

Explanatory Presentation

**Management Committee Performance Share Unit Plan
submitted to shareholder approval
at the General Meetings of May 8th, 2014**

აპერამ

Management Committee Performance Share Unit Plan

Agenda



Background	Page 03
Key highlights	Page 04
Criteria review	Page 05
Peer group determination	Page 06
Fictive example	Page 08
Historical TSR Data for information purposes	Page 09
Historical EPS Data for information purposes	Page 10

Management Committee Performance Share Unit Plan

Background Plan submitted to shareholders' approval May 8, 2014



The Management Committee Performance Share Unit Plan

The Management Committee Performance Share Unit Plan (the “MC PSU Plan”) is designed to enhance the long-term performance of the Company and align the members of our Management Committee (“MC”) to the Company’s objectives.

The MC PSU Plan complements Aperam’s existing program of annual performance-related bonuses which is the Company’s reward system for short-term performance and achievements. The short term incentives are described in detail in the 2013 Annual Report page 56 onward.

The main objective of the MC PSU Plan is to be an effective performance-enhancing scheme for MC members based on the achievement of Aperam’s strategy aimed at creating measurable long-term shareholder value.

The Remuneration, Nomination and Corporate Governance Committee

The allocation of PSUs to eligible Management Committee members is reviewed by the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors, which is comprised of three independent directors, and which makes a proposal and recommendation to the full Board of Directors. The vesting criteria of the PSUs are also monitored by the Remuneration, Nomination and Corporate Governance Committee.

Regular reporting to shareholders

The Company will report in its Annual Reports on the progress of meeting the vesting criteria on each grant anniversary date as well as on the applicable peer group.

Management Committee Performance Share Unit Plan



Key highlights Plan submitted to shareholders' approval May 8, 2014

- Only PSUs for Management Committee Members based on clear and identifiable performance criteria
- Criteria:
 - 50% of the criteria to be met is based on the development of Total Shareholder Return (“TSR”).
 - 50% of the criteria to be met is based on the development of Earnings Per Share (“EPS”).
 - TSR and EPS are defined on slide #5.
- Grant based on value: (share price at the date of issue)
 - CEO and Other Management Committee Members : 45% of base salary ⁽¹⁾
- Vesting:
 - Cliff vesting after 3 years
 - Vesting criteria:

	Threshold	Target	Stretch
TSR/EPS	80% median	median	>120% median
Percentage vesting	50%	100%	150%

- The MC PSU Plan provides for cliff vesting on the third year anniversary of the grant date, under the condition that the relevant MC member continues to be actively employed by the Aperam group on that date. If the MC member is retired on that date or in case of an early retirement by mutual consent, the relevant MC member will not automatically forfeit PSUs and pro rata vesting will be considered at the end of the vesting period at the sole discretion of the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors.

Notes:

⁽¹⁾ Compared to 35% in the previously approved MC PSU plan in 2013 (Grant August 2013).

Management Committee Performance Share Unit Plan

Criteria review Plan submitted to shareholders' approval May 8, 2014



50% of the criteria to be met is based on the development of TSR.
50% of the criteria to be met is based on the development of EPS.



Total Shareholder Return (“TSR”)

50% of the criteria is based on Total Shareholder Return (“TSR”) compared to a peer group over a three year period:

- $$\frac{\text{Share price end of period} - \text{Share price start of period} + \text{Dividends paid}}{\text{Share price start of period}}$$

Earnings per Share (“EPS”)

50% of the criteria is based on Earning per Share (“EPS”) compared to a peer group over a three year period:

- EPS is defined as the amount of earnings per each outstanding share

Potential Dilution

- The current request of 220,000 shares could lead to a potential dilution of less than 0.27% on a diluted basis and less than 0.29% of the Company's issued share capital on an outstanding basis.

Management Committee Performance Share Unit Plan

Peer group determination



Determination of peer group based on correlation and Market capitalization

How?

1. On industry classification;
2. On size (limited to companies not smaller than approximately one quarter of Aperam's market capitalisation);
3. On correlation of TSR performance - considering that Aperam was only created on 25 January 2011 - in order to identify whether this group is reasonable from a statistical viewpoint (correlation in excess over 50% is sufficient)

Regular reporting to the shareholders:

The Company will report in its annual reports on the applicable peer group.

Management Committee Performance Share Unit Plan

Peer group determination



Determination of peer group based on correlation and Market capitalization⁽²⁾

Company	Industry	Market Capitalization ⁽¹⁾	Correlation ⁽²⁾
Aperam	Stainless Steel	1 422	n/a
ArcelorMittal	Steel	29 163	0.81
Acerinox	Stainless steel	3 213	0.74
Outokumpu	Stainless steel	1 132	0.67
ThyssenKrupp	Steel, Stainless steel & downstream	13 234	0.73
Voestalpine	Steel	8 221	0.71
Salzgitter	Steel	2 255	0.77
SSAB	Steel	2 463	0.73
Rautaruuki	Steel	1 260	0.70
AK Steel	Stainless steel	1 109	0.57
Eramet	Mining	2 506	0.72

Notes:

Source: Bloomberg, Aperam

⁽¹⁾ At January 1, 2014, in USD million

⁽²⁾ Correlation calculated from 26/01/2011 to 01/01/2014 on the basis of the evolution of the respective shares prices, considering that Aperam was only created on January 25, 2011.

Management Committee Performance Share Unit Plan



Fictive example under MC PSU Plan submitted to shareholders' approval on May 8, 2014⁽¹⁾

Management Committee Member:

- Base salary: USD 250,000
- Grant December 2010: Share price USD 18.3 ⁽¹⁾

- Value = 45% i.e. $(250,000/18.3) \times 0.45 = 6,148$ PSUs

- Vesting will only occur if the MC member is still employed by the Group as follows:
 - 50% vesting linked to TSR: 3,074 PSUs
 - Aperam performance TSR vs. peer group over a three year period
 - Application of vesting criteria -> The percentage of PSUs vesting will be 50% for achievement of 80% of the median TSR, 100% for achieving the median TSR and up to 150% for achieving 120% of the median TSR ⁽²⁾*

 - 50% vesting linked to EPS: 3,074 PSUs
 - Aperam EPS vs. peer group over a three year period
 - Application of vesting criteria -> The percentage of PSUs vesting will be 50% for achievement of 80% of the median EPS, 100% for achieving the median EPS and up to 150% for achieving 120% of the median EPS ⁽³⁾*

Notes:

- (1) The presented fictive example is provided for information purposes only since the MC PSU Plan submitted to shareholder approval on May 8, 2014 will be based on a three year period going forward.
- (2) Compared to a maximum of 200% for an achievement above the upper quartile TSR in the previously approved MC PSU plan in 2013 (Grant August 2013).
- (3) Compared to a maximum of 200% for an achievement above the upper quartile EPS in the previously approved MC PSU plan in 2013 (Grant August 2013).

Peer group TSR data⁽¹⁾

Fictive example using historical data



Company	Industry	TSR growth ⁽²⁾	Market capitalisation ⁽³⁾
Aperam	Stainless Steel	-52%	1 422
ArcelorMittal	Steel	-49%	29 163
Acerinox	Stainless steel	-21%	3 213
Outokumpu	Stainless steel	-87%	1 132
ThyssenKrupp	Steel, Stainless steel & downstream	-40%	13 234
Voestalpine	Steel	11%	8 221
Salzgitter	Steel	-46%	2 255
SSAB	Steel	-50%	2 463
Rautaruuki	Steel	-56%	1 260
AK Steel	Stainless steel	-49%	1 109
Eramet	Mining	-71%	2 506

Median Peer TSR	-49%
Threshold level: 80% of Median	-59%
Target level: 100% of Median	-49%
Stretch level: 120% of Median	-39%
Aperam TSR	-52%
Vesting under this tranche	85%

Application of the vesting criteria under the Plan submitted to shareholder approval on May 8, 2014:

The percentage of PSUs vesting will be 50% for achievement of 80% of the median TSR, 100% for achieving the median TSR and up to 150% for achieving 120% of the median TSR.

Notes:

Source: Bloomberg, Aperam Computation

- (1) The presented TSR data is provided for information purposes only since the MC PSU Plan submitted to shareholder approval on May 8, 2014 will be based on a three year period going forward.
- (2) Calculated from 26/01/2011 to 01/01/2014 in USD, considering that Aperam was only created on January 25, 2011.
- (3) As of 01/01/2014.

Peer group EPS data⁽¹⁾

Fictive example using historical data



Company	Industry	EPS growth ⁽²⁾	Market capitalisation ⁽³⁾
Aperam	Stainless Steel	-196%	1 422
ArcelorMittal	Steel	-168%	29 163
Acerinox	Stainless steel	-110%	3 213
Outokumpu	Stainless steel	-124%	1 132
ThyssenKrupp	Steel, Stainless steel & downstream	-238%	13 234
Voestalpine	Steel	266%	8 221
Salzgitter	Steel	-1757%	2 255
SSAB	Steel	-264%	2 463
Rautaruuki	Steel	82%	1 260
AK Steel	Stainless steel	71%	1 109
Eramet	Mining	-214%	2 506

Median Peer EPS	-146%
Threshold level: 80% of Median	-175%
Target level: 100% of Median	-146%
Stretch level: 120% of Median	-117%
Aperam EPS	-196%
Vesting under this tranche	0%

Application of the vesting criteria under the Plan submitted to shareholder approval on May 8, 2014:

The percentage of PSUs vesting will be 50% for achievement of 80% of the median TSR, 100% for achieving the median TSR and up to 150% for achieving 120% of the median TSR.

Notes:

Source: Bloomberg, Aperam Computation

- (1) The presented EPS data is provided for information purposes only since the MC PSU Plan submitted to shareholder approval on May 8, 2014 will be based on a three year period going forward.
- (2) Calculated using annual EPS over 2010 to 2013. Proforma data used for Aperam considering that the Company was only created on January 25, 2011.
- (3) As of 01/01/2014.