

Invitation
to the Annual General Meeting
of SKW Stahl-Metallurgie Holding AG
German Securities Identification Number (WKN) SKWM01
ISIN DE000SKWM013

The Executive Board of SKW Stahl-Metallurgie Holding AG, Unterneukirchen, hereby invites the shareholders of SKW Stahl-Metallurgie Holding AG to the Annual General Meeting to be held on

Wednesday, 4 June 2008,

at 10:00 AM

at the

Haus der Bayerischen Wirtschaft

Max-Joseph-Str. 5
80333 Munich

The **Agenda** for the Annual General Meeting has the following items:

Agenda item 1

Presentation of the adopted and audited annual financial statements, the approved and audited consolidated financial statements and the combined management report, the Supervisory Board report of SKW Stahl-Metallurgie Holding AG and the Executive Board report on disclosures per Sections 289 (4) and 315 (4) of the German Commercial Code (HGB – *Handelsgesetzbuch*) for fiscal year 2007

These documents are available for examination during business hours at the offices of SKW Stahl-Metallurgie Holding AG's registered office located at Fabrikstrasse 6, 84579 Unterneukirchen. Shareholders will be provided with copies of these documents upon request free of charge; they will also be available for examination at the Annual General Meeting. The Annual Report, including the consolidated financial statements and combined management report is also available at the Company website www.skw-steel.com.

Agenda item 2

Resolution on use of unappropriated surplus from fiscal year 2007

The Executive and Supervisory Board propose that SKW Stahl-Metallurgie Holding AG's unappropriated surplus from fiscal year 2007 in the amount of EUR 4,694,146.07 be allocated as follows:

- a) Dividend distribution of EUR 0.50 per share carrying dividend rights. Given total shares of 4,422,250, this equals a total dividend distribution of EUR 2,211,125.00 on capital stock carrying dividend rights of EUR 4,422,250. The dividend shall be paid the bank working day following the Annual General Meeting.

b) Allocation of EUR 2,483,021.07 of unappropriated surplus to 'Other revenue reserves'.

The resolution on the use of unappropriated surplus to be proposed to shareholders at the Annual General Meeting shall be adjusted accordingly upon the occurrence of own shares held by the Company as of the date of the Annual General Meeting per Section 71b of the German Stock Corporation Act (AktG – *Aktiengesetz*) on the unchanged basis of EUR 0.50 per dividend-entitled share.

Agenda item 3

Resolution on ratification of Executive Board member actions for fiscal year 2007

The Executive and Supervisory Boards propose that the actions of all Executive Board members during fiscal year 2007 be ratified for that period.

Agenda item 4

Resolution on ratification of Supervisory Board member actions for fiscal year 2007

The Executive and Supervisory Boards propose that the actions of all Supervisory Board members during fiscal year 2007 be ratified for that period.

Agenda item 5

Resolution on appointment of auditor for fiscal year 2008

The Supervisory Board proposes to appoint PricewaterhouseCoopers AG, Wirtschaftsprüfungsgesellschaft, Elsenheimer Str. 31, 80687 Munich, as auditor for fiscal year 2008.

Agenda item 6

Elections to the Supervisory Board

The Supervisory Board of the Company consists of three members elected by the Annual General Meeting in accordance with Sections 96 (1) and 101 (1) German Stock Corporation Act (AktG – *Aktiengesetz*) and Section 7 of the Articles of Association. Pursuant to Section 7 (2) of the Articles of Association, the Supervisory Board is elected for a term expiring by the end of the Annual General Meeting at which the resolution on the ratification of the Supervisory Board member actions for the first full fiscal year after commencement of the term is presented to the Annual General Meeting, whereas the fiscal year in which the term commences is not to be considered for the calculation of the term. The term of individual Supervisory Board members appointed in the interim during the term of the Supervisory Board ends simultaneously with the end of the term of the Supervisory Board. The current Supervisory Board was appointed at the Annual General Meeting held April 20, 2006. All Supervisory Board member appointments therefore expire upon conclusion of this Annual General Meeting. The Supervisory Board is to be elected. The Annual General Meeting is not restricted to proposals.

The Supervisory Board proposes that the Annual General Meeting vote in favor of appointment of the following candidates to the Supervisory Board:

- **Markus Zöllner**, independent consultant, based in Bichl, current Supervisory Board Chairman of the Company

The candidate does not hold further mandates on other domestic supervisory boards or comparable domestic or international boards.

- **Martin Vorderwülbecke**, independent attorney, based in Munich, current Deputy Supervisory Board Chairman of the Company

The candidate holds further mandates on other domestic supervisory boards or comparable domestic or international boards as follows:

Supervisory Board	Registered office
ARQUES Austria Invest AG (Deputy Chairman)	Vienna, Austria
ARQUES Industries AG (Deputy Chairman)	Vienna, Austria
tiscon AG (Chairman)	Neu-Ulm

- Georg Obermeier, managing partner of Obermeier Consult GmbH, based in Munich, current Supervisory Board member of the Company

The candidate holds further mandates on other domestic supervisory boards or comparable domestic or international boards as follows:

Supervisory Board	Registered office
Kühne & Nagel International AG	Schindellegi, Switzerland

Supervisory Board	Registered office
Bilfinger Berger Industrial Services AG	Munich
ARQUES Industries AG (Chairman)	Starnberg

Advisory Board	Registered office
Illbruck Elements GmbH	Munich-Unterföhring
Energie-Control Company mbH Österreichische Regulierungsbehörde für Strom & Gas	Vienna, Austria

The term of appointment expires upon conclusion of the Annual General Meeting at which the resolution on the ratification of the Supervisory Board member actions for the first full fiscal year after commencement of the term is presented to the Annual General Meeting, whereas the fiscal year in which the term commences is not to be considered for the calculation of the term.

Agenda item 7

Resolution on authorization to buy back shares and utilize treasury stock

The authorization issued by the Annual General Meeting on June 18, 2007 allowing the Company to acquire its own shares (treasury stock) and utilize treasury stock shall be replaced by a new authorization to acquire Company's own shares. The existing authorization had not been exercised by the date on which this invitation was issued.

The Executive and Supervisory Boards submit the following resolution for adoption:

- a) The existing authorization to acquire Company's own shares and utilize treasury stock resolved by shareholders on June 18, 2007 under Agenda item 8 is to be rescinded as of the effective adoption of the authorization outlined below.
- b) Subject to Supervisory Board approval, for the period June 5, 2008 through December 4, 2009 the Executive Board shall be authorized in accordance with Section 71 (1) No. 8 of the AktG to acquire Company's own shares amounting to no more than 10% of capital stock as of the

resolution date for purposes other than securities trading. This authorization may be exercised wholly or in installments, once or several times.

The acquired shares together with other treasury shares owned by the Company or to be allocated pursuant to Section 71a et seq. of the German Stock Corporation Act (Aktiengesetz) may at no time account for more than 10% of the capital stock.

- c) The Acquisition shall take place through the stock exchange. The price paid by the Company (excluding transaction costs) may not deviate by more than 10% from the arithmetic mean of the closing bidding price on the XETRA trading system on the Frankfurt Stock Exchange (or comparable successor system) of the three stock-market trading days prior the acquisition.
- d) Shares acquired under this authorization may be sold for cash without selling them on the stock market, subject to Supervisory Board approval. Subject to Supervisory Board approval, the Executive Board may in particular utilize shares acquired under this authorization under this authorization, exercisable wholly or in installments, once or several times, as outlined below:
 - (i) Company shares may be sold at a price not significantly below the quoted market price for the same class of Company shares with identical rights at the time of sale. In such cases, the number of shares to be sold plus new shares issued on the basis of a capital increase authorization excluding subscription rights pursuant to Section 186 (3) Clause 4 may not in total exceed 10% of the Company's capital stock. Shareholders' subscription rights to these shares shall be excluded insofar.
 - (ii) The shares may be assigned wholly or in installments as consideration in mergers and acquisitions (directly or indirectly), or for participating interests in companies, operating assets, or industrial property rights/license rights. Shareholders' subscription rights to these shares shall be excluded insofar.
 - (iii) The shares may be utilized to avoid fractional share entitlements. Shareholders' subscription rights to these shares shall be excluded insofar.
 - (iv) The stock may be issued to employees of the Company or its subsidiary Group companies. Shareholders' subscription rights to these shares shall be excluded insofar.
- e) The Executive Board shall also be authorized to call in shares into treasury without an additional Annual General Meeting resolution being required, subject to Supervisory Board approval.

Executive Board report on excluding shareholders' subscription rights in connection with the utilization of treasury stock in accordance with Sections 71 (1) no. 8 and 186 (4) Clause 2 German Stock Corporation Act (AktG – Aktiengesetz)

With regard to Agenda item 7 the Executive Board is to submit a written report to the Annual General Meeting on reasons for excluding shareholders' subscription rights in line with Sections 71 (1) no. 8 and 186 (4) Clause 2 of the German Stock Corporation Act (AktG – *Aktiengesetz*) This report must be made available for shareholder examination at Company offices no later than the date of convening the Annual General Meeting. Shareholders will be promptly provided copies of this document upon request free of charge. The report is made public as follows:

Except in the event of calling in Company shares, shareholders' subscription rights will not be excluded as a rule, if Company shares are utilized. The main consideration here is indirect subscription rights via a bank.

The reasons for the proposed exclusion of shareholders' subscription rights in certain cases are outlined below:

10% limit

The proposed exclusion rights for sales of Company shares not exceeding 10% of the capital stock as of the resolution date is intended to afford the Company the ability to rapidly and flexibly place blocks of shares, in particular with institutional and strategic investors. In addition to potential synergies, the Management believes this will help stabilize the share price and strengthen equity. The ability to exclude subscription rights of the shareholders enables the Management to react quickly and to take advantage of favorable stock market prices in order to maximize proceeds through market-linked pricing, thus strengthening Company equity as much as possible. Due to the ability to act more quickly, the disposition of Company shares to the excluding subscription rights have been shown to generate greater proceeds than a comparable capital increase with shareholders' subscription rights. Thereby and upon the proportionally low scope of 10% of publicly traded capital stock possibly sold under exclusion of shareholders' subscription rights, our shareholders' rights are sufficiently protected and upheld shareholders' subscription rights

Pursuant to interpretation of 186 (3) Clause 4 of the German Stock Corporation Act (AktG – *Aktiengesetz*) by the adjudication of the higher courts, the 10% limit is not to be exceeded by a cumulated execution of several corporate actions, each of them under the exclusion of shareholders' subscription rights.

Consideration in transactions for the acquisition of companies, participating interests and assets

The proposed exclusion of subscription rights in connection with the utilization of shares of the Company as consideration in mergers and acquisitions, including direct or indirect acquisitions of companies, participating interests in companies, operating assets or industrial property rights/license rights, empowers the Management to react with speed and flexibility on attractive individual opportunities, to acquire such companies in total or partially, participating interests in companies or operating assets by using Company shares as consideration and being further able to offer attractive payment arrangements. This authorization serves to achieve optimal financing of targeted mergers and acquisitions by using Company shares as consideration.

In today's business environment, share deals for full/partial corporate acquisitions, participating interests and other assets are common practice. Due to tax-related or other considerations owners of attractive acquisition targets are frequently interested in receiving a purchase price in the form of voting shares in the acquiring company. Furthermore in certain cases the Company might be interested in being able to offer Company shares to owners of potential acquisition targets. The ability to offer Company shares is an interesting bargaining chip with great incentive. The possibility of shares in addition to or instead of cash in M&A transactions extends the options for the structuring of deals, affording the Company greater latitude and a stronger negotiating position. Although the Company has authorized capital available for such deals, financing the full purchase price from

authorized capital might not be useful in certain cases and the ability to offer a portion in Company shares preferable. This may be the case for example in deals where the acquisition target has a stock options plan or earn-out provisions are in place. In such cases, issuing shares from authorized capital can be problematic due to technical issues. The Company is thus interested in the ability to offer Company shares.

Although excluding subscription rights dilutes the relative shareholdings and reduces the share of voting rights held by shareholders, the benefits for shareholders presented above that are associated with the acquisition of companies or participating interests as well as the acquisition of assets in exchange for shares could not be realized otherwise. In consideration of these circumstances, the Executive and Supervisory Boards view the exclusion of subscription rights within the prescribed limits as appropriate and in the interest of the Company.

Employee share-based compensation

The proposed exclusion of subscription rights in connection with share-based compensation for employees of the Company or its Group companies is intended to allow Management to fulfill obligations arising from the variable pay elements within the compensation model in place at the Company and at Group companies. This will enable the Company to meet employee compensation obligations while minimizing any negative impact on Company liquidity. Although a specific shareholder resolution is not required for the issuance of shares to employees pursuant to Section 71 (1) no. 2 of the German Stock Corporation Act (AktG – *Aktiengesetz*), the Company is additionally interested in the ability to offer innovative share-based compensation, involving for example compensation linked to the attainment of corporate objectives such as specific increases in earnings. The Company requires own shares for corresponding flexibility to implement these types of incentive plans involving the issuance of shares.

Eliminating fractional shares

The authorization to exclude subscription rights for fractional amounts allows the establishment of a practical subscription ratio with respect to the number of Company shares intended for sale. Otherwise technical difficulties with regard to the utilization of treasury stock and the exercise of subscription rights might occur.

General

The Management will contemplate on a case-by-case basis whether to make use of authorization granted as concrete situations arise in which subscription rights may be excluded. Subscription rights may only be excluded for the general purposes outlined in this report to the Annual General Meeting, and only when doing so is clearly in the interest of the Company. The Executive Board will report to the Annual General Meeting on specifics concerning an exercise of this authorization at the first Annual General Meeting subsequent to exercise.

Attendance of Annual General Meeting

In accordance with Section 14 of the Articles of Association, to attend and exercise voting rights at the Annual General Meeting shareholders must provide evidence of their shareholdings to the Company in text form in German or English (Section 126b of the *Bürgerliches Gesetzbuch* (BGB – German Civil Code)) no later than seven days prior to the Annual General Meeting, i.e. May 28, 2008 (midnight). Shareholdings must be evidenced as of the start of the 21st day prior to the Annual General Meeting, i.e. May 14, 2008 (00:01), provided in text form in German or English (Section 126b of the BGB).

Registrations and evidence must be submitted to the Company at the following address (registration desk):

SKW Stahl-Metallurgie Holding AG
c/o Dresdner Bank AG
WDHHV dwpbank AG
Wildunger Strasse 14
60487 Frankfurt am Main

Fax: 069/5099-110

E-mail: hv-eintrittskarten@dwpbank.de

Shareholders interested in attending the Annual General Meeting are requested to notify their custodian bank as soon as possible. The custodian bank forwards registration and evidence of shareholdings in the required form to the registration desk, which issues admission tickets to the Annual General Meeting.

We request your understanding that in general, we can only send a maximum of two admission tickets per shareholder.

Shareholder inquiries and motions/countermotions regarding specific agenda items or Management proposals as per Sections 126 (1) and 127 of the AktG (Shareholder Motions) are to be submitted exclusively to:

SKW Stahl-Metallurgie Holding AG
Investor Relations – Annual General Meeting
Fabrikstrasse 6
84579 Unterneukirchen

Fax: 08634/617594

E-mail: ir@skw-steel.com

Properly submitted shareholder motions received at this address no later than two weeks prior to the date of the Annual General Meeting, i.e. May 20, 2008 (midnight), and any Management responses will be posted on the Internet and made accessible to shareholders at www.skw-steel.com. Petitions/motions received at any other address shall not be considered.

Proxy voting

Voting rights may be exercised by appointed proxies, such as banks or shareholder associations. Registration by the deadline is also required in such cases.

Proxy voting authorization must be granted in writing or by fax, unless as otherwise provided for below. Banks, shareholder associations and other entities covered under Section 135 (9) of the AktG may provide other procedures for granting proxy voting authorization.

Our Company is interested in facilitating proxy voting for shareholders. The Company has thus appointed representatives bound to vote in accordance with shareholder voting instructions. All shareholders not attending the Annual General Meeting may exercise this option in lieu of appointing their custodian bank or another third party as proxy. These proxy voting representatives are obligated to vote in accordance with instructions. Proxy appointments made without voting instructions are void. Please note that proxy voting representatives are not allowed to participate verbally or submit questions.

Shareholders choosing to issue a proxy to the voting representatives appointed by the Company, require an admission ticket to the Annual General Meeting, which includes a respective proxy authorization form. Detailed instructions regarding proxy authorization and voting instructions for

Company-appointed proxy voting representatives are provided to shareholders along with Annual General Meeting admission tickets.

Total number of shares and voting rights

The total number of shares of the Company as of the Annual General Meeting convocation date amounts to 4,422,250, the number of voting rights amounts to 4,422,250.

Rights of disposal

Registration to attend the Annual General Meeting does not affect rights of disposal over shareholdings. Shareholders thus continue to enjoy unrestricted rights and disposal over their shares even after having registered.

Unterneukirchen, April 2008

SKW Stahl-Metallurgie Holding AG
The Executive Board

Note:

This English translation of the German original is a courtesy translation; in case of any discrepancies, the German version shall prevail.