

PRESS RELEASE, AUGUST 1, 2002

**Elkem makes a public offer – in accordance with the rules on
mandatory bid – to the shareholders, warrantholders
and convertible debentureholders of Sapa**

Elkem ASA ("Elkem") makes, through its wholly owned Swedish subsidiary Elkem Sweden AB ("Elkem Sweden"), a public offer to all shareholders, warrantholders and convertible debentureholders of Sapa AB ("Sapa" or the "Company") to tender their shares in and warrants 1998/2004 and convertible debentures 1998/2004 issued by Sapa, to Elkem Sweden (the "Offer"). The Offer is made in accordance with the rules regarding mandatory bid in the recommendation of the Industry and Commerce Stock Exchange Committee with respect to public offers for the acquisition of shares ("NBK's Recommendation").

- **The Offer is SEK 175 in cash for each share in Sapa.**
- **The Offer is SEK 52.5 in cash for each outstanding warrant 1998/2004 issued by Sapa.**
- **The Offer is SEK 185.5 in cash for each outstanding convertible debenture 1998/2004 issued by Sapa.**
- **Bid level.** The price of the Sapa share on July 31, 2002, was SEK 173. Compared to the closing price of SEK 144 on January 2, 2002, this represents an increase in share price of 20 percent. During the same period, the Affärsvärlden General Index and the Affärsvärlden Industrial Index on the Stockholm Exchange have decreased by 31 percent and 8 percent respectively. Accordingly, over the period January 2, 2002 to July 31, 2002, the Sapa share has outperformed the Affärsvärlden General Index and the Affärsvärlden Industrial Index by 73 percent and 31 percent respectively.

On February 19 and 20, 2001, Elkem acquired shares in Sapa, increasing its ownership from 4.9 percent to 32.1 percent of the voting rights and share capital in Sapa, at the price of SEK 175 per share. The acquisition price was 19 percent higher than the average closing price of the Sapa share of SEK 146.50 during the period January 8, 2001 up to and including February 16, 2001, the 30 trading days prior to the acquisition of these shares. During the period February 16, 2001, the last trading day before these acquisitions, to July 31, 2002, the Sapa share has outperformed the Affärsvärlden General Index and the Affärsvärlden Industrial Index by 87 percent and 37 percent respectively.

The price of the Sapa share on July 4, 2002, the day before the rules on mandatory bid in NBK's Recommendation became applicable for Elkem Sweden, was SEK 170. The average closing price of the Sapa share during the period May 23, 2002 up to and including July 4, 2002, the 30 trading days prior to when the rules on mandatory bid in NBK's Recommendation became applicable, was SEK 172.87. The closing price of the Sapa share on July 31, 2002, the trading day prior to the announcement of the Offer, was SEK 173.

- **Acceptance period.** The acceptance period is planned to begin August 13, 2002 and end September 2, 2002.
- **Current ownership.** On July 5, 2002, Elkem acquired, through Elkem Sweden, 2,606,954 shares in Sapa, amounting to a total of 7.1 percent of the voting rights and share capital. Elkem Sweden's holding in Sapa thereby increased to 15,669,132 shares, amounting to 42.7 percent of the voting rights and share capital.

Since July 5, 2002, Elkem Sweden has acquired a further 1,124,550 shares in Sapa, amounting to a total of 3.1 percent of the voting rights and share capital. Elkem Sweden's current holding in Sapa is therefore 16,793,682 shares, amounting to 45.8 percent of the voting rights and share capital.

Background and reasons for the Offer

During the first half of 2001, Elkem acquired 35.7⁽¹⁾ percent of the voting rights and share capital in Sapa as part of a long term strategy to diversify its operations into activities with a higher underlying growth than the ferroalloys and related activities that have historically been dominant in Elkem's operations. Sapa was considered an attractive company due to its strong historical results and its prospects for further profitable growth and thereby represented a natural extension of Elkem's primary aluminium activities.

Despite the negative development in Sapa's main markets since Elkem's initial acquisition of shares in Sapa, Elkem is pleased with its investment and maintains its ambition to contribute to Sapa's growth and profitability in its capacity as a controlling shareholder.

On July 5, 2002, Elkem acquired through Elkem Sweden a further 2,606,954 shares in Sapa, amounting to 7.1 percent of the voting rights and share capital. Elkem's holding through Elkem Sweden thereby reached 15,669,132 shares amounting to 42.7 percent of the voting rights and share capital in Sapa. As a result of the acquisition NBK's Recommendation became applicable. In accordance with this recommendation, Elkem is therefore making the Offer through Elkem Sweden.

Elkem has been comfortable with the fact that Sapa has a broad shareholder base among Swedish and international investors and currently prefers to see Sapa continuing as a listed company on the Stockholm Exchange with a broad Swedish and international shareholder base. A high level of acceptances in the Offer may, however, lead Elkem to seek a stronger board representation in the Company and to consider Sapa's status as a listed company. It is in any event, Elkem's intention to maintain Sapa as a separate business where Sapa's board and management have the full responsibility for the day-to-day business operations within Sapa's stated strategy.

"Elkem is pleased with the financial and strategic development of Sapa since our acquisition of a 35.7 percent interest and wishes to participate in and contribute to Sapa's growth and profitability", commented Ole Enger, President and Chief Executive Officer of Elkem ASA.

The Offer

Elkem Sweden will offer SEK 175 in cash for each share in Sapa validly tendered in the Offer, which is equivalent to the highest price paid by Elkem Sweden in connection with the acquisition of Sapa shares. Further, Elkem Sweden is offering the holders of warrants 1998/2004 issued by Sapa SEK 52.5 in cash for each warrant tendered, and the holders of convertible debentures 1998/2004 issued by Sapa SEK 185.5 in cash for each convertible debenture tendered. No commission will be charged. The Offer is made in accordance with the rules on mandatory bid in NBK's Recommendation. The total value of the Offer amounts to approximately SEK 3,500 million.

Sapa's shares are listed on the A-list of the Stockholm Exchange.

¹ These shares were transferred to Elkem Sweden through an issue in kind in Elkem Sweden in September 2001.

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Financing

The acquisition consideration is financed by a credit line committed by ABN Amro Bank, Svenska Handelsbanken and Den norske Bank.

Condition for the Offer

The Offer is conditional upon necessary approvals being granted by relevant authorities, including approvals from competent competition authorities, with only such conditions that reasonably, according to Elkem's judgement, may be accepted by Elkem and Elkem Sweden. Elkem reserves the right to fully or partially waive this condition.

Preliminary timetable

A prospectus detailing the Offer is planned to be distributed to the shareholders, among others, on or about August 12, 2002. The acceptance period is planned to begin on August 13, 2002 and is anticipated to end on or about September 2, 2002, subject to required regulatory approvals. Assuming that the acceptance period ends on September 2, 2002, settlement is expected to occur on or about September 10, 2002. Elkem Sweden will reserve the right to extend the acceptance period, as well as defer the date for settlement.

Advisors

Enskilda Securities is acting as financial advisor and Mannheimer Swartling Advokatbyrå is acting as legal advisor to Elkem and Elkem Sweden in connection with the Offer.

Oslo, Norway, August 1, 2002

Stockholm, Sweden, August 1, 2002

Elkem ASA

Elkem Sweden AB

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Elkem in brief

Elkem is one of the world's leading producers of metals and materials. Its principal products are aluminium, silicon metal and specialised materials such as ferrosilicon for foundries, carbon and microsilica. Further, the group is a major player in the Nordic power market. Elkem has production facilities in Norway, Iceland, the United States, Canada, Brazil and China, in addition to an extensive network of sales offices and agents in all the most important European and Asian markets. The company was established in 1904 and has its head office in Oslo, Norway. Elkem is listed on the Oslo and Frankfurt stock exchanges.

The company pursues its aluminium business through Elkem Aluminium ANS in a 50-50 partnership with Alcoa, where Elkem is the managing partner. Elkem Aluminium produces rolling ingots, extrusion billets and foundry alloys. The most important applications are aluminium in the transport, packaging and construction industries. Following certain modernisations and expansions that will be implemented prior to the end of 2003, Elkem Aluminium will have an overall potroom capacity of 280,000 tonnes per year.

Elkem is the world's largest producer of silicon metal, with 20 percent of the global market. The main customer groups are companies in the chemicals and electronics industries. Companies in the chemicals industry refine silicon metal from Elkem to silicones for use in a number of areas, such as sealing compounds, cosmetics, textiles, electric insulation materials, medical equipment, synthetic lubricants, car tyre additives and other synthetics for the automotive industry. The electronics industry needs high-quality silicon metal to produce polysilicon for semiconductors. This product category represents an Elkem speciality. Refined silicon metal is also supplied by Elkem to the aluminium industry.

The energy portfolio consists of a total of 11 owned and leased hydropower stations in Norway with a combined mean output of 2.85 TWh. With about 2.5 percent of the total annual Norwegian power production, Elkem's energy portfolio is among the largest in Norway. Overall, Elkem's generating capacity in Norway is 480 MW. Its reservoir capacity corresponds to 60 percent of annual output. In addition, the group's power stations in West Virginia, USA and Chicoutimi, Canada, generate 550 GWh and 240 GWh respectively per annum.

In other areas, Elkem ranks as the world's largest producer of foundry alloys, microsilica and electrode paste, speciality areas, which are less cyclically exposed.

The Elkem group had net sales of NOK 9,259 million and an income from operations of NOK 831 million in 2001. Elkem's principal business activities – aluminium, silicon metal and energy – accounted for 87.6 percent of the income from operations in 2001, after adjustments for restructuring and discontinued businesses. The number of employees amounted to 3,800 as at December 31, 2001.

This announcement does not constitute an offer or invitation to exchange or sell or an offer to exchange or purchase any securities.

The Offer is not being made, directly or indirectly, in or into the United States, Australia, Canada or Japan, and it may not be accepted in or from the United States, Australia, Canada or Japan. In addition, the Offer is not directed towards any person, whose participation requires an additional prospectus, registration or other measures than those required by Swedish law.

The Offer has not yet commenced. Sapa shareholders are advised to read the offer documentation because it will contain important information relating to the Offer.

Statements in this announcement relating to future status or circumstances, including statements regarding future performance, growth and other trend projections and the other benefits of the Offer are forward-looking statements. These statements may generally, but not always, be identified by the use of words such as "anticipates", "intends", "expects", "believes", or similar expressions. 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 can be no assurance that actual results will not differ materially from those expressed or implied by these forward-looking statements due to many factors, many of which are outside the control of Elkem, Elkem Sweden or Sapa, including the effect of changes in general economic conditions, the level of interest rates, fluctuation in demand for Sapa's products, competition, technological change, employee relations, regulations, and the potential need for increased capital expenditure (such as that resulting from increased demand, new business opportunities and deployment of new technologies).