

2642030

M J R N E L -  
O'Neill

PASSED FOR FILING

SSAB TUNNPLÅT AB

and

EUROPEAN ELECTRICAL STEELS LIMITED

SHARE EXCHANGE AGREEMENT

in respect of

SURAHAMMARS BRUKS AB



Svedberg & Co.  
3 Pond Place  
London SW3 6QR

18/12/91

THIS AGREEMENT is made the 2<sup>nd</sup> day of October 1991

B E T W E E N :

(1) SSAB TUNNPLÅT AB (the "Vendor") a company incorporated in the Kingdom of Sweden under number 556313-7941 the principal place of business of which is situated at S-781 84 Borlänge Sweden  
and

(2) EUROPEAN ELECTRICAL STEELS LIMITED (the "Purchaser") a company registered in Wales under number 2642030 the registered office of which is at Corporation Road Newport Gwent NP9 0XT

W H E R E A S

The Purchaser wishes to acquire the entire issued share capital of Surahammars Bruks AB from the Vendor on the terms of this Agreement.

NOW IT IS HEREBY AGREED as follows:

1. INTERPRETATION

(A) Definitions

In this Agreement where the context admits:

- (1) the "Company" means Surahammars Bruks AB a company incorporated in Sweden under number 556050-1206;
- (2) "Completion" means completion of the sale and purchase of the Sale Shares;
- (3) "Consideration Shares" means ordinary shares of 25p each in the Purchaser credited as fully paid at a premium of £106,666.4175 per share;
- (4) the "Directors" means the persons named in Part I of the first schedule and the "Continuing Directors" means the persons named in Part II of that schedule;
- (5) the "Properties" means the properties particulars of which are set out in the list annexed hereto;

- (6) the "Sale Shares" means the shares to be transferred and received pursuant to clause 2;
- (7) the "Subsidiaries" means the companies listed in Part II of the second schedule;
- (8) the "Vendor's Group" means the Vendor its immediate holding company and each of the direct and indirect subsidiaries of its immediate holding company other than the Company and the Subsidiaries;
- (9) the "Warranties" means the warranties and representations set out in paragraph 2 of the third schedule, in paragraph 2 of the fourth schedule and in paragraph 2 of the sixth schedule; and
- (10) "Exclusions" means exclusions to such Warranties listed in the foregoing paragraphs of such schedules.

(B) Construction of Certain References

In this Agreement where the context admits:

- (1) where any statement is qualified by the expression "so far as the Vendor is aware" or "to the best of the Vendor's knowledge and belief" or any similar expression, that statement shall be deemed to include an additional statement that it has been made after due and careful enquiry;
- (2) references to clauses and schedules are references to clauses hereof and schedules hereto, references to sub-clauses or paragraphs are, unless otherwise stated, references to sub-clauses of the clause or paragraphs of the schedules in this Agreement; and
- (3) references to any document being in agreed terms are to that document in the form signed on behalf of the parties hereto for identification.

(C) Headings

The headings and sub-headings are inserted for convenience only and shall not affect the construction of this Agreement.

(D) Schedules

Each of the schedules shall have effect as if set out herein.

2. TRANSFER OF SHARES

(A) Transfer and Receipt

Subject to the terms of this Agreement the Vendor shall transfer and the Purchaser shall receive, free from all liens, charges, equities and encumbrances and together with all rights now or hereafter attaching thereto the entire issued share capital of the Company comprising 600,000 ordinary shares of SEK 100 each fully paid.

(B) Simultaneous Completion

The Purchaser shall not be obliged to complete the transfer of any of the Sale Shares unless the transfer of all the Sale Shares is completed simultaneously.

3. CONSIDERATION

(A) Consideration Shares

The total consideration for the Sale Shares shall be the allotment to the Vendor of 100 Consideration Shares at an aggregate premium of £10,666,641.75.

(B) Dividends etc.

The Consideration Shares shall rank pari passu and as a single class with the existing issued ordinary shares of 25p each in the Purchaser and shall carry the right to receive in full all dividends and other distributions declared, made or paid in respect of any period commencing after the Commencement Date as hereinafter defined.

4. CONDITIONS AND COMPLETION

(A) Conditions

Completion is conditional upon:

- (1) a shareholders' agreement of even date herewith between the Vendor and British Steel plc relating to an incorporated joint venture between them in the field of electrical steels (the "Shareholders' Agreement") being entered into and becoming unconditional and in the event that the above condition is not satisfied on or before 1st April 1992 (or such later date as shall be agreed between the parties thereto) this Agreement shall lapse and no party shall make any claim against any other in respect hereof; and
- (2) an agreement between the Company and SSAB Finspong AB relating to a steckel hot rolling mill (the "Steckel Mill Agreement") being entered into.

(3) Date of Completion

Subject to the provisions of this clause, Completion shall take place on the Commencement Date as defined in the Shareholders' Agreement.

(C) Vendor's Obligations

On Completion the Vendor shall deliver to the Purchaser's nominee outside the United Kingdom

- (1) transfers (avr kningsnota) of the Sale Shares together with the relevant share certificates duly endorsed by the registered holders thereof in favour of the Purchaser; and
- (2) such waivers or consents as the Purchaser may require to enable the Purchaser or its nominees to be registered as holders of the Sale Shares.

(D) Purchaser's Obligations

On Completion the Purchaser shall satisfy the consideration for the Sale Shares as provided by clause 3 and comply with the provisions of paragraph 2 of the seventh schedule.

(E) Failure to Complete

If in any respect the preceding provisions of this clause other than sub-

clause (A) (1) are not complied with on the date for Completion set by sub-clause (B) the party not in default may proceed to Completion so far as practicable (without prejudice to its rights hereunder).

5. PURCHASER'S RIGHT OF ACCESS

From the date hereof the Purchaser and its accountants and agents shall be allowed access to all the premises and books of account of the Company and the Subsidiaries.

6. WARRANTIES

(A) Purchaser's Knowledge

The Warranties are given subject to matters disclosed as Exclusions in respect thereof, but no other information relating to the Company or the Subsidiaries of which the Purchaser has knowledge (actual or constructive) shall prejudice any claim made by the Purchaser under the Warranties or operate to reduce any amount recoverable.

(B) Warranties to be Independent

Each of the Warranties shall be separate and independent and, save as expressly provided, shall not be limited by reference to any other Warranty or anything in this Agreement.

(C) Damages

In the event that any of the Warranties is broken or proves to be untrue or misleading, the Vendor shall, on demand, pay to the Purchaser damages in respect of such breach and all costs and expenses incurred by the Purchaser, the Company or the Subsidiaries, directly as a result of such breach provided always that the Vendor shall not be liable for any consequential or indirect financial or economic loss or damages whatsoever and howsoever arising.

(D) Payments by Vendor

Any payment made by the Vendor pursuant to this clause shall be treated by the Vendor and the Purchaser as a reduction pro tanto of the consideration for the Sale Shares.

(E) Pending Completion

The Vendor shall procure that (save only as may be necessary to give effect to this Agreement) neither the Vendor nor the Company nor any of the Subsidiaries shall do, allow or procure any act or omission before Completion which would constitute a breach of any of the Warranties if they were given at any and all times from the date hereof down to Completion or which would make any of the Warranties inaccurate or misleading if they were so given. In particular without prejudice to the generality of the foregoing, the Vendor shall procure that paragraph 2 (15) of the third schedule shall be complied with at all times from the date hereof down to Completion.

(F) Further Disclosure by Vendor

The Vendor shall forthwith disclose in writing to the Purchaser any matter or thing which may arise or become known to the Vendor after the date hereof and before Completion which is inconsistent with any of the Warranties or which might make any of them inaccurate or misleading if they were given at any and all times from the date hereof down to Completion or which is material to be known to a purchaser for value of the Sale Shares.

7. DIRECTORS AND CONTRACT OF EMPLOYMENT

(A) Resignation of Directors

The Vendor shall procure letters of resignation in the agreed forms from those persons listed in Part I of the first schedule who are not also listed in Part II of that schedule.

(B) Amendment of Contract of Employment

In addition to its obligation under paragraph (A), in respect of Torbjörn Henningson the Vendor shall prior to Completion procure a change in the terms of his contract of employment with the Company so that his employment may be terminated by the giving of six months' notice at any time and the Vendor shall be liable for all costs, claims and expenses in relation to such change.

8. PROVISIONS RELATING TO THIS AGREEMENT

(A) Assignment

This Agreement shall be binding upon and enure for the benefit of the successors of the parties but shall not be assignable, save that the Purchaser may assign the benefit of the Warranties to any transferee of the share capital of the Company or any of the Subsidiaries.

(B) Whole Agreement

This Agreement (together with any documents referred to herein) constitutes the whole agreement between the parties hereto relating to its subject matter and no variations hereof shall be effective unless made in writing.

(C) Agreement Survives Completion

The Warranties and all other provisions of this Agreement, in so far as the same shall not have been performed at Completion, shall remain in full force and effect notwithstanding Completion.

(D) Waiver

Completion shall not constitute a waiver by the Purchaser of any breach of any provision of this Agreement whether or not known to the Purchaser at the date of Completion.

(E) Further Assurance

At any time after the date hereof the Vendor shall, at the request and cost of the Purchaser, execute such documents and do such acts and things as the Purchaser may reasonably require for the purpose of vesting the Sale Shares in the Purchaser or its nominees and giving to the Purchaser the full benefit of all the provisions of this Agreement.

(F) Invalidity

If any provision of this Agreement shall be held to be illegal or unenforceable, the enforceability of the remainder of this Agreement shall not be affected.



(G) Notices

Notices, demands or other communications required or permitted to be given or made hereunder shall be in writing and delivered personally or sent by prepaid first class post with recorded delivery or by telex or legible telefax addressed in the case of the Purchaser to its Secretary and in the case of the Vendor to its Managing Director at their respective addresses set out in this Agreement or to such other address or telex or telefax number as any party may from time to time duly notify to the other. Any such notice, demand or communication shall, unless the contrary is proved, be deemed to have been duly served (if given or made by telefax or telex) on the next following business day in the place of receipt or (if given or made by first class letter) at 10.00 a.m. on the fifth business day after posting and in proving the same it shall be sufficient to show, in the case of a letter, that the envelope containing the same was duly addressed, correctly stamped and posted and, in the case of a telex or telefax, that such telex or telefax was duly despatched to a current telex or telefax number of the addressee.

(H) Restrictive Trade Practices Act

Any restriction contained in this Agreement or in any arrangement of which this Agreement forms part by virtue of which this Agreement or such arrangement is subject to registration under the United Kingdom Restrictive Trade Practices Act 1976 shall only come into effect on the day following the day on which particulars of this Agreement or of any such arrangements have been furnished to the United Kingdom Office of Fair Trading (or on such later date as may be provided for in relation to any such restriction) and the parties agree to furnish such particulars within three months of the date of this Agreement.

(I) Swedish Law

This Agreement shall be governed by, and construed in all respects in accordance with, Swedish law.

(J) Arbitration

All disputes between the parties as to any matter arising out of or in connection with this Agreement shall be referred to arbitration in Brussels of one or more arbitrators appointed in accordance with the Rules of Conciliation and Arbitration of the International Chamber of Commerce. The arbitration proceedings shall be conducted in the English language.

A S W I T N E S S the hands of duly authorised representatives of the parties the day and year first before written.

FIRST SCHEDULE

DIRECTORS

Part I - Directors

Name of Director	Company/ies of which he is a director
Åke Sander (chairman)	)
Herbert Söderberg	)
Sonny Lindquist	)
Torbjörn Henningson (managing director)	) Surahammars Bruks AB
Sture Långström	)
(ordinary)	)
Kurt Zettergren	)
(ordinary)	) (employee representatives)
Åke Gustafsson	)
(alternate)	)
Alf Busch	)
(alternate)	)
Torbjörn Henningson (chairman)	)
Alexandre C de Lery	) Cor-Mag Inc.
Torbjörn Henningson (chairman)	)
Anthony Recchia (and secretary)	)
Magnus Waller (president)	) NorMag, Inc.

# Part II - Continuing Directors

Name of Director	Company/ies of which he is a director	
Sture Långström ) (ordinary) )	)	Surahammars Bruks AB
Kurt Zettergren ) (ordinary) )	)	
(employee representatives) )	)	
Åke Gustafsson ) (alternate) )	)	
Alf Busch ) (alternate) )	)	
Magnus Waller (president)		

## SECOND SCHEDULE

### COMPANY AND SUBSIDIARIES

#### Part I - The Company

Name and Number of Company	Authorized Capital	Issued Capital	Held and Beneficially owned by
Surahammars Bruks AB No: 556050-1206	2.4 million shares of SEK 100 each	600,000 shares of SEK 100 each	SSAB Tunnplåt AB

#### Part II - The Subsidiaries

Name of Subsidiary	Authorized Capital	Issued Capital	Held and Beneficially owned by
Cor-Mag Inc.	Unlimited number of common shares	3,000 common shares of CS 100 each	Surahammars Bruks AB
NorMag, Inc. ("NorMag")	1,000 shares of US\$ 1 par value	1,000 shares of US\$ 1 par value	Surahammars Bruks AB

### THIRD SCHEDULE

#### WARRANTIES AND REPRESENTATIONS

##### 1. INTERPRETATION

In this schedule:

(A) where the context admits:

(1) "Agreed Equity" means shareholders' consolidated equity comprised of

(a) registered share capital of 600,000 ordinary shares of SEK 100 each fully paid up;

(b) consolidated untaxed reserves in an amount being the Swedish kronor equivalent at the Exchange Rate of £2,640,000 adjusted by an amount (the "Amount") being five (5) times the difference between the sterling equivalent at the Exchange Rate of the Shareholder Loan and one quarter (1/4) of the sum of £16,000,000 and the sterling equivalent at the Exchange Rate of the Shareholder Loan so that if such one quarter amount is less than the sterling equivalent of the Shareholder Loan, the amount of the consolidated untaxed reserves portion of the Agreed Equity as computed before the adjustment shall be increased by the Amount translated into Swedish kronor at the Exchange Rate and so that if such one quarter amount is more than the sterling equivalent of the Shareholder Loan, the amount of the consolidated untaxed reserves portion of the Agreed Equity as computed before the adjustment shall be reduced by the Amount translated into Swedish kronor at the Exchange Rate; and

- (c) consolidated taxed reserves and consolidated profit carried forward or consolidated loss carried forward as may be required to bring the sum of (a), (b) and (c) of this definition to the Swedish kronor equivalent of £10,666,666.75 translated into Swedish kronor at the Exchange Rate;
- (2) the "Audited Accounts" means the audited consolidated balance sheet of the Company and the Subsidiaries made up as at the Balance Sheet Date and the audited consolidated profit and loss account of the Company and the Subsidiaries for the year ended on the Balance Sheet Date, true copies of which are annexed hereto, including the notes thereto;
- (3) the "Balance Sheet Date" means 31st December 1990;
- (4) "Completion Accounts" means the audited consolidated accounts of the Company made up in accordance with the provisions of the fifth schedule;
- (5) "encumbrance" includes any interest or equity of any person (including, without prejudice to the generality of the foregoing, any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement;
- (6) "Exchange Rate" means the number of Swedish kronor to a pound sterling at the middle market rate of exchange between such currencies reported in the Financial Times as the rate at the close of business on the business day immediately preceding Completion;
- (7) "Intellectual Property" means patents, trade marks, service marks, rights (whether registered or unregistered) in any designs, applications for any of the foregoing, trade or

business names and copyright;

- (8) "Intellectual Property Agreements" means agreements or arrangements relating (wholly or partly) to Intellectual Property or to the disclosure, use, assignment or patenting of any inventions, discovery, improvements, processes, formulae or other know how;
- (9) "Listed Intellectual Property" means the Intellectual Property listed in the list annexed hereto;
- (10) "Listed Intellectual Property Agreements" means the Intellectual Property Agreements listed in the list annexed hereto; and
- (11) "Shareholder Loan" means a loan provided to the Company by the Vendor in an amount equal to the difference between SEK 173,600,000 and the Agreed Equity.

(B) unless otherwise stated references to the "Company" include each of the Subsidiaries.

(C) the Warranties shall be read, where appropriate, to exclude:

(1) any:

- (a) information and matters apparent from the deeds and other documents copies of which have been made available to British Steel plc and/or its advisers for the purpose of its investigation of title to the Properties;
- (b) information and matters relating to the Properties which have been disclosed to British Steel plc and/or its advisers in correspondence;
- (c) information disclosed in replies to the enquiries and requisitions of British Steel plc and/or its advisers in connection with its investigation of title to the Properties;

(d) matters which would be disclosed by searches at any applicable local, federal or national register relating to property, interests therein or interests relating thereto; and

(e) physical matters which would have been disclosed as a result of an inspection of the Properties;

(2) any matters appearing on the file at any companies registry in any relevant jurisdiction in respect of the Company as at the date hereof or in the statutory books of the Company or their equivalent;

(3) any matters which would be disclosed as a result of an inspection of the plant, books of account and records of the Company;

(4) any matters on public record at any patent registry, trade mark registry or registered design registry anywhere in the world; and

(5) any matters which are in the public domain.

## 2. WARRANTIES AND REPRESENTATIONS

The Vendor hereby warrants and represents to and for the benefit of the Purchaser in the following terms.

### THE COMPANY AND THE VENDOR

#### (1) Capacity

The Vendor has full power to enter into and perform this Agreement and this Agreement constitutes binding obligations on the Vendor in accordance with its terms.

#### (2) Liabilities Owed to or by Vendor

There is not outstanding any indebtedness or other liability (actual or contingent but not including trade debts incurred in the ordinary course of business) owing by the Company to any member of the Vendor's Group or any Director or any person connected with any of them, nor is there any

such indebtedness owing to the Company by any such person, and no promise or representation has been made to the Vendor in connection with the Warranties in respect of which the Company might be liable.

Exclusion:

The Shareholder Loan

(3) Vendor's Other Interests

The Vendor has no interest, direct or indirect, in any business other than that now carried on by the Company which is or is likely to be or become competitive with the business of the Company.

THE COMPANY'S CONSTITUTION

(4) Share Capital

Parts I and II of the second schedule contain true particulars of the authorised and issued share capital of the Company, all the shares there shown as issued are in issue fully paid and are beneficially owned and registered as set out therein free from any encumbrance.

(5) Articles of Association

The copies of the certificates of incorporation and the articles of association or their equivalent in the relevant jurisdiction of the Company annexed hereto are true and complete and have embodied therein or annexed thereto copies of all resolutions or agreements required to be so embodied or annexed and the Company is duly organised and validly exists in good standing in its respective country of incorporation.

Exclusion:

Extraordinary Resolution taking out foreign investment control provisions.

(6) Options etc.

No person has the right (whether exercisable now or in the future and whether contingent or not) to call for the allotment, issue, sale or transfer of any share or loan capital of the Company under any option or other agreement (including conversion rights and rights of pre-emption).



## THE COMPANY AND THE LAW

### (7) Compliance with Laws

Save as specifically orally disclosed, as at the date hereof the Company is conducting its business in all material respects in accordance with all applicable laws and regulations of the Kingdom of Sweden and any relevant foreign country or political subdivision thereof and there is no order, decree or judgment of any Court or any governmental agency of the Kingdom of Sweden or any foreign country outstanding against the Company or which may have a material adverse effect upon the assets or business of the Company.

### (8) Licences etc.

All necessary licences, consents, permits and authorities (public and private) have been obtained by the Company to enable the Company to carry on its business effectively in the places and in the manner in which such business is now carried on and all such licences, consents, permits and authorities are valid and subsisting and the Vendor knows of no reason why any of them should be suspended, cancelled or revoked.

### Exclusion

Industrial waste water and air discharge permit for the NorMag facility located at Bishop Avenue in Bridgeport, Connecticut is in the process of being applied for, but has not yet been granted.

### (9) Litigation

The Company is not engaged in any litigation arbitration or governmental proceedings (involving taxation or otherwise) and so far as the Vendor is aware no litigation arbitration or governmental proceedings are pending or threatened by or against the Company and there are no facts likely to give rise to any litigation arbitration or governmental proceedings (involving taxation or otherwise) and the Company has not been a party to any undertaking or assurance given to any Court or governmental agency which is still in force and there is not currently outstanding against the

Company any judgment, decree, ruling or order of any court, governmental department, commission, agency, instrument or arbitrator.

(10) Insolvency

- (a) No order or filing has been made or petition presented or resolution passed for the winding up liquidation or bankruptcy of the Company, nor has any distress, execution or other process been levied against the Company or action taken to repossess goods in the Company's possession.
- (b) No steps have been taken for the appointment of an administrator or receiver of any part of the Company's property:
- (c) No *företagshypotek* or floating charge created by the Company has crystallised and, so far as the Vendor is aware, there are no circumstances likely to cause such a *företagshypotek* or floating charge to crystallise.
- (d) The Subsidiaries have not been a party to any transaction which could be avoided in a winding-up.
- (e) The Company has not made or proposed any arrangement or composition with its creditors or any class of its creditors.

(11) Bribes

So far as the Vendor is aware no officer, agent or employee of the Company has paid any bribe or used any of the Company's assets unlawfully to obtain an advantage for any person.

THE COMPANY'S ACCOUNTS AND RECORDS

(12) Books and Records

All accounts, books, ledgers, financial and other records of whatsoever kind material to this Agreement ("records") of the Company:

- (a) have been fully, properly and accurately maintained, are in the possession of the Company and contain true and accurate records

of all matters entered or required by law to be entered therein;  
(b) do not contain or reflect any material inaccuracies or discrepancies;

and no notice or allegation that any of the records is incorrect or should be rectified has been received. Where any of the records are kept on computer, the Company is either the owner of the hardware and production software or licensee of the accounting software in respect of NorMag or in the other cases is the owner of all hardware and all software licences necessary to enable it to use the records as they have been used in its business hitherto and does not share any hardware or software relating to the records with any person.

Exclusion:

All computer hardware is leased.

(13) Accounts Warranty

The Audited Accounts and the underlying accounts of the constituent parts have been prepared in accordance with the requirements of all relevant statutes and generally accepted accounting principles of the relevant country and show a true and fair view of the state of affairs of the Company at the Balance Sheet Date and the results of the Company for the period ended on the Balance Sheet Date and apply bases and policies of accounting which have been applied in a manner consistent with the Vendor Group's accounting principles annexed hereto. No upward re-valuation of the book value of any of the fixed assets of the Company has been made since the date of the Audited Accounts.

(14) Returns

The Company has complied with the provisions of the Swedish Companies Act (Aktiebolagslagen (1975:1385)) or other relevant foreign laws or regulations and all returns, particulars, resolutions and other documents required under any legislation to be delivered on behalf of the Company to any authority whatsoever have been properly made and delivered.

## THE COMPANY'S BUSINESS

### (15) Business Since the Balance Sheet Date

Since the Balance Sheet Date the Company has carried on its business in the ordinary and usual course and without entering into any transaction, assuming any liability or making any payment which is not in the ordinary course of its business and without any interruption or alteration in the nature, scope or manner of its business.

### (16) Commission

No one is entitled to receive from the Company any finder's fee, brokerage, or other commission in connection with the purchase of the Sale Shares.

### (17) Consequence of Share Acquisition by the Purchaser

The acquisition of the Sale Shares by the Purchaser or compliance with the terms of this Agreement:

- (a) will not cause the Company to lose the benefit of any right or privilege it presently enjoys or so far as the Vendor is aware, cause any person who normally does business with the Company not to continue to do so on the same basis as previously;
- (b) will not relieve any person of any obligation to the Company or enable any person to determine any such obligation or any right or benefit enjoyed by the Company or to exercise any right whether under an agreement with or otherwise in respect of the Company;
- (c) will not result in any present or future indebtedness of the Company becoming due or capable of being declared due and payable prior to its stated maturity;
- (d) will not give rise to or cause to become exercisable any right of pre-emption; and
- (e) will not result in a violation, contravention, breach or default of or under or require any notification of filing

under any statute, regulation, judgment, decree or law

Exclusions:

- (i) Notification of the transaction to the Investment Canada Agency within 30 days of completion.
- (ii) Permission being obtained from the Swedish government under the Acquisitions Control Law enacted under legislation number 1982:61 as amended.

and, to the best of the knowledge and belief of the Vendor, the Company's relationships with clients, customers, suppliers and employees will not be adversely affected thereby.

Exclusion:

PRI Pensions - pension guarantee

(18) Grants

There are no material grants received from any supranational, national state or local authority or government agents.

(19) Insurances

- (a) The insurances which are maintained by the Company afford the Company adequate cover against such risks as companies carrying on the same type of business as the Company commonly cover by insurance and in particular:

- (i) the assets of the Company are insured against fire in their full replacement value; and
- (ii) the Company is now, and has at all material times been, adequately covered against accident, damage, pollution, injury, third party loss (including product liability), loss of profits and other risks normally covered by insurance.

- (b) All the Company's insurances are in full force and effect, there are no circumstances which might lead to any liability under any of the Company's insurances being avoided by the

insurers or the premiums being increased, there are no special or unusual terms, restrictions or rates of premium, all premiums have been paid on time and there is no claim outstanding under any such insurance nor is the Vendor aware of any circumstances likely to give rise to a claim.

- (c) The Company maintains cover against the risks mentioned in the paragraph but it cannot definitively be said that such cover is "adequate" as this is subjective. For the avoidance of doubt the Purchaser deems the following deductibles to be acceptable for the purposes of this paragraph with regard to Swedish insurances:

Property and Business Interruption Cover:

- (i) fire perils - SEK 2 million deductible (any one occurrence)
- (ii) other occurrences - SEK 10 million deductible (any one occurrence)

Third Party/Product Liability:

SEK 500,000 deductible per occurrence

THE COMPANY'S ASSETS AND CAPITAL STRUCTURE

(20) Agreed Equity and Shareholder Loan

As of Completion the Company will have the Agreed Equity and the Shareholder Loan provided that it is recognised by the parties that as of Completion the Vendor's rights under such Shareholder Loan shall be assigned to the Purchaser in satisfaction of the obligation of the Vendor to make a loan amount available under a loan to the Purchaser in accordance with the provisions of clause 9 of the Shareholders' Agreement.

(21) Assets and Charges

- (a) Except for current assets disposed of by the Company in the ordinary course of its business, the Company will be the owner of and have good marketable title to all assets

included in the Completion Accounts and no such asset, nor any of the undertaking, goodwill or uncalled capital of the Company is or will be subject to any encumbrance or any agreement or commitment to give or create any encumbrance.

(b) No asset is shared by the Company with any other person and the Company does not depend for its business upon any assets, facilities or services owned or supplied by other members of the Vendor's Group.

(c) No charge in favour of the Company is void or voidable for want of registration.

(22) Debts

Any debts owed to the Company at Completion will realise their full face value (unless any provision shall have been made in the Completion Accounts in respect thereof) and be good and collectable in the ordinary course of business and no amount included in the Completion Accounts as owing to the Company at Completion shall have been released for an amount less than the value at which it will be included in the Completion Accounts or is now regarded by the Vendor as irrecoverable in whole or in part. The Company has not factored or discounted the debts owed to it or agreed to do so.

(23) Title Retention

The Company has not acquired or agreed to acquire any material asset on terms that property therein does not pass until full payment is made.

(24) Intellectual Property Rights

(a) The Company is the sole beneficial owner of the Listed Intellectual Property and (where such property is capable of registration) the registered proprietor thereof and owns no other intellectual property. Save as may appear from the Listed Intellectual Property Agreements no person has been authorised to make any use whatsoever of any Intellectual Property owned by the Company and the Company has not during

a period of twelve calendar months prior to the date hereof disclosed (except in the ordinary course of its business) any of its knowhow, trade secrets or list of customers to any other person other than as required by law.

- (b) All the Intellectual Property used by the Company is owned by it and it does not use any Intellectual Property in respect of which any third party has any right, title or interest.

Exclusion:

The Company is the licensee of technology from Kawasaki Steel Corporation on the terms of agreements listed in Annexure 4 hereto.

- (c) So far as the Vendor is aware, none of the processes or products of the Company infringes any right of any other person relating to Intellectual Property or involves the unlicensed use of confidential information disclosed to the Company by any person in circumstances which might entitle that person to a claim against the Company and none of the Listed Intellectual Property is being used, claimed, opposed or attacked by any person.
- (d) The Vendor is not aware of any infringement of the Listed Intellectual Property by any third party.
- (e) There are no outstanding claims against the Company for infringement of any Intellectual Property used (or which has been used) by it and no such claims have been settled during a period of twelve calendar months prior to the date hereof by the giving of any undertakings which remain in force.
- (f) All application and renewal fees, costs and charges relating to the Listed Intellectual Property have been duly paid on time.



- (g) The Listed Intellectual Property Agreements are all the Intellectual Property Agreements to which the Company is a party and each of them is valid and binding.

(25) Plant

The machinery and plant, including fixed plant and machinery, and all vehicles and office and other equipment used in connection with the business of the Company:

- (a) is, subject to fair wear and tear, in good repair and condition and in satisfactory working order and capable of doing the work for which it was designed or purchased;
- (b) is not surplus to the Company's requirements; and
- (c) is in the possession and control of, and is the absolute property free from any encumbrance of, the Company save for those items held under lease hire purchase or rental agreements the cost of which items when new in the aggregate did not exceed Swedish Kronor 10,000,000.

(26) Title to Properties

The particulars of the Properties shown in the list annexed hereto are true and correct and the owner shown therein has good and marketable title to and exclusive occupation of each Property which it is said to own free from any encumbrance, sub-lease, tenancy or right of occupation, reservation, easement, quasi-easement or privilege in favour of any third party and there are appurtenant to each Property all rights and easements necessary for its use and enjoyment and except as shown the Company has no other interest in land and does not occupy any other property.

Exclusions:

- (i) A land area of approximately 17.5 hectares is let to Lennart Karlsson, a local farmer;
- (ii) The so called former sewing factory is let to the local council of Suranammar; and

(11) Lots for garage buildings are let out to individual owners of such buildings.

(27) Matters Affecting Properties

(a) No Property or any part thereof is affected by any of the following matters or is to the knowledge of the Vendor likely to become so affected:

(i) any outstanding dispute, notice or complaint or any exception, reservation, right, covenant, restriction or condition which is of an unusual nature or which affects or might in the future affect the use of any of the Properties for the purpose for which it is now used or which affects or might in the future affect the value of the Properties; or

(ii) any notice, order, demand, requirement or proposal of which the owner has notice or of which the Vendor is aware made or issued by or on behalf of any government or statutory authority, department or body for acquisition, clearance, demolition or closing, the carrying out of any work upon any building, the modification of any planning permission, the discontinuance of any use or the imposition of any building or improvement line; or

(iii) any compensation received as a result of any refusal of any application for planning or zoning consent or the imposition of any restrictions in relation to any planning or zoning consent; or

(iv) any commutation or agreement for the commutation of rent or payment of rent in advance of the due dates of payment thereof.

(b) Each of the Properties is in a good and substantial state

of repair and condition and fit for the purposes for which it is presently used and no high alumina cement, woodwool, calcium chloride, sea-dredged aggregates or asbestos material was used in the construction thereof or of any of them and there are no development works, redevelopment works or fitting out works outstanding in respect of any of the Properties.

Exclusion:

Asbestos has been used in construction and insulation in various parts of the buildings.

- (c) All restrictions, conditions and covenants (including any imposed by or pursuant to any lease) affecting any of the Properties have been observed and performed and no notice of any breach of any of the same has been received or is to the Vendor's knowledge likely to be received.
- (d) The use of the Properties and all machinery and equipment therein and the conduct of any business therein complies in all material respects with all relevant statutes and regulations and all necessary licences and consents required hereunder have been obtained.
- (e) There are no restrictive covenants or provisions, legislation or orders, charges, restrictions, agreements, conditions or other matters which preclude the use of any of the Properties for the purposes for which the Properties are now used and each such user is in accordance with the requirements of the relevant local authorities.

(28) Properties Previously Owned

The Company has no existing or contingent liabilities in respect of any properties previously occupied by it or in which it owned or held any interest.

## ENVIRONMENTAL MATTERS

### 1: Environmental Matters

- a) The Company has obtained and is in material compliance with the terms and conditions of all Environmental Permits and is also in material compliance with all other conditions, limitations, obligations, prohibitions or requirements contained in any insurance or indemnity policy or under any Environmental Laws.
- (b) All Environmental Permits are in full force and effect and no works or other investment are or will be necessary to secure compliance with, or to maintain or obtain any Environmental Permits and so far as the Vendor is aware there are no facts or circumstances indicating that any Environmental Permits would or might be revoked, suspended, cancelled, varied or not renewed and:
  - (1) all appropriate or necessary action in connection with the renewal or extension of any Environmental Permits has been taken;
  - (2) neither the signature nor the performance of this Agreement will of itself cause any Environmental Permits to be withdrawn or modified; and
  - (3) none of the conditions to which any Environmental Permits is subject is personal to the Vendor.
- (c) Neither the operation of the business of the Company nor any building, plant, machinery, equipment, apparatus, instrument or other property or asset owned, occupied or used by the Company involves the treatment, storage or use of, or the release or discharge into the Environment or contains any dangerous, radioactive, toxic or hazardous substance or article prescribed or specified under any Environmental Laws

as being regulated, prohibited or restricted and no release, disposal or discharge of any such substance or article either exceeds or has exceeded any allowable or permissible quotas or limits prescribed or specified under any Environmental Laws or in any condition to any Environmental Permits or breaches or has breached the terms of any Environmental Laws or any Environmental Permits;

(d) Any land or property owned, occupied or used by the Company:

(i) does not (save for activities or operations allowed by law, regulations or environmental permits in force from time to time) have or contain any storage tanks or any dangerous, radioactive, toxic or hazardous substance or article or any waste or other pollutant or contaminant (whether above or below ground);

(ii) is not nor has it in the past been (save for activities or operations allowed by law, regulations or environmental permits in force from time to time) used for the deposit, storage, treatment or disposal of waste or sewage; and

(iii) is not referred to or listed in any register of polluted or contaminated land (or in relation to the subsidiaries, any register or list of sites requiring investigation or clean-up) kept pursuant to any Environmental Laws nor are there any facts or circumstances which would or might give rise to an entry in any such register.

(e) There is no civil, criminal or administrative action, claim, complaint, investigation or other proceedings or suit pending or threatened against the Company or so far as the Vendor is aware any liability (whether actual or contingent)

to make good, repair, reinstate or clean-up any land or property now or previously owned, occupied or used by the Company nor any act, omission, event or circumstance giving rise or likely to give rise in the future to any such action, claim, investigation, proceedings or suit or any such liability or any other liabilities under any Environmental Laws.

(f) For the purposes of the Warranties in paragraphs (a) to (e) above the following terms shall have the following meanings:

(i) "Environment" means any land, including without limitation surface land and sub-surface strata, seabed or river bed under any water as defined below and any natural or man-made structures; water, including without limitation coastal and inland waters, surface waters and ground waters and water in drains and sewers; and air, including without limitation air within buildings and other natural or man-made structures above or below ground;

(ii) "Environmental Laws" means all or any laws applicable at the date hereof (whether civil, criminal or administrative), common law, statute, statutory instrument, treaty, regulation, directive, decision, by-law, circular, code, order, notice, demand, decree, injunction, resolution or judgment or any government, quasi-government, supranational, federal, state or local government, statutory or regulatory body, court, agency or association, or any other person or body in any jurisdiction in which the Properties are situated with regard to the pollution or protection of the Environment or harm to or the protection of human

health or the health of animals or plants including without limitation laws relating to public and workers' health and safety, emissions, discharges or releases of chemicals or any other pollutants or contaminants, or industrial, radioactive, dangerous toxic or hazardous substances, or wastes (whether in solid or liquid form or in the form of a gas or vapour and including noise and genetically modified organisms) into the Environment or otherwise relating to the manufacture, processing, use, treatment, storage, distribution, disposal, transport or handling of such substances or wastes;

(11) "Environmental Permits" means all or any permits, licences, consents, approvals, certificates, qualifications, specifications, registrations and other authorisations, and the filing of all notifications, reports and assessments required under any Environmental Laws for the operation of the business or the occupation or use of any premises of the Company.

(9) Where the context permits the Warranties in this paragraph shall relate to a period commencing twelve calendar months prior to the date hereof.

#### THE COMPANY'S CONTRACTS

##### (10) Documents

All title deeds and agreements to which the Company is a party and other documents owned by or which ought to be in the possession of the Company are in the possession of the Company and are properly registered as required with third parties, are stamped and are free from any encumbrance.

(31) Material Contracts

The Company is not a party to or subject to any agreement, transaction, obligation, commitment, understanding, arrangement or liability which:

- (a) is known by the Vendor or by the Company to be likely to result in a loss to the Company on completion of performance; or

Exclusion:

Losses to the extent that provisions are made in the Completion Accounts.

- (b) cannot readily be fulfilled or performed by the Company on time and without undue or unusual expenditure of money and effort; or

Exclusion:

Losses to the extent that provisions are made in the Completion Accounts.

- (c) involves or is likely to involve obligations, restrictions, expenditure or receipts of an unusual, onerous or exceptional nature and not in the ordinary course of the Company's business; or

Exclusion:

Losses to the extent that provisions are made in the Completion Accounts.

- (d) in any way restricts the Company's freedom to carry on the whole or any part of its business in any part of the world in such manner as it thinks fit; or

- (e) is a contract for the sale of shares or assets entered into other than in the ordinary course of business which contains warranties or indemnities; or

- (f) is in any way otherwise than in the ordinary course of the



Company's business.

Exclusion:

The Steckel Mill Agreement.

(32) Defaults

Neither the Company nor any other party to any agreement with the Company is in default thereunder, being a default which would be material in the context of the financial or trading position of the Company nor (so far as the Vendor is aware) are there any circumstances likely to give rise to such a default.

(33) Powers of Attorney

No powers of attorney given by the Company are now in force. Except to the extent as stated or permitted by Swedish law no person, as agent or otherwise, is entitled or authorised to bind or commit the Company to any obligation not in the ordinary course of the Company's business, and the Vendor is not aware of any person purporting to do so.

(34) Debts

There are no debts owing by or to the Company other than debts which have arisen in the ordinary course of business, nor has the Company lent any money which has not been repaid on maturity.

(35) Options and Guarantees

The Company is not a party to any option or pre-emption right, or a party to any guarantee, suretyship, comfort letter or any other obligation (whatever called) to pay, provide funds or take action in the event of default in the payment of any indebtedness of any other person or default in the performance of any obligation of any other person.

(36) Tenders etc.

No offer, tender, or the like is outstanding which is capable of being converted into an obligation of the Company by an acceptance or other act of some other person and which has been entered into outside the ordinary course of the business of the Company.

#### THE COMPANY AND ITS BANKERS

(37) Borrowings

The total amount borrowed by the Company from its bankers does not exceed its facilities and the total amount borrowed by the Company from whatsoever source does not exceed any limitation on its borrowing contained in its articles of association or its equivalent in the relevant jurisdiction or in any loan instrument.

(38) Off-balance Sheet Financing

The Company is not engaged in any borrowing or financing not reflected in the Completion Accounts.

#### THE COMPANY AND ITS EMPLOYEES

(39) Directors

The particulars shown in the first schedule are true and complete and no person not named therein as such is a director or shadow director of the Company.

(40) Particulars of Employees

The particulars shown in the schedule of employees annexed hereto show all basic salaries and wages payable or which the Company is bound to provide (whether now or in the future) to each officer, employee, ex-officer or ex-employee or consultant of the Company or any person connected with any such person and are true and complete and include particulars of all profit sharing incentive and bonus arrangements to which the Company is a party whether legally binding on the Company or not.

(41) Service Contracts

There is not outstanding any contract of service or employment between the Company and any of its directors or employees which is not terminable by the Company without compensation (other than any compensation payable by statute) on six months' notice or less given at any time.

Exclusion:

The Service Contract of Mr. Torbjörn Henningson, CEO, is excluded from the warranty.

(42) Disputes with Employees

The Vendor is not aware of any outstanding claim against the Company by any person who is now or has been a director or employee of the Company or any dispute between the Company and a material number or class of its employees.

THE COMPANY ITSELF AND ITS SUBSIDIARIES

(43) Particulars of Subsidiaries

The particulars of the Subsidiaries set out in part II of the second schedule are true and complete and the Company itself has no other direct or indirect subsidiary undertaking.

(44) Investments, Associations and Branches

The Company:

- (a) is not the holder or beneficial owner of, and has not agreed to acquire, any class of the share or other capital of any other company or corporation (whether incorporated in Sweden or elsewhere) other than the Subsidiaries;

Exclusion:

The Company holds 153 shares in Trygg Hansa AB.

- (b) is not and has not agreed to become a member of any partnership, joint venture, consortium or other unincorporated association or arrangement for sharing commissions or income; and
- (c) has no branch, agency or place of business outside Sweden, the United States of America or Canada, as the case may be, and no permanent establishment (as that expression is defined in the relevant double taxation relief orders current at the date hereof) outside Sweden, the United States of America or Canada, as the case may be.

## MATERIAL DISCLOSURE

### (45) All Material Matters Disclosed

All information contained or referred to herein or in any annexure hereto is accurate in all respects and the Vendor is not aware of any other fact or matter which renders any such information misleading.

## FOURTH SCHEDULE

### TAXATION

#### 1. INTERPRETATION

Where the context admits definitions contained in the third schedule shall have the same meanings in this schedule.

#### 2. WARRANTY AND REPRESENTATION

(A) The Vendor hereby warrants and represents to and for the benefit of the Purchaser that in respect of the business of the Company carried on prior to Completion:

- (1) no taxes, charges, duties or other public levies will be properly charged by national or regional fiscal or excise authorities to the Company in amounts for which provisions have not been made in the Completion Accounts; and
- (2) all appropriate filings have been made with national or regional fiscal or excise authorities in respect of taxes, charges, duties or other public levies.

(B) Claims against the Vendor under the foregoing warranty shall be unenforceable and barred unless notification of a potential claim is lodged in writing by the Purchaser within one month from the date the Company shall first become aware of any such tax, charge, duty or other public levy and unless the Purchaser shall procure that the Company authorises the

Vendor or its nominee to litigate such demand in the competent fiscal or administrative courts.

## FIFTH SCHEDULE

### PREPARATION OF COMPLETION ACCOUNTS

#### 1. INTERPRETATION

In this schedule, where the context admits:

- (1) "Agreed Equity", "Audited Accounts", "Balance Sheet Date", "Exchange Rate" and "Shareholder Loan" have the same meanings as in the third schedule;
- (2) "Completion Accounts" means the accounts prepared in accordance with paragraph 2; and
- (3) "Company's Accountants" means Bohlins Revisionsbyrå AB.

#### 2. COMPLETION ACCOUNTS

##### (A) Preparation

The parties shall procure that, forthwith after Completion, consolidated accounts for the Company and the Subsidiaries shall be prepared and reported on in accordance with this schedule and the parties shall use their best endeavours to secure compliance with this schedule by the Company and the Company's Accountants and the auditors of the Subsidiaries.

##### (B) Description

The Completion Accounts shall consist of a consolidated balance sheet of the Company and the Subsidiaries as at the close of business on the date of Completion and a consolidated profit and loss account of the Company and the Subsidiaries in respect of the period from the day following the Balance Sheet Date to the date of Completion (both dates inclusive).

(C) General Requirements

The Completion Accounts shall:

- (1) be prepared as if the period from the day following the Balance Sheet Date to the date of Completion were a financial year of the Company;
- (2) be prepared in accordance with the requirements of all relevant statutes and generally accepted accounting principles;
- (3) show a true and fair view of the assets and liabilities of the Company and the Subsidiaries at the date of Completion and the results of the Company and the Subsidiaries for the period ended on the date of Completion; and
- (4) adopt bases and policies of accounting applied for the purposes of the Audited Accounts

provided that any adjustments made in accordance with the provisions of paragraph 3 (A) shall not be regarded as non-compliance with any of the provisions of this paragraph 2 (C).

(D) Specific Requirement

There shall be no reference in the balance sheet to The Steckel Mill.

3. PROCEDURE

(A) Preparation and Submission of Draft

- (1) Within sixty days after the date of Completion, the Company shall have prepared (in consultation with the Vendor and the Company's Accountants) a draft of the Completion Accounts making, in conjunction with the Vendor, such adjustments, if any, to the consolidated untaxed and/or taxed reserves and/or the consolidated profit/loss carried forward in respect of the Agreed Equity and such other debits or credits in the Completion Accounts as are required so as to ensure that the Company had as of the date of Completion the

Agreed Equity and the Shareholder Loan and delivered such draft to the Vendor and the Purchaser and to the Company's Accountants.

- (2) The Company's Accountants shall audit the same in accordance with the provisions of this schedule within twenty-one days (or by such later date as shall be agreed in writing between the parties after consultation with the Company and the Company's Accountants) after receipt of such draft. On completion of the audit as aforesaid, the Company's Accountants shall deliver to each of the Vendor and the Purchaser a copy of the draft Completion Accounts together with a draft of their report to the effect that the draft Completion Accounts have been drawn up and audited in compliance with paragraphs 2 (C) and 3 (A) (1) above.

(B) Agreement of Draft

- (1) If the Vendor and the Purchaser accept and agree such draft report and draft Completion Accounts, such drafts shall become final documents, each of the Vendor and the Purchaser shall sign a copy of the final Completion Accounts and the Company's Accountants shall sign their report and such signed Completion Accounts shall be the Completion Accounts for the purposes of this Agreement and shall be final and binding on the parties.
- (2) If, within the period of twenty-one days (or such longer period as shall have been agreed) referred to in paragraph 3 (A) (2), the Company's Accountants shall notify each of the Vendor and the Purchaser in writing that they do not accept that the said draft Completion Accounts comply with paragraphs 2 (C) and 3 (A) (1) then the Vendor and the Purchaser shall use their best endeavours to reach agreement

upon adjustments to the draft to meet the objections of the Company's Accountants to allow them to complete the audit of the Completion Accounts and to issue a draft report as aforesaid, whereupon the provisions of paragraph 3 (B) (1) shall apply.

(C) Independent Accountant

In the event that the Vendor and the Purchaser are unable to reach agreement as aforesaid, any matter in dispute shall be referred by either the Vendor or the Purchaser to the decision of a single independent chartered accountant or an independent firm of chartered accountants to be agreed upon between the Vendor and the Purchaser or, in default of such agreement, to be selected (at the instance of either party) by the President for the time being of the Swedish Association of Chartered Accountants (*Föreningen Auktoriserade Revisorer FAR*) and any such chartered accountant or firm of chartered accountants (whose costs shall be paid as he or they shall direct) shall act as expert (and not as arbitrator) in connection with the giving of such decision which shall, save in the event of manifest error, be binding. In giving such decision, the accountant or firm shall state what adjustments (if any) are to be made to the said draft in order that it shall comply with paragraphs 2 (C) and 3 (A) (1), whereupon the Vendor and the Purchaser shall be deemed to have accepted that the said draft, adjusted as aforesaid, complies with paragraphs 2 (C) and 3 (A) (1) and they shall each sign a document in the form of such adjusted draft which shall be the Completion Accounts for the purposes of this Agreement and shall be final and binding on the parties.

(D) Information and Explanations

The Company's Accountants shall provide such information and explanations relating to the draft Completion Accounts and their preparation as the Vendor, the Purchaser, their respective advisers or any independent chartered accountant appointed pursuant to sub-paragraph (C) shall



reasonably require.

4. INTEREST ON ADJUSTMENTS

Amounts equal to any adjustment(s) to the Completion Accounts which have been made pursuant to paragraph 3 (A) (1) to bring the sum of the Agreed Equity to the Swedish kronor equivalent of £10,666,666.75 translated into Swedish kronor at the Exchange Rate shall bear interest payable by the Vendor to the Company or the Company to the Vendor (as appropriate) at the rate of 1 (one) percentage point per annum above the rate at which deposits in Swedish kronor in an amount approximately equal to the amount of the adjustment(s) are offered to Skandinaviska Enskilda Banken by leading banks in the Stockholm Interbank Market at or about 11.00 a.m. (Stockholm time) on the date of Completion from the date of Completion until the date the amounts equal to such adjustment(s) are paid by the Vendor to the Company or the Company to the Vendor (as appropriate).

5. SHAREHOLDER'S CURRENT ACCOUNT

Interest shall be paid from Completion at the rate specified in paragraph 4 on any debts due to or from the Vendor (other than the Shareholder Loan and trade debts having arisen in the ordinary course of business to which agreed trade terms shall apply) which shall be repayable on demand but no sooner than the date such debts can be ascertained.

SIXTH SCHEDULE

PENSIONS

1. INTERPRETATION

Where the context admits definitions contained in the third schedule shall have the same meanings in this schedule.

2. WARRANTIES AND REPRESENTATIONS

The Vendor hereby warrants and represents to and for the benefit of the Purchaser as follows:

(A) The Company itself has no pension commitments to its employees or ex-employees other than pursuant to public law or collective bargains made between central organisations on the Swedish labour market and such commitments have either been properly funded by due payments to the relevant pension institution or otherwise made subject to proper provisions in the Completion Accounts.

Exclusion:

Special unfunded pension commitments to Per Carlberg and Ove Dahlborg are excluded.

(B) The Subsidiaries are not bound by any pension commitments other than those listed below

NorMag, Inc. - Company Pension Plan

Cor-Mag Inc. - Company Pension Plan

which are fully funded in accordance with their terms and comply with all relevant laws and binding codes made pursuant to such laws.

SEVENTH SCHEDULE

Vendor's Protection

1. NO OTHER REPRESENTATIONS

The Purchaser admits that it has not entered into this Agreement in reliance upon any representation or promise other than those incorporated in this Agreement.

2. GUARANTEES

The Purchaser shall secure the release of the Vendor from the guarantees

and other contingent liabilities listed below (offering its own covenant in substitution if requested by the Vendor) and shall on a continuing basis indemnify the Vendor and keep the Vendor indemnified against any liability (including costs damages and expenses) thereunder or which may be incurred in relation thereto.

- (1) Undertaking by SSAB Svenskt Stål AB dated December 22, 1989 in favour of FPG with respect to pension commitments of the Company, ref No. K 4209-40.
- (2) Undertaking by SSAB Svenskt Stål AB dated April 11, 1990 in favour of FPG with respect to pension commitments of the Company, ref No. RA 4209.
- (3) Guarantee by SSAB Svenskt Stål AB dated April 30, 1987 in favour of Skandinaviska Enskilda Banken with respect to the Company's obligations to reimburse the bank for payments effected under a customs bond issued by the bank.

Copies of the undertakings and guarantee are annexed hereto.

### 3. LIMITATION OF LIABILITY

The provisions of this paragraph shall operate to limit the liability of the Vendor under or in connection with the Warranties and references to "such liability" or "such liabilities" shall be construed accordingly. The parties agree as follows:

- (1) No liability shall attach to the Vendor unless the amount of such liability shall exceed the sum of SEK 50,000 in respect of any one claim but if such liability shall exceed that sum the Vendor shall (subject to the other provisions hereof) be liable for the whole of such liability and not merely for the excess.
- (2) The aggregate amount of such liabilities shall not exceed the amount of the Agreed Equity.

- (3) Claims against the Vendor shall be wholly barred and unenforceable unless written particulars thereof (giving reasonable details of the specific matter or claim in respect of which such claim is made so far as then known to the Purchaser) shall have been given to the Vendor within a period of 18 calendar months from the Commencement Date, or five calendar years in respect of claims arising under the fourth schedule but this item (3) shall not apply to any claim which (or delay in the discovery of which) is the consequence of fraud, wilful misconduct or wilful concealment by the Vendor or any officer or employee, or former officer or employee of the Vendor.
- (4) If the Vendor makes any payment for breach of the Warranties and within twelve months of the making of the relevant payment the Company, the Subsidiaries or the Purchaser receives any benefit otherwise than from the Vendor which would not have been received but for the circumstances giving rise to the claim in respect of which the payment was made the Purchaser shall, once it or the relevant company has received such benefit, forthwith repay to the Vendor an amount equal to the lesser of (a) the amount of such benefit and (b) the payment in question.
- (5) Where any provision is made in the Completion Accounts and all or part of such provision is written back in the accounts of the Company or the Subsidiaries for the financial years ending on 31st December 1991 or 31st December 1992 (or such other financial year-ends of the Company or the Subsidiaries as shall occur within a period of 18 calendar months from the Commencement Date) then an amount equal to the amount or amounts written back shall be

held by the Purchaser for the benefit of the Vendor and shall be held:

- (a) firstly, to offset any valid claim or claims made by the Purchaser in respect of the Warranties; and
- (b) secondly, (if there is no such valid claim or claims or, to the extent that the amount or sum of the amounts written back exceeds such valid claim or claims) in making a cash payment to the Vendor.

(6) No liability shall attach to the Vendor if and to the extent that:

- (a) such liability occurs as a result of any legislation not in force at the date hereof which takes effect retrospectively or occurs as a result of any withdrawal of any statutory concession or occurs as a result of any increase in the rates of taxation in force at the date hereof;
- (b) such breach or claim would not have arisen but for any voluntary act, omission, transaction or arrangement after completion by the Purchaser, the Company or any Subsidiary otherwise than in the ordinary course of business of the Company as presently carried on; and
- (c) the Company is entitled to claim indemnity against any loss or damage suffered by the Company arising out of such breach or claim under the terms of any insurance policy of or relating to the Company.

(7) The Purchaser shall not be entitled to recover damages in respect of any claim for breach of the Warranties or otherwise obtain reimbursement or restitution more than once in respect of any such breach.

- (8) For the avoidance of doubt nothing in this schedule shall in any way restrict or limit the general obligation at law of the Purchaser to mitigate any loss or damage which it may suffer in consequence of any breach by the Vendor of the terms of this Agreement.
- (9) Should any debt owed to the Company at Completion prove not to be good and collectable in accordance with the provisions of paragraph (22) of the third schedule the Vendor may at its option require the Purchaser to procure that the Company assigns such debt to the Vendor for a consideration equal to the value attributed to such debt in the books of the Company and should such an assignment for value take place within a period of two calendar months from the date that notice of the prospective breach of the said paragraph (22) is received by the Vendor no breach of the Warranties shall be deemed to have taken place in respect thereof.

SIGNED by  
for and on behalf of  
SSAB TUNNPLÅT AB  
in the presence of:

*H. V. Weckberg*

*The Sander John Lundberg*

SIGNED by  
for and on behalf of  
EUROPEAN ELECTRICAL STEELS LIMITED  
in the presence of:

*Margaret O'Neill*

*J. B. C. Dorell*