Annual report 2015

Contents

Message from the Chairman of the Board of Directors

March 3, 2016

Dear Shareholders,

Amidst the challenging market conditions, I am pleased to report that Aperam, in its 5th year, achieved a solid set of results as we continued to rely on our three strategic priorities of operational excellence, product and service innovation and strong balance sheet.

Before discussing the highlights of Aperam's 2015 performance, I would first like to provide an update on the company's health and safety results. The health and safety of all of the people who work for and with Aperam remains our top priority. It was with deep regret that we had to face a fatality in 2015 at our Belgium plant of Châtelet. Although we continued to make progress with our lost time injury frequency rate[1] improving from 1.1 in 2014 to 1.0 in 2015, this fatality demonstrated how essential absolute diligence to health and safety is. We have more work to be done before we can be satisfied. Our ultimate goal as a company is zero harm and zero fatalities. This is not an empty promise; management is concentrating a considerable amount of effort and planning towards improving our performance in this area.

I mentioned that Aperam has delivered a solid performance in 2015 in what was undoubtedly a challenging market environment. This is demonstrated by our key 2015 performance metrics which reflects the success of management's company-wide campaign to improve Aperam's competitiveness:

> EBITDA reached $501 million compared to $547 million in 2014. EBITDA in 2014 included a $58 million contribution from the sale of electricity surplus in Brazil compared to $3 million in 2015. As a consequence, our underlying core business performance excluding electricity surplus sales actually improved by $9 million from 2014 to 2015.

> Net income was $173 million compared to $95 million in 2014 – the highest result since the creation of Aperam.

Aperam's Leadership Journey®, our internal program designed to improve competitiveness, continued to deliver results contributing a total of $478 million to EBITDA during 2015.

> Our Top Line strategy aimed at delivering the best products and services to our customers, resulted in stronger volumes in 2015 (1,886 thousand tons shipped compared to 1,813 thousand tons shipped in 2014). Aperam managed to reach record volumes in Europe since 2008 although operating with a lower number of tools.

> Our ability to generate cash flow from operations further improved with $392 million in 2015 compared to $240 million in 2014.

> Our net debt also continued to decrease due to restructuring actions and a strong focus on delivering free cash flow. Our net debt was $316 million at the end of 2015 compared to $536 million a year ago.

As a result of the progress we have made in ramping up our cash generating ability, delivering a healthy balance sheet and creating a solid platform for value creation, we announced a new financial policy at the year-end 2015. This policy aims to reinstate a base dividend of $1.25 per share for 2015, subject to shareholders' approval at the next Annual General meeting, with the intention to progressively increase this payment over time, as we continue to improve our sustainable profitability.

I am very satisfied with the performance improvement that Aperam has achieved, which is significant for a relatively young company operating in challenging market conditions. We should not forget 2015 was marked by particular growth concerns for the global metals and mining industry linked to China's slowdown, Asian stainless steel overcapacities continued to put pressure on the worldwide stainless steel market, with nickel prices decreasing by 42% and end users destocking in both in Europe and Brazil while the Brazilian domestic market suffered a significant GDP contraction.

If we can successfully continue on our path of improving operational efficiency and competitiveness as well as developing ever more excellent and innovative products tailored to our customers requirements, we will be in a very strong position when demand improves in our markets.

At the same time all of our activities and products must demonstrate our increasing focus on sustainability.

At Aperam, we take corporate responsibility very seriously.

[1] Lost Time Injury Frequency rate", or "LTIF", a key indicator which measures the injuries (which lead to work time lost of a day or more) per1,000,000 worked hours.

We are fully aware of the environmental impacts of our energy-intensive industry. We believe that stainless steel is an excellent and resource-efficient material with waste management and recyclability being key areas of focus for us. I am convinced that our energy-efficient steel products are part of the solution to global environmental challenges and we will continue evolving in this direction.

Indeed, the challenging market conditions push us to continue to focus strictly on our own resources in order to strengthen our resilience to the environment while delivering the best stainless steel products and services to our customers. I have every confidence in this strategy. It has enabled us to once again achieve a strong operational and financial performance and to create a solid base with a healthy balance sheet and cash flow to announce the reinstatement of a dividend.

Looking forward, we can expect the stainless steel industry to remain challenging for some time. In particular, Asian overcapacities are not expected to be resolved in the short term and will continue to put pressure on the market. Nickel prices have reached historically low levels and, in Europe, although anti dumping measures are in place against unfair trade, the market remains open to imports which have continued to rise in 2015.

But I am confident of Aperam's ability to continue to prosper. We have a focused strategy that is delivering consistent results; we have good assets making quality and innovative products and we have great people. I would like to take this opportunity to thank all the Aperam employees, the leadership team and my colleagues from the board of directors, for their support, hard work and contribution to the group's improved performance in 2015.

Together I am convinced we are building a great company capable of delivering sustainable prospects for all our stakeholders.

Lakshmi N. Mittal, Chairman of the Board of Directors

Message from the Chief Executive Officer

March 3, 2016

Dear Shareholders,

It is a great honor and pleasure for me to present to you Aperam's 2015 Annual Report.

Our Chairman of the Board of Directors, Mr. Lakshmi N. Mittal, has already explained to you the solid performance we achieved in the year 2015 despite a challenging environment. This successful achievement is largely due to our management strategy and own resources and I would like to explain its implementation in a little more detail.

Before doing so, let me start with our employees´ health and safety performance. Health and safety is at the heart of Aperam. It guides all of our actions. The fatality which occurred at Châtelet in 2015 was a tragic event which affected all of us. There is nothing more important than our people and we followed this event with an extensive action plan within the entire Aperam group to improve our awareness and embed a deeper cultural mindset towards health and safety. Together with my colleagues from the Leadership Team I can reassure you that this is our top priority and we have identified key areas where we will push for further progress to reach our ultimate goal of zero accidents.

I would now like to take a moment to explain in more detail the successful implementation in 2015 of our strategic priorities of operational efficiency, product and service innovation and strengthening of our balance sheet.

> Operational efficiency is deep in Aperam's genes. Since the creation of Aperam, we have been following a robust and comprehensive plan called the Leadership Journey® to improve our competitiveness. Projects under the Leadership Journey® have traditionally focused on restructuring and cost cutting projects. During the past couple of years, we focused our projects on further upgrading our best performing assets and making our producing assets more efficient, working actively on the future corporate health of Aperam and the company's next phase of development. These performance projects amount to $112 million of capital expenditure between 2015 and 2017 and are expected to add further momentum to our Leadership Journey® gains as well as to our Top Line Strategy.

> Our solid results also reflect the confidence of our customers in our strategy to deliver the best and most innovative services and solutions. In 2015, we continued to enhance our Top line strategy by developing Aperam's most profitable products, segments, clients and geographical areas while continuously aiming to deliver the best and innovative services to our customers. This strategy enabled us to support the European market and mitigate the impact of the weakness of the domestic Brazilian market.

> We have strengthened Aperam's balance sheet and strongly reduced the cost of debt. In 2015 we continued our debt restructuring actions and redeemed our second High Yield Bonds of $250 million with coupon 7.75% maturing in 2018. We also set up a $500 million secured borrowing base revolving credit facility structured as a 3-year facility with a one year extension option. The facility was further reduced to $400 million in December 2015 and stands undrawn at the year end. As of 31 December 2015, we had achieved a significant net debt reduction of 70% compared with the end of 2010 and $220 million in the year 2015, thanks to a strong focus on cash flow generation.

I am convinced that, under the leadership of our Board of Directors and thanks to our highly motivated employees; we will continue to reinforce Aperam's resilience to the challenging market environment so as to be well prepared to take advantage of opportunities when they become available. Finally, I would also like to thank all my colleagues from the Leadership Team for their hard work and endless support towards strengthening Aperam´s performance. I am very proud of this dynamic and newly created Leadership Team and believe it is one of the best management teams in our industry.

I very much look forward to meeting you at our upcoming shareholder meeting or during our roadshows with investors and shareholders to discuss in more detail our results and strategy.

Timoteo Di Maulo, CEO

Management Report

The Board of Directors is pleased to present 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, 2015 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.

Mémorial Notre Dame de Lorette, Ablain-Saint-Nazaire, France

Group Overview

Introduction

Aperam is a leading global stainless and specialty steel producer with an annual production capacity of 2.5 million tonnes in 2015. We are the largest stainless and specialty steel producer in South America and 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 14 Steel Service Centres ("SSCs"), 8 transformation facilities and 19 sales offices. Our products are sold 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 $4.7 billion and $5.5 billion and EBITDA[1] of $501 million and $547 million for the years ended December 31, 2015 and 2014, respectively. Shipments amounted to approximately 1.89 million tonnes and 1.81 million tonnes for the years ended December 31, 2015 and 2014, 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. The segment Stainless & Electrical Steel includes Aperam BioEnergìa, which produces wood and charcoal (biomass) from cultivated eucalyptus forests. We use the charcoal (biomass) produced by Aperam BioEnergìa as a substitute for coke at our Timóteo production facility.

The segment accounted for 79.8% of sales[2] and 87.4% of EBITDA for the year ended December 31, 2015, and respectively 80.1% of sales and 78.0% of EBITDA for the year ended December 31, 2014.

> 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 products and, to a much lesser extent, external suppliers' products; and (iii) transformation services, which include the provision of value added and customised steel solutions through further processing to meet specific customer requirements.

The segment accounted for 45.0% of sales and 8.3% of EBITDA for the year ended December 31, 2015, and respectively 43.1% of sales and 15.9% of EBITDA for the year ended December 31, 2014.

> Alloys & Specialties. Alloys & Specialties segment is the fourth largest producer of nickel alloys in the world. We are specialised 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 12.0% of sales and 8.8% of EBITDA for the year ended December 31, 2015, and respectively 11.3% of sales and 10.6% of EBITDA for the year ended December 31, 2014.

Additionally, we have sales and EBITDA that are reported within our "Other" segment. This segment, including eliminations between our primary operating segments, accounted for (4.5)% of EBITDA for the year ended December 31, 2015, and (4.5)% of EBITDA for the year ended December 31, 2014.

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

2 Amounts are shown prior to intragroup eliminations. For additional information, see Note 3 to the consolidated financial statements.

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. 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. Please refer to the share capital section of this Management Report for the definition of the term "Significant shareholder".

Our facilities

The following tables provide an overview of our principal production and downstream facilities, each of which we wholly-own, by operating segment, location, size (in the case of production facilities only), facility type and products:

Production Facilities by Geography

Country	Locations	Size (square kilo-meters)	Type of Plant	Products
Stainless & Electrical Steel				
Brazil	Timóteo	2.1	Integrated mill/Blast furnace	Stainless/Electrical
Belgium	Châtelet	0.5	Electric arc furnace meltshop/Hot rolling	Stainless flat
Belgium	Genk	0.8	Electric arc furnace/ Cold rolling	Stainless flat
France	Gueugnon	0.4	Cold rolling	Stainless flat
France	Isbergues	0.9	Cold rolling and Recyco electric arc furnace	Stainless flat
France	Pont-de-Roide	0.1	Cold rolling	Stainless flat
Nickel Alloys & Specialties				
France	Imphy	0.4	Electric arc furnace meltshop/Hot rolling/ Cold rolling/Specia-lised foundry	Nickel Alloys/Stainless
France	Amilly	—	Downstream	Electrical components
France	Épône	—	Downstream	Wire drawing
China	Foshan	—	Downstream	Magnetic Cores

Facility Types

Facility[1]	Number of Facilities	Capacity (in millions of tonnes per year)[2]	Production in 2015 (in millions of tonnes)
Blast furnace	2	0.7	0.5
Electric arc furnace	6	3.0	1.5
Continuous caster-slabs	4	3.0	2.1
Hot rolling mill	4	4.5	2.2
Cold rolling mill	17	2.1	1.5
Annealing & Pickling lines[3]	24	4.4	3.3
Skin pass mill	6	1.2	0.6
Continuous bloom/billet caster	1	0.1	0.02

Notes:

(1) Production facility details include the production numbers for each step in the steelmaking process. Output from one step in the process is used as an input in the next step in the process. Therefore, the sum of the production numbers does not equal the quantity of sellable finished steel products. These facilities include the capacities mothballed or idled.

(2) Reflects design capacity, and does not take into account other constraints in the production process.

(3) Including hot and final annealing & pickling capacities (including LC2i integrated line annealing & pickling capacity)

All of our production facilities are owned directly or indirectly by us and none of them is subject to any material encumbrances.

Stainless & Electrical Steel

Europe

Our European facilities produce the full range of our stainless steel products. In 2015, steel shipments from Stainless & Electrical Steel Europe facilities represented approximately 1,184 thousand tonnes and approximately 1,082 thousand tonnes in 2014.

We have two electric arc furnace meltshops in Belgium, located in Genk and Châtelet. The Genk facility includes two electric arc furnaces, ladle refining metallurgy and a slab continuous caster and slab grinders. It also includes a cold rolling mill facility. The Châtelet facility is an integrated facility with a meltshop and a hot rolling mill. The Châtelet meltshop includes an electric arc furnace, argon-oxygen decarburising equipment, ladle furnaces refining metallurgy, a slab continuous caster and slab grinders.

Our cold rolling facilities in Europe consist of four cold rolling mill plants, located in Belgium (Genk) and France (Gueugnon, Isbergues and Pont-de-Roide). Our plants include annealing and pickling lines (with shot blasting and pickling equipment), cold rolling mills, bright annealing lines (in Gueugnon and Genk), skin-pass and finishing operations equipment. The Isbergues plant also includes a DRAP ("Direct Roll Anneal and Pickle") line. The Genk plant is focused on austenitic steel products, the Gueugnon plant on ferritic products and the Isbergues plant on products dedicated to the automotive market (mainly ferritic steels) and industrial market (mainly austenitic steels). The Pont-de-Roide plant is focused on narrow precision strips. Our electric arc furnace recycling facility Recyco, located in France (Isbergues) recycles dust and slugs with the aim to retrieve stainless steel raw materials and reduce waste.

South America

We are the only integrated producer of flat stainless and electrical steel in South America. Our integrated production facility in Timóteo, Brazil produces a wide range of Stainless, electrical steel and Special Carbon products, which account for approximately 35% of the Stainless & Electrical Steel operating segment's total shipments. Steel shipments from Stainless & Electrical Steel Brazil facilities represented approximately 654 thousand tonnes in 2015 and 2014.

The Timóteo integrated production facility includes two blast furnaces, one melting shop area (including two electrical furnaces, two converters and two continuous casting machines), one hot rolling mill (including one walking beam and one pusher furnace with one rougher mill and one steckel mill), a stainless cold rolling shop (including one hot annealing pickling line, two cold annealing pickling lines, one cold preparation line, three cold rolling mills and 4 batch annealing furnaces) and an electrical steel cold rolling shop (including one hot annealing pickling line, two tandem annealing lines, one decarburising line, one thermo-flattening and carlite coating line, one cold rolling mill and 20 batch annealing furnaces).

Services & Solutions

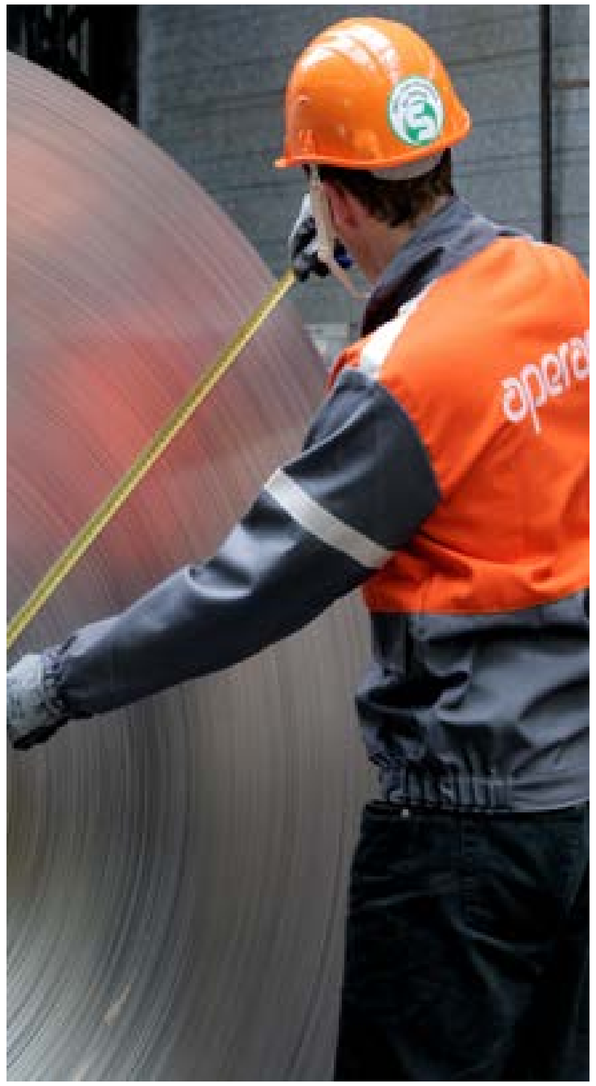
We sell and distribute our products through our Services & Solutions segment which includes our tubes businesses, and which also provides value-added and customised steel solutions through further processing to meet specific customer requirements. Our distribution network comprises 14 Steel Service Centres, 8 transformation facilities and 19 sales offices. Steel shipments from Services and Solutions Division represented approximately 769 thousand tonnes in 2015 and approximately 721 thousand tonnes in 2014.

Alloys & Specialties

The Alloys & Specialties integrated production facility is located in Imphy, France and includes a meltshop, a wire rod facility and a cold rolling facility. The meltshop is designed to produce specialty grades and includes one electric arc furnace, two induction furnaces with two vacuum oxygen decarburisation ladles and a ladle furnace, one vacuum induction melting furnace, two vacuum arc remelting furnaces and one electroslag remelting furnace. The meltshop is also equipped with ingot casting facilities and a continuous billet caster.

Our wire rod mill specialises in the production of nickel alloys and has the ability to process a wide range of grades, including stainless steel. It comprises a blooming mill, billet grinding, a hot rolling mill, which has a capacity of 35 thousand tonnes, and finishing lines. Steel shipments from Alloys & Specialties facilities represented approximately 34 thousand tonnes in 2015 and approximately 35 thousand tonnes in 2014.

We also own downstream nickel alloy and specialty assets, including Rescal S.A.S., a wire drawing facility located in Epóne, France, Aperam Alloys Amilly, an electrical components manufacturer located in Amilly, France, Imhua Special Metals, a transformation subsidiary in Foshan, China. We also hold a majority stake in Innovative Clad Solutions, a production facility for industrial clads in Indore (Madhya Pradesh, India).



Our key competitive strengths

We believe that the following are among our key strengths:

We are committed to Sustainability and our number one priority is Health & Safety

The people who work for, and with, Aperam are our greatest asset and their Health and Safety is our top priority. To measure the effectiveness of our Health and Safety performance, the Group uses as a benchmark the "Lost Time Injury Frequency rate", or "LTIF", a key indicator which measures injuries (which lead to work time loss of a day or more) per 1,000,000 worked hours. In 2015, LTIF rate was 1.0 compared to 1.1 in 2014. We believe strongly in the future of our employment offering them training and opportunities for career developments. This in turn leads to higher levels of employee engagement which has been proven to increase efficiency and for Aperam, also nurtures a true culture of innovation.

Fully aware of the challenges of climate change, Aperam has a unique capability to produce charcoal-based biomass to fuel its production and we are constantly seeking to reduce our environmental impacts. As a manufacturer of energy-efficient steel solutions, the Group is also a fervent defender of circular economy. Beyond its zero waste-to-landfill objective, it uses scraps for lower carbon footprint and recycled input materials, notably dusts recuperated through its wholly-owned Recyco subsidiary. Lastly, Aperam maintains constant engagement with all of its stakeholders, from Communities in which we operate to the regulatory bodies that govern our own activities, and strives to anticipate its customers' needs through close partnerships, tailor-made solutions and unrivalled customer satisfaction.

A restructured and efficient European footprint able to seize market opportunities

Aperam's modern production facilities allow the Group to support its customers' stainless and specialty steel requirements with a high level of operational efficiency.

In Europe, the Group 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), one of the largest cold rolling mills (Genk, Belgium) and LC2I, the best-in-class integrated rolling-mill (Isbergues, France). In Brazil, the Group operates a fully integrated production facility using charcoal produced by Aperam BioEnergia. Through an early restructuring of its downstream operations since the creation of Aperam - from 29 tools to 17 tools in Europe - to adapt to the market conditions, Aperam managed to reach record volumes in Europe since 2008 although with a lower number of tools. Aperam is well positioned in the core markets in Europe with an optimal loading of its most efficient assets. In addition, Aperam aims to continue investing in its industrial asset base with Leadership Journey® initiatives to benefit from the long-term potential growth of the stainless and specialty-steel industry. The Leadership Journey® initiative is described in greater detail below under the section "- Our key strategic priorities".

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

Aperam also has a strong presence in the European stainless steel market. The Group's modern production facilities in Belgium and France are strategically located close to the scrap generating regions and are also close to the Group's major customers. Aperam's European industrial operations have consistently maintained high performance standards through the optimisation of production volumes, inventory and costs. The Group 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.

Key strengths of the European operations of Aperam

Sourcing	Logistics	Production
The only integrated upstream operations in the heart of Europe, with the best access to scrap supply	Best location to serve the biggest consumption areas of Europe	Full range of products of stainless steel
	Performant logistics between sites for a working capital management at the benchmark of the industry	Flexibility and available capacity
		A strategy to be a cost benchmark on the key Aperam products

Aperam is a leading stainless and specialty steel producer in South America and according to the International Stainless Steel Forum (the "ISSF"), is the second largest producer in Europe. Aperam is well-positioned in both developed and emerging markets. In 2015 approximately 72% of the sales were derived from developed markets and 28% from emerging markets.

In South America, the Group has a leading presence in flat stainless steel and electrical steel production with modern, flexible and fully integrated production and service centres.

This unique asset base is perfectly adapted to the South American market. Based upon low levels of historical apparent consumption per capita and a developing market for stainless steel, Management estimates that there is important growth potential in South America. In Brazil, Aperam also benefits from an improving costs position to ensure its commercial plan and capture opportunities of improving market penetration.

Key strengths of the Brazilian operations of Aperam

Sourcing	Logistics	Production
The only fully integrated stainless steel facility in South America with access to iron ore and charcoal produced from own eucalyptus forests in environment friendly manner	Performant logistics with integrated service centers	Full range of products including flat stainless steel, electrical steel and special carbon
	Only stainless steel producer in South America with best in class deliveries to customers	A flexible production route which allow Aperam to maximise the product mix
	Flexible geographical sales capabilities within South America which allow Aperam to optimise its geographical exposure	An improving cost position compared to industry benchmark benefiting from exchanges on best practice with European operations

Value accretion beyond stainless production

Aperam has one of the largest integrated Aperam has one of the largest integrated stainless and specialty steel sales, distribution and steel services networks in the world, with a total of 14 Steel Service Centres ("SSCs"), 8 transformation facilities and 19 sales offices. This network allows the Group to develop customers' loyalty thanks to a best-in-class service, to support a continuous activity for the mills and finally to capture additional value in the downstream operations The Group's distribution channels are strategically located in areas of high demand and close to many end-users. The Group 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 Group's global distribution network enables it to tailor its products to address specific customer needs, thereby facilitating the maintenance of market share and the capture of growth opportunities. The Group's customer base is well diversified, comprising a number of blue chip clients.

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 Group'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 Group is the fourth largest global producer of nickel alloys and the largest in alloys wire rods, 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 Group to enjoy greater stability and to mitigate some of the risks and cyclicality inherent in certain markets.

In addition, Aperam's leading position in nickel alloys, which is a particularly high margin value-added niche for stainless steel products, helps the Group to maintain and improve its margins and profitability.

Aperam's research and development activities are closely aligned with our strategy, focused on product development and process development. The Group's Research and Development team comprises 126 employees. These employees are based in two centres in Europe, located in Isbergues and Imphy, France, and one centre in Timóteo, Brazil. The R&D departments interact closely with the Group's operating segments and partner with industrial end-users and leading research organisations in order to remain at the forefront of product development. The research and development capabilities have contributed to both the Group's leadership in the industry and its development of long standing and recognisable 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 and funding structure

The Group's profitability is supported by its implementation of the Leadership Journey®, which, at the end of December 2015, has contributed to approximately $478 million to EBITDA since the beginning of 2011.

In addition, the Group has been able to generate positive free cash flows over the past five years. As of December 31, 2015, the Group had net financial debt of $316 million, representing a gearing of 14% compared to net financial debt of $1,066 million at the end of December 2010.

As of December 31, 2015 the Group had a solid funding structure and debt maturity profiles as described in greater detail in the section “Liquidity”.

These achievements have been the result of Aperam’s strategic priorities as described in greater detail under the below section “Our strategic priorities”.

Talented and dynamic Leadership Team and motivated workforce

Aperam benefits from the experience and industry know-how of its Leadership Team. The team is comprised of ten members including the Chief Executive Officer ("CEO"), Mr. Timoteo Di Maulo. Mr. Di Maulo has over twenty-five years of experience in the stainless steel industry, having held a number of positions in the controlling, purchasing, logistics and commercial areas and has been CEO of different units of the Group. He is supported by the other members of the Group's senior management team, including Mr. Sandeep Jalan, the Chief Financial Officer ("CFO") who has over twenty-five years of experience in finance. Mr. Jalan joined the ArcelorMittal group in 1999 and served as CFO of ArcelorMittal Long Carbon Europe, responsible for finance and strategy prior to joining Aperam in 2014. The other members of the Leadership Team are Ms. Vanisha Mittal Bhatia, Chief Strategy Officer; Mr. Nicolas Changeur, Chief Marketing Officer; Mr. Bernard Hallemans, Chief Technical Officer; Mr. Jean- Paul Rouffiac, Chief Operating Officer Stainless & Electrical Steel Europe; Mr. Frederico Ayres Lima, Chief Operating Officer Stainless & Electrical Steel South America; Ms. Johanna Van Sevenant, Chief Executive Officer Services & Solutions, Mr. Frédéric Mattei, Chief Executive Officer Alloys & Specialties and Mr. Bert Lyssens, Head of 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 Group has also introduced various initiatives to improve the dedication and motivation of its workforce, including development programs, employee annual appraisal, career committee meetings to evaluate opportunities for managers and performance-based bonuses. Greater accountability improves motivation, and the Group's approach to human resources has contributed to the dedication and engagement of its workforce.

Our key strategic priorities

Since the early creation of Aperam, we have pursued a strategy designed to reinforce Aperam´s resilience to challenging market conditions based on our in-house internal improvement measures and relying on our own resources.

This has proven a successful strategy as it reduces reliance on external factors/resources to support our performance.

Our key strategic priorities have proven their efficiency in terms of operating and financial performance over the past years, thus we remain focused on:

> improving operational efficiency and increasing EBITDA through the Leadership Journey®,

> driving value through our Top Line strategy,

> generating positive cash flows, and

> maintaining a strong balance sheet consistent with Investment Grade Financial ratios.

Our Top Line strategy is based on commercial projects with the objective to develop Aperam’s most profitable products, segments, clients or geographical areas and to develop quality and service to the customers. Among the Top Line products, specific focus is allocated to develop innovative products allowing niche presence as well as attractive margins. More specifically, our Top Line strategy includes:

> leveraging our unique stainless steel product portfolio,

> driving additional value through the Services & Solutions segment, and

> 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 characterised as restructuring projects, cost cutting projects and performance projects as described below:

> 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.

> In parallel to the restructuring initiatives, major cost cutting investments have been launched with the goal to improve the industrial footprint and to reduce the number of tools.

› Several performance projects have also been launched in order to reinforce the existing continuous improvement program and accelerate cost reductions. In particular, specific actions have been implemented to reduce our costs for sourcing, IT and sales and general administrative costs.

Since 2014, upgrade programs on the most performing assets have been launched for a total amount of $112 million and are described more in detail at the below table:

Tranche	Amount	Period of implementation	Description
1	$52 million	2014-2015	› Productivity improvement of the downstream facilities in Genk (CAP2), Gueugnon (CAP10) and Timoteo (Sendzimir Mill #1) › Upgrade of the Wire Rod mill in Imphy › Upgrade of GO operations in Timoteo with development of HGO
2	$30 million	2015-2016	› Upgrade of CAP 2 in Genk › Upgrade of LC2i in Isbergues
3	$30 million	2015-2017	› Efficiency and competitiveness improvement of the lines CR6 and BA8 in Gueugnon › Upgrade of compact box annealing furnaces of the Wire Rod mill in Imphy

As at December 31, 2015, the Leadership Journey® had contributed a total amount of $478 million to EBITDA since the beginning of 2011, fully in line with the objective set at $475 million to be realised by the end of 2015.

Our goal is to achieve $575 million in gains and profit enhancements by the end of 2017.

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 specialised and innovative nature of these products, we are able to earn higher margins, typically attracting higher prices than our other more commoditised products. In order to grow our sales of high-margin value-added niche products and replace low contribution margin products, we continue to put our focus on the development of innovative products through our research and development, while leveraging our marketing and advertising efforts for wider promotion. The investments approved by the Board of Directors as part of the Top Line strategy, which will also be improving the cost competitiveness of the Group's operations, are described in greater detail under the section "Liquidity - Capital expenditures".

Driving additional value through the Services & Solutions segment

Our industrial footprint in Europe and South America is perfectly complemented with global service centres and sales network as part of our 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 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 centre 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 optimised footprint and its location close to high-consumption areas in the Brazilian market are enabling us to develop our operational capabilities and grow the Services & Solutions segment.

Strengthening our Leadership in the Alloys & Specialties segment

The Alloys & Specialties segment specialises in the design, production and transformation of various nickel alloys and certain specific stainless steels. These products are intended for high-end applications or to address 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 $29 million in the upstream enhancements of our Imphy plant in France with one additional induction furnace with secondary metallurgy and two additional remelting furnaces. We are also investing $16 million in the downstream debottlenecking of the finishing line of the Imphy Wire Rod mill through automation and upgrade of its assets (including $10 million announced in 2014 with Tranche 1 and $6 million announced in 2015 with tranche 3 of the Leadership Journey® upgrading program).

Maintaining strong Balance Sheet ratios consistent with Investment Grade Financial ratios

As part of our efforts to become a more resilient company capable of responding to the volatile market environment, we have reduced our net debt to $316 million at the end of 2015, representing a gearing of 14%, compared to $536 million a year ago representing a gearing of 20% and $1,066 million at the end of December 2010 representing a gearing of 29%. This achievement is based on a strong set of actions in optimising our debt profile and interest costs.

In 2015, our most relevant debt restructuring actions included:

(i) the set up in March 2015 of a $500 million Secured Borrowing Base Revolving Credit Facility structured as a 3-year revolving credit facility with a one-year extension option. The Facility will be used for liquidity and working capital purposes. Following the net debt reduction, the Borrowing Base facility commitment has been cancelled by $100 million in December 2015, to $400 million and remains fully undrawn at the end of December 2015;

(ii) the redemption at the beginning of April 2015 of our High Yield Bonds of $250 million with coupon 7.75% maturing in 2018.

On November 5, 2015 Aperam announced its updated financial policy to maximise the long term growth and sustainability of the Group as well as the value accretion for its shareholders while maintaining a strong balance sheet. Aperam proposed the reinstatement of a base dividend of $1.25 per share, subject to shareholder approval. The Group also aims to grow dividends progressively as Aperam continues to improve its sustainable profitability benefiting from its strategic actions. The Group targets a Net Financial Debt/EBITDA ratio of <1.0x (through the cycle). In the (unlikely) event that Net Financial Debt/EBITDA exceeds 1.0x, the Group will suspend the cash dividend. Subject to shareholder approval at the Annual General Meeting of shareholders in May 2016, the dividend will be paid in four equal quarterly instalments of $0.3125 (gross) per share during 2016.

Please refer to the section "Liquidity" of this Management Report for further details with respect to the Group's financing and to the section "Liquidity-Earnings Distribution" for the detailed dividend calendar for the year 2016.

Our profit driving pillars

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

1. We aim to be the best in cost with our Leadership Journey® and are targeting a contribution of $575 million to EBITDA by end of 2017.

2. We aim to optimise our product portfolio and replace low contribution margin products by high margin products with our Top Line strategy and our innovative products.

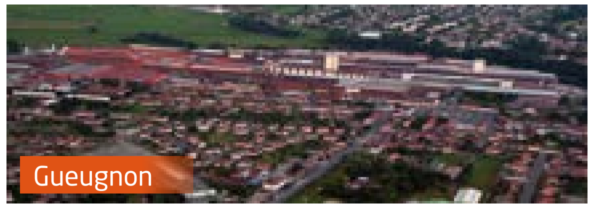
3. We aim to continue to focus on cash and the strengthening of our balance sheet.

4. We aim to grow in our Alloys & Specialties business to follow market growth while continuing to improve our competitiveness.

Our key production sites

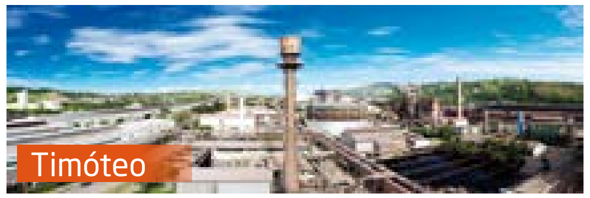

Genk


Châtelet


Gueugnon


Isbergues


Imphy


Timóteo

Market analysis

Market environment

Our operations results are primarily affected by external factors which impact the stainless and specialty steel industry in general, 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 operation results are affected by certain factors specific to Aperam, including several initiatives we have introduced in response to the challenging economic environment. These factors are described in greater detail below.

Stainless Steel Pricing

The market for stainless steel is considered to be a global market. Stainless steel is suitable for transport over long distances as logistics costs represent a small proportion of overall costs. As a result, prices for commoditised 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 onto 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. This 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 Group 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 2014 to 2015 is highlighted in the graph below under "- Nickel price on the LME (in $/tonne)".

In 2014, as a result of the Indonesian ban on the export of nickel ores, the nickel price initially increased from a level of $14,000 per tonne in January to approximately $21,000 per tonne in May, but dropped back below $15,000 per tonne by the end of December as oversupply persisted.

In 2015, the price of nickel showed a gradual decline from $14,750 per tonne in early January to $8,800 at the end of December. The main reasons for this price drop were continued global overproduction of nickel, coupled with a sharp deceleration of global nickel demand driven by the stagnation of China´s stainless steel production growth. The 2015 nickel price dynamics were also significantly affected, particularly in the second half of 2015, by a global deflation of commodity prices.

Although lower production of Nickel Pig Iron ("NPI") in China (minus 80,000 tonnes Ni equivalent) nearly compensated new western world nickel output, the price remained under downward pressure as exchange stocks, both on London Metal Exchange ("LME") and Shanghai Futures Exchange ("ShFE"), rose to unseen heights. 2015 ended with an LME stock of 445,000 tonnes and a ShFE stock of 48,000 tonnes. In spite of an almost equilibrated supply/demand balance, these stocks were able to increase as investors moved material from non-registered stocks to exchange related warehouses.

In addition, thanks to falling energy prices and favourable exchange rate evolutions, the production cost of nickel lowered significantly and, except for some high cost NPI in China, no significant production cuts or capacity closures were observed in these tough market circumstances. For 2016 we forecast a more balanced supply/demand but existing nickel stocks will continue to overhang the market. Nevertheless, first signs of nickel production cuts, mainly in mining, can be observed. Larger production cuts, including from refineries, could give some support for nickel as this would allow the stocks to be gradually consumed.

The graphs below show the price of nickel on the LME and the European transaction price for CR304 stainless steel for the period from January 1, 2014 to December 31, 2015:

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

Graph: Stainless Steel/CR304 2B 2mm Coil Transaction Price/Southern Europe Domestic Delivered ($/tonne)

Source:

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

In 2014, stainless steel transaction prices (based on the price of CR304 2B 2mm transaction base prices/Southern Europe) reached approximately 2,800$/tonne at year end.

Stainless steel transaction prices continuously decreased to approximately 2,200$/tonne at the end of 2015. Despite improved demand, restocking and capacity utilisation improvements, Aperam expects stainless steel prices to remain under pressure, primarily as a consequence of Asian overcapacities.

Electrical Steel Pricing

The market dynamic for electrical steels in 2015 was quite different between NGO and GOES (grain oriented electrical steel, applied mainly in transformers) electrical steels types. As NGO presented a low capacity utilisation rate in Asia and also Europe, prices were pushed down during 2015. For GOES the 2015 demand increased due to energy transmission projects around the world (especially China) and new energy efficiency requirements which increased the demand for low core loss grades pushing prices and demand up.

China is the main producer of electrical steel (more than 12.3 million tonnes/year capacity), prices are dependent in particular upon Chinese demand and capacity utilisation rate. 2015 production utilisation rate in China was 68% for electrical steels (for NGO it was approximately 65% and for GOES 95%) according to Management estimates.

During 2015, GO steel prices (based on RGO 30Q130 - Shanghai Market) increased by more than 20% compared to 2014 (from 1,600$/tonne to 1,950$/tonne). 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 2015 to reach approximately 600$/tonne at year end (from over 800$/tonne at end of 2014).

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.

In 2014, global demand for stainless steel flat products grew by 5%. In 2015, global demand for stainless steel flat products contracted by 1%, primarily due to a sharp slowdown in China consumption growth and contraction in developed markets. Management believes that global demand for stainless steel flat products is expected to increase by approximately 3% per annum from 2015 until 2019.

In 2014, demand for GO and NGO grew by approximately 4%. In 2015, demand for GO and NGO continued to grow by approximately 5%.

Global demand increased primarily due to energy transmission projects around the world (especially China) and new energy efficiency requirements increased the demand for low core loss grades.

Nickel Alloys market growth slowed down in 2015 compared to 2014, as the consequence of a contrasted situation, opposing healthy aerospace and electrical safety markets against depressed oil & gas markets. However, among oil & gas applications, the growing role of natural gas in the world boosted the demand for nickel alloys in this area and enabled to partially offset the general oil & gas market decreases. Management estimates that the global demand for nickel alloys will remain stable or may see slight growth in the coming year.

Production and capacity

In 2014, global growth in flat stainless steel production was 8%. In 2015, global flat stainless steel production decreased by 1% primarily driven by a sharp slowdown of China's production growth and a contraction in the developed world output as Europe was impacted by a destocking phase. Global structural overcapacity continued to affect the stainless steel industry, as 2015 saw another year of double digit growth in flat stainless steel capacity in China, while consumption growth decelerated sharply, with almost no growth in consumption in 2015.

These developments mean that the overcapacity in the stainless steel industry in China increased significantly in 2015. Implications are that not only is China facing a significant industry restructuring challenge, but with over 50% of global installed capacity, it can exert disproportionate direct and indirect export pressures over other regions.

Management estimates global utilisation rates reached approximately 70% in 2014 and decreased to 64% in 2015. Global utilisation rates are forecasted to gradually improve through 2019, as global demand growth continues and China addresses its structural overcapacity.

Competition

With over 1.89 million tonnes of shipments in 2015, Aperam is the largest flat stainless steel producer in South America, the second largest producer in Europe behind Outokumpu, and one of the top 10 flat stainless steel producers in the World

Aperam's main competitors in Europe are Outokumpu, Acerinox and Thyssen Krupp's Terni. Imports into Europe were significant, representing 23% of the flat stainless steel market in 2015. The European competitive landscape continued to improve with Outokumpu's completion of restructuring actions of its industrial footprint.

Although anti-dumping duties imposed on Chinese and Taiwanese cold rolled coil significantly reduced imports from these countries, these have been partially offset by a sharp increase in imports from other countries.

Aperam remains the leading flat stainless producer in South America, with its operations based in Timoteo, Brazil. Challenging market conditions in Brazil in 2015, and increased competitiveness of Brazilian operations in regional markets enabled higher exports out of the Latin America region.

The global competitive landscape has transformed over the past years, with Chinese producers Tsingshan, TISCO, Baosteel and Beihai Chengde today ranking among the ten largest global flat stainless producers in the world.

Anti-dumping developments

European Union

On March 24, 2015, the European Commission announced the imposition of a provisional anti-dumping duty on imports of stainless steel cold-rolled flat products originating from the People's Republic of China and Taiwan. The notification follows a complaint lodged on May 13, 2014 by the European Steel Association-Eurofer.

On July 23, 2015 the European Commission announced the termination of the anti-subsidy proceeding concerning imports of stainless steel cold-rolled flat products originating from the People's Republic of China. The notification follows a letter of May 11, 2015 addressed to the Commission, where the complainant Eurofer formally withdrew its complaint lodged on July 1, 2014.

On August 27, 2015 the European Commission announced, by a notice published in the Official Journal of the European Union, the imposition of a definitive anti-dumping duty on imports of stainless steel cold-rolled flat products originating from the People's Republic of China and Taiwan. The amounts secured by way of the provisional anti-dumping duty imposed shall be definitively collected. The amounts secured in excess of the definitive rate of anti-dumping duty shall be released.

The rates of the definitive anti-dumping duty applicable to the net, free-at-Union-frontier price, before duty, are as follows:

Product Type	Countries	Definitive Anti-dumping duty (%))	Effective from
Cold Rolled Stainless Steel Flat Products	People Republic of China	From 24,4% up to 25,3%	March 26th, 2015*
Electric arc furnace	Taiwan	6,8% Except Chia Far 0%	March 26th, 2015*

* Entry in force from the day following that of the publication of the provisional measures in the Official Journal of the European Union. The measures have been implemented for a 5- year-period.

On October 27, 2015, the Taiwanese steelmaker Yieh United Steel lodged an appeal with the European Court of Justice in Luxembourg challenging the EU tariffs of 6.8% on Yieh United Steel's imports of cold-rolled stainless steel.

On November 20, 2015, the Chinese stainless steelmaker Taigang Stainless filed an appeal with the European Court of Justice in Luxembourg. It challenges the European Commission's definitive anti-dumping duty of 24.4% on Taigang's stainless cold-rolled products.

Brazil

During 2012, Brazil's Trade Defence Department ("Decom"), an investigative body under the Brazilian Ministry of Development, Industry and Foreign Trade, opened an anti-dumping investigation against imports from several countries for welded austenitic stainless pipes, flat stainless steel products and flat non-grain oriented products and imposed antidumping duties for a period of 5 years as described below:

Type of products	Import duties status	Anti-dumping status
Stainless Steel Flat Products CR 304 and 430, in thicknesses between 0.35mm and 4.75mm	Normal import duties are 14%	AD duties starting October 4th, 2013 for 5 years from 236 $/t to 1,077 $/t. Countries involved are China, Taiwan, South Korea, Vietnam, Finland and Germany
Stainless Steel Welded Tubes in thickness between 0,4mm to 12,70mm	Normal import duties are 14%	AD duties starting July 29th, 2013 for 5 years from $360/t up to 911 $/t. Countries involved are China and Taiwan.
Electrical steel - Non Grain Oriented	Normal import duties are 14%	AD duties imposed starting July 17th 2013 for 5 years from 133 $/t to 567 $/t. Countries involved are China, Korea and Taiwan On August 15, 2014, Camex released AD partially, giving 45Kt of imports in the next 12 months without AD penalties. On August 12, 2015, Camex announced 11Kt of free AD quota until the end of the Public Interest investigation in November 2015. AD rights payment would be subject to final investigation decision. On November 04, 2015 Camex announces the end of the Public Interest investigation that cancel free AD import quotas published in August 12, 2015 and establishes AD duties from 90 $/t to 132 $/t -valid until 2018 – from China, Taiwan and South Korea. Also announced a call for importers to make the payment of the AD rights for the material imported during the quota period from August, 2015 to November 2015.
Electrical steel - Grain Oriented	Normal import duties are 14%	

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) 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.

In 2014, the nickel market remained in oversupply by around 90,000 tonnes. After an initial rise to $21,000 per tonne due to the Indonesian ore export ban, the price weakened to $15,000 per tonne in December. The European benchmark price for ferrochrome was $1.15 per pound of chrome in the last quarter of 2014. Molybdenum oxide prices traded around $20,000 per tonne at the end of the year. The reference iron ore price (62% Fe_2O_3; CIF China) showed a steep fall from $130 per tonne in January to $68 per tonne end December 2014. Ferrous scrap prices (E8 quality; Western Europe) ended the year 2014 at 250 Euro per tonne.

In 2015, the nickel price, like most other commodity prices, suffered from oversupply and the weaker Chinese economy. The European benchmark price for ferrochrome was stable at $1.08 per pound of chrome from January till September but dropped to $1.04 per pound of chrome in the fourth quarter. Like nickel, molybdenum prices saw a big correction from $20,000 per tonne in January to $10,000 per tonne in November, followed by a moderate recovery to $11,000 per tonne in December as some capacity was idled. The reference iron ore price (62% Fe_2O_3; CIF China) also continued its fall in 2015, from $70 per tonne in January to $40 per tonne by end December 2015.

Ferrous scrap prices (E8 quality; Western Europe) followed the iron ore trend with some delay and started the year relatively stable in a range of 230 – 240 Euro per tonne but decreased as of July to end the year at 170 Euro per tonne.

Energy

With regard to natural gas, 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. As from 2015, the Group purchases in Europe most of its natural gas through a new supply contract that has been put in place with ArcelorMittal Energy.

With regard to electricity, in most of the countries where the Group operates, electricity prices have moved in line with other energy commodities. The Group benefits from access to baseload nuclear power in France. Complementary needs are sourced from the market. Brazilian power prices have experienced a decrease in 2015 as compared to a 2014 peak, but are likely to increase again, driven by continued increase in demand for electricity. Aperam operations in Brazil have a net long position which is mitigated through excess power sale to the market.

With regard to industrial gases, the Group procures its industrial gas requirements using long-term contracts with various suppliers in different geographical regions.

Impact of exchange rate movements

At the end of 2014, the U.S. dollar amounted to 0.8237 Euro/U.S.dollar and 2.6562 Brazilian real/U.S. dollar. In 2015, the U.S. dollar appreciated by 12% against the Euro to reach 0.9185 Euro/U.S. dollar at year end. In 2015, the U.S. dollar appreciated by 47% against the Brazilian real to reach 3.9048 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 minimise its currency exposure, the Group 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 implementation of 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 out of the 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. 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; the calling of 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.

On May 5, 2015, the annual general meeting of shareholders elected Mr. Philippe Darmayan for a term of three years following Mr. Gonzalo Urquijo's decision to step down from the Board of Directors for personal considerations effective May 5, 2015. Mr. Gonzalo Urquijo joined the Board at the creation of Aperam and chaired its Sustainability, Performance and Strategy Committee.

The members of the Board of Directors extended their warmest gratitude and appreciation for Mr. Urquijo's valuable contribution to the Board since the creation of Aperam. Mr. Philippe Darmayan was Aperam's CEO from 2011 to 2014 and retired effective December 31, 2014. As announced on October 14, 2014, Mr. Philippe Darmayan will also retain links with the Aperam Group as an advisor due to his extensive industry knowledge.

Aperam's Board composition is subject to the election of the members of the Board of Directors by the shareholders at the Company's upcoming shareholders' meeting. The election of members of the Board of Directors is an agenda item published in the Company's convening notice to its shareholders' meetings. Members of the Board of Directors are elected by simple majority of the represented shareholders at an ordinary general meeting of shareholders. The directors of Aperam are elected for three year terms.

No member 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 dated May 2013 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 on the next page.

Name	Age(1)	Position wihtin the Company (2)	Date joined Board	Term Expires
Mr. Lakshmi N. Mittal	65	Chairman, Non-independent member of the Board of Directors	December 2010	May 2016
Mr. Romain Bausch (3) (4)	62	Lead Independent Director, Independent member of the Board of Directors	January 2011	May 2016
Mr. Philippe Darmayan	63	Non-independent member of the Board of Directors	May 2015	May 2018
Mr. Joseph Greenwell (3) (4)	64	Independent member of the Board of Directors	May 2013	May 2017
Ms. Kathryn A. Matthews(4)	56	Independent member of the Board of Directors	December 2010	May 2016
Mr. Aditya Mittal	39	Non-independent member of the Board of Directors	December 2010	May 2016
Ms. Laurence Mulliez (3)	49	Independent member of the Board of Directors	May 2011	May 2017

Notes:

Company Secretary: Mr. Laurent Beauloye

(1) Age on December 31, 2015.

(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

Mr. Lakshmi N. Mittal

Mr. Lakshmi N. Mittal is the Chairman and Chief Executive Officer of ArcelorMittal. Mr. Mittal started his career in steel in 1976 by founding Ispat Indo, a company that 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 steelmaker.

He is widely recognised for the leading role he has played in restructuring the steel industry towards a more consolidated and globalised model. Mr. Mittal is an active philanthropist and a member of various boards and trusts, including chairman of the board of Aperam and the boards of Goldman Sachs and Airbus N.V (previously EADS NV).

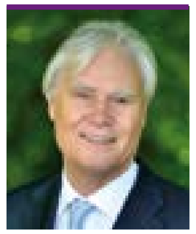
He is a member of the Foreign Investment Council in Kazakhstan, the World Economic Forum's International Business Council and the World Steel Association's Executive Committee. He also sits on the Board of Trustees of Cleveland Clinic in the United States. Mr. Mittal began his career working in his family's 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 steel producer at the time. In 2006, he orchestrated Mittal Steel and Arcelor's merger 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, leadership 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 honour, by the President of India. In September 2008, Mr. Mittal was chosen for the third 'Forbes Lifetime Achievement Award', which honours 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 also 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 the Chairman of the Board of Directors of SES since January 2015. Mr. Bausch is a member of the Board of Directors of SES since April 2014. Previously, he was President and Chief Executive Officer of SES from July 2001 to April 2014. 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 a member of the Board of Directors of non-publicly listed SES ASTRA and Vice-Chairman of the Board of non-publicly listed 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 a member of the Board of Directors of non-publicly listed BIP Investment Partners and Compagnie Financière La Luxembourgeoise. Mr. Bausch is also Chairman of the CNFP, the Luxembourg Independent Advisory Board for Public Finances. Mr. Bausch graduated with a degree in economics (specialisation 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. Philippe Darmayan

Mr. Philippe Darmayan is President of ArcelorMittal France since 1 January 2015. He is also President of the French Steel Federation (FFA), President of the Group of French Industrial Federations (GFI) and Board Member of non-publicly listed REstore, a leading European demand response aggregator. Mr. Philippe Darmayan spent his whole career in metallurgy (nuclear fuel, aluminium, carbon steel, stainless steel).

Aperam is his second experience in the stainless steel industry. Indeed, he led from 2002 to 2006 Ugine and ALZ, which later became the European division of ArcelorMittal Stainless then Aperam. He has been Chief Executive Officer of Aperam from 2011 to 2014 after being Executive Vice-President, member of ArcelorMittal's Management Committee and Chief Executive Officer of ArcelorMittal Distribution and Solutions (AMDS) from 2005 to 2011. Mr. Philippe Darmayan is a graduate of HEC Paris. Mr. Philippe Darmayan is a citizen of France.

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. Mr. Greenwell is Chairman of the RAC Foundation, a UK transport research charity. 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 publicly listed Rathbone Brothers Plc and JPMorgan Chinese Investment Trust Plc and Chairman of publicly listed Montanaro UK Smaller Companies Investment Trust Plc. Ms. Matthews is also a non-executive director of non-publicly listed Hermes Fund Managers Ltd. Ms. Matthews is also a member of the charitable non listed Board of Trustees for The Nuffield Trust and a member of the Council for the Duchy of Lancaster. Ms. Matthews holds a Bachelor of Science degree in Economics from Bristol University in Bristol, England and is a citizen of the United Kingdom.

Mr. Aditya Mittal

Mr. Aditya Mittal is the Chief Financial Officer of ArcelorMittal and the CEO of ArcelorMittal Europe. 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 tonnes 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 Young Global Leader of the World Economic Forum, a Board member at the Wharton School and a Board member at Iconiq Capital. 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 has 25 years of experience mostly in Profit & Loss roles in the oil, gas and chemical industries as well as renewables (solar and wind power). She was recently CEO of Eoxis from 2010 to 2013. Privately held Eoxis produced energy from renewable resources in Spain, Italy and India and was backed by a private equity firm, Platina Partners.

Ms. Laurence Mulliez was previously CEO of Castrol Industrial Lubricants and Services at BP from 2007 to 2009 and before that held various Managing Director level positions in BP, such as Vice President PTA (a Chemical business) across Europe, Middle East and Africa from 2004 to 2007 and before that Head of Strategy and Financial Planning globally for all of BP's Gas, Power and Renewable Energy businesses.

Ms. Mulliez is currently the Chairman at Voltalia, a renewable-based electricity producer in four countries which is publicly listed on Euronext in Paris and a member of the Supervisory Board of SBM Offshore, a provider of floating production solutions to the offshore energy industry which is publicly listed on Euronext in Amsterdam. She is also a Non-Executive Director at non-publicly listed Green Investment Bank plc in the UK.

Ms. 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 but has been living in London for the last 15 years.

Senior management

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

Changes to the Leadership Team in 2015

Mr. Timoteo Di Maulo, member of Aperam's Leadership Team, is Aperam's Chief Executive Officer effective January 1, 2015. Mr. Philippe Darmayan, who had been the Chief Executive Officer of Aperam from 2011 to 2014 is now a Member of the Board of Directors effective May 5, 2015 as described in greater detail under the section "Board of Directors".

On March 2, 2015, Aperam announced the appointment of Mr. Bert Lyssens as Head of Sustainability, Human Resources and Communications effective April 1, 2015

The members of Aperam's Leadership Team are set forth below.

Name	Age (1)	Function
Mr. Timóteo Di Maulo	56	Chief Executive Officer; Member of the Leadership Team
Mr. Sandeep Jalan	48	Chief Financial Officer; Member of the Leadership Team
Ms. Vanisha Mittal Bhatia	35	Chief Strategy Officer; Member of the Leadership Team
Mr. Nicolas Changeur	44	Chief Marketing Officer, Member of the Leadership Team
Mr. Bernard Hallemans	48	Chief Technical Officer, Member of the Leadership Team
Mr. Bert Lyssens	46	Head of Sustainability, Human Resources and Communications Member of the Leadership Team
Mr. Jean-Paul Rouffiac	63	Chief Operating Officer Stainless & Electrical Steel Europe; Member of the Leadership Team
Mr. Frederico Ayres Lima	43	Chief Operating Officer Stainless & Electrical Steel South America; Member of the Leadership Team
Ms. Johanna Van Sevenant	47	Chief Executive Officer Services & Solutions; Member of the Leadership Team
Mr. Frédéric Mattei	42	Chief Executive Officer Alloys & Specialties, Member of the Leadership Team

Note:

Secretary to the Leadership Team: Mr. Guillaume Bazetoux, Head of Finance

(1) Age on December 31, 2015

Mr. Timoteo Di Maulo

Mr. Timoteo Di Maulo is the Chief Executive Officer since January 2015. Mr. Di Maulo has over twenty-five years of experience in the stainless steel industry, having held a number of positions in the controlling, purchasing, logistics and commercial areas and has been CEO of different units of the Group. Previously, Mr. Di Maulo was Chief Commercial and Sourcing Officer from May 2012 to December 2014. 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 centres 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. Sandeep Jalan

Mr. Sandeep Jalan is the Chief Financial Officer of Aperam since January 2014. Mr. Sandeep Jalan has over twenty-five 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 on Leadership at the London School of Business and an executive education program on Strategic Finance at IMD, Lausanne. Mr. Jalan is a citizen of India.

Ms. Vanisha Mittal Bhatia

Ms. Vanisha Mittal Bhatia joined Aperam in April 2011 and is the Chief Strategy Officer. She has a bachelor of sciences from the European Business School. Ms. Mittal Bhatia is a member of the Board of Directors of ArcelorMittal and previously of LNM holdings; where she worked in the procurement department. She is also the daughter of Mr. Lakshmi N. Mittal. Ms. Mittal Bhatia is a citizen of India.

Mr. Nicolas Changeur

Mr. Nicolas Changeur is the Chief Marketing Officer for Stainless & Electrical Steel since November 2014. Mr. Changeur joined the Group in 2003 as Head of strategy of J&L, USA. He then held various positions inside the stainless segment in strategy and in operations in Europe and in South America.

Prior to joining the Group, Mr. Changeur spent 2 years as Senior Associate at AT Kearney a strategy consulting firm. Until July 2012, Mr. Changeur was in charge of Services & Solutions Tubes & Bars. In July 2012 he was appointed Responsible for Operating Marketing. Mr. Changeur holds a master in science in general engineering from Ecole Nationale Supérieure des Arts et Métiers and a master in business administration from INSEAD. Mr. Changeur is a citizen of France.

Mr. Bernard Hallemans

Mr. Bernard Hallemans is the Chief Technical Officer since November 2014. Mr. Bernard Hallemans joined the Group in 1995 as a research and metallurgical engineer. He conducted different R&D, quality and process improvement projects in the stainless steel making, hot rolling and cold rolling areas until 2001. From the Ugine & ALZ merger in 2002 to 2007, he was responsible for the setup and management of the customer service department of the Genk plant and later of the Division Industry within Stainless Europe. In 2008, he moved to Châtelet, heading the Châtelet plant. He was appointed Plant Manager of Genk, effective January, 2012. Bernard graduated as a Metallurgical Engineer from KU Leuven, where he worked for 4 years as a research assistant while finishing his PhD in Materials Science. He holds a European Executive MBA from ESCP-EAP Paris. Mr. Hallemans is a citizen of Belgium.

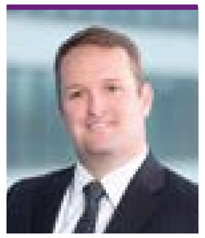
Mr. Bert Lyssens

Mr. Bert Lyssens is the Responsible for Sustainability, Human Resources and Communications since April 2015. Mr. Lyssens started his professional career in Belgium and was Executive Search Consultant at Schelstraete & Desmedt as from 1994 before joining Cimad Consultants in 1997 as Project Staffing Manager and IBM as HR Manager in 1998. From 1999 to 2005, Mr. Lyssens held senior HR positions at AT&T, an American multinational telecommunications corporation, with assignments in The Netherlands and the UK and responsibilities for EMEA. He joined Agfa Gevaert in 2005 as HR Director responsible for EMEA and was appointed HR Director International at Agfa Graphics in 2006. In 2008, he was appointed VP Human Resources at Agfa HealthCare and in 2010, he was appointed Group Vice President. Mr. Lyssens holds a degree in Psychology from the University of Ghent. Mr. Lyssens is a citizen of Belgium.

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 Arcelor, 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 ArcelorMittal'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.

Mr. Frederico Ayres Lima



Mr. Frederico Ayres Lima is the Chief Operating Officer Stainless & Electrical Steel South America since December 2014. Prior to this function Mr. Lima held the position of Commercial Director of Aperam Stainless & Electrical Steel South America since 2009. Mr. Lima started his career in the Group in 1996 in Brazil as Metallurgist performing various roles in cost efficiency, technical assistance and production. Mr. Lima worked in with exports from 2000 to 2003 and was appointed Manager in 2003 pursuing responsibilities in Europe in the fields of synergies between mills, logistics and coordination of the stainless sales network. Mr. Lima moved back to Brazil in 2006 and held positions of Export Manager and afterwards General Manager.

Mr. Lima holds Engineering and Master in Science degrees in Metallurgy from the Universidade Federal de Minas Gerais and an Executive MBA in International Business Management from the Fundação Getulio Vargas. Mr. Lima is a citizen of Brazil.

Ms. Johanna Van Sevenant

Ms. Johanna Van Sevenant is the Chief Executive Officer Services & Solutions since November 2014. Previously, Ms. Van Sevenant was Responsible for Sustainability, Human Resources and Communications and Member of the Leadership Team since the creation of Aperam. 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 Centre 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 Centre 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 University 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.

Mr. Frédéric Mattei

Mr. Frédéric Mattei was appointed Chief Executive Officer Alloys & Specialties since June 2014. Mr. Mattei started his career in 1998 at Creusot Loire Industrie, where he was successively project leader, manager of the Hot Rolling Mill and clad plates workshop and Logistics and Quality Manager.

From 2005 to 2007, he was head of Strategy and Innovation of ArcelorMittal's Global Plates business unit. In 2007, he became the manager of the Le Creusot plant, part of ArcelorMittal's Industeel unit. In 2013, Mr. Mattei joined the Salzgitter Group as CEO of Salzgitter Mannesmann Stainless Tubes - France. Mr. Mattei is a graduate of France's Ecole Polytechnique and Ecole Nationale des Ponts et Chaussées and holds an Executive MBA from ESCP- EAP. Mr. Mattei is a citizen of France.

Corporate responsibility

On April 15, 2015 Aperam published its fourth "made for life" report, which details our sustainability performance for 2014.

Built on stakeholder inclusiveness and materiality, Aperam's report follows the Global Reporting Initiative's G4 framework and has been verified by an external audit firm.

The report demonstrates in detail how Aperam's Sustainability Roadmap is fully embedded into our Group strategy, strengthening our human, physical and organisational assets and unveiling new opportunities for growth and innovation throughout our three operational divisions.

At Aperam, we address our sustainability challenges through our values of leadership, ingenuity and agility. Nothing is important as our people and this means that Health and Safety is our utmost priority.

Following this, we concentrate on the training and development of our workforce as a key to unlocking innovation and engagement. Environmental performance is reported by showing Aperam's improvement efforts in areas such as energy savings, dust-recycling and the use of charcoal from our eucalyptus forest business. Our rigid governance standards are also reflected in our stakeholder engagement, social dialogue, our compliance program and the care we take for our partners, be they suppliers or lenders, as well as for our all-important customers.

Our responsibility as an employer

Health & Safety

Safety has always been and will remain Aperam's non-negotiable top priority and our first duty as an employer. The Group focuses relentlessly on implementing rigorous standards and procedures, including OHSAS 18 001 certifications, in order to achieve our aims of zero fatalities, zero injuries. We work towards embedding this into the fabric of our corporate culture to ensure that this policy applies to all those working with or for Aperam.

We focus on the LTFR (Lost Time Frequency rate of medical incident per 1,000,000 hours) and have set personal Health & Safety objectives for everyone in the organisation to ensure vigilance in Health & Safety across our Group all the time. Sadly, a tragic fatality occurred in 2015. Information regarding this as well as the comprehensive follow-up program launched following this loss of one of our colleagues will be covered extensively in our next Sustainability report to be issued ahead of the 2016 Annual General Meeting.

People development and motivation

Our people are not only our first asset but also colleagues with whom we share Aperam values and a common future.

So while taking care of their Health and Safety is our top priority, we also have to invest in their development in our own Aperam way, based on team-work and respect and transparency, in order to make this all of futures together a common success. With the objective to continuously improve motivation and performance at all levels of our business, an annual "Performance Management" process is in place to ensure transparency, mutual respect and to capture learning opportunities with our workforce at all levels. It also allows Aperam to define the best possible individual solutions while monitoring the global competency management of the Group. As this topic is key, Aperam conducts regular Climate Surveys to assess employees' expectations and to monitor the programs in place to address them.

Social dialogue and employee relations

One of our Aperam commitments explicitly affirms our desire that all employees should be able to share their ideas through open communication channels. Amongst the many ways we seek to achieve this are regular dialogues with employee representatives in line with national laws and practices and promotion of the right to collective bargaining.

Our employees in various parts of the world are represented by trade unions, and in many locations, collective labour agreements are in place with employee organisations.

Our operations are run in a sound social climate, as evidenced by our good level of absenteeism, our low attrition rate and a very limited number of strikes, reported as a token of goodwill and transparency. In 2015, the social dialogue at the European level was illustrated by regular meetings of the European Work Council, with 4 occurrences of the working group dedicated to Health and Safety.

Our environmental responsibility

Because we are fully aware of climate change and of the environmental impacts of our energy-intensive industry, resource-efficiency topics rank high in our Group's priority list. This also encompass key areas such as waste management and recyclability. However, we are also convinced that our energy-efficient steel products are part of the solution to global environmental challenges.

Sustainable production processes

Aperam energy management addresses two different processes. On the European side, our lower-consumption Electric Arc Furnaces leverage locally available scrap material in order to use less energy and generate a lower level of CO2 emissions than traditional blast furnaces. On the Brazilian side, our Blast Furnace plant is fuelled with charcoal (biomass) from our eucalyptus forestry BioEnergia, as a natural and renewable substitute for fossil fuels (coke). Aperam has set up ambitious CO2 and Energy intensity reduction objectives and some of our main sites are already IS 50 001 certified.

Aperam is also working to reduce its water consumption and promotes recycling, notably through its wholly-owned Recyco subsidiary that started operating for external customers in 2015. In 2014, 28% of Aperam total manufacturing input was recycled input materials.

Pollution prevention and biodiversity protection

Aperam cares strongly about the environment. In all Aperam industrial facilities, in accordance with ISO 14001 certifications, comprehensive procedures are in place to prevent incidents such as fire or pollution, to monitor effluents and to react swiftly in case of issues. Regular training and emergency simulations as well as communication channels are in place to allow for quick response and adapted instructions for the population in liaison with local authorities, should an emergency arise. We closely manage our effluents, especially our dust emissions which are inconvenient to surrounding communities, as well as water quality, ensured via constant monitoring and 95.5% closed-circuits.

Biodiversity quality is vitally important and we understand this, all the more so as it can be a good indicator of a sound environment. Likewise, bees are used in Isbergues (France) to monitor air quality and promote local biodiversity protection. In Brazil, our forestry, renewed every 7 years to sustain charcoal production, is managed in a responsible manner to make sure that it continues its function as a carbon sink, water regulator and wildlife haven.

Provision of recyclable energy efficient steel solutions

Due to its properties of endless recyclability, durability and mechanical resistance, we are

convinced that a sustainable society will need increased stainless steel volumes, which creates future opportunities for Aperam. We are involved in developing stainless steel and specialty products that are used in energy efficient applications by our industrial customers, 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.

Our responsibility as a neighbor and market player

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 organisations, 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 organisations and programs which focus on education, culture and the environment. In Europe, we have established a number of 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 protecting our local license to operate, fostering goodwill within neighbouring communities for mutually beneficial solutions and generally promoting stainless and specialty steel development.

Cooperation with Authorities and compliance with Business Ethics

Aperam sees itself as a strong defender of the free market and is in favour of fair business competition. So at all times Aperam aims to comply fully with local and international regulations, to adhere to economic sanctions policies and to behave in a responsible manner in all its markets, starting with Europe and Brazil, where the Group has its largest industrial sites. When Aperam has a request from or a dispute arising with local authorities, the Group fully cooperates to clarify and settle the case in the best appropriate manner and in line with its ethics, policies and code of business conduct.

Supported by our Risks management organisation, a strong Compliance program is in place in Aperam to ensure all employees are aware and applying the company code of business conduct and to prevent any breach. This organisation is strengthened by accrued transparency through extensive disclosures of policies and figures.

Sustainability Reports

Aperam's sustainability reports are issued on a yearly basis and are available on Aperam's website, **www.aperam.com** in the Sustainability section. Next release will be organised ahead of the 2016 Annual General Meeting.

Island Pavilion and footbridge, Wormsley, UK

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, 2015, compared to the year ended December 31, 2014. The key performance indicators that we use to analyse operations are sales, steel shipments, average steel selling prices and operating result.

Key Indicators

The key performance indicators that we use to analyse 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, 2015, as compared to the year ended December 31, 2014:

	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		
Operating Segment	2015	2014	2015	2014	2015	2014	Sales	Steel Shipments	Average Steel Selling Price
	(in million of U.S. dollars)		(in thousands of tonnes)		(in U.S. dollars/tonne)			(%)	
Stainless & Electrical Steel[3]	3,764	4,390	1,838	1,736	1,988	2,391	(14.3)	5.9	(16.9)
Services & Solutions	2,123	2,363	769	721	2,612	3,090	(10.2)	6.7	(15.5)
Alloys & Specialties	566	618	34	35	15,874	16,728	(8.4)	(2.9)	(5.1)
Total (before intragroup eliminations)	6,453	7,371	2,641	2,492			(12.5)	6.0	
Total (after intragroup eliminations)	4,716	5,482	1,886	1,813			(14.0)	4.0	

Notes:

(1) Amounts are shown prior to intra-group eliminations. For additional information, see Note 3 to the Condensed Consolidated Financial Statements.
(2) Stainless & Electrical Steel shipment amounts are shown prior to intersegment shipments of 755 thousand tons and 679 thousand tons in 2015 and 2014, respectively.
(3) Includes shipments of special carbon steel from the Group's Timóteo production facility

The Group had sales of $4,716 million for the year ended December 31, 2015 representing a decrease of 14.0% compared to sales of $5,482 million for the year ended December 31, 2014. The decrease in sales was primarily due to the lower average steel selling price, which decreased from $2,851 per tonne in 2014 to $2,413 per tonne in 2015. Steel shipments amounted to 1,886 thousand tonnes for the year ended December 31, 2015, increasing by 4.0% from 1,813 thousand tonnes for the year ended December 31, 2014.

Stainless & Electrical Steel

Sales in the Stainless & Electrical Steel segment (including intersegment sales) decreased from $4,390 million for the year ended December 31, 2014 to $3,764 million for the year ended December 31, 2015, which represented a 14.3% decrease year-over-year. The decrease in sales was primarily the result of a lower average steel selling price for the segment partly compensated by higher steel shipments. The average steel selling price for the Stainless & Electrical Steel segment decreased from $2,391 per tonne in 2014 to $1,988 per tonne in 2015, which represented a decrease of 16.9%. Steel shipments for this segment (including intersegment shipments) increased from 1,736 thousand tonnes for the year ended December 31, 2014 (of which 654 thousand tonnes were attributable to our operations in South America and 1,082 thousand tonnes were attributable to our operations in Europe, including intersegment shipments) to 1,838 thousand tonnes for the year ended December 31, 2015 (of which 654 thousand tonnes were attributable to our operations in South America and 1,184 thousand tonnes were attributable to our operations in Europe, including intersegment shipments), which represented an increase of 5.9%.

Sales to external customers in the Stainless & Electrical Steel segment were $2,107 million, representing 44.7% of total sales in 2015, a decrease of 18.7% as compared to sales to external customers of $2,593 million for the year ended December 31, 2014, or 47.3% of total sales in 2014.

Services & Solutions

Sales in the Services & Solutions segment (including intersegment sales) decreased from $2,363 million for the year ended December 31, 2014 to $2,123 million for the year ended December 31, 2015, which represented a 10.2% decrease year-over-year. The decrease in sales was primarily the result of a lower average steel selling price for the segment partly compensated by higher steel shipments. The average steel selling price for the Services & Solutions segment decreased by 15.5% from $3,090 per tonne in 2014 to $2,612 per tonne in 2015. Steel shipments for this segment increased from 721 thousand tonnes for the year ended December 31, 2014 to 769 thousand tonnes for the year ended December 31, 2015, which represented an increase of 6.7%.

Sales to external customers in the Services & Solutions segment were $2,048 million, representing 43.4% of total sales in 2015, a decrease of 9.8% as compared to sales to external customers of $2,270 million for the year ended December 31, 2014, or 41.4% of total sales in 2014.

Alloys & Specialties

Sales in the Alloys & Specialties segment (including intersegment sales) decreased from $618 million for the year ended December 31, 2014 to $566 million for the year ended December 31, 2015, which represented an 8.4% decrease year-over-year. The decrease in sales was primarily the result of lower steel shipments and a lower average steel selling price for the segment. Steel shipments for this segment slightly decreased at 34 thousand tonnes for the year ended December 31, 2015 compared to 35 thousand tonnes for the year ended December 31, 2014, which represented a decrease of 2.9%. The average steel selling price for the Alloys & Specialties segment decreased from $16,728 per tonne in 2014 to $15,874 per tonne in 2015, which represented a decrease of 5.1%.

Sales to external customers in the Alloys & Specialties segment were $561 million, representing 11.9% of total sales for the year ended December 31, 2015, a decrease of 8.8% as compared to sales to external customers of $616 million for the year ended December 31, 2014, or 11.2% of total sales.

There were no sales to external customers reported within our Other & Elimination segment for the year ended December 31, 2015 whereas they were equal to $3 million or 0.1% of total sales for the year ended December 31, 2014.

Operating Income

The following table provides our operating income and operating margin for the year ended December 31, 2015, as compared to the year ended December 31, 2014:

	Operating Income/(Loss) Year Ended December 31		Operating Margin Year Ended December 31	
Operating Segment	**2015**	**2014**	**2015**	**2014**
	(in million of U.S. dollars)		(%)	
Stainless & Electrical Steel	291	209	7.7	4.8
Services & Solutions	23	64	1.1	2.7
Alloys & Specialties	38	51	6.7	8.3
Total(1)	327	296	6.9	5.4

Notes:

(1) Amounts shown include eliminations of $(25) million and $(28) million for year ended December 31, 2015 and 2014, 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 Group's operating income for the year ended December 31, 2015 was $327 million, compared to an operating income of $296 million for the year ended December 31, 2014. Despite headwinds coming from a challenging economic environment, the Group improved its operating income in the year primarily due to the continuous contribution of the Leadership Journey® and the Top Line strategy.

Stainless & Electrical Steel

The operating income for the Stainless & Electrical Steel segment was $291 million for the year ended December 31, 2015 (of which an operating income of $118 million was attributable to our operations in South America, including $3 million gains on sale of electricity surplus, and $173 million was attributable to our operations in Europe), compared to operating income of $209 million for the year ended December 31, 2014 (of which an operating income of $109 million was attributable to our operations in South America, including $57 million gains on sale of electricity surplus, and $100 million was attributable to our operations in Europe). The increase of the operating result in 2015 compared to 2014 in the Stainless & Electrical Steel segment was due to the strong performance of both regions in 2015 with the continuous contribution of the Leadership Journey® and the Top Line strategy as well as the improving real demand in Europe, in spite of the negative effects of a challenging environment, especially in South America, and the decline in nickel price.

Services & Solutions

The operating income for the Services & Solutions segment was $23 million for the year ended December 31, 2015 compared to an operating income of $64 million in the year ended December 31, 2014. The operating result in 2015 decreased compared to 2014 in the Services & Solutions segment mainly as a consequence of the negative stock effect resulting from the steep decline in nickel price over the year.

Alloys & Specialties

The operating income for the Alloys & Specialties segment decreased at $38 million for the year ended December 31, 2015 compared to $51 million for the year ended December 31, 2014. The operating result in 2015 decreased compared to 2014 in the Alloys & Specialties segment mainly as a consequence of foreign exchange translation effects.

Income from Other Investments and Associates

Aperam recorded a loss of $15 million from other investments and associates for the year ended December 31, 2015 mainly on account of an impairment loss of $13 million booked on the minority stake the Group holds in Gerdau, a Brazilian steelmaker, and $2 million booked on the minority stake we hold in General Moly, a US molybdenum mining company, partly offset by dividends of $1 million received from Gerdau.

Interest Income

Interest income was $4million for the year ended December 31, 2015, compared to $5 million recorded for the year ended December 31, 2014, 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 decreased to $88 million for the year ended December 31, 2015, compared to $124 million for the year ended December 31, 2014.

Interest expense and other financing costs excluding foreign exchange loss for the year ended December 31, 2015 were $81 million, primarily related to financing costs of $29 million, compared to interest expense and other financing costs of $121 million for the year ended December 31, 2014, primarily related to financing costs of $73 million. Financing costs relate to interest and other expenses related to the service of debt and other financing facilities. The decrease in financing costs for the year ended December 31, 2015, compared to the year ended December 31, 2014 was primarily due to the full impact in 2015 of the refinancing of the existing indebtedness with the issuance of net share settled convertible and/or exchangeable bonds due 2021 for $300 million bearing an interest rate of 0.625% in 2014, the early redemption during 2014 of the $250 million notes due 2016 bearing an interest rate of 7.375% and the early redemption during 2015 of the $250 million notes due 2017 bearing an interest rate of 7.75%.

Realised and unrealised foreign exchange and derivative losses were $7 million for the year ended December 31, 2015, compared to realised and unrealised foreign exchange and derivative losses of $3 million for the year ended December 31, 2014. Foreign exchange results primarily relate to the accounting revaluation of U.S. dollar denominated short term investments by subsidiaries and the revaluation of Euro denominated deferred tax assets on tax losses in the parent company. Results on derivatives primarily relate 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 expense of $55 million for the year ended December 31, 2015, compared to an income tax expense of $28 million for the year ended December 31, 2014. Our income tax expense in 2015 was primarily due to positive operational results in several countries. The increase by $27 million in income tax expense for the year ended December 31, 2015 compared to income tax expense for the year ended December 31, 2014 is primarily due to the increase in the result before tax from a profit before tax of $123 million for the year ended December 31, 2014 to a profit before tax of $228 million for the year ended December 31, 2015.

Non-controlling Interests

Net income attributable to non-controlling interests was a profit of $1 million for the year ended December 31, 2015, compared to nil for the year ended December 31, 2014.

Net Income

Our net result was a profit of $172 million for the year ended December 31, 2015, compared to a profit of $95 million for the year ended December 31, 2014.

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 "Principal risks and uncertainties related to Aperam and the stainless and specialty steel industry".

Outlook

On February 10, 2016, Aperam published its full year and fourth quarter 2015 results with its outlook for the first quarter 2016.

EBITDA in the first quarter 2016 is expected to slightly increase compared to EBITDA in the fourth quarter 2015.

Net debt is expected to slightly increase in the first quarter 2016 compared to the fourth quarter 2015.

The full year and fourth quarter 2015 results press release including the outlook section is available on www.aperam.com under Investors & Shareholders, Earnings.

Arc Iris, Waste Reception Center, Perpignan - France

Aperam S.A. 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, licenses, 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 60 subsidiaries.

The parent company generated a net loss[1] of $56 million in 2015.

Liquidity

Liquidity and Capital Resources

The Group's principal sources of liquidity are cash generated from its operations and its credit facilities at the corporate level.

Because Aperam S.A. is a holding company, it 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.

In management's opinion, the Group's operations and credit facilities are sufficient to meet the Group's present requirements.

Our cash and cash equivalents amounted to $148 million and $197 million as of December 31, 2015 and 2014, respectively.

Our total debt, which includes long-term debt and short-term debt, was $464 million and $733 million as of December 31, 2015 and 2014, respectively. Net debt (defined as long-term debt plus short-term debt less cash and cash equivalents (including short term investments)) was $316 million as of December 31, 2015, compared to $536 million at December 31, 2014. Gearing (defined as net debt divided by total equity) was 14% as of December 31, 2015.

As of December 31, 2015, the Borrowing Base Facility was undrawn, leaving a committed credit line of $400 million under the facility subject to eligible collateral being available. In addition, as of December 31, 2015, Aperam had $23 million of debt outstanding at the subsidiary level, of which the Group had granted security over $21 million of indebtedness. As of December 31, 2015, the Group had total liquidity of $548 million, consisting of cash and cash equivalents (including short term investments) of $148 million and committed credit lines of $400 million.

These facilities, which include debt held at the subsidiary level, together with other forms of financing, including the notes, represent an aggregate amount of approximately $0.86 billion, with borrowing capacity of approximately $400 million. In management's opinion, such financing will be sufficient for our future requirements.

Financing

Borrowing Base Facility

On March 6, 2015, Aperam signed a $500 million secured borrowing base revolving credit facility ("The Facility") with a group of nine banks. The Facility, which refinanced the existing Borrowing Base Facility of $400 million, is structured as a three-year revolving credit facility and includes a one-year extension option. It will be used for liquidity and working capital purposes. On December 1, 2015, Aperam cancelled a $100 million of commitments leading to a remaining $400 million secured borrowing base revolving credit facility.

Notes:

(1) The net loss has been established according to generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg.

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 Group's most recent corporate rating by Standard & Poor's or Moody's or both) for the relevant interest period, which may be below one, one, two, three or six months or any other period agreed between the parties. The facility also charges a utilisation fee on the drawn portion of the total facility amount and a commitment fee on the undrawn and uncancelled portion of the total facility amount, payable quarterly in arrears.

The Group'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 South America Ltda., Aperam Stainless Services & Solutions Brasil Ltda., Aperam Stainless Services & Solutions Tubes Brasil Ltda., Aperam Stainless Services & Solutions Germany GmbH and Aperam Treasury S.C.A.

The Borrowing Base Facility is secured by first-ranking, second-ranking, third ranking and fourth-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 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, 2015, 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 were 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 were 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 were effectively subordinated to all current and future indebtedness and other obligations of the Group's subsidiaries, including trade payables and amounts drawn under the credit facilities of the Group's Brazilian subsidiary, Aperam South America Ltda.

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

On October 1, 2014, Aperam called and early redeemed $250 million aggregate principal amount of its 7.375% notes due 2016.

On April 1st 2015 Aperam called and early redeemed $250 million aggregate principal amount of its 7.75% notes due 2017.

Convertible bonds

Convertible and/or exchangeable bonds due 2020

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 73), 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 U.S. dollars 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 authorised 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.

Net share settled convertible and/or exchangeable bonds due 2021

On June 27, 2014, Aperam announced the successful placing and pricing of its offering of net share settled convertible and/or exchangeable bonds due 2021 (the "bonds" hereafter). Following the success of the Offering, the Company decided to exercise in full the extension clause in order to increase the initial Offering size to $300 million. The net proceeds of the Offering are being used for general corporate purposes and the refinancing of existing indebtedness (including senior notes maturing in 2016 as described above under "—Notes").

The issue of the bonds reflects the proactive approach of the Group to optimising its debt profile and interest costs.

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.

The bonds have an annual coupon of 0.625% payable semi-annually in arrear and an initial conversion price of $43.92 representing a conversion premium of 32.5% above the reference price of $33.15 (based on the volume-weighted average price of the Company's shares on Euronext Amsterdam between launch and pricing of €24.3453, and an exchange rate of €:$ 1.3616). The bonds will be issued and redeemed at 100% of their principal amount and will mature on July 8, 2021 (7 years), unless previously redeemed, converted, exchanged or purchased and cancelled.

The Group has the option to redeem the Bonds at their principal amount plus accrued interest on or after July 23, 2018 (4 years plus 15 days), if the parity value (translated into U.S. dollars 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 January 8, 2019 (4.5 years).

In case of exercise of their conversion right, bondholders shall receive, unless the Company elects otherwise, an amount in cash corresponding to the outstanding principal amount and, as the case may be, a number of new and/or existing Aperam shares corresponding to the value in excess thereof. The Company also has the option to elect to deliver new and/or existing shares only.

If the Company is unable to satisfy the conversion right in whole or in part through the issue or delivery of Shares, the Company will pay an equivalent cash amount.

The Bonds were issued and settled on July 8, 2014. Application was made to have the Bonds admitted to trading on the Open Market ("Freiverkehr") of the Frankfurt Stock Exchange.

True Sales of Receivables Program

Following the spin-off, the Group 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 utilised as of the end of December 2015 was EUR 280 million. Through the TSR program, the Group 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 derecognised in accordance with IAS 39 for the years ended December 31, 2015 and 2014 was respectively $1.6 billion and $1.8 billion. Expenses incurred under the TSR program (reflecting the discount granted to the acquirers of the accounts receivable) are recognised in the statement of operations as financing costs and amounted to $9 million and $14 million in the years ended December 31, 2015 and 2014, respectively. See Note 7 to the Consolidated Financial Statements for further information.

Credit ratings

The following tables provide an overview of the Group's credit ratings evolution since our creation:

Standard & Poor's

Date	Revision	Rating	Outlook	Rationale
April 2011	Initiate	BB	stable	
October 2011	Outlook revision	BB	negative	risk of weaker financials in 2012
June 2012	Downgrade	BB-	negative	expected weak 2012 performance
November 2012	Downgrade	B+	negative	lower profits
July 2014	Outlook revision	B+	positive	
November 2014	Upgrade	BB-	stable	strong cash flow and improved leverage profile
April 2015	Upgrade	BB	stable	improved performance and stronger metrics
December 2015	Upgrade	BB+	stable	strong performance and tightened financial policy

Moody's

Date	Revision	Rating	Outlook	Rationale
January 2011	Initiate	Ba2	stable	
November 2011	Downgrade	Ba3	negative	weaker than expected performance
November 2012	Downgrade	B1	negative	weaker than expected performance
May 2014	Outlook revision	B1	positive	strong performance and potential for market recovery
November 2014	Upgrade	Ba3	positive	strong operational performance and continued improvement in EBITDA & EBIT margins
April 2015	Upgrade	Ba2	positive	strong operating performance and anticipation of further improvements
February 2016	Upgrade	Ba1	stable	strong operational performance of Aperam over the last two years

Refuge du Goûter, Saint Gervais, France

Earnings distribution

On May 5, 2015 the shareholders approved at the annual general meeting of shareholders to continue paying no dividend in 2015 in order to further reduce the Group's cost of debt.

On November 5, 2015, Aperam declared its financial policy to maximise the long term growth and sustainability of the Group as well as value accretion for its shareholders while maintaining a strong balance sheet. Subject to shareholder approval at the 2016 annual general meeting of shareholders, Aperam will reinstate a base dividend of $1.25 per share, and anticipates to progressively increase this dividend over time as the company continues to improve its sustainable profitability benefiting from its strategic actions. The Group targets a Net Financial Debt/EBITDA ratio of <1.0x (through the cycle). In the (unlikely) event that Net Financial Debt/EBITDA exceeds 1.0x, the Group will suspend the cash dividend.

The dividend will be paid in four equal quarterly instalments of $0.3125 (gross) per share, subject to shareholder approval at the Annual General Meeting of shareholders in 2016.

The dividend payments would occur on a quarterly basis on 30 March 2016, 14 June 2016, 12 September 2016 and 12 December 2016, taking into account that the first quarterly dividend payment to be paid on March 30, 2016 shall be an interim dividend.

Dividends are announced in U.S. dollars. They are paid in U.S. dollars for shares traded in the United States on the over-the-counter market in the form of New York registry shares and paid in Euros for shares listed on the European Stock Exchanges (Netherlands, France, Luxembourg). Dividends to be paid in Euros are converted from U.S. dollars to Euros based on the European Central Bank exchange rate at the date mentioned in the table below.

A Luxembourg withholding tax of 15% is applied on the gross dividend amounts.

Table: Detailed dividend schedule 2016

	1st Quarterly Payment (Interim)	2nd Quarterly Payment	3rd Quarterly Payment	4th Quarterly Payment
Announcement date	07 March 2016	17 May 2016	16 August 2016	15 November 2016
Ex-Dividend	10 March 2016	20 May 2016	19 August 2016	18 November 2016
Record Date	11 March 2016	23 May 2016	22 August 2016	21 November 2016
Payment Date	30 March 2016	14 June 2016	12 September 2016	12 December 2016
FX Exchange rate	09 March 2016	19 May 2016	18 August 2016	17 November 2016

Sources and Uses of Cash

The following table presents a summary of our cash flow for the year ended December 31, 2015, as compared to the year ended December 31, 2014:

	Year Ended December 31, 2015	Year Ended December 31, 2014
	(in million of U.S. dollars)	
Net cash provided by operating activities	392	240
Net cash used in investing activities	(126)	(95)
Net cash used in financing activities	(296)	(213)

Net Cash Provided by Operating Activities

Net cash provided by operating activities increased to $392 million for the year ended December 31, 2015, compared to $240 million for the year ended December 31, 2014. The increase of net cash provided by operating activities in 2015 by $152 million compared to previous year was mainly due to the increase of working capital by only $3 million in 2015 compared to $211 million in 2014.

Net Cash Used in Investing Activities

Net cash used in investing activities amounted to $126 million for the year ended December 31, 2015, compared to net cash used in investing activities of $95 million for the year ended December 31, 2014. The net cash used in investing activities in 2015 was mainly related to capital expenditure. Capital expenditures were $132 million for the year ended December 31, 2015, compared to $103 million for the year ended December 31, 2014.

Net Cash Used in Financing Activities

Net cash used in financing activities was $296 million for the year ended December 31, 2015, compared to net cash used in financing activities of $213 million for the year ended December 31, 2014. The increase of net cash used in financing activities was primarily due to net payments to banks of $279 million, of which $250 million early redemption of the notes due 2017 and $14 million of purchase of treasury stock.

Equity

Equity attributable to the equity holders of the parent decreased to $2,217 million at December 31, 2015, as compared to $2,672 million at December 31, 2014, primarily due to foreign currency translation differences of $601million, partly offset by net income for the year of $172 million.

Castelao stadium, Fortaleza Brazil

Capital Expenditure[1]

Capital expenditures for the years ended December 31, 2015 and 2014 were $132 million and $103 million, respectively. Capital expenditures for 2015 related primarily to the maintenance investments in our facilities in Brazil, France and Belgium.

In 2015, the Group also announced key investments as part of the Leadership Journey® and Top Line strategy. These investments are described in greater detail below:

> On May 5, 2015, Aperam announces tranche 2 of its assets base upgrade with an additional $30 million CAPEX program to be implemented by 2016.

> On July 29, 2015, the Group announced tranche 3 of its assets base upgrade with an additional $30 million CAPEX on improving efficiency and competitiveness in Gueugnon (lines CR6, BA8) and in Imphy (compact box annealing furnaces of the Wire Rod mill).

Overall in 2016 the Group will remain cautious on capital expenditures whilst allowing adjustments based upon market conditions.

Apartment building "Lyon Islands", Lyon, France

Summary of principal 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;

> Risks of nickel price decrease, raw material price uncertainty, material margin squeeze and over dependency of main suppliers;

> Fluctuations in currency exchange rates;

> Litigation risks (product liability, patent infringement, commercial practices, employment, employment benefits, taxes, environmental issues, health & safety and occupational disease (including asbestos exposure/classification);

> Risks of lack of competitiveness of the workforce costs, of retention and social conflicts;

> Customer risks with respect to default and credit insurance companies refusing to ensure the risks;

> Cyber security risks.

These factors are discussed in more details in the section "Principal risks and uncertainties related to Aperam and the stainless and specialty steel industry" of this Annual Report.

Notes:

[1] Capital expenditure is defined as purchase of tangible assets, intangible assets and biological assets, net of change in amount payables on these acquisitions.

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.

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

Board of Directors, Leadership Team

Aperam is administered by a Board of Directors and a Leadership Team.

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. 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 fulfil 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 fulfils 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 over-boarding.

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 may not serve on the Board of Directors for more than 12 consecutive years, although the Board of Directors may, by way of exception to this rule, make an affirmative determination, on a case-by-case basis, that he or she may continue to serve beyond 12 years' rule if it considers it to be in the best interest of the Company based on the contribution of the Director involved and the balance between knowledge, skills experience and renewal in the Board.

As membership of the Board of Directors represents a significant time commitment, Directors are required to devote 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 of Directors 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 Group signed the Group'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 Group'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 a Vice-Chairman 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 five meetings in 2015. The attendance rate of the directors at the Board of Directors' meetings held in 2015 was 100%. Each Director attended 100% 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 and of the Vice-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 or the Vice-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 2015.

The Chairman of the Board of Directors and the Lead Independent Director held five meetings in 2015 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 2014 Board of Directors' self-evaluation was completed by the Board of Directors on February 9, 2015 and was placed for further discussion at the Board Meeting of May 5, 2015. Directors believe that the quality of the discussions on the industry and the strategic reviews continued to improve in 2014. The previous year´s recommendation to spend additional time on specific attention reviews with respect to Aperam and its industry, site visits and exchanges with local management as well as continuous succession planning exercises were successfully implemented. The Board also identified a number of new priorities for discussion and review that it wishes to spend additional time on in 2015 as well as broaden the format of the induction sessions.

The 2015 Board of Directors' self-evaluation was completed by the Board of Directors on February 10, 2016. Directors believe that the discussions at the Board level remained of high quality with in particular a continuous strong focus on Health and Safety and in depth strategic reviews. Last year's recommendations to enlarge the scope of priorities for discussion and reviews were successfully implemented. For 2016, the Board identified a number of new specific attention reviews and agreed on a yearly site visit by the Members of the Board of Directors.

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 Group'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 Group 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 Group'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 Group'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 fulfil 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-calibre 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 Group, the stainless steel-making and raw material industries, and the markets in which the Group 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 Group's products and markets. Non-executive directors may also participate in training programs designed to maximise 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 plants visits and business briefings provided at Board meetings. Non-executive directors also build their Group and industry knowledge through the involvement of the Leadership Team 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 2015, non-executive directors participated in the following activities:

> Comprehensive business briefings intended to provide each director with a deeper understanding of the Group's activities, environment, key issues and strategy of our segments.

These briefings are provided to the Board by the Leadership Team members. The key briefings provided during the course of 2015 included health and safety, sustainability, capital expenditures projects and business segment reviews. Certain business briefings took place at the level of the Committees and, in other cases, they took place at the Board meetings; and

> Development sessions on specific topics of relevance, such as regulatory developments in audit or trade flows; and

> Industrial Conferences focused on the stainless steel industry its raw material environment.

The Remuneration, Nomination and Corporate Governance Committee oversees directors 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.

Hotel ME, Barcelona - Spain

Committees of the Board of Directors

As of December 31, 2015, the Board of Directors had 2 committees: The Audit and Risk Management Committee and the Remuneration, Nomination and Corporate Governance Committee which are described in greater detail below.

Committee Composition

The composition of the Committees of the Board of Directors as of December 31, 2015 is set forth below.

Name	Position within Aperam	Independent/ Non Independent Status	Audit and Risk Management Committee	Remuneration, Nomination and Corporate Governance 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
Laurence Mulliez	Member of Board of Directors	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 Group;

> 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 Group;

> 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 2015, the Audit Committee met four times. The attendance rate of the directors at the Audit and Risk Management Committee meetings held in 2015 was 100%.

During the year 2015, the Audit and Risk Management Committee reviewed on a quarterly basis the Financial Reporting, the External Auditor's report, the Combined Assurance reports, the Risk Management reports and the Compliance reports. Specific sessions were also organised at the Committee level such as: regulatory developments in audit, assessments of the Group's Environment-Social-Governance performance by rating agencies or major achievements and development in compliance.

As part of the annual self-evaluation interviews, the Audit and Risk Management Committee performed an evaluation, which was completed in February 2016 with respect to performance in 2015.

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 Leadership Team;

> review and approve succession and contingency plans for key managerial positions at the level of the Leadership Team;

> review and evaluate on a yearly basis the performance of the Leadership Team 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 2015, this committee met five times. The attendance rate at the Remuneration, Nomination and Corporate Governance Committee meetings held in 2015 was 100%.

During the year 2015, the Remuneration, Nomination and Corporate Governance reviewed in particular; the succession planning for the Board and the Leadership Team, the performance of the Leadership Team members and the self-assessment of the Board Members, the Long Term Incentive Plan performance indicators evolution, and the Leadership Team nominations and remunerations.

As part of the annual self-evaluation interviews, the Remuneration, Nomination and Corporate Governance Committee performed an evaluation, which was completed in February 2016 with respect to performance in 2015.

Leadership Team

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

Succession Planning

Succession planning at the Group is a systematic and deliberate process for identifying and preparing employees with potential to fill key organisational positions should the current incumbent's term expire. This process applies to all executives up to and including the Leadership Team. Succession planning aims to ensure the continued effective performance of the organisation 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.

A compliance-focused workforce

With the objective of zero tolerance for non-With the objective of zero tolerance for non-compliant behaviours, in 2015 the Group continued its initiatives to improve Aperam's corporate governance and compliance framework as well as its employees' overall awareness on the subject.

Based on a company-wide compliance network designed to assist the Compliance Officer, Code of Business Conduct compliance training sessions were organised in the local languages at all Aperam sites. In addition, specific webinar trainings sessions were organised for targeted audience, primarily focusing on Anti-Corruption and Bribery, Anti-Trust, Economic Sanctions, Data privacy, Insider dealing and Human rights.

Additional Group policies and procedures were developed such as Anti-Money Laundering and Counter-Terrorism Financing and are available on the Group's website. Trainings were provided to relevant employees.

To further enhance the compliance awareness, a communication campaign was launched early 2016 and should reach the entire organisation in the local language. The Group's internal Corporate Governance and Compliance website continued to be improved with an improved access to the whistle-blowing line, closed periods for trading with Aperam securities and interactive quizses. With these improvements and after the dedicated training sessions we noticed an important increase in compliance website visits with new visitors representing 77%.

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 behaviour 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 behaviour 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 - Corporate Governance - Compliance" 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's 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) encourages 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's Anti-Fraud Policy and Aperam's Whistle-blower 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, may be communicated using the Aperam whistleblowing line at the disposal of all employees. The Aperam whistleblowing line is also available in the "About - Corporate Governance - Compliance" section of Aperam's website at www.aperam.com.

During 2015, there were 11 allegations relating to fraud, which were referred to the Group's Combined Assurance Department for investigation. At the end of 2015, 9 forensic cases had been finalised with 5 cases founded and 4 cases unfounded while 2 were in progress. Following review by the Audit and Risk Management Committee, none of the 5 founded cases were significant.

Combined Assurance

Aperam has a Combined Assurance function that, through its Head of Combined Assurance, reports directly 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 Leadership Team 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 selection 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 2015 were $2.1 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 - Corporate Governance - Compliance".

The Board of Directors has appointed a Group Compliance Officer who also acts as the IDR Compliance Officer and who responds to 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 Group" that emphasises 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 - Corporate Governance - Compliance".

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 is set out in the share capital section of this Management Report and available at www.aperam.com, under "Corporate Governance - Shareholding structure", 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 in the share capital section of this Management Report and available at www.aperam.com, under "Corporate Governance - Shareholding structure", 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 fulfil temporarily the duties attaching to the vacant post until the next general meeting of shareholders. The Board of Directors' election is also set out in the section Corporate Governance - Board of Directors of this Management 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, 2015, the Company's authorised share capital, including the issued share capital, consisted of 96,216,785 shares without nominal value.

The Company's issued share capital was represented by 78,049,730 fully paid up shares without nominal value. On May 5, 2015 the Annual General Meeting of Shareholders decided (a) to cancel the authorisation granted to the Board of Directors by the general meeting of shareholders held on 21 January 2011 with respect to the share buy-back program, and (b) to authorise the Board of Directors of the Company, with option to delegate, and the corporate bodies of the other companies in the Aperam Group in accordance with the Luxembourg law of 10 August 1915 on commercial companies, as amended (the “Law”), to acquire and sell shares in the Company in accordance with the Law and any other applicable laws and regulations, including but not limited to entering into off-market andover-the-counter transactions and to acquire shares in the Company through derivative financial instruments. The authorisation is valid for a period of five (5) 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 the five-year period.

The maximum number of shares that may be acquired is the maximum allowed by the Law as amended in such manner that the accounting par value of the Company’s shares held by the Company do not in any event exceed 10% of the Company’s issued share capital. The maximum number of own shares that Aperam may hold at any time directly or indirectly may not have the effect of reducing its net assets ("actif net") below the amount mentioned in paragraphs 1 and 2 of Article 72-1 of the Law. The purchase price per share to be paid shall not represent more than 110% of the trading price of the shares on the Euronext markets where the Company is listed or the Luxembourg Stock Exchange, depending on the market on which the purchases are made, and no less than one euro cent.

For off-market transactions, the maximum purchase price shall be 110% of the reference price on the Euronext markets where the Company is listed. The reference price will be deemed to be the average of the final listing prices per share on these markets during thirty (30) consecutive days on which these markets are open for trading preceding the three trading days prior to the date of purchase. In the event of a share capital increase by incorporation of reserves or issue of shares at premium and the free allotment of shares as well as in the event of the division or regrouping of the shares, the purchase price indicated above shall be adjusted by a multiplying coefficient equal to the ratio between the number of shares comprising the issued share capital prior to the transaction and such number following the transaction.

> 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

There were no amendments to the Aperam's Articles of Association in 2015. The last version of the Company's Articles of Association is dated May 8, 2014 and is available on the Company's website www.aperam.com, under "Investors & shareholders - Corporate Governance - Articles of Association".

Compensation

Remuneration of Board of Directors

As of December 31, 2015 and 2014, Aperam did not have any outstanding loans or advances to members of its Board of Directors and, as of December 31, 2015, Aperam had not given any guarantees for the benefit of any member of its Board of Directors.

At the May 5, 2015 annual general meeting of shareholders, the shareholders approved the annual remuneration for non-executive Directors for the 2014 financial year at $692,037 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 for the financial periods ending December 31, 2014 and 2015.

The directors' compensation for the financial period ended December 31, 2015 will be submitted to shareholder approval at the annual general meeting of May 4, 2016.

Name	Financial period ending December 31, 2014 (2)	Financial period ending December 31, 2015 (2)
Mr. Lakshmi N. Mittal	$ 84,987	$ 76,209
Mr. Romain Bausch	$ 118,375	$ 106,148
Mr. Philippe Darmayan (1)	-	$ 50,319
Mr. Joseph Greenwell(1)	$ 100,163	$ 89,818
Ms. Kathryn A. Matthews	$ 97,128	$ 81,653
Mr. Aditya Mittal	$ 84,987	$ 76,209
Ms. Laurence Mulliez	$ 109,269	$ 92,540
Mr. Gonzalo Urquijo (1)	$ 97,128	$ 28,890
Total	**$ 692,037**	**$ 598.786**
Shareholders' approval date	May 5, 2015	N/A
Shareholders' expected approval date	N/A	May 4, 2016

Notes:

(1) On May 5, 2015, the annual general meeting of shareholders elected Mr. Philippe Darmayan for a term of three years following Mr. Gonzalo Urquijo's decision to step down from the Board of Directors for personal considerations effective May 5, 2015.

(2) Differences between the years 2014 and 2015 are explained by: i) the cancellation of the sustainability, performance and strategy committee in 2015, and ii) currency effects between the $ and €.

Mr. Philippe Darmayan who has been elected as member of the Board of Directors on May 5, 2015 at the annual general meeting of shareholders is Aperam's former Chief Executive Officer from 2011 to 2014. As announced on October 14, 2015, Mr. Philippe Darmayan is retaining links with the Group as advisor due to his extensive industry knowledge. In 2015, the Group paid to PHD Partners, a company owned by Mr. Darmayan, an amount of € 47,000 for advisory services.

Remuneration of Senior Management

The total compensation paid in 2015 to the persons comprising the Company's Leadership Team members was $2.84 million in base salary (including certain allowances paid in cash) and $1.39 million in short-term performance related variable pay (consisting of a bonus linked to the 2014 results). As of December 31, 2015, approximately $338,600 was accrued to provide pension benefits to such persons. The changes to the composition of the Leadership Team are described in greater detail in the section "Senior Management" of this Management Report.

The members of the Leadership Team (formerly named "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 Group by focusing the information on those executive officers whose remuneration is tied to the performance of the entire Aperam Group. The Leadership Team is defined going forward as Aperam's senior management.

The following table summarises the detailed allocation of equity based incentives to the Leadership Team ('LT' 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".

	Allocation under the shareholder approval of				
	July 12, 2011	**May 8, 2012**	**May 8, 2013**	**May 8, 2014**	**May 8, 2015**
Authorisation 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 LT PSU Plan and other retention based grants below the level of the LT	220,000 shares for grants under the LT PSU Plan and other retention based grants below the level of the LT	220,000 shares for grants under the LT PSU Plan and other retention based grants below the level of the LT
Represented in percentage of the Company's issued share capital (net of treasury shares) on an outstanding Basis at the date of the shareholder approval	Less than 0.15%	Less than 0.15%	Less than 0.29%	Less than 0.29%	Less than 0.29%
Targeted population under the RSU Plan	30 most senior managers	30 most senior managers	Employees below the level of LT members	Employees below the level of LT members	Employees below the level of LT members
Targeted population under the PSU Plan	Subset of the RSU population	Subset of the RSU population	Leadership Team members	Leadership Team members	Leadership Team members
Allocation under the shareholder approval limit to members of the Leadership Team	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 LT under the May 8, 2012 shareholder approval	66,792 PSU (vesting August 5, 2016) (LT members do not receive RSUs under the LT PSU Plan)	41,439 PSU (vesting June 29, 2017) (LT members do not receive RSUs under the LT PSU Plan)	39,232 PSU (vesting August 26, 2018) (LT members do not receive RSUs under the LT PSU Plan)
Allocations to Members of Leadership Team in percentage of the Group's issued share capital (net of treasury shares) on an outstanding basis at the date of the shareholder approval and assuming Maximum conversion of PSUs into shares	Less than 0.07%	0.00% (see below)	Less than 0.18%	Less than 0.08%	Less than 0.08%
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	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	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

Notes:
LT = Leadership Team (formerly named Management Committee = MC)

Aperam does 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 tables below summarises 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 authorisation

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 $350 million of management gains under the Leadership Journey®. ROCE is defined as (Adjusted EBITDA - Depreciation) X (1- Normalised 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 characterised 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)	Percentage of achievement at review at second grant anniversary date (March 31, 2014)	Percentage of achievement at review at third grant anniversary date (March 31, 2015)
ROCE	50%	0%	0%	81%
Leadership Journey®	50%	96%	89%	92%

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

Awards under the LT 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 LT members. Each PSU may give right to up to two shares of the Group.

Targets:

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:

Performance criteria	% Weighting of criteria	Percentage of achievement at review at first grant anniversary date (August 5, 2014)	Percentage of achievement at review at second grant anniversary date (August 5, 2015)
TSR	50%	Above the upper quartile	Above the upper quartile
EPS	50%	Above the upper quartile	Above the upper quartile

PSU Plan under the May 8, 2014 shareholder authorisation

Awards under the LT 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 will equal 45% of the year base salary for the Chief Executive Officer and for the other LT members. Each PSU may give right to up to one and half shares of the Company.

Targets:

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 and up to a maximum of 150% for achieving 120% of the median TSR. 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 and up to a maximum of 150% for achieving 120% of the median EPS.

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

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

Grant date: June 29, 2014

Vesting date: June 29, 2017

Progress at yearly anniversary grant dates:

Performance criteria	% Weighting of criteria	Percentage of achievement at review at first grant anniversary date (June 29, 2015)
TSR	50%	Above 120% of median
EPS	50%	Above 120% of median

PSU Plan under the May 5, 2015 shareholder authorisation

Awards under the LT 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 will equal 45% of the year base salary for the Chief Executive Officer and for the other LT members. Each PSU may give right to up to one and half shares of the Company.

Targets:

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 and up to a maximum of 150% for achieving 120% of the median TSR. 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 and up to a maximum of 150% for achieving 120% of the median EPS. The applicable peer group of companies is described in greater detail below.

Grant date: August 26, 2015

Vesting date: August 26, 2018

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 Leadership Team PSU Plan submitted to shareholder approval on May 5, 2015. The group of companies consists of three stainless steel companies, five 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 Total Shareholder Return performance in order to identify whether this group is sound from a statistical viewpoint.

Company	Industry	Market Capitalisation[1]	Correlation[2]
ArcelorMittal	Steel	17 910	0.69
Acerinox	Stainless steel	3 962	0.65
Outokumpu	Stainless steel	2 474	0.61
ThyssenKrupp	Steel, Stainless steel & downstream	14 291	0.61
Voestalpine	Steel	6 841	0.59
Salzgitter	Steel	1 503	0.65
SSAB [3]	Steel	3 175	0.59
AK Steel	Stainless steel	1 270	0.43
Eramet	Mining	2 508	0.62

Notes:

(1) At January 1, 2015, in million U.S. dollars.
(2) Correlation calculated from 01/01/2012 to 01/01/2015 on the basis of the evolution of the respective shares prices
(3) As of 29/07/2014, Rautarukki is part of SSAB. Rautaruukki's shares were delisted from NASDAQ OMX Helsinki Ltd's official list on 20 November 2014.


Open Sky Shopping Center - Waves Actisud, Metz - France

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 Group'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 under the section Corporate Governance - Board of Directors of this Management Report.

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 Leadership Team 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 Leadership Team 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 Leadership Team;

> recommend candidates to the Board for appointment by the general meeting of shareholders or for appointment by the Board to fulfil 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 Leadership Team members;

> submit proposals to the Board on the remuneration of the Leadership Team members, and on the appointment of new directors and Leadership Team members;

> make recommendations to the Board on the Company's framework of remuneration for the Leadership Team 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 six times in 2015. Its members comprise Mr. Romain Bausch (Chairman) and Mr. Joseph Greenwell and Ms. Kathryn Matthews. Invitees at the Committee in 2015 included from the Board of Directors Ms. Laurence Mulliez, Mr. Gonzalo Urquijo, Mr. Philippe Darmayan and from the Leadership Team, Mr. Timoteo Di Maulo, Ms. Johanna Van Sevenant and Mr. Bert Lyssens. Mr. Laurent Beauloye (Company Secretary) acts as secretary of the Committee. The RNCG 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 9 other members of the Leadership Team.

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 up to 75 percent of the market median 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 and PSUs 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 Leadership Team between May 2012 and May 2013. Since May 2013, Leadership Team members only receive PSUs as equity based incentives (RSUs are only granted to employees below the Leadership Team 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 2015 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%;

> 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.

For an initial performance bonus target of 30%, performance target may range from 15% of the base pay for achievement of performance measures at the threshold (80%) to up to 45% for an achievement at or in excess of the ceiling of 120%. Between the 80% 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 Leadership Team, the 2015 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: 20%;

> 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): 30%.

EBITDA operating as a "circuit breaker" for financial measures means that the 80% 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 involving an individual's specific business segment no bonus will be paid out to that individual 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 Leadership Team, 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 pay out.

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

	Business Plan Achievement Threshold at 80%	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
Leadership Team Member (VP)	20% of base pay	40% of base pay	60% of base pay

Notes:
Note: VP, Vice-President

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 1.5 may cause the performance bonus pay-out to be higher than 90% of the target bonus, up to 135% 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.

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 2014 Performance Bonus Plan with respect to senior management and paid out in 2015 was as follows:

2014 Measures	% Weighting for the Chief Executive Officer and LT members	Assessment
EBITDA	40%	Incentive attributed to this metric
Free Cash Flow	20%	Incentive attributed to this metric
Health and Safety	10%	Incentive attributed to this metric
Quantified specific measures	30%	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 incentivise employees, improve the Group'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 62 summarises 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 Leadership Team). In November 2014, a total of 45,500 shares were allocated to qualifying employees (out of which 17,500 shares for Members of the Leadership Team).

The May 8, 2012 annual general meeting of shareholders authorised 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 Leadership Team under the May 2012 shareholder authorisation and not to submit to shareholders' approval RSU grants under the next equity incentives. As a consequence, the only grants of RSUs to Leadership Team members are those under the July 12, 2011 shareholder meeting authorisation. 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 Leadership Team.

The May 8, 2013 annual general meeting of shareholders authorised 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 Leadership Team. 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 Leadership Team.

The May 8, 2014 annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2014 and the 2015 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 Leadership Team. In September 2014, a total of 48,000 RSUs were granted to a total of 32 employees at a fair value of $31.97 per share, all grants were for employees below the level of the Leadership Team.

The May 5, 2015 annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2015 and the 2016 annual general meeting, to key employees of Aperam a maximum of 220,000 of the Company's shares for grants under the Leadership Team PSU Plan and other retention based grants below the level of the Leadership Team. In August 2015, a total of 27,500 RSUs were granted to a total of 32 employees at a fair value of $32.19 per share, all grants were for employees below the level of the Leadership Team.

The allocation of RSUs to employees below the Leadership Team 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 Group'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 Leadership Team. 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 Leadership Team of the Company at a fair value of $16.53 per share. No PSUs were granted for employees below the level of the Leadership Team. In March 2015, a total of 4,104 shares were allocated to the Leadership Team.

The May 8, 2012 annual general meeting of shareholders authorised 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 authorisation.

The May 8, 2013 annual general meeting of shareholders authorised 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 Leadership Team. 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 Leadership Team).

The May 8, 2014 annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2014 and the 2015 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 Leadership Team. In June 2014 and September 2014, a total of 63,839 PSUs were granted to a total of 40 employees at a fair value of respectively $33.97 per share and $31.97 per share (out of which 41,439 PSUs for the 8 Members of the Leadership Team).

The May 5, 2015 annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2015 and the 2016 annual general meeting, to key employees of Aperam a maximum of 220,000 of the Company's shares for grants under the Leadership Team PSU Plan and other retention based grants below the level of the Leadership Team. In August 2015, a total of 49,232 PSUs were granted to a total of 42 employees at a fair value of respectively $32.19 per share (out of which 39,232 PSUs for the 10 Members of the Leadership Team).

The LT PSU Plan provides for cliff vesting on the third year anniversary of the grant date, under the condition that the relevant LT member continues to be actively employed by the Aperam Group on that date. If the LT member is retired on that date or in case of an early retirement by mutual consent, the relevant LT 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 LT 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 45% of the year base salary for the Chief Executive Officer and for the other Leadership Team members. Each PSU may give right to up to one and half shares of the Company. The two sets of performance criteria to be met for vesting of the PSUs under this LT 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. 39,232 PSUs were allocated to Leadership Team members under the LT PSU Plan with vesting date August 26, 2018.

The tables on pages 63 to 64 summarise 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 on page 65 of the Management 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 Leadership Team 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, 2015 there were no more Aperam shares locked under the ESPP Plans.

Stock option plan

For historical reasons, certain of the Group'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 Group'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 Group's consolidated statements of operations as selling, general and administrative. The compensation expense recognised for stock option plans are below $1 million for each of the years ended December 31, 2015 and 2014.

For the years ended December 31, 2015 and 2014, the amount of outstanding options was 338,850, and 394,850 respectively. The amount of exercisable options was 338,850 and 394,850 respectively for the years ended December 31, 2015 and 2014.

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, 2015, the aggregate beneficial share ownership of Aperam directors and senior management totalled 13,231 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 the section Share Capital of this Management Report.

The allocation of Aperam equity incentives to senior management is described in the section Share Capital of this Management 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.


Law courts, Antwerp, Belgium

Share capital

As of December 31, 2015, the Company's authorised share capital, including the issued share capital, consisted of 96,216,785 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, 2015 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%	41.09%
Treasury shares	459,534	0.59%	0.00%
Other public shareholders	45,709,943	58.56%	58.91%
Total issued shares	**78,049,730**	**100.00%**	**100.00%**
Of which: Prudencial plc [2]	3,357,377	4.30%	4.30%
Of which: Directors and Senior Management[3] [4]	13,231	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, Ms. 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, Ms. Usha Mittal are aggregated with those ordinary shares beneficially owned by the Significant Shareholder. At December 31, 2015, Mr. Lakshmi Mittal and his wife, Ms. 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 organised under the laws of Luxembourg, was the owner of 5,616,913 Aperam ordinary shares. Lumen, a limited liability company organised 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. Ms. Mittal was the direct owner of 2,250 Aperam ordinary shares. Mr. Mittal, Ms. 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, Ms. 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 shareholders owning 2.5% or more but less than 5% of the share capital of Aperam at 31 December 2015 was Prudencial plc with 3,357,377 shares representing 4.3% 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 13,231 Aperam common shares are included in the shares owned by Other public shareholders in the table above.

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, 2015, there were 2,205 shareholders other than the Significant shareholder holding an aggregate of 657,956 Aperam common shares registered in Aperam's shareholder register, representing approximately 0.84% of the common shares issued.

At December 31, 2015, there were 78 U.S. shareholders holding an aggregate of 418,515 New York Registry Shares, representing approximately 0.54% 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, 2015, there were 45,106,346 Aperam common shares being held through the Euroclear clearing system in The Netherlands, France and Luxembourg. Euroclear is a Belgium based financial services company that specialises in the settlement of securities transactions as well as the safekeeping and asset servicing of these securities.

In November 2015, a total of 420,601 treasury shares were bought to serve upcoming long term incentive plans, representing 0,54% of the issued share capital and a par value of EUR 2,203,108. The share purchase price was EUR 12,880,695, or EUR 30.6245 per share. At the end of December 2015, the Company held 459,534 treasury shares, representing 0,59% of the issued share capital and a par value of EUR 2,407,039. In 2015, 4,104 shares were allocated to qualifying employees under the Long Term Incentive Plans.

Shareholding notification with reference to Transparency Law requirements

With reference to the law and grand ducal regulation of 11 January 2008 on transparency requirements for issuers of securities ("Transparency Law") and to shareholding notifications for crossing the threshold of 5% voting rights, such notifications are available in the Luxembourg Stock Exchange's electronic database OAM on www.bourse.lu and on the Company's web site www.aperam.com under Corporate Governance, Shareholding structure. The notifications occurred in 2015 are described in greater detail below:

- On January 15, 2015, Aperam announced a 5.08% shareholding notification by JP Morgan Asset Management Holdings Inc.;
- On January 28, 2015, Aperam announced a shareholding notification by JP Morgan Asset Management Holdings Inc. for crossing downwards the 5% threshold;
- On February 4, 2015, Aperam announced a 5.01% shareholding notification by JP Morgan Asset Management Holdings Inc.;
- On February 13, 2015, Aperam announced a shareholding notification by JP Morgan Asset Management Holdings Inc. for crossing downwards the 5% threshold.
- On March 31, 2015 Aperam announced shareholder notifications by Alken Luxembourg S.A. for crossing downwards the 5% threshold and a 5.19% notification by JPMorgan Asset Management Holdings Inc.;
- On April 3, 2015, Aperam announced a shareholding notification by JP Morgan Asset Management Holdings Inc. for crossing downwards the 5% threshold.

Related Party Transactions

We are engaged in certain commercial and financial transactions with related parties. Please refer to Note 21 to the Consolidated Financial Statements for further details.

In November 2015, Aperam bought at market price a total of 420,601 treasury shares from CBA Investment, a fully owned subsidiary of ArcelorMittal, to serve upcoming long term incentive plans, representing 0,54% of the issued share capital and a par value of EUR 2,203,108. The share purchase price was EUR 12,880,695, or EUR 30.6245 per share. At the end of December 2015, the Company held 459,534 treasury shares, representing 0,59% of the issued share capital and a par value of EUR 2,407,039. In 2015, 4,104 shares were allocated to qualifying employees under the Long Term Incentive Plans, representing 0,01% of issued share capital, for a total consideration of 153,284 EUR and representing a par value of EUR 21,497. In July 2014, Aperam bought at market price a total of 90,688 treasury shares from CBA Investment to serve upcoming long term incentive plans, representing a total consideration of EUR 2,376,932, or 0.12% of the issued share capital and a par value of EUR 475,024.

Agreements with ArcelorMittal post Spin-Off

In connection with the spin-off of its stainless steel division into a separately focused company, Aperam, which was completed on January 25, 2011, ArcelorMittal entered into several agreements with Aperam and/ or certain Aperam subsidiaries. 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 (“the Purchasing Services Agreement”) and a sourcing services agreement for negotiation services from ArcelorMittal Sourcing “(the Sourcing Services Agreement”), 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 very limited number of services where expertise and bargain powers create values for both parties.

ArcelorMittal will continue to provide certain services during 2016 relating to certain areas, including environmental and technical support and administration of the shareholders’ register.

In the area of research and development, Aperam entered into a frame 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. Currently, only limited research and development support for existing projects are implemented through such agreement.

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 services in relation to the negotiation of certain contracts with global or large regional suppliers, including those relating to the following key categories: metallics (carbon scraps), operating materials (rolls, electrodes, refractory materials), spare parts, 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, originally due to expire on January 24, 2013. However, since that date, the Purchasing Services Agreement has been extended successively until January 2017. The Sourcing Services Agreement was limited to IT services as of October 2013 and will remain in force at least until September 2016 as certain IT services are still provided but Aperam has partly switched to its own IT system. Aperam purchases, in Europe, most of its electricity and natural gas with ArcelorMittal Energy.

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

In connection with the spin-off, management also renegotiated an existing Brazilian cost-sharing agreement between ArcelorMittal Brasil S.A. 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 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. From the demerger of ArcelorMittal BioEnergia Ltda. on July 1, 2011, its payroll functions were also handled by ArcelorMittal Brasil. The real estate, insurance activities and payroll functions of Aperam's Brazilian subsidiaries have not been handled by ArcelorMittal Brasil since January 1, 2013, June 30, 2013, and June 27, 2014 respectively.

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 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, AMX.

Investor relations

At Aperam, we attach a high importance to providing clear, high-quality, regular and transparent communication with institutional investors and other financiers and providers of capital, and rating agencies. We aim to be the first choice for investors in the stainless steel sector.

To achieve this objective and provide the most relevant information fitting the needs of the financial community, Aperam implements an active and broad investor communications policy: conference calls, road shows, regular participation at investor conferences and plant visits.

To contact the Investor Relations Department:
contact@aperam.com

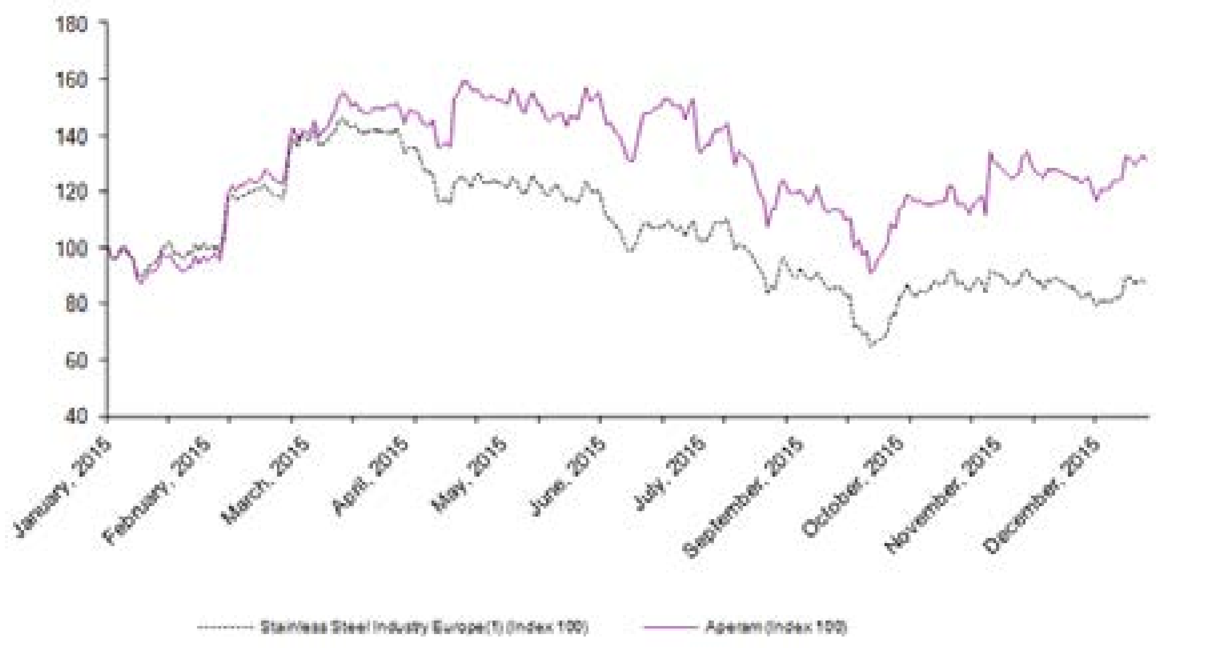
Socially responsible investors

Aperam attaches a great importance to Sustainability and has been issuing yearly Sustainability Reports since its creation in 2011. The Sustainability team is in charge of the information to socially responsible investors and rating agencies assessing Aperam according to social, environmental, economic and governance criteria.

To contact the Sustainability Team:
sustainablity@aperam.com

Share performance

The Graph below shows the share price performance of Aperam and the European Stainless Steel Industry[1] from January 1, 2015 to December 31, 2015 in index base 100:



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

Financial Calendar

Earnings calendar

- February 10, 2016*: Earnings for 4th quarter 2015 and 12 months 2015
- May 4, 2016*: Earnings for 1st quarter 2016
- July 27, 2016*: Earnings for 2nd quarter 2016 and 6 months 2016
- November 7, 2016*: Earnings for 3rd quarter 2016 and 9 months 2016

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

General meeting of shareholders

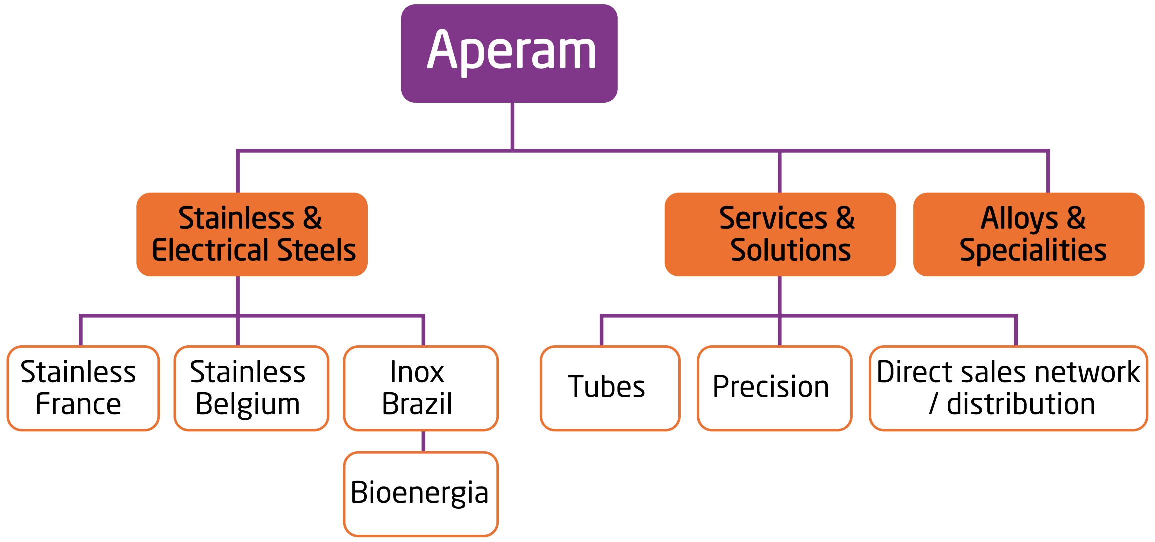
- May 4, 2016: Annual general meeting of shareholders, Luxembourg

Dividend Schedule

Please refer to the section "Liquidity" of this Management Report for further details with respect to the Company's detailed dividend schedule for the year 2016.

Organisational 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 Group's significant subsidiaries.



Contacts

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To contact Aperam by email, please write to contact@aperam.com. Please include your full name, postal address and telephone number.

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Romain Grandsart: +352 27 36 27 168

Aperam Media contact is:

Laurent Beauloye: +352 27 36 27 27

Financial Statements 2015

Musée des Confluences, Lyon,France

Responsibility statement

We confirm to the best of our knowledge that:

1. the consolidated financial statements of Aperam presented in this Annual Report and established in conformity with International Financial Reporting Standards as adopted in the European Union give a true and fair view of the assets, liabilities, financial position and results of Aperam and the undertakings included within the consolidation taken as a whole; and

2. the annual accounts of Aperam presented in this Annual Report and established in conformity with the Luxembourg legal and regulatory requirements relating to the preparation of annual accounts give a true and fair view of the assets, liabilities, financial position and results of the Company; and

3. the management report includes a fair review of the development and performance of the business and position of Aperam and the undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Member of the Board of Directors

Philippe Darmayan

Chief Executive Officer

Timoteo Di Maulo

Chief Financial Officer

Sandeep Jalan

Aperam
Consolidated Statement of Operations

(millions of U.S. dollars, except share and per share data)

	Year Ended December 31,	
	2015	2014
Sales (Note 3) (including 131 and 168 of sales to related parties in 2015 and 2014, respectively, see Note 21)	4,716	5,482
Cost of sales (including depreciation and impairment of 174 and 251, and purchases from related parties of 165 and 190 in 2015 and 2014, respectively, see Note 21)	(4,191)	(4,945)
Gross margin	**525**	**537**
Selling, general and administrative expense	(198)	(241)
Operating income (Note 3)	**327**	**296**
Loss from other investments and associates	(15)	(54)
Interest income (Note 4)	4	5
Interest expense and other net financing costs (Note 4)	(88)	(124)
Income before taxes	**228**	**123**
Income tax expense (Note 5)	(55)	(28)
Net income (including non-controlling interests)	**173**	**95**
Net income attributable to Equity holders of the parent	172	95
Non-controlling interests	1	-
Net income (including non-controlling interests)	173	95
Earnings per common share (in U.S. dollars):		
Basic	2.21	1.21
Diluted	2.09	1.17
Weighted average common shares outstanding (in thousands) (Note 19):		
Basic	77,967	78,020
Diluted	87,416	81,430

The accompanying notes are an integral part of these consolidated financial statements.

Aperam
Consolidated Statement of Comprehensive Income / (Loss)

(millions of U.S. dollars, except share and per share data)

	Year Ended December 31,	
	2015	2014
Net income (including non-controlling interests)	**173**	**95**
Items that cannot be recycled to the consolidated statement of operations: Re-measurement of defined benefit obligation during the period, net of tax benefit (expense) of below (1) and 7 for 2015 and 2014, respectively	1	(13)
Items that can be recycled to the consolidated statement of operations: Available-for-sale investments: Loss arising during the period, net of tax benefit of nil and 6 for 2015 and 2014, respectively	—	(17)
Reclassification adjustments for loss included in the statement of operations, net of tax benefit of nil and 18 for 2015 and 2014, respectively	—	37
	—	20
Cash flow hedges: (Loss) gain arising during the period, net of tax benefit (expense) of 10 and (5) for 2015 and 2014, respectively	(22)	10
Reclassification adjustments for loss (gain) included in the statement of operations, net of tax (benefit) expense of (2) and 7 for 2015 and 2014, respectively	6	(13)
	(16)	(3)
Exchange differences arising on translation of foreign operations, net of tax benefit of 27 and 35 for 2015 and 2014, respectively	(601)	(415)
Total other comprehensive loss	**(616)**	**(411)**
Total other comprehensive loss attributable to: Equity holders of the parent	(616)	(411)
Non-controlling interests	—	—
Total other comprehensive loss	**(616)**	**(411)**
Net comprehensive loss:	**(443)**	**(316)**
Net comprehensive (loss) income attributable to: Equity holders of the parent	(444)	(316)
Non-controlling interests	1	—
Net comprehensive loss:	**(443)**	**(316)**

The accompanying notes are an integral part of these consolidated financial statements.

Aperam Aperam
Consolidated Statement of Financial Position

(millions of U.S. dollars)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents (Note 6)	148	197
Trade accounts receivable (Note 7)	248	302
Inventories (Note 8)	1,121	1,315
Prepaid expenses and other current assets (Note 9)	128	137
Income tax receivable (Note 5)	12	27
Total current assets	**1,657**	**1,978**
Non-current assets:		
Goodwill and intangible assets (Note 10)	556	696
Biological assets (Note 11)	71	97
Property, plant and equipment (Note 12)	1,581	1,929
Other investments (Note 13)	18	44
Deferred tax assets (Note 5)	285	326
Other assets (Note 14)	131	129
Total non-current assets	**2,642**	**3,221**
Total assets	**4,299**	**5,199**

The accompanying notes are an integral part of these consolidated financial statements.

Aperam
Consolidated Statement of Financial Position

(millions of U.S. dollars)

	December 31, 2015	December 31, 2014
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt including current portion of long-term debt (Note 15)	14	40
Trade accounts payable	849	979
Short-term provisions (Note 16)	30	43
Accrued expenses and other liabilities (Note 17)	298	293
Income tax liabilities (Note 5)	3	6
Total current liabilities	**1,194**	**1,361**
Non-current liabilities:		
Long-term debt, net of current portion (Note 15)	450	693
Deferred tax liabilities (Note 5)	126	125
Deferred employee benefits (Note 18)	184	213
Long-term provisions (Note 16)	46	68
Other long-term obligations	77	63
Total non-current liabilities	**883**	**1,162**
Total liabilities	**2,077**	**2,523**
EQUITY (Note 19):		
Common shares (no par value, 96,216,785 and 96,216,785 shares authorised, 78,049,730 and 78,049,730 shares issued and 77,590,196 and 78,004,542 shares outstanding as of December 31, 2015 and 2014, respectively)	547	547
Treasury shares (459,534 and 45,188 common shares at December 31, 2015 and 2014, respectively, at cost)	(15)	(2)
Additional paid-in capital	1,599	1,599
Retained earnings	1,165	991
Other comprehensive loss	(1,106)	(490)
Option premium on convertible bonds	27	27
Equity attributable to the equity holders of the parent	**2,217**	**2,672**
Non-controlling interests	5	4
Total equity	**2,222**	**2,676**
Total liabilities and equity	**4,299**	**5,199**

The accompanying notes are an integral part of these consolidated financial statements.

Aperam
Consolidated Statement of Changes in Equity

(millions of U.S. dollars, except share and per share data)

						Other Comprehensive Income (Loss)							
	Shares[1]	Share capital	Treasury shares	Additional paid-in capital	Retained earnings	Foreign currency translation adjustments	Unrealised gains (losses) on derivatives financial instruments	Unrealised gains (losses) on available for sale securities	Recognised actuarial gains / (losses)	Option premium on convertible bonds	Equity attributable to the equity holders of the parent	Non-controlling interests	Total Equity
Balance at December 31, 2013	**78,050**	**547**	**—**	**1,600**	**858**	**(44)**	**(5)**	**(20)**	**(10)**	**27**	**2,953**	**5**	**2,958**
Net income	—	—	—	—	95	—	—	—	—	—	95	—	95
Other comprehensive income (loss)	—	—	—	—	—	(415)	(3)	20	(13)	—	(411)	—	(411)
Total comprehensive income (loss)	—	—	—	—	95	(415)	(3)	20	(13)	—	(316)	—	(316)
Derivative instruments on Aperam shares, net of tax (Note 19)	—	—	—	—	37	—	—	—	—	—	37	—	37
Purchase of treasury shares (Note 19)	(91)	—	(3)	—	—	—	—	—	—	—	(3)	—	(3)
Recognition of share based payments	46	—	**1**	**(1)**	1	—	—	—	—	—	**1**	—	**1**
Dividends	—	—	—	—	—	—	—	—	—	—	—	(1)	**(1)**
Balance at December 31, 2014	**78,005**	**547**	**(2)**	**1,599**	**991**	**(459)**	**(8)**	**—**	**(23)**	**27**	**2,672**	4	**2,676**
Net income	—	—	—	—	172	—	—	—	—	—	172	1	173
Other comprehensive income (loss)	—	—	—	—	—	(601)	(16)	—	1	—	(616)	—	(616)
Total comprehensive income (loss)	—	—	—	—	172	(601)	(16)	—	1	—	(444)	1	(443)
Purchase of treasury shares (note 19)	(421)	—	(14)	—	—	—	—	—	—	—	(14)	—	(14)
Recognition of share based payments	6	—	1	—	2	—	—	—	—	—	3	—	3
Balance at December 31, 2015	**77,590**	**547**	**(15)**	**1,599**	**1,165**	**(1,060)**	**(24)**	**—**	**(22)**	**27**	**2,217**	**5**	**2,222**

Note: (1) Number of shares denominated in thousands, excludes treasury shares.

The accompanying notes are an integral part of these consolidated financial statements.

Aperam
Consolidated Statement of Cash Flows

(millions of U.S. dollars)

	Year Ended December 31, 2015	2014
Operating activities:		
Net income (including non-controlling interests)	173	95
Adjustments to reconcile net income to net cash provided by operations and payments:		
Depreciation and amortisation	174	243
Impairment of property, plant and equipment (Note 12)	—	8
Net interest expense (Note 4)	50	83
Income tax expense (Note 5)	55	28
Net write downs of inventories to net realisable value	14	35
Labour agreements and separation plans	—	6
Impairment of financial assets (Note 13)	15	55
Unrealised (gains) losses on derivative instruments (Note 4)	(10)	3
Unrealised foreign exchange effects, other provisions and non-cash operating expenses (net)	(41)	58
Changes in operating working capital:		
Trade accounts receivable	2	(58)
Trade accounts payable	(3)	153
Inventories	(2)	(306)
Changes in other operating assets, liabilities and provisions:		
Interest paid (net)	**(26)**	**(65)**
Income taxes paid	(18)	(31)
Other working capital movements and provisions movements	9	(67)
Net cash provided by operating activities	**392**	**240**
Investing activities:		
Acquisition of property, plant and equipment, intangible and biological assets	(132)	(103)
Other investing activities (net)	6	8
Net cash used in investing activities	**(126)**	**(95)**
Financing activities:		
Net proceeds (payments) from short-term debt	(32)	(197)
Proceeds from long-term debt, net of debt issuance costs	3	299
Payments of long-term debt	(250)	(300)
Premium paid for call options acquired on Aperam shares	—	(60)
Premium received for call options sold on Aperam shares	—	53
Purchase of treasury stock (Note 19)	(14)	(3)
Dividends paid (includes nil and 1 of dividends paid to non-controlling interests in 2015 and 2014, respectively)	—	(1)
Other financing activities (net)	(3)	(4)
Net cash used in financing activities	**(296)**	**(213)**
Effect of exchange rate changes on cash	(19)	(26)
Net decrease in cash and cash equivalents	**(49)**	**(94)**
Cash and cash equivalents (Note 6):		
At the beginning of the year	197	291
At the end of the year	**148**	**197**

The accompanying notes are an integral part of these consolidated financial statements.

SUMMARY OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: NATURE OF BUSINESS, BASIS OF PRESENTATION AND CONSOLIDATION

Nature of business

Aperam Société Anonyme ("Aperam") was incorporated in Luxembourg on September 9, 2010 to own certain operating subsidiaries of ArcelorMittal Société Anonyme ("ArcelorMittal") which primarily comprised ArcelorMittal's stainless steel and nickel alloys business. This business was transferred to Aperam prior to the distribution of all its outstanding common shares to shareholders of ArcelorMittal on January 26, 2011. Collectively, Aperam together with its subsidiaries are referred to in these consolidated financial statements as the "Company". The Company's shares have been trading on the European stock exchanges of Amsterdam, Paris (Euronext) and Luxembourg since January 31, 2011.

These consolidated financial statements were authorised for issuance on March 3, 2016 by Aperam's Board of Directors.

Aperam is a global stainless steel producer with an annual capacity of 2.5 million tonnes in 2015. The Company's production activities are concentrated in six main plants in Brazil, Belgium and France. Its worldwide-integrated distribution network is comprised of 14 service centres, 8 transformation facilities, and 19 sales offices including customer support.

The Company produces a broad range of stainless steel products and high value added products including electrical steel (grain oriented, non-grain oriented and non-grain oriented semi-processed steel), nickel alloys and specialties. The Company sells its products in local markets to a diverse range of customers, including automotive, construction, catering, medicine, oil and gas, aerospace, industrial processes, electronics and electrical engineering.

Note 25 provides an overview of the Company's principal operating subsidiaries.

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for available for sale financial assets, derivative financial instruments and biological assets which are measured at fair value, and inventories, which are measured at the lower of net realisable value or cost.

The consolidated financial statements as at and for the year ended December 31, 2015 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and adopted by the European Union ("EU"). They are presented in U.S. dollars with all amounts rounded to the nearest million, except for share and per share data.

Adoption of new IFRS standards, amendments and interpretations applicable in 2015

> Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions" (issued November 2013) that is mandatory for annual periods beginning on or after July 1, 2014 but has been endorsed by EU only from February 1, 2015, which clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service. In addition, it permits a practical expedient if the amount of the contributions is independent of the numbers of years of service. This amendment was already being applied in Aperam's financial statements.

> Annual improvements to IFRSs (2010-2012) (issued December 2013) and annual improvements to IFRSs (2011-2013) (issued December 2013) that are mandatory generally for annual periods beginning on or after July 1, 2014 but have been endorsed by EU only from January and February 2015. These improvements have either no impact on Aperam's financial statements or are already being applied.

New IFRS standards and interpretations applicable from 2016 onward

Unless otherwise indicated below, the Company does not expect the adoption of the following new standards, amended standards, or interpretations to have a significant impact on the consolidated financial statements of Aperam in future periods.

> IFRS 14 "Regulatory Deferral Accounts" (issued January 2014) that is mandatory for annual periods beginning on or after January 1, 2016 but has not yet been endorsed by the EU. This IFRS has no impact on Aperam's financial statements.

> Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations" (issued May 2014) that is mandatory for annual periods beginning on or after January 1, 2016. This amendment has no impact on Aperam's financial statements.

> Amendment to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation" (issued May 2014) that is mandatory for annual periods beginning on or after January 1, 2016. This amendment has no impact on Aperam's financial statements.

> Amendment to IAS 16 and IAS 41 "Agriculture: Bearer Plants" (issued June 2014) that is mandatory for annual periods beginning on or after January 1, 2016. The amendments precise that bearer plants should no longer be in the scope of IAS 41 "Agriculture" (and measured at fair value) but under the scope of IAS 16 "Property, Plant & Equipment" and as such measured at cost. The impact of this amendment is still under review.

> Amendment to IAS 27 "Equity Method in Separate Financial Statements" (issued August 2014) that is mandatory for annual periods beginning on or after January 1, 2016. This amendment has no impact on Aperam's financial statements.

> Annual improvements to IFRSs (2012-2014) (issued September 2014) that are mandatory for annual periods beginning on or after January 1, 2016. These improvements have either no impact on Aperam's financial statements or are already being applied.

> Amendment to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception" (issued December 2014) that is mandatory for annual periods beginning on or after January 1, 2016 but has not yet been endorsed by the EU. This amendment has no impact on Aperam's financial statements.

> Amendment to IAS 1 "Disclosure Initiatives" (issued December 2014) that is mandatory for annual periods beginning on or after January 1, 2016. This amendment has no impact on Aperam's financial statements.

> IFRS 15 "Revenue from Contracts with Customers" (issued May 2014) that is mandatory for annual periods beginning on or after January 1, 2018 but has not yet been endorsed by the EU. This IFRS, once effective, may have an impact on the amount and timing of the Company's reported revenues and costs; the extent of the impact is not yet known or reasonably estimable at this stage.

> IFRS 9 “Financial Instruments” (issued July 2014) that is mandatory for annual periods beginning on or after January 1, 2018 but has not yet been endorsed by the EU. This IFRS, once effective, may have an impact on the accounting of financial instruments of the Company; the extent of the impact is not yet known or reasonably estimable at this stage.

> IFRS 16 “Leases” (issued January 16) that is mandatory for annual periods beginning on or after January 1, 2019 but has not yet been endorsed by the EU. This IFRS, once effective, may have an impact on the accounting of leases of the Company; the extent of the impact is not yet known or reasonably estimable at this stage.

> Amendment to IAS 12 “Income Taxes” (issued January 2016) that is mandatory for annual periods beginning on or after January 1, 2017 but has not yet been endorsed by the EU. This IFRS, once effective, may have an impact on the accounting of deferred taxes of the Company; the extent of the impact is not yet known or reasonably estimable at this stage.

> Amendment to IAS 7 “Statement of cash flows” (issued January 2016) that is mandatory for annual periods beginning on or after January 1, 2017 but has not yet been endorsed by the EU. This amendment should not have any impact on Aperam’s financial statements.

Basis of consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries, and its respective interest in associated companies. Subsidiaries are consolidated from the date the Company obtains control until the date control ceases. Company controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Associated companies are those companies over which the Company has the ability to exercise significant influence on the financial and operating policy decisions, which are not operating subsidiaries. Generally, significant influence is presumed to exist when the Company holds more than 20% of the voting rights. In addition, joint ventures are arrangements where the Company has joint control under a contractual agreement and has the right to the nets assets of the arrangement.

The financial statements include the Company’s share of the total recognised gains and losses of associates and joint ventures on an equity accounted basis from the date that significant influence commences until the date significant influence ceases, adjusted for any impairment loss. Adjustments to the carrying amount may also be necessary for changes in the Company’s proportionate interest in the investee arising from changes in the investee’s equity that have not been recognised in the investee’s profit or loss. The Company’s share of those changes is recognised directly in equity.

Other investments are classified as available for sale and are stated at fair value when their fair value can be reliably measured. When fair value cannot be measured reliably, the investments are carried at cost less impairment.

While there are certain limitations on the Company’s operating and financial flexibility arising from the restrictive and financial covenants of the Company’s principal credit facilities described in Note 15, there are no significant restrictions resulting from borrowing agreements or regulatory requirements on the ability of consolidated subsidiaries, associates and jointly controlled entities to transfer funds to the parent in the form of cash dividends to pay commitments as they come due. Intra-company balances and transactions, including income, expenses and dividends, are eliminated in the preparation of the consolidated financial statements.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the statement of operations and within equity in the consolidated statement of financial position.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND CHANGE IN ACCOUNTING ESTIMATES

Significant accounting policies

Translation of financial statements denominated in foreign currency

The functional currency of each of the major operating subsidiaries is the local currency. Transactions in currencies other than the functional currency of a subsidiary are recorded at the rates of exchange prevailing at the date of the transaction.

Monetary assets and liabilities in currencies other than the functional currency are re-measured at the rates of exchange prevailing at the statement of financial position date and the related transaction gains and losses are reported in the consolidated statement of operations. Non-monetary items that are carried at cost are translated using the rate of exchange prevailing at the date of the transaction.

Non-monetary items that are carried at fair value are translated using the exchange rate prevailing when the fair value was determined and the related transaction gains and losses are reported in the consolidated statement of comprehensive income.

Upon consolidation, the results of operations of the Company’s subsidiaries and associates whose functional currency is other than the U.S. dollar are translated into the U.S. dollar, the Company’s presentation currency, at the monthly average exchange rates and assets and liabilities are translated at the year-end exchange rates. Translation adjustments are recognised directly in other comprehensive income and are reclassified in income or loss in the statement of operations only upon sale or liquidation of the underlying foreign subsidiary or associate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries at the year-end exchange rate are recorded as part of the shareholders’ equity under “Foreign currency translation adjustments”. When a foreign entity is sold, such exchange differences are recognised in the consolidated statement of operations as part of the gain or loss on sale.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less at the time of purchase and are carried at cost plus accrued interest, which approximates fair value.

Trade accounts receivable

Trade accounts receivable are initially recorded at their nominal amount which approximately equals fair value and do not bear interest. The Company maintains an allowance for doubtful accounts at an amount that it considers to be a sufficient estimate of losses resulting from the inability of its customers to make required payments.

An allowance is recorded and charged to expense when an account is deemed to be uncollectible. In judging the adequacy of the allowance for doubtful accounts, the Company considers multiple factors including historical bad debt experience, the current economic environment and the aging of the receivables. Recoveries of trade receivables previously reserved in the allowance for doubtful accounts are recorded as gains in the statement of operations.

The Company’s policy is to provide for all receivables outstanding over 180 days, because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable. Trade receivables between 60 days and 180 days are provided for based on estimated unrecoverable amounts from the sale of goods and/or services, determined by reference to past default experience.

Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the average cost method. Costs of production in process and finished goods include the purchase costs of raw materials and conversion costs such as direct labour and an allocation of fixed and variable production overheads. Raw materials and spare parts are valued at cost inclusive of freight and shipping and handling costs. Net realisable value represents the estimated selling price at which the inventories can be realised in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling, and distribution. Costs incurred when production levels are abnormally low are partially capitalised as inventories and partially recorded as a component of cost of sales in the statement of operations.

Goodwill

The goodwill recorded by the Company includes an allocation of the goodwill arising from the acquisition of Arcelor by Mittal Steel on August 1, 2006. Goodwill arising on acquisitions subsequent to January 1, 2007 is recognised as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. After initial recognition, Goodwill shall be carried at its cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill is allocated to those groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose and in all cases is at the operating segment level which represents the lowest level at which goodwill is monitored for internal management purposes. Goodwill is tested annually for impairment as of October 31 or whenever changes to the circumstances indicate that the carrying amount may not be recoverable.

Whenever the cash generating units comprising the operating segments are tested for impairment at the same time as goodwill, the cash generating units are tested first and any impairment of the assets is recorded prior to the testing of goodwill. The recoverable amounts of the cash generating units are determined from the higher of fair value less cost to sell or value in use calculations, as described below in the "Impairment of Tangible and Intangible Assets" section. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The growth rates are based on the Company's growth forecasts which are in line with industry trends. Changes in selling prices and direct costs are based on historical experience and expectations of future changes in the market.

Cash flow forecasts are derived from the most recent financial forecasts for the next five years. Beyond the specifically forecasted period, the Company extrapolates cash flows for the remaining years based on an estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets. Once recognised, impairment losses recognised for goodwill are not reversed. On disposal of a subsidiary, any residual amount of goodwill is included in the determination of the profit or loss on disposal.

In a business combination in which the fair value of the identifiable net assets acquired exceeds the cost of the acquired business, the Company reassesses the fair value of the assets acquired. If, after reassessment, the Company's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess (bargain purchase) is recognised immediately in the statement of operations.

Intangible assets

Intangible assets recorded by the Company include customer relationships, trademarks and technology acquired in connection with the acquisition of Arcelor by Mittal Steel on August 1, 2006. Those intangible assets acquired in a business combination are recorded at fair value, and are amortised on a straight-line basis. They have residual useful lives between one and three years.

Concessions, patents and licenses are recognised only when it is probable that the expected future economic benefits attributable to the assets will flow to the Company and the cost can be reliably measured. They are recorded at cost and are amortised on a straight-line basis over their estimated economic useful lives which typically are not to exceed five years.

Amortisation is included in the statement of operations as part of depreciation.

Biological assets

The Company classifies eucalyptus plantations as biological assets. The purpose of such plantations is to produce charcoal to be used in the production process.

Biological assets are measured at fair value, net of estimated costs to sell at the time of harvest, with any change therein recognised in statement of operations.

The fair value is determined based on the discounted cash flow method, taking into consideration the cubic volume of wood, segregated by plantation year, and the equivalent sales value of standing trees. The average market price was estimated based on domestic market prices.

Property, plant and equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment. Cost includes professional fees and, for assets constructed by the Company, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. Property, plant and equipment except land are depreciated using the straight-line method over the useful lives of the related assets which are presented in the table below. The Company reviews the residual value, the useful lives and the depreciation method of its property, plant and equipment at least annually.

Asset Category	Useful Life Range
Land	Not depreciated
Buildings	10 to 50 years
Steel plant equipment	15 to 30 years
Auxiliary facilities	15 to 30 years
Other facilities	5 to 20 years

Major improvements, which add to productive capacity or extend the life of an asset, are capitalised, while repairs and maintenance are charged to expense as incurred. Where a tangible fixed asset comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment under construction are recorded as construction in progress until they are ready for their intended use; thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives. Interest incurred during construction is capitalised. Gains and losses on retirement or disposal of assets are reflected in the statement of operations.

Property, plant and equipment acquired by way of finance leases are stated at an amount equal to the lower of the fair value and the present value of the minimum lease payments at the inception of the lease. Each lease payment is allocated between the finance charges and a reduction of the lease liability. The interest element of the finance cost is charged to the statement of operations over the lease period so as to achieve a constant rate of interest on the remaining balance of the liability.

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date and adjusted if expectations differ from previous estimates. Depreciation methods applied to property, plant and equipment are reviewed at each reporting date and changed if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset.

Investment in associates and other entities

Investments in associates, in which the Company has the ability to exercise significant influence, are accounted for under the equity method.

The investment is carried at the cost at the date of acquisition, adjusted for the Company's share in undistributed earnings or losses since acquisition, less dividends received and impairment.

Any excess of the cost of the acquisition over the Company's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included in the carrying amount of the investment and is evaluated for impairment as part of the investment.

The Company reviews all of its investments in associates at each reporting date to determine whether there is an indicator that the investment may be impaired. If objective evidence indicates that the investment is impaired, the Company calculates the amount of the impairment of the investments as being the difference between the higher of the fair value less costs to sell or its value in use and its carrying value. The amount of any impairment is included in the overall income from investments in associated companies in the statement of operations.

Investments in other entities, over which the Company and/or its operating subsidiaries do not have the ability to exercise significant influence and have a readily determinable fair value, are accounted for at fair value with any resulting gain or loss included in equity. To the extent that these investments do not have a readily determinable fair value, they are accounted for under the cost method.

Deferred employee benefits

Defined contribution plans are those plans where the Company pays fixed contributions to an external life insurance or pension fund for certain categories of employees. Contributions are paid in return for services rendered by the employees during the period. They are expensed as they are incurred in line with the treatment of wages and salaries. No provisions are established in respect of defined contribution plans, as they do not generate future commitments for the Company.

Defined benefit plans are those plans that provide guaranteed benefits to certain categories of employees, either by way of contractual obligations or through a collective agreement. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of plan assets. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

Current service cost, which is the increase of the present value of the defined benefit obligation resulting from the employee service in the current period, is recorded as an expense as part of cost of sales and selling, general and administrative expenses in the consolidated statements of operations. The net interest cost, which is the change during the period in the net defined benefit liability or asset that arises from the passage of time, is recognised as part of net financing costs in the consolidated statements of operations. The discount rate used is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

The Company recognises gains and losses on the curtailment of a defined benefit plan when the curtailment occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment or a curtailment. Past service cost is recognised immediately in the consolidated statements of operations in the period in which it arises.

Voluntary retirement plans primarily correspond to the practical implementation of social plans or are linked to collective agreements signed with certain categories of employees. Early retirement plans are those plans that primarily correspond to terminating an employee's contract before the normal retirement date. Early retirement plans are considered effective when the affected employees have formally been informed and when liabilities have been determined using an appropriate actuarial calculation. Liabilities relating to the early retirement plans are calculated annually on the basis of the effective number of employees likely to take early retirement and are discounted using an interest rate which corresponds to that of highly rated bonds that have maturity dates similar to the terms of the Company's early retirement obligations. Termination benefits are provided in connection with voluntary separation plans. The Company recognises a liability and expense when it has a detailed formal plan which is without realistic possibility of withdrawal and the plan has been communicated to employees or their representatives.

Other long-term employee benefits include various plans that depend on the length of service, such as long service and sabbatical awards, disability benefits and long term compensated absences such as sick leave. The amount recognised as a liability is the present value of benefit obligations at the statement of financial position date, and all changes in the provision (including actuarial gains and losses or past service costs) are recognised in the statement of operations.

Provisions and accruals

Aperam recognises provisions for liabilities and probable losses that have been incurred when it has a present legal or constructive obligation as a result of past events and it is probable that the Company will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a financing cost. Provisions for onerous contracts are recorded in the statement of operations when it becomes known that the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Provisions for restructuring relate to the estimated costs of initiated reorganisations that have been approved by the Aperam Management Committee, and which involve the realignment of certain parts of the industrial and commercial organisation. When such reorganisations require discontinuance and/or closure of lines or activities, the anticipated costs of closure or discontinuance are included in restructuring provisions. A liability is recognised for those costs only when the Company has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Environmental costs

Environmental costs that relate to current operations are expensed or capitalised as appropriate. Environmental costs that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation or cost reduction, are expensed. Liabilities are recorded when environmental assessments and or remedial efforts are probable and the cost can be reasonably estimated based on ongoing engineering studies, discussions with the environmental authorities and other assumptions relevant to the nature and extent of the remediation that may be required. The ultimate cost to the Company is dependent upon factors beyond its control such as the scope and methodology of the remedial action requirements to be established by environmental and public health authorities, new laws or government regulations, rapidly changing technology and the outcome of any potential related litigation. Environmental liabilities are discounted if the aggregate amount of the obligation and the amount and timing of the cash payments are fixed or reliably determinable.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of operations because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Company's expense for current tax is calculated using tax rates that have been enacted or substantively enacted as of the statement of financial position date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the taxable temporary difference arises from the initial recognition of goodwill or if the differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Fair value measurement

The Company classifies the bases used to measure certain assets and liabilities at their fair value. Assets and liabilities carried or measured at fair value have been classified into three levels based upon a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Significant inputs other than within Level 1 that are observable for the asset or liability, either directly (i.e.: as prices) or indirectly (i.e.: derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data and require management assumptions or inputs from unobservable markets.

Financial instruments

Derivative financial instruments

See critical accounting judgments.

Non-derivative financial instruments

Non-derivative financial instruments include cash and cash equivalents, trade and other receivables, investments in equity securities, trade and other payables and debt and other liabilities. These instruments are recognised initially at fair value when the Company becomes a party to the contractual provisions of the instrument. They are derecognised if the Company's contractual rights to the cash flows from the financial instruments expire or if the Company transfers the financial instruments to another party without retaining control or substantially all risks and rewards of the instruments.

The Company classifies its investments in equity securities that have readily determinable fair values as available-for-sale which are recorded at fair value. Unrealised holding gains and losses, net of the related tax effect, on available-for-sale equity securities are reported as a separate component of other comprehensive income until realised. Realised gains and losses from the sale of available-for-sale securities are determined on a first-in, first-out basis.

Debt and liabilities, other than provisions, are stated at amortised cost. However, loans that are hedged under a fair value hedge are re-measured for the changes in the fair value that are attributable to the risk that is being hedged.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Estimated future cash flows are determined using various assumptions and techniques, including comparisons to published prices in an active market and discounted cash flow projections using projected growth rates, weighted average cost of capital, and inflation rates. In the case of available-for-sale securities, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. The Company considers a significant or prolonged decline in fair value as objective evidence of impairment. The decline is considered as significant if it exceeds 50% of cost or as prolonged if it continues for eighteen months or more. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognised in the statement of operations is removed from equity and recognised in the statement of operations. If objective evidence indicates that cost-method investments need to be tested for impairment, calculations are based on information derived from business plans and other information available for estimating their value in use. Any impairment loss is charged to the statement of operations. An impairment loss related to financial assets is reversed if and to the extent there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Reversals of impairment are recognised in the statement of operations except for reversals of impairment of available-for-sale equity securities, which are recognised in other comprehensive income.

Emission rights

The Company's industrial sites which are regulated by the European Directive 2003/87/EC of October 13, 2003 on carbon dioxide emission rights, effective as of January 1, 2005, are located in Belgium and France. The emission rights allocated to the Company on a no-charge basis pursuant to the annual national allocation plan are recorded in the statement of financial position at nil and purchased emission rights are recorded at cost.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Revenue from the sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, no longer retains control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Shipping and handling costs

The Company records amounts billed to a customer in a sale transaction for shipping and handling costs as sales and the related shipping and handling costs incurred as cost of sales.

Financing costs

Financing costs include interest income and expense, amortisation of discounts or premiums on borrowings, amortisation of costs incurred in connection with the arrangement of borrowings, and unrealised gains and losses on foreign exchange and raw material derivative contracts.

Earnings per common share

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding during the year.

Diluted earnings per share is computed by dividing income available to equity holders and assumed conversion by the weighted average number of common shares and potential common shares from restricted share units and performance share units as well as potential common shares from the conversion of convertible bonds whenever the conversion results in a dilutive effect.

Equity settled share based payments

Aperam issues equity-settled share-based payments consisting in restricted share units to key employees of the Company. Prior the spin-off, ArcelorMittal issued equity settled share based payments consisting of stock options to certain Aperam employees. Equity settled share based payments issued to Aperam employees are measured at fair value (excluding the effect of non market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity settled share based payments is expensed on a graded vesting basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market based vesting conditions. The expected life used in the calculation has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line method over the vesting period and adjusted for the effect of non-market-based vesting conditions.

Segment reporting

Operating segments are components of the Company that engage in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), for which discrete financial information is available and whose operating results are evaluated regularly by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance.

Aperam management identified the Chief Executive Officer and Chief Financial Officer of the Company as its CODM, which is the individual or body of individuals responsible for the allocation of resources and assessment of performance of the operating segments.

The CODM manages the business according to three operating segments: Stainless & Electrical Steel, Alloys & Specialties and Services & Solutions.

These segments include attributable goodwill, intangible assets, property, plant and equipment, and equity method investments. They do not include other investments, other non-current receivables, cash and short-term deposits, short-term investments, tax assets, and other current financial assets. Segment liabilities are also those resulting from the normal activities of the segment, excluding tax liabilities and indebtedness but including post retirement obligations where directly attributable to the segment. Financing items are managed centrally for the Company as a whole and so are not directly attributable to individual operating segments.

Geographical information is separately disclosed and represents the Company's most significant regional markets. Attributed assets are operational assets employed in each region and include items such as pension balances that are specific to a country. Attributed assets exclude attributed goodwill, deferred tax assets, other investments or other non-current receivables and other non-current financial assets. Attributed liabilities are those arising within each region, excluding indebtedness. Financing items are managed centrally for the Company as a whole and so are not directly attributable to individual geographical areas.

Critical accounting judgments

The critical accounting judgments and significant assumptions made by management in the preparation of these financial statements are provided below.

Deferred Tax Assets

The Company records deferred tax assets and liabilities based on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax assets are also recognised for the estimated future effects of tax losses carried forward.

The Company reviews the deferred tax assets in the different jurisdictions in which it operates periodically to assess the possibility of realising such assets based on projected taxable profit, the expected timing of the reversals of existing temporary differences, the carry forward period of temporary differences and tax losses carried forward and the implementation of tax-planning strategies.

Note 5 describes the total deferred tax assets recognised in the consolidated statements of financial position. As of December 31, 2015, the amount of future income required to recover the Company's deferred tax assets was approximately $890 million at certain operating subsidiaries.

Deferred Employee Benefits

The Company's operating subsidiaries have different types of pension plans for their employees. Also, some of the operating subsidiaries offer other post-employment benefits. The expense associated with these pension plans and post-employment benefits, as well as the carrying amount of the related liability/asset on the statement of financial position is based on a number of assumptions and factors such as discount rates, expected rate of compensation increase, mortality rates and retirement rates.

> Discount rates. The discount rate is based on several high quality corporate bond indexes in the appropriate jurisdictions (rated AA or higher by a recognised rating agency). Nominal interest rates vary worldwide due to exchange rates and local inflation rates.

> Rate of compensation increase. The rate of compensation increase reflects actual experience and the Company's long-term outlook, including contractually agreed upon wage rate increases for represented hourly employees.

> Mortality and retirement rates. Mortality and retirement rates are based on actual and projected plan experience.

Actuarial gains or losses resulting from experience and changes in assumptions are recognised in the Company's statement of other comprehensive income in the period in which they arise.

Note 18 details the net liabilities of pension plans and other post-employment benefits including a sensitivity analysis illustrating the effects of changes in assumptions.

Legal, Environmental and Other Contingencies

The Company may be involved in litigation, arbitration or other legal proceedings. Most of these claims involve highly complex issues, actual damages and other matters. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management. The Company recognises a liability for contingencies when it is more likely than not that the Company will sustain a loss and the amount can be estimated.

The Company is subject to changing and increasingly stringent environmental laws and regulations concerning air emissions, water discharges and waste disposal, as well as certain remediation activities that involve the clean-up of soil and groundwater. The Company recognises a liability for environmental remediation when it is more likely than not that such remediation will be required and the amount can be estimated.

The estimates of loss contingencies for environmental matters and other contingencies are based on various judgments and assumptions including the likelihood, nature, magnitude and timing of assessment, remediation and/or monitoring activities and the probable cost of these activities. In some cases, judgments and assumptions are made relating to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of cost of these activities, including third parties who sold assets to the Company or purchased assets from the Company subject to environmental liabilities. The Company also considers, among other things, the activity to date at particular sites, information obtained through consultation with applicable regulatory authorities and third party consultants and contractors and its historical experience with other circumstances judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. As estimated costs to remediate change, the Company will reduce or increase the recorded liabilities through credits or charges in the statement of operations.

The Company does not expect these environmental issues to affect the utilisation of its plants, now or in the future.

Impairment of Tangible and Intangible Assets

Tangible and Intangible Assets

At each reporting date, the Company reviews whether there is any indication that the carrying amounts of its tangible and intangible assets (excluding goodwill) may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset is reviewed in order to determine the amount of the impairment, if any. The recoverable amount is the higher of its net selling price (fair value reduced by selling costs) and its value in use.

In assessing its value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. The cash generating unit is the smallest identifiable group of assets corresponding to operating units that generate cash inflows. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, an impairment loss is recognised. An impairment loss is recognised as an expense immediately as part of operating income in the statement of operations.

In the case of permanently idled assets, the impairment is measured at the individual asset level on the basis of salvage value. Otherwise, it is not possible to estimate the recoverable amount of the individual asset because the cash flows are not independent from that of the cash generating unit to which it belongs. Accordingly, the Company's assets are measured for impairment at the cash generating unit level. In certain instances, the cash generating unit is an integrated manufacturing facility which may also be an operating subsidiary. Furthermore, a manufacturing facility may be operated together with another facility with neither facility generating cash flows that are largely independent from the cash flows of the other. In this instance, the two facilities are combined for purposes of testing for impairment. As of December 31, 2015, the Company had determined it has six cash generating units.

An impairment loss recognised in prior years is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. However, the increased carrying amount of an asset due to a reversal of an impairment loss will not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately as part of operating income in the statement of operations.

Goodwill

With respect to goodwill, the recoverable amounts of the groups of cash generating units are determined from the higher of its net selling price (fair value reduced by selling costs) or its value in use calculations, as described above. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on historical experience and expectations of future changes in the market.

Cash flow forecasts are derived from the most recent financial budgets for the next five years. Beyond the specifically forecasted period, the Company extrapolates cash flows for the remaining years based on an estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets. Once recognised, impairment losses recognised for goodwill are not reversed.

Derivative financial instruments

The Company enters into derivative financial instruments principally to manage its exposure to fluctuation in exchange rates and prices of raw materials. Derivative financial instruments are classified as current assets or liabilities based on their maturity dates and are accounted for at trade date. Embedded derivatives are separated from the host contract and accounted for separately if required by IAS 39, "Financial Instruments: Recognition and Measurement". The Company measures all derivative financial instruments based on fair values derived from market prices of the instruments or from option pricing models, as appropriate.

See Note 20 for analysis of the Company's sensitivity to changes in certain of these inputs. Gains or losses arising from changes in the fair value of derivatives are recognised in the statement of operations, except for derivatives that are highly effective and qualify for cash flow hedge accounting.

The effective portion of changes in the fair value of a derivative that is designated and that qualifies as a cash flow hedge are recorded in other comprehensive income. Amounts deferred in other comprehensive income are recorded in the statement of operations in the periods when the hedged item is recognised in the statement of operations and within the same line item. Any ineffective portion of changes in the fair value of the derivative is recognised directly in the statement of operations.

The Company formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When a hedging instrument is sold, terminated, expires or is exercised the cumulated unrealised gain or loss on the hedging instrument is maintained in equity until the forecasted transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealised gain or loss, which had been recognised in equity, is reported immediately in the statement of operations.

For instruments not accounted for as cash flow hedges, gains or losses arising from changes in fair value of derivatives and gains or losses realised upon settlement of derivatives are recognised in the statement of operations.

Use of estimates

The preparation of financial statements in conformity with IFRS recognition and measurement principles and, in particular, making the aforementioned critical accounting judgments require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates.

Change in accounting estimates

During 2014, the Company performed a review of the useful lives of its assets and determined its maintenance and operating practices have enabled a change in the useful lives of plant and equipment. Maintenance practices employed have served to preserve and extend the operating life of certain of these assets, while operating practices in the current economic environment have also contributed to the extension of asset useful life beyond previous estimates. The Company thus revised the useful lives due to its determination that certain of its existing assets have been used longer than previously anticipated and therefore, the estimated useful lives of certain plant and equipment have been lengthened.

The revisions were accounted for prospectively as a change in accounting estimate. The reduction of the depreciation charge as a result of changes in estimated useful lives for the year ended December 31, 2014 was $47 million as compared to the amounts that would have been charged if no change in estimate occurred.

NOTE 3: SEGMENT AND GEOGRAPHIC INFORMATION

Aperam reports its operations in three segments: Stainless & Electrical Steel, Services & Solutions and Alloys & Specialties. Refer to Note 2 for the policy about segment reporting.

- Stainless & Electrical Steel operates upstream and downstream facilities located in France and Belgium as well as an integrated plant in Brazil. Aperam is the only integrated producer of flat stainless and silicon steel in South America;
- Alloys & Specialties is specialised in the design, production and transformation of nickel and cobalt alloys and certain specific stainless steels. Its facilities are mainly located in France with ownership interests in China and central India;
- Services & Solutions represents the trading and distribution arm of Aperam. It also provides value added and customised steel solutions through further steel processing to meet specific customer requirements including stainless precision strips and welded tubes.

The following table summarises certain financial data relating to Aperam's operations in its different reportable segments.

The following table summarises certain financial data relating to Aperam's operations in its different reportable segments.

(in millions of U.S. dollars)	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others/ Eliminations [1]	Total
Year ended December 31, 2015					
Sales to external customers	2,107	2,048	561	—	**4,716**
Intersegment sales[2]	1,657	75	5	(1,737)	**—**
Operating income (loss)	291	23	38	(25)	**327**
Depreciation and Impairment	147	19	6	2	**174**
Capital expenditures	99	18	12	3	**132**

(in millions of U.S. dollars)	Stainless & Electrical Steel	Services & Solutions	Alloys & Specialties	Others/ Eliminations [1]	Total
Year ended December 31, 2014					
Sales to external customers	2,593	2,270	616	3	**5,482**
Intersegment sales[2]	1,797	93	2	(1,892)	**—**
Operating income (loss)	209	64	51	(28)	**296**
Depreciation and Impairment	218	23	7	3	**251**
Capital expenditures	80	11	12	—	**103**

Notes:

(1) Others/Eliminations includes all other operations than mentioned above, together with inter segment elimination, and/or non-operational items which are not segmented.

(2) Transactions between segments are conducted on the same basis of accounting as transactions with third parties.

The Company does not regularly provide assets for each reportable segment to the CODM. The table which follows presents the reconciliation of segment assets to total assets as required by IFRS 8.

	December 31	
(in millions of U.S. dollars)	**2015**	**2014**
Assets allocated to segments	3,717	4,503
Cash and cash equivalents	148	197
Investments	18	44
Deferred tax assets	285	326
Other unallocated assets	131	129
Total assets	**4,299**	**5,199**

The reconciliation from operating income to net income is as follows:

	Year Ended December 31	
(in millions of U.S. dollars)	**2015**	**2014**
Operating income	**327**	**296**
Loss from other investments and associates	(15)	(54)
Interest income	4	5
Interest expense and other net financing costs	(88)	(124)
Income before taxes	228	123
Income tax expense	(55)	(28)
Net income (including non-controlling interests)	**173**	**95**

Geographical information

Sales (by destination)

	Year Ended December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Americas		
Brazil	707	1,263
United States	290	291
Argentina	102	88
Others	67	68
Total Americas	**1,166**	**1,710**
Europe		
Germany	1,067	1,145
Italy	566	516
France	361	462
Poland	159	170
Belgium	139	156
Spain	115	122
Turkey	99	111
Netherlands	97	104
United Kingdom	93	119
Others	485	509
Total Europe	**3,181**	**3,414**
Asia & Africa		
South Korea	113	94
China	103	114
India	36	27
United Arab Emirates	19	20
Taiwan	6	11
Thailand	4	3
Others	88	89
Total Asia & Africa	**369**	**358**
Total	**4,716**	**5,482**

Non-current assets(*) per significant country

(in millions of U.S. dollars)	December 31, 2015	2014
Americas		
Brazil	453	678
Others	20	21
Total Americas	**473**	**699**
Europe		
Belgium	677	764
France	432	502
Germany	20	18
Poland	15	16
Czech Republic	15	14
Italy	11	14
Others	5	17
Total Europe	**1,175**	**1,345**
Asia & Africa		
India	3	4
China	1	3
Total Africa & Asia	**4**	**7**
Unallocated assets	990	1,170
Total	**2,642**	**3,221**

(*) Non-current assets do not include goodwill (as it is not allocated to the geographic regions), deferred tax assets, other investments or receivables and other non-current financial assets. Such assets are presented under the caption “Unallocated assets”.

NOTE 4: FINANCIAL INCOME AND EXPENSE

Financial income and expense recognised in the years ended December 31, 2015 and 2014 are as follows:

(in millions of U.S. dollars)	Year Ended December 31, 2015	2014
Recognised in the statement of operations		
Interest income	4	5
Interest expense	(54)	(88)
Result on disposal of financial assets	1	6
Unrealised gains on derivative instruments	10	(3)
Net foreign exchange result	(18)	(5)
Others[1]	(27)	(34)
Total interest expense and other net financing costs	**(88)**	**(124)**
Recognised in the statement of comprehensive income (Company share)		
Net change in fair value of available-for-sale financial assets	—	20
Effective portion of changes in fair value of cash flow hedge	(16)	(3)
Foreign currency translation differences for foreign operations	(601)	(415)
Total	**(617)**	**(398)**

Note:

(1) Others mainly include expenses related to True Sale of Receivables (“TSR”), discount charges on provisions for other liabilities and charges, bank fees, interest cost on deferred employee benefits plans and other financing costs.

Unrealised gains and losses on derivative instruments are mainly related to the fair value adjustments of raw material financial instruments and foreign exchange instruments which do not qualify for hedge accounting.

NOTE 5: INCOME TAX

Income tax expense

The breakdown of the income tax expense for each of the years ended December 31, 2015 and 2014, respectively, is summarised as follows:

(in millions of U.S. dollars)	Year Ended December 31, 2015	2014
Current tax expense	31	19
Deferred tax expense	24	9
Total income tax expense	**55**	**28**

The following table reconciles the income tax expense to the statutory tax expense as calculated:

	Year Ended December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Net income	**172**	**95**
Non-controlling interest	1	—
Income tax expense	55	28
Income before tax:	**228**	**123**
Tax expense at domestic rates applicable to countries where income was generated	63	25
Tax exempt revenues	(11)	—
Net change in measurement of deferred tax assets [1]	28	157
Tax deductible write-down on shares [1]	(8)	(148)
Tax credits	(3)	(3)
Change in tax rate	1	—
Other permanent difference	(15)	(3)
Income tax expense	**55**	**28**

Note:

(1) Net change in measurement of deferred tax assets and Tax deductible write-down on shares for 2014 have been revised by $134 million and $(134) million, respectively, due to the finalisation of the calculation of the write-downs of the value of shares of consolidated subsidiaries in Luxembourg after the publication of the 2014 Annual Report.

The weighted average statutory tax expense was $63 million and $25 million in 2015 and 2014, respectively.

Tax exempt revenues of $(11) million in 2015 mainly relate to 80% exemption of the net income derived from the intra-group licensing of the Aperam trademark.

Net change in measurement of deferred tax assets of $28 million in 2015 mainly relates to tax expense of $8 million due to unrecognised deferred tax assets on write-down of the value of shares of consolidated subsidiaries in Luxembourg, de-recognition of deferred tax assets on previous tax losses for $6 million in Brazil, limitation of interest deduction for $5 million in France and not capitalisation of tax losses in Brazil for $1 million.

Net change in measurement of deferred tax assets of $157 million in 2014 mainly relates to tax expense of $148 million due to unrecognised deferred tax assets on write-down of the value of shares of a consolidated subsidiary in Luxembourg, limitation of interest deduction for $5 million in France and not capitalisation of tax losses in Brazil for $5 million.

Tax credits of $3 million and $3 million in 2015 and 2014, respectively, mainly relate to research tax credits and competitiveness and employment tax credits in France.

Other permanent difference in 2015 and 2014 consists of a reduced taxation on the financing activity, transfer pricing adjustment in Brazil, effect of foreign currency translation and equity method benefits, taxation on dividends and adjustments for tax deductible and nondeductible items.

Income tax recognised directly in equity

Income tax recognised in equity for the years ended December 31, 2015 and 2014 is as follows:

	Year Ended December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Deferred tax (expense) benefit		
Recognised in Other Comprehensive Income (Loss):		
Recognised actuarial gain (loss)	—	6
Unrealised gain (loss) loss on available-for-sale securities	—	(6)
Unrealised gain (loss) on derivative financial instruments	8	2
Foreign currency translation adjustments	27	35
Recognised on derivative instruments on Aperam shares	**—**	**(15)**
Total	**35**	**22**

The net deferred tax benefits recorded directly to equity was $35 million and $22 million as of December 31, 2015 and 2014, respectively. There was no current tax booked directly in equity in 2015 and 2014.

The amount of $(15) million recognised on derivative instruments on Aperam shares in 2014 relates to the management of share capital described in Note 19.

Deferred tax assets and liabilities

The origin of deferred tax assets and liabilities is as follows:

	Assets		Liabilities		Net	
	December 31,		December 31,		December 31,	
(in millions of U.S. dollars)	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Intangible assets	2	1	(8)	(14)	(6)	(13)
Property, plant and equipment	3	8	(224)	(272)	(221)	(264)
Biological assets	—	—	(25)	(32)	(25)	(32)
Inventories	26	20	(3)	(3)	23	17
Available-for-sale financial assets	—	15	—	—	—	15
Financial instruments	17	12	(7)	(4)	10	8
Other assets	6	19	(5)	(7)	1	12
Provisions	57	66	(65)	(72)	(8)	(6)
Other liabilities	21	26	(24)	(31)	(3)	(5)
Tax losses carried forward	386	467	—	—	386	467
Tax credits	2	2	—	—	2	2
Deferred tax assets/(liabilities)	**520**	**636**	**(361)**	**(435)**	**159**	**201**
Deferred tax assets					285	326
Deferred tax liabilities					(126)	(125)

Deferred tax assets not recognised by the Company as of December 31, 2015 were as follows:

(in millions of U.S. dollars)	Gross amount	Total deferred tax assets	Recognised deferred tax assets	Unrecognised deferred tax assets
Tax losses carried forward	2,325	723	386	337
Tax credits and other tax benefits	20	7	2	5
Other temporary differences	395	132	132	—
Total		**862**	**520**	**342**

Deferred tax assets not recognised by the Company as of December 31, 2014 were as follows:

(in millions of U.S. dollars)	Gross amount	Total deferred tax assets	Recognised deferred tax assets	Unrecognised deferred tax assets
Tax losses carried forward [1]	2,641	831	467	364
Tax credits and other tax benefits	32	10	2	8
Other temporary differences	496	167	167	—
Total		**1,008**	**636**	**372**

Note:

(1) Tax losses carried forward for 2014 have been revised by $458 million due to the finalisation of the calculation of the write-downs of the value of shares of consolidated subsidiaries in Luxembourg after the publication of the 2014 Annual Report.

The Company has unrecognised deferred tax assets relating to tax loss carry forwards, tax credits and other tax benefits amounting to $342 million and $372 million as of December 31, 2015 and 2014, respectively. As of December 31, 2015, the deferred tax assets not recognised relate to tax loss carry forwards attributable to subsidiaries located in Luxembourg ($290 million), Brazil ($41 million), France ($5 million) and Spain ($1 million) with different statutory tax rates. Therefore, the amount of the total deferred tax assets is the aggregate amount of the various deferred tax assets recognised and unrecognised at the various subsidiaries and not the result of a computation with a blended rate. Unrecognised tax losses have no expiration date in Brazil, France, Spain and Luxembourg. The utilisation of tax loss carry forwards is restricted to the taxable income of the subsidiary. At December 31, 2015, based upon the level of historical taxable income and projections for future taxable income over the periods in which the deductible temporary differences are anticipated to reverse, management believes it is probable that the Company will realize the benefits of an amount of deferred tax assets recognised for $285 million.

The amount of future taxable income required to be generated by the Company's operating subsidiaries to utilize the total deferred tax assets is approximately $890 million. Historically, the Company has been able to generate taxable income in sufficient amounts to permit it to utilize tax benefits associated with net operating loss carry forwards and other deferred tax assets that have been recognised in its consolidated financial statements. However, the amount of the deferred tax asset considered realizable could be adjusted in the future if estimates of taxable income are revised.

The Company has not recorded any deferred income tax liabilities on the undistributed earnings of its foreign subsidiaries for income tax due if these earnings would be distributed. For investments in subsidiaries, branches, associates and investments, that are not expected to reverse in the foreseeable future, no deferred tax liability has been recognised at December 31, 2015.

Tax loss carry forwards

At December 31, 2015, the Company had total estimated net tax loss carry forwards of $2,325 million.

Such amount includes net operating losses of $14 million and $1 million related to Aperam Stainless Services & Solutions Iberica S.L. in Spain and Aperam Stainless Services & Solutions Poland z.o.o. in Poland respectively which expire as follows:

Year expiring	Amount *(in millions of U.S. dollars)*
2016	1
2017	—
2018	—
2019	6
2020	3
2021–2033	5
Total	**15**

The remaining tax loss carry forwards of $2,310 million are indefinite and attributable to the Company's operations in Belgium, Brazil, France, Italy and Luxembourg.

Tax loss carry forwards are denominated in the currency of the countries in which the respective subsidiaries are located and operate. Fluctuations in currency exchange rates could reduce the U.S. dollar equivalent value of these tax loss carry forwards in future years.

NOTE 6: CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following:

	December 31,	
(in millions of U.S. dollars)	2015	2014
Bank current accounts	114	158
Term accounts (initial maturity < 3 months)	34	39
Total	**148**	**197**

NOTE 7: TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable and allowance for doubtful accounts are as follows:

	December 31,	
(in millions of U.S. dollars)	2015	2014
Gross amount	256	312
Allowance for doubtful accounts	(8)	(10)
Total	**248**	**302**

See Note 21 for information regarding trade accounts receivable from related parties.

Before accepting any new customer, the Company requests a credit limit authorisation from credit insurance companies or uses an internally developed credit scoring system to assess the potential customer's credit quality and to define credit limits by customer. For all significant customers, the credit terms must be approved by relevant credit committees. Limits and scoring attributed to customers are reviewed periodically. There are no customers which represent more than 10% of the total balance of trade accounts receivable.

Included in the Company's trade accounts receivable balance are debtors with a carrying amount of $227 million and $267 million as of December 31, 2015 and 2014, respectively, which were not past due at the reporting date.

The amount of trade accounts receivable pledged as collateral was $50 million and $58 million as of December 31, 2015 and 2014, respectively. Pledges mainly aim at securing the borrowing base revolving credit facility entered into by the Company as described in Note 15.

Exposure to credit risk by operating segment

The maximum exposure to credit risk for trade accounts receivable by operating segment is:

	December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Stainless & Electrical Steel	108	114
Alloys & Specialties	32	40
Services & Solutions	108	148
Total	**248**	**302**

Exposure to credit risk by geography

The maximum exposure to credit risk for trade accounts receivable by geographical area is:

	December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Europe	143	171
South America	78	94
North America	26	34
Asia	1	3
Total	**248**	**302**

Aging of trade accounts receivable

The aging of trade accounts receivable is as follows:

	December 31,			
	2015		2014	
(in millions of U.S. dollars)	**Gross**	**Allowance**	**Gross**	**Allowance**
Not past due	227	—	267	—
Past due 0-30 days	13	—	27	—
Past due 31-180 days	8	—	8	—
More than 180 days	8	(8)	10	(10)
Total	**256**	**(8)**	**312**	**(10)**

The movement in the allowance for doubtful accounts in respect of trade accounts receivable during the year is as follows:

(in millions of U.S. dollars)

Balance as of December 31, 2013	Additions	Deductions/ Releases	Other Movements (primarily exchange rate changes)	Balance as of December 31, 2014
11	2	(2)	(1)	10

(in millions of U.S. dollars)

Balance as of December 31, 2014	Additions	Deductions/ Releases	Other Movements (primarily exchange rate changes)	Balance as of December 31, 2015
10	2	(2)	(2)	8

The Company has established sales without recourse of trade accounts receivable program with financial institutions, referred to as True Sales of Receivables ("TSR"). The amount of the Aperam facility available for the Company represented €280 million and €250 million as of December 31, 2015 and 2014, respectively. Through the TSR program, certain operating subsidiaries of Aperam surrender control, risks and the benefits associated with the accounts receivable sold. Therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the statement of financial position at the moment of the sale.

The total amount of receivables sold under the TSR program and derecognised in accordance with IAS 39 for the years ended December 31, 2015 and 2014 were $1.6 billion and $1.8 billion, respectively. Expenses incurred under the TSR program (reflecting the discount granted to the acquirers of the accounts receivable) are recognised in the consolidated statement of operations as financing costs and amounted to $9 million and $14 million in 2015 and 2014, respectively.

NOTE 8: INVENTORIES

Inventories, net of provision for obsolescence, slow-moving inventories and excess of cost over net realizable value of $109 million and $116 million as of December 31, 2015 and 2014, respectively, is comprised of the following:

	December 31	
(in millions of U.S. dollars)	**2015**	**2014**
Finished products	469	547
Production in process	363	431
Raw materials	164	197
Manufacturing supplies, spare parts and other	125	140
Total	**1,121**	**1,315**

There are no inventories which are carried at fair value less cost to sell.

The amount of inventory pledged as collateral was $657 million and $893 million as of December 31, 2015 and 2014, respectively. Pledges mainly aim at securing the borrowing base revolving credit facility entered into by the Company as described in Note 15.

The movement in the allowance for obsolescence is as follows:

(in millions of U.S. dollars)

Balance as of December 31, 2013	Additions	Deductions/ Releases	Other Movements (primarily exchange rate changes)	Balance as of December 31, 2014
134	40	(43)	(15)	116

(in millions of U.S. dollars)

Balance as of December 31, 2014	Additions	Deductions/ Releases	Other Movements (primarily exchange rate changes)	Balance as of December 31, 2015
116	30	(24)	(13)	109

The amount of write-down of inventories to net realizable value recognised as an expense was $30 million and $40 million in 2015 and 2014, respectively, and was reduced by $24 million and $43 million in 2015 and 2014, respectively, due to normal inventory consumption.

The amount of inventories recognised as an expense (due to normal inventory consumption) was $2,811 million and $3,263 million during the year ended December 31, 2015 and 2014, respectively.

NOTE 9: PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Value added tax (VAT) and other amount receivable from tax authorities	89	75
Prepaid expenses and accrued receivables	12	15
Derivative financial assets (Note 20)	10	6
Cash receivable from sold trade receivables	—	14
Other	17	27
Total	**128**	**137**

NOTE 10: GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

(in millions of U.S. dollars)	Goodwill on acquisition	Customer relationships, trade marks & technology	Concessions, patents and licenses	Total
Cost				
At December 31, 2013	719	247	119	1,085
Acquisitions	—	—	7	7
Foreign exchange differences	(85)	(30)	(13)	(128)
At December 31, 2014	**634**	**217**	**113**	**964**
Accumulated amortisation and impairment losses				
At December 31, 2013	—	(185)	(92)	(277)
Amortisation charge	—	(19)	(7)	(26)
Foreign exchange differences	—	(24)	(11)	(35)
At December 31, 2014	**—**	**(180)**	**(88)**	**(268)**
Carrying amount				
At December 31, 2014	**634**	**37**	**25**	**696**
Cost				
At December 31, 2014	634	217	113	964
Acquisitions	—	3	6	9
Foreign exchange differences	(122)	(40)	(21)	(183)
At December 31, 2015	**512**	**180**	**98**	**790**
Accumulated amortisation and impairment losses				
At December 31, 2014	—	(180)	(88)	(268)
Amortisation charge	—	(11)	(7)	(18)
Foreign exchange differences	—	34	18	52
At December 31, 2015	**—**	**(157)**	**(77)**	**(234)**
Carrying amount				
At December 31, 2015	**512**	**23**	**21**	**556**

As a result of the acquisition of Arcelor by Mittal Steel on August 1, 2006, associated goodwill, intangible assets, and certain fair value adjustments were recorded.

The Company identified three operating segments. As a result, goodwill acquired in business combinations was allocated to these operating segments based on the relative fair values of the operating segments. Goodwill is allocated as follows to each of the Company's operating segments:

(in millions of U.S. dollars)	Net value December 31, 2014	Foreign exchange differences	Net value December 31, 2015
Stainless & Electrical Steel	529	(111)	418
Alloys & Specialties	25	(3)	22
Services & Solutions	80	(8)	72
Total	**634**	**(122)**	**512**

Goodwill is tested at the Group of cash-generating unit ("GCGU") level for impairment annually or whenever changes in circumstances indicate that its carrying amount may not be recoverable. For 2015, goodwill was tested at the GCGU level for impairment as of October 31. The GCGU is at the operating segment level of Aperam, which represents the lowest level at which goodwill is monitored for internal management purposes. The recoverable amounts of the GCGUs are determined based on their value in use. The Company determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs as the carrying value of the GCGUs was lower than their value in use.

The key assumptions for the value in use calculations are primarily the pre-tax discount rates, the terminal growth rate and the expected changes to raw material margin, shipments and added costs during the period. The impairment tests did not result in impairment for any periods presented in these consolidated financial statements.

The value in use of the GCGUs was determined by estimating cash flows for a period of five years.

Assumptions for raw material margin and shipments were based on historical experience and expectations of future changes in the market. Cash flow forecasts were derived from the most recent financial budget approved by the Board of Directors. Beyond the specifically forecasted period of five years, the Company extrapolated cash flows for the remaining years based on an estimated constant growth rate of 1.5% in Europe and 2% in South America. These rates did not exceed the average long-term growth rate for the relevant markets.

For purposes of the 2015 impairment test, the Company estimated shipments on the basis of the analysis of the markets where the Company is active in as well as on the basis of projections provided by external sources.

The nickel price estimate for the next 5 years was determined by the management based on internal analysis giving due consideration to forecasts published by external sources.

Management estimated discount rates using pre-tax rates that reflected current market rates for investments of similar risk. The discount rate for the GCGUs was estimated from the weighted average cost of capital of producers which operate a portfolio of assets similar to those of the Company's assets.

	Stainless & Electrical Steel	Alloys & Specialties	Services & Solutions
GCGU weighted average pre-tax discount rate used in 2014 (in %)	12.7	15.1	13.2
GCGU weighted average pre-tax discount rate used in 2015 (in %)	13.1	14.6	13.1

When estimating GCGU's average selling price for the purpose of 2015 impairment test, the Company used an average price per tonne (based on Stainless steel/CR304 2B 2mm coil transaction price/Southern European domestic delivered prices derived from Steel Business Briefing ("SBB").

The results of the goodwill impairment test of 2014 and 2015 for each GCGU did not result in an impairment of goodwill as the value in use exceeded the carrying value of the GCGU.

In validating the value in use determined for the GCGU, key assumptions used in the discounted cash-flow model (such as discount rates, raw material margins, shipments and terminal growth rate) were sensitised to test the resilience of value in use.

The analysis did not result in any scenarios whereby a reasonable possible change in the aforementioned key assumptions would result in a recoverable amount for the GCGU which is inferior to the carrying value.

Research and development costs

Research and development costs do not meet the criteria for capitalisation and are expensed and included in selling, general and administrative expenses within the consolidated statement of operations. These costs amounted to $18 million and $20 million in the years ended December 31, 2015 and 2014, respectively. There were no research and development costs capitalised during any of the periods presented.

NOTE 11: BIOLOGICAL ASSETS

The reconciliation of changes in the carrying value of biological assets between the beginning and the end of the year is as follows:

	Amount *(in millions of U.S. dollars)*
Balance at January 1, 2014	119
Additions	21
Change in fair value[1]	5
Harvested trees	(35)
Foreign exchange differences	(13)
At December 31, 2014	**97**
Balance at January 1, 2015	97
Additions	16
Change in fair value[1]	9
Harvested trees	(21)
Foreign exchange differences	(30)
At December 31, 2015	**71**

Note:
(1) Recognised in cost of sales in the consolidated statements of operations.

The Company's biological assets comprise eucalyptus forests cultivated and planted in order to supply raw materials for the production of charcoal. The total area of 126 thousand hectares is composed of eucalyptus forest reserves in Brazil. These areas are managed by Aperam BioEnergìa Ltda that provides planting, lumber harvesting and coal production services.

In order to determine the fair value of biological assets, a discounted cash flow model was used, with the harvest cycle of six to seven years. Fair value measurement of biological assets is categorised within level 3 of fair value hierarchy.

The projected cash flows are consistent with area's growing cycle. The volume of eucalyptus production to be harvested was estimated considering the average productivity in cubic meters of wood per hectare from each plantation at the time of harvest. The average productivity varies according to the genetic material, climate and soil conditions and the forestry management programs. The projected volume is based on the average annual growth which at the end of 2015 was equivalent to 34m3/ha/year. The projected cash flows are consistent with area's growing cycle. The volume of eucalyptus production to be harvested was estimated considering the average productivity in cubic meters of wood per hectare from each plantation at the time of harvest.

The average productivity varies according to the genetic material, climate and soil conditions and the forestry management programs. The projected volume is based on the average annual growth which at the end of 2015 was equivalent to 34m3/ha/year.

The average net sales price of 39 Brazilian real per m3 was projected based on the estimated price for eucalyptus in the local market, through a market study and research of actual transactions, adjusted to reflect the price of standing trees by region.

The average estimated cost considers expenses for felling, chemical control of growing, pest control, composting, road maintenance, inputs and labour services. Tax effects based on current rates of 34% in 2015, as well as the contribution of other assets, such as property, plant and equipment and land were considered in the estimation based on average rates of return for those assets.

The valuation model considers the net cash flows after income tax and the post-tax discount rate used of 11.50%. Discount rate is calculated using a Capital Asset Pricing Model.

The following table illustrates the sensitivity to a 10% variation in each of the significant unobservable inputs used to measure the fair value of the biological assets on December 31, 2015:

(in millions of U.S. dollars)	**Impacts on the fair value resulting from**	
Significant unobservable impacts	**10% increase**	**10% decrease**
Average annual growth	37	(37)
Average selling price	37	(37)
Discount rate	(15)	16

NOTE 12: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarised as follows:

(in millions of U.S. dollars)	Machinery and equipment	Land, buildings and improvements	Construction in progress	Total
Cost				
At December 31, 2013	2,932	944	60	3,936
Additions	29	—	73	102
Foreign exchange differences	(343)	(115)	(9)	(467)
Disposals	(29)	(6)	—	(35)
Other movements	32	19	(48)	3
At December 31, 2014	**2,621**	**842**	**76**	**3,539**
Accumulated depreciation and impairment				
At December 31, 2013	(1,405)	(262)	—	(1,667)
Depreciation charge for the year	(145)	(31)	—	(176)
Impairment	(8)	—	—	(8)
Disposals	24	4	—	28
Foreign exchange differences	177	36	—	213
Other movements	1	(1)	—	—
At December 31, 2014	**(1,356)**	**(254)**	**—**	**(1,610)**
Carrying amount				
At December 31, 2014	**1,265**	**588**	**76**	**1,929**
Cost				
At December 31, 2014	2,621	842	76	3,539
Additions	15	—	92	107
Foreign exchange differences	(415)	(142)	(13)	(570)
Disposals	(37)	(1)	—	(38)
Other movements	42	15	(66)	(9)
At December 31, 2015	**2,226**	**714**	**89**	**3,029**
Accumulated depreciation and impairment				
At December 31, 2014	(1,356)	(254)	—	(1,610)
Depreciation charge for the year	(117)	(18)	—	(135)
Disposals	35	1	—	36
Foreign exchange differences	210	45	—	255
Other movements	13	(7)	—	6
At December 31, 2015	**(1,215)**	**(233)**	**—**	**(1,448)**
Carrying amount				
At December 31, 2015	**1,011**	**481**	**89**	**1,581**

Other movements predominantly represent mostly transfers from construction in progress to other categories.

In 2014, various idle assets were written down to their salvage value as a decision was made to cease all future use but none in 2015. Accordingly, an impairment loss of nil and $8 million was recognised as an expense as part of operating result in the consolidated statement of operations for the years ended December 31, 2015 and 2014, respectively. The carrying amount of these assets was nil at December 31, 2015 and 2014. The impairment loss of $8 million recorded in 2014 consisted primarily of idled mill rolls at Aperam Stainless Belgium for $5 million and at Aperam Stainless France for $3 million. As of December 31, 2015 and 2014, temporarily idle assets included in the Stainless & Electrical Steel segment were $8 million and $18 million, respectively. There were no temporarily idle assets included in the other segments as of any of the periods presented.

During the year ended December 31, 2015 and in conjunction with its testing of goodwill for impairment, the Company analysed the recoverable amount of its property, plant and equipment. Property, plant and equipment were tested at the Cash Generating Unit ("CGU") level. In certain instances, the CGU is an integrated manufacturing facility which may also be an operating subsidiary. Furthermore, a manufacturing facility may be operated together with another facility, with neither facility generating cash flows that are largely independent from the cash flows in the other. In this instance, the two facilities are combined for purposes of testing for impairment. As of December 31, 2015, the Company had determined it has six CGUs. The recoverable amounts of the CGUs are determined based on value in use calculation and follow similar assumptions as those used for the test on impairment for goodwill.

The Company estimated discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The rate for each CGU was estimated from the weighted average cost of capital of producers which operate a portfolio of assets similar to those of Aperam's assets. Aside from the impairments described above where a decision was made to cease all future use, no impairment of property, plant and equipment was recorded for the year ended December 31, 2015 and December 31, 2014.

The carrying amount of property, plant and equipment includes $3 million and $6 million of finance leases as of December 31, 2015 and 2014, respectively. The carrying amount of these finance leases is included in machinery and equipment.

These finance lease arrangements are mainly equipment related to the scrap and slab yard in Belgium for a carrying amount of $3 million which can be purchased for their book value at the end of the remaining leasing period.

The amount of property, plant and equipment pledged as collateral was $2 million and $3 million as of December 31, 2015 and 2014, respectively.

NOTE 13: OTHER INVESTMENTS

The Company holds the following investments:

(in millions of U.S. dollars)	Location	Ownership % at December 31, 2015	Fair value December 31, 2015	2014
Available-for-sale securities (at fair value)				
General Moly Inc.	U.S.	7.55%	2	5
Gerdau S.A.	Brazil	0.53%	11	33
Total available-for-sale securities			**13**	**38**
Investments accounted for at cost				
Exeltium S.A.S.	France	2.05%	4	4
Other			1	2
Total investments accounted for at cost			**5**	**6**
Total			**18**	**44**

The fair value (applying a Level 1 fair value measurement) of Aperam's stake in Gerdau amounted to $11 million and $33 million as of December 31, 2015 and December 31, 2014, respectively. The fair value (applying a Level 1 fair value measurement) of Aperam's stake in General Moly amounted to $2 million and $5 million as of December 31, 2015 and December 31, 2014, respectively.

The fair value of available-for-sale securities decreased by $25 million during the year ended December 31, 2015 from $38 million as of December 31, 2014 to $13 million as of December 31, 2015 on account of an impairment loss of $15 million and a foreign exchange loss of $10 million.

The Company reviewed the investments in Gerdau and General Moly for impairment and recognised an impairment loss of $13 million and $2 million respectively as a loss from other investments in the statement of operations for the year ended December 31, 2015. The Company considers a significant or prolonged decline in fair value as objective evidence of impairment.

NOTE 14: OTHER ASSETS

Other assets consisted of the following:

(in millions of U.S. dollars)	December 31, 2015	2014
Call options on Aperam shares (1)	65	54
Cash guarantees and deposits	26	38
Long-term VAT receivables	20	14
Tax indemnification from ArcelorMittal Bioflorestas	4	8
Long-term receivables from sale of tangible assets	1	2
Other financial assets	15	13
Total	**131**	**129**

Note:
(1) On June 27, 2014, Aperam acquired call options of its own shares. See Note 20: Financial instruments.

NOTE 15: SHORT-TERM AND LONG-TERM DEBT

Short-term debt, including the current portion of long-term debt, consisted of the following:

(in millions of U.S. dollars)	December 31, 2015	2014
Short-term bank loans and other credit facilities	4	15
Current portion of long-term debt	9	22
Lease obligations	1	3
Total	**14**	**40**

Secured borrowing base revolving credit facility

On March 6, 2015, Aperam signed a $500 million secured borrowing base revolving credit facility ("The Facility") with a group of nine banks. The Facility, which refinanced the existing Borrowing Base Facility of $400 million, is structured as a three-year revolving credit facility and includes a one-year extension option. It will be used for liquidity and working capital purposes. On December 1, 2015, Aperam cancelled a $100 million of commitments leading to a remaining $400 million secured borrowing base revolving credit facility.

The 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 below one, one, two, three or six months or any other period agreed between the parties. The Facility also charges a utilisation fee on the drawn portion of the total facility amount and a commitment fee on the undrawn and un-cancelled portion of the total facility amount, payable quarterly in arrears.

The Facility is secured by first-ranking, second-ranking, third-ranking and fourth-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 Facility may not exceed a borrowing base value equal to 70% to 100% of the book 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 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, 2015, these financial covenants were fully met.

Long-term debt is comprised of the following:

(in millions of U.S. dollars)	Year of maturity	Type of Interest	Interest rate[1]	December 31 2015	December 31 2014
250 Unsecured Bonds	2018	Fixed	7.750%	—	248
300 Convertible Bonds	2019/2021 [2]	Fixed	0.625%	256	243
200 Convertible Bonds	2017/2020 [3]	Fixed	2.625%	180	169
Loans in Brazil	2016-2021	Fixed/Floating	2.50%-9.80%	21	51
Total				**457**	**711**
Less current portion of long-term debt				(9)	(22)
Total long-term debt (excluding lease obligations)				448	689
Lease obligations [4]				2	4
Total long-term debt, net of current portion				**450**	**693**

Note:
(1) Rates applicable to balances outstanding at December 31, 2015.
(2) Convertible bonds maturity is on July 8, 2021 but bonds are puttable by the bondholders on January 8, 2019.
(3) Convertible bonds maturity is on September 30, 2020 but bonds are puttable by the bondholders on September 30, 2017.
(4) Net of current portion of 1 and 3 on December 31, 2015 and 2014 respectively.

Convertible Bonds

On September 19, 2013, Aperam issued a $200 million convertible and/or exchangeable debt instrument with a contractual maturity of 7 years. These bonds bear interest at 2.625% per annum payable semi-annually on March 30 and September 30 of each year, commencing on March 30, 2014. The bonds are puttable by the bondholders on September 30, 2017 at the principal amount (plus accrued interests).

At inception, the Company determined the bonds met the definition of a compound financial instrument in accordance with IFRS. The conversion option premium is recognised as an equity component. The Company determined the fair value of the financial liability component of the bonds was $158 million on the date of issuance.

On July 8, 2014, Aperam issued a $300 million convertible and/or exchangeable debt instrument with a contractual maturity of 7 years. These bonds bear interest at 0.625% per annum payable semi-annually on January 8 and July 8 of each year, commencing on January 8, 2015. The bonds are puttable by the bondholders on January 8, 2019 at the principal amount (plus accrued interests).

At inception, the Company determined the bonds met the definition of a compound financial instrument in accordance with IFRS. As such, the Company determined the fair value of the financial liability component of the bonds was $237 million on the date of issuance. Conversion option is recognised as a derivative financial liability.

Scheduled maturities of long-term debt including lease obligations are as follows:

(in millions of U.S. dollars)	December 31, 2015
2016	14
2017	190
2018	2
2019	256
2020	—
Subsequent years	2
Total	**464**

The following table presents the structure of the Company's debt and cash in original currencies:

(in millions of U.S. dollars)	Total USD	In USD equivalent as of December 31, 2015 EUR	USD	BRL	Other
Short-term debt and current portion of long-term debt	14	1	—	11	2
Long-term debt	450	3	436	11	—
Cash	148	103	15	22	8

(in millions of U.S. dollars)	Total USD	In USD equivalent as of December 31, 2014 EUR	USD	BRL	Other
Short-term debt and current portion of long-term debt	40	3	7	27	3
Long-term debt	693	4	660	29	—
Cash	197	132	42	11	12

The following tables summarize the Company's bases used to measure its debt at fair value. Fair value measurement has been classified into three levels based upon a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	December 31, 2015				
	Carrying Amount				Fair Value
(in millions of U.S. dollars)		Level 1	Level 2	Level 3	Total
Instruments payable bearing interest at fixed rates	450	579	14	—	593
Instruments payable bearing interest at variable rates	14	—	13	—	13
Total	**464**	**579**	**27**	**—**	**606**

	December 31, 2014				
	Carrying Amount				Fair Value
(in millions of U.S. dollars)		Level 1	Level 2	Level 3	Total
Instruments payable bearing interest at fixed rates	695	767	33	—	800
Instruments payable bearing interest at variable rates	38	—	35	—	35
Total	**733**	**767**	**68**	**—**	**835**

Instruments payable classified as Level 1 refer to the Company's listed bonds quoted in active markets. The total fair value is the official closing price as defined by the exchange on which the instrument is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs.

Instruments payable classified as Level 2 refer to all debt instruments not classified as Level 1. Fixed rate debt is based on estimated future cash flows which are discounted using current zero coupon rates for the relevant maturities and currencies as well as Aperam's credit spread quotations for the relevant maturities.

NOTE 16: PROVISIONS

The movements by provision were as follows:

(in millions of U.S. dollars)	Balance at December 31, 2013	Additions	Deductions-Payments and other releases	Effects of Foreign Exchange and other movements	Balance at December 31, 2014
Litigation (Note 23)	56	11	(8)	(5)	54
Environmental (Note 23)	27	4	(2)	(3)	26
Restructuring	7	1	(6)	—	2
Voluntary separation plans	3	2	(1)	(1)	3
Other	8	25	(4)	(3)	26
Total	**101**	**43**	**(21)**	**(12)**	**111**
Short-term provisions	30				43
Long-term provisions	71				68
Total	**101**				**111**

(in millions of U.S. dollars)	Balance at December 31, 2014	Additions	Deductions-Payments and other releases	Effects of Foreign Exchange and other movements	Balance at December 31, 2015
Litigation (Note 23)	54	9	(9)	(16)	38
Environmental (Note 23)	26	1	(8)	(3)	16
Restructuring	2	1	(2)	—	1
Voluntary separation plans	3	—	(1)	(1)	2
Other	26	10	(10)	(7)	19
Total	**111**	**21**	**(30)**	**(27)**	**76**
Short-term provisions	43				30
Long-term provisions	68				46
Total	**111**				**76**

There are uncertainties regarding the timing and amount of the provisions above. Changes in underlying facts and circumstances for each provision could result in differences in the amounts above and the actual outflows. Due to the uncertainties regarding the timing of the provisions or the short period of their expected use, they are presented on a non-discounted basis.

Provisions for litigation related to probable losses that have been incurred due to a present legal or constructive obligation are expected to be settled in a period of one to four years. Discussion regarding legal matters is provided in Note 23.

Environmental provisions are related to probable environmental assessments and/or remedial efforts and are expected to be used for up to 20 years.

Other includes provisions for technical warranties, guarantees as well as other disputes.

NOTE 17: ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses were comprised of the following as of:

	December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Accrued payroll and employee related expenses	122	134
Cash collected from sold trade receivables	54	36
VAT and other amounts due to public authorities	39	35
Payable from acquisition of intangible & tangible assets	28	31
Revaluation of derivative instruments (Note 20)	27	20
Unearned revenue and accrued payables	4	8
Accrued interests	2	9
Other creditors	22	20
Total	**298**	**293**

NOTE 18: DEFERRED EMPLOYEE BENEFITS

The Company's operating subsidiaries have different types of pension plans for its employees. Also, some of the operating subsidiaries offer other post-employment benefits, principally retirement indemnities. Limited health care benefits are also offered to some employees in Belgium. The expense associated with these pension plans and employee benefits, as well as the carrying amount of the related liability/asset on the statements of financial position are based on a number of assumptions and factors such as the discount rate, expected compensation increases, actual return on plan assets and market value of the underlying assets.

Statement of Financial Position

Together with plans and obligations that do not constitute pension or other post-employment benefits, the total deferred employee benefits are as follows:

	December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Pension plan benefits	100	113
Other post-employment benefits	57	66
Early retirement benefits	26	33
Other long-term employee benefits	1	1
Total	**184**	**213**

Pension Plans

A summary of the significant defined benefit pension plans is as follows:

Brazil

The primary defined benefit plans, financed through trust funds, have been closed to new entrants. Brazilian entities have all established defined contribution plans that are financed by employer and employee contributions.

Europe

Certain European operating subsidiaries maintain primarily unfunded defined benefit pension plans for a certain number of employees. Benefits are based on such employees' length of service and applicable pension table under the terms of individual agreements. Some of these unfunded plans have been closed to new entrants and replaced by defined contribution pension plans for active members financed by employer and employee contributions.

The majority of the funded defined benefit payments described earlier provide benefit payments from trustee-administered funds. Aperam also sponsors a number of unfunded plans where the Company meets the benefit payment obligation as it falls due. Plan assets held in trusts are legally separated from the Company and are governed by local regulations and practice in each country, as is the nature of the relationship between the Company and the governing bodies and their composition.

In general terms, governing bodies are required by law to act in the best interest of the plan members and are responsible for certain tasks related to the plan (e.g. setting the plan's investment policy).

The Belgian defined contribution pension plans are by law subject to minimum guaranteed rates of return. In the past the minimum guaranteed rates were 3.25% on employer contributions and 3.75% on employee contributions. As from December 2015 new Belgian legislation modifies the minimum guaranteed rates of return applicable to Belgian Defined Contribution Plans.

For insured plans, the rates of 3.25% on employer contributions and 3.75% on employee contributions will continue to apply to the accumulated pre-2016 contributions. For contributions paid as from 2016, January, 1, a new variable minimum guaranteed rate of return will apply. Best estimate for the 2016 contributions being 1.75%. This change in legislation results into minimum guaranteed benefits at the date of leaving or retirement. Those plans, which are funded through group insurances, were basically accounted for as defined contribution plans. At 31 December 2015, the minimum guaranteed reserves were lower than the actual accumulated reserves. The contributions paid during 2015 for those plans amounted to $5 million. The plan assets at 31 December 2015 consisted of $60 million.

The following tables detail the reconciliation of defined benefit obligation, plan assets and statement of financial position.

	Year Ended December 31, 2015		
(in millions of U.S. dollars)	**Total**	**Brazil**	**Europe**
Change in benefit obligation			
Benefit obligation at beginning of the period	204	90	114
Service cost	—	—	—
Interest cost	10	8	2
Actuarial gain/(loss)	(11)	(13)	2
Demographic assumptions	—	—	—
Financial assumptions	*(13)*	*(10)*	*(3)*
Experience adjustments	*2*	*(3)*	*5*
Benefits paid	(10)	(5)	(5)
Obligations transfer	—	—	—
Foreign currency exchange rate differences and other movements	(39)	(27)	(12)
Benefit obligation at end of the period	**154**	**53**	**101**
Actives	*5*	*3*	*2*
Terminated vested	*4*	—	*4*
Retirees	*145*	*50*	*95*
Benefit obligation at end of the period	**154**	**53**	**101**
Change in plan assets			
Fair value of plan assets at beginning of the period	150	149	1
Interest income on plan assets	14	14	—
Return on plan assets greater/(less) than discount rate	(6)	(6)	—
Obligation transfer	—	—	—
Benefits paid	(5)	(5)	—
Foreign currency exchange rate differences and other movements	(49)	(49)	—
Fair value of plan assets at end of the period	104	103	1
Present value of wholly or partly funded obligation	63	53	10
Fair value of plan assets	104	103	1
Net present value of wholly or partly funded obligation	**41**	**50**	**(9)**
Present value of unfunded obligation	(91)	—	(91)
Prepaid due to unrecoverable surpluses	(50)	(50)	—
Recognised liabilities	**(100)**	**—**	**(100)**
Change in unrecoverable surplus			
Unrecoverable surplus at beginning of the year	(59)	(59)	—
Interest cost on unrecoverable surplus	(6)	(6)	—
Change in unrecoverable surplus in excess of interest	(5)	(5)	—
Exchange rates changes	20	20	—
Unrecoverable surplus at end of the year	**(50)**	**(50)**	**—**

(in millions of U.S. dollars)	Year Ended December 31, 2014 Total	Brazil	Europe
Change in benefit obligation			
Benefit obligation at beginning of the period	191	79	112
Service cost	—	—	—
Interest cost	14	11	3
Actuarial gain	33	14	19
Demographic assumptions	*—*	*—*	*—*
Financial assumptions	*20*	*4*	*16*
Experience adjustments	*13*	*10*	*3*
Benefits paid	(13)	(7)	(6)
Obligations transfer	6	6	—
Foreign currency exchange rate differences and other movements	(27)	(12)	(15)
Benefit obligation at end of the period	**204**	**90**	**114**
Actives	*10*	*7*	*3*
Terminated vested	*4*	*—*	*4*
Retirees	*190*	*83*	*107*
Benefit obligation at end of the period	**204**	**90**	**114**
Change in plan assets			
Fair value of plan assets at beginning of the period	155	154	1
Interest income on plan assets	18	18	—
Return on plan assets greater/(less) than discount rate	(2)	(2)	—
Obligation transfer	6	6	—
Benefits paid	(7)	(7)	—
Foreign currency exchange rate differences and other movements	(20)	(20)	—
Fair value of plan assets at end of the period	150	149	1
Present value of wholly or partly funded obligation	102	90	12
Fair value of plan assets	150	149	1
Net present value of wholly or partly funded obligation	**48**	**59**	**(11)**
Present value of unfunded obligation	(102)	—	(102)
Prepaid due to unrecoverable surpluses	(59)	(59)	—
Recognised liabilities	**(113)**	**—**	**(113)**
Change in unrecoverable surplus			
Unrecoverable surplus at beginning of the year	(75)	(75)	—
Interest cost on unrecoverable surplus	(7)	(7)	—
Change in unrecoverable surplus in excess of interest	16	16	—
Exchange rates changes	7	7	—
Unrecoverable surplus at end of the year	**(59)**	**(59)**	**—**

Asset ceiling

In accordance with IFRS, assets recognised for a defined benefit plan are limited to the present value of any economic benefit available in the form of refunds from the plan or reductions in future contributions to the plan. The amount not recognised in the fair value of plan assets due to the asset ceiling was $50 million and $59 million at December 31, 2015 and 2014, respectively.

The following tables detail the components of net periodic pension cost:

(in millions of U.S. dollars)	Year Ended December 31, 2015 Total	Brazil	Europe
Net periodic pension cost			
Service cost	—	—	—
Net Interest cost/(income) on net liability/(asset)	2	—	2
Administration costs	1	1	—
Total	**3**	**1**	**2**

(in millions of U.S. dollars)	Year Ended December 31, 2014 Total	Brazil	Europe
Net periodic pension cost			
Service cost	—	—	—
Net Interest cost/(income) on net liability/(asset)	3	—	3
Administration costs	—	—	—
Total	**3**	**—**	**3**

Other post-employment benefits

The Company's principal operating subsidiaries provide Other Post-Employment Benefits ("OPEB"), including life insurance benefits, to retirees.

Summary of changes in the other post-employment benefit obligation and the change in plan assets:

	Year Ended December 31, 2015		
(in millions of U.S. dollars)	**Total**	**Brazil**	**Europe**
Change in post-employment benefit obligation			
Benefit obligation at beginning of period	66	1	65
Service cost	2	—	2
Interest cost	1	—	1
Actuarial (gain)/loss	(3)	—	(3)
Demographic assumptions	—	—	—
Financial assumptions	*(1)*	—	*(1)*
Experience adjustments	*(2)*	—	*(2)*
Benefits paid	(3)	—	(3)
Curtailments	—	—	—
Foreign currency exchange rate changes and other movements	(6)	—	(6)
Benefits obligation at end of period	**57**	**1**	**56**
Actives	*57*	*1*	*56*
Terminated vested	—	—	—
Retirees	—	—	—
Benefit obligation at end of the period	**57**	**1**	**56**
Fair value of assets	—	—	—
Present value of funded obligation	—	—	—
Fair value of plan assets	—	—	—
Net present value of funded obligation	—	—	—
Present value of unfunded obligation	(57)	(1)	(56)
Recognised liabilities	**(57)**	**(1)**	**(56)**

	Year Ended December 31, 2014		
(in millions of U.S. dollars)	**Total**	**Brazil**	**Europe**
Change in post-employment benefit obligation			
Benefit obligation at beginning of period	72	1	71
Service cost	2	—	2
Interest cost	2	—	2
Actuarial loss (gain)	4	—	4
Demographic assumptions	—	—	—
Financial assumptions	*7*	—	*7*
Experience adjustments	*(3)*	—	*(3)*
Benefits paid	(4)	—	(4)
Curtailments	(1)	—	(1)
Foreign currency exchange rate changes and other movements	(9)	—	(9)
Benefits obligation at end of period	**66**	**1**	**65**
Actives	*66*	*1*	*65*
Terminated vested	—	—	—
Retirees	—	—	—
Benefit obligation at end of the period	**66**	**1**	**65**
Fair value of assets	—	—	—
Present value of funded obligation	—	—	—
Fair value of plan assets	—	—	—
Net present value of funded obligation	—	—	—
Present value of unfunded obligation	(66)	(1)	(65)
Recognised liabilities	**(66)**	**(1)**	**(65)**

The following tables detail the components of net periodic other post-employment cost:

	Year Ended December 31, 2015		
(in millions of U.S. dollars)	**Total**	**Brazil**	**Europe**
Components of net periodic OPEB benefit			
Service cost	2	—	2
Past service cost – Curtailments	—	—	—
Net Interest cost/(income) on net liability/(asset)	1	—	1
Actuarial (gains)/losses recognised during the year	—	—	—
Total	**3**	**—**	**3**

	Year Ended December 31, 2014		
(in millions of U.S. dollars)	**Total**	**Brazil**	**Europe**
Components of net periodic OPEB benefit			
Service cost	2	—	2
Past service cost – Curtailments	(1)	—	(1)
Net Interest cost/(income) on net liability/(asset)	2	—	2
Actuarial (gains)/losses recognised during the year	1	—	1
Total	**4**	**—**	**4**

Plan Assets

The weighted average asset allocations by asset category in Brazil were as follows:

	At December 31,	
	2015	**2014**
Equity Securities	2%	4%
Asset classes that have a quoted market price in an active market	*2%*	*4%*
Asset classes that do not have a quoted market price in an active market	—	—
Fixed Income (including cash)	94%	91%
Asset classes that have a quoted market price in an active market	*94%*	*91%*
Asset classes that do not have a quoted market price in an active market	—	—
Real Estate	2%	2%
Asset classes that have a quoted market price in an active market	*2%*	*2%*
Asset classes that do not have a quoted market price in an active market	—	—
Other	2%	3%
Total	**100%**	**100%**

The assets related to the funded defined benefit pension plans in Europe represented $1 million and $1 million as of December 31, 2015 and 2014, respectively, and were invested in guaranteed insurance contracts.

These assets do not include any direct investment in Aperam or in property or other assets occupied or used by Aperam. This does not exclude Aperam shares included in mutual fund investments. The invested assets produced an actual return of $8 million and $16 million in 2015 and 2014, respectively.

The Remuneration Committee of the Board of Directors for the respective operating subsidiaries has general supervisory authority over the respective trust funds. This committee has established the following asset allocation targets. These targets are considered benchmarks and are not mandatory.

	BRAZIL	**EUROPE**
Equity Securities	3%	—
Fixed Income (including cash)	93%	—
Real Estate	2%	—
Other	2%	100%
Total	**100%**	**100%**

Weighted average assumptions used to determine benefit obligations:

	Pension Plans		Other Post-Employment Benefits	
	December 31,		December 31,	
	2015	**2014**	**2015**	**2014**
	Discount rate			
Range	2.00%-13.3%	1.75%-12.01%	1.75%-13.3%	1.75%-12.01%
Weighted average	5.89%	6.28%	2.08%	1.86%
	Rate of compensation increase			
Range	2.00%-8.03%	2.00%-7.10%	3.05%-8.03%	3.05%-7.10%
Weighted average	4.61%	4.70%	3.11%	3.09%
	Average longevity at retirement age for current pensioners (years)			
Males	22.338	21.847	18.458	18.455
Females	25.568	24.989	21.830	21.751
	Average longevity at retirement age for future pensioners (years)			
Males	24.148	23.386	18.458	18.455
Females	27.430	26.571	21.830	21.751

Cash Contributions and maturity profile of the plans

In 2016, the Company expects its cash contributions to amount to $5 million for pension plans, $4 million for other post-employment benefits plans and $9 million for the defined contribution plans. Cash contributions to the defined contribution plans, sponsored by the Company, were $9 million and $10 million in 2015 and 2014, respectively. At December 31, 2015, the weighted average durations of the pension and other post-employment benefits plans were 11 years and 9 years, respectively

Risks associated with defined benefit plans

Through its defined benefit pension plans and OPEB plans, Aperam is exposed to a number of risks, the most significant of which are detailed below:

Change in bond yields

A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan's bond holdings.

Investment risk

The present value of the defined plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. For Aperam's funded plans, plan assets hold a significant portion of equities, which are expected to outperform corporate bond in the long-term while providing volatility and risk in the short-term. Due to the long-term nature of the plan liabilities, the Company considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities to leverage the return generated by the plans.

Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Sensitivity analysis

The following information illustrates the sensitivity to a change in certain assumptions related to the Company's operating subsidiaries' pension plans (as of December 31, 2015, the defined benefit obligation ("DBO") for pension plans was $154 million):

(in millions of U.S. dollars)	Effect on 2016 Pre-Tax Pension Expense (sum of service cost and interest cost)[1]	Effect of December 31, 2015 DBO
Change in assumption		
100 basis point decrease in discount rate	—	20
100 basis point increase in discount rate	—	(16)
100 basis point decrease in rate of compensation	—	(1)
100 basis point increase in rate of compensation	—	1
1-year increase of the expected life of the beneficiaries	—	6

(1) Effects of change in assumptions on 2016 Pre-Tax pension expense were below 1.

The following table illustrates the sensitivity to a change in the discount rate assumption related to the Company's operating subsidiaries' OPEB plans (as of December 31, 2015 the DBO for post-employment benefit plans was $57 million):

(in millions of U.S. dollars)	Effect on 2016 Pre-Tax Pension Expense (sum of service cost and interest cost)[1]	Effect of December 31, 2015 DBO
Change in assumption		
100 basis point decrease in discount rate	—	6
100 basis point increase in discount rate	—	(5)
100 basis point decrease in rate of compensation	—	(5)
100 basis point increase in rate of compensation	—	6
1-year increase of the expected life of the beneficiaries	—	—

(1) Effects of change in assumptions on 2016 OPEB expense were below 1.

The above sensitivities reflect the effect of changing one assumption at a time. Actual economic factors and conditions often affect multiple assumptions simultaneously, and the effects of changes in key assumptions are not necessarily linear.

NOTE 19: EQUITY

Authorised shares

On May 8, 2014, the Extraordinary General Meeting resolved to increase the authorised share capital by EUR 54,279,543, equivalent to 10,362,482 shares, or approximately 13% of Aperam's outstanding shares. Following this approval, which is valid for five years, the total authorised share capital (including its issued share capital) was EUR 503,991,548, represented by 96,216,785 shares without nominal value.

Share capital

On September 9, 2010, the Company's subscribed share capital was fixed in the sum of $40,000 represented by 4,000 shares without par value.

On December 6, 2010, the Company's subscribed share capital was converted from USD into EUR (€31,000).

On January 25, 2011, the Company allotted the 78,045,730 newly issued shares without par value as fully paid up to the shareholders of ArcelorMittal S.A. in proportion of their holding of ArcelorMittal S.A. shares based on the exchange ratio set out in the spin-off proposal.

On December 31, 2015, the Company has 78,049,730 shares issued and 77,590,196 shares outstanding, with no par value, for a total amount of $547 million.

Treasury shares

In August 2014, a total of 90,688 treasury shares were bought to serve upcoming long term incentive plans. In November 2014, a total of 45,500 shares were allocated to qualifying employees under the RSU plan granted in November 2011.

In March 2015, a total of 4,104 shares were allocated to qualifying employees under the PSU plan granted in March 2012. In June 2015, a total of 1,173 shares were allocated to qualifying employees under the RSU plan granted in September 2013. In November 2015, a total of 420,601 treasury shares were bought to serve upcoming long term incentive plans and a total of 978 shares were allocated to qualifying employees under the PSU plan granted in September 2013.

Aperam held 459,534 and 45,188 treasury shares as of December 31, 2015 and 2014, respectively. Refer to Note 21 "Balance and Transactions with Related Parties" for additional information.

Dividends

On May 5, 2015 the shareholders approved at the annual general meeting of shareholders to continue paying no dividend in 2015 in order to further reduce the Company's cost of debt.

On November 5, 2015, Aperam declared its financial policy to maximize the long term growth and sustainability of the company as well as the value accretion for its shareholders while maintaining a strong balance sheet. Subject to shareholder approval at the 2016 annual general meeting of shareholders, Aperam reinstates a base dividend of $1.25 per share, as the company continues to improve its sustainable profitability benefiting from its strategic actions. The company targets a Net Financial Debt/EBITDA ratio of <1.0x (through the cycle). In the case that Net Financial Debt/EBITDA exceeds 1.0x, the Company will suspend the cash dividend.

The dividend will be paid in four equal quarterly instalments of $0.3125 (gross) per share.

Management of share capital

In June 2014, the Company sold call options on Aperam shares to financial institutions. As the Company has an obligation to settle the call options in a fixed number of its own shares, it classified the proceeds from the sale of these call options in equity for an amount of $37 million, net of tax.

Stock Option Plans

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 recognised for stock option plans was nil for each of the years ended December 31, 2015 and 2014.

The vesting period of these plans ended in 2013 and there was no compensation expense recognised at end of December 31, 2014 or December 31, 2015.

For the years ended December 31, 2015 and 2014, the amount of outstanding options was 338,850 and 394,850 respectively. The amount of exercisable options was 338,850 and 394,850 respectively for the years ended December 31, 2015 and 2014.

Exercise prices of ArcelorMittal stock options vary from $30.66 to $78.44. Weighted average contractual life of the options varies from 1.6 to 4.6 years.

Share Unit Plan

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

The RSU and PSU plans shall vest in full on the three-year anniversary of the date on which the award was granted contingent upon the continued active employment of the employee within the Group. The aim of the RSU Plan is to provide a retention incentive to eligible employees. The RSUs are an integral part of the Company's remuneration framework in which it serves the specific objective of medium-term and long-term retention.

The main objective of the PSU Plan is to be an effective performance-enhancing scheme based on the achievement of the Company's strategy.

The maximum number of shares available for grant is subject to the prior approval of the Company's shareholders at the annual general meeting, such approval being valid until the next annual general meeting.

The allocation of equity based incentives to eligible employees under the RSU Plan and the PSU Plan is reviewed by the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors, which makes a proposal and recommendation to the full Board of Directors.

For the period from the July 12, 2011 annual 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 and up to 20,000 PSUs corresponding to up to 40,000 of the Company's shares was authorised to be allocated to qualifying employees under the RSU Plan and the PSU Plan, respectively. In November 2011, a total of 59,750 RSUs under the RSU Plan was granted to a total of 28 employees at a fair value of $16.04 per share. In March 2012, a total of 14,250 PSUs was granted to a total of 8 employees of the Company at a fair value of $16.53 per share.

On May 8, 2012, the annual general meeting of shareholders authorised 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 and up to 20,000 PSUs corresponding to up to 40,000 of the Company's shares. In April 2013, a total of 40,000 RSUs under the RSU Plan was 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. No PSUs were granted under the May 8, 2012 authorisation.

On May 8, 2013 annual general meeting of shareholders authorised 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 was granted to a total of 35 employees and a total of 44,000 RSUs was granted to a total of 28 employees at a fair value of $13.40 per share.

On May 8, 2014 annual general meeting of shareholders authorised the Board of Directors to allocate during the period between the 2014 and the 2015 annual general meeting, a maximum of 220,000 of the Company's fully paid-up ordinary shares under the 2014 Cap.

In June 2014 and September 2014, a total of 63,839 PSUs were granted to a total of 40 employees at a fair value of respectively $33.97 per share and $31.97 per share and a total of 48,000 RSUs was granted to a total of 32 employees at a fair value of $31.97 per share.

On May 5, 2015 annual general meeting of shareholders authorised the Board of Directors to allocate during the period between the 2015 and the 2016 annual general meeting, a maximum of 220,000 of the Company's fully paid-up ordinary shares under the 2014 Cap. In August 2015, a total of 49,232 PSUs were granted to a total of 42 employees at a fair value of $32.19 per share and a total of 27,500 RSUs was granted to a total of 32 employees at a fair value of $32.19 per share.

The fair value of the shares allocated to the beneficiaries is recorded as an expense in the consolidated statements of operations (selling, general and administrative expenses) over the relevant vesting or service periods. The compensation expense recognised for the restricted stock units was $2 million and $1 million for the year ended December 31, 2015 and 2014, respectively.

Option premium on convertible bonds

The option premium on convertible bonds of $39 million, net of deferred tax liability of $12 million represents the equity component (conversion rights) of the $200 million convertible debt instrument issued on September 19, 2013 (see Note 15).

Earnings per common share

For the purpose of calculating earnings per common share, diluted weighted average common shares outstanding excludes approximately 7 million potential common shares coming from the assumed conversion of the $300 million convertible bond described in Note 15 for the year ended December 31, 2015 because the potential common shares are anti-dilutive.

	Year Ended December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Net income considered for the purposes of basic earnings per share	**172**	**95**
Interest expense for the $200 million Convertible Bonds issued in 2013	11	—
Net income considered for the purposes of diluted earnings per share	**183**	**95**
Weighted average common shares outstanding (in millions) for the purposes of basic earnings per share	**78**	**78**
Incremental shared from assumed conversion of stock options, restricted share units and performance share units (in millions)	—	—
Incremental shares from assumed conversion of the $200 million Convertible Bonds issued in 2013	9	—
Incremental shares from assumed conversion of the $300 million Convertible Bonds issued in 2014	—	3
Weighted average common shares assuming conversions (in millions) used in the calculation of diluted earnings per share	**87**	**81**

NOTE 20: FINANCIAL INSTRUMENTS

Fair values versus carrying amounts

The estimated fair values of certain financial instruments have been determined using available market information or other valuation methodologies that require considerable judgment in interpreting market data and developing estimates. The following table summarises assets and liabilities based on their categories as of December 31, 2015.

(in millions of U.S. dollars)	Carrying amount in statements of financial position	Non-financial assets and liabilities	Loan and receivables	Liabilities at amortised cost	Instruments at fair value: Fair value recognised in profit and loss	Instruments at fair value: Available for sale assets	Instruments at fair value: Derivatives
ASSETS							
Current assets:							
Cash and cash equivalents	148	—	148	—	—	—	—
Trade accounts receivable	248	—	248	—	—	—	—
Inventories	1,121	1,121	—	—	—	—	—
Prepaid expenses and other current assets	128	89	30	—	—	—	9
Income tax receivable	12	12	—	—	—	—	—
Total current assets	**1,657**	**1,222**	**426**	**—**	**—**	**—**	**9**
Non-current assets:							
Goodwill and intangible assets	556	556	—	—	—	—	—
Biological assets	71	—	—	—	71	—	—
Property, plant and equipment	1,581	1,581	—	—	—	—	—
Investments	18	5	—	—	—	13	—
Deferred tax assets	285	285	—	—	—	—	—
Other assets	131	33	33	—	—	—	65
Total non-current assets	**2,642**	**2,460**	**33**	**—**	**71**	**13**	**65**
Total assets	**4,299**	**3,682**	**459**	**—**	**71**	**13**	**74**

(in millions of U.S. dollars)	Carrying amount in statements of financial position	Non-financial assets and liabilities	Loan and receivables	Liabilities at amortised cost	Instruments at fair value: Fair value recognised in profit and loss	Instruments at fair value: Available for sale assets	Instruments at fair value: Derivatives
LIABILITIES AND EQUITY							
Current liabilities:							
Short-term debt and current portion of long-term debt	14	—	—	14	—	—	—
Trade accounts payable	849	—	—	849	—	—	—
Short-term provisions	30	30	—	—	—	—	—
Accrued expenses and other liabilities	298	72	—	199	—	—	27
Income tax liabilities	3	3	—	—	—	—	—
Total current liabilities	**1,194**	**105**	**—**	**1,062**	**—**	**—**	**27**
Non-current liabilities:							
Long-term debt, net of current portion	450	—	—	450	—	—	—
Deferred tax liabilities	126	126	—	—	—	—	—
Deferred employee benefits	184	184	—	—	—	—	—
Long-term provisions	46	46	—	—	—	—	—
Other long-term obligations	77	4	—	5	—	—	68
Total non-current liabilities	883	**360**	—	**455**	—	—	**68**
Equity:							
Equity attributable to the equity holders of the parent	2,217	2,217	—	—	—	—	—
Non-controlling interests	5	5	—	—	—	—	—
Total equity	**2,222**	**2,222**	**—**	**—**	**—**	**—**	**—**
Total liabilities and equity	**4,299**	**2,687**	**—**	**1,517**	**—**	**—**	**95**

The following tables summarize the bases used to measure certain assets and liabilities at their fair value.

	As of December 31, 2015			
(in millions of U.S. dollars)	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Biological assets	—	—	71	71
Available-for-sale financial assets	13	—	—	13
Derivative financial current assets	—	9	—	9
Derivative financial non-current assets	—	—	65	65
Total assets at fair value	**13**	**9**	**136**	**158**
Liabilities at fair value				
Derivative financial current liabilities	—	27	—	27
Derivative financial non-current liabilities	—	—	68	68
Total liabilities at fair value	**—**	**27**	**68**	**95**

	As of December 31, 2014			
(in millions of U.S. dollars)	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Biological assets	—	—	97	97
Available-for-sale financial assets	38	—	—	38
Derivative financial current assets	—	6	—	6
Derivative financial non-current assets	—	—	54	54
Total assets at fair value	**38**	**6**	**151**	**141**
Liabilities at fair value				
Derivative financial current liabilities	—	20	—	20
Derivative financial non-current liabilities	—	—	54	54
Total liabilities at fair value	**—**	**20**	**54**	**74**

Available-for-sale financial assets classified as Level 1 refer to listed securities quoted in active markets. The total fair value is either the price of the most recent trade at the time of the market close or the official close price as defined by the exchange on which the asset is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs.

Derivative financial assets and liabilities classified as Level 2 refer to instruments to hedge fluctuations in foreign exchange rates and commodity prices (base metals). The total fair value is based on the price a dealer would pay or receive for the security or similar securities, adjusted for any terms specific to that asset or liability.

Market inputs are obtained from well-established and recognised vendors of market data (Bloomberg and Reuters) and the fair value is calculated using standard industry models based on significant observable market inputs such as foreign exchange rates, commodity prices, swap rates, and interest rates.Derivative financial assets classified as Level 3 refer to the call options bought end of June 2014 by the Company on its own shares which may be exercised at the conversion price of the convertible bonds issued on July 8, 2014. Derivative financial liability classified as Level 3 refers to the conversion option in the $300 million convertible bonds. The fair valuation of Level 3 derivative instruments is established at each reporting date in relation to which an analysis is performed in respect of changes in the fair value measurement since the last period.

Aperam's valuation policies for derivatives are an integral part of its internal control procedures and have been reviewed and approved according to the Company's principles for establishing such procedures. In particular, such procedures address the accuracy and reliability of input data, the accuracy of the valuation model and the knowledge of the staff performing the valuations.

Aperam establishes the fair valuation of the call options on its own shares and the conversion option with respect to the $300 million convertible bonds through the use of a volatility model based on a partial differential equation.

The model uses an iterative procedure to price options, allowing for the specification of nodes, or points in time, during the time span between the valuation date and the option's expiration date.

In contrast to the Black-Scholes model, which provides a numerical result based on inputs, the model allows for the calculation of the asset and the option for multiple periods along with the range of possible results for each period.

Observable input data used in the valuations include zero coupon yield curves, stock market prices and Libor interest rates. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available.

The following table summarised the reconciliation of the fair value of the derivative financial assets and liabilities classified as Level 3 for the year ended December 31, 2015:

(in millions of U.S. dollars)	$300 million convertible bonds Conversion option	Call option on own shares	Total
Balance as of December 31, 2014	(54)	54	—
Change in fair value[1]	(11)	11	—
Balance as of December 31, 2015	**(65)**	**65**	—

(1) Recognised in net financing costs in the consolidated statements of operations.

For more information on Biological assets, please refer to Note 11.

Portfolio of Derivatives

The Company enters into derivative financial instruments to manage its exposure to fluctuations in exchange rates and the price of raw materials arising from operating, financing and investment activities.

The Company's portfolio of derivatives consists of transactions with Aperam Treasury S.C.A., which in turn enters into offsetting positions with counterparties external to Aperam. Aperam manages the counterparty risk associated with its instruments by centralising its commitments and by applying procedures which specify, for each type of transaction exposure limits based on the risk characteristics of the counterparty.

The portfolio associated with derivative financial instruments as of December 31, 2015 is as follows:

	Assets		Liabilities	
(in millions of U.S. dollars)	Notional Amount	Fair Value	Notional Amount	Fair Value
Foreign exchange rate instruments				
Forward purchase contracts	5	—	5	—
Forward sale contracts	23	—	60	(2)
Total foreign exchange rate instruments		**—**		**(2)**
Raw materials (base metal)				
Term contracts sales metals	64	8	46	(1)
Term contracts purchases metals	36	1	124	(27)
Total raw materials (base metal)		**9**		**(28)**
Total		**9**		**(28)**

The portfolio associated with derivative financial instruments as of December 31, 2014 is as follows:

	Assets		Liabilities	
(in millions of U.S. dollars)	Notional Amount	Fair Value	Notional Amount	Fair Value
Foreign exchange rate instruments				
Forward purchase contracts	36	—	2	—
Forward sale contracts	26	—	21	—
Total foreign exchange rate instruments		**—**		**—**
Raw materials (base metal)				
Term contracts sales metals	63	4	48	(2)
Term contracts purchases metals	30	2	212	(18)
Total raw materials (base metal)		**6**		**(20)**
Total		**6**		**(20)**

Exchange rate risk

The Company is exposed to fluctuations in foreign exchange rates due to a substantial portion of the Company's assets, liabilities, sales and earnings being denominated in currencies other than the U.S. dollar (its presentation currency). These currency fluctuations, especially the fluctuation of the value of the U.S. dollar relative to the Euro, Brazilian real, as well as fluctuations in the other countries' currencies in which the Company has significant operations and/or sales, could have a material impact on its results of operations.

Following its Treasury and Financial Risk Management Policy, the Company hedges its net exposure to exchange rates through spot and derivative transactions.

Liquidity Risk

The Company's principal sources of liquidity are cash generated from its operations, bank credit lines and various working capital credit lines at its operating subsidiaries. The levels of cash, credit lines and debt are closely monitored and appropriate actions are taken in order to manage the maturity profile and currency mix.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	December 31, 2015					
(in millions of U.S. dollars)	Carrying Amount	Contractual Cash Flows	Less than 1 year	1-2 Years	2-5 Years	More than 5 Years
Non-derivative financial liabilities						
Debt over $100 million	(435)	(529)	(7)	(7)	(214)	(301)
Trade payables	(849)	(849)	(849)	—	—	—
Other non-derivative financial liabilities	(29)	(31)	(16)	(10)	(4)	(1)
Total	**(1,313)**	**(1,409)**	**(872)**	**(17)**	**(218)**	**(302)**
Derivative financial liabilities						
Foreign exchange contracts	(2)	(2)	(2)	—	—	—
Other commodities contracts	(28)	(28)	(28)	—	—	—
Total	**(30)**	**(30)**	**(30)**	**—**	**—**	**—**

(in millions of U.S. dollars)	December 31, 2014 Carrying Amount	Contractual Cash Flows	Less than 1 year	1-2 Years	2-5 Years	More than 5 Years
Non-derivative financial liabilities						
Debt over $100 million	(660)	(756)	(27)	(27)	(457)	(245)
Trade payables	(979)	(979)	(979)	—	—	—
Other non-derivative financial liabilities	(73)	(80)	(43)	(18)	(18)	(1)
Total	**(1,712)**	**(1,815)**	**(1,049)**	**(45)**	**(475)**	**(246)**
Derivative financial liabilities						
Foreign exchange contracts	—	—	—	—	—	—
Other commodities contracts	(20)	(20)	(20)	—	—	—
Total	**(20)**	**(20)**	**(20)**	**—**	**—**	**—**

Cash flow hedges

The following table presents the periods in which cash flows hedges are expected to mature:

	December 31, 2015					
	(outflows)/inflows					
(in millions of U.S. dollars)	Carrying Amount	3 months and less	3-6 months	6-12 months	1-2 years	More than 2 years
Commodities	(17)	(11)	(2)	(3)	(1)	—
Foreign exchange contracts	(7)	(5)	(1)	(1)	—	—
Total	**(24)**	**(16)**	**(3)**	**(4)**	**(1)**	**—**

	December 31, 2014					
	(outflows)/inflows					
(in millions of U.S. dollars)	Carrying Amount	3 months and less	3-6 months	6-12 months	1-2 years	More than 2 years
Commodities	(11)	(7)	(2)	(2)	—	—
Foreign exchange contracts	3	2	—	1	—	—
Total	**(8)**	**(5)**	**(2)**	**(1)**	**—**	**—**

The following table presents the periods in which cash flows hedges are expected to impact the statement of operations:

	December 31, 2015					
	(expense)/income					
(in millions of U.S. dollars)	Carrying Amount	3 months and less	3-6 months	6-12 months	1-2 years	More than 2 years
Commodities	(17)	(11)	(2)	(3)	(1)	—
Foreign exchange contracts	(7)	(5)	(1)	(1)	—	—
Total	**(24)**	**(16)**	**(3)**	**(4)**	**(1)**	**—**

	December 31, 2014					
	(expense)/income					
(in millions of U.S. dollars)	Carrying Amount	3 months and less	3-6 months	6-12 months	1-2 years	More than 2 years
Commodities	(11)	(7)	(2)	(2)	—	—
Foreign exchange contracts	3	2	—	1	—	—
Total	**(8)**	**(5)**	**(2)**	**(1)**	**—**	**—**

Raw materials

The Company utilises derivative instruments such as forwards, swaps and options to manage its exposure to commodity prices both through the purchase of commodities and through sales contracts.

Fair values of raw material instruments are as follows:

(in millions of U.S. dollars)	At December 31, 2015	2014
Base metals	(19)	(14)
Total	(19)	(14)
Assets associated with raw material	9	6
Liabilities associated with raw material	(28)	(20)
Total	**(19)**	**(14)**

The Company consumes large amounts of commodities (mainly nickel), the price of which is related to the London Metals Exchange price index. The Company is exposed to price volatility in respect of its purchases in the spot market and under its long-term supply contracts.

Sensitivity analysis

Foreign currency sensitivity

The following table details the Company's sensitivity as it relates to derivative financial instruments to a 10% variation of the U.S. dollar against the other currencies to which the Company is exposed. The sensitivity analysis does not include non-derivative foreign currency denominated monetary items. A positive number indicates an increase in statement of operations where a negative number indicates a decrease in statement of operations and other equity.

	December 31, 2015	
(in millions of U.S. dollars)	**Income**	**Other Equity Cash Flow Hedging Reserves**
10% appreciation in U.S. dollar	16	(14)
10% depreciation in U.S. dollar	(16)	14

Cash flow sensitivity analysis for variable rate instruments

The Company's sensitivity to a change of 100 basis points variation in interest rates for variable rate instruments would have an impact lower than $1 million on profit or loss. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Base metals

The following table details the Company's sensitivity to a 10% variation in the prices of base metals. The sensitivity analysis includes un-matured base metal derivative instruments.

	December 31, 2015	
(in millions of U.S. dollars)	**Income**	**Other Equity Cash Flow Hedging Reserves**
+10% in prices Base Metals	—	8
−10% in prices Base Metals	—	(8)

NOTE 21: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties, including associates, of the Company, were as follows:

(in millions of U.S. dollars)	Year Ended December 31		December 31,	
	2015	**2014**	**2015**	**2014**
Transactions	**Sales**		**Included in Trade accounts receivable**	
ArcelorMittal and its subsidiaries	131	168	6	30
Total	**131**	**168**	**6**	**30**

(in millions of U.S. dollars)	Year Ended December 31		December 31,	
	2015	**2014**	**2015**	**2014**
Transactions	**Purchases of raw material & others**		**Included in Trade accounts payable**	
ArcelorMittal and its subsidiaries	165	190	22	25
Total	**165**	**190**	**22**	**25**

The table above includes purchases of raw materials and energy from related parties as follows:

(in millions of U.S. dollars)	Year Ended December 31	
	2015	**2014**
Raw materials	44	77
Energy supply contracts	72	80

Transactions and balances with related parties also include the following:

(in millions of U.S. dollars)	December 31	
	2015	**2014**
Convertible bonds – long term debt[1]	82	82
Tax indemnification from ArcelorMittal Bioflorestas—current and non-current assets	6	11
Other current assets	2	—
Other current liabilities	3	3

(in millions of U.S. dollars)	Year Ended December 31	
	2015	**2014**
Selling, general and administrative expenses	7	5

Note:

(1) On September 19, 2013, Aperam issued convertible and/or exchangeable bonds for a total consideration of $200 million, of which 40.85% or $82 million have been subscribed by Lumen Investments S.à r.l. ,(which is described in the Significant shareholder definition in the Share capital section of this annual report)

In July 2014, Aperam bought at market price a total of 90,688 treasury shares from CBA Investment, a fully owned subsidiary of ArcelorMittal, to serve upcoming long term incentive plans, representing a total consideration of Euro 2,376,932, or 0.12% of the issued share capital and a par value of Euro 475,024.

In November 2015, Aperam bought at market price a total of 420,601 treasury shares from CBA Investment to serve upcoming long term incentive plans, representing 0,54% of the issued share capital and a par value of Euro 2,203,108.

The share purchase price was Euro 12,880,695, or Euro 30.6245 per share.

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note.

Refer to Note 24 for disclosure of transactions with key management personnel.

The above mentioned transactions between Aperam and the respective entities were conducted on an arm's length basis.

NOTE 22: COMMITMENTS

The Company's commitments consist of three main categories:

- various purchase and capital expenditure commitments,
- pledges, guarantees and other collateral instruments given to secure financial debt and credit lines,
- non-cancellable operating leases.

Commitments given

(in millions of U.S. dollars)	Year Ended December 31	
	2015	2014
Purchase commitments	1,406	1,976
Guarantees, pledges and other collateral	900	1,207
Operating leases	32	37
Total	**2,338**	**3,220**

Purchase commitments

Purchase commitments consist of the major agreements for procuring electricity and nickel. The Company also entered into agreements for industrial gas, molybdenum, chromium, scrap and mill rolls.

Guarantees, pledges and other collateral

Guarantees consist of guarantees of financial loans and credit lines first demand and documentary guarantees.

Pledges mainly relate to inventory and trade receivables pledged to secure the borrowing base revolving credit facility (see Notes 7, 8 and 12). Other collateral include documentary credits, letters of credit and sureties.

Operating leases

Commitments for operating leases primarily related to one contract for land in Belgium. This lease expires in 2064. Future payments required under operating leases that have initial or remaining non-cancellable terms as of December 31, 2015 according to maturity periods are as follows:

(in millions of U.S. dollars)	December 31, 2015
Less than 1 year	5
1-3 years	9
4-5 years	5
More than 5 years	13
Total	**32**

NOTE 23: CONTINGENCIES

The Company is involved in litigation, arbitration or other legal proceedings. Provisions related to legal and arbitral proceedings are recorded in accordance with the principles described in Note 2 to the consolidated financial statements.

Most of these claims involve highly complex issues, actual damages and other matters. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Consequently, for certain of these claims, the Company is unable to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceeding. In those cases, the Company has disclosed information with respect to the nature of the contingency. The Company has not accrued a reserve for the potential outcome of these cases.

In the cases in which quantifiable fines and penalties have been assessed, the Company has indicated the amount of such fine or penalty, or the amount of provision accrued, which is the estimate of the probable loss.

In a limited number of ongoing cases, the Company is able to make a reasonable estimate of the expected loss or range of possible loss and has accrued a provision for such loss, but management believes that publication of this information on a case-by-case basis would seriously prejudice its position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed information with respect to the nature of the contingency, but has not disclosed its estimate of the range of potential loss.

These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. The Company's assessments are based on estimates and assumptions that have been deemed reasonable by management. Management believes that the aggregate provisions recorded for these matters are adequate based upon currently available information. However, given the inherent uncertainties related to these cases and in estimating contingent liabilities, the Company could, in the future, incur judgments that have a material adverse effect on its results of operations in any particular period.

In addition, in the normal course of business, the Company and its operating subsidiaries may be subject to audits by the tax authorities in the countries in which they operate. Those audits could result in additional tax liabilities and payments, including penalties for late payment and interest.

Environmental Liabilities

The Company is subject to a broad range of environmental laws and regulations. As of December 31, 2015, the Company had established reserves of $16 million for environmental and remedial activities and liabilities.

Belgium

In Belgium, there is an environmental provision of $7 million, of which the most significant elements are legal obligations linked to soil treatment and removal of slag and fines.

In 2015 an external company has been assigned to evaluate potential soil pollution at the site of Châtelet. Based on the initial investigation, the pollution has been confirmed but the potential remediation costs cannot reliably be estimated yet.

France

In France, there is an environmental provision of $9 million, which relates to (i) the demolition and clean-up of the Company's Ardoise facility after operations ceased at the site, (ii) the demolition costs of few minor production equipments put permanently out of service and (iii) the clean-up and restructuring of its Firminy site.

Brazil

In Brazil, violation of an environmental regulation may result in fines, imprisonment, interruption of the Company's activities, cancellation of tax incentives and credit lines with governmental financial entities and dissolution of the corporate entity, in addition to the obligation to repair or to indemnify for damages caused to the environment and third parties.

Therefore, changes in environmental laws or regulations, or in the interpretation thereof, or in the administrative procedures and policies adopted under current environmental laws and regulations, could require the Company to invest in additional resources in environmental compliance and the renewal of its licenses, and could therefore adversely affect it. Additionally, non-compliance with or violation of any such laws and regulations could result in the revocation of the Company's licenses and suspension of its activities or in its responsibility for environmental remediation costs, which could be substantial. The Company cannot assure that its expenses relating to compliance with applicable environmental regulations will not be significant or that it will be able to renew its licenses in a timely manner, or at all.

Moreover, under certain circumstances the Company's corporate shareholder structure could be disregarded in order to enable claimants to recover for environmental claims against it.

Tax Claims

The Company is party to various tax claims, the most significant of which are set out below. As of December 31, 2015, the Company has established reserves in the aggregate of approximately $10 million for those of the claims as to which the criteria for provisioning were met.

> On December 15, 2015, Aperam South America received two tax assessments from the State of Minas Gerais in relation to improper use of ICMS (VAT) credits generated by the acquisition of goods for use & consumption from January 2010 to April 2015. The total amount claimed is $6 million. The Company presented its defence on January 11, 2016.

> On July 23, 2014, Aperam South America received a tax assessment related to the tax benefit obtained from 2010 and 2011 goodwill generated by the acquisition of the shares of the minority shareholders of Aperam South America for its delisting. The total amount claimed by the Federal Revenue Service is $50 million. The Company presented its defence on August 21, 2014 at the first administrative level.

> On July 11, 2014, Aperam South America received 2 tax assessments for social contributions paid in relation to 2009 and 2010 "Profit Sharing Program" for a total amount of $11 million. Aperam South America presented its defence successively on August 12 and December 2, 2014 at the first administrative level. On February 26, 2015 the first administration instance decision was unfavourable. The Company appealed in May 7, 2015.

> On June 26, 2014, Aperam South America received a tax assessment from the State of Minas Gerais for a total consideration of $7 million related to VAT (ICMS) credit taken by the company as the result of the acquisition in 2011 of Aperam Stainless Services & Solutions Tubes Brazil's branch in Timóteo ("CETUBOS"). Tax authorities understood that Aperam South America has not continued the activity of producing tubes in Timóteo (despite contrary evidence provided) and, as a consequence, it could not use the VAT credits of the acquired branch. The Company presented its defence at the first administrative level on July 28, 2014.

On February 13, 2015 the case was judged partially favourable to the Company. The Company appealed for the remaining part of the assessment but it was rejected on March 2, 2015 by the Court. On August 7, 2015 the State filed a tax enforcement. On October 21, 2015 the Company proposed a financial guarantee to bring the case at judicial level.

> On June 24, 2014, Aperam Bioenergìa received a tax assessment from the Federal Revenue Service in the total amount of $21 million related to corporate income tax ("IRPJ" and "CSLL") due to disallowance of previous tax losses compensation made by the company in 2011. Tax authorities understood that Aperam Bioenergìa didn't have sufficient tax losses to offset the taxable profits created at spin-off in 2011 mainly as consequence of previous tax assessments for the period 2002-2007 regarding accelerated exhaustion benefit used by Aperam Bioenergìa. Despite the fact that the previous tax assessments are still under administrative court discussion (and therefore are not yet legally definitive and binding) tax authorities sustain that Aperam Bioenergìa should have adjusted its books to reduce its fiscal losses for the period 2002-2007, lately utilised to offset the 2011 taxable result. The Company presented its defence at the first administrative level on July 24, 2014. On December 10, 2015, Aperam Bioenergìa received a partial favourable decision. The Federal Revenue appealed to the Administrative Court and Aperam Bioenergìa presented its voluntary appeal on January 5, 2016.

> On December 20, 2013, Aperam South America received a tax assessment from Federal Revenue in the total amount of $86 million. This assessment contains two parts for the years 2008 and 2009:

- Madeira Island Tax planning : the tax authorities required that the profits of Acesita Imports & Exports (Madeira Island) be added to Aperam South America's tax basis,
- The tax authorities disregarded the goodwill generated by the acquisition by Arcelor Aços Espeçiais do Brasil ("AAEB") of the minority shareholding of Aperam South America at the time of its delisting in 2008.

Aperam South America presented its defence at the first administrative level on January 20, 2014.

> On October 31, 2013, Aperam South America was assessed by the Federal Revenue Service for a total amount of $48 million in connection with the compensation the company made since 2010 on undue payment of PIS and COFINS (social contributions on revenue) charges. The later was judged unconstitutional in 2005 and the Company launched at that time the necessary procedure to get reimbursed. On September 5, 2014 the company obtained a partially favourable decision that reduced the initial amount claimed to $6 million. The company presented its appeal for this remaining amount on October 6, 2014.

> On October 30, 2012, Aperam South America received a tax assessment from the State of Minas Gerais in relation to improper use of ICMS (VAT) credits generated by the acquisition of goods for use & consumption in 2007. After a partial favourable decision obtained in July 3, 2013 we presented an appeal for the remaining amount. On April 11, 2014 the Court rejected the appeal. On February 27, 2015 the Company brought the case at judicial level. The total remaining amount is $5 million.

> In December 2011, the Federal Revenue Service issued four tax assessments against Aperam South America for a total amount of $18 million considering that the Company did not pay several social contributions due on payments made to employees under the Profit Sharing Program. These cases are at the first administrative instance where the Company presented its defence. On April 28, 2014, the Company obtained an unfavourable decision from the first instance and presented its voluntary appeal.

> On December 27, 2011, Aperam South America received a tax assessment from the State of Minas Gerais regarding VAT tax credit ("ICMS") used by the Company related to the purchasing of scraps from a supplier which the State considered as not being authorised to issue invoices with VAT. The total amount claimed is $5 million. On October 3, 2014, the Company obtained an unfavourable decision at the second administrative level. On October 7, 2014 and November 6, 2014, the Company presented a motion to get the reverse of the decision. In February 2015, the State filed a judicial action. At the same time the Company requested an injunction for annulment of tax debits in order to close this new lawsuit filed by the State. On February 25, 2015 the injunction was accepted. On June 8, 2015 the State contested the decision.

> On December 16, 2011, Aperam Stainless Services and Solutions Brazil has been assessed by the Tax authorities aiming at collecting $23 million (including interest on late payments and penalties) related to VAT ("ICMS"). Tax authorities claimed that the Company has not collected to the State of Sao Paulo the ICMS imposed on importation of products performed by a trading company located in the State of Espirito Santo and disregarded the ICMS credit recognised by the Company at the time of acquisition of the goods from the trading company. The company obtained a partial favourable decision at the first administrative level, confirmed by the Superior court in October 2013. On May 16, 2014 the Company provided all the documents needed to adhere to the Amnesty program offered by the State of Sao Paulo (recognition of payments of VAT made to the State of Espirito Santo). Such request for adhesion to Amnesty is under investigation by the State of Sao Paulo.

> On March 29, 2011, Aperam South America received a tax assessment related to drawback tax benefit. Federal Revenue states Service that the Company did not respect the conditions to use the benefit and demand to pay taxes related to importations and fees. The total amount claimed is $6 million. The Company presented its appeal at the first administrative level. On November 23, 2015 the Company obtained a favourable decision. The State appealed.

> On December 2, 2010, Aperam South America received a tax assessment in the total amount of $24 million. The Minas Gerais State Revenue claims that the Company should have paid VAT ("ICMS") related to the distribution of electric power between 2005 and 2009. The Company believes that this charge should not prevail since the distribution of electrical power should not be considered as a good or transportation and therefore it should not be subject to VAT ("ICMS").

On May 5, 2011 the Company received a partial favourable decision. Minas Gerais State Revenue concluded that the Company has to pay ICMS but stated that the amount for late payments and penalties was wrong. In March 2012, the Company has brought the case before the judicial court that confirmed the favourable decision obtained by the administrative court. The Company's position was comforted by the court of Appeal in August 2013 but there are still some pending discussions at second level of judicial court. The Company and the state presented requests for clarification, but the clarifications were denied by the Court.

On December 18, 2013, the Company presented a special appeal to discuss lawyer's fees. On January 15, 2014, the State presented its extraordinary and special appeals. That has been rejected by the Court on August 22, 2014. On June 10, 2015 the proceedings were brought to the Supreme Court.

> In June 2007, the Company was assessed for payment of social contributions on some payments made to employees related to bonus granted by collective work agreement. The total amount asked by the Federal Union is $7 million. The first administrative instance's decision was favourable to the Company, but it still need to be confirmed by the second administrative instance.

> On December 21, 2005, Aperam South America has been assessed by the Federal Revenue Service in relation to its calculation of social contributions on revenue (PIS and COFINS) due to (i) unconditional discounts given to clients, (ii) the value of tax incentives granted by federal legislation (specifically, credits to be offset with IPI) and (iii) revenues derived from exchange rate variations. The Company obtained a partial favourable decision from the Special Court in the second administrative instance but presented a special motion regarding the pending unfavourable decision. On February 24, 2014 final decision was published and the assessment was reduced to $16 million. The Company brought the case at judicial level on September 9, 2014.

> On March 15 and March 18, 2005, Aperam South America has been assessed by the INSS (the Brazilian Social Security Institute) for the non-collection of certain payroll taxes between 1999 and 2004 related to the special retirement of employees exposed to unhealthy working conditions. On December 3, 2013, the Company has received a partial unfavourable decision by the second administrative instance but asked for a special motion to be clarified for which the Federal Revenue authorities presented a specific appeal at the Superior administrative level. On January 22, 2014, the Special appeal was rejected and remains to be discussed before the INSS. By the end of 2015, two of the six cases were brought at the Superior Administrative Court. The amount in dispute comprising six cases is $20 million.

> In November 1995, the Company was assessed for unauthorised compensation of losses and negative basis of social contribution between 1989 and 1994. The total amount claimed is $7 million. After unfavourable decision in the first and second judicial instances, the Company is waiting for the final decision of the superior courts.

Labour and Other Claims

The Company is presently involved in a number of labour disputes, the most significant of which are set out below. As of December 31, 2015, the Company has established reserves in the aggregate of approximately $28 million for those of the claims as to which the criteria for provisioning were met.

Brazil

> On April 1, 2004, a sanctioning administrative process with the Central Bank was brought against Aperam South America based on alleged irregular exchange operations utilised by it in the purchase and sale of treasury bills. On March 22, 2007, Aperam South America has been assessed with a fine of $11 million. The Company brought the case before the judicial court in 2012. On February 16, 2014 the first judicial instance was not favourable to the Company. On September 24, 2014 the appeal launched by the Company was accepted by the Court.

NOTE 24: EMPLOYEES AND KEY MANAGEMENT PERSONNEL

The total annual compensation of Aperam's employees was as follows:

	Year Ended December 31	
(in millions of U.S. dollars)	**2015**	**2014**
Employee Information		
Wages and salaries	485	594
Pension cost	2	2
Other staff costs	68	**85**
Total	**555**	**681**

As of December 31, 2015 and 2014, Aperam employed approximately 9,500 and 9,400 persons, respectively.

The total annual compensation of Aperam's key management personnel, including its Board of Directors, was as follows:

	Year Ended December 31,	
(in millions of U.S. dollars)	**2015**	**2014**
Base salary	3	3
Directors' fees	1	1
Short-term performance-related bonus	1	1
Post-employments benefits[1]	—	—
Share based compensation[1]	—	—

Note:

(1) Post-employments benefits and share based compensation were below $1 million for the years ended December 31, 2015 and December 31

As of December 31, 2015 and 2014, the Company did not have any outstanding loans or advances to members of Aperam's Board of Directors or key management personnel and had not given any guarantees for the benefit of any member of Aperam's Board of Directors or key management personnel.

NOTE 25: LIST OF SIGNIFICANT SUBSIDIARIES AS OF DECEMBER 31, 2015

The following table provides an overview of the Company's principal operating subsidiaries, all of which are integrated in full consolidation by the Company, according to the principles defined in Note 1, and meet the following criteria:

> Contribution to the Group total property, plant and equipment in excess of $5 million; or

> Contribution to the Group revenue in excess of $40 million.

Name of subsidiary	Country of incorporation	% Interest
Stainless & Electrical Steel		
Aperam BioEnergia	Brazil	100%
Aperam Stainless Belgium	Belgium	100%
Aperam South America	Brazil	100%
Aperam Stainless Europe	France	100%
Aperam Stainless France	France	100%
Recyco	France	100%
Alloys & Specialties		
Aperam Alloys Imphy	France	100%
Services & Solutions		
Aperam Stainless Services & Solutions Argentina	Argentina	100%
Aperam Stainless Services & Solutions Brazil	Brazil	100%
Aperam Stainless Services & Solutions Tubes Czech Republic	Czech Republic	100%
Aperam Stainless Services & Solutions France	France	100%
Aperam Stainless Services & Solutions Precision	France	100%
Aperam Stainless Services & Solutions Germany	Germany	100%
Aperam Stainless Services & Solutions Italy	Italy	100%
Aperam Stainless Services & Solutions Luxembourg	Luxembourg	100%
Aperam Stainless Services & Solutions Poland	Poland	100%
Aperam Stainless Services & Solutions Iberica	Spain	100%
Aperam Paslanmaz Celik	Turkey	100%
Aperam Stainless Services & Solutions Tubes Uruguay	Uruguay	100%
Aperam Stainless Services & Solutions USA	USA	100%

NOTE 26: AUDITORS' FEES AND SERVICES

Deloitte Audit S.à r.l. acted as the principal independent registered public accounting firm for Aperam for the fiscal years ended December 31, 2015 and 2014.

The following table summarises the aggregate amounts paid to the Company's auditors:

(in millions of U.S. dollars)	Year Ended December 31	
	2015	**2014**
Audit fees	**2.1**	**2.4**
Deloitte	*1.9*	*2.2*
Non Deloitte	*0.2*	*0.2*
Audit-related fees	**0.3**	**0.7**
Deloitte	*0.1*	*0.2*
Non Deloitte	*0.2*	*0.5*
Tax fees	**0.7**	**0.6**
Deloitte	*0.4*	—
Non Deloitte	*0.3*	*0.6*
Total	**3.1**	**3.7**

Audit fees consist of fees paid for the audits of the financial statements.

Audit-related fees consist principally of issuances of certifications related to the covenant compliance required by lenders of the borrowing base revolving credit facility and the certifications related to the issuance of convertible and/or exchangeable bonds.

Tax fees consist principally of tax planning services and tax compliance services.

NOTE 27: SUBSEQUENT EVENTS

There were no subsequent events after December 31, 2015.

Deloitte.

Deloitte Audit
Société à responsabilité limitée

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To the Shareholders
of Aperam, Société Anonyme ("Aperam")
12 C, rue Guillaume Kroll
L-1882 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders on May 5, 2015, we have audited the accompanying consolidated financial statements of Aperam, which comprise the consolidated statement of financial position as of December 31, 2015, the consolidated statements of operations, comprehensive income/(loss), changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the European Union, and for such internal control the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

Société à responsabilité limitée au capital de 35.000 €
RCS Luxembourg B 67.895
VAT LU25101535
Autorisation d'établissement : 10022179

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of Aperam as of December 31, 2015, and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted in the European Union.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the consolidated financial statements and includes the information required by the law of December 19, 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended with respect to the corporate governance statement.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

March 3, 2016

Parent Company

Annual Accounts

As of and for the year ended December 31, 2015

FRAC - Le Château de Rentilly - France

Balance Sheet

Aperam, Société Anonyme

(in thousands of U.S. dollars)		December 31, 2015	December 31, 2014
Assets			
B. Formation expenses	**Note 3**	**112**	**532**
C. Fixed assets		**4,422,821**	**4,562,236**
I. Intangible fixed assets	Note 4	6,639	6,665
2.a) Concessions, patents, licences, trademarks and similar rights and assets acquired for valuable consideration		6,639	6,665
II. Tangible fixed assets	Note 5	18	35
3. Other fixtures and fittings, tools and equipment		18	35
III. Financial fixed assets	Note 6	4,416,164	4,555,536
1. Shares in affiliated undertakings		2,578,948	2,410,634
2. Amounts owed by affiliated undertakings		1,761,942	2,089,520
5. Securities held as fixed assets		60,221	53,762
6. Loans and claims held as fixed assets		33	37
7. Own shares or own corporate units		15,020	1,583
D. Current assets		**104,692**	**99,937**
II. Debtors		104,691	99,925
2.a) Amounts owed by affiliated undertakings becoming due and payable within one year	Note 7	104.047	99,152
4.a) Other receivables becoming due and payable within one year		644	773
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand		1	12
E. Prepayments	**Note 8**	**1,156**	**1,535**
Total assets		**4,528,781**	**4,664,240**

The accompanying notes are an integral part of these annual accounts.

Balance Sheet

Aperam, Société Anonyme

(in thousands of U.S. dollars)		December 31, 2015	December 31, 2014
Liabilities			
A. Capital and reserves	**Note 9**	**3,769,251**	**3,825,544**
I. Subscribed capital		546,652	546,652
II. Share premium and similar premiums		1,600,321	1,600,321
IV. Reserves		90,388	76,951
1. Legal reserve		75,368	75,368
2. Reserve for own shares		15,020	1,583
V. Profit brought forward		1,587,491	1,810,983
VI. Loss for the financial year		(55,601)	(209,363)
D. Non subordinated debts	**Note 10**	**759,530**	**838,696**
1. Debenture loans		502,228	757,072
1.a) Convertible debenture loans	Note 11	502,228	502,228
i) becoming due and payable within one year		2,228	2,228
ii) becoming due and payable after more than one year		500,000	500,000
1.b) Non-convertible debenture loans	Note 12	—	254,844
i) becoming due and payable within one year		—	4,844
ii) becoming due and payable after more than one year		—	250,000
2. Amounts owed to credit institutions	Note 13	—	—
a) becoming due and payable within one year		—	—
b) becoming due and payable after more than one year		—	—
6.a) Amounts owed to affiliated undertakings becoming due and payable within one year	Note 14	186,941	16,160
8. Tax and social security debts		1,567	2,376
a) tax debts		991	1,099
b) social security debts		576	1,277
9. Other creditors		68.794	63,088
a) becoming due and payable within one year		8,265	10,350
b) becoming due and payable after more than one year	Note 15	60,529	52,738
Total liabilities		**4,528,781**	**4,664,240**

The accompanying notes are an integral part of these annual accounts.

Profit and Loss account

Aperam, Société Anonyme

(in thousands of U.S. dollars)		**Year ended December 31, 2015**	**Year ended December 31, 2014**
A. Charges			
2. Other external charges		46,868	54,951
3. Staff costs		10,972	16,934
a) wages and salaries		8,396	14,505
b) social security on salaries and wages		684	1,082
c) supplementary pension costs		1,609	738
d) other social costs		283	609
4. Value adjustments		3,623	3,074
a) on formation expenses and on tangible and intangible fixed assets		3,623	3,074
5. Other operating charges		107	1
6. Value adjustments and fair value adjustments on financial fixed assets	Note 6	—	38,000
8. Interest and other financial charges	Note 16	363,690	312,648
a) concerning affiliated undertakings		4,280	1,040
b) other interest and similar financial charges		359,410	311,608
11. Income Tax	Note 17	1,293	2,418
Total charges		**426,553**	**428,026**

The accompanying notes are an integral part of these annual accounts.

Aperam, Société Anonyme

(in thousands of U.S. dollars)		**Year ended December 31, 2015**	**Year ended December 31, 2014**
B. Income			
5. Other operating income	Note 18	68,703	58,959
6. Income from financial fixed assets	Note 6	287,258	145,730
a) derived from affiliated undertakings		159,258	145,730
b) other income from participating interests		128,000	—
8. Other interests and other financial income	Note 16	14,932	13,974
a) derived from affiliated undertakings		14,871	13,974
b) other interest and similar financial income		61	—
10. Extraordinary income		59	—
13. Loss for the financial year		55,601	209,363
Total income		**426,553**	**428,026**

The accompanying notes are an integral part of these annual accounts.

NOTE 1 – GENERAL INFORMATION

Aperam (“the Company”) was incorporated as a “Société Anonyme” under Luxembourg law on September 9, 2010 for an unlimited period.

The Company has its registered office in 12C, rue Guillaume Kroll, L-1882 Luxembourg and is registered at the Register of Trade and Commerce of Luxembourg under the number B155.908.

The financial year of the Company starts on January 1 and ends on December 31 each year.

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 Company may perform and carry out its corporate purpose either directly or through the creation of companies, the holding or acquisition of interests in any companies or partnerships, membership in any associations, consortia and joint ventures. In general, the Company’s corporate purpose comprises the participation, in any form, in companies and partnerships, and the acquisition by purchase, subscription or in any other manner as well as the transfer by sale, exchange or in any other manner of shares, bonds, debt securities, warrants and other securities and instruments of any kind.

The Company may grant assistance of any kind (including financial assistance) to any affiliated company and take any measure for the control and supervision of such companies. In general it may carry out any commercial, financial or industrial activity, operation or transaction which it considers to be directly or indirectly necessary or useful in order to achieve or further its corporate purpose.

The Company owns a branch office located in Zug (Switzerland) and controls directly and indirectly 60 subsidiaries.

In conformity with the requirements of Luxembourg laws and regulations, the Company publishes consolidated financial statements in accordance with International Financial Reporting Standards as adopted in the European Union. The consolidated financial statements as of and for the year ended December 31, 2015 are available at Aperam Headquarters, 12C, rue Guillaume Kroll, L-1882 Luxembourg, Grand-Duchy of Luxembourg.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 – Basis of preparation

These annual accounts, corresponding to the standalone financial statements of the parent company, Aperam, have been prepared in accordance with generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg. They comply in particular with the law of December 19, 2002 under the historical cost convention.

2.2 – Significant accounting policies

The Company maintains its accounting records in United States Dollars (“USD”) and the annual accounts are prepared in this currency. Unless otherwise stated, all amounts in the annual accounts are stated in thousands of USD.

The main valuation rules applied by the Company are the following:

Formation expenses

Formation expenses are amortised on a linear basis over five years.

Intangible and tangible fixed assets

Intangible and tangible fixed assets are carried at acquisition cost, less cumulated depreciation and value adjustments when a permanent diminution in value is identified. A reversal of a value adjustment is recorded if the reasons for which the value adjustment was made have ceased to apply.

Intangible and tangible fixed assets are amortised on a linear basis over five years.

Financial fixed assets

Shares in affiliated undertakings, associates and participating interests are recorded at acquisition cost including the expenses incidental thereto. At the end of each accounting period, shares in affiliated undertakings are subject to an impairment review. Where a permanent diminution in value is identified, this diminution is recorded in the profit and loss account as a value adjustment. A reversal of the value adjustment is recorded to the extent the factors, which caused its initial recording, have ceased to exist.

Amounts owed by affiliated undertakings and other loans are recorded in the balance sheet at their nominal value. At the end of each accounting period, value adjustments are recorded on loans which appear to be partly or wholly irrecoverable.

Debtors

Debtors are recorded in the balance sheet at their nominal value. At the end of each accounting period, value adjustments are recorded on debtors which appear to be partly or wholly irrecoverable.

Derivative financial instruments

The Company may enter into derivative financial instruments to manage its exposure to fluctuations in interest and foreign exchange rates. Unrealised gains and losses are recognised so as to offset unrealised gains and losses with respect to the underlying hedged items in the balance sheet.

Foreign currency translation

The following principles are applied to items denominated in a currency other than the USD:

> Fixed assets and creditors due after more than one year are translated at historical exchange rates or the current rate if unrealised exchange losses exist.

Differences in the exchange rates leading to an unrealised loss are recorded in the profit and loss for the year. A reversal of the unrealised loss is recorded to the extent the factors, which caused its initial recording, have ceased to exist.

> Back-to-back loans are translated at year-end exchange rates with the related differences in the exchange rates leading to unrealised losses and gains recorded in the profit and loss account for the year.

> Cash at bank is translated at the exchange rate effective at the balance sheet date. Exchange losses and gains are recorded in the profit and loss account of the year.

> Other balance sheet items are translated at the year-end exchange rate and related exchange differences leading to unrealised losses are recorded in the profit and loss for the year.

> Profit and loss items are translated at the exchange rate prevailing at the transaction date.

> Off balance sheet commitments are disclosed based upon the exchange rate effective at the balance sheet date.

Liabilities

Liabilities are recorded in the balance sheet at their nominal value.

NOTE 3 – FORMATION EXPENSES

In 2010, ArcelorMittal incurred expenses in relation with the assessment and preparation of the spin-off of the stainless steel business. These expenses were transferred to the Company at the date of the spin-off on January 25, 2011 for an amount of $2,553 thousands.

The movements for the year are as follows:

(in thousands of U.S.dollars)	December 31, 2015
Gross book value	
Opening balance	2,553
Closing balance	2,553
Accumulated value adjustments	
Opening balance	(2,021)
Charge for the year	(420)
Closing balance	(2,441)
Net book value	
Opening balance	532
Closing balance	**112**

NOTE 4 – INTANGIBLE ASSETS

Intangible assets mainly include intellectual property rights and trademarks transferred by ArcelorMittal on January 25, 2011 as a result of its stainless steel business spin-off and some licenses on IT systems.

The movements for the year ended December 31, 2015 are as follows:

(in thousands of U.S.dollars)	Concessions, patents, licenses, trademarks and similar rights and values
Gross book value	
Opening balance	15,801
Additions	3,159
Closing balance	18,960
Accumulated value adjustments	
Opening balance	(9,136)
Charge for the year	(3,185)
Closing balance	(12,321)
Net book value	
Opening balance	6,665
Closing balance	**6,639**

NOTE 5 – TANGIBLE ASSETS

Tangible assets mainly include office equipment bought during previous years.

The movements for the year are as follows:

(in thousands of U.S.dollars)	December 31, 2015
Gross book value	
Opening balance	88
Closing balance	88
Accumulated value adjustments	
Opening balance	(53)
Charge for the year	(17)
Closing balance	(70)
Net book value	
Opening balance	35
Closing balance	**18**

NOTE 6 – FINANCIAL FIXED ASSETS

The movements for the year are as follows:

(in thousands of U.S.dollars)	Shares in affiliated under-takings	Amounts owed by affiliated under-takings	Securities held as fixed assets	Loans and claims held as fixed assets	Own shares or own corporate units	Total as of December 31, 2015
Gross book value						
Opening balance	3,058,634	2,089,520	60,221	37	1,583	5,209,995
Additions	121,278	—	—	—	13,654	134,932
Disposals	(80,964)	—	—	(4)	(217)	(81,185)
Foreign exchange differences	—	(327,578)	—	—	—	(327,578)
Closing balance	3,098,948	1,761,942	60,221	33	15,020	4,936,164
Accumulated value adjustments						
Opening balance	(648,000)	—	(6,459)	—	—	(654,459)
Reversal for the year	128,000	—	6,459	—	—	134,459
Closing balance	(520,000)	—	—	—	—	(520,000)
Net book value						
Opening balance	2,410,634	2,089,520	53,762	37	1,583	4,555,536
Closing balance	**2,578,948**	**1,761,942**	**60,221**	**33**	**15,020**	**4,416,164**

6.1. – Shares in affiliated undertakings

(in thousands of U.S.dollars) Name of undertaking	Registered office	Percentage of capital held as of December 31, 2015 (%)	Result for 2015(1)	Capital and reserves (including result for 2015)(1)	Carrying amount as of December 31, 2015	Carrying amount as of December 31, 2014
Aperam Luxco S.à r.l.	Luxembourg	100.00	101,536	2,146,029	2,429,002	2,260,688
Aperam Stainless Belgium	Belgium	15.32	51,977	709,333	130,690	130,690
Corea S.A.	Luxembourg	100.00	1,321	8,711	11,386	11,386
Aperam Stainless Services & Solutions Germany Gmbh	Germany	10.00	(42)	35,525	7,783	7,783
Aperam Sourcing S.C.A.	Luxembourg	100.00	13,288	4,206	42	42
Aperam Treasury S.C.A.	Luxembourg	100.00	28,122	38,152	42	42
Other	Various	—	—	—	3	3
					2,578,948	**2,410,634**

(1) In accordance with the unaudited IFRS reporting packages converted to USD. Result for 2015 is converted at the average exchange rate of the year and capital and reserves at December 31, 2015 exchange rate. Unaudited IFRS reporting package relates to financial information used for the preparation of the consolidated financial statements of Aperam Group.

Description of the main changes during the year

On January 2, 2015, the Company made a cash contribution of EUR 77,000,000 and a contribution in kind, consisting in amounts receivable on companies being part of the Luxembourg tax consolidation in an aggregate amount of EUR 23,704,419 into the distributable share premium (without any issue of shares) of Aperam LuxCo S.à r.l. for a total consideration of $92,731 thousands and $28,547 thousands, respectively.

On December 18, 2015, the Company received an amount of EUR 74,000,000 consisting in a decrease of the distributable share premium of Aperam LuxCo S.à r.l. for a total consideration of $80,964 thousands.

On December 31, 2015, the Company recorded a reversal of value adjustment of $128,000 thousands on its shares in affiliated undertakings to align the value of its investments with the Company's best estimate of their value-in-use. This reversal of value adjustment was recorded as an increase of the carrying value of Aperam Luxco S.à r.l. which owns indirectly the majority of the operating subsidiaries of the Aperam Group.

6.2 – Amounts owed by affiliated undertakings

(in thousands of U.S. dollars) Affiliate	Currency	Amount in original currency	December 31, 2015	December 31, 2014
Aperam Treasury S.C.A.	EUR	655,973	714,155	796,412
Aperam Treasury S.C.A.	BRL	1,307,215	330,071	492,787
Aperam Treasury S.C.A.	PLN	100,000	25,533	28,412
Aperam Luxco S.à r.l.	EUR	635,791	692,183	771,909
Total			**1,761,942**	**2,089,520**

Description of the main changes during the year

Movements during the year were only due to foreign exchange differences.

6.3 – Securities held as fixed assets

In June 2014, the Company purchased 6,830,601 call options on Aperam shares in two transactions with financial institutions for a total consideration of $59,970 thousands. These call options have a strike price of USD 43.92 and will mature in July 2021. On December 31, 2015, the Company recorded a reversal of the value adjustment of $6,459 thousands on its securities held as fixed assets as the market value of its investments was above its cost of acquisition.

6.4 – Own shares or own corporate units

On August 4, 2014, the Company acquired 90,688 of its own shares for a total consideration of $3,177 thousands. During the year 2014, 45,500 own shares have been given to certain employees of the Company to serve the RSU Plan and PSU Plan 2011 that came to maturity.

On November 26, 2015, the Company acquired 420,601 of its own shares for a total consideration of $13,654 thousands. During the year 2015, 4,104 own shares have been given to certain employees of the Company to serve the PSU Plan 2012 that came to maturity. During the year 2015, 2,151 own shares have been given to certain employees of the Company to serve the RSU Plan and PSU Plan 2013. On December 31, 2015, the Company had 459,534 own shares for a total net book value of $15,020 thousands.

NOTE 7 – AMOUNTS OWED BY AFFILIATED UNDERTAKINGS BECOMING DUE AND PAYABLE WITHIN ONE YEAR

(in thousands of U.S. dollars)	December 31, 2015	December 31, 2014
Current account with Aperam Treasury S.C.A.	—	3,802
Receivables on corporate services	77,369	61,281
Accrued interests	12,082	5,290
Receivables on tax integration	14,596	28,779
Total	**104,047**	**99,152**

Description of the main changes during the year

Amounts owed by affiliated undertakings becoming due and payable within one year increased by $4,895 thousands during the year to $104,047 thousands as at December 31, 2015. This variance is mainly explained by an increase in receivables on corporate services by $16,088 thousands and accrued interest by $6,792 thousands, partly offset by a decrease on the outstanding amount receivable on tax integration by $14,183 thousands.

Receivables on tax integration correspond to income tax receivables from entities included in the tax integration headed by the Company. Receivables for corporate services are related to various corporate services rendered by the Company to its subsidiaries.

NOTE 8 – PREPAYMENTS

As at December 31, 2015, prepayment and accrued income amounts to $1,156 thousands and mainly refers to prepaid charges on supplier invoices received.

NOTE 9 – CAPITAL AND RESERVES

(in thousands of U.S.dollars)	Number of shares [(1)]	Subscribed capital	Share premium and similar premiums	Legal reserve	Reserve for own shares	Profit brought forward	Loss for the year	Total
Balance as at December 31, 2014	78,049,730	546,652	1,600,321	75,368	1,583	1,810,983	(209,363)	3,825,544
Allocation of net result	—	—	—	—	—	(209,363)	209,363	—
Directors' fees (Note 21)	—	—	—	—	—	(692)	—	(692)
Loss for the year	—	—	—	—	—	—	(55,601)	(55,601)
Reserve for own shares	—	—	—	—	13,437	(13,437)	—	—
Balance as at December 31, 2015	**78,049,730**	**546,652**	**1,600,321**	**75,368**	**15,020**	**1,587,491**	**(55,601)**	**3,769,251**

Note:

(1) Number of shares denominated in units.

9.1. Subscribed capital and share premium

The subscribed capital amounts to $546,652 thousands and is divided into 78,049,730 shares without par value as fully paid up.

To the knowledge of the Board of Directors, the shareholding1 may be specified as follows:

(in thousands of U.S. dollars)	December 31, 2015
Lumen Investment S.à r.l.	33.63%
Nuavam Investments S.à r.l.	7.20%
Other shareholders	59.17%
Total	**100.00%**

Note:
(1) Shareholding disclosed in above table relates to shareholders owning 5% or more of the share capital.

9.2. Legal reserve

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the subscribed capital. The legal reserve is not available for distribution to the shareholders. As at December 31, 2015, the legal reserve is fully constituted.

9.3. Reserve for own shares

The Board of Directors shall request the upcoming General Meeting of Shareholders to approve the allocation of $13,437 thousands from the profit brought forward in order to increase the non-distributable reserve equivalent to the carrying value (note 6) of its own shares in accordance with Luxembourg Company Law.

NOTE 10 – MATURITY OF NON SUBORDINATED DEBTS

(in thousands of U.S.dollars)	Up to 1 year	From 1 to 5 years	Above 5 years	December 31, 2015 Total	December 31, 2014 Total
Convertible debenture loans	2,228	200,000	300,000	502,228	502,228
Non-convertible debenture loans	—	—	—	—	254,844
Amount owed to affiliated undertakings	186,941	—	—	186,941	16,160
Liabilities for tax and social security	1,567	—	—	1,567	2,376
Other liabilities	8,265	—	60,529	68,794	63,088
Total	**199,001**	**200,000**	**360,529**	**759,530**	**838,696**

NOTE 11 – CONVERTIBLE DEBENTURE LOANS

On September 19, 2013, the Company issued convertible and/or exchangeable bonds for a total amount of $200,000 thousands. These senior and unsecured bonds have an annual coupon of 2.625% payable semi-annually in arrear and an initial conversion price of USD 21.96 representing a conversion premium of 35% above the reference price of USD 16.27. The bonds will mature on September 30, 2020 but the bondholders will be entitled to have their bonds redeemed at their principal amount plus accrued interest on September 30, 2017.

On June 27, 2014, the Company issued net share settled convertible and/or exchangeable bonds due 2021 for a total amount of $300,000 thousands. The bonds have an annual coupon of 0.625% payable semi-annually in arrear and an initial conversion price of USD 43.92 representing a conversion premium of 32.5% above the reference price of USD 33.15. The bonds will mature on July 8, 2021 but the bondholders will be entitled to have their bonds redeemed at their principal amount plus accrued interest on January 8, 2019.

NOTE 12 – NON CONVERTIBLE DEBENTURE LOANS

On March 25, 2011, the Company issued unsecured and unsubordinated notes in two tranches for an aggregate principal amount of $500,000 thousands, consisting of $250,000 thousands (issued at 100%) maturing April 1, 2016 and 250,000 (issued at 100%) maturing April 1, 2018 respectively. These notes bore an annual interest at 7.375% and 7.750% respectively, payable semi-annually on October 1 and April 1 of each year commencing on October 1, 2011.

On October 1, 2014, the Company called and early redeemed $250,000 thousands on aggregate principal amount of its 7.375% notes due 2016.

On April 1, 2015, the Company called and early redeemed $250,000 thousands on aggregate principal amount of its 7.75% notes due 2018.

NOTE 13 – AMOUNTS OWED TO CREDIT INSTITUTIONS

On March 6, 2015, Aperam signed a $500 million secured borrowing base revolving credit facility ("The Facility") with a group of nine banks. The Facility, which refinanced the existing Borrowing Base Facility of $400 million, is structured as a three-year revolving credit facility and includes a one-year extension option. It will be used for liquidity and working capital purposes. On December 1, 2015, Aperam cancelled a $100 million of commitments leading to a remaining $400 million secured borrowing base revolving credit facility.

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 Group's most recent corporate rating by Standard & Poor's or Moody's or both) for the relevant interest period, which may be below one, one, two, three or six months or any other period agreed between the parties. The facility also charges a utilisation fee on the drawn portion of the total facility amount and a commitment fee on the undrawn and uncancelled portion of the total facility amount, payable quarterly in arrears. The Facility is fully undrawn as at December 31, 2015 and is secured by assets owned by operating subsidiaries of the Aperam Group.

NOTE 14 – AMOUNTS OWED TO AFFILIATED UNDERTAKINGS BECOMING DUE AND PAYABLE WITHIN ONE YEAR

The increase in amounts owed to affiliated undertakings by $170,781 thousands mainly results from the increase on the liability under cash pooling arrangement with Aperam Treasury S.C.A. by $75,442 thousands and a short-term loan with Aperam Treasury S.C.A. of $92,731 thousands maturing on January 2, 2016 and bearing an interest rate of 2%.

NOTE 15 – OTHER CREDITORS BECOMING DUE AND PAYABLE AFTER MORE THAN ONE YEAR

In June 2014, the Company sold 6,830,601 call options on Aperam shares in 2 transactions with financial institutions for a total consideration of $52,738 thousands. These call options have a strike price of USD 45.58 and will mature in July 2021.

On December 31, 2015, the Company recorded a value adjustment of $7,791 thousands on its call options sold as the market value of its investments was above its selling price. This value adjustment has been recorded as an impairment loss in the profit and loss account.

NOTE 16 – INTEREST PAYABLE / RECEIVABLE AND SIMILAR CHARGES / INCOME

	Year ended December 31, 2015		Year ended December 31, 2014	
(in thousands of U.S.dollars)	Charges	Income	Charges	Income
Interests payable / receivable in respect of affiliated undertakings	(4,280)	—	(1,040)	—
Income from tax integration with affiliated undertakings	—	14,871	—	13,974
Total interests concerning affiliated undertakings	**(4,280)**	**14,871**	**(1,040)**	**13,974**
Interests in respect of credit institutions	(9,065)	2	(12,767)	—
Interests in respect of debenture loans	(11,969)	—	(39,354)	—
Effects of foreign exchange	(327,356)	58	(248,402)	—
Other interest and similar charges	(11,020)	1	(11,085)	—
Total other interests	**(359,410)**	**61**	**(311,608)**	**—**
Total interest payable / receivable and similar charges / income	**(363,690)**	**14,932**	**(312,648)**	**13,974**

Interest in respect of credit institutions corresponds to the borrowing base revolving credit facility and the secured bank loan that has been reimbursed during the year 2014.

Interest in respect of debenture notes relate to the unsecured and unsubordinated notes that have been reimbursed during the year 2014 and 2015 and the convertible and/or exchangeable bonds.

NOTE 17 – INCOME TAX

The Company is the head of a tax consolidation including other subsidiaries located in Luxembourg and is fully liable for the overall tax liability of the tax group. Each of the entities included in the tax consolidation is paying to the Company the amount of tax determined based on its individual taxable profit.

As a consequence of the net tax losses within the tax group, no income tax is payable in respect of 2015 (2014: nil).

The amount charged to affiliated undertakings amounted to $14,871 thousands (2014: $13,974 thousands). Please refer to Note 16.

The amount of income tax corresponds to the tax charge of the Company's Swiss Branch and withholding tax on corporate services with affiliated undertakings.

NOTE 18 – OTHER OPERATING INCOME

Other operating income corresponds mainly to corporate service fees, branding fees and income related to information technology, procurement and R&D services provided to group companies.

NOTE 19 – COMMITMENTS AND CONTINGENCIES

Commitments given

(in thousands of U.S.dollars)	December 31, 2015	December 31, 2014
Guarantees given relating to credit facilities (1)	23,441	25,450
Other commitments (2)	17,234	19,724
Total	**40,675**	**45,174**

Notes:

(1) The Company has given guarantees for certain credit facilities contracted by Aperam subsidiaries.

(2) Other commitments refer to guarantees given by the Company on behalf of Aperam subsidiaries for various obligations (other than debt) and renting obligations related to Aperam headquarters.

The Company is jointly and severally liable for the following entities:

- Aperam Sourcing S.C.A.
- Aperam Treasury S.C.A.

Available lines of credit

The Company has available lines of credit for an aggregate amount of $400,000 thousands as of December 31, 2015 (2014: $400,000 thousands).

Contingencies

The Company has no contingency as at December 31, 2015.

Stock option plans

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. During the year 2011, certain employees were transferred from ArcelorMittal to the Company. These beneficiaries increased the number of options outstanding. For the years ended December 31, 2015 and 2014, the amount of outstanding options was 338,850 and 394,850 respectively. The amount of exercisable options was 338,850 and 394,850 respectively for the years ended December 31, 2015 and 2014. Exercise prices of ArcelorMittal stock options vary from $30.66 to $78.44. Weighted average contractual life of the options varies from 1.6 to 4.6 years.

As of December 31, 2015 no provision was recognised as share price is lower than exercise price.

Share Unit Plans

On July 12, 2011, the ordinary general meeting of shareholders approved an equity-based incentive plan to key employees of Aperam. The plan comprises a Restricted Share Unit Plan ("RSU Plan") and a Performance Share Unit Plan ("PSU Plan") designed to incentivize the targeted employees, to improve the long-term performance of the Company and to retain key employees. Both the RSU Plan and the PSU Plan are intended to promote the alignment of interests between the company's shareholders and eligible employees by allowing them to participate in the success of the Company. The RSU and PSU plans shall vest in full on the three-year anniversary of the date on which the award was granted contingent upon the continued active employment of the employee within the Group. The aim of the RSU Plan is to provide a retention incentive to eligible employees. The RSUs are an integral part of the Company's remuneration framework in which it serves the specific objective of medium-term and long-term retention.

The main objective of the PSU Plan is to be an effective performance-enhancing scheme based on the achievement of the Company's strategy.

The maximum number of shares available for grant is subject to the prior approval of the Company's shareholders at the annual general meeting, such approval being valid until the next annual general meeting.

The allocation of equity based incentives to eligible employees under the RSU Plan and the PSU Plan is reviewed by the Remuneration, Nomination and Corporate Governance Committee of the Board of Directors, which makes a proposal and recommendation to the full Board of Directors.

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 and up to 20,000 PSUs corresponding to up to 40,000 of the Company's shares have been authorised to be allocated to qualifying employees under the RSU Plan and the PSU Plan, respectively. In November 2011, a total of 59,750 RSUs under the RSU Plan was granted to a total of 28 employees at a fair value of $16.04 per share. In March 2012, a total of 14,250 PSUs was granted to a total of 8 employees at a fair value of $16.53 per share. In November 2014, a total of 45,500 shares were allocated to qualifying employees (out of which 17,500 shares for Members of the Leadership Team).

On May 8, 2012 annual general meeting of shareholders authorised 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 and up to 20,000 PSUs corresponding to up to 40,000 of the Company's shares. In April 2013, a total of 40,000 RSUs under the RSU Plan was 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. No PSUs were granted under the May 8, 2012 authorisation.

On May 8, 2013 annual general meeting of shareholders authorised 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 was granted to a total of 35 employees and a total of 44,000 RSUs was granted to a total of 28 employees at a fair value of $13.40 per share.

On May 8, 2014 annual general meeting of shareholders authorised the Board of Directors to allocate during the period between the 2014 and the 2015 annual general meeting, a maximum of 220,000 of the Company's fully paid-up ordinary shares under the 2014 Cap. In June 2014 and September 2014, a total of 63,839 PSUs were granted to a total of 40 employees at a fair value of respectively $33.97 per share and $31.97 per share and a total of 48,000 RSUs was granted to a total of 32 employees at a fair value of $31.97 per share.

On May 5, 2015 annual general meeting of shareholders authorised the Board of Directors to issue, during the period between the 2015 and the 2016 annual general meeting, to key employees of Aperam a maximum of 220,000 of the Company's shares for grants under the Leadership Team PSU Plan and other retention based grants below the level of the Leadership Team. In August 2015, a total of 27,500 RSUs were granted to a total of 32 employees at a fair value of $32.19 per share, all grants were for employees below the level of the Leadership Team. In August 2015, a total of 49,232 PSUs were granted to a total of 42 employees at a fair value of respectively $32.19 per share (out of which 39,232 PSUs for the 10 Members of the Leadership Team)

NOTE 20 – STAFF

The Company employed an average of 56 full-time equivalents employees during the financial year (57 full-time equivalents during the previous year).

NOTE 21 – DIRECTORS' REMUNERATION

The Company's Board of Directors members are entitled to a total remuneration of $599 thousands for the year ended December 31, 2015 ($692 thousands for the year ended December 31, 2014).

NOTE 22 – SUBSEQUENT EVENTS

There were no subsequent events after December 31, 2015.

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To the shareholders of
APERAM Société Anonyme, ("Aperam")
12C, rue Guillaume Kroll
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REPORT OF THE REVISEUR D'ENTREPRISES AGRÉÉ

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders on May 5, 2015, we have audited the accompanying annual accounts of Aperam, which comprise the balance sheet as at December 31, 2015 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the *réviseur d'entreprises agréé's* judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the annual accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of, the financial position of Aperam as of December 31, 2015, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Directors, is consistent with the annual accounts.

For Deloitte Audit, *Cabinet de révision agréé*

John Psaila, *Réviseur d'entreprises agréé*
Partner

March 3, 2016

Proposed allocation of the results for 2015

	In U.S. dollars
Loss for the financial year	(55,601,407)
Profit brought forward (Report à nouveau) before transfer to the reserve for own shares	1,600,927,526
Results to be allocated and distributed	**1,545,326,119**
Transfer to the reserve for own shares	(13,436,678)
Dividend (1)	(96,987,745)
Directors' compensation	(598,786)
Profit carried forward	**1,434,302,910**

Note:

(1) To be submitted to shareholders' approval at the Annual General Meeting of May 4, 2016 and related to the financial period ending December 31, 2015. On the basis of 77,590,196 shares outstanding as of December 31, 2015 (78,049,730 shares in issue, net of 459,534 treasury shares). Dividends are paid quarterly, resulting in a total annualised cash dividend per share of $1.25.

Principal risks and uncertainties related to Aperam and the stainless and specialty steel industry

Aperam's business, financial condition, results of operations or prospects could be materially adversely affected by any of the principal risks and uncertainties described below.

Global economic cycle downturn, geopolitical risks, overcapacity in the stainless steel industry and/or China slowdown

Global economic cycle downturn

Aperam's business and results of operations are substantially affected by international, national and regional economic conditions, including geopolitical risks that might disrupt the economic activity in affected countries.

The re-emergence of recessionary conditions or a period of weak growth in Europe, or slow growth in emerging economies that are, or are expected to become, substantial consumers of stainless and specialty steels (such as China, Brazil, Russia and India, as well as other emerging Asian markets and the Middle East) would have a material adverse effect on the stainless and specialty steel industry.

Overcapacity

In addition to economic conditions, the stainless steel industry is affected by global production capacity and fluctuations in stainless steel imports and exports. The stainless steel industry has historically suffered from structural overcapacity, particularly in Europe. Production capacity in the developing world, particularly China, has increased substantially with China being now the largest global stainless steel producer. The balance between China's domestic production and consumption is accordingly an important factor impacting global stainless steel prices. Chinese stainless steel exports, or conditions favourable to them (such as excess capacity in China and/or higher market prices for stainless steel in markets outside of China), can have a significant impact on stainless steel prices in other markets, including Europe and South America. Over the short to medium term, Aperam is exposed to the risk of stainless steel production increases in China and other markets outstripping increases in real demand, which may weigh on price recovery in the industry as a whole.

China slowdown

A significant factor in the worldwide strengthening of stainless and specialty steel pricing in recent years has been the significant growth in consumption in China, which at times has outpaced its manufacturing capacity. At times, this has resulted in China being a net importer of stainless and specialty steel products, as well as a net importer of raw materials and supplies required for the manufacturing of these products. A reduction in China's economic growth rate with a resulting reduction in stainless and specialty steel consumption, coupled with China's expansion of steel-making capacity, could continue to have the effect of a substantial weakening of both domestic and global stainless and specialty steel demand and pricing.

The risks of nickel price decrease, raw material price uncertainty, material margin squeeze and over dependency of main suppliers

Aperam's profitability correlates amongst other factors with nickel prices. A significant price decrease of nickel would have a negative impact on apparent demand and base prices due to a "wait and see" behaviour from customers. Furthermore, nickel is listed on the LME and subject to speculation on the financial markets. Stainless and specialty steel production requires substantial amounts of raw materials (primarily nickel, chromium, molybdenum, stainless and carbon steel scrap, charcoal (biomass) and iron ore) which can lead to over dependency on its main suppliers. Aperam is also exposed to price uncertainty and material margin squeeze with respect to each of these raw materials, which it purchases mainly under short and long-term contracts, but also on the spot market.

Fluctuations in currency exchange rates

Aperam operates and sells its products globally, and a substantial portion of its assets, liabilities, costs, sales and income are denominated in currencies other than the U.S. dollar (Aperam's reporting currency). Accordingly, currency fluctuations triggered by inflationary movements or other factors, especially the fluctuation of the value of the U.S. dollar relative to the euro and the Brazilian real, as well as fluctuations in the currencies of the other countries in which Aperam has significant operations and/or sales, could have a material impact on its results of operations.

Litigation risks (product liability, patent infringement, commercial practices, employment, employment benefits, taxes, environmental issues, health & safety and occupational disease (including asbestos exposure/ classification)

A number of lawsuits, claims and proceedings have been and may be asserted against Aperam in relation to the conduct of its currently and formerly owned businesses, including those pertaining to product liability, patent infringement, commercial practices, employment, employee benefits, taxes, environmental issues, health and safety and occupational disease. Due to the uncertainties of litigation, no assurance can be given that it will prevail on all claims made against it in the lawsuits that it currently faces or that additional claims will not be made against it in the future. While the outcome of litigation cannot be predicted with certainty, and some of these lawsuits, claims or proceedings may be determined adversely to Aperam, Management does not believe that the disposition of any such pending matters is likely to have a material adverse effect on Aperam's financial condition or liquidity, although the resolution in any reporting period of one or more of these matters could have a material adverse effect on its results of operations for that period.

Management can also give no assurance that any litigation brought in the future will not have a material effect on its financial condition or results of operations. For a discussion of certain ongoing investigations and litigation matters involving Aperam, see Note 23 to the Consolidated Financial Statements.

Risks of lack of competitiveness of the workforce costs, of retention and social conflicts

Aperam's total cost per employee is the main factor of cost disadvantage in comparison to competitors in certain countries. A lack of competitiveness in workforce costs might have a material adverse effect on Aperam's cost position. Aperam's key personnel have an extensive knowledge of its business and, more generally, of the stainless and specialty steel sector as a whole. Its inability to retain key personnel and or experience of social conflicts could have a material adverse effect on its business, financial condition, results of operations or cash flows.

Customer risks with respect to default and credit insurance companies refusing to ensure the risks

Due to the challenging economic climate, Aperam might experience an increased exposure to customers defaults or situations where credit insurance companies refuse to insure the recoverability risks of its receivables. Such a scenario could have a material effect on its business, financial condition, results of operations or cash flows.

Cyber security risks

Aperam's operations depend on the secure and reliable performance of its information technology systems. An increasing number of companies, including Aperam, are experiencing intrusion attempts and phishing attempts for money transfers, as well as attempts at disabling information technology systems. If such attempts would succeed, they could cause applications unavailability, data confidentiality failures, adverse publicity and and interruptions in the Group's operations in case of intrusion to process systems. The Group could be subject to litigation, civil or criminal penalties, and adverse publicity that could adversely affect its reputation, financial condition and results of operations.

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