

MANAGEMENT BOARD REPORT
in accordance with Sec. 170 para. 2 AktG
in combination with Sec. 153 para. 4 sentence 2 AktG
for Agenda Item 8 [Authorised Capital 2014/II]
of the General Meeting of voestalpine AG
(Authorisation of the Management Board, subject to Supervisory Board approval,
to issue new shares while excluding pre-emption rights)

All members of the Management Board of voestalpine AG, with registered office in Linz, hereby submit the following Management Board Report in accordance with Sec. 170 para. 2 AktG (Austrian Stock Corporation Act) in combination with Sec. 153 para. 4 sentence 2 AktG to the 22nd Annual General Meeting of voestalpine AG on 2 July 2014.

The voestalpine AG Management Board submitted the following resolution proposal for Agenda Item 8:

"Resolution on

- a) authorisation of the Management Board in accordance with Sec. 169 AktG to increase the share capital, subject to Supervisory Board approval, by up to an additional EUR 31,330,923.02 on or before 30 June 2019 by issuing up to 17,244,916 new no-par value bearer ordinary shares in one or more tranches against contributions in kind and/or cash contributions for issue to employees, executives and members of the Management Board of the Company or a company affiliated with the Company, with the issuing price, issuing terms and other details for performance of the capital increase set in consultation with the Supervisory Board,
- b) authorisation of the Management Board to exclude shareholder pre-emption rights, subject to Supervisory Board approval, if
 - (i) the capital increase is performed against in-kind contributions, that is, shares are issued for the purpose of acquiring companies, businesses, business units, or interests in one or more domestic or foreign companies, or
 - (ii) the capital increase is performed for the purpose of issuing shares to employees, executives or members of the management board of the Company or companies affiliated with the Company under an employee share ownership plan,

[Authorised Capital 2014/II]

- c) corresponding amendments to Sec. 4 para. 2 of the Articles of Association consisting of deletion of the current paragraph 2 and insertion of a new paragraph 2b that reads as follows:

"(2b) The Management Board shall be authorised until 30 June 2019

- a) in accordance with Sec. 169 AktG to increase the current nominal share capital of EUR 313,309,235.65, subject to Supervisory Board approval, by up to an additional EUR 31,330,923.02 by issuing up to 17,244,916 new no-par value bearer ordinary shares in one or more tranches against contributions in kind and/or cash contributions for issue to employees, executives and members of the Management Board of the Company or a company affiliated with the Company, with the issuing price, issuing terms and other details for performance of the capital increase set in consultation with the Supervisory Board,
- b) to exclude shareholder pre-emption rights, subject to Supervisory Board approval, if
 - (i) the capital increase is performed against in-kind contributions, that is, shares are issued for the purpose of acquiring companies, businesses, business units, or interests in one or more domestic or foreign companies, or
 - (ii) the capital increase is performed for the purpose of issuing shares to employees, executives or members of the management board of the Company or companies affiliated with the Company under an employee share ownership plan.

[Authorised Capital 2014/II]

The Supervisory Board shall be authorised to approve amendments to the Articles of Association arising from the issue of shares from authorised capital."

Current share capital and number of no-par value ordinary shares

voestalpine AG, with registered office in Linz and business address at voestalpine-Strasse 1, 4020 Linz, registered in the companies register of the District Court of Linz under FN 66209 t, currently has 172,449,163 no-par value bearer ordinary shares with voting rights outstanding. The Company currently has share capital of EUR 313,309,235.65.

Exclusion of pre-emption rights and reasons

New authorised capital should be created in order to make further growth and the acquisition of other companies or interests in companies possible and due to the fact that the existing authorised capital expires on 30 June 2014. First, authorised capital in

an amount equal to 40% of the share capital for issue against cash contributions with statutory pre-emption rights (Authorised Capital 2014/I – see Agenda Item 7) should be created. Second, creation of authorised capital in an amount equal to 10% of the share capital for issue against contributions in kind and/or to employees, executives and members of the management board of the Company or companies affiliated with the Company, with authorisation to exclude pre-emption rights, is proposed (Authorised Capital 2014/II).

Given the option to exclude pre-emption rights when making use of Authorised Capital 2014/II, the Management Board is required to provide the General Meeting a written report in accordance with Sec. 170 para. 2 AktG in combination with Sec. 153 para. 4 sentence 2 AktG on the reasons for exclusion of pre-emption rights.

The Management Board of the Company can only issue shares from Authorised Capital 2014/II against in-kind contributions while excluding pre-emption rights with Supervisory Board approval. The Management Board can only set the issuing price, issuing terms and other details for performance of the capital increase in consultation with the Supervisory Board.

Authorised Capital 2014/II can be issued in one or more tranches totalling up to EUR 31,330,923.02 on or before the proposed final date of 30 June 2019. A total of up to 17,244,916 new no-par value bearer ordinary shares can be issued from Authorised Capital 2014/II.

New shares can be issued from Authorised Capital 2014/II with exclusion of pre-emption rights if the shares are issued as consideration for the acquisition of companies, businesses, business units, or interests in one or more domestic or foreign companies.

voestalpine AG plans to continue growing in Austria and abroad (in its existing areas of business and possibly in new areas of business, in existing markets and possibly by entering into and developing new markets). This growth could also take place by acquisition of other companies or businesses. Acquisitions of companies, businesses or business units can be legally structured as purchases of specific assets (and liabilities) of a company, business or business unit (asset deal) or purchases of shares in another company (share deal). Both forms of acquisition of companies, businesses or business units, namely asset and share deals, are collectively referred to as company acquisitions below.

In addition to cash, the consideration for company acquisitions can also consist of shares of the acquiring company. This can be in the interest of both voestalpine AG as the buyer and the seller. In a company acquisition in which the seller transfers a company (or shares of a company) as an in-kind contribution to voestalpine AG against the issue of new shares – in this case from authorised capital – voestalpine AG's share capital and, therefore, equity increases. While paying cash to purchase a company can cause a large outflow of liquidity from the Company, the acquiring company (voestalpine AG) does not experience an outflow of liquidity when a company is acquired by means of an in-kind contribution. On the contrary, it records an increase in equity. There may also be cases where, for strategic reasons, it is necessary and expedient for the seller of the company to hold a small interest in voestalpine AG, or where the seller requests an interest in the Company in return.

Company acquisitions which involve a company or shares of a company being transferred to the Company as an in-kind contribution while excluding the pre-emption rights of the other shareholders of the Company are generally recognised as providing appropriate justification for the exclusion of pre-emption rights. In view of voestalpine AG's plans for further growth, it is in the interests of voestalpine AG to make it possible to perform company acquisitions using in-kind contributions, while excluding pre-emption rights, and conserving Company liquidity. Authorised capital allows the Company to perform such transactions with the necessary speed and flexibility.

The exclusion of pre-emption rights is therefore necessary, because company acquisitions using in-kind contributions are the only way the Company can perform acquisitions without an outflow of liquidity, and sellers are often only prepared to transfer companies or shares of companies if they receive an interest in the Company with an equivalent value. From voestalpine AG's point of view, it may be necessary, for strategic or organisational reasons, to include the seller as a shareholder of the Group. In company acquisitions using in-kind contributions, the seller transferring the in-kind contribution can only obtain the interest it wants if it is the only party receiving new shares. This is because a seller wants to receive a (percentage) interest in voestalpine AG equal to the ratio of the value of its company to the value of voestalpine AG, together with associated voting rights (and therefore participation rights) in the Company.

Excluding pre-emption rights is, in the end, appropriate because voestalpine AG generally has a special interest in acquiring the company concerned or shares of the company. The interests of existing shareholders are safeguarded by the fact that the company acquisition is performed by issuing a proportionate number of shares,

generally after performing a company valuation. In company acquisitions using in-kind contributions and the issue of new shares from authorised capital, the value of the company or company shares contributed is compared to the value of voestalpine AG, and the party making the in-kind contribution receives new shares of voestalpine AG in the same proportion. Furthermore, the existing shareholders participate in the future profits of the acquired company, which should, as a rule, increase due to synergies with voestalpine AG.

Given the five-year term of the authorised capital, no information can currently be given concerning the issuing price of new shares issued to the seller of a company, because this price will depend both on voestalpine AG's business development and the price performance of voestalpine AG shares. In the cases described here, information on the issuing price is not required when authorisation is granted. If new shares are to be issued from authorised capital with exclusion of pre-emption rights, existing shareholders will receive information on the issuing price because the Management Board is required to publish another report in analogous application of Sec. 153 para. 4 sentence 2 AktG, which, among other things, also provides reasons for the issuing price of the new shares (Sec. 171 para. 1 AktG), no later than two weeks before the Supervisory Board votes to approve issue of the shares from authorised capital.

Shares must be transferred to employees of the voestalpine Group under existing employee share ownership plans. This could also be required for employees, executives and members of the management board of the Company or companies affiliated with the Company under future employee share ownership plans.

Under Sec. 153 para. 5 AktG, the preferential issue of shares to employees, executives and management board members is sufficient grounds for excluding pre-emption rights.

In summary, the Management Board of voestalpine AG has reached the conclusion that granting authorisation to the Management Board of the Company to increase the share capital of the Company, subject to Supervisory Board approval, by issuing new shares from authorised capital, with the option of excluding pre-emption rights, fully complies with the statutory provisions.

Linz, 19 May 2014

The Management Board

W. Eder

H. Eibensteiner

F. Kainersdorfer

R. Ottel

F. Rotter