

TO OUR STAKEHOLDERS

To Our Stakeholders:

GrafTech's 2005 results reflect our commitment to leverage our unique global manufacturing network, drive productivity and efficiency initiatives, and accelerate commercialization of our advantaged technologies.

GrafTech's revenues increased 5 percent to \$887 million in 2005, including ETM sales growth of 58 percent to \$19 million. Gross profit increased 11 percent to \$232 million, and EBITDA increased to \$159 million or 18 percent of sales before special items, an 8 percent improvement over 2004. In 2005, our team was able to contain graphite electrode production cost increases year over year to less than 7 percent, better than expected, through our continued pursuit of productivity and cost savings initiatives.

Significant progress was also made in commercializing new advantaged technologies. We received the prestigious 2005 R&D 100 Award for our new Apollo™ brand graphite electrode that enables higher steel productivity in the largest and most demanding EAF applications. This is the third consecutive year that we have received this prestigious award. We were also awarded Frost and Sullivan's 2005 Award for Excellence in Technology for the successful development and commercialization of innovative high tech materials for our electronic thermal management (ETM) product line. Additionally, our Advanced Energy Technology Inc. subsidiary received the prestigious 'Supplier of the Year' Award from Federal-Mogul Corporation in 2005, one of only six companies recognized out of over 7,000 of their suppliers. This award exemplifies our vision of enabling customer leadership faster and better than competition.

In 2006, as part of our ongoing productivity and cost savings program, we intend to complete certain operational initiatives announced in 2005 and undertake additional initiatives to continue improving our operating performance. The planned actions include consolidating operations, streamlining production capabilities and leveraging the overall infrastructure for greater productivity. In total, these actions are expected to reduce costs over \$20 million and increase our average graphite electrode plant size by 20 percent to 46 thousand metric tons, and are consistent with our long-term plan to build an advantaged global production platform consisting of large, competitive production facilities in close proximity to our customers.

In 2006, we anticipate further sales growth and will continue to take aggressive actions to increase our cash flow. We will continue to relentlessly execute on productivity improvements and maintain our low cost position in the industry.

Our success in 2005 would not have been possible without the hard work, support and professionalism of our entire team, for which we thank them.

Lastly, we thank our customers, suppliers and stakeholders for their continued support.



Craig S. Shular

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GrafTech International Ltd.

CORPORATE AND INVESTOR INFORMATION

Board of Directors

R. Eugene Cartledge
Chairman of the Board; Nominating & Governance Committee (Chairman); Organization, Compensation & Pension Committee

Mary B. Cranston
Nominating & Governance Committee; Organization, Compensation & Pension Committee

John R. Hall
Organization, Compensation & Pension Committee (Chairman); Nominating & Governance Committee

Harold E. Layman
Organization, Compensation & Pension Committee

Ferrell P. McClean
Audit & Finance Committee

Michael C. Nahl
Audit & Finance Committee (Chairman)

Frank A. Riddick, III
Audit & Finance Committee

Craig S. Shular
Chief Executive Officer and President

Corporate Headquarters

GrafTech International Ltd.
12900 Snow Road
Parma, OH 44130

E-mail Address

Investor.Relations@graftech.com

Telephone

(216) 676-2000

Web Site

www.graftech.com

Stock Exchange Listing

Our common stock is listed on the NYSE under the symbol GTI.

Stockholder Profile

At March 31, 2006, there were 98,420,452 shares of common stock outstanding, 92 stockholders of record and approximately 8600 beneficial owners.

Common Stock Price

The closing price of our common stock was \$6.22 on December 30, 2005, the last trading day of our last fiscal year. The quarterly high and low closing prices of our common stock were as follows:

2004	High	Low
First Quarter	\$ 14.95	\$ 11.77
Second Quarter	\$ 15.50	\$ 7.97
Third Quarter	\$ 13.95	\$ 9.35
Fourth Quarter	\$ 14.03	\$ 8.14

2005	High	Low
First Quarter	\$ 9.35	\$ 5.41
Second Quarter	\$ 5.73	\$ 3.21
Third Quarter	\$ 6.27	\$ 4.24
Fourth Quarter	\$ 7.14	\$ 4.86

Dividend Policy

It is the current policy of our Board of Directors to retain earnings to finance plans and operations and repay debt and legal obligations. There are no plans to declare or pay dividends at this time, and payment of dividends is restricted under our principal credit facilities and our senior note indenture.

Annual Meeting

The Annual Meeting of Stockholders will be held on May 24, 2006, at 10:00 a.m. at the Corporate Headquarters in Parma, Ohio.

Stockholder Contact and Form 10-K

Stockholders and prospective investors are welcome to call or write us with questions or requests for additional information. Copies of our Form 10-K filed with the SEC for 2005 include this annual report. Inquiries should be directed to Investor Relations at our Corporate Headquarters.

Transfer Agent

Computershare Investor Services LLC
(312) 588-4282

Web Site:

www.computershare.com

Trustee of Convertible Senior Debentures & Senior Notes

U.S. Bank National Association
1-800-934-6802

Independent Auditors

PricewaterhouseCoopers, LLP
Philadelphia, PA

Risks and Uncertainties

This annual report contains forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. The cautionary disclosure relating to forward-looking statements, the risk factors and the preliminary notes contained in the Form 10-K which accompanies this annual report also apply to and are incorporated in this annual report.

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GRAFTECH INTERNATIONAL LTD.

FINANCIAL HIGHLIGHTS

INCOME STATEMENT DATA: <i>(Dollars in millions, except for share data)</i>	2003	2004	2005
Revenue	\$712	\$848	\$887
Gross Profit	168	210	232
Depreciation	31	36	37
EBITDA before special items	105	148	159
Interest Expense	45	39	53
Net income (loss) before special items	12	44	44
Diluted income per share before special items ⁽¹⁾	\$0.18	\$0.43	\$0.43
Weighted average shares outstanding (diluted) ⁽¹⁾	68	111	112
FINANCIAL RATIOS:			
Gross Margin	24%	25%	26%
EBIT Margin	10%	13%	14%
EBITDA Margin	15%	17%	18%

(1) Diluted income per share before special items and weighted average shares outstanding (diluted) in 2004 and 2005 include 13.6 million shares of common stock underlying GrafTech's contingent convertible debt; diluted income per share before special items in 2004 and 2005 excludes \$3 million, after tax, of convertible debenture interest.

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GRAFTECH INTERNATIONAL LTD. FINANCIAL HIGHLIGHTS

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

(Dollars in millions, except per share data) (Unaudited)

	2003	2004	2005
Net income (loss)	(\$24)	\$17	\$(125)
Add back:			
Minority stockholders' share of income	1	1	-
Provision for (benefit from) income taxes	5	46	165
Depreciation and amortization	31	36	37
Interest expense	45	39	52
Interest income	-	(1)	(1)
Antitrust investigations and related lawsuits and claims	32	(11)	-
Restructuring and impairment losses on long lived and other assets	27	-	13
EBITDA	117	126	141
Other (income) expense, net, included above	(12)	21	18
EBITDA before other (income) expense, net	105	148	159
EBITDA before other (income) expense, net as a percent of sales	14.7%	17.4%	18.0%

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES GRAFTECH INTERNATIONAL LTD. AND SUBSIDIARIES

(Dollars in millions, except per share data) (Unaudited)

	2003	2004	2005
Net income (loss) [\$0.36, \$0.17 and (\$1.28) per diluted share, respectively]	(\$24)	\$17	(\$125)
Adjustments, net of tax:			
Restructuring and impairment	19	(1)	9
Gain on sale of discontinued operations	(1)	-	-
Antitrust reserve adjustment	29	(11)	-
Other (income) expense, net	(7)	14	11
Interest rate swaps, net of tax	(4)	(3)	-
Special non-cash tax charge	-	28	149
Income excluding special items [\$0.12, \$0.43 and \$0.43 per diluted share, respectively]	\$12	\$44	\$44

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GLOBAL MANUFACTURING LOCATIONS

Advanced Energy Technology Inc.

11709 Madison Avenue
Cleveland, OH 44101-4637

UCAR Carbon Company Inc.

Highway 7, Santa Fe Pike
Columbia, TN
38401

UCAR Carbon Company Inc.

Highway 43 South
P.O. Box 500
Lawrenceburg, TN
38464

UCAR Carbon Company Inc.

P.O. Box 2230
Clarksburg, WV
26302-2330

UCAR Carbon Mexicana S.A. de C.V.

Carretera
Miguel Aleman
Km. 20 #600 Ote.
Apodaca, Neuva Leon
Mexico 66600

UCAR Produtos de Carbono SA

Estrada Salvador-Mataripe
Km. 39-Candeias
Bahia, Brazil 43800-000

UCAR S.N.C.

Usine de Notre Dame
Briançon
La Lechere
73264 Aigueblanche CEDEX
France

UCAR S.N.C.

Rue Des Garennes
F-62100 CALAIS
France

Carbone Savoie S.A.S

30, rue Louis Jouvét
BP 16
Vénissieux CEDEX
F-69631
France

UCAR GRAFIT OAO

2-nd Boznya Str.
Vyazma,
Smolensk Region
215103
Russia

UCAR Electrodos Iberica, S.L.

Carretera de
Astrain S/N
E31171 Ororbia
Navarra (España)
Spain

UCAR South Africa (Pty.) Ltd.

Kookfontein Farm
Meyerton, 1960 Gauteng
South Africa

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If your heat sinks are all copper and aluminum, you have not weighed all your options.

— or —

How heat sinks made with natural graphite save weight, enhance thermal conductivity and improve shock and vibration performance.

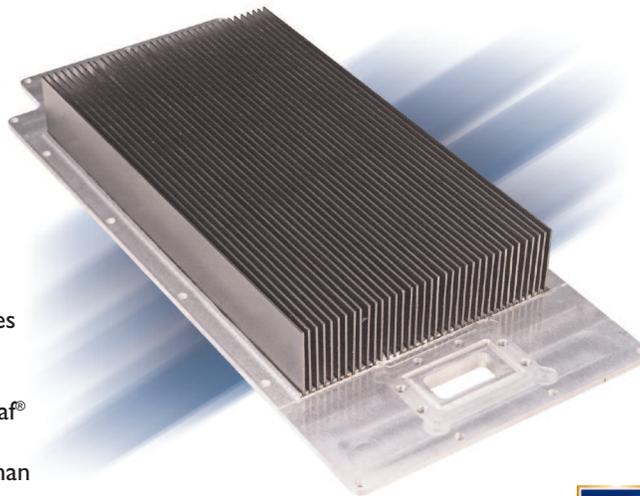
As electronic components become more compact and use more power, thermal management issues and weight become increasingly important. Traditional heat sinks made from copper and/or aluminum leave something to be desired when it comes to these design concerns.

eGraf® thermal management products take advantage of the highly directional properties of graphite to move heat away from sensitive components. The versatility of graphite allows the designer to select the thermal properties necessary to obtain optimum heat dissipation over a range of operating temperatures.

eGraf® HS-400™ material features dramatic weight advantages over traditional heat sink options. With a density of 1.9 g/cm³, eGraf® HS-400™ material is 28% lighter than aluminum and 78% lighter than copper. With eGraf® HS-400™ material, the need for complex and costly attachment mechanisms is virtually eliminated and shock and vibration performance are significantly improved.

The thermal conductivity of our eGraf® HS-400™ material, a proprietary composite of natural graphite, rivals copper and exceeds aluminum. This impressive thermal performance is made possible by the highly directional properties of eGraf® natural graphite.

- Thermal conductivity which matches copper.
- Density is typically 28% lighter than aluminum and 78% lighter than copper.
- Thermal properties which are designed around your application.



To create a superior lightweight heat sink, eGraf® HS-400™ graphite fins are bonded to a metal base with a thermally conducting epoxy. These bonding techniques, specially developed by GrafTech, insure excellent thermal performance, mechanical reliability and cost-effectiveness.

eGraf® thermal management components offer several advantages for electronic applications. They are designed to eliminate the potential negative impact of heat generating components in computers, communications equipment and other electronic devices.

TYPICAL HEAT SINK APPLICATIONS

- Servers
- Power Electronics
- Ruggedized Industrial / Military / Aerospace Computers
- Raid Controllers



**R&D 100
Award
Winner**

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ADVANCED ENERGY TECHNOLOGY INC.
A GrafTech International Ltd. company
www.graftech.com

eGRAF® www.egraf.com

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eGraf® thermal management products, materials, and processes are covered by one or more of the following U.S. patents: 4,911,972; 4,961,991; 5,149,518; 5,198,063; 5,830,809; 6,245,400; 6,395,199; 6,482,520; 6,503,626; 6,538,892; 6,746,768; 6,749,010; 6,758,263; 6,771,502; 6,777,086; 6,841,250. Other U.S. and foreign patents granted or pending. © GrafTech International Ltd. REV: GT-1205

Have you ever heard of a pencil overheating?

— 01 —

Why graphite is better for electronic thermal management.



The graphite we are talking about is slightly more complex than what is inside the No. 2 pencil in your drawer, but it is still graphite.

As electronics get smaller and faster, design space becomes more critical. There simply is not room for traditional electronic cooling devices. Heat sinks, heat pipes and fans add weight, take up space, and are noisy. Traditional heat spreaders made of Cu and Al do not possess the properties for moving heat in a controlled, directional fashion that causes a shielding effect. And in compact devices you can not afford to have heat move from one source and adversely affect another. The solution? Expanded natural graphite – namely eGraf® SpreaderShield™ Heat Spreaders and eGraf® Fredda™ 3-Dimensional Heat Spreaders.



Anisotropic eGraf® SpreaderShield™ material has full thermal direction control and thermal shielding capability.

eGraf® materials are the latest technology available from GrafTech – global experts in expanded natural graphite thermal solutions. Expanded natural graphite solves problems associated with traditional heat management options. Compared to typical Al alloys, eGraf® components exhibit up to 200% higher thermal conductivity. The most dynamic characteristic of natural graphite is that it is anisotropic. Heat moves through it 2-dimensionally in an orderly fashion. This allows engineers

200% better thermal performance than Al and 80% lighter than Cu



eGraf® materials eliminated the need for fan, heat pipes and heat sinks.

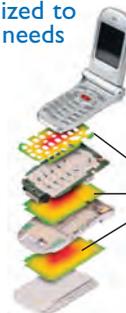
the ability to direct heat in the x-y plane. The result: our material spreads heat and also creates a thermal shielding barrier to keep heat from affecting other components. Some traditional Cu or Al spreaders cannot do this.

eGraf® offers an array of solutions for engineers faced with space, weight and thermal reliability issues. eGraf® SpreaderShield™ material is a thin sheet of flexible graphite that fits where traditional heat spreaders can not. It can be tailorable up to 500 W/mK and can be die-cut to fit applications of any size or shape. eGraf® expanded natural graphite's pliable qualities allow it to conform to any design. It is available in a variety of thicknesses and useable at temperatures up to 400°C and lower than -40°C.

For more complex 3-dimensional shapes, we laminate our eGraf® SpreaderShield™ material with a thin sheet of Al foil to hold form, creating eGraf® Fredda™, a 3-Dimensional Heat Spreader. eGraf® Fredda™ materials can conduct, spread and sink heat to the outer case of an electronic device for sealed environments.

This can eliminate the need for heat pipes, heat sinks and fans in low and ultra low voltage applications, resulting in decreased assembly weight of those components up to 50%.

Customized to fit your needs



For reduction of hotspots on face plate to heat spreading and shielding of electronic components.

eGraf® SpreaderShield™ material can be used in a variety of configurations for cell phones.

eGraf® SpreaderShield™ and eGraf® Fredda™ materials are already being used in ultra low/low voltage notebook computers, ruggedized computers, PDPs, LCDs, LEDs, audio amplifiers, avionics, consumer electronics, PDAs, smart cell phones, medical devices and much more.



**R&D 100
Award
Winner**

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ADVANCED ENERGY TECHNOLOGY INC.

A GrafTech International Ltd. company

www.graftech.com

eGRAF® www.egraf.com

GrafTech's latest innovation will fuel
a brighter future.

Why Ohio?

FOR OVER 100 YEARS, GrafTech International Ltd. has been the innovation leader in a wide range of graphite and carbon-based products. In fact, the company has won the prestigious R&D 100 Award the last three years for successfully commercializing technologically significant new products. Its latest effort is having a dramatic impact on advanced fuel cell technology. GRAFCELL® expanded natural graphite is now utilized in 85 percent of all fuel cell vehicles on the road. The product's rapid success has been aided by \$2.4 million in Ohio Third Frontier Action Fund Grants, part of a comprehensive state funding plan that shares the risk in launching new products.

Ohio is an ideal location for innovative technology companies like GrafTech, offering an impressive balance of profitable business advantages combined with an uncompromising personal lifestyle. While the state is a center for leading-edge technology,

"Our partnership with Ohio gives us a competitive edge in developing and commercializing new products. We are excited about bringing our company's technology, global business and financial leadership together in Ohio."

— Craig S. Shular, Chief Executive Officer & President
GrafTech International Ltd.

research and development, with excellent transportation and a skilled workforce, its diverse culture, outstanding schools and affordable housing make Ohio an attractive place to live, too. In fact, GrafTech is currently moving its corporate headquarters to Ohio.

What's more, Ohio voters recently approved \$2 billion in funding that will benefit new business in the state. Combine that with Ohio's newly reformed, business-friendly tax laws and locating in Ohio is more attractive than ever. Visit us at OhioMeansBusiness.com. Or call us and see how quickly innovative ideas become a commercial success in Ohio.

Bring
Your
Business.
Enrich
Your
Life.



OHIO'S BUSINESS PARTNERSHIP IS MORE THAN LIP SERVICE. HERE'S PROOF.

Reward innovation.

Offering over \$1 billion in grants for technology, research and development.

Create job-ready sites.

Investing \$150 million for pre-run utilities on building sites.

Maintain world-class infrastructure.

Committing \$1.35 billion to transportation and utility improvements.

Reduce tax rates.

No business tax on product sold to customers outside Ohio.

Start new enterprises.

First \$1 million in gross receipts are tax-free.

Enhance ROI.

No property tax on investments in machinery and equipment.

Attract talent.

Shrink labor costs. 21% lower personal income tax.

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THE POWER OF INNOVATION



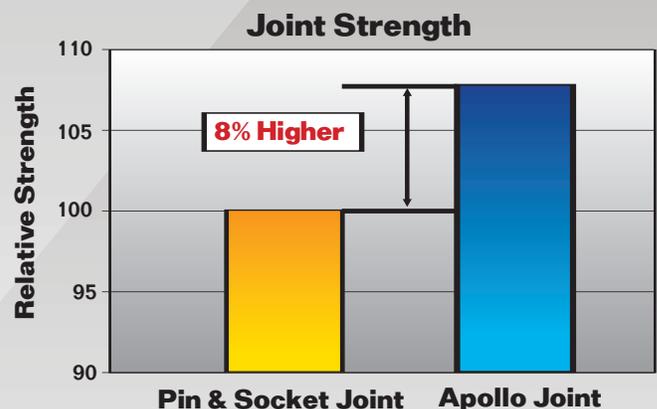
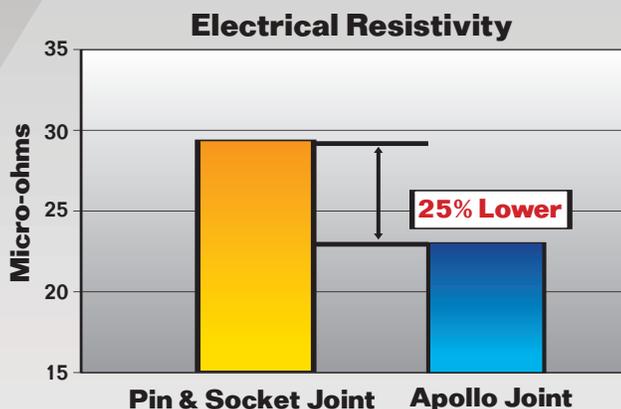
IMPROVING STEEL PRODUCTIVITY



Revolutionary patented electrode designed to provide you with productivity gains by:

- Smoother Operation
- Less Stoppages
- Less Stub Losses
- Higher Currents

Apollo Pin-less joint is 25% lower in electrical resistance and 8% stronger in the joint!



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