

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS DOCUMENT CONTAINS A PROPOSAL WHICH, IF IMPLEMENTED, WILL RESULT IN THE WITHDRAWAL OF EUROPE STEEL SHARES FROM TRADING ON THE PLUS-QUOTED MARKET.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you have sold or otherwise transferred all of your Europe Steel Shares (other than pursuant to the Offer), please forward this document, but not the accompanying personalised Form of Acceptance (if the shares are held in certificated form), at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be mailed, distributed, sent, forwarded to or transmitted in or into or from a Restricted Jurisdiction, as doing so may make invalid any acceptance of the Offer and/or constitute a violation of the relevant laws of that jurisdiction. If you have sold or otherwise transferred only part of your holding of Europe Steel Shares, you should retain these documents and contact the bank, stockbroker or other agent through whom the sale or transfer was effected.

The availability of the Offer to Europe Steel Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Such persons should inform themselves about, and observe, any applicable requirements of those jurisdictions. Further information for Overseas Shareholders is set out in paragraph 6 of Part B of Appendix I to this document. Any person (including, without limitation, any nominee, trustee or custodian) who would, or otherwise intends to, or who may have a contractual or legal obligation to, forward this document and/or the Form of Acceptance to any jurisdiction outside the United Kingdom should read that paragraph before taking any action.

RECOMMENDED CASH OFFER
BY
FERROUS METAL COMPANY LIMITED
FOR
EUROPE STEEL PLC

BDO Stoy Hayward Corporate Finance, a division of BDO Stoy Hayward LLP, Chartered Accountants, which is authorised and regulated in the UK by the Financial Services Authority, is acting for FMC and no one else in connection with the Offer and will not be responsible to anyone other than FMC for providing the protections afforded to clients of BDO Stoy Hayward Corporate Finance or for providing any financial advice in relation to the Offer or any matter referred to herein.

Blomfield Corporate Finance Limited, which is authorised and regulated in the UK by the Financial Services Authority, is acting for Europe Steel and no one else in connection with the Offer and will not be responsible to anyone other than Europe Steel for providing the protections afforded to clients of Blomfield Corporate Finance Limited nor for providing any financial advice in relation to the Offer or any matter referred to herein.

Your attention is drawn to the letter from the Chairman of Europe Steel in Part I of this document which explains why the Independent Directors are unanimously recommending acceptance of the Offer.

If you hold any of your Europe Steel Shares in certificated form, this document should be read in conjunction with the accompanying personalised Form of Acceptance.

A SUMMARY OF THE ACTION TO BE TAKEN TO ACCEPT THE OFFER IS SET OUT ON PAGE 2 OF THIS DOCUMENT. THE FIRST CLOSING DATE OF THE OFFER IS 1.00 P.M. ON 1 JULY 2008.

ACTION TO BE TAKEN TO ACCEPT THE OFFER

If you hold any of your Europe Steel Shares in certificated form (that is, not in CREST), to accept the Offer in respect of those Europe Steel Shares you should complete, sign and return the Form of Acceptance (together with your valid share certificate(s) and any other documents of title) **as soon as possible and, in any event, so as to be received by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU no later than 1.00 p.m. on 1 July 2008.** Further details on the procedures for acceptance of the Offer if you hold any of your Europe Steel Shares in certificated form are set out in paragraph 11 (a) of Part II of this document, in Part C of Appendix I to this document and in the accompanying Form of Acceptance. A reply-paid envelope for use in the United Kingdom only is enclosed for your convenience and may be used by holders of Europe Steel Shares in certificated form in the United Kingdom for returning their Forms of Acceptance and share certificate(s).

If you hold any of your Europe Steel Shares in uncertificated form (that is, in CREST), to accept the Offer in respect of those Europe Steel Shares you should follow the procedure for Electronic Acceptance through CREST so that the TTE instruction settles **as soon as possible and, in any event, no later than 1.00 p.m. on 1 July 2008.** Further details on the procedures for acceptance if you hold any of your Europe Steel Shares in uncertificated form are set out in paragraph 11 (b) of Part II of this document and in Part D of Appendix I to this document. If you hold your Europe Steel Shares as a CREST sponsored member, you should refer to your CREST sponsor as only your CREST sponsor will be able to send the necessary TTE instruction to CREST.

Acceptances of this Offer must be received by 1.00 p.m. on 1 July 2008.

You are advised to read the whole of this document carefully.

If you have any questions relating to the completion and return of the Form of Acceptance please telephone Capita Registrars, the receiving agent to the Offer, on 0871 664 0321 (or +44 20 8639 3399, if telephoning from outside the UK) between 9.00 a.m. and 5.00 p.m. Monday to Friday (excluding UK public holidays). Calls to Capita Registrars 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to Capita Registrars +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes.

Please note that, for legal reasons, Capita Registrars will only be able to provide you with information contained in this document and will be unable to give advice on the merits of the Offer or to provide legal, financial or taxation advice on the contents of this document.

Additional Forms of Acceptance are available from Capita Registrars.

THE FIRST CLOSING DATE OF THE OFFER IS 1.00 p.m. ON 1 JULY 2008

IMPORTANT INFORMATION

Overseas Europe Steel Shareholders

The Offer is not and will not be made, directly, indirectly, in or into, or by use of the mails, or by any means or instrumentality (including, without limitation, by means of telephone, facsimile, telex, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a securities exchange of a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and the Offer is not capable of acceptance by any such use, means, instrumentality or facility or from or within a Restricted Jurisdiction. Accordingly, copies of this document, the Form of Acceptance and any accompanying document are not being sent by FMC or on behalf of FMC to any jurisdiction which it considers to be a Restricted Jurisdiction, and the same must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent by any other person in, into or from a Restricted Jurisdiction or where to do so would violate the laws in that jurisdiction, and persons receiving this document, the Form of Acceptance and any accompanying document (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer by persons in such jurisdictions. The availability of the Offer to Europe Steel Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are resident. Persons who are subject to the laws of any jurisdiction other than the United Kingdom should obtain appropriate professional advice and observe, any applicable legal or regulatory requirements of such jurisdictions.

Any Europe Steel Shareholder (including custodians, nominees and trustees) who would otherwise intend to, or who may have a contractual or legal obligation to, forward this document and/or the Form of Acceptance to any jurisdiction outside the United Kingdom, should refrain from doing so and read paragraph 6 of Part B of Appendix I to this document and seek appropriate professional advice.

Cautionary note regarding forward looking statements

This document includes certain “forward-looking statements”. These statements are based on the current expectations of the FMC Directors and/or Europe Steel Directors/the Independent Directors (as applicable) and are naturally subject to uncertainty and changes in circumstances. The forward-looking statements contained herein may include statements about the expected effects on FMC or Europe Steel of the Offer, the expected timing and scope of the Offer, anticipated earnings enhancements, estimated cost savings and other synergies, costs to be incurred in achieving synergies, other strategic options and all other statements in this document other than historical facts. Forward-looking statements include, without limitation, statements typically containing words such as “intends”, “expects”, “anticipates”, “targets”, “estimates”, “believes”, “will”, “may”, “should”, “could”, “would” and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, the satisfaction of the conditions to the Offer, and the FMC Directors’ ability to integrate successfully the operations and employees of Europe Steel, as well as additional factors, such as changes in economic conditions, changes in the level of capital investment, success of business and operating initiatives and restructuring objectives, customers’ strategies and stability, changes in the regulatory environment, fluctuations in interest and exchange rates, the outcome of litigation, government actions and natural phenomena such as floods, earthquakes and hurricanes. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Neither Europe Steel nor FMC nor their respective Boards undertakes any obligation to update publicly or revise forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent legally required.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and nothing in this document shall give rise to any implication that there has been no change in the facts set out in this document since such date. Nothing contained in this document

shall be deemed to be a forecast, projection or estimate of the future financial performance of Europe Steel or any member of the Europe Steel Group except where expressly stated.

Dealings disclosure requirements

Under the provisions of Rule 8.3 of the Code, if any person is, or becomes, “interested” (directly or indirectly) in 1 per cent. or more of any class of “relevant securities” of Europe Steel, all “dealings” in any “relevant securities” of that company (including by means of an option in respect of, or a derivative referenced to, any such “relevant securities”) must be publicly disclosed by no later than 3.30 p.m. (London time) on the Business Day following the date of the relevant transaction. This requirement will continue until the date on which the Offer becomes, or is declared, unconditional as to acceptances, lapses or is otherwise withdrawn or on which the “Offer Period” otherwise ends. If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire an “interest” in “relevant securities” of Europe Steel, they will be deemed to be a single person for the purpose of Rule 8.3.

Under the provisions of Rule 8.1 of the Code, all “dealings” in “relevant securities” of Europe Steel by FMC or Europe Steel, or by any of their respective “associates”, must be disclosed by no later than 12.00 noon (London time) on the Business Day following the date of the relevant transaction.

A disclosure table, giving details of the companies in whose “relevant securities” “dealings” should be disclosed, and the number of such securities in issue, can be found on the Panel’s website at www.thetakeoverpanel.org.uk.

“Interests in securities” arise, in summary, when a person has long economic exposure, whether conditional or absolute, to changes in the price of securities. In particular, a person will be treated as having an “interest” by virtue of the ownership or control of securities, or by virtue of any option in respect of, or derivative referenced to, securities.

Terms in quotation marks are defined in the Code, which can also be found on the Panel’s website. If you are in any doubt as to whether or not you are required to disclose a “dealing” under Rule 8, you should consult the Panel.

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PART I

LETTER FROM THE CHAIRMAN OF EUROPE STEEL PLC



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(Registered in England and Wales with Registered number 3922842)

Directors:

The Right Honourable The Lord Owen

Patrick J Kevans*

John M Maguire*

* *Independent Directors*

10 June 2008

To Europe Steel Shareholders

Dear Shareholder,

Recommended Cash Offer by Ferrous Metal Company Limited to acquire the entire issued and to be issued share capital of Europe Steel PLC

1. Introduction

It was announced on 29 May 2008 that the Boards of FMC and Europe Steel had reached agreement on the terms of a recommended cash offer to be made by FMC to acquire the entire issued and to be issued share capital of Europe Steel for 50 pence for each Europe Steel Share.

As I am a consultant to Gallagher Holdings Limited, which ultimately controls FMC, I may be considered to be interested in FMC and/or the Offer and I have decided that it would be inappropriate for me to participate in any Board decisions of Europe Steel relating to any recommendation of the Offer.

This letter sets out the background to the Offer and the reasons why the Independent Directors of Europe Steel, being Patrick J Kevans and John M Maguire, who have been so advised by Blomfield Corporate Finance, having taken into account the commercial assessments of the Independent Directors, consider that the terms of the Offer are fair and reasonable and why they are unanimously recommending that you accept the Offer.

2. Terms of the Offer

Full details of the Offer and the actions you should take to accept it are set out in the letter from FMC in Part II of this document. The Offer is subject to the conditions and further terms set out in Appendix I to this document and in respect of the Europe Steel Shares held in certificated form in the Form of Acceptance. The Offer is being made by FMC for the entire issued and to be issued share capital of Europe Steel, on the following basis:

for each Europe Steel Share

50 pence in cash

The Offer values the entire issued share capital of Europe Steel at approximately £6.36 million.

The Europe Steel Shares will be acquired fully paid and free from all liens, charges, equitable interests, encumbrances, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights now or hereafter attaching to them, including the right to receive and retain all dividends and other distributions declared, made or paid on or after the date of the Announcement.

3. Background to and reasons for recommending the Offer

Steel product is supplied to Europe Steel on a contract by contract basis through FMC, which is the Company's sole supplier of steel product.

Although Europe Steel and FMC have a strong trading relationship, any potential withdrawal of future allocations of steel product by FMC to Europe Steel and re-direction to alternative customers of FMC would leave the Company financially exposed. Although the level of sales achieved by Europe Steel during the first four months of the current trading year is approximately five times that for the same period of 2007, gross margins have fallen to substantially lower levels under the non-exclusive supply contracts with FMC and the Europe Steel Directors believe that this pressure on margins is likely to remain the prevailing business environment for the Company for the foreseeable future.

In deciding to recommend the Offer, the Independent Directors have also taken into account a number of other factors, including that the Offer Price equates to the price at which the Europe Steel Shares were placed with investors when it was originally admitted to the OFEX market (now the PLUS-Quoted Market) in March 2000. On 30 September 2002, Europe Steel Shares were withdrawn from trading on OFEX (at its request) following a period of suspension pending a proposed transaction which did not occur. Europe Steel Shares were then re-admitted to trading in August 2003 and commenced trading at 12.5 pence per share, since when they have risen to 20 pence per share, the Closing Price on 28 May 2008, the last Business Day prior to the Announcement. Since re-admission to trading in August 2003, the price of Europe Steel Shares has not recovered to the level when they were first admitted to OFEX in March 2000. The Offer Price now represents a premium of approximately:

- 150 per cent. over the Closing Price per Europe Steel Share of 20 pence on 28 May 2008, the last Business Day prior to the commencement of the Offer Period; and
- 121.15 per cent. over the average Closing Price of approximately 22.61 pence per Europe Steel Share over the 6 months prior to the commencement of the Offer Period.

The Offer Price represents a multiple of 9.24 times basic and diluted earnings per Europe Steel Share for the 12 months ended 31 December 2007.

Europe Steel Shareholders should be aware that, given the level of irrevocable undertakings already received by FMC in respect of the Offer, following the Offer becoming or being declared unconditional in all respects it is the intention of FMC to exercise its right to acquire compulsorily any remaining Europe Steel Shares to which the Offer relates on the same terms as the Offer and, subject to the PLUS-Quoted Market rules for issuers, to withdraw Europe Steel Shares from the PLUS-Quoted Market. This may be expected to reduce significantly the liquidity of any Europe Steel Shares not directly acquired under the Offer. By accepting the Offer, Shareholders will receive cash for their Europe Steel Shares earlier than by waiting for compulsory purchase and will avoid any associated dealing costs should they alternatively wish to sell in the market.

As referred to above, I have excluded myself from giving any recommendation in respect of the Offer. However, I intend to accept the Offer on the terms stated in this document in respect of my own beneficial shareholding of 22,500 Europe Steel Shares, representing approximately 0.18 per cent. of the existing issued share capital of Europe Steel.

4. Irrevocable undertakings

Irrevocable undertakings to accept the Offer have been received in respect of a total of 11,478,000 Europe Steel Shares, representing approximately 90.17 per cent. of the entire issued share capital of Europe Steel.

Further detail of the irrevocable undertakings are set out in paragraph 5 (d) of Appendix III of this document.

5. Information on Europe Steel

The principal activity of Europe Steel is international trading in steel products, mainly hot rolled square billets.

Europe Steel obtains its supplies of steel products exclusively from FMC. It operates from offices in central London where its sales, purchasing and administration functions are based, and Moscow where it has a representative office. Europe Steel Shares are traded on the PLUS-Quoted Market in the UK.

The Company trades on a spot basis and does not maintain an order book. It has no exclusivity arrangements with either its supplier or with its customers.

The financial statements of Europe Steel are prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and for the financial year ended 31 December 2007 the Company reported revenue of £71.2 million, compared to £51.7 million for the previous year. Net profit after tax for the year ended 31 December 2007 was £0.69 million, or 5.41 pence per share (basic and diluted), compared to £0.68 million or 5.38 pence per share for the previous year.

The level of sales achieved by Europe Steel during the first four months of the current trading year, as indicated by its management accounts, is approximately five times that for the same period of 2007. However, the Company's terms of trade are strongly influenced by its supplier, FMC, with the result that gross profit margins have remained under significant pressure following their fall from 3.96 per cent. in 2006 to 2.77 per cent. in 2007. This trend has accelerated such that gross margins have fallen to substantially lower levels in the first four months of this year and the Europe Steel Directors believe that this pressure on gross margins is likely to remain the prevailing business environment for the Company for the foreseeable future.

Further financial information on Europe Steel is set out in Appendix II to this document.

6. Management, employees and locations

The FMC Directors have given assurances to the Europe Steel Directors that, on the Offer becoming unconditional, the existing employment rights, including pension rights, of all employees of Europe Steel will be fully safeguarded and there will be no change in the location of Europe Steel's activities.

The Independent Directors have considered the FMC Directors' intentions regarding the employees and management in reaching their decision to recommend the Offer.

Save as set out in this document, the Boards of Europe Steel and FMC confirm that there are no other arrangements or understandings regarding the entitlement of Europe Steel management or employees to incentive arrangements following the acquisition of Europe Steel.

7. Taxation

The attention of Europe Steel Shareholders subject to taxation in the United Kingdom is drawn to paragraph 10 of Part II to this document. If you are in any doubt as to your own tax position, or you are subject to taxation in any jurisdiction other than the United Kingdom, you should consult an appropriately qualified independent financial adviser immediately.

8. Further Information

The attention of Europe Steel Shareholders is drawn to the whole of this document, including the Appendices, to the letter from FMC in Part II of this document and to the accompanying Form of Acceptance which form part of this document, which should be read in conjunction with this document. You should not rely on summaries or individual parts only.

9. Compulsory acquisition and withdrawal of trading facility

The attention of Europe Steel Shareholders is drawn to paragraph 9 in Part II of this document in relation to the FMC's intentions with regard to the compulsory acquisition, withdrawal of trading from the PLUS-Quoted Market and re-registration of Europe Steel as a private company.

10. Action to be taken to accept the Offer

Your attention is drawn to the procedure for acceptance set out in paragraph 11 of Part II of this document and, in respect of Europe Steel Shares held in certificated form, the accompanying personalised Form of Acceptance.

If you are in any doubt about the Offer or the action you should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you are taking advice in a territory outside the United Kingdom, from another appropriately authorised independent financial adviser.

11. Recommendation

As stated in paragraph 1 of this letter, by reason of my consultancy arrangement with Gallagher Holdings Limited (a company incorporated in Cyprus) which owns 50 per cent. of FMC's issued share capital, I may be considered to be conflicted from making the recommendation to Shareholders. However, the Independent Directors of Europe Steel, who have been so advised by Blomfield Corporate Finance, consider the terms of the Offer to be fair and reasonable. In providing its advice, Blomfield Corporate Finance has taken into account the commercial assessments of the Independent Directors.

Accordingly, the Independent Directors of Europe Steel unanimously recommend that all Europe Steel Shareholders accept the Offer.

Yours faithfully

The Right Honourable The Lord Owen

together with all rights now or hereafter attaching to them, including the right to receive and retain all dividends and other distributions declared, made or paid on or after the date of the Announcement.

Your attention is drawn to the conditions and further terms of the Offer set out in Part A and Part B respectively of Appendix I of this document and, in relation to Europe Steel Shares held in certificated form only, the accompanying Form of Acceptance.

3. Information on FMC

FMC was established in May 2006 and its principal activity is the sale of finished and semi-finished steel products and of raw materials to a diverse range of international customers. FMC has exclusive long term supply contracts with two Russian steel mills and two Russian iron ore producing mines from which it sources its trading product. In 2007, FMC acquired Ferrous Metal Company (IOM) Limited to consolidate its position as the sole international off-taker for the two Russian mills and two Russian mines.

The directors of FMC are Moshe Fengas and Gordon L Sellors.

The FMC Group is headquartered and registered in Gibraltar and is controlled by Gallagher Holdings Limited (a company incorporated in Cyprus) which owns 50 per cent. of FMC's issued share capital. Gallagher Holdings Limited is controlled by Mr. Alisher Usmanov, a Russian businessman, who is considered by the FMC Directors as the ultimate controlling shareholder of the FMC Group.

The financial statements of FMC are prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union. For the financial year ended 31 December 2007, the consolidated FMC Group reported revenues of approximately US\$3,010 million with profit before taxation of approximately US\$220.9 million.

4. Information on Europe Steel

The principal activity of Europe Steel is international trading in steel products, mainly hot rolled square billets.

Europe Steel obtains its supplies of steel products exclusively from FMC. It operates from offices in central London where its sales, purchasing and administration functions are based, and Moscow where it has a representative office. Europe Steel Shares are traded on the PLUS-Quoted Market in the UK.

5. Background to and reasons for the Offer

Europe Steel Shareholders are referred to the letter of recommendation from the Chairman of Europe Steel in Part I of this document which sets out the background to and the reasons for the Independent Directors recommending the Offer.

A key business objective of FMC is to advance its position as sole international off-taker for the two Russian steel mills and two Russian iron ore producing mines with which it has established long term supply contracts.

As part of its strategy, the FMC Directors see the acquisition of Europe Steel as a natural fit for the FMC Group as it would be able to exploit the potential efficiencies created through closer control of its distribution channels. FMC and Europe Steel already have a strong trading relationship by virtue of FMC being Europe Steel's sole supplier. The Board of FMC believe that following the proposed acquisition the business of Europe Steel would quickly be integrated into the FMC Group.

6. Irrevocable undertakings

Irrevocable undertakings to accept the Offer have been received in respect of a total of 11,478,000 Europe Steel Shares, representing approximately 90.17 per cent. of the existing issued share capital of Europe Steel.

Further details of the irrevocable undertakings are set out in paragraph 5 (d) of Appendix III.

7. Intentions regarding Europe Steel

The FMC Directors attach importance to the skills and experience of the management team and employees of Europe Steel. The FMC Directors will ensure that the existing employment rights of the employees of Europe Steel, including pension rights, will be fully safeguarded. Following the Offer becoming or being declared wholly unconditional, the FMC Directors intend to integrate Europe Steel fully into its Group. The integration of Europe Steel into FMC will not have any implications in respect of employment or the location of Europe Steel's activities. Furthermore the FMC Directors have no intention to redeploy any of the fixed assets of Europe Steel.

8. Financing of the Offer

The cash consideration payable under the Offer will be funded using FMC's existing cash resources. Full acceptance under the Offer would result in consideration of approximately £6.36 million being payable to Europe Steel Shareholders.

BDO Stoy Hayward Corporate Finance is satisfied that sufficient financial resources are available to FMC to satisfy in full the cash consideration payable to Europe Steel Shareholders in the event of full acceptance of the Offer.

9. Compulsory acquisition and withdrawal of trading from PLUS-Quoted Market

As stated above, FMC has received irrevocable undertakings to accept the Offer in respect of over 90 per cent. of the issued share capital of Europe Steel. Therefore, following the Offer becoming unconditional in all respects, FMC intends to exercise its rights under Chapter 3 of Part 28 of the Act to acquire compulsorily the remaining Europe Steel Shares to which the Offer relates on the same terms as the Offer.

Following the Offer becoming or being declared unconditional in all respects, FMC also intends to procure that Europe Steel withdraws its securities from the PLUS-Quoted Market. Such withdrawal will take effect no earlier than 10 Business Days after FMC has received valid acceptances for 90 per cent. of Europe Steel Shares and its Offer has become or is declared unconditional in all respects and subject to any applicable requirements of the PLUS-Quoted Market. Removal of this trading facility will significantly reduce the liquidity and marketability of any Europe Steel Shares not assented to the Offer at that time.

It is proposed that following the Offer becoming or being declared unconditional in all respects Europe Steel will be re-registered as a private company.

10. United Kingdom taxation

The following paragraphs, which are intended as a general guide only, are based on current United Kingdom tax legislation and HM Revenue & Customs published practice both of which are subject to change, possibly with retrospective effect. They summarise certain limited aspects of the United Kingdom tax treatment of acceptance of the Offer and they relate only to the position of Europe Steel Shareholders who are beneficial owners of their Europe Steel Shares, those who hold their Europe Steel Shares as an investment (other than under a personal equity plan or an individual savings account), who have not (and are not deemed to have) acquired their shares by virtue of an office or employment and (except insofar as express reference is made to the treatment of non-UK residents) those who are resident in the United Kingdom for taxation purposes. If you are in any doubt as to your taxation position or if you are subject to tax in any jurisdiction other than the United Kingdom, you should consult an appropriate professional adviser immediately.

(a) *Taxation of chargeable gains*

Liability to UK capital gains tax (or, for UK resident companies, corporation tax on chargeable gains) ("CGT") will depend on the individual circumstances of Europe Steel Shareholders. Acceptance of the Offer will constitute a disposal of the relevant Europe Steel Shares for CGT purposes which may, depending on an Europe Steel Shareholder's individual circumstances (including the availability of reliefs, exemptions and allowable losses), give rise to a liability to CGT or an allowable loss.

(b) ***Stamp duty and stamp duty reserve tax (“SDRT”)***

No stamp duty or SDRT will be payable by Europe Steel Shareholders as a result of accepting the Offer.

(c) ***Other tax matters***

Special tax provisions may apply to Europe Steel Shareholders who have acquired their Europe Steel Shares by exercising options under the Europe Steel share option schemes, including provisions imposing a charge to income tax and social security contributions.

11. Procedure for acceptance of the Offer

This paragraph should be read in conjunction with Parts C and D of Appendix I to this document and, in respect of any Europe Steel Shares held in certificated form, the notes on the accompanying Form of Acceptance, which shall be deemed to be incorporated into, and form part of the terms of the Offer.

Different procedures for acceptance apply depending upon whether your Europe Steel Shares are held in certificated or uncertificated form.

If you hold any of your Europe Steel Shares in certificated form (that is, not in CREST), you may only accept the Offer in respect of certificated shares by completing and returning the accompanying Form of Acceptance in accordance with the procedures set out in paragraph 11(a) below. If you hold your Europe Steel Shares in certificated form, but under different designations, you should complete a separate Form of Acceptance for each designation. Additional Forms of Acceptance are available from Capita Registrars at the address given on page 2 of this document.

If you hold any of your Europe Steel Shares in uncertificated form (that is, in CREST), you may only accept the Offer in respect of uncertificated shares by TTE instruction in accordance with the procedure set out in paragraph 11(b) below. If your Europe Steel Shares are held under different member account IDs, you should send a separate TTE instruction for each member account ID.

(a) ***Europe Steel Shares held in certificated form (that is, not in CREST)***

(i) ***To accept the Offer in respect of your Europe Steel Shares***

To accept the Offer in respect of Europe Steel Shares held in certificated form, you must complete Boxes 1 and 6, and if appropriate Boxes 2, 4 and/or 5 of the accompanying Form of Acceptance. **In all cases you must sign Box 3 on the enclosed Form of Acceptance. Individual shareholders, or duly authorised representatives of corporate shareholders, should sign in the presence of an independent witness, who should also sign in accordance with the instructions printed on the Form of Acceptance.**

If you do not insert a number in Box 1, or if you insert a number greater than your registered holding, a valid acceptance will be deemed to be made in respect of all of the Europe Steel Shares held by you in certificated form.

(ii) ***Return of Form of Acceptance***

To accept the Offer, the completed Form of Acceptance should be returned by post or (during normal business hours only) by hand to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU together with the relevant share certificate(s) and/or other document(s) of title, as soon as possible, **but in any event so as to be received by no later than 1.00 p.m. on 1 July 2008.** A reply-paid envelope (valid for posting in the UK only) is enclosed for your convenience. No acknowledgement of receipt of documents will be given.

Any Form of Acceptance received in an envelope postmarked in a Restricted Jurisdiction or otherwise appearing to have been sent from a Restricted Jurisdiction may be rejected as an invalid acceptance of the Offer.

(iii) *Share certificates not readily available or lost*

If for any reason the relevant share certificate(s) and/or the other documents of title is/are lost or not readily available, you should nevertheless complete, sign and return the Form of Acceptance as stated above so as to be received by Capita Registrars **by no later than 1.00 p.m. on 1 July 2008**. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you may have available and a letter stating that the remaining document(s) will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. If not readily available, you should then arrange for the relevant share certificate(s) and/or other document(s) of title to be forwarded as soon as possible. No acknowledgement of receipt of documents will be given. If you have lost your share certificate(s) and/or other document(s) of title, you should write to Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU for a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned to Capita Registrars at the address set out above.

(iv) *Validity of acceptances*

Without prejudice to Parts B and C of Appendix I of this document, FMC reserves the right (subject to the provisions of the Code and the terms of the Offer) to treat as valid in whole or in part any acceptance of the Offer which is not entirely in order or which is not accompanied by (as applicable) the relevant share certificate(s) and/or other document(s) of title. In that event, no payment of cash under the Offer will be made until after (as applicable) the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to FMC have been received.

(v) *Overseas Shareholders*

The attention of Europe Steel Shareholders holding Europe Steel Shares in certificated form and who are citizens or resident of a jurisdiction outside of the UK is drawn to paragraph 12 of this Part II, paragraph 6 of Part B and Part C of Appendix I.

(b) ***Europe Steel Shares in uncertificated form (that is, in CREST)***

If you hold any of your Europe Steel Shares in uncertificated form, to accept the Offer you should take (or procure the taking of) the action set out below to transfer the Europe Steel Shares in uncertificated form in respect of which you wish to accept the Offer to the appropriate escrow balance(s), specifying Capita Registrars (in its capacity as a CREST participant under the participant ID referred to below) as the Escrow Agent, as soon as possible **and in any event so that the TTE instruction settles not later than 1.00 p.m. on 1 July 2008. You should note that settlement cannot take place on weekends or bank holidays (or other times at which the CREST system is non-operational) and should therefore ensure you time the input of any TTE instruction accordingly.**

The input and settlement of a TTE instruction in accordance with this paragraph 11 (b) will (subject to satisfying the requirements set out in Parts B and D of Appendix I of this document) constitute an acceptance of the Offer in respect of the number of Europe Steel Shares in uncertificated form so transferred to escrow.

If you are a CREST sponsored member, you should refer to your CREST sponsor before taking any action. Only your CREST sponsor will be able to send the TTE instruction(s) to Euroclear UK & Ireland in relation to your Europe Steel Shares in uncertificated form.

After settlement of a TTE instruction, you will not be able to access the Europe Steel Shares concerned in CREST for any transaction or charging purposes. If the Offer becomes or is declared unconditional in all respects, the Escrow Agent will transfer the Europe Steel Shares concerned to itself in accordance with Part D of Appendix I to this document.

You are recommended to refer to the CREST manual published by Euroclear UK & Ireland for further information on the CREST procedures outlined below.

You should note that Euroclear UK & Ireland does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Europe Steel Shares in uncertificated form to settle prior to 1.00 p.m. on 1 July 2008. In this regard you are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

(i) *To accept the Offer for your Europe Steel Shares*

To accept the Offer in respect of any of your Europe Steel Shares held in uncertificated form, you should send (or if you are a CREST sponsored member, procure that your CREST sponsor sends) to Euroclear UK & Ireland a TTE instruction in relation to such Europe Steel Shares.

A TTE instruction to Euroclear UK & Ireland must be properly authenticated in accordance with Euroclear UK & Ireland's specifications for transfers to escrow and must contain the following details:

- the number of Europe Steel Shares in uncertificated form in respect of which you wish to accept the Offer (i.e. the number of Europe Steel Shares to be transferred to an escrow balance);
- your participant ID;
- your member account ID;
- the participant ID of the Escrow Agent. This is RA10;
- the member account ID of the Escrow Agent for the Offer in its basic terms. This is FEREUR01;
- the corporate action ISIN, which is GB0003796694;
- the corporate action number of the Offer which is allocated by Euroclear UK & Ireland and can be found by viewing the relevant corporate action details in CREST;
- input with standard delivery instructions of priority 80;
- the intended settlement date. This should be as soon as possible and in any event not later than 1.00 p.m. on 1 July 2008; and
- the contact name and telephone number inserted in the shared note field.

(ii) *Validity of acceptances*

A Form of Acceptance which is received in respect of Europe Steel Shares held in uncertificated form will not constitute a valid acceptance and will be disregarded. Holders of Europe Steel Shares in uncertificated form who wish to accept the Offer should note that a TTE instruction will only be a valid acceptance of the Offer as at the relevant closing date if it has settled on or before that date.

(iii) *Overseas Shareholders*

The attention of Europe Steel Shareholders who are citizens or residents of jurisdictions outside the UK is drawn to paragraph 12 of this Part II, paragraph 6 of Part B and Part D of Appendix I.

(c) **General**

FMC will make an appropriate announcement if any of the details contained in paragraphs (a) or (b) above will change for any reason.

Normal CREST procedures (including timings) apply in relation to any Europe Steel Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Europe Steel Shares or otherwise). Holders of Europe Steel Shares who are proposing to convert any such shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) or other document(s) of title or transfers to an escrow balance as described above) prior to 1.00 p.m. on 1 July 2008.

If you are in any doubt as to the procedure for acceptance please contact Capita Registrars, the receiving agent to the Offer, on 0871 664 0321 (or +44 20 8639 3399, if telephoning from outside the UK) between 9.00 a.m. and 5.00 p.m. Monday to Friday (excluding UK public holidays). Calls to the Capita Registrars' 0871 664 0321 number are charged at 10 pence per minute (including VAT) plus any of your service provider's network extras. Calls to the Capita Registrars' +44 20 8639 3399 number from outside the UK are charged at applicable international rates. Different charges may apply to calls made from mobile telephones and calls may be recorded and monitored randomly for security and training purposes. Capita Registrars cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

You are reminded that if you are a CREST sponsored member, you should contact your CREST sponsor before taking any action.

12. Overseas Shareholders

The attention of Overseas Shareholders, or those who are nominees of, or custodians or trustees for, any such person, and the attention of any person who intends to forward this document to any jurisdiction outside the United Kingdom, is drawn to paragraph 6 of Part B of Appendix I of this document, and for those Overseas Shareholders who hold Europe Steel Shares in certificated form to the relevant provisions of the Form of Acceptance, which they should read before taking any action.

13. Settlement

Subject to the Offer becoming or being declared unconditional in all respects (and except as provided in paragraph 6 of Part B of Appendix I of this document in the case of certain Overseas Shareholders) settlement of the consideration to which any Europe Steel Shareholder is entitled under the Offer will be effected by the despatch of cheques or CREST accounts credited (as applicable);

- (a) in the case of acceptances received, valid and complete in all respects, by the date on which the Offer becomes or is declared unconditional in all respects (or such earlier date as FMC may be entitled to elect subject to FMC's obligations under the Code), within 14 days of such date or 1 July 2008, whichever is the later; or
- (b) in the case of acceptances received, valid and complete in all respects, after the date on which the Offer becomes or is declared unconditional in all respects (or such earlier date as FMC may be entitled to elect subject to FMC's obligations under the Code) but while it remains open for acceptance, within 14 days of such receipt, and in either case in the following manner:

(i) ***Europe Steel Shares in certificated form (that is, not in CREST)***

Where an acceptance relates to Europe Steel Shares in certificated form, settlement of any cash due will be despatched by first-class post (or by such other method as may be approved by the Panel) to accepting Europe Steel Shareholders or their appointed agents (but not into a Restricted Jurisdiction). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a United Kingdom clearing bank.

(ii) ***Europe Steel Shares in uncertificated form (that is, in CREST)***

Where an acceptance relates to Europe Steel Shares in uncertificated form (that is, in CREST) the cash consideration to which the accepting Europe Steel Shareholder is entitled will be paid by means of a CREST payment in favour of the accepting Europe Steel Shareholder's payment bank in respect of the cash consideration due, in accordance with CREST assured payment arrangements. However, FMC reserves the right to settle all or any part of the consideration referred to in this paragraph 13 for all or any accepting Europe Steel Shareholders, in the manner referred to in paragraph (i) above, if, for any reason, it wishes to do so.

(iii) ***General***

If the Offer lapses or is withdrawn:

- (a) in the case of Europe Steel Shares held in certificated form, the relevant Form of Acceptance, share certificate(s) and/or other document(s) of title will be returned by post (or by such other method as may be approved by the Panel) within 14 days of the Offer lapsing to the person or agent whose name and address (outside a Restricted Jurisdiction) is set out in Box 1 or, if appropriate, Box 2 or Box 5 on the Form of Acceptance or, if none is set out, to the first-named holder at his or her registered address (outside a Restricted Jurisdiction); and
- (b) in the case of Europe Steel Shares held in uncertificated form, the Escrow Agent will, immediately after the lapsing or withdrawal of the Offer (or within such longer period as the Panel may approve, not exceeding 14 days of the lapsing or withdrawal of the Offer), give TFE instructions to Euroclear UK & Ireland to transfer all Europe Steel Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Europe Steel Shareholders concerned.

All communications, notices, certificates, documents of title and remittances sent by, to or from Europe Steel Shareholders (or their designated agent) will be sent at their own risk.

14. Further information

Your attention is drawn to the further information in the Appendices, which form part of this document and to the accompanying Form of Acceptance which should be read in conjunction with this document.

15. Action to be taken to accept the Offer

If any of your Europe Steel Shares are held in certificated form, to accept the Offer, the Form of Acceptance must be completed and returned with your share certificate(s) or other document(s) of title by post in the enclosed reply-paid envelope (for use within the UK only) or (during normal office hours only) by hand to Capita Registrars, by no later than 1.00 p.m. on 1 July 2008.

If any of your Europe Steel Shares are held in uncertificated form the Form of Acceptance must NOT be completed but instead you should take the action set out in paragraph 11 (b) above to transfer your Europe Steel Shares to an escrow balance.

If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

Yours faithfully,

Moshe Fengas
Director
for and on behalf of Ferrous Metal Company Limited

APPENDIX I

CONDITIONS AND FURTHER TERMS OF THE OFFER

PART A: CONDITIONS OF THE OFFER

The Offer complies with the rules and regulations of the Financial Services Authority, the applicable PLUS-Quoted Market rules and the Code, and is governed by English law and any dispute arising in connection with the Offer will be subject to the exclusive jurisdiction of the courts of England. In addition, the Offer is made subject to the terms and conditions set out in this Appendix 1, the further terms set out in the Offer Document and, in relation to Europe Steel Shares held in certificated form, the related Form of Acceptance.

The Offer is subject to the following conditions:

- (a) valid acceptances being received (and not, where permitted, withdrawn) by not later than 1.00 p.m. on 1 July 2008, the first closing date of the Offer, (or such later time(s) and/or date(s) as FMC may, subject to the rules of the Code or with the consent of the Panel, decide) in respect of not less than 90 per cent. in nominal value of the Europe Steel Shares to which the Offer relates and not less than 90 per cent. of the voting rights carried by the Europe Steel Shares to which the Offer relates, provided that this condition will not be satisfied unless FMC (together with its wholly owned subsidiaries) shall have acquired or agreed to acquire (whether pursuant to the Offer or otherwise) directly or indirectly Europe Steel Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at general meetings of Europe Steel, including for this purpose (except to the extent, if any, required by the Panel) any such voting rights attaching to any Europe Steel Shares that are unconditionally allotted or issued before the Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

For the purposes of this condition:

- (i) Europe Steel Shares which have been unconditionally allotted shall be deemed to carry the voting rights they will carry upon issue;
- (ii) the expression “Europe Steel Shares to which the Offer relates” shall be construed in accordance with Part 28 of the Act; and
- (iii) valid acceptances shall be deemed to have been received in respect of any Europe Steel Shares which FMC shall, pursuant to section 979(8) of the Act, be treated as having acquired or contracted to acquire by virtue of acceptance of the Offer;
- (b) no government, government department, or governmental, quasi-governmental, supranational, statutory or regulatory body, or any court, institution, investigative body, association, trade agency or professional or environmental body or (without prejudice to the generality of the foregoing) any other person or body in any jurisdiction (each, a “Relevant Authority”) having decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation, reference or enquiry or enacted, made or proposed any statute, regulation or order or otherwise taken any other step or done anything, and there not being outstanding any statute, legislation or order, that would reasonably be expected to:
- (i) restrict, restrain, prohibit, delay, impose additional conditions or otherwise challenge or require the amendment of obligations with respect to, or otherwise interfere with the implementation of, or impose additional conditions or obligations which FMC considers material with respect to, the Offer or the acquisition of any Europe Steel Shares by FMC or the control of Europe Steel by FMC;
- (ii) require, prevent, delay or affect the divestiture by Europe Steel or FMC or any of Europe Steel’s or FMC’s subsidiaries, subsidiary undertakings or associated undertakings (including

any company, any partnership, joint venture or firm in which any of them have a direct or indirect interest of 20 per cent. or more of the voting or equity capital or the equivalent) (together respectively the “wider Europe Steel Group” and the “wider FMC Group”) of all or any portion of their businesses, assets or property or of any Europe Steel Shares or other securities (or the equivalent) in Europe Steel or impose any limitation on the ability of any of them to conduct their respective businesses or own their respective assets or properties or any part thereof to an extent which is material in the context of the Offer or the wider Europe Steel Group taken as a whole, or as the case may be, the wider FMC Group taken as a whole;

- (iii) impose any material limitation on, or result in a material delay in, the ability of the wider FMC Group or the wider Europe Steel Group to acquire, hold or exercise effectively, directly or indirectly, all or any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the wider Europe Steel Group in each case to an extent which is material in the context of the Offer;
- (iv) except pursuant to Part 28 of the Act and/or the Code, require the wider FMC Group or any member of the wider Europe Steel Group to offer to acquire any shares or other securities (or the equivalent) or rights thereover of, or any material asset of Europe Steel or any member of the wider Europe Steel Group owned by any third party or to sell or offer to sell any shares or other securities (or the equivalent) or rights thereover of, or any material asset owned by Europe Steel or any member of the wider Europe Steel Group where such acquisition would be material in the context of the Offer;
- (v) make the Offer or its implementation or the acquisition or proposed acquisition of Europe Steel the wider Europe Steel Group or of any Europe Steel Shares or any other shares or securities in, or control of, Europe Steel by FMC, illegal, void and/or unenforceable in or under the laws of any jurisdiction;
- (vi) impose any material limitation on the ability of the wider FMC Group or any member of the wider Europe Steel Group to integrate or co-ordinate its business, or any part of it, with all or any material part of the business of the wider FMC Group taken as a whole or of the wider Europe Steel Group taken as a whole;
- (vii) result in a delay in the ability of FMC, or render FMC unable, to acquire some or all of the Europe Steel Shares or require, or where so required prevent or delay, the divestiture by FMC of any such shares or other securities of Europe Steel;
- (viii) result in any member of the wider Europe Steel Group ceasing to be able to carry on its business under any name which it at present uses to an extent which is material in the context of the Offer; or
- (ix) otherwise adversely affect any or all of the businesses, assets, prospects or profits of the wider FMC Group or any member of the wider Europe Steel Group to an extent which is material in the context of the Offer,

and all applicable waiting and other time periods during which such Relevant Authority could decide to institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or otherwise intervene having expired, lapsed or been terminated;

- (c) no indication having been given by the Office of Fair Trading that the proposed acquisition of Europe Steel will be referred to the Competition Commission (as established under section 4 of the Competition Act 1998, as amended);
- (d) all authorisations, orders, grants, recognitions, confirmations, certificates, consents, clearances, licences, permissions, exemptions and approvals, in any jurisdiction, necessary for or in respect of the Offer, the proposed acquisition of any shares or securities in, (except pursuant to Part 28 of the Act) or control of, Europe Steel or any member of the wider Europe Steel Group by FMC or the carrying on of the business of any member of the wider Europe Steel Group or FMC being obtained on terms

reasonably satisfactory to FMC from all appropriate Relevant Authorities or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any members of the wider Europe Steel Group or FMC has entered into contractual arrangements in each case where the absence of the same would have a material adverse effect on FMC or the FMC Group and such authorisations, orders, grants, recognitions, confirmations, certifications, consents, clearances, licences, permissions, exemptions and approvals remaining in full force and effect at the time at which the Offer becomes or is otherwise declared unconditional in all respects, and there being no notice of any intention to revoke, modify, suspend, restrict or not to renew the same and all necessary filings and applications having been made, all appropriate waiting and other time periods (including extensions thereto) under any applicable legislation and regulations in any applicable jurisdiction having expired, lapsed or been terminated and all necessary statutory or regulatory obligations in any jurisdiction in respect of the Offer in each case as may be necessary in connection with the Offer or the proposed acquisition of Europe Steel by FMC or of any Europe Steel Shares having been complied with in all material respects;

- (e) no notice having been received by any member of the wider Europe Steel Group from the Relevant Authorities or any party with whom any member of the wider Europe Steel Group has any contractual or other relationship, (i) that the interests held by any member of the wider Europe Steel Group under licences, leases, consents, permits and other rights will be materially (in the context of the wider Europe Steel Group taken as a whole) adversely amended or otherwise affected by the Offer or the proposed acquisition of Europe Steel, and (ii) that such licences, leases, consents, permits and other rights have ceased to be in full force and effect and (iii) that there is an intention to revoke, modify, suspend, restrict, limit or amend any of the same;
- (f) except as fairly disclosed to FMC or its advisers by or on behalf of Europe Steel prior to 29 May 2008 or as otherwise publicly announced by Europe Steel to a Regulatory Information Service prior to 29 May 2008 or as disclosed in Europe Steel's annual report and accounts for the year ended 31 December 2007, there being no provision of any agreement, instrument, permit, licence, lease or other arrangement to which any member of the wider Europe Steel Group is a party or by or to which any member of the wider Europe Steel Group or any of its assets may be bound, or subject, which, as a consequence of the Offer or the acquisition or the proposed acquisition by FMC of the Europe Steel Shares or any of them or because of a change in the control or management of Europe Steel or any member of the wider Europe Steel Group, could or might reasonably be expected to have the result that (in each case to an extent which is or would be material and adverse in the context of the wider Europe Steel Group taken as a whole):
 - (i) any moneys borrowed by, or other indebtedness, actual or contingent, of, or grant available to, any member of the wider Europe Steel Group is or becomes repayable or capable of being declared repayable immediately or earlier than the repayment date stated in such agreement, instrument or other arrangement or the ability of any member of the wider Europe Steel Group to borrow moneys or incur indebtedness is withdrawn or inhibited or adversely affected;
 - (ii) any mortgage, charge or other security interest is created or enforced over the whole or any part of the business, property or assets of any member of the wider Europe Steel Group or any such security (whenever and wherever arising or having arisen) becomes enforceable;
 - (iii) any such agreement, instrument, permit, licence or other arrangement, or any right, interest, liability or obligation of any member of the wider Europe Steel Group therein, is terminated or adversely modified or affected or any adverse action is taken or onerous obligation arises thereunder;
 - (iv) the value of any member of the wider Europe Steel Group or their respective financial or trading position or profits or prospects is prejudiced or adversely modified in each case to a material extent;
 - (v) any asset or interest, the use of which is enjoyed by any member of the wider Europe Steel Group, being or falling to be charged or disposed of or any right arising under which any such

asset or interest could be required to be disposed of or charged or could cease to be available to FMC or any member of the wider Europe Steel Group, in each case otherwise than in the ordinary course of business;

- (vi) the assets, rights, liabilities, obligations or interests or business of any member of the wider Europe Steel Group under any such arrangement, agreement, licence, permit, lease or instrument or in or with any other person, firm or company (or any arrangement relating to such interest or business) is terminated or modified or affected in either case materially and adversely or any material onerous obligations arising or any material and adverse actions being taken thereunder;
- (vii) any member of the wider Europe Steel Group ceases to be able to carry on business under any name under which it currently does so;
- (viii) any change in or effect on the ownership or use of any intellectual property rights owned or used by any member of the wider Europe Steel Group; or
- (ix) any liabilities (actual or contingent) which are created, arise or become apparent in any member of the wider Europe Steel Group, other than in the ordinary course of business,

and no event having occurred which, under any provision of any agreement, arrangement, licence or other instrument to which any member of the wider Europe Steel Group is a party or by or to which any such member or any of its assets are bound or subject, would be reasonably likely to result in any events or circumstances as are referred to in paragraphs (i) to (ix) above;

- (g) since 31 December 2007 (being the date to which the latest published audited report and accounts of Europe Steel were made up) and save as disclosed in Europe Steel's published report and accounts for the year ended 31 December 2007 or save as announced publicly by Europe Steel to a Regulatory Information Service prior to 29 May 2008 or save as fairly disclosed to FMC or its advisers by or on behalf of Europe Steel no member of the wider Europe Steel Group having:
 - (i) issued or agreed to issue or authorised or proposed the issue of additional shares of any class, or granted securities convertible into or exchangeable for, or rights, warrants or options to subscribe for or acquire such shares or convertible securities or transferred or sold any shares out of treasury or redeemed, purchased, reduced or repaid or announced any intention or proposal to do so or made any other change to any part of its share capital;
 - (ii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any dividend, bonus issue or other distribution, whether payable in cash or otherwise, other than dividends lawfully paid to Europe Steel or to a member of the wider Europe Steel Group which is a wholly owned subsidiary of Europe Steel;
 - (iii) authorised or proposed or announced its intention to propose any merger or acquisition or disposal or transfer of any body corporate, partnership or business or otherwise than in the ordinary course of business, acquired, transferred, disposed, mortgaged, charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or any change in its share or loan capital;
 - (iv) issued or authorised or proposed the issue of any debentures;
 - (v) otherwise than in the ordinary course of business, incurred or increased any indebtedness or contingent liability which would be material in the context of the wider Europe Steel Group taken as a whole;
 - (vi) disposed of or transferred, mortgaged or encumbered any material asset or any right, title or interest in any such asset or authorised, proposed or announced any intention to do so;
 - (vii) entered into, varied or terminated other than in the ordinary course of business any contract, commitment or arrangement (whether in respect of capital expenditure, trading obligations or

otherwise) which is of a loss making, long term, onerous or unusual nature or which involves or could involve an obligation of a nature or magnitude which, in each case, is material in the context of the wider Europe Steel Group taken as a whole or authorised, proposed or announced any intention to do so;

- (viii) entered into, varied the terms of or terminated, any contract or agreement (including any service agreement) with any of the directors or senior executives of Europe Steel or its subsidiaries;
- (ix) proposed, agreed to provide or modified the terms of any share option scheme or incentive scheme of the wider Europe Steel Group;
- (x) save as between Europe Steel and its wholly owned subsidiaries, granted any material lease or licence in respect of any of the leasehold or freehold property owned or occupied by it or transferred or otherwise disposed of any such property;
- (xi) taken or proposed any corporate action to the extent which is material in the context of the Europe Steel Group taken as a whole or had any legal proceedings instituted or threatened in relation to or against it for its winding-up (voluntary or otherwise), dissolution or reorganisation or for it to enter into a compromise of its debts or scheme of arrangement of its affairs or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of all or any of its assets and revenues or any analogous proceedings in any jurisdiction or for the appointment of any analogous person in any jurisdiction;
- (xii) taken any action to commence or institute any legal proceedings or to settle, compromise or discontinue any legal proceedings which have already been commenced or suffered any claims or had any legal proceedings instituted against it or admitted liability in any such claim or proceeding or taken any action to settle or compromise any such claim or proceedings which, in each case, is material in the context of the wider Europe Steel Group taken as a whole;
- (xiii) waived or compromised any claim or authorised any such waiver or compromise which is material in the context of the wider Europe Steel Group as a whole;
- (xiv) entered into, implemented, effected, authorised, or proposed or announced its intention to enter into, implement, effect, authorise or propose any merger, demerger, scheme, reconstruction or amalgamation otherwise than in the ordinary course or business;
- (xv) made any amendment to its memorandum or articles of association which is material in the context of the Offer;
- (xvi) entered into or varied or terminated or authorised, proposed or announced its intention to enter into, vary or terminate any contract, transaction, commitment or arrangement which is restrictive on the business of any member of the wider Europe Steel Group or FMC and which is material in the context of the wider Europe Steel Group taken as a whole;
- (xvii) been unable or admitted that it is unable to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xviii) purchased, redeemed or repaid or proposed the purchase, redemption or repayment of any of its own shares or other securities or reduced or made any other changes to any part of its share capital to an extent which is material in the context of the wider Europe Steel Group taken as a whole; or
- (xix) entered into or made any offer (which remains open for acceptance) to enter into any contract, commitment, agreement or arrangement or passed any resolution with respect to, or to effect, any of the transactions, matters or events referred to in this condition (g), or announced or proposed an intention to do so;

- (h) since 30 April 2008 (being the date to which the latest management accounts of Europe Steel were made up) and save as disclosed in Europe Steel's published report and accounts for the year ended 31 December 2007 or save as announced publicly prior to 29 May 2008 or save as fairly disclosed in writing to FMC or its advisers prior to 29 May 2008 by or on behalf of Europe Steel:
- (i) no litigation or arbitration proceedings, prosecution or other legal proceedings having been instituted, announced or threatened or become pending or remained outstanding by or against any member of the wider Europe Steel Group or to which any member of the wider Europe Steel Group is or reasonably expects to become a party (whether as plaintiff, claimant, defendant or otherwise) and no enquiry or investigation by or complaint or reference to any Relevant Authority against or in respect of any member of the wider Europe Steel Group having been threatened, announced or instituted or remaining outstanding by, against or in respect of any member of the wider Europe Steel Group in each case which is material in the context of the wider Europe Steel Group taken as a whole;
 - (ii) no adverse change or deterioration having occurred in the business, assets (including cash balances), financial or trading position, profits or prospects of any member of the wider Europe Steel Group in each case which is material in the context of the wider Europe Steel Group taken as a whole;
 - (iii) no contingent or other liability of any member of the wider Europe Steel Group having arisen or become apparent which is or might reasonably be expected to be materially adverse in the context of the wider Europe Steel Group taken as a whole; or
 - (iv) no steps have been taken and no admissions having been made which are likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the wider Europe Steel Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is or might reasonably be expected to be material in the context of the wider Europe Steel Group taken as a whole;
- (i) after the date of the Announcement FMC not having discovered that:
- (i) any business, financial or other information concerning any member of the wider Europe Steel Group that has been disclosed, publicly or otherwise at any time to FMC, by or on behalf of any member of the wider Europe Steel Group, is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not misleading which in each case is material in the context of the wider Europe Steel Group taken as a whole; or
 - (ii) any member of the wider Europe Steel Group, or any entity in which any such member has a significant economic interest, is subject to any liability, actual or contingent, which is not disclosed in the annual report and accounts of Europe Steel for the financial year ended 31 December 2007 or in the Offer Document or has not otherwise been fairly disclosed to FMC or its advisers by or on behalf of Europe Steel prior to 29 May 2008 and which is material in the context of the wider Europe Steel Group taken as a whole;
- (j) after the date of the Announcement FMC not having discovered that:
- (i) any present member of the wider Europe Steel Group, or any past member of the wider Europe Steel Group for whose acts or omissions mentioned in this paragraph (j)(i) any present member of the wider Europe Steel Group may be held liable, has not complied with any and/or all applicable legislation or regulations of any jurisdiction (or any notices or requirements of any Relevant Authority in any jurisdiction) with regard to the use, treatment, handling, storage, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or to harm human health or otherwise relating to environmental, health or safety matters (which non-compliance might give rise to any liability (whether actual or contingent) or cost on the part of any member of the wider Europe Steel Group) which would be material to the wider Europe Steel Group taken as a whole or that there

has otherwise been any such use, treatment, handling, storage, disposal, discharge, spillage, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations and wherever the same may have taken place) which in any such case might give rise to any liability (whether actual or contingent) or cost on the part of any member of the wider Europe Steel Group and which would be material in the context of the wider Europe Steel Group taken as a whole;

- (ii) there is, or is reasonably likely to be, any obligation or liability (whether actual or contingent), or any request by any Relevant Authority, to make good, repair, reinstate or clean up any property or other asset now or previously owned, occupied or made use of by either any present member of the wider Europe Steel Group, or any past member of the wider Europe Steel Group for whose acts or omissions mentioned in this paragraph (j)(ii) any present member of the wider Europe Steel Group may be held liable, or in which such member may now have or previously has had an interest under any environmental legislation, regulation, decision or order of any Relevant Authority or third party or otherwise which, in each case, is material in the context of the wider Europe Steel Group taken as a whole;
- (iii) any Relevant Authority instituting, or any member of the wider Europe Steel Group or FMC being required to institute, an environmental audit or take any other steps which in any such case is reasonably likely to result in any actual or contingent liability or cost to improve or install new plant or equipment, to pay a fine or be subject to any legal proceedings, or make good, repair, re-instate or clean up any land or other asset now or previously owned, occupied or made use of by any member of the wider Europe Steel Group in each case which is material in the context of the wider Europe Steel Group taken as a whole; or
- (iv) circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein now or previously manufactured, sold or carried out by any present member of the wider Europe Steel Group, or any past member of the wider Europe Steel Group for whose acts or omissions mentioned in this paragraph (j)(iv) any present member of the wider Europe Steel Group may be held liable, in each case which is material in the context of the wider Europe Steel Group taken as a whole.

Waiver and invocation of Conditions

Subject to the requirements of the Panel, FMC reserves the right at its absolute discretion to waive all or any of conditions (b) to (j) (inclusive), in whole or in part. The Offer will lapse unless the conditions (b) to (j) (inclusive) have been fulfilled or (if capable of waiver) waived, or, where appropriate, have been determined by FMC in its reasonable opinion to be or remain satisfied, by midnight on the day which is 21 days after the later of the first closing date of the Offer and the date on which the Offer becomes or is declared unconditional as to acceptances, or such later date as FMC may, with the consent of the Panel, decide, provided that FMC shall be under no obligation to waive or treat as fulfilled any of conditions (b) to (j) (inclusive) by a date earlier than the latest date specified or referred to above for the fulfilment thereof notwithstanding that the other conditions of the Offer may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment.

If FMC is required by the Panel to make an offer or offers for Europe Steel Shares under the provisions of Rule 9 of the Code, FMC may make such alterations to the conditions as are necessary to comply with the provisions of that rule.

The conditions are for the benefit of FMC and none of the Europe Steel Shareholders shall be entitled to waive any of the conditions without the prior consent of FMC.

Europe Steel Shares will be acquired by FMC fully paid and free from all liens, equitable interests, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them, including the right to receive and retain all dividends and distributions (if any) declared, made or payable after the date of the Announcement.

PART B: FURTHER TERMS OF THE OFFER

The following further terms apply to the Offer. Except where the context requires otherwise, any reference in this document and in the Form of Acceptance to:

- (i) **“acceptance”** shall include deemed acceptances;
- (ii) the **“acceptance condition”** means the condition as to acceptances set out in paragraph (a) of Part A of this Appendix I;
- (iii) the **“Offer”** shall mean the Offer and any revision, variation or renewal thereof or extension thereto;
- (iv) the Offer **“becoming unconditional”** includes the Offer being or becoming or being declared unconditional and shall be construed as a reference to the Offer being declared or becoming unconditional as to acceptances whether or not any other condition of the Offer remains to be fulfilled and references to the Offer having to become or not becoming unconditional shall be construed accordingly; and
- (v) the **“Offer document”** means this document and any other document containing details of the Offer.

1. Acceptance Period

- (a) The Offer will initially remain open for acceptance until 1.00 p.m. on 1 July 2008. FMC reserves the right (but will not be obliged, other than if so required by the Panel), at any time and from time to time to extend the Offer beyond 1.00 p.m. on 1 July 2008. Although no revision is envisaged, if the Offer is revised, a revised offer document will be posted to Europe Steel Shareholders. On the day of posting, FMC will put the revised offer document on display and announce that the document has been posted and where the document can be inspected. If the Offer is revised, it will remain open for acceptance for a period of at least 14 days (or any such other period as may be permitted by the Panel) following the date on which the revised Offer is posted to Europe Steel Shareholders. Except with the consent of the Panel, no revision of the Offer may be made after 26 July 2008 or, if later, the date falling 14 days prior to the last date on which the Offer can become unconditional.
- (b) The Offer, whether revised or not, shall not (except with the consent of the Panel) be capable of becoming or being declared unconditional after midnight on 9 August 2008 (or any other time and/or date beyond which FMC has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) nor of being kept open for acceptance after that time and/or date unless it has previously become unconditional. However, FMC reserves the right, with the consent of the Panel, to extend the Offer to a later time(s) and/or date(s). Except with the consent of the Panel, FMC may not, for the purpose of determining whether the acceptance condition has been satisfied, take into account acceptances received, or purchases of Europe Steel Shares made, in respect of which relevant electronic instructions or documents have been received by Capita Registrars after 1:00 p.m. on 9 August 2008 (or any earlier time(s) and/or date(s) beyond which FMC has stated that the Offer will not be extended and in respect of which it has not withdrawn that statement) or such later time(s) and/or date(s) as FMC may, with the permission of the Panel, decide. If the latest time at which the Offer may become unconditional is extended beyond midnight on 9 August 2008, acceptances received and purchases made in respect of which relevant electronic instructions or documents have been received by Capita Registrars after 1.00 p.m. on the relevant date may (except where the Code otherwise permits) only be taken into account with the consent of the Panel.
- (c) If the Offer becomes or is declared unconditional, it will remain open for acceptance for not less than 14 days from the date on which it would otherwise have expired. If the Offer has become unconditional and FMC state that the Offer will remain open until further notice, or if the Offer will remain open for acceptances beyond the 70th day following posting of the Offer document, then not less than 14 days' notice in writing will be given to those Europe Steel Shareholders who have not accepted the Offer prior to the closing of the Offer.
- (d) If a competitive situation (as determined by the Panel) arises after FMC has made a “no extension” statement or a “no increase” statement (as referred to in the Code) in relation to the Offer, FMC may

(if it has specifically reserved the right to do so at the time such statement was made, or otherwise with the consent of the Panel) choose not to be bound by or withdraw such statement and be free to revise and/or extend the Offer provided that it complies with the requirements of the Code and in particular that:

- (i) it announces the withdrawal or otherwise gives notice to this effect as soon as possible and in any event within four Business Days after the firm announcement of the competing offer or other competitive situation and notifies Europe Steel Shareholders to that effect in writing at the earliest opportunity or, in the case of Europe Steel Shareholders with registered addresses outside the United Kingdom or whom FMC reasonably believes to be nominees, custodians or trustees holding Europe Steel Shares for such persons, by announcement in the United Kingdom at the earliest opportunity; and
- (ii) any Europe Steel Shareholders who accept the Offer after the date of such statement are given a right of withdrawal as described in paragraph 3(c) below.

FMC may (if it has reserved the right to do so at the time such announcement was made) choose not to be bound by the terms of a “no increase” statement or a “no extension” statement if it would otherwise prevent the posting of an increased or improved Offer (either as to value or nature of the consideration offered or otherwise) which is recommended for acceptance by the Independent Directors, or in other circumstances permitted by the Panel.

- (e) For the purpose of determining at any particular time whether the acceptance condition has been satisfied, FMC shall not be bound (unless otherwise required by the Panel) to take into account any Europe Steel Shares which have been unconditionally allotted or issued before such time unless Capita Registrars has received notice on behalf of FMC from Europe Steel or its agents, at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, of the relevant details of such allotment or issue before that time.
- (f) FMC reserves the right to treat as valid in whole or in part acceptances of the Offer which are not entirely in order or which are not accompanied by the relevant share certificate(s) and/or other relevant document(s) of title or not accompanied by the relevant TTE instruction (subject to paragraphs 5(b)(i) and (ii) of this Part B).
- (g) If a competitive situation arises and is continuing on 9 August 2008, FMC will enable the holders of Europe Steel Shares in uncertificated form, who have not already validly accepted the Offer but who have previously accepted the competing offer to accept the Offer by a special form of acceptance to take effect on 9 August 2008. It shall be a condition of such special form of acceptance being a valid acceptance of the Offer that:
 - (i) it is received by, on or before 9 August 2008;
 - (ii) the relevant Europe Steel Shareholder shall have applied to withdraw his acceptance of the competing offer but that the Europe Steel Shares to which such withdrawal relates shall not have been released from escrow before 9 August 2008 by the escrow agent to the competing offer; and,
 - (iii) the Europe Steel Shares to which the special form of acceptance relates are not transferred to escrow in accordance with the procedure for acceptance set out in the letter from FMC contained in this document on or before 9 August 2008, but an undertaking is given that they will be so transferred as soon as possible thereafter.

Shareholders wishing to use such forms of acceptance should apply to Capita Registrars on 0871 664 0321 or, if calling from outside the UK, on +44 208 639 3399 between 9.00 a.m. and 5.00 p.m. on the Business Day preceding 9 August 2008 in order that such forms can be despatched. Notwithstanding the right to use such special form of acceptance, holders of Europe Steel Shares in uncertificated form may not use a Form of Acceptance (or any other purported acceptance form) for the purpose of accepting the Offer in respect of such Europe Steel Shares.

2. **Announcements**

- (a) Without prejudice to paragraph 3(a) below, by 8.00 a.m. on the next Business Day (the “**relevant day**”) immediately following the day on which the Offer is due to expire or becomes or is declared unconditional or such later time and/or date as the Panel may agree, FMC will make an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. Such announcement will (unless otherwise permitted by the Panel) also state:
- (i) the total number of Europe Steel Shares and rights over Europe Steel Shares (as accurately as practicable) for which acceptances of the Offer have been received, specifying to the extent to which acceptances have been received from any person acting, or deemed to be acting, in concert with FMC or in respect of shares which are the subject of an irrevocable commitment procured by FMC or any of its associates;
 - (ii) details of any relevant securities, as defined by the Code, of Europe Steel in which FMC or any person acting in concert with it has an interest or in respect of which any such person has a right to subscribe and details of any short positions in such securities held by any such person;
 - (iii) details of any relevant securities in Europe Steel in respect of which FMC or any of its associates has an outstanding irrevocable commitment;
 - (iv) details of any relevant securities of Europe Steel in respect of which FMC or any person acting in concert with it has borrowed or lent, other than any borrowed or lent shares which have been on-lent or sold;
 - (v) the total number of Europe Steel Shares which FMC may count towards satisfaction of the acceptance condition;

and will specify the percentages of Europe Steel Shares represented by these figures.

Any decision to extend the time and/or date by which the acceptance condition has to be fulfilled may be made at any time up to, and will be announced not later than, 8.00 a.m. on the relevant day (or such later time and/or date as the Panel may agree) and the announcement will state the next expiry date (unless the Offer is unconditional in which case a statement may be made that the Offer will remain open until further notice). In computing the number of Europe Steel Shares represented by acceptances and/or purchases there may, at the discretion of FMC, be included or excluded for announcement purposes subject to paragraph 5(b)(i) and (ii) of this Part B, acceptances and/or purchases which are not complete in all respects or are subject to verification.

- (b) References in this Appendix I to the making of an announcement by FMC or the giving of notice by or on behalf of FMC includes the release of an announcement by public relations consultants or by BDO Stoy Hayward Corporate Finance, in each case on behalf of FMC, to the press, and the delivery by hand or telephone, telex, facsimile or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service shall be notified simultaneously (unless the Panel agree otherwise) to a Regulatory Information Service.

3. **Rights of Withdrawal**

- (a) If FMC, having announced the Offer to be unconditional, fails to comply by 3.30 p.m. on the relevant day (or such later time and/or date as the Panel may agree) with any of the requirements specified in paragraph 2(a) above, an accepting Europe Steel Shareholder may (unless the Panel agrees otherwise) immediately thereafter withdraw his acceptance by written notice (signed by the accepting shareholder or his attorney) given by post or by hand during normal business hours to Capita Registrars on behalf of FMC. Alternatively, in the case of Europe Steel Shares in uncertificated form, withdrawals can also be effected in the manner set out in paragraph 3(f) below. Subject to paragraph 1(b) above, this right of withdrawal may be terminated not less than eight days after the relevant day by FMC confirming, if such be the case, that the Offer is still unconditional and complying with the other requirements specified in paragraph 2(a) above. If any such confirmation is given, the first

period of 14 days referred to in paragraph 1(c) above will run from the date of such confirmation and compliance.

- (b) If by 1.00 p.m. on 22 July 2008 (or such later time and/or date as the Panel may agree) the Offer has not become or been declared unconditional, an accepting Europe Steel Shareholder may withdraw his acceptance at any time thereafter, in the manner referred to in paragraph 3(a) above (or in the case of Europe Steel Shares in uncertificated form, withdrawals can also be effected in the manner set out in paragraph 3(f) below) before the earlier of:
 - (i) the time when the Offer becomes or is declared unconditional as to acceptances; and
 - (ii) the final time for lodgement of acceptances of the Offer which can be taken into account in accordance with paragraph 1(b) above.

If the Panel determines that FMC is not permitted to invoke, or causes or permits FMC to invoke, a condition to the Offer, it may instead determine that Europe Steel Shareholders shall be entitled to withdraw their acceptances on such terms and by such time as the Panel may determine and notwithstanding that the Offer has become unconditional as to acceptances. The Panel may also determine that the timetable applicable to the Offer shall be varied in such manner as it may determine. Exercise of such withdrawal rights by accepting Europe Steel Shareholders could result in the Offer, if it has by then become unconditional as to acceptances, ceasing to be unconditional as to acceptances.

- (c) If FMC withdraws a “no extension” statement and/or a “no increase” statement in accordance with paragraph 1(d) above, any Europe Steel Shareholder who accepts the Offer after the date of such statement may withdraw his acceptance thereafter in the manner referred to in paragraph 3(a) above (or in the case of Europe Steel Shares in uncertificated form, withdrawals can also be effected in the manner set out in paragraph 3(f) below) not later than the eighth day after the date on which notice of the withdrawal of such statement is posted to Europe Steel Shareholders.
- (d) Except as provided by this paragraph 3, acceptances shall be irrevocable. FMC may (in its absolute discretion) allow any acceptance of the Offer to be withdrawn (in whole or in part) without allowing withdrawal of any other acceptances insofar as necessary to enable the relevant Europe Steel Shares to be purchased by it otherwise than pursuant to the Offer.
- (e) In this paragraph 3 “**written notice**” (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Europe Steel Shareholder(s) or his/their agent(s) duly appointed in writing (evidence of whose appointment is produced with the notice). Facsimile or other electronic transmission, or copies, will not be sufficient to constitute written notice. No notice which is postmarked in, or otherwise appears to FMC, its agents or advisers to have been sent from, a Restricted Jurisdiction or by a person from a Restricted Jurisdiction will be treated as valid.
- (f) In the case of Europe Steel Shares held in uncertificated form, if withdrawals are permitted pursuant to paragraph 3(a), (b), (c) or (d) above an accepting Europe Steel Shareholder may withdraw his acceptance through CREST by sending (or, if a CREST sponsored member, procuring that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance to be withdrawn. Each ESA instruction must, in order for it to be valid and settle, include the following details:
 - (i) the number of Europe Steel Shares to be withdrawn;
 - (ii) the participant ID of the accepting shareholder;
 - (iii) the member account ID of the accepting shareholder;
 - (iv) the participant ID of the Escrow Agent, Capita Registrars, in its capacity as a CREST receiving agent, which is RA10;

- (v) the member account ID of the Escrow Agent, included in the relevant Electronic Acceptance. This is FEREUR01;
- (vi) the corporate action ISIN number of the Europe Steel Shares, which is GB0003796694;
- (vii) the CREST transaction ID of the Electronic Acceptance to be withdrawn to be inserted at the beginning of the shared note field;
- (viii) the intended settlement date for the withdrawal;
- (ix) the corporate action number for the Offer which is allocated by Euroclear UK & Ireland and can be found by viewing the relevant corporate action details in CREST; and
- (x) input with standard delivery instruction priority of 80.

Any such withdrawal will be conditional upon Capita Registrars verifying that the withdrawal request is validly made. Accordingly, Capita Registrars will on behalf of FMC reject or accept the withdrawal by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

Europe Steel Shares in respect of which acceptances have been properly withdrawn in accordance with this paragraph 3 may be subsequently re-assented to the Offer by following one of the procedures described in paragraph 11 of Part II of this document and at any time whilst the Offer remains open for acceptance.

- (g) The question as to the validity (including time of receipt) of any notice of withdrawal will be determined by FMC in a reasonable manner, whose determination, except as may be determined otherwise by the Panel, will be final and binding. None of FMC, Capita Registrars or any other person will be under any duty to give notice of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give such notice.

4. Revised Offer

- (a) Although no such revision is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms or conditions or in the value or nature of the consideration offered or otherwise), which FMC reserves the right to do, and such revision represents on the date on which such revision is announced, an improvement (or no diminution) in the value of the consideration of the Offer as so revised compared with the value of the consideration previously offered, the benefit of the revised Offer will (subject to this paragraph 4 and paragraph 6 below) be made available to Europe Steel Shareholders who have accepted the Offer in its original or any previously revised form(s) (hereinafter called "Previous Acceptor(s)"). The acceptance by or on behalf of a Previous Acceptor of the Offer (in its original or any previously revised form(s)) shall, subject as provided in this paragraph 4 and paragraph 6 below, be deemed to be an acceptance of the Offer as so revised and shall also constitute the separate appointment of each of, FMC and/or any of their respective Directors, authorised representatives and agents as his attorney and/or agent with authority to accept any such revised Offer on behalf of such Previous Acceptor.
- (b) Although no such revision is envisaged, if any revised Offer provides for Europe Steel Shareholders who accept it to elect for (or accept) alternative forms of consideration, the acceptance by or on behalf of a Previous Acceptor of the Offer (in its original or any previously revised form(s)) shall, subject as provided below, also constitute the appointment of each of FMC and/or any of their respective Directors, authorised representatives and agents as his attorney and/or agent to make on his behalf elections for and/or to accept such alternative forms of consideration on his behalf as such attorney and/or agent in his absolute discretion thinks fit and to execute on behalf of and in the name of such Previous Acceptor all such further documents (if any) as may be required to give effect to such acceptances and/or elections. In making any such acceptance or election, such attorney and/or agent shall take into account the nature of any previous acceptances and/or elections made by or on behalf of the Previous Acceptor and such other facts or matters as he may reasonably consider relevant.

- (c) Although no such revision is envisaged, if the Offer is revised, a circular or an offer document containing the opinion of the Independent Directors on the revised Offer will be posted to Europe Steel Shareholders. On the date of posting Europe Steel or FMC as appropriate will put the circular or offer document on display and announce that the document has been posted and where the document can be inspected. The Independent Directors will append to the circular containing their opinion on a revised Offer, a separate opinion from the representatives of its employees on the effects of the revised Offer on employment, provided such opinion is received and in good time before publication of the Independent Directors' circular.
- (d) If the revised circular or offer document is posted to Europe Steel Shareholders, both FMC and Europe Steel will make the circular or revised offer document readily and promptly available to the representatives of the employees of Europe Steel and FMC or, where there are no such representatives, to the employees themselves. On the day of posting, Europe Steel or FMC as appropriate will put the document on display and announce that the document has been posted and where the document can be inspected. If the Independent Directors post to the Europe Steel Shareholders a circular containing their opinion on a revised Offer, it will make that circular readily and promptly available to its employee representatives or, where there are no such representatives to the employees themselves.
- (e) The deemed acceptances and/or elections referred to in paragraphs 4(a) and (b) above shall not apply and the authorities conferred by paragraphs 4(a) and (b) above shall not be exercised if, as a result thereof, a Previous Acceptor would receive and/or retain (as appropriate) less consideration in aggregate than he would have received as a result of his acceptance of the Offer in the form in which it was originally accepted by him unless such Previous Acceptor has previously otherwise agreed in writing.
- (f) The powers of attorney and authorities referred to in this paragraph 4 and any acceptance of a revised Offer and/or election pursuant thereto shall be irrevocable unless and until the Previous Acceptor becomes entitled to withdraw his acceptance under paragraph 2 above and duly and validly does so.
- (g) FMC reserves the right to treat an executed Form of Acceptance (in respect of certificated Europe Steel Shares) or TTE instructions (in respect of uncertificated Europe Steel Shares) relating to the Offer (in its original or any previously revised form(s)) which is received (or dated) on or after the Announcement or the issue of the Offer in any revised form as a valid acceptance of the revised Offer and, where applicable, a valid election for any alternative form of consideration made available pursuant thereto, and such acceptance shall constitute an authority and request in the terms paragraph 4(a) above, *mutatis mutandis*, on behalf of the relevant Europe Steel Shareholders.
- (h) The deemed acceptances and/or elections referred to in this paragraph 4 shall not apply and the authorities conferred by this paragraph 4 shall be ineffective to the extent that a Previous Acceptor (i) in respect of Europe Steel Shares in certificated form lodges with Capita Registrars, within 14 days of the posting of the document pursuant to which the revision of the Offer referred to in paragraph 4(a) above is made available to Europe Steel Shareholders (or such later date as FMC may determine), a Form of Acceptance or some other form issued by or on behalf of FMC in which he validly elects to receive the consideration receivable by him under such revised Offer in some other manner than that set out in the original acceptance; or (ii) in respect of the Europe Steel Shares in uncertificated form, sends (or, if a CREST sponsored member, procures that his CREST sponsor sends) an ESA instruction to settle in CREST in relation to each Electronic Acceptance in respect of which an election is to be varied. Each such ESA instruction must, in order for it to be valid and settle, include the following details:
 - (i) the number of Europe Steel Shares in respect of which the changed election is made;
 - (ii) the participant ID of the accepting shareholder;
 - (iii) the member account ID of the accepting shareholder;
 - (iv) the participant ID of the Escrow Agent, Capita Registrars, in its capacity as a CREST receiving agent, which is RA10;

- (v) the member account ID of the Escrow Agent included in the relevant Electronic Acceptance. This is FEREUR01;
- (vi) the corporate action ISIN number of the Europe Steel Shares, which is GB0003796694;
- (vii) the CREST transaction ID of the Electronic Acceptance in respect of which an election is to be changed to be inserted at the beginning of the shared note field;
- (viii) the intended settlement date for the changed election; and
- (ix) the corporate action number of the Offer which is allocated by Euroclear UK & Ireland and can be found by viewing the relevant corporate action details in CREST;

and, in order that the desired change of election can be effected, must include:

- (a) the member account ID of the Escrow Agent relevant to the new election; and
- (b) input with standard delivery instruction priority 80.

Any such change of election will be conditional upon Capita Registrars verifying that the request is validly made. Accordingly, Capita Registrars will on behalf of FMC reject or accept the requested change of election by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

5. General

- (a) Except with the consent of the Panel, the Offer will lapse unless all the conditions (other than the acceptance conditions set out in Part A of Appendix 1) to the Offer have been fulfilled by or (if capable of waiver) waived by or (where appropriate) have been determined by FMC in its reasonable opinion to be or remain satisfied as at midnight on 22 July 2008 or by midnight on the date which is 21 days after the date on which the Offer becomes or is declared unconditional as to acceptances (whichever is the later) or such later date as FMC may, with the consent of the Panel, decide. If the Offer lapses, for any reason, or does not become unconditional:
 - (i) it shall cease to be capable of further acceptances and Europe Steel Shareholders who have accepted the Offer shall thereupon cease to be bound by prior acceptances;
 - (ii) in respect of Europe Steel Shares held in certificated form, the share certificate(s) and/or other document(s) of title will be returned by post (or such other methods as may be approved by the Panel) within 14 days of the Offer lapsing, at the risk of the person entitled thereto, to the person or agent whose name and address outside a Restricted Jurisdiction is set out in the Form of Acceptance (in respect of certificated Europe Steel Shares), or, if no address is set out, the first named holder at his registered address outside the Restricted Jurisdiction; and
 - (iii) in respect of Europe Steel Shares held in uncertificated form, Capita Registrars will, on behalf of FMC, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 days after the lapsing of the Offer) give instructions to Euroclear UK & Ireland to transfer all Europe Steel Shares held in escrow balances and in relation to which it is the Escrow Agent for the purposes of the Offer to the original available balances of the Europe Steel Shareholders concerned.
- (b) Notwithstanding the right reserved by FMC, without prejudice to any other provision in this Appendix I, to treat a Form of Acceptance (in respect of certificated Europe Steel Shares) as valid even though not entirely in order or not accompanied by the relevant share certificate(s) and/or other document(s) of title, or (in respect of uncertificated Europe Steel Shares) if the related transfer to escrow has not been settled, except as otherwise agreed with the Panel:
 - (i) an acceptance of the Offer will only be counted towards fulfilling the acceptance condition contained in Part A of Appendix I if the requirements of Note 4 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;

- (ii) a purchase of Europe Steel Shares by FMC or its nominee(s) or, a person acting in concert with FMC, if any, will only be counted towards fulfilling the acceptance condition contained in Part A of Appendix I if the requirements of Note 5 and, if applicable, Note 6 on Rule 10 of the Code are satisfied in respect of it;
 - (iii) Europe Steel Shares which have been borrowed by FMC will not be counted towards fulfilling the acceptance condition;
- (c) Except with the consent of the Panel, the Offer will not become unconditional unless Capita Registrars has issued a certificate to FMC which states the number of Europe Steel Shares in respect of which acceptances have been received which comply with paragraph 5(b)(i) above, and the number of Europe Steel Shares otherwise acquired, whether before or during the Offer Period, which comply with the requirements of paragraph 5(b)(ii) above. A copy of such certificate will be sent to the Panel as soon as possible after it is issued.
- (d) Save with the consent of the Panel, settlement of the consideration to which any Europe Steel Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim, or other analogous right to which FMC may otherwise be, or claim to be, entitled as against any such Europe Steel Shareholder and will be posted (or, in respect of Shares held in uncertificated form, paid by means of CREST) not later than 14 days after the first closing date or the date on which the Offer becomes or is declared unconditional in all respects, whichever is the later. Subject to paragraph 6 below, no consideration will be sent to an address in a Restricted Jurisdiction.
- (e) The Offer is made on 10 June 2008 and is capable of acceptance thereafter. Copies of this document and the Form of Acceptance (in respect of certificated Europe Steel Shares) and any related documents are available at the offices of Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA. The Offer is made by means of this document.
- (f) Following the Offer becoming unconditional in all respects, the FMC Directors intend to exercise their rights under Chapter 3 of Part 28 of the Act to acquire compulsorily the remaining Europe Steel Shares to which the Offer relates on the same terms as the Offer. Following the Offer becoming unconditional in all respects, the FMC Directors also intend to procure that Europe Steel withdraws its securities from the PLUS-Quoted Market. Such withdrawal will take effect no earlier than 10 Business Days after FMC has received valid acceptances for not less than 90 per cent. of Europe Steel Shares and its Offer has become or is declared wholly unconditional in all respects and subject to any applicable requirements of the PLUS-Quoted Market.
- (g) The terms, provisions, instructions and authorities contained in or deemed to be incorporated in the Form of Acceptance (in respect of certificated Europe Steel Shares) constitute part of the terms of the Offer. A word or expression defined in this document has the same meaning when used in the Form of Acceptance (in respect of certificated Europe Steel Shares) unless the context otherwise requires. The provisions of this Appendix I shall be deemed to be incorporated in, and form part of, the Form of Acceptance (in respect of certificated Europe Steel Shares).
- (h) The Offer and all acceptances thereof and all elections thereunder or pursuant thereto, this document and the Form of Acceptance (in respect of certificated Europe Steel Shares) and all contracts made pursuant thereto and actions taken or made or deemed to be taken or made under any of the foregoing shall be governed by and construed in accordance with English law. Execution by or on behalf of an Europe Steel Shareholder of a Form of Acceptance (in respect of certificated Europe Steel Shares) constitutes his irrevocable and unconditional submission, in relation to all matters arising out of the Offer and the Form of Acceptance (in respect of certificated Europe Steel Shares), to the jurisdiction of the courts of England and Wales and nothing shall limit the right of FMC to bring any action, suit or proceeding arising out of or in connection with the Offer and the Form of Acceptance (in respect of certificated Europe Steel Shares) in any other manner permitted by law or in any court of any competent jurisdiction.

- (i) If the expiry date of the Offer is extended all references in this document and in the Form of Acceptance (in respect of certificated Europe Steel Shares) to 9 August 2008 shall, except in the definition of “Offer Period” and in paragraph 1(a) above and where the context otherwise requires, be deemed, if the expiry date of the Offer is extended, to refer to the expiry date of the Offer as so extended.
- (j) Any omission or failure to dispatch this document or the Form of Acceptance (in respect of certificated Europe Steel Shares) or any other document relating to the Offer and/or or any notice required to be dispatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, shall not invalidate the Offer in any way or create any implication that the Offer has not been made to any such person. Subject to the provisions of paragraph 6 below, the Offer is made to any Europe Steel Shareholder to whom this document and the Form of Acceptance (in respect of certificated Europe Steel Shares) or any related document may not have been dispatched, and such persons may collect those documents from Capita Registrars at its address set out on page 2 of this Offer Document.
- (k) All powers of attorney, appointments of agents and authorities on the terms conferred by or referred to in this Appendix I or in the Form of Acceptance (in respect of certificated Europe Steel Shares) are given by way of security for the performance of the obligations of the Europe Steel Shareholder concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 except in the circumstances where the donor of such power of attorney, appointment or authority is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part B and duly does so.
- (l) No acknowledgement of receipt of any Form of Acceptance, share certificate(s) and/or other document(s) of title (in respect of certificated FMC Shares) or of any TTE instruction (in respect of certificated Europe Steel Shares) will be given by or on behalf of FMC.
- (m) All communications, notices, certificates, documents of title and remittances to be delivered by or sent to or from any Europe Steel Shareholders (or their designated agent) will be delivered by or sent to or from them (or their designated agent) at their own risk.
- (n) In relation to any acceptance of the Offer in respect of a holding of Europe Steel Shares which is in uncertificated form, FMC reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise to confer on FMC, or as the case may be the relevant Europe Steel Shareholder, the benefits and entitlements provided for under the terms of the Offer, provided such alteration, addition or modification is consistent with the requirements of the Code, or is otherwise made with the consent of the Panel.
- (o) All references in this Appendix I to any statute or statutory provision shall include a statute or statutory provision which amends, consolidates or replaces the same (whether before or after the date thereof). For the purposes of this document, the time of receipt of a TTE instruction, and ESA instruction or an Electronic Acceptance shall be the time at which the relevant instruction settles in CREST.
- (p) References in this Part B and in Part C of this Appendix I to an Europe Steel Shareholder will include references to the person or persons executing a Form of Acceptance, and, in the event of more than one person executing a Form of Acceptance, such paragraphs will apply to them jointly and severally;
- (q) Neither FMC nor any person acting on its behalf shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer or otherwise in connection therewith.

6. Overseas Shareholders

- (a) The making of the Offer in, or to, certain Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdictions. Such persons should inform themselves about and observe any applicable legal requirements. It is the responsibility of any such persons wishing to accept the Offer

to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes and other requisite payments due in such jurisdiction by whomsoever payable. Any such Overseas Shareholder is responsible for any such issue, transfer or other taxes or other requisite payments due in such jurisdiction by whomsoever payable and FMC, and their respective affiliates, shall be fully indemnified and held harmless by such Overseas Shareholders for any such issue, transfer or other taxes or payments which FMC may be required to pay. **If you are an Overseas Shareholder and you are in doubt about your position, you should consult an appropriate authorised independent professional adviser in the relevant jurisdiction.**

- (b) The provisions of this paragraph 6, and any other terms of the Offer relating to Overseas Shareholders, may be waived, varied or modified as regards specific Overseas Shareholders or on a general basis by FMC in its absolute discretion, but only if such waiver, variance or modification will not constitute a breach of any applicable securities or other laws.
- (c) In particular the Offer is not being made, directly or indirectly, in or into, or by the use of the mails of, or by any means or instrumentality (including, without limitation, fax, telex, telephone or electronically) of interstate or foreign commerce of, or of any facilities of a national securities exchange of a jurisdiction considered by FMC to be a Restricted Jurisdiction. Accordingly, copies of this document, Form of Acceptance (in respect of certificated Europe Steel Shares) and any other document relating to the Offer, are not being mailed or otherwise distributed or sent in, into or from such a jurisdiction by or on behalf of FMC, including to Europe Steel Shareholders with registered addresses in such jurisdiction or to persons whom FMC knows, or has reason to believe, to be custodians, trustees or nominees holding Europe Steel Shares for persons with addresses in a Restricted Jurisdiction. Persons receiving such documents (including, without limitation, custodians nominees and trustees) must not distribute, mail or send them in, into or from a Restricted Jurisdiction or use a Restricted Jurisdiction's mail or such means, instrumentality or facility for any purpose, directly or indirectly, in connection with the Offer, and doing so may invalidate any related purported acceptance of the Offer. Persons wishing to accept the Offer must not use a Restricted Jurisdiction's mails or any such means, instrumentality or facility for any purpose directly or indirectly relating to acceptance of the Offer. Envelopes containing Forms of Acceptance (for Europe Steel Shares in certificated form) in respect of the Offer should not be postmarked in a Restricted Jurisdiction or otherwise dispatched from those jurisdictions and all acceptors must provide addresses outside a Restricted Jurisdiction for the receipt of the consideration to which they are entitled under the Offer or for the return of Forms of Acceptance, share certificates and/or other documents of title.
- (d) Subject as provided below, an Overseas Shareholder will be deemed not to have accepted the Offer if:
 - (i) he puts "NO" in Box 4 of the Form of Acceptance and thereby does not give the representations and warranties set out in paragraph (c) of Part C of this Appendix I; or
 - (ii) having completed Box 2 of the Form of Acceptance with a registered address in a Restricted Jurisdiction he does not insert in Box 5 of the Form of Acceptance the name of a person or agent outside a Restricted Jurisdiction to whom he wishes the consideration to which he is entitled under the Offer to be sent; or
 - (iii) he inserts in Box 5 of the Form of Acceptance an address in a Restricted Jurisdiction as the address of the person or agent to whom he wishes the consideration to which he is entitled under the Offer to be sent or in Box 6 a telephone number in any Restricted Jurisdiction in the event of queries; or
 - (iv) in any case, the Form of Acceptance received from him is in an envelope postmarked in, or which otherwise appears to FMC or its agents to have been sent from any Restricted Jurisdiction; or

- (v) he makes a Restricted Escrow Transfer pursuant to paragraph 6 (j) below unless he also makes a related Restricted ESA instruction which is accepted by the Receiving Agent.

FMC reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (c) of Part C or (as the case may be) paragraph b (ii) and (iii) of Part D of this Appendix I have been truthfully given by the relevant Overseas Shareholder and, if such investigations are made and, as a result, FMC determines such representation and warranties could not be given, such acceptance may be rejected as invalid.

- (e) If, in connection with the making of the Offer, any person (including, without limitation, any custodians, nominees and/or trustees), despite the restrictions referred to in paragraph 6(c) of Part B of this Appendix I and whether pursuant to a contractual or legal obligation or otherwise, forwards this document, the Form of Acceptance (in respect of certificated Europe Steel Shares) or any related document in, into or from a Restricted Jurisdiction or uses the mails or any means or instrumentality (including, without limitation, facsimile transmission, telex and telephone) of interstate or foreign commerce of, or any facilities of a national securities exchange of a Restricted Jurisdiction in connection with such forwarding such person should:
 - (i) inform the recipient of such fact explain to the recipient that such action may invalidate any purported acceptance by the recipient; and
 - (ii) draw attention to the recipient to this paragraph 6 of Part B of this Appendix I.

Notwithstanding the above, FMC may in its sole and absolute discretion provide cash consideration to a person in or resident of a Restricted Jurisdiction if requested to do so by or on behalf of that person and if FMC is satisfied, in that particular case, that to do so would not constitute any breach of any securities or other relevant legislation of a Restricted Jurisdiction, as appropriate.

- (f) If any written notice from an Overseas Shareholder withdrawing his acceptance in accordance with paragraph 3 above is received in an envelope postmarked in, or which otherwise appears to FMC or its agents to have been sent from a Restricted Jurisdiction, FMC reserves the right in its absolute discretion, to treat that notice as invalid.
- (g) The provisions of this paragraph 6 override any terms of the Offer inconsistent with them. The provisions of this paragraph 6 and/or any other terms of the Offer relating to Overseas Shareholders may be waived, varied or modified as regards specific Overseas Shareholders(s) or on a general basis by FMC in its absolute discretion. References in this paragraph 6 to a Overseas Shareholder shall include the person or persons executing a Form of Acceptance (in respect of certificated Europe Steel Shares) and, in the event of more than one person executing a Form of Acceptance (in respect of certificated Europe Steel Shares), the provisions of this paragraph shall apply to them jointly and to each of them severally.
- (h) Notwithstanding anything to the contrary contained in this document or the Form of Acceptance (in respect of certificated Europe Steel Shares), FMC may make the Offer (with or without giving effect to the foregoing paragraphs of this paragraph 6) in a Restricted Jurisdiction pursuant to an exemption under the Securities Act, or in accordance with applicable law in a Restricted Jurisdiction and in this connection the provisions of paragraph (c) of Part C and paragraph b(ii) and (iii) of Part D will be varied accordingly.
- (i) FMC reserves the right, at its absolute discretion, to treat any acceptance as invalid if it believes (acting reasonably) that such acceptance may violate applicable legal or regulatory requirements.
- (j) If an Overseas Shareholder holding Europe Steel Shares in uncertificated form is unable to give the warranties set out in paragraph (b)(ii) and (iii) of Part D of this Appendix I, but nevertheless can provide evidence satisfactory to FMC that he is able to accept the Offer in compliance with all relevant legal and regulatory requirements, he may only purport to accept the Offer by sending (or if a CREST sponsored member, procuring that his CREST sponsor sends) a TTE instruction to a designated escrow balance detailed below (a **“Restricted Escrow Transfer”**) and one or more valid ESA

instructions (a “**Restricted ESA instruction**”). Such purported acceptance will not be treated as a valid acceptance unless both the Restricted Escrow Transfer and the Restricted ESA instruction(s) settle in CREST and FMC decides, in its absolute discretion, to exercise its rights described in this paragraph 6 to waive, vary or modify the terms of the Offer relating to Overseas Shareholders, to the extent required to permit such acceptance to be made, in each case during the acceptance period set out in paragraph 1 of this Part B of Appendix I. If FMC accordingly decides to permit such acceptance to be made, Capita Registrars will on behalf of FMC accept the purported acceptance as an Electronic Acceptance on the terms of this document (as so waived, varied or modified) by transmitting in CREST a receiving agent accept (AEAN) message. Otherwise, Capita Registrars will on behalf of FMC reject the purported acceptance by transmitting in CREST a receiving agent reject (AEAD) message. Each Restricted Escrow Transfer must, in order for it to be valid and settle, include the following details:

- (i) the ISIN number for the Europe Steel Shares. This is GB0003796694;
- (ii) the number of Europe Steel Shares in respect of which the Offer is to be accepted;
- (iii) the member account ID and participant ID of the Europe Steel Shareholder;
- (iv) the participant ID of the Escrow Agent (this is RA10) and its member account ID specific to a Restricted Escrow Transfer (this is RESTRICT);
- (v) the intended settlement date. This should be as soon as possible and in any event no later than 1.00 p.m. on 1 July 2008;
- (vi) the corporate action number for the Offer which is allocated by Euroclear UK & Ireland and can be found by reviewing the relevant corporate action details in CREST;
- (vii) input with standard delivery instruction priority of 80; and
- (viii) contact name and telephone number inserted in the shared note field.

Each Restricted ESA instruction must, in order for it to be valid and settle, include the following details:

- (a) the ISIN number of Europe Steel Shares. This is GB0003796694;
- (b) the number of Europe Steel Shares relevant to that Restricted ESA instruction;
- (c) the member account ID of the accepting Europe Steel Shareholder;
- (d) the participant ID of the accepting Europe Steel Shareholder;
- (e) the member account ID of the Escrow Agent set out in the Restricted Escrow Transfer. This is RESTRICT;
- (f) the participant ID of the Escrow Agent. This is RA10;
- (g) the member account ID of the Escrow Agent relevant to the form of consideration required. This is FEREUR01;
- (h) the CREST transaction ID of the Restricted Escrow Transfer to which the Restricted ESA instruction relates is to be inserted at the beginning of the shared note field;
- (i) the intended settlement date. This should be as soon as possible and in any event no later than 1.00 p.m. on 1 July 2008; and
- (j) the corporate action number for the Offer which is allocated by Euroclear UK & Ireland and can be found by reviewing the relevant corporate action details in CREST.

PART C: FORM OF ACCEPTANCE – EUROPE STEEL SHARES HELD IN CERTIFICATED FORM (i.e. not in CREST)

Without prejudice to the terms of the Form of Acceptance and the provisions of Parts A and B of this Appendix I, each Europe Steel Shareholder by whom, or on whose behalf, a Form of Acceptance (in respect of Europe Steel Shares held in certificated form) is executed and lodged with Capita Registrars irrevocably undertakes, represents, warrants and agrees to and with FMC and their respective agents (so as to bind him, his personal representatives and his heirs, successors and assigns) to the following effect in respect of such Europe Steel Shares held in certificated form:

- (a) that the execution of a Form of Acceptance shall constitute (whether or not any other boxes are completed):
 - (i) an acceptance of the Offer in respect of such number of Europe Steel Shares in certified form as is inserted or deemed to be inserted in Box 1 on page 3 of the Form of Acceptance;
 - (ii) an irrevocable undertaking to execute any further documents and give any further assurances which may be required to enable FMC to obtain the full benefit of this Part C and/or to perfect any of the authorities expressed to be given hereunder; and
 - (iii) a representation and warranty that he is the beneficial owner of the number of Europe Steel Shares inserted in Box 1 of the Form of Acceptance or, if he is not, that he is irrevocably and unconditionally entitled to transfer such Europe Steel Shares and the entire beneficial interest therein will be acquired under the Offer with full title guarantee,

in each case on and subject to the terms and conditions set out or referred to in the Offer Document and the Form of Acceptance and that, subject only to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix 1, each such acceptance shall be irrevocable provided that if:

- (i) no Boxes are completed; or
- (ii) the total number of shares inserted in Box 1 on page 3 of the Form of Acceptance is greater than such Europe Steel Shareholder's registered holding; or
- (iii) the Form of Acceptance is otherwise completed incorrectly but the Form of Acceptance is signed,

it will be deemed to be an acceptance of the Offer in respect of all the Europe Steel Shares comprised in the acceptance.

For the purposes of this Appendix I and the Form of Acceptance, the phrase "Europe Steel Shares comprised in the acceptance" shall mean the number of Europe Steel Shares inserted in Box 1 on page 3 of the Form of Acceptance provided that such number is less than or equal to the relevant Europe Steel Shareholder's registered holding or, if no number is inserted or if the number inserted is greater than such Europe Steel Shareholder's registered holding, the greater of:

- (i) the relevant Europe Steel Shareholder's entire holding of the Europe Steel Shares as disclosed by details of the register of members made available to Capita Registrars prior to the time the relevant Form of Acceptance is processed by them; and
 - (ii) the relevant Europe Steel Shareholder's entire holding of the Europe Steel Shares as disclosed by the details of the register of members made available to Capita Registrars prior to the latest time for receipt of the Form(s) of Acceptance which can be taken into account to determine whether the Offer is unconditional as to acceptances; or
 - (iii) the number Europe Steel Shares in respect of which certificates or an indemnity in lieu thereof are received;
- (b) that the Europe Steel Shares in certificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid with full title guarantee and so that by the execution of the Form of

Acceptance the relevant Europe Steel Shareholder shall be deemed to have given the covenants implied into a disposition made with full title guarantee by the Law of Property (Miscellaneous Provisions) Act 1994 and free from all liens, equities, charges, encumbrances, equitable interests, rights of pre-emption and other third party rights of any nature whatsoever and together with all rights attaching thereto from the time of the Announcement and thereafter including, without limitation, voting rights and the right to receive and retain any dividends and other distributions announced, declared, made or paid on or after the date of the Announcement;

- (c) unless such Europe Steel Shareholder has written “No” in Box 4 on page 3 of the Form of Acceptance, that:
- (i) he has not received or sent copies or originals of the Offer Document, the Form of Acceptance or any other document relating to the Offer in, into or from a Restricted Jurisdiction;
 - (ii) he has not used in connection with the Offer or the execution or delivery of the Form of Acceptance, directly or indirectly, the mails of, or any means or instrumentality (including, without limitation, electronically or telephonically) of interstate or foreign commerce of, or any facilities of a national, state or other securities exchange of a Restricted Jurisdiction;
 - (iii) he is not an Overseas Shareholder;
 - (iv) the Form of Acceptance has not been mailed or otherwise sent in, into or from a Restricted Jurisdiction;
 - (v) he is not delivering the Forms of Acceptance from, or as agent of or on behalf of, any person in or resident in a Restricted Jurisdiction (unless such person has given all instructions with respect to the Offer from outside a Restricted Jurisdiction); and
 - (vi) if such Europe Steel Shareholder is a citizen, resident or national of a jurisdiction outside the UK, he has observed the laws of the relevant jurisdiction, obtained all requisite governmental, exchange control or other required consents, complied with all other necessary formalities and paid any issue, transfer or other taxes or other requisite payments due in any such jurisdiction in connection with such acceptances and that he has not taken or omitted to take any action that will or may result in FMC, or any other person acting in breach of the legal or regulatory requirements of any such jurisdiction in connection with the Offer or his acceptance thereof;
- (d) that the execution of the Form of Acceptance constitutes the irrevocable separate appointment of each of FMC and any FMC Director, or any person authorised by, FMC as his agent and/or attorney (subject to the Offer becoming unconditional in all respects and him not having validly withdrawn his acceptance) with an irrevocable instruction and authorisation to:
- (i) complete and execute any form of transfer, renunciation or other document in relation to the Europe Steel Shares at the agent and/or attorney’s discretion comprised or deemed to be comprised in such acceptance in favour of FMC or as it may direct; deliver any form of transfer, renunciation or other document with any certificate or other document of title for registration within six months of the Offer becoming unconditional in all respects; and
 - (ii) take any other action and/or execute all such other documents as the agent and/or attorney may think necessary or expedient in connection with his acceptance of the Offer pursuant to the Form of Acceptance and to vest in FMC (or as it may direct) the Europe Steel Shares comprised or deemed to be comprised in such acceptance;
- (e) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Europe Steel Shareholder not having validly withdrawn his acceptance, an irrevocable authority and request;
- (i) subject to the provisions of paragraph 6 of Part B of this Appendix I to FMC or its agents to procure registration of the transfer of the Europe Steel Shares comprised in the acceptance

pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to FMC or as it may direct;

- (ii) subject to the provision of paragraph 6 of Part B of this Appendix I to FMC or its agents to procure the dispatch by post (or such other method as may be approved by the Panel) of a cheque for any cash to which such Europe Steel Shareholder is entitled at the risk of such holder, to the person whose name and address (outside a Restricted Jurisdiction) is set out in Box 1 of the Form of Acceptance or, if none is set out, to the first-named holder set out in Box 2 of the Form of Acceptance with an address outside a Restricted Jurisdiction, or if appropriate Box 5; or if none, to such address as is determined by FMC;
- (f) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes the giving of authority to any FMC Director, or person authorised by FMC within the terms of paragraph 6 of Part B of this Appendix I in respect of those Europe Steel Shares in respect of which the Offer has been accepted or has been deemed to have been accepted and such acceptance not having been validly withdrawn;
- (g) that in relation to Europe Steel Shares held in certificated form the execution of the Form of Acceptance its delivery to the Receiving Agent will constitute the irrevocable, separate appointment of FMC and/or any FMC Directors and their respective agents as such shareholder's agent and/or attorney within the terms of paragraph 6 of Part B of this Appendix 1 and this Part C and with authority to execute any further documents and/or give any such further assurances as may be required;
- (h) that such Europe Steel Shareholder, subject to the Offer becoming unconditional in all respects and him not having validly withdrawn his acceptance (or if the Offer will become unconditional in all respects or lapse on the outcome of the resolution in question or if the Panel gives its consent):
 - (i) authorises FMC or its agents to direct the exercise of any votes and any other rights and privileges (including the right to requisition the convening of a general and separate class meeting of Europe Steel) attaching to the Europe Steel Shares in certificated form comprised or deemed to be comprised in such acceptance;
 - (ii) authorises Europe Steel to send any notice, circular, warrant or other document or communication which may be required to be sent to him as an Europe Steel Shareholder (including without limitation any share certificate(s) or other document of title issued as a result of a conversion of such Europe Steel Shares into certificated form) to FMC at its registered office;
 - (iii) authorises any Director or agent of FMC or person authorised by the FMC Directors to sign any document and do such things as may in the opinion of that agent and/or attorney seem necessary or desirable in connection with the exercise of any votes or other rights or privileges attaching to the Europe Steel Shares held by him (including, without limitation, signing any consent to short notice of a general or separate class meeting as his agent and/or attorney and on his behalf and executing a form of proxy appointing any person nominated by FMC to attend general and separate class meetings of Europe Steel and attending any such meeting and exercising the votes attaching to the Europe Steel Shares comprised or deemed to be comprised in such acceptance on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer); and
 - (iv) agrees not to exercise any such rights without the consent of FMC and irrevocably undertakes not to appoint a proxy or corporate representative for or to attend such general or separate class meetings of Europe Steel;
- (i) that he will deliver to Capita Registrars or procure the delivery to Capita Registrars of, his certificate or other document(s) of title in respect of those Europe Steel Shares comprised or deemed to be comprised in such acceptance that are in certificated form, or an indemnity acceptable to Europe Steel,

as soon as possible and in any event within six months of the Offer becoming unconditional in all respects;

- (j) that if he accepts the Offer and does not validly withdraw such acceptance, he will upon the Offer becoming unconditional in all respects do everything reasonably necessary or expedient to vest the aforesaid Europe Steel Shares in FMC or its nominees;
- (k) that upon the Offer becoming unconditional in all respects he agrees to ratify everything which may be lawfully done or effected by any FMC Director, or Capita Registrars or person authorised by FMC, or Capita Registrars in the proper exercise of any of the powers and/or authorities under this Part C of Appendix I;
- (l) that, upon the Offer becoming unconditional in all respects if any provision of Part B or Part C of this Appendix I will be unenforceable or invalid or will not operate so as to afford the FMC Directors, or Capita Registrars and its directors and/or agents or persons authorised by them, the full benefit of the authorities and powers of attorney expressed to be given in Part B or Part C of this Appendix I, he will, with all practicable speed, do everything that may be required or desirable to enable the FMC Directors, and Capita Registrars and its directors and/or agents or persons authorised by them to secure the full benefit of Part B or Part C of this Appendix I and such authorities and powers of attorney;
- (m) that on execution, the Form of Acceptance takes effect as a deed; and
- (n) that execution of the Form of Acceptance constitutes his submission to the jurisdiction of the courts of England and Wales in relation to all matters arising in connection with the Offer and the Form of Acceptance and his agreement that nothing shall limit the right of FMC and/or any of their respective agents or FMC Directors to bring any action, suit or proceeding arising out of or in connection with the Offer and the Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction.

A reference in this Part C and this Appendix I to a holder of Europe Steel Shares or Europe Steel Shareholder includes a reference to the person or persons executing the Form of Acceptance, in relation to Europe Steel Shares held in certificated form, and in the event of more than one person executing a Form of Acceptance the provisions of this Part C of this Appendix 1 will apply to them jointly and to each of them.

References to the masculine gender shall include the feminine.

PART D: ELECTRONIC ACCEPTANCE – EUROPE STEEL SHARES HELD IN UNCERTIFICATED FORM (i.e. in CREST)

Each Europe Steel Shareholder by whom, or on whose behalf, an Electronic Acceptance is made in respect of Europe Steel Shares held in uncertificated form irrevocably undertakes, represents, warrants and agrees to and with FMC, and Capita Registrars (so as to bind him, his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the Electronic Acceptance shall constitute:
 - (i) an acceptance of the Offer in respect of the number of Europe Steel Shares in uncertificated form to which a TTE instruction relates;
 - (ii) an undertaking to execute any further documents and give any further assurances which may be required to enable FMC to obtain the full benefit of the terms of this Part D of Appendix I and/or perfect any authorities expressed to be given thereunder; and
 - (iii) a representation and warranty that he is the beneficial owner of the number of Europe Steel Shares to which the TTE instruction relates, or, if he is not, he is irrevocably and unconditionally entitled to transfer such Europe Steel Shares and that the entire beneficial interest therein will be acquired under the Offer with full title guarantee;

on and subject to the terms and conditions set out or referred to in the Offer Document and that, subject to the rights of withdrawal set out in paragraph 3 of Part B of this Appendix I, each such acceptance shall be irrevocable;

- (b)
 - (i) that the Europe Steel Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted are sold fully paid and with full title guarantee and so that the Electronic Acceptance shall be deemed to constitute the giving by the accepting Europe Steel Shareholder of the covenants implied into a disposition made with full title guarantee by the Law of Property (Miscellaneous Provisions) Act 1994 and free from all liens, equities, charges, encumbrances, equitable interests, rights of pre-emption and other third party rights or interests of any nature whatsoever and together with all rights attaching thereto from the time of the Announcement and thereafter, including, without limitation, the right to receive and retain any dividends and other distributions, if any, announced declared, made or paid thereafter;
 - (ii) that such Europe Steel Shareholder has not received or sent copies of the Offer Document, the Form of Acceptance or any other document relating to the Offer, in, into or from a Restricted Jurisdiction and has not otherwise utilised in connection with the Offer, directly or indirectly, the use of the mails of or any means or instrumentality (including, without limitation, by means of telephone, facsimile, telex, internet or other forms of electronic communication) of interstate or foreign commerce of, or any facilities of a national securities exchange of a Restricted Jurisdiction; was outside a Restricted Jurisdiction at the time of the input and settlement of the relevant TTE instruction(s); and in respect of the Europe Steel Shares to which an Electronic Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from or within a Restricted Jurisdiction; and no TTE instruction has been sent from a Restricted Jurisdiction and such shareholder is accepting the Offer from outside a Restricted Jurisdiction;
 - (iii) if such accepting Europe Steel Shareholder is not resident in the UK he has observed the laws of all relevant territories, obtained any requisite governmental or other consents, complied with all requisite formalities and paid any issue, transfer or other taxes due from him, in connection with such acceptance, in any territory and that he has not taken or omitted to take any action which will or may result in FMC, or any other person acting in breach of any legal or regulatory requirements of any territory in connection with the Offer or his acceptance thereof;
- (c) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects in accordance with its terms and to an accepting Europe Steel Shareholder not having validly withdrawn his acceptance, the irrevocable separate appointment of FMC and the FMC Directors

and/or any of their respective agents as such shareholder's agent and/or attorney and an irrevocable instruction and authorisation to the agent and/or attorney to do all such acts and things as may in the opinion of such agent and/or attorney be necessary or expedient for the purpose of, or in connection with, the acceptance of the Offer and to vest in FMC or its nominees the Europe Steel Shares as aforesaid;

- (d) that the Electronic Acceptance constitutes the irrevocable appointment of Capita Registrars as Escrow Agent to the Offer with an irrevocable instruction and authority to:
 - (i) subject to the Offer becoming unconditional in all respects in accordance with its terms and him not having validly withdrawn his acceptance, to transfer to itself (or to such other person or persons as FMC or its agents may direct) by means of CREST all or any of the Relevant Europe Steel Shares in uncertificated form (but not exceeding the number of Europe Steel Shares in uncertificated form in respect of which the Offer is accepted or deemed to be accepted); and
 - (ii) if the Offer does not become unconditional in all respects, to give instructions to Euroclear UK & Ireland, immediately after the Offer lapses (or within such longer period as the Panel may permit, not exceeding 14 days of the lapsing of the Offer), to transfer all Europe Steel Shares to the original available balance of the accepting Europe Steel Shareholder.

In this paragraph "Relevant Europe Steel Share" means Europe Steel Shares in uncertificated form in respect of which a transfer or transfers to escrow has or have been effected in accordance with the procedures described in paragraph 11(b) of Part II of this Offer Document;

- (e) that the Electronic Acceptance constitutes, subject to the Offer becoming unconditional in all respects and to an accepting Europe Steel Shareholder not having validly withdrawn his acceptance, and subject to the provisions of paragraph 6 of Part B of Appendix I, irrevocable authorities and requests to FMC or its agents to procure the making of a CREST payment obligation in favour of the Europe Steel Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which such Shareholder is entitled, provided that:
 - (i) FMC may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque despatched by first class post (or such other method as may be approved by the Panel); and
 - (ii) if the Europe Steel Shareholder concerned is a CREST member whose registered address is in a Restricted Jurisdiction, any cash consideration to which such Shareholder is entitled shall be paid by cheque, despatched by first class post (or such other method as may be approved by the Panel), and at the risk of such Shareholder, such cheques and/or any relevant share certificate(s) shall be despatched to the first-named holder at an address outside a Restricted Jurisdiction stipulated by such holder or as otherwise determined by FMC;
- (f) that the Electronic Acceptance constitutes a separate authority to any FMC Director, and/or any of their respective agents within the terms of paragraph 5 and 6 of Part B of this Appendix I;
- (g) that, subject to the Offer becoming or being declared unconditional in all respects and him not having validly withdrawn his acceptances (or if the Offer will become unconditional in all respects or lapse immediately upon the outcome of the resolution in question or if the Panel gives its consent) and pending registration:
 - (i) FMC shall be entitled to direct the exercise of any votes and any or all other rights and privileges (including the right to requisition the convening of a general meeting of Europe Steel or of any class of its shareholders) attaching to any Europe Steel Shares in uncertificated form

in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn; and

- (ii) an Electronic Acceptance by an Europe Steel Shareholder in respect of the Europe Steel Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
 - (aa) constitutes an authority to Europe Steel from such Europe Steel Shareholder to send any notice, warrant, document or other communication which may be required to be sent to him as an Europe Steel Shareholder (including any share certificate(s) or other document(s) or title issued as a result of a conversion of such Europe Steel Shares into certificated form) to FMC at its registered office;
 - (bb) constitutes an authority to FMC or any Director or agent of FMC to sign any documents and do such things as may in the opinion of them seem necessary or desirable in connection with the exercise of such votes or other privileges including, without limitation, any consent to short notice of a general meeting or separate class meeting on his behalf and/or attend and/or execute a form of proxy in respect of such Europe Steel Shares appointing any person nominated or determined by the FMC Directors to attend general meetings and separate class meetings of Europe Steel or its members (or any of them) (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
 - (cc) will also constitute the agreement of such Europe Steel Shareholder not to exercise any of such rights without the consent of FMC and the irrevocable undertaking of such Europe Steel Shareholder not to appoint a proxy or corporate representative for or to attend any such general meeting or separate class meeting;
- (h) that if, for any reason, any Europe Steel Shares in respect of which a TTE instruction has been effected in accordance with paragraph 11(b) of Part II of the Offer Document are converted into certificated form, he will (without prejudice to paragraph (g)(ii)(aa) of this Part D) immediately deliver or procure the immediate delivery of the share certificate(s) and the Form of Acceptance or other document(s) of title in respect of all such Europe Steel Shares as so converted to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU or to FMC at its registered office or as FMC or its agents may direct; and he shall be deemed upon conversion to undertake, represent, warrant and agree in the terms set out in Part C of this Appendix I in relation to such Europe Steel Shares;
- (i) that the creation of a CREST payment obligation in favour of his payment bank in accordance with the CREST payment arrangements referred to in paragraph (e)(i) of this Part D shall, to the extent of the obligation so created, discharge in full any obligation of the FMC to pay to him the cash consideration to which he is entitled pursuant to the Offer;
- (j) that, if he accepts the Offer, he will do all such acts and things as in the opinion of the FMC shall be necessary or expedient to vest in the FMC or its nominee(s) or such other persons as it may decide the Europe Steel Shares aforesaid and all such acts and things as may be necessary or expedient to enable Capita Registrars to perform its functions as Escrow Agent for the purposes of the Offer;
- (k) that he agrees to ratify each and every act or thing which may lawfully be done or effected by FMC or Capita Registrars or any FMC Director or any director of Capita Registrars or their respective agents or attorneys or Europe Steel or its agents, as the case may be, in the proper exercise of any of his powers and/or authorities hereunder;
- (l) that the making of an Electronic Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Electronic Acceptance, to the jurisdiction of the courts of England and Wales and his agreement that nothing shall limit the right of FMC and/or any of their respective agents or FMC Directors to bring any action, suit or proceeding arising out of or in connection with the Offer

and the Electronic Acceptance in any other manner permitted by law or in any court of competent jurisdiction;

- (m) that, by virtue of the Regulations, the making of an Electronic Acceptance constitutes an irrevocable power of attorney by the relevant holder of Europe Steel Shares in the terms of all the powers and authorities expressed to be given by Part B, this Part D and (where applicable by virtue of paragraph (h) above) Part C of this Appendix I to FMC, Capita Registrars and their respective directors or agents and any of their respective agents; and
- (n) that if Part D of this Appendix I shall be unenforceable or invalid or shall not operate so as to afford FMC and the FMC Directors or Capita Registrars and its directors, or any agent of any of them the full benefit or authorities and powers of attorney expressed to be given in this Appendix I, he shall with all practicable speed do all such acts and things and execute all such documents that may be required to enable FMC and the FMC Directors and/or Capita Registrars and its directors, and/or any of their respective agents to secure the full benefits of such authorities and powers of attorney and of this Part D.

References in this Part D to an Europe Steel Shareholder shall include references to the person or persons making an Electronic Acceptance and in the event of more than one person making an Electronic Acceptance, the provisions of this Part D shall apply to them jointly and severally.

References to the masculine gender shall include the feminine.

APPENDIX II

FINANCIAL INFORMATION ON EUROPE STEEL

Summary 3 year accounts to 31 December 2007 for Europe Steel (prepared under UK Generally Accepted Accounting Principles)

The following financial information has been extracted without material adjustment from the audited published accounts of Europe Steel for the three years ended 31 December 2007, 2006 and 2005.

The statutory accounts of Europe Steel for each of the three years ended 31 December 2005, 2006 and 2007 on which unqualified audit reports (not containing a statement under section 237(2) or (3) of the Companies Act 1985) were given by Europe Steel's auditors, have been delivered to the Registrar of Companies for each of the three years ended 31 December 2007, 2006 and 2005.

INCOME STATEMENT FOR THE THREE YEARS ENDED 31 DECEMBER 2007, 2006 AND 2005

	<i>Note</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
		£	£	£
TURNOVER	2	71,236,569	51,702,713	54,006,375
Cost of Sales		(69,261,916)	(49,653,521)	(51,925,818)
GROSS PROFIT		1,974,653	2,049,192	2,080,557
Operating expenses		(1,059,213)	(1,102,943)	(1,344,466)
OPERATING PROFIT	4	915,440	946,249	736,091
Interest paid and similar charges	5	(9,715)	(39,543)	(35,373)
Interest received and similar income		61,462	51,351	20,780
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		967,187	958,057	721,498
Tax on profit on ordinary activities	6	(278,646)	(273,207)	(139,239)
PROFIT FOR THE FINANCIAL YEAR		688,541	684,850	582,259
Earnings per ordinary share				
– basic and diluted	14	5.41p	5.38p	4.57p

All amounts derive from continuing operations.

There are no recognised gains or losses for the year other than as stated above. Accordingly, no statement of total recognised gains and losses has been prepared.

BALANCE SHEET AS AT 31 DECEMBER 2007, 2006 AND 2005

	<i>Note</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
		£	£	£
FIXED ASSETS				
Tangible assets	9	5,323	13,690	12,024
Investment	10	2	2	2
		<u>5,325</u>	<u>13,692</u>	<u>12,026</u>
CURRENT ASSETS				
Stocks	8	–	–	451,204
Debtors: amounts falling due within one year	11	4,718,039	328,453	244,117
Debtors: amounts falling due after more than one year	11	452,397	452,397	452,397
Cash at bank and in hand		2,433,582	1,797,459	973,983
		<u>7,604,018</u>	<u>2,578,309</u>	<u>2,121,701</u>
CREDITORS: amounts falling due within one year	12	<u>(4,863,733)</u>	<u>(534,932)</u>	<u>(761,508)</u>
NET CURRENT ASSETS		<u>2,740,285</u>	<u>2,043,377</u>	<u>1,360,193</u>
NET ASSETS		<u>2,745,610</u>	<u>2,057,069</u>	<u>1,372,219</u>
CAPITAL AND RESERVES				
Called up share capital	13	127,297	127,297	127,297
Share premium account		1,168,080	1,168,080	1,168,080
Profit and loss account	15	<u>1,450,233</u>	<u>761,692</u>	<u>76,842</u>
TOTAL SHAREHOLDERS' FUNDS – EQUITY INTERESTS	16	<u>2,745,610</u>	<u>2,057,069</u>	<u>1,372,219</u>

CASH FLOW STATEMENTS FOR THE THREE YEARS ENDED 31 DECEMBER 2007, 2006 AND 2005

	<i>Note</i>	<i>2007</i>	<i>2006</i>	<i>2005</i>
		£	£	£
Net cash inflow from operating activities	17	855,123	823,903	6,298,383
Returns on investments and servicing of finance				
Interest received and similar income		61,462	51,351	20,780
Interest paid and similar charges	5	(9,715)	(39,543)	(35,373)
Taxation paid		<u>(270,747)</u>	<u>(2,560)</u>	<u>(17,547)</u>
Net cash inflow before investing		636,123	833,151	6,266,243
Capital expenditure				
Purchase of tangible assets		<u>–</u>	<u>(9,675)</u>	<u>(8,554)</u>
Net cash inflow and increase in cash		<u>636,123</u>	<u>823,476</u>	<u>6,257,689</u>

RECONCILIATION OF CASH FLOW MOVEMENTS

	<i>2007</i>	<i>2006</i>	<i>2005</i>
	£	£	£
Increase in cash in the year	636,123	823,476	6,257,689
Opening net position	<u>1,797,459</u>	<u>973,983</u>	<u>(5,283,706)</u>
Closing net cash	<u>2,433,582</u>	<u>1,797,459</u>	<u>973,983</u>

NOTES TO THE ACCOUNTS

1. Basis of preparation and accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention. The Company has a subsidiary undertaking, Europe Steel Services Limited, which has an issued share capital of £2 and has not traded since its incorporation in 2000. Consolidated financial statements have not been prepared as the subsidiary undertaking is considered to be immaterial to the Europe Steel Group.

Accounting policies

The financial statements are prepared in accordance with applicable UK accounting standards. The particular accounting policies adopted are described below.

Turnover

Turnover represents sales of steel products invoiced to external customers, excluding value added tax.

Tangible fixed assets

Depreciation is provided on an equal annual instalment basis over the anticipated useful working lives of the assets at the following rate:

Office equipment – at 33 per cent. on cost.

Investments

Investments held as fixed assets are stated at cost less provision for any impairment to their carrying value.

Stocks

Stocks are stated at the lower of cost incurred in bringing products to their present location and condition and net realisable value.

Deferred Taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more than likely that there will be taxable profits to recover them against in the future.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at average rates of exchange ruling during the periods in which the transactions occurred.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date.

Liquid Resources

For the purposes of the Cash Flow Statement liquid resources are defined as cash at bank and bank overdrafts.

Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

Lease incentives are recognised in the income statement as an integral part of the net consideration agreed for the use of the leased asset. Contingent rentals are recognised as expenses in the accounting period in which they are incurred.

Pensions

The Company contributes to defined contribution pensions policies individually held by Europe Steel Directors and staff. Contributions to these funds are charged to the profit and loss account as and when they are due.

2. Turnover

	2007	2006	2005
<i>By destination:</i>	£	£	£
Middle East	52,178,700	18,335,587	44,094,537
European Union	14,622,282	27,903,382	9,083,598
Africa	4,435,587	5,463,744	828,240
	<u>71,236,569</u>	<u>51,702,713</u>	<u>54,006,375</u>

3. Information regarding Europe Steel directors and employees

	2007	2006	2005
	£	£	£
Directors' emoluments	<u>237,836</u>	<u>216,311</u>	<u>192,312</u>
Emoluments of the chairman	25,992	20,000	20,000
Emoluments of the highest paid director	<u>124,832</u>	<u>109,635</u>	<u>86,672</u>

	<i>No.</i>	<i>No.</i>	<i>No.</i>
Average number of people employed			
Management	6	6	5
Administration	<u>1</u>	<u>2</u>	<u>2</u>
	<u>7</u>	<u>8</u>	<u>7</u>
	£	£	£

Staff costs during the year (including directors)

Wages and salaries	361,888	443,023	413,489
Social Security costs	45,589	51,787	46,543
Pension cost – defined contribution scheme	902	–	–
	<u>408,379</u>	<u>494,810</u>	<u>460,032</u>

4. Operating profit

	2007	2006	2005
	£	£	£
Operating profit is after charging:			
Depreciation of owned tangible fixed assets	8,367	8,009	5,686
Auditors' remuneration – audit services	11,000	8,750	7,500
Loss/(profit) on foreign currency	18,217	92,386	(8,982)
Operating lease – rent	71,750	115,314	416,604
Moscow representative office costs	<u>113,432</u>	<u>–</u>	<u>–</u>

5. Interest paid

	2007	2006	2005
	£	£	£
Interest paid and similar charges	<u>9,715</u>	<u>39,543</u>	<u>35,373</u>

Interest paid and similar charges comprise bank interest, discount costs and related charges.

6. Tax on profit on ordinary activities

	2007	2006	2005
	£	£	£
United Kingdom corporation tax at 30% (2006: 30%; 2005: 19%)	279,604	270,746	2,560
Deferred tax	(958)	2,461	136,679
Current tax charge	<u>278,646</u>	<u>273,207</u>	<u>139,239</u>

Factors affecting the tax charge for the year

The tax assessed for the year differs to the effective rate of corporation tax in the UK. The differences are explained below:

Profit on ordinary activities before taxation	<u>967,187</u>	<u>958,057</u>	<u>721,498</u>
Profit on ordinary activities multiplied by the applicable rate of corporation tax in the UK of 30% (2006: 30%; 2005: 19%)	290,156	287,418	137,085

Effect of:

Capital allowances in excess of depreciation	958	(247)	(177)
Tax losses utilised	–	(2,155)	(136,502)
Other adjustments – disallowed items	1,899	783	3,542
Marginal relief	(13,409)	(15,053)	(1,388)
Current tax charge for the year	<u>279,604</u>	<u>270,746</u>	<u>2,560</u>

Factors that may affect future tax charges

The Company has unrelieved tax losses of £nil (2006 – £nil; 2005 – £16,182), accelerated capital allowances of £15,517 (2006 – £20,690; 2005 – £19,847) that are available for offset against future suitable trading profits of the company.

7. Deferred tax

	2007	2006	2005
	£	£	£
<i>The deferred tax asset is as follows:</i>			
Accelerated capital allowances	3,058	2,100	1,486
Losses	–	–	3,075
	<u>3,058</u>	<u>2,100</u>	<u>4,561</u>

At 31 December 2007, 31 December 2006 and 31 December 2005 a deferred tax asset has been recognised to the extent that it is regarded as recoverable on the basis that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

8. Stocks

	2007	2006	2005
	£	£	£
Finished goods	–	–	451,204

9. Tangible fixed assets

	<i>Office equipment</i>	
	£	
Cost:		
At 1 January 2005		10,296
Additions		8,554
At 31 December 2005		18,850
Additions		9,675
At 31 December 2006		28,525
Additions		–
At 31 December 2007		28,525
Accumulated depreciation:		
At 1 January 2005		1,140
Charge for the year		5,686
At 31 December 2005		6,826
Charge for the year		8,009
At 31 December 2006		14,835
Charge for the year		8,367
At 31 December 2007		23,202
Net book value:		
At 31 December 2005		12,024
At 31 December 2006		13,690
At 31 December 2007		5,323

10. Investment

	2007	2006	2005
	£	£	£
<i>Shares in subsidiary undertaking:</i>			
At 31 December	2	2	2

The shares in subsidiary undertaking relates to 100 per cent. of the ordinary shares issued and voting rights of Europe Steel Services Limited, a company which is registered in England and Wales and has yet to commence trading.

11. Debtors

	2007	2006	2005
	£	£	£
Amounts falling due within one year:			
Trade debtors	4,561,510	104,688	3,202
Deferred tax (Note 7)	3,058	2,100	4,561
Other debtors	148,508	163,758	216,615
Prepayments	4,963	57,907	19,739
	<u>4,718,039</u>	<u>328,453</u>	<u>244,117</u>
Amounts falling due after more than one year:			
Other debtors	<u>452,397</u>	<u>452,397</u>	<u>452,397</u>

12. Creditors: Amounts falling due within one year

	2007	2006	2005
	£	£	£
Trade creditors	4,471,572	161,076	562,079
Amounts owing to subsidiary undertaking	2	2	2
Other creditors	–	4,811	–
Other taxation and social security	57,074	29,016	17,479
Corporation tax	279,604	270,747	2,560
Accruals and deferred income	55,481	69,280	179,388
	<u>4,863,733</u>	<u>534,932</u>	<u>761,508</u>

13. Called up share capital

	2007, 2006 and 2005 Number	2007, 2006 and 2005 £
Authorised:		
Ordinary shares of 1p each	100,000,000	1,000,000
Issued:		
Called up, allotted and fully paid:		
Ordinary shares of 1p each	<u>12,729,700</u>	<u>127,297</u>

By an Ordinary Resolution passed on 22 June 2004, the Directors were generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 to allot relevant securities up to an aggregate nominal amount of £200,000, such authority will expire on the conclusion of the Annual General Meeting of the Company to be held in 2009 except that the Company may at any time prior to the expiry of such authority make an offer or agreement which would or might require relevant securities to be allotted after the expiry of such period and the Directors may allot relevant securities in pursuance of any such offer or agreement as if such authority had not expired.

By a Special Resolution passed on 22 June 2004, the Directors were empowered pursuant to section 95(1) of the Act to allot equity securities (as defined by section 94 of the Act), pursuant to the authority referred to in the preceding paragraph as if section 89(1) of the Act did not apply to any such allotment.

By a Special Resolution passed on 3 September 2007, the Directors were granted authority to make market purchases of up to 1,500,000 ordinary shares of the Company at a maximum price of 105 per cent. of the average of the middle market closing prices as derived from the Plus market quoted price service for the five Business Days immediately preceding the date on which the ordinary share is purchased. No such purchases have been made to date.

Share options

The following options to subscribe for ordinary shares granted under the Executive Share Option Scheme to one employee were outstanding at 31 December 2007:

<i>Year of grant</i>	<i>Exercise period</i>	<i>Exercise price per share</i>	<i>Number</i>
2002	05.01.04 – 04.01.08	60.5p	50,000

Since 31 December 2007, the above options have lapsed and no new options have been granted.

14. Earnings per ordinary Europe steel share

	2007	2006	2005
Earnings per ordinary share – basic and diluted	<u>5.41p</u>	<u>5.38p</u>	<u>4.57p</u>

For the year to 31 December 2007 the calculation of basic earnings per share is based on the profit after taxation of £688,541 (2006: £684,850; 2005: £582,259) and on 12,729,700 (2006 and 2005: 12,729,700) ordinary shares, being the weighted average number of ordinary shares in issue during the year.

15. Statement of movements on reserves

	2007	2006	2005
	£	£	£
Profit retained for the year	688,541	684,850	582,259
Profit and loss account brought forward	761,692	76,842	(505,417)
At 31 December	<u>1,450,233</u>	<u>761,692</u>	<u>76,842</u>

16. Reconciliation of movements in shareholders' funds

	2007	2006	2005
	£	£	£
Opening shareholders' funds	2,057,069	1,372,219	789,960
Profit for the financial year	688,541	684,850	582,259
Closing shareholders' funds	<u>2,745,610</u>	<u>2,057,069</u>	<u>1,372,219</u>

17. Cash flow statement reconciliation of operating profit to net cash flow from operating activities

	2007	2006	2005
	£	£	£
Operating profit	915,440	946,249	736,091
Depreciation charge	8,367	8,009	5,686
Decrease in stock	–	451,204	3,464,863
(Increase)/decrease in debtors	(4,388,628)	(86,796)	1,578,336
Increase/(decrease) in creditors	4,319,944	(494,763)	513,407
Net cash inflow from operating activities	<u>855,123</u>	<u>823,903</u>	<u>6,298,383</u>

18. Financial instruments

The Company's trading activities are funded by shareholders' funds and bank financing. The Company does not trade in financial instruments.

The Company's treasury policies and debt financing operations are:

- (i) Funds generated by trading activities, surplus to immediate financing requirements, are held on either current accounts or short term deposit accounts until required to settle liabilities;
- (ii) A Security Agreement with its principal banker, entered into on 10 April 2003, under which, in consideration for the bank agreeing to finance, at its complete discretion, the purchase and sale of goods by the Company from time to time, the Company has assigned all its monies, receivables and insurances and pledged all its goods and other instruments of value in respect of any indebtedness of the Company to the bank.

The Company's maximum level of indebtedness to its banker under this security arrangement during 2007 was £3,551,336 (2006: £4,648,598; 2005: £5,415,996) and at 31 December 2007 it was £nil (2006 and 2005: £nil).

(a) *Currency and interest rate risk*

The Company publishes its financial statements in sterling, which is also the currency in which the majority of its administrative expenses are denominated. The Company has an exposure to currency

risk, as its trading operations to gross profit level, together with the related current assets and liabilities, are principally denominated in US dollars, with some transactions denominated in Euros. The Company's bank accounts are denominated in sterling, US dollars and Euros. As a result, the Company was subject to foreign currency gains and losses due to exchange rate movements between these currencies that affected transaction costs and the translation of the results and underlying net assets of the Company.

In preparing the financial statements, US dollar transactions have been translated into sterling at average rates of exchange ruling during the periods in which the transactions occurred; in 2007, these ranged from \$1.94 to \$2.07 (2006: \$1.75 – \$1.96; 2005: \$1.74 – \$1.91). The exchange rate ruling at 31 December 2007 was US\$2.00 (2006: \$1.96; 2005: \$1.75).

The sterling/Euro exchange rate used during 2007 was €0.68; (2006: €0.67; 2005: €0.69). The exchange rate ruling at 31 December 2007 was €0.74 (2006: €0.67; 2005: €0.69).

At 31 December in each year the currency and interest rate profile of the financial assets and liabilities of the Company were as follows:

	2007	2006	2005
	<i>Floating Rate</i>	<i>Floating Rate</i>	<i>Floating Rate</i>
	£	£	£
<i>Financial Assets</i>			
Sterling	909,520	131,777	133,513
Euro	30,445	746	932
US dollar	1,486,077	1,664,936	839,538
Russian Rubles	7,540	–	–
	<u>2,433,582</u>	<u>1,797,459</u>	<u>973,983</u>
<i>Financial Liabilities</i>			
Sterling	34,965	–	–
US dollar	4,436,607	–	–
	<u>4,471,572</u>	<u>–</u>	<u>–</u>

Interest rates on floating rate bank deposits and liabilities are based on the relevant national inter bank offered rates. The Company has no fixed interest rate assets and liabilities.

(b) ***Fair value of financial assets and liabilities***

The estimated fair values of the Company's financial assets and liabilities have been calculated and presented in the financial statements on the basis that the cash and bank overdrafts are all cash items.

(c) ***Undrawn borrowing facilities***

The Company has no committed bank borrowing facilities. Trade finance is negotiated on a transaction by transaction basis under the terms and conditions of the trade finance security debt instrument described in paragraph (ii) above.

(d) ***Maturity of financial liabilities***

The Company's financial liabilities are repayable on demand.

19. Capital commitments

At 31 December 2007, 31 December 2006 and 31 December 2005 the Company had no capital commitments.

20. Contingent liabilities

At 31 December 2007, 31 December 2006 and 31 December 2005 the Company had no contingent liabilities.

21. Financial commitments

At 31 December in each year the Company was committed to making the following payments under non-cancellable operating leases.

	2007	2006	2005
	£	£	£
Land and Building			
Operating leases which expire:			
In over five years			
2007 – 2017 (per annum)	<u>385,000</u>	<u>385,000</u>	<u>385,000</u>

22. Related party transactions

The Company has included in these financial statements £7,630 (2006: £39,266; 2005: £66,298) paid to GNE Group PLC, a 39.3 per cent. shareholder in the Company until 18 December 2006, for the provision of management and related services.

During 2007, the Company invoiced Klaret Services (UK) Limited, a company controlled by Mr. Alisher Usmanov, with property costs amounting to £500,445 (2006: £135,252; 2005: £228,158) pursuant to an agreement between the parties to share costs. The amount outstanding in this respect at 31 December 2007 was £50,446 (2006: £99,536; 2005: £228,158).

APPENDIX III

ADDITIONAL INFORMATION

1. Responsibility

- (a) The FMC Directors, whose names are set out in paragraph 2.1 below, accept responsibility for the information contained in this document, save for the information for which the Europe Steel Directors and the Independent Directors accept responsibility in accordance with paragraph 1(b) and 1(c) respectively. To the best of the knowledge and belief of the FMC Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Europe Steel Directors, whose names are set out in paragraph 2.2 below, accept responsibility for the information contained in this document relating to Europe Steel only, save for the information for which the Independent Directors accept responsibility in accordance with paragraph 1(c) below, and themselves and their immediate families, related trusts and connected persons. To the best of the knowledge and belief of the Europe Steel Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they take responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (c) The Independent Directors, whose names are set out in paragraph 2.2 below, accept responsibility for their recommendation of the Offer as contained in the letter from the Chairman of Europe Steel set out in Part I of this document. To the best of the knowledge and belief of the Independent Directors (having taken all reasonable care to ensure such is the case) such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors of FMC and Europe Steel

2.1 FMC

The FMC Directors and their respective positions are as follows:

<i>Name</i>	<i>Position</i>
Moshe Fengas	Managing and Finance Director
Gordon L Sellors	Non-Executive Director

The principal and registered office of FMC is Unit 1 and 2, 37 Line Wall Road, Gibraltar.

BDO Stoy Hayward Corporate Finance, a division of BDO Stoy Hayward LLP, whose registered office is 55 Baker Street, London W1U 7EU, is acting as financial adviser to FMC in respect of the Offer and is, therefore, deemed to be acting in concert with FMC, for the purpose of the Code.

Farhad Moshiri, who may be considered to be a person acting in concert with FMC by virtue of his business relationship with Alisher Usmanov, is interested in 22,500 Europe Steel Shares.

2.2 Europe Steel

The Europe Steel Directors and their respective positions are as follows:

<i>Name</i>	<i>Position</i>
The Right Honourable The Lord Owen	Non-Executive Chairman
Patrick J Kevans*	Non-Executive Deputy Chairman
John M Maguire*	Chief Executive and Finance Director

* *Independent Directors*

The principal and registered office of Europe Steel is 4 Curzon Square, London W1J 7FW.

Blomfield Corporate Finance Limited, whose registered office is 1-3 College Hill, London EC4R 2RA, is acting as financial adviser, and its parent company Hichens, Harrison & Co. plc, whose registered office is Bell Court House, 11 Blomfield Street, London EC2M 1LB, acts as corporate broker, to Europe Steel in respect of the Offer and they are, therefore, deemed to be acting in concert with Europe Steel for the purposes of the Code.

Religare Enterprises Limited, whose registered office is 19 Nehru Place, New Delhi, 110 019, India, is the ultimate parent company of both Blomfield Corporate Finance and Hichens, Harrison & Co. plc and as such is also deemed to be acting in concert with Europe Steel for the purposes of the Code.

3. Market quotations

The following table shows the closing middle market quotations of Europe Steel Shares, as derived from the PLUS-Quoted Market list on the following dates:

- (a) the first Business Day of each of the six months immediately before the date of this document;
- (b) 28 May 2008, being the last Business Day before the commencement of the Offer Period;
- (c) 9 June 2008, being the last practicable date prior to the posting of this document.

<i>Date</i>	<i>Price per Europe Steel Share (pence)</i>
2 January 2008	24
1 February 2008	24
3 March 2008	22
1 April 2008	22
1 May 2008	21
28 May 2008	20
2 June 2008	45.5
9 June 2008	45.5

4. Trading in Europe Steel Shares

The following table shows details of the number and prices of transactions in Europe Steel Shares, as provided by PLUS Markets Group PLC, which have taken place during the six months preceding the date of this document:

<i>Date</i>	<i>Price (pence)</i>	<i>Number of Europe Steel Shares</i>
3 June 2008	43	6,810
23 May 2008	20	5,000
11 April 2008	20	10,000
19 March 2008	23	42,500
17 March 2008	20	15,000
15 February 2008	22	5,000
14 February 2008	23	5,000

5. Interests and dealings in shares

(a) *Definitions and references*

For the purposes of this Appendix III:

- (i) “acting in concert” has the meaning attributed to it in the Code;

- (ii) “arrangement” includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or refrain from dealing;
- (iii) “associate” of any company means:
 - (aa) its parent company (if any), the subsidiaries, and fellow subsidiaries and their associated companies and companies of which any such subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);
 - (bb) its connected advisers and persons controlling, controlled by or under the same control as such connected advisers;
 - (cc) its directors and the directors of any company covered in (aa) above (together in each case with their close relatives and related trusts);
 - (dd) its pension funds, or any company covered in (aa) above;
 - (ee) its employee benefit trust or an employee benefit trust of a company covered in (aa) above; and
 - (ff) a company with which there is a material trading relationship;
- (iv) “category 1 associate” means, in relation to a company, its parent, subsidiaries and fellow subsidiaries, their associated companies, and companies of which such parent, subsidiaries, fellow subsidiaries or associated companies are associated companies (for this purpose, ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of “associated company” status);
- (v) “connected advisers” has the meaning attributed to it in the Code;
- (vi) “dealing” or “dealt” includes the following:
 - (aa) the acquisition or disposal of relevant securities, of the right (whether conditional absolute) to exercise or direct the exercise of voting rights attached to relevant securities or of general control of relevant securities;
 - (bb) the taking, granting, acquisition, disposal, entering into, closing out, termination, exercise (by either party) or variation of an option (including a traded option contract) in respect of any relevant securities;
 - (cc) subscribing or agreeing to subscribe for relevant securities;
 - (dd) the exercise or conversion, whether in respect of new or existing relevant securities carrying conversion or subscription rights;
 - (ee) the acquisition of, disposal of, entering into, closing out, exercise (by either party) of any rights under, or variation of, a derivative referenced, directly or indirectly, to relevant securities;
 - (ff) entering into, terminating or varying the terms of any agreement to purchase or sell relevant securities; and
 - (gg) any other action resulting, or which may result, in an increase or decrease in the number of relevant securities in which a person is interested or in respect of which he has a short position;
- (vii) “derivative” includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security;

- (viii) “disclosure period” means the period commencing on 29 May 2007 (being the date twelve months prior to the commencement of the Offer Period and ending on 9 June 2008 (being the latest practicable date prior to the publication of this document));
- (ix) “disclosure date” means 9 June 2008 being the latest practicable date prior to the publication of this document;
- (x) being “interested” in relevant securities includes where a person:
 - (aa) owns relevant securities;
 - (bb) has the right (whether conditional or absolute) to exercise or direct the exercise of the voting rights attaching to them or has general control of them;
 - (cc) by virtue of any agreement to purchase, option or derivative, has the right or option to acquire them or call for their delivery; or is under an obligation to take delivery of them, whether the right, option or obligation is conditional or absolute and whether it is in the money or otherwise;
 - (dd) is party to any derivative whose value is determined by reference to their price; and which results, or may result, in his having a long position in them; or
 - (ee) has long economic exposure, whether absolute or conditional, to changes in the price of those securities (but a person who only has a short position in securities is not treated as interested in those securities);
- (xi) “relevant securities” includes:
 - (aa) Europe Steel Shares and any other securities of Europe Steel conferring voting rights;
 - (bb) equity share capital of Europe Steel or, as the case may be, FMC; and
 - (cc) any securities convertible into, or rights to subscribe for the securities of Europe Steel or, as the case may be, FMC described in paragraphs (aa) and (bb) above; and
- (xii) ownership or control of 20 per cent. or more of the equity share capital of a company is regarded as the test of associated company status and “control” means a holding or aggregated holdings, of shares carrying 30 per cent. or more of the voting rights attributable to the share capital of a company which are currently exercisable at a general meeting, irrespective of whether the holding or holdings give(s) *de facto* control.

(b) ***Interests and dealings in Europe Steel Shares***

- (i) Save as disclosed in this paragraph 5(b)(i), no Europe Steel Directors, nor their immediate families or related trusts is interested in or has a right to subscribe for any relevant securities of Europe Steel nor has any such person dealt therein (including the exercise of options under the Europe Steel Share schemes) in the period commencing on 29 May 2008 (the commencement of the Offer Period) and ending on 9 June 2008 (being the latest practicable date prior to the publication of this document).

<i>Name</i>	<i>Number of Europe Steel Shares (Beneficial)</i>	<i>Number of Europe Steel Shares (non-beneficial)</i>
Lord David Owen (Director)	22,500	–
Dr. Gareth Owen	10,000	–
Miss Lucy Owen	10,000	–
Mr. Tristan Owen	10,000	–
Total	<u>52,500</u>	<u>–</u>

- (ii) At the close of business on 9 June 2008 (being the latest practicable date prior to the publication of this document), neither FMC, the FMC Directors nor their immediate families and related trusts had any interest in, or a right to subscribe for, or had any short position in relation to relevant securities of Europe Steel nor had they dealt in any relevant securities during the disclosure period.
- (iii) At the close of business on 9 June 2008 (being the latest practicable date prior to the publication of this document), Farhad Moshiri, who may be considered to be a person acting in concert with FMC by virtue of his business relationship with Alisher Usmanov, is interested in 22,500 Europe Steel Shares. Save for this, no other persons acting in concert with FMC had any interest in or a right to subscribe for, or had any short position in relation to relevant securities of Europe Steel nor had they dealt in any relevant securities during the disclosure period.
- (iv) At the close of business on 9 June 2008 (being the latest practicable date prior to the publication of this document), no persons with whom FMC or any person acting in concert with FMC has any arrangement, had an interest in or a right to subscribe for or had a short position in relation to any relevant securities of Europe Steel nor had any such person dealt in any relevant securities during the disclosure period.
- (v) No category 1 associates of Europe Steel had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Europe Steel securities nor had any such person dealt in any relevant Europe Steel securities in the period commencing on 29 May 2008 (the commencement of the Offer Period) and ending on 9 June 2008 (being the latest practicable date prior to the publication of this document).
- (vi) No pension funds of Europe Steel or of a category 1 associate of Europe Steel had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Europe Steel securities nor had any such person dealt in any relevant Europe Steel securities in the period commencing on 29 May 2008 (the commencement of the Offer Period) and ending on 9 June 2008 (being the latest practicable date prior to the publication of this document).
- (vii) No employee benefit trusts of Europe Steel or of a category 1 associate of Europe Steel had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Europe Steel securities nor had any such person dealt in any relevant Europe Steel securities in the period commencing on 29 May 2008 (the commencement of the Offer Period) and ending on 9 June 2008 (being the latest practicable date prior to the publication of this document).
- (viii) No connected adviser to Europe Steel, or to a category 1 associate of Europe Steel or to a person acting in concert with the Europe Steel Directors or any persons controlling or controlled by or under the same control as any such adviser (except an exempt principal trader or exempt fund manager) had any interest in, or right to subscribe for, or had any short position in relation to, any relevant Europe Steel securities nor had any such person dealt in any relevant Europe Steel securities in the period commencing on 29 May 2008 (the commencement of the Offer Period) and ending on 9 June 2008 (being the latest practicable date prior to the publication of this document).
- (ix) No person with whom Europe Steel or a category 1 associate of Europe Steel has an arrangement (other than FMC or any associate of FMC), is interested in or has a right to subscribe for, and had no short position in relation to, any relevant securities of Europe Steel nor has any such person dealt therein in the period commencing on 29 May 2008 (the commencement of the Offer Period) and ending on 9 June 2008 (being the latest practicable date prior to the publication of this document).
- (x) As at the close of business on the disclosure date, neither FMC nor any person acting in concert with FMC, had borrowed or lent any relevant securities of Europe Steel.

- (xi) As at the close of business on the disclosure date, neither Europe Steel nor any person acting in concert with Europe Steel, had borrowed or lent any relevant securities of Europe Steel.
- (xii) There are no arrangements which exist between FMC or any person acting in concert with FMC and any other person.
- (xiii) There are no arrangements which exist between Europe Steel or any associate of Europe Steel and any other person.

(c) ***Interests and dealings in FMC Shares***

- (i) Neither Europe Steel, nor any Europe Steel Director, nor their immediate families and related trusts is interested in or has any right to subscribe for, and has no short position in relation to, any relevant securities of FMC nor has any such person dealt in relevant securities of FMC during the period commencing on 29 May 2008 (date of commencement of Offer Period) and ending on 9 June 2008 (being the latest practicable date prior to publication of this document).

(d) ***Irrevocable undertakings***

- (i) Irrevocable undertakings to accept or to procure acceptance of the Offer have been received by FMC from the following persons in respect of the following holdings of Europe Steel Shares:

<i>Name</i>	<i>Number of Europe Steel Shares</i>	<i>% of issued share capital</i>
Vaimed Enterprises Limited	3,800,000	29.85
Vorsatel (BVI) Limited	3,000,000	23.57
Bricklane Holdings Limited	2,000,000	15.71
Sigma International II LLP	1,293,000	10.16
Emerging Markets Economic Research Limited	1,200,000	9.43
James Glynn West	85,000	0.67
High Octane Fund Limited	50,000	0.39
M&A Advisers Limited	50,000	0.39
	11,478,000	90.17

- (ii) All of the irrevocable undertakings will remain binding in the event of a higher offer being made for Europe Steel, but will cease to be of any further force or effect if the Offer lapses or is withdrawn.

(e) ***General***

- (i) In addition to being a director of FMC, Mr Moshe Fengas is an employee of Europe Steel. Since July 2006 Mr Fengas has been seconded to FMC and appointed as its Managing and Finance Director to help develop FMC's business and operations in Gibraltar and the trading relationship between FMC and Europe Steel and other potential customers of FMC. Mr Fengas has also been responsible for developing FMC's relationships with a number of commercial banks. Mr Fengas' deputy, Mr Sergey Filippov, is also an employee of Europe Steel and has also been seconded to FMC.
- (ii) Save for the irrevocable undertakings referred to in paragraph 5(d) above and any of the arrangements of FMC or its associates, neither Europe Steel nor, so far as the Europe Steel Directors are aware, any associate of Europe Steel (as defined in either the Code or in paragraph 5(a)(iii) above) has any arrangement with any person relating to relevant securities of Europe Steel.
- (iii) Save for the irrevocable undertakings referred to in paragraph 5(d) above, neither FMC nor any person acting in concert with FMC, nor so far as the FMC Directors are aware any associate (as defined in the Code) of FMC has any arrangement relating to relevant securities of Europe Steel.

6. Material Contracts

No material contracts have been entered into by Europe Steel or its subsidiaries otherwise than in the ordinary course of business since 29 May 2006 (the date two years prior to the commencement of the Offer Period) which are or may be material.

7. Service contracts and letters of appointment

(a) Although Europe Steel has not committed to writing the terms of appointment of Lord Owen and John Maguire, it has summarised the pre-existing understanding which has been observed by the relevant director and the Company in a memorandum of terms of employment, according to which:

- (i) Lord David Owen was appointed as a non-executive director and chairman of Europe Steel with effect from 7 February 2000 and is entitled to a basic annual salary of £20,000; and
- (ii) John Maguire was appointed as an executive director of the Company with the position of chief finance officer of Europe Steel with effect from 12 October 2000 and chief executive officer with effect from 7 March 2008 and is entitled to a basic annual salary of £80,000 and 4 weeks holiday per annum.

Lord David Owen and John Maguire are also entitled: (i) to be to be reimbursed for expenses incurred in performing their duties, (ii) to benefit from directors' and officers' insurance, and (iii) to a bonus equivalent to their 13th month pay on the December pay date payable annually, together with a discretionary bonus. Their respective appointment(s) shall terminate automatically in the event that they are not re-elected as a director at the next annual general meeting of the Company. In addition there is no notice period applicable for misconduct and/or dishonesty.

(b) By an appointment agreement dated 28 May 2008, Europe Steel appointed Patrick James Kevans as a non-executive director of Europe Steel, effective as of 7 March 2008. Mr. Kevans is entitled to a basic annual salary of £20,000 and is entitled to be reimbursed for expenses incurred in the proper performance of his duties, and to benefit from directors' and officers' insurance. The appointment shall terminate automatically in the event that Mr. Kevans is not elected or re-elected as a director upon standing for election or re-election as a director in accordance with Europe Steel's articles of association or otherwise cease to be a director by virtue of a shareholders' resolution or resigns from his directorship.

Save as disclosed above:

- (a) there are no service contracts in force between Europe Steel and any director or proposed director of Europe Steel; and
- (b) none of the service contracts described above were entered into during the six months preceding the date of this document, nor have any amendments been made to any such service contract during the period.

8. Basis of calculations and sources of information

- (a) References to the value of the Offer assume the number of Europe Steel Shares in issue on 29 May 2008, being the commencement of the Offer Period, to be 12,729,700. As there are no outstanding options to subscribe for any securities of Europe Steel references to the value of the Offer assuming the exercise of all outstanding options are based upon the Europe Steel Shares currently in issue as referred to above.
- (b) Unless otherwise stated, all prices for Europe Steel Shares have been derived from www.plusmarketsgroup.com and represent the closing middle market prices on the relevant date.

- (c) References to a percentage of Europe Steel Shares are based on the number of Europe Steel Shares in issue as set out in paragraph 8 (a) above.
- (d) Unless otherwise stated:
 - (i) financial information relating to FMC and the wider FMC Group has been extracted or provided (without material adjustment) from the audited annual report and accounts for FMC for the year ended 31 December 2007 reported under International Financial Reporting Standards; and
 - (ii) financial information relating to Europe Steel and the wider Europe Steel Group has been extracted or provided (without material adjustment) from the audited annual report and accounts for Europe Steel for the years ended 31 December 2005, 2006 and 2007 reported under UK Generally Accepted Accounting Principles.

9. Other information

- (a) Save as disclosed in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between FMC or any party acting in concert with FMC and any of the Europe Steel Directors or, recent directors, Europe Steel Shareholders or recent shareholders of Europe Steel or any person interested or recently interested in Europe Steel Shares which has any connection with, or dependence on, or which is conditional upon the outcome of the Offer.
- (b) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Europe Steel Shares to be acquired pursuant to the Offer will be transferred to any person, but FMC reserves the right to transfer any such shares to any member of FMC Group.
- (c) Save as disclosed in this document or in the latest published audited accounts of FMC, there has been no material change in the financial or trading position of FMC since 31 December 2007, the date of FMC's last audited financial statements.
- (d) Save as disclosed in this document or in the latest published audited accounts of Europe Steel, there has been no material change in the financial or trading position of Europe Steel since 31 December 2007, the date of Europe Steel's last audited accounts.
- (e) BDO Stoy Hayward Corporate Finance is a division of BDO Stoy Hayward LLP, Chartered Accountants. BDO Stoy Hayward LLP has consented in writing (and not withdrawn its consent) to the issue of this document with the inclusion herein of the references to the name BDO Stoy Hayward Corporate Finance and BDO Stoy Hayward LLP in the form and context in which they appear.
- (f) Blomfield Corporate Finance has consented in writing (and not withdrawn its consent) to the issue of this document with the inclusion of the references to its name in the form and context in which they appear.
- (g) The Offer is being financed by cash resources available to FMC. FMC does not intend that payment of interest on, repayment of, or security for any liability (contingent or otherwise) will depend to any significant extent on the business of Europe Steel.

10. Documents available for inspection

Copies of the following documents will be available for inspection at the offices of Field Fisher Waterhouse, 35 Vine Street, London EC3N 2AA during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) during the Offer Period:

- (a) the Memorandum and Articles of Association of FMC;
- (b) the Memorandum and Articles of Association of Europe Steel;
- (c) the audited accounts of Europe Steel for the three financial years ended 31 December 2007;

- (d) the audited consolidated accounts of FMC for the financial year ended 31 December 2007;
- (e) the Europe Steel Directors' appointment agreement and memorandum of terms of employment referred to in paragraph 7 of this Appendix III;
- (f) the written consents referred to in paragraph 9 (e) and 9 (f) of this Appendix III;
- (g) copies of the irrevocable undertakings referred to in paragraph 5 (d) of this Appendix III; and
- (h) this document and the Form of Acceptance.

10 June 2008

APPENDIX IV

DEFINITIONS

In this document and the Form of Acceptance, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the announcement of the Offer by FMC in accordance with Rule 2.5 of the Code released to a Regulatory Information Service on 29 May 2008;
“Australia”	the Commonwealth of Australia, its states, territories and possessions and all areas subject to its jurisdiction and all political sub divisions thereto;
“BDO Stoy Hayward Corporate Finance”	BDO Stoy Hayward Corporate Finance, a division of BDO Stoy Hayward LLP, Chartered Accountants, which is authorised and regulated in the UK by the FSA to carry on investment business, and act as financial adviser to FMC;
“Blomfield Corporate Finance”	Blomfield Corporate Finance Limited, which is authorised and regulated in the UK by the FSA, and acts as financial adviser to Europe Steel for the purposes of Rule 3 of the Code;
“Boards”	the respective board of directors of FMC and Europe Steel;
“Business Day”	a day (other than Saturday or Sunday or UK public bank holiday) on which clearing banks are generally open for business in London;
“Canada”	Canada, its provinces and territories and all areas under its jurisdiction and political sub-divisions thereof;
“certificated or in certificated form”	an Europe Steel Share which is not in uncertificated form (that is, not in CREST);
“Closing Price”	the closing middle market price of an Europe Steel Share as derived from www.plusmarketsgroup.com ;
“Code”	The Takeover Code;
“Companies Act” or the “Act”	the Companies Act 2006;
“Capita Registrars” or “Registrar(s)”	a trading name of Capita Registrars Limited;
“CREST”	the relevant system (as defined in the Regulations) in respect of which Euroclear UK & Ireland is the Operator (as defined in the Regulations);
“CREST Manual”	the manual issued by Euroclear UK & Ireland from time to time;
“CREST member”	a person who has been admitted by Euroclear UK & Ireland as a system-member (as defined in the Regulations);
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the Regulations);
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;

“disclosed”	(i) as publicly announced by Europe Steel (by the delivery of an announcement to a Regulatory Information Service), on or prior to 29 May 2008 (being the date of the Announcement); (ii) as disclosed in the Announcement, dated 29 May 2008; or (iii) as otherwise disclosed in writing, or in the written information provided to FMC or its advisers on behalf of Europe Steel in the context of the Offer on or prior to 29 May 2008 (being the date of the Announcement);
“Electronic Acceptance”	the inputting and settling of a TTE instruction which constitutes or is deemed to constitute an acceptance of the Offer on the terms set out in this document;
“ESA instruction”	an escrow account adjustment input (AESN), transaction type “ESA” (as described in the CREST Manual);
“Escrow Agent”	Capita Registrars;
“Europe Steel” or “the Company”	Europe Steel PLC;
“Europe Steel Board” or “Europe Steel Directors”	the directors of Europe Steel at the date of this document being The Right Honourable The Lord Owen, Patrick J Kevans and John M Maguire;
“Europe Steel Group”	Europe Steel and its subsidiaries and subsidiary undertakings;
“Europe Steel Shareholders”	holders of Europe Steel Shares;
“Europe Steel Shares”	the existing unconditionally allotted or issued fully paid ordinary shares of 1 pence each in the share capital of Europe Steel and any further such shares which are unconditionally allotted or issued prior to the date the Offer closes (or such earlier date as FMC (subject to the Code) may decide not being earlier than the date on which the Offer becomes or is declared unconditional as to acceptances);
“Euroclear UK & Ireland”	Euroclear UK & Ireland Limited, the operator of CREST;
“FMC”	Ferrous Metal Company Limited;
“FMC Directors”	the directors of FMC at the date of this document being Moshe Fengas and Gordon L Sellors;
“FMC Group”	FMC and its subsidiaries and subsidiary undertakings;
“First Closing Date”	the first closing date of the Offer, being 1.00 p.m. on 1 July 2008;
“Form of Acceptance”	the form of acceptance and authority relating to the Offer to be completed by Europe Steel Shareholders who hold Europe Steel Shares in certificated form and who wish to accept the Offer;
“FSA”	the Financial Services Authority;
“HM Revenue & Customs”	Her Majesty’s Revenue & Customs
“Independent Directors”	the Europe Steel Directors, save for The Right Honourable The Lord Owen;
“Japan”	Japan, its cities, prefectures, territories and possessions;

“Listing Rules”	the listing rules made by the FSA under Part IV of the Financial Services and Markets Act 2000.
“Member account ID”	the identification code or number attached to any member account in CREST;
“Offer”	the recommended cash offer by FMC to acquire the entire issued and to be issued share capital of Europe Steel on the terms and subject to the conditions set out in the Offer Document and, in respect of Europe Steel Shares held in certificated form, the Form of Acceptance and, where the context so requires, any subsequent revision, variation, extension, or renewal of such offer;
“Offer Document”	this document;
“Offer Period”	the period commencing 29 May 2008 and ending on the First Closing Date or, if later, the date on which the Offer becomes or is declared unconditional as to acceptances or lapses or is withdrawn;
“Offer Price”	50 pence in cash per Europe Steel Share;
“Ordinary Shares”	the ordinary shares with a nominal value of 1 pence in the capital of Europe Steel;
“Overseas Shareholder”	Europe Steel Shareholders (or nominees of, or custodians or trustees for Europe Steel Shareholders) not resident in or citizens of the United Kingdom;
“Panel”	The Takeover Panel;
“participant ID”	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant;
“PLUS-Quoted Market”	the exchange regulated market operated by PLUS Markets PLC known as the PLUS-quoted market;
“pence”, “p”, “pounds” or “£”	the lawful currency of the United Kingdom;
“Receiving Agent”	Capita Registrars;
“Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No 01/3755);
“Regulatory Information Service”	any of the services set out in Appendix 3 to the Listing Rules;
“Relevant Authority”	a government, government department, or governmental, quasi-governmental, supranational, statutory or regulatory body, or any court, institution, investigative body, association, trade agency or professional or environmental body or (without prejudice to the generality of the foregoing) any other person or body in any jurisdiction;
“Restricted Jurisdiction”	subject always to the requirements of Rule 30.3 of the Code in relation to the distribution of offer documentation to jurisdictions outside the UK, any jurisdiction where extension or acceptance of the Offer would violate the law of that jurisdiction, which for the avoidance of doubt includes, but is not limited to, the United States, Canada, Australia and Japan;
“Securities Act”	the United States Securities Act of 1933, as amended;

“TFE instruction”	a transfer from escrow instruction (as defined in the CREST Manual);
“Third Party”	any party, person, firm, company or body not directly involved in the Offer;
“TTE instruction”	a transfer to escrow instruction (as defined in the CREST manual);
“uncertificated” or “in uncertificated form”	a share of security which is for the time being recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST, and title to which, by virtue of the Regulations, may be transferred by means of CREST;
“United Kingdom” or “UK”	the United Kingdom of Great Britain and Northern Ireland (and its dependent territories); and
“United States or US”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

The expressions ‘subsidiary’, ‘subsidiary undertaking’, ‘undertaking’ and ‘associated undertaking’ have the meanings given by the Companies Act 1985 including any statutory modification or re-enactment thereof for the time being in force (but for the purpose of the definition of “associated undertaking” ignoring paragraph 20(1)(b) of Schedule 4A of the Companies Act 1985 or any statutory re-enactment thereof for the time being in force). All references to time in this document are to London time.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

All references to time in this document and the Form of Acceptance (if applicable) are to the time in London, unless otherwise stated.