

# **ENERGY COST SAVINGS SERVICE AGREEMENT**

**DECEMBER, 2000**

**BETWEEN**

**POHANG IRON & STEEL CO., LTD.**

**AND**

**SHARED SAVINGS CONTRACTS, INC.**

## **ENERGY COST SAVINGS SERVICE AGREEMENT**

THIS AGREEMENT (“Agreement”) made and entered into this day of \_\_\_\_\_, 2000 by and between Pohang Iron & Steel Co. Ltd., a corporation duly organized and existing under the laws of the Republic of Korea with its principal office at No.1 Koedong-dong, Pohang city, Kyungsangbuk-do, Republic of Korea (hereinafter referred to as the ‘POSCO’) and Shared Savings Contracts, Inc., a corporation duly organized and existing under the laws of the State of Missouri, United States of America with its principle office at One City Centre, Suite 1325, 515 North Sixth Street, St.Louis, Missouri 63101 USA (hereinafter referred to as the “SSC”)

WITNESSETH:

WHEREAS, SSC is engaged in the business of developing and implementing energy cost savings plans including (i) the design and implementation of energy management systems; (ii) the development and installation of energy related instruments, equipment, and devices for which SSC shall provide all funding through itself or a funding source (the "Funding Source"); (iii) and, at the option of client, other capital projects which enhance energy savings, productivity, and other benefits ("Capital Projects");

WHEREAS, POSCO desires to engage SSC to perform its energy cost savings plans in connection with the operations at the Blast Furnaces 3 and 4 and Power Plant 3 and 4 of POSCO (the "Facility") which are located within POSCO's facility at Pohang, South Korea;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Engagement of SSC and Energy Savings Plan Design

POSCO hereby engages SSC to design and implement a plan of energy cost savings (the "Plan") with respect to energy consumption and general operations at the Facility. Cost savings ("Cost Savings") shall be calculated and determined based upon Key Volume Indicator ("KVI") Models to be developed by SSC, and approved by POSCO. Such Cost Savings will be calculated by subtracting the actual energy usage during each monthly billing period from the baseline usage ("Baseline Usage") predicted by the KVI Models. A separate KVI Model will be constructed for each significant energy-using process at the Facility ("Facility Wide Models"). After acceptance of the KVI Model(s) by POSCO if any changes are made at the Facility or to the production process, which substantially affect variables related to energy consumption, then, in that event the KVI Models shall be adjusted to reflect those changes upon approval by POSCO.

Section 2. Definition of Time Periods During Agreement

This Agreement shall commence on 1/1/2000 (the "Commencement Date") and expire on the Expiration Date. SSC shall complete and submit the Plan for POSCO approval by the date no later than five (5) months after the Commencement Date. This five (5) month period from the Commencement Date to the submission of the Plan shall be referred to as the "Analysis Period." The four (4) month period immediately following the Analysis Period shall be referred to as the "Implementation Period." During the Implementation Period POSCO and SSC shall jointly begin implementation of the Plan based solely upon approval of specific improvements by POSCO, which approval may be withheld in the event that financial or energy savings are inadequate to justify implementing the Plan. Measurement of Cost Savings pursuant to this Agreement shall commence on any date during the Implementation Period, which date shall be agreed on by mutual agreement of the parties hereto ("Measurement Commencement Date"), and shall expire on the date that is twenty-four (24) full months from the Measurement Commencement Date ("Expiration Date"). The said twenty-four (24) full month period from the Measurement Commencement Date to the Expiration Date shall be referred to as the "Shared Savings Period."

Any additions to the Plan during the Implementation Period may be made by mutual agreement and consent of SSC and POSCO. It is understood by both parties that although implementation of the Plan, and additions to the Plan which SSC will make from time-to-time, solely upon the approval of POSCO, may continue after the end of the Implementation Period, fees to SSC from any implementation of any part of the Plan will be paid until the expiration of the Shared Savings Period within the scope of payment defined in Section 6 hereof. It is further understood that any analytical know-how and information that is described in SSC's patent applications shall be used by POSCO only for the Facility. Any savings initiatives identified in writing in SSC's analysis presentation and developed during the Implementation Period and Shared Savings Period may be used by POSCO at any of their plants or other facilities. Savings initiatives identified in writing in SSC's analysis presentation and further developed during the Implementation and Shared Savings Period will be developed jointly by the members of the energy team formed and identified on Exhibit B comprised of respective employees and (contractors, if any) from both SSC and POSCO. After the Shared Savings Period the analytical know-how or the savings initiatives will be the property of POSCO. Notwithstanding anything referenced above POSCO shall not utilize the analytical know-how described in SSC's patent applications or savings initiatives developed during the Implementation and Shared Savings Period with any third party as further described on Exhibit C.

The Commencement Date, the end of the Analysis Period and the beginning and end of the Implementation Period and the Shared Savings Period shall be certified as such jointly by SSC and POSCO. In the event of a temporary cessation of all or part of operations at the Facility or if the daily production levels for the Facility fall below the average production levels for the previous three year period for a period of time more than two consecutive weeks in length but less than eight weeks, or longer if mutually agreed upon by SSC and POSCO, in length during the Shared Saving Period, then in that event, the Shared Savings Period shall be extended for a period(s) of time beyond the Expiration Date with such extension(s) to be mutually agreed upon by SSC and POSCO, provided that such cessation was not caused by the defect or problem in the Plan. In the event of a permanent cessation of all or part of the operations of the Facility involved in the Plan, POSCO agrees that it shall pay to SSC during the remainder of the Shared Savings Period amounts sufficient to cover SSC's financial obligations to the Funding Source with reference to the Plan, provided that such cessation was not caused by the defect or problem in the Plan and provided further that such payment obligation of POSCO shall not exceed the direct costs incurred by SSC prior to such cessation. For purposes of this Agreement a "permanent cessation" shall be deemed to occur if the Facility actually closes and shuts down or the daily production levels for the Facility fall below the average production levels for the previous three year period from the date of this Agreement for a period longer than eight weeks or a period longer than eight weeks that is mutually agreed upon by SSC and POSCO.

### Section 3. Analysis Scope and Formation of Steering Committee

An analysis of the facilities on Exhibit D shall be incorporated into SSC's efforts during the Analysis Period. Recommendations flowing from this analysis shall be incorporated into the analysis recommendations.

A steering committee will be formed from POSCO management and SSC to review recommendations flowing from the project. Members of the committee will be upper management personnel that may, if appropriate, communicate business strategies that may support and align POSCO's manufacturing strategies with recommendations flowing from the project.

#### Section 4. Implementation of Plan

Upon approval of the Plan and the KVI model(s) by POSCO, which approval may be withheld in the event that the financial or energy savings are inadequate to justify implementing the Plan, POSCO and SSC shall during the entire term of this Agreement, jointly implement the recommendations of SSC embodied in the Plan, provided such recommendations shall not, following implementation, impair operations or productions or create unsafe working conditions at the Facility. POSCO shall provide such personnel as SSC may require, including, without limitation, administrative, operations and maintenance personnel for the purpose of implementing those recommendations which relate to routine administrative, operations and maintenance procedures, including deferred maintenance; provided that the use of such personnel by SSC shall not unreasonably impair POSCO's usual operations. The personnel dispatched by SSC to perform the services hereunder and the personnel provided by POSCO hereunder to assist SSC in performing SSC's services hereunder shall form a project team. The structure of the management and the human resources of the project team shall be set forth in Exhibit B attached hereto. The project team shall determine all matters relating to the implementation of the Plan. Any matters, which cannot be determined by the project team, shall be referred to the management of both POSCO and SSC for determination, SSC shall bear the direct costs of specialty equipment, expert personnel, specialized consultants, and other costs not incurred in the ordinary course of maintenance and operation of the Facility required to implement Plan recommendations, other than improvements requiring a Capital Project requiring a total cost of more than US\$500,000 discussed in the Section immediately below. While SSC performs the services under this Agreement, POSCO shall provide, at its expense, SSC with accommodations (rent-free apartments and utility charges), a site office, office stationery and equipment and any other facilities that could be made available by POSCO without incurring any additional cost.

#### Section 5. Capital Projects or Productivity Improvement Recommendation

Capital Projects or Productivity Improvement identified by SSC during development and implementation of the energy management system relating to energy and/or production cost improvements will be submitted as a separate financial proposal from this Agreement. POSCO shall not be obligated to agree to make any such Capital Projects or Productivity Improvement that SSC recommends.

In the event that SSC or POSCO identifies a small capital project with a total cost of less than US\$500,000 (Five Hundred Thousand US Dollars) and a payback period of less than eight (8) months, the project may be performed by SSC at its own expense upon approval by POSCO, which approval shall not be unreasonably withheld. POSCO and SSC shall share all cost reductions resulting from such a small capital project on an equal basis until the Expiration Date within the scope of the payment defined in Section 6 hereof. After the expiration of the said period, POSCO shall be entitled to use and implement the project without any further payments.

## Section 6. Fee Structure and Conditions

In consideration of the services rendered by SSC under this Agreement, POSCO shall pay SSC a fee (the "Fee") equal to fifty percent (50%) of all cost reductions resulting from the Plan and realized by POSCO during the Shared Savings Period. VAT, if and when applicable, shall be paid in addition to the Fee. Energy and related costs reductions include but are not limited to reduction in the use and or cost of electricity, natural gas and other fossil fuels, electrodes, oxygen, nitrogen, argon, carbon, refractories, water, steam. During the term of the Shared Savings Period, Cost Savings shall be those measured by the KVI Model. The recording instruments and calibration methodologies providing data for the KVI Model shall be mutually agreed upon by both parties.

## Section 7. Terms of Payment

Each month for the Shared Savings Period of twenty four (24) months the Fee described in Section 6 hereof will be paid as follows: During the Shared Savings Period, SSC will bill POSCO by the 15th day of each month, the amount of energy savings for the immediate preceding month as determined by the KVI Models. Such invoices will be payable in thirty (30) working days after receiving the bill, provided that the accuracy of the billed sum has been verified by POSCO within such thirty (30) working days' period, and shall be paid, by telegraphic transfer to the account designated by SSC, without offset, recoupment or reductions of any kind whatsoever (other than any tax required to be withheld by law, if any, which shall be withheld by POSCO and paid to the pertinent authorities for and on behalf of SSC) to a lockbox of the Funding Source as Identified in Exhibit A attached hereto and incorporated herein by this reference, provided that such address for payment may only be changed from time to time by the Funding Source by written notice to POSCO and SSC (it being understood that the provisions of this sentence are for the express benefit of the Funding Source). For the duration of the Agreement term POSCO shall provide SSC with accurate and adequate energy billing information in a timely way so as to allow SSC to produce accurate and timely invoices. Within thirty(30) working days of the receipt of the bill from SSC, POSCO shall be obliged to verify the accuracy of the invoice. Failure to do so shall result in the invoice being deemed verified. If the payment is to be made in U.S. dollars, the T/T basic conversion rate applied by the remittance bank on the payment date shall apply.

## Section 8. Provision of Information and Access to Facilities

Upon commencement of the Analysis Period of this Agreement, POSCO shall promptly provide SSC with such records and information as reasonably necessary to perform this Agreement, including, without limitation, records and information relating to energy usage, production and quality control, and POSCO shall furnish SSC with such space and access to facilities as SSC shall reasonably require. Both parties agree that SSC shall have access to such information on a daily basis. POSCO shall make records and facilities available to SSC personnel for the term of the Agreement to enable SSC to monitor and maintain energy savings. In addition, POSCO agrees to provide access to the Facility to the Funding Source during normal business hours upon reasonable written notice to inspect the energy management systems installed at the Facility. The representative(s) of the Funding Source who is (are) allowed access to the Facility shall be considered as an agent(s) of SSC, who shall be responsible for the acts of the representative(s) of the Funding Source and ensure the Funding Source and its representative(s) maintain the confidentiality of the information concerning POSCO or Plan.

## Section 9. Independent Contractor Status

SSC is and shall be an independent contractor in the performance of all services contemplated hereunder. The employees, subcontractors, methods, and equipment used by SSC shall at all times be under its exclusive direction and control; provided that all major decisions or actions regarding the implementation Plan shall be made and taken through discussion and consultation among members of the project team formed in accordance with Section 4 hereof. Nothing in this Agreement shall be construed to designate SSC, its employees, subcontractors, agents or assigns as the employees, subcontractors, agents or assigns of POSCO.

## Section 10. Insurance Requirements

SSC shall maintain during the term of the Agreement, worker's compensation, and general liability insurance for all persons(s) employed by SSC to perform the services hereunder on POSCO's property.

## Section 11. Indemnity

SSC agrees to defend, indemnify and hold POSCO harmless from and against any and all claims for loss or damage arising out of the negligence of SSC with respect to the performance of services hereunder.

SSC may from time to time enter POSCO's property in order to perform the services under this Agreement. SSC shall indemnify and hold harmless POSCO from and against all loss or liability arising from any injury or death to any person(s) employed by SSC caused by reason of any act or omission, whether negligent or otherwise, on the part of SSC, or any employee, agent or invitee thereof while upon POSCO's property.

POSCO shall indemnify and hold SSC harmless from and against all loss or liability arising from any injury or death to any person(s) employed by SSC caused by reason of any act or omission, whether negligent or otherwise, on the part of POSCO, or any employee, agent or invitee thereof while upon POSCO's property.

## Section 12. Service Modifications

All electrical, steam, air, gas, and other service or equipment shut-offs, start-ups, disconnections, or interruptions (collectively referred to herein as "Service Modifications") shall be performed by authorized personnel of POSCO. SSC shall provide POSCO with reasonable prior notice of all Service Modifications for POSCO's approval.

## Section 13. Early Termination Provisions

Notwithstanding anything contained herein to the contrary, SSC may, at its option, upon the provision of thirty days' prior written notice to POSCO, terminate this Agreement without cause at any time on or before the end of the Analysis Period whereupon neither party shall have any further liability hereunder or obligation to the other party. POSCO shall have the option to terminate this Agreement at any time on or before the end of the Analysis Period, upon thirty (30) days' prior written notice to SSC. Upon early termination by POSCO prior to the end of the Analysis Period, unless there are justifiable financial reasons associated with inadequacy of the energy savings, POSCO shall reimburse SSC for all project expenses, including but not

limited to SSC personnel and consultant costs, including legal fees, directly associated with the services provided by SSC to POSCO. These expenses shall be documented and submitted to POSCO within five (5) days after SSC's receipt of POSCO's termination notice and paid by POSCO within thirty (30) days thereafter. Upon receipt of payment by SSC neither party shall have any further obligations to the other and SSC shall waive any and all claims under this Agreement. Within ten (10) days after the end of the Analysis Period, but before the commencement of the implementation of the Plan, POSCO shall have the option to terminate this Agreement at any time by providing evidence that the financial and/or energy savings are inadequate to justify moving the project forward, whereupon neither party shall have any further liability hereunder or obligation to the other party. In the event of an early termination of this Agreement, all analytical know-how information developed by SSC shall remain the property of SSC, and all process know-how information developed by POSCO will remain the property of POSCO, Analytical know-how refers to expertise regarding the energy savings engineering and technology of general application to energy saving projects of the type used by SSC. Process know-how refers to expertise regarding the systems, operations, management and personnel of the Facility used for the design and implementation of the Plan.

#### Section 14. Binding Agreement

This Agreement shall be binding on and shall inure to the benefit of the parties named herein and to their respective successors and assigns.

#### Section 15. Choice of Law

This Agreement is deemed to be made under and shall be construed according to the laws of the Republic of Korea without regard to its conflicts of law provisions.

#### Section 16. Entire Agreement

This Agreement constitutes the entire agreement between the parties hereto and supersedes all prior agreements, whether oral or written, with respect to the subject matter hereof. No changes or amendment to this Agreement shall be binding on either party unless reduced to writing and signed by the parties sought to be bound and consented to by SSC's Funding Source.

## Section 17. Assignment

SSC shall not assign this Agreement without the prior written consent of POSCO, provided, however, that POSCO consents to the assignment by SSC of the right to receive the Fee due under Section 7 hereof to SSC's Funding Source. Further, POSCO agrees that should SSC fail to perform its duties to earn the Fee, POSCO shall inform SSC and SSC's Funding Source in writing and shall permit SSC to correct or remedy within thirty (30) days. If SSC fails to cure such default, POSCO may notify SSC's Funding Source of such failure and may permit SSC's Funding Source to correct or remedy such default within thirty (30) days, provided, however, that any steps which the Funding Source undertakes to cure or remedy such default on the part of SSC, shall be subject to POSCO's written consent which will not be unreasonably withheld. Notwithstanding the aforesaid in Section 16 hereof, in the event SSC shall not be permitted to fulfill its obligations under this Agreement as a result of any court order, POSCO shall enter into good faith negotiations with the Funding Source in order to negotiate the terms of this Agreement; provided that in no case POSCO shall be obligated or required to agree to the assignment of this Agreement (other than the right to payment) by SSC to the Funding Source or enter into an agreement with the Funding Source. POSCO shall not assign this Agreement without the prior written consent of SSC.

## Section 18. Ownership of Equipment

SSC shall have the right, and with the consent of POSCO, to install energy related instruments, equipment, and devices ("Equipment") with which to accomplish its energy cost reduction goals as contemplated in this Agreement. During the term of this Agreement the title to all such Equipment shall remain with SSC. At the end of the Shared Savings Period the title and ownership of Equipment shall be transferred to POSCO.

## Section 19. Warranties

SSC makes no representations or warranties concerning the services to be performed hereunder, including, without limitation, the amount of Cost Savings to be realized by POSCO following implementation of the Plan and recommendations of SSC, except as provided below in this Section 19.

SSC shall indemnify, defend and hold POSCO harmless from and against all damages, losses and expenses arising from or in connection with a claim raised by a third party that any part of the analytical know-how (including the design of the energy management system) or any equipment or device provided by SSC hereunder for the Projects infringes upon any of the third party's intellectual property rights including copyrights, patents and trademark rights.

POSCO shall indemnify, defend and hold SSC harmless from and against all damages, losses and expenses arising from or in connection with a claim raised by a third party that any part of the process know-how provided by POSCO for the Projects hereunder infringes upon any of the third party's intellectual property rights including copyrights, patents and trademark rights.

Section 20. Notices

Any notice or other communication in connection with this Agreement shall be in writing, addressed as provided below and (i) deposited in the United States or Korean Government Mail System, postage prepaid, by registered or certified mail, (ii) fax transmission (confirmation copy being followed by mail), or (iii) hand delivered by any commercially recognized courier service or overnight delivery service such as Federal Express, addressed:

If to SSC:

Shared Savings Contracts, Inc.,  
One City Centre, Suite 1325  
515 North Sixth Street  
St. Louis, Missouri 63101  
Fax: (314) 436-1966  
Attention: Mr. Mike Ratteree  
With copies by regular mail or such hand delivery to: the Funding Source

If to POSCO:

Pohang Iron & Steel Co., Ltd.  
Pohang Steel Works  
5 Dongchon dong, Nam gu, Pohang City  
Kyungsangbuk do 790-360, Korea  
Fax: 82542204096  
Attention: Ms. Sangsoo Lee (ESCO Team)  
With copies by regular mail or such hand delivery to: The Funding Source

If to the Funding Source:

The Funding Source  
[To be completed]  
With copies by regular mail or such hand delivery to: SSC and POSCO

The notice shall be deemed given on the date five (5) days after posting, if sent by registered or certified mail; upon transmission if sent by fax; or on the date of receipt if sent by personal delivery.

## Section 21. Arbitration

The parties agree that any dispute or claim concerning, relating to or in connection with this Agreement or the terms and conditions hereof, including whether such dispute or claim is arbitrable, will be settled by binding arbitration in Singapore, in accordance with the Arbitration Rules of the ICC Arbitration Rules of the Korean Commercial Arbitration Board in effect at the time a demand for arbitration is made. A decision and award of the arbitrator shall be exclusive, final and binding on both parties and their respective successors and assigns and shall be interact pursuant to paragraph (b). The costs and expenses charged by the court of arbitration shall be borne evenly by the parties.

Non-exclusive jurisdiction over entry of judgment on any arbitration award rendered pursuant to paragraph (a) or over any dispute, action or suit arising therefrom will be in any court of appropriate subject matter jurisdiction located in Missouri or Seoul, Korea. The parties, by the Agreement, expressly subject themselves to the personal jurisdiction of said courts for the entry of any such judgment and for the resolution of any dispute, action or suit arising in connection with the entry of such judgment.

## Section 22. Confidentiality and Non-Competition

SSC and POSCO shall enter into the Confidentiality and Non-Competition agreement, in the form attached hereto as Exhibit C, on the same date herewith.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

## EXHIBIT C

### CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

THIS AGREEMENT (“Agreement”) made and entered into this — day of \_\_\_\_\_, 2000 by and between Pohang Iron & Steel Co., Ltd. a corporation duly organized and existing under the laws of the Republic of Korea with its principal office at No.1 Koedong-dong, Pohang city, Kyungsangbukdo, Republic of Korea (hereinafter referred to as the “POSCO”) and Shared Savings Contracts, Inc., a corporation duly organized and existing under the laws of the State of Missouri, United States of America with its principle office at One City Centre, Suite 1325, 515 North Sixth Street, St.Louis, Missouri 63101 USA (hereinafter referred to as the “SSC”)

WITNESSETH:

WHEREAS, POSCO and SSC are parties to an Energy Cost Savings Service Agreement (the “ECSSA”) of even date herewith;

WHEREAS, Section 22 of the ECSSA provides that POSCO and SSC shall enter into this Confidentiality and Non-competition Agreement;

NOW, THEREFORE, the parties hereto have agreed as follows:

#### Section 1. Confidentiality

1.1 Without the prior written consent of the party disclosing any Information (the “disclosing party”), no party receiving the Information (the “receiving party”) shall, in any manner whatsoever, disclose or communicate to any third party or use any such Information for any purpose except for the purpose for which such Information was supplied or except as legally required by any governmental or judicial agency. For the purposes of this Agreement, the term “Information” shall mean any technology, know-how, trade secrets, customer lists, marketing, financial and other information or data relating to the business of either party, this Agreement, or any other agreement between the parties hereto relating to the ECSSA, in any form, including without limitation oral, written, graphic or electromagnetic form disclosed by any party to the other party hereto or generated by either party hereto or an Affiliate thereof and acquired either directly or indirectly by the other party, but shall exclude information which:

- i) is or becomes publicly known through no wrongful act of the receiving party;
- ii) is received without restrictions from a third party without breach of any obligation of non-disclosure; or
- iii) is required to be disclosed by applicable laws or regulations.

SSC’s Information shall include, without limitation, SSCs analytical know-how and methodology described in SSC’s two patents pending with the United States Patent Office and under the Patent Cooperation Treaty of which South Korea is a party (as further described in summary in Schedule A attached hereto). For the purposes of this Agreement, the term “Affiliates” shall mean any individual, partnership, corporation, trust or other entity that directly or indirectly through one or more intermediaries controls or is controlled by or is under common control with the individual, partnership, corporation, trust or other entity specified. For purposes hereof control shall be defined as ownership of more than fifty percent (50%) of the voting control or more than fifty percent (50%) of the income and capital interest of any partnership, corporation, trust or other entity.

- 1.2 The receiving party hereby agrees that, throughout the term stipulated in Section 3 hereof:
- i) any Information shall be used by the receiving party solely for the purpose for which such Information is disclosed;
  - ii) any Information disclosed hereunder, except for the analytical know-how or the savings initiatives which become the property of POSCO upon the expiration of the Shared Savings Period pursuant to Section 2 of the ECSSA, shall remain at all times the property of the disclosing party; and
  - iii) the receiving party will not distribute, disclose or disseminate such Information to anyone, except its employees or advisors who have a need to know such Information for the purpose for which it is disclosed; provided, however, that the receiving party shall be responsible for any breach of the provisions hereof by such employee or advisor; provided, however, that if required by applicable law or legal process, such distribution, disclosure or dissemination shall be permitted to the smallest extent necessary to satisfy such requirement and only with prior notice to the disclosing party; provided that upon the expiration of the Shared Savings Period, POSCO shall be free to use the savings initiatives which become the property of POSCO pursuant to Section 2 of the ECSSA within any of its facilities in Korea and may use the analytical know-how only within the Facility (the POSCO facility at Pohang, South Korea) described therein.

1.3 Any information supplied to the receiving party by the disclosing party prior to the execution of this Agreement shall be considered in the same manner and be subject to the same treatment as the Information made available after the execution of this Agreement.

1.4 Upon termination or expiration of this Agreement, or sooner upon request of the disclosing party, all Information in the possession of the receiving party, except for the analytical know-how or the savings initiatives which become the property of POSCO upon the expiration of the Shared Savings Period pursuant to Section 2 of the ECSSA, shall be returned to the disclosing party or destroyed, at the option and instruction of the disclosing party. Such analytical know-how and information that is described in SSC's patent application may be used only at the Facility (the POSCO facility at Pohang, South Korea) described therein and such savings initiatives may be used at any POSCO plant or facility in Korea.

1.5 The receiving party shall indemnify and hold the other harmless from any loss, liability and expense suffered by the disclosing party as a result of any unauthorized disclosure, communication, or use of information by the receiving party, its officers, directors, employees, Affiliates, or agents. The obligations contained in this Section shall survive for a period of five years after the termination or expiration of (i) the ECSSA to which this Agreement is attached, or (ii) the joint venture agreement if such agreement is executed between SSC and POSCO in connection with the ECSSA, whichever is later.

1.6 Each party hereto shall take all reasonable steps to insure that its employees or Affiliates, or agents who have access to the information exchanged hereunder abide by the provision of this Section.

1.7 Injunctive relief shall be available to the non-breaching party in addition to any other legal remedy available.

## Section 2. Non-competition

2.1 Except as otherwise provided in this Agreement, until five (5) years after the termination or expiration of (i) the ECSSA to which this Agreement is attached, or (ii) the joint venture agreement is such agreement is executed between SSC and POSCO in connection with the ECSSA, whichever is later, POSCO shall not, directly or indirectly, as an individual, consultant, partner, shareholder or in any other capacity, either conduct itself or have an interest in any entity conducting business which utilizes the analytical know-how of SSC (including patented technology) (at the time this non— competition obligation arose) in Korea, the United States of America, or any other countries in which SSC shall have filed patent applications before the expiration of the ECSSA, including, without limitation, by establishing, operating, participating in (e.g., through ownership of capital stock) or supporting any other company or business entity engaged in the business contemplated by the ECSSA, without obtaining the prior written consent of SSC.

Until the termination or expiration of the ECSSA, SSC shall not, directly or indirectly, as an individual, consultant, partner, shareholder or in any other capacity, either conduct itself or have an interest in any entity conducting business which is the same as or competing (at the time this non— competition obligation arose) with the businesses contemplated by the ECSSA in Korea by establishing, operating, participating in (e.g., through ownership of capital stock) or supporting any other company or business entity engaged in the business contemplated by the ECSSA, without obtaining the prior written consent of POSCO.

The scope of the obligations of SSC and POSCO not to compete with the joint venture company, if such company is established between POSCO and SSC, shall be determined by mutual agreement of SSC and POSCO at the time of the negotiation of the joint venture agreement and set forth in the joint venture agreement.

2.2 Nothing in this Section 2 shall prevent any party from owning, directly or indirectly, securities not exceeding 5% of the issued share capital of a competing company of SSC (in case of POSCO) or POSCO (in case of SSC).

2.3 The parties shall agree that joint venture company, if such company is established between POSCO and SSC, shall not enter into any transaction with its shareholders or any of their Affiliates on terms and conditions less favorable to the PG joint venture company than those which would have been available if such transaction was entered into with a third party on an arm's length basis.

## Section 3. Term of Confidentiality Obligation

The term of the confidentiality obligation of the parties shall start from the date hereof and shall end on the tenth anniversary of the date hereof.

Section 4. Incorporation by reference

Sections 14, 15, 16, 17 and 20 of the ECSSA shall be incorporated herein by reference.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

Shared Savings Contracts, Inc.

Pohang Iron & Steel Co., Ltd.

---

S. Michael Ratteree  
President

---

Tae-Hyun Jeong  
Team Manager  
Plant & Equipment Purchasing Team  
Foreign Procurement Dept.

## EXHIBIT D

### **Analysis Scope boundaries**

SSC recommends that the Pilot Project include analysis of the following operations:

Blast Furnaces 1 through 4 (excluding foundry blast furnace)

Power Plant 1 through 5

BOF Shops I and 2

Cast Shops 1, 2 and 3 (BOF Steel Only)

SSC recognizes POSCO's desire to carefully control the scope of improvement measures during the pilot project, and SSC is prepared to accept limitations to acceptable improvement recommendations. Nevertheless, in order to understand the operation of the limited area of Blast Furnaces 3 and 4 and Power Plants 3 and 4, the effects of the surrounding operations must be included in the analysis process.

Blast furnaces 3 and 4 feed blast furnace gas (BFG) to the Power Plant through a gas holder, which also receives BFG from the other blast furnaces. This gas is distributed to all Power Plant 1, 2, 3, 4, and 5, not just Power Plant 3 and 4. The multiple interactions between all these operations must be incorporated, not only in the statistical modeling but also in the analysis of the mass and energy balances of the process.

Steel making (BOF Shops 1 and 2 and Cast Shops 1, 2 and 3) are included because there are limited provisions for fluctuations in hot metal inventory between iron making and steel making. What is produced in the blast furnaces must go to steel making or be formed into low value pigs. Operational disturbances in steel making can impact operations of the blast furnace, and disturbances in the blast furnaces can impact the operations of the BOF and Cast Shops.

By drawing the analysis boundary around the larger area recommended, more effective improvement measures can be developed and there is less likelihood of adverse consequences outside the area studied.

## Variables Data Identification

(Subject to change pending initiation of analysis)

### Blast Furnace Variables (Each Blast Furnace Studied)

Monthly or Daily Totals

Ore Charged	Tons
Coke Charged	Tons
Fluxes Charged	Tons
PCI	Tons
Hot Metal Produced	NTHM
COG Used	BTU or equivalent metric
Natural Gas/Oil Use	BTU or equivalent metric
Steam Used	BTU or equivalent metric
Electrical Usage	KWH
Oxygen Usage	SCF or equivalent metric
BFG Exported	BTU or equivalent metric
Wind Usage	SCF or equivalent metric
TGRT Electricity	KWH or equivalent metric
Torpedo Cars	Number of cars
Preheated	
Planned Down Time	Hours
Unplanned Down Time	Hours

NOTE: if monthly data, the number of days included in the period must be specified, and the production and energy data must be time shifted if necessary to assure that energy usage/production and production data cover the same time period.

### Steel Making (Each BOF or Cast Shop, as appropriate)

Monthly or Daily Totals

Hot Metal Charged	Tons
Scrap Charged	Tons
Fluxes Charged	Tons
Coke Breeze	Tons
Alloy Charged (by type)	Pounds
Oxygen Usage	SCF or equivalent metric
Steam Usage/Production	BTU or equivalent metric
BFG Usage	BTU or equivalent metric
COG Usage	BTU or equivalent metric
Natural Gas/Oil Use	BTU or equivalent metric
Electrical Usage	KWH
Inert Gas Usage	SCF or equivalent metric
BOF Heats Produced	Number of Heats
Ladle Furnace Heats Produced	Number of Heats

### Steel Making Variables (Each BOF or Cast Shop, as appropriate)

Monthly or Daily Totals  
(Continued)

Degassed Heats Produced	Number of Heats
Slab Tons Produced (by size)	Tons
Bloom Tons Produces (by size)	Tons
Billet Tons Produced (by size)	Tons
Gas Produced/exported	BTU
Converters Relined	Number of Converters
Tundishes Relined	Number of Tundishes
Tundishes Preheated	Number of Tundishes
Ladles Relined	Number of Ladles
Ladles Preheated	Number of Ladles
Planned Down Time	Hours
Unplanned Down Time	Hours

Power Plant Variables (Each Power House)  
Monthly or Daily Totals

Blast Furnace Gas Used	BTU or equivalent metric
COG Used	BTU or equivalent metric
BOF Gas used	BTU or equivalent metric
Natural Gas/Oil Used	BTU or equivalent metric
Total Steam Produced	BTU or equivalent metric
Wind Produced	SCF or equivalent metric
Electrical Power Produced	KWH
Purchased Electrical Power Used	KWH
Units in Service	Number & ID of Units

Shared Savings Contracts, Inc.

Pohang Iron & Steel Co., Ltd.

---

S. Michael Ratteree  
President

---

Tae-Hyun Jeong  
Team Manager  
Plant & Equipment Purchasing Team  
Foreign Procurement Dept.

EXHIBIT A

Lockbox of Funding Source

[To be completed]