

*This is a translation of the original German version of the response by the management board of BÖHLER-UDDEHOLM Aktiengesellschaft pursuant to § 14 (1) Austrian Takeover Act. It is provided solely for convenience. The German original represents the definitive version of the response for all purposes.*

**Response to the Voluntary Public Takeover Bid of voestalpine AG  
pursuant to § 14 (1) Austrian Takeover Act  
by the Management Board of BÖHLER-UDDEHOLM Aktiengesellschaft**

voestalpine AG with its registered office in Linz, registered under FN 66209 t (the „Bidder“) aimed a voluntary public takeover bid pursuant to § 25a Austrian Takeover Act (Übernahmegesetz) („Takeover Act“) on 26 April 2007 at all shareholders of BÖHLER-UDDEHOLM Aktiengesellschaft with its registered office in Vienna, registered under FN 78568 t („Böhler-Uddeholm“) for the acquisition of all shares of Böhler-Uddeholm, ISIN AT0000903851 (the „Shares“) (the „Takeover Bid“).

Pursuant to § 14 (1) Takeover Act, the management board of Böhler-Uddeholm shall publish a response stating reasons on the bid. The response shall contain, in particular, an assessment of whether the consideration offered and the other terms of the bid take adequate account of the interests of all shareholders, and what the probable effects of the bid would be on the target company, especially with respect to employees (jobs, working conditions and the fate of the locations), on creditors and the public interest. Should the management board be unable to give a final recommendation, they must in any case, outline the arguments for accepting or rejecting the bid, highlighting the most important aspects.

On this basis, the management board of Böhler-Uddeholm gives the following response to the bid. Insofar as it refers to the offer price or to the future development of Böhler-Uddeholm in case of the success of the bid, it is highly dependent on future developments and prognoses, which are by nature uncertain. In connection with legal questions, it must be observed that the Takeover Commission and other decision-making bodies may reach other conclusions.

The management board further points out that it cannot verify the information in the offer document that does not pertain to Böhler-Uddeholm. This also applies to those parts of the Takeover Bid on which the response of the management board states no express reservation.

## **1. Initial Position**

The Bidder is holding company of the voestalpine group, a leading European processing group with its own steelmaking facilities and its registered office in Austria. The group is divided into four divisions - Steel, Railway Systems, Automotive and Profilform - and employs about 26,000 employees worldwide. In the fiscal year 2005/06, voestalpine group generated revenues of EUR 6.5 billion. It has production and distribution companies in 31 countries worldwide.

According to the information in the offer document, the Bidder achieved an agreement in principle on 27 March 2007 with the shareholders of BU Industrieholding GmbH („BUI“) regarding the acquisition of all shares in BUI and hence indirectly 10,686,340 shares, representing 20.95% of the share capital of Böhler-Uddeholm. The execution of these share purchases, including without limitation the transfer of title to the Bidder of the relevant shares in BUI, the exercise of all rights relating to these shares, and the payment of the purchase price to the shareholders of BUI is subject to the condition precedent of clearance by the relevant merger control authorities or non-prohibition of the execution of this share purchase and transfer agreement. Böhler-Uddeholm is not aware of the wording of the contract between the Bidder and the shareholders of BUI.

Since the Bidder has not acquired a controlling interest in Böhler-Uddeholm as defined in the Austrian Takeover Act, it is legally not required to make a takeover bid. Simultaneously with the consent to the acquisition of the Böhler-Uddeholm Shares from BUI subject to conditions precedent, the Bidder announced its intention to make a voluntary takeover bid to all other shareholders of Böhler-Uddeholm to acquire a controlling interest.

The Takeover Bid made on 26 April 2007 aims at the acquisition of all Böhler-Uddeholm Shares. Under consideration of the indirectly and subject to conditions precedent already acquired 10,686,340 shares, the Takeover Bid effectively aims at the acquisition of 40,313,660 shares.

The bid price is EUR 69 per share ex dividend 2006.

The bid is subject to the following conditions precedent:

1. Attaining the minimum legal thresholds pursuant to § 25a (2) Takeover Act.
2. Merger control authorities (i) of the European Union, and (ii) in Bosnia and Herzegovina (iii) Switzerland, (iv) South Africa, (v) South Korea, (vi) Turkey, (vii) Ukraine, and (viii) the USA issuing a non-prohibition of the execution, clearance of the contemplated purchase of shares by the Bidder by 31 August 2007 or a clearance of or waive the requirement of a clearance of the acquisition of shares.

The acceptance period runs from 26 April 2007 until 24 Mai 2007, 5.30 p.m., Vienna time.

## **2. Assessment of the Takeover Bid**

### 2.1. Subject-Matter of Purchase

The Takeover Bid aims at the acquisition of all shares of Böhler-Uddeholm admitted to the Official Market on the Vienna Stock Exchange (ISIN AT0000903851), except for the shares held by BUI (see section 3.3. of the offer document).

The Takeover Bid does not extend to American Depositary Shares (“ADS”) and American Depositary Receipts (“ADR”) held by the Bank of New York as depositary of Böhler-Uddeholm shares. However, all holders of ADS and ADR, respectively are invited to (i) either return their ADS to the Bank of New York against delivery of the underlying Böhler-Uddeholm Shares and to themselves accept this Takeover Bid or (ii) instruct the Bank of New York as depositary to accept this Takeover Bid in respect of such number of Böhler-Uddeholm Shares as are represented by the ADS held by the respective holder.

Based on the above paragraph, the Bidder’s purchase offer therefore aims at the acquisition of 40,313,660 Böhler-Uddeholm Shares. The shares represent 79.05% of Böhler-Uddeholm’s entire share capital.

### 2.2. Bid Price

The bid price is EUR 69 per share ex dividend 2006.

The provisions of § 26 (1) Takeover Act relating to the bid price of a bid apply to the Takeover Bid. According to this provision, the price of a bid is subject to a double minimum price limit, firstly, the average price - weighted by the relevant trading volumes – quoted of the Shares within the last six months preceding the day on which the intention to launch a bid is announced (29 March 2007) and secondly, the highest consideration in money paid or granted by the Bidder or any parties acting in concert with it for the securities in question of the Target within the last twelve months preceding the announcement of the bid (16 April 2007).

The bid price complies with both criteria and therefore with the legal provisions for voluntary public takeover bids to acquire a controlling interest in accordance with the Takeover Act.

#### *2.2.1. Stock Exchange Price*

The average stock exchange price of the share, weighted by the relevant trading volumes, in the last six months before 29 March 2007 weighted was EUR 57.33 per share.

#### *2.2.2. Prior Acquisition*

According to the information given by the Bidder in the offer document, the shares of BUI were acquired at terms and conditions that correspond to an (indirect) acquisition of this company's Böhler-Uddeholm Shares for a price of EUR 69 per share, with the sellers of these shares still

being entitled to the dividend for the business year 2006. Since the market value of the 10,686,340 shares of BUI is considerably higher than their book value, a sale of shares by BUI would currently trigger taxes for this company that amount to 25 % of the difference between the book value and (higher) proceeds from the sale of Böhler-Uddeholm Shares. These deferred taxes do not constitute an impairment of BUI or of its 10,686,340 shares. On the one hand, no taxes will accrue as long as BUI does not sell its 10,686,340 shares. On the other hand, the deferred taxes and hence the risk that taxes may arise in the amount stated above can be eliminated by corporate reorganization measures in such manner that after the implementation of these reorganization measures, the book value of the 10,686,340 shares will amount to EUR 69 per share and hence correspond to their prorated value at which they were acquired by BUI. Compared to the market value of the 10,686,340 shares in BUI, the mentioned reorganization measures can be carried out with negligible expense and within a reasonable period of time. The independent expert of the Bidder (§ 9 Takeover Act), Grant Thornton Wirtschaftsprüfungs- und Steuerberatungs-GmbH, confirmed in an expert opinion submitted to the Austrian Takeover Commission that the purchase price for the shares in BUI corresponds to an indirect share purchase at a price of EUR 69 per Böhler-Uddeholm share ex 2006 dividend.

The possibility mentioned in the offer document to eliminate the tax burden arising from a sale of BUI's shares through corporate reorganization measures, requires the cooperation of Böhler-Uddeholm or one of its subsidiaries and would be carried out through a merger with BUI and one of these legal entities. Should the Bidder approach Böhler-Uddeholm with a concrete proposal, Böhler-Uddeholm would make a decision within the legal framework, whereby this would be conditional upon there being no disadvantages for Böhler-Uddeholm.

### *2.2.3. Company Figures and Target Stock Prices*

The key financial and company figures of Böhler-Uddeholm found in sections 2.2.3. and 2.2.5. of the offer document are accurate.

Analyses of the share made by investment banks in the year 2007, before the intention to launch the Takeover Bid was announced (29 March 2007), show the following target stock prices:

<i>Investment Bank</i>	<i>Date</i>	<i>Target Stock Price</i>
Deutsche Bank	22 February 2007	EUR 62.50
Credit Suisse	21 March 2007	EUR 55.00
CA-IB	23 March 2007	EUR 67.50
Steubing AG	27 March 2007	EUR 72.00
Sal. Oppenheim	29 March 2007*	EUR 57.40
<i>Average</i>		EUR 62.88

\* Before intention to launch bid was announced

Analyses of the share by investment banks in the year 2007, after the intention to launch the bid was announced (29 March 2007), show the following target stock prices:

<i>Investment Bank</i>	<i>Date</i>	<i>Target Stock Price</i>
RCB	2 April 2007	EUR 75.00
CA-IB	12 April 2007	EUR 83.00
<i>Average</i>		EUR 79.00

Böhler-Uddeholm has no influence upon the target stock prices of the Shares indicated by investment bank analysts. The bid price is lower than the current stock price of EUR 72.00 (3 May 2007). This stock price lies above the average stock price target indicated by the analysts, as long as indicated before the intention to launch the bid was announced by the Bidder on 29 March 2007. Therefore it can be concluded that the stock price development of the share was positively influenced by the announcement of the intention to launch the bid.

### 2.3. Conditions Precedent

The Takeover Bid is subject to the conditions precedent (i) the acquisition of more than 50 % of Shares pursuant to § 25a (2) Takeover Act and (ii) the non-prohibition of the execution or clearance by the relevant merger control authorities.

#### *2.3.1. Condition pursuant to § 25a (2) Takeover Act*

According to the law (§ 25a (2) of the Austrian Takeover Act), the Takeover Bid is subject to the condition of the Bidder receiving declarations of acceptance that comprise more than 50% of the permanent voting stock which are the subject of the Takeover Bid within the acceptance period. Should the Bidder or any party acting in concert purchase permanent voting stock in parallel to the bid, such purchases shall be added to the declarations of acceptance pursuant to § 25a (2) of the Austrian Takeover Act. Upon publication of the intention to launch the Takeover Bid and subject to a condition precedent, the Bidder had acquired all shares in BUI and hence indirectly 10,686,340 shares that represent 20.95% of the share capital of Böhler-Uddeholm. In order to fulfil the condition pursuant to § 25a (2) of the Austrian Takeover Act, the Bidder must therefore acquire a total of at least 25,500,001 shares. Taking into account the 10,686,340 shares which the Bidder indirectly acquired, the Bidder must thus receive declarations of acceptance for at least 14,813,661 shares.

The management board points out that the non-fulfilment of the condition pursuant to 25a Abs. 2 Takeover Act means that the purchase of Shares under the public Takeover Bid shall not take place. The purchase of the Bidder of 10,686,340 shares indirectly through BUI is not

affected thereby. Even in the case of non-fulfilment of the condition precedent pursuant to § 25a (2) Takeover Act, the Bidder would still be the largest shareholder of Böhler-Uddeholm.

### *2.3.2. Condition pursuant to Competition Law*

This bid is further subject to the condition precedent of the merger control authorities (i) of the European Union, and (ii) in Bosnia and Herzegovina (iii) Switzerland (iv) South Africa (v) South Korea (vi) Turkey (vii) Ukraine and (viii) the USA issuing a non-prohibition of the execution or clearance of the contemplated purchase hereunder of Shares by the Bidder by 31 August 2007. Alternatively, the relevant merger control authorities may issue a clearance of or waive the requirement of a clearance of the acquisition of Shares contemplated hereunder. This condition precedent shall equally be fulfilled in case the acquisition anticipated by this bid shall be deemed cleared by the merger control authorities or in case the relevant merger control authorities shall waive the requirement of a clearance.

The management board points out that it cannot be excluded that further clearances by merger control authorities in other countries may have to be obtained. The execution of the purchase of Shares without the relevant clearance or contrary to a possible decision of prohibition through a merger control authority that has not been named may lead to the invalidity of the share purchase agreement or the obligation to rescind the agreement.

Should the Bidder waive the fulfilment of the still outstanding clearances before all clearances by merger control authorities have been obtained (see section 2.3.1. of the offer document), it must be observed that this does not violate a possible prohibition. The execution of a merger before it has been cleared is prohibited in most legal systems and may, as long as no exception from a prohibition has been obtained, lead to the nullity of the sale of Shares. Even if there is no prohibition and the purchase of Shares has been legally valid, a subsequent prohibition by a merger control authority may lead to a rescission of the transaction.

It cannot be excluded that merger control authorities in some countries may examine the merger in detail. It is therefore not certain if the time period until 31 August 2007 is sufficient to obtain all the necessary clearances from the relevant merger control authorities. Though Böhler-Uddeholm has no concrete evidence that a subsequent prohibition by a merger control authority not named in the offer document may lead to (subsequent) nullity of the purchase of Shares or the rescission of the purchase of Shares, this possibility cannot be fully excluded.

### 2.4. Payment of Purchase Price, Transfer of Title

Pursuant to the conditions of the Takeover Bid, the Shares of those shareholders who have accepted the bid are to be held in a blocked deposit. After the declaration of acceptance the shareholders may not dispose over their Shares, they may, in particular, not sell or pledge the Shares. Shareholders may, however, still exercise the voting rights connected to the blocked Shares and are still entitled to the dividend for the business year 2006. The shareholders will be paid the purchase price pursuant to the Takeover Bid only after the fulfilment of the conditions precedent. (see section 2.5.5. of the offer document).

This suspension period may last until the end of the period for fulfilment of conditions, therefore until 31 August 2007. During the period between the acceptance of the bid until transfer of title of the Shares, thus a period until 31 August 2007, shareholders that have accepted the Takeover Bid can neither dispose of their Shares nor shall they receive payment of the purchase price. The Shares may be bound for a period of several months. The shareholders are also barred from reacting to changes in the market, in particular to changes in stock price, by selling their Shares. With acceptance of the Takeover Bid, the shareholders therefore carry the full risk of stock market losses for the entire period of fulfilment of conditions, in the case that the Takeover Bid is not successful.

### **3. Future Corporate Policy**

The Bidder has defined its objectives and intentions in connection with the proposed takeover in a written statement („Strategy Letter“) to the management board of Böhler- Uddeholm, which discusses, in particular, the preservation of market appearance, the maintenance and development of the four divisions, the continuation of policy regarding capital expenditures and acquisitions, the preservation of Böhler-Uddeholm as an Austrian speciality steel group with a global presence, as well as the exclusion of an exit for both the Böhler-Uddeholm group and its individual divisions. The management board welcomes the position of the Bidder set out in the Strategy Letter. The following points, among others, were discussed in detail:

- The Bidder plans for Böhler-Uddeholm group to retain all company names, corporate designations and trademarks after the takeover. Another objective of the bidder is to preserve the identity of Böhler-Uddeholm group and its previous market appearance, whereby appropriate reference to its affiliation to the voestalpine group will be made after a transition period.
- After a takeover of 100% of the Böhler-Uddeholm Shares by the Bidder, Böhler Uddeholm group shall continue to exist in its entirety as a joint stock corporation with all of its four divisions until the end of 2009, regardless of whether or not a delisting may have occurred before.
- Böhler-Uddeholm's previous course of profitable growth shall consistently be further pursued. Capital expenditure and acquisitions shall take place by taking into account Böhler-Uddeholm's self-financing ability, thereby assuming that these acquisitions and capital expenditures contribute to a sustainable value increase of Böhler-Uddeholm group and correspond to the financial objectives of the Bidder.
- Böhler-Uddeholm group shall be preserved as an Austrian speciality steel group with a global presence and the head office of the part group shall be maintained.

- The development of Böhler-Uddeholm group applies in particular to:
  - Growth in the divisions High Performance Metals, Precision Strip, Welding Consumables and Special Forgings;
  - Capital expenditures in the development of capacities in the core business locations, in particular for higher grades and special materials, against the background of an expected high demand in the next years;
  - Expansion of business with nickel based alloys;
  - Further enhancement of the global distribution and service network (machining, heat treatment), in particular in the USA, China, India und other Asian countries;
  - Acquisitions for regional enlargements and development of product and technology portfolio, within both a smaller framework, as well as with larger projects.
  
- As Böhler-Uddeholm will be a core business within voestalpine-group, no exit by the Bidder is planned for Böhler-Uddeholm group or for its individual divisions.

Management believes that the future corporate policy drafted by the bidder creates a good basis for the further development of Böhler-Uddeholm group. The management board is convinced that Böhler-Uddeholm will, in the future, be operatively well positioned and will be able to optimize its opportunities in relevant markets with this strategy.

#### **4. Employees, Creditors and Public Interest**

##### 4.1. Employees

According to the corporate policy set out in the offer document, the Bidder plans to integrate Böhler-Uddeholm in its current structure into voestalpine group as an independent division. There are no plans to close or transfer sites following the acquisition of a majority of the shares in Böhler-Uddeholm, nor are there plans to reduce the workforce after the planned takeover.

Regarding the statements made in the offer document by the Bidder that changes in employment conditions have neither been contemplated nor decided, as well as the interest in the continuation of the corporate management by the current management team, no deterioration for the employees will take place.

#### 4.2. Creditors

Management believes that no effect on creditors of the company arise in connection with the Takeover Bid. A takeover by the Bidder principally has a neutral effect on the interests of the creditors.

#### 4.3. Public Interest

According to the offer document Böhler-Uddeholm group and its management shall be preserved as an Austrian speciality steel group with a global presence. Therefore the definitive management and control functions, as well as the research and development capacity of Böhler-Uddeholm in its business locations shall be preserved and an assurance of employment enabled.

Management believes that this accommodates the interest of the public.

### **5. Interests of board members of Böhler-Uddeholm**

The following mutual affiliations exist between the Bidder and Böhler-Uddeholm

- Dr. Wolfgang Eder, currently CEO of the Bidder, is a member of the supervisory board of Böhler-Uddeholm AG,
- Dkfm. Dr. Claus Raidl, currently CEO of Böhler-Uddeholm AG, is a member of the supervisory board of voestalpine Bahnsysteme GmbH, the general partner of voestalpine Bahnsysteme GmbH & Co KG, which is in turn a group company of the Bidder.

The management board declares that the members of the management board have not been offered or granted any financial advantage in case of the successful carrying out of this bid. The management board has also not been offered or granted any financial advantage from any party in case of the failure to carry out the bid.

### **6. Position on the Takeover Bid**

The management board of Böhler-Uddeholm takes a positive stance toward the Takeover Bid and recommends the acceptance of the bid. The management board welcomes the support and the assurance of the strategic perspective of Böhler-Uddeholm by the Bidder. There shall be no deterioration in the current position of employees (jobs, working conditions and the fate of locations), customers and creditors.

The bid price complies with the legal provisions for voluntary public takeover bids to acquire a controlling interest in accordance with the Takeover Act. The consideration offered in accordance with § 26 (1) Takeover Act and the other terms of the bid, in consideration of the points below, take adequate account of the interests of all shareholders. Management expressly points out that the assessment of whether or not the bid is advantageous to each individual shareholder, can

only be determined by each shareholder on the basis of his own individual situation (initial purchase price, long- or short-term investment etc), whereby the shareholder's expectations of the future development of the capital markets and of the result of the Takeover Bid are of great importance. Moreover, shareholders shall in particular carefully note the response of the management board in sections 2, 3 and 4, as well as the following points:

- The bid price lies above the historical average share price, weighted by the relevant trading volumes, of the last 3 months (+ 12.6%), 6 months (+20.4 %), 12 months (+37.9 %) and 24 months (+62.6 %) (each calculated at 28 March 2007).
- At the present time the share is listed above the bid price of EUR 69 per share plus the proposed dividend in the amount of EUR 2.05 per share (Closing price on 3 May 2007: EUR 72.00).
- The bid price lies significantly above the equity per share (per 31 December 2006: EUR 24.1).
- The bid price corresponds economically and indirectly to the purchase price per share that the Bidder agreed on with the shareholders of BUI in the agreement in principle on 27 March 2007 for the share package held by BUI.
- Risks for the shareholder exist in particular with regard to an end in stock exchange trading, a decrease in free-float shares and limited market pricing arising as a result thereof (see section 4.2. of the offer document).
- According to the law, the Takeover Bid is subject to the acceptance of 14,813,661 shares. The bid is further subject to clearances by merger control authorities in several countries and it cannot be excluded that similar proceedings may be initiated in other countries.
- With acceptance of the Takeover Bid, shareholders carry the full risk of stock market losses for the entire period of fulfilment of conditions (end: 31 August 2007), in case that the Takeover Bid is not successful.
- The possibility exists that in the future Böhler-Uddeholm shall experience a growth in earnings, which would lead to a rise in the company's value. At the same time, the company operates in an industry whose further development cannot be easily predicted. It cannot be excluded that, due to adverse development, profits will not be realised in the expected amount, leading to a deterioration of growth in earnings.

## **7. Other Information**

### 7.1. Advisors to Böhler-Uddeholm

The following companies, among others, acted as advisors to Böhler-Uddeholm:

- As Böhler-Uddeholm's advisor and expert pursuant to § 13 Takeover Act:  
Deloitte Wirtschaftsprüfungs GmbH  
Renngasse 1/ Freyung, 1013 Vienna

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- As Böhler-Uddeholm's legal advisor and as its representative toward the Austrian Takeover Commission:

Weber Maxl & Partner Rechtsanwälte GmbH  
Rathausplatz 4, 1010 Vienna

7.2. Additional Information

Information about the response of the management board of Böhler-Uddeholm may be obtained from Dr. Randolph Fochler, Head of Investor Relations & Corporate Communications, BÖHLER-UDDEHOLM Aktiengesellschaft, Modecenterstrasse 14/A/3, 1030 Wien, T: +43-1-798 69 01-22707, F: +43-1-798 69 01-22713, E: randolf.fochler@bohler-uddeholm.com. Additional information is also available on the website of the company ([www.bohler-uddeholm.com](http://www.bohler-uddeholm.com)).

7.3. Expert pursuant to § 13 Takeover Act

Böhler-Uddeholm has appointed Deloitte Wirtschaftsprüfungs GmbH as its expert pursuant to § 13 Takeover Act.

7.4. Response of the Supervisory Board

The chairman of the supervisory board of Böhler-Uddeholm has informed the management board that the supervisory board has resolved to issue a response in which the supervisory board concurs with the response of the management board to the takeover bid.

7.5. Response of the Worker's Council

The worker's council of Böhler-Uddeholm AG has taken note of the responses of the management board and supervisory board of Böhler-Uddeholm AG. The chairman of the worker's council will submit his own opinion, which will be published after the publication of the responses of the management and supervisory boards.

Vienna, 4 May 2007

The Management Board