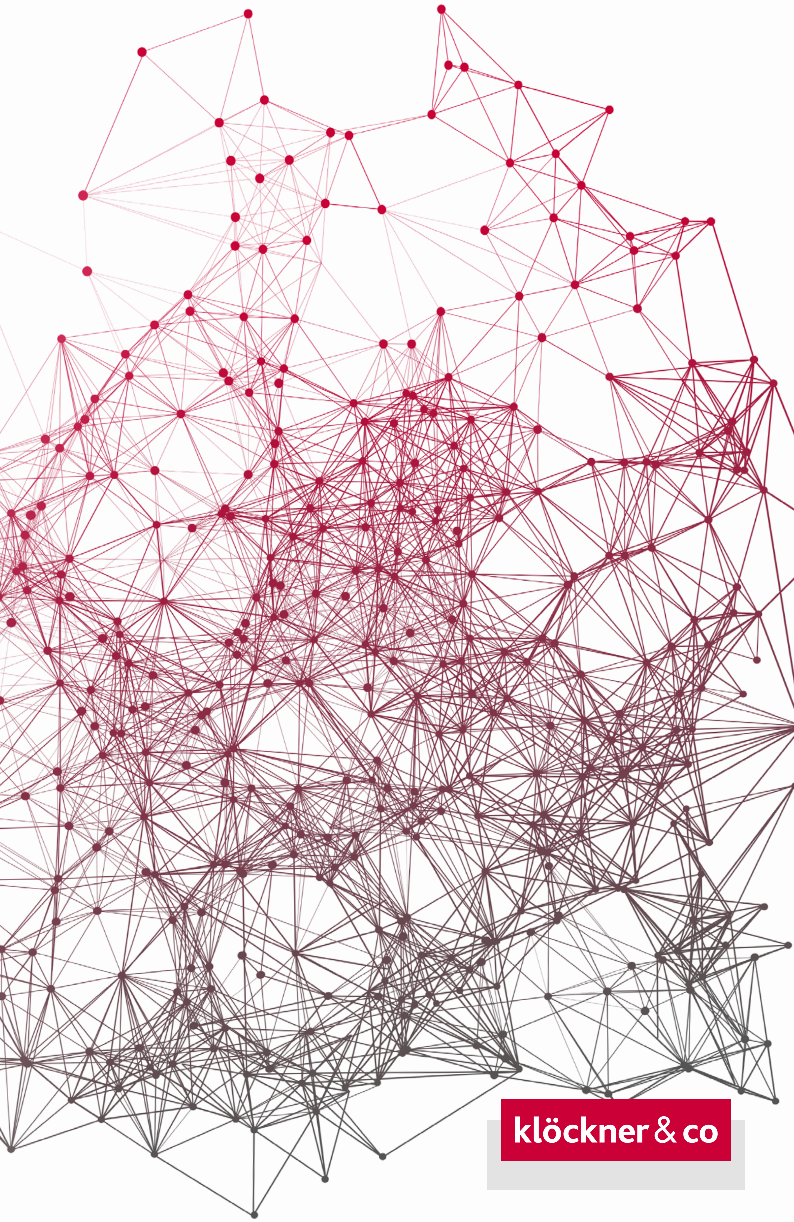
# INVITATION TO THE ANNUAL GENERAL MEETING OF KLÖCKNER & CO SE

MAY 12, 2017, Düsseldorf



**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 12, 2017,

at 10:30 a.m. (CEST)

at Congress Center Düsseldorf

(CCD Ost), Messe Düsseldorf,

Stockumer Kirchstraße 61,

40474 Düsseldorf, Germany.

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# Agenda

## 1. Presentation of the adopted annual financial statements, the approved consolidated financial statements and the combined management report for Klöckner & Co SE and the Group and the report of the Supervisory Board, each for fiscal year 2016, as well as the resolution on the appropriation of net income available for distribution for fiscal year 2016

The Management Board and Supervisory Board propose that Klöckner & Co SE's net income available for distribution for fiscal year 2016 in the amount of **EUR 74,889,007.82** be appropriated as follows:

Distribution of a dividend of **EUR 0.20** per share vested with dividend right; at 99,750,000 shares vested with dividend rights, this corresponds to a total distribution of **EUR 19,950.000.**

Allocation of **EUR 54,939,007.82** to other retained earnings (*andere Gewinnrücklagen*).

The dividend is expected to be paid out on May 17, 2017.

The annual and consolidated financial statements were approved by the Supervisory Board on February 22, 2017. The annual financial statements have thus been adopted. Therefore no resolution by the Annual General Meeting is required. However, the above-mentioned documents must be made available to the Annual General Meeting and can hence be downloaded at **www.kloeckner.com/en/annual-general-meeting.html** from the date on which the Annual General Meeting is convened. These documents will also be available for inspection by shareholders from the date on which the Annual General Meeting is convened at the business premises of the Company, Am Silberpalais 1, 47057 Duisburg, Germany, and in the meeting room during the Annual General Meeting.

## 2. Ratification of the actions of the members of the Management Board for fiscal year 2016

The Management Board and Supervisory Board propose that the actions of the members of the Management Board who held office in fiscal year 2016 be ratified for that year.

### 3. Ratification of the actions of the members of the Supervisory Board for fiscal year 2016

The Management Board and Supervisory Board propose that the actions of the members of the Supervisory Board who held office in fiscal year 2016 be ratified for that year.

### 4. Supervisory Board elections

Pursuant to Article 40 (3) of the SE Regulation in conjunction with Section 9 (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 terms of office of Supervisory Board members Ulrich Grillo and Dr. Hans-Georg Vater will expire at the close of the Annual General Meeting on May 12, 2017, and so that new elections of Supervisory Board members are required.

a) Based on the recommendation of the Presidium acting as Nomination Committee, the Supervisory Board proposes to elect

   Mr. Uwe Roehrhoff, Mönchengladbach, Germany,
   Chief Executive Officer of Gerresheimer AG,

   as member of the Supervisory Board.

   The election is effective as of the close of the Annual General Meeting on May 12, 2017 for a term of office until the close of the Annual General Meeting that ratifies the actions of the Supervisory Board for the fourth fiscal year following commencement of the term of office, not including the fiscal year in which the term of office begins; however, the term of office may not exceed six years.

b) Based on the recommendation of the Presidium acting as Nomination Committee, the Supervisory Board proposes to elect

   Mrs. Ute Wolf, Düsseldorf, Germany,
   Chief Financial Officer of Evonik Industries AG,

   as member of the Supervisory Board.

The election is effective as of the close of the Annual General Meeting on May 12, 2017 for a term of office until the close of the Annual General Meeting that ratifies the actions of the Supervisory Board for the fourth fiscal year following commencement of the term of office, not including the fiscal year in which the term of office begins; however, the term of office may not exceed six years.

As recommended by the German Corporate Governance Code (*Deutscher Corporate Governance Kodex,* DCGK), it is intended to carry out the elections on an individual basis.

Information pursuant to Section 125 (1), sentence 5 of the German Stock Corporation Act (*Aktiengesetz*, AktG) regarding membership in (a) other legally mandated Supervisory boards and (b) comparable Supervisory bodies of business corporations in Germany and abroad:

a) Uwe Roehrhoff
   (a) Gerresheimer Tettau GmbH, Chairman of the Supervisory Board*
   Gerresheimer Regensburg GmbH, Chairman of the Supervisory Board*
   (b) Gerresheimer Glass Inc., USA, Chairman of the Supervisory Board*
   Gerresheimer Momignies S.A., Belgium, Chairman of the Supervisory Board*
   Gerresheimer Queretaro S.A., Mexico, Chairman of the Administrative Board*
   Gerresheimer Shuangfeng Pharmaceutical Glass (Danyang) Co. Ltd., China, Chairman of the Supervisory Board*
   Gerresheimer Shuangfeng Pharmaceutical Packaging (Zhenjiang) Co. Ltd., China, Chairman of the Supervisory Board*
   Corning Pharmaceutical Packaging LLC, USA, Member of the Board of Directors*
   Neutral Glass and Allied Industries Pvt. Ltd., India, Member of the Board of Directors *
   Catalent, Inc., USA, Member of the Board of Directors

   * group mandates at Gerresheimer AG

b) Ute Wolf
   (a) Evonik Nutrition & Care GmbH, Member of the Supervisory Board*
   Evonik Resource Efficiency GmbH, Member of the Supervisory Board*
   Evonik Performance Materials GmbH, Member of the Supervisory Board*
   Deutsche Asset Management Investment GmbH, Member of the Supervisory Board
   Pensionskasse Degussa VVaG, Member of the Supervisory Board

   * group mandates at Evonik Industries AG

   (b) none

With reference to item 5.4.1 para. 4 to 6 of the German Corporate Governance Code, the following statements are made:

According to the assessment of the Supervisory Board, the proposed candidates do not have any personal or business relationship with Klöckner & Co SE or its Group companies, the governing bodies of Klöckner & Co SE, or any shareholder that holds a substantial interest in Klöckner & Co SE, that must be disclosed pursuant to this recommendation.

In the opinion of the Supervisory Board, Mrs. Ute Wolf qualifies as financial expert within the meaning of Section 100 (5) of the German Stock Corporation Act.

The Supervisory Board also assured itself that the candidates can manage the expected time exposure.

**Brief résumés of the candidates:**

**Uwe Roehrhoff**
Uwe Roehrhoff (born in 1962) holds a Master's Degree in Economics (Diplom-Kaufmann). He studied at the University of Cologne. He started his career in the financial department of Scheidt & Bachmann GmbH in Mönchengladbach. Since 1991, Uwe Roehrhoff works with Gerresheimer AG. He started as Head of Finance of Group Controlling for the Moulded Glass Division and of the main production facility in Dusseldorf. In 1996, he switched to Kimble USA Inc., a US subsidiary of Gerresheimer AG

becoming responsible for all US plants. In 1998, he took over the management of the Moulded Glass Division on an international level before assuming responsibility for the whole worldwide glass business in 2001. At the same time, he was appointed as CEO of Gerresheimer Glass Inc. being a US subsidiary of the Gerresheimer Group. In 2003, Uwe Roehrhoff has been appointed as member of the management board of Gerresheimer AG. Since 2010, he is Chief Executive Officer of Gerresheimer AG.

**Ute Wolf**
Ute Wolf (born in 1968) holds a Master's Degree in Mathematics (Diplom-Mathematikerin). She studied at the University of Jena. Ute Wolf started her career with Deutsche Bank, Frankfurt, as trainee, equity analyst and key account manager for OTC-derivatives in 1991. In 1995, she switched to Deutsche Telekom AG, Bonn, as team leader for risk management and financial planning before becoming Head of Department Financial Management at the Metro AG, Düsseldorf, and member of the management board of Metro Finance B.V., Venlo, the Netherlands in 2000. In 2006, Ute Wolf became Head of Finance at RAG Aktiengesellschaft, Essen. Since 2007, Ute Wolf works with Evonik Industries AG; between 2007 and 2013, she was Head of Finance. Since 2013, she is member of the management board and Chief Financial Officer of Evonik Industries AG.

The résumés of the members of the Company's Supervisory Board are available on the Company's website at **www.kloeckner.com/en/supervisory-board.html**.

## 5. Election of the auditor for the annual financial statements and consolidated annual financial statements as well as for interim financial statements

On the recommendation of the Audit Committee, the Supervisory Board proposes electing KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany,

a) as auditor and Group auditor for fiscal year 2017,

b) as auditor for the review of the condensed financial statements and the interim management report pursuant to Sections 37w (5) and 37y no. 2 of the German Securities Trading Act (*Wertpapierhandelsgesetz*, WpHG) for fiscal year 2017, and

c) as auditor for the review of any interim financial statements (Section 37w (7) of the German Securities Trading Act) for fiscal years 2017 and 2018, insofar as these are prepared prior to the 2018 Annual General Meeting.

Pursuant to Article 16 (2) of the Regulation (EU) No. 537/2014 of the European Parliament and of the Council of April 16, 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC, the Audit Committee recommended

1. KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany, and

2. Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart, Germany

to the Supervisory Board for the audit services specified and expressed a preference for KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin, Germany.

## 6. Resolution on the cancellation of the existing and the creation of a new authorized capital with the option to exclude subscription rights (Authorized Capital 2017) and the corresponding amendment to the Articles of Association

The authorized capital approved by the Company's Annual General Meeting on May 25, 2012 (Authorized Capital 2012) expires on May 24, 2017. In order to ensure that authorized capital is available at any time, the provision previously contained in Section 4 (3) of the Company's Articles of Association relating to the Authorized Capital 2012 shall be cancelled and a new Authorized Capital 2017 shall be created.

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

(1) Cancellation of the existing Authorized Capital 2012

The existing Authorized Capital 2012 approved by the Annual General Meeting on May 25, 2012 and expiring at the end of May 24, 2017 pursuant to Section 4 (3) of the Company's Articles of Association is cancelled. Cancellation shall take effect only if the new Authorized Capital 2017 proposed for resolution under agenda item 6 (2) has been resolved and the amendment to the Articles of Association under agenda item 6 (3) has been entered into the commercial register once it has been resolved.

(2) Creation of new authorized capital

With the consent of the Supervisory Board, the Management Board is authorized to increase the Company's share capital until May 11, 2022 by up to a total of EUR 124,687,500.00 by issuing, on one or more occasions, up to 49,875,000 new no-par-value registered shares against cash or contributions in kind (Authorized Capital 2017). The new shares can be assumed by a credit institution or an enterprise operating pursuant to Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (*Kreditwesengesetz*, KWG) (financial institution) or by a syndicate of such credit or financial institutions with an obligation to offer them to shareholders for subscription (indirect subscription rights). In principle, the shareholders have subscription rights.

However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription rights of shareholders in the following cases:

a. to settle fractional shares;

b. 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 subscription rights are being excluded does not exceed 10% of the share capital in issue at the time of the resolution by the Annual General Meeting on this authorization or – if lower – at the time of the Management Board's resolution 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. The 10% threshold shall, with the exception of those shares intended to service convertible bonds issued on the basis of the resolution adopted as agenda item 6 of the Company's Annual General Meeting of May 24, 2013, include the proportionate amount of the share capital attributable to shares of the Company that (i) are issued or sold by the Company with the exclusion of subscription rights in direct or analogous application of Section 186 (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 subscription rights based on warrant-linked and/or convertible bonds issued with the exclusion of subscription rights on the basis of authorizations other than the preceding in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise;

c. 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 subscription rights as they would be entitled to after exercising their rights or obligations; and

d. in case of capital increases against contributions in kind, in which case the exclusion of subscription rights shall be limited to a maximum of 20% of the Company's share capital in issue at the time of the Annual General Meeting's resolution on this authorization, or – if lower – at the time of the resolution by the Management Board to exercise this authorization.

The total of the shares to be issued under the Authorized Capital 2017 with the exclusion of subscription rights, taking into account other shares that will be sold or issued after May 12, 2017, by the Company with the exclusion of subscription rights, or that are to be issued, based on warrant-linked and/or convertible bonds issued after May 12, 2017 with the exclusion of subscription rights, must not exceed a proportionate amount of the share capital of EUR 49,875,000.00 (equivalent to 20% of the current share capital).

The Management Board is authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of capital increases from the Authorized

Capital 2017. The Supervisory Board is authorized to modify the wording of the Articles of Association in line with the utilization of the Authorized Capital 2017 and, if Authorized Capital 2017 is not used up or is not fully used up by May 11, 2022 after the expiration of the authorization.

(3) Amendment to the Articles of Association

Section 4 (3) of the Articles of Association shall be amended and read as follows:

"The Management Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital on one or several occasions until May 11, 2022, by up to EUR 124,687,500.00 in aggregate through the issue of up to 49,875,000 new registered no-par-value shares against contributions in cash or in kind (Authorized Capital 2017). The new shares can be assumed by a credit institution or an enterprise operating pursuant to Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (financial institution) or by a syndicate of such credit or financial institutions with an obligation to offer them to shareholders for subscription (indirect subscription rights). In principle, the shareholders have subscription rights.

However, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the statutory subscription rights of shareholders in the following cases:

a. to settle fractional shares;

b. 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 subscription rights are being excluded does not exceed 10% of the share capital in issue at the time of the resolution by the Annual General Meeting on this authorization or – if lower – at the time of the Management Board's resolution 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. The 10% threshold shall, with the exception of those shares intended to service convertible bonds issued on the basis of the resolution adopted as agenda item 6 of the Company's Annual General Meeting of May 24, 2013, include the proportionate amount of the share capital attributable to shares of the Company that (i) are issued or sold by the Company with the exclusion of subscription rights in direct or analogous application of Section 186 (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 subscription rights based on warrant-linked and/or convertible bonds issued with the exclusion of subscription rights on the basis of authorizations other than the preceding in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise;

c. 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 subscription rights as they would be entitled to after exercising their rights or obligations; and

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

The total of the shares to be issued under the Authorized Capital 2017 with the exclusion of subscription rights, taking into account other shares that will be sold or issued after May 12, 2017, by the Company with the exclusion of subscription rights, or that are to be issued, based on warrant-linked and/or convertible bonds issued after May 12, 2017 with the exclusion of subscription rights, must not exceed a proportionate amount of the share capital of EUR 49,875,000.00 (equivalent to 20% of the current share capital).

The Management Board is authorized, with the consent of the Supervisory Board, to stipulate the further details of the execution of capital increases from the Authorized Capital 2017. The Supervisory Board is authorized to modify the wording of the Articles of Association in line with the utilization of the Authorized Capital 2017 and, if the Authorized Capital 2017 is not used up or is not fully used up by May 11, 2022 after the expiration of the authorization."

## 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

Under agenda item 6, the Company's Annual General Meeting of May 24, 2013 authorized the Management Board to issue warrant-linked and/or convertible bonds and to grant warrants or conversion rights to a total of up to 19,950,000 registered no-par-value shares of the Company with a proportionate amount of the share capital of up to EUR 49,875,000.00. On the basis of this authorization, the Company through one of its Group Entities issued a convertible bond with a simplified exclusion of subscription rights in September 2016, which entitles the creditors to subscribe for up to 9,973,000 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 2013. 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 the 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 24, 2013 can no longer be used flexibly, and, in particular, no longer enables simplified exclusion of subscription rights, the Management Board and the 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 in substance to the authorization resolved by the Annual General Meeting on May 24, 2013.

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 6 of the Company's Annual General Meeting of May 24, 2013, is cancelled to the extent that it was not exercised in the issue of the convertible bond in September 2016. Cancellation shall take effect only if the new authorization to issue warrant-linked and/or convertible bonds proposed for resolution under agenda item 7 b) below has been resolved and either (i) the period for challenging this resolution pursuant to Section 246 (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 (collectively "Bonds") on one or several occasions, including simultaneously in separate tranches, until May 11, 2022, 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 19,950,000 registered no-par-value shares of the Company with a proportionate amount of the share capital of up to EUR 49,875,000.00, in accordance with the respective conditions of the Bonds ("Bond Conditions"). The Bonds can be issued against payment in cash and/or in kind.

   The Bonds can be issued in euro 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 ("Group Entities"). 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 bond options and to holders of convertible bonds 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 the Bonds are issued by Group Entities.

In principle, shareholders are entitled to a subscription right to the Bonds. The Bonds can also be assumed by a credit institution or an enterprise operating pursuant to Section 53 (1) sentence 1 or Section 53b (1) sentence 1 or (7) of the German Banking Act (financial Institution) or by a syndicate of such credit or financial institutions with an obligation to offer them to the shareholders for subscription (indirect subscription rights). 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 duly 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 in issue at the time of the resolution or – if lower – at the time when the authorization is exercised. The 10% threshold shall, with the exception of those shares intended to service convertible bonds issued on the basis of the resolution adopted as agenda item 6 of the Company's Annual General Meeting of May 24, 2013 ("Existing Bonds"), include the proportionate amount of the share capital attributable to shares of Klöckner & Co SE that (i) are issued or sold by the Company with the exclusion of subscription rights in direct or analogous application of Section 186 (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 subscription rights based on warrant-linked and/or convertible bonds issued with the exclusion of subscription rights on the basis of authorizations other than the preceding pursuant to Sections 221 (4) sentence 2 and 186 (3) sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise;

- 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 payment in kind, including for the purpose of acquiring Existing Bonds or receivable claims against the Company or a Group Entity; 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 Entities, 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 the Bonds that are issued based on this authorization with the exclusion of subscription rights, together with other shares sold or issued by the Company after May 12, 2017 with the exclusion of subscription rights, or shares that are to be issued based on warrant-linked and/or convertible bonds issued after May 12, 2017 with the exclusion of subscription rights, must not exceed a proportionate amount of the share capital of EUR 49,875,000.00 (equivalent to 20% of the current share capital).

In case of an issue of convertible bonds, the holders of the convertible bonds receive the right or, if a conversion obligation is provided for, assume the obligation to exchange 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. In all cases, the conversion ratio can 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 stock 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 case of an issue of warrant-linked bonds, one or more warrants are attached to each warrant-linked 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 settlement of the warrant price fixed in accordance with this authorization through 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 can be made for these fractions to be added together in accordance with the Bond Conditions – with an additional payment where necessary – in order to subscribe to whole shares.

Notwithstanding Sections 9 (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 (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 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 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 or certain events that can lead to a dilution of the value of the warrant or conversion rights or obligations.

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 (i.e. beside by paying a cash amount or issuing new shares from the Conditional Capital 2017 to be resolved by the Annual General Meeting under agenda item 8.2) also be fulfilled by delivering treasury stock in 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 is authorized to fix the precise calculation of the exact 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 Entity, particularly with respect to the interest rate, issue price, term and denomination, subscription or conversion ratio, creation of a conversion or warrant exercise 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 Conditional Capital 2013, creation of Conditional Capital 2017 and respective amendment to the Articles of Association

Conditional Capital 2013 serves 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 6 on May 24, 2013. To the extent that this authorization was not exercised in the issue of the convertible bond in September 2016, it will be cancelled pursuant to agenda item 7 above. Conditional Capital 2013 will therefore also be cancelled to the extent that it is not needed in order to grant shares of the Company to creditors of the convertible bond issued in September 2016. The convertible bond issued in September 2016 entitles its creditors (subject to any adjustments as provided by the bond conditions) to subscribe for up to 9,973,000 shares in the Company, which corresponds to up to EUR 24,932,500.00 of the Company's share capital on the date of issue of the convertible bond. Conditional Capital 2013 can therefore be cancelled in the remaining amount of EUR 24,942,500.00.

In addition, a new conditional capital shall 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 convertible bonds issued on the basis of the resolution adopted as agenda item 6 of the Company's Annual General Meeting of May 24, 2013 in the event the conversion ratio is adjusted.

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

**8.1 Partial cancellation of Conditional Capital 2013 and amendment to the Articles of Association**

a) The Conditional Capital 2013 resolved by the Annual General Meeting of the Company under agenda item 6 on May 24, 2013 is cancelled in the amount of EUR 24,942,500.00 and adjusted so that the Company's share capital will be subject to a conditional increase of only up to EUR 24,932,500.00 through the issue of up to 9,973,000 new registered no-par-value shares.

b) Section 4 (6) 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 24,932,500.00 through the issue of up to 9,973,000 new registered no-par-value shares with dividend rights from the beginning of the fiscal year in which they are issued."

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

a) The share capital of the Company is subject to a conditional increase of up to EUR 49,875,000.00 through the issue of up to 19,950,000 new registered no-par-value shares with dividend rights from the beginning of the fiscal 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 12, 2017, adopted under agenda item 7.

In addition, the conditional capital serves the purpose of issuing shares to creditors of convertible bonds issued on the basis of the resolution adopted as agenda item 6 of the Company's Annual General Meeting of May 24, 2013 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, if 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 12, 2017, adopted under agenda item 7;

– the conversion price to be determined on the basis of this authorization, if the new shares are issued to creditors of convertible bonds that have been issued based on the resolution under agenda item 6 of the Company's Annual General Meeting of May 24, 2013.

If warrant-linked and/or convertible bonds are issued by the Company or a Group company in accordance with the authorization as described above for the purpose of acquiring convertible bonds issued by the Company or a Group company based on the resolution under agenda item 6 of the Company's

Annual General Meeting of May 24, 2013, 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 of the Company's Annual General Meeting of May 12, 2017 under agenda item 7.

The conditional capital increase is to take place only 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 an obligation to exercise conversions or warrants fulfill their obligations to exercise conversions or warrants, and insofar as no cash settlement is granted or treasury stock 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 2017).

b) Paragraph 7 of Section 4 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 49,875,000.00 through the issue of up to 19,950,000 new registered no-par-value shares with dividend rights from the beginning of the fiscal 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 12, 2017, adopted under agenda item 7.

In addition, the conditional capital serves the purpose of issuing shares to creditors of convertible bonds issued based on the resolution under agenda item 6 of the Company's Annual General Meeting of May 24, 2013 in case of an adjustment of the conversion ratio.

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, if 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 12, 2017, adopted under agenda item 7;

- the conversion price to be determined on the basis of this authorization, if the new shares are issued to creditors of convertible bonds that have been issued based on the resolution under agenda item 6 of the Company's Annual General Meeting of May 24, 2013.

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 of May 12, 2017 under agenda item 7 for the purpose of acquiring convertible bonds issued by the Company or a Group company based on the resolution under agenda item 6 of the Company's Annual General Meeting of May 24, 2013, 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 12, 2017.

The conditional capital increase is to take place only 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 an obligation to exercise conversions or warrants fulfill their obligations to exercise conversions or warrants, and insofar as no cash settlement is granted or treasury stock 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 2017)."

**8.3 Filing with the commercial register**

a) The Management Board is instructed to file the partial cancellation of the resolution on the conditional capital increase by the Annual General Meeting of May 23, 2013 adopted under agenda item 6 and the amendment to Section 4 (6) sentence 1 of the Articles of Association resolved by the Annual General Meeting of May 12, 2017 under agenda item 8.1 for entry in the commercial register only if the Conditional Capital 2017 has been entered into the commercial register and (i) the period for challenging this resolution on the creation of Conditional Capital 2017 pursuant to Section 246 (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 instructed to file the resolution on the creation of Conditional Capital 2017 and the amendment to Section 4 (7) of the Articles of Association resolved by the Annual General Meeting of May 12, 2017 under agenda item 8.2 for entry in the commercial register only if the Company's Annual General Meeting of May 12, 2017 has resolved, under agenda item 7, on the partial cancellation of the authorization to issue warrant-linked and/or convertible bonds granted by the Company's Annual General Meeting on May 24, 2013 under agenda item 6, and on the creation of a new authorization to issue warrant-linked and/or convertible bonds and (i) the period for challenging these resolutions pursuant to Section 246 (1) of the German Stock Corporation Act has expired without a complaint being raised against the validity of these resolutions, or (ii) in case such a complaint is raised within the prescribed period, the complaint has been rejected or withdrawn with legally binding effect.

## 9. Resolution on the authorization to acquire and utilize treasury shares

Section 71 (1) no. 8 of the German Stock Corporation Act provides the Company with the option of acquiring treasury shares, which may not exceed 10% of the Company's share capital. By resolution of the Annual General Meeting of May 25, 2012, the Company is authorized to acquire treasury shares. However, this authorization resolution expires as of May 24, 2017. To enable the Company to continue to use the acquisition of treasury shares as an additional financial instrument beyond this date and to react quickly and flexibly, the current authorization is to be revoked and a new authorization resolution is to be adopted for the acquisition of treasury shares.

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

a. The authorization to acquire and utilize treasury shares resolved as agenda item 8 of the Company's Annual General Meeting on May 25, 2012 will be revoked once the subsequent authorization takes effect and will be replaced by said authorization.

b. Pursuant to Section 71 (1) no. 8 of the German Stock Corporation Act, the Company is authorized, with the consent of the Supervisory Board, to acquire, until May 11, 2022, treasury shares of up to 10% of the Company's share capital in issue at the time of the resolution of the Annual General Meeting on this authorization, or – if lower – at the time the authorization is exercised. The authorization can be exercised in whole or in part, on one or more occasions, by the Company, by Group companies or by third parties acting on the Company's account or on the account of Group companies. The authorization may be used for any legally permissible purpose. Trading with treasury shares is prohibited. At the discretion of the Management Board, such acquisitions will be made either on the stock exchange or by way of a public purchase offer directed at all shareholders.

c. The equivalent value of each share to be acquired (excluding transaction costs) may, where the share is purchased on the stock exchange, not exceed or fall below the price fixed on the trading day during the opening auction of the Company's shares with the same features in Xetra trading (or in a comparable successor system) on the Frankfurt Stock Exchange by more than 10%.

d. If shares are acquired by way of a public purchase offer, the Company can either publish a formal offer or publicly call for the submission of offers. In both cases, the Company will set a purchase price or a purchase price range per share, in the latter case, the final price will be determined from the available declarations of acceptance or sales offers. The offer or the call for submission of offers may include a time limit applying to acceptances or offers, conditions and the option of modifying any purchase price range during the time period covering acceptances or sales offers if significant price swings occur during this period. The purchase price per Company share (excluding transaction costs) may not exceed or fall below the stock market price by more than 10%. If the Company makes a formal public offer, the applicable stock market price is the average closing price of the Company's shares with the same features in Xetra trading (or in a comparable successor system) on the Frankfurt Stock Exchange on the five trading days preceding the Management Board's final decision on the formal offer or, should the offer be adjusted, preceding the Management Board's final decision on the offer adjustment. If a call to submit sales offers is issued, the day on which the Company accepts the sales offer shall replace the day on which the Management Board makes a decision about the offer or the adjustment of the offer.

e. Should the volume of tendered shares exceed the expected repurchase volume, the acquisition must be carried out on the basis of the proportion of the tendered or offered shares. A preferential acquisition of smaller quantities of up to 100 shares of tendered or offered shares per shareholder as well as the rounding according to business principles can be stipulated.

f. The Management Board is authorized to sell the Company's treasury shares on the stock exchange or by way of a public offer directed at all shareholders. Shareholders' subscription rights are excluded for sales on the stock exchange. In the event of a sale by way of a public offer, the Management Board is authorized to exclude shareholders' subscription rights for fractional amounts.

   The Management Board is also authorized to sell treasury shares in a different manner if the Company's shares are sold for cash at a price (excluding transaction costs) that is not significantly below the stock market price of the Company's shares at the time of the sale. This authorization is limited (taking into account other authorizations for the issuance of new shares and authorizations for the issuance of warrant-linked and/or convertible bonds with the exclusion of subscription rights pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act that are exercised during the term of this authorization up to the time of its exercise) to a total of 10% of the share capital in issue at the time of the Annual General Meeting's resolution on this authorization or, if lower, the Company's share capital in issue at the time the authorization for sale is exercised.

The Management Board is further authorized to sell the acquired treasury shares to third parties, while excluding shareholders' subscription rights, if this is carried out for the purpose of acquiring companies, parts/divisions of companies and/or interests in companies or servicing warrant-linked and/or convertible bonds.

The Management Board is also authorized, in the event of an offer to all shareholders, to grant to holders of warrant-linked and/or convertible bonds issued by the Company or a Group company subscription rights to the quantity of shares to which they would have been entitled had they exercised their warrants or conversion rights or fulfilled their conversion obligations.

g. Finally, the Management Board is authorized to redeem the acquired treasury shares without any further resolution by the Annual General Meeting.

These authorizations may be exercised on one or more occasions, in whole or in part, separately or jointly by the Company or by affiliates of the Company or by third parties acting on the Company's account or on the account of affiliates of the Company.

## 10. Resolution on the authorization to use equity Derivatives in the acquisition of treasury shares

In addition to the acquisition channels in the authorization proposed under agenda item 9, there should also be the option to use Derivatives to acquire treasury shares.

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

a. In addition to the authorization to purchase treasury shares to be resolved under agenda item 9, treasury shares may also be acquired, in addition to the means described there, using put or call options or future purchase contracts (collectively "Derivatives"). The Company is authorized to sell options to third parties, which obligates the Company to acquire Company shares on the exercise of the option (put option), to buy options that entitle the Company to acquire Company shares on the exercise of the option (call option) and to acquire Company shares by using a combination of put and call options. The option terms and conditions must, in each case, ensure that the Company will only be supplied with shares that were acquired in accordance with the principle of equal treatment (Section 53a of the German Stock Corporation Act). All share purchases with the use of Derivatives shall be limited to shares amounting to no more than 5% of the share capital in issue at the time of the resolution of the Annual General Meeting on this authorization or – if lower – of the share capital in issue at the time this authorization is exercised. The terms of the Derivatives must expire no later than on May 11, 2022; however, the term of any individual Derivative may not exceed 18 months.

b. The option premium that the Company pays for call options and receives for put options may not be significantly higher or lower than the theoretical market value of the respective option determined by generally accepted actuarial methods; the agreed exercise price is also to be taken into account in the calculation of said theoretical market value. The purchase price per Company share to be paid on the exercise of the options or on the maturity of the future purchase contracts may not exceed or fall below the average price of the Company shares of the same class and with the same features in the closing auction in Xetra trading (or in a comparable successor system) during the last three trading days preceding the settlement of the respective option or forward contract by more than 10% (excluding transaction costs, but taking into account the received or paid option premium).

c. The option transactions must be concluded with an independent credit or financial services institution on market-oriented terms.

d. Treasury shares acquired using Derivatives may be sold or redeemed in accordance with the provisions set out under agenda item 9.

## Report to the Annual General Meeting regarding agenda item 6

Pursuant to Section 203 (2) sentence 2, Section 186 (3) sentence 4 and (4) sentence 2 of the German Stock Corporation Act, the Management Board wishes to submit the following report on agenda item 6 on the reasons for authorizing the Management Board, with the consent of the Supervisory Board, to issue shares with the exclusion of shareholders' subscription rights.

This report will be available on the Internet at **www.kloeckner.com/en/annual-general-meeting.html** from the date on which the Annual General Meeting is convened. It will also be available for inspection at the business premises of the Company, Am Silberpalais 1, 47057 Duisburg, Germany, and in the meeting room during the Annual General Meeting. The report is as follows:

With the consent of the Supervisory Board, the Management Board is to be given the ability to act flexibly and take advantage of financing options in order to exploit business opportunities and strengthen its equity base in the interest of the Company. Authorized Capital 2012 expires on May 24, 2017 and can no longer be used. The Management Board and Supervisory Board therefore propose that the Annual General Meeting resolves to cancel the Authorized Capital 2012 and to create this Authorized Capital 2017 in the total amount of up to EUR 124,687,500.00.

Shareholders must generally be granted subscription rights if Authorized Capital 2017 is utilized. However, the Management Board should be authorized, with the consent of the Supervisory Board, to exclude subscription rights in certain cases, as specified individually in the proposed resolution.

a. The Management Board is to be authorized to exclude subscription rights for fractional amounts to allow for the presentation of a feasible subscription ratio with respect to the amount of the respective capital increase. This simplifies the technical implementation of the capital increase, particularly when capital is increased by a round amount. The new fractional shares created by the exclusion of shareholders' subscription rights will either be sold on the stock exchange or otherwise disposed of at the best possible price for the Company.

b. The Management Board should, with the consent of the Supervisory Board, be authorized to exclude subscription rights in the case of a capital increase against cash contributions if the issue price for the new shares is not significantly lower than the market price. This enables the management to place the new shares promptly and at a price close to the market price, i.e., without the discount generally required in case of subscription rights issues. This can generate higher proceeds from the issue, which serves the interests of the Company.

   A size limit on the capital increase and an issue price that is close to the market price protects shareholders against dilution of their shareholdings. The proposed authorization gives the Management Board the ability to exclude subscription rights only if the total shares issued pursuant to Section 186 (3) sentence 4 of the German Stock Corporation Act do not exceed 10% of the share capital either at the time of the resolution on this authorization or at the time the authorization is exercised. This limit shall, with the exception of those shares intended to service convertible bonds issued on the basis of the resolution adopted as agenda item 6 of the Company's Annual General Meeting of May 24, 2013, include the proportionate amount of the share capital attributable to the Company's shares that (i) are issued or sold with the exclusion of the subscription rights in direct or analogous application of Section 186 (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 subscription rights based on warrant-linked and/or convertible bonds issued with the exclusion of subscription rights on the basis of authorizations other than the preceding in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise. This ensures that the statutory limit of 10% of the share capital for such a simplified exclusion of subscription rights (Section 186 (3) sentence 4 of the German Stock Corporation Act) is not exceeded. Under these terms, it is possible and reasonable, since the issue price is close to the market price and due to the size restriction on the capital increase without subscription rights, for shareholders to maintain their proportionate shareholdings by purchasing shares on the stock exchange under virtually identical conditions.

c. The Management Board is also to be authorized to exclude subscription rights where this is necessary to grant subscription rights to new shares to holders or creditors of warrant-linked and/or convertible bonds ("Bonds") issued in the past or any that may be issued in the future. Excluding subscription rights ensures that the holders of these Bonds are in the same position as they would have been had they already exercised their rights or met their obligations arising from the Bonds and were already shareholders. This makes it easier to place the Bonds and thus serves the interests of the shareholders in an optimum financial structure for the Company. In order to be able to give the Bonds such protection against dilution, the subscription rights of shareholders to these shares must be excluded. This protection against dilution prevents the warrant or conversion price from ever being reduced for the Bonds already issued. This ensures a higher cash inflow overall.

d. It is further proposed to authorize the Management Board to exclude shareholders' subscription rights when the share capital is increased against contributions in kind. This enables the Management Board in appropriate individual cases to use the Company's shares to acquire companies, parts of companies, interests in companies or other assets. It may become necessary during negotiations to offer shares as consideration rather than cash. The option to offer the Company's shares as consideration creates a competitive advantage for attractive acquisition targets and the flexibility needed to take advantage of opportunities that arise to acquire companies, parts of companies, interests in companies or other assets while conserving liquidity. Granting shares may also make sense from the perspective of an optimum financing structure. This in no way disadvantages the Company, since a prerequisite for the issue of shares against contributions in kind is that the value of such contribution is commensurate with the value of the shares. In determining the valuation ratio, the Management Board will ensure that the interests of the Company and its shareholders are adequately safeguarded and that an appropriate issue price for the new shares is attained.

The exclusion of subscription rights in this case is, however, limited to a maximum of 20% of the Company's share capital at the time of the resolution by the Annual General Meeting on this authorization, or – if lower – at the time of the resolution by the Management Board to exercise this authorization.

In Addition, one other restriction applies: The total of the shares to be issued on utilization of Authorized Capital 2017 with the exclusion of subscription rights, taking into account other shares that will be sold or issued after May 12, 2017, by the Company with the exclusion of subscription rights, or that are to be issued, based on warrant-linked and/or convertible bonds issued after May 12, 2017 with the exclusion of subscription rights, must not exceed a proportionate amount of the share capital of EUR 49,875,000.00 (equivalent to 20% of the current share capital).

In every instance, the Management Board will carefully review whether to exercise the authorization to increase capital while excluding shareholders' subscription rights and will only do so if, in its opinion and that of the Supervisory Board, this is in the interest of the Company and thus its shareholders. It will report to the Annual General Meeting on every use of the proposed authorization. The consent of the Supervisory Board is required for all of the cases proposed here that involve the exclusion of shareholders' subscription rights.

**Report to the Annual General Meeting regarding agenda item 7**
In connection with agenda item 7 of the Annual General Meeting of May 12, 2017 and pursuant to Sections 221 (4) sentence 2 and 186 (3) sentence 4 and (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 ("Bonds") with the exclusion of shareholders' subscription rights.

This report will also be available on the Internet at **www.kloeckner.com/en/annual-general-meeting.html** from the date on which the Annual General Meeting is convened. It will also be available for inspection at the business premises of the Company, Am Silberpalais 1, 47057 Duisburg, Germany, and in the meeting room during the Annual General Meeting. The report is as follows:

Under agenda item 6, the Company's Annual General Meeting of May 24, 2013 authorized the Management Board to issue warrant-linked and/or convertible bonds and to grant warrants or conversion rights to a total of up to 19,950,000 registered no-par-value shares of the Company with a proportionate amount of the share capital of up to EUR 49,875,000.00. On the basis of this authorization, the Company through one of its Group companies issued a convertible bond with a simplified exclusion of subscription rights in September 2016, which entitles the creditors to subscribe for up to 9,973,000 shares in the Company (subject to possible adjustments based on the terms and conditions of such bonds). This corresponds approximately to half of Conditional Capital 2013. The Management Board and the Supervisory Board consider it appropriate to continuously 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 the 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 24, 2013 can no longer be used flexibly, and, in particular, no longer allows simplified exclusion of subscription rights to a significant extent, the Management Board and the 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.

In principle, shareholders are entitled to a statutory subscription right to the Bonds. To simplify the process, provision can be made for the Bonds to be issued to a credit or financial institution or a syndicate of such institutions with an obligation to offer the Bonds to shareholders for subscription in line with their current shareholdings (so called indirect subscription rights). The Management Board shall also, with the consent of the Supervisory Board, be authorized to exclude the statutory subscription rights of shareholders in the following cases.

– Shareholders' subscription rights should be allowed to be excluded if Bonds are issued against cash at an issue price that is not significantly lower than the theoretical market value of these Bonds determined in accordance with recognized actuarial methods. This enables the Company to take advantage of favorable market conditions quickly and at very short notice, and to achieve better interest rate terms and a better warrant or conversion price for the Bonds by fixing conditions in line with the market. This would not be possible if the statutory subscription rights were observed. Section 186 (2) of the German Stock Corporation Act permits disclosure of the subscription price (and of the conditions in the case of Bonds) as late as the third-to-last day of the subscription period. However, given the volatility of stock markets, several days of market risk would lead to safety margins when fixing the conditions of the Bonds and thus to conditions that are less in line with the market. Moreover, because of the uncertainty surrounding the exercise of statutory subscription rights, observing them jeopardizes the successful placement of Bonds with third parties or results in additional expenses. Finally, 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, what may result in sub-optimal capital procurement.

In terms of this exclusion of subscription rights, shareholders' interests are protected by the fact that the Bonds may not be issued significantly under their theoretical market value, reducing the calculated value of the subscription right to virtually zero. The resolution thus provides that, before issuing the Bonds, the Management Board must have reached the conclusion that the intended issue price 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 may consult experts, e.g. the syndicate banks accompanying the issue, an independent investment bank or another expert, 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 in the event of a bookbuilding procedure. As a result, the exclusion of subscription rights does not lead to any appreciable dilution of the value of the shares. Furthermore, this type of exclusion of subscription rights is restricted to Bonds with rights to shares comprising no more than a 10% portion of the share capital in issue at the time of the resolution or – if lower – at the time this authorization is exercised. Under these terms, the legislator deems it reasonable for shareholders to maintain their proportionate shareholdings through market purchases. 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 in issue at the time of the resolution or – if lower – at the time when the authorization is exercised. The 10% threshold shall, with the exception of those shares intended to service convertible bonds issued on the basis of the resolution adopted as agenda item 6 of the Company's Annual General Meeting of May 24, 2013, include the proportionate amount of the share capital attributable to shares of Klöckner & Co SE that (i) are issued or sold by the Company with the exclusion of subscription rights in direct or analogous application of Section 186 (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 subscription rights based on warrant-linked and/or convertible bonds issued with the exclusion of subscription rights on the basis of authorizations other than the preceding pursuant to Sections 221 (4) sentence 2 and 186 (3) sentence 4 of the German Stock Corporation Act during the term of this authorization up to the time of its exercise.

– Excluding subscription rights in favor of the holders of any Bonds issued in the past or that may be issued in the future ensures that the holders of these Bonds are in the same position as rights from the Bonds would have been already exercised and the holders were already shareholders. This protection against dilution prevents the warrant or conversion price from ever being reduced for the Bonds already issued. The respective warrant or conversion price to be fixed must correspond to at least 80% of the market price determined at a time close to the issue of the Bonds.

– The envisioned exclusion of subscription rights for fractional amounts enables the requested authorization to be exercised for round amounts. This exclusion of subscription is reasonable and standard practice because, where fractional amounts are concerned, the costs of trading in subscription rights are usually unreasonably disproportionate to the related benefits for the shareholders. The dilution effect is negligible since this is restricted to fractional amounts. The Bonds thus excluded from subscription rights will be disposed of at the best possible price.

- Subscription rights should also be allowed to be excluded to issue Bonds against contributions in kind. This enables the Company to act flexibly and quickly, while at the same time conserving liquidity, when acquiring assets. The ability to offer Bonds as consideration can contribute considerably toward optimizing the Company's financing structure, for instance, in the 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, such as interests in companies, against the issue of Bonds.

  In every instance, the Management Board will carefully review whether to exercise the authorization to issue Bonds against contributions in kind while excluding shareholders' subscription rights and will only do so if, after taking all aspects into account, this is in the interest of the Company and its shareholders. In particular, it will ensure that the value of the contribution in kind is commensurate with the value of the Bonds.

- In addition, the total of the shares to be issued under the Bonds that are issued after May 12, 2017 based on this authorization or another authorization with the exclusion of subscription rights, including other shares sold or issued with the exclusion of subscription rights during the term of this authorization, must not exceed a proportionate amount of the share capital of EUR 49,875,000.00 (equivalent to 20% of the current share capital). This additional, voluntary limit protects shareholders against dilution.

## Report to the Annual General Meeting regarding agenda items 9 and 10

Pursuant to Section 71 (1) no. 8, sentence 5, Section 186 (3) sentence 4 and (4) sentence 2 of the German Stock Corporation Act, the Management Board wishes to submit the following report on agenda items 9 and 10, in particular on the grounds for the proposed authorization of the Management Board to exclude shareholders' subscription rights in the sale of the Company's treasury shares.

This report will be available on the Internet at **www.kloeckner.com/en/annual-general-meeting.html** from the date on which the Annual General Meeting is convened. It will also be available for inspection at the business premises of the Company, Am Silberpalais 1, 47057 Duisburg, Germany, and in the meeting room during the Annual General Meeting. The report is as follows:

In line with standard international practice, Section 71 (1) no. 8 of the German Stock Corporation Act is designed to enable companies to use the acquisition of treasury shares as an additional financial instrument. By resolution of the Annual General Meeting of May 25, 2012, the Company is authorized to acquire treasury shares. However, this authorization resolution expires as of May 24, 2017. To enable the Company to use the acquisition of treasury shares as an additional financial instrument to the fullest extent permitted by law, the Management Board and Supervisory Board propose to the Annual General Meeting that the Company be granted a new authorization to acquire and utilize treasury shares.

The authorization proposed under agenda item 9 will enable the Company to acquire until May 11, 2022, with the consent of the Supervisory Board, treasury shares of up to 10% of the share capital in issue or – if lower – the share capital at the time the authorization is exercised. This ensures the legally permissible maximum limit is observed. Acquisitions may only be made on the stock exchange or by way of a public purchase offer to all shareholders, in the latter case, the Company itself can issue a formal offer or call for the submission of sales offers. This ensures compliance with the obligations set out under Section 71 (1) no. 8 sentences 3 and 4 of the German Stock Corporation Act on the equal treatment of all shareholders. In the case of acquisition by way of a public purchase offer, acceptance will be based on quotas if the offer is oversubscribed or if more shares are offered to the Company than anticipated. A preferential acceptance of smaller quantities of up to 100 shares tendered or offered per shareholder and rounding in accordance with commercial principles may be provided for in order to simplify the technical settlement process.

The authorization proposed under agenda item 10 to acquire treasury shares using put or call options or future purchase contracts (collectively “Derivatives”) gives the Company the ability to optimally structure a share buyback. As already made clear by the limit of 5% of the share capital, solely the methods of the share buyback shall be expanded. The authorization is formulated so as to ensure that this form of acquisition also complies with the principle of the equal treatment of shareholders.

The authorization under agenda item 9 provides that the acquired treasury shares can be sold to third parties with the exclusion of shareholders' subscription rights, insofar as this is done for the purpose of acquiring companies, parts of companies and/or interests in companies or to service warrant-linked and/or convertible bonds. In these cases, the Management Board will be able to offer Company shares as consideration for the acquisition of such companies or interests in companies and/or to grant the holders of warrants and/or conversion rights shares to fulfill their claims without having to implement a capital increase.

As a result of national and international competition, there is increasing demand for the option of offering shares rather than cash as consideration for the acquisition of companies or interests in other companies. The authorization proposed under agenda item 9 gives the Company the necessary flexibility to use treasury shares as currency for acquisitions and thus the ability to react quickly and flexibly to attractive offers to acquire companies or interests in companies. The proposed authorization to exclude shareholders' subscription rights takes this into account.

The proposed authorization to utilize treasury shares also provides for the sale of treasury shares to third parties in ways other than on the stock exchange or by way of a public offer to all shareholders, as long as the treasury shares are sold for cash and at a price that is not significantly below the applicable market price. This is intended to ensure that the Company is able to issue shares to institutional investors, financial investors or other cooperating partners and, by setting prices close to the market rate, to achieve maximum sales value and strengthen the equity base to the greatest possible extent. While this type of sale excludes shareholders' subscription rights, this is legally admissible as it corresponds to the simplified exclusion of subscription rights of Section 186 (3) sentence 4 of the German Stock Corporation Act. The authorization may only be exercised for up to 10% of the share capital at the time of the resolution of the Annual General Meeting on this authorization, or – if lower – at the time the authorization proposed under agenda item 9 is exercised. This 10% threshold shall include shares of the Company and warrant-linked or convertible bonds of the Company or the Group companies issued on the basis of other authorizations that are issued or sold by the Company in direct or analogous application of Section 186 (3) sentence 4 of the German Stock Corporation Act during the term of this authorization for the acquisition and use of treasury shares up to the time of its exercise, with the exception of those shares intended to service convertible bonds issued on the basis of the resolution adopted as agenda item 6 of the Company's Annual General Meeting of May 24, 2013. This ensures that the statutory limit of 10% of the share capital for such a simplified exclusion of subscription rights (Section 186 (3) sentence 4 of the German Stock Corporation Act) is not exceeded.

To the extent that the authorization proposed under agenda item 9 provides for the option to exclude subscription rights in order to fulfill warrants or conversion rights and meet conversion obligations arising from warrant-linked and/or convertible bonds issued by the Company or Group companies, this enables the management to use already existing treasury shares to meet commitments instead of otherwise available conditional capital. This currently affects the convertible bonds issued in 2016.

Ultimately, the Company should be given the ability to partially exclude shareholders' subscription rights in the event of a sale of treasury shares by way of an offer to all shareholders in favor of holders of warrant-linked and/or convertible bonds in order to grant such holders subscription rights to the shares to be sold in the quantity to which they would have been entitled had they exercised their warrants or conversion rights or fulfilled their conversion obligations. This avoids the reduction in the warrant or conversion price that would otherwise arise, thus strengthening the funds available to the Company. Redeeming treasury shares without further resolution by the Annual General Meeting ultimately enables the Company to use the share capital reduction associated with such redemption in order to quickly and flexibly adjust its equity to the demands of the capital market.

The above statements on the authorization to exclude subscription rights when utilizing treasury shares apply accordingly to treasury shares acquired using Derivatives in accordance with agenda item 10. The Management Board will report to the next Annual General Meeting on any use of the proposed authorizations to acquire and use treasury shares.

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

**Conditions for attending the Annual General Meeting and exercising voting rights**
Those shareholders who have registered with the Company at the address below (in writing or by fax) by no later than the end of the day on May 5, 2017 (midnight CEST) are entitled to attend the Annual General Meeting and to exercise their voting right:

Hauptversammlung Klöckner & Co SE
c/o ADEUS Aktienregister-Service-GmbH
PO Box 57 03 64
22772 Hamburg, Germany

Fax: +49 69 712687173

or electronically by using the password-protected online service for the Annual General Meeting at **www.kloeckner.com/en/online-service.html** and who are listed in the Company's shareholders' register at the time of the Annual General Meeting. Forms that shareholders may use to register are enclosed with the invitation documents.

The invitation documents will be sent by post to all the shareholders who request this or who are registered in the shareholders' register on April 28, 2017 (0:00 a.m. CEST). The personal data required to use our online service for shareholders – shareholder number and individual access number – can be found on the reverse of the invitation sent by post. As in previous years, you may register for the Annual General Meeting via our Annual General Meeting Online Service (**www.kloeckner.com/en/online-service.html**) and order admission tickets to the Annual General Meeting, authorize the proxy holders nominated by the Company or third parties to exercise your voting right, or cast your vote by absentee ballot. Registration via the Annual General Meeting Online Service is likewise only possible until the end of the day on May 5, 2017 (midnight CEST).

Shareholders may continue to freely dispose of their shares after having registered for the Annual General Meeting. However, pursuant to Section 67 (2) sentence 1 of the German Stock Corporation Act, shareholders of the Company are only considered as such if they are listed in the shareholders' register. The right to participate in the Annual General Meeting on May 12, 2017 and voting rights are thus determined by the day of the Annual General Meeting. Please note that between May 6, 2017 and May 12, 2017 (including both days), no changes are made to the entries in the shareholders' register, i.e. acquirers of shares whose applications for changes of registration are received after May 5, 2017 will be entered in the shareholders' register only after the Annual General Meeting. The technical record date is therefore the end of the day on May 5, 2017. In light of this, all acquirers of shares in the Company not yet listed in the shareholders' register are 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 proxy, e.g. by a credit institution, a shareholders' association or the proxy holders nominated by the Company. Also in this case, registrations must be submitted on time and shareholders must be listed in the Company's shareholders' register at the time of the Annual General Meeting. Shareholders will receive a proxy form together with their admission ticket to the Annual General Meeting. Similarly, the proxy form will be sent to shareholders at any time upon written request. It can also be downloaded from the Internet at **www.kloeckner.com/en/annual-general-meeting.html**. Please note that if several persons or institutions are authorized to act as proxy, the Company is entitled to reject one or more of such parties.

If neither a credit institution nor a shareholders' association nor such persons or institutions considered equivalent pursuant to Sections 135 (8) and 135 (10) in conjunction with Section 125 (5) of the German Stock Corporation Act are authorized to act as proxy, the granting of proxies, their revocation and the proof of authorization provided to the Company must be made in text form. Proxies and their revocations may either be sent to the Company (by post, fax or email) at the following address:

Hauptversammlung Klöckner & Co SE
c/o ADEUS Aktienregister-Service-GmbH
PO Box 57 03 64
22772 Hamburg, Germany

Fax: +49 69 712687173
Email: hv-service.kloeckner@adeus.de

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. Proof can be sent to the Company (by post, fax or email) at the above address. In addition, proof can be provided on the day of the Annual General Meeting at the entry and exit controls. You can also use our Annual General Meeting Online Service (**www.kloeckner.com/en/online-service.html**) to authorize the proxy holders nominated by the Company or third parties to exercise your voting right and order admission tickets to the Annual General Meeting for them. A previously granted proxy will be automatically deemed revoked if you attend the Annual General Meeting in person.

Should a credit institution, a shareholders' association or such persons or institutions considered equivalent pursuant to Sections 135 (8) and 135 (10) in conjunction with Section 125 (5) of the German Stock Corporation Act be authorized to act as proxy, we ask that you clarify, in good time, the form of proxy required with the authorized person or institution. Special proof of the proxy is not required by the Company in this case.

Where proxy holders nominated by the Company are to be authorized, they must be instructed on how to exercise the voting rights. Proxy holders are obliged to vote in accordance with these instructions. Please note that proxy holders nominated by the Company are unable to accept any authority or mandate to exercise the right to speak and ask questions at the Annual General Meeting, to submit motions or to file objections against shareholders' resolutions, and that proxies will always abstain from voting on procedural motions and where no instructions have been given.

Proxies can be granted to proxy holders nominated by the Company by May 5, 2017 (midnight CEST) at the following address (by post, fax or email)

Hauptversammlung Klöckner & Co SE
c/o ADEUS Aktienregister-Service-GmbH
PO Box 57 03 64
22772 Hamburg, Germany

Fax: +49 69 712687173
Email: hv-service.kloeckner@adeus.de

or via our Annual General Meeting Online Service (**www.kloeckner.com/en/online-service.html**).

If you have used our Annual General Meeting Online Service to authorize the proxy holders nominated by the Company to act as proxy, you may, if you wish, change your instructions up until May 12, 2017 (8:00 a.m. CEST).

Our shareholders will be sent further information on granting proxies and issuing instructions together with the invitation documents. This information can also be downloaded from the Internet at **www.kloeckner.com/en/annual-general-meeting.html**.

**Procedures for voting by absentee ballot**
As in previous years, you have the option to cast your vote by absentee ballot ahead of the Annual General Meeting. Shareholders will receive a corresponding form together with their invitation documents. The absentee ballot form will also be sent to shareholders at any time upon request to be submitted in text form. It can also be downloaded from the Internet at **www.kloeckner.com/en/annual-general-meeting.html**. Also in the case of an absentee ballot, registrations to the Annual General Meeting must be submitted on time and shareholders must be listed in the Company's shareholders' register at the time of the Annual General Meeting. Votes cast by absentee ballot must be received by the Company by no later than the end of the day on May 5, 2017 (midnight CEST) at the following address (by post, fax or e-mail)

Hauptversammlung Klöckner & Co SE
c/o ADEUS Aktienregister-Service-GmbH
PO Box 57 03 64
22772 Hamburg, Germany

Fax: +49 69 712687173
Email: hv-service.kloeckner@adeus.de

or via our Annual General Meeting Online Service (**www.kloeckner.com/en/online-service.html**). If you have voted by absentee ballot via our Annual General Meeting Online Service you may, if you wish, change or revoke your vote up until May 12, 2017 (8:00 a.m. CEST). An absentee ballot already cast will be deemed automatically revoked if a shareholder or his/her proxy holder attends the Annual General Meeting in person.

**(Counter) motions and election nominations**
(Counter) motions and election nominations by shareholders pursuant to Sections 126 and 127 of the German Stock Corporation Act relating to one or more agenda items must be sent (by post, fax or e-mail) exclusively to:

Klöckner & Co SE
Zentralbereich Legal & Compliance
Am Silberpalais 1
47057 Duisburg, Germany

Fax: +49 203 57900-2116
E-mail: hv@kloeckner.com

All (counter) motions and election nominations by shareholders to be made available in accordance with Sections 126 and 127 of the German Stock Corporation Act will be published on the Internet at **www.kloeckner.com/en/annual-general-meeting.html** in accordance with the legal provisions and together with any comments by the management, provided that they were received at the above address by no later than the end of the day on April 27, 2017 (midnight CEST).

**Supplementary motions for the agenda at the request of a minority pursuant to Article 56 of the SE Regulation, Section 50 (2) of the German SE Implementation Act (*SE-Ausführungsgesetz*, SEAG) and Section 122 (2) of the German Stock Corporation Act**
Pursuant to Article 56 of the SE Regulation and Section 50 (2) of the German SE Implementation Act in conjunction with Section 122 (2) of the German Stock Corporation Act, shareholders whose combined shares represent a proportionate amount of the Company's share capital of at least EUR 500,000.00 (equivalent to 200,000 no-par-value shares of the Company) may request that items be added to the agenda and announced.

Such requests for additions to the agenda must reach the Company in writing together with the evidence and documents required by law at least 30 days prior to the Annual General Meeting, i.e. by no later than the end of the day on April 11, 2017 (midnight CEST), at the following address:

Klöckner & Co SE
Zentralbereich Legal & Compliance
Am Silberpalais 1
47057 Duisburg, Germany

**Shareholders' right to information pursuant to Section 131 (1) of the German Stock Corporation Act**

Pursuant to Section 131 (1) of the German Stock Corporation Act, all shareholders and shareholder representatives at the Annual General Meeting may request from the Management Board information about the affairs of the Company, the legal and business relationships of the Company with an affiliated company, as well as about 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. Please note that the Management Board may decline to give such information subject to the conditions listed in Section 131 (3) of the German Stock Corporation Act.

**Website with information on the Annual General Meeting**

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.com/en/annual-general-meeting.html**.

## Broadcast of the Annual General Meeting

On the day of the Annual General Meeting, the opening of the Annual General Meeting by the chairman of the meeting, the CEO's speech and the report by the Supervisory Board can be followed live on the Internet at
**www.kloeckner.com/en/annual-general-meeting.html**
from 10:30 a.m. This content will be made available in recorded form on the website after the Annual General Meeting.

### Total number of shares and voting rights

On the date this Annual General Meeting is convened, the Company's share capital totals EUR 249,375,000.00, composed of 99,750,000 no-par-value registered shares, each carrying one voting right. The total number of shares and voting rights at the time of convocation of the Annual General Meeting therefore amounts to 99,750,000.

Duisburg/Germany, March 2017

Klöckner & Co SE
The Management Board

Would you like to receive your documents for General Meetings by e-mail? For more information, and to register, please visit **www.kloeckner.com/en/online-service.html**

All shareholders who have registered by May 19, 2017 for their invitations to General Meetings to be sent to them by e-mail will take part in a draw, where they can win one of three Apple® iPad mini (excl. network access contract).

**Klöckner & Co SE**
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47057 Duisburg
Germany
Phone: +49 203 307-0
Fax: +49 203 307-5000
www.kloeckner.com