

**DATED 29 JANUARY 2025**

**DOWLAIS GROUP PLC (1)**

**AMERICAN AXLE & MANUFACTURING HOLDINGS, INC (2)**

**GKN 2 TRUSTEE 2024 LIMITED (3)**

**and**

**GKN 3 TRUSTEE 2024 LIMITED (4)**

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**AGREEMENT**

relating to the GKN Group Pension Scheme No. 2  
and the GKN Group Pension Scheme No. 3

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**Slaughter and May  
One Bunhill Row  
London EC1Y 8YY**

**THIS AGREEMENT IS DATED** 29 January 2025

## **PARTIES**

- (1) **DOWLAIS GROUP PLC** (Company Number 14591224) whose registered office is at 2<sup>nd</sup> Floor Nova North, 11 Bressenden Place, London, United Kingdom, SW1E 5BY ("**Dowlais**");
- (2) **AMERICAN AXLE & MANUFACTURING HOLDINGS, INC** a company incorporated in Delaware whose registered office is at One Dauch Drive, Detroit, Michigan ("**AAM**");
- (3) **GKN 2 TRUSTEE 2024 LIMITED** (Company Number 15793135) whose registered office is at 2<sup>nd</sup> Floor Nova North, 11 Bressenden Place, London, United Kingdom, SW1E 5BY (the "**No. 2 Trustee**"); and
- (4) **GKN 3 TRUSTEE 2024 LIMITED** (Company Number 15793192) whose registered office is at 2<sup>nd</sup> Floor Nova North, 11 Bressenden Place, London, United Kingdom, SW1E 5BY (the "**No. 3 Trustee**").

## **INTRODUCTION**

- (A) The No. 2 Trustee is the current trustee of the GKN Group Pension Scheme No. 2 (the "**No. 2 Scheme**"). The No. 3 Trustee is the current trustee of the GKN Group Pension Scheme No. 3 (the "**No. 3 Scheme**"). Together, the No. 2 Trustee and the No. 3 Trustee are referred to as the "**Trustees**" and the No. 2. Scheme and the No. 3 Scheme are referred to as the "**Pension Schemes**". The participating employers in the Pension Schemes are subsidiaries of Dowlais.
- (B) On or around the date of this Agreement, AAM and Dowlais intend to announce AAM's firm intention to make a recommended offer for the entire issued and to be issued share capital of Dowlais (the "**Combination**").
- (C) AAM and Dowlais intend the Combination to be effected by means of a scheme of arrangement of Dowlais under Part 26 of the Companies Act 2006 (the "**Scheme**"), but AAM reserves the right to elect to implement the Combination by way of a takeover offer within the meaning of section 974 of the Companies Act 2006 (an "**Offer**").
- (D) In connection with the Combination, AAM intends to implement financing arrangements including new debt, subsidiaries of Dowlais incorporated in the United States providing asset security and guarantees in respect of both AAM's existing debt and the new debt, a share pledge, repayment of the Dowlais group's existing third-party debt and replacement of such third-party debt with an intercompany loan (the "**AAM Financing**").
- (E) The Parties (as defined below) have discussed the impact of the Combination, including the AAM Financing, on the Pension Schemes and this Agreement records the terms agreed as part of those discussions.

**THIS AGREEMENT WITNESSES THAT:**

**1. DEFINITIONS AND INTERPRETATION**

- 1.1 The following words which begin with capital letters in this Agreement have the meanings set out below:

<b>"2025 Valuation"</b>	means the actuarial valuation of the No. 3 Scheme as at 5 April 2025;
<b>"AAM Financing"</b>	has the meaning given in Recital (D);
<b>"Business Day"</b>	means any day, other than a public holiday, Saturday or a Sunday, when banks are generally open in London and New York City for general banking business;
<b>"Combination"</b>	has the meaning given in Recital (B);
<b>"Co-operation Agreement"</b>	means Co-operation Agreement between AAM and Dowlais in relation to the Combination, dated on or around the date of this Agreement;
<b>"Disclosing Party"</b>	has the meaning given in Clause 5.3;
<b>"Effective"</b>	means, in the context of the Combination: (i) if the Combination is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms; or (ii) if the Combination is implemented by way of an Offer, an Offer having been declared or having become unconditional in all respects in accordance with the requirements of the Takeover Code;
<b>"LP Agreement"</b>	means the limited partnership agreement for GKN Investments III LP between GKN Automotive Limited, GKN Investments III GP Limited and the No. 3 Trustee dated 23 March 2022, as amended from time to time;
<b>"No. 2 Scheme"</b>	has the meaning given in Recital (A);
<b>"No. 3 Scheme"</b>	has the meaning given in Recital (A);
<b>"Offer"</b>	has the meaning given in Recital (C);
<b>"Parties"</b>	means Dowlais, AAM, the No.2 Trustee and the No. 3 Trustee;
<b>"Pension Schemes"</b>	has the meaning given in Recital (A);

**"Pre-Contractual Statement"** means any draft, agreement, undertaking, covenant representation, warranty, indemnity, statement, declaration of will, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time prior to the date of this Agreement;

**"Relevant Subsidiaries"** means any entity which is a subsidiary of GKN Automotive Limited, GKN Industries Limited or GKN Powder Metallurgy Holdings Limited as at the date of this Agreement, excluding any such subsidiary which represents 5% or less of the consolidated EBITDA and/or net assets of the corporate group below GKN Automotive Limited, GKN Industries Limited or GKN Powder Metallurgy Holdings Limited, as applicable depending on which of these entities is the holding company of the relevant subsidiary as at the date of this Agreement;

**"Scheme"** has the meaning given in Recital (C);

**"Scheme Document"** means the document addressed to the shareholders of Dowlais to be sent to (amongst others) such shareholders containing, *inter alia*, details of the Combination and the shareholder meetings of Dowlais relating to the Combination or, if the Combination is implemented by means of an Offer, the offer document published by or on behalf of AAM in connection with any Offer;

**"Statutory Tests"** means the "material detriment test" as defined in section 38A of the Pensions Act 2004, the "employer insolvency test" as defined in section 38C of the Pensions Act 2004 and the "employer resources test" as defined in section 38E of the Pensions Act 2004;

**"Takeover Code"** means the City Code on Takeovers and Mergers as issued from time to time by or on behalf of the UK Panel on Takeovers and Mergers; and

**"Trustees"** has the meaning given in Recital (A).

- 1.2 The introduction to and headings used in this Agreement have been inserted for ease of reference only. They do not affect its interpretation.
- 1.3 Unless the context requires otherwise, words in the singular include the plural and vice versa; words in the masculine gender include the feminine and vice versa.
- 1.4 The expressions "**holding company**", "**subsidiary**" and "**subsidiary undertaking**" shall have the meanings given in the Companies Act 2006.

## **2. 2025 VALUATION FUNDING DISCUSSIONS FOR THE NO. 3 SCHEME**

2.1 With effect from and conditional on the Combination becoming Effective, AAM:

- (A) confirms that it supports the No. 3 Trustee's objective of achieving full funding for the No. 3 Scheme on a "low dependency funding basis" at or before the "relevant date" (as defined and determined in accordance with regulation 6 and regulation 8 of the Occupational Pension Schemes (Funding and Investment Strategy and Amendment) Regulations 2024); and
- (B) agrees that, as part of the 2025 Valuation, it will consider in good faith potential courses of action (if and as required) to achieve that objective, including (without limitation) the potential extension of the initial termination date under the LP Agreement.

## **3. INFORMATION SHARING**

3.1 With effect from and conditional on the Combination becoming Effective, AAM shall enter into two information sharing protocols, one with the No. 2 Trustee in relation to the No. 2 Scheme and one with the No. 3 Trustee in relation to the No. 3 Scheme, under which:

- (A) AAM shall notify the Trustees before making any changes to the quantum, interest rate and/or repayment terms of:
  - (i) the material intercompany receivables and payables balances of GKN Automotive Limited, GKN Industries Limited and/or GKN Powder Metallurgy Holdings Limited; and
  - (ii) the intercompany payable balance owed by GKN Automotive Limited to GKN Investments III GP Limited as the general partner of GKN Investments III LP;
- (B) AAM shall notify the Trustees before assigning the benefit of the intercompany balances referred to at Clause 3.1(A)(i) to any entity other than GKN Automotive Limited, GKN Industries Limited and/or GKN Powder Metallurgy Holdings Limited, or assigning the benefit of the intercompany balance referred to at Clause 3.1(A)(ii) to any entity other than any successor general partner of GKN Investments III LP;
- (C) AAM shall notify the Trustees in good time before effecting any intra-group reorganisation involving any of the Relevant Subsidiaries ceasing to be a subsidiary of any of GKN Automotive Limited, GKN Industries Limited and/or GKN Powder Metallurgy Holdings Limited;
- (D) AAM shall provide information to the Trustees at such regular intervals as may be agreed between AAM and the Trustees regarding: (i) the financial performance, position and business prospects of the AAM group (prepared on the same basis as is required for public disclosure by AAM's NYSE listing requirements), GKN Automotive Limited, GKN Industries Limited and/or GKN Powder Metallurgy Holdings Limited; (ii) progress on delivering AAM's anticipated synergies (prepared on the same basis as is required for public disclosure by AAM's NYSE listing requirements); (iii) material corporate

events, including (without limitation) intra-group reorganisations that are material to the assessment of the Pension Schemes' employer covenant; and (iv) any other matters that AAM and the Trustees may agree; and

- (E) the Trustees shall enter into appropriate confidentiality obligations in favour of AAM and Dowlais in respect of the information so provided.

3.2 In Clauses 3.1(A), 3.1(B) and 3.1(C), AAM, wherever reasonably practicable and subject to applicable laws, shall:

- (A) notify the Trustees with sufficient notice to allow the Trustees to: (i) assess the impact of such changes, assignment or reorganisation on the Pension Schemes' employer covenant; (ii) make representations to AAM; and (iii) discuss appropriate mitigation, if required; and
- (B) consider in good faith the Trustees' representations on the impact of any such changes or reorganisation to the Pension Schemes' employer covenant before implementing such changes, assignment or reorganisation.

#### **4. CONFIRMATIONS**

4.1 AAM confirms that, as at the date of this Agreement:

- (A) it has disclosed to the Trustees and Dowlais all the terms of the AAM Financing that are relevant to the assessment of the impact of the Combination on the Pension Schemes' employer covenant and would affect the conclusions from such assessment;
- (B) it has disclosed to the Trustees and Dowlais all information in its possession that is relevant to the assessment of the Statutory Tests and would affect the conclusions from such assessment as at the date the Combination is Effective;
- (C) except to the extent disclosed under Clause 4.1(B), it has no proposals to pursue any action on or after the Combination becomes Effective that could cause any of the Statutory Tests to be met or create circumstances in which the Pensions Regulator may have grounds to impose liability under section 43 of the Pensions Act 2004 or pursue a criminal prosecution under sections 58A or 58B of the Pensions Act 2004, or otherwise be relevant to the assessment of the Pension Schemes' employer covenant and affect the conclusions from such assessment.

4.2 AAM undertakes that, if any information disclosed under Clauses 4.1(A)-(B) or its proposals as set out in Clause 4.1(C) change or if new information or proposals arise, in each case between the date of this Agreement and the date on which the Combination becomes Effective, it will notify the Trustees and Dowlais as soon as reasonably practicable and AAM and the Trustees shall enter into discussions in good faith with a view to agreeing any such amendments to this Agreement as are necessary in respect of such changes.

4.3 The No. 2 Trustee agrees that, as at the date of this Agreement and on the basis of AAM's confirmations at Clause 4.1 and in light of Clause 3, none of the Statutory Tests is met in relation

to the Combination or the AAM Financing as regards the No. 2 Scheme. The No. 3 Trustee agrees that, as at the date of this Agreement and on the basis of AAM's confirmations at Clause 4.1 and in light of Clauses 2 and 3, none of the Statutory Tests is met in relation to the Combination or the AAM Financing as regards the No. 3 Scheme.

- 4.4 The Trustees each agree that they will give reasonable notice to AAM and Dowlais of any intention to publish an opinion under Rule 25.9 of the Takeover Code, any such opinion shall be consistent with this Agreement, and they will consult with AAM and Dowlais in good faith regarding the content of such opinion.

## **5. CONFIDENTIALITY AND DISCLOSURES**

- 5.1 The Trustees each acknowledge that: (i) AAM and Dowlais may include statements in any announcement under Rule 2.7 of the Takeover Code and in any Scheme Document referring to or summarising this Agreement; and (ii) AAM and Dowlais will, if required, publish this Agreement on their websites relating to the Combination under Rule 26.2 of the Takeover Code.

- 5.2 Except to the extent published under Clause 5.1 and subject to Clause 5.4, the discussions and information shared between the Parties relating to the Combination and the negotiation of this Agreement are confidential and may not be disclosed by any Party to any persons other than: (i) that Party's advisers, directors and employees (to the extent reasonably necessary); (ii) in the case of AAM and Dowlais, their holding companies, subsidiaries and subsidiary undertakings, and the subsidiaries and subsidiary undertakings of any such holding companies, and their respective advisers, directors and employees (to the extent reasonably necessary); or (iii) the UK Panel on Takeovers and Mergers or, subject to Clause 5.3, the Pensions Regulator, except:

- (A) with the other Parties' prior written consent;
- (B) where such disclosure is required by any applicable law or by any rule, regulation, direction, order or ruling of any competent judicial, regulatory, self-regulatory governmental administrative or supervisory organisation or body; or
- (C) where the relevant information is in the public domain (unless the information is in the public domain as a result of a breach of this Clause 5).

- 5.3 Each Party confirms that, prior to making any disclosure to the Pensions Regulator in relation to this Agreement or the Combination, that Party (the "**Disclosing Party**") will:

- (A) give the other Parties reasonable notice of the Disclosing Party's intention to make the disclosure, unless the Disclosing Party, acting reasonably, considers that it is not reasonably practicable to do so;
- (B) consult with the other Parties in good faith regarding both the manner of making and the content of any disclosure, unless the Disclosing Party, acting reasonably, considers that it is not reasonably practicable or appropriate to do so; and

- (C) notify the Pensions Regulator that any information disclosed may constitute restricted information for the purposes of the Pensions Act 2004.

5.4 The Trustees agree that, prior to sending any communication to all or any group of members of either or both Pension Schemes or making any comment to any section of the media, in each case which relates to this Agreement or the Combination, the relevant Trustee will:

- (A) give AAM and Dowlais reasonable notice of its intention to send the communication or comment; and
- (B) consult with AAM and Dowlais in good faith regarding both the manner of making and the content of the communication or comment.

## **6. FURTHER ASSURANCE**

6.1 Each of the Parties shall do or procure the doing of all such acts and/or execute or procure the execution of such documents as are reasonably necessary or desirable in order to give full effect to this Agreement.

6.2 Nothing in this Agreement is or shall be read as constituting post-offer undertakings or post-offer intention statements by AAM for the purposes of the Takeover Code.

## **7. TERMINATION**

7.1 Subject to clause 7.2, this Agreement shall terminate with immediate effect and all rights and obligations of the Parties under this Agreement shall cease if the Co-operation Agreement terminates under any of clauses 14.1(B)-(E) of the Co-operation Agreement, in which case Dowlais shall give written notice to the Trustees confirming the date of termination and the reason for termination.

7.2 Clauses 5 and 7-15 (inclusive) and the related definitions in Clause 1 shall survive termination of this Agreement.

## **8. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

Subject to the rights of any successor trustees following assignment as permitted by Clause 9, the Parties to this Agreement do not intend that any of its terms will be enforceable by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person not a Party to it.

## **9. NON-ASSIGNMENT**

No party may assign the benefit or delegate the burden of this Agreement without the prior written consent of all other parties except that this Agreement shall be binding and inure upon any successor trustee or trustees of the Pension Schemes on and from the date of this Agreement.



## **10. ENTIRE AGREEMENT AND VARIATION**

10.1 Other than the confidentiality agreement between Dowlais and Vidett Trustee Services Limited dated 28 November 2024, this Agreement constitutes the whole and only agreement between the Parties relating to the Combination.

10.2 Each Party acknowledges and agrees that:

- (A) in entering into this Agreement it is not relying upon any Pre-Contractual Statement which is not expressly repeated in, or referred to Clause 4 of, this Agreement;
- (B) no Party shall have any right of action against any other Party arising out of or in connection with any Pre-Contractual Statement except to the extent that it is expressly repeated in, or referred to Clause 4 of, this Agreement;
- (C) except as otherwise expressly provided for in this Agreement, its only right or remedy in connection with this Agreement shall be for breach of contract to the exclusion of all other rights and remedies (including, for the avoidance of doubt, those for misrepresentation (whether made prior to or in this Agreement));
- (D) except as otherwise expressly set out in this Agreement, all warranties and covenants implied by law in any jurisdiction (whether by statute, or otherwise) in relation to any transaction which is contemplated by this Agreement are excluded to the fullest extent permitted by law or, if incapable of exclusion, any rights or remedies in relation to them are irrevocably waived; and
- (E) nothing in this Clause 10.2 shall exclude or limit any liability for fraud.

10.3 No variation of this Agreement shall be effective unless executed by all Parties in writing.

## **11. WAIVER**

No failure or delay by any party to exercise any right, power or remedy will operate as a waiver of it nor will any partial exercise preclude any further exercise of the same, or of some other right, power or remedy.

## **12. SEVERABILITY**

Each of the provisions of this Agreement is severable. If, at any time, any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of that provision under the law of any other jurisdiction will in any way be affected or impaired.

**13. NOTICES**

13.1 A notice under or in connection with this Agreement (a "**Notice**") must be in writing and shall be delivered personally or by recorded delivery mail (or air mail if overseas) or by email to the party due to receive the Notice to the address specified in Clause 13.2.

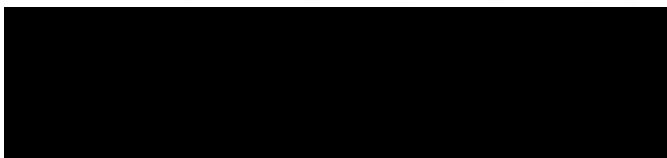
13.2 The address of each party referred to in Clause 13.1 above is:

(A) in the case of AAM:

AAM  
One Dauch Drive, Detroit, MI 48211-1198  
For the attention of:

 and

In copy (but such copy shall not constitute Notice):



(B) in the case of Dowlais:

2<sup>nd</sup> Floor Nova North, 11 Bressenden Place, London, United Kingdom, SW1E 5BY  
For the attention of:



In copy (but such copy shall not constitute Notice):



(C) in the case of the No. 2 Trustee:

2<sup>nd</sup> Floor Nova North, 11 Bressenden Place, London, United Kingdom, SW1E 5BY  
For the attention of:



In copy (but such copy shall not constitute Notice):



(D) in the case of the No. 3 Trustee:

2<sup>nd</sup> Floor Nova North, 11 Bressenden Place, London, United Kingdom, SW1E 5BY  
For the attention of:

In copy (but such copy shall not constitute Notice):

13.3 A party may change its notice details on giving notice to the other party of the change in accordance with this Clause 13.

13.4 Unless there is evidence that it was received earlier, a Notice is deemed given:

- (A) if delivered personally, on the date and time when left at the relevant address;
- (B) if sent by recorded delivery mail, except air mail, two (2) Business Days after posting it;
- (C) if sent by air mail, six (6) Business Days after posting it; and
- (D) if sent by email, on the date and time when sent, provided that the sender does not receive a notice of non-delivery,

provided that any Notice that would otherwise be deemed given outside of the hours of 9:00 a.m. to 5:30 p.m. on a Business Day shall be deemed to be given at 9:00 a.m. on the next Business Day.

13.5 Each Notice or other communication under or in connection with this Agreement shall be in English.

#### **14. GOVERNING LAW AND JURISDICTION**

14.1 This Agreement will be governed by and construed in accordance with English Law.

14.2 The courts of England will have exclusive jurisdiction to settle any dispute, which arises out of or in connection with this Agreement and the parties hereby agree to submit to that jurisdiction.

#### **15. COUNTERPARTS**

This Agreement may be signed in any number of counterparts and in any lawful manner, each of which when signed shall be an original, but all of which when taken together shall constitute a single instrument. Delivery of a counterpart of this Agreement by email attachment shall be an effective mode of delivery.

**IN WITNESS WHEREOF** the parties have executed this Agreement on the date first set out above:

EXECUTED BY

acting for and on behalf of

**AMERICAN AXLE & MANUFACTURING  
HOLDINGS, INC**

EXECUTED BY

acting for and on behalf of

**DOWLAIS GROUP PLC**

EXECUTED BY

acting for and on behalf of

**GKN 2 TRUSTEE 2024 LIMITED**

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acting for and on behalf of

**GKN 3 TRUSTEE 2024 LIMITED**

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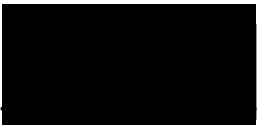


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