

Message from the Chairman of the Board of Directors

March 5, 2014

Dear Shareholders,

2013 was another challenging year for the stainless steel industry.

In this environment the priority for Aperam was to focus on its key strategic priorities to become a more resilient company.

Health and safety is always our first priority, and I would like to update you on our performance. Our lost time injury frequency rate ("LTIFR") remained constant at 1.3x compared to the previous year. Although we are disappointed by the lack of progress on an annual basis, we improved our LTIFR to 1.0x in the fourth quarter of 2013, and I hope that this is indicative of better progress in the future. Zero accidents remain our ultimate goal but much more needs to be done.

In early 2013 we noticed some early signs of recovery in the stainless steel environment but decided to remain cautious, in light of the difficult economic conditions in Europe. One year later our strategy has proven to be correct as nickel prices decreased in 2013 and demand in Europe remained subdued, despite the improving outlook.

Against this backdrop, Aperam has continued to focus on its key strategic priorities to enhance its competitiveness through the Leadership Journey®. This is an ambitious, company-wide programme to improve the profitability of our operations, which has contributed \$369 million to EBITDA¹ since 2011.

In addition, we have made further progress in the implementation of our Top Line strategy to improve the quality of service to our customers and expand the range of high margin products to replace those with lower margins.

Our determination to meet the strategic priorities set by our Board of Directors is delivering important improvements to Aperam's operational efficiency, results and financial strengths in difficult market conditions. Despite lower selling prices in 2013 EBITDA increased to \$292 million from \$217 million in 2012. Net debt decreased from \$816 million to \$690 million at December 31, 2013.

Looking ahead, we will continue to focus on our strategic priorities and are ready to take advantage of opportunities in our key markets. In South America we want to consolidate our presence in Brazil and its growing market, where there is further scope for Aperam to improve its operational performance and optimize its product mix.

In Europe economic recovery is slow but we have seen some signs of improvement in prices and demand at the year-end. Should these improvements be sustained I believe that Aperam is well positioned in Europe to capitalize on this growth because of its modern, efficient production facilities and its integrated distribution network. We will also continue the development of our Alloys and Specialties business.

In conclusion, Aperam has delivered a better performance in 2013 despite a more challenging environment. Although we saw some improvements in prices and demand towards the end of the year I believe that Aperam must maintain its focus on improving its operational efficiency and strengthen its balance sheet to ensure it can continue to respond to any further global economic and industry challenges.

Finally, I would like to thank Aperam employees, its Management Committee and my colleagues in the Board of Directors, for their support, hard work and contribution to the Company's performance improvements in 2013. I am convinced that the strong competitive advantages of Aperam together with our skilled and motivated employees offer favourable and sustainable prospects for all our stakeholders.



Lakshmi N. Mittal
Chairman of the Board of Directors

¹ EBITDA is defined as operating income plus depreciation and impairment expenses.

Message from the Chief Executive Officer

March 5, 2014

Dear Shareholders,

I am pleased to present Aperam's 2013 Annual Report, which provides you with a consolidated overview of the company's performance and strategy.

Three years after our formation, Aperam has further established itself as a leading manufacturer of stainless steel with the capability to deliver a robust performance in a challenging industry and market environment.

Despite some encouraging signs in early 2013, the year continued to be difficult with pressure on prices of base metals and nickel, and weak demand in our key markets.

The year was marked by a disappointing health and safety performance as our lost time injury frequency rate ("LTIFR") remained at the same level achieved as in 2012. Although we achieved an improvement in our own personnel's LTIFR we were adversely affected by a deterioration in the performance of our subcontractors. We are working hard to improve this situation through regular meetings with subcontractors and management in which I am personally involved as well as key executives.

In 2013 Aperam continued to improve its operational performance through its Leadership Journey® programme to achieve management gains, reduce fixed and variable costs, and increase productivity over the short- and medium-term. The programme encompasses a number of initiatives, including restructuring projects and cost reduction schemes.

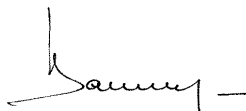
By the end of 2013 our Leadership Journey® programme had contributed a total of \$369 million to EBITDA since its introduction at the beginning of 2011, compared to \$276 million at the end of 2012. Our journey to efficiency excellence continues and we have recently announced a new target of \$475 million by 2015. This includes the previously announced target of \$425 million by the end of 2014.

Our Top Line strategy to focus on high margin products and deliver more value-added services to customers came fully into play in 2013. This approach, resulting in integrated sourcing, sales and R&D, has contributed significant gains in efficiency. The strategy enabled us to optimize the use of our production capacities, to increase the proportion of high margin products while better serving our customers and to offer new stainless steel solutions.

Our balance sheet and financial position also strengthened in 2013. We improved our financing structure in September 2013 with the successful \$200 million placement of convertible and/or exchangeable bonds due 2020. Our net debt decreased by \$126 million over the year, representing a gearing of 23% at December 31, 2013, compared to 26% at the end of the previous year. Our objective is to continue to reduce our net debt with a target to reach \$650 million by the end of 2014.

Despite the progress towards achieving our key strategic priorities – Leadership Journey®, Top Line strategy and debt reduction – we remain cautious but well prepared to take advantage of growth opportunities when they become available.

Since its formation Aperam has demonstrated its ability to achieve consistent progress in a challenging market environment. This encouraging situation is the result of our team's commitment to the key strategic priorities defined by our Board of Directors, which continue to be essential to restore Aperam to sustainable growth.



Philippe Darmayan
CEO Aperam

Management Report

The Board of Directors has the pleasure in presenting its report, which constitutes the management report ("Management Report") as defined by Luxembourg Law, together with the audited consolidated financial statements and annual accounts as of December 31, 2013, and for the year then ended. As permitted by Luxembourg Law, the Board of Directors has elected to prepare a single Management Report covering both the Company and the Group.

Company Overview

Introduction

We are a leading global stainless and specialty steel producer based on our annual production capacity of 2.5 million tonnes in 2013. We are the largest stainless and specialty steel producer in South America and we are the second largest producer in Europe. We are also a leading producer of high value-added specialty products, including grain oriented ("GO") and non-grain oriented ("NGO") electrical steels and nickel alloys. Our production capacity is concentrated in six production facilities located in Brazil, Belgium and France, and we have approximately 9,500 employees. Our distribution network is comprised of 18 Steel Service Centers ("SSCs"), 9 transformation facilities and 22 sales offices. We sell our products to customers on three continents in over 40 countries, including customers in the aerospace, automotive, catering, construction, household appliances and electrical engineering, industrial processes, medical, and oil & gas industries.

We had sales of \$5.1 billion and \$5.3 billion and EBITDA of \$292 million and \$217 million for the years ended December 31, 2013 and 2012, respectively. Shipments amounted to approximately 1.73 million tonnes and 1.68 million tonnes for the years ended December 31, 2013 and 2012, respectively.

We manage our business according to three primary operating segments:

- **Stainless & Electrical Steel.** We are one of the largest global producers of stainless steel by production capacity. We produce a wide range of stainless and electrical steels (both GO and NGO) and continuously expand our product offerings by developing new and higher grades of stainless steel and electrical steel. We have a broad portfolio of stainless and electrical steel products and we continuously expand our product offerings. The segment accounted for 78.1% of sales and 72.6% of EBITDA for the year ended December 31, 2013, and respectively 79.5% of sales and 55.8% of EBITDA for the year ended December 31, 2012.
- **Services & Solutions.** Our Services & Solutions segment which includes our tubes and precision businesses performs three core activities: (i) the management of exclusive, direct sales of stainless steel products from our production facilities, primarily those located in Europe; (ii) distribution of our and, to a much lesser extent, external suppliers' products; and (iii) transformation services, which include the provision of value-added and customized steel solutions through further processing to meet specific customer requirements. The segment accounted for 42.8% of sales and 3.1% of EBITDA for the year ended December 31, 2013, and respectively 41.3% of sales and 9.7% of EBITDA for the year ended December 31, 2012.
- **Alloys & Specialties.** We believe that our Alloys & Specialties segment is the fourth largest producer of nickel alloys in the world. We are specialized in the design, production and transformation of various nickel alloys and certain specific stainless steels. Our products take the form of bars, semis, cold-rolled strips, wire and wire rods, and plates, and are offered in a wide range of grades. The segment accounted for 12.5% of sales and 20.5% of EBITDA for the year ended December 31, 2013, and respectively 12.5% of sales and 25.8% of EBITDA for the year ended December 31, 2012.

Additionally, we have sales and EBITDA that are reported within our "Other" segment. This segment, including our forest business in Brazil (Aperam BioEnergia) and eliminations between our primary operating segments, accounted for 3.8% of EBITDA for the year ended December 31, 2013, and 8.7% of EBITDA for the year ended December 31, 2012.

The creation of Aperam

On December 7, 2010, the Board of Directors of Aperam and the Board of Directors of ArcelorMittal approved a proposal to spin-off ArcelorMittal's stainless and specialty steels businesses to ArcelorMittal's shareholders in order to enable it to benefit from better visibility in the markets, and to pursue its growth strategy as an independent company in the emerging markets and in specialty products, including electrical steel. On January 25, 2011, at an extraordinary general meeting, the shareholders of ArcelorMittal voted to approve the spin-off proposal. Since the creation of Aperam, the main shareholder ("Significant Shareholder") holds 40.8% of the issued share capital and the Luxembourg State holds 2.5% of the issued share capital. Please refer to page 61 for more information about the share capital structure and the definition of the term "Significant shareholder".

Our facilities

Stainless & Electrical Steel

Our European facilities produce the full range of our stainless steel products. In Europe, we have two electric arc furnace meltshops in Belgium, located in Genk and in Châtelet. The Genk facility also includes a cold rolling mill. The Châtelet facility is fully integrated from the meltshop to the hot rolling mill. In addition to our cold rolling mill in Genk, the Group has two other cold rolling mill plants in France, located in Gueugnon and in Isbergues. In Brazil, our Timóteo facility produces the full range of our stainless and electrical steel products, as well as relatively small volumes of special carbon steel. We are the only integrated producer of flat stainless and electrical steel in South America with fully integrated production and distribution facilities. The integrated Timóteo facility includes two blast furnaces, a melting shop consisting of an Oxygen Furnace and an Electric Arc Furnace, a stainless cold rolling shop and an electrical steel cold rolling shop. In 2013, steel shipments from Stainless & Electrical Steel facilities represented approximately 1,650 thousand tonnes, and approximately 1,611 thousand tonnes in 2012.

Services & Solutions

We sell and distribute our products through our Services & Solutions segment which includes our tubes and precision businesses, and which also provides value-added and customized steel solutions through further processing to meet specific customer requirements. Our distribution network comprises 18 SSCs, 9 transformation facilities and 22 sales offices. In 2013, steel shipments from Services and Solutions facilities represented approximately 679 thousand tonnes and approximately 661 thousand tonnes in 2012.

Alloys & Specialties

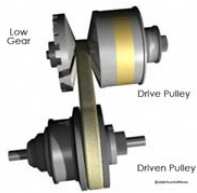
Our Alloys & Specialties integrated production facility is located in Imphy, France and includes a meltshop, a wire rod facility and a cold rolling facility. We also own downstream nickel alloy and specialty assets, including a wire drawing facility and an electrical components manufacturer, both located in France, a transformation subsidiary located in China, and a production facility for industrial clads located in central India. In 2013 and 2012, steel shipments from Alloys & Specialties facilities represented approximately 36 thousand tonnes.

Examples of key specific markets and customers of Aperam in Alloys & Specialties:

Oil & Gas – LNG Tankers



Automotive - CVT



Welding - Overlay



Aerospace - Mould



Other businesses: Charcoal (Biomass)

Through our Brazilian subsidiary Aperam BioEnergia, we produce wood and charcoal (biomass) from cultivated eucalyptus forests. We use the charcoal (biomass) produced by Aperam BioEnergia as a substitute for coke at our Timóteo production facility. In 2013, we produced 432,000 tonnes of charcoal through Aperam BioEnergia and 427,000 tonnes in 2012.

Eucalyptus nursery:



Our key competitive strengths

We believe that the following are among our key strengths:

Strong values and a commitment to sustainability and health and safety

Aperam understands its responsibility to future generations and local communities. In addition to Aperam BioEnergia enabling the use of sustainable biomass technology, the Company has created environmentally sustainable production solutions while still meeting the stainless and specialty steel demands of its customers. With a strong focus on health and safety, which remains the Company's top priority, the "lost time injury frequency rate", a key indicator of the success of the health and safety procedures measured by the time lost due to injuries per 1,000,000 worked hours, was 1.3 for the year ended December 2013.

A leading and geographically well-positioned stainless and specialty steel producer

Aperam is a leading stainless and specialty steel producer in South America and according to the International Stainless Steel Forum (the "ISSF"), the second largest producer in Europe. Aperam is well-positioned in both developed and emerging markets, with approximately 66% of the sales derived from developed markets and 34% derived from emerging markets.

In South America, the Company has a leading presence in the flat stainless steel and electrical steel production with fully integrated production and distribution facilities, and its position in South America has contributed to its global leadership in the stainless and electrical steel industry. Aperam is well equipped to continue to serve the growing South American market as a result of its modern production and distribution facilities, and its leading position in the flat stainless and electrical steel production in Brazil and South America provides the Company with a key competitive advantage. Management expects to leverage these facilities going forward in order to capitalize on expected increases in demand for stainless and specialty steels in South America in the near-term.

Aperam also has a strong presence in the European stainless steel market. The Company's modern production facilities in Belgium and France are strategically located close to its major customers and have consistently maintained high performance standards through the optimization of production volumes, inventory and costs. The Company also has a highly integrated and technically advanced distribution network that is effective at maintaining direct contact with end-users through strong sales and marketing capabilities.

A competitive industrial platform

Aperam's modern production facilities allow the Company to support its customers' stainless and specialty steel requirements with a high level of operational efficiency. In Europe, the Company benefits from high quality and cost efficient plants with the largest and most recent electric arc furnace meltshop (Châtelet, Belgium), the largest hot rolling mill (Châtelet, Belgium) and one of the largest cold rolling mills (Genk, Belgium). In Brazil, the Company operates a fully integrated production facility using charcoal produced by Aperam BioEnergia.

Aperam continues to improve the competitiveness of its industrial base through restructurings and investments launched under the Leadership Journey® programme, which is described in more details below. The Company has invested and will continue to invest in its modern and cost-efficient production facilities, and management believes that the Company is therefore well positioned to benefit from the long-term growth potential of the stainless and specialty steel industry.

A global integrated distribution network with close proximity to a well-diversified customer base

Aperam has one of the largest integrated stainless and specialty steel sales, distribution and steel services networks in the world, with a total of 18 Steel Service Centers ("SSCs"), 9 transformation facilities and 22 sales offices. The Company is the only producer of flat stainless and electrical steel in South America with fully integrated production and distribution facilities, and has a highly integrated distribution network in Europe. The Company's distribution channels are strategically located in areas of high demand and close to many end-users. The Company works continuously to further develop its distribution network through internal development, partnerships and targeted acquisitions. Aperam normally expands its global distribution network either in response to an identified market opportunity or in response to the express business needs of major customers. The Company's global distribution network enables to tailor its products to address specific customer needs, thereby facilitating the maintenance of market share and the capture of growth opportunities. The Company's customer base, comprising a number of blue chip clients is well diversified.

A diversified product offering with a leading position in nickel alloys, supported by leading research and development capabilities

Aperam offers a wide range of products, including high margin value-added niche products to a diversified customer base in both emerging and developed markets. The Company's products are mainly sold to end-users in the automotive, building and construction, catering and appliance, energy and chemicals, and transportation industries, while electrical steel products are primarily sold to customers in the electric motors, generators and transformers industries. The Company is the fourth largest global producer of nickel alloys, which are sold to customers in the aerospace, automotive, electronics, petrochemical, and oil & gas industries. Aperam's diverse product offering, sold to a wide range of customers across numerous industries, allows the Company to enjoy greater stability and to mitigate some of the risks and cyclicity inherent in certain markets. In addition, Aperam's leading position in nickel alloys, which is a particularly high margin value-added niche product, helps the Company to maintain and improve its margins and profitability.

Aperam's research and development activities are closely aligned with our strategy and are focused on product development and process development. The Company's research and development team comprises 124 employees. These employees are based in two centers in Europe, located in Isbergues and Imphy, France, and one center in Timóteo, Brazil. The research and development departments interact closely with the Company's operating segments and partner with industrial end-users and leading research organizations in order to remain at the forefront of product development. The research and development capabilities have contributed to both the Company's leadership in the industry and its development of longstanding and recognizable brands. Aperam concentrates a significant portion of its research and development budget on high margin value-added niche products, such as nickel alloys.

Resilient profitability, efficient cash flow management and a solid financial structure

Despite challenging market conditions, Aperam generated positive EBITDA in 2013. The Company's profitability is supported by its implementation of the Leadership Journey®, which has contributed at the end of December 2013 to approximately \$369 million to EBITDA since the beginning of 2011. In addition, the Company has been able to generate positive cash-flow from operations over the past three years. As of December 31, 2013, the Company had a net financial debt of \$690 million, representing a gearing of 23%.

Strong management team and motivated workforce

Aperam benefits from the experience and industry know-how of its Management Committee. The team is comprised of seven members led by the Chief Executive Officer, Mr. Philippe Darmayan. Mr. Darmayan had been a member of ArcelorMittal's management team since 2002 and brings with him more than 30 years of experience in leading industrial groups in Europe. He is supported by the other members of the Company's senior management team, including Mr. Sandeep Jalan, the Chief Financial Officer ("CFO") since January 2014, who previously served as CFO of ArcelorMittal Long Carbon Europe, responsible for finance and strategy. Mr. Jalan has over twenty years of experience in finance and joined the ArcelorMittal group in 1999. The other members of the Management Committee are Mr. Timóteo Di Maulo, Chief Commercial and Sourcing Officer; Mr. Clenio Guimarães, Chief Operating Officer Stainless & Electrical Steel

South America; Ms. Vanisha Mittal Bhatia, Responsible for Strategy; Mr. Jean-Paul Rouffiac, Chief Operating Officer Stainless & Electrical Steel Europe and Ms. Johanna Van Sevenant, Responsible for Sustainability, Human Resources and Communications. The collective industry knowledge and leadership of Aperam's senior management team and their record of accomplishment in responding to challenging economic conditions is a key asset to Aperam's business. The Company has also introduced various initiatives to improve the dedication and motivation of its work force, including development programs, employee self-evaluations, monthly career committee meetings to evaluate opportunities for managers and performance-based bonuses. Greater accountability improves motivation, and the Company's approach to human resources has contributed to the dedication and motivation of its workforce.

Our key strategic priorities

Our key strategic priorities are (i) improving operational efficiency and increasing EBITDA through the Leadership Journey®, (ii) driving value through our Top Line strategy and (iii) reducing our net debt and cost of debt. Our Top Line strategy includes (a) leveraging our unique stainless steel product portfolio, (b) driving additional value through the Services & Solutions segment and (c) growing the Alloys & Specialties segment.

Improving operational efficiency and increasing EBITDA through the Leadership Journey®

The Leadership Journey® is an initiative aimed at achieving management gains, fixed and variable cost reductions, and increased productivity over the near and medium term. The Leadership Journey® is composed of a number of initiatives which can be broadly characterized as restructuring projects, cost reduction projects and continuous improvement initiatives. Restructuring projects under the Leadership Journey® have traditionally focused on the closure of non-competitive capacities and the reduction of fixed costs through process simplification. Cost reduction projects have focused on cost-cutting through improvement of our industrial footprint. Continuous improvement initiatives have typically entailed detailed action plans to streamline our sourcing functions, reduce costs in areas such as IT, and generally reduce our sales, general and administrative costs.

As at December 31, 2013, the Leadership Journey® had contributed a total amount of \$369 million to EBITDA since the beginning of 2011. Key projects which continued to contribute to the Leadership Journey® achievements include the new hot annealing and picking line ("RD79") in Gueugnon, France, which was damaged by a fire in December 2012 and rebuilt in 2013, the steel service center in Campinas, Brazil, and the Imphy meltshop enhancement project in France. The Campinas and Imphy projects had already started operations by the end of 2012 and contributed to the continuous progress of the Leadership Journey® in 2013.

Our goal is to achieve \$475 million in gains and profit enhancements by 2015. This includes the previously announced target of \$425 million by the end of 2014. In order to achieve our goals under the Leadership Journey®, we will continue to optimize and rationalize our production facilities in Europe, while exchanging best practices between our European and Brazilian facilities in order to increase our global industrial performance. In addition, we will continue to focus on new sourcing initiatives, yield and quality improvements, organizational simplifications and further product development.

The Hot Annealing and Picking line (RD79)



The steel service center in Campinas



Imphy meltshop enhancement project



Leveraging our unique stainless steel product portfolio

We intend to continue to support the development of our wide range of products, with a focus on high-margin value-added niche products. Because of the specialized nature of these products, we are able to earn higher margins, typically attracting higher prices than our other more commoditized products. In order to grow our sales of high-margin value-added niche products and replace low contribution margin products, we target to increase the proportion of our research and development expenditure which is dedicated to developing new solutions for customers with specialty steel requirements, while focusing our marketing and advertising efforts

on promoting these products more widely.

Driving additional value through the Services & Solutions segment

In a volatile environment, we believe that the development of the Services & Solutions segment and the provision of better services to our customers are key for achieving financial and operational excellence. Value-added services provided to our clients include cutting, polishing, brushing, forming, welding, pickling, annealing or packaging. We believe that the further development of the Services & Solutions segment will drive additional value creation while serving our customers more effectively. As part of this strategy, we invested \$35 million as part of the Leadership Journey® to create a new service center in Campinas in the Sao Paulo region of Brazil, which started operations by the end of 2012, and enables us to better serve customers in the Brazilian market. In particular, the facility's optimized footprint and its location close to high-consumption areas in the Brazilian market are expected to play a role in developing our operational capabilities and growing the Services & Solutions segment.

Growing the Alloys & Specialties segment

The Alloys & Specialties segment specializes in the design, production and transformation of various nickel alloys and certain specific stainless steels. These products are intended for high-end applications or addressing very specific customer requirements across a broad range of industries, including the oil and gas, aerospace, automotive, electronics, petrochemical and other industries. We believe that the Alloys & Specialties segment has significant growth potential which could be captured with new investments. As part of this strategy, we invested \$33 million as part of the Leadership Journey® at our Imphy plant in France to increase revenue and improve competitiveness, with operations started by the end of 2012. In February 2014, the Board of Directors of Aperam further approved an investment of \$10 million in debottlenecking the finishing line of the Imphy wire rod mill.

Reduction of net debt and cost of debt

As part of our efforts to become a more resilient company capable of responding to the volatile market environment, our shareholders have approved at our annual general meeting held on May 8, 2013 to stop the dividend payment in order to accelerate the net debt reduction with a target to reach \$650 million by the end of 2014. In February 2014 the Company announced that the Board of Directors decided to propose to the shareholders at the Company's next annual general meeting scheduled on May 8, 2014 to continue paying no dividend in 2014 in order to support the previously announced net debt reduction programme.

Our profit driving pillars

The Group's 5 key profit driving pillars based on our strategic priorities can be summarized as follows:

1. We are aiming at being the best in cost with our Leadership Journey® and are targeting a contribution of \$475 million to EBITDA from 2011 to 2015.
2. We are aiming at optimizing our product portfolio and replacing low contribution margin products by high margin products.
3. We are aiming at seizing opportunities from the growing domestic Brazilian market. With a leading presence in South America in flat stainless steel and electrical steel we are well positioned to capture the Brazilian market growth based on our domestic industrial presence. Moreover we believe that Aperam has further potential to improve its industrial performance in Brazil and optimize its product mix in the high grain oriented market. In addition, the recent antidumping measures taken in Brazil are expected to create a stable and fair market environment for the next 5 years.
4. We are aiming at growing in our Alloys & Specialties business with a particular focus on high margin products used for LNG tankers, continuously variable transmission belts, moulds for composite aircraft fuselage parts and special welding. Moreover we expect that our recent capex realized in our Alloys & Specialties division will allow us to follow these growing segments whilst improving our competitiveness.
5. Finally, the restructurings currently underway in Europe are expected to improve the industry's capacity utilization at the European level.

Market analysis

Market environment

Our results of operations are primarily affected by factors which impact the stainless and specialty steel industry generally, particularly stainless and electrical steel pricing, demand for stainless and specialty steels, production capacity, trends in raw material and energy prices and fluctuations in exchange rates. In addition, our results of operations are affected by certain factors specific to us, including several initiatives we have introduced in response to the challenging economic environment. These factors are described in greater detail below.

Stainless Steel Pricing

In contrast to carbon steel, the market for stainless steel is considered to be a global market. Stainless steel is suitable for transport over longer distances as logistics costs represent a small proportion of overall costs. As a result, prices for commoditized stainless steel products evolve similarly across regions. However, in general, stainless steel products are not completely fungible due to wide variations in shape, chemical composition, quality, specifications and application, all of which impact sales prices. Accordingly, there remains a limited market for uniform pricing or exchange trading of certain stainless steel products.

Stainless steel is a steel alloy with a minimum of 10.5% chromium content by mass and a combination of alloys which are added to confer certain specific properties depending upon the application. The cost of alloys used in stainless steel products varies across products and can fluctuate significantly. Prices for stainless steel in Europe and the United States generally include two components:

- the “base price”, which is negotiated with customers and depends on market supply and demand; and
- the “alloy surcharge”, which is a supplementary charge added by producers to the selling price of steel and offsets price increases in raw materials, such as nickel, chromium or molybdenum, by directly passing these increases on to customers. The concept of the “alloy surcharge”, which is calculated using raw material prices quoted on certain accepted exchanges, such as the London Metals Exchange (“LME”), was introduced in Europe and the United States in response to significant volatility in the price of these materials, which has historically been driven by fluctuations in demand, increasing or decreasing inventory levels, changes in production capacity and speculation by metal traders.

Notwithstanding the application of the “alloy surcharge”, the Company is still affected by changes in raw material prices, in particular nickel. In general, when the price of nickel is falling, purchasers of stainless steel products delay their orders to benefit from an expected decline in prices, which has the effect of reducing demand in the short term. By contrast, when nickel prices are rising, purchasers tend to acquire larger quantities of stainless steel in order to avoid having to buy at higher prices. The nickel price evolution over the period 2005 to 2013 is highlighted in the graph page 12 under “—Nickel price on the LME (in \$/tonne)” and has shown a less volatile trend towards the end of period as explained below.

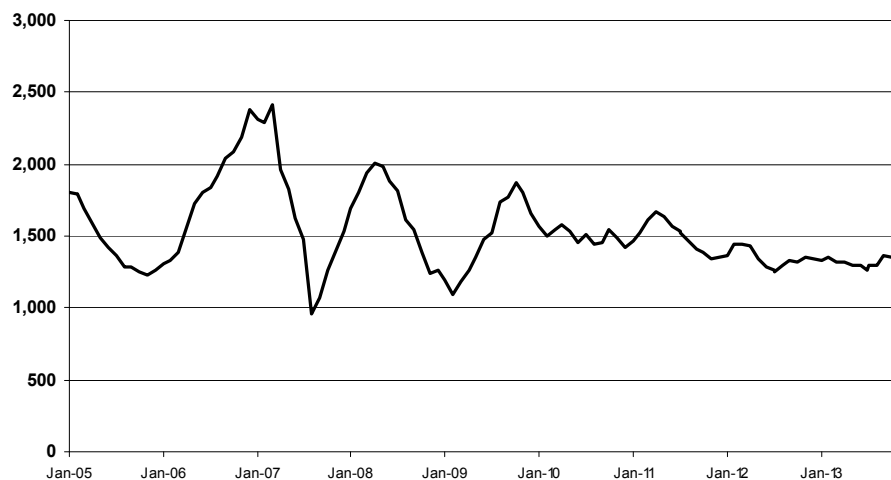
In 2012, the volatility of nickel prices reduced considerably from previous years ending the year at a level of approximately 17,000\$/tonne compared to approximately 18,000\$/tonne at the beginning of the year. In the first half of 2013, nickel prices decreased from a January band of 17,000 to 18,000\$/tonne to below 14,000\$/tonne by the end of June. In the second half of 2013, prices remained stable in the 13,500 to 14,500\$/tonne range and reached approximately \$14,000 per tonne at the end of the year 2013. The decrease in nickel prices during the first half of 2013 was primarily driven by concerns about the growth rates of the major world economies which negatively impacted nickel demand and resulted in a growing oversupply of nickel worldwide. Moreover, continued fast growth of nickel pig iron production in China has continued to weaken demand for traditional sources of primary nickel, resulting in accumulation of a large global inventory of primary nickel at year end 2013 and more stabilized nickel prices. Even with the current nickel oversupply situation, enforcement of the Indonesian ban on export of nickel ores essential for nickel pig iron production in China in January 2014 places some uncertainty over the price evolution of nickel in 2014.

The graphs below show the price of nickel on the LME and the European base price for CR304 stainless steel for the period from January 1, 2005 to December 31, 2013:

Graph: Nickel price on the LME (in \$/tonne)



Graph: Stainless Steel Price/CR304 2B 2mm Coil Base/Northern Europe Domestic Delivered (in \$/tonne)



Source:

Nickel prices have been derived from the LME. Stainless steel/CR304 2B 2mm coil base/Northern European domestic delivered prices have been derived from Steel Business Briefing ("SBB").

In 2012, stainless steel base prices (based on the price of CR304 2B 2mm coil base prices/Northern Europe) reached approximately 1,350\$/tonne at year end compared to a similar level at the beginning of the year.

In 2013, stainless steel base prices continued to increase until early February 2013, at which point they again began falling as a consequence of the decline in nickel prices. By the end of March 2013, the base price had decreased to approximately 1,315\$/tonne. By the end of June 2013, the base price had decreased to approximately 1,268\$/tonne due to the continued decline of nickel prices. During July and

August 2013, the price of stainless steel bottomed out, with a gradual recovery of first quarter 2013 price levels by the fourth quarter 2013. Despite improved demand, restocking and capacity utilization improvements, Aperam expects stainless steel prices to remain under pressure as a consequence of the Chinese production.

Electrical Steel Pricing

Electrical steel prices, like stainless steel base prices, are affected by global demand and supply dynamics. Because China is the most important source of demand for electrical steel, prices are dependent in particular upon Chinese demand.

GO steel prices (based on RGO 30Q130 – Shanghai Market) in China decreased over the course of 2012, declining from 2,360\$/tonne to approximately 1,960\$/tonne by the end of the year. During the first quarter of 2013, GO prices mostly remained at that price level and decreased to approximately 1,695\$/tonne at year end. The decreases during 2012 and 2013 were primarily due to increased competition in the GO market.

Prices in China for NGO steel (based on NGO M470-50A – Shanghai Market), which accounts for approximately 80% of the global electrical steel market, decreased over the course of 2012, declining to approximately 930\$/tonne. In the first quarter of 2013 NGO prices continued to decrease to approximately 900\$/tonne at the end of the quarter and mostly remained at that price level through the end of the second quarter. During the second half of 2013 prices continued to decrease to approximately 850\$/tonne. The decline during the year 2012 and 2013 was primarily due to increased competition on the NGO market.

Demand for Stainless and Electrical Steel and Nickel Alloys Products

Demand for stainless and electrical steel, which represents approximately 2.5% of the global steel market by volume, is affected to a significant degree by trends in the global economy and industrial production. Demand is also affected in the short term by fluctuations in nickel prices, as discussed in greater detail under “—*Stainless Steel Pricing*” above.

Global demand for stainless steel flat products grew at an average rate of approximately 7% per annum from 2000 to 2007, which was followed by a period of decline at an average rate of approximately 7% per annum from 2007 to 2009. Demand subsequently increased to an average growth rate of approximately 3% per annum from 2010 to 2012. In 2013, global demand for stainless steel flat products grew by 4%, primarily led by emerging markets (China accounting for 69% of the increase). Global demand for stainless steel flat products is expected to increase by approximately 5% per annum from 2014 until 2018, with growth of approximately 1% and 3% expected for Europe and South America, respectively.

Global production decreased by approximately 13% from 2006 to 2009. In 2010, however, global production began to recover and increased by approximately 24%, followed by a strong decline in growth to approximately 4% in 2011 and 2.5% in 2012. In 2013, there was a 4% global growth in stainless production, driven primarily by increased production in China.

Global economic conditions had a similar impact on demand for electrical steel. Global demand for GO steel decreased by approximately 11% from 2007 to 2009, mainly due to a steep decline in demand in the developed world of approximately 30%, which was partially offset by an increase in demand in China of approximately 35%. Global demand for NGO steel decreased by approximately 4% from 2007 to 2009, as a result of global macroeconomic conditions. Demand for both GO and NGO steel increased in 2010 by approximately 3% and 16%, respectively, from 2009 levels. In 2011 and 2012, demand for GO and NGO steel each continued to grow by approximately 9% and 4%, respectively, per year. The increase since 2010 was due to the demand recovery for electrical equipment across all regions, driven primarily by China. In 2013, demand for GO and NGO continued to grow by approximately 3% per year. Global demand for GO and NGO is expected to continue its growth trend, mostly driven by China.

In 2008, demand for nickel alloy products was strong, partly as a result of robust demand stemming from the construction of LNG tankers. Demand for nickel alloy products decreased by approximately 22% in 2009, partly due to a slowdown in the production of tankers. In 2010 and 2011, demand recovered and increased year-on-year by approximately 13%. In 2012, demand continued its recovery at a slower pace, increasing by approximately 6% from 2011. This decline in the growth rate in demand was primarily due to the uncertain economic environment and the cyclical characteristic of the LNG segment with low demand during 2009, 2010 and 2011. The trend reversed in 2012 and 2013, in particular benefiting from a growing role of natural gas in the world energy mix and the post Fukushima effect. The outlook for 2014

remains positive since average annual growth of LNG demand is viewed at 5% to 6% through 2020. The macro trends of the aerospace, power generation and oil and gas industries are key growth drivers of the nickel alloys market. In particular, the surge in the construction of new aircraft but also the introduction of new, energy efficient jet engines, have fuelled the growth in the last three years and are expected to continue to do so. Aircraft deliveries were very strong in 2013 and aircraft demand is expected to remain strong based on current order books. As a result, the growth in the utilization of specialty alloys, including nickel alloys, is meant to reach 4 to 5% annually, exceeding the growth of the industrial production. The global market for nickel alloys was estimated by management at 270 thousand tonnes in 2008, in all product forms, both long (wire, bars, forgings and semis) and flat products (sheets, strips and plates). After a severe drop in 2009 (estimated by management at minus 20 to 25%) the market recovered sharply and reached its pre-crisis level in 2012. Market conditions in 2013 were softer following a general de-stocking in the aerospace and energy markets' supply chain. Lower than expected overall demand for nickel alloys products in 2013 from the American and Chinese markets led to higher price sensitivity and available production capacity. The outlook for 2014 is to improve, thanks to better prospects for these economies and to the pursuit of large scale investment projects in the oil and gas and aerospace industries worldwide.

Production Capacity

Structural overcapacity in the sector has in the past affected the stainless steel industry. Global sector utilization rates have declined significantly in recent years, from approximately 88% in 2006 to 62% in 2009. Over the period between 2010 and 2013, global utilization rates recovered and reached approximately 68% in 2013 based on management estimates. Global utilization rates are expected to gradually improve until 2018 primarily as a consequence of the demand growth as described in greater detail above under “— Demand for Stainless and Electrical Steel and Nickel Alloys Products”.

Competition

In 2013, the stainless steel flat producers with slab production capacity in excess of 2.0 million tonnes per year, were Aperam, Outokumpu, Acerinox, Baosteel, Pohang Iron and Steel Company (“POSCO”), Yieh United Steel (“YUSCO”), Taiyuan Iron & Steel (“TISCO”) and Tsingshan.

Government measures to reinforce International Fair Trade in Brazil

On March 7, 2012, Brazil's Trade Defense Department (“Decom”), an investigative body under the Brazilian Ministry of Development, Industry and Foreign Trade, opened an anti-dumping investigation against imported welded austenitic stainless pipes from China and Taiwan. Furthermore, on April 13, 2012, Decom officially launched an anti-dumping investigation on flat stainless steel products (austenitic stainless steel grade 304 and ferritic stainless steel grade 430). As a result, the imports from China, Germany, South Korea, Finland, Taiwan and Vietnam were investigated. In addition to the above, on April 17, 2012, Decom officially launched an anti-dumping investigation on flat non-grain oriented products imported from South Korea, China and Taiwan. As a result of the investigations opened by Decom in 2012, anti-dumping rights were implemented for a period of 5 years as described in more details in the below table:

Product Type	Grade Family	Thickness	Countries	AD Duty Range (USD/mt)	Effective from
Cold Rolled Stainless Steel Flat Products	304 & 430	0,35mm to 4,75mm	China, Taiwan, South Korea, Vietnam, Germany and Finland	235.59 up to 1,076.86	October 3, 2013
Stainless Steel Circular Welded Tubes	304 & 316	0,4mm to 12,70mm	China and Taiwan	359.66 up to 911.71	July 29, 2013
Cold Rolled Electrical Flat Steel type NGO	All	All	China, Taiwan and South Korea	132.50 up to 567.16	July 17, 2013

Raw Materials and Energy

Raw Materials

Stainless and specialty steel production requires substantial amounts of raw materials (primarily nickel, chromium, molybdenum, stainless and carbon steel scrap, charcoal (biomass), ferrochrome and iron ore). Except for charcoal, which is produced internally, we are exposed to price uncertainty with respect to each of these raw materials, which we typically purchase under short-term and long-term supply contracts, as well as on the spot market.

Prices for these raw materials are strongly correlated with demand for stainless steel and carbon steel and accordingly tend to fluctuate in response to changes in supply and demand dynamics in the industry. In addition, since most of the raw materials we use are finite resources, their prices may also fluctuate in response to any perceived scarcity of reserves and the evolution of the pipeline of new exploration projects to replace depleted reserves. As a result of the global macroeconomic crisis and the consequent decrease in demand for steel, the prices for most raw materials we use decreased in 2009. Since then, prices have generally recovered to more stable levels, supported in part by the demand from China.

In 2012, raw materials continued the downward trend observed in 2011 as the markets remained essentially oversupplied as economies were impacted worldwide by difficult market conditions.

In 2013, the oversupply situation on the nickel market continued with as main factors the ramp up of new production facilities and expanding nickel pig iron production in China. The nickel price evolution is described in greater detail above under “—*Stainless Steel Pricing*”. On December 31, 2013 LME stocks stood at an all time high of 261,468 tonnes, a year-on-year increase of almost 130,000 tonnes. Molybdenum oxide prices traded around 25,000\$/tonne in the first half of 2013, but lost ground in July to 21,000\$/tonne and remained at this level for most of the second half of the year. After a marginal increase of the European ferrochrome benchmark price by 2.3% in the first quarter of 2013, the price rose significantly to 1.27\$/pound of chrome in the second quarter of 2013, related to power issues in South Africa. Traditionally, a correction followed in the third quarter and the benchmark came back to 1.125\$/pound of chrome and stabilized at this level in the last quarter of 2013. On the spot market, high carbon ferrochrome prices varied in a range of 0.92\$ to 1.06\$/pound of chrome. The reference iron ore price (62% Fe₂O₃; CIF China) started the year quite strong with a high of 158\$/tonne but quickly dropped to reach a low of 110\$/tonne by the end of May 2013. Some recovery followed in June but for most of the second half 2013, iron ore traded in a range of 130\$ to 140\$/tonne. Ferrous scrap prices showed more or less the same trend, starting the year at 316€/tonne (E8 quality; Western Europe) in January, but weakening to 273€/tonne in July to end the year 2013 at 293€/tonne in December.

Energy

As part of the Leadership Journey®, the Timóteo production facility in Brazil switched from LPG to natural gas in 2011 and entered into a long-term natural gas supply contract with a Brazilian supplier. In Europe, we purchase most of our natural gas requirements using the prevailing pricing systems, which combine both access to spot gas markets and prices indexed on oil prices, normalizing for each fuel's energy content. The shift to full spot market indexation in the market has been gradual. In most of the countries where we operate, electricity prices have moved in line with other energy commodities. With regard to electricity prices, we benefit from access to baseload nuclear power in France. Complementary needs are sourced in the market.

Impact of exchange rate movements

At the end of 2012, the U.S. dollar amounted to 0.7579 Euro/U.S.dollar and 2.0435 Brazilian real/U.S. dollar. In 2013, the U.S. dollar depreciated by 4.3% against the Euro to reach 0.7251 Euro/U.S. dollar at year end. In 2013, the U.S. dollar appreciated by 14.6% against the Brazilian real to reach 2.3426 Brazilian real/U.S. dollar at year end. Because a substantial portion of Aperam's assets, liabilities, sales and earnings are denominated in currencies other than the U.S. dollar (its presentation currency), Aperam has exposure to fluctuations in the values of these currencies relative to the U.S. dollar. In order to minimize its currency exposure, the Company enters into hedging transactions to lock in a set exchange rate, in accordance with its management policies.

Board of Directors

The Board of Directors is in charge of the overall management of the Company. It is responsible for the performance of all acts of administration necessary or useful to implement the corporate purpose of the Company as described in the Articles of Association, except for matters expressly reserved by Luxembourg law or the Articles of Association to the general meeting of shareholders.

Aperam places a strong emphasis on corporate governance. Aperam has four independent directors on its seven members of the Board of Directors and the Board's Audit and Risk Management Committee and Remuneration, Nomination and Corporate Governance Committee are each comprised exclusively of independent directors. In addition, two thirds of the Sustainability, Performance and Strategy Committee is comprised of independent directors. Mr. Lakshmi N. Mittal is the Chairman of the Board of Directors and Mr. Romain Bausch is the Lead Independent Director. Mr. Bausch's principal duties and responsibilities as Lead Independent Director are as follows: coordination of activities of the other Independent Directors; liaison between the Chairman and the other Independent Directors; calling meetings of the Independent Directors when necessary and appropriate; leading the Board of Directors' self-evaluation process and such other duties as are assigned from time to time by the Board of Directors.

The annual general meeting of shareholders on May 8, 2013 acknowledged the expiration of the terms of office of Mr. Lakshmi N. Mittal, Mr. Romain Bausch, Mr. David B. Burritt, Ms. Kathryn A. Matthews, Mr. Aditya Mittal and Mr. Gonzalo Urquijo. At the same meeting the shareholders re-elected the aforementioned directors for a new term of three years each. On May 24, 2013, the Board of Directors of Aperam decided to co-opt Mr. Joseph Greenwell as Director until Aperam's next general meeting of shareholders, where Mr. Greenwell's election will be submitted for confirmation to the shareholders. This decision follows the resignation of Mr. David B. Burritt from the Board of Directors for personal considerations effective May 24, 2013.

No members of the Board of Directors have entered into a service contract with Aperam or any of its subsidiaries providing for benefits upon the end of his or her service on the Board. In December 2013, all non-executive Directors of the Company signed the Company's Appointment Letter, which confirms the conditions of their appointment including compliance with a non-compete provision, the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange and the Company's Code of Business Conduct.

The members of the Board of Directors as of the date of this Annual Report are set forth below. The terms of the members of the Board of Directors expire at the annual general meeting of shareholders as described in the table below.

Name	Age ⁽¹⁾	Position within the Company ⁽²⁾	Date joined Board	Term Expires
Mr. Lakshmi N. Mittal	63	Chairman, Non-independent member of the Board of Directors	December 2010	May 2016
Mr. Romain Bausch ^{(3) (4)}	60	Lead Independent Director, Independent member of the Board of Directors	January 2011	May 2016
Mr. Joseph Greenwell ^{(3) (4)}	62	Independent member of the Board of Directors	May 2013	⁽⁶⁾
Ms. Kathryn A. Matthews ^{(4) (5)}	54	Independent member of the Board of Directors	December 2010	May 2016
Mr. Aditya Mittal	37	Non-independent member of the Board of Directors	December 2010	May 2016
Ms. Laurence Mulliez ^{(3) (5)}	47	Independent member of the Board of Directors	May 2011	May 2014
Mr. Gonzalo Urquijo ⁽⁵⁾	52	Non-independent member of the Board of Directors	December 2010	May 2016

Notes:

Company Secretary: Mr. Laurent Beauloye

⁽¹⁾ Age on December 31, 2013.

⁽²⁾ See section Corporate Governance/Board of Directors for the status of independent director.

⁽³⁾ Member of the Audit and Risk Management Committee.

⁽⁴⁾ Member of the Remuneration, Nomination and Corporate Governance Committee.

⁽⁵⁾ Member of the Sustainability, Performance and Strategy Committee.

⁽⁶⁾ On May 24, 2013, the Board of Directors of Aperam decided to co-opt Mr. Joseph Greenwell as Director until Aperam's next general meeting of shareholders, where Mr. Greenwell's election will be submitted for confirmation to the shareholders.



Mr. Lakshmi N. Mittal

Lakshmi N. Mittal, is the Chairman and CEO of ArcelorMittal. Mr. Mittal began his career in steel in 1976 by founding Ispat Indo, a company that today is still held privately by the Mittal family. He founded Mittal Steel Company (formerly the LNM Group) in 1989 and guided its strategic development, culminating in the merger in 2006 with Arcelor to form the world's largest steel maker. He is widely recognized for the leading role he has played in restructuring the steel industry towards a more consolidated and globalized model. Mr. Mittal is an active philanthropist and a member of various boards and trusts, including chairman of the board of ArcelorMittal and the boards of Goldman Sachs and European Aeronautic Defense & Space Company (EADS) N.V. He is a member of the Indian Prime Minister's Global Advisory Council, the Foreign Investment Council in Kazakhstan, the Ukrainian President's Domestic and Foreign Investors Advisory Council, the World Economic Forum's International Business Council and the World Steel Association's Executive Committee. He also sits on the Board of Trustees of Cleveland Clinic in the United States. In 1996, Mr. Mittal was awarded 'Steelmaker of the Year' by New Steel in the United States. Mr. Mittal began his career working in his family's steelmaking business in India, and has over 35 years of experience working in steel and related industries. In addition to spearheading the steel industry's consolidation, he championed the development of integrated mini-mills and the use of Direct Reduced Iron (DRI) as a scrap substitute for steelmaking. Following the merger of Ispat International and LNM Holdings to form Mittal Steel in December 2004, with the simultaneous acquisition of International Steel Group, he led the formation of the world's then leading steel producer. In 2006, he merged Mittal Steel and Arcelor to form ArcelorMittal. Mr. Mittal then led a successful integration of two large entities to firmly establish ArcelorMittal as one of the foremost industrial companies in the world. The company continues to be the largest and most global steel manufacturer. More recently, Mr. Mittal has been leading ArcelorMittal's expansion of its mining business through significant brownfield and greenfield growth. In 1996, Mr. Mittal was awarded 'Steelmaker of the Year' by New Steel in the United States and in 1998 the 'Willy Korf Steel Vision Award' by World Steel dynamics for outstanding vision, entrepreneurship and success in global steel development. He was named Fortune magazine's 'European Businessman of the Year 2004'. Mr. Mittal was awarded 'Business Person of 2006' by the Sunday Times, 'International Newsmaker of the Year 2006' by Time Magazine and 'Person of the Year 2006' by the Financial Times for his outstanding business achievements. In January 2007, Mr. Mittal was presented with a Fellowship from King's College London, the college's highest award. He also received in 2007 the Dwight D Eisenhower Global Leadership Award, the Grand Cross of Civil Merit from Spain and was named AIST Steelmaker of the year. In January 2008, Mr. Mittal was awarded the Padma Vibhushan, India's second highest civilian honor, by the President of India. In September 2008, Mr. Mittal was chosen for the third 'Forbes Lifetime Achievement Award', which honors heroes of entrepreneurial capitalism and free enterprise. In October 2010 he was awarded World Steel Association's medal in recognition of his services to the Association as its Chairman and for his contribution to the sustainable development of the global steel industry. In January 2013, Mr. Mittal was awarded with a Doctor Honoris Causa by the AGH University of Science and Technology in Krakow, Poland. Mr. Mittal was born in Sadulpur in Rajasthan, India on June 15, 1950. He graduated from St Xavier's College in Kolkata, India where he received a Bachelor of Commerce degree. Mr. Mittal is married to Usha Mittal. They have a son, Aditya Mittal, and a daughter, Vanisha Mittal Bhatia. Mr. Mittal is a citizen of India.



Mr. Romain Bausch

Mr. Romain Bausch is President and Chief Executive Officer of SES since July 2001. SES is a world-leading telecommunications satellite operator, with a global fleet of 54 geostationary satellites. SES holds participations in a number of satellite operators and satellite service provision companies. Mr. Bausch is also Chairman of the Board of Directors of SES ASTRA and Vice-Chairman of the Board of O3b Networks. He became the Director General and the Chairman of the Management Committee of SES in 1995, following a career in the Luxembourg civil service (Ministry of Finance). Previously, he occupied key positions in the banking, media and telecommunications sectors in Luxembourg. Mr. Bausch is also a member of the Boards of Directors of Fedil (the Luxembourg Business Federation), of BIP Investment Partners and of Compagnie Financière La Luxembourgeoise. He graduated with a degree in economics (specialization in business administration) from the University of Nancy and holds an honorary doctorate from Sacred Heart University in Luxembourg. Mr. Bausch is a citizen of Luxembourg.



Mr. Joseph Greenwell

Mr. Joseph Greenwell has a career of 40 years in the motor industry and held senior roles in Jaguar Land Rover, Ford of Europe and Ford North America. Mr. Greenwell was appointed Chairman of Ford of Britain in 2009 and retired effective from this position end of April 2013. Prior to this role, Mr. Greenwell was Vice President, Government Affairs, Ford of Europe and Premier Automotive Group from 2005 to 2008 and Chairman and Chief Executive Officer of Jaguar and Land Rover from 2003 to 2005. Previously, he was Vice President, Marketing, Ford North America, Vice President, Global Marketing and Operations and Vice President Global Product Promotions from 2001 to 2003. Prior to that, he was Vice President Communications and Public Affairs for Ford of Europe from 1999 to 2001 and held similar responsibilities for Jaguar Cars from 1996 to 1999. Mr. Greenwell began his career as a graduate trainee with British Leyland Motor Corporation in 1973. In recognition of his services to the automotive industry he was awarded a CBE (Commander of the Most Excellent Order of the British Empire) in the Queen's birthday honours list in 2011. In 2013 Mr. Greenwell was appointed Chief Executive Officer of The Automotive Investment Organisation, a Government organisation in the UK focussed on attracting investment to the UK automotive industry. Mr. Greenwell is also Chairman of the RAC Foundation, a UK transport research charity, since 2013. Mr. Greenwell holds a Bachelor of Art degree from the University of East Anglia. Mr. Greenwell is a citizen of the United Kingdom.



Ms. Kathryn A. Matthews

Ms. Kathryn A. Matthews has over thirty years of experience in the financial sector, with a focus on asset management, and has held senior management roles with Fidelity International Ltd, AXA Investment Managers, Santander Global Advisors Inc. and Baring Asset Management. Currently, Ms Matthews is a non-executive director of the corporate board of publicly listed Rathbone Brothers Plc. Ms Matthews is a non-executive director of the investment funds boards of publicly listed Fidelity Asian Values Plc, JPMorgan Chinese Investment Trust Plc and Montanaro UK Smaller Companies Investment Trust. Ms. Matthews is also a non-executive director of non-publicly listed Royal London Group and Hermes Fund Managers Ltd. Ms. Matthews is also a member of the charitable non listed Board of Trustees for The Nuffield Trust. Ms. Matthews holds a Bachelor of Science degree in Economics from Bristol University in Bristol, England. Ms. Matthews is a citizen of the United Kingdom.



Mr. Aditya Mittal

Mr. Aditya Mittal is a Member of the Group Management Board of ArcelorMittal, Chief Financial Officer of ArcelorMittal, CEO of ArcelorMittal Europe, Responsible for Flat Carbon Europe, Long Carbon Europe and Distribution Solutions. Mr. Aditya Mittal was previously member of the Group Management Board of ArcelorMittal, Chief Financial Officer of ArcelorMittal with responsibility for Flat Carbon Europe, Investor Relations and Communications. Prior to the merger to create ArcelorMittal, Mr. Aditya Mittal held the position of President and Chief Financial Officer of Mittal Steel Company from October 2004 to 2006. He joined Mittal Steel in January 1997 and has held various finance and management roles within the company. In 1999, he was appointed Head of Mergers and Acquisitions for Mittal Steel. In this role, he led the company's acquisition strategy, resulting in Mittal Steel's expansion into Central Europe, Africa and the United States. Besides M&A responsibilities, Aditya Mittal was involved in post-integration, turnaround and improvement strategies. As Chief Financial Officer of Mittal Steel, he also initiated and led Mittal Steel's offer for Arcelor to create the first 100 million tonne plus steel company. In 2008, Mr. Aditya Mittal was awarded 'European Business Leader of the Future' by CNBC Europe. In 2011, he was also ranked 4th in the '40 under 40' list of Fortune magazine. He is a member of the World Economic Forum's Young Global Leaders Forum, the Young President's Organization and a Board member at the Wharton School. Aditya Mittal holds a Bachelor's degree of Science in Economics with concentrations in Strategic Management and Corporate Finance from the Wharton School in Pennsylvania, United States. Mr. Aditya Mittal is the son of Mr. Lakshmi N. Mittal. Mr. Aditya Mittal is a citizen of India.



Ms. Laurence Mulliez

Ms. Laurence Mulliez was CEO of Eoxis from 2010 to 2013. Privately held Eoxis produces energy from renewable sources. Ms. Laurence Mulliez was previously CEO of Castrol Industrial Lubricants and Services at BP from 2007 to 2009 and held various Managing Director level positions in BP starting in 1999, including Head of Strategy and Financial Planning globally for all of BP's Gas, Power and Renewable Energy businesses. From 1993 to 1999, she held several positions at Amoco in finance, mergers and acquisition, business analysis and business development. Ms. Laurence Mulliez had initially started her career at Banque Nationale de Paris as a Financial Analyst. She is also a non-executive director at Voltalia, a renewable electricity producer in four countries and quoted on the second market in Paris, and spent ten years as a non-executive director at a leading international do-it-yourself retailer, Leroy Merlin, where she was also a member of the Audit Committee. Ms. Laurence Mulliez holds a degree in business from the Ecole Supérieure de Commerce de Rouen and an MBA from the University of Chicago Booth, with a concentration in Finance and Strategy. Ms. Mulliez is a citizen of France.



Mr. Gonzalo Urquijo

Mr. Gonzalo Urquijo is a Member of the Group Management Board of ArcelorMittal and Responsible for Tubular Products, as well as for Health and Safety and Corporate Affairs (Government affairs, Corporate Responsibility and Communication). Mr. Gonzalo Urquijo serves as a director of publicly listed ArcelorMittal South Africa in addition to his other responsibilities within the ArcelorMittal group. Mr. Gonzalo Urquijo was previously member of the Group Management Board of ArcelorMittal, Responsible for AACIS (excluding China and India), Distribution Solutions, Tubular products, Corporate Responsibility and Investment Allocation Committee Chairman. Mr. Gonzalo Urquijo previously Senior Executive Vice President and Chief Financial Officer of Arcelor, has held the following responsibilities: Finance, Purchasing, IT, Legal Affairs, Investor Relations, Arcelor Steel Solutions and Services, and other activities. Mr. Gonzalo Urquijo also held several other positions within Arcelor, including Deputy Senior Executive Vice President and Head of the functional directorates of distribution. Until the creation of Arcelor in 2002, when he became Executive Vice President of the Operational Unit South of the Flat Carbon Steel sector, Mr. Gonzalo Urquijo was CFO of Aeralia. Between 1984 and 1992, he held a variety of positions at Citibank and Crédit Agricole before joining Aristrain in 1992 as CFO and later Co-CEO. Mr. Gonzalo Urquijo is a graduate in Economics and Political Science of Yale University and holds an MBA from the Instituto de Empresa in Madrid. Mr. Gonzalo Urquijo is a citizen of Spain.

Senior Management

Each member of the Company's senior management is a member of the Management Committee, which is entrusted with the day-to-day management of the Company. The members of the Management Committee are appointed and dismissed by the Board of Directors. The Management Committee may exercise only the authority granted to it by the Board of Directors.

On July 31, 2013 Aperam announced that following the departure of Mr. Julien Burdeau effective July 15, 2013, Mr. Philippe Darmayan, Chief Executive Officer of Aperam, will also hold responsibilities for the Alloys & Specialties division.

On November 6, 2013 Aperam announced the appointment of Mr. Sandeep Jalan as the Company's new Chief Financial Officer effective January 15, 2014 following the resignation of Mr. Julien Onillon to realize a personal project. Mr. Jalan has over twenty years of experience in finance and was previously the CFO of ArcelorMittal Long Carbon Europe, responsible for finance and strategy.

The members of Aperam's Management Committee as of the date of this annual report are set forth below.

Name	Age⁽¹⁾	Function
Mr. Philippe Darmayan	61	Chief Executive Officer; Responsible for Alloys & Specialties; Member of the Management Committee
Mr. Sandeep Jalan	46	Chief Financial Officer; Member of the Management Committee
Mr. Timóteo Di Maulo	54	Chief Commercial and Sourcing Officer; Member of the Management Committee
Mr. Clenio Guimarães	56	Chief Operating Officer Stainless & Electrical Steel South America; Member of the Management Committee
Ms. Vanisha Mittal Bhatia	33	Responsible for Strategy; Member of the Management Committee
Mr. Jean-Paul Rouffiac	61	Chief Operating Officer Stainless & Electrical Steel Europe; Member of the Management Committee
Ms. Johanna Van Sevenant	45	Responsible for Sustainability, Human Resources and Communications; Member of the Management Committee

Note:

Secretary to the Management Committee: Mr. Guillaume Bazetoux, Head of Finance

⁽¹⁾ Age on December 31, 2013.



Mr. Philippe Darmayan

Mr. Philippe Darmayan is the Company's Chief Executive Officer since December 2011 with additional responsibility for Alloys & Specialties since July 2013. Since 2007, he has been President of the French Federation for Steel Industry ("FFA"). Mr. Darmayan graduated from the French business school – HEC in Paris. By joining Aperam, Mr. Darmayan's started its second period in the stainless steel industry as, from 2002 to 2006, he led the transformation of Ugine and ALZ – the stainless divisions of respectively Usinor and Arbed Groups – into one combined company which later became ArcelorMittal Stainless then Aperam. He has therefore a strong understanding of the stainless business fundamentals which led to heavily restructured Ugine and ALZ melt shop footprint and initiated the move to ferritic grades as a way to mitigate the high nickel price increase. Besides stainless steel, Mr. Darmayan has had an extensive experience in various metallurgical fields including nuclear fuel, aluminium and the carbon steel industries. From 2005 to 2011, before joining Aperam, Mr. Darmayan was Executive Vice President of ArcelorMittal, member of ArcelorMittal's Management Committee and the CEO of ArcelorMittal Distribution Solutions ("AMDS"), which activity gathers the ArcelorMittal processing and distribution businesses. Mr. Darmayan was previously in the aluminium industry and Vice President of Pechiney with various senior management positions as Head of the foil and bar divisions, followed by the leadership of the aerospace division, one of Pechiney's core assets with leading market shares at Airbus, Boeing and Embraer. Mr. Darmayan initiated his career in the nuclear fuel activity as plant manager and then managing director of Franco-Belge de Fabrication de Combustibles ("FBFC"), a subsidiary of Framatome. FBFC is the world largest nuclear fuel manufacturer for pressurized water reactors. As his continuous career vision, Mr. Darmayan has promoted entrepreneurship spirit and participative management, as the best way for large Groups to actively show renewed initiatives and decisions for fast development and value creation. Mr. Darmayan is a citizen of France.



Mr. Sandeep Jalan

Mr. Sandeep Jalan is the Chief Financial Officer of Aperam since January 2014. Mr. Sandeep Jalan has over twenty years of experience in finance and joined ArcelorMittal in 1999. During his time with ArcelorMittal he has held a number of positions including being an active member of the Mergers & Acquisition due diligence team for numerous acquisitions in both steel and mining and also helped in establishing the company's group-wide business performance management systems. Most recently Mr. Sandeep Jalan was Chief Financial Officer of ArcelorMittal Long Carbon Europe, responsible for finance and strategy. Mr. Jalan is a Commerce Graduate from Banaras Hindu University (BHU), Chartered Accountant (equivalent to CPA) and Company Secretary from the respective Institutes in India. He has also completed an Executive Education Programme at the London School of Business. Mr. Jalan is a citizen of India.



Mr. Timóteo Di Maulo

Mr. Timóteo Di Maulo is the Chief Commercial and Sourcing Officer of Aperam since May 2012. Prior to this function Mr. Di Maulo has served as Chief Executive Officer — Services & Solutions since 2005. In 1990, Mr. Di Maulo joined Ugine Italia, where he held various positions in the controlling, purchasing and sales departments. While at Ugine Italia, he successfully implemented and launched the ERP System, “Sidonie”, across all of Ugine’s subsidiaries worldwide. In 1996, Mr. Di Maulo joined Ugine’s Commercial Direction in Paris where he was in charge of its Industry and Distribution division. Mr. Di Maulo was subsequently named Service Division Industrial Director in 1998 and took on additional responsibilities as Chief Executive Officer of the German SSC, RCC. In 2000, Mr. Di Maulo was named Chief Executive Officer of U&A Italy, a role which gave him full responsibility for its mill sales network and its two Italian SSCs. Mr. Di Maulo was then appointed Chief Executive Officer of ArcelorMittal’s Stainless Europe Service Division in 2005 and, in 2008, of ArcelorMittal Stainless International (which included the division’s worldwide mill sales network, all distribution and processing centers and ArcelorMittal Stainless Europe’s tube mills and precision strips). Mr. Di Maulo is a graduate of Politecnico di Milano in Milan and holds an M.B.A. from Bocconi University in Milan. Mr. Di Maulo is a citizen of Italy.



Mr. Clenio Guimarães

Mr. Clenio Guimarães is the Chief Operating Officer Stainless & Electrical Steel South America since May 2012. Prior to this function, Mr. Guimarães was Chief Executive Officer — Stainless & Electrical Steel South America since December 2010. Mr. Guimarães joined Acesita in 1981 as a process engineer. In 1996, after performing various roles in quality, production and cost optimization, Mr. Guimarães was appointed Manager of Acesita’s Continuous Improvement Department and then, Head of the stainless melt shop in 2002 and Industrial General Manager in 2005. Mr. Guimarães has since acted as the Chief Operating Officer of ArcelorMittal Inox Brazil since 2008. Mr. Guimarães was appointed Chief Executive Officer — Stainless & Electrical Steel South America in December 2010. Mr. Guimarães holds a degree in Metallurgical Engineering from the Universidade Federal de Ouro Preto in Brazil and post-graduate degrees in Marketing from Unileste-MG in Brazil and in General Management from Fundação Dom Cabral in Brazil. Mr. Guimarães also underwent training in the ArcelorMittal University Pioneer program in 2008. Mr. Guimarães is a citizen of Brazil.



Ms. Vanisha Mittal Bhatia

Ms. Mittal Bhatia joined Aperam in April 2011 and is Responsible for Strategy. She has a degree in business administration from the European Business School and a master's in South Asian studies from the School of Oriental and African Studies, London. She has completed corporate internships at Mittal Shipping Ltd, Mittal Steel Hamburg GmbH and an internet-based venture capital fund. Vanisha Mittal Bhatia is a member of the Board of Directors of ArcelorMittal. She is also the daughter of Mr. Lakshmi N. Mittal. Ms. Mittal Bhatia is a citizen of India.



Mr. Jean-Paul Rouffiac

Mr. Jean-Paul Rouffiac is the Chief Operating Officer Stainless & Electrical Steel Europe since May 2012. Prior to this function Mr. Jean-Paul Rouffiac has served as Chief Executive Officer — Stainless & Electrical Steel Europe since December 2007. Mr. Rouffiac joined the Usinor Group in 1978 as a lawyer and served as Secretary of the Management Board from 1982 to 1985. He subsequently held various senior sales and marketing positions in the Flat Carbon division between 1986 and 1997. In March 1997, Mr. Rouffiac was appointed Vice President of International & Economic Affairs and Secretary of the Board of Directors. Between 2000 and 2002, Mr. Rouffiac was appointed Vice President of Flat Carbon Sales and Marketing and, prior to the creation of ArcelorMittal, he headed negotiations with the EU's Competition Directorate General. Mr. Rouffiac was named Vice President in charge of SSCs in 2002 and, in 2006, was appointed Vice President responsible for SSCs within Arcelor's Distribution and Solutions division. He was appointed Chief Executive Officer of ArcelorMittal Stainless Steel — Europe in 2007. Mr. Rouffiac is a graduate of Sciences Po in Paris, France and Paris 1 Panthéon-Sorbonne Law University. Mr. Rouffiac is a citizen of France.



Ms. Johanna Van Sevenant

Ms. Johanna Van Sevenant is Responsible for Sustainability, Human Resources and Communications. Ms. Johanna Van Sevenant started her career at PricewaterhouseCoopers Brussels in 1993 and later joined Deloitte & Touche in 1999 where she worked as a Senior Manager of the Human Resources Advisory Services. She subsequently joined the Arcelor Group in 2001 as Managing Director of the Belgian Pension Competence Center at Usinor in Liège, Belgium. Between 2003 and 2006, Ms. Van Sevenant served as International Manager—Pension and Risks Benefits at the Human Resources Corporate Center in Luxembourg. Ms. Van Sevenant became Manager of Integration in 2006 and, in 2007, was named Head of Human Resources, Communications and General Services of the ArcelorMittal International division within Steel Services & Solutions. She was later named Head of Human Resources and Communication of the Stainless Steel segment in December 2008. Ms. Van Sevenant holds a Master's degree in Political Science and Business Administration from Université Libre de Bruxelles in Brussels, Belgium and a Master's degree in Tax Law from HEC St. Louis in Brussels. Ms. Van Sevenant is a citizen of Belgium.

Corporate responsibility

On May 8, 2013 Aperam published its second Sustainability Report outlining the Company's approach to sustainability, its record and policies in areas such as safety, people, communities, environment, and the contribution of the Company's products to society. The Report highlights how Aperam responds with agility to the current uncertain economic environment through customer orientation, and how this approach contributes to the Company's economic sustainability. Aperam's drive to reduce its carbon intensity is documented in this report, in particular, the recent adoption by the Company of an intensity reduction target of 35% by 2020 versus 2007.

Philippe Darmayan, CEO of Aperam, commented: "We want our results to be measured not just in financial, marketing and operational terms, but also from the point of view of managing our business responsibly. Our objective is to align sustainability practices with commercial and operational competitiveness."

Provision of Environmentally Sustainable Processes and Solutions

We have invested and will continue to invest in sustainable development opportunities in order to reduce our environmental impact. In our European production facilities, for instance, our stainless steel is produced using recycled scrap material in electric arc furnaces, which use less energy and generate a lower level of CO₂ emissions than traditional blast furnaces. We also constructed a new water treatment unit at our Imphy plant. In addition, in Brazil, we use charcoal (biomass) produced by Aperam BioEnergia as a substitute for coke at our blast furnaces, enabling us to produce stainless steel and specialty products in a more environmentally sustainable manner.

We are also convinced that sustainability initiatives will drive greater stainless steel demand and create opportunities for Aperam. We are involved in developing stainless steel and specialty products that are used in energy efficient applications, including:

- stainless steel for automotive (e.g., exhaust systems) and energy infrastructure building applications;
- electrical steel products used in high energy efficient transformers and rotating machines; and
- nickel alloys for energy efficient electrical equipment, energy production equipment and waste treatment equipment, as well as for the development of renewable energies, such as solar power.

Personnel Development

We invest in the development of our employees, which management believes enhances their motivation and contributes to the overall success of our business. In order to continue to improve performance at all levels of our business, we are actively increasing the deployment of our "Performance Management" process, which is aimed at improving productivity through increased communication with the workforce at all levels, and reinforcing our commitment to a wide range of other personnel development initiatives.

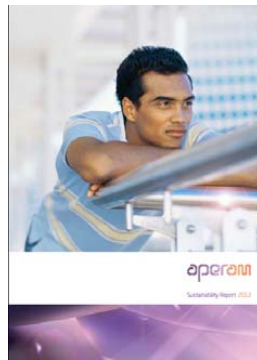
Social dialogue and employee relations

We have a long track record of promoting social dialogue with employee representatives in each of the jurisdictions in which we operate. Our employees in various parts of the world are represented by trade unions, and we are a party to collective labor agreements with employee organizations in certain locations. In 2013, the company and the trade unions completed the negotiations on the European Work Council of Aperam with success. During 2013, we also continued to improve our productivity and competitiveness with a particular focus on the administrative workforce. All these actions have been conducted in a good social climate, as evidenced by our good level of absenteeism and low attrition rate, and with a regular dialogue with our trade unions. At the same time, we launched competency renewal plans, mainly for critical jobs (quality, maintenance, production, metallurgy, research and commercial).

Community Engagement

We play an important role in the communities in which we operate. For example, we act through our Aperam Acesita foundation, which develops corporate responsibility programs in Brazil, and have established a number of partnerships with local communities and municipal organizations, including the fire brigade, police force, local government and schools, all of which are aimed at supporting the community. We also provide grants to non-governmental organizations and programs which focus on education, culture and the environment. In Europe, we have established a number of environmental initiatives at our various production facilities aimed at mitigating the environmental impact of our operations and strengthening our relationship with local communities. Management intends to continue to develop new initiatives aimed at supporting local communities, and believes that such initiatives create value by promoting environmental solutions, fostering goodwill within the communities in which we operate and generally promoting stainless and specialty steel development.

Aperam's sustainability reports are available on Aperam's website, www.aperam.com under Sustainability.



Operational review

Aperam reports its operations in three segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties.

The information in this section relates to the year ended December 31, 2013, compared to the year ended December 31, 2012. The key performance indicators that we use to analyze operations are sales, steel shipments, average steel selling prices and operating result.

Key Indicators

The key performance indicators that we use to analyze operations are sales, steel shipments, average steel selling prices and operating result. Our analysis of liquidity and capital resources is based on operating cash flows.

Sales, Steel Shipments and Average Steel Selling Prices

The following table provides our sales, steel shipments and average selling prices by operating segment for the year ended December 31, 2013, as compared to the year ended December 31, 2012:

Operating Segment	Sales for the Year Ended December 31, ⁽¹⁾		Steel Shipments for the Year Ended December 31, ⁽²⁾		Average Steel Selling Price for the Year Ended December 31,		Changes in		
	2013	2012	2013	2012	2013	2012	Sales	Steel Shipments	Average Steel Selling Price
	(in million of U.S. dollars)		(thousands of tonnes)		(in U.S. dollars/tonne)			(%)	
Stainless & Electrical Steel ⁽³⁾	3,997	4,180	1,650	1,611	2,322	2,489	(4.4)	2.4	(6.7)
Services & Solutions	2,189	2,173	679	661	3,061	3,148	0.7	2.7	(2.8)
Alloys & Specialties	641	659	36	36	17,224	17,405	(2.7)	—	(1.0)
Total (before intragroup eliminations)	6,827	7,012	2,366	2,308			(2.6)	2.5	
Total (after intragroup eliminations)	5,120	5,261	1,728	1,683			(2.7)	2.7	

Notes:

⁽¹⁾ Amounts are shown prior to intragroup eliminations. For additional information, see Note 23 to the consolidated financial statements.

⁽²⁾ Steel shipments amounts are shown prior to intersegment shipments of 638 thousand tonnes and 625 thousand tonnes in 2013 and 2012, respectively.

⁽³⁾ Includes shipments of special carbon steel from our Timóteo production facility.

The Company had sales of \$5,120 million for the year ended December 31, 2013 representing a decrease of 2.7% compared to sales of \$5,261 million for the year ended December 31, 2012. The decrease in sales was primarily due to the lower average selling price, which decreased from \$2,991 per tonne in 2012 to \$2,836 per tonne in 2013. Steel shipments amounted to approximately 1,728 thousand tonnes for the year ended December 31, 2013, increasing by 2.7% from 1,683 thousand tonnes for the year ended December 31, 2012.

Stainless & Electrical Steel

Sales in the Stainless & Electrical Steel segment (including intersegment sales) were \$3,997 million for the year ended December 31, 2013. Sales to external customers in the Stainless & Electrical Steel segment were \$2,362 million, representing 46.1% of total sales in 2013, a decrease of 5.4% as compared to sales to external customers of \$2,496 million for the year ended December 31, 2012, or 47.4% of total sales in 2012. Steel shipments for this segment (including intersegment shipments) increased to 1,650 thousand tonnes for the year ended December 31, 2013 (of which 646 thousand tonnes were attributable to our operations in South America and 1,004 thousand tonnes were attributable to our operations in Europe,

including intersegment shipments) from 1,611 thousand tonnes for the year ended December 31, 2012 (of which 617 thousand tonnes were attributable to our operations in South America and 994 thousand tonnes were attributable to our operations in Europe, including intersegment shipments), which represented an increase of 2.4%.

Sales in the Stainless & Electrical Steel segment decreased by 4.4%, from \$4,180 million in 2012 to \$3,997 million in 2013, mainly as a result of decreasing average steel selling price. The average steel selling price for the Stainless & Electrical Steel segment was \$2,322 per tonne in 2013 which is a decrease of 6.7% as compared to average steel selling price of \$2,489 per tonne in 2012.

Services & Solutions

Sales in the Services & Solutions segment (including intersegment sales) were \$2,189 million for the year ended December 31, 2013. Sales to external customers in the Services & Solutions segment were \$2,117 million, representing 41.3% of total sales in 2013, an increase of 0.7% as compared to sales to external customers of \$2,103 million for the year ended December 31, 2012, or 40.0% of total sales in 2012. Steel shipments for this segment slightly increased to 679 thousand tonnes for the year ended December 31, 2013 from 661 thousand tonnes for the year ended December 31, 2012, which represented an increase of 2.7%. Sales in the Services & Solutions segment increased from \$2,173 million in 2012 to \$2,189 million in 2013, a 0.7% increase year-over-year. This increase in sales is the result of higher shipments for the segment in 2013 compared to 2012 partially offset by lower average steel selling price in 2013 as compared to 2012. The average steel selling price for the Services & Solutions segment decreased by 2.8%, from \$3,148 per tonne in 2012 to \$3,061 per tonne in 2013.

Alloys & Specialties

Sales in the Alloys & Specialties segment (including intersegment sales) were \$641 million for the year ended December 31, 2013. Sales to external customers in the Alloys & Specialties segment were \$637 million, representing 12.4% of total sales for the year ended December 31, 2013, a decrease of 2.7% as compared to sales to external customers of \$655 million for the year ended December 31, 2012, or 12.5% of total sales. Steel shipments for this segment remained in line with previous year, at 36 thousand tonnes for the year ended December 31, 2013. The average steel selling price for the Alloys & Specialties segment decreased by 1.0%, from \$17,405 per tonne in 2012 to \$17,224 per tonne in 2013. Sales in the Alloys & Specialties segment decreased by 2.7%, from \$659 million in 2012 to \$641 million in 2013, as a result of lower average steel selling prices.

Additionally, we had sales to external customers that are reported within our Other & Elimination segment for \$4 million, or 0.2% of total sales and \$7 million, or 0.1% of total sales for the year ended December 31, 2013 and 2012, respectively.

Operating Income/(Loss)

The following table provides our operating income/(loss) and operating margin for the year ended December 31, 2013, as compared to the year ended December 31, 2012:

Operating Segment	Operating Income/(Loss) Year Ended December 31,		Operating Margin Year Ended December 31,	
	2013	2012	2013	2012
	(in million of U.S. dollars)		(%)	
Stainless & Electrical Steel.....	(29)	(147)	(0.7)	(3.5)
Services & Solutions.....	(25)	(8)	(1.1)	(0.4)
Alloys & Specialties	50	50	7.8	7.6
Total ⁽¹⁾	(11)	(103)	(0.2)	(2.0)

Note:

⁽¹⁾ Amounts shown include eliminations of (7) and 2 for the year ended December 31, 2013 and 2012, respectively, which includes all operations other than those that are part of the Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties operating segments, together with intersegment eliminations and/or non-operational items which are not segmented.

The Company's operating loss for the year ended December 31, 2013 was \$11 million, compared to an operating loss of \$103 million for the year ended December 31, 2012. The stainless steel market deterioration and especially the decrease of stainless steel market prices impacted negatively the profitability over the year. The Company was, however, able to more than offset the difficult market conditions with higher shipments and thanks to the continuing progress made in 2013 with the management gains and profit enhancement initiative respectively known as the Leadership Journey® and the Top Line strategy.

Stainless & Electrical Steel

The operating loss for the Stainless & Electrical Steel segment was \$29 million for the year ended December 31, 2013 (of which an operating profit of \$27 million and an operating loss of \$56 million were attributable to our operations in South America and Europe, respectively), compared to operating loss of \$147 million for the year ended December 31, 2012 (of which an operating loss of \$16 million and \$131 million was attributable to our operations in South America and Europe, respectively). The decrease of the operating loss in 2013 compared to 2012 in the Stainless & Electrical Steel segment was mainly driven by higher volumes and the continuing progress of the Leadership Journey®.

Services & Solutions

The operating loss for the Services & Solutions segment was \$25 million for the year ended December 31, 2013 compared to an operating loss of \$8 million in the year ended December 31, 2012. The operating loss in 2013 increased compared to 2012 in the Services & Solutions segment mainly as a consequence of lower prices, restructuring provision and some impairments in 2013. This was partly offset by higher shipments and positive contribution of the Leadership Journey®.

Alloys & Specialties

The operating income for the Alloys & Specialties segment remained stable at \$50 million for the year ended December 31, 2013 compared to \$50 million for the year ended December 31, 2012.

Income from Other Investments and Associates

We recorded a loss of \$1 million from other investments and associates for the year ended December 31, 2013 on account of a \$2 million write-down of shares in Blue Sky Amercoeur which are equity accounted for, partly offset by dividends of \$1 million received from a minority stake we held in Gerdau, a Brazilian steelmaker. We recorded an income of \$2 million for the year ended December 31, 2012, exclusively due to dividends received from our minority stake in Gerdau.

Interest Income

Interest income was \$6 million for the year ended December 31, 2013, compared to \$3 million recorded for the year ended December 31, 2012, mainly due to interest income on short-term investments in Brazil.

Interest Expense and Other Net Financing Costs

Interest expense and other net financing costs include interest expense, net foreign exchange and derivative results and other financing costs. Interest expense and other net financing costs increased to \$137 million for the year ended December 31, 2013, compared to \$79 million for the year ended December 31, 2012.

Interest expense and other financing costs for the year ended December 31, 2013 were \$124 million, primarily related to financing costs of \$87 million, compared to interest expense and other financing costs of \$77 million for the year ended December 31, 2012, primarily related to financing costs of \$78 million. Financing costs relate to interest and other expenses related to the service of debt and other financing

facilities. The increase in financing costs for the year ended December 31, 2013, compared to the year ended December 31, 2012 was primarily related to the increase of the service cost of the Borrowing Base Facility.

Realized and unrealized foreign exchange and derivative losses were \$13 million for the year ended December 31, 2013, compared to realized and unrealized foreign exchange and derivative losses of \$2 million for the year ended December 31, 2012. Foreign exchange results primarily relate to the accounting revaluation of U.S. dollar denominated external debt held in subsidiaries and results on derivatives primarily related to financial instruments we entered into to hedge our exposure to nickel prices which do not qualify for hedge accounting treatment under IAS 39.

Income Tax

We recorded an income tax benefit of \$44 million for the year ended December 31, 2013, compared to an income tax benefit of \$66 million for the year ended December 31, 2012. Our income tax benefit in 2013 was primarily due to negative operational results in several countries with high tax rates. The decrease by \$22 million in income tax benefit for the year ended December 31, 2013 compared to income tax benefit for the year ended December 31, 2012 is primarily due to the derecognition of deferred tax assets on tax losses in Brazil for \$24 million.

Non-controlling Interests

Net income attributable to non-controlling interests was \$1 million for the year ended December 31, 2013, compared to nil for the year ended December 31, 2012.

Net Loss

Our net result was a loss of \$100 million for the year ended December 31, 2013, compared to a loss of \$111 million for the year ended December 31, 2012.

Trend Information

All of the statements in this "Trend Information" section are subject to and qualified by the information set forth under the "*Disclaimer - Forward-Looking Statements*". See also "*Risks related to the Company and the stainless and specialty steel industry*" page 157.

Outlook

On February 6, 2014, Aperam published its full year and fourth quarter 2013 results with its outlook for the first quarter 2014.

EBITDA in the first quarter 2014 is expected to increase compared to EBITDA in the fourth quarter 2013. Net debt is expected to remain under control in the first quarter 2014 compared to previous quarter.

The Board of Directors will propose to the shareholders at the next annual general meeting of May 8, 2014 to continue paying no dividend in 2014 in order to support the previously announced net debt reduction programme.

The full year and fourth quarter 2013 results press release including the outlook section is available on www.aperam.com under Investors & Shareholders, Earnings.

Aperam as Parent Company

Aperam S.A., incorporated under the laws and domiciled in Luxembourg, is the parent company of the Aperam group and is expected to continue this role during the coming years.

The parent company was incorporated on September 9, 2010 to hold the assets which comprise the stainless and specialty steels businesses of ArcelorMittal.

As described in the parent company's articles of association, the corporate purpose of the company shall be the manufacture, processing and marketing of stainless steel, stainless steel products and all other metallurgical products, as well as all products and materials used in their manufacture, their processing and their marketing, and all industrial and commercial activities connected directly or indirectly with those objects, including mining and research activities and the creation, acquisition, holding, exploitation and sale of patents, licences, know-how and, more generally, intellectual and industrial property rights.

The parent company has its registered office at 12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce and Companies under the number B155.908.

The parent company owns a branch office located in Zug (Switzerland) and controls directly and indirectly 66 subsidiaries.

The parent company generated a net loss of \$57 million in 2013.

Liquidity

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash generated from its operations, its senior credit facility and credit facilities at the level of its operating subsidiaries. Management believes that the cash generated from the Company's operations and credit facilities are sufficient to meet the Company's present requirements.

Aperam S.A. is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations since it is a holding company.

Our cash and cash equivalents and restricted cash amounted to \$292 million and \$226million as of December 31, 2013 and 2012, respectively.

Our total debt, which includes long-term debt and short-term debt, was \$982 million and \$1,042 million as of December 31, 2013 and 2012, respectively. Net debt (defined as long-term debt plus short-term debt less cash and cash equivalents (including short term investments) and restricted cash) was \$690 million as of December 31, 2013, compared to \$816 million at December 31, 2012. Gearing (defined as net debt divided by total equity) was 23% as of December 31, 2013.

As of December 31, 2013, the Company had drawn \$163 million of the \$669 million Borrowing Base Facility, leaving a committed credit line of \$506 million under the facility. In addition, as of December 31, 2013, Aperam had \$115 million of debt outstanding at the subsidiary level, of which the Company had granted security over \$44 million of indebtedness.

As of December 31, 2013, the Company had total liquidity of \$797 million, consisting of cash and cash equivalents (including short term investments) of \$291 million and committed credit lines¹ of \$506 million.

These facilities, together with other forms of financing, including the notes, represent an aggregate amount of approximately \$1.5 billion, with borrowing capacity of approximately \$500 million. In management's opinion, such financing will be sufficient for our future requirements.

Financing

Borrowing Base Facility

On March 15, 2011, Aperam entered into a \$800 million Secured Borrowing Base Revolving Credit Facility (the "Borrowing Base Facility").

The purpose of the Borrowing Base Facility is to finance the working capital requirements of the Company. The Borrowing Base Facility may be repaid and redrawn from time to time until its final maturity in March 2014.

On March 15, 2013, the Company amended the Borrowing Base Facility to extend the maturity of \$600 million ("tranche B") of the Borrowing Base Facility from March 2014 to March 2015. The remaining \$200 million ("tranche A") of the Borrowing Base Facility matures in March 2014. The Borrowing Base Facility may be repaid and re-drawn from time to time until its final maturity in March 2014 for tranche A and March 2015 for tranche B.

Following the issuance of convertible and/or exchangeable bonds in September 2013, available commitments under tranche A of the Borrowing Base Facility have been cancelled for an amount of \$131 million, representing 2/3rd of the convertible bonds' net proceeds. The convertible and/or exchangeable bonds issued in September 2013 are described in greater detail under "*Convertible bonds*" below.

On February 6, 2014, Aperam announced that it obtained a new in-principle refinancing commitment to extend tranche B portion of \$600 million Borrowing Base Facility from March 2015 until March 2016, subject to documentation amendments.

¹ Subject to eligible collateral available

The Borrowing Base Facility charges interest at a rate of LIBOR (or EURIBOR, in the case of an advance denominated in euro) plus a margin (depending on the Company's most recent corporate rating by Standard & Poor's or Moody's or both) for the relevant interest period, which may be one, two, three or six months or any other period agreed between the parties. The facility also charges a commitment fee on the undrawn and uncanceled portion of the total facility amount, payable quarterly in arrears.

The Company's obligations under the Borrowing Base Facility are guaranteed by Aperam Stainless Belgium N.V., Aperam Stainless France S.A.S., Aperam Stainless Services & Solutions Precision S.A.S., Aperam Stainless Services & Solutions Tubes Europe S.A.S., Aperam Stainless Services & Solutions France S.A.S., Aperam Alloys Imphy S.A.S., Aperam South America Ltda., Aperam Stainless Services & Solutions Brasil Ltda., Aperam Stainless Services & Solutions Tubes Brasil Ltda., Aperam Stainless Services & Solutions Germany GmbH, Aperam Treasury S.N.C and Aperam Treasury S.C.A.

The Borrowing Base Facility is secured by first-ranking, second-ranking and third ranking security interests over certain eligible receivables and inventory of certain of the guarantors, as well as over substantially all of the assets (other than fixed assets) of Aperam Stainless Belgium N.V. and certain bank accounts and insurance policies. The aggregate amount of advances drawn under the borrowing base facility may not exceed a borrowing base value equal to 70% to 100% of the book value (or, in some cases, market value or scrap value) of certain eligible receivables and inventory, which is reported to the facility agent on a monthly basis.

In addition to restrictive covenants limiting encumbrances on assets of Aperam and its subsidiaries, the ability of subsidiaries to incur debt and the ability of Aperam and its subsidiaries to dispose of assets in certain circumstances, the borrowing base facility contains financial covenants, including:

- a minimum ratio of consolidated current assets to consolidated current liabilities of 1.1:1;
- a minimum consolidated tangible net worth of \$2.2 billion; and
- a maximum consolidated total debt of 70% of consolidated tangible net worth.

On December 31, 2013, these financial covenants were fully met.

Notes

On March 28, 2011, Aperam issued two series of U.S. dollar denominated notes, consisting of \$250 million aggregate principal amount of its 7.375% notes due 2016 and \$250 million aggregate principal amount of its 7.75% notes due 2018, in a private placement in the international capital markets.

The notes are senior unsecured obligations, ranking equally in right of payment with all other existing and future senior unsecured indebtedness and senior in right of payment to all existing and future subordinated indebtedness. The notes are effectively subordinated to all the Company's secured obligations, including any indebtedness under its senior credit facility, to the extent of the value of the collateral. In addition, the notes are effectively subordinated to all current and future indebtedness and other obligations of the Company's subsidiaries, including trade payables and amounts drawn under the credit facilities of the Company's Brazilian subsidiary, Aperam South America Ltda.

The notes contain optional redemption options and certain covenants and events of default that, among other things, limit the ability of the Company and certain subsidiaries to incur or guarantee additional indebtedness, issue preferred shares, pay dividends or make other distributions.

Convertible bonds

On September 19, 2013, Aperam announced the successful placing and pricing of its offering of convertible and/or exchangeable bonds for \$200 million (the "bonds" hereafter). The bonds are convertible into new or existing ordinary shares of the Company. The Significant Shareholder (defined page 61), subscribed for \$81.8 million of bonds, equal to its 40.8% stake in the Company's share capital. The bonds are senior and unsecured, and ranking equally in right of payment with all other existing and future senior unsecured indebtedness and senior in right of payment to all existing and future subordinated indebtedness. They have an annual coupon of 2.625% payable semi-annually in arrear and an initial conversion price of \$21.96. The bonds were issued and will be redeemed at 100% of their principal amount and will, unless previously redeemed, converted, purchased and cancelled under certain conditions, mature on September 30,

2020. The Company will have the option to redeem the bonds at their principal amount plus accrued interest on or after October 15, 2017, if the parity value (translated into USD at the prevailing exchange rate), shall have exceeded 130% of the bonds' principal amount. Bondholders will be entitled to have their bonds redeemed at their principal amount plus accrued interest on September 30, 2017.

Unless previously redeemed, or purchased and cancelled, each bond will be convertible and / or exchangeable into shares at the option of the bondholder during the conversion period. The delivery of new and / or existing shares is at Aperam's absolute discretion, subject to the limits and conditions set out below. Should the number of new shares to be issued be in excess of the number of new shares which Aperam is authorized to issue, Aperam will deliver existing shares. As at the closing date on September 30, 2013, Aperam had the authority to issue up to 7,804,573 new shares, representing 10% of the issued capital. On the basis of the current conversion ratio convertible, the issuance of up to 9,107,468 new shares would be required to deliver the necessary new shares upon conversion of the bonds.

On September 25, 2013, Aperam entered into a Share Lending Agreement with Lumen Investments Sarl, Luxembourg ("Lumen" thereafter), pursuant to which Lumen agrees to make available for borrowing by Aperam, at any time and from time to time while any bond is outstanding, ordinary shares up to, in aggregate, a maximum amount of 2.6 million shares, in consideration for the payment of an agreed loan fee of \$0.00046 per lent ordinary share, accruing daily from and including the date on which the loaned ordinary shares were delivered to the borrower to, but excluding, the date of return of the borrowed ordinary shares. Under the Share Lending Agreement, deliveries of the loaned shares by Lumen is to occur on the dates an equal number of ordinary shares are required to be delivered by Aperam pursuant to the terms of the bonds. The share lending agreement provides that Aperam can terminate all or any portion of any loan made thereunder at any time and that all outstanding loans will terminate on the date which is three business days after the date on which a general meeting of shareholders of Aperam has approved a resolution approving sufficient authorized share capital and authorizes the Board of Directors of the Company to cancel the preferential subscription right of existing shareholders to allow return to Lumen of all borrowed ordinary shares. Under the Share Lending Agreement, Lumen has no rights (including voting or disposition rights) with respect to any ordinary shares that had been loaned to Aperam and not yet returned to Lumen. Subject to this condition being met, it is expected that any ordinary shares to be delivered by Aperam to Lumen upon termination of the loan(s) would be newly issued ordinary shares issued in favor of Lumen (with a cancellation of the shareholders' preferential subscription right).

If and to the extent that, upon exercise of a Conversion / Exchange Right, Aperam is unable to satisfy the conversion / exchange right in whole or in part through the issue of new shares from its authorised capital or through the delivery of existing shares from treasury or otherwise, Aperam will pay to the relevant bondholder an equivalent cash amount.

When taking into account the 9,107,468 ordinary shares required to cover the conversion of the bonds at the current conversion ratio and the 312,606 ordinary shares to be potentially issued based under the Company's existing equity-based incentive plans at the date of this annual report, 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. Please refer to the below computation.

Table: Proposal of Authorised Share Capital Increase at the general meeting of May 8, 2014

	Number of shares
Current authorized share capital	85,854,303
Current issued share capital	78,049,730
Convertible and/or Exchangeable Bonds	9,107,468
Existing Equity Incentive plans	312,606
Shortage	1,615,501
Current authorized share capital	85,854,303
Minimum capital required	87,469,804
Proposed authorised capital (+10%)	96,216,785
<i>representing an increase in % of the</i>	
<i>current issued share capital of</i>	
	23.3%

Note: Figures of authorised share capital include issued share capital.

The Board of Directors will propose to the shareholders at the next general meeting on May 8, 2014 (i) to approve an increase of the Company's authorised shares by 10,362,482 ordinary shares without nominal value (which is 23.3% above the currently issued share capital, but corresponds to 10% of the Minimum

Requirement and will therefore allow the Company to revert to a historical level of flexibility¹), so that the Company's authorised share capital shall will be represented by 96,216,785 ordinary shares without nominal value ; (ii) to renew, from the date of the general meeting until five years after the publication of the minutes of the general meeting in the Luxembourg official gazette (*Mémorial C*), the authority of the Board of Directors to issue additional ordinary shares in the Company within the limit of the new authorised share capital; (iii) to authorise the Board of Directors to limit or suppress the preferential subscription right of existing shareholders in this regard, and (iv) to amend the articles of association accordingly.

Other credit facilities

On September 28, 2012, Aperam entered into a \$50 million credit facility secured by Gerdau shares. The two year facility, which is accounted for as a secured bank loan, was fully drawn on October 3, 2012. On September 27, 2013, Aperam entered into a \$50 million amended and restated credit facility to extend the maturity of such bank loan by one year beyond the initial maturity date.

True Sales of Receivables Program

Following the spin-off, the Company obtained liquidity from the sale of receivables through a true sale of receivables ("TSR") program. As of the end of June 2012 the program was subsequently split into two programs under similar terms and conditions to the existing program. The maximum combined amount of the programs that could be utilized as of the end of December 2013 was EUR 250 million. Through the TSR program, the Company and certain of its operating subsidiaries surrender the control, risks and benefits associated with the accounts receivable sold, allowing it to record the amount of receivables sold as a sale of financial assets and remove the accounts receivable from its statement of financial position at the time of the sale. The amount of receivables we sold under the True Sale of Receivables program and derecognized in accordance with IAS 39 for the years ended December 31, 2013 and 2012 was \$1.7 billion for both years. Expenses incurred under the TSR program (reflecting the discount granted to the acquirers of the accounts receivable) are recognized in the statement of operations as financing costs and amounted to \$13 million and \$10 million in the years ended December 31, 2013 and 2012, respectively. See Note 3 to the Consolidated Financial Statements for further information.

Earnings distribution

On February 4, 2013, Aperam announced that the Board of Directors would propose to the shareholders at the next annual general meeting on May 8, 2013 to make no dividend payment in 2013 to accelerate the net debt reduction with a target to reach \$650 million by the end of 2014. This proposal was approved by a shareholders' vote at the annual general meeting of May 8, 2013. On February 6, 2014, Aperam announced that the Board of Directors would propose to the shareholders at the next annual general meeting on May 8, 2014 to continue paying no dividend in 2014 in order to support the previously announced net debt reduction programme.

¹ The 10% flexibility for the Board of the Directors to issue shares has been taken over from ArcelorMittal's practice at the creation of Aperam and is as a consequence in line with the Company's historical level of flexibility.

Sources and Uses of Cash

The following table presents a summary of our cash flow for the year ended December 31, 2013, as compared to the year ended December 31, 2012:

	Year Ended December 31,	
	2013	2012
	(in million of U.S. dollars)	
Net cash provided by operating activities	204	278
Net cash used in investing activities	(119)	(158)
Net cash used in financing activities	(14)	(146)

Net Cash Provided by Operating Activities

Net cash provided by operating activities decreased to \$204 million for the year ended December 31, 2013, compared to \$278 million for the year ended December 31, 2012. In spite of the improvement of the operating result from an operating loss of \$103 million for the year ended December 31, 2012 to an operating loss of \$11 million in 2013, there was a decrease of net cash provided by operating activities during the year compared to previous year due to a stronger release of working capital in 2012 compared to 2013. Working capital is defined for the purposes of this Annual Report as consisting of inventories plus trade accounts receivable less trade accounts payable.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to \$119 million for the year ended December 31, 2013, compared to net cash used in investing activities of \$158 million for the year ended December 31, 2012. The net cash used in investing activities in 2013 was mainly related to capital expenditure. Capital expenditures were \$125 million for the year ended December 31, 2013, compared to \$161 million for the year ended December 31, 2012.

Net Cash Used in Financing Activities

Net cash used in financing activities was \$14 million for the year ended December 31, 2013, compared to net cash used in financing activities of \$146 million for the year ended December 31, 2012. The decrease of net cash used in financing activities was primarily due to \$197 million net proceeds received on the issuance of convertible bonds and the absence of dividend payments during the year ended December 31, 2013 when \$61 million of dividends have been paid during the year ended December 31, 2012. This was partly offset by \$162 million net reimbursements on the Borrowing Base Facility during the year ended December 31, 2013.

Equity

Equity attributable to the equity holders of the parent decreased to \$2,953 million at December 31, 2013, as compared to \$3,158 million at December 31, 2012, primarily due to foreign currency translation differences of \$117 million and the net loss of the year of \$100 million.

Capital Expenditure¹

Capital expenditures for the years ended December 31, 2013 and 2012 were \$125 million and \$161 million, respectively. Capital expenditures for 2013 related primarily to the key projects of our Leadership Journey® with investments in Gueugnon, Imphy and Campinas as well as maintenance investments in our facilities in Brazil, France and Belgium.

On February 6, 2014, the Board of Directors of Aperam approved an investment of \$10 million in debottlenecking the finishing line of the Imphy wire rod mill. This follows the completion of the Imphy meltshop enhancement and aims at further improving competitiveness and increasing revenue in the Alloys & Specialties segment. Overall in 2014 we will remain cautious on capital expenditures whilst enabling adjustments based upon market conditions.

¹ Capital expenditure is defined as purchase of tangible assets, net of change in payables on acquisitions of tangible assets.

Summary of risks and uncertainties

The following major factors could cause actual results to differ materially from those discussed in the forward-looking statements included throughout this Annual Report:

- global economic cycle downturn, geopolitical risks, overcapacity in the stainless steel industry and/or China slowdown;
- the risk of nickel price decrease and raw material price uncertainty;
- fluctuations in currency exchange rates;
- the risk that developments in the competitive environment in the stainless steel industry could have an adverse effect on Aperam's competitive position;
- the risk of disruptions to Aperam's manufacturing operations or damage to Aperam's production facilities due to natural disasters or other events;
- litigation risks;
- customer risks with respect to default and credit insurance companies refusing to ensure the risks;
- the risks of lack of competitiveness of the workforce costs and retention;
- the funding risk, and
- the risk that changes in the macroeconomic environment result in the recognition of impairment against the goodwill and/or tangible assets carried on the balance sheet.

These factors are discussed in more details in this Annual Report, on page 157.

Corporate Governance

This section provides a summary of the corporate governance practices of Aperam.

The 10 Principles of Corporate Governance of the Luxembourg Stock Exchange constitute Aperam's domestic corporate governance code.

Board of Directors, Management Committee

Aperam is governed by a Board of Directors and a Management Committee.

Board of Directors

The Board of Directors is in charge of the overall governance and direction of the Company. It is responsible for the performance of all acts of administration necessary or useful to implement the corporate purpose of the Company as described in the Articles of Association, except for matters expressly reserved by Luxembourg law or the Articles of Association to the general meeting of shareholders. The Articles of Association provide that the Board of Directors must be composed of a minimum of three members. None of the members of the Board of Directors may hold an executive position or executive mandate within the Company or any entity controlled by the Company.

The Articles of Association provide that directors are elected and removed by the general meeting of shareholders by a simple majority of votes cast. Directors are appointed for a maximum term of three years and are automatically eligible for reappointment at the end of such period. Any director may be removed with or without cause by a simple majority vote at any general meeting of shareholders. In the event that a vacancy arises on the Board of Directors for any reason, the remaining members of the Board of Directors may, by a simple majority, elect a new director to fulfill temporarily the duties attaching to the vacant post until the next general meeting of shareholders.

As of the date of this annual report, the Board of Directors is composed of seven members. Mr. Lakshmi N. Mittal was elected Chairman of the Board of Directors in December 2010. Mr. Romain Bausch was elected Lead Independent Director in February 2011. The Board is assisted by a Company Secretary who also acts as Secretary of all the Board Committees. The Company Secretary fulfills those tasks and functions that are assigned to him by the Board of Directors. In particular the Company Secretary ensures that all Directors are timely and properly informed and receive appropriate documentation for the performance of their tasks.

The 10 Principles of Governance of the Luxembourg Stock Exchange, which constitute Aperam's domestic corporate governance code, require Aperam to define the independence criteria that apply to its directors.

The Board of Directors has a majority of independent directors, with four members of the Board of Directors being independent and the remaining three members being non-independent. A member of the Board of Directors is considered as "independent", if (i) he or she is independent within the meaning of the NASDAQ Listing Rules, as amended from time to time, or any successor manual or provisions, subject to the exemptions available for foreign private issuers, if (ii) he or she is unaffiliated with any shareholder owning or controlling more than two percent (2%) of the total issued share capital of the Company and (iii) the Board of Directors makes an affirmative determination to this effect. For the purposes of this article, a person is deemed affiliated to a shareholder if he or she is an executive officer, or a director who is also employed by the shareholder, a general partner, a managing member, or a controlling shareholder of such shareholder.

Specific characteristics of the director role

There is no requirement in the Articles of Association that directors be shareholders of the Company.

The Board of Directors improved its corporate governance framework on February 4, 2013 to align the Company's corporate governance practices with developing best practices in the area of term limits and overboarding.

The purpose of these improvements is to limit the time of service of directors on the Board of Directors and to set limits with respect to the number of directorships they can hold. An independent director shall not serve on the Board of Directors for more than 12 consecutive years. The Board of Directors may, by way of exception to this rule, make an affirmative determination, on a case-by-case basis, that a director may continue to serve beyond 12 years in consideration of his or her exceptional contribution to the Board. An independent director will no longer be considered "independent" as defined in the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange and the NASDAQ Listing Rules as applicable to foreign private issuers when he or she has completed 12 years of service on the Board.

As membership of the Board of Directors represents a significant time commitment, directors require devoting sufficient time to the discharge of their duties as a director of Aperam. Directors are therefore required to consult with the Chairman and the Lead Independent Director before accepting any additional commitment that could conflict with or impact on the time they can devote to their role as a Director of Aperam. Furthermore, a director may not serve on more than four public company boards in addition to the Aperam Board of Directors. However, service on the board of directors of any subsidiary or affiliate of the foregoing companies shall not be taken into account for purposes of complying with the foregoing limitation. The Board may, by way of exception, allow for a temporary lifting of this rule.

None of the members of the Board of Directors have entered into service contracts with Aperam or any of its subsidiaries that provide for any form of remuneration or for benefits upon the termination of their term. In December 2013, all non-executive Directors of the Company signed the Company's Appointment Letter, which confirms the conditions of their appointment including compliance with a non-compete provision, the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange and the Company's Code of Business Conduct.

The remuneration of the members of the Board of Directors is determined on a yearly basis by the annual general meeting of shareholders.

Operation of the Board of Directors

General

Luxembourg law permits the Board of Directors to engage the services of external experts or advisers, as well as to take all actions necessary or useful to implement the Company's corporate purpose (*objet social*).

Meetings

The Board of Directors meets when convened by the Chairman of the Board or two members of the Board of Directors. The Board of Directors holds meetings in person on at least a quarterly basis and additional meetings are held as circumstances require, either in person or by teleconference.

The Board of Directors held six meetings in 2013. The average attendance rate of the directors at the Board of Directors' meetings held in 2013 was 97.6%. Each Director attended at least 83% of the Board meetings.

In order for a meeting of the Board of Directors to be validly held, a majority of the directors must be present or represented. In the absence of the Chairman, the Board of Directors will appoint by majority vote a chairman pro tempore for the meeting in question. For any meeting of the Board of Directors, a director may designate another director to represent him or her and vote in his or her name.

The agenda of the meeting of the Board of Directors is agreed between the Chairman of the Board of Directors and the Lead Independent Director.

Votes

Each member of the Board of Directors has one vote and none of the directors, including the Chairman, has a casting vote. Decisions of the Board of Directors are made by a majority of the directors present and represented at a validly constituted meeting.

Lead Independent Director

The independent members of the Board of Directors are entitled to nominate annually a Lead Independent Director, whose functions include the following:

- coordination of the activities of the independent directors;
- liaising between the non-independent directors and the independent directors;
- calling meetings of the independent directors when necessary and appropriate; and
- performing such other duties as may be assigned to him or her by the Board of Directors from time to time.

Mr. Romain Bausch was elected by the Board of Directors as Aperam's Lead Independent Director in February 2011.

Separate Meetings of Independent Members of the Board of Directors

The independent members of the Board of Directors may schedule meetings outside the presence of the management and the non-independent Directors. Four meetings of the independent Directors outside the presence of management and non-independent Directors were held in 2013.

The Chairman of the Board of Directors and the Lead Independent Director held four meetings in 2013 enabling to provide feedback on the separate meetings of the independent directors outside the presence of the management and the non-independent directors.

Annual Self-Evaluation

The Board of Directors decided in 2011, the year of the creation of Aperam, to start conducting an annual self-evaluation of its functioning in order to identify potential areas for improvement. The self-evaluation process includes structured interviews between the Lead Independent Director and the members of the Board of Directors and covers the overall performance of the Board of Directors, its relations with senior management, the performance of individual Directors, and the performance of the committees. The process is supported by the Company Secretary under the supervision of the Chairman and the Lead Independent Director. The findings of the self-evaluation process are examined by the Nomination and Corporate Governance Committee and presented with recommendations from the Committee to the Board of Directors for adoption and implementation. Suggestions for improvement of the Board of Directors' process based on the prior year's performance and functioning are implemented during the following year.

The 2013 Board of Directors' self-evaluation was completed by the Board on February 6, 2014. Directors believe that the discussions on the industry and the strategic reviews continued to improve in 2013. The previous year's recommendation to have a deeper focus on specific industry briefings and training, the knowledge of the key Aperam facilities, succession planning and higher management exposure to the Board were successfully implemented. The Board has also identified a number of topics that it wishes to spend additional time on in 2014, such as specific attention reviews with respect to Aperam and its industry, site visits and exchanges with local management as well as continuous succession planning exercises.

The Board of Directors believes that its members have the appropriate range of skills, knowledge and experience, as well as the degree of diversity, necessary to enable it to effectively govern the business. Board composition is reviewed on a regular basis and additional skills and experience are actively searched for in line with the expected development of Aperam's business as and when appropriate.

Required Skills, Experience and Other Personal Characteristics

Diverse skills, backgrounds, knowledge, experience, geographic location, nationalities and gender are required in order to effectively govern a global business the size of the Company's operations. The Board and its committees are therefore required to ensure that the Board has the right balance of skills, experience, independence and knowledge necessary to perform its role in accordance with the highest standards of governance.

The Company's directors must demonstrate unquestioned honesty and integrity, preparedness to question, challenge and critique constructively, and a willingness to understand and commit to the highest

standards of governance. They must be committed to the collective decision-making process of the Board and must be able to debate issues openly and constructively, and question or challenge the opinions of others. Directors must also commit themselves to remain actively involved in Board decisions and apply strategic thought to matters at issue. They must be clear communicators and good listeners who actively contribute to the Board in a collegial manner. Each Director must also ensure that no decision or action is taken that places his or her interests in front of the interests of the business. Each Director has an obligation to protect and advance the interests of the Company and must refrain from any conduct that would harm it.

In order to govern effectively, non-executive Directors must have a clear understanding of the Company's strategy, and a thorough knowledge of the Aperam group and the industries in which it operates. Non-executive Directors must be sufficiently familiar with the Company's core business to effectively contribute to the development of strategy and monitor performance.

With specific regard to the non-executive Directors of the Company, the composition of the group of non-executive Directors should be such that the combination of experience, knowledge and independence of its members allows the Board to fulfill its obligations towards the Company and other stakeholders in the best possible manner.

The Remuneration, Nomination and Corporate Governance Committee ensures that the Board is comprised of high-caliber individuals whose background, skills, experience and personal characteristics enhance the overall profile of the Board and meets its needs and diversity aspirations by nominating high quality candidates for election to the Board by the general meeting of shareholders.

Board Profile

The key skills and experience of the Directors, and the extent to which they are represented on the Board and its committees, are set out below. In summary, the non-executive Directors contribute:

- international and operational experience;
- understanding of the industry sectors in which we operate;
- knowledge of world capital markets and being a company listed in several jurisdictions; and
- an understanding of the health, safety, environmental, political and community challenges that we face.

Each Director is required to adhere to the values set out in, and sign, the Aperam Code of Business Conduct. In addition each Director is expected to bring an area of specific expertise to the Board.

Renewal

The Board plans for its own succession, with the assistance of the Remuneration, Nomination and Corporate Governance Committee. In doing this, the Board:

- considers the skills, backgrounds, knowledge, experience and diversity of geographic location, nationality and gender necessary to allow it to meet the corporate purpose;
- assesses the skills, backgrounds, knowledge, experience and diversity currently represented;
- identifies any inadequate representation of those attributes and agrees the process necessary to ensure a candidate is selected who brings them to the Board; and
- reviews how Board performance might be enhanced, both at an individual Director level and for the Board as a whole.

The Board believes that orderly succession and renewal is achieved through careful planning and by continuously reviewing the composition of the Board.

When considering new appointments to the Board, the Remuneration, Nomination and Corporate Governance Committee oversees the preparation of a position specification that is provided to an independent recruitment firm retained to conduct a global search, taking into account, among other factors, geographic

location, nationality and gender. In addition to the specific skills, knowledge and experience required of the candidate, the specification contains the criteria set out in the Aperam Board profile.

Director Induction, Training and Development

The Board considers that the development of the directors' knowledge of the Company, the stainless steel-making and raw material industries, and the markets in which the Company operates is an ongoing process. Upon his or her election, each new non-executive director undertakes an induction program specifically tailored to his or her needs.

The Board's development activities include the provision of regular updates to directors on each of the Company's products and markets. Non-executive directors may also participate in training programs designed to maximize the effectiveness of the Directors throughout their tenure and link in with their individual performance evaluations. The training and development program may cover not only matters of a business nature, but also matters falling into the environmental, social and governance area.

Structured opportunities are provided to build knowledge through initiatives such as visits to plants and business briefings provided at Board meetings. Non-executive directors also build their Company and industry knowledge through the involvement of the Management Committee members and other senior employees in Board meetings. Business briefings, site visits and development sessions underpin and support the Board's work in monitoring and overseeing progress towards the corporate purpose of creating long-term shareholder value through the development of our business in stainless steel. We therefore continuously build Directors' knowledge to ensure that the Board remains up-to-date with developments within our segments, as well as developments in the markets in which we operate.

During the year, non-executive directors participated in the following activities:

- comprehensive business briefings intended to provide each Director with a deeper understanding of the Company's activities, environment, key issues and strategy of our segments. These briefings are provided to the Board by senior executives, including Management Committee members. The briefings provided during the course of 2013 included health and safety, stainless steel making, production flows, imports evolution, marketing strategy, top line strategy and key raw materials. Certain business briefings were combined with site visits and thus took place on-site and, in other cases, they took place at Board meetings; and
- development sessions on specific topics of relevance, such as commodity markets with a specific focus on Nickel, changes in corporate governance standards, directors' duties and shareholder feedback.

The Remuneration, Nomination and Corporate Governance Committee oversees Director training and development. This approach allows induction and learning opportunities to be tailored to the Directors' committee memberships, as well as the Board's specific areas of focus. In addition, this approach ensures a coordinated process in relation to succession planning, Board renewal, training, development and committee composition, all of which are relevant to the Remuneration, Nomination and Corporate Governance Committee role in securing the supply of talent to the Board.

Committees of the Board of Directors

The Board of Directors has 3 committees: the Audit and Risk Management Committee, the Remuneration, Nomination and Corporate Governance Committee and the Sustainability, Performance and Strategy Committee.

Committee Composition

The composition of the Committees of the Board of Directors as of the date of this annual report is set forth below.

Name	Position within Aperam	Independent/ Non Independent Status	Audit and Risk Management Committee	Remuneration, Nomination and Corporate Governance Committee	Sustainability, Performance and Strategy Committee
Romain Bausch.....	Member of Board of Directors	Lead Independent Director	X	X (Chair)	
Joseph Greenwell	Member of Board of Directors	Independent	X	X	
Kathryn Matthews.....	Member of Board of Directors	Independent		X	X
Laurence Mulliez	Member of Board of Directors	Independent	X (Chair)		X
Gonzalo Urquijo	Member of Board of Directors	Non Independent			X (Chair)

Audit and Risk Management Committee

The Audit and Risk Management Committee is composed of three directors. The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The Audit and Risk Management Committee takes decisions by a simple majority.

With respect to audit related matters, the primary function of the Audit and Risk Management Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing:

- our financial reports and other financial information provided to any governmental body or the public;
- our system of internal control regarding finance, accounting, legal, compliance and ethics established by the Board of Directors and senior management; and
- our auditing, accounting and financial reporting processes generally.

With respect to audit related matters the Audit and Risk Management Committee's primary duties and responsibilities relating to this function are to:

- be an independent and objective party to monitor our financial reporting process and internal controls system;
- review and appraise the audit efforts of Aperam's independent external auditors and internal auditing department;
- review major legal and compliance matters and their follow up;
- provide an open avenue of communication among our independent auditors, senior management, the internal audit department, and the Board of Directors
- approve the appointment and fees of our independent auditors; and
- monitor the independence of the independent auditors.

With respect to risk management related matters, the primary function of the Audit and Risk Management Committee is to support the Board of Directors in fulfilling its corporate governance and oversight responsibilities by assisting with the monitoring and review of our risk management process. In that

regard, its main responsibilities and duties are to assist the Board of Directors by developing recommendations regarding the following matters:

- oversight, development and implementation of a risk identification and management process and the review of this process in a consistent manner throughout the Company;
- review of the effectiveness of our risk management framework, policies and process at the corporate and operating segment levels and the proposal of improvements, with the aim of ensuring that our management is supported by an effective risk management system;
- promotion of constructive and open exchanges on risk identification and management among senior management, the Board of Directors, the legal department and other relevant departments of the Company;
- review of proposals to assess, define and review the level of risk tolerance to ensure that appropriate risk limits are in place;
- review of our internal and external audit plans to ensure that they include a review of the major risks we face; and
- making recommendations within the scope of its charter to Aperam's senior management and to the Board of Directors about senior management's proposals concerning risk management.

In fulfilling its duties, the Audit and Risk Management Committee may seek the advice of outside experts.

The three members of the Audit and Risk Management Committee are Ms. Laurence Mulliez, Mr. Romain Bausch and Mr. Joseph Greenwell. Ms. Laurence Mulliez is the Chairperson of the Audit and Risk Management Committee. Each of these members is an independent director in accordance with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

According to its charter, the Audit and Risk Management Committee is required to meet at least four times a year. During 2013, the Audit Committee met five times. The average attendance rate of the directors at the Audit and Risk Management Committee meetings held in 2013 was 100%.

As part of the annual self-evaluation interviews, the Audit and Risk Management Committee performed an evaluation, which was completed in February 2014 with respect to performance in 2013.

Remuneration, Nomination and Corporate Governance Committee

The Remuneration, Nomination and Corporate Governance Committee may be composed of two or three directors, and is currently composed of three directors. The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The Remuneration, Nomination and Corporate Governance Committee takes decisions by a simple majority.

The Board of Directors has established the Remuneration, Nomination and Corporate Governance Committee to:

- determine Aperam's compensation framework, including short and long term incentives for the Chief Executive Officer, the Chief Financial Officer, the members of the Management Committee;
- review and approve succession and contingency plans for key managerial positions at the level of the Management Committee;
- review and evaluate on a yearly basis the performance of the Management Committee as a whole and its individual members.
- consider any candidate for appointment or reappointment to the Board of Directors at the request of the Board of Directors and provide advice and recommendations to it regarding the same;
- evaluate the functioning of the Board of Directors and monitor the Board of Directors' self-assessment process; and

- develop, monitor and review corporate governance principles and corporate responsibility policies applicable to Aperam, as well as their application in practice.

The Remuneration, Nomination and Corporate Governance Committee's principal criteria in determining the compensation of executives is to encourage and reward performance that will lead to long-term enhancement of shareholder value. In fulfilling its duties, the Remuneration, Nomination and Corporate Governance Committee may seek the advice of outside experts.

The three members of the Remuneration, Nomination and Corporate Governance Committee are Messrs. Romain Bausch and Joseph Greenwell and Ms. Kathryn Matthews. Mr. Romain Bausch is the Chairman of the Remuneration, Nomination and Corporate Governance Committee. Each of these members is an independent director in accordance with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

The Remuneration, Nomination and Corporate Governance Committee is required to meet at least twice a year. During 2013, this committee met five times. The average attendance rate at the Remuneration, Nomination and Corporate Governance Committee meetings held in 2013 was 100%.

As part of the annual self-evaluation interviews, the Remuneration, Nomination and Corporate Governance Committee performed an evaluation, which was completed in February 2014 with respect to performance in 2013.

Sustainability, Performance and Strategy Committee

The Sustainability, Performance and Strategy Committee is composed of three directors. The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The Sustainability, Performance and Strategy Committee takes decisions by a simple majority.

The primary function of the Sustainability, Performance and Strategy Committee is to review on a regular basis our sustainability, financial and industrial performance and strategy. With respect to sustainability related matters, Health and Safety is the top priority and reviewed systematically at each Committee meeting. Other sustainability related matters include the overall sustainability approach for the Company and its operating segments, in particular from the perspective of value creation, the use of green energy and, more generally, the environmental impact of production cycles and expansion projects.

The three members of the Sustainability, Performance and Strategy Committee are Mr. Gonzalo Urquijo, Ms. Kathryn Matthews and Ms. Laurence Mulliez. Mr. Gonzalo Urquijo is the Chairman of the Sustainability, Performance and Strategy Committee. Ms. Kathryn Matthews and Ms. Laurence Mulliez are independent directors in accordance with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

During 2013, this committee met five times. The average attendance rate at the Sustainability, Performance and Strategy Committee meetings held in 2013 was 100%.

As part of the annual self-evaluation interviews the Sustainability, Performance and Strategy Committee performed an evaluation, which was completed in February 2014 with respect to performance in 2013.

Management Committee

The Management Committee is entrusted with the day-to-day management of Aperam. Mr. Philippe Darmayan is the Chief Executive Officer and a member of the Management Committee. The members of the Management Committee are appointed and dismissed by the Board of Directors. As the Management Committee is not a corporate body created by Luxembourg law or Aperam's Articles of Association, the Management Committee may exercise only the authority granted to it by the Board of Directors.

Succession Planning

Succession planning at the Company is a systematic and deliberate process for identifying and preparing employees with potential to fill key organizational positions should the current incumbent's term expire. This process applies to all executives up to and including the Management Committee. Succession planning aims to ensure the continued effective performance of the organization by providing for the availability of experienced and capable employees who are prepared to assume these roles as they become available. For each position, candidates are identified based on performance and potential and their "years to readiness" and development needs are discussed and confirmed. Regular reviews of succession plans are conducted to ensure that they are accurate and up to date. Succession planning is a necessary process to reduce risk, create a pipeline of future leaders, ensure smooth business continuity and improve employee motivation.

Other Corporate Governance Practices

We are committed to adopting best practice corporate governance standards. We will continuously monitor legal requirements and best practices in order to make adjustments to our corporate governance controls and procedures where necessary.

We comply with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

Ethics and Conflicts of Interest

Ethics and conflicts of interest are governed by Aperam's Code of Business Conduct, which establishes the standards for ethical behavior that are to be followed by all employees and directors of Aperam in the exercise of their duties. They must always act in the best interests of Aperam and must avoid any situation in which their personal interests conflict, or could conflict, with their obligations to Aperam. As employees, they must not acquire any financial or other interest in any business or participate in any activity that could deprive Aperam of the time or the attention needed to devote to the performance of their duties. Any behavior that deviates from the Code of Business Conduct is to be reported to the employee's supervisor, a member of the management, the head of the legal department or the head of the combined assurance department. Code of Business Conduct training is offered throughout Aperam. The Code of Business Conduct is available in the "About – Investors & Shareholders - Corporate Governance—Code of Business Conduct" section of Aperam's website at www.aperam.com.

Process for Handling Complaints on Accounting and financial Matters

As part of the procedures of the Board of Directors for conducting the business in a fair and transparent manner, Aperam Code of Business Conduct and Anti-Fraud Policy (available on Aperam's website, www.aperam.com, under About - Investors & Shareholders - Corporate Governance and under About - Sustainability - Corporate Policies) encourage all employees to bring any issues related to accounting, internal controls, auditing or banking matters to the Audit and Risk Management Committee's attention on a confidential basis. In accordance with Aperam Anti-Fraud Policy and Aperam Whistleblower Charter, concerns with regard to possible fraud or irregularities in accounting, auditing or banking matters or financial corruption within Aperam or any of its subsidiaries or other controlled entities, apart from regular or internal information and reporting means, may be communicated using the Aperam whistleblowing line at the disposal of all employees.

During 2013, there were 10 complaints relating to fraud, which were referred to the Company's Combined Assurance Department for investigation. At the end of 2013, 8 forensic cases had been finalized and 2 were in progress. Following review by the Audit and Risk Management Committee, none of the 8 finalized cases were found to be significant.

Combined Assurance

Aperam has a Combined Assurance function that, through its Head of Combined Assurance, reports to the Audit and Risk Management Committee. The function, using best-in class methodology in line with the Institute of Internal Auditors standards, is staffed by full-time professional staff located at the Head Office and the main production sites. The function supports the Audit and Risk Management Committee and the Management Committee in fulfilling their oversight responsibilities in Governance, Risk Management and

Forensic Services. Recommendations relating to the internal control environment are made by the Combined Assurance function and their implementation is regularly reviewed by the Audit and Risk Management Committee.

Independent Auditors

The appointment and determination of fees of the independent auditors is the direct responsibility of the Audit and Risk Management Committee. The Audit and Risk Management Committee is further responsible for obtaining, at least once each year, a written statement from the independent auditors that their independence has not been impaired. The Audit and Risk Management Committee has obtained from Aperam's principal independent auditors such an independence statement as well as a confirmation that none of its former employees are in a position within Aperam that may impair the principal auditors' independence. The appointment of the independent auditors is submitted to shareholder approval.

Audit fees in 2013 were \$2.6 million for the audits of financial statements. Please refer to Note 26 to the Consolidated Financial Statements for further details.

Measures to Prevent Insider Dealing and Market Manipulation

The Board of Directors of Aperam has adopted Insider Dealing Regulations ("IDR"), which are updated when necessary and in relation to which training is conducted throughout the group. The IDR are available on Aperam's website, www.aperam.com, under "About - Investors & Shareholders - Corporate Governance—Insider Dealing Regulations".

The Board of Directors has appointed a group compliance officer who also acts as the IDR compliance officer and answers questions about the IDR's interpretation. Aperam maintains a list of insiders as required by the Luxembourg market manipulation ("*abus de marché*") law of May 9, 2006. The compliance officer may assist senior executives and directors with the filing of notices required by Luxembourg law to be filed with the Luxembourg financial regulator, the CSSF ("*Commission de Surveillance du Secteur Financier*"). Furthermore, the compliance officer has the power to conduct investigations in connection with the application and enforcement of the IDR, in which any employee or member of senior management or of the Board of Directors is required to cooperate.

In addition, Aperam's Code of Business Conduct contains a section "Trading in the Securities of the Company" that emphasizes the prohibition to trade on the basis of inside information. Aperam's Code of Business Conduct is available on Aperam's website, www.aperam.com, under "About - Investors & Shareholders - Corporate Governance—Code of Business Conduct".

Luxembourg Takeover Law disclosure

The following disclosures are made in compliance with article 11 of the Luxembourg Law of May 19, 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of April 21, 2004 on takeover bids. The Company's articles of association are available at www.aperam.com, under "Investors & shareholders - Corporate Governance - Articles of Association".

- With reference to article 11 (1) (a) of the above mentioned law – The Company has issued a single category of shares (ordinary shares). As per article 13.6 of the articles of association of the Company each share is entitled to one vote. The shareholder structure including voting rights as of December 31, 2013 is set out page 61 of this report and available at www.aperam.com, under "Investors & shareholders - Corporate Governance – Share Capital", where the shareholding structure table is updated monthly.
- With reference to article 11 (1) (b) of the above mentioned law – The ordinary shares of the Company are freely transferable.
- With reference to article 11 (1) (c) of the above mentioned law – The beneficial ownership and voting rights in the Company by each person who is known to be the beneficial owner of 2.5% or more of the Company's issued share capital is set out page 61 of this report and available at www.aperam.com, under "Investors & shareholders - Corporate Governance – Share Capital", where the shareholding structure table is updated monthly.

- With reference to article 11 (1) (d) of the above mentioned law – All of the issued and outstanding ordinary shares in the Company have equal voting rights and there are no special control rights attaching to the ordinary shares. As per article 13.6 of the articles of association of the Company each share is entitled to one vote. As per article 8.4 of the articles of association of the Company, the Mittal Shareholder (as defined in the articles of association) may, at its discretion, decide to exercise the right of proportional representation and nominate candidates for appointment as members of the board of directors. The Mittal Shareholder has not, to date, exercised that right.
- With reference to article 11 (1) (e) and (f) of the above mentioned law – Not applicable. However, the sanction of suspension of voting rights automatically applies, subject to limited exceptions set out in the Transparency Law (as defined below), to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in article 7 of the Articles of Association and articles 8 to 15 of the Luxembourg law of 11 January 2008 on the transparency requirements regarding issuers of securities (the “Transparency Law”) but have not notified the Company accordingly. The sanction of suspension of voting rights will apply until such time as the notification has been properly made by the relevant shareholder(s).
- With reference to article 11 (1) (g) of the above mentioned law – Not applicable.
- With reference to article 11 (1) (h) of the above mentioned law – As per article 8.3 of the articles of association of the Company, the members of the Board of Directors shall be elected by the shareholders at the annual general meeting or at any other general meeting of shareholders for a term not exceeding three years and shall be eligible for re-election. In the event that a vacancy arises on the Board of Directors for any reason, the remaining members of the Board of Directors may, by a simple majority, elect a new director to fulfill temporarily the duties attaching to the vacant post until the next general meeting of shareholders. The Board of Directors’ election is also set out on page 39 of this report. Rules governing amendments of the Company’s articles of association are set out in article 14 of the articles of association of the Company.
- With reference to article 11 (1) (i) of the above mentioned law – As of December 31, 2013, the Company’s authorized share capital, including the issued share capital, consisted of 85,854,303 shares without nominal value. The Company’s issued share capital was represented by 78,049,730 fully paid up shares without nominal value. A general meeting of the Company held on January 21, 2011 adopted a resolution (which became effective upon the effectiveness under Luxembourg law of the spin-off of ArcelorMittal’s stainless and specialty steels assets into the Company) whereby the general meeting authorizes the Company to acquire and to own Company shares, including through off-market and over-the-counter transactions, and through derivative financial instruments on any of the stock exchanges on which the Company is listed, for a period of five years or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration of the five-year period, provided that (a) the maximum number of own shares the Company may hold at any time directly or indirectly may not exceed 10% of its issued share capital and may not have the effect of reducing the Company’s net assets (“*actif net*”) below the amount mentioned in the relevant provisions of the Luxembourg law on commercial companies of August 10, 1915, as amended (Article 72-1), and (b) the purchase price per share to be paid may not represent more than 105% of the trading price of the Company shares on the stock exchanges where the Company is listed, and may also not be less than one euro cent. For off-market transactions, the maximum purchase price will be 105% of the Company share price on Euronext. The reference price will be deemed to be the average of the final listing prices per share on the relevant stock exchange during 30 consecutive days on which the relevant stock exchange is open for trading preceding the three trading days prior to the date of purchase. The total amount allocated for the Company’s share repurchase program may not in any event exceed the amount of the Company’s then available equity.
- With reference to article 11 (1) (j) of the above mentioned law – Not applicable.
- With reference to article 11 (1) (k) of the above mentioned law – Not applicable.

Articles of Association

Last amendments to the Company's Articles of Association

On May 8, 2012 the Extraordinary General Meeting of Shareholders approved amendments to the Articles of Association of the Company to reflect recent changes in Luxembourg law and enable additional flexibility in setting the date and time of the Annual General Meeting of shareholders.

In particular shareholders approved the amendments of Articles 6 (Shares), 7 (Rights and obligations of shareholders), 13 (Shareholders' meetings – General) and 14 (Annual general meetings of shareholders) to take into account the recent changes in Luxembourg law: the European Shareholders' Rights Directive 2007/36/EC transposed into Luxembourg law by a law dated May 24, 2011, and the law of January 11, 2008 on transparency obligations relating to issuers whose securities are admitted to trading on a regulated market. The principal changes concern the introduction of the "record date" system and the removal of the share blocking requirements five days ahead of the general meeting.

Shareholders also approved the amendment of article 14.1 of the Articles of Association to allow the Board of Directors a degree of flexibility in setting the date of the Annual General Meeting during the second or third week of May each year at any time between 9.00 a.m. and 4.00 p.m. Central European Time, thus providing some flexibility with regard to the Annual General Meeting date and time.

A copy of the amended and restated Articles of Association of Aperam is available at www.aperam.com, under "Investors & shareholders - Corporate Governance - Articles of Association".

Proposal of increase of authorised share capital

At the next annual general meeting of May 8, 2014, the Board of Directors will propose to the shareholders an increase of the authorised share capital of the Company by an amount equal to 23.3% of the current issued share capital, to authorise the Board of Directors to limit or suppress the preferential subscription right of existing shareholders, and to amend articles 5.2 and 5.5 of the articles of association accordingly. After Aperam's offering of its Convertible and/or Exchangeable Bonds due 2020 (the "Bonds") which closed on 30 September 2013, the Company has to increase its share capital so that it is able to deliver new shares (i) to Bondholders upon conversion of the Bonds and (ii) to option holders. The proposal consists in an authorised share capital necessary to meet the above obligation ("Minimum Requirement") plus a number of shares representing 10% of such Minimum Requirement, which in total equals 23.3% of the current issued share capital. The 10% flexibility for the Board of the Directors to issue shares has been taken over from ArcelorMittal's practice at the creation of Aperam and is as a consequence in line with the Company's historical level of flexibility.

The need of additional authorised share capital is described in greater detail under "*Convertible bonds*" page 34.

Compensation

Remuneration of Board of Directors

As of December 31, 2013 and 2012, Aperam did not have any outstanding loans or advances to members of its Board of Directors and, as of December 31, 2013, Aperam had not given any guarantees for the benefit of any member of its Board of Directors.

At the May 8, 2013 annual general meeting of shareholders, the shareholders approved the annual remuneration for non-executive Directors for the 2012 financial year at \$ 778,446, based on the following annual fees set in Euros:

(Amounts in Euros):

Position	Compensation (annual basis)
Basic Director's remuneration.....	€ 70,000
Lead Independent Director's remuneration.....	€ 80,000
Additional remuneration for the Chair of the Audit and Risk Management Committee.....	€ 15,000
Additional remuneration for the other Audit and Risk Management Committee members ..	€ 7,500
Additional remuneration for the Chairs of the other Committees.....	€ 10,000
Additional remuneration for the members of the other Committees.....	€ 5,000

The table below shows the directors compensation paid in 2013 for the financial period ending December 31, 2012. The directors' compensation for the financial period ending December 31, 2013 will be submitted to shareholder approval at the annual general meeting of May 8, 2014.

(Amounts in USD):

Name	Financial period ending December 31, 2012	Financial period ending December 31, 2013
Mr. Lakshmi N. Mittal.....	\$ 92,358	\$ 96,537
Mr. Romain Bausch.....	\$ 128 642	\$ 134,462
Mr. Joseph Greenwell ⁽¹⁾	-	\$ 69,201
Ms. Kathryn A. Matthews	\$ 118 746	\$ 110,328
Mr. Aditya Mittal.....	\$ 92 358	\$ 96,537
Ms. Laurence Mulliez	\$ 115 448	\$ 120,067
Mr. Gonzalo Urquijo	\$ 105 552	\$ 110,328
Mr. David B. Burritt ⁽¹⁾	\$ 125 343	\$ 48,627
Total	\$ 778 446	\$ 786,087
Shareholder approval date	May 8, 2013	May 8, 2014

Notes:

⁽¹⁾ On May 24, 2013, the Board of Directors of Aperam decided to co-opt Mr. Joseph Greenwell as director until Aperam's next general meeting of shareholders, where Mr. Greenwell's election will be submitted for confirmation to the shareholders. This decision follows the resignation of Mr. David B. Burritt from the Board for personal considerations effective May 24, 2013.

Remuneration of Senior Management

The total compensation paid in 2013 to the persons comprising the Company's Management Committee members was \$2.91 million in base salary (including certain allowances paid in cash) and \$0.47 million in short-term performance related variable pay (consisting of a bonus linked to the 2012 results). As of December 31, 2013, approximately \$430,000 was accrued to provide pension benefits to such persons.

The members of the Management Committee also participate in share-based compensation plans sponsored by Aperam. The Remuneration, Nomination and Corporate Governance Committee of the Board of Directors decided to further improve the remuneration disclosure published by the Company by focusing the information on those executive officers whose remuneration is tied to the performance of the entire Aperam group. The Management Committee is defined going forward as Aperam's senior management.

The table below summarizes the detailed allocation of equity based incentives to the Management Committee ('MC' thereafter in the table) Members under the shareholder approvals. Additional information about the equity based incentives is available in greater detail under "— Long-term Incentives: Equity Based Incentives" below.

	Allocation under the shareholder approval of		
	July 12, 2011	May 8, 2012	May 8, 2013
Authorization to issue up to	70,000 RSU and 20,000 PSU, corresponding to a maximum 110,000 shares	70,000 RSU and 20,000 PSU, corresponding to a maximum 110,000 shares	220,000 shares for grants under the MC PSU Plan and other retention based grants below the level of the MC
Represented in percentage of issued shares	Less than 0.15%	Less than 0.15%	Less than 0.29%
Targeted population under the RSU Plan	30 most senior managers	30 most senior managers	Employees below the level of MC members
Targeted population under the PSU Plan	Subset of the RSU population	Subset of the RSU population	Management Committee members
Allocation under the shareholder approval limit to members of the Management Committee	23,750 RSU (vesting November 3, 2014) and 14,250 PSU (vesting March 31, 2015)	No PSUs and RSUs were granted to the members of the MC under the May 8, 2012 shareholder approval	66,792 PSU (vesting August 5, 2016) (MC members do not receive RSUs under the MC PSU Plan)
Allocations to Members of Management Committee in percentage of issued shares	Less than 0.05%	0.00% (see below)	Less than 0.09%
Performance criteria for PSU Plans	50% weighting: 2012-2014 average ROCE of 6.5%, and 50% weighting: management gains of \$350 million under Leadership Journey® by end of 2014	Not applicable as no PSUs were granted under the May 8, 2012 shareholder approval	50% weighting: Total Shareholder Return ('TSR') compared to a peer group of companies, and 50% weighting: Earnings Per Share ('EPS') compared to a peer group of companies

We do not have any outstanding loans or advances to members of the Company's senior management or any guarantees for the benefit of any member of the Company's senior management.

None of the members of senior management has entered into service contracts with the Company or any of our affiliates that provide for benefits upon the termination of their service.

The general meeting of the Company held on January 21, 2011, resolved to delegate to the Board of Directors to determine how to compensate employees who have outstanding ArcelorMittal stock options and who are transferring from ArcelorMittal to the Company. Upon the recommendation of the Board of Directors' Remuneration, Nomination & Corporate Governance Committee, the Board has approved that Aperam employees remain beneficiaries of the ArcelorMittal Stock option, under the same conditions as if they were still ArcelorMittal employees. The ArcelorMittal stock option plan administration committee has agreed this treatment for the ArcelorMittal management transferred to Aperam.

The table below summarizes the detailed target definitions for the PSU plans as well as the progress of meeting the vesting criteria on each grant anniversary date.

PSU Plan under the July 12, 2011 shareholder authorization

The PSUs will vest three years after their date of grant subject to the eligible employee's continued employment with the Company and the fulfillment of targets related to the following performance measures: Return On Capital Employed ("ROCE") and management gains reached under the "Leadership Journey®". Each performance measure has a weighting of 50%. Each PSU may give right to up to two shares of the Company. In case the level of achievement of both performance targets together is below 80%, there is no vesting, and the rights are automatically forfeited. The percentage of PSUs vesting over three years will be 50% for achieving 80% of both objectives, 100% for achieving both objectives, 150% for achieving 120% of both objectives, and up to a maximum of 200% for an achievement above 140% of both objectives.

Targets:

The two targets to be reached over the period 2012 to 2014 are an average Return On Capital Employed ('ROCE') of 6.5% and USD 350 million of management gains under the Leadership Journey®. ROCE is defined as (Adjusted EBITDA – Depreciation) X (1-Normalized tax of 10%) / Capital Employed. The Leadership Journey® is a strategic initiative launched to improve the operational efficiency of the Group. The Leadership Journey® is composed of a number of initiatives which can be broadly characterized as restructuring projects, cost reduction projects and continuous improvement initiatives.

Grant date: March 31, 2012

Vesting date: March 31, 2015

Progress at yearly anniversary grant dates:

Performance criteria	% Weighting of criteria	Percentage of achievement at review at first grant anniversary date (March 31, 2013)
ROCE	50%	0%
Leadership Journey®	50%	96%

PSU Plan under the May 8, 2013 shareholder authorization (no grants under the May 8, 2012 authorization)

Awards under the MC PSU Plan are subject to the fulfillment of cumulative performance criteria over a three-year period from the date of the PSU grant. The value of the grant at grant date will equal 35% of the year base salary for the Chief Executive Officer and for the other MC members. Each PSU may give right to up to two shares of the Company.

Targets:

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

50% of the criteria is based on the Total Shareholder Return ("TSR") defined as the share price at the end of the period minus the share price at start of the period plus any dividend paid divided by the share price at the start of the period. No vesting will take place for performance below 80% of the median compared to the peer group over three years. The percentage of PSUs vesting will be 50% for achieving 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.

The other 50% of the criteria to be met to trigger vesting of the PSUs is based on the development of Earnings Per Share ("EPS"), defined as the amount of earnings per share outstanding compared to a peer group of companies. The percentage of PSUs vesting will be 50% for achieving 80% of the median EPS, 100% for achieving the median EPS, 150% for achieving 120% of the median EPS, and up to a maximum 200% for an achievement above the upper quartile.

The applicable peer group of companies is described in greater detail below.

Grant date: August 5, 2013

Vesting date: August 5, 2016

Progress at yearly anniversary grant dates: No anniversary grant date yet reached

The table below lists the applicable group of companies used for the comparative performance as part of the Management Committee PSU Plan. The group of companies consists of three stainless steel companies, six steel companies and one mining company. These companies have been retained by the Board of Directors based on industry classification, size (limited to companies not smaller than approximately one quarter of Aperam's market capitalisation) and on correlation of TSR performance in order to identify whether this group is sound from a statistical viewpoint.

Company	Industry	Market Capitalization ⁽¹⁾	Correlation ⁽²⁾
ArcelorMittal	Steel	26,443.75	0.98
Acerinox	Stainless steel	2,746.55	0.95
Outokumpu	Stainless steel	2,146.44	0.95
ThyssenKrupp	Steel, Stainless steel & downstream	11,036.52	0.90
Voestalpine	Steel	5,672.77	0.90
Salzgitter	Steel	2,814.12	0.93
SSAB	Steel	2,816.50	0.97
Rautaruuki	Steel	1,091.53	0.96
AK Steel	Stainless steel	625.34	0.94
Eramet	Mining	3,846.87	0.98

Notes:

⁽¹⁾ At January 1, 2013, in USD million

⁽²⁾ Correlation calculated from 26/01/2011 to 01/01/2013 on the basis of the evolution of the respective shares prices

Remuneration policy

Board Oversight

The Board is responsible for ensuring that the Group's remuneration arrangements are equitable and aligned with the long-term interests of the Company and its shareholders. It is therefore critical that the Board remains independent of management when making decisions affecting remuneration of the Chief Executive Officer and its direct reports.

To this end, the Board has established the Remuneration, Nomination and Corporate Governance Committee ("RNCG") to assist it in making decisions affecting employee remuneration. All members of the RNCG committee are required to be independent under the company's corporate governance guidelines, the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange and the NASDAQ Listing Rules. The definition of the independence criteria that applies to the Directors is described in greater detail page 39 under "*—Board of Directors*".

The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The members have relevant expertise or experience relating to the purposes of the committee. The RNCG Committee makes decisions by a simple majority with no member having a casting vote.

The RNCG Committee is chaired by Mr. Romain Bausch, Lead Independent Director.

Remuneration, Nomination and Corporate Governance Committee

The primary function of the RNCG Committee is to assist the Board of Directors, among others with respect to the following:

- review and approve corporate goals and objectives relevant to the Management Committee and other members of executive management as deemed appropriate by the committee regarding their remuneration, and assess performance against goals and objectives;
- review and evaluate on a yearly basis the performance of the Management Committee as a whole and its individual members ;

- make recommendations to the Board with respect to incentive remuneration plans and equity-based plans;
- identify candidates qualified to serve as members of the Board and the Management Committee;
- recommend candidates to the Board for appointment by the general meeting of shareholders or for appointment by the Board to fulfill interim Board vacancies;
- develop, monitor and review corporate governance principles applicable to the Company;
- facilitate the evaluation of the Board;
- review the succession planning and the executive development of the Management Committee members;
- submit proposals to the Board on the remuneration of the Management Committee members, and on the appointment of new directors and Management Committee members;
- make recommendations to the Board on the Company's framework of remuneration for the Management Committee and such other members of the executive management as designated by the committee. In making such recommendations, the committee may take into account factors that it deems necessary (the remuneration of directors on the Board shall be a matter to be decided by the Board). This may include total cost of employment (including equity based components) and determination on behalf of the Board specific remuneration packages and conditions of employment (including pension rights).

The RNGC Committee met five times in 2013. Its members comprise Messrs. Romain Bausch (Chairman) and Joseph Greenwell and Ms. Kathryn Matthews. Invitees at the Committee in 2013 include Mr. Lakshmi N. Mittal (Chairman), Ms. Laurence Mulliez (Board Member), Mr. Gonzalo Urquijo (Board Member), Mr. Philippe Darmayan (CEO and Member of the Management Committee), Ms. Johanna Van Sevenant (Responsible for Sustainability, Human Resources and Communications, Member of the Management Committee). Mr. Laurent Beauloye (Group Company Secretary) acts as secretary of the Committee. The RNGC Committee Chairman presents its decisions and finding to the Board of Directors after each Committee meeting.

Remuneration Strategy

Scope

Aperam's remuneration philosophy and framework apply to the following group of senior managers:

- the Chief Executive Officer; and
- the six other members of the Management Committee.

The remuneration philosophy and governing principles also apply, with certain limitations, to a wider group of employees including General Managers and Managers.

Remuneration Philosophy

Aperam's remuneration philosophy for its senior managers is based on the following principles:

- provide total remuneration competitive with executive remuneration levels of a peer group composed of a selection of industrial companies of a similar size and scope;
- encourage and reward performance that will lead to long-term enhancement of shareholder value;

- promote internal pay equity and provide “market” median (determined by reference to its identified peer group) base pay levels for Aperam’s senior managers with the possibility to move up to the third quartile of the market base pay levels, depending on performance over time; and
- promote internal pay equity and target total direct remuneration (base pay, bonus, and long term incentives) levels for senior managers at the 75th percentile of the market depending on performance over time.

Remuneration Framework

The RNCG Committee develops proposals on senior management remuneration annually for consideration by the Board of Directors. Such proposals include the following components:

- fixed annual salary;
- short-term incentives (i.e., performance-based bonuses); and
- long-term incentives (i.e., RSUs (after July 2011) and PSUs (after July 2011), stock options (ArcelorMittal plans prior to the creation of Aperam in January 2011)). The decision was taken by the Board of Directors not to allocate any RSUs and PSUs to the members of Management Committee between May 2012 and May 2013. Since May 2013, Management Committee members only receive PSUs as equity based incentives (RSUs are only granted to employees below the MC level).

Fixed Annual Salary

Base salary levels are reviewed annually and compared to the market to ensure that Aperam remains competitive with market median base pay levels.

Short-term Incentives

Annual Performance Bonus Plan

Aperam has a short-term incentive plan consisting of a performance-based bonus plan. Bonus calculations for each employee reflect the performance of the Aperam group as a whole, the performance of the relevant business units, the achievement of objectives specific to the department and the individual employee’s overall performance.

The calculation of Aperam’s 2013 performance bonus is aligned with its strategic objectives of improving health and safety performance and overall competitiveness and the following principles:

- no performance bonus will be triggered if the achievement level of the performance measures is less than the threshold of 80% (75% for the trigger on EBITDA);
- achievement of 100% of the performance measure yields 100% of the performance bonus pay-out; and
- achievement of more than 100% and up to 120% of the performance measure generates a higher performance bonus pay-out, except as explained below.

The performance bonus for each individual is expressed as a percentage of his or her annual base salary. Performance bonus pay-outs may range from 30% of the base pay for achievement of performance measures at the threshold (75%), to up to 90% for an achievement at or in excess of the ceiling of 120%. Between the 75% threshold and the 120% ceiling, the performance bonus is calculated on a proportional, straight-line basis.

For the Chief Executive Officer and the Members of the Management Committee, the 2013 bonus formula is based on:

- EBITDA at group level: 40% (this acts as a “circuit breaker” with respect to group-level financial performance measures, as explained below);
- Free Cash Flow at group level: 30%;
- Health and Safety performance at group level: 10% (fatalities act as a “circuit breaker” with respect to the Health and Safety performance measures, as explained below);
- Quantified specific measures (including specific Health and Safety targets): 20%.

EBITDA operating as a “circuit breaker” for financial measures means that the 75% threshold described above must be met for EBITDA in order to trigger any bonus payment with respect to the EBITDA and Free Cash Flow performance measures. Fatalities operating as a “circuit breaker”, means that in case of fatalities no bonus will be paid out with respect to the Health and Safety performance measure.

For the Chief Executive Officer, the performance bonus at 100% achievement of performance targets linked to the business plan is equal to 60% of his base salary. For the other members of the Management Committee, the performance bonus at 100% achievement of performance targets linked to the business plan ranges from 30% to 40% of the relevant base salary.

The different performance measures are combined through a cumulative system: each measure is calculated separately and is added up for the performance bonus calculation.

Performance below threshold will result in zero performance bonus payout.

The achievement level of performance for performance bonus is summarized as follow:

	Business Plan Achievement Threshold at 75%	Business Plan Achievement Target at 100%	Business Plan Achievement Ceiling at 120%
CEO	30% of base pay	60% of base pay	90% of base pay
Management Committee Member (VP)	20% of base pay	40% of base pay	60% of base pay
Management Committee Member (GM)	15% of base pay	30% of base pay	45% of base pay

Note: VP, Vice-President; GM, General Manager

Individual performance and potential assessment ratings define the individual bonus multiplier that will be applied to the performance bonus calculated based on actual performance against the performance measures. Those individuals who consistently perform at expected levels will have an individual multiplier of 1. For outstanding performers, an individual multiplier of up to 1.3 may cause the performance bonus pay-out to be higher than 90% of the target bonus, up to 117% of target bonus being the absolute maximum. Similarly, a reduction factor will be applied for those at the lower end.

The principles of the performance bonus plan, with different weights for performance measures and different levels of target bonuses, are applicable to approximately 1,000 employees worldwide.

In exceptional cases, there are some entitlements to a retention bonus or a business specific bonus.

At the end of the financial year, achievement against the measures is assessed by the RNCG Committee and the Board and the short-term incentive award is determined. The achievement of the 2012 Performance Bonus Plan with respect to senior management and paid out in 2013 was as follows:

2012 Measures	% Weighting for the Chief Executive Officer and MC members	Assessment
EBITDA	40%	No incentive attributable to this metric
Free Cash Flow	30%	No incentive attributable to this metric
Health and Safety	10%	Incentive attributed to this metric
Quantified specific measures	20%	Incentive attributed to this metric

Other Benefits

In addition to the primary elements of compensation described above, other benefits may be provided to senior management, such as company cars and contributions to pension plans and insurance policies, which will be in line with relevant local market and peer group practices.

Long-term Incentives: Equity Based Incentives

Share Unit Plans

The first shareholders' meeting after the creation of Aperam of July 12, 2011 approved a equity-based incentive. The plan comprises a Restricted Share Unit Plan ("RSU Plan") and a Performance Share Unit Plan ("PSU Plan") designed to incentivize employees, improve the Company's long-term performance and retain key employees. Both the RSU Plan and the PSU Plan are intended to align the interests of the Company's shareholders and eligible employees by allowing them to participate in the success of the Company.

The maximum number of Restricted Share Units (each, an "RSU") and Performance Share Units (each, a "PSU") available for grant during any given year is subject to the prior approval of the Company's shareholders at the annual general meeting.

The table page 52 summarizes the key characteristics of the shareholders approved equity based incentives since the creation of Aperam.

RSU Plan

The aim of the RSU Plan is to provide a retention incentive to eligible employees. It is subject to "cliff vesting" after three years, with 100% of the grant vesting on the third anniversary of the grant contingent upon the continued active employment of the eligible employee within the Aperam group. The RSUs are an integral part of the Company's remuneration framework.

For the period from the July 12, 2011 general shareholders' meeting to the annual general meeting of shareholders held on May 8, 2012, a maximum of 70,000 RSUs corresponding to up to 70,000 of Aperam shares might be allocated to qualifying employees under the RSU Plan. In November 2011, a total of 59,750 RSUs under the RSU Plan were granted to a total of 28 employees at a fair value of \$16.04 per share (out of which 23,750 RSUs for the Members of the Management Committee).

The May 8, 2012 annual general meeting of shareholders authorized the Board of Directors to issue, during the period between the 2012 and the 2013 annual general meeting, to key employees of Aperam a maximum of 70,000 RSUs corresponding to up to 70,000 of Aperam shares. The decision was taken by the Board of Directors not to grant any RSUs to the members of the Management Committee under the May 2012 shareholder authorization and not to submit to shareholders approval RSU grants under the next equity incentives. As a consequence, the only grants of RSUs to Management Committee members are those under the July 12, 2011 share holder meeting authorization. In April 2013, a total of 40,000 RSUs under the RSU Plan were granted to a total of 27 employees at a fair value of \$12.16 per share, all grants were for employees below the level of the Management Committee.

The May 8, 2013 annual general meeting of shareholders authorized the Board of Directors to issue, during the period between the 2013 and the 2014 annual general meeting, to key employees of Aperam a maximum of 220,000 of the Company's shares for grants under the Management Committee PSU Plan and other retention based grants below the level of the Management Committee. In August 2013, a total of 44,000 RSUs were granted to a total of 28 employees at a fair value of \$13.40 per share, all grants were for employees below the level of the Management Committee.

The allocation of RSUs to employees below the Management Committee level is reviewed by the RNCG Committee, comprised of three independent directors, which makes a recommendation to the full Board of Directors. The Committee also decides the criteria for granting RSUs and makes its recommendation to the Board of Directors.

PSU Plan

The PSU Plan's main objective is to be an effective performance-enhancing scheme based on the employee's contribution to the eligible achievement of the Company's strategy. Awards under the PSU Plan are subject to the fulfilment of cumulative performance criteria over a three-year period from the date of the PSU grant. The target group for PSU grants is primarily the Chief Executive Officer and the other members of the Management Committee. Each PSU may give right to up to two shares of the Company.

For the period from the July 12, 2011 general shareholders' meeting to the annual general meeting of shareholders held on May 8, 2012, a maximum of up to 20,000 PSUs corresponding to up to 40,000 of the Company's shares might be allocated to qualifying employees under the PSU Plan. In March 2012, a total of 14,250 PSUs were granted to the 8 members of the Management Committee of the Company at a fair value of \$16.53 per share. No PSUs were granted for employees below the level of the Management Committee.

The May 8, 2012 annual general meeting of shareholders authorized the Board of Directors to issue, during the period between the 2012 and the 2013 annual general meeting, to key employees of Aperam up to 20,000 PSUs corresponding to up to 40,000 of the Company's shares. No PSUs were granted under the May 8, 2012 authorization.

The May 8, 2013 annual general meeting of shareholders authorized the Board of Directors to issue, during the period between the 2013 and the 2014 annual general meeting, to key employees of Aperam a maximum of 220,000 of the Company's shares for grants under the Management Committee PSU Plan and other retention based grants below the level of the Management Committee. In August 2013, a total of 87,592 PSUs were granted to a total of 35 employees at a fair value of \$13.40 per share (out of which 66,792 PSUs for the 7 Members of the Management Committee).

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. Awards under the MC PSU Plan are subject to the fulfilment of cumulative performance criteria over a three-year period from the date of the PSU grant. The value of the grant at grant date is to equal 35% of the year base salary for the Chief Executive Officer and for the other MC members. Each PSU may give right to up to two shares of the Company. The two sets of performance criteria to be met for vesting of the PSUs under this MC PSU Plan are Total Shareholder Return and Earnings Per Share versus a peer group. Each performance measure has a weighting of 50%. No vesting will take place for performance below 80% of the median compared to the peer group. 66,792 PSUs were allocated to Management Committee members under the MC PSU Plan with vesting date August 5, 2016.

The table page 52 summarizes the detailed target definitions for the PSU plans as well as the progress of meeting the vesting criteria on each grant anniversary date. The peer group is described page 53 of the annual report.

The allocation of PSUs is reviewed by the RNCG Committee, comprised of three independent directors, which makes a recommendation to the full Board of Directors. The RNCG Committee also reviews the proposed grants of PSUs to eligible employees other than the members of the Management Committee and the principles governing their proposed allocation. The Committee also decides the criteria for granting PSUs and makes its recommendation to the Board of Directors.

Employee Share Purchase Plan (ESPP)

Upon the recommendation of the Remuneration, Nomination and Corporate Governance Committee, the Board has decided not to implement an Aperam employee share purchase plan.

Certain of our employees became shareholders in Aperam through the 2008, 2009 and 2010 Employee Share Purchase Plans implemented by ArcelorMittal. Following the spin-off from ArcelorMittal, an addendum to the ArcelorMittal charter of the 2008, 2009 and 2010 ArcelorMittal ESPPs was adopted providing, among other measures, that:

- the spin-off was to be deemed an early exit event for the participants who were employees of one of the entities that was to be exclusively controlled by Aperam, except in certain jurisdictions where termination of employment was not an early exit event; and
- the Aperam shares received by ESPP participants would be blocked in line with the lock-up period applicable to the ArcelorMittal shares in relation to which the Aperam shares were allocated based on a ratio of one Aperam share for twenty ArcelorMittal shares.

As at December 31, 2013, Aperam employees were holding 5,854 Aperam shares under the ArcelorMittal ESPP 2008, 2009 and 2010 Plans.

Stock option plan

For historical reasons, certain of the Company's employees participate in stock-based compensation plans sponsored by ArcelorMittal. These plans provide employees with stock or options to purchase stock in ArcelorMittal. Given that the Company's employees directly benefit from participation in these plans, the expense incurred by ArcelorMittal for options granted to its employees has been reflected in the Company's consolidated statements of operations as selling, general and administrative. The compensation expense recognized for stock option plans was below \$1 million and \$1 million for each of the years ended December 31, 2013 and 2012, respectively. For the years ended December 31, 2013 and 2012, the amount of outstanding options was 548,150, and 661,909 respectively. The amount of exercisable options was 548,150 and 605,942 respectively for the years ended December 31, 2013 and 2012. Exercise prices of ArcelorMittal stock options vary from \$27.31 to \$78.44. Weighted average contractual life of the options varies from 1.6 to 6.6 years.

Share ownership

As of December 31, 2013, the aggregate beneficial share ownership of Aperam directors and senior management totaled 17,842 Aperam shares (excluding shares owned by Aperam's Significant shareholder). Other than the Significant shareholder, no director and member of senior management beneficially owns more than 1% of Aperam's shares. See definition of Significant shareholder in Share Capital table page 61.

The allocation of Aperam equity incentives to senior management is described in the table on page 52 of this Annual Report.

In accordance with the Luxembourg Stock Exchange's 10 Principles of Corporate Governance, non-executive members of Aperam's Board of Directors do not receive share options, RSUs or PSUs.

Share capital

As of December 31, 2013, the Company's authorized share capital, including the issued share capital, consisted of 85,854,303 shares without nominal value. The Company's issued share capital was represented by 78,049,730 fully paid up shares without nominal value.

The following table sets forth information as of December 31, 2013 with respect to the beneficial ownership and voting rights in the Company by each person who is known to be the beneficial owner of 2.5% or more of the Company's issued share capital.

	Shares	% of Issued Shares	% of Voting Rights
Significant shareholder ⁽¹⁾	31,880,253	40.85%	40.85%
Other public shareholders	46,169,477	59.15%	59.15%
<i>of which is held by the Luxembourg State⁽²⁾</i>	<i>1,948,226</i>	<i>2.50%</i>	<i>2.50%</i>
Total issued shares.....	78,049,730	100.00%	100.00%
Directors and Senior Management ^{(3) (4)}	17,842	0.02%	0.02%

Notes:

⁽¹⁾ The term "Significant shareholder" means the trust (HSBC Trust (C.I.) Limited, as trustee) of which Mr Lakshmi N. Mittal, Mrs Usha Mittal and their children are the beneficiaries, holding Aperam shares through the following two companies: Nuavam Investments Sàrl and Lumen Investments Sàrl. For purposes of this table, ordinary shares owned directly by Mr. Lakshmi Mittal and his wife, Mrs. Usha Mittal are aggregated with those ordinary shares beneficially owned by the Significant Shareholder. At December 31, 2013, Mr. Lakshmi Mittal and his wife, Mrs. Usha Mittal, had direct ownership of Aperam ordinary shares and indirect ownership, through the Significant Shareholder, of two holding companies that own Aperam ordinary shares—Nuavam Investments S.à r.l. ("Nuavam") and Lumen Investments S.à r.l. ("Lumen"). Nuavam, a limited liability company organized under the laws of Luxembourg, was the owner of 5,616,913 Aperam ordinary shares. Lumen, a limited liability company organized under the laws of Luxembourg, was the owner of 26,250,000 Aperam ordinary shares. Mr. Mittal was the direct owner of 11,090 Aperam ordinary shares. Mrs. Mittal was the direct owner of 2,250 Aperam ordinary shares. Mr. Mittal, Mrs. Mittal and the Significant Shareholder shared indirect beneficial ownership of 100% of each of Nuavam and Lumen. Accordingly, Mr. Mittal was the beneficial owner of 31,878,003 Aperam ordinary shares, Mrs. Mittal was the beneficial owner of 31,869,163 Aperam ordinary shares and the Significant Shareholder was the beneficial owner of 31,880,253 ordinary shares.

⁽²⁾ According to the Company's Articles of Association, a shareholder owning 2.5% or more of the share capital must notify the Company. The only registered shareholder owning 2.5% or more but less than 5% of the share capital of the Company at December 31, 2013 is the Luxembourg State, with 1,948,226 shares, representing 2.5% of the total issued share capital.

⁽³⁾ Includes shares beneficially owned by directors and members of senior management listed in the sections "Board of Directors" and "Senior Management"; Excludes shares beneficially owned by Mr. Mittal.

⁽⁴⁾ These 17,842 Aperam common shares are included in the shares owned by Other public shareholders in the table above.

At the next annual general meeting of May 8, 2014, the Board of Directors will propose to the shareholders an increase of the authorised share capital. The need of additional authorised share capital is described in greater detail under "*Convertible bonds*" page 34.

The Company's ordinary shares are in registered form only and are freely transferable. Ownership of the Company's shares is recorded in a shareholders' register kept by the Company at its corporate headquarters at 12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg (the "Shareholders' Register").

The Company's ordinary shares may also be registered on one of two local registers, the European register (the "European Register") and the New York register (the "New York Register"). The European Register is kept by the Company. BNP Paribas Securities Services provides certain administrative services in relation to the European Register. The New York Register is kept by Citibank, N.A. (New York Branch) ("Citibank") on the Company's behalf. Ordinary shares registered on the European Register are referred to as "European Shares" and ordinary shares registered on the New York Register are referred to as "New York Registry Shares".

At December 31, 2013, there were 2,317 shareholders other than the Significant shareholder holding an aggregate of 2,665,858 Aperam common shares registered in Aperam's shareholder register, representing approximately 3.41% of the common shares issued.

At December 31, 2013, there were 107 U.S. shareholders holding an aggregate of 710,645 New York Registry Shares, representing approximately 0.91% of the common shares issued. Aperam's knowledge of the number of New York Registry Shares held by U.S. holders is based solely on the records of Citibank.

At December 31, 2013, there were 42,806,314 Aperam common shares being held through the Euroclear clearing system in The Netherlands, France and Luxembourg.

Related Party Transactions

We are engaged in certain commercial and financial transactions with related parties. Please refer to Note 12 to the Consolidated Financial Statements for further details.

Offering of convertible and/or exchangeable bonds (the "bonds") for \$200 million in September 2013 and Share Lending Agreement in connection therewith

On September 19, 2013, Aperam announced the successful placing and pricing of its offering of convertible and/or exchangeable bonds for \$200 million (the "bonds" hereafter). The bonds are convertible into new or existing ordinary shares of the Company. The Significant Shareholder (defined page 61), subscribed for \$81.8 million of bonds, equal to its 40.8% stake in the Company's share capital.

On September 25, 2013, Aperam entered into a Share Lending Agreement with Lumen Investments Sarl, Luxembourg ("Lumen" thereafter), pursuant to which Lumen agrees to make available for borrowing by Aperam, at any time and from time to time while any bond is outstanding, ordinary shares up to, in aggregate, a maximum amount of 2.6 million shares, in consideration for the payment of an agreed loan fee.

The bonds and the Share Lending Agreement are described in greater detail under "*—Convertible bonds*" page 34.

Agreements with ArcelorMittal post Spin-Off

In connection with the spin-off of the stainless steel division of ArcelorMittal into a separately focused company, Aperam, which was completed on January 25, 2011, Aperam entered into several agreements with ArcelorMittal. These agreements include a Master Transitional Services Agreement dated January 25, 2011 (the "Transitional Services Agreement") for support for/from corporate activities, a purchasing services agreement for negotiation services from ArcelorMittal Purchasing and a sourcing services agreement for negotiation services from ArcelorMittal Sourcing, certain commitments regarding cost-sharing in Brazil and certain other ancillary arrangements governing the relationship between Aperam and ArcelorMittal following the spin-off, as well as certain agreements relating to financing.

The Transitional Services Agreement between ArcelorMittal and Aperam expired at year-end 2012. The parties agreed to renew a limited number of services where expertise and bargain powers create values for both parties. ArcelorMittal will continue to provide certain services during 2014 relating to certain areas, including environmental and technical support, IT services relating to the Global Wide Area Network contract, press clipping communication, ArcelorMittal University training in human resources, maintenance and customization of back office finance software and registered shareholder management.

In the area of research and development, Aperam entered into an arrangement with ArcelorMittal to establish a framework for future cooperation between the two groups in relation to certain ongoing or new research and development programs. Moreover, Aperam and ArcelorMittal are keeping open the possibility to enter into ad hoc cooperation agreements for future research and development purposes.

The purchasing and sourcing of raw materials generally were not covered by the Transitional Services Agreement. Aperam is responsible for the sourcing of its key raw materials, including nickel, chromium, molybdenum and stainless steel scrap. However, under the terms of the purchasing services agreement, Aperam still relies on ArcelorMittal for advisory services in relation to the negotiation of certain contracts with global or large regional suppliers, including those relating to the following key categories: energy (electricity, natural gas, industrial gas), operating materials (rolls, electrodes, refractory materials) and industrial products and services. The purchasing services agreement also permits Aperam to avail itself of the services and

expertise of ArcelorMittal for certain capital expenditure items. The purchasing services agreement and the sourcing services agreement were each entered into for an initial term of two years, which was to expire on January 24, 2013. However, both agreements were extended for an additional year on similar terms. It is expected that the term of the purchasing services agreement will be further extended until the end of January 2015 on similar terms. It is also expected that the term of the sourcing servicing agreement will be extended until the end of January 2015, although its scope will be limited to IT maintenance and support until Aperam switches to its own system.

In connection with the spin-off, management also renegotiated an existing Brazilian cost-sharing agreement between, inter alia, ArcelorMittal Brasil and Aperam Inox América do Sul S.A. (formerly known as ArcelorMittal Inox Brasil), pursuant to which starting as of April 1, 2011, ArcelorMittal Brasil continued to perform only purchasing, insurance and real estate activities for the benefit of certain of Aperam's Brazilian subsidiaries, with costs being shared on the basis of cost allocation parameters agreed between the parties. Since the demerger of ArcelorMittal BioEnergia Ltda in July 2011, its payroll functions have also been handled by ArcelorMittal Brasil. The real estate and insurance activities of Aperam's Brazilian subsidiaries have not been handled by ArcelorMittal Brasil since January 1, 2013 and June 30, 2013, respectively.

Certain services will continue to be provided to Aperam pursuant to existing contracts with ArcelorMittal entities that it has specifically elected to assume.

Shareholder information

The company

The Company is a Luxembourg public limited liability company ("*société anonyme*") incorporated on September 9, 2010 to hold the assets which comprise the stainless and specialty steels businesses historically held by ArcelorMittal. The Company has its registered office at 12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Commerce and Companies under the number B155.908.

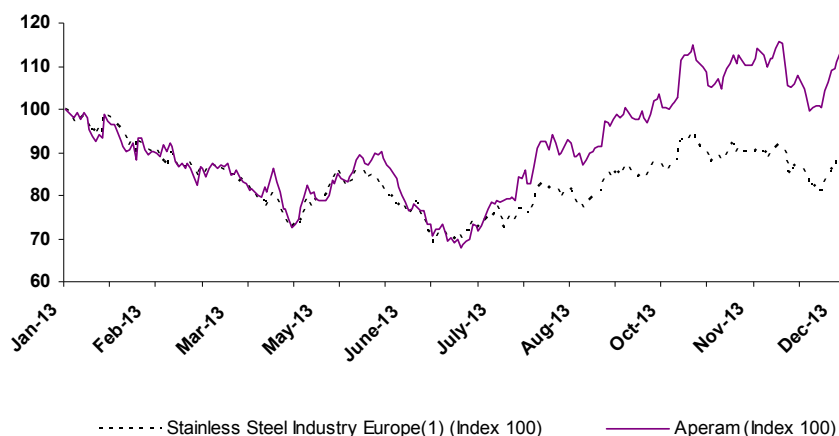
Listing and Indexes

The Company's ordinary shares are admitted to trading on the Luxembourg Stock Exchange's regulated market and listed on the Official List of the Luxembourg Stock Exchange (symbol "APAM") and are traded on the NYSE Euronext Single Order Book with Amsterdam as the Market of Reference (symbol "APAM" and Euronext code NSCNL00APAM5). The ordinary shares were admitted to listing and trading on the regulated market of the Luxembourg Stock Exchange, Euronext Amsterdam and Euronext Paris on January 31, 2011. The ordinary shares of the Company are accepted for clearance through Euroclear and Clearstream Luxembourg under common code number 056997440. The ISIN code of the ordinary shares of the Company is LU0569974404. The Aperam shares are also traded as New York registry shares on the OTC under the symbol APEMY.

The Company is a member of the different indexes, including SBF 120, NEXT 150, CAC MID 60. Recognised for its commitment to Sustainable Development, Aperam is also a member of the FTS4Good Index.

Share performance

The Graph below shows the share price performance of Aperam and the European Stainless Steel Industry⁽¹⁾ from January 1, 2013 to December 31, 2013 in index base 100:



Notes:

⁽¹⁾ European Stainless Steel Industry: Average Acerinox, Aperam, Outokumpu share price in index 100

Financial Calendar

Earnings calendar

- February 6, 2014*: Earnings for 4th quarter 2013 and 12 months 2013
- May 7, 2014*: Earnings for 1st quarter 2014
- July 31, 2014*: Earnings for 2nd quarter 2014 and 6 months 2014
- November 6, 2014*: Earnings for 3rd quarter 2014 and 9 months 2014

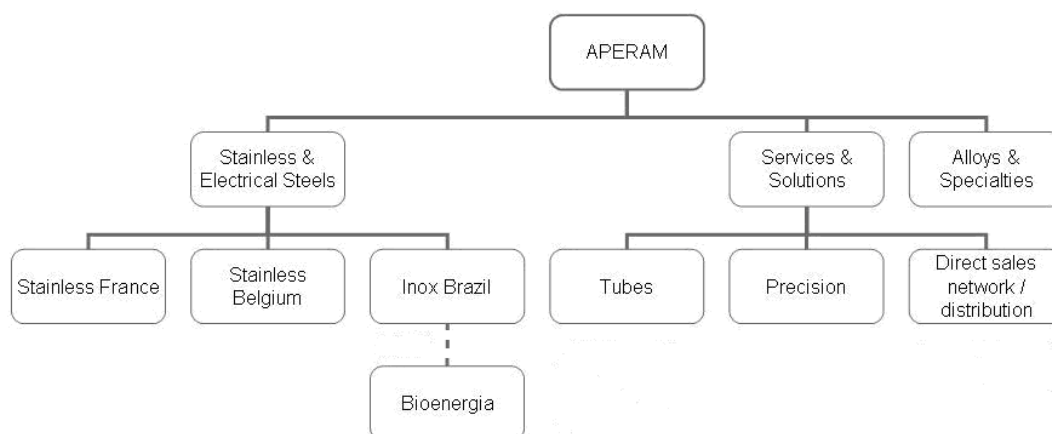
(* earnings are issued after the closing of the European stock exchanges on which the Aperam share is listed)

General meeting of shareholders

- May 8, 2014: Annual general meeting of shareholders, Luxembourg

Organizational Structure

Aperam is a holding company with no business operations of its own. All of its significant operating subsidiaries are owned directly or indirectly through intermediate holding companies. The following chart represents its current operational structure. See Note 25 to the Consolidated Financial Statements for a list of the Company's significant subsidiaries.



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