



Aperam

société anonyme

12C, rue Guillaume Kroll

L-1882 Luxembourg

Grand-Duchy of Luxembourg

R.C.S. Luxembourg B 155.908

(the "Company")

Report of the Board of Directors of the Company

to the extraordinary general meeting of shareholders of the Company to be held on 8 May 2014

in accordance with article 32-3 (5) of the law of August 10, 1915

on commercial companies, as amended

1. This report is drawn up in accordance with article 32-3 (5) of the law of August 10, 1915 on commercial companies, as amended (the "Law"), to support the proposal, described below, made to the Company's extraordinary general meeting of shareholders expected to take place on 8 May 2014 (or thereafter, if it is reconvened) (the "2014 EGM"). In this report the Board of Directors of the Company (the "Board of Directors") explains the purposes for which, if the proposal described below is approved by the 2014 EGM, it will be able to use its powers in relation to the Company's new authorised share capital.
2. The 2014 EGM's agenda contains a proposal to increase the Company's authorised share capital by an amount equivalent to 23.3% percent of the current issued share capital and to authorise the Board of Directors to increase the issued share capital up to the new authorised share capital with authority to suppress or limit the shareholders' preferential subscription right during a period of 5 years ending on the fifth anniversary of the publication in the Luxembourg official gazette (*Mémorial C*) of the minutes of the 2014 EGM approving such authorisation (the "Proposal").

3. The Proposal is based on the need:

- i) for the Company to deliver the necessary ordinary shares upon conversion of its U.S.\$200,000,000 aggregate principal amount 2.625% Convertible and/or Exchangeable Bonds due 2020 (the "Convertible Bonds")¹ issued on 30 September 2013 and which are, on the basis of the current conversion ratio, convertible into up to 9,107,468 ordinary shares of the Company, and
- ii) for the Company to have adequate flexibility going forward.

The historical flexibility granted to the Board of Directors to issue shares corresponds to 10% of the issued share capital, which is currently represented by 78,049,730 shares.

The current total authorised share capital (including the issued share capital) consists of 85,854,303 (eighty-five million eight hundred fifty-four thousand three hundred three) shares. The unissued authorised share capital is limited to 10% of the current issued capital and consists in 7,804,573 (seven million eight hundred and four thousand five hundred and seventy three) shares.

When taking into account the 9,107,468 ordinary shares required to cover the conversion of the Convertible Bonds at the current conversion ratio and the 312,606 ordinary shares to be potentially issued under the Company's existing equity-based incentive plans, the Company would need to be able to raise the number of issued ordinary shares to 87,469,804 (the "Minimum Requirement"), which means there is currently a shortfall in the necessary authorised share capital of 1,615,501 ordinary shares.

In addition to covering such shortfall, the Proposal aims to restore the Company's historical flexibility by providing for additional authorised share capital consisting in a further 8,746,981 authorised shares corresponding to 10% of the Minimum Requirement. The 10% flexibility for the Board of Directors to issue shares has been adopted at the creation of Aperam and is as a consequence in line with the Company's historical level of flexibility.

It is also proposed to renew the authorisation to the Board to issue new ordinary shares currently valid until 14 December 2015 from the date of the 2014 EGM until five years from the date of the publication of the minutes of the 2014 EGM in the Luxembourg official gazette (*Mémorial C*).

4. The Company's current issued share capital amounts to EUR 408,831,000 represented by 78,049,730 shares with no nominal value. The Company's current authorised share capital including the issued share capital, following a decision of the extraordinary meeting of shareholders held on 6 December 2010, amounts to EUR 450,031,000 represented by 85,854,303 shares without nominal value.

¹ More information about the Convertible Bonds can be found on the Company's website www.aperam.com under Media, Press Releases, 19 September 2013, "Aperam announces the final terms of its USD200m convertible and/or exchangeable bond offering". The Convertible Bonds are also described more in detail pages 34 to 36 of the Annual Report 2013.

5. The Proposal is to approve an increase of the Company's authorised shares by 10,362,482 shares without nominal value. If the Proposal is approved by the 2014 EGM, the Company's authorised share capital (including the issued share capital) will amount to EUR 503,991,548, represented by 96,216,785 shares without nominal value (which is 23.3% above the currently issued share capital but corresponds to 10% above the Minimum Requirement and will therefore allow the Company to revert to its historical level of flexibility).

6. Under the current authorisation, the permitted uses by the Board of Directors of the authorised share capital include (i) the implementation of acquisitions and other transactions by way of issue of shares (or the rights to shares) in order to fund any such acquisitions or other transactions directly or indirectly or as consideration for acquired assets, in order to allow the Company to acquire companies or assets on the best possible terms, including the issuance of shares either directly or by way of instruments or rights entitling the holder thereof to subscribe to shares or convert the relevant instrument into shares, provided that such transactions shall be priced on an arm's length basis by reference to the market price of the shares while taking into account all relevant circumstances and the interests of the Company and its shareholders, and (ii) accessing the capital markets to meet some of the Company's financing or refinancing needs by way of the issue of shares and bonds or notes convertible into shares and any other instruments giving access to capital. The Board of Directors is currently authorised to increase the issued share capital of the Company in one or more transactions within the limits of the authorised share capital referred to in paragraph 4 above, with the power to limit or cancel the preferential subscription right of the existing shareholders. The purpose of the limitation or suppression of preferential rights is to allow the Board of Directors to choose the most beneficial process to issue additional shares, taking into account market conditions and appropriate processes, as well as the rights of existing shareholders.

7. The permitted uses described in paragraph 6 above apply to the Proposal being submitted to the 2014 EGM. The Company's articles of association authorise the Board of Directors to determine the conditions of any capital increase within the limits of the authorised capital, including through contributions in cash or in kind, by the incorporation of reserves, issue premiums or retained earnings, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, notes or debentures, convertible into or repayable by or exchangeable for shares (whether provided in the terms at the time of issuance or subsequently provided), or following the issue of bonds with warrants or other rights to subscribe for shares attached, or through the issue of stand-alone warrants or any other instrument carrying an entitlement to, or the right to subscribe for, shares. The Board of Directors is also authorised to set the subscription price, with or without issue premium, the date from which the shares or other financial instruments will carry beneficial rights and, if applicable, the duration, amortisation, other rights (including early repayment), interest rates, conversion rates and exchange rates of the aforesaid financial instruments as well as all the other conditions and terms of such financial instruments including as to their subscription, issue and payment, for which the Board of Directors may make use of Article 32-1 (3) of the Law.

8. Consequently, the Board of Directors requests the 2014 EGM to authorise it, for a period ending on the fifth anniversary of the date of publication in the Luxembourg official gazette (*Mémorial C*) of the deed containing the 2014 EGM resolutions approving the increase in the Company's authorised share

capital for any of the permitted uses described in paragraph 6 and 7 above to (i) increase the Company's issued share capital, in one or several transactions, up to a maximum amount of EUR 503,991,548 represented by 96,216,785 shares without nominal value, enabling, based on the current issued share capital, the issuance of up to 10,362,482 new shares without nominal value of the Company, and (ii) grant it the power to limit or cancel the preferential subscription right of the existing shareholders if the Board of Directors considers it appropriate or necessary in the context of the relevant transaction,

Luxembourg, April 8, 2014



Lakshmi N. Mittal, Chairman of the Board of Directors,

On behalf of the Board of Directors