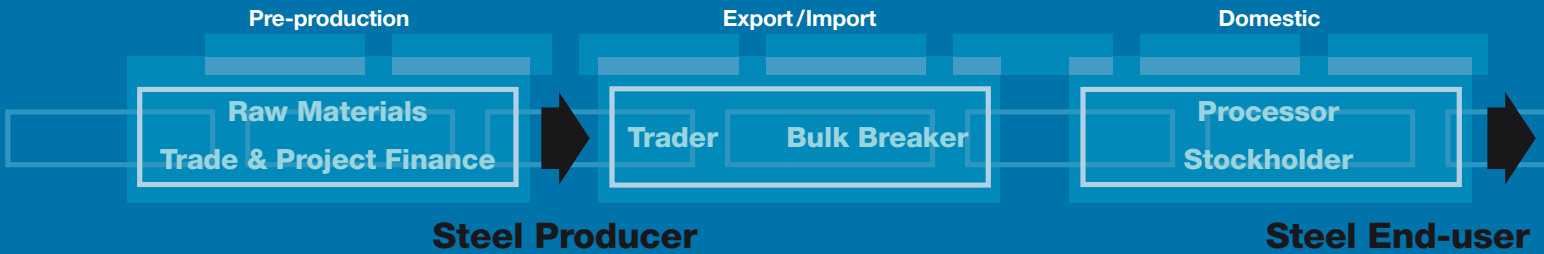


Every step in the steel supply chain



STEMCOR
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Every step in steel



From minehead to factory floor

Stemcor plays a critical role in the steel industry, acting as a trading intermediary and service provider offering a range of value-adding services.

With a turnover exceeding £6bn (US\$9bn), we trade around 20 million tonnes of steel and steel-making raw materials and employ 1,400 people in our network of 70 offices in 40 countries across the globe.

The Group has evolved from a traditional steel trader into an end-to-end service provider. Our services span every step in the steel supply chain and comprise five core competencies: finance, raw materials, steel trading, distribution and stockholding. Our breadth of expertise affords a unique perspective, enabling us to offer integrated solutions that improve our partners' business performance.

Stemcor is the world's largest independent steel trader. We do everything other than actually make steel and we are not owned by any steel producers. Our independence ensures that we are objective in matching exact customer needs in terms of quality, specifications, financial terms and delivery.





Pre-production

◆ Raw materials

Stemcor supplies steel producers with raw materials used in the production process. These include iron ore, pig iron, HBI/DRI, coal, coke, ferroalloys and scrap. Much of our raw material trading involves the use of sophisticated financing techniques including countertrade arrangements, tolling and barter settlements. This part of the business is supported by Stemcor's own mining, processing and distribution operations, offering a secure source of supply to our trading partners.

◆ Structured trade finance

Stemcor's experienced trade finance team works with our bankers to offer customised finance packages to the steel industry. These are used to fund working capital requirements, including pre-production finance and structured export receivable finance. In most cases, the transaction involves an advance of funds made against the delivery of steel. Stemcor also offers barter trade arrangements involving the supply of raw materials in exchange for the delivery of finished steel.

◆ Project finance

Our project finance agreements fund steel producers' expenditure on capital assets and acquisitions. Stemcor is in a strong position to act as a go-between for the banks and borrowers. The steel producer normally enters into a long-term agreement with Stemcor, whereby steel products of sufficient value to meet the loan repayments (and interest) are delivered to Stemcor. Stemcor pays for the steel by transferring funds into a specific project account to pay back the bank loan. In effect, Stemcor acts as a risk mitigant by reducing the default risk.

◆ Projects and consultancy

Our special projects team draws upon the Group's wide spectrum of services to develop investment proposals and joint venture partnerships. Projects can take various forms, including turnkey equipment supply, equity investments and offtake agreements. Stemcor's consultancy services include market analysis and research, business planning, project feasibility assessments and due diligence.





Export/Import

◆ Steel trading

For steel producers, Stemcor offers cost-effective marketing, logistical and financial services to secure customer business in overseas markets. For purchasers of steel, Stemcor offers a reliable and flexible sourcing channel with financial support. Our international network of offices enables us to establish a direct presence in many markets. The goods we trade include long, flat, tubular and semi-finished products. We also trade specialised products such as engineering steels, stainless steels and steel products for the offshore oil and gas industry.

◆ Price risk management

Steel prices are inherently volatile, making business planning a complicated and risky exercise. The introduction of steel futures at the London Metal Exchange and other futures exchanges provides a neutral tool that puts the steel industry back in control of price. Stemcor's specialist price risk management team employs a range of derivative tools to manage the Group's exposure to physical market price fluctuations and to offer a hedging service to external parties.

◆ Countertrade and offset

Stemcor facilitates the satisfaction of offset and countertrade commitments which arise when, upon winning a contract from an overseas country, the contractor pledges to counterbalance it with reciprocal trade or investment. The fundamental principle is that goods are exchanged for other goods rather than for hard currency. Stemcor has over 20 years' experience in practising countertrade (barter, counterpurchase and offset) and is a member of the London Countertrade Round Table.

◆ Shipping and breaking bulk

With six strategically placed shipping hubs, Stemcor's logistics experts transport cargoes from producer to purchaser in an efficient, secure and timely manner. Our complete logistics service comprises safe handling, loading, shipping, breaking bulk, storage, insurance, inspection and inland distribution. Stemcor is active in all areas of ocean transportation, from container shipments and liner parcels through to consolidated or full loads in handymax, supramax, panamax and capesize vessels. At port, we break bulk into separate lots for transportation to multiple destinations.





Domestic

◆ Distribution

Our wholesale stocking and distribution activities serve customers who wish to purchase steel on a duty paid basis delivered to their premises on open terms. Orders are taken for substantial quantities for forward delivery, with transport from overseas normally by ship. Stemcor's function is to ensure that the service provided to customers is at least as good as that of domestic producers, even though delivery is from further afield. Customers include stockholders, service centres and large end-users. Pre-sold stock can be held for such customers and delivered on a just-in-time basis.

◆ Inland transportation

Our logistics service will often involve inland transportation in both the origin and the destination country, with steel or raw materials being moved by truck, rail wagon or barge. To maximise control and minimise cost, Stemcor's logistics people are located close to markets and sources of supply. Our skill is in finding the most cost-effective solution without jeopardising delivery time and in maintaining damage prevention measures during transshipment between ocean going vessels and inland transport.

◆ Stockholding

Stemcor's stockholding and service centre units meet the needs of customers who purchase in smaller quantities for prompt delivery. This requires the holding of unsold stock across a planned range, with immediate availability off the shelf. In close proximity to our customers, our stockholders offer a wide selection of steel products and delivery of mixed loads from different suppliers. As an international trader, we use our purchasing power and other benefits of scale to give both our own stockholders and our stockholding customers competitive advantage.

◆ Processing

Many of Stemcor's stockholding and service centre outlets offer processing services that take steel coil, tube or plate several steps closer to actual user needs. These include decoiling, sawing, cutting to length, pickling, levelling, slitting, grinding, edge conditioning, blanking, profiling and surface finishing (such as shotblasting and primer painting). Our aim is to reduce the amount of time it takes for a customer to make purchased steel usable. Processing can be offered on a tolling or half tolling agreement basis.



Independence:
by being
objective, we
get the best deals
for our business
partners

Transparency:
we foster open,
collaborative
relationships built
on trust

Integrity:
once we have
made a
commitment,
we stand by it

Competence:
we deliver results
and strive for
continuous
improvement

In safe hands

Established in 1951, Stemcor has almost 60 years' experience in the steel industry. We are proud of our track record as an expert, dependable and long-term business partner.

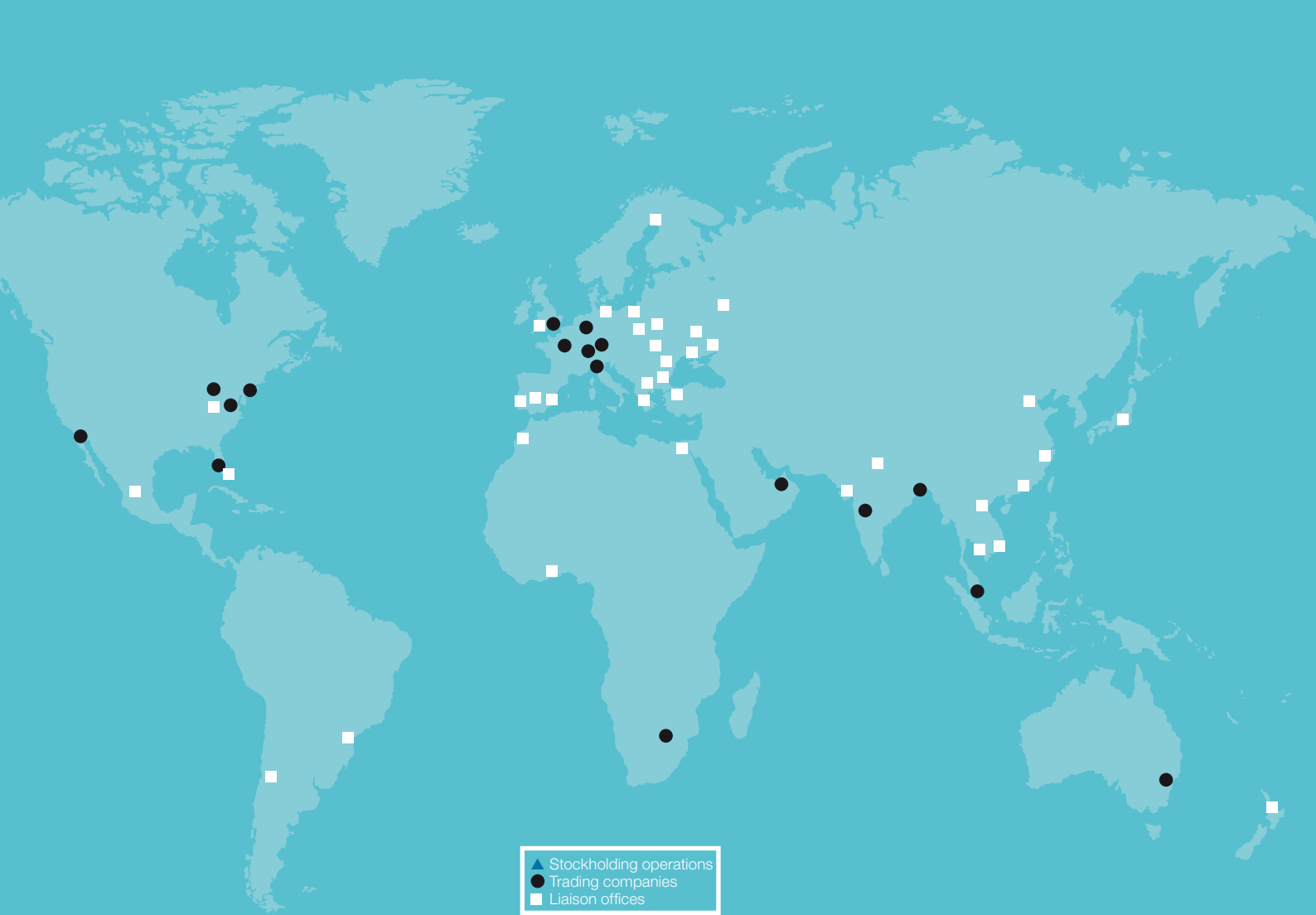
Our philosophy is to work through small self-contained units, each with its own management and clearly defined areas of responsibility. Stemcor offices combine the personal touch and flexibility of small business units with the strength of a large group committed to common objectives, shared values and a unified strategy. Our local presence supports the development of close relations with our business partners, while our international network brings together buyers and sellers of steel in different parts of the world and allows us to offer global solutions to customers who are building up operations around the world.

Stemcor implements the latest technology to enhance the level of service we provide. Our fully integrated global IT system facilitates online offers and transactions, detailed analysis of inventory, order tracking and close control of cargoes released for shipment.

Stemcor has a solid reputation with over 50 of the world's leading banks, many of which are dominant lenders in international trade and commodities. We have a capital structure with a mix of committed short term and medium term facilities as well as substantial uncommitted transactional financing facilities. We use our own equity and bank borrowings to finance trade, which we sell to customers against letters of credit, on cash against documents terms or on open terms credit (predominantly with insurance cover). We buy unsold tonnage and offer it on a shorter term delivery basis. Our rigorous risk management procedures and internal controls ensure that we have at all times an appropriate level of equity capital to absorb the risks we run in the course of our business.

Above all, Stemcor is a team player. We encourage open relationships, where commercial decisions are made in an atmosphere of trust and mutual understanding. We serve as an extension to our partners' own companies, adding value wherever we get involved throughout the steel supply chain and ensuring a seamless transition from the minehead right through to the factory floor.





▲ Stockholding operations
● Trading companies
■ Liaison offices

Aberdeen ▲
Adelaide ▲
Athens
Auckland ▲
Bangor ▲
Bangkok ▲
Beijing
Bilbao ▲
Bloomingdale ▲
Brisbane ▲
Bucharest
Budapest

Cairo
Carlisle ▲
Casablanca
Cheadle ▲
Chemnitz ▲
Chicago
Chorley ▲
Crewe
Dnepropetrovsk
Dubai ▲
Dursley
Duisberg ▲

Düsseldorf
Fort Lauderdale
Gdansk
Glasgow ▲
Hamburg
Ha Noi
Ho Chi Minh City
Hong Kong
Iserlohn ▲
Istanbul
Johannesburg
Karachi

Ketsch
Kiev
Kolkata
Kosice
Krakow
Lagos
Lahore
Lisbon
Liverpool ▲
London
Los Angeles
Lulea

Lyon ▲
Madrid
Melbourne ▲
Mexico City
Milan
Morecambe ▲
Moscow
Mumbai
Munich ▲
New York
Nottingham ▲
Nürnberg ▲

Odessa
Paris
Perth ▲
Peterborough ▲
Rotterdam ▲
São Paulo
Santiago
Shanghai
Sheffield ▲
Singapore ▲
Skopje
Sofia

Stuttgart ▲
Sutton Coldfield ▲
Sydney ▲
Tokyo
Valencia ▲
Vevey
Walsall ▲
Warren ▲
Wembley
Zug



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