

voestalpine AG: Offer to exchange the hybrid bond 2007

voestalpine AG is inviting all holders of the hybrid bond issued in October 2007 to offer voestalpine AG an exchange of their existing holdings for a new hybrid bond on a 1:1 basis. The issue volume of the new hybrid bond is a maximum of EUR 500 million. Offers can be made from February 25 to March 13, 2013. The invitation is directed solely to existing holders of the hybrid bond 2007 and is intended to optimize the financing portfolio of voestalpine AG. Therefore, new investors cannot subscribe to this new hybrid bond issue.

The earliest possible call option by voestalpine AG for the current hybrid bond 2007 (ISIN AT0000A069T7), which has a volume of EUR 1 billion, is on October 31, 2014. At this point in time, it has not yet been decided if voestalpine will exercise this call option. Market participants tend to expect that issuers will take advantage of the first possible call date to redeem hybrid bonds. Therefore, bondholders who do not take advantage of this exchange invitation will not be able to make very reliable plans with regard to their investment in the hybrid bond 2007 for the period after October 31, 2014.

“We do not want to increase the total volume of hybrid capital at this time, but, at the same time, we want to reduce any potential refinancing risk for the period after October 2014 as early as possible,” stated Chairman of the Management Board and CEO of voestalpine AG, Dr. Wolfgang Eder. “Additionally, we are offering existing bondholders the opportunity to renew their commitment as a special consideration for their longstanding confidence in us.” If the call option is not exercised by voestalpine, the hybrid bond 2007 will continue to run for an indefinite period of time at the agreed upon terms (variable coupon linked to the three-month Euribor rate +5.05%). In this case, voestalpine can exercise a call option at each coupon date (every three months). Investors can sell their hybrid bond 2007 holdings on the secondary market at any time at the then current price.

voestalpine hybrid bond 2013: High return in a time of historically low interest

voestalpine’s hybrid bond 2013 offers the holders of hybrid bond notes the opportunity to exchange their existing investment for a new hybrid bond and thus renew their commitment in voestalpine AG’s future. Many of the terms of the hybrid bond 2013 are the same as the hybrid bond 2007, however, there are also a number of differences. As is the case for the hybrid bond 2007, the hybrid bond 2013 is subordinated to all other creditors of voestalpine. The term is also indefinite, i.e., it has no maturity date. Coupon payments can be postponed by voestalpine without citing any reasons for doing so; no default interest will accrue as a result of such postponed coupon payments. The hybrid bond 2013 will pay a fixed coupon rate of interest of 7.125% up to October 31, 2014. This means that bondholders participating in the exchange do not need to forego the usual, high coupon payment of the hybrid bond 2007. From October 2014 on until October 2019, the terms of the bond stipulate an annual, fixed coupon payment of 6%. voestalpine AG is entitled to exercise its first ordinary call option on October 31, 2019. If voestalpine does not exercise its call option, the fixed coupon rate is then defined for the next five years up to October 31, 2024. This rate is calculated using the five-year swap rate in effect at that time plus a premium of 4.93%. voestalpine AG is entitled to exercise its next ordinary call option on October 31, 2024.

Based on today's interest rates, the new hybrid bond 2013 would offer a nominally higher coupon rate starting on October 31, 2014 than the existing hybrid bond 2007 (in the event voestalpine does not exercise its call option), namely 6% vs. the three-month Euribor rate +5.05% (as of February 25, 2013, this corresponds to about 5.28%). Details regarding the exchange offer, including interest rates and all interest periods can be found on the voestalpine AG website (www.voestalpine.com). We intend to apply to have the new hybrid bond listed on the Official Market of the Vienna Stock Exchange (ISIN AT0000A0ZHF1).

We refer holders of the hybrid bond 2007 who are considering participating in the exchange offer to the Exchange Offer Memorandum for detailed information and the participation terms; holders of the hybrid bond 2007 can obtain this Memorandum from participating banks, subject to certain offer and distribution restrictions.

The voestalpine Group

The voestalpine Group is a steel, processing, and technology group that operates worldwide and manufactures, processes, and develops high-quality steel products. With 500 production and sales companies in more than 50 countries on five continents, the Group has been listed on the Vienna Stock Exchange since 1995. With its top-quality flat steel products, the Group is one of the leading partners to the automobile and domestic-appliance industries in Europe and to the oil and gas industries worldwide. The voestalpine Group is also the world market leader in railway switch technology, special rails, tool steel, and special sections. In the business year 2011/12, the voestalpine Group reported revenue of more than EUR 12 billion and an operating result (EBITDA) of EUR 1.3 billion. It staffs roughly 46,500 employees worldwide.

This notice serves marketing purposes in Austria and Germany and constitutes marketing information within the meaning of the Austrian Securities Supervision and the Capital Markets Acts, but neither financial analysis nor a recommendation or advice concerning financial instruments, nor an offer to sell nor a solicitation to buy any securities. The exchange offer of securities of voestalpine AG in Austria and Germany may only be made in Austria and Germany on the basis of a prospectus dated June 22, 2012, approved by the Commission de Surveillance du Secteur Financier (CSSF), published and notified to the Austrian Financial Market authorities (FMA) and the German Federal Financial Supervisory Authority (BaFin) including its supplements as well as the final terms, which is available free of charge at voestalpine AG, voestalpine-Straße 1, A-4020 Linz, and which can be reviewed in electronic form on the website of the issuer (www.voestalpine.com) and of the Luxembourg stock exchange (www.bourse.lu).

This notice is addressed exclusively to holders of the hybrid bond 2007 (ISIN AT0000A069T7) to whom it is lawful under applicable laws to participate in the exchange offer and to receive the Exchange Offer Memorandum. In particular, this notice is not addressed to US persons or to residents of the United States, Great Britain, Belgium, France, or Italy or of another country where its distribution or publication would be unlawful. This notice is not an offer to buy or a solicitation to sell securities in Italy, Belgium, France, or in another country where an offer or invitation of this kind would be unlawful. This notice may not be forwarded to the United States nor distributed within the United States and may not be distributed or disclosed to US persons, to general circulation publications in the United States, or to residents another country where its distribution or publication would be unlawful.

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