.9
EBITDA	335.4	470.3	40.2
EBITDA margin (in %)	18.9	24.6	
EBIT	244.1	369.2	51.2
EBIT margin (in %)	13.8	19.3	
Employees (not including apprentices)	9,466	9,650	1.9

* Retrospective adjustment in accordance with IFRS 5

Special Steel Division

In millions of euros	1H 2007/08 ¹ pro forma (pre-ppa ²) 07/01 – 09/30/2007	1H 2007/08 ¹ (after ppa ²) 07/01 – 09/30/2007
Revenue	907.6	907.6
EBITDA	149.4	103.2
EBITDA margin (in %)	16.5	11.4
EBIT	122.8	2.8
EBIT margin (in %)	13.5	0.3
Employees (not including apprentices)	15,053	15,053

¹ Start of consolidation 1 July 2007, therefore the first half year only includes the months of July, August, and September.

² In this regard, see explanation on the cover inside.

Railway Systems Division

In millions of euros	H1 2006/07 04/01 – 09/30/2006	H1 2007/08 04/01 – 09/30/2007	Change in %
Revenue	1,015.4	1,129.1	11.2
EBITDA	194.1	220.5	13.6
EBITDA margin (in %)	19.1	19.5	
EBIT	152.0	177.2	16.6
EBIT margin (in %)	15.0	15.7	
Employees (not including apprentices)	7,046	7,751	10.0

Steel Division

The above-average improvement of revenue and result of the Steel Division compared to the previous year is a result of stable and strong demand from all customer segments and in all product sectors. Against this backdrop, it was possible to realize additional price increases (by an average of 10% compared to the first half of 2006/07 and by 2% compared to the immediately preceding quarter). As a result of new processing plants being put into operation in the spring and

high demand, there was a significant rise in supply quantities compared to the same period of the previous year, with all the facilities at the Linz location being fully utilized.

Special Steel Division

The past months have been similarly gratifying for the Special Steel Division, which has been integrated into the financial reporting system of the voestalpine Group since July

Profilform Division

In millions of euros	H1 2006/07 04/01 – 09/30/2006	H1 2007/08 04/01 – 09/30/2007	Change in %
Revenue	429.9	554.2	28.9
EBITDA	73.8	90.8	22.9
EBITDA margin (in %)	17.2	16.4	
EBIT	60.5	77.5	28.1
EBIT margin (in %)	14.1	14.0	
Employees (not including apprentices)	3,054	3,383	10.8

and whose revenue and result also achieved new records figures during the financial year thus far.

The positive development resulted from high demand that has remained unabated, a price level that is trending up, and a globally excellent economic situation in all important customer industries. Additionally, the incoming orders and shipments in all four company sectors have been increased considerably compared to the previous year. Hedging against foreign exchange risks has prevented direct adverse effects resulting from the increasingly unfavorable exchange rate of the euro vis-à-vis the US dollar.

Railway Systems Division

The new record result of the Railway Systems Division is primarily a consequence of the market situation that continued to be favorable in all business sectors, as well as demand that is continuing unabated. In the rail and switch technology sector, the trend during the first half of the year was very positive, with regard to both quantities and prices; the decline in orders in Germany was more than compensated by the continuing boom on railway markets outside of Europe. This sector also benefited from the

initial positive effects of the switch manufacturing joint venture in China that is currently being established.

In the business sectors of quality wire and seamless tubes, however, the continued excellent level of demand and high utilization was contrasted by significant pressure on prices primarily toward the end of the period under review. This trend that originated from a record price level indicates, however, an end of the overheated market situation of the past few years, primarily in the oil field pipe segment.

Profilform Division

The Profilform Division was again able to markedly increase both its earnings and revenues during the first six months of the current business year; thus, the EBIT margin remained at the same high level as in the previous year. The extremely gratifying business performance is largely attributable to the special tubes and sections segment that recorded demand that was high and stable and driven by the building and commercial vehicle industry; it was also affected by the successful integration of the companies acquired during the past business year in France and Russia.

Automotive Division

In millions of euros	H1 2006/07* 04/01 – 09/30/2006	H1 2007/08 04/01 – 09/30/2007	Change in %
Revenue	377.4	504.1	33.6
EBITDA	39.5	56.1	41.8
EBITDA margin (in %)	10.5	11.1	
EBIT	18.0	24.5	36.2
EBIT margin (in %)	4.8	4.9	
Employees (not including apprentices)	3,428	4,750	38.6

* Retrospective adjustment in accordance with IFRS 5

In the storage technology segment, the market environment, and the business performance were also very favorable and showed a continuing high demand both in Western Europe and in Central and Eastern Europe (including Russia) and in the USA as well. The strong market position, the Division's orientation toward the market internationally, and the good economic environment in the industry have made it possible to implement additional price increases as compared to the first half of the previous business year.

Automotive Division

With an increase in revenue and result by more than a third, which was mainly due to acquisitions, the Automotive Division showed

an above-average improvement as compared to the previous year.

The business performance was characterized primarily by a continuing positive trend with stable and high demand in the sectors of laser-welded blanks, precision parts, safety technology, and spare parts.

Overall, the improved development of the division mirrors the consistent steps taken recently to implement optimization and restructuring measures. Currently, the focus of the measures being taken is on the body-in-white segment, where a cost optimization program is now being implemented with support from external consultants; it is set to run until the end of the financial year. Additionally, an in-depth analysis of the division's portfolio is also on-going.

Business transactions with associated companies or persons

The circle of associated companies and persons remained largely unchanged as compared to the last annual financial statement.

Acquisitions

The acquisition of the BÖHLER-UDDEHOLM Group was already detailed in the letter to shareholders for the first quarter. As of the beginning of the second quarter of 2007/08, revenue and result of BÖHLER-UDDEHOLM were consolidated for the first time (the details are explained at the beginning and in the notes of this report.)

The integration of the Special Steel Division into the voestalpine Group also included personnel changes: Dkfm. Dr. Claus J. Raidl, CEO of BÖHLER-UDDEHOLM AG, was appointed to the Management Board of voestalpine AG effective September 27, 2007 responsible for the Management of the Special Steel Division. Concurrently, in an extraordinary Annual General Meeting of BÖHLER-UDDEHOLM AG on 20 September 2007, a comprehensive change in the Supervisory Board was made. The ownership structure after the takeover by voestalpine AG was taken into consideration so that five of the six shareholders' representatives on the Supervisory Board will be members of the voestalpine Management Board. The Supervisory Board is also chaired by a representative of voestalpine AG.

While the integration is progressing briskly within the scope of 15 work groups and numerous concrete projects have already been implemented, voestalpine AG has, in the meantime, taken an important step on the capital market to refinance the takeover. In October 2007, voestalpine AG issued a bond that has an indefinite term and is subordinated, ranking behind debt; the issue size of this hybrid bond is EUR 1 billion, and it has a coupon rate of 7.125%. It offers a first call date after seven years, when voestalpine AG will have an opportunity to redeem the bond or to continue it at a higher but variable interest rate.

The advantage of this kind of bond from the company's vantage point is primarily that due to the indefinite term, it increases equity. Therefore, the hybrid bond broadens the financial leeway available for the Group's further long-term growth.

As previously reported, during the 1st quarter of the business year, the Railway Systems Division acquired a 49% share of the Dutch company René Prinsen Spoorwagenmaterialien retroactively as of 1 January 2007; this company specializes in products and services for railway infrastructure.

In the 1st quarter of the 2007/08 business year, the Automotive Division acquired a majority share of the German automotive supply companies Dancke Stanztechnik GmbH & Co KG and Dancke Werkzeugbau GmbH & Co KG. They are specializing in forming technology and complex press parts and safety components.

Employees

As of September 30, 2007, the voestalpine Group had 41,018 employees worldwide. Compared to the previous year (23,374), this corresponds to an increase of 17,644 employees or 75%. This increase is primarily a result of the most recent acquisitions, whereby 15,053 employees are accounted for by the new Special Steel Division. To a smaller extent, the companies acquired by the Automotive Division (increase by 39% from 3,428 to 4,750 employees) and the Profilform Division (increase by about 11% from 3,054 to 3,383) also contributed to the growth of the number of employees.

The rise in the number of employees in the Railway Systems and Steel Divisions by 10% from 7,046 to 7,751 and by 2% from 9,466 to 9,650 employees respectively was largely the result of the expansion in Linz and Donawitz, the main locations of these divisions, within the scope of the comprehensive investment programs.

Of all the employees of the voestalpine Group, 19,197 (or 47%) are employed in Austria and 21,821 (corresponding to 53%) are employed at international locations.

Investments

During the first six months of the current business year, the expenditures of the voestalpine Group for investments and acquisitions amounted to just under EUR 3,320 million, which corresponds to nearly 12 times the previous year's figure (EUR 258 million).

The main reason for this enormous increase was the acquisition of BÖHLER-UDDEHOLM, and, to a smaller extent, the extensive expansion and modernization programs at all Group locations in Austria, as well as at a number of international locations.

With EUR 153 million, the investments of the Steel Division (after completion of the "Linz 2010" program and in preparation for the subsequent project "L6") remained more or less on the previous year's level (EUR 158 million). The expenses of the Railway Systems Division rose from EUR 68 million to EUR 103 million; after the relining of blast furnace in Donawitz last summer, according to schedule, the investments are currently focused on the construction of an additional power plant block and on the renovation of the entire water management system. In the Profilform and Automotive Divisions, expenses for investments and acquisitions during the first six months of this business year came to EUR 19.4 million and EUR 54.6 million respectively.

During the period under review, the Special Steel Division recorded investments of just around EUR 71 million, primarily resulting from major projects at the locations in Villares (Brazil) and Kapfenberg (Austria), which are nearing completion.

Environment

The focus of the environmental agenda was the granting of the permit as mandated by environmental regulations for the "L6" investment program to be implemented by the Steel Division in Linz within the scope of

an environmental impact assessment, which is the most comprehensive to ever be conducted in Austria. The official notification, which was made in October 2007, makes it possible to begin this project that will encompass an investment volume of about EUR 1 billion in the first stage alone (2008 – 2010).

Furthermore, this summer, the most modern sinter offgas cleaning system was successfully put into operation in Linz. voestalpine was involved in the development of this technology, and this is the first time that it will be used by a steel company. This system will reduce the emissions of the sintering plant by an average of 90%.

The voestalpine Group is also playing a pioneer role in with the new facility, which was started up at the beginning of this business year, that injects plastic pellets into the blast furnace. This replaces fossil fuels by using processed waste plastics. When it is being fully utilized, this system can reduce the CO₂ emissions at the Linz location by about 400.000 metric tons per year.

Additional improvements of the water and air quality have been and continue to be accelerated and realized at the Donawitz location of the Railway Systems Division.

Research and Development

The integration of the BÖHLER-UDDEHOLM Group into the voestalpine Group enables two of the most innovative companies in the industry to bundle their research and development competencies in the fu-

ture. The voestalpine Group is achieving new dimensions in this sector. The overall budget for R&D in the 2007/08 business year is about EUR 100 million.

Internal activities during the first half of the year focused on the integration of the Specialty Steel Division into the research organization of the voestalpine Group, the development of new joint focal points, and the definition of future collaboration in development. Integration is progressing very successfully in this sector as well and is already being reflected in concrete projects.

The result of the tender for "COMET", the newly initiated program to stimulate research that was launched by the Austrian government and completed in September, deserves mention; it is very gratifying and of substantial significance for the successful long-term development of the R&D activities of the Group. Here, the voestalpine Group is playing a major role in five of eleven awarded "K1" and "K2" projects. The main projects are in the sectors of metallurgical materials development and mechatronics. "COMET" will amount to a total volume of some hundred million euros over the next years.

Outlook

The effects of the US sub-prime crisis, which are not yet fully foreseeable, the accelerating decline of the rate of exchange for the US dollar, the continuing rise of the oil price, doubts regarding a recovery of the US economy in the short term, and a definite escalation of political strife and tension in a num-

ber of geopolitical crisis regions make the sustainability of the positive economic environment both in Europe and in other regions questionable. Even though the producing economy has been unimpressed by these developments, the accumulation of critical indications for 2008 makes it necessary to anticipate more difficult economic circumstances overall.

Apart from these developments, the voestalpine Group is anticipating a continuation of the positive trend seen in the first half of the year in the second half of the 2007/08 business year as well. The primary reason is the specific positioning of all five divisions of the Group. The Steel Division is profiting from its many long-term contracts with high-end customers so that it is largely unaffected by short-term price and quantity fluctuations in the commodity sector. The same applies to the Special Steel Division (BÖHLER-UDDEHOLM Group), where the focus on sophisticated niche products coupled with a strong global market position will prevent any appreciable vulnerability to economic setbacks in the short term.

As the market leader, the Railway Systems Division is profiting from a continuing positive level of demand in the railway infrastructure sector that is expected to extend

to 2008. The situation in the Profilform Division is similar, where the high degree of specialization in connection with its strong position, in particular in Europe, will ensure a stable trend for the next months. The situation of the Automotive Division should again improve even further as a result of the consistent continuation of cost and portfolio optimization in connection with the fact that the acquisitions made in 2007 will take full effect.

Against this backdrop, one can assume from today's vantage point that the Steel, Special Steel, Profilform, and Automotive divisions will conclude the 2007/08 business year with an operating result that will again be higher than that of the previous year. Because of the scheduled major repairs (in particular of a blast furnace), the Railway Systems Division will be slightly below last year's result.

For the Group overall, the current business year is trending toward yet another increase in the operating result. In order to avoid misunderstandings, it should be pointed out that the additional improvement of the operating result stemming from the acquisition of the BÖHLER-UDDEHOLM Group will be neutralized by at least 30% during the 2007/08 business year by the (already recorded, mandatory) purchase price allocation.

Investor relations

Price performance of voestalpine share

The upward trend in the voestalpine share price, which has already continued unabated for four years, maintained its course in the first half of the 2007/08 financial year. The increase of 14% (from EUR 53.2 to EUR 60.6) occurred, however, largely in the first quarter. In the subsequent three months, the voestalpine share was drawn into the international stock market unrest provoked by the US real estate crisis, so that the price remained around the EUR 60 mark in the second quarter—but for some isolated swings.

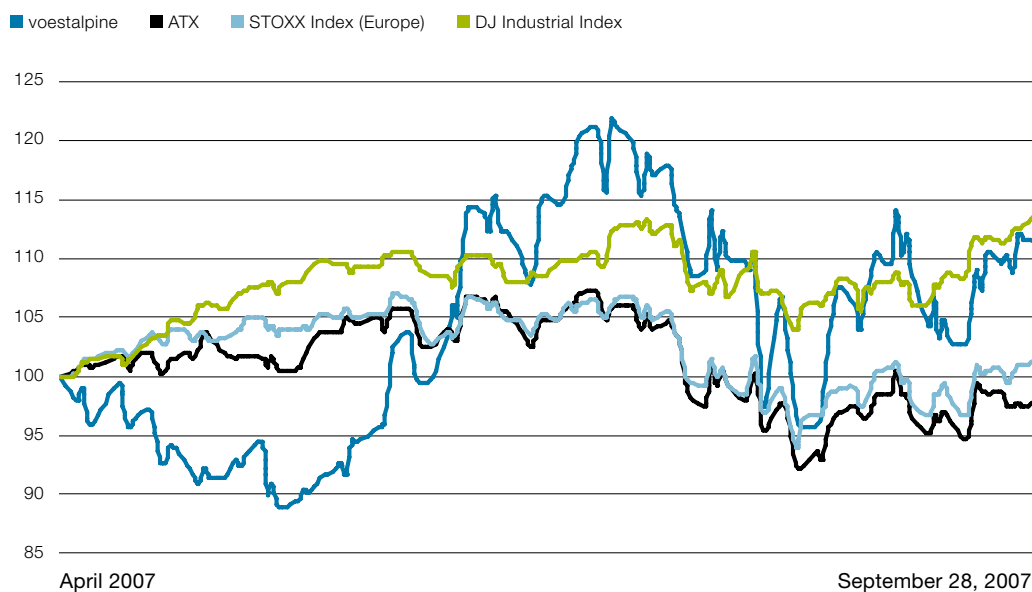
The record dividend of EUR 1.45 per share for the most previous financial year, adopted

by the annual shareholders' meeting on July 4, 2007, prompted numerous holders of convertible bonds from the 2005 issue to convert their holdings into voestalpine shares. These transactions were funded by a moderate capital increase, in the amount of about 3.8% of the share capital, and by way of repurchased shares. More than 70% of the convertible bond holders have thus already exercised their conversion rights.

The share repurchase program initiated in October 2006 was continued notwithstanding the takeover of BÖHLER-UDDEHOLM AG. In the period from October 18, 2006 through September 30, 2007, a total of 7.9 million own shares were repurchased, which corresponds to 4.8 % of the share capital of voestalpine AG.

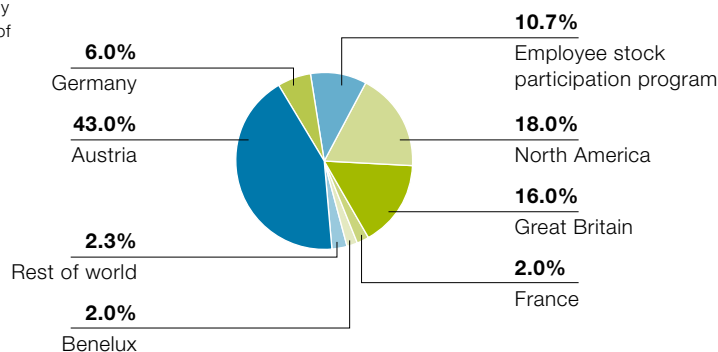
voestalpine share vs. international indices

Changes compared to March 31, 2007 in %



Ownership structure

The shareholder structure of voestalpine AG is currently as follows (indicative; as of June 2007):



Largest individual shareholders

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	> 15%
Employee stock participation program	10.7%
Oberbank AG	> 5%
AXA Group	> 5%

voestalpine AG is currently being analyzed by the following institutions:

■ BHF-BANK, Frankfurt ■ CA IB, Vienna ■ Cantor Fitzgerald, London ■ Credit Suisse, London ■ Deutsche Bank, Vienna/London ■ Erste Bank, Vienna ■ Exane BNP Paribas, Paris ■ Goldman Sachs, London ■ HSBC, London ■ JP Morgan, London ■ Morgan Stanley, London ■ Nord LB, Frankfurt ■ Raiffeisen Centrobank, Vienna ■ Steubing AG, Frankfurt

Share information

Share capital	EUR 298,756,264.42 divided into 164.439.033 non-par shares
	Treasury stock as of September 30, 2007: 4,058,757 shares
Class of shares	Ordinary bearer shares
Securities identification number (WKN)	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Class of shares

Share price high April 2007 through September 2007	EUR 66.11
Share price low April 2007 through September 2007	EUR 48.40
Share price as of September 30, 2007	EUR 60.60
Market capitalization as of September 30, 2007*	EUR 9,719,044,726

* Basis: total number of shares minus repurchased shares

2006/07 Fiscal Year

Earnings per share	EUR 4.77
Dividend per share	EUR 1.45
Carrying value per share	EUR 18.65

2008 Financial calendar

Letter to shareholders on results for first three quarters of 2007/08	February 25, 2008
Annual report 2007/08	June 5, 2008
Annual shareholders' meeting	July 2, 2008
Ex dividend date	July 7, 2008
Dividend payment date	July 14, 2008

Investor Relations

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Notes

The interim consolidated financial statements of voestalpine AG as of September 30, 2007 for the first half of the 2007/08 financial year have been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34, 'Interim Financial Reporting'. The accounting policies are unchanged from the annual consolidated financial statements for the 2006/07 financial year. Further information on the basis of preparation is provided in the consolidated financial statements as of March 31, 2007, on which this interim report is based.

The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company).

Unless otherwise stated, comparative information relates to the first half year of the 2006/07 financial year (balance sheet date: September 30, 2006).

The interim consolidated financial statements have not been audited or reviewed by auditors.

Scope of consolidation/ acquisitions

According to a letter of intent dated March 27, 2007, voestalpine AG acquired all shares in BU Industrieholding GmbH from the latter's shareholders (the 'Fries Group') by way of share purchase and assignment

agreements, thereby indirectly acquiring 10,686,340 shares in BÖHLER-UDDEHOLM (20.95% of BÖHLER-UDDEHOLM share capital). The shares in BU Industrieholding GmbH were acquired at a price of EUR 69.00 per share.

On April 26, 2007, voestalpine AG made a voluntary public takeover bid for the remaining shares in BÖHLER-UDDEHOLM AG, at an offer price again of EUR 69.00 per share. On May 19, 2007, voestalpine AG increased its offer to EUR 73.00 per share and extended the acceptance period to June 4, 2007.

By expiration of the three-month extension period for the voluntary public takeover offer on September 6, 2007, voestalpine AG's shareholding in BÖHLER-UDDEHOLM AG had grown to 40,401,130 shares, corresponding to 79.2% of BÖHLER-UDDEHOLM AG's share capital. As of September 30, 2007, voestalpine AG controlled 40,946,489 shares in BÖHLER-UDDEHOLM AG (80.29% of the share capital).

voestalpine AG's voluntary public takeover offer became binding at the end of the first quarter of financial 2007/08. The acquisition date within the meaning of IFRS 3 was therefore determined to be July 1, 2007.

The Automotive division acquired a majority interest in the first quarter of financial year 2007/08 in German suppliers Dancke Stanztechnik GmbH & Co. KG and Dancke Werkzeugbau GmbH & Co. KG.

The scope of the consolidated financial statements consequently changed as follows during the first half year:

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2007	156	3	12
Change in consolidation method			
Reincorporated	-1		
Acquisitions	161	1	2
As of September 30, 2007	316	4	14
Of which foreign companies	258	2	6

The acquisitions had the following effects in the consolidated financial statements:

	Recognized value	Fair value adjustments	Carrying amount
Non-current assets	2,220.3	1,162.2	1,058.1
Current assets	2,301.7	165.0	2,136.7
Non-current provisions and liabilities	-1,193.9	-318.8	-875.1
Current provisions and liabilities	-1,027.4		-1,027.4
Net identifiable assets and liabilities	2,300.7	1,008.4	1,292.3
Charge to equity; negative minority interest	-353.0		
Goodwill/negative goodwill	1,075.5		
Costs of acquisition	3,023.2		
Cash and cash equivalents acquired	-118.3		
Net cash outflow	2,904.9		

In millions of euros

The acquired companies are included in the interim consolidated financial statements as of September 30, 2007 in accordance with IFRS 3 at the fair values of the acquired assets, liabilities and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. In accordance with IFRS 3, the initial accounting for the acquisition remains provisional.

On first-time inclusion of BÖHLER-UDDEHOLM AG and its subsidiaries, an amount of EUR 1,315.2 million was recognized for previously unrecognized gains (including the benefit from tax depreciation allowances on goodwill) and EUR 1,062.0 million for goodwill. Fair value adjustments made on first-time inclusion of the acquisition in the consolidated financial statements have significantly reduced the earnings contribution from the Special Steel division.

An increase in a majority stake is treated as a transaction between owners. On purchases of shares in BÖHLER-UDDEHOLM after the statutory extension period (ending September 6, 2007), any difference between cost and the proportionate carrying amount of the minority interest concerned is therefore recognized directly in equity. Purchases of minority interests in the Special Steel division and of additional interests in the Automotive division consequently had a (net) negative impact on shareholders' equity of some EUR 62.3 million in the period under review.

A preliminary purchase price allocation effected in the 2006/07 financial year has been adjusted as required within twelve months of the acquisition in the interim consolidated financial statements as of September 30, 2007. The adjustment is not material in amount.

Notes on the balance sheet

As of September 30, 2007, voestalpine AG had a share capital EUR 298,756,323.33 (March 31, 2007: EUR 287,784,423.33) divided into 164,439,033 no-par shares. The share capital was increased by 3.81% on July 4, 2007 by the issuance of 6,039,033 no-par bearer shares to holders of convertible bonds issued in July 2005. The issue was effected under the Management Board's authority to issue new shares on exercise of conversion rights. Convertible bonds with a nominal value of EUR 37.7 million were also serviced with repurchased shares in the Company.

The Company held 4,058,757 shares of treasury stock at the balance sheet date.

The increase in total assets primarily relates to the first-time inclusion of BÖHLER-UDDEHOLM AG and its subsidiaries. Current liabilities to banks significantly increased due to bridge finance taken out for the acquisition of BÖHLER-UDDEHOLM AG.

Notes on the income statement

Most of the increases on the income statement are due to the acquisition and first-time inclusion of BÖHLER-UDDEHOLM AG and its subsidiaries.

Notes on the cash flow statement

The acquisition and first-time inclusion of BÖHLER-UDDEHOLM AG and its subsidiaries results in a significant change in cash flows from investing activities.

Significant events since September 30, 2007

In October 2007, voestalpine AG issued a bond subordinated to all other creditors with a total issue size of EUR 1 billion. The bond has an indefinite term and a 7.125% coupon rate. The Company can defer coupon payments in financial years when it does not pay a dividend. The first call option is after seven years, when voestalpine AG (not bond holders) can either redeem the bond at par or extend it at a higher but variable coupon rate. As it satisfies IFRS criteria to qualify as equity, the hybrid bond will be accounted for as part of shareholders' equity.

The proceeds from the bond issue partly serve to re-finance the BÖHLER-UDDEHOLM acquisition. Short-term bank loans taken out to finance the acquisition have been partly repaid as a result.

On October 30, 2007, the Profilform division announced its entry into the South American market with an acquisition in Brazil. The division has acquired a majority interest in

Meincol Distribuidora de Aço Ltda., a specialty manufacturer of high-quality products for the tube and section segment.

At the end of the previous financial year, the Automotive division had announced its intention to sell voestalpine Polynorm Inc. in North America. Effective November 1, 2007, the assets of voestalpine Polynorm Inc. were transferred to the United Kingdom's Caparo Group, which will also take over the workforce and the management.

Statement under section 87 (1) of the Austrian Stock Exchange Act

The Management Board of voestalpine AG hereby declares that, to the best of its knowledge and belief, the half-year financial report presents a true and fair view of the financial position and performance of the entity in accordance with International Financial Reporting Standards (IFRS) as adopted in the EU.

Linz, Austria, November 13, 2007

The Management Board



Wolfgang Eder



Franz Hirschmanner



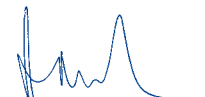
Josef Mülner



Robert Ottel



Claus Raidl



Wolfgang Spreitzer

voestalpine AG**Financial data 09/30/2007**

According to IFRS

Consolidated balance sheet**Assets**

	03/31/2007*	09/30/2007
A. Non-Current Assets		
Property, plant and equipment	2,660.8	3,787.6
Goodwill	315.2	1,390.3
Other intangible assets	105.5	869.9
Investments in associates	86.0	89.5
Other financial assets	81.2	127.4
Deferred tax assets	117.3	430.2
	3,366.0	6,694.9
B. Current Assets		
Inventories	1,421.7	2,850.7
Trade and other receivables	1,293.8	2,242.4
Other financial assets	389.9	262.4
Cash and cash equivalents	356.1	238.5
	3,461.5	5,594.0
Total Assets	6,827.5	12,288.9

In millions of euros

Equity and liabilities

	03/31/2007*	09/30/2007
A. Equity		
Share capital	287.8	298.8
Capital reserves	442.9	474.5
Retained earnings and other reserves	2,142.3	2,234.8
Equity attributable to equity holders of the parent	2,873.0	3,008.1
Minority interest	53.3	468.3
	2,926.3	3,476.4
B. Non-current liabilities		
Pensions and other employee obligations	566.1	869.0
Provisions	21.0	59.4
Deferred tax liabilities	85.3	419.2
Financial liabilities	739.5	1,104.9
	1,411.9	2,452.5
C. Current liabilities		
Provisions	412.2	661.3
Financial liabilities	629.6	3,740.8
Trade and other payables	1,447.5	1,957.9
	2,489.3	6,360.0
Total equity and liabilities	6,827.5	12,288.9

* Retrospective adjustment in accordance with IFRS 3

In millions of euros

Consolidated income statement

	04/01– 09/30/2006*	04/01– 09/30/2007	07/01– 09/30/2006*	07/01– 09/30/2007
Revenue	3,368.0	4,749.1	1,659.7	2,788.2
Cost of sales	-2,564.5	-3,572.1	-1,252.5	-2,129.3
Gross profit	803.5	1,177.0	407.2	658.9
Other operating income	76.9	122.5	46.0	74.5
Distribution costs	-217.2	-364.9	-107.0	-239.1
Administrative expenses	-141.5	-204.0	-72.7	-122.6
Other operating expenses	-75.2	-118.2	-41.5	-72.5
Profit from operations (EBIT)	446.5	612.4	232.0	299.2
Share of profit of associates	7.7	11.1	3.9	5.8
Finance income	25.6	31.7	12.6	18.3
Finance costs	-51.7	-99.2	-22.5	-68.9
Profit before tax (EBT)	428.1	556.0	226.0	254.4
Income tax expense	-105.3	-121.6	-53.7	-62.0
Profit for the period from continuing operations	322.8	434.4	172.3	192.4
Discontinued operations	6.0	0.0	3.4	-0.1
Profit for the period	328.8	434.4	175.7	192.3
Attributable to:				
Equity holders of the parent	324.7	431.3	173.7	191.6
Minority interest	4.1	3.1	2.0	0.7
Basic earnings per share (euros)	2.01	2.74	-	-
Diluted earnings per share (euros)	1.87	2.63	-	-

* Retrospective adjustment in accordance with IFRS 5

In millions of euros

Consolidated cash flow statement

	04/01 – 09/30/2006	04/01 – 09/30/2007
Operating activities		
Profit for the period	328.8	434.4
Adjustments	180.1	289.8
Changes in working capital	-87.3	-77.0
Cash flows from operating activities	421.6	647.2
Cash flows from investing activities	-339.8	-3,185.2
Cash flows from financing activities	-141.6	2,417.3
Net decrease/increase in cash and cash equivalents	-59.8	-120.7
Cash and cash equivalents, beginning of period	513.2	356.1
Net exchange differences	0.8	3.0
Cash and cash equivalents, end of period	454.2	238.5

In millions of euros

Changes in equity

	04/01 – 09/30/2006	04/01 – 09/30/2007
Equity at April 1	2,547.3	2,926.3
Profit for the period	328.8	434.4
Dividends	-125.9	-237.2
Convertible bond		
Increase of capital	0.0	102.8
Own shares	0.0	34.2
Own share acquired/disposed	5.2	-127.1
Purchase of Minority interest	0.0	-62.3
Addition of Minority interest Special Steel Division	0.0	410.9
Currency translation	-6.5	-3.8
Hedge accounting	0.8	-6.9
Stock Options	0.0	6.0
Other changes	2.0	-0.9
Equity at September 30*	2,751.7	3,476.4

* Incl. minority interest

In millions of euros

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