

klöckner & co

multi metal distribution

Agenda
Annual General Meeting
of Klöckner & Co AG
20 June 2008, Düsseldorf

Table of Contents

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| 1. Submission of the approved annual financial statement, the approved consolidated financial statement as well as the management reports of Klöckner & Co AG and the Group for the business year 2007, the report of the Supervisory Board and the explanatory report of the Management Board on the information pursuant to sections 289 para. 4, 315 para. 4 of the German Commercial Code (Handelsgesetzbuch) | 3 |
| 2. Resolution on the use of the balance sheet profit of the business year 2007 | 4 |
| 3. Resolution on the discharge of the members of the Management Board for the business year 2007 | 4 |
| 4. Resolution on the discharge of the members of the Supervisory Board for the business year 2007 | 4 |
| 5. Election to the Supervisory Board | 4 |
| 6. Resolution on the appointment of the auditor for the annual financial statement and consolidated annual financial statement for the business year 2008 | 5 |
| 7. Conversion of Klöckner & Co Aktiengesellschaft into a European Company (Societas Europaea, SE); appointment of members to the first Supervisory Board of the SE; appointment of the auditor for the first business year of the SE | 5 |
| 8. Approval of the profit and loss transfer agreement entered into with Klöckner & Co Verwaltung GmbH | 37 |
| 9. Resolution on the authority to acquire own shares | 43 |
| 10. Authority to issue options and/or convertible bonds | 46 |
| 11. Creation of conditional capital 2008 | 51 |
| Reports to the General Meeting | 52 |
| Conditions for the participation in the General Meeting and the exercise of voting rights as well as information on the shareholder's rights | 59 |
| Information pursuant to section 128 para. 2 sentences 6 to 8 of the German Stock Corporation Act | 62 |

Klöckner & Co Aktiengesellschaft

with its registered seat in Duisburg

– ISIN DE000KC01000 –

– Wertpapier-Kenn-Nr. (Security Identification No.) KC0 100 –

3

Invitation

to the Annual General Meeting

Dear shareholders, we herewith invite you to the Annual General Meeting of Klöckner & Co Aktiengesellschaft, to be held on Friday, 20 June 2008, 10.30 hours in the Congress Center Düsseldorf (CCD Ost), Messe Düsseldorf, Stockumer Kirchstraße 61, 40474 Düsseldorf.

Agenda

1. Submission of the approved annual financial statement, the approved consolidated financial statement as well as the management reports of Klöckner & Co AG and the Group for the business year 2007, the report of the Supervisory Board and the explanatory report of the Management Board on the information pursuant to sections 289 para. 4, 315 para. 4 of the German Commercial Code (*Handelsgesetzbuch*)

The aforementioned documents will be available under the internet address www.kloeckner.de/HV2008 from the date on which the General Meeting is convened. Furthermore, these documents will also be available for inspection by the shareholders at the business premises of the company, Am Silberpalais 1, 47057 Duisburg, from the date on which the General Meeting is convened and in the meeting room for the duration of the General Meeting. Upon request, shareholders will be sent copies of these documents without undue delay and free of charge

2. Resolution on the use of the balance sheet profit of the business year 2007

The Management Board and the Supervisory Board propose using the full amount of the balance sheet profit of

€ 37.200.000,--

4 for the distribution of a dividend in the amount of EUR 0.80 per non-par value share entitled to participate in the dividends.

3. Resolution on the discharge of the members of the Management Board for the business year 2007

The Management Board and the Supervisory Board propose the discharge of the members of the Management Board holding office in the financial year 2007 for this period.

4. Resolution on the discharge of the members of the Supervisory Board for the business year 2007

The Management Board and the Supervisory Board propose the discharge of the members of the Supervisory Board holding office in the business year 2007 for this period.

5. Election to the Supervisory Board

Mr Robert J. Koehler was appointed a member of the Supervisory Board of Klöckner & Co AG on 11 December 2007 by the decision of the Local Court (*Amtsgericht*) of Duisburg. In accordance with the recommendation pursuant to clause 5.4.3 sentence 2 of the German Corporate Governance Code (in the version of 14 June 2007), a time limit expiring at the end of the General Meeting was set for the application for the appointment of Mr Koehler and subsequently the appointment decision of the Local Court of Duisburg. According to sections 95 sentence 2, 96 para. 1 Stock Corporation Act (*Aktiengesetz – AktG*) in conjunction with section 8 para. 1 of the Articles of Association of the company, the Supervisory Board is to comprise of six members to be elected by the General Meeting. Accordingly, one member of the Supervisory Board is to be newly elected. In electing, the General Meeting is not bound by election proposals.

The Supervisory Board proposes the election of Mr Robert J. Koehler as a member of the Supervisory Board for a term of office lasting until the end of the General Meeting which resolves on the discharge of the Supervisory Board for the fourth business year after the new members assume office. The business year in which these members first assume office is not included in the calculation.

Mr Robert J. Koehler is chairman of the management board of SGL CARBON Aktiengesellschaft, Wiesbaden. He is a member of the supervisory boards of Benteler AG, Paderborn (chairman), of Pfeleiderer AG, Neumarkt, of Heidelberger Druckmaschinen AG, Heidelberg, of Demag Cranes AG, Düsseldorf, of Lanxess AG, Leverkusen, as well as the – with respect to his capacity as the chairman of the supervisory board of SGL CARBON Aktiengesellschaft – intra-group supervisory boards of SGL Caron SpA, Milan, Italy and SGL Carbon SA, La Coruña, Spain.

6. Resolution on the appointment of the auditor for the annual financial statement and consolidated annual financial statement for the business year 2008

The Supervisory Board proposes appointing KPMG Hartkopf + Rentrop Treuhand KG Wirtschaftsprüfungsgesellschaft, Cologne, as auditor for the annual financial statement and the consolidated annual financial statement for the business year 2008, as well as for reviewing the abridged financial statement and the interim management report pursuant to sections 37w para. 5, 37y no. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) for the business year 2008.

7. Conversion of Klöckner & Co Aktiengesellschaft into a European Company (Societas Europaea, SE); appointment of members to the first Supervisory Board of the SE; appointment of the auditor for the first business year of the SE

The Management Board and the Supervisory Board propose resolving on the conversion of Klöckner & Co AG into the legal form of the Societas Europaea (SE) as follows and pursuant to section 124 para. 3 sentence 1 of the German Stock Corporation

Act (*Aktiengesetz – AktG*) only the Supervisory Board will submit the proposal for the appointment of the auditor for the first business year of the future Klöckner & Co SE (clause 13 of the Terms of Conversion proposed for resolution) as well as the proposal for the appointment of the designated members of the first Supervisory Board of the future Klöckner & Co SE clause 9.3 of the Terms of Conversion proposed for resolution as well as section 9 para. 3 of the Articles of Association of Klöckner & Co SE, which have been attached as Annex 1 to the Terms of Conversion proposed for resolution):

The Terms of Conversion of 5 May 2008 (roll of deeds no. 934/2008 of the notary Dr Detlef Klocke with official seat at Duisburg) on the conversion of Klöckner & Co Aktiengesellschaft into a European Company (*Societas Europaea – SE*) will be approved. The Articles of Association of Klöckner & Co SE attached as Annex 1 to the Terms of Conversion will be approved.

The Terms of Conversion and the Articles of Association of Klöckner & Co SE attached to it as Annex 1 read as follows:

„TERMS OF CONVERSION

pursuant to Art. 37 para. 4 of Council Regulation (EC) No. 2157/2001 on the Statute for a European Company (SE), Official Journal L 294 of 10 November 2001, p. 1 ("**SE Regulation**")

on the conversion of

Klöckner & Co Aktiengesellschaft,

Am Silberpalais 1, 47057 Duisburg,
registered in the commercial register kept at the Local Court
(Amtsgericht) of Duisburg under HRB 18561
– hereinafter „**Klöckner & Co AG**" –

into the

legal form of a European Company (*Societas Europaea*) (SE)
– hereinafter „**Klöckner & Co SE**" –

(Klöckner & Co AG and Klöckner & Co SE respectively hereinafter also referred to as the „**Company**")

Preamble

- (A) Klöckner & Co AG is a stock corporation incorporated under German law and listed on the stock exchange with its registered office in Duisburg, Germany. It is the parent holding company of Klöckner & Co Group, which operates in Europe and Northern America in the distribution of steel and metal.
- (B) By way of an identity-preserving change of the legal form of Multi Metal Holding GmbH, Duisburg, registered in the commercial register kept at the Local Court of Duisburg, Klöckner & Co AG acquired the legal form of a stock corporation on 7 June 2006. Multi Metal Holding GmbH, Duisburg, was founded on 10 March 2005.
- (C) The Company has held indirect interests for more than two years now in, inter alia, each of the following companies, which are each governed by the laws of a member state of the European Union:
- (i) Since 13 April 2005, a 100% shareholding in Klöckner S.à.r.l., Luxemburg/Luxemburg, founded on 13 April 2005 according to the laws of the Grand Duchy of Luxemburg with place of business at 59, rue de Rollingergrund, L-2440 Luxemburg/Luxemburg, and registered in the Registre de Commerce et des Sociétés Luxemburg under No. B 107394.
 - (ii) Since 16 March 2005, a 100% shareholding in Klöckner Netherlands Holding B.V., Amsterdam/The Netherlands, founded according to the laws of The Netherlands with place of business at Donk 6, NL-2991 LE Barendrecht/The Netherlands, and registered in the commercial register van de Kamer van Koophandel en Fabrieken voor Rotterdam under No. 33098390.
 - (iii) Since 16 March 2005, a shareholding in Klöckner Participaciones SA, Madrid/Spain, founded according to the laws of Spain with place of business at Velasques 63, E-28001 Madrid/Spain, and registered in the Registradores Mercantiles de Madrid under No. Hoja M-363933, Tomo 20558, Folio 185.
 - (iv) Since 16 March 2005, a shareholding in Klöckner UK France Holding Ltd., London/Great Britain, founded according to the laws of England and Wales with place of business at Valley Farm Road, Stouton, Leeds LS10 1SD,

Great Britain and registered in the Register of Companies House under No. 05310738.

- (D) Klöckner & Co AG shall be converted by way of conversion pursuant to Art. 2 para. 4 in conjunction with Art. 37 SE Regulation into the legal form of a European Company (*Societas Europaea – SE*).

8

The Management Board is convinced that the legal form of the SE, as the only stock corporation according to European law, is especially suitable to promote the international corporate structure of the Company.

The Management Board believes that the conversion of the legal form into an SE constitutes a further consistent step in the development and global focus of the business operations of the Klöckner & Co Group.

Now therefore, the Management Board of Klöckner & Co AG draws up the following Terms of Conversion pursuant to Art. 37 para. 4 SE Regulation:

- 1 Conversion of Klöckner & Co AG into Klöckner & Co SE**
 - 1.1** Pursuant to Art. 2 para. 4 in conjunction with Art. 37 SE Regulation, Klöckner & Co AG shall be converted into a European Company (*Societas Europaea – SE*). For over two years, Klöckner & Co AG has had indirect subsidiaries which are each governed by the law of other member states of the European Union, in particular the subsidiaries listed under (C) of the Preamble of these Terms of Conversion. The required prerequisites for the conversion of Klöckner & Co AG into an SE are fulfilled.
 - 1.2** The conversion of Klöckner & Co AG into the legal form of an SE does not result in the winding up of the Company or the formation of a new legal entity. Also after the conversion becomes effective, the participation of the shareholders in the Company will continue to exist unchanged on the basis of the identity of the legal entity (*Rechtsträger*).
 - 2 Effectiveness of the conversion**
- The conversion will become effective upon its registration in the commercial register of the Company.

- 3 Legal form, name and registered office of Klöckner & Co AG and Klöckner & Co SE**
- 3.1** Klöckner & Co AG is a stock corporation incorporated under German law with its registered office in Duisburg, Germany, registered in the commercial register kept at the Local Court of Duisburg under HRB 18561. The name of Klöckner & Co AG is "Klöckner & Co Aktiengesellschaft".
- 3.2** Through the conversion, Klöckner & Co AG shall receive the legal form of a European Company (*Societas Europaea – SE*).
- 3.3** The name of Klöckner & Co SE is "Klöckner & Co SE".
- 3.4** The registered seat stipulated in the Articles of Association (*Satzungssitz*) and the head office (*Verwaltungssitz*) of Klöckner & Co SE is Duisburg, Germany.
- 4 Shareholding, shares and share capital of Klöckner & Co SE**
- 4.1** Upon the conversion taking effect by way of registration in the commercial register of Klöckner & Co AG, the shareholders in Klöckner & Co AG will become shareholders in Klöckner & Co SE. They will participate in the share capital of Klöckner & Co SE to the same extent and with the same type and number of shares as they participated in the share capital of Klöckner & Co AG immediately before the conversion taking effect. The arithmetical proportionate amount of share capital allocated to each no-par value share (*Stückaktie*) remains the same as it was immediately before the conversion taking effect. All the shares in Klöckner & Co SE are ordinary shares (*Stammaktien*) and are registered by name.
- 4.2** The entire share capital of Klöckner & Co AG in the amount existing at the point in time of registration of the conversion in the commercial register and in the division into shares existing at the point in time of registration of the conversion in the commercial register as well as with the proportionate amount of share capital allocated to each no-par value share shall become the share capital of Klöckner & Co SE. The share capital of Klöckner & Co AG presently (information valid as per 30 April 2008) amounts to € 116,250,000.00 and is divided into 46,500,000 no-par value registered shares with a proportionate amount of share capital of € 2.50 each.

4.3 The shares in Klöckner & Co AG are securitised in global certificates (*Sammelurkunden*). These will be replaced by global certificates made out to Klöckner & Co SE.

5 Articles of Association of Klöckner & Co SE and capital

5.1 Klöckner & Co SE shall receive the Articles of Association which are attached to these Terms of Conversion as **Annex 1** and which are a component of these Terms of Conversion.

5.2 Upon the conversion taking effect, all types of capital of Klöckner & Co AG will be transferred to Klöckner & Co SE with the conditions and amounts they have at that time.

5.2.1 Upon the conversion taking effect, the share capital of Klöckner & Co AG will continue to exist as the share capital of Klöckner & Co SE in the same amount existing at the time of the conversion and with the same division into shares existing at the time of the conversion.

According to Section 4 para. (1) of the Articles of Association of Klöckner & Co AG, the share capital of Klöckner & Co AG currently amounts to (information valid as per 30 April 2008) € 116,250,000; it is divided into 46,500,000 no-par value registered shares. Therefore, the share capital of Klöckner & Co SE is also stipulated in Section 4 para. (1) of the Articles of Association of Klöckner & Co SE as attached to these Terms of Conversion as **Annex 1** in an amount of € 116,250,000, divided into 46,500,000 no-par value registered shares. To the extent that the actual amount of the share capital of Klöckner & Co AG at the time of the conversion taking effect does not correspond to the amount and number of shares set out in the Articles of Association of Klöckner & Co AG and the version of the Articles of Association of Klöckner & Co SE which is attached as **Annex 1** to these Terms of Conversion (e.g., due to capital increases effected in the meantime), it is the share capital of Klöckner & Co AG actually existing at the time of the conversion taking effect which will, at the time of the conversion taking effect, become the share capital of Klöckner & Co SE with the corresponding amount and division into shares.

- 5.2.2** Upon the conversion taking effect, the different types of authorised capital of Klöckner & Co AG will become the respective authorised capital of Klöckner & Co SE, with their respective amounts and the conditions applicable to them at that time being maintained.

Klöckner & Co AG currently (information valid as per 30 April 2008) has authorised capital as set out in Section 4 para. (2) of the Articles of Association of Klöckner & Co AG (Authorised Capital). The Authorised Capital is divided into three tranches. Therefore, corresponding Authorised Capital is also reported in Section 4 para. (2) of the Articles of Association of Klöckner & Co SE which are attached to these Terms of Conversion as **Annex 1**. In particular, the amount of Authorised Capital, the number of shares and the other data relating to the Authorised Capital pursuant to section 4 para. (2) of the Articles of Association of Klöckner & Co SE correspond with those set forth in section 4 para. (2) of the Articles of Association of Klöckner & Co AG. To the extent that the actual amounts or the other conditions regarding this Authorised Capital of Klöckner & Co AG change prior to the conversion into Klöckner & Co SE taking effect, the respective types of Authorised Capital will, at the time of the conversion taking effect, continue to exist in Klöckner & Co SE in the same amounts and with the same conditions applicable with respect to Klöckner & Co AG at the time of the conversion taking effect.

- 5.2.3** Conditional capital of Klöckner & Co AG continues to exist at the time of the conversion taking effect in the amounts existing at the time of the conversion taking effect and with the same conditions applicable at this time as the conditional capital of Klöckner & Co SE in the same amounts and with the same conditions.

Klöckner & Co AG currently (information valid as per 30 April 2008) has conditional capital as set out in section 4 para. (3) of the Articles of Association of Klöckner & Co AG (Conditional Capital 2007). Therefore, a corresponding Conditional Capital 2007 is set out in section 4 para. (3) in the Articles of Associa-

tion of Klöckner & Co SE as attached to these Terms of Conversion as **Annex 1**. Therefore in particular, the amount of Conditional Capital 2007, the number of shares and the other conditions relating to the Conditional Capital 2007 pursuant to section 4 para. (3) of the Articles of Association of Klöckner & Co SE correspond with those pursuant to section 4 para. (3) of the Articles of Association of Klöckner & Co AG. To the extent that the actual amounts or the other conditions regarding the Conditional Capital of Klöckner & Co AG change prior to the conversion into Klöckner & Co SE taking effect, Conditional Capital 2007 at the time of the conversion taking effect will continue to exist in Klöckner & Co SE in the same amounts and with the same conditions applicable with respect to Klöckner & Co AG at the time of the conversion taking effect.

- 5.2.4** The annual General Meeting of Klöckner & Co AG of 20 June 2008 ("**General Meeting 2008**") will propose the procurement of new additional conditional capital (Conditional Capital 2008). Pursuant to the proposal for resolution of the Management Board and Supervisory Board, Conditional Capital 2008 envisages that the share capital of the Company shall be conditionally increased by up to € 11,625,000.00 by way of the issue of up to 4,650,000 new no-par value registered shares with dividend rights as of the beginning of the business year of their issue. Conditional Capital 2008 shall serve the purpose of granting shares to satisfy the subscription rights of the holders of option and/or convertible bonds that shall be issued pursuant to the authorisation of the Company or a group company which shall be resolved at the same time in the General Meeting 2008 (Convertible Bond 2008).

To the extent that the respective resolution of the General Meeting 2008 is already registered in the commercial register at the time of the conversion taking effect, Conditional Capital 2008 will, at the time of the conversion taking effect, continue to exist in Klöckner & Co SE in the same amount and with the same conditions applicable with respect to

Klöckner & Co AG at the time of the conversion taking effect.

6 Cash compensation offer

An offer to purchase their shares against a cash compensation will not be made to shareholders who object to the conversion because the law does not envisage such a cash compensation offer.

7 Holders of special rights and holders of other securities

- 7.1 On 27 July 2007, the Luxembourg subsidiary of Klöckner & Co AG, Klöckner & Co Finance International S.A., issued a convertible bond in a total amount of € 325 million ("**Convertible Bond 2007**"). Convertible Bond 2007 has a term of five years and a nominal interest rate of 1.5 % p.a. The conversion price was set at € 80.75. Based on the resolution of the General Meeting of 20 June 2007, Klöckner & Co AG assumed the guarantee for Convertible Bond 2007 by granting the holders of Convertible Bond 2007 convertible rights to new shares in Klöckner & Co AG ("**Guarantee**"). Convertible Bond 2007 entitles its holders to subscribe for a total of 4,024,767 shares in Klöckner & Co AG.

Upon the conversion taking effect, the holders of Convertible Bond 2007 shall have a subscription right for shares in Klöckner & Co SE instead of a subscription right for shares in Klöckner & Co AG. The number of shares, the conversion price and the other terms and conditions of Convertible Bond 2007 as well as the terms and conditions of the Guarantee do not change because of the conversion.

- 7.2 The conditional capital which was procured in order to secure the subscription rights under Convertible Bond 2007 (Conditional Capital 2007) (cf. Section 4 para. (3) of the Articles of Association of Klöckner & Co AG), continues to exist in the respective form at Klöckner & Co SE after the conversion (cf. Section 4 para. (3) of the Articles of Association of Klöckner & Co SE; also see clause 5.2.3 of these Terms of Conversion).

8 Management Board

The offices of all the members of the Management Board and the Supervisory Board of Klöckner & Co AG shall end upon the conversion taking effect, i.e. upon registration of the conversion in the commercial register of the Company.

Notwithstanding the competence of the future Supervisory Board of Klöckner & Co SE pursuant to Art. 39 para. 2 sentence 1 of the SE Regulation, it is pointed out at this point that presumably the present members of the Management Board of Klöckner & Co AG also will be appointed as members of the first Management Board of Klöckner & Co SE. These are Dr Thomas Ludwig, Mr Ulrich Becker und Mr Gisbert Rühl.

9 Supervisory Board

9.1 Pursuant to Section 9 para. 1 of the Articles of Association of Klöckner & Co SE (see **Annex 1**), a Supervisory Board shall be established at Klöckner & Co SE, comprising six members. All the members of the Supervisory Board of Klöckner & Co SE shall be appointed by the General Meeting. However, pursuant to Art. 40 para. 2 sentence 2 of the SE Regulation, the members of the first Supervisory Board shall be appointed by the Articles of Association of Klöckner & Co SE.

9.2 The offices of the members of the Supervisory Board Klöckner & Co AG shall end upon the conversion taking effect. Pursuant to Section 9 of the Articles of Association of Klöckner & Co SE, the persons listed in clause 9.3 of these Terms of Conversion shall be appointed as members of the Supervisory Board of Klöckner & Co SE.

9.3 The following members of the Supervisory Board of Klöckner & Co AG shall be appointed as members of the Supervisory Board of Klöckner & Co SE:

- (i) Prof Dr Dieter H. Vogel, Meerbusch, Managing Partner of Lindsay Goldberg Vogel GmbH, Düsseldorf;
- (ii) Dr Michael Rogowski, Heidenheim, Chairman of the Supervisory Board and the Partners' Committee of Voith AG, Heidenheim;
- (iii) Robert J. Koehler, Wiesbaden, Chairman of the Management Board of SGL CARBON Aktiengesellschaft, Wiesbaden;
- (iv) Frank H. Lakerveld, Hattingen, member of the Management Board of Sonepar S.A., Paris (France);
- (v) Dr. Jochen Melchior, Essen, former Chairman of the Management Board of the former STEAG AG, Essen;

(vi) Dr. Hans Georg Vater, Ratingen, ehemaliges Mitglied des Vorstands der HOCHTIEF Aktiengesellschaft, Essen.

Pursuant to Art. 40 para. 2 sentence 2 of the SE Regulation, the appointment is made by the Articles of Association of Klöckner & Co SE, which is attached to these Terms of Conversion as **Annex 1**.

For reasons of utmost precaution and notwithstanding the competence of the future Supervisory Board of Klöckner & Co SE, it is pointed out at this point that presumably Prof. Dr Dieter H. Vogel will be appointed as the chairman of the Supervisory Board.

10 Special benefits

For reasons of utmost precaution and notwithstanding the competence of the Supervisory Board of Klöckner & Co SE, it is pointed out at this point that presumably the members of the Management Board of Klöckner & Co AG shall be appointed as members of the Management Board of Klöckner & Co SE (see clause 8). Furthermore, it is pointed out that the present members of the Supervisory Board of Klöckner & Co AG will be appointed in the Articles of Association of Klöckner & Co SE as members of the Supervisory Board of Klöckner & Co SE (see clause 9).

11 Information on the procedure for the involvement of the employees in Klöckner & Co SE

The involvement of the employees in an SE is primarily based on an agreement between the corporate management and the employees who are represented by a so-called Special Negotiating Body ("SNB") which is elected by them or their representatives. In the event that no agreement is reached, the standard rules set forth in German law on the involvement of the employees in a European Company (German SE Employee Involvement Act (*SE-Beteiligungsgesetz – SEBG*)) apply to the involvement of the employees of an SE with registered seat in Germany.

The Management Board of Klöckner & Co AG and the BVG have already concluded an agreement on the involvement of the employees in Klöckner & Co SE on 29 April 2008 ("Employee Involvement Agreement"). In the following, the basic principles of the procedure which led to the conclusion of this agreement will be provided.

11.1 Basic Principles for the regulation of the involvement of the employees in Klöckner & Co SE

11.1.1 The negotiation procedure which is envisaged in the German SE Employee Involvement Act in this respect was carried out for the regulation of the involvement of the employees in Klöckner & Co SE. The German SE Employee Involvement Act implements the Council Directive 2001/86/EC dated 8 October 2001 supplementing the Statute of a European Company regarding the involvement of employees, into German law. It envisages negotiations between the corporate management of the participating company – here: the Management Board of Klöckner & Co AG – and the SNB.

In the event of the foundation of an SE through conversion, the SNB is comprised of employee representatives of both the company directly affected by the conversion – here: Klöckner & Co AG – and its subsidiaries and branches to the extent that their employees are employed in a member state of the European Union or a state which is a party to the Treaty on the European Economic Area ("**Member State**"). Pursuant to the provisions of the German SE Employee Involvement Act, the number of seats in the SNB attributable to the individual Member States shall be according to the number of employees employed in the respective Member State. See clause 11.3 below in respect of the composition of the SNB of the Klöckner & Co Group.

11.1.2 The aim of the negotiation procedure is the conclusion of an agreement on the involvement of the employees in the SE, which in the present case was reached by the conclusion of the Employee Involvement Agreement. If no such agreement had been concluded, the standard rules envisaged in the German SE Employee Involvement Act would have been applicable.

Involvement of employees constitutes in this respect any procedure – including information, consultation and participation – by which the employee representative bodies can exercise influence on the decision-making in the company.

Involvement rights are rights to which the employees and their representative bodies are entitled in the area of informing, consultation, co-determination and other types of participation. This can also include the exercise of these rights in the group companies of the SE.

Informing constitutes the informing of the SE works council or other employee representative bodies by the SE management concerning matters relating to the SE itself or one of its subsidiaries or one of its branches in another Member State or which go beyond the authority of the competent bodies at the level of the individual Member State. Time, form and contents of the information shall be selected in such a manner so as to enable the employee representative bodies to thoroughly examine the effects to be expected and if required, to prepare a hearing with the SE management

Consultation constitutes the establishment of a dialogue and an exchange of opinions between the SE works council or other employee representative bodies and the SE management or another competent management level with decision-making authority of its own. The time, form and contents of the consultation shall enable the SE works council to provide an opinion on the measures planned by the SE management on the basis of the information effected, which can be taken into consideration in the decision-making process within the SE.

Participation constitutes the ability of the employees to exercise influence on affairs of a company by

- (i) exercising the right to elect or appoint part of the membership of the supervisory or administrative bodies of the company or
- (ii) exercising the right to recommend or reject the appointment of part of the membership or all the members of the supervisory or administrative bodies of the company.

11.2 Initiation of the negotiation procedure

The initiation of the procedure for regulation of the involvement of the employees within Klöckner & Co SE took place according to the provisions of the German SE Employee Involvement Act. These provisions prescribe that the management of the company involved in the conversion – here: the Management Board of Klöckner & Co AG – in a first step, shall inform the employees and/or their representative bodies about the intended conversion and request the establishment of the SNB.

Pursuant to Section 4 of the German SE Employee Involvement Act, the information provided to the employee representative bodies and/or the employees extended to (i) the identity and structure of the company involved in the conversion – here meaning Klöckner & Co AG – as well as the subsidiaries and branches affected by the conversion and their distribution in the Member States, (ii) the employee representative bodies existing in these companies and branches, (iii) the number of employees employed in each of these companies and branches at the time of the provision of the information as well as the total number of employees employed in a Member State to be calculated from this and (iv) the number of employees entitled to participation rights in the bodies of these companies at the time the information is provided.

With letter of 24 September 2007, the Management Board of Klöckner & Co AG has already informed the employee representative bodies and/or the employees in Germany as well as in the Member States in which the Klöckner & Co Group employs employees (these are: Belgium, Bulgaria, France, Ireland, Lithuania, The Netherlands, Austria, Poland, Rumania, Spain, Czech Republic, Hungary und the United Kingdom of Great Britain and Northern Ireland) about the planned conversion of Klöckner & Co AG into the legal form of the SE and has requested the establishment of the SNB. Following the acquisition of the Bulgarian subsidiaries in January 2008, the Management Board of Klöckner & Co AG immediately also informed the employee representative bodies and/or the employees at that location about the intended conversion into the legal form of the SE and requested the election and/or appointment of the SNB member.

11.3 Establishment and composition of the SNB

In this case, Section 5 para. 1 of the German SE Employee Involvement Act shall apply to the establishment and composition of the SNB.

Members of the SNB were elected or appointed accordingly for the employees employed in every Member State at the participating companies – here: Klöckner & Co AG –, affected subsidiaries and affected branches. For every percentage of the employees employed in a Member State amounting to 10% of the total number of the employees employed in all Member States at the participating companies and the affected subsidiaries or affected branches or a fractional amount thereof, one member from this Member State was to be elected or appointed to the SNB.

On 5 December 2007, the Management Board of Klöckner & Co AG sent out invitations to the constituent meeting of the SNB to be held on 10 and 11 January 2008. The constituent meeting took place on 10/11 January 2008. The bodies and/or employees competent for the appointment and/or election of the SNB members in Lithuania, Poland and the Czech Republic did not elect and/or appoint a representative for their country to the SNB.

Austria did not delegate a member to the SNB due to contrary national regulations.

Based on the number of employees of the companies of the Klöckner & Co Group in the Member States of the European Union (including Germany), the following allocation of seats on the SNB has resulted:

| Country | Number of employees | Proportion in total number of employees in percentage (rounded) | Seats on the SNB |
|------------------------------------------------------|---------------------|-----------------------------------------------------------------|------------------|
| Belgium | 96 | 1.3 % | 1 |
| Bulgaria | 253 | 3.43 % | 1 |
| Germany | 1,767 | 23.95 % | 3 |
| France | 2,462 | 33.37 % | 4 |
| Ireland | 6 | 0.08 % | 1 |
| Lithuania* | 2 | 0.03 % | – |
| The Netherlands | 549 | 7.44 % | 1 |
| Austria** | 107 | 1.45 % | – |
| Poland* | 44 | 0.6 % | – |
| Rumania | 9 | 0.12 % | 1 |
| Spain | 867 | 11.75 % | 2 |
| Czech Republic* | 28 | 0.38 % | – |
| Hungary | 31 | 0.42 % | 1 |
| United Kingdom of Great Britain and Northern Ireland | 1,156 | 15,67 % | 2 |
| Total | 7,377 | 100 % | 17 |

* Poland, Lithuania and the Czech Republic did not delegate any representatives to the SNB.

** Austria did not delegate a representative to the SNB due to the provisions of Austrian law.

The members of the SNB attributable to the German companies were elected according to the provisions of Sections 8 et seq. German SE Employee Involvement Act; the determination of the representatives attributable to each of the other Member States was accomplished according to the respective provisions of the Member State concerned which are applicable in this respect.

11.4 Negotiation procedure and regulation of the involvement of the employees in Klöckner & Co SE

Therefore in this case, with the constituent meeting of the SNB, the negotiation time limit pursuant to Section 20 para. 1 of the German SE Employee Involvement Act began to run. The negotiations were concluded by the conclusion

of the Employee Involvement Agreement on 29 April 2008. It regulates the details on the establishment of the SE works council of Klöckner & Co SE and its involvement rights.

Furthermore, the Employee Involvement Agreement stipulates that there will be no participation in the supervisory or administrative bodies of Klöckner & Co. SE. Because Klöckner & Co AG is already not subject to participation, also Klöckner & Co SE must not provide for participation in the executive bodies (cf. also Section 21 para. 6 of the German SE Employee Involvement Act in this respect).

11.5 Costs of the negotiation procedure and the establishment of the SNB

The costs which have been incurred by the establishment and the activities of the SNB shall be borne by the Company. The obligation to bear the costs includes the non-personal economic costs and personal costs in connection with the work of the SNB including the negotiations, in particular for offices and non-personal economic resources (e.g., telephone, facsimile, literature), translators and office personnel in connection with the negotiations as well as necessary travel and accommodation costs of the members of the SNB.

12 Other effects of the conversion on the employees and their representatives

The conversion affects the employees and their representatives as follows:

- 12.1** The rights and obligations of the employees under existing service and employment contracts remain in existence unchanged. Section 613 a of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*) shall not be applied to the conversion because a transfer of business undertakings does not take place due to the identity of the legal entity.
- 12.2** Shop agreements, collective bargaining agreements and other regulations under collective employment law which apply to the employees of Klöckner & Co AG continue to be applicable unchanged for the employees of Klöckner & Co SE according to the provisions of the respective agreements.

- 12.3** The conversion will not result in any changes for the existing employee representational bodies and spokesmen committees (*Sprecherausschuss*) in the subsidiaries and branches of the Klöckner & Co Group. The existing national employee representational bodies and spokesmen committees remain in existence.
- 12.4** An SE works council shall be established at Klöckner & Co SE in accordance with the Employee Involvement Agreement (cf. also clause 11.4 above in this respect).
- 12.5** Finally, no measures are envisaged or planned due to the conversion which would have an effect on the situation of the employees.
- 13 Auditor of the annual financial statements**
KPMG Hartkopf + Rentrop Treuhand KG Wirtschaftsprüfungsgesellschaft, Cologne, is appointed as the auditor of the annual financial statements of the Company and the Group as well as to conduct a review of the shortened financial statements and the interim management report pursuant to Sections 37w para. 5, 37y no. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) in the first business year of Klöckner & Co SE.

Duisburg, 5 May 2008

Klöckner & Co Aktiengesellschaft
The Management Board

sgd. Dr Thomas Ludwig
(Chairman)

sgd. Gisbert Rühl

Articles of Association of Klöckner & Co SE, Duisburg

I. General Provisions

23

Section 1 Company Name, Seat and Business year

- (1) The European Company (Societas Europaea) – hereinafter referred to as the "Company" – operates under the name of:
 Klöckner & Co SE.
- (2) It has its registered seat in Duisburg.
- (3) The business year is the calendar year.

Section 2 Purpose of the Company

- (1) (1) The purpose of the Company is
 - (a) the distribution and trading of steel, metal and synthetic products as well as their manufacture and processing and
 - (b) the acquisition and administration of participations of all kinds, in particular in companies whose purpose includes the activities described under a).
- (2) The Company may form subsidiaries in Germany and abroad, establish branches and assume participations in other companies to the extent they are active in the Company's field of business or are beneficial to its purpose, including for the purpose of the development and subsequent sale of such companies. The Company may represent companies in which it participates, consolidate them under a unified management and conclude inter-company agreements for this purpose. The Company may outsource or convey its business in full or in part to affiliated companies.

Section 3 Announcements and Transmission of Information

- (1) The Company's announcements shall be published in the electronic Federal Gazette (*elektronischer Bundesanzeiger*), unless otherwise required by law.
- (2) The Company is entitled to transmit information to the shareholders, with their consent, by way of electronic data transmission.

II. Share Capital and Shares

Section 4 Amount and Division of the Share Capital

(1) *Share Capital*

The Company's share capital amounts to € 116,250,000.00 (in words: Euro one hundred and sixteen million two hundred and fifty thousand). It is divided into 46,500,000 (in words: forty-six million five hundred thousand) no-par value registered shares. The share capital in the amount of € 100,000,000.00 (in words: Euro one hundred million) was paid in through the identity-preserving change of legal form of the former Multi Metal Holding GmbH to Klöckner & Co Aktiengesellschaft. Then the share capital in the amount of EUR 116,250,000 (in words: Euro one hundred and sixteen million two hundred and fifty thousand) was paid in through the identity-preserving conversion of the former Klöckner & Co Aktiengesellschaft into Klöckner & Co SE.

(2) *Authorised Capital*

- (a) The Management Board of the Company is authorised, with the consent of the Supervisory Board, to increase the share capital in the period up to 20 June 2011 by issuing new no-par value registered shares against cash or non-cash contributions, once or several times, by up to a total of € 50,000,000.00 (in words: Euro fifty million) in accordance with the following provisions, however, only up to a maximum amount and number of shares in which amount Authorised Capital pursuant to Section 4 para. (2) of the Articles of Association of Klöckner & Co Aktiengesellschaft still exists at the point in time of the conversion of Klöckner & Co Aktiengesellschaft into a European Company (SE) pursuant to the Terms of Conversion of 5 May 2008 taking effect (Authorised Capital).
- (b) The Authorised Capital may be utilised once or several times up to the total amount of € 50,000,000.00 (in words: Euro fifty million) by issuing new no-par value registered shares against cash contributions, however, only up to a maximum amount and number of shares in which amount Authorised Capital pursuant to Section 4 para. (2) of the Articles of Association of Klöckner & Co Aktiengesellschaft still exists at the

point in time of the conversion of Klöckner & Co Aktiengesellschaft into a European Company (SE) pursuant to the Terms of Conversion of 5 May 2008 taking effect (Tranche I). The shareholders shall be granted a preemptive right.

- (aa) However, the Management Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' preemptive right in order to avoid fractional amounts.
 - (bb) Moreover, the Management Board is authorised, with the consent of the Supervisory Board, to exclude the shareholders' preemptive right to the extent this is necessary in order to grant the holders of conversion or other option rights, which are issued by the Company or its affiliated companies, a subscription right to new shares in the Company in the volume to which they would be entitled after exercising their conversion or other option rights.
 - (cc) The Management Board is also authorised, with the consent of the Supervisory Board, to exclude the shareholders' preemptive right to the extent the share in the total share capital accruing to the shares issued with the exclusion of the preemptive right pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act (*Aktien-gesetz – AktG*) does not exceed 10% of the share capital and the issue price does not fall significantly below the market price of the Company's shares which are already listed.
- (c) The Authorised Capital may be utilised once or several times up to the total amount of € 50,000,000.00 (in words: Euro fifty million) by issuing new no-par value registered shares against non-cash contributions for the purpose of the (also indirect) acquisition of companies, parts of companies or participations in companies, however, only up to a maximum amount and number of shares in which amount Authorised Capital pursuant to Section 4 para. (2) of the Articles of Association of Klöckner & Co Aktiengesellschaft still exists at the point in time of the conversion of Klöckner & Co Aktiengesell-

schaft into a European Company (SE) pursuant to the Terms of Conversion of 5 May 2008 taking effect (Tranche II). In this case, the shareholders' preemptive right is excluded.

- (d) The Authorised Capital may be utilized once or several times up to the total amount of EUR 50,000,000.00 (in words: Euro fifty million) by issuing new no-par value registered shares against cash contributions for the purpose of issuing shares to employees of the Company or its affiliated companies, however, only up to a maximum amount and number of shares in which amount Authorised Capital pursuant to Section 4 para. (2) of the Articles of Association of Klöckner & Co Aktiengesellschaft still exists at the point in time of the conversion of Klöckner & Co Aktiengesellschaft into a European Company (SE) pursuant to the Terms of Conversion of 5 May 2008 taking effect (Tranche III). In this case, the shareholders' preemptive right is excluded.
 - (e) Within the framework of the Authorised Capital, each of the Tranches I to III may only be utilized up to the maximum limit set forth therein. The sum of all capital measures arising from Tranches I to III may not exceed the total amount of the Authorised Capital.
 - (f) The Management Board is authorised, with the consent of the Supervisory Board, to determine the additional conditions of the rights embodied in the shares and the further details of the capital increase, its execution, and the conditions for issuing the shares. The Supervisory Board is authorised to adjust the wording of these Articles of Association following a partial or complete execution of the share capital increase out of the Authorised Capital or after expiration of the period of authorisation, in accordance with the amount of the capital increase out of the Authorised Capital.
- (3) The share capital of the Company is conditionally increased by up to EUR 11,625,000.00 by issuing up to 4,650,000 new no-par value registered shares with dividend rights from the beginning of the business year of their issue. However, this conditional capital increase only applies up

to a maximum amount and number of shares in which amount the conditional capital increase has not yet been executed at the point in time of the conversion of Klöckner & Co Aktiengesellschaft into a European Company (SE) pursuant to the Terms of Conversion of 5 May 2008 taking effect.

The conditional capital shall serve to grant subscription and/or conversion rights to the holders of option bonds and/or convertible bonds that are issued by the Company or a group company in accordance with the authority granted by the General Meeting of the Company on 20 June 2007. New shares shall be issued in accordance with the option price or conversion price resolved as Item 9 of the agenda of the General Meeting of the Company held on 20 June 2007.

The conditional capital increase shall only be executed to the extent that the holders and/or creditors of subscription or conversion rights make use of these rights or to the extent that the holders with a conversion obligation fulfil this obligation and to the extent that no cash settlement is granted and none of the Company's own shares or shares created from authorised capital are used to satisfy this requirement. The Management Board is authorised to determine the further details of the execution of a conditional capital increase (Conditional Capital 2007).

- (4) The shares are registered by name. If, in the event of a capital increase, the resolution on the capital increase does not specify whether the new shares should be bearer shares or registered shares, then they shall be issued as shares registered by name.
- (5) The form of the share certificates and the dividend and talon coupons shall be determined by the Management Board with the consent of the Supervisory Board. The shareholders' right to a securitisation of their shares and dividends is excluded to the extent permissible by law and a securitisation is not required according to the rules of the stock exchange where the share has been admitted for trading. The Company shall be entitled to issue share certificates which embody individual shares or multiple shares (global shares).

- (6) In the event of a capital increase, the dividend rights of new shares may be determined in deviation from Section 60 para. 2 of the German Stock Corporation Act.

III. Constitution of Organisation

Section 5 Constitution of Organisation

The constitution of organisation of the Company follows the two-tier system. Corporate bodies of the Company are the management body ("**Management Board**"), the supervisory body ("**Supervisory Board**") and the General Meeting.

IV. Management Board

Section 6 Composition and Rules of Procedure

- (1) The Management Board comprises one or several members. The Supervisory Board shall determine the number of members of the Management Board.
- (2) The Supervisory Board may appoint a chairman of the Management Board as well as a deputy chairman of the Management Board.
- (3) The Supervisory Board shall issue Rules of Procedure for the Management Board including the allocation of duties.
- (4) Members of the Management Board shall be appointed for a maximum term of office of five years. A member may be re-appointed once or several times.

Section 7 Representation of the Company

If the Management Board only has one member, then he shall represent the Company alone. If two or more members have been appointed, then the Company shall be represented by two members jointly or by one member jointly with a person holding general commercial power of representation (*Prokurist*). The Supervisory Board may grant individual Management Board members the power to represent the Company alone and/or release them from the prohibition of multiple representation set forth in Section 181 2nd Alternative of the German Civil Code (*Bürgerliches Gesetzbuch – BGB*).

Section 8 Management

- (1) The Management Board shall manage the business in accordance with the laws, the Articles of Association, its Rules of Procedure and the allocation of duties.

- (2) The Management Board requires the approval of the Supervisory Board to carry out the following transactions:
- transactions which will cause a fundamental change of the asset, financial or earnings situation or the risk exposure of the Company;
 - foundation, dissolution, acquisition or sale of shareholdings as well as changes in shareholding which exceed a limit to be determined by the Supervisory Board in the Rules of Procedure of the Management Board;
 - conclusion, major amendment or termination of inter-company agreements within the meaning of Sections 291 et seq. of the German Stock Corporation Act; and
 - conclusion, major amendment or termination of profit participation agreements and silent partnerships.

The Supervisory Board has the right to issue Rules of Procedure for the Management Board in which, in particular, further transactions may be made subject to the approval of the Supervisory Board. The Supervisory Board may grant revocable approval in advance of a specific group of transactions in general or on the condition that an individual transaction satisfies specific requirements.

V. Supervisory Board

Section 9 Composition, Term of Office, Resignation from Office

- (1) The Supervisory Board comprises six members, who shall be elected by the General Meeting.
- (2) The Supervisory Board members shall each be elected for a period up to the conclusion of the General Meeting which resolves on the formal approval of the actions of the Supervisory Board for the fourth business year after commencement of the respective term of office, whereby the business year in which the term of office begins is not counted. The term of office shall be no longer than six years. When electing a Supervisory Board member, the General Meeting may determine a shorter term of office respectively. The successor to a member who resigned before his term of office expired shall be elected for the remainder of the term of office of the resigning member

unless otherwise resolved by the General Meeting. A member may be reappointed once or several times.

(3) Notwithstanding paragraph (1) and paragraph (2), the following persons are appointed as members of the first Supervisory Board of Klöckner & Co SE:

- Professor Dr. Dieter H. Vogel, Meerbusch, Managing Partner of Lindsay Goldberg Vogel GmbH, Düsseldorf;
- Dr. Michael Rogowski, Heidenheim, Chairman of the Supervisory Board and Partners' Committee of Voith AG, Heidenheim;
- Robert J. Koehler, Wiesbaden, Chairman of the Management Board of SGL CAR-BON Aktiengesellschaft, Wiesbaden;
- Frank H. Lakerveld, Hattingen, member of the Management Board of Sonepar S.A., Paris (France);
- Dr. Jochen Melchior, Essen, former Chairman of the Management Board of the former STEAG AG, Essen;
- Dr. Hans Georg Vater, Ratingen, former member of the Management Board of HOCHTIEF Aktiengesellschaft, Essen.

The appointment of Prof. Dr. Dieter Vogel, Dr. Michael Rogowski and Mr. Frank H. Lakerveld shall be for the period up to the conclusion of the General Meeting which resolves on the formal approval of the actions of the Supervisory Board for the second business year after the commencement of the term of office. The appointment of Dr. Jochen Melchior and Dr. Hans Georg Vater shall be for the period up to the conclusion of the General Meeting which resolves on the formal approval of the actions of the Supervisory Board for the third business year after the commencement of the term of office. The appointment of Mr. Robert J. Koehler shall be for the period up to the conclusion of the General Meeting which resolves on the formal approval of the actions of the Supervisory Board for the fourth business year after the commencement of the term of office.

The appointments set forth above shall each be for a maximum of six years. If the registration of the SE takes place in 2008, the business year in which the term of office commences shall not be counted in respect of the appointments set forth above. On the other hand, if the registration

of the SE takes place in 2009 or later, the business year in which the term of office commences shall be counted in respect of the appointments set forth above.

- (4) When a Supervisory Board member is elected, a substitute member may also be appointed at the same time, who shall become a Supervisory Board member if the Supervisory Board member should resign prior to the expiration of his term of office and a successor has not been elected. The term of office of a substitute member who has joined the Supervisory Board shall expire once a successor for the resigned Supervisory Board member has been appointed, at the latest upon the expiration of the resigned Supervisory Board member's term of office.
- (5) Notwithstanding their right to resign from office for good cause, the members and the substitute members of the Supervisory Board may resign from office by rendering a written declaration to the Chairman of the Supervisory Board or the Management Board observing a notice period of four weeks.
- (6) The General Meeting may recall members of the Supervisory Board prior to the expiration of their term of office without providing reasons.

Section 10 Chairman and Deputy Chairman

- (1) The Supervisory Board shall elect a Chairman and a Deputy Chairman from its midst. The Supervisory Board Chairman and the Deputy Supervisory Board Chairman shall be elected by a simple majority of votes, in the event of a voting tie, the decision shall be made by lot. Should the Chairman or his Deputy resign from the Supervisory Board before the term of office has expired, the Supervisory Board shall conduct new elections.
- (2) If the Supervisory Board Chairman and the Deputy Supervisory Board Chairman are prevented from carrying out their activities, then the eldest Supervisory Board member in terms of age shall take the chair of the Supervisory Board for the duration of the prevention.
- (3) The Chairman of the Supervisory Board or in his absence, his Deputy, are authorised to submit and receive declarations of intent in the name of the Supervisory Board which are required to implement the Supervisory Board's resolutions.

Section 11 Rules of Procedure

The Supervisory Board shall issue itself Rules of Procedure within the framework of the mandatory statutory provisions and the provisions of these Articles of Association.

Section 12 Committees

The Supervisory Board may form committees from its midst and, to the extent legally permissible, allocate decision-making authority to them.

Section 13 Confidentiality

The members of the Supervisory Board shall – even after resigning from office – maintain secrecy with respect to confidential information and secrets of the Company, namely trade and business secrets, which become known to them through their activities on the Supervisory Board.

Section 14 Remuneration

- (1) In addition to reimbursement for their appropriate cash outlays and the VAT accruing on their remuneration and expenditures, the members of the Supervisory Board shall receive:
 - (a) a fixed annual remuneration in the amount of € 17.000,00;
 - (b) a profit-oriented remuneration in the amount of € 150.00 for each full € 1,000,000.00 by which the group surplus in the respective business year for which the remuneration is being paid exceeds the sum of € 50,000,000.00.

The remuneration pursuant to (b) for each Supervisory Board member may not exceed the sum of the fixed annual remuneration pursuant to (a), taking paragraph 2 into account, by more than 100 %. Section 113 para. 3 sentence 1 of the German Stock Corporation Act remains unaffected.

- (2) The Supervisory Board Chairman shall receive three times and his Deputy twice the remuneration pursuant to paragraph 1.
- (3) Additionally, Supervisory Board members shall receive an attendance fee of EUR 2,000.00 for each meeting of the Supervisory Board and its Committees at which they are present. The Supervisory Board Chairman and a Chairman of a Supervisory Board Committee shall receive three times

and the Deputy Supervisory Board Chairman and Deputy Chairman of a Supervisory Board Committee shall receive twice the attendance fee.

- (4) Supervisory Board members who only belong to the Supervisory Board during part of the respective business year shall receive one twelfth of the remuneration for each month or partial month of their membership. The same shall apply accordingly to the increase of the remuneration for the Supervisory Board Chairman and his Deputy pursuant to paragraph 2.
- (5) The remuneration pursuant to paragraph 1 (a) and (b), as well as the attendance fee, shall be payable at the conclusion of the General Meeting which receives the consolidated annual financial statements for the respective business year or decides on their approval.
- (6) For the calculation of the remuneration pursuant to paragraph 1, the group surplus for the relevant business year, as shown in the approved consolidated annual financial statements pursuant to IFRS, which has been furnished with an unlimited audit certificate, shall be authoritative, whereby no planned amortizations of goodwill within the meaning of IFRS will be carried out.
- (7) The fixed annual remuneration pursuant to paragraph 1 (a) and the profit-oriented annual remuneration pursuant to paragraph 1 (b) shall be paid in full for the first time for the business year which follows the business year in which the Company was registered as an SE in the commercial register.
- (8) The Company may maintain D&O insurance for its corporate bodies with appropriate coverage in its own interest and at its own expense. If it does, then the Supervisory Board members must be included.

VI. General Meeting

Section 15 Location and Convening

- (1) The General Meeting shall be held at the registered seat of the Company, a German financial centre or a major German city with a population of over 100,000.
- (2) The convening of the meeting must be published in the electronic Federal Gazette at least 30 days before the

day at the end of which the shareholders must have notified their attendance (Section 16), not counting the day of the announcement and the last day on which the shareholders must submit their notification.

Section 16 Participation and Voting Rights

- 34
- (1) Shareholders shall be entitled to participate in the General Meeting and exercise their voting right in the General Meeting if they have notified the Management Board at the Company's registered seat of their participation in a timely manner in writing, by facsimile or, if the Management Board so resolves, electronically by a method to be determined in detail by the Company, and are registered in the share register on the date of the General Meeting. The voting right may only be exercised to the extent which exists according to the entry in the share register on the date of the General Meeting. The delivery of the notification and the date of the General Meeting must be at least six days apart. The Management Board may determine a shorter time limit.
 - (2) The voting right may be exercised by an authorised representative. If neither a credit institute nor a shareholders' association is so authorised, then the power of attorney shall be granted in writing, by facsimile or electronically by a method to be determined in detail by the Company.

Section 17 Chairing the General Meeting

- (1) The General Meeting shall be chaired by the Chairman of the Supervisory Board or, if he is prevented from attending, by another Supervisory Board member to be determined by the Supervisory Board.
- (2) The Chairman shall preside over the meeting. He determines the order in which the agenda items will be dealt with as well as the manner and order of the voting on resolutions. He may impose a reasonable time limit on the shareholders' right to ask questions and speak; in particular, he may set a reasonable timeframe for the course of the meeting, the discussion of the agenda items as well as the individual speeches or questions.

Section 18 Image and Sound Transmission

The General Meeting may be transmitted by the Company in the form of a sound and image transmission, in whole or in part, if

the Management Board and the Supervisory Board so resolve and announce this upon convening the meeting.

Section 19 Adoption of Resolutions

- (1) Each no-par value registered share shall grant one vote in the General Meeting.
- (2) Unless otherwise prescribed by statute, the resolutions shall be adopted by a simple majority of the votes cast and, where the statutes require a majority of the capital along with a majority of the votes, by a simple majority of the share capital represented during the adoption of the resolution. A simple majority of the votes cast is sufficient for the adoption of a resolution regarding an amendment of the Articles of Association if at least half of the share capital is represented and no higher majority is prescribed by statute.

VII. Annual Financial Statements and Appropriation of Profit

Section 20 Annual Financial Statements and Appropriation Profit

- (1) Within the first three months of the business year, the Management Board shall submit the annual financial statements and the management report, as well as the consolidated annual financial statements and the consolidated management report for the past year to the Supervisory Board without undue delay after their preparation. At the same time, the Management Board shall submit its proposal for the appropriation of the net retained profits to the Supervisory Board. Section 298 para. 3 and Section 315 para. 3 of the German Commercial Code (*Handelsgesetzbuch – HGB*) remain unaffected.
- (2) Upon receipt of the Supervisory Board's report, the Management Board shall convene the ordinary General Meeting without undue delay, which must be held within the first six months of each business year. It shall decide on the formal approval of the actions of the Management Board and Supervisory Board, on the selection of the auditor of the annual financial statements and the appropriation of the net retained profit.
- (3) Once the annual financial statements have been approved, the Management Board and Supervisory Board shall be authorised to allocate all or parts of the annual surplus

remaining after the deduction of the amounts to be allocated to the statutory reserves and the loss carry-forward, to other reserves.

- (4) The net retained profit shall be distributed to the shareholders unless the General Meeting resolves on a different use.
- (5) The General Meeting may also resolve a distribution in kind if the items to be distributed can be traded on a market within the meaning of Section 3 para. 2 of the German Stock Corporation Act.

VIII. Final Provisions

Section 21 Amendments to the Articles of Association

The Supervisory Board is authorised to resolve amendments to these Articles of Association which only affect the wording. It may also adjust the Articles of Association to conform to new statutory requirements which are binding on the Company without a General Meeting resolution being required.

Section 22 Formation Costs (costs of formation of the company as a GmbH, of the conversion into a stock Company and of the conversion into an SE)

(1) *Costs of formation as a GmbH*

The Company shall bear the costs of the formation and publication up to an amount of € 2.000,00.

(2) *Costs of Conversion of Multi Metal Holding GmbH into Klöckner & Co. Aktiengesellschaft*

The Company was created by way of a conversion into a different legal form. The Company shall bear the cost of the change of form (notarial and court costs, publication costs, legal and tax consultation costs, cost of the formation audit) up to the amount of € 100,000.00.

(3) *Costs of Conversion of Klöckner & Co Aktiengesellschaft into Klöckner & Co SE*

The Company shall bear the costs of the conversion from the legal form of a stock corporation into the legal form of an SE (in particular the costs of the negotiation procedure on the participation of the employees, notarial and court costs, publications costs, legal and tax consultation costs, costs of preparation of the valuation certificate pursuant

to Art. 37 para. 6 of the German SE Participation Act) up to the amount of € 1 million.

The Terms of Conversion, including the Articles of Association attached to it as Annex 1, the Conversion Report, the certificate from an independent expert pursuant to Art. 37 para. 6 of the Council Regulation on the Statute for a European Company (SE) will be available under the internet address www.kloeckner.de/HV2008 from the date on which the General Meeting is convened. In addition, the aforementioned documents will be available for inspection by the shareholders at the business premises of the company, Am Silberpalais 1, 47057 Duisburg, from the date on which the General Meeting is convened and in the meeting room for the duration of the General Meeting. Upon request, shareholders will be sent copies of these documents without undue delay and free of charge.

8. Approval of the profit and loss transfer agreement entered into with Klöckner & Co Verwaltung GmbH

Klöckner & Co AG as the company entitled to profits and Klöckner & Co Verwaltung GmbH, Duisburg as the company obliged to transfer profits have entered into a profit and loss transfer agreement on 17 April 2008. In order to be effective, the latter requires the approval of the General Meeting of Klöckner & Co AG. The General Meeting of Klöckner & Co Verwaltung GmbH approved the profit and loss transfer agreement on 17 April 2008.

The wording of the profit and loss transfer agreement reads as follows:

"Profit and Loss Pooling Agreement

between

Klöckner & Co Aktiengesellschaft,

registered in the commercial register at the Local Court in Duisburg under no. HR B 18561, duly represented by the members of the Management Board, Dr Thomas Ludwig and Ulrich Becker, who are jointly authorised to represent the company,

hereinafter referred to as **"Klöckner & Co AG"**

and

Klöckner & Co Verwaltung GmbH,

registered in the commercial register at the Local Court in Duisburg under no. HR B 17564, duly represented by the Managing Director (Geschäftsführer) Gisbert Rühl, who is jointly authorised to represent the company, and the holder of a statutory power of attorney (Prokurist) Hans-Jürgen Weißer, who is jointly authorised to represent the company together with another holder of a statutory power of attorney (Prokurist) or managing director,

hereinafter referred to as **"Klöckner Verwaltung"**

Preamble

The share capital of Klöckner Verwaltung amounts to € 25,000.00. The single share is currently held by Klöckner & Co International GmbH, a wholly-owned indirect subsidiary of Klöckner & Co AG, Klöckner & Co International GmbH, registered in the commercial register at the Local Court in Duisburg under no. HR B 17565 (hereinafter referred to as **"KlöCo International"**). In future, i.e. after the coming into effect of several merger processes, the share will be held directly by Klöckner & Co AG. The objects of the company of Klöckner & Co AG and Klöckner Verwaltung include the holding of shareholdings. In view of the existing financial integration of Klöckner Verwaltung into Klöckner & Co AG the following Profit and Loss Pooling Agreement will be entered into for the purpose of establishing a fiscal unity within the meaning of sections 14, 17 of the German Corporate Income Tax Act (*Körperschaftsteuergesetz – KStG*).

Section 1 Transfer of profits

- (1) Klöckner Verwaltung agrees to transfer, subject to the accrual and dissolution of reserves pursuant to paragraph 2, to Klöckner & Co AG its total annual profit, calculated disregarding the transfer of profits, reduced by a potential loss carried forward from the previous business year.
- (2) With the consent of Klöckner & Co AG, Klöckner Verwaltung may transfer parts of the annual profit into other profit reserves (section 272 para. 3 of the German Commercial Code (*Handelsgesetzbuch – HGB*)), to the extent that such accrual is permitted by commercial law and is justified by economic reasons under reasonable commercial consideration. On demand of Klöckner & Co AG, other profit reserves pursuant to section 272 para. 3 of the German Commercial Code accrued during the term of this Agreement shall be dissolved and used to compensate an annual loss or be transferred as profit.
- (3) The transfer of income from the dissolution of capital reserves or of profit reserves generated prior to this Agreement shall be excluded.
- (4) The entitlement to the transfer of profits shall arise on the effective date for the financial statements of Klöckner Verwaltung and shall fall due on this date. From this date, interest in the amount of 5% p.a. shall accrue thereon. The obligation to transfer profits shall first apply to the whole profit of the business year of Klöckner Verwaltung, in which this Agreement becomes effective pursuant to Clause 3 paragraph 1.

Section 2 Assumption of losses

- (1) Klöckner & Co AG undertakes, vis-à-vis Klöckner Verwaltung, to assume any loss in accordance with the provisions of section 302 of the German Stock Corporation Act (as amended) applying to domination or profit and loss pooling agreements.
- (2) Clause 1 paragraph 4 shall apply accordingly to the obligation to compensate any losses.

Section 3 Effectiveness and duration of the Agreement

- (1) The conclusion of this Agreement is subject to approval by the General Meeting of Klöckner & Co AG and to approval by the Shareholders' Meeting of Klöckner Verwaltung.

It shall only become effective if the following conditions have been met:

- a) registration of the Agreement in the Commercial Register of Klöckner Verwaltung,
- b) registration of the planned merger pursuant to the provisions of the German Corporate Transformation Act (*Umwandlungsgesetz – UmwG*) of KlöCo International to Multi Metal Beteiligungs GmbH, registered in the Commercial Register at the Local Court in Duisburg under no. HRB 18188 (hereinafter referred to as "MMB GmbH"), in the Commercial Register of MMB GmbH and
- c) registration of the planned merger pursuant to the provisions of the German Corporate Transformation Act of MMB GmbH to Klöckner Verwaltung in the Commercial Register of Klöckner Verwaltung.

and shall apply retroactively to the period from the beginning of the business year of Klöckner Verwaltung in which the Agreement becomes effective.

- (2) This Agreement shall be entered into for an indefinite period. It may be terminated by written notice with a notice period of six months to the end of a business year of Klöckner Verwaltung, however, it may be so terminated at the earliest with effect from the end of the business year which ends at least five years after the beginning of the business year, in which it became effective according to paragraph 1 sentence 2 of this Clause 3. As regards compliance with this period, the date on which the notice of termination is received by the other party shall be decisive.
- (3) The right to terminate without observation of a notice period for important reason shall remain unaffected. Klöckner & Co AG may terminate this Agreement at any time with immediate effect for important reason if it is no longer entitled to the majority of voting rights from the shares in Klöckner Verwaltung or in the event that any other important reason within the meaning of section 60 para. 6 of the German Corporate Income Tax Rules (*Körperschaftsteuer-Richtlinien – KStR*) 2004 or any other applicable provision occurs which will apply on the date of the termination of this Agreement.

Section 4 Final provisions

- (1) The notarisation costs for the authorisation resolution to this Agreement of the Shareholders' Meeting of Klöckner Verwaltung and the costs of the registration in the Commercial Register shall be borne by Klöckner Verwaltung.
- (2) Should a provision of this Agreement be or become invalid, the validity of the other provisions of this Agreement shall remain unaffected. The parties undertake to replace such invalid provision by a legally valid provision which corresponds as closely as possible to the economic purpose of the invalid provision. This shall apply mutatis mutandis in the event of any gap in this Agreement.

Duisburg, 17 April 2008

Klöckner & Co AG

sgd. Dr Thomas Ludwig
Chairman of the
Management Board

sgd. Ulrich Becker
Member of the
Management Board

Klöckner & Co Verwaltung GmbH

sgd. Gisbert Rühl
Managing Director

sgd. Hans-Jürgen Weißer
Holder of a Statutory Power
of Attorney (Prokurist)"

The Management Board and the Supervisory Board propose approving the profit and loss transfer agreement entered into by Klöckner & Co AG as the company entitled to profits and Klöckner & Co Verwaltung GmbH, Duisburg as the company obliged to transfer profits.

The following documents will be available under the internet address www.kloeckner.de/HV2008 from the date on which the General Meeting is convened.

- profit and loss transfer agreement between Klöckner & Co AG and Klöckner & Co Verwaltung GmbH dated 17 April 2008.
- annual financial statements and consolidated financial statements as well as management reports of Klöckner & Co AG (which operated under the name of Multi Metal Holding GmbH until 7 June 2006) and the Group for the business years 2005 (short business year), 2006 and 2007
- annual financial statements and management reports of Klöckner & Co Verwaltung GmbH (which operated under the name of Klöckner & Co GmbH until 7 June 2006) for the business years 2005, 2006 and 2007
- report on the enterprise agreement pursuant to section 293a of the German Stock Corporation Act (by analogy) given jointly by the Management Board of Klöckner & Co AG and the management of Klöckner & Co Verwaltung GmbH dated 17 April 2008
- report on the audit pursuant to section 293b of the German Stock Corporation Act (by analogy) of the qualified auditors appointed by the court PKF Fasselt Schlage Lang und Stolz Partnerschaft Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Schifferstr. 210, 47059 Duisburg, dated 5 May 2008.

In addition, the aforementioned documents will be available for inspection by the shareholders at the business premises of the company, Am Silberpalais 1, 47057 Duisburg, from the date on which the General Meeting is convened and in the meeting room for the duration of the General Meeting. Upon request, shareholders will be sent copies of these documents without undue delay and free of charge.

9. Resolution on the authority to acquire own shares

Section 71 para. 1 no. 8 of the German Stock Corporation Act provides the company with the possibility to acquire its own shares, as long as such shareholding does not exceed 10% of the share capital of the company. By way of the resolution of the General Meeting of 20 June 2007, the company is authorised to acquire own shares. This authority resolution shall only remain in effect until 19 December 2008, however. In order to enable the company to use this possibility of acquiring its own shares as an additional financing instrument also from that date, and to enable a rapid and flexible reaction by the company, a resolution on a new authority to acquire own shares revoking the existing authority shall be adopted.

The Management Board and Supervisory Board propose adopting the following resolution:

- (a) The authority to acquire own shares resolved as Item 8 of the agenda of the General Meeting of Klöckner & Co AG on 20 June 2007 shall be revoked with effect from the end of the General Meeting of 20 June 2008 and replaced by the following authority to acquire own shares.
- (b) The company is authorised pursuant to section 71 para. 1 no. 8 of the German Stock Corporation Act to acquire, up until 19 December 2009, own shares of up to 10% of the share capital of the company existing on the date of the resolution of the General Meeting. This authority can be exercised in whole or in part and on one or more occasions

by the company, by companies of the Klöckner & Co. Group, or by third parties for the account of the company or companies of the Klöckner & Co. Group. Such acquisition shall be effected, at the election of the Management Board, either on the stock exchange or by means of a public purchase offer directed at all shareholders.

- (c) The consideration for the acquisition per share (without transaction costs) shall, if the acquisition is effected on the stock exchange, not exceed or fall below the average closing price of the shares of the company with the same features in the XETRA trade (or a comparable successor system) on the Frankfurt Stock Exchange at the last five trading days preceding the obligation to acquire by more than ten percent.
- (d) If the acquisition of own shares is effected by means of a public purchase offer of the company to all shareholders of the company, the purchase price per share in the company (without transaction costs) shall not be more than 10% higher or lower than the stock market price. The decisive stock market price within the meaning of this provision shall be deemed the average closing price of the shares of the company with the same features in the XETRA trade (or a comparable successor system) on the Frankfurt Stock Exchange at the last five trading days preceding the day of the publication of the purchase offer. If the volume of the shares tendered exceeds the intended redemption volume the acquisition must be made in proportion to the relevant shares tendered. The preferred acquisition of small lots of shares of up to 100 shares tendered per shareholder and a rounding in accordance with commercial principles may be provided for.

- (e) The Management Board is authorised to sell the company's own shares over the stock exchange or by means of a public offer directed at all shareholders. The Management Board is also authorised to effect a sale by other means if the shares of the company are sold in return for a cash payment at a price (without transaction costs) which is not substantially lower than the stock market price of the shares in the company at the time of sale. This authority is restricted (with the inclusion of other authorities to issue new shares upon excluding the subscription right pursuant to section 186 para. 3 sentence 4 of the German Stock Corporation Act) to a total of 10% of the share capital of the company existing on the date of the General Meeting's resolution or, if this figure is lower, to a total of ten percent of the share capital of the company existing at the time of exercising the authority to effect a sale. The decisive stock market price within the meaning of this provision shall be deemed the average stock exchange price of the shares in the company as determined by the closing auction of the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor system) during the last five trading days before the sale of the own shares.
- (f) The Management Board is also authorised to sell the acquired own shares to third parties, upon excluding the shareholders' subscription rights, if this is done for the purpose of acquiring enterprises, parts of enterprises and/or participations in enterprises, or for the purpose of servicing options and/or convertible bonds issued pursuant to Item 9 of the agenda of the General Meeting of 20 June 2007 or Item 10 of the agenda of the General Meeting of 20 June 2008, respectively.
- (g) The Management Board is also authorised to redeem the acquired own shares without a further resolution of the General Meeting. The above authorities can be exercised on one or several occasions, individually or together.

10. Authority to issue options and/or convertible bonds

After the successful issue of a convertible bond in 2007, by which the authority to issue options and/or convertible bonds granted by the General Meeting of 20 June 2007 as Item 9 was exploited to a large extent, the company shall be given once again an opportunity to make use of this flexible financing instrument.

46

The Management Board and Supervisory Board therefore propose adopting the following resolutions:

The Management Board is authorised to grant bearer option and/or convertible bonds and/or option bonds (hereinafter jointly referred to as "Bonds") on one or several occasions up until 20 June 2013, in the total nominal amount of up to € 350,000,000.00 with a maximum term of twenty years, and to grant the owners of the Bonds option or conversion rights to a total of up to 4,650,000 registered non-par value shares of the company with a pro rata sum in the share capital of up to EUR 11,625,000.00, in accordance with the respective conditions of the Bonds (hereinafter "Bond Conditions").

The Bonds can be issued in Euro or the statutory currency of an OECD state – restricted to the equivalent value of the maximum Euro amount of € 350,000,000.00. They can also be issued via companies with their business seat in Germany or abroad in which Klöckner & Co AG holds a direct or indirect majority (hereinafter "Group Companies"). In this event the Management Board is authorised, with the consent of the Supervisory Board, to assume a guarantee for the bonds on behalf of Klöckner & Co AG and to grant the creditors of option bonds options and/or the owners of convertible bonds conversion rights to new shares in Klöckner & Co AG.

In principle the shareholders have a subscription right to the Bonds. The Bonds can also be assumed by a credit institution or an enterprise active pursuant to section 53 para. 1 sentence 1 or

section 53b para. 1 sentence 1 or para. 7 (hereinafter "financial institution"), or a syndicate of such credit or financial institutions, together with an obligation to offer them to the shareholders for subscription. The Management Board is, however, authorised to exclude the shareholders' subscription right to the bonds with the consent of the Supervisory Board

- if they are issued in return for cash and the Management Board comes to the decision, after a dutiful examination, that the issue price is not substantially lower than the theoretical market value of the Bonds determined in accordance with recognised actuarial methods. However, this only applies insofar as the shares to be issued to serve the option and conversion rights associated with the Bonds do not exceed a total of 10% of the share capital of the company existing at the time of the resolution or – if this value is lower – of the share capital existing at the time of exercising this authority. This 10% threshold is to include shares of Klöckner & Co AG issued during the term of this authority up to the time of their use, with the exception of shares destined to the servicing of convertible bonds issued on the basis of the resolution adopted as Item 9 of the General Meeting of the company of 20 June 2007, as well as options or convertible bonds issued on the basis of other authorities in a direct or analogous application of section 186 para. 3 sentence 4 of the German Stock Corporation Act, or sold by the company;
- in order to exclude fractional shares arising due to the subscription ratio, from the subscription right of the shareholders;
- insofar as necessary in order to grant the owners of option rights or the creditors of conversion rights issued by the company or Group Companies the subscription right due to them after exercising their rights.

In the event of issuing convertible bonds, the owners of the convertible bonds shall have the right to exchange their convertible bonds, in accordance with the Bond Conditions, for new shares in the Company. The exchange ratio can also be determined by dividing the issue price of a convertible bond lying under the nominal amount by the fixed conversion price for a new share in the company. The exchange ratio can in any event be rounded up or down to a whole figure. Otherwise it can be provided that fractional shares are combined and/or exchanged for cash.

In the event of issuing option bonds, every option bond shall be accompanied by one or several option certificates, which entitle the owners to subscribe to new shares in Klöckner & Co AG in accordance with the Bond Conditions determined by the Management Board. For option bonds issued in euro by the company, the Bond Conditions may provide for the fact that the option price fixed in accordance with this authority may also be fulfilled by transfer of the partial bonds and, if necessary, an additional cash payment. The proportionate amount of the share capital accruing to the shares to be purchased per partial bond must not exceed the nominal amount of this partial bond. Where fractions of shares arise, a provision may be agreed whereby these fractions are added together in accordance with the Bond Conditions – with an additional payment where necessary – in order to subscribe whole shares.

The relevant option or conversion price to be fixed must amount to 135% of the volume-weighted average stock market price of the shares of the company in the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor system)

- in the period between the resolution on the exercise of the authority by the Management Board and the final allocation of the Bonds by the banks supervising the issue; or,
- if the shareholders have a subscription right to the Bonds, in the closing auction during the days on which the subscription

rights to the Bonds are traded on the Frankfurt Stock Exchange, with the exception of the last two trading days of the subscription rights trading,

Notwithstanding section 9 para. 1 of the German Stock Corporation Act, the option or conversion price can be adjusted with value-preserving effect on the basis of a dilution protection clause in accordance with the Bond Conditions if the company – up until the expiry of the option or conversion period – increases the share capital upon granting a subscription right to its shareholders or issues or guarantees further Bonds and the owners of existing option or conversion rights are not granted a subscription right. The Bond Conditions can also provide for a value-maintaining adjustment of the option or conversion price for other measures of the company which can lead to a dilution of the value of the option or conversion rights.

The Bond Conditions may provide for the right of the company – in the event of the exercise of rights or in the event of conversion – not to grant any shares, but to pay a cash amount which, for the number of shares otherwise to be provided, corresponds to the non-volume-weighted stock exchange price of the shares in the company as determined by the closing auction of the XETRA trading system of the Frankfurt Stock Exchange (or a comparable successor system) during the last 10 trading days before the declaration of conversion or exercise of the options. The subscription or conversion rights of the owners of Bonds can otherwise be fulfilled by issuing own shares in the company or by issuing new shares from conditional and/or authorised capital to be decided in accordance with Item 11 of the agenda of the General Meeting of the company of 20 June 2008 or at a later date.

The Management Board is authorised to establish further details concerning the issue and features of the Bonds as well as the terms and conditions and, if necessary, to establish, in consultation with the executives of the Bondissuing Group Company,

details particularly including the interest rate, offer price, term and denomination, purchase or exchange ratio, reasons for a conversion obligation, fixing of an additional cash payment, equalisation or pooling of fractional shares, cash payment instead of the provision of shares, provision of existing shares instead of the issue of new shares, option price or conversion price pursuant to the above provisions, and option period or conversion period.

11. Creation of conditional capital 2008

The Management Board and the Supervisory Board propose resolving as follows:

11.1 Creation of new conditional capital

The share capital of the company will be subject to a conditional increase of up to € 11,625,000.00 by the issue of up to 4,650,000 new registered non-par value shares with entitlement to profits from the beginning of the business year in which they are issued.

The conditional capital shall serve to grant shares to satisfy subscription and/or conversion rights of the holders of option Bonds and/or convertible Bonds that are issued by the company or a Group Company in accordance with the authority of the General Meeting of the company on 20 June 2008.

New shares will be issued in accordance with the option price or conversion price to be fixed in accordance with the aforementioned authority described above under Item 10. The conditional capital increase will only take place to the extent that the holders and/or creditors of subscription or conversion rights make use of these rights or to the extent that the holders with a conversion obligation fulfil this obligation and insofar as no cash settlement is granted or own shares or shares created from authorised capital are used for servicing purposes. The Management Board will

be authorised to establish the further details of the implementation of a conditional capital increase (conditional capital 2008).

11.2 Amendment of the Articles of Association

Paragraphs 4 to 6 of section 4 of the Articles of Association of the Company will become paragraphs 5 to 7 and section 4 will be amended with the addition of a new paragraph 4 worded as follows:

“The share capital of the company shall be subject to a conditional increase of up to EUR 11,625,000.00 by the issue of up to 4,650,000 new registered non-par value shares with entitlement to profits from the beginning of the business year in which they are issued.

The conditional capital shall serve to grant shares to satisfy subscription and/or conversion rights of the holders of option Bonds and/or convertible Bonds that are issued by the company or a Group Company in accordance with the authority of the General Meeting of the company on 20 June 2008. New shares shall be issued in accordance with the option price or conversion price resolved as Item 10 of the agenda of the General Meeting of the company held on 20 June 2008.

The conditional capital increase shall only take place to the extent that the holders and/or creditors of subscription or conversion rights make use of these rights or to the extent that the holders with a conversion obligation fulfil this obligation and to the extent that no cash settlement is granted and that no own shares or shares created from authorised capital are used for servicing purposes. The Management Board shall be authorised to establish the further details of the implementation of a conditional capital increase (conditional capital 2008).”

Reports to the General Meeting

Management Board report on Item 9 of the agenda

Pursuant to section 71, para. 1, no. 8, sentence 5, section 186, para. 3, sentence 4 and para. 4, sentence 2 of the German Stock Corporation Act, the Management Board wishes to submit the following report on Item 9 of the agenda on the grounds for the proposed authority of the Management Board to exclude the shareholders' subscription right in the sale of own shares of the company.

The report will be available at the Internet address www.kloeckner.de/HV2008 from the date on which the General Meeting is called. It is also available for viewing at the company's premises, at Am Silberpalais 1, 47057 Duisburg, and in the meeting room for the duration of the General Meeting. Upon request, shareholders will be sent a copy of this report without undue delay and free of charge. The contents of the report are as follows:

In line with the usual international practice, the provision of section 71, para. 1, no. 8 of the German Stock Corporation Act is intended to enable the company to use the acquisition of own shares as an additional financial instrument. By resolution of the General Meeting of 20 June 2007, the company is entitled to acquire own shares. This authority resolution shall only remain in effect until 19 December 2008, however. In order to enable the company to acquire its own shares also from that date, the Management Board and the Supervisory Board again put it to the General Meeting that the company should be authorised to acquire own shares so that it may use the benefits associated with such an acquisition in the interest of the company and its shareholders.

The proposed authority will enable the company to acquire own shares up to 10% of the current share capital by 19 December 2009. This ensures observance of the highest admissible limit. Acquisitions may only be done via the stock exchange or on the

basis of a public bid to all shareholders. This ensures compliance with the obligations stipulated by section 71, para. 1, no. 8, sentences 3 and 4 of the German Stock Corporation Act on the equal treatment of all shareholders. In the event of an acquisition by means of a public purchase offer, acceptance shall be based on quotas if the offer is oversubscribed. A preferred acceptance of small lots of shares of up to 100 shares tendered per shareholder and a rounding in accordance with commercial principles may be provided for in order to simplify the technical settlement process.

The authority provides for the fact that the acquired own shares may be sold to third parties with the exclusion of shareholders' subscription rights where this is done for the purpose of acquiring companies, parts of companies and/or stakes in companies or for the purpose of servicing option Bonds and/or convertible Bonds that were issued on the basis of the resolution under Item 9 of the agenda of the General Meeting of 20 June 2007 or Item 10 of this General Meeting, respectively. In these cases, it should be made possible for the Management Board to be able to offer shares in the company consideration for the acquisition of these companies or stakes in companies and/or to grant the holders of option rights and/or conversion rights shares for the fulfilment of their claims without having to perform a capital increase.

As a result of national and international competition, it increasingly has to be possible to be able to offer not money, but shares as consideration in the acquisition of companies or stakes in other companies. The proposed authority provides the company with the necessary flexibility to use own shares as currency for acquisitions and thereby to be able to react fast and flexibly to attractive offers to acquire companies or stakes in companies. Account is also taken of this by the proposed authority to exclude shareholders' subscription rights. The Management Board will report to the General Meeting regarding any exploitation of this authority.

The proposed authority also provides for the sale of own shares to third parties in other ways than via the stock exchange or by way of a public offer to all shareholders, where own shares are sold in return for a cash payment at a price that does not significantly undercut the relevant stock exchange price. This is intended to ensure that the company issues shares to institutional investors, financial investors or other cooperating partners and by setting prices close to the market rate, achieves as high a sale value as possible and ensures the greatest possible reinforcement of equity. This type of sale involves an exclusion of the subscription right of the shareholders, which is legally admissible as it corresponds to the simplified exclusion of subscription rights of section 186, para. 3, sentence 4 of the German Stock Corporation Act. This authority may only be exercised for up to 10% of share capital, including other authorities excluding the subscription right pursuant to section 186, para. 3, sentence 4 of the German Stock Corporation Act. This will ensure that the legally admissible maximum limit of 10% of basic capital for such a simplified exclusion of subscription rights (section 186, para. 3, sentence 4 of the German Stock Corporation Act) is not exceeded. The Management Board will report to the General Meeting regarding any exploitation of this authority.

Cancelling acquired own shares without a further resolution in the General Meeting ultimately enables the company to use the share capital reduction associated with cancellation in order to quickly and flexibly adjust its equity to the demands of the capital market.

Management Board report on Item 10 of the agenda

Pursuant to section 221, para. 4, sentence 2, section 186, para. 3, sentence 4 and para. 4, sentence 2 of the German Stock Corporation Act, the Management Board wishes to submit the following report on Item 10 of the agenda on the grounds for the proposed authority of the Management Board to issue option Bonds and/or convertible Bonds (hereinafter "Bonds") with the exclusion of the shareholders' subscription rights.

This report will also be available at the Internet address www.kloeckner.de/HV2008 from the date on which the General Meeting is called. It is also available for viewing at the company's premises, at Am Silberpalais 1, 47057 Duisburg, and in the meeting room for the duration of the General Meeting. Upon request, shareholders will be sent a copy of this report without undue delay and free of charge. The contents of the report are as follows:

The proposed authority to issue Bonds with a total ancillary value of up to € 350,000,000.00 is intended to enable Klöckner & Co. AG to expand the financing of its activities and will, with the Supervisory Board's approval, provide the Management Board with fast and flexible financing that will be in the company's interest, particularly where favourable capital market conditions exist.

The company had already been authorised to issue Bonds with a total ancillary value of up to € 350,000,000.00 by resolution of the General Meeting of 20 June 2007. This authority was exploited to a very large extent by the issue of convertible bonds with a total ancillary value of € 325,000,000.00 in July 2007.

In principle, shareholders are entitled to a statutory subscription right to the Bonds. In order to make the process easier, provision can be made for the Bonds to be issued to a credit institution or a syndicate of credit institutions with the obligation to offer the Bonds to the shareholders for subscription in accordance with their current participating quota (so-called "indirect subscription right"). The Management Board should also be entitled – with the Supervisory Board's approval – to exclude the statutory subscription right of shareholders in certain cases.

The envisaged exclusion of the subscription right for fractional shares enables the offered authority to be exercised for complete amounts. This exclusion of subscription rights is sensible and is usual in practice because where fractional shares are concerned,

the costs of trading in subscription rights are usually unreasonably disproportionate to the related benefits for the shareholders. Owing to the restriction to fractional shares, the dilution effect remains negligible. The Bonds thereby excluded from the subscription right are thus best realised.

Excluding the subscription right in favour of the owners of any Bonds to be issued in future serves to ensure that the holders of these Bonds are in the same position as they would have been, had they already made use of their rights arising from the Bonds and were already shareholders. This protection against dilution prevents the option price or conversion price from ever being reduced for the issued Bonds. This ensures a higher sales revenue overall. The issue amount for new shares must correspond to 135% of the share price determined at a time close to the issue of the Bonds.

The Management Board should finally be authorised – with the approval of the Supervisory Board – to exclude the shareholders' subscription right if Bonds are issued at a price that does not significantly undercut the theoretical market value of these Bonds as calculated by recognised actuarial methods. This means that the company is given the opportunity to make fast and shortterm use of favourable market situations and to achieve better interest rate conditions and a better option price or conversion price for the Bonds by fixing conditions more in line with the market. This would not be possible if the statutory subscription rights were observed. Section 186, para. 2 of the German Stock Corporation Act permits disclosure of the subscription price (and of the conditions in the case of Bonds) by the third-last day of the subscription period. However, owing to the volatility of share markets, the market risk lasting several days would lead to reductions in security with regard to the fixing of the conditions of the Bond and thus to conditions that are less in line with the market. Moreover, because of the uncertainty surrounding the exercising of statutory subscription rights, their observance endangers the successful placing of

Bonds with third parties or results in additional expense. Ultimately, the length of the minimum two-week subscription period to be adhered to when observing statutory subscription rights slows the reaction to favourable or unfavourable market conditions, which may result in suboptimal capital procurement.

In this exclusion of subscription rights, the shareholders' interests are observed by the fact that the Bonds may not be issued significantly under their theoretical market value, thereby reducing the calculated value of the subscription right virtually to zero. The resolution thus provides that the Management Board, before issuing the Bonds, must have reached the conclusion that the intended issue amount does not lead to an appreciable dilution of the value of the shares. If the Management Board considers it appropriate to obtain expert advice in the situation at hand, it is entitled to consult experts, e.g. the syndicate banks supervising the issue, an independent investment bank or a specialist authority, to provide the Management Board with confirmation, in an appropriate form, that no appreciable dilution of the share value is to be expected. Irrespective of the examination by the Management Board, a determination of conditions in line with the market is guaranteed, as already mentioned, in the event of a bookbuilding procedure. Although according to the proposed authority, the Bonds are offered at a fixed issue price; individual bond conditions are established on the basis of the purchase orders made by investors and the overall value of the Bonds thereby determined close to the market. All of the above ensures that there will be no appreciable dilution of the value of the shares by the exclusion of subscription rights. Also, this type of exclusion of subscription rights is restricted to Bonds with rights to shares with not more than 10% share of share capital at the time of the resolution or – if this value is lower – at the time when the authority is exercised. Within this scope, the legislator deems it reasonable to expect the shareholders to maintain their participation quota by purchases on the market. This 10% limit must make allowance for the shares in Klöckner & Co AG, with the exception of shares destined to the servicing

of convertible bonds issued on the basis of the resolution adopted as Item 9 of the General Meeting of the company of 20 June 2007, as well as options or convertible bonds issued on the basis of other authorities which are issued by direct or corresponding application of section 186, para. 3, sentence 4 of the German Stock Corporation Act during the period of the authority until the date when it is exercised, or which are sold by the company.

Conditions for the participation in the General Meeting and the exercise of voting rights as well as information on the shareholder's rights

Participation in the General Meeting

At the time of the convocation of this General Meeting, the company's share capital in the amount of EUR 116,250,000 is divided into 46,500,000 non-par value shares, each carrying voting rights.

Those shareholders are entitled to participate at the General Meeting and to exercise their voting right who have registered with the company at the address below

Klöckner & Co Aktiengesellschaft

Aktionärsservice

Postfach 94 60 03

69946 Mannheim

Fax: +49 (0) 180 500 1853 (0.12 Euro/min)

in writing or by fax by no later than the close of 13 June 2008 (24.00 CEST) and who are listed in the company's shareholders' register upon receipt of their application by the company. Forms for written applications are attached to the invitation documents sent to all shareholders listed in the shareholders' register.

Shareholders who do not wish to attend the General Meeting in person may have their voting rights exercised by proxies, e.g. by a credit institution or an association of shareholders. Even in this case, registrations must be submitted on time.

If neither a credit institution nor an association of shareholders is authorised, the power of authority is to be issued in writing or by fax.

During the preparation of the General Meeting, for practical reasons, no changes can be made to the entries in the shareholders' register, i.e. acquirers of shares whose applications for changes of registration are received by the company after 13 June 2008 will therefore actually be unable to exercise the entitlements to participate at the General Meeting and the voting rights of these shares. In such cases, the shareholders still listed in the shareholders' register will remain entitled to participate at the General Meeting and to exercise their voting rights until the change of registration has been made. All acquirers of shares in the company not yet entered in the shareholders' register are therefore requested to apply for a change of registration as soon as possible.

Voting by Proxy

We offer our shareholders the opportunity to authorise a company-nominated, non-discretionary proxy before the General Meeting. Where company-nominated proxies are authorised, they must be instructed on how to exercise their voting rights. Without such instructions, their authority is invalid. Proxies are obliged to vote in accordance with these instructions. In the event of a vote with respect to which no explicit instructions have been given, they will abstain from voting.

Power of authority and instructions can be issued under the following address by 13 June 2008 (24.00 CEST) in writing or by fax:

Klöckner & Co Aktiengesellschaft

Aktionärsservice

Postfach 94 60 03

69946 Mannheim

Fax: +49 (0) 180 500 1853 (0.12 Euro/min)

Our shareholders will receive more details on the authority and instructions with the application forms. This information is also available on the Internet at www.kloeckner.de/HV2008. Please note that proxies of the company are unable to accept any authority or mandate for the exercise of the right to speak and ask questions at the General meeting, the tabling of motions and the filing of objections against shareholders' resolutions and that proxies will always abstain from voting in the event of a vote with respect to which no explicit instructions have been given.

Motions and election nominations

Motions and election nominations by shareholders on one or more items on the agenda should only be sent to:

Klöckner & Co Aktiengesellschaft

Zentralbereich Recht

Am Silberpalais 1

47057 Duisburg

Fax: +49 (0) 203 307 5050

All motions of shareholders to be made available in accordance with sections 126 and 127 of the German Stock Corporation Act shall be published without undue delay, together with any comments of the administration, in the internet under www.kloeckner.de/HV2008.

Documents

Shareholders who wish to receive copies of any or all of the documents mentioned in this invitation to the General Meeting are requested to contact

62

Klöckner & Co Aktiengesellschaft

Zentralbereich Recht

Am Silberpalais 1

47057 Duisburg

Fax: +49 (0) 203 307 5050

Information pursuant to section 128 para. 2 sentences 6 to 8 of the German Stock Corporation Act

The following credit institutions, within a period of five years, assumed the most recent issue of securities:

- Deutsche Bank AG, Frankfurt am Main
- J.P. Morgan Securities Ltd., London

Duisburg, May 2008

Klöckner & Co Aktiengesellschaft

The Management Board

Klöckner & Co AG
Am Silberpalais 1
D-47057 Duisburg

Telephone: + 49 203 307-0

Fax: + 49 203 307-5000

info@kloeckner.de
www.kloeckner.de

