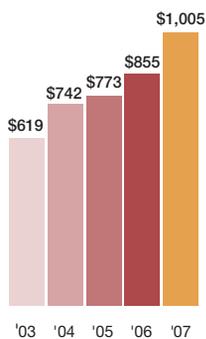






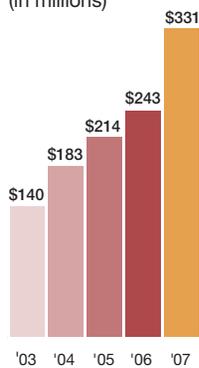
Net Sales

(in millions)



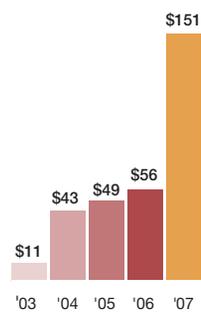
Gross Profit

(in millions)



Income from Continuing Operations⁽¹⁾

(before special items, in millions)



FINANCIAL HIGHLIGHTS

INCOME STATEMENT DATA

(In millions, except per-share data)

	2003	2004	2005	2006	2007
Net sales	\$ 619	\$ 742	\$ 773	\$ 855	\$ 1,005
Gross profit	\$ 140	\$ 183	\$ 214	\$ 243	\$ 331
Operating profit before special items ⁽¹⁾	\$ 59	\$ 102	\$ 121	\$ 131	\$ 237
Interest expense	\$ 36	\$ 32	\$ 44	\$ 47	\$ 36
Income from continuing operations before special items ⁽¹⁾	\$ 11	\$ 43	\$ 49	\$ 56	\$ 151
Diluted income per share before special items ^{(1) (2)}	\$ 0.17	\$ 0.42	\$ 0.47	\$ 0.55	\$ 1.35
Weighted average shares outstanding (diluted) ⁽²⁾	68	111	112	112	116

FINANCIAL RATIOS

Gross margin	22.6%	24.7%	27.7%	28.4%	32.9%
Operating profit ⁽¹⁾ margin	9.5%	13.7%	15.7%	15.3%	23.6%



Craig S. Shular

Chairman, Chief Executive Officer and President

DEAR FELLOW SHAREHOLDERS:

In 2007, our team delivered record results in sales and profits, enabling our market capitalization to grow from \$0.7 billion to more than \$1.7 billion. These results reflect our continued commitment to serve our customers by offering the premier solutions in our industry, commercializing new technologies, leveraging our low-cost global manufacturing network, building competitive advantages, and maximizing cash flow.

OVERVIEW OF 2007 RESULTS

GrafTech's revenues increased 18 percent to more than \$1 billion in 2007. We achieved these record sales while reducing selling and administrative expenses by 11 percent, an accomplishment made possible by our relentless drive to trim costs and improve efficiencies. Operating profit before special items⁽¹⁾ increased more than \$100 million to \$237 million. Return on sales⁽¹⁾ grew from 6.5 percent in 2006 to 15.0 percent in 2007. In addition, our team generated more than \$130 million in cash flow from operations, nearly a \$70 million improvement over the prior year, enabling us to complete the year with the lowest net debt in our history as a public company. During 2007, our share price increased approximately 155 percent, and we were one of the top gainers on the New York Stock Exchange.

GrafTech made substantial progress in 2007 against its stated goal of reducing debt. During the year, we reduced the amount of outstanding Senior Notes, our most expensive debt, by more than half to \$200 million. We ended the year with net debt⁽³⁾ of \$370 million, representing a \$139 million year-over-year improvement, and our best balance sheet in more than a decade. The major ratings agencies, Standard & Poor's and Moody's, have both recognized our progress on this front and placed the Company on positive outlook. The improvements to our balance sheet position us well to grow our Company and maximize shareholder value.

KEY INVESTMENT CONSIDERATIONS

LEADING MARKET POSITION

- Major player in worldwide graphite electrode markets
- Five graphite electrode manufacturing facilities on four continents with customers in 80 countries
- Premier global technical service team in the industry

SUSTAINABLE COMPETITIVE ADVANTAGES

- Advantaged global manufacturing network
- Economies of scale
- 120 years of R&D experience and process know-how

STRONG INDUSTRY FUNDAMENTALS

- Demand for our products is increasing, with solid growth in the steel industry
- GrafTech's end markets include mini-mills, the long-term growth sector of the steel industry
- No commercially viable substitute for graphite electrodes
- Graphite electrodes are consumable at a rate of one electrode every 8 to 10 hours

COMMERCIALIZING

ADVANTAGED TECHNOLOGIES

- Five consecutive R&D 100 awards for new products with demonstrable technological significance and innovation
- Expertise in fuel cell development and commercialization recognized with a U.S. Department of Energy grant
- Nearly 800 patents and patent-pending applications

STRENGTHENING CASH FLOWS

- Operating cash flow more than doubled to \$131 million
- Net debt⁽³⁾ improved \$139 million to \$370 million in 2007

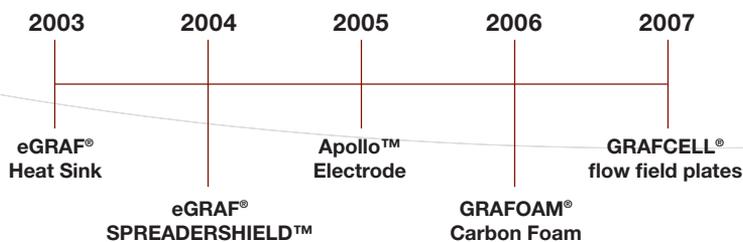
SEGMENT PERFORMANCE

Graphite Electrode segment sales increased 21 percent while operating income nearly doubled to \$210 million. Better price realization, successful productivity initiatives and solid demand contributed to these increases. Continuous improvements to our graphite electrode production network allow us to provide world-class solutions to our growing global steel customers. Clearly, the investments we have made in the quality and performance of our electrode product portfolio are paying off.

Our Advanced Graphite Materials segment is beginning to gain traction, with sales increasing more than 10 percent in 2007. We undertook several initiatives to improve the quality of this business, including better aligning our pricing strategy with the strength of our value proposition and improving the solutions we offer to our customers. These initiatives enabled this segment's operating income to increase 72 percent to \$20 million. Advanced Graphite Materials is well positioned to serve end-market applications that offer attractive growth opportunities, including solar, oil exploration, aerospace and nuclear.

GrafTech is leveraging its strong core competency in graphite material science to propel the commercialization of innovative customer solutions into fast-growing markets. Our electronic thermal management (ETM) products continue to penetrate the electronics world and are recognized as a key technology that enables razor-thin 3G cell phones, envelope-sized laptop computers, and super-slim plasma, liquid crystal (LCD) and OLED flat panel displays.

R&D AWARDS



HONORED FOR INNOVATION

GrafTech's leadership in fuel cell development was recognized with a visit by President George W. Bush to our Parma, Ohio, site in July 2007. We were honored to host the President of the United States and proud to demonstrate our fuel cell technology as a significant opportunity for an emissions-free energy source. In addition, *R&D Magazine* recognized our fuel cell product, GRAFCELL® flow field plates, as one of the most technologically significant products introduced globally over the last year. This award marks the fifth consecutive year that GrafTech was awarded the prestigious R&D 100 Award for product innovation.

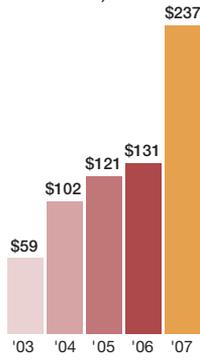


President Bush commends Marvin G. Mosby on his efforts in fuel cell development.

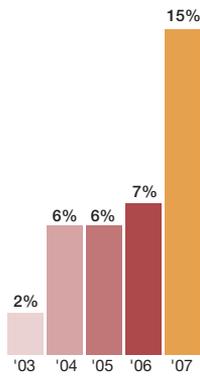


GrafTech team wins fifth consecutive R&D 100 Award for GRAFCELL® flow field plates for fuel cells.

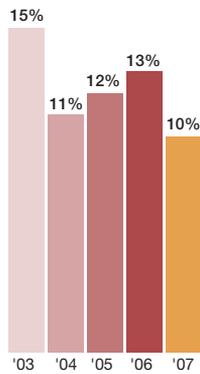
Operating Profit⁽¹⁾
(before special items,
in millions)



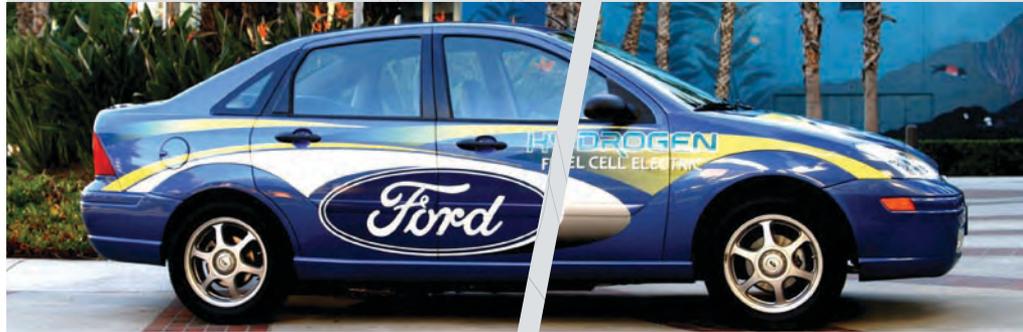
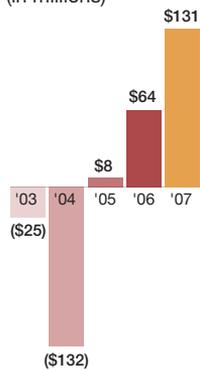
Return on Sales
(income from continuing
operations before special
items⁽¹⁾/net sales)



**Operating Expenses
as a Percent of Sales**



**Operating
Cash Flow**
(in millions)



GrafTech was recognized as a leader in fuel cell development and commercialization.



OUTLOOK

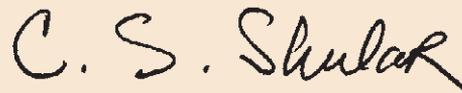
GrafTech remains well positioned to grow. In February 2008, we retired an additional \$125 million of our most expensive debt, our 10.25 percent Senior Notes, leaving just \$75 million remaining from the total \$550 million issued.

We are encouraged by the underlying demand for our products and expect another solid year in 2008. The structural improvements we have made to our Company should result in solid cash flow growth. Our team will strive to create solutions to benefit our global customers as part of our unrelenting drive for continuous improvement.

The results we achieved in 2007 would not have been possible without the continuing support and hard work of our entire global team. We thank them and their families for their dedication and commitment. Their ability to seize challenges, embrace change and their passion for continuous improvement are key drivers in our success.

We also appreciate the continued support and counsel of our Board. In particular, we thank Gene Cartledge and John Hall, who will retire from our Board at our Annual Meeting in May. Both of these gentlemen have been instrumental in GrafTech's success, and it is with sincere gratitude that we thank them for more than 10 years each of service and for their leadership and guidance.

Lastly, we thank our customers, suppliers and you, our shareholders, for your continuing support.



Craig S. Shular
Chairman, Chief Executive Officer and President
March 31, 2008



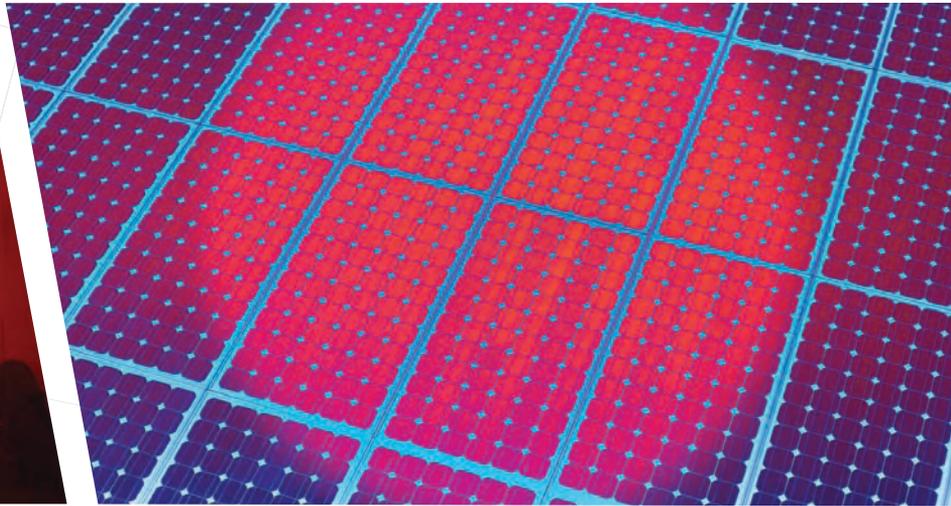
GrafTech-sponsored FIRST robotics team of Cleveland's East Technical High School.

RECONCILIATION OF NON-GAAP MEASURES

(1) 2007 numbers exclude \$2 million in income tax valuation allowance release, \$3 million in pension settlement charge and \$6 million in special charges related to restructuring, antitrust investigations and related lawsuits and claims, impairment loss on long-lived assets and other (income) expense, net, net of tax. 2006 numbers exclude \$14 million of special charges related to restructuring, antitrust investigations and related lawsuits and claims, impairment loss on long-lived assets and other (income) expense, net, net of tax. 2005 numbers exclude a \$149 million special non-cash tax charge and \$21 million of special charges related to restructuring, antitrust investigations and related lawsuits and claims, impairment loss on long-lived assets and other (income) expense, net, net of tax. 2004 numbers exclude a \$28 million special non-cash tax charge and \$3 million interest benefit, net, from accelerated amortization of gains on interest rate swaps, net of tax. 2003 numbers exclude \$41 million of special charges related to restructuring, antitrust investigations and related lawsuits and claims, impairment loss on long-lived assets and other (income) expense, net, net of tax, a \$1 million gain on composite tooling discontinued operations; and \$4 million interest benefit, net from accelerated amortization of gains on interest rate swaps, net of tax.

(2) Diluted income per share before special items and weighted average shares outstanding (diluted) includes 13.6 million shares underlying our contingently convertible debentures and excludes approximately \$5 million (before and after tax) in 2007 and 2006, \$5 million (\$3 million after tax) in 2005 and 2004 in contingently convertible debenture interest expense.

(3) 2007 numbers include \$427 million of total debt less \$2 million of fair value adjustments for hedge instruments and \$55 million of cash and cash equivalents.



OUR GRAPHITE AND CARBON SOLUTIONS OVERVIEW

GRAPHITE ELECTRODES

Graphite electrodes are key components in the conductive power systems used in the production of steel in electric arc furnaces. The electrodes conduct electric current to generate a 10,000-degree Centigrade arc, which produces enough heat to melt scrap metal and other raw materials. The electrodes are consumed in this process, and currently there is no commercially viable substitute for graphite electrodes in electric arc furnaces. Our customer technical service team is unmatched in the industry. Graphite electrodes are also used to refine steel in ladle furnaces and in other smelting processes.

End-market Use: Production of steel and non-ferrous metals

NATURAL GRAPHITE AND CARBON MATERIALS

We manufacture natural graphite products, consisting of thermal management products, fuel cell materials and fluid sealing products. Our flexible graphite solutions have been successful in penetrating fast-growing markets such as electronics, fuel cell power systems, and chemical and petrochemical markets. We also manufacture carbon, semi-graphitic and graphite refractory blocks, which are used primarily for their high thermal conductivity in blast furnace and submerged arc furnace applications.

End-market Use: Electronics, fuel cell power generation, transportation, ferro-alloys and iron industries

ADVANCED GRAPHITE MATERIALS

Advanced graphite materials are highly engineered synthetic graphite products used in many industrial areas due to their unique properties and the ability to tailor them to specific solutions. Applications are often in very high-temperature and other challenging environments. Advanced graphite materials are processed using various technologies to create and differentiate these specialty products. These include forming technologies and providing high-value services such as specialty surface treatments, purification and custom machining.

End-market Use: Solar energy, transportation, oil exploration, aerospace and nuclear industries



GrafTech International Ltd. is a global leader in graphite material solutions with more than 120 years of experience in the carbon and graphite industry.

GRAFTECH

International

2007 Form 10-K



CORPORATE AND INVESTOR INFORMATION

BOARD OF DIRECTORS

Craig S. Shular
Chairman, Chief Executive Officer &
President

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

Mary B. Cranston
Presiding Director; 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

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 February 5, 2008, there were
102,671,906 shares of common
stock outstanding, 117 stockholders
of record and approximately 19,555
beneficial owners.

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 20, 2008, 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 2007 include this annual report.
Inquiries should be directed to Investor
Relations at our Corporate Headquarters.

TRANSFER AGENT

Computershare Investor Services LLC
312-588-4990
www.computershare.com

TRUSTEE OF CONVERTIBLE SENIOR DEBENTURES & SENIOR NOTES

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

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers, LLP

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 that
accompanies this annual report also apply to
and are incorporated in this annual report.

COMMON STOCK PRICE

Date	Closing Price	Market Cap (in millions)
December 30, 2005	\$ 6.22	\$ 609
December 29, 2006	\$ 6.92	\$ 681
December 31, 2007	\$ 17.75	\$ 1,783



GrafTech International Ltd.

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Parma, OH 44130

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