



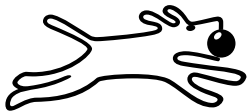
INVITATION  
TO THE ANNUAL  
GENERAL MEETING  
OF KLÖCKNER & CO SE  
May 20, 2011, DÜSSELDORF

**klöckner & co**

multi metal distribution

# Table of Contents

1. Submission of the approved annual financial statements, the approved consolidated financial statements and the combined management report for Klöckner & Co SE and the Group for financial year 2010, the report of the Supervisory Board, and the explanatory report of the Management Board on information pursuant to Sections 289, para. 4, and 315 para. 4 of the German Commercial Code (HGB) .....	5
2. Resolution on the use of the balance sheet profit for financial year 2010 .....	5
3. Resolution on the grant of formal discharge to the members of the Management Board for financial year 2010.....	5
4. Resolution on the grant of formal discharge to the members of the Supervisory Board for financial year 2010.....	6
5. Supervisory Board election.....	6
6. Resolution on the appointment of the auditor for the annual financial statements and consolidated annual financial statements for financial year 2011.....	9
7. Resolution on the partial cancellation of an existing authorization to issue warrant-linked and/or convertible bonds and on the creation of a new authorization with the option to exclude subscription rights .....	9
8. Resolution on the partial cancellation of the Conditional Capital 2010, Creation of New Conditional Capital 2011, and amendment of Articles of Association .....	14
9. Resolution on the cancellation of authorizations for exclusion of subscription rights in the Authorized Capital 2010, creation of new authorizations for exclusion of subscription rights in the Authorized Capital 2010, and amendment of Articles of Association .....	19
10. Resolution on the approval of the compensation system for members of the Management Board .....	24
Report to the Annual General Meeting regarding agenda item 7 .....	25
Report to the Annual General Meeting regarding agenda item 9.....	28
Conditions for the participation in the Annual General Meeting and other details pursuant to Section 121, para. 3, sentence 3 of the German Stock Corporation Act (AktG) .....	34
Transmission of the Annual General Meeting .....	39
Total number of shares and voting rights.....	39



Would you like to receive your documents for the next Annual General Meeting by email? For more information, and to register, please visit [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011)

## Klöckner & Co SE

with registered office in Duisburg, Germany

– ISIN DE000KC01000 –

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

## Invitation to the Annual General Meeting

Dear Shareholders,

We hereby invite you to  
the Annual General Meeting  
of Klöckner & Co SE  
on Friday, May 20, 2011,  
at 10:30 a.m.  
in the Congress Center  
Düsseldorf (CCD Ost),  
Messe Düsseldorf,  
Stockumer Kirchstraße 61,  
40474 Düsseldorf.

## Agenda

- 1. Submission of the approved annual financial statements, the approved consolidated financial statements and the combined management report for Klöckner & Co SE and the Group for financial year 2010, the report of the Supervisory Board, and the explanatory report of the Management Board on information pursuant to Sections 289, para. 4, and 315 para. 4 of the German Commercial Code (HGB)**

The Supervisory Board approved the annual financial statements and the consolidated financial statements on March 4, 2011. The annual financial statements have thus been approved. A resolution by the Annual General Meeting is not required.

The aforementioned documents must be made available to the Annual General Meeting, however, and can therefore be downloaded at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011) from the date of convocation of the Annual General Meeting. Furthermore, these documents will also be available for inspection by shareholders at the business premises of the Company, Am Silberpalais 1, 47057 Duisburg, and in the meeting room during the Annual General Meeting.

- 2. Resolution on the use of the balance sheet profit for financial year 2010**

The Management Board and the Supervisory Board propose applying the balance sheet profit of Klöckner & Co SE for financial year 2010 in the amount of EUR 47,351,521.54 as follows:  
Distribution of EUR 0.30 dividend per share vested with dividend rights

given 66,500,000 shares vested with dividend rights	EUR 19,950,000.00
--	-------------------

Transfer to revenue reserves	EUR 27,401,521.54
------------------------------	-------------------

The dividend will likely be paid on May 23, 2011.

- 3. Resolution on the grant of formal discharge to the members of the Management Board for financial year 2010**

The Management Board and the Supervisory Board propose granting formal discharge for financial year 2010 to the members of the Management Board who held office during this period.

#### 4. Resolution on the grant of formal discharge to the members of the Supervisory Board for financial year 2010

The Management Board and the Supervisory Board propose granting formal discharge for financial year 2010 to the members of the Supervisory Board who held office during this period.

#### 5. Supervisory Board election

The terms of office of Supervisory Board members Prof. Dr. Dieter H. Vogel, Dr. Michael Rogowski and Frank H. Lakerveld will expire at the close of the Annual General Meeting on May 20, 2011. Pursuant to Art. 40, para. 3 of the SE Regulation in conjunction with Section 9, para. 1 of the Articles of Association, Klöckner & Co SE's Supervisory Board consists of six members, all of whom are elected by the shareholders. The Annual General Meeting is not required to adhere to election recommendations.

On the recommendation of its nominating committee, the Supervisory Board proposes the election of the following candidates to be members of the Supervisory Board:

- (a) Dr. Michael Rogowski, of Heidenheim, Germany, former chair of the management board of Voith AG, Heidenheim, Germany
- (b) Mrs. Hauke Stars, of Rüdlingen, Switzerland, managing director of Hewlett-Packard (Schweiz) GmbH, Dübendorf, Switzerland
- (c) Prof. Dr. Dieter H. Vogel, of Düsseldorf, Germany, managing partner of Lindsay Goldberg Vogel GmbH, Düsseldorf, Germany

The election is for a term of office until the close of the Annual General Meeting held to formally approve Supervisory Board actions for the fourth financial year following commencement of a member's term of office, not including the financial year in which the term of office begins; however, the term of office may not exceed six years.

Based on the recommendation of the German Corporate Governance Code, Supervisory Board members are elected individually.

If elected by the Annual General Meeting, Prof. Dr. Dieter H. Vogel intends to stand for election by the Supervisory Board as Supervisory Board Chairman.

Information pursuant to Section 125, para. 1, sentence 5 of the German Stock Corporation Act (AktG) regarding membership in (a)

other legally mandated supervisory boards and (b) analogous domestic and international supervisory bodies of business corporations:

- (a) Dr. Michael Rogowski
  - a) Voith AG, chairman of the supervisory board (until March 5, 2010)  
HDI V.a.G./Talanx AG, member of the supervisory board  
Carl Zeiss AG, member of the supervisory board  
Vattenfall Europe AG, member of the supervisory board
  - b) Voith AG, chairman of the shareholders' committee (until March 5, 2010)  
Freudenberg & Co., deputy chairman of the shareholders' committee  
Deutsche Bank AG, member of the central advisory board  
Adolf Würth GmbH & Co. KG, honorary member of the advisory board
- (b) Mrs. Hauke Stars
  - a) GfK SE, member of the supervisory board
- (c) Prof. Dr. Dieter H. Vogel
  - b) sevenload GmbH, chairman of the supervisory board (until December 31, 2010)  
HSBC Trinkaus & Burkhardt AG, member of the administration board  
Ernst & Young AG, member of the advisory board  
HDI-Gerling-Industrie Versicherung AG, member of the advisory board  
Bertelsmann Stiftung, chairman of the board of trustees  
Bertelsmann Verwaltungsgesellschaft mbH, deputy chairman of the shareholders' committee  
denkwerk GmbH, member of the advisory board

## Brief résumés of the candidates

### Dr. Michael Rogowski

Dr. Rogowski (born in 1939) holds the degree of Technischer Diplom-Betriebswirt (MBA) from the Technische Universität Karlsruhe (Karlsruhe Technical University). He began his professional career with the Singer Group in 1969. In 1974 he joined the company now known as Voith GmbH. In 1987, he became the company's spokesperson and in 1992 chairman of the board of directors. From 2000 to 2010, he served as chairman of Voith AG's supervisory board and its shareholders' committee. From 1996 to 1998, Dr. Rogowski served as President of the Verband Deutscher Maschinen- und Anlagenbau e.V. (German Engineering Association / VDMA) and from 2001 to 2004, Dr. Rogowski was President of the Bundesverband der Deutschen Industrie (Federation of German Industries / BDI). He holds several supervisory board positions, including at HDI V.a.G. / Talanx AG and at Carl Zeiss AG.

### Hauke Stars

Mrs. Stars (born in 1967) holds the degree of Diplom-Ingenieurin (Certified Engineer) with a specialization in Computer Science from the Universität Magdeburg (University of Magdeburg) and a Master of Science from the University of Warwick in the UK. From 1992 to 2004, she served in management positions in the IT division at the Bertelsmann Group and at ThyssenKrupp group companies. In 2004, she joined Hewlett-Packard, where she served as director and member of the management board of Hewlett-Packard Nederland B.V. and in 2007 became managing director of Hewlett-Packard (Schweiz) GmbH. Mrs. Stars is also a member of the supervisory board and the executive committee of the supervisory board of GfK SE.

### Prof. Dr.-Ing. Dieter H. Vogel

Prof. Vogel (born in 1941) holds the degree of Diplom-Ingenieur (Certified Engineer) from the Technische Universität Darmstadt (Technical University of Darmstadt) and he earned a PhD from the Technische Universität München (Technical University of Munich), where he was appointed an honorary professor in 2004. After working in various management positions at Bertelsmann, Pegulan, and BAT from 1972 to 1985, he was appointed as a member of the board of directors of Thyssen AG in 1986 and chairman of the board of directors in 1996. At the end of 1998, Prof. Vogel set out on his own as a managing partner of Lindsay Goldberg Vogel GmbH in Düsseldorf, which represents the interests of the private-equity fund Lindsay Goldberg in Europe. Prof. Vogel also serves as chairman of the board of trustees of the Bertelsmann Foundation,

deputy chairman of Bertelsmann's shareholders' committee, and member of the administrative board of HSBC Trinkaus & Burkhardt AG.

The biographies of the members of the Supervisory Board are accessible on the Company's website:

[www.kloeckner.de/en/investor-relations/supervisory-board.html](http://www.kloeckner.de/en/investor-relations/supervisory-board.html)

### 6. Resolution on the appointment of the auditor for the annual financial statements and consolidated annual financial statements for financial year 2011

The Supervisory Board proposes, on the recommendation of the Audit Committee, appointing KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, as auditor for the annual financial statements and the consolidated financial statements for financial year 2011, as well as for reviewing the condensed financial statements and the interim management report pursuant to Sections 37w, para. 5, and 37y, no. 2, of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) for financial year 2011.

### 7. Resolution on the partial cancellation of an existing authorization to issue warrant-linked and/or convertible bonds and on the creation of a new authorization with the option to exclude subscription rights

The Company's Annual General Meeting of May 26, 2010, authorized the Management Board to issue warrant-linked and/or convertible bonds. On the basis of this authorization, the Klöckner & Co Group issued a convertible bond with a simplified exclusion of subscription rights in December 2010, which entitles the creditors to subscribe for up to 6,650,000 shares in the Company (subject to possible adjustments based on the terms and conditions of the bonds). This corresponds to half of the conditional capital 2010. The Management Board and the Supervisory Board consider it appropriate to continue to enable the Company to issue warrant-linked and/or convertible bonds with simplified exclusion of subscription rights as well as in amounts higher than 10 % of share capital. Against this backdrop, they consider it appropriate to create a new authorization continuing to provide the Company with the necessary flexibility and, in particular, enabling the new issue of warrant-linked and/or convertible bonds with simplified exclusion of subscription rights. Since the authorization issued by the Annual General Meeting on May 26, 2010 can no longer be used flexibly, and, in particular, no longer enables simplified exclusion of subscription rights, the Management Board and Supervisory Board consider it appropriate to cancel this authorization to the extent that it has not yet been exercised and to replace it with a new authorization that is equivalent to the authorization resolved by the Annual General Meeting on May 26, 2010.

The Management Board and Supervisory Board therefore propose that the following resolutions be adopted:

- a) The authorization of the Management Board to issue warrant-linked and/or convertible bonds granted by the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2010, is cancelled to the extent that it was not exercised in the issue of the convertible bond in December 2010. The cancellation shall take effect only if and when (b) the new authorization to issue warrant-linked and/or convertible bonds, proposed for resolution under agenda item 7, has been resolved and either (i) the period for challenging this resolution pursuant to Section 246, para. 1 of the German Stock Corporation Act has expired without a complaint being raised against the validity of this resolution or (ii) in case such a complaint is raised within the prescribed period, the complaint has been rejected or withdrawn with legally binding effect.
- (b) The Management Board is authorized to issue bearer warrant-linked and/or convertible bonds or combinations of these instruments (hereinafter referred to collectively as "bonds") on one or several occasions, including simultaneously in separate tranches, until May 19, 2016, in the total nominal amount of up to EUR 750,000,000.00 with or without a maximum term, and to grant to the holders of the bonds warrants or conversion rights to a total of up to 13,300,000 registered no-par-value shares of the Company with a proportionate amount of the share capital of up to EUR 33,250,000.00, in accordance with the respective conditions of the bonds (hereinafter "bond conditions"). The bonds can be issued against payment in cash and/or in kind.

The bonds can be issued in euros or the statutory currency of an OECD member country – restricted to the equivalent value of the maximum euro amount of EUR 750,000,000.00. They can also be issued by companies with registered offices within or outside of Germany in which Klöckner & Co SE holds a direct or indirect majority interest (hereinafter "group companies"). In this event, the Management Board is authorized, with the consent of the Supervisory Board, to assume a guarantee for the bonds on behalf of Klöckner & Co SE and to respectively grant to creditors of warrant-linked bonds and to holders of convertible bonds warrants conversion rights to new shares of Klöckner & Co SE, and to issue other declarations and undertake actions necessary for a successful issue.

The bond conditions may provide for an obligation to convert or to exercise a warrant at the end of the term or at an earlier date, even if bonds are issued by group companies.

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 Section 53b, para. 7 of the German Banking Act (hereinafter "financial institution") or by 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, authorized to exclude the shareholders' subscription rights to the bonds with the consent of the Supervisory Board

- if the bonds are issued against payment in cash and the Management Board reaches the decision, after a mandatory examination, that the issue price is not substantially lower than the theoretical market value of the bonds determined in accordance with recognized actuarial methods. However, this only applies insofar as the shares to be issued to service the warrants and conversion rights or obligations associated with the bonds do not exceed a total of 10 % of the Company's share capital existing at the time of the resolution or – if this value is lower – at the time when the authorization is exercised. This 10 % threshold shall include the proportionate amount of the share capital attributable to shares of Klöckner & Co SE that (i) were issued or sold by the Company with the exclusion of subscription rights in direct or analogous application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise or (ii) are attributable to the subscription rights based on warrant-linked and/or convertible bonds issued on the basis of authorizations other than the preceding in direct or analogous application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise with exclusion of subscription rights, with the exception of those shares intended to service convertible bonds issued respectively on the basis of the resolution adopted as agenda item 9 of the Company's Annual General Meeting of June 20, 2007, of the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2009, and of the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2010 (the "existing bonds");

- in order to exclude fractional shares, arising due to the subscription ratio, from the subscription right of the shareholders;
- to the extent that they are issued against payments in kind, including for the purpose of acquiring existing bonds or receivable claims against the Company or a group company; and
- insofar as necessary in order to grant the holders of such warrants or warrant obligations, or the creditors of such conversion rights or obligations as were or will be issued by the Company or group companies, a subscription right matching that which would be due to them after exercising their rights or obligations.

The total of the shares to be issued under bonds issued based on this authorization or another authorization with exclusion of subscription rights, taking into account other shares sold or issued by the Company with exclusion of subscription rights during the term of this authorization, must not exceed a proportionate amount of the share capital of EUR 33,250,000.00 (equivalent to 20 % of the current share capital).

In an issue of convertible bonds, the holders of the convertible bonds receive the right or, if a conversion obligation is provided for, assume the mandatory conversion of their convertible bonds, in accordance with the bond conditions, for shares of the Company. The conversion ratio is determined by dividing the nominal amount of a partial bond by the fixed conversion price of one share of the Company. The bond conditions can also stipulate that the conversion ratio is determined by dividing the issue price by the fixed conversion price of one share of the Company if the issue price is less than the nominal amount. The conversion ratio can in all cases be rounded up or down to the next whole number. Otherwise, provision can be made for fractional shares to be combined and/or settled for cash; provision can further be made for an additional cash payment. The bond conditions may also provide for a variable conversion ratio, whereby the conversion price is calculated based on future market prices within a particular price range. If convertible bonds are issued against payment in kind, the value of the respective in-kind payment must be equal to the conversion price, but shall in no event be less than the lowest issue price of the shares to be granted.

In an issue of warrant-linked bonds, one or more warrants are attached to each bond entitling the holder to subscribe to shares of Klöckner & Co SE in accordance with the bond conditions determined by the Management Board. For euro-denominated warrant-linked bonds issued by the Company, the bond conditions may provide for the fact that the warrant price fixed in accordance with this authorization may also be settled through the transfer of partial bonds and, if necessary, an additional cash payment. The proportionate amount of the share capital attributable to the shares to be subscribed per partial bond must not exceed the nominal amount of this partial bond. Where fractions of shares arise, provision may be made whereby these fractions are added together in accordance with the bond conditions – with an additional payment where necessary – in order to subscribe whole shares.

Notwithstanding Sections 9, para. 1 and 199 of the German Stock Corporation Act, the respective warrant or conversion price to be fixed must amount to at least 80 % 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) on the fixing date of the conditions of the bonds in the period from the opening of trading until the final fixing of the conditions.

Notwithstanding Section 9, para. 1 of the German Stock Corporation Act, the warrant or conversion price can be adjusted with value-preserving effect on the basis of an anti-dilution clause as specified in the bond conditions if the Company – up until the expiration of the warrant or conversion period – increases the share capital and grants a subscription right to its shareholders, or issues or guarantees further bonds and the holders of existing warrants or warrant obligations or of conversion rights or obligations are not granted a subscription right. The bond conditions can also provide for a value-preserving adjustment of the warrant or conversion price for other actions of the Company that can lead to a dilution of the value of the warrants or conversion rights.

The bond conditions may provide for the right of the Company – in the event of the exercise of warrants or in the event of conversion – not to grant any shares, but to pay a cash amount instead. The bond conditions may further provide for the right of the Company to grant shares of the Company to bond creditors as full or partial settlement of the cash amount due. The subscription or conversion rights of the holders of bonds, as well

as the claims arising from a mandatory conversion or warrant exercise by bondholders, can otherwise be fulfilled by delivering own shares of the Company or by issuing new shares from existing authorized capital, or from authorized or conditional capital and/or a regular capital increase to be resolved at a later date.

The Management Board will be authorized to fix the precise calculation of the warrant or conversion price, as well as further details concerning the issue and features of the bonds and the bond conditions or, respectively, to establish these particulars in consultation with the executive bodies of the bond-issuing group company, particularly with respect to the interest rate, offer price, term and denomination, subscription or conversion ratio, reasons for a conversion or warrant obligation, fixing of an additional cash payment, equalization or pooling of fractional shares, cash payment instead of delivery of shares, delivery of existing shares instead of issue of new shares, and the warrant or conversion period.

#### **8. Resolution on the partial cancellation of the Conditional Capital 2010, Creation of New Conditional Capital 2011, and amendment of Articles of Association**

The Conditional Capital 2010 is to be used exclusively to grant new shares to holders of warrant-linked and/or convertible bonds issued by the Management Board with the consent of the Supervisory Board pursuant to the authorization to issue warrant-linked and/or convertible bonds resolved by the Annual General Meeting of the Company under agenda item 7 on May 26, 2010. To the extent that this authorization was not exercised in the issue of the convertible bond in December 2010, it will be cancelled pursuant to the above agenda item 7. Therefore the Conditional Capital 2010 will also be cancelled to the extent that it is not needed in order to grant stock in the Company to creditors of the convertible bond issued in December 2010. The convertible bond issued in December 2010 entitles its creditors (subject to any adjustments as provided by the bond conditions) to subscribe for up to 6,650,000 shares in the Company, which corresponds to up to EUR 16,625,000.00 of the Company's share capital on the date of issue of the convertible bond. Thus the Conditional Capital 2010 can be cancelled in the remaining amount of EUR 16,625,000.00.

In addition, new conditional capital will be created for the purpose of issuing shares to creditors of warrant-linked and/or convertible bonds to be issued pursuant to the authorization to be newly established under agenda item 7 and of issuing shares to creditors of

existing bonds (as defined under agenda item 7) in the event the conversion ratio is adjusted.

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

#### **8.1 Partial cancellation of the Conditional Capital 2010 and amendment of the Articles of Association**

- (a) The Conditional Capital 2010 resolved by the Annual General Meeting of the Company under agenda item 8 on May 26, 2010 will be cancelled in the amount of EUR 16,625,000.00 and adjusted so that the Company's share capital will be subject to a conditional increase of only up to EUR 16,625,000.00 through the issue of 6,650,000 registered no-par-value shares.
- (b) Section 4, para. 5, sentence 1 of the Company's Articles of Association will be reworded as follows:

"The share capital of the Company is subject to a conditional increase of up to EUR 16,625,000.00 through the issue of up to 6,650,000 new registered no-par-value shares with entitlement to profits from the beginning of the financial year in which they are issued."

- (c) The Management Board is instructed to file the amendment of Section 4, para. 5, sentence 1 of the Articles of Association in the Company's commercial register only if the Company's Annual General Meeting has resolved, in accordance with agenda item 7 of the Annual General Meeting of May 20, 2011, to partially cancel the authorization to issue warrant-linked and/or convertible bonds granted by the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2010, and to create a new authorization to issue warrant-linked and/or convertible bonds, and if (i) the period for challenging this resolution pursuant to Section 246, para. 1 of the German Stock Corporation Act has expired without a complaint being raised against the validity of this resolution or (ii) in case such a complaint is raised within the prescribed period, the complaint has been rejected or withdrawn with legally binding effect.

#### **8.2 Creation of new conditional capital and amendment of the Articles of Association**

- (a) The share capital of the Company will be subject to a conditional increase of up to EUR 33,250,000.00 through the issue of up to 13,300,000 new registered no-par-value shares with entitlement to profits from the beginning of the financial year in which they are issued.



The conditional capital serves the purpose of granting shares to satisfy subscription and/or conversion rights and/or obligations of the holders of warrant-linked and/or convertible bonds that are issued by the Company or a group company in accordance with the authorization of the Company's Annual General Meeting of May 20, 2011, adopted under agenda item 7.

In addition, the conditional capital is to be used for the purpose of issuing shares to creditors of existing bonds (as defined under agenda item 7) if the conversion ratio is adjusted.

The total of the new shares issued shall be equivalent to

- the warrant or conversion price to be determined respectively on the basis of this authorization, in case the new shares are issued to satisfy subscription and/or conversion rights and/or obligations of the holders of warrant-linked and/or convertible bonds that are issued by the Company or a group company in accordance with the authorization of the Company's Annual General Meeting of May 20, 2011, adopted under agenda item 7;
- the conversion price to be determined on the basis of this authorization, in case the new shares are issued to creditors of convertible bonds that are issued based on the resolution under agenda item 9 of the Company's Annual General Meeting of June 20, 2007;
- the conversion price to be determined on the basis of this authorization, in case the new shares are issued to creditors of convertible bonds that are issued based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2009;
- the conversion price to be determined on the basis of this authorization, in case the new shares are issued to creditors of convertible bonds that are issued based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2010.

If warrant-linked and/or convertible bonds are issued by the Company or a group company in accordance with the above-described authorization, for the purpose of acquiring convertible bonds issued by the Company or a group company based on the resolution under agenda item 9 of the Company's Annual General Meeting of June 20, 2007, or based on the resolution under agenda item 7 of the Company's Annual General Meeting

of May 26, 2009, or based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2010, the new shares are issued from the conditional capital against deposit of the respective (partial) convertible bond by the respective holder of that (partial) convertible bond as payment in kind. The number of shares to be issued against deposit of the respective (partial) convertible bond is derived from the conversion ratio determined on the basis of the authorization described above.

The conditional capital increase will only take place to the extent that the respective holders and creditors of subscription and conversion rights make use of these rights, or to the extent that holders with a conversion or warrant obligation fulfill such obligation, and insofar as no cash settlement is granted or own shares or shares created from other conditional capital or from authorized capital are used for servicing purposes. The Management Board will be authorized to establish the further details of the implementation of a conditional capital increase (Conditional Capital 2011).

- (b) The preceding paragraphs 6 to 8 of Section 4 of the Articles of Association of the Company will become paragraphs 8 to 10, and Section 4 will be amended with the addition of a new paragraph 6 that will be worded as follows:

"The share capital of the Company is subject to a conditional increase of up to EUR 33,250,000.00 through the issue of up to 13,300,000 new registered no-par-value shares with entitlement to profits from the beginning of the financial year in which they are issued.

The conditional capital serves the purpose of granting shares to satisfy subscription and/or conversion rights and/or obligations of the holders of warrant-linked and/or convertible bonds that are issued by the Company or a group company in accordance with the authorization of the Company's Annual General Meeting of May 20, 2011, adopted under agenda item 7.

The total of the new shares issued shall be equivalent to

- the warrant or conversion price to be determined respectively on the basis of this authorization, in case the new shares are issued to satisfy subscription and/or conversion rights and/or obligations of the holders of warrant-linked and/or convertible bonds that are issued by the Company or a group

company in accordance with the authorization of the Company's Annual General Meeting of May 20, 2011, adopted under agenda item 7;

- the conversion price to be determined on the basis of this authorization, in case the new shares are issued to creditors of convertible bonds that are issued based on the resolution under agenda item 9 of the Company's Annual General Meeting of June 20, 2007;
- the conversion price to be determined on the basis of this authorization, in case the new shares are issued to creditors of convertible bonds that are issued based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2009;
- the conversion price to be determined on the basis of this authorization, in case the new shares are issued to creditors of convertible bonds that are issued based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2010.

In addition, the conditional capital serves the purpose of issuing shares to creditors of convertible bonds issued based on the resolution under agenda item 9 of the Company's Annual General Meeting of June 20, 2007, or based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2009, or based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2010, in case of an adjustment of the conversion ratio.

If warrant-linked and/or convertible bonds are issued by the Company or a group company in accordance with the authorization of the Company's Annual General Meeting under agenda item 7 on May 20, 2011, for the purpose of acquiring convertible bonds issued based on the resolution under agenda item 9 of the Company's Annual General Meeting of June 20, 2007, or based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2009, or based on the resolution under agenda item 7 of the Company's Annual General Meeting of May 26, 2010, the new shares are issued from the conditional capital against deposit of the respective (partial) convertible bond by the respective holder of that (partial) convertible bond as payment in kind. The number of shares to be issued against deposit of the respective (partial) convertible bond is derived from the conversion ratio determined on the

basis of the authorization resolved under agenda item 7 of the Company's Annual General Meeting of May 20, 2011.

The conditional capital increase will only take place to the extent that the respective holders and creditors of subscription and conversion rights make use of these rights, or to the extent that holders with a conversion or warrant obligation fulfill such obligation, and insofar as no cash settlement is granted or own shares or shares created from other conditional capital or from authorized capital are used for servicing purposes. The Management Board is authorized to establish the further details of the implementation of a conditional capital increase (Conditional Capital 2011)."

#### **9. Resolution on the cancellation of authorizations for exclusion of subscription rights in the Authorized Capital 2010, creation of new authorizations for exclusion of subscription rights in the Authorized Capital 2010, and amendment of Articles of Association**

The Company's Annual General Meeting of May 26, 2010 authorized the Management Board, with the consent of the Supervisory Board, to increase the share capital on one or several occasions until May 25, 2015, by up to EUR 83,125,000.00 in aggregate through the issue of up to 33,250,000 new registered no-par-value shares against contributions in cash or in kind (Authorized Capital 2010).

The Authorized Capital 2010 has not been exercised to date. The Klöckner & Co Group issued a convertible bond with simplified exclusion of subscription rights in December 2010 – during the term of the Authorized Capital 2010 – based on the authorization under agenda item 7 of the Company's Annual General Meeting of May 26, 2010. This convertible bond entitles its creditors to subscribe for shares in the Company accounting for up to 10 % of the Company's share capital on the date of the Management Board's decision to issue the convertible bond. Since these shares are to be counted toward the 10 % limit of the simplified exclusion of subscription rights in the Authorized Capital 2010, the Authorized Capital 2010 can no longer be used for a capital increase with simplified exclusion of subscription rights and consequently can no longer be used in a flexible manner.

To continue to enable the Company to increase the share capital with exclusion of shareholder's subscription rights, even on short notice, the Management Board and the Supervisory Board consider it useful, against this backdrop, to cancel the authorization in the Authorized Capital 2010 for simplified exclusion of subscription rights pursuant to Section 186, para. 3, sentence 4 of the German

Stock Corporation Act, which was included in the Authorized Capital 2010 but is no longer usable after the issue of the convertible bond in December 2010, and to add a new authorization for simplified exclusion of subscription rights to the Authorized Capital 2010. It is to be largely equivalent in substance to the authorization in the Authorized Capital 2010 for simplified exclusion of subscription rights; however, it will likewise exclude the shares to be issued based on the convertible bond issued in December 2010 from being counted toward the 10% limit under Section 186, para. 3, sentence 4 of the German Stock Corporation Act.

In its additional explanation of agenda items 7, 8, and 10 dated May 4, 2010 (accessible on the Company's website under [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011)), the Management Board further undertook not to exclude the shareholders' subscription rights in total in case of use of the Authorized Capital 2010 – thus even in case of capital increases against cash contributions – if this would lead to shares in the Company being issued whose proportionate amount in the aggregate would exceed 20 % either of the share capital existing on the date of the resolution by the Annual General Meeting on May 26, 2010, or if lower, of the share capital existing on the date of exercise of the respective authorization.

In order to implement the aforementioned amendments, the authorizations for the simplified exclusion of subscription rights and the exclusion of subscription rights in case of capital increases against contributions in kind under the Authorized Capital 2010 shall be cancelled and created anew. On the other hand, the other authorizations for exclusion of subscription rights issued as part of the Authorized Capital 2010 – namely the authorization for exclusion of subscription rights to settle fractional shares and the authorization for exclusion of subscription rights to grant shares to holders of warrants or warrant obligations or to creditors of conversion rights or obligations issued by the Company or a group company – are to remain in effect.

In other respects as well, the Authorized Capital 2010 will remain unchanged.

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

#### **9.1 Rescission of authorizations for exclusion of subscription rights in the Authorized Capital 2010**

The following two authorizations for exclusion of subscription rights, which the Company's Annual General Meeting of May

26, 2010 resolved under agenda item 10, letter a), subparagraph 2 as part of the authorized capital resolved by the Company's Annual General Meeting of May 26, 2010 under agenda item 10, shall be cancelled:

- The authorization for the so-called simplified exclusion of subscription rights pursuant to Section 186, para. 3 sentence 4 of the German Stock Corporations Act, which was resolved by the Company's Annual General Meeting of May 26, 2010 under agenda item 10 letter a), subparagraph 2, bullet point 2; and
- the authorization for the exclusion of subscription rights in case of a capital increase against contributions in kind, which was resolved by the Company's Annual General Meeting of May 26, 2010 under agenda item 10, letter a), subparagraph 2, bullet point 4.

The Management Board is directed to refer the above resolution for registration in the Company's commercial register only if the Company's Annual General Meeting has resolved to create the new authorizations for exclusion of subscription rights in the Authorized Capital 2010 pursuant to agenda item 9.2 of the Annual General Meeting of May 20, 2011, and if, (i) the period for challenging this resolution pursuant to Section 246, para. 1 of the German Stock Corporation Act has expired without a complaint being raised against the validity of this resolution or, (ii) in case such a complaint is raised within the prescribed period, the complaint has been rejected with legally binding effect, or the court has ruled through a legally binding decision on a motion by the Company that the raising of the complaint does not stand in the way of the registration of the resolution and/or defects in the resolution do not impact the validity of the registration.

#### **9.2 Creation of new authorizations for exclusion of subscription rights in the Authorized Capital 2010**

The following authorizations for exclusion of subscription rights are added to the Authorized Capital resolved by the Annual General Meeting under agenda item 10 of May 26, 2010:

The Management Board is authorized, with the consent of the Supervisory Board, to exclude the statutory subscription right of shareholders:

- if the capital is increased against contributions in cash and

the total proportionate amount of the share capital attributable to the new shares for which the subscription right is being excluded does not exceed 10 % of the share capital existing at the time of the Annual General Meeting's resolution on this authorization for exclusion of subscription rights or – if this value is lower – at the time of the Management Board's decision on the exercise of this authorization for exclusion of subscription rights, and the issue price of the new shares is not substantially lower than the market price of the shares already listed at the time of the Management Board's final fixing of the issue price. The 10 % threshold shall include the proportionate amount of the share capital attributable to shares of Klöckner & Co SE that (i) were issued or sold by the Company with the exclusion of subscription rights in direct or analogous application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act during the term of this authorization for exclusion of subscription rights up to the time of its exercise, or (ii) are attributable to the subscription rights based on warrant-linked and/or convertible bonds issued on the basis of authorizations other than the preceding in direct or analogous application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act during the term of this authorization for exclusion of subscription rights up to the time of its exercise with exclusion of subscription rights, with the exception of those shares intended to service convertible bonds issued respectively on the basis of the resolution adopted as agenda item 9 of the Company's Annual General Meeting of June 20, 2007, of the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2009, or of the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2010; and

- in capital increases against contributions in kind, in which case the exclusion of the subscription right shall be limited to a maximum of 20 % of the Company's share capital existing at the time of the Annual General Meeting's resolution on this authorization for exclusion of the subscription right or – if this value is lower – at the time of the Management Board's decision on the exercise of this authorization for exclusion of the subscription right.

The total of the shares to be issued under the Authorized Capital 2010 with the exclusion of subscription rights, taking into account other shares that will be sold or issued after May 20, 2011, by the Company with the exclusion of

subscription rights, or that are to be issued after May 20, 2011, based on warrant-linked and/or convertible bonds issued with the exclusion of subscription rights, must not exceed a proportionate amount of the share capital of EUR 33,250,000.00 (equivalent to 20 % of the current share capital).

In other respects, the authorized capital resolved by the Annual General Meeting under agenda item 10 of May 26, 2010, remains unchanged.

### 9.3 Amendment to the Articles of Association

Section 4, para. 5a of the Company's Articles of Association will be amended as follows, and paragraph 5a thus amended will become paragraph 7 of Section 4 of the Articles of Association, while the former paragraphs 6 to 8 of Section 4 will become paragraphs 8 to 10:

- (a) The bullet point 2 under Section 4, para. 5a (new paragraph 7), sentence 4 of the Company's Articles of Association will be rewritten as follows, with deletion of the previous wording:
  - “if the capital is increased against contributions in cash and the total proportionate amount of the share capital attributable to the new shares for which the subscription right is being excluded does not exceed 10 % of the share capital existing at the time of the resolution or – if this value is lower – at the time of the Management Board's decision on the exercise of this authorization, and the issue price of the new shares is not substantially lower than the market price of the shares already listed at the time of the Management Board's final fixing of the issue price. This 10 % threshold shall include the proportionate amount of the share capital attributable to shares of Klöckner & Co SE that were issued or sold by the Company with the exclusion of subscription rights in direct or analogous application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise or are attributable to the subscription rights based on warrant-linked and/or convertible bonds issued with the exclusion of subscription rights during this period on the basis of authorizations other than the preceding in direct or analogous application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act, with the exception of

those shares intended to service convertible bonds issued respectively on the basis of the resolution adopted as agenda item 9 of the Company's Annual General Meeting of June 20, 2007, of the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2009, or of the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2010;"

(b) The bullet point 4 under Section 4, para. 5a (new paragraph 7), sentence 4 of the Company's Articles of Association will be rewritten as follows, with deletion of the previous wording:

- "in capital increases against contributions in kind, in which case the exclusion of the subscription right shall be limited to a maximum of 20 % of the Company's share capital existing at the time of the resolution, or – if this value is lower – at the time of the Management Board's decision on the exercise of this authorization."

(c) In Section 4, para. 5a (new paragraph 7) of the Company's Articles of Association, a new sentence 5 will be inserted as follows:

"The total of the shares to be issued under this authorization with the exclusion of subscription rights, taking into account other shares that will be sold or issued after May 20, 2011, by the Company with the exclusion of subscription rights, or that are to be issued after May 20, 2011, based on warrant-linked and/or convertible bonds issued with the exclusion of subscription rights, must not exceed a proportionate amount of the share capital of EUR 33,250,000.00 (equivalent to 20 % of the current share capital)."

#### **10. Resolution on the approval of the compensation system for members of the Management Board**

In financial year 2010, the Supervisory Board adapted the compensation system for members of the Management Board to comply fully with the specifications of the German Act on the Appropriateness of Management Board Compensation (VorstAG). As was announced in the prior year, use will be made this year of the opportunity newly introduced by this Act to have the Annual General Meeting deliberate on a resolution to approve the compensation system for members of the Management Board. The compensation system is described in detail in the compensation report for financial year 2010, which is found on pages 51 to 55 in the Annual Report.

The Management Board and the Supervisory Board propose approval of the current compensation system for Management Board members.

#### **Report to the Annual General Meeting regarding agenda item 7**

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 agenda item 7 on the grounds for the proposed authorization to issue warrant-linked and/or convertible bonds (hereinafter "bonds") with the exclusion of the shareholders' subscription rights.

This report will also be available on the Internet at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011) from the date on which the Annual General Meeting is called. It is also available for viewing at the Company's premises, Am Silberpalais 1, 47057 Duisburg, and in the meeting room for the duration of the Annual General Meeting. The contents of the report are as follows:

The proposed authority to issue bonds with a total nominal value of up to EUR 750,000,000 is intended to enable Klöckner & Co SE to expand the options of financing its activities and will provide the Company with fast and flexible financing that will be in the Company's interest, particularly where favorable capital market conditions exist.

The Company's Annual General Meeting of May 26, 2010 authorized the Management Board to issue warrant-linked and/or convertible bonds. On the basis of this authorization, the Klöckner & Co Group issued a convertible bond with a simplified exclusion of subscription rights in December 2010, which entitles creditors to subscribe for up to 6,650,000 shares in the Company (subject to possible adjustments based on the terms and conditions of the bonds). Since the authorization issued by the Annual General Meeting on May 26, 2010 can no longer be used flexibly and, in particular, no longer enables simplified exclusion of subscription rights, the Management Board and Supervisory Board consider it appropriate to cancel this authorization to the extent that it has not yet been exercised and to replace it with a new authorization that is equivalent to the authorization resolved by the Annual General Meeting on May 26, 2010.

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 financial institution or a syndicate of such institutions with the obligation to offer the bonds to the shareholders for subscription in ac-

cordance with their current participating quota (so-called "indirect subscription right"). The Management Board shall also be entitled – with the Supervisory Board's approval – to exclude the statutory subscription right of shareholders in the cases listed below.

- The envisaged exclusion of the subscription right for fractional shares enables the requested 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 disposed of at the best possible price.
- Excluding the subscription right in favor of the owners of any bonds issued in the past, or any that may be issued in the 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 having to be reduced for the bonds already issued. The issue amount for the new shares must correspond to at least 80 % of the stock price determined at a time close to the issue of the bonds.
- The subscription right shall also be excluded in order to be able to issue bonds against contributions in kind. This gives the Company the opportunity to react flexibly and rapidly, while at the same time sparing its liquidity, when it acquires assets. The ability to offer bonds in consideration can contribute considerably towards optimizing the Company's financing structure, say, upon any acquisition of financing instruments issued by the Klöckner & Co Group or of receivables from the Company or a group company against the issue of new bonds. In addition, it provides the flexibility to acquire other assets against issue of bonds, for example stakes in companies.

The Management Board will, in every instance, carefully review whether it will use the authority to issue bonds against contributions in kind while excluding shareholders' subscription rights and will only do so if this is in the interests of the Company and its shareholders, taking all aspects into account. It will, in particular, ensure that the ratio of the value of the contribution in kind to the value of the bonds is appropriate.

- The shareholders' subscription right shall also be excluded if bonds are issued against cash at an issue price which is not substantially lower than the theoretical market value of these bonds as determined in accordance with recognized actuarial methods. This way the Company is given the opportunity to make fast and short-term use of favorable market conditions and to achieve better interest rate terms 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-to-last day of the subscription period. However, owing to the volatility of stock 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 favorable or unfavorable market conditions, which may result in sub-optimal capital procurement.

In this exclusion of subscription rights, the shareholders' interests are protected 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 to virtually 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 confirm 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. The exclusion of subscription rights accordingly ensures that there will be no appreciable dilution of the value of the shares. Also, this type of exclusion of subscription rights is restricted to bonds with rights to shares comprising

not more than a 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. The 10 % threshold shall include the proportionate amount of the share capital attributable to shares of the Company that (i) were issued or sold by the Company with the exclusion of subscription rights in direct or analogous application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise, or (ii) are attributable to the subscription rights based on warrant-linked and/or convertible bonds issued on the basis of authorizations other than the preceding in direct or analogous application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise with exclusion of subscription rights, with the exception of those shares intended to service convertible bonds issued respectively on the basis of the resolution adopted as agenda item 9 of the Company's Annual General Meeting of June 20, 2007, of the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2009, or of the resolution adopted as agenda item 7 of the Company's Annual General Meeting of May 26, 2010. As a result of this step, it can be assured that the legally admissible maximum limit of 10 % of the share capital for such a simplified exclusion of subscription rights (Section 186, para. 3 sentence 4 of the German Stock Corporations Act) is not exceeded.

In addition, the total of the shares to be issued under bonds issued based on this authorization or another authorization with exclusion of subscription rights, taking into account other shares sold or issued by the Company with exclusion of subscription rights during the term of this authorization, must not exceed a proportionate amount of the share capital of EUR 33,250,000.00 (equivalent to 20 % of the current share capital).

#### **Report to the Annual General Meeting regarding agenda item 9**

Pursuant to Section 203, para. 2, 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 agenda item 9 on the grounds for the proposed authority of the Management Board, with the approval of the Supervisory Board, to issue shares with the exclusion of the shareholders' subscription rights.

This report will also be available on the Internet at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011) from the date on which the Annual General Meeting is called. It is also available for viewing at the Company's premises, Am Silberpalais 1, 47057 Duisburg, and in the meeting room for the duration of the Annual General Meeting. The contents of the report are as follows:

The Management Board shall be given the ability, with the approval of the Supervisory Board, to act flexibly and, in the interest of the Company, take up available financing in order to take advantage of business opportunities and strengthen its equity base. For this purpose, the Company's Annual General Meeting of May 26, 2010 authorized the Management Board, with the consent of the Supervisory Board, to increase the share capital on one or several occasions by up to EUR 83,125,000.00 in aggregate against contributions in cash or in kind (so-called Authorized Capital 2010).

The Authorized Capital 2010 provides that the shareholders must be granted a subscription right at the time of exercise. However, the Management Board was authorized to exclude the subscription right, with the consent of the Supervisory Board, in certain cases specifically mentioned in Section 4, para. 5a (new para. 7) of the Articles of Association, namely to settle fractional shares or to grant shares to holders of warrants or warrant obligations, or creditors of conversion rights or obligations, that have been or will be issued by the Company or a group company conveying the right to subscribe for Company shares.

In addition, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights if the conditions are met for a so-called simplified exclusion of subscription rights, as set forth in Section 186, para. 3, sentence 4 of the German Stock Corporation Act. The Management Board may accordingly, with the approval of the Supervisory Board, exclude the shareholders' subscription right in a capital increase against cash if the issue price for the new shares is not appreciably lower than the market price. However, this ability to exclude the subscription right exists only if the issued shares do not exceed 10 % of the share capital either at the time of resolution of the Authorized Capital 2010 or at the time of the exercise of the Authorized Capital. Shares of the Company that are issued or sold during the term of the Authorized Capital 2010 with simplified exclusion of subscription rights according to or analogous to Section 186, para. 3, sentence 4 of the German Stock Corporation Act are to be counted toward this 10 % limit. In addition, Company shares to be issued based on warrant-linked and/or convertible bonds are also to

be included if these warrant-linked and/or convertible bonds are issued with simplified exclusion of subscription rights during the term of the Authorized Capital 2010. The Klöckner & Co Group issued a convertible bond with simplified exclusion of subscription rights in December 2010 based on the authorization under agenda item 7 of the Company's Annual General Meeting of May 26, 2010. On the basis of this convertible bond, Company shares are to be issued upon conversion whose proportionate amount of the share capital equals up to 10 % of the Company's existing share capital at the time of the Annual General Meeting resolution on the authorization to issue the convertible bond and at the time of the Management Board's decision to issue the convertible bond. Since these shares are counted toward the 10 % limit of the simplified exclusion of subscription rights within the scope of the Authorized Capital 2010, a simplified exclusion of subscription rights is currently no longer possible for exercise of the Authorized Capital 2010.

Finally, in the Authorized Capital 2010, the Management Board was authorized, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights in case of a capital increase for contributions in kind. Meanwhile, it is provided that the exclusion of the subscription right shall be limited to a maximum of 20 % of the Company's share capital existing at the time of the Annual General Meeting's resolution on the creation of the Authorized Capital 2010 or – if this value is lower – at the time of the Management Board's decision on the exercise of the Authorized Capital 2010. Other Company shares issued with exclusion of subscription rights during the term of the Authorized Capital 2010 against contributions in kind are to be counted first toward this 20 % limit, and then shares to be issued based on warrant-linked and/or convertible bonds, if these warrant-linked and/or convertible bonds are issued by the Company or a group company with exclusion of subscription rights during the term of the Authorized Capital 2010 against contributions in kind. In its additional explanation of agenda items 7, 8, and 10 dated May 4, 2010 (accessible on the Company's website at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011)), the Management Board undertook, however, to make no use of the authorization to exclude subscription rights in case of exercise of the Authorized Capital 2010, if this would lead to shares in the Company being issued or conversion rights or warrants to Company shares being granted whose proportionate amount of the share capital in the aggregate would exceed 20 % either of the share capital existing on the date of the resolution by the Annual General Meeting on May 26, 2010, or if lower, of the share capital existing on the date of exercise of the respective authorization; shares to be issued based on warrant-linked and/or convertible bonds issued with ex-

clusion of subscription rights during the term of the Authorized Capital 2010 are counted toward this 20 % limit.

To restore the flexibility of the Authorized Capital 2010 to issue shares with simplified exclusion of subscription rights, it appears expedient to cancel the authorization for simplified exclusion of subscription rights that was included in the Authorized Capital 2010 but is no longer usable, and to create a new authorization for simplified exclusion of subscription rights. This new authorization is to be largely equivalent to the currently existing one, however it will not allow Company shares, that are to be issued based on the convertible bond issued by the Klöckner & Co Group in December 2010, to be counted toward the 10 % limit. On this occasion, moreover, in line with the Management Board's stated commitment in its additional explanation of agenda items 7, 8, and 10 dated May 4, 2010 (accessible on the Company's website at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011)), a more comprehensive limitation of the option of the exclusion of subscription rights in the exercise of the Authorized Capital 2010 will be provided in the wording of the Authorized Capital 2010 itself. Accordingly, the total of the Company shares issued under the Authorized Capital 2010 with exclusion of subscription rights, taking into account other Company shares that will be sold or issued with exclusion of subscription rights by the Company after the date of the Annual General Meeting held to decide on the new creation of the aforementioned authorizations for exclusion of subscription rights, or that are to be issued based on warrant-linked and/or convertible bonds issued with exclusion of subscription rights, is not to exceed a proportionate amount of the share capital of EUR 33,250,000.00 (equivalent to 20 % of the current share capital).

Therefore, the Management Board is to be authorized anew, with the consent of the Supervisory Board, to exclude the shareholders' subscription rights to shares issued in exercise of the Authorized Capital 2010 in the following cases:

- The Management Board shall, with the approval of the Supervisory Board, be authorized to exclude the subscription right with a capital increase against cash if the issue price for the new shares is not appreciably lower than the market price. This will enable management to place the new shares promptly and at a price close to the market price, i.e., without the discount generally required with subscription rights issues. This generates higher proceeds from the issue, which serves the interests of the Company.



Account is taken of the shareholders' need to be protected against dilution of their holding by a limitation on the size of the capital increase and an issue price that is close to the market price. The proposed authority only gives the Management Board the chance to exclude the subscription right if the shares issued pursuant to Section 186, para. 3, sentence 4 of the German Stock Corporation Act do not exceed, either at the time a resolution is made concerning this authority, or at the time that this authority is exercised, 10 % of the share capital. This restriction must take into consideration, with the exception of shares destined for the servicing of convertible bonds issued on the basis of the resolution adopted as agenda item 9 of the Annual General Meeting of the Company of June 20, 2007, or of the resolution adopted as agenda item 7 of the Annual General Meeting of the Company of May 26, 2009, the pro rata amount of the share capital made up of shares in the Company, which (i) during the term of the Authorized Capital 2010 until the date when it is exercised with the exclusion of subscription rights, are issued or sold by direct or corresponding application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act, or (ii) relate to subscription rights from option and/or convertible bonds, which are issued under authorities other than the preceding, during the term of the Authorized Capital 2010 up to the time it is exercised, with the exclusion of shareholders' subscription rights, by direct or corresponding application of Section 186, para. 3, sentence 4 of the German Stock Corporation Act. As a result of this step, it can be assured that the legally admissible maximum limit of 10 % of the share capital for such a simplified exclusion of subscription rights (Section 186, para. 3, sentence 4 of the German Stock Corporation Act) is not exceeded. Under these terms it is possible and reasonable, as a result of the issue price being close to the market price and the restriction on the size of the capital increase without subscription rights, for shareholders to maintain the weighting of their holding, if required, by the purchase of shares over the stock exchange at virtually identical conditions.

- It is further proposed to authorize the Management Board anew to exclude the shareholders' subscription right when the share capital is increased against contributions in kind. This puts the Management Board in a position to use the Company's shares in suitable case-by-case situations to acquire companies, parts of companies, stakes in companies, or other goods. The necessity may arise in negotiations to offer shares rather than cash in consideration. The opportunity to be able to offer shares in consideration accordingly gives an advan-

tage in the competition for interesting acquisition targets and the necessary leeway to take advantage of opportunities that arise to acquire companies, parts of companies, stakes in companies, or other goods while sparing the Company's liquidity. From the aspect of an optimal financing structure, the offer of shares may also make sense. This is not disadvantageous to the Company, as a prerequisite for the issue of shares against contributions in kind is that the ratio of the value of such contribution to the value of the shares should be appropriate. In determining the valuation ratio, the Management Board will ensure that the interests of the Company and its shareholders are upheld in an appropriate manner and that an appropriate issue price for the new shares is achieved. The exclusion of the subscription right in this case is, however, subject to no more than 20 % of the Company's share capital at the time the resolution was made or – if this figure is lower – at the time of the resolution by the Management Board to exercise this authority.

Finally, another limitation is to be introduced: The total of the shares issued in exercise of the Authorized Capital 2010 with exclusion of subscription rights, taking into account other Company shares that will be sold or issued with exclusion of subscription rights by the Company after May 20, 2011 – the date of the Annual General Meeting held to decide on the new creation of the aforementioned authorizations for exclusion of subscription rights – or that are to be issued based on warrant-linked and/or convertible bonds issued after May 20, 2011, with exclusion of subscription rights, is not to exceed a proportionate amount of the share capital of EUR 33,250,000.00 (equivalent to 20 % of the current share capital).

In other respects, the Authorized Capital 2010 and the authorizations for exclusion of subscription rights granted by the Company's Annual General Meeting within the scope of the Authorized Capital 2010 – that is, the authorization to exclude the subscription right for fractional shares and to issue shares to the holders or creditors of warrant-linked and/or convertible bonds – shall remain in effect.

The Management Board will, in every instance, carefully review whether it will use the authority to increase capital while excluding subscription rights and will only do so if, in its opinion and that of the Supervisory Board, this is in the interests of the Company and its shareholders. It will report to the Annual General Meeting on every use of the Authorized Capital 2010 with exclusion of subscription rights. For all of the cases proposed here that involve the exclusion of subscription rights, the approval of the Supervisory Board is required.

### Conditions for the participation in the Annual General Meeting and other details pursuant to Section 121, para. 3, sentence 3 of the German Stock Corporation Act (AktG)

#### Conditions for attending the Annual General Meeting and exercising voting rights

Those shareholders are entitled to attend the Annual General Meeting and to exercise their voting right, who have registered with the Company at the address below by no later than the end of the day on May 13, 2011 (midnight Central European Summer Time):

Klöckner & Co SE  
Aktionärservice (shareholder relations)  
PO Box 14 60  
61365 Friedrichsdorf  
Germany  
Fax: +49 (0)69 2222 34289

in writing or by fax or electronically by using the access-protected online-service for the Annual General Meeting at <https://netvote.kloeckner.de/> and who are listed in the Company's shareholders' register at the time of the Annual General Meeting. This also applies to shareholders who cast their vote by postal vote. Forms that shareholders may use to register are attached to the invitation documents.

The invitation documents will be sent by post to all shareholders listed in the shareholders' register. The personal data required for use of our online service for shareholders – shareholder number and individual access number – are recorded on the reverse of the invitation sent by post. Once again this year, you may register for the Annual General Meeting via our Annual General Meeting Online Service (<https://netvote.kloeckner.de/>) and order entry cards to the Annual General Meeting, authorize the Company-appointed proxies or third parties to exercise your voting right, or cast your vote by postal vote. Registration via the Annual General Meeting Online Service is likewise possible only until May 13, 2011 (midnight Central European Summer Time).

During the preparation of the Annual 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 after May 13, 2011, will be unable to exercise the entitlements to participate at the Annual 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 in the Annual 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.

#### Procedures for exercising voting rights by proxy

Shareholders who do not wish to attend the Annual General Meeting in person may have their voting rights exercised by proxies, e.g., by a credit institution, or an association of shareholders or the Company-nominated proxies. Even in this case, registrations must be submitted on time. Shareholders will receive a proxy form together with their entry card to the Annual General Meeting. The proxy form will also be sent at any time upon written request. Finally, this can be downloaded on the Internet at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011). Kindly note that, in the event of several persons or institutions being authorized, the Company is entitled to reject one or more such parties.

Should a credit institution or an association of shareholders or such persons or institutions as are considered their equivalent pursuant to Section 135, para. 8, and Section, 135 para. 10 in conjunction with Section 125, para. 5 of the German Stock Corporation Act be authorized, we would ask that you coordinate in good time with the authorized person or institution as to the required form of the authority, as it is possible that such party may demand a special form of authority. Special proof of the proxy is not required by the Company in this case.

If neither a credit institution nor an association of shareholders nor such persons or institutions as are considered their equivalent pursuant to Section 135, para. 8, and Section, 135 para. 10 in conjunction with Section 125, para. 5 of the German Stock Corporation Act are authorized, the granting of an authority, its revocation and evidence of the authority vis-à-vis the Company must be made in writing. Proxies and their revocations may either be sent to the Company at the address:

Klöckner & Co SE  
Aktionärservice (shareholder relations)  
PO Box 14 60  
61365 Friedrichsdorf  
Germany  
Fax: +49 (0)69 2222 34289  
E-mail: [kloeckner.hv@rsgmbh.com](mailto:kloeckner.hv@rsgmbh.com)

or declared to the proxy holder. If the proxy is issued to the proxy holder, proof of the proxy must be provided to the Company in written form. Proof can be sent to the Company at the above address. In addition, the proof can also be provided on the day of the Annual General Meeting at the entry and exit controls. You may also use our Annual General Meeting Online Service (<https://netvote.kloeckner.de/>) to authorize the Company-appointed proxies or third parties to exercise your voting right and order entry cards for them to the Annual General Meeting.

Where Company-nominated proxies are to be authorized, they must be instructed on how to exercise their voting rights. Without such an instruction their authority is invalid. Proxies are obliged to vote in accordance with these instructions. 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 Annual General Meeting, the submission 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 instructions have been given.

Powers of authority in favor of the Company-appointed proxies can be issued by May 13, 2011 (midnight Central European Summer Time), to the following address in writing, by fax, or e-mail or via our Annual General Meeting online service (<https://netvote.kloeckner.de/>):

Klöckner & Co SE  
Aktionärsservice (shareholder relations)  
PO Box 14 60  
61365 Friedrichsdorf  
Germany  
Fax: +49 (0)69 2222 34289  
E-mail: [kloeckner.hv@rsgmbh.com](mailto:kloeckner.hv@rsgmbh.com)

To the extent that you have issued an authorization in favor of the Company-appointed proxies via our Annual General Meeting online service you may, if you wish, change your instructions up until May 20, 2011 (8.00 a.m. Central European Summer Time). Our shareholders will receive more details on the issue of authority and instructions with the application forms. This information can also be downloaded on the Internet at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011).

#### Procedures for voting by postal vote

For the first time, we are offering the option to cast your vote by postal vote ahead of the Annual General Meeting. Sharehold-

ers will receive a corresponding form together with their invitation documents. The postal vote form will also be sent at any time upon written request. Finally, it can be downloaded on the Internet at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011). Timely registration for the Annual General Meeting is also required, which means that the votes cast by postal vote must be received by the Company no later than the end of May 13, 2011 (midnight Central European Summer Time) at the following address:

Klöckner & Co SE  
Aktionärsservice (shareholder relations)  
PO Box 14 60  
61365 Friedrichsdorf  
Germany  
Fax: +49 (0)69 2222 34289  
E-mail: [kloeckner.hv@rsgmbh.com](mailto:kloeckner.hv@rsgmbh.com)

or be submitted via our Annual General Meeting online service (<https://netvote.kloeckner.de/>). If you have voted by postal vote via our Annual General Meeting online service you may, if you wish, change or revoke your vote up until May 20, 2011 (8.00 a.m. Central European Summer Time).

#### Motions and election nominations

Motions and election nominations from shareholders pursuant to Sections 126 and 127 of the German Stock Corporation Act in respect of one or more agenda items must be sent by no later than May 5, 2011 (midnight Central European Summer Time) exclusively to:

Klöckner & Co SE  
Zentralbereich Human Resources/Legal & Compliance  
Am Silberpalais 1  
47057 Duisburg  
Germany  
Fax: +49 (0)203 57900 2284  
E-mail: [HV2011@kloeckner.de](mailto:HV2011@kloeckner.de)

All motions of shareholders to be made available in accordance with Sections 126 and 127 of the German Stock Corporation Act will be made available on the Internet at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011) together with any comments of the administration.

**Supplementary motions for the agenda at the demand of a minority pursuant to Article 56 of the SE Regulation, Section 50, para. 2 of the German SE Implementation Act, and Section 122, para. 2 of the German Stock Corporation Act (AktG)**

Pursuant to Article 56 of the SE Regulation and Section 50, para. 2 of the German SE Implementation Act in conjunction with Section 122, para. 2 of the German Stock Corporation Act, shareholders whose shares jointly comprise at least a pro rata share in the Company's share capital amounting to EUR 500,000.00 (equivalent to 200,000 no-par-value shares in the Company) may demand that items be added to the agenda and announced.

Such demands for additions to the agenda must reach the Company in writing together with the statutorily required evidence and documents at least 30 days prior to the Annual General Meeting, i.e., by no later than April 19, 2011, at the following address:

Klöckner & Co SE  
Zentralbereich Human Resources/Legal & Compliance  
Am Silberpalais 1  
47057 Duisburg  
Germany

**Entitlement to information on the part of the shareholders pursuant to Section 131, para. 1 of the German Stock Corporation Act**

Pursuant to Section 131, para. 1 of the German Stock Corporation Act, all shareholders and proxies at the Annual General Meeting may demand from the Management Board information on the affairs of the Company, the legal and business relationships of the Company with an affiliated Company, as well as on the situation of the Group and of the companies included in its consolidated financial statements, provided that such information is necessary to form a considered opinion on one or more agenda items. Kindly note that the Management Board may refuse to give such information subject to the conditions listed in Section 131, para. 3 of the German Stock Corporation Act.

**Details of the website where information relevant to the Annual General Meeting is available**

This invitation and all other information on the Annual General Meeting, including a more detailed explanation of the shareholders' rights listed above and the information that has to be made available pursuant to Section 124a of the German Stock Corporation Act, is available on the Internet at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011).

**Transmission of the Annual General Meeting**

The opening of the Annual General Meeting at 10.30 a.m. on the day of the Annual General Meeting by the chairman of the meeting, the speech by the Chairman of the Management Board, and the report of the Supervisory Board can be followed live on the Internet at [www.kloeckner.de/HV2011](http://www.kloeckner.de/HV2011). After the Annual General Meeting has ended, these contributions will be available as videos.

**Total number of shares and voting rights**

At the time this Annual General Meeting is convened, the Company's share capital in the amount of EUR 116,250,000 is divided into 66,500,000 registered no-par-value shares, each carrying voting rights.

Duisburg, April 2011

Klöckner & Co SE  
The Management Board



