

CONDITIONAL SHARE SALE AGREEMENT

DATE: 9 MAY 2017

PARTIES:

P.O. Box 3314

- (1) **AB TRACTION** Birger Jarlsgatan 33, 3 tr S-103 66 Stockholm, Sweden (**Seller**); and
- (2) **CTI ENGINEERING CO. LIMITED** of 3-121-1 Nihombashi Hama-cho Chuo-ku, Tokyo 103-8430 Japan (**Buyer**).

1. Condition

- 1.1 Completion of this agreement is conditional upon the release of the Announcement on or before 3.00 p.m. on 31 May 2017 or such later time and date as the parties may agree in writing (**Condition**). If the Condition is not satisfied, this agreement will automatically terminate and no party will have any obligation or liability to the other party.
- 1.2 The Seller acknowledges that the release of the Announcement is at the Buyer's absolute discretion and there is no representation by the Buyer that it will permit the release of the Announcement.

2. Sale and purchase

- 2.1 Subject to the terms and conditions of this agreement, the Seller will sell or procure the sale of and the Buyer will buy, with effect from the Completion Date, 5,295,000 ordinary shares of 10p each in the capital of Target (**Shares**) with full title guarantee, free from all Security Interests and together with all rights that attach (or may in the future attach) to the Shares including, in particular, the right to receive all dividends and distributions declared, made or paid on or after the Completion Date, but excluding any dividends declared prior to the date of this agreement which will be due and payable to the Seller.
- 2.2 The purchase price payable by the Buyer to the Seller for the Shares will be 140 pence per share (**Purchase Price**) being a price per Share equal to the price to be offered by the Buyer in the Announcement.
- 2.3 The aggregate Purchase Price to be paid for all of the Shares will be paid by the Buyer without any deduction or withholding and the Buyer will bear all commissions and stamp duty/stamp duty reserve tax with respect to the purchase by it of the Shares.

3. Completion

On the Completion Date the Seller will procure the transfer of the Shares to the Buyer's CREST account (participant ID: 601, member account ID: WRCLT) and subject to that the Buyer will procure that its broker pays the aggregate Purchase Price to the Seller's broker through CREST.

4. Consents and publicity

The Seller agrees to:

- 4.1 this agreement being disclosed to the Takeover Panel;
- 4.2 the issue of the Announcement with references to the Seller and to details of this agreement; and
- 4.3 this agreement being available for inspection during the offer period and published on the website of the Target and the Buyer.

5. Rule 9

If as a result of the sale and purchase of the Shares, the Buyer becomes required to make a general offer under Rule 9.1 of the Code, the Buyer undertakes to the Seller that the Buyer will fulfil its obligations under that Rule.

6. General

- 6.1 Each party will bear all of its own costs and expenses incurred in connection with the negotiation, execution and implementation of this agreement.
- 6.2 The operation of the Contracts (Rights of Third Parties) Act 1999 is excluded.
- 6.3 This agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation will be governed by and construed in accordance with English law.
- 6.4 Each party irrevocably agrees that the courts of England will have exclusive jurisdiction to settle any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with this agreement or its subject matter or formation.
- 6.5 This agreement may be executed in any number of separate counterparts each of which when executed and delivered will be an original but all the counterparts will together constitute one and the same agreement.

7. Definitions

In this agreement the following words and expressions have the following meanings:

Announcement	the announcement by the Buyer and the Target, made in accordance with Rule 2.7 of the Takeover Code, relating to the Buyer's proposed offer to acquire the entire issued share capital of Target, as agreed between the Buyer and the Target.
Completion	completion of the transactions referred to in clause 3.
Completion Date	the business day on which the Condition is satisfied or such other day as may be agreed between the parties in writing.
Condition	as defined in clause 1.1.
Purchase Price	as defined in clause 2.2.
Security Interest	any interest or equity of any person (including any right to acquire, option or right of pre-emption) or any mortgage, charge, pledge, lien, assignment, hypothecation, title retention or any other security agreement or arrangement.
Shares	as defined in clause 2.1.
Target	Waterman Group PLC.



Signed for **AB TRACTION**
by an authorised signatory

Signature 
Print name Petter Skillström

Signed for **CTI ENGINEERING CO. LIMITED**
by an authorised signatory

Signature 
Print name Keiichi Kanai