

**Explanatory Presentation
Management Committee Performance Share Unit Plan
submitted to shareholder approval**

General Meeting May 8th, 2013

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Management Committee Performance Share Unit Plan

Agenda



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Management Committee Performance Share Unit Plan

Background



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 2012 Annual Report page 49 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 a 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

- Only PSUs for Management Committee Members based on clear and identifiable performance criteria
- Criteria: Total Shareholder Return (“TSR”) & Earnings Per Share (“EPS”)
- Grant based on value: (share price at the date of issue)
 - CEO and Other Management Committee Members : 35% of base salary
- Vesting:
 - Cliff vesting after 3 years
 - Vesting criteria:

	Treshold	Target	Over-performance	Stretch
TSR / EPS	80% median	median	120% median	> upper quartile
Percentage vesting	50%	100%	150%	up to 200% max.

- 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 Company.

Management Committee Performance Share Unit Plan

Criteria review



Two sets of performance criteria must be met for vesting of the PSUs

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

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

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

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

Management Committee Performance Share Unit Plan

Peer group determination



Industry Consolidation Environment

Considering the consolidation taking place in the European stainless steel industry between Outokumpu and Inoxum and the divestments imposed by the European Commission in this context, the Remuneration, Nomination and Corporate Governance Committee will make a proposal of Peer Group Companies to the Board of Directors only once the outcome of the remedies in the industry has been clearly settled, such outcome being expected by mid year 2013. The proposed Peer Group will be disclosed in detail in the Aperam Annual Report 2013. In making its recommendation to the Board of Directors, the Remuneration, Nomination and Corporate Governance Committee will take into account the below principles.

Principles for peer group determination

The principles to be used by the Remuneration, Nomination and Corporate Governance Committee in proposing a Peer Group to the Board of Directors are to be based on

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
4. Finally it is advisable to look back at what would have happened had this comparator group been adopted in the past to see whether the company is comfortable that the level of vesting that would have been achieved was a fair reflection of how the company performed over the period as compared to the comparator group accepting of course that there is no guarantee that using the same group going forward would give the "right" result

Management Committee Performance Share Unit Plan

Fictive example



Management Committee Member:

- Base salary: USD 250,000
 - Grant December 2012: Share price USD 15.67
- Value = 35% i.e. $(250,000/15.67) \times 0.35 = 5,584$ PSUs
- Vesting will only occur if the MC member is still employed by the Group as follows:
- 50% vesting linked to TSR: 2'792 PSUs
 - Aperam performance TSR vs. peer group over three years
 - 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, 150% for achieving 120% of the median TSR, and up to a maximum of 200% for an achievement above the upper quartile.*
 - 50% vesting linked to EPS: 2,792 PSUs
 - Aperam EPS vs. peer group over three years
 - 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, 150% for achieving 120% of the median EPS and, up to maximum 200% for an achievement above the upper quartile.*