

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

The definitions and interpretations commencing on page 4 of the Circular apply to this Circular in its entirety. If you are in any doubt as to what action you should take arising from this Circular, please consult your CSDP, broker, banker, attorney, accountant or other professional advisor immediately.

This Circular is issued in compliance with the Companies Act for the purpose of convening the General Meeting and in compliance with the Listings Requirements for the purpose of providing information to the public with regards to the Company.

**Action required:**

- This Circular is important and should be read with particular attention to page 1 entitled "Action required by AMSA Shareholders" which sets out the action required by AMSA Shareholders with regard to this Circular.
- If you have disposed of all of your AMSA Shares, please forward this Circular to the purchaser of such AMSA Shares or to the broker, CSDP, banker, attorney or other agent through whom the disposal was effected.



**ArcelorMittal**  
**ArcelorMittal South Africa Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 1989/002164/06)  
Share code on the JSE: ACL ISIN: ZAE000134961  
("ArcelorMittal" or "the Company")

**CIRCULAR TO AMSA SHAREHOLDERS**

**Regarding the AMSA Shareholders' approval required with respect to:**

- the amendment of the AMSA MOI to enable the creation of the A1 Ordinary Shares and the A2 Ordinary Shares and the increase in the authorised share capital of AMSA through the creation of 243 240 276 A1 Ordinary Shares and 72 972 083 A2 Ordinary Shares;
- the specific approval for AMSA to issue A2 Ordinary Shares to the AMSA Employee Empowerment Share Trust, having regard to the fact that Executive Directors will be beneficiaries of the AMSA Employee Empowerment Share Trust, in terms of section 41(1) of the Companies Act;
- the Specific Issue of A1 Ordinary Shares and A2 Ordinary Shares with voting power that exceeds 30% of a particular class of shares in terms of section 41(3) of the Companies Act;
- the proposed B-BBEE Transaction, which will require the following approvals:
  - the specific approval for AMSA to issue 243 240 276 A1 Ordinary Shares to the B-BBEE CO;
  - the specific approval for AMSA to issue 72 972 083 A2 Ordinary Shares to the AMSA Employee Empowerment Share Trust;
  - the Provision of Financial Assistance to Likamva, B-BBEE CO and the AMSA Employee Empowerment Share Trust in terms of sections 44 and 45 of the Companies Act;

and incorporating

- a **Notice of General Meeting of AMSA Shareholders**; and
- a **Form of Proxy in respect of the General Meeting of AMSA Shareholders (for use by Certificated Shareholders and "own-name" Dematerialised Shareholders only)**.

WA de Klerk and D Subramanian are Executive Directors of AMSA and are beneficiaries of the AMSA Employee Empowerment Share Trust, therefore the Specific Issue of A2 Ordinary Shares to AMSA Employee Empowerment Share Trust includes Related Parties.

Corporate Advisor and Transaction Sponsor

  
KPMG Services Proprietary Limited  
**Independent Reporting Accountant and Auditor**

**Deloitte.**

Deloitte & Touche  
**Legal Advisor to Likamva**

 **NORTON ROSE FULBRIGHT**

Norton Rose Fulbright South Africa Inc

Date of issue: Monday, 17 October 2016

This circular is available in English only. Copies are available from 17 October 2016 from the registered office of AMSA at 2 Delfos Boulevard, Vanderbijlpark, 1911, South Africa as well as in electronic form from <http://southafrica.arcelormittal.com>

Legal and Tax Advisor to AMSA

  
KPMG Services Proprietary Limited  
**Corporate Advisor to Likamva**

 **Investec**  
Specialist Bank

Investec Bank Limited  
**Independent Expert**

  
BDO

MEMBER OF BDO NETWORK

BDO Corporate Finance

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## CORPORATE INFORMATION AND ADVISORS

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### **Registered office of AMSA**

2 Delfos Boulevard  
Vanderbijlpark, 1911  
South Africa  
(PO Box 2, Vanderbijlpark, 1900)

### **Place and date of incorporation**

Incorporated in South Africa on 9 June 1989

### **Transfer Secretaries**

Computershare Investor Services Proprietary Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

### **Corporate Advisor and Transaction Sponsor**

KPMG Services Proprietary Limited  
85 Empire Road  
Parktown  
Johannesburg, 2193  
South Africa

### **Independent Reporting Accountant and Auditor**

Deloitte & Touche  
Deloitte Place, The Woodlands  
20 Woodlands Drive, Woodmead  
Johannesburg, 2052  
South Africa

### **Legal Advisor to Likamva**

Norton Rose Fulbright South Africa Inc  
15 Alice Lane, Sandown, Sandton  
Johannesburg, 2196  
South Africa

### **Company Secretary**

Nomonde Bam  
3<sup>rd</sup> Floor, Main Building  
2 Delfos Boulevard  
Vanderbijlpark, 1911  
South Africa  
(PO Box 2, Vanderbijlpark, 1900)

### **Legal and Tax Advisor to AMSA**

KPMG Services Proprietary Limited  
85 Empire Road  
Parktown  
Johannesburg, 2193  
South Africa

### **Corporate Advisor to Likamva**

Investec Bank Limited  
100 Grayston Drive, Sandown  
Sandton, 2196  
Johannesburg  
South Africa

### **Independent Expert**

BDO Corporate Finance Proprietary Limited  
22 Wellington Road, Parktown  
Johannesburg, 2193  
South Africa

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## **ACTION REQUIRED BY AMSA SHAREHOLDERS**

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The definitions and interpretations commencing on page 4 of this Circular apply mutatis mutandis to the following section on action required by AMSA Shareholders.

### **Please take note of the following provisions regarding the action required by AMSA Shareholders:**

1. If you have disposed of all of your AMSA Shares, this Circular should be handed to the purchaser of such AMSA Shares or the CSDP, broker, banker, attorney or other agent who disposed of your AMSA Shares for you.
2. If you are in any doubt as to what action to take, consult your broker, CSDP, banker, attorney, accountant or other professional advisor immediately.
3. This Circular contains information relating, inter alia, to the increase in the authorised share capital of AMSA and the B-BBEE Transaction. You should carefully read through this Circular and decide how you wish to vote on the Resolutions to be proposed at the General Meeting.
4. The General Meeting, convened in terms of the Notice of General Meeting incorporated in this Circular, will be held in the Atrium, at the JSE Limited, 1 Exchange Square, 2 Gwen Lane, Sandton on Friday, 18 November 2016 at 09h00.

### **Voting and proxies**

An AMSA Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be an AMSA Shareholder. For the convenience of registered AMSA Shareholders, a form of proxy is attached here with. The attached form of proxy is only to be completed by those AMSA Shareholders who:

- hold Certificated Shares; or
- hold "own name" Dematerialised Shares.

AMSA Shareholders who hold Dematerialised Shares through a CSDP or broker without "own name" registration and who wish to attend the General Meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the General Meeting in person or by proxy and vote.

If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

AMSA Shareholders who hold Dematerialised Shares with "own name" registration or if they are the registered holder of Certificated Shares may attend the General Meeting in person, alternatively, they may appoint a proxy or proxies, who need not be an AMSA Shareholder to represent them at the General Meeting by completing the attached Form of Proxy in accordance with the instructions it contains. It is requested that Forms of Proxy should be forwarded to reach the Transfer Secretaries at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the General Meeting. Any form of proxy not delivered by this time may be handed to the Chairperson of the General Meeting immediately before the appointed proxy exercises any of the AMSA Shareholder's votes at the General Meeting.

### **Electronic participation**

The Company has made provision for AMSA Shareholders or their proxies to participate electronically in the General Meeting by way of telephone conferencing. Should an AMSA Shareholder wish to participate in the General Meeting by telephone conference call as aforesaid, the AMSA Shareholder, or his/her/its proxy, will be required to advise the Company thereof by submitting by email to the Company Secretary at [nomonde.bam@arcelormittal.com](mailto:nomonde.bam@arcelormittal.com) or by fax to +27 (0) 16 889 2517 for the attention of Ms Nomonde Bam, relevant contact details, including an email address, mobile phone number and landline phone number, as well as full details of the AMSA Shareholder's title to the AMSA Shares and proof of identity, in the form of certified copies of identity documents and share certificates (in the case of Certificated Shares) and (in the case of Dematerialised Shares) written confirmation from the AMSA Shareholder's CSDP confirming the AMSA Shareholder's title to the Dematerialised Shares, to reach the Company by no later than 09h00 on Wednesday, 16 November 2016. Upon receipt of the required information by the Company, the AMSA Shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the General Meeting. AMSA Shareholders must note that access to the electronic communication will be at the expense of the AMSA Shareholder who wish to utilise the facility.

AMSA Shareholders and their appointed proxies attending the General Meeting by conference call will not be able to cast their votes at the General Meeting through this medium. Accordingly, AMSA Shareholders making use of the electronic participation facility are requested to submit their Forms of Proxy to the Company, as directed in this Circular.

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## SALIENT DATES AND TIMES

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The definitions commencing on page 4 of this Circular apply mutatis mutandis to these salient dates and times:

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	<b>2016</b>
Record date to receive Circular and Notice of General Meeting	Friday, 7 October
Circular and Notice of General Meeting posted to AMSA Shareholders and announced on SENS on	Monday, 17 October
Last day to trade to be eligible to vote at the General Meeting	Tuesday, 8 November
Record date to be eligible to vote at the General Meeting	Friday, 11 November
Forms of Proxy of General Meeting to be received by no later than 09h00 on	Wednesday, 16 November
General Meeting to be held at 09h00 on	Friday, 18 November
Results of the General Meeting released on SENS on	Friday, 18 November

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### Notes

1. All times indicated in this Circular are local times in South Africa.
2. These dates and times are subject to amendment. Any amendments will be published on SENS.
3. Copies of this Circular may be obtained in English only from Monday, 17 October 2016 at the Company's registered office during normal business hours from 08h00 until 16h00 and on the Company website <http://southafrica.arcelormittal.com>. Details of AMSA are set out in the Corporate Information section of the Circular.
4. To be valid, the completed Form of Proxy must to be delivered to the Transfer Secretaries by 09h00 on Wednesday, 16 November 2016, or they may be handed to the Chairperson of the General Meeting at any time prior to the commencement of voting on the Resolutions tabled at the General Meeting as contemplated in terms of the Companies Act.

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## DEFINITIONS AND INTERPRETATIONS

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In this Circular, unless otherwise stated or the context otherwise indicates, the words in the first column below shall have the meaning stated opposite them, respectively, in the second column below, reference to the singular shall include the plural and vice versa, words denoting one gender shall include the other gender, and an expression denoting natural persons shall include juristic persons and associations of persons:

"A1 Notional Amount"	<p>the notional loan of R7.367 attaching to each A1 Ordinary Shares as at the Issue Date, being 90% of the VWAP calculated for the 30 JSE trading days preceding 27 September 2016 (the date of signature of the AMSA Subscription Agreement) – plus the transaction costs incurred by Likamva and settled by AMSA, in terms of paragraph 7.2, calculated on a per A1 Ordinary Share basis.</p> <p>The A1 Notional Amount is to be adjusted to include the additional transaction costs that may be incurred by Likamva, but settled by AMSA, for the introduction of a Broad-Based Party as contemplated in paragraph 3.5 of this Circular;</p>
"A1 Ordinary Shares"	<p>243 240 276 A1 ordinary shares of no par value, incorporating the rights, limitations and other terms to be created through the amendment of the AMSA MOI, which amendments will be proposed for approval by AMSA Shareholders at the General Meeting;</p>
"A1 Ordinary Shares Subscription Price"	<p>an aggregate subscription price of R243.24, being R0.000001 per A1 Ordinary Share;</p>
"A2 Notional Amount"	<p>the notional loan of R7.20 attaching to each A2 Ordinary Share as at the Issue Date, being 90% of the VWAP, calculated for the 30 JSE trading days preceding 27 September 2016 (the date of signature of the AMSA Employee Empowerment Share Trust Subscription Agreement);</p>
"A2 Ordinary Shares"	<p>72 972 083 A2 ordinary shares of no par value, incorporating the rights, limitations and other terms to be created through the amendment of the AMSA MOI, which amendments will be proposed for approval by AMSA Shareholders at the General Meeting;</p>
"A2 Ordinary Shares Subscription Price"	<p>an aggregate subscription price of R72.97, being R0.000001 per A2 Ordinary Share;</p>
"Administrative Services Agreement"	<p>the agreement, dated 27 September 2016, between AMSA, Likamva and B-BBEE CO, in terms of which B-BBEE CO appoints or will appoint AMSA to provide certain administrative services to B-BBEE CO;</p>
"AMSA" or "Company"	<p>ArcelorMittal South Africa Limited (registration number 1989/002164/06), a public company duly registered and incorporated in accordance with the laws of South Africa, the shares of which are listed on the securities exchange operated by the JSE;</p>
"AMSA Employee Empowerment Share Trust"	<p>the ArcelorMittal South Africa Employee Empowerment Share Trust (Master IT Reference No 2720/2016(G));</p>
"AMSA Employee Empowerment Share Scheme"	<p>the ArcelorMittal South Africa Employee Empowerment Share Scheme, the rules of which were adopted by AMSA and the AMSA Employee Empowerment Share Trust on 27 September 2016 and the salient terms of which are set out in Annexure 6;</p>
"AMSA Employee Empowerment Share Trust Subscription and Relationship Agreement"	<p>the agreement, dated 27 September 2016, between the AMSA Employee Empowerment Share Trust and AMSA in terms of which, inter alia, the AMSA Employee Empowerment Share Trust will subscribe for A2 Ordinary Shares and in terms of which the relationship between the AMSA Employee Empowerment Share Trust and AMSA will be governed;</p>

"AMSA Empowerment Shares"	Collectively, the A1 Ordinary Shares and the A2 Ordinary Shares;
"AMSA Empowerment Redeemed Shares"	means the number of AMSA Empowerment Shares that are automatically redeemed by the Company on the Calculation Date in accordance with the formula set out in section 5 to this Circular;
"AMSA Empowerment Remaining Shares"	the number of AMSA Empowerment Shares that are not AMSA Empowerment Redeemed Shares which will be renamed "ordinary shares" on Calculation Date and listed on the JSE and shall rank pari passu in all respects with the AMSA Shares;
"AMSA Group"	AMSA and its subsidiaries and associates, from time to time;
"AMSA MOI"	the memorandum of incorporation of AMSA;
"AMSA Shareholders"	the registered holders of AMSA Shares;
"AMSA Shares"	ordinary shares of no par value in the share capital of AMSA;
"ArcelorMittal Holdings AG"	ArcelorMittal Holdings AG, a company incorporated in Switzerland and a major shareholder of AMSA;
"B-BBEE"	broad-based black economic empowerment as contemplated in the B-BBEE Act, the B-BBEE Codes and such other charters to the extent that such laws are applicable or may become applicable to the AMSA Group and/or its business activities from time to time and any other similar laws which may be applicable to the AMSA Group and/or its business activities from time to time;
"B-BBEE Act"	the Broad-Based Black Economic Empowerment Act 53 of 2003, as amended;
"B-BBEE CO"	Amandla We Nsimbi Proprietary Limited (registration number 2015/444048/07), a private company incorporated in the Republic of South Africa;
"B-BBEE Committee"	a committee of the Board;
"B-BBEE CO MOI"	the memorandum of incorporation of B-BBEE CO as at the Implementation Date;
"B-BBEE CO Ordinary Shares"	ordinary shares of no par value in the share capital of B-BBEE CO;
"B-BBEE CO Pledge and Cession Agreement"	the agreement, dated 27 September 2016, between B-BBEE CO and AMSA in terms of which B-BBEE CO pledges, cedes and assigns to AMSA its rights in and to the A1 Ordinary Shares, as security for the obligations owed by B-BBEE CO under the B-BBEE Transaction Agreements;
"B-BBEE CO Subscription and Relationship Agreement"	the agreement, dated 27 September 2016, between AMSA and B-BBEE CO in terms of which, inter alia, B-BBEE CO will subscribe for A1 Ordinary Shares and in terms of which the relationship between B-BBEE CO and AMSA will be governed;
B-BBEE CO Ordinary Share Subscription Price	R1.00 per B-BBEE CO Ordinary Share;
"B-BBEE Codes"	the Codes of Good Practice published by the Department of Trade and Industry in terms of section 9 of the B-BBEE Act, as amended and replaced from time to time;
"B-BBEE Ownership Score"	the score attributable to an entity in respect of the part or parts of the generic B-BBEE Scorecard relating to B-BBEE ownership of an entity, as set out in Statement 100 of Code Series 100 (dealing with ownership) of the B-BBEE Codes;

"B-BBEE Transaction"	the series of steps and transactions set out in this Circular to achieve a sustainable 25% shareholding by Black Persons (applying the Exclusion Principle) for the Company through a Specific Issue of AMSA Empowerment Shares to B-BBEE CO and the AMSA Employee Empowerment Share Trust;
"B-BBEE Transaction Agreements"	collectively, <ul style="list-style-type: none"> <li>• the Administrative Services Agreement;</li> <li>• AMSA Employee Empowerment Share Trust Subscription Agreement</li> <li>• the B-BBEE CO MOI;</li> <li>• the B-BBEE CO Pledge and Cession Agreement;</li> <li>• the B-BBEE CO Subscription and Relationship Agreement;</li> <li>• the Co-operation Agreement;</li> <li>• the Likamva Pledge and Cession Agreement; and</li> <li>• the Likamva Subscription and Relationship Agreement;</li> </ul>
"Beneficial Interest"	the right or entitlement through ownership, agreement, relationship or otherwise (whether direct, indirect, discretionary, vested, contingent, conditional or otherwise) to receive or participate in any distribution in respect of a company's securities, or to exercise or cause to be exercised any or all of the rights attaching to a company's securities, or to dispose or direct the disposition of the company's securities or any part of a distribution in respect of a company's securities;
"Black Owned Company"	a company incorporated in accordance with the laws of South Africa and having a shareholding in which one or more Black Persons: <ul style="list-style-type: none"> <li>• beneficially owns (or own) or holds 100% of the ordinary shares or other equity interest of such company; and</li> <li>• is or are entitled to 100% of the economic interest in relation to such ordinary shares or other equity interest in such company;</li> </ul>
"Black Persons" or "Black People"	natural persons who are "Black People" as defined in the B-BBEE Act as read together with the B-BBEE Codes;
"Black Employees"	AMSA employees who are Black People;
"Board" or "Directors"	AMSA current members of the board of directors whose details are reflected in section 14 of this Circular;
"Broad-Based Party"	a community Broad-Based B-BBEE party to be introduced as an ordinary shareholder into B-BBEE CO such that the Broad-Based Party holds an effective 5% shareholding (taking into account treasury shares) in AMSA;
"Business Day"	any day other than a Saturday, Sunday or officially recognised public holiday on which banks are generally closed for business in the Republic of South Africa
"Calculation Date"	The first Business Day following the 10th anniversary of the Issue Date;
"Call Option"	AMSA's option to purchase the B-BBEE CO Ordinary Shares from Likamva at a discount to Fair Value in the event that Likamva breaches any provisions of the B-BBEE Transaction Agreements as detailed in paragraph 3.4;
"Certificated Shareholders"	AMSA Shareholders who hold Certificated Shares;
"Certificated Shares"	A share, which has not been dematerialised, and title to which is evidenced by a share certificate, certified transfer deed, balance receipt, or any other document of title to AMSA Shares reasonably acceptable to AMSA;
"CIPC"	the Companies and Intellectual Commission established in terms of section 185 of the Companies Act;



“Circular”	this circular, dated Monday, 17 October 2016, including all annexures, and incorporating the Notice of General Meeting and a Form of Proxy;
“Companies Act”	the Companies Act 71 of 2008, as amended;
“Co-operation Agreement”	the agreement, dated 27 September 2016, between AMSA, Likamva, and B-BBEE CO in terms of which the parties thereto have agreed to co-operate and undertake the necessary steps to implement and give effect to the B-BBEE Transaction;
“CSDP”	a Central Securities Depository Participant, appointed by individual AMSA Shareholders for the purposes of and in regard to dematerialisation in terms of the Financial Markets Act;
“Dematerialised Share/s”	those AMSA Shares that have been incorporated into the Strate system and which are held on the Company’s sub-register in electronic form in terms of the Financial Markets Act;
“Dematerialised Shareholders”	AMSA Shareholders who hold Dematerialised Shares;
“Exclusion Principle”	in terms of the B-BBEE Codes, the exclusion of shareholding by organs of state from the denominator when calculating black ownership for the purposes of determining the B-BBEE Ownership Score;
“Executive Directors”	Mr WA de Klerk and Mr D Subramanian and any other Executive Directors who may be appointed from time to time;
“Fair Value”	the fair value of the B-BBEE CO Ordinary Shares to be purchased by AMSA in terms of the Call Option, which shall be determined by one of the “Big Four” accounting firms that is independent of both AMSA and Likamva, agreed upon by the parties and failing agreement appointed by the Chairperson for the time being of the South African Institute of Chartered Accountants. The fair value shall be determined with reference to the value of the AMSA Empowerment Shares held by B-BBEE CO and such value of the AMSA Empowerment Shares shall be determined with reference to the Notional Outstanding attributable to the AMSA Empowerment Shares (as contemplated in the rights, limitations and other terms relating to such shares) at the date at which such fair value is to be determined;
“Financial Markets Act”	the Financial Markets Act 19 of 2012;
“Form of Proxy”	The form of proxy (pink) for Certificated Shareholders and own name Dematerialised Shareholders attached to and forming part of this Circular;
“General Meeting”	the general meeting of AMSA Shareholders to be held in the Atrium, at the JSE Limited, 1 Exchange Square, 2 Gwen Lane, Sandton on Friday, 18 November 2016 at 09h00 to consider and, if deemed appropriate, approve (with or without modification) the Resolutions;
“Government”	The Government of the Republic of South Africa;
“IFRS”	the International Financial Reporting Standards, as adopted from time to time by the Board of the International Accounting Standards Committee, or its successor body, and approved for use in South Africa from time to time by the Financial Reporting Standards Council;
“Ikageng Trust”	The Ikageng Broad-Based Employee Share Trust (IT2215/20115), a trust constituted and registered with the Master of the High Court;
“Implementation Date”	5 Business Days after the fulfilment, or where appropriate waiver, of all of the conditions precedent to the B-BBEE CO Subscription and Relationship Agreement;

"Independent Expert" of "BDO Corporate Finance"	BDO Corporate Finance Proprietary Limited, the Independent Expert appointed to advise the Board in terms of paragraph 5.51 (f) of the Listing Requirements;
"Issue Date"	means the date on which the AMSA Empowerment Shares are issued to B-BBEE CO and the AMSA Employee Empowerment Share Trust;
"ITAC"	The International Trade Administration Commission of South Africa;
"JIBAR"	The prevailing six month Johannesburg Interbank Agreed Rate;
"JSE"	the exchange licensed under the Financial Markets Act operated by JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa;
"Last Practicable Date"	4 October 2016, being the last practicable date prior to the finalisation of this Circular;
"Likamva"	the Black Owned Company that will on Implementation Date hold 100% of the issued share capital of B-BBEE CO, being Likamva Resources Proprietary Limited (Registration number 2012/019309/07), a private company incorporated in the Republic of South Africa;
"Likamva Key Individuals"	Noluthando Gosa, Themba Hlengani, Leslie Maasdorp Tshepo Mahloele, Jabu Moleketi and Warren Wheatley;
"Likamva Pledge and Cession Agreement"	the agreement, dated 27 September 2016, between Likamva and AMSA in terms of which Likamva pledges and cedes <i>in securitatem debiti</i> , all of the ordinary shares it owns in B-BBEE CO to AMSA as security for the obligations owed by Likamva to AMSA from time to time under the B-BBEE Transaction Agreements;
"Likamva Subscription and Relationship Agreement"	the agreement, dated 27 September 2016, between AMSA, B-BBEE CO and Likamva in terms of which, inter alia, Likamva will subscribe for 1 000 B-BBEE CO Ordinary Shares and in terms of which the relationship between B-BBEE CO, Likamva and AMSA will be governed;
"Listing Requirements"	the Listing Requirements of the JSE, as amended from time to time;
"Lock-in Period"	the period commencing on the Implementation Date and ending at midnight on the 10th anniversary of the Implementation Date;
"Notice of General Meeting"	the notice convening the General Meeting incorporated in this Circular;
"Notional Amount"	collectively, the A1 Notional Amount and the A2 Notional Amount;
"Notional Dividend"	the notional dividend attributable to an AMSA Empowerment Share being: <ul style="list-style-type: none"> <li>• during the period from the Issue Date to the 7th anniversary of the Issue Date, an amount equal to the ordinary dividend paid on an AMSA Share;</li> <li>• during the period from the 1st day from the 7th anniversary of the Issue Date, an amount of 95% of the ordinary dividend paid on an AMSA Share.</li> </ul> <p>in each period, the notional dividend shall be deducted from the Notional Outstanding, provided that if the Notional Outstanding is equal to zero, then such amount shall be paid to the holder of the AMSA Empowerment Shares as a cash dividend;</p>
"Notional Outstanding"	The notional loan outstanding per AMSA Empowerment Share at the relevant date as calculated in section 5 of this Circular;

"Notional Rate"	the prevailing 6 month JIBAR plus 6%;
"NUMSA"	National Union of Metalworkers of South Africa;
"Provision of Financial Assistance"	<p>the provision of financial assistance by AMSA to Likamva, B-BBEE CO and the AMSA Employee Empowerment Share Trust, in terms of sections 44 and 45 of the Companies Act, by way of –</p> <ul style="list-style-type: none"> <li>• funding Likamva's transaction costs as set out in the Co-operation Agreement;</li> <li>• providing administrative services for no consideration and making a contribution to the costs of B-BBEE CO as set out in the Administrative Services Agreement;</li> <li>• funding the costs, expenses and taxes of the AMSA Employee Empowerment Share Trust and providing secretarial, accounting, audit, administrative and legal support at no charge and providing contributions to fund payments due to a beneficiary who dies during the period of the AMSA Employee Empowerment Share Scheme, as set out in the deed of the AMSA Employee Empowerment Share Trust and the rules of the AMSA Employee Empowerment Share Scheme, the salient terms of which are set out in Annexure 6; and</li> <li>• such other financial assistance as may be contemplated in the B-BBEE Transaction Agreements;</li> </ul>
"Rand" or "R"	South African Rand, the official currency of South Africa;
"Register"	the register of AMSA Shareholders;
"Related Party"	a related party as defined in paragraph 10.1(b)(ii) of the Listings Requirements;
"Required Black Ownership Level"	<p>a level of ownership in B-BBEE CO that reflects, at a minimum, the following characteristics in B-BBEE CO –</p> <ul style="list-style-type: none"> <li>• B-BBEE CO qualifying as a Black Owned Company;</li> <li>• at least 58% of the shares in B-BBEE CO being directly or indirectly owned or held by Black women;</li> <li>• at least 29.5% of the shares in B-BBEE CO being directly or indirectly owned or held by Black People through Broad Based Ownership Schemes (qualifying as such in the B-BBEE Codes) within 24 months from the Implementation date; and</li> <li>• at least 11.77% of the shares in B-BBEE CO being directly or indirectly owned or held by "New Entrants" as contemplated in the B-BBEE Codes (to achieve a minimum of 2% effective interest in AMSA in compliance with the B-BBEE Codes);</li> </ul>
"Restricted Shares"	the AMSA Empowerment Remaining Shares, as calculated in paragraph 4.6, that can only be disposed to Black Persons after the Lock-in Period;
"Resolutions"	the special and ordinary resolutions as set out in the Notice of General Meeting authorising, inter alia, the amendment of the AMSA MOI, the increase in the authorised share capital of AMSA, the creation of the AMSA Empowerment Shares, the Specific Issue of AMSA Empowerment Shares exceeding 30% of a particular class of shares, the issue of shares to Executive Directors, the Provision of Financial Assistance to B-BBEE CO, Likamva and the AMSA Employee Empowerment Share Trust, and the B-BBEE Transaction, to be considered and, if deemed fit, approved (with or without modification) by the requisite majority of AMSA Shareholders at the General Meeting;

“Rights Offer”	the fully subscribed rights offer where 692 307 693 AMSA Shares were issued at R6.50 per share, thereby raising R4.5 billion, as detailed in the announcement published on SENS on 18 January 2016;
“SENS”	the Stock Exchange News Service operated by the JSE, or any service that replaces such services from time to time;
“Specific Issue”	an issue of shares as provided in paragraph 5.51 of the JSE Listing Requirements;
“Strate”	Strate Proprietary Limited (registration number 1998/022242/07), a private company incorporated in accordance with the laws of South Africa and manager of the electronic settlement system for transactions that take place on the JSE and off-market trades;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company incorporated in accordance with the laws of South Africa
“Trustees”	appointed Trustees of the AMSA Employee Empowerment Share Trust;
“VAT”	Value-added tax levied in terms of the Value-Added Tax Act, 89 of 1991, as amended from time to time; and
“VWAP”	volume weighted average traded price of AMSA Shares on the JSE.



**ArcelorMittal**

**ArcelorMittal South Africa Limited**

(Incorporated in the Republic of South Africa)

(Registration number 1989/002164/06)

Share code on the JSE: ACL ISIN: ZAE000134961

("ArcelorMittal" or "the Company")

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## **DIRECTORS:**

### **Non-executive:**

PM Makwana\* (Chairman)

NP Mnxasana\*

L Cele\*

JRD Modise\*

LP Mondli

RK Kothari

N Nicolau\*

D Clark

H Blaffart

\*Independent non-executive director

### **Executive:**

WA de Klerk (Chief Executive Officer),

D Subramanian (Chief Financial Officer)

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## **CIRCULAR TO SHAREHOLDERS**

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### **1. INTRODUCTION**

#### **1.1 General**

AMSA Shareholders were advised in an announcement on SENS, dated 28 September 2016, that the Company has entered into the B-BBEE Transaction Agreements, with Likamva, B-BBEE CO and the AMSA Employee Empowerment Share Trust as part of its initiatives to transform the Company and achieve sustainable ownership by Black People. This Circular details the terms of the B-BBEE Transaction, which comprises, inter alia, the proposed Specific Issue of AMSA Empowerment Shares to:

- B-BBEE CO; and
- AMSA Employee Empowerment Share Trust

and also details the provision of the proposed Provision of Financial Assistance, as well as certain additional aspects, as set out in the B-BBEE Transaction Agreements.

AMSA Shareholders will at the General Meeting be requested to consider, and if deemed fit, to approve the requisite Resolutions authorising the B-BBEE Transaction, which includes the proposed authorisation and Specific Issue of the AMSA Empowerment Shares and the Provision of Financial Assistance.

#### **1.2 Rationale for the B-BBEE Transaction**

The Government and AMSA recognise that the existence of local steel producing capacity and capability will be a significant advantage in contributing to the future economic growth and infrastructure development of South Africa in a cost effective manner if the current industry challenges are managed effectively.

AMSA and Government have therefore engaged in discussions to address what is required in these challenging times to ensure the sustainability of the industry. This holistic approach to engagement between industry and Government has led to a number of key initiatives which have been previously reported to AMSA Shareholders in the company's trading statement and operating update released on SENS operated by the JSE on 22 July 2016. These initiatives include:

- Competition Commission settlement;
- Import duties
- Safeguard measures;
- Fair pricing;
- Designation of local steel;
- Broadening our participation in the local steel sector; and
- B-BBEE.

The progress with these initiatives is set out in section 13. The B-BBEE Transaction therefore forms one important aspect of an integrated approach by AMSA to ensure its sustainability.

As a South African company, AMSA is committed to providing meaningful opportunities for historically disadvantaged persons to enter and benefit from the South African steel industry and furthering the objectives of the B-BBEE Act and the B-BBEE Codes.

On 12 February 2016, following a robust and thorough process administered by independent advisors under the direction of the B-BBEE Committee, AMSA Shareholders were advised in an announcement released on SENS that AMSA had entered into negotiations to conclude the B-BBEE Transaction with Likamva as part of its efforts to transform the Company and achieve sustainable B-BBEE ownership.

AMSA has started on a path of B-BBEE transformation in all aspects of its business to ensure sustainable growth and to facilitate participation by all of its stakeholders (including communities) in such growth. The B-BBEE Transaction forms only one aspect of AMSA's B-BBEE transformation initiatives, which includes other initiatives to achieve broader transformation through the various elements set out in the B-BBEE scorecard.

Through the implementation of the B-BBEE Transaction, AMSA aims to:

- issue new AMSA Empowerment Shares to B-BBEE CO and the AMSA Employee Empowerment Share Trust, funded through a notional loan structure in order to avoid potential third party financing risk;
- ensure that Black People have an opportunity to participate in, and benefit from the B-BBEE Transaction;
- introduce key long-term strategic B-BBEE shareholders who will actively assist AMSA in pursuing and realising the Company's transformation and growth objectives;
- in addition to AMSA's existing Ikageng Employee Share Ownership Scheme, AMSA will increase employee shareholding participation by 5.1%. Employee shareholding was diluted from 4.7% to the current 1.85%, when AMSA implemented a rights offer as approved by the AMSA Shareholders on 11 December 2015. This remains the Ikageng Employee Share Ownership Scheme shareholding at the Last Practicable Date;
- allocate an effective interest of 5% shareholding in AMSA to a Broad-Based Party as part of the 17% shareholding allocated to B-BBEE CO;
- achieve long term sustainable black ownership of more than 25% for the Company under the B-BBEE Codes at a reasonable economic cost to existing AMSA Shareholders; and
- align B-BBEE value creation with AMSA Shareholder value creation over the Lock-in Period.

### 1.3 Purpose of the Circular

The purpose of this Circular is to provide AMSA Shareholders with relevant information regarding the following:

- the details of the B-BBEE Transaction and the mechanics thereof;
- the proposed amendment to the AMSA MOI for the creation of A1 Ordinary Shares and A2 Ordinary Shares; and
- the convening of the General Meeting as set out in the Notice of General Meeting in order to propose the Resolutions required to approve and implement the B-BBEE Transaction.

## 2. SUMMARY OF THE PROPOSED B-BBEE TRANSACTION

B-BBEE CO has been established as a ring fenced special purpose vehicle, with the sole purpose of holding an investment in AMSA and whose sole shareholder will initially be Likamva and will at a later date include the Broad-Based Party as its shareholders. The primary beneficiaries of the Broad-Based Party will be the various communities where AMSA has major operations.

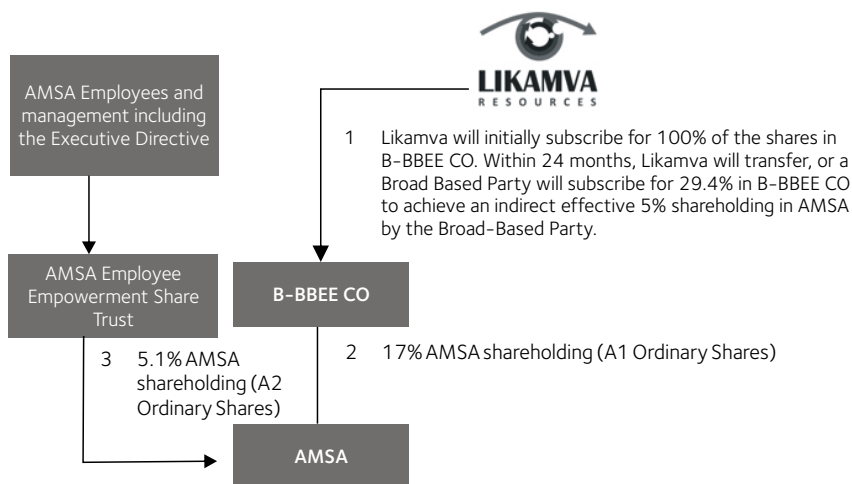
Initially Likamva will be the sole shareholder in B-BBEE CO, but has undertaken to introduce Broad-Based Party into B-BBEE CO as shareholders within 24 months post the implementation of the B-BBEE Transaction, such that an indirect effective shareholding of 5% in AMSA by the Broad-Based Party is achieved. The AMSA Employee Empowerment Share Trust has been established as an employee share ownership programme, through which both AMSA employees and management will participate in the B-BBEE Transaction. The proposed B-BBEE Transaction comprises the following inter-conditional steps:

1. Likamva will subscribe for 1000 B-BBEE CO Ordinary Shares at the B-BBEE CO Ordinary Share Subscription Price. At this time Likamva will own 100% of the B-BBEE CO Ordinary Shares in issue.
2. B-BBEE CO will subscribe for 243 240 276 A1 Ordinary Shares in AMSA, representing 17% of the voting rights in AMSA. A1 Ordinary Shares to be issued at a nominal value with notional vendor financing.
3. The AMSA Employee Empowerment Share Trust will subscribe for 72 972 083 A2 Ordinary Shares in AMSA, representing 5.1% of the voting rights in AMSA. A2 Ordinary Shares to be issued at a nominal value with notional vendor financing.

Notwithstanding the nominal subscription price for the AMSA Empowerment Shares, the aggregate notional subscription price for the AMSA Empowerment Shares is approximately R2.3 billion.

Within a period of 24 months, Likamva will introduce a Broad-Based Party to hold an interest in B-BBEE CO representing an indirect effective 5% shareholding in AMSA.

Below is a graphic depiction of the B-BBEE Transaction, together with a description of the transaction steps.



In the event of an ordinary dividend being declared, the AMSA Empowerment Shares will receive Notional Dividends during the Lock-in Period. In all other respects, the AMSA Empowerment Shares will rank *pari passu* with AMSA Shares in respect of voting rights. B-BBEE CO and the AMSA Employee Empowerment Share Trust as the holders of the AMSA Empowerment Shares will be subject to various restrictions regarding the transferability of ownership of the AMSA Empowerment Shares, as set out in this Circular.

From the first business day following the seventh anniversary of the Issue Date until the expiry of the Lock-in Period, B-BBEE CO and the AMSA Employee Empowerment Share Trust are entitled to receive cash dividends on the AMSA Empowerment Shares amounting to 5% of the ordinary dividend paid on an AMSA Share. This is applicable to the extent that a dividend is declared and shall not create any obligation on AMSA to declare a dividend.

### **3. DETAILS OF THE B-BBEE CO SHARE ISSUE TO LIKAMVA**

#### **3.1 Overview of Likamva**

Likamva is a 100% Black Owned Company, with black women shareholding of 58% and is comprised of a diverse and broad spectrum of business leaders and new entrants. Likamva's founders and principals include Noluthando Gosa, the founder of the Akhona Group Proprietary Limited invested in the property and energy sector, Jabu Moleketi the Chairman of the Harith Fund Management Company, Brait SE and the Development Bank of Southern Africa, Leslie Maasdorp, the Vice President of the BRICS New Development Bank, Themba Hlengani, the Chairman of the Xitsavi Group, Tshepo Mahloele, Chief Executive of the Harith Fund Management and Warren Wheatley the Chief Investment Officer of TSS Capital. The other shareholders of Likamva include individuals and companies involved in the engineering, construction, energy, environmental and automotive sectors. A full list of Likamva's shareholders is included as Annexure 1 to this Circular.

Likamva has undertaken to introduce a Broad-Based Party into the B-BBEE CO as shareholders within 24 months post Implementation Date.

#### **3.2 Likamva subscription for B-BBEE CO Ordinary Shares**

In terms of the Likamva Subscription and Relationship Agreement, Likamva will subscribe for 1 000 B-BBEE CO Ordinary Shares at the B-BBEE CO Ordinary Share Subscription Price. Likamva will thereafter be the registered and beneficial holder of 100% issued share capital of B-BBEE CO on Implementation Date, until such time as the Broad Based Party is introduced as a shareholder in B-BBEE CO.

#### **3.3 Salient Likamva undertakings and warranties provided to AMSA**

The following is a summary of the significant warranties and undertakings in the Likamva Subscription and Relationship Agreement, which prevail during the Lock-in Period:

- Likamva shall continue to be a Black Owned Company;
- Likamva shall not dispose of or encumber any or all of the B-BBEE CO Ordinary Shares other than in accordance with the B-BBEE Transaction Agreements;
- Likamva shall ensure that the Required Black Ownership Level is achieved and maintained, and it will not do anything or fail to do anything which will or may reasonably be expected to result in the Required Black Ownership Level not being achieved and maintained;
- if after the Implementation Date, as a result of any change in B-BBEE Codes or the interpretation thereof, B-BBEE CO fails to achieve the Required Black Ownership Level, Likamva undertakes to take such steps as may be required in order to effect such changes to Likamva or B-BBEE CO as may be required to ensure that B-BBEE CO can achieve the Required Black Ownership Level, which may include the transfer or issue of shares in B-BBEE CO to other shareholders; and
- Likamva shall maintain the Likamva Key Individuals' effective ownership in Likamva.

In addition to the warranties and undertakings set out above, the Likamva Subscription and Relationship Agreement also includes such further general and other warranties as are normally applicable to subscription agreements of this nature.

Likamva was selected by AMSA to participate in the B-BBEE Transaction by virtue of its credentials and with the view of becoming a strategic partner of AMSA to promote and grow the business of AMSA. With this in mind, Likamva is obliged to provide the strategic contribution and support in the areas set out below:

- AMSA's growth strategy;
- AMSA's economic footprint;
- transformation including business and supplier development, community development and corporate social investment; and
- the regulatory framework and challenges affecting AMSA.

The Broad-Based Party to be introduced by Likamva to B-BBEE CO will be required to enter into a subscription and relationship agreement with B-BBEE CO, Likamva and AMSA, which will govern the relationship between such Broad-Based Party, Likamva, B-BBEE CO and AMSA on the same or similar



terms to the Likamva Subscription and Relationship Agreement.

### **3.4 Call Option**

If Likamva breaches any material warranty, representation or undertaking in terms of the Likamva Subscription and Relationship Agreement and fails to remedy such breach through monetary compensation or otherwise, AMSA will have a Call Option on the B-BBEE Ordinary Shares held by Likamva.

In terms of the Call Option, the purchase price payable to Likamva for the B-BBEE CO Ordinary Shares held by Likamva shall be determined as follows:

- if the breach occurs prior to the 5th anniversary of the Implementation Date, the purchase price shall be an amount equal to the B-BBEE CO Ordinary Share Subscription Price;
- if the breach occurs on or after the 5th anniversary of the Implementation Date but prior to the 10th anniversary, the purchase price shall be 25% of the Fair Value of the B-BBEE CO Ordinary Shares; and
- if the breach occurs on or after the 10th anniversary of the Implementation Date, the purchase price shall be 50% of the Fair Value of the B-BBEE CO Ordinary Shares.

### **3.5 Introduction of the Broad-Based Party into B-BBEE CO**

Likamva has agreed to introduce a Broad-Based Party into B-BBEE CO as an ordinary shareholder such that the Broad-Based Party holds an indirect effective 5% shareholding in AMSA, by no later than 24 months after the Implementation Date.

The identity of the Broad-Based Party and the terms and conditions of the agreements concluded between B-BBEE CO, Likamva and the Broad-Based Party shall be subject to AMSA's prior approval. It is recorded that the Broad-Based Party will be required to sign a relationship agreement governing the relationship between such Broad-Based Party, Likamva, B-BBEE CO and AMSA on the same or similar terms to those of the Likamva Subscription and Relationship Agreement.

### **3.6 Monitoring and compliance of the Likamva Undertakings**

In order to ensure compliance with regards to its various contractual undertakings, Likamva undertakes to deliver a B-BBEE rating certificate within three months of its financial year end. In addition, Likamva undertakes to provide any documentation required for AMSA to assess and monitor its compliance with its undertakings. AMSA further has the right to appoint an independent party to verify Likamva's compliance with its undertakings.

### **3.7 Post Lock-In Period trading restrictions**

Likamva has undertaken to procure that, subsequent to the Lock-in Period, B-BBEE CO shall not dispose of or encumber any or all of the Restricted Shares to any person other than a Black Person or Black Owned Company, subject to such Black Person or Black Owned Company itself agreeing to be bound by similar trading restrictions. The trading restrictions are further set out in paragraph 4.6.

### **3.8 Likamva Pledge and Cession Agreement**

In terms of the Likamva Pledge and Cession Agreement, Likamva pledges, cedes and assigns to AMSA its rights in and to the B-BBEE CO Ordinary Shares as security for the obligations owed by Likamva to AMSA under the B-BBEE Transaction Agreements.

### **3.9 Decrease in Beneficial Interest in Likamva by Likamva Key Individuals**

Likamva Key Individuals may, with the consent of AMSA, decrease their Beneficial Interest in Likamva, provided that:

- the disposal is to other Likamva Key Individuals only and does not adversely affect AMSA's B-BBEE Ownership Score or the the Required Black Ownership Level to be maintained by B-BBEE CO; and

- that Noluthando Gosa, Leslie Maasdorp and Warren Wheatley's Beneficial Interest in Likamva may not drop below their Beneficial Interest as at 27 September 2016, the date of signature of the Likamva Subscription and Relationship Agreement.

Non Likamva Key Individuals may dispose of their Beneficial Interest in Likamva provided that such a disposal does not adversely affect or is not likely to adversely affect AMSA's B-BBEE Ownership Score.

#### **4. DETAILS OF THE SPECIFIC ISSUE OF A1 ORDINARY SHARES BY AMSA TO B-BBEE CO**

B-BBEE CO has been established as a ring fenced special purpose vehicle, with the sole purpose of holding an investment in AMSA and whose sole shareholder will initially be Likamva and will at a later date have Likamva and a community Broad-Based Party as its only shareholders.

AMSA currently owns the only B-BBEE CO Ordinary Share in issue. This one B-BBEE CO Ordinary Share will be bought back immediately by B-BBEE CO, for a nominal consideration, on the issue of the B-BBEE CO Ordinary Shares to Likamva, on the Implementation Date.

##### **4.1 Specific Issue of the A1 Ordinary Shares**

In terms of the B-BBEE CO Subscription and Relationship Agreement entered into by AMSA, B-BBEE CO and Likamva, B-BBEE CO will subscribe for 243 240 276 A1 Ordinary Shares, at the A1 Ordinary Share Subscription Price, which will on the Implementation Date, amount to 17% of the total issued share capital of AMSA.

##### **4.2 Notional funding provided by AMSA to B-BBEE CO**

The A1 Ordinary Shares will be notionally funded on the terms and conditions further set out in section 5 of this Circular.

##### **4.3 Salient warranties provided by AMSA to B-BBEE CO**

In terms of the B-BBEE CO Subscription and Relationship Agreement, AMSA has provided the following warranties to B-BBEE CO:

- the A1 Ordinary Shares have the rights, limitations and other terms set out in Annexure 4; and
- B-BBEE CO will be recorded as the registered and beneficial holder of the A1 Ordinary Shares AMSA.

##### **4.4 Salient undertakings and warranties provided by B-BBEE CO to AMSA**

In terms of the B-BBEE CO Subscription and Relationship Agreement, B-BBEE CO, warrants and undertakes that until the expiry of the Lock-in Period:

- Likamva shall prior to the introduction of the Broad Based Party remain the registered and beneficial owners of the B-BBEE CO Ordinary Shares and after the introduction of the Broad-Based Party, Likamva and the Broad Based Party shall remain the registered and beneficial owners of the B-BBEE CO Ordinary Shares;
- Likamva shall not dispose or encumber any or all of the B-BBEE CO Ordinary Shares, other than in accordance with Likamva Subscription and Relationship Agreement and Likamva Pledge and Cession Agreement;
- no person shall have any right, including the right of pre-emption or other preferential right, in respect of the B-BBEE CO Ordinary Shares;
- B-BBEE CO will not increase, reduce or otherwise alter its authorised or issued share capital in any respect;

- B-BBEE CO MOI may not be amended or replaced without AMSA's prior written consent and the B-BBEE CO MOI shall include a provision to such effect;
- B-BBEE CO shall be a ring-fenced company and its activities shall be restricted to act in accordance with the powers and limitations set out in the B-BBEE CO MOI; and
- B-BBEE CO shall continue to be a Black Owned Company.

In addition to the warranties set out above, the B-BBEE CO Subscription and Relationship Agreement also includes such further general and other warranties as are normally applicable to subscription agreements of this nature.

#### **4.5 Monitoring and compliance of the B-BBEE CO Undertakings**

In order to ensure compliance with regards to its various contractual undertakings, B-BBEE CO undertakes to deliver a B-BBEE rating certificate within three months of its financial year end. In addition, B-BBEE CO undertakes to provide any documentation required for AMSA to assess and monitor its compliance with its undertakings. AMSA further has the right to appoint an independent party to verify B-BBEE CO's compliance with its undertakings.

#### **4.6 Post Lock-in Period trading restrictions**

At the expiry of the Lock-in Period, a portion of the AMSA Empowerment Shares will automatically be redeemed by AMSA on the basis as set out in section 5 of this Circular and the balance, being the AMSA Empowerment Remaining Shares shall be renamed ordinary shares, ranking pari passu in all respects with other existing AMSA Shares as set out in and paragraph 9.1 and 9.2 of Part 1, and paragraph 9.1 and 9.2 of Part 2 of the Amendments to the AMSA MOI as provided in Annexure 4 to this Circular.

In order to retain a meaningful long-term B-BBEE shareholder beyond the Lock-in Period, to achieve meaningful value creation to Black Persons and to align the interests of all parties, B-BBEE CO and AMSA have agreed to a post Lock-in Period trading restriction in relation to the AMSA Empowerment Shares owned by the B-BBEE CO.

B-BBEE CO has therefore agreed that subsequent to the Lock-in Period, a portion of its AMSA Empowerment Remaining Shares shall not be sold or encumbered other than to Black Persons or Black Owned Companies subject to such Black Persons or Black Owned Companies agreeing to be bound by equivalent trading restrictions. These restrictions will not apply to any AMSA Empowerment Shares owned by the AMSA Employee Empowerment Share Trust or its beneficiaries.

AMSA and B-BBEE CO may, by mutual agreement, extend the date of redemption of the A1 Ordinary Shares to a date beyond the expiry of the Lock-in Period depending on market conditions at the time. However, such date will not be beyond the 11th anniversary of the Issue Date of the A1 Ordinary Shares.

Annexure 4 to this Circular sets out the proposed amendments to the AMSA MOI incorporating the rights, limitations and other terms relating to the A1 Ordinary Shares.

The level of post Lock-in Period trading restrictions is to be linked to the performance of the B-BBEE Transaction. This is on the basis that there will be trading restrictions on the AMSA Empowerment Remaining Shares should the B-BBEE CO's unencumbered AMSA Empowerment Remaining Shares constitute 40% or more of the A1 Ordinary Shares pre-redemption. This 40% threshold will be adjusted to take account of any B-BBEE share discount prevailing at the time. Should this threshold not be achieved, a sliding scale of AMSA Empowerment Shares will be Restricted Shares, based on the unencumbered value achieved.

The principle embodied in the above and in the formula below, is that a higher level of value creation will result in a higher proportion of the AMSA Empowerment Remaining Shares being Restricted Shares.

In order to align the objectives of B-BBEE Codes, the threshold at which the B-BBEE CO owned AMSA Empowerment Remaining Shares will be fully Restricted Shares shall be set at a restricted shareholding percentage threshold to be calculated in terms of the following formula:

$$A = 40\% / (1 - B)$$

Where

- A = the Restricted Shareholding Percentage Threshold  
 B = an appropriate B-BBEE discount applicable to B-BBEE securities with similar trading restrictions will be applied with reference to observable market data.

In the event that the number of the AMSA Empowerment Remaining Shares, expressed as a percentage of the number of A1 Ordinary Shares prior to redemption, is equal to or exceeds the Restricted Shareholding Percentage Threshold, then all of the AMSA Empowerment Remaining Shares shall be Restricted Shares.

If the number of the AMSA Empowerment Remaining Shares that are held by B-BBEE CO, expressed as a percentage of the number of A1 Ordinary Shares prior to redemption, is less than Restricted Shareholding Percentage Threshold, then the Restricted Shares will be calculated according to the following formula:

$$\text{Restricted Shares} = [(C / D) / A] \times C$$

Where

- A = the Restricted Shareholding Percentage Threshold  
 C = Number of AMSA Empowerment Remaining Shares held by B-BBEE CO postredemption  
 D = Number of A1 Ordinary Shares at the end of Lock-in Period prior to redemption

Refer to Annexure 7 for a worked example of the above calculation.

#### 4.7 Pledge and Cession

In terms of the B-BBEE CO Pledge and Cession Agreement, B-BBEE CO will pledge, cede and assign to AMSA its rights in and to the A1 Ordinary Shares as security for the obligations owed by B-BBEE CO to AMSA under the B-BBEE Transaction Agreements.

#### 4.8 Nomination of individuals as Directors of AMSA

For as long as B-BBEE CO in aggregate owns at least 17% of the issued shares of AMSA, B-BBEE CO shall have the right to nominate two individuals for election by the AMSA Shareholders as non-executive directors of AMSA and to remove, replace (by way of nomination) and fill any vacancies (by way of nomination) in respect of any such director(s) or alternate director(s). One of the directors should be regarded as an independent non-executive director.

Post the Lock-in Period, subject to paragraph 4.6 above, as long as B-BBEE CO owns at least 9% of the issued and outstanding voting AMSA Shares, B-BBEE CO shall have a right to nominate one individual for election by AMSA Shareholders.

## 5. REDEMPTION OF AMSA EMPOWERMENT SHARES TO SETTLE NOTIONAL AMOUNT

The subscription of the AMSA Empowerment Shares (which constitute the A1 Ordinary Shares to be issued to B-BBEE CO and the A2 Ordinary Shares to be issued to AMSA Employee Empowerment Share Trust) will be funded through a notionally funded structure. The Notional Outstanding at the end of the Lock-in Period, or such other date of calculation, will be calculated as per the formula below.

$$NO = NA - ND$$

Where:

- NO = the Notional Outstanding;  
 NA = the Notional Amount attributable to each AMSA Empowerment Share, increased and accumulated at Notional Rate nominal annual, compounded semi-annually from the Issue Date to the date of calculation;  
 ND = the aggregate Notional Dividends that have been attributable to each AMSA Empowerment Share since the Issue Date with each Notional Dividend being increased at the Notional Rate nominal annual, compounded semi-annually with effect from the date on which such Notional Dividend is attributable to the AMSA Empowerment Share, up until the date of calculation.

"AMSA Empowerment Remaining Shares" means the number of AMSA Empowerment Shares to remain after the redemption, calculated in accordance with the following formula:

$$X - Y$$

Where:

- X = the total number of AMSA Empowerment Shares issued to B-BBEE CO and AMSA Employee Empowerment Share Trust in terms of the B-BBEE CON Subscription and Relationship Agreement and AMSA Employee Empowerment Share Trust Subscription Agreement;
- Y = On expiry of the Lock-in Period, such number of the AMSA Empowerment Shares to be automatically redeemed at the redemption price of R0,000001 per AMSA Empowerment Share as is determined in accordance with the following formula:

$$(NO \times A) / VPS$$

Where:

- NO = the Notional Outstanding per AMSA Empowerment Share at expiry of the Lock-in Period;
- VPS = the Value Per Share as at expiry of the Lock-in Period, or such other date of calculation;
- A = the number of AMSA Empowerment Shares held by B-BBEE CO on expiry of the Lock-in Period, or such other date of calculation. "Value Per Share" means if the AMSA ordinary shares remain traded on the JSE, the 30 day VWAP, or in any other case, the value per AMSA ordinary shares as determined by the external auditors of AMSA.

At the end of the Lock-in Period the AMSA Empowerment Remaining Shares shall be renamed "ordinary shares" and shall be listed on the JSE and shall rank *pari passu* in all respects with the AMSA Shares.

There will be an appropriate adjustment to the above formula to take into consideration any capitalisation issues by AMSA and any AMSA Share repurchases. Further details of the rights, limitations and other terms relating to the A1 Ordinary Shares and A2 Ordinary Shares are provided in Annexure 4.

Refer to Annexure 7 for a worked example.

## **6. SPECIFIC ISSUE OF A2 ORDINARY SHARES BY AMSA TO THE AMSA EMPLOYEE EMPOWERMENT SHARE TRUST**

### **6.1 Overview of the AMSA Employee Empowerment Share Trust**

The AMSA Employee Empowerment Share Trust has been established to facilitate B-BBEE Ownership in compliance with the B-BBEE Codes and create meaningful wealth for qualifying employees in order to ensure their long-term dedication and the retention of skills, whilst enhancing the transformation of AMSA.

The AMSA Employee Empowerment Share Trust has been constituted as a "bewind trust" in terms of which the beneficiaries of the AMSA Employee Empowerment Share Trust will have an undivided share of the ownership in the assets of the AMSA Employee Empowerment Share Trust.

This will be determined in accordance with the rules of the AMSA Employee Empowerment Share Trust and the AMSA Employee Empowerment Share Trust deed, as further set out in Annexure 6.

The AMSA Employee Empowerment Share Trust has been set up for permanently employed management and non-management employees of all job grades of AMSA. Employees who are on fixed term contracts, expatriate employees, employees who have resigned or have been dismissed will be excluded from participating in the AMSA Employee Empowerment Share Scheme.

The beneficiaries of the AMSA Employee Empowerment Share Trust include both employees who are Black People and other employees. In order to achieve an equitable participation, and to recognise employee value add, half of initial trust unit allocation will be based on an equal allocation to all qualifying employees, and the balance weighted according to employment grade.

The AMSA Employee Empowerment Share Scheme is not a schedule 14 scheme as defined by the Listing Requirements. The AMSA Employee Empowerment Share Trust is entitled to vote at AMSA Shareholder meetings.

Various options were considered regarding participation by employees in the transaction and the allocation of AMSA Shares. If the scheme was designed only for Black Employees it would have had the most favourable impact on the B-BBEE Ownership Score. However, this could have affected employee morale and be viewed as exclusive.

The guiding principles in setting up the scheme were therefore to:

- include all employees;
- achieve an appropriate balance between non Black Employees and Black Employees;
- achieve an appropriate balance between management and other employees; and
- ensure that the scheme would at all times be a majority black owned scheme and this means that Black Employees need to be in the majority.

It is believed that the above is fair and equitable. It adequately balances the need to be a majority Black Employee scheme while at the same time being considered as inclusive. The appropriate level of Black Employee participation is set at a minimum 60%. This has a lower B-BBEE Ownership Score when compared to a 100% ACI scheme (as only the percentage of Black Employee participants contribute to the score). However, it is respectfully submitted that the advantages of being inclusive, and the positive effect on employee morale across the organisation outweighs this disadvantage.

## **6.2 Issue of A2 Ordinary Shares**

In terms of the AMSA Employee Empowerment Share Trust Subscription and Relationship Agreement, the AMSA Employee Empowerment Share Trust will subscribe for 72 972 083 A2 Ordinary Shares at the A2 Ordinary Share Subscription Price, which will on the Implementation Date, amount to 5.1% of the total issued share capital of AMSA.

## **6.3 Notional funding provided by AMSA to the AMSA Employee Empowerment Share Trust**

The A2 Ordinary Shares will be notionally funded by AMSA on the terms and conditions further set out in Annexure 4 to this Circular.

## **6.4 Salient terms of the AMSA Employee Empowerment Share Trust and AMSA Employee Empowerment Share Scheme**

The salient terms of the deed of the AMSA Employee Empowerment Share Trust and the rules of the AMSA Employee Empowerment Share Scheme are set out in Annexure 6 to this Circular.

# **7. SUMMARY OF THE OTHER B-BBEE TRANSACTION AGREEMENTS**

## **7.1 Administrative Services Agreement**

In terms of the Administrative Services Agreement, B-BBEE CO will appoint AMSA to provide specified administrative services to B-BBEE CO from time to time. The administration services will include internal book-keeping and accounting services including procuring the preparation of annual financial statements of B-BBEE CO, tax administration support, and opening, operating and administering of B-BBEE CO's bank account.

AMSA shall provide the majority of the administrative services to B-BBEE CO for no consideration. In the event that external service providers are required to provide the above mentioned administrative services, AMSA shall make an annual contribution of R150 000 excluding VAT in each financial year to B-BBEE CO to fund the administration and running costs of B-BBEE CO.

## **7.2 Co-operation Agreement**

In terms of the Co-operation Agreement, AMSA and B-BBEE CO have agreed to co-operate with each other insofar as may be reasonably necessary in order to give effect to the B-BBEE Transaction.

### **7.3 Costs and expenses incurred by B-BBEE CO and Likamva**

Likamva shall be liable for all the costs and expenses incurred in implementing the B-BBEE Transaction, and the fees incurred in respect of the vendor due diligence which was commissioned by AMSA. These costs total R39.9 million including VAT.

B-BBEE CO shall be liable for certain costs, totalling R700 000 incurred by AMSA in relation to the formation of B-BBEE CO.

The above costs are to be settled by AMSA, but will be recovered through the mechanism of the notional vendor finance by adding these costs to the Notional Amount as further set out in section 5 of this Circular.

## **8. CONDITIONS PRECEDENT**

All the provisions of the B-BBEE Transaction Agreements are subject to the fulfilment of the following conditions precedent:

- all the relevant AMSA Shareholder approvals as set out in this Circular being obtained;
- the amendments to the AMSA MOI, as set out in Annexure 4 to this Circular, being filed with CIPC;
- the directors or Trustees, as the case may be, of each of the parties authorising the entry into and implementation of the B-BBEE Transaction Agreements to which that party is a party; and
- the B-BBEE CO MOI being adopted, and filed with the CIPC.

## **9. RELATED PARTIES AND INDEPENDENT EXPERT OPINION**

WA de Klerk and D Subramanian, who are directors of the Company and are beneficiaries of the AMSA Employee Empowerment Share Trust are considered as Related Parties in terms of paragraph 10.1(b)(ii) of the Listings Requirements. Further details of their interest in the AMSA Employee Empowerment Share Trust is set out in paragraph 14.3.

In terms of sections 5.51(a) and 5.51(f) of the Listings Requirements, the B-BBEE Transaction entails the issue of a new class of unlisted shares with a right to convert into AMSA ordinary shares and the issue of A2 Ordinary Shares to related parties at a discount to the 30-day VWAP at the date on which the pricing was agreed, being 27 September 2016. The Directors are required to provide AMSA Shareholders with written confirmation from an Independent Expert that the terms of the B-BBEE Transaction are fair insofar as AMSA Shareholders are concerned.

The Independent Expert's opinion, advising that the B-BBEE Transaction is fair, is set out in Annexure 5 and BDO Corporate Finance has consented to the inclusion of the opinion, which consent has not been withdrawn prior to publication of this Circular

It is confirmed that the Related Parties and their associates will not be entitled to vote on the Resolutions set out in the Notice of General Meeting annexed to this Circular. The Executive Directors also recused themselves from the final Board decision to proceed with the B-BBEE Transaction after having declared their interest as Related Parties by virtue of their participation in the AMSA Employee Empowerment Share Trust.

## **10. COST TO AMSA SHAREHOLDERS**

The total once off, non-cash cost of the issue of A1 Ordinary Shares to B-BBEE CO, as at the 26 September 2016, calculated in accordance with IFRS 2, is R798 million. This cost will be charged to the Company's statement of comprehensive income in the first year.

AMSA's transaction costs of R29 million, and the B-BBEE CO and Likamva transaction costs of R41 million which AMSA will settle, will be expensed.

The total non-cash cost of the issue of A2 Ordinary Shares to the AMSA Employee Empowerment Share Trust, as at the 26 September 2016 is R242 million. This cost will be amortised as the benefits accrue over the Lock-in Period. For the six month interim period ended 30 June 2016 on which the pro forma financial effects are based, the non-cash cost recognised in the statement of comprehensive income is R12 million. Refer to Annexure 2 and Annexure 3 for details of the pro-forma consolidated financial information and the Independent Reporting Accountant's Report thereon.

## 11. FINANCIAL INFORMATION

### 11.1 Stated capital of AMSA

The table below sets out the stated capital of AMSA at the Last Practicable Date and after the increase in the authorised AMSA Shares and the B-BBEE Transaction:

Before	R
<i>Authorised</i>	
AMSA Shares	1 200 000 000
<i>Issued</i>	
AMSA Shares	1 138 059 825
Less: Treasury shares	(23 447 036)
<b>TOTAL</b>	<b>1 114 612 789</b>
After the increase in the authorised AMSA Shares and the B-BBEE Transaction	
<i>Authorised</i>	
AMSA Shares	1 200 000 000
<i>Issued</i>	
AMSA Shares	1 138 059 825
A1 Ordinary Shares	243 240 276
A2 Ordinary Shares	72 972 083
Less: Treasury shares	(23 447 036)
<b>TOTAL</b>	<b>1 430 825 148</b>

### 11.2 Issues of AMSA Shares during the preceding three years Rights Issue

As a consequence of the Rights Offer which was implemented on 18 January 2016, the Company issued 692 307 693 of new AMSA Shares.

## 12. PRO FORMA FINANCIAL EFFECTS

The table below sets out the *pro forma* financial effects of the B-BBEE Transaction and is based on the published interim financial statements of AMSA for the six months ended 30 June 2016. The full *pro forma* statement of comprehensive income for the six month period ended 30 June 2016 and statement of financial position at 30 June 2016 are set out in Annexure 2 to this Circular.

The *pro forma* financial information has been prepared for illustrative purposes only, in order to provide information about how the transaction might have affected shareholders had the transaction been implemented on the dates indicated in the notes below. Due to their nature, the *pro forma* financial information may not fairly present AMSA's financial position and results of operations.

The *pro forma* statement of comprehensive income and statement of financial position have been prepared using accounting policies that comply with international financial reporting standards, that are consistent with those applied in the interim financial results of AMSA for the six months ended 30 June 2016 and are consistent with the Revised SAICA Guide on Pro Forma Financial Information and the Listing Requirements.

The Directors are responsible for the preparation of the *pro forma* financial information contained in this Circular.

The independent reporting accountant's assurance report on the *pro forma* financial information relating to the transaction is set out in Annexure 3 to this Circular. Deloitte & Touche consents to the inclusion of the opinion, which the consent has not been withdrawn prior to publication of this Circular.



## Pro forma financial effects

Rand

For the half year ended 30 June 2016	As reported	After the B-BBEE Transaction	Net Impact	% change
Net asset value ("NAV") per share	15.30	15.24	(0.06)	(0.40%)
Tangible net asset value ("TNAV") per share	15.20	15.14	(0.06)	(0.40%)
Loss per share	(0.44)	(1.30)	(0.86)	(195.58%)
Diluted loss per share	(0.44)	(1.30)	(0.86)	(195.58%)
Headline loss per share	(0.45)	(1.30)	(0.86)	(192.16%)
Diluted loss per share	(0.45)	(1.30)	(0.86)	(192.16%)
Weighted average number of ordinary shares outstanding	1 025 039 578	1 025 039 578		
Outstanding ordinary shares – NAV and TNAV	1 138 059 825	1 138 059 825		

### Notes:

1. The net asset value, tangible net asset value, earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share "After B-BBEE Transaction" are based on the reviewed interim results for the half-year ended 30 June 2016.
2. The earnings per share, diluted earnings per share, headline earnings per share and diluted headline earnings per share "After B-BBEE Transaction" are based on the assumption that the B-BBEE Transaction was implemented on 1 January 2016, and includes an IFRS 2 charge of R798 million for the issue of shares to B-BBEE CO and R12 million for the issue of shares to the AMSA Employee Empowerment Share Trust.

Further information on the financial notes and the material assumptions used in the preparation of the pro forma financial effects above are set out in Annexure 2.

## 13. DESCRIPTION OF THE BUSINESS AND PROSPECTS FOR AMSA

AMSA is the largest steel producer on the African continent, with a production capacity of 6.5 million tonnes of liquid steel per annum. In 2014, with the Newcastle blast furnace reline, AMSA produced some 4.5 million tonnes of saleable steel. The primary goal is to supply into the local and nearby Africa markets. Locally, AMSA currently supplies over 60% of the steel used in South Africa.

AMSA forms part of ArcelorMittal Holdings AG, the world's leading steel producer with industrial sites in over 20 countries and a presence in more than 60 other countries.

AMSA produces flat and long steel products that are further processed by downstream manufacturers. AMSA's operations are divided as follows:

- Flat steel products are produced at Vanderbijlpark and Saldanha Works. Major consumers are the construction, piping, packaging and automotive industries;
- Long steel products are produced at Newcastle and Vereeniging Works. Long steel products are used primarily in the construction industry; and
- Coke and Chemicals' core business is the production of commercial coke for the ferro-alloy industry from coke batteries located at Pretoria and Newcastle Works. These are sold as raw materials for a wide variety of uses.

The status regarding the key initiatives set out in section 1.2 is as follows:

- **Competition Matters:** The legacy issues relating to the pending competition matters have been settled with the Competition Commission, subject to approval of the Competition Tribunal.

- **Duties:** All 10 applications for import duties on the for import duties on locally produced steel products have been gazetted at the bound rate of 10%.
- **Safeguards:** Five safeguard applications have been submitted to ITAC for approval. Public hearings have been held regarding the hot rolled coil application and an investigation in respect of cold rolled coil has been initiated. Applications relating to colour, galvanised and rebar, and wire rod are with ITAC for approval to initiate an investigation.
- **Pricing Principles:** As previously reported, the pricing mechanism for local flat steel products is being finalised with the Department of Trade and Industry and the Department of Economic Development.
- **Designation of local steel and broadening participation:** With regards to the proposal for the designation of local primary steel for state procurement and use in Government infrastructure projects, the National Treasury of South Africa has issued instruction notes prescribing minimum local content thresholds on a number of products, including solar water heater components, rail rolling stock, electric cables, conveyance pipes, steel power pylons, photovoltaic systems and components, and working vessels. AMSA awaits the outcome of the further designation measures requested for construction, renewables, power generation and rail equipment.
- **B-BBEE:** The terms of the B-BBEE Transaction are set out in this Circular.

As the largest steel producer in South Africa, AMSA is cognisant of its role in ensuring the long-term sustainability of the local steel sector and the associated industries. Maintaining its license to operate is vital for the Company's future success and requires AMSA to be a responsible corporate citizen. AMSA is vulnerable and requires safeguards and the other interventions to remain a sustainable business.

#### 14. DIRECTORS OF AMSA

As further set out in paragraph 4.8, the Board may change following the B-BBEE Transaction.

Details relating to the current Directors are set out below:

Name of Director	Designation	Brief CV
Mpho Makwana (46)	Chairman	<p>Appointed as Chairman and independent Non-Executive Director on 5 February 2013.</p> <p>Mr Makwana holds a B Admin (UNIZUL) B Admin (Honours) (UP) and a Post-Grad Diploma (Retailing Management) (Stirling University)</p> <p>He serves as an Independent Non-Executive Director on the boards of JSE listed companies such as Adcock Ingram Holdings Ltd (AIHLF.PK), Nedbank Group Ltd (NDBKF.PK), Nedbank Ltd and Sephaku Holdings Limited (SEPJ.J)</p> <p>He further serves as Trustee of Brand SA, Trustee of the Nelson Mandela Children's Fund and Vodacom Foundation.</p>
Lungile Cele (63)	Independent non-executive director	<p>Appointed Non-Executive Director of AMSA South Africa on 4 January 2016.</p> <p>Ms. Cele holds a BCom degree from the University of Fort Hare and various post-graduate tax qualifications from the University of Natal including a Masters of Accountancy (M.Acc) degree. She is the founder and was the Chief Executive of Tax Solutions CC prior to its merger with Garach and Garach Accountants in 2011.</p> <p>Ms Cele currently holds various board memberships, including Hulamin Ltd. She brings a wealth of commercial and tax expertise to the board. Ms Cele is a member of the Audit and Risk, Health, Safety and Environment committees.</p>

Nomavuso Patience Mnxasana (59)	Independent non-executive director	Appointed Non-Executive Director on 1 October 2013.  Ms. Mnxasana has served as Group Audit and Risk Head at Imperial Holdings Limited and currently serves on the following JSE listed boards: Nedbank and JSE. Ms Mnxasana is as a member on the following committees of AMSA South Africa's board: audit and risk, health and environment, nominations and B-BBEE committees. She is also the chair of the remuneration, social and ethics committee.
Jacob Modise (49)	Independent non-executive director	Appointed Non-Executive Director on 1 October 2013.  Mr. Modise served on the boards of various professional organisations including the Independent Regulatory Board for Auditors and the South African Institute of Chartered Accountants. He has served on a number of JSE listed boards such MTN, Altron and Eskom
Neville Nicolau (57)	Independent non-executive director	Appointed Non-Executive Director on 10 September 2015.  Mr. Nicolau is the Chief Executive Officer and Executive Director of Basil Read Holdings Limited. Previously he was the CEO of Anglo Platinum, Chief Operating Officer for AngloGold Ashanti, and a Technical Director for AngloGold South American Operations. He held various General Manager roles at AngloGold South Africa.
Lumkile Mondli (53)	Non-executive director	Appointed Non-Executive Director of AMSA South Africa on 11 May 2007.  Mr. Mondli is a lecturer at the School of Economics and Business Sciences University of the Witwatersrand. He is a director of a number of companies, including Pallimghurst Resources Limited, Musa Group and Thelo Rolling Stock Leasing.
Henri Blaffart (61)	Non-executive director	Appointed Non-Executive Director on 19 July 2016.  Mr. Blaffart is the Executive Vice President and member of management committee of the ArcelorMittal Group. He is Head of Group Human Resources and also responsible for Corporate Services. He joined the Group in 1982 and held several positions in the company including R&D director for construction market and CEO of the former Arcelor's research division. He later became CEO of ArcelorMittal Lorraine in France and Head of HR in the Flat Carbon Europe Segment.
David Clarke (51)	Non-executive director	Appointed Non-Executive Director on 19 July 2016.  Mr. Clarke is the Vice President of ArcelorMittal Holdings, Head of Strategy and Chief Technology Officer of ArcelorMittal. He holds a PhD and MA in physics from Princeton University where he was a Fulbright Fellow and a Hackett Scholar, and a BSc (Hons) in Mathematics and Physics from the University of Western Australia.
Ramesh Kothari (43)	Non-executive director	Appointed Non-Executive Director on 11 June 2015.  Mr. Kothari is a General Manager within the AMSA Group and is the current Chief Financial Officer and Coordinator for the ACIS region. He has over 20 years of working experience in various industries and has held key executive finance roles.

Wim de Klerk (52)	Chief Executive Officer	Appointed Chief Executive Officer on 01 July 2016.  Mr. de Klerk joined AMSA as CEO on 1 July 2016. Prior to his recent appointment, he joined AMSA (Former ISCOR) in 1996 and managed the Quarries and the Grootegeluk Coal mine. He became part of the executive team as group general manager for strategy and continuous improvement in 1999. Following Kumba's inception in 2001, he headed the mineral sands operations and when Exxaro listed in 2006, he became executive general manager for mineral sands and base metals until his appointment as finance director in 2009.
Dean Subramanian (43)	Chief Financial Officer	Appointed Chief Financial Officer on 01 August 2015.  Mr. Subramanian held the position of Finance Director in Aveng Steel, an operating group of Aveng Limited, listed on the JSE. Aveng Steel is a large steel service centre in South Africa with branches in Sub-Saharan Africa. He has worked for the Aveng group for 16 years and has also worked both in the construction and manufacturing divisions of Aveng. Prior to that, he held several positions in the banking, airline and property industry and was the group CFO for JHI with a property asset management company. He served his articles at Ernst & Young in Johannesburg where he qualified as a Chartered Accountant; he was also seconded by Ernst & Young to New York.

#### 14.1 Directors' remuneration

For further information on the Directors' remuneration, please refer to AMSA's annual report for the year ended 31 December 2015.

There will be no variation in the remuneration receivable by the Directors as a consequence of the B-BBEE Transaction.

#### 14.2 Directors' interests in AMSA

As at the Latest Practicable Date, the aggregate beneficial interests of the Directors in the share capital of AMSA were as follows:

	Beneficial		Total	Percentage Held
	Direct	Indirect		
DCG Murray	-	14 667	14 667	0.0013
JRD Modise	5 025	-	5 025	0.0004
	<b>5 025</b>	<b>14 667</b>	<b>19 692</b>	<b>0.0017</b>

There has been a change to the Directors' interests in AMSA between the most recent financial year end, being 31 December 2015, and the Latest Practicable Date. DCG Murray acquired an additional 9 110 shares during the Rights Offer.

#### 14.3 Directors' interests in transactions

The Directors have not had any material beneficial interests, whether direct or indirect, in transactions that were effected by AMSA during the immediately preceding financial year.

With the issue of the A2 Ordinary Shares to the AMSA Employee Empowerment Share Trust, the Executive Directors will have a beneficial interest in the B-BBEE Transaction. The Executive Directors shareholding will be as follows:

Name	A2 Ordinary Shares	Percentage held after issue of AMSA Empowerment Shares
		%
WA De Klerk	52 125	0.004
D Subramanian	52 125	0.004

#### 14.4 Directors' service contracts

All non-executive Directors are subject to retirement by rotation and re-election by AMSA Shareholders at least once every three years in accordance with the AMSA MOI.

#### 14.5 Directors' responsibility statements

One of the Directors, Mr J Modise, holds a beneficial interest in a company which was one of the competing bidders in the process to procure a B-BBEE investor into AMSA. Accordingly, Mr Modise was recused from all Board deliberations in relation to the B-BBEE Transaction.

The Executive Directors, whilst participating in the Board deliberations in relation to Likamva and the issue of A1 Ordinary Shares, were recused from participating in the Board decision in relation to the AMSA Employee Empowerment Share Trust and the issue of A2 Ordinary Shares to the AMSA Employee Empowerment Share Trust, by virtue of them being related parties in terms of s75 of the Companies Act. The Executive Directors (notwithstanding their recusal) and the non executive Directors listed on page 11 of this Circular, excluding Mr J Modise:

- have considered all statements of fact and opinion in this Circular;
- collectively and individually, accept full responsibility for the accuracy of the information given;
- certify that, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement false or misleading;
- have made all reasonable enquiries in this regard; and
- certify that, to the best of their knowledge and belief, that the Circular contains all information required by law and the Listings Requirements.

## 15. MAJOR AMSA SHAREHOLDERS

Insofar as is known, the major AMSA Shareholders, other than Directors, who beneficially held 5% or more of the issued AMSA Shares at the Last Practicable Date, are set out below:

Major shareholders	Number of shares held	Percentage held
		%
ArcelorMittal Holdings AG	771 489 400	67.79
Investec Asset Management	95 667 530	8.41
Industrial Development Corporation of South Africa	93 044 068	8.18
Public Investment Corporation SOC Limited	60 971 069	5.36
<b>Total</b>	<b>1 021 172 067</b>	<b>89.74</b>

## 15.1 Major shareholders in ArcelorMittal Holdings AG

	Percentage held
	%
Lumen Investments S.a.r.l	31.23
Nuavam Investments S.a.r.l	6.25
Capital Research and Management Company	3.69
The Vanguard Group, Inc	1.20
BlackRock Inc	1.14
Loomis, Sayles & Company L.P	1.03
	<b>44.54</b>

## 15.2 Directors of ArcelorMittal Holdings AG

Lakshmi Mittal (Chairman)  
Lewis Kaden\*  
Narayanan Vaghul\*  
Bruno Lafont\*  
Wilbur Ross\*  
Vanisha Mittal Bhatia  
Tye Burt\*  
Jeannot Krecke  
Suzanne Nimocks\*  
Karel de Gucht\*  
Michel Wurth\*  
Karyn Ovelmen  
\* *Independent*

## 16. OPINIONS AND RECOMMENDATIONS

With regards to the Board decision on the B-BBEE Transaction, the following Directors were recused from the final Board decisions in relation to the B-BBEE Transaction:

- the Executive Directors who are Related Parties by virtue of their participation in the B-BBEE Transaction through the AMSA Employee Empowerment Share Trust, and
- Mr J Modise who was deemed to be conflicted by virtue of his interest in a bidder who was competing with Likamva, the ultimate successful party.

With the above Directors recused, the Board has considered the terms and conditions of the B-BBEE Transaction and is of the opinion that the B-BBEE Transaction is in the interests of AMSA and is fair to all AMSA Shareholders. The Board recommends that AMSA Shareholders vote in favour of the Resolutions relating to the B-BBEE Transaction at the General Meeting.

All the Directors who own AMSA Shares in their personal capacity (other than the Related Party Executive Directors who are not permitted to vote) have indicated that they intend to vote their AMSA Shares in favour of the B-BBEE Transaction and the increase in the authorised AMSA Shares.

## 17. LITIGATION STATEMENT

As announced on SENS on 22 August 2016, AMSA concluded a settlement agreement with the Competition Commission of South Africa. This agreement will finalise all pending matters with the Competition Commission of South Africa. AMSA will pay an administrative fine of R1.5 billion payable over five years in instalments of no less than R300 million per year commencing 2017.

There are currently two other disputes of significance with AMSA as defendant amounting to approximately R350 million details of which, due to their nature and confidentiality, may not be disclosed.

Save for the settlement agreement and the two disputes mentioned above, the Directors are not aware of any legal or arbitration proceedings (including any such proceedings that are pending or threatened), which may have, or have had, a significant effect on AMSA's financial position during the last twelve months preceding the date of this Circular.

The settlement with the Competition Commission of South Africa was fully provided for in the Company's annual financial statements for the year ended 31 December 2015.

## 18. MATERIAL CONTRACTS

No material contracts have been entered into by AMSA, being a contract entered into otherwise than in the ordinary course of business, within the two years preceding the date of this Circular or a contract entered into at any time containing an obligation or settlement that is material to as at the date of this Circular

## 19. MATERIAL CHANGES

As announced on SENS on 22 August 2016, AMSA concluded a settlement agreement with the Competition Commission of South Africa. This agreement will finalise all pending matters with the Competition Commission of South Africa. AMSA will pay an administrative fine of R1.5 billion payable over five years in instalments of no less than R300 million per year commencing 2017.

Save for this settlement agreement, the Directors are not aware of any material changes, in the affairs or financial position of AMSA since the publication of AMSA's interim results for the half year ended 30 June 2016 and the Last Practicable Date.

## 20. EXPENSES RELATING TO THE B-BBEE TRANSACTION

The expenses, excluding VAT, relating to the B-BBEE Transaction and the increase in the authorised AMSA Shares are set out below:

Description	Payable to	R
Corporate Advisors to AMSA	KPMG Services	19 083 650
Tax and legal advisors to AMSA	KPMG Services	6 600 000
Transaction Sponsor	KPMG Services	1 750 000
Printing, publication and advertising	Vesco Reprographics	520 000
JSE documentation fee	JSE Limited	23 439
Reporting accountant	Deloitte & Touche	500 000
Independent Expert	BDO Corporate Finance	225 000
Transfer secretaries	Computershare Investor Services	85 000
<b>Total</b>		<b>28 787 089</b>

### Note:

In addition to the above expenses, AMSA will settle transaction advisory fees incurred by Likamva and B-BBEE CO during the negotiation of the B-BBEE Transaction. These transaction advisory fees will be recovered by AMSA from Likamva through the notional loan as further set out in section 5 and section 7.2 of this Circular.

## 21. CONSENTS

KPMG Services, Investec, Norton Rose Fulbright, BDO Corporate Finance and Deloitte & Touche, have provided their written consents to the inclusion of their names, and where applicable their reports in the form and context in which they appear in this Circular, and have not withdrawn their consents prior to the publication of this Circular.

## 22. GENERAL MEETING OF AMSA SHAREHOLDERS

A General Meeting of Shareholders will be held in the Atrium, at the JSE Limited, 1 Exchange Square, 2 Gwen Lane, Sandton on Friday, 18 November 2016 at 09h00 to consider the approval required with respect to:

- the amendment of the AMSA MOI to enable the creation of the A1 Ordinary Shares and the A2 Ordinary Shares and the increase in the authorised share capital of AMSA through the creation of 243 240 276 A1 Ordinary Shares and 72 972 083 A2 Ordinary Shares;
- the specific approval for AMSA to issue A2 Ordinary Shares to the AMSA Employee Empowerment Share Trust, having regard to the fact that Executive Directors will be beneficiaries of the AMSA Employee Empowerment Share Trust, in terms of section 41(1) of the Companies Act;
- the issue of A1 Ordinary Shares and A2 Ordinary Shares with voting power that exceeds 30% of a particular class of shares in terms of section 41(3) of the Companies Act;
- the proposed B-BBEE Transaction, which will require the following approvals:
  - the specific approval for AMSA to issue 243 240 276 A1 Ordinary Shares to the B-BBEE CO;
  - the specific approval for AMSA to issue 72 972 083 A2 Ordinary Shares to the AMSA Employee Empowerment Share Trust;
  - the Provision of Financial Assistance to Likamva, B-BBEE CO and the AMSA Employee Empowerment Share Trust in terms of sections 44 and 45 of the Companies Act;
- and incorporating
  - a **Notice convening a General Meeting of AMSA Shareholders; and**
  - a **Form of Proxy (pink) in respect of the General Meeting of AMSA Shareholders (for use by Certificated Shareholders and "own-name" Dematerialised Shareholders only).**

AMSA Shareholders are advised that they or their proxies may participate in the General Meeting by means of a teleconference facility and, if they wish to do so:

- must contact the company secretary, Nomonde Bam, by email at [nomonde.bam@arcelormittal.com](mailto:nomonde.bam@arcelormittal.com) or at telephone number +27 (0) 16 889 4195 before 09:00 on Wednesday, 16 November 2016 to receive dial-in instructions for the conference call;
- will be required to provide reasonably satisfactory identification; and
- will be billed separately by their own telephone service providers for their telephone call to participate in the General Meeting.

Please note that whilst it is possible to participate in the General Meeting through this medium, there is no facility for electronic voting and accordingly, AMSA Shareholders are advised to follow the instructions set out in the Action required by AMSA Shareholders section of the Circular in respect of voting.

## 23. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of this Circular will be available in English, along with the following documents, or copies thereof, which will be available for inspection, during normal business hours at the registered office of AMSA, from the date of this Circular up to and including the date of the general meeting:

- the B-BBEE Transaction Agreements;
- the existing AMSA MOI and the memorandi of incorporation for each of its subsidiaries;
- the proposed AMSA MOI incorporating the amendments set out in Annexure 4;
- the deed of the AMSA Employee Empowerment Share Trust;
- the rules of the AMSA Employee Empowerment Share Scheme;
- AMSA's audited financial statements for the three years ended 31 December 2015;
- AMSA's reviewed interim financial results for the half year ending 30 June 2016;



- the written consents of the appointed professional advisors as set out in paragraph 21 of this Circular;
- the signed report of the reporting accountant included as Annexure 3 to this circular; and
- a signed copy of this Circular.

*Noting the personal financial interest of the Executive Directors in the AMSA Employee Empowerment Share Trust, and in compliance with the specific authority granted by the Board in compliance with s75(5)(g) of the Companies Act, this Circular is signed in terms of powers of attorney granted on Tuesday, 4 October 2016.*

Monday, 17 October 2016

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**WA de Klerk**

Chief Executive Officer  
ArcelorMittal South Africa Limited

**Registered office**

2 Delfos Boulevard  
Vanderbijlpark, 1911  
South Africa  
(PO Box 2, Vanderbijlpark, 1900)

**Transfer secretaries**

Computershare Investor Services Proprietary Limited  
Ground Floor  
70 Marshall Street  
Johannesburg, 2001  
(PO Box 61051, Marshalltown, 2107)

**DETAILS OF LIKAMVA SHAREHOLDING**

The table below sets out the details of Likamva beneficial shareholders:

<b>Name of Person</b>	<b>Registered shareholder in Likamva</b>	<b>Percentage Beneficial Interest in Likamva</b>	<b>Percentage Black Women Beneficial Interest in Likamva</b>
Noluthando Gosa*	Akhona Resources (Pty) Ltd	40%	40.00%
Leslie Maasdorp**^	LMM Holdings (Pty) Ltd	10%^	0.00%^
Themba Hlengani**^	Xitsavi Investment Holdings (Pty) Ltd (previously K2014038049 (South Africa (Pty) Ltd)	9.5%^	4.75%^
Warren Wheatley**^	K2016162298 (South Africa) (Pty) 5.2%^	5.2%^	1.72%^
Phillip Jabulani Moleketi^	K2016162298 (South Africa) (Pty) Ltd	2.3%^	1.15%^
Tshepo Mahloele	K2016162298 (South Africa) (Pty) Ltd	2.3%	0.00%
Buhle Mboniswa	NBLM Investments (Pty) Ltd	5.0%	5.00%
Danny Mackay, Jehan Mackay, Jasmin Mackay, Shanaaz Mackay and Shamin Mackay	K2016162298 (South Africa) (Pty) Ltd	1.7%	0.69%
Eldred Boonzaaier*, Daniel Boonzaaier and Roxanne Boonzaaier	Boomat Investment (Pty) Ltd (previously K2015121062 (Pty) Ltd)	2.1%	0.15%
Hans Hartung, Byron Hartung and Caleb Hartung	Boomat Investment (Pty) Ltd (previously K2015121062 (Pty) Ltd)	0.4%	0.00%
Thembinkosi Matunda*	Boomat Investment (Pty) Ltd (previously K2015121062 (Pty) Ltd)	2.5%	0.00%
Winston Daluxolo Peter	Tradelane Investments 30 (Pty) Ltd	2.5%	0.00%
Xola Makhaphela	Tradelane Investments 30 (Pty) Ltd	2.5%	0.00%
Ndileka Nobaxa*	-	1%	1.00%
Chwayita Tyala	-	1%	1.00%
Thobani Shezi	The Bishops Trust	5%	0.00%
Litha Mcwabeni	Jiratouch (Pty) Ltd	1%	0.00%
Yakhe Kwinana	Ayeka Assets (Pty) Ltd	0.51%	0.51%
Lumka Goniwe	Ayeka Assets (Pty) Ltd	0.49%	0.49%
Kinesh Pather, Vanessa Pillay, Priyanka Pather, Kiyaan Pather	New Shelf 9 (Pty) Ltd	5%	1.75%
		<b>100%</b>	<b>58.21%</b>

\* Directors of Likamva.

^ Includes inter-related persons and related persons as defined in the Companies Act.

## **Directors of Likamva**

In the schedule above, the directors of Likamva are marked with an asterisk. The full list of the directors of Likamva are:

- Noluthando Gosa;
- Tembinkosi Matunda;
- Eldred Boonzaaier;
- Ndileka Nobaxa;
- Leslie Maasdorp;
- Themba Hlengani; and
- Warren Wheatley.

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**PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND STATEMENT OF FINANCIAL POSITION**

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The definitions commencing on page 4 of the Circular have been used throughout this Annexure 2.

The pro forma financial information of AMSA (*Pro forma* Financial Information of the AMSA) has been prepared for illustrative purposes only and because of its nature may not fairly present AMSA's financial position, changes in equity and results of operations or cash flows.

The *Pro forma* Financial Information of AMSA is based on the reviewed historical financial information for the six months ended 30 June 2016.

The *Pro forma* Financial Information of AMSA has been prepared to illustrate the impact of the following transactions on the historical financial information:

- the Specific Issue of A1 Ordinary Shares in terms of the B-BBEE Transaction to B-BBEE CO; and
- the Specific Issue of A2 Ordinary Shares in terms of the B-BBEE Transaction to the AMSA Employee Empowerment Share Trust.

The *Pro forma* Financial Information of AMSA has been prepared on the assumption that the B-BBEE Transaction occurred on 1 January 2016 for statement of comprehensive income purposes and 30 June 2016 for statement of financial position purposes.

The *pro forma* adjustments in respect of the pro forma statement of comprehensive income and the pro forma statement of financial position set out below relate to the following:

- Column 2 – *pro forma* adjustments relating to the Specific Issue of A1 Ordinary Shares to B-BBEE CO;
- Column 3 – *pro forma* adjustments relating to the Specific Issue of A2 Ordinary Shares to AMSA Employee Empowerment Share Trust; and
- Column 4 – AMSA after the B-BBEE Transaction.

The *Pro forma* Financial Information of AMSA has been prepared using the accounting policies of AMSA which comply with IFRS and are consistent with those applied in the historical financial information.

The *Pro forma* Financial Information of AMSA is the responsibility of the Directors.

Deloitte & Touche's unmodified independent reporting accountant's report on the Pro forma Financial Information of AMSA is set out in Annexure 3 in line with the Revised SAICA Guide on Pro Forma Financial Information.

Pro forma statement of comprehensive income of AMSA for the six months ended 30 June 2016

	Column 1 30 June 2016 interim financial information	Column 2 Issue of A1 Ordinary Shares for B--BBEE Transaction to B--BBEE CO	Column 3 Issue of A2 Ordinary Shares for B--BBEE Transaction to AMSA Employee Empowerment Share Trust	Column 4 AMSA after B--BBEE Transaction
	Reviewed R'000 000	Pro-forma R'000 000	Pro-forma R'000 000	Pro-forma R'000 000
<b>Revenue</b>	<b>17 006</b>	-	-	<b>17 006</b>
less expense:	<b>-17 275</b>	-	<b>-12</b>	<b>-17 287</b>
Raw materials and consumables used	-9 519	-	-	-9 519
Employee costs	-1 993	-	-12	-2 005
Energy	-1 965	-	-	-1 965
Movement in inventories of finished goods and work in progress	-405	-	-	-405
Depreciation	-518	-	-	-518
Amortisation of intangible assets	-12	-	-	-12
Other operating expenses	-2 863	-	-	-2 863
<b>Loss from operations</b>	<b>-269</b>	-	<b>-12</b>	<b>-281</b>
BEE Charges	-	-861	-7	-868
Impairment of other assets	-6	-	-	-6
Finance and investment income	86	-	-	86
Finance costs	-362	-	-	-362
Income from equity-accounted investments (net of tax)	108	-	-	108
<b>Loss before tax</b>	<b>-443</b>	<b>-861</b>	<b>-19</b>	<b>-1 323</b>
Income tax expense	-7	-	-	-7
<b>Loss for the period</b>	<b>-450</b>	<b>-861</b>	<b>-19</b>	<b>-1 330</b>

Pro forma statement of comprehensive income of AMSA for the six months ended 30 June 2016 (continued)

	Column 1	Column 2	Column 3	Column 4
	30 June 2016 interim financial information	Issue of A1 Ordinary Shares for B-BBEE Transaction to B-BBEE CO	Issue of A2 Ordinary Shares for B-BBEE Transaction to AMSA Employee Empowerment Share Trust	AMSA after B-BBEE Transaction
	Reviewed R'000 000	Pro-forma R'000 000	Pro-forma R'000 000	Pro-forma R'000 000
<b>Other comprehensive income/(loss)</b>				
Exchange differences on translation of foreign operations	-209	-	-	-209
Gains/(losses) on available-for-sale investment taken to equity	43	-	-	43
Share of other comprehensive income/(loss) of equity-accounted investments	39	-	-	39
<b>Total comprehensive loss for the period:</b>	<b>-577</b>	<b>-861</b>	<b>-19</b>	<b>-1 457</b>
<b>Loss attributable to:</b>				
Owners of the company	-450	-861	-19	-1 330
<b>Total comprehensive loss attributable to:</b>				
Owners of the company	-577	-861	-19	-1 457
<b>Weighted Average Outstanding Shares (excl treasury shares)</b>	<b>1 025 039 578</b>	<b>-</b>	<b>-</b>	<b>1 025 039 578</b>
<b>Diluted Weighted Average Outstanding Shares</b>	<b>1 025 039 578</b>	<b>-</b>	<b>-</b>	<b>1 025 039 578</b>
<b>Loss per share (cents)</b>	<b>-43.90</b>	<b>-</b>	<b>-</b>	<b>-129.76</b>
<b>Diluted loss per share (cents)</b>	<b>-43.90</b>	<b>-</b>	<b>-</b>	<b>-129.76</b>
<b>Headline loss per share (cents)</b>	<b>-44.68</b>	<b>-</b>	<b>-</b>	<b>-130.54</b>
<b>Diluted headline loss per share (cents)</b>	<b>-44.68</b>	<b>-</b>	<b>-</b>	<b>-130.54</b>
<b>Headline loss(net of tax)</b>				
Loss attributable to owners of the company	-450	-861	-19	-1 330
add: impairment charge	6			
Add: tax	3			
Less: profit on disposal	-17			-17
<b>Headline loss</b>	<b>-458</b>	<b>-861</b>	<b>-19</b>	<b>-1 338</b>

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## NOTES TO THE PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF AMSA FOR THE SIX MONTHS ENDED 30 JUNE 2016:

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1. Column 1 presents the historical financial information, which has been extracted from the reviewed financial information for the six months ended 30 June 2016.
2. Column 2 presents the financial effects of:
  - a) The B-BBEE Charges of R861 million include:
    - i. The share-based payment benefit provided to B-BBEE CO, which is recognised as an equity settled share-based payment transaction in terms of IFRS 2 – Share-based Payments with no vesting period. The full IFRS 2 expense for the issue of A1 Ordinary Shares to B-BBEE Co is R798 million. On day 1, R798 million is recognised as an expense on grant date through the statement of comprehensive income. The share-based payment charge was calculated based on a 10% discount to the 30-day VWAP equating to R7.20 per share on 27 September 2016. The financial statements of the B-BBEE CO are consolidated in terms of IFRS 10 - Consolidated Financial Statements with AMSA's consolidated financials from the effective date of the B-BBEE Transaction. The A1 ordinary Shares issued to B-BBEE CO are treated as treasury shares for accounting purposes and are eliminated on consolidation. This adjustment will not have a continuing effect on AMSA's statement of comprehensive income.
    - ii. Transaction costs of R41 million have been included in B-BBEE Charges. This amount refers to the transaction costs incurred by Likamva and B-BBEE CO, which will be settled by AMSA. This amount will be recovered by AMSA through the notional loan. This adjustment will not have a continuing effect on AMSA's statement of comprehensive income.
    - iii. Transaction costs of R22 million which AMSA has incurred in the implementation of the B-BBEE Transaction have been included in the B-BBEE charges. The total transaction expenses as reflected in section 20 of this Circular (R29 million) have been apportioned between B-BBEE CO and the AMSA Employee Empowerment Share Trust. These have been apportioned based on a proportion of the total transaction size (ie. 1.7% / 22.1%). This adjustment will not have a continuing effect on AMSA's statement of comprehensive income.
3. Column 3 presents the financial effects of:
  - a) Employee costs
    - i. The share-based payment benefit provided to the AMSA Employee Empowerment Share Trust, which is recognised as an equity settled share-based payment transaction in terms of IFRS 2 – Share-based Payments over its ten year vesting period. The total economic cost of R242 million is recognised equally over the vesting period through the statement of comprehensive income. As at 30 June 2016, an amount of R12 million has been recognised during this half year period. The share-based payment charge was calculated based on a 10% discount to the 30 day VWAP equating to R7.20 per share on 27 September 2016. The financial statements of the AMSA Employee Empowerment Share Trust are consolidated, in terms of IFRS 10 – Consolidated Financial Statements with AMSA's consolidated financials from the effective date of the transaction. The A2 Ordinary Shares issued to AMSA Employee Empowerment Share Trust are treated as treasury shares for accounting purposes and are eliminated on consolidation. This adjustment will have a continuing effect on AMSA's statement of comprehensive income; and
  - b) B-BBEE Charges
    - i. Transaction costs of R7 million which AMSA incurred in the implementation of the B-BBEE Transaction have been included in the B-BBEE charges. The total transaction expenses as reflected in section 20 of this Circular (R29 million) have been apportioned between B-BBEE CO and the AMSA Employee Empowerment Share Trust. These have been apportioned based on a proportion of the total transaction size (ie. 5.1% / 22.1%). This adjustment will not have a continuing effect on AMSA's statement of comprehensive income
4. Column 4 presents the *Pro forma* Statement of Comprehensive Income of AMSA subsequent to the B-BBEE Transaction.

Pro forma statement of financial position of AMSA as at 30 June 2016

	Column 1 30 June 2016 interim financial information	Column 2 Issue of A1 Ordinary Shares for B-BBEE Transaction to B-BBEE CO Empowerment Share Trust	Column 3 Issue of A2 Ordinary Shares for B-BBEE Transaction to AMSA Employee	Column 4 AMSA after B-BBEE Transaction
	Reviewed R'000 000	Pro-forma R'000 000	Pro-forma R'000 000	Pro-forma R'000 000
<b>Assets</b>				
<b>Non-current assets</b>	<b>17 567</b>		-	<b>17 567</b>
Property, plant equipment	12 046	-	-	12 046
Intangible assets	115	-	-	115
Equity-accounted investments	5 037	-	-	5 037
Other financial assets	369	-	-	369
<b>Current assets</b>	<b>15 426</b>	<b>-63</b>	<b>-7</b>	<b>15 356</b>
Inventories	9 436	-	-	9 436
Trade and other receivables	3 133	-	-	3 133
Taxation	74	-	-	74
Other financial assets	24	-	-	24
Cash and bank balances (adjusted for the transactions costs)	2 759	-63	-7	2 689
<b>Total assets</b>	<b>32 993</b>	<b>-63</b>	<b>-7</b>	<b>32 923</b>
<b>Equity and liabilities</b>				
<b>Shareholders' equity</b>	<b>17 416</b>	<b>-63</b>	<b>-7</b>	<b>17 346</b>
Stated Capital	4 537	-	-	4 537
Non-distributable reserves	-168	-	-	-168
IFRS 2 Reserve reserves	345	798	12	1155
Retained income (Adjusted for transaction costs and IFRS 2)	12 702	-861	-19	11 822



Pro forma statement of financial position of AMSA as at 30 June 2016 (continued)

	Column 1 30 June 2016 interim financial information	Column 2 Issue of A1 Ordinary Shares for B-BBEE Transaction to B-BBEE CO Empowerment Share Trust	Column 3 Issue of A2 Ordinary Shares for B-BBEE Transaction to AMSA Employee	Column 4 AMSA after B-BBEE Transaction
	Reviewed R'000 000	Pro-forma R'000 000	Pro-forma R'000 000	Pro-forma R'000 000
<b>Non-current liabilities</b>	<b>3 463</b>	-	-	<b>3 463</b>
Other payables	336	-	-	336
Finance lease obligations	159	-	-	159
Deferred income tax liability	4	-	-	4
Non-current provisions	2 964	-	-	2 964
<b>Current liabilities</b>	<b>12 114</b>	-	-	<b>12 114</b>
Trade payables	9 134	-	-	9 436
Borrowings	1 749	-	-	1 749
Finance lease obligations	66	-	-	66
Current provisions	249	-	-	249
Other payables	835	-	-	835
Other financial liabilities	81	-	-	81
<b>Total equity and liabilities</b>	<b>32 993</b>	<b>-63</b>	<b>-7</b>	<b>32 923</b>
<b>Net asset value per share (cents)</b>	<b>1 530</b>			<b>1 524</b>
<b>Tangible net asset value per share (cent)</b>	<b>1 520</b>			<b>1 514</b>
<b>Outstanding ordinary shares</b>	<b>1 138 059 825</b>	<b>-</b>	<b>-</b>	<b>1 138 059 825</b>

**Equity Reconciliation as at 30 June 2016**

	Shares Issued	Equity Value
<b>Equity reconciliation</b>		
Issue of shares in respect of the issue of new share for B-BBEE transaction	316 212 359	316 212 359
Elimination of B-BBEE shares on consolidation	(316 212 359)	(316 212 359)
<b>Total</b>	-	-

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## NOTES TO THE PRO FORMA STATEMENT OF COMPREHENSIVE INCOME OF AMSA FOR THE SIX MONTHS ENDED 30 JUNE 2016:

---

1. Column 1 presents the historical financial information, which has been extracted from the reviewed financial information for the six months ended 30 June 2016.
2. Column 2 presents the financial effects of:
  - a) The B-BBEE Charges of R861m include:
    - i. The share-based payment benefit provided to B-BBEE CO, which is recognised as an equity settled share-based payment transaction in terms of IFRS 2 – Share-based Payments with no vesting period. The full IFRS 2 expense for the issue of A1 Ordinary Shares to B-BBEE Co is R798 million. On day 1, R798 million is recognised as an expense on grant date through the statement of comprehensive income. The share-based payment charge was calculated based on a 10% discount to the 30-day VWAP equating to R7.20 per share on 27 September 2016. The financial statements of the B-BBEE CO are consolidated in terms of IFRS 10 – Consolidated Financial Statements with AMSA's consolidated financials from the effective date of the B-BBEE Transaction. The A1 ordinary Shares issued to B-BBEE CO are treated as treasury shares for accounting purposes and are eliminated on consolidation. This adjustment will not have a continuing effect on AMSA's statement of comprehensive income.
    - ii. Transaction costs of R41 million have been included in B-BBEE Charges. This amount refers to the transaction costs incurred by Likamva and B-BBEE CO, which will be settled by AMSA. This amount will be recovered by AMSA through the notional loan. This adjustment will not have a continuing effect on AMSA's statement of comprehensive income.
    - iii. Transaction costs of R22 million which AMSA has incurred in the implementation of the B-BBEE Transaction have been included in the B-BBEE charges. The total transaction expenses as reflected in section 20 of this Circular (R29 million) have been apportioned between B-BBEE CO and the AMSA Employee Empowerment Share Trust. These have been apportioned based on a proportion of the total transaction size (ie. 1.7% / 22.1%). This adjustment will not have a continuing effect on AMSA's statement of comprehensive income.
3. Column 3 presents the financial effects of:
  - a) Employee costs
    - i. The share-based payment benefit provided to the AMSA Employee Empowerment Share Trust, which is recognised as an equity settled share-based payment transaction in terms of IFRS 2 – Share-based Payments over its ten year vesting period. The total economic cost of R242 million is recognised equally over the vesting period through the statement of comprehensive income. As at 30 June 2016, an amount of R12 million has been recognised during this half year period. The share-based payment charge was calculated based on a 10% discount to the 30 day VWAP equating to R7.20 per share on 27 September 2016. The financial statements of the AMSA Employee Empowerment Share Trust are consolidated, in terms of IFRS 10 – Consolidated Financial Statements with AMSA's consolidated financials from the effective date of the transaction. The A2 Ordinary Shares issued to AMSA Employee Empowerment Share Trust are treated as treasury shares for accounting purposes and are eliminated on consolidation. This adjustment will have a continuing effect on AMSA's statement of comprehensive income; and
  - b) B-BBEE Charges
    - i. Transaction costs of R7 million which AMSA incurred in the implementation of the B-BBEE Transaction have been included in the B-BBEE charges. The total transaction expenses as reflected in section 20 of this Circular (R29 million) have been apportioned between B-BBEE CO and the AMSA Employee Empowerment Share Trust. These have been apportioned based on a proportion of the total transaction size (ie. 5.1% / 22.1%). This adjustment will not have a continuing effect on AMSA's statement of comprehensive income
4. Column 4 presents the *Pro forma* Statement of Financial Position of AMSA subsequent to the B-BBEE Transaction
5. There are no subsequent events that require adjustment to the pro-forma financial information.

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**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE PRO FORMA CONSOLIDATED FINANCIAL INFORMATION**

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The Directors  
ArcelorMittal South Africa Limited  
2 Delfos Boulevard  
Vanderbijlpark, 1911  
South Africa  
(PO Box 2, Vanderbijlpark, 1900)

6 October 2016

**Dear Sirs / Madam**

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN A CIRCULAR**

We have completed our assurance engagement to report on the compilation of pro forma financial information of ArcelorMittal South Africa Limited by the directors. The pro forma financial information, as set out in paragraph 12 and Annexure 2 of the circular ("the circular"), to be dated on or about 17 October 2016, consists of the statement of comprehensive income and a statement of financial position and related notes. The pro forma financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited (JSE) Listings Requirements.

The pro forma financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in paragraph 1 to 8 of the circular, on the company's financial position as at 30 June 2016 and the company's financial performance for the six months then ended, as if the corporate action or event had taken place at 1 January 2016, being the commencement date of the financial period for the purposes of the statement of comprehensive income and at 30 June 2016, being the last day of the financial period for the purposes of the statement of financial position. As part of this process, information about the company's financial position and financial performance has been extracted by the directors from the company's financial results for the six months ended 30 June 2016, on which an auditor's modified review report was issued on 28 July 2016 and contained an emphasis of matter paragraph.

**Directors' Responsibility for the Pro Forma Financial Information**

The directors are responsible for compiling the pro forma financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in paragraph 12 and Annexure 2 of the circular.

**Quality control**

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Independence and other ethical requirements**

We have complied with the independence and other ethical requirements of the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code), which is consistent with Parts A and B of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, and is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

**Reporting Accountant's Responsibility**

Our responsibility is to express an opinion about whether the pro forma financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* which is applicable to an engagement of this nature.

This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the pro forma financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

As the purpose of pro forma financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion, the pro forma financial information has been compiled, in all material respects, based on the applicable criteria specified by the JSE Listings Requirements and described in paragraph 12 and Annexure 2 of the circular.

## Deloitte & Touche

Registered Auditors

Per: Mandisi Mantyi  
Partner

6 October 2016

Deloitte & Touche  
Deloitte Place  
The Woodlands  
20 Woodlands Drive  
Woodmead  
Sandton  
2146

National Executive: \*LL Bam Chief Executive Officer \*TMM Jordan Deputy Chief Executive Officer \*MJ Jarvis Chief Operating Officer \*GM Pinnock Audit, \*N Sing Risk Advisory, \*NB Kader Tax, TP Pillay Consulting S Gwala BPaaS \*K Black Clients & Industries \*JK Mazzocco Talent & Transformation \*MJ Comber Reputation & Risk \*TJ Brown Chairman of the Board \* Partner and Registered Auditor A full list of partners is available on request \*Partner and Registered Auditor B-BBEE rating: Level 2 contributor in terms of The Chartered Accountancy Profession Sector Code Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited.

**SUMMARY OF AMENDMENTS TO AMSA MOI**

1. Article 6.1 of the Memorandum of Incorporation shall be deleted and shall be replaced with the following new article 6.1:

6.1. The Company is authorised to issue Shares as set out below:

No par value ordinary Shares

The Company is authorised to issue 1 200 000 000 no par value ordinary Shares of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to-

- i. vote on any matter to be decided by the Shareholders of the Company 1 (one) vote in respect of each ordinary share held in the case of a vote by means of a poll, whether in person or by proxy;
- ii. participate proportionately in any distribution made by the Company; and
- iii. receive proportionately the net assets of the Company upon its liquidation.

No par value "A1" ordinary Shares

The Company is authorised to issue 243 240 276 no par value "A1" ordinary Shares, the rights, limitations and other terms of which are set out in Schedule "A" to this Memorandum of Incorporation.

No par value "A2" ordinary Shares

The Company is authorised to issue 72 972 083 no par value "A2" ordinary Shares, the rights, limitations and other terms of which are set out in Schedule "A" to this Memorandum of Incorporation.

2. The following Schedule "A" shall be inserted into the Memorandum of Incorporation as a new schedule:

**SCHEDULE "A"****PART 1: RIGHTS, LIMITATIONS AND OTHER TERMS RELATING TO THE "A1" ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY**

1. For the purposes hereof--
  - 1.1. "A1" ordinary Shares" means the "A1" ordinary Shares of no par value in the Company, the rights, limitations and other terms of which are set out in Part 1 of this Schedule "A";
  - 1.2. "A1 Redeemed Shares" means the number of "A1" ordinary Shares which are automatically redeemed by the Company on the Calculation Date in accordance with the formula set out in below;
  - 1.3. "A1 Remaining Shares" means the "A1" ordinary Shares at the Calculation Date, which are not "A1" Redeemed Shares;
  - 1.4. "AMSA Shares" means ordinary shares of no par value in the share capital of the Company, which shares are listed on the JSE;
  - 1.5. "B-BBEE CO" means Amandla We Nsimbi (Pty) Ltd (Registration number 2015/444048/07);
  - 1.6. "Calculation Date" means the first Business Day following the 10th anniversary of the Issue Date, or such later date as contemplated in 11 below;
  - 1.7. "Cash Dividend" means during the period from the first Business Day following the 7th anniversary of the Issue Date until the Participation Date, the cash dividend payable in respect of an "A1" ordinary Share being an amount equal to 5% of the ordinary dividend paid on an AMSA Share during such period;
  - 1.8. "Issue Date" means the date on which the "A1" ordinary Shares are issued to B-BBEE CO;
  - 1.9. "Issue Price" means R0,00001 (one thousandth of a cent) per "A1" ordinary Share;
  - 1.10. "JIBAR" means The Johannesburg Inter Bank Agreed Rate of interest quoted for loans denominated in ZAR having a maturity of six months, displayed as the ZAR-JIBAR-SAFEX, 6 month Yield Rate shown on Reuters Page SAFEX (or any successor page on such service (or, if not available, as quoted on a reputable financial information service) for the purpose of displaying Johannesburg interbank average rates of leading banks for ZAR deposits) as of 12:00 p.m. Johannesburg Time, on the date on which it is to be determined;
  - 1.11. "Notional Amount" means the notional debt attaching to an "A1" ordinary Share as at the Issue Date, being R7,3669 (seven Rand and thirty six point six nine cents), to be adjusted to include the additional costs incurred, expressed on a per share basis, to introduce a Broad-Based party as set out in the relevant provisions of the Subscription Agreement and adjusted in accordance with the provisions of and below, if applicable;
  - 1.12. "Notional Dividend" means-

- a) during the period from the Issue Date to the 7<sup>th</sup> anniversary of the Issue Date, the notional dividend attributable to an "A1" ordinary Share being an amount equal to the ordinary dividend paid on an AMSA Share during such period;
- b) during the period from the first Business Day following the 7<sup>th</sup> anniversary of the Issue Date until the Participation Date, the notional dividend attributable to an "A1" ordinary Share being an amount equal to 95% of the ordinary dividend paid on an AMSA Share during such period,

and the notional dividend shall be deducted from the Notional Outstanding, provided that if the Notional Outstanding is equal to zero, then such amount shall be paid to the holder of the "A1" ordinary Share as a dividend;

- 1.13. "Notional Outstanding" means the notional outstanding per "A1" ordinary Share at the relevant date, calculated in accordance with the following formula;

$$NO = NA - ND$$

Where:

- NO = the Notional Outstanding;
- NA = the Notional Amount attributable to an "A1" ordinary Share increased and accumulated at the Notional Rate (nominal annual compounded semi-annually) from the Issue Date to the date of calculation;
- ND = the aggregate Notional Dividends that have been attributable to an "A1" ordinary Share since the Issue Date with each Notional Dividend being increased at the Notional Rate (nominal annual compounded semi-annually) with effect from the date on which such Notional Dividend is attributable to the "A1" ordinary Share, up until the date of calculation.

- 1.14. "Notional Rate" means the prevailing 6 month JIBAR plus 6%;
- 1.15. "Participation Date" means the earlier of the date on which the Notional Outstanding of the "A1" ordinary Shares equal zero as a result of the allocation of sufficient Notional Dividends or the Calculation Date on which the Company has redeemed "A1" ordinary Shares held by the "A1" ordinary Shares shareholders;
- 1.16. "Signature Date" means the date of signature by the last party to sign the Subscription Agreement;
- 1.17. "Subscription Agreement" means the written subscription agreement between the Company and B-BBEE CO pursuant to which B-BBEE CO agreed to subscribe for the "A1" ordinary Shares in the authorised capital of the Company and the Company agreed to issue such "A1" ordinary Shares to B-BBEE CO, all on terms and conditions reflected in such written subscription agreement;
- 1.18. "Value Per Share" means if the AMSA Shares remain traded on the JSE, the VWAP, or in any other case, the value per ordinary Share as determined by the external auditors of the Company (and, if such external auditors are unable to act for any reason whatsoever, an independent chartered accountant with no less than 10 (ten) years experience selected by the President for the time being of the South African Institute of Chartered Accountants), who shall act as experts (and not as arbitrators) and whose decision shall be final and binding;
- 1.19. "VWAP" means the 30 day volume weighted average trading price of an AMSA Share on the JSE.
2. The rights, limitations and other terms attaching to the "A1" ordinary Shares may only be varied or cancelled by means of a special resolution passed by the Company with the consent in writing of the holder of the "A1" ordinary Shares.
3. Each of the "A1" ordinary Shares shall entitle the holder to receive notice of and vote on any matter to be decided by the shareholders in accordance with the Companies Act and the Memorandum of Incorporation of the Company and the "A1" ordinary Shares shall rank pari passu with the AMSA Shares in respect of voting rights.

4. On the liquidation of the Company, each "A1" ordinary Share shall entitle the holder to participate pari passu with the AMSA Shares, provided that in calculating the liquidation dividend payable on each "A1" ordinary Share, the liquidation dividend payable in respect of an "A1" ordinary Share shall be reduced by the Notional Outstanding (if any) as at the date of liquidation.
5. Until the Participation Date, the "A1" ordinary Shares shall not participate any distribution of the assets or capital of the Company (including dividends or other distributions to shareholders), save for the Cash Dividend. Upon the "A1" Redeemed Shares being automatically redeemed on the Calculation Date in accordance with the provisions of below, all of the "A1" Remaining Shares shall automatically and without any further action rank pari passu with the AMSA Shares in respect of participating in any distribution of the assets or capital of the Company (including dividends or other distributions to shareholders).
6. The following provisions shall apply to the "A1" ordinary Shares in respect of the following corporate actions-
  - 6.1. if there is a capitalisation issue by the Company prior to the Participation Date-
    - 6.1.1 if the capitalisation issue is an elective award of capitalisation AMSA Shares, the holder of the "A1" ordinary Shares will be issued at least sufficient shares in order to maintain the same ownership level and then the holder of the "A1" ordinary Shares shall have the election of whether to receive notional cash or scrip and if notional cash is elected, this will be used to reduce the aggregate Notional Amount on all the "A1" ordinary Shares;
    - 6.1.2 if the capitalisation issue is a non-elective award of capitalisation AMSA Shares, at the same time that such capitalisation shares are issued, the Company shall issue and allot a proportionate number of "A1" ordinary Shares to the holder of the "A1" ordinary Shares at the Issue Price and the aggregate Notional Amount on all the "A1" ordinary Shares shall be adjusted to apportion such aggregate Notional Amount to all the "A1" ordinary Shares on a pro rata basis.
  - 6.2. If there is a general buy back of AMSA Shares prior to the Calculation Date, the Company will repurchase a proportionate number of "A1" ordinary Shares at the Issue Price and reduce the aggregate Notional Amount on all the "A1" ordinary Shares by the difference between the buy back price paid per AMSA Share and the Issue Price per "A1" ordinary Share multiplied by the number of "A1" ordinary Shares repurchased. If the buy back price paid per AMSA Share exceeds the Notional Amount, such excess shall reduce the aggregate Notional Amount on the "A1" ordinary Shares that remain after the repurchase. If the buy back price paid per AMSA Share is less than the Notional Amount, such shortfall shall be added to the aggregate Notional Amount on the "A1" ordinary Shares that remain after the repurchase. Such aggregate adjustment will be calculated on a per share basis for the purpose of adjusting the Notional Amount in terms of 1.11 above.
  - 6.3. If the Company makes a rights offer to the Company shareholders at any time prior to the Calculation Date, such rights offer will be made on the same terms and conditions to the holder of the "A1" ordinary Shares to allow them to subscribe for additional "A1" ordinary Shares. If the holder of the "A1" ordinary Shares does not have sufficient funds to follow its rights, the Company will use its best endeavours to provide notional funding on similar terms that was afforded in respect of the issue of the "A1" ordinary Shares to ensure that B-BBEE CO's percentage shareholding in the Company is not diluted.
  - 6.4. If there is a sub-division or consolidation of AMSA Shares prior to the Calculation Date, the "A1" ordinary Shares will be treated the same as the AMSA Shares.
7. Before the Calculation Date, the holder of the "A1" ordinary Shares shall not be entitled to Dispose of or create any Encumbrance over any of the "A1" ordinary Shares. To give effect to the provisions of this , the "A1" ordinary Shares shall be certificated and the share certificates of the "A1" ordinary Shares shall be held in safe custody by the secretary of the Company. The certificates of the "A1" ordinary Shares shall be appropriately endorsed to reflect the existence of the safe custody arrangement.
8. On the Calculation Date, such number of the "A1" ordinary Shares as is determined in accordance with the following formula, shall automatically and without further action, be redeemed at the redemption price of R0,00001 (one thousandth of a cent) per "A1" ordinary Share.



$$N = (NO \times A) / VPS$$

Where:

N	=	the number of "A1" ordinary Shares to be redeemed ("A1" Redeemed Shares);
NO	=	the Notional Outstanding per "A1" ordinary Share at the Calculation Date;
VPS	=	the Value Per Share as at the Calculation Date;
A	=	the number of "A1" ordinary Shares held by B-BBEE CO on the Calculation Date.

9. On the Calculation Date-
  - 9.1. the "A1" Remaining Shares shall automatically be released from safe custody and the share certificates shall be delivered to the company secretary of the Company to procure that the "A1" Remaining Shares become uncertificated; and
  - 9.2. the "A1" Remaining Shares shall be renamed "Ordinary Shares" and shall be listed on the JSE and shall rank *pari passu* in all respects with the AMSA Shares.
10. After the Calculation Date, as there shall be no further "A1" ordinary Shares in existence, all the provisions in this Memorandum of Incorporation relating to the "A1" ordinary Shares shall cease to be of any further force and effect.
11. The Calculation Date may be postponed in accordance with the provisions set out below:
  - 11.1. Either the Company or B-BBEE CO ("the Notifying Party") shall be entitled by no later than 60 Business Days prior to the 10th Anniversary of the Issue Date, by written notice ("the Redemption Postponement Notice") to the other party ("the Receiving Party"), to propose the postponement of the redemption of the A1 Ordinary Shares in accordance with the formula set out in 8 above ("the Redemption") to a period between the 10th anniversary of the Issue Date and the 11th anniversary of the Issue Date. The Redemption Postponement Notice shall be accompanied by a written motivation explaining why the Notifying Party is proposing that the Redemption be postponed.
  - 11.2. The Receiving Party shall within 30 Business Days of receipt of the Redemption Postponement Notice, respond advising the Notifying Party if they are in agreement to postponing the Redemption. If the Receiving Party does not respond within such period of 30 Business Days, or responds advising the Notifying Party that they are not in agreement to postponing the Redemption, the Calculation Date shall remain the first Business Day following the 10th anniversary of the Issue Date.
  - 11.3. If the Receiving Party responds within such period of 30 Business Days advising the Notifying Party that they are in agreement to postponing the Redemption, the Notifying Party and the Receiving Party shall negotiate in good faith to agree on a date, which shall be after the 10th anniversary of the Issue Date but not later than the 11th anniversary of the Issue Date, on which the Redemption shall take place and the date agreed upon shall be the Calculation Date. If the Notifying Party and the Receiving Party cannot agree on a date by no later than 10 Business Days prior to the 10<sup>th</sup> anniversary of the Issue Date, the date will be determined by the Company by written notice to B-BBEE CO and the date in such written notice shall be the Calculation Date.

## **PART 2: RIGHTS, LIMITATIONS AND OTHER TERMS RELATING TO THE "A2" ORDINARY SHARES IN THE SHARE CAPITAL OF THE COMPANY**

1. For the purposes hereof--
  - 1.1. "A2" ordinary Shares" means the "A2" ordinary Shares of no par value in the Company, the rights, limitations and other terms of which are set out in Part 2 of this Schedule "A";
  - 1.2. "A2" Redeemed Shares" means the number of "A2" ordinary Shares which are automatically redeemed by the Company on the Calculation Date in accordance with the formula set out in below;
  - 1.3. "A2" Remaining Shares" means the "A2" ordinary Shares at the Calculation Date, which are not "A2" Redeemed Shares;

- 1.4. "AMSA Employee Empowerment Share Trust" means the ArcelorMittal South Africa Employee Empowerment Share Trust (Masters Reference IT 2720/2016(G));
- 1.5. "AMSA Shares" means ordinary shares of no par value in the share capital of AMSA, which shares are listed on the JSE;
- 1.6. "Calculation Date" means the first Business Day following the 10th anniversary of the Issue Date;
- 1.7. "Cash Dividend" means during the period from the first Business Day following the 7th anniversary of the Issue Date until the Participation Date, the cash dividend payable in respect of an "A2" ordinary Share being an amount equal to 5% of the ordinary dividend paid on an AMSA Share during such period;
- 1.8. "Issue Date" means the date on which the "A2" ordinary Shares are issued to the AMSA Employee Empowerment Share Trust;
- 1.9. "Issue Price" means R0,00001 (one thousandth of a cent) per "A2" ordinary Share;
- 1.10. "JIBAR" means The Johannesburg Inter Bank Agreed Rate of interest quoted for loans denominated in ZAR having a maturity of six months, displayed as the ZAR-JIBAR-SAFEX, 6 month Yield Rate shown on Reuters Page SAFEX (or any successor page on such service (or, if not available, as quoted on a reputable financial information service) for the purpose of displaying Johannesburg interbank average rates of leading banks for ZAR deposits) as of 12:00 p.m. Johannesburg Time, on the date on which it is to be determined;
- 1.11. "Notional Amount" means the notional debt attaching to an "A2" ordinary Share as at the Issue Date, being R7,20 (seven Rand 20 cents) adjusted in accordance with the provisions of and below, if applicable;
- 1.12. "Notional Dividend" means-
  - a) during the period from the Issue Date to the 7th anniversary of the Issue Date, the notional dividend attributable to an "A2" ordinary Share being an amount equal to the ordinary dividend paid on an AMSA Share during such period;
  - b) during the period from the first Business Day following the 7th anniversary of the Issue Date until the Participation Date, the notional dividend attributable to an "A2" ordinary Share being an amount equal to 95% of the ordinary dividend paid on an AMSA Share during such period,

and the notional dividend shall be deducted from the Notional Outstanding, provided that if the Notional Outstanding is equal to zero, then such amount shall be paid to the holder of the "A2" ordinary Share as a dividend;

- 1.13. "Notional Outstanding" means the notional outstanding per "A2" ordinary Share at the relevant date, calculated in accordance with the following formula;

$$NO = NA - ND$$

Where:

- |    |   |                                                                                                                                                                                                                                                                                                                                                                |
|----|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| NO | = | the Notional Outstanding;                                                                                                                                                                                                                                                                                                                                      |
| NA | = | the Notional Amount attributable to an "A2" ordinary Share increased and accumulated at the Notional Rate (nominal annual compounded semi- annually) from the Issue Date to the date of calculation;                                                                                                                                                           |
| ND | = | the aggregate Notional Dividends that have been attributable to an "A2" ordinary Share since the Issue Date with each Notional Dividend being increased at the Notional Rate (nominal annual compounded semi-annually) with effect from the date on which such Notional Dividend is attributable to the "A2" ordinary Share, up until the date of calculation. |

- 1.14. "Notional Rate" means the prevailing 6 month JIBAR plus 6%;
- 1.15. "Participation Date" means the earlier of the date on which the Notional Outstanding of the "A2" ordinary Shares equal zero as a result of the allocation of sufficient Notional Dividends or the Calculation Date on which the Company has redeemed "A2" ordinary Shares held by the "A2" ordinary Shares shareholders;

- 1.16. "Signature Date" means the date of signature by the last party to sign the Subscription Agreement;
- 1.17. "Subscription Agreement" means the written subscription agreement between the Company and the AMSA Employee Empowerment Trust pursuant to which the AMSA Employee Empowerment Trust agreed to subscribe for the "A2" ordinary Shares in the authorised capital of the Company and the Company agreed to issue such "A2" ordinary Shares to the AMSA Employee Empowerment Trust, all on terms and conditions reflected in such written subscription agreement;
- 1.18. "Value Per Share" means if the AMSA Shares remain traded on the JSE, the VWAP, or in any other case, the value per ordinary Share as determined by the external auditors of the Company (and, if such external auditors are unable to act for any reason whatsoever, an independent chartered accountant with no less than 10 (ten) years experience selected by the President for the time being of the South African Institute of Chartered Accountants), who shall act as experts (and not as arbitrators) and whose decision shall be final and binding;
- 1.19. "VWAP" means the 30 day volume weighted average trading price of an AMSA Share on the JSE.
2. The rights, limitations and other terms attaching to the "A2" ordinary Shares may only be varied or cancelled by means of a special resolution passed by the Company with the consent in writing of the holder of the "A2" ordinary Shares.
3. Each of the "A2" ordinary Shares shall entitle the holder to receive notice of and vote on any matter to be decided by the shareholders in accordance with the Companies Act and the Memorandum of Incorporation of the Company and the "A2" ordinary Shares shall rank *pari passu* with the AMSA Shares in respect of voting rights.
4. On the liquidation of the Company, each "A2" ordinary Share shall entitle the holder to participate *pari passu* with the AMSA Shares, provided that in calculating the liquidation dividend payable on each "A2" ordinary Share, the liquidation dividend payable in respect of an "A2" ordinary Share shall be reduced by the Notional Outstanding (if any) as at the date of liquidation.
5. Until the Participation Date, the "A2" ordinary Shares shall not participate any distribution of the assets or capital of the Company (including dividends or other distributions to shareholders), save for the Cash Dividend. Upon the "A2" Redeemed Shares being automatically redeemed on the Calculation Date in accordance with the provisions of below, all of the "A2" Remaining Shares shall automatically and without any further action rank *pari passu* with the AMSA Shares in respect of participating in any distribution of the assets or capital of the Company (including dividends or other distributions to shareholders).
6. The following provisions shall apply to the "A2" ordinary Shares in respect of the following corporate actions-
- 6.1. if there is a capitalisation issue by the Company prior to the Participation Date-
- 6.1.1 if the capitalisation issue is an elective award of capitalisation AMSA Shares, the holder of the "A2" ordinary Shares will be issued at least sufficient shares in order to maintain the same ownership level and then the holder of the "A2" ordinary Shares shall have the election of whether to receive notional cash or scrip and if notional cash is elected, this will be used to reduce the aggregate Notional Amount on all the "A2" ordinary Shares;
- 6.1.2 if the capitalisation issue is a non-elective award of capitalisation AMSA Shares, at the same time that such capitalisation shares are issued, the Company shall issue and allot a proportionate number of "A2" ordinary Shares to the holder of the "A2" ordinary Shares at the Issue Price and the aggregate Notional Amount on all the "A2" ordinary Shares shall be adjusted to apportion such aggregate Notional Amount to all the "A2" ordinary Shares on a pro rata basis.
- 6.2. If there is a general buy back of AMSA Shares prior to the Calculation Date, the Company will repurchase a proportionate number of "A2" ordinary Shares at the Issue Price and reduce the aggregate Notional Amount on all the "A2" ordinary Shares by the difference between the buy back price paid per AMSA Share and the Issue Price per "A2" ordinary Share multiplied by the number of "A2" ordinary Shares repurchased. If the buy back price paid per AMSA Share exceeds the Notional Amount, such excess shall reduce the aggregate Notional Amount on the "A2" ordinary Shares that remain after the repurchase.

If the buy back price paid per AMSA Share is less than the Notional Amount, such shortfall shall be added to the aggregate Notional Amount on the "A2" ordinary Shares that remain after the repurchase. Such aggregate adjustment will be calculated on a per share basis for the purpose of adjusting the Notional Amount in terms of 1.11 above

- 6.3 If the Company makes a rights offer to the Company shareholders at any time prior to the Calculation Date, such rights offer will be made on the same terms and conditions to the holder of the "A2" ordinary Shares to allow them to subscribe for additional "A2" ordinary Shares. If the holder of the "A2" ordinary Shares does not have sufficient funds to follow its rights, the Company will use its best endeavours to provide notional funding on similar terms that was afforded in respect of the issue of the "A2" ordinary Shares to ensure that the AMSA Employee Empowerment Trust's percentage shareholding in the Company is not diluted.
- 6.4 If there is a sub-division or consolidation of AMSA Shares prior to the Calculation Date, the "A2" ordinary Shares will be treated the same as the AMSA Shares.
7. Before the Calculation Date, the holder of the "A2" ordinary Shares shall not be entitled to Dispose of or create any Encumbrance over any of the "A2" ordinary Shares other than in accordance with the provisions of the trust deed of the AMSA Employee Empowerment Share Trust. To give effect to the provisions of this, the "A2" ordinary Shares shall be certificated and the share certificates of the "A2" ordinary Shares shall be held in safe custody by the secretary of the Company. The certificates of the "A2" ordinary Shares shall be appropriately endorsed to reflect the existence of the safe custody arrangement.
8. On the Calculation Date, such number of the "A2" ordinary Shares as is determined in accordance with the following formula, shall automatically and without further action, be redeemed at the redemption price of R0,00001 (one thousandth of a cent) per "A2" ordinary Share.

$$N = (NO \times A) / VPS$$

Where:

N	=	the number of "A2" ordinary Shares to be redeemed ("A2" Redeemed Shares);
NO	=	the Notional Outstanding per "A2" ordinary Share at the Calculation Date;
VPS	=	the Value Per Share as at the Calculation Date;
A	=	the number of "A2" ordinary Shares held by the AMSA Employee Empowerment Trust on the Calculation Date.

9. On the Calculation Date-
  - 9.1. the "A2" Remaining Shares shall automatically be released from safe custody and the share certificates shall be delivered to the company secretary of the Company to procure that the "A2" Remaining Shares become uncertificated; and
  - 9.2. the "A2" Remaining Shares shall be renamed "Ordinary Shares" and shall be listed on the JSE and shall rank *pari passu* in all respects with the AMSA Shares.
10. After the Calculation Date, as there shall be no further "A2" ordinary Shares in existence, all the provisions in this Memorandum of Incorporation relating to the "A2" ordinary Shares shall cease to be of any further force and effect.

## INDEPENDENT EXPERT FAIRNESS OPINION

The Directors  
ArcelorMittal South Africa Limited  
2 Delfos Boulevard  
Vanderbijlpark, 1911  
South Africa  
(PO Box 2, Vanderbijlpark, 1900)

6 October 2016

Dear Sirs

### REPORT OF THE INDEPENDENT PROFESSIONAL EXPERT TO ARCELORMITTAL SOUTH AFRICA LIMITED REGARDING A PROPOSED BROAD-BASED BLACK ECONOMIC EMPOWERMENT TRANSACTION

#### INTRODUCTION

ArcelorMittal South Africa Limited ("AMSA" or "the Company") announced on the Stock Exchange News Service of the JSE Limited ("JSE") ("SENS") on 28 September 2016, a proposed Broad-Based Black Economic Empowerment ("B-BBEE") transaction, whereby AMSA will introduce B-BBEE ownership through a notionally funded share issue to strategic black partners, Likamva Resources Proprietary Limited ("Likamva"), AMSA employees, AMSA management and ultimately a community Broad-Based BEE Party ("Broad Based Party") ("B-BBEE Transaction").

The proposed B-BBEE Transaction comprises the following inter-conditional elements:

- The subscription by Likamva for 100% of the ordinary shares in a special purpose vehicle ("B-BBEE CO"). Initially Likamva will be the sole shareholders in B-BBEE CO, but has undertaken to introduce, within 24 months, a Broad-Based Party into B-BBEE CO, such that the Broad-Based Party holds an indirect effective 5.1% shareholding in AMSA;
- The subscription by B-BBEE CO for 243 240 276 A1 ordinary shares of no par value in the issued share capital of AMSA ("A1 Ordinary Shares") ("A1 Specific Issue"), which will amount to 17% of the total issued share capital of AMSA, at an aggregate nominal consideration of R243.24, but with notional funding of R7.367 per share ("A1 Notional Amount") being 90% of the volume weighted average price of ordinary shares of no par value in the share capital of AMSA ("AMSA Shares") ("VWAP") calculated for the 30 JSE trading days preceding 27 September 2016, the date the AMSA Subscription Agreement was signed, plus transaction costs; and
- The subscription by AMSA Employee Empowerment Share Trust, an Employee Share Ownership Programme ("ESOP"), through which AMSA employees and management will participate in the B-BBEE Transaction, for 72 972 083 A2 ordinary shares of no par value ("A2 Ordinary Shares") ("A2 Specific Issue") at an aggregate nominal consideration of R72.97, but with notional funding of R7.20 per share ("A2 Notional Amount") being 90% of the VWAP calculated for the 30 JSE trading days preceding 27 September 2016.

A1 Ordinary Shares and A2 Ordinary Shares (collectively "AMSA Empowerment Shares") will receive notional dividends during the 10 year participation period ("Lock-in Period") and a small "trickle dividend" from the 7th anniversary. In all other respects AMSA Empowerment Shares rank pari passu with AMSA Shares. B-BBEE CO and the AMSA Employee Empowerment Share Trust as the holders of the AMSA Empowerment Shares will be prohibited from trading the shares during the Lock-in Period and B-BBEE CO will be subject to further restrictions regarding the transferability of ownership of A1 Ordinary Shares thereafter, as more fully set out in the Circular.

Full details of the B-BBEE Transaction are contained in the circular to AMSA shareholders ("the Circular") to be dated on or about 17 October 2016, which will include a copy of this letter.

#### FAIRNESS OPINION REQUIRED IN TERMS OF THE JSE LISTINGS REQUIREMENTS

WA de Klerk and D Subramanian, who are directors of the Company and are beneficiaries of AMSA Employee Empowerment Share Trust are considered related parties in terms of paragraph 10.1(b)(ii) of the Listings

Requirements of the JSE (“Listings Requirements”). In addition, the AMSA Empowerment Shares are new classes of shares which will not be listed on the exchanges operated by the JSE. In terms of paragraphs 5.51(a) and 5.51(f) of the Listings Requirements, as the B-BBEE Transaction entails the issue of new classes of unlisted shares and the issue is to related parties at a discount to the 30-day VWAP as at the date on which the pricing was agreed, being 27 September 2016, the directors of AMSA (“Board” or “Directors”) are required to provide written confirmation from an independent professional expert that the:

- terms of the A2 Specific Issue are fair insofar as the shareholders of AMSA are concerned; and
- terms of the B-BBEE Transaction are fair insofar as the shareholders of AMSA are concerned (“the Fairness Opinion”).

BDO Corporate Finance has been appointed by the board of directors of AMSA to provide a fairness opinion with regard to the A2 Specific Issue and B-BBEE Transaction.

## **RESPONSIBILITY**

Compliance with the Listings Requirements is the responsibility of the Directors. Our responsibility is to report to the directors and shareholders of AMSA on the fairness of the terms of the A2 Specific Issue and B-BBEE Transaction.

## **EXPLANATION AS TO HOW THE TERMS “FAIR” APPLY IN THE CONTEXT OF THE TRANSACTION**

Schedule 5.7 of the Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. A transaction will generally be considered fair to a company’s shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value ceded by a company.

The A2 Specific Issue may be said to be fair to the shareholders of AMSA if the price at which A2 Ordinary Shares are issued is greater than or equal to the value of an AMSA Share.

The B-BBEE Transaction may be considered fair if the quantifiable benefits received by AMSA from the B-BBEE Transaction are equal to or greater than the value surrendered in terms of the B-BBEE Transaction.

## **DETAILS AND SOURCES OF INFORMATION**

In arriving at our opinion we have relied upon the following principal sources of information:

- The terms and conditions of the B-BBEE Transaction, as set out in the Circular;
- The B-BBEE Transaction Agreements, collectively:
  - the agreement, dated 27 September 2016, between AMSA and B-BBEE CO, in terms of which the B-BBEE CO appointed AMSA to provide certain administrative services to B-BBEE CO (the “Administrative Services Agreement”);
  - the memorandum of incorporation of B-BBEE CO (“the B-BBEE CO MOI”);
  - the agreement, dated 27 September 2016, between B-BBEE CO and AMSA in terms of which B-BBEE CO pledges, cedes and assigns to AMSA its rights in and to the A1 Ordinary Shares, as security for the obligations owed by B-BBEE CO to AMSA in terms of the B-BBEE CO Subscription and Relationship Agreement (“the B-BBEE CO Pledge and Cession”);
  - the agreement between AMSA and B-BBEE CO, dated 27 September 2016, in terms of which, inter alia, B-BBEE CO will subscribe for A1 Ordinary Shares and in terms of which the relationship between B-BBEE CO and AMSA will be governed (“the B-BBEE CO Subscription and Relationship Agreement”);
  - the agreement, dated 27 September 2016, between AMSA, Likamva, and B-BBEE CO in terms of which the parties thereto have agreed to co-operate and undertake the necessary steps to implement and give effect to the B-BBEE Transaction (“the Co-operation Agreement”);

- the agreement, dated 27 September 2016, between Likamva and AMSA in terms of which Likamva pledges and cedes in securitatem debiti, all of the ordinary shares it owns in B-BBEE CO to AMSA as security for the obligations by Likamva to AMSA in terms of the Likamva Subscription and Relationship Agreement (“the Likamva Pledge and Cession”);
  - the agreement between AMSA, B-BBEE CO and Likamva in terms of which, inter alia, Likamva will subscribe for 1 000 B-BBEE CO Ordinary Shares and in terms of which the relationship between B-BBEE CO, Likamva and AMSA will be governed (“the Likamva Subscription and Relationship Agreement”); and
  - the agreement, dated 27 September 2016, between AMSA and AMSA Employee Empowerment Share Trust in terms of which AMSA Employee Empowerment Share Trust will subscribe for A2 Ordinary Shares; (“the AMSA Employee Empowerment Share Trust Subscription Agreement”);
- Integrated Audited Annual Reports of AMSA for the years ended 31 December 2014 and 2015;
  - Reviewed condensed consolidated financial statements of AMSA for the six months ended 30 June 2016;
  - Forecast financial information of AMSA on a consolidated basis for the five-year period ended 31 December 2020;
  - Salient terms of AMSA's and the South African Government's new pricing model and the import tariff structure imposed by the South African Government;
  - Salient terms of the Settlement Agreement between AMSA and the Competition Commission (“Commission”);
  - Precedent transactions of a similar nature;
  - Discussions with AMSA directors and management regarding the rationale for the B-BBEE Transaction;
  - Discussions with AMSA directors and management on prevailing market, economic, legal and other conditions which may affect underlying value;
  - Share price information of AMSA over the last 12 months to assess the liquidity and volatility of AMSA shares;
  - Publicly available information relating to AMSA, comparable publicly traded companies and the markets in which AMSA and its peers operate.

The information above was secured from:

- Directors and management of AMSA and their advisors; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing AMSA.

## **PROCEDURES AND CONSIDERATION**

In arriving at our opinion we have undertaken the following procedures and taken into account the following factors in evaluating the fairness of the A2 Specific Issue and B-BBEE Transaction:

- Obtained an understanding of the B-BBEE Transaction;
- Reviewed the audited and unaudited financial information related to AMSA, as detailed above;
- Reviewed and obtained an understanding from management as to the forecast financial information of AMSA and assessed the achievability thereof by considering historic information as well as macro-economic and sector-specific data;
- Compiled consolidated forecast free cash flows for AMSA pre-B-BBEE Transaction by using the historic and forecast financial information as detailed above. Applied BDO Corporate Finance's assumptions of cost of capital to the consolidated forecast cash flows to produce a consolidated desktop discounted cash flow (“DCF”) valuation of AMSA pre-B-BBEE Transaction;

- Compiled a capitalisation of maintainable earnings valuation of AMSA pre-B-BBEE Transaction by using adjusted consolidated historical and forecast financial information and applied BDO Corporate Finance's calculated earnings multiples based on market comparables, adjusted for factors specific to AMSA relative to listed peers to revenue, earnings before interest and tax ("EBIT"), earnings before interest, taxation, depreciation and amortisation ("EBITDA") and profit after tax ("PAT");
- Performed a sensitivity analysis on key assumptions included in the DCF valuation, specifically related to cost of capital and growth in the business;
- Prepared an estimate of the financial benefit to AMSA of concluding the B-BBEE Transaction. In determining this benefit, the following procedures were performed:
  - Through various discussions with management, assessed the risks to AMSA of not concluding the B-BBEE Transaction as well as the benefits of concluding the B-BBEE Transaction;
  - Identified the mitigating factors that management could take to minimise the identified risks;
  - Based on the above, performed a quantification of the potential cash flow effects to AMSA following conclusion of the B-BBEE Transaction;
  - Compiled a financial model using forecasts of the potential cash flow effects to AMSA following conclusion of the B-BBEE Transaction and applied BDO Corporate Finance's assumptions of cost of capital to the forecast cash flows to produce a discounted cash flow valuation of the financial benefit of the B-BBEE Transaction to AMSA;
  - Performed a sensitivity analysis on key assumptions included in the cash flow, specifically by applying probability factors to the potential cash flow effects;
- Prepared an estimate of the economic cost to AMSA of concluding the B-BBEE Transaction being the International Financial Reporting Standards ("IFRS") 2 cost and other transaction costs;
- Reviewed the Codes of Good Practice published by the Department of Trade and Industry in terms of section 9 of the B-BBEE Act, as amended and replaced from time to time ("B-BBEE Codes");
- Assessed the long-term potential of AMSA;
- Evaluated the relative risks associated with AMSA and the industry in which it operates;
- Reviewed certain publicly available information relating to AMSA, comparable publicly traded companies and the industry in which the company operates that we deemed to be relevant, including company announcements and media articles;
- Where relevant, representations made by management and/or directors were corroborated to source documents or independent analytical procedures were performed by us, to examine and understand the industry in which AMSA operates, and to analyse external factors that could influence the business;

Performed such other studies and analyses as we considered appropriate and have taken into account our assessment of general economic, market and financial conditions and our experience in other transactions, as well as our experience in securities valuation and knowledge of the steel industry generally; and

- Held discussions with senior management of AMSA regarding the past and current business operations, regulatory requirements, financial condition and future prospects of the Company and such other matters as we have deemed relevant to our inquiry.

## **ASSUMPTIONS**

We arrived at our opinion based on the following assumptions:

- That all agreements that are to be entered into in terms of the B-BBEE Transaction will be legally enforceable;
- That the B-BBEE Transaction will have the legal, accounting and taxation consequences described in discussions with, and materials furnished to us by representatives and advisors of AMSA; and
- That reliance can be placed on the financial information of AMSA.



## **APPROPRIATENESS AND REASONABLENESS OF UNDERLYING INFORMATION AND ASSUMPTIONS**

We satisfied ourselves as to the appropriateness and reasonableness of the information and assumptions employed in arriving at our opinion by:

- Conducting analytical reviews on the historical financial results and forecast financial information, such as key ratio and trend analyses; and
- Determining the extent to which representations from management were confirmed by documentary evidence as well as our understanding of AMSA and the economic environment in which the Company operates.

## **LIMITING CONDITIONS**

This opinion is provided to the directors and shareholders of AMSA in connection with and for the purposes of the A2 Specific Issue and B-BBEE Transaction. The opinion does not purport to cater for each individual shareholder's perspective, but rather that of the general body of AMSA shareholders.

Individual shareholders' decisions regarding the A2 Specific Issue and B-BBEE Transaction may be influenced by such shareholders' particular circumstances and accordingly individual shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the A2 Specific Issue and B-BBEE Transaction.

We have relied upon and assumed the accuracy of the information provided to us in deriving our opinion. Where practical, we have corroborated the reasonableness of the information provided to us for the purpose of our opinion, whether in writing or obtained in discussion with management, by reference to publicly available or independently obtained information. While our work has involved an analysis of, inter alia, the annual financial statements, and other information provided to us, our engagement does not constitute an audit conducted in accordance with generally accepted auditing standards.

We have also assumed that the A2 Specific Issue and B-BBEE Transaction will have the legal consequences described in discussions with, and materials furnished to us by representatives and advisors of AMSA and we express no opinion on such consequences.

Our opinion is based on current economic, regulatory and market as well as other conditions. Subsequent developments may affect the opinion, and we are under no obligation to update, review or re-affirm our opinion based on such developments.

## **INDEPENDENCE**

We confirm that we have no direct or indirect interest in AMSA shares or the B-BBEE Transaction. We also confirm that we have the necessary qualifications and competence to provide the fairness opinion on the A2 Specific Issue and B-BBEE Transaction.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the B-BBEE Transaction.

## **VALUATION APPROACH**

BDO Corporate Finance performed a valuation of AMSA Shares pre-B-BBEE Transaction and a valuation of AMSA Shares post-B-BBEE Transaction to determine whether the B-BBEE Transaction is fair to the AMSA shareholders.

### **Pre-B-BBEE Transaction**

The valuation of AMSA was performed by applying the discounted cash flow methodology. In addition, we considered the market approach (based on financial data for comparable publicly traded companies) as a secondary methodology to support the results of the discounted cash flow valuation. The valuation of AMSA was performed on a consolidated basis, using consolidated cash flow forecasts, which were based on the cash flow forecasts for each of the AMSA operations.

The valuation was performed taking cognisance of risk and other market and industry factors affecting AMSA. External value drivers include key macro-economic parameters such as, GDP growth (forecast to improve to 1.7% growth by 2019 from 0.2% in 2016), interest rates (the prime lending rate at 11.0% for the forecast period), exchange rates (R/US\$ exchange rate range of R/US\$ 13.30 to R/US\$ 15.04), headline inflation rates (6.9% in 2016 slowing to 5.6% in 2019), and prevailing market and industry conditions (blended steel prices range of US\$ 519/tonne to US\$ 602/ tonne) were considered in assessing the forecast cash flows and risk profile of the AMSA.

Key internal value drivers comprise:

- A blended annual steel sales volume range of 4.2Mt to 5.3Mt over the forecast period;
- Sustainable contribution margin of 27.9%;
- Compound annual growth rate ("CAGR") in operating costs of 3.2%;
- A cash conversion rate of 5.6% over the forecast period;
- Sustainable capital expenditure of 5.6% of consolidated revenue; and
- A base case weighted average cost of capital ("WACC") of 14.8%.

In addition sensitivity analyses were performed in respect of volume growth and the weighted average cost of capital by increasing and decreasing volumes by a maximum of 5.0% and the WACC range by a maximum of 0.5%. The revenue growth rate and WACC sensitivity analysis did not indicate a sufficient effect on the valuation of AMSA to alter our opinion in respect of the fairness of the B-BBEE Transaction.

### **Post-B-BBEE Transaction**

We determined the value of the AMSA Shares post-B-BBEE Transaction by adjusting the value of the pre-B-BBEE Transaction AMSA Shares with the costs and quantifiable benefits of the B-BBEE Transaction.

### **The Economic Cost of the B-BBEE Transaction**

We reviewed the transaction agreements and held discussions with management and their advisors as part of the procedures to determine the costs of implementing the B-BBEE Transaction being the IFRS 2 cost in the amount of R798 million and AMSA transaction costs of R29 million and B-BBEE CO and Likamva transaction costs of R41 million as detailed in the Circular.

We employed a Monte Carlo option pricing model to determine the IFRS 2 cost of the B-BBEE Transaction. The Monte Carlo simulation model is a problem solving technique used to approximate the probability of certain outcomes by running multiple trial runs, called simulations, using random variables affecting the option valuation. The deemed option being valued in respect of the B-BBEE Transaction has a strike price that is influenced by dividends and distributions from AMSA, as well as interest rates. A Monte Carlo simulation allows for numerous iterations based on the variables affecting the strike price and calculates a strike price based on opening net loan balance, notional interest, and dividends and distributions from AMSA, determined based on a range of possible movements in earnings and the prime interest rate.

- Value drivers of the Monte Carlo option pricing model valuation include the:
  - a risk free rate of 7.31% – 8.66% based on a 6-month Johannesburg Interbank Agreed Rate ("JIBAR") approximating the term of the Lock in Period;
  - the closing market price of an AMSA Ordinary Share of R8.91 on 26 September 2016 as well as 30-day VWAP for AMSA Ordinary Shares of R8.00 up to 26 September 2016;
  - the forecast dividends and trickle dividends in respect of an AMSA Share;
  - Lock in Period;
  - the forecast outstanding balance in respect of the A1 Notional Amount and A2 Notional Amount after Lock in Period; and
  - the expected volatility of an AMSA Share of 40% (based on the implied volatility utilising call options on ArcelorMittal Société Anonyme, the holding company headquartered in Luxembourg. The call options trade on Euronext Amsterdam, formerly Amsterdam Stock Exchange).

The key internal value driver is the amount of forecast dividends and trickle dividends on AMSA Shares over the Lock in Period.

Key external value drivers are forecast interest rates and the expected volatility of AMSA Shares.

#### *The Financial Benefit of the B-BBEE Transaction*

In assessing the quantifiable benefits of the B-BBEE Transaction, we held discussions with management to identify and understand the impact on AMSA if the B-BBEE Transaction is not concluded.

BDO Corporate Finance noted that once the B-BBEE Transaction is concluded it will result in an improvement in the ownership element of AMSA's B-BBEE score, which would indirectly assist in the other pillars of the B-BBEE Code. The settlement of the Competition Commission fine and the B-BBEE Transaction are essential to restoring relationships with key stakeholders, most notably the South African Government ("Government") and regulators. In order to maintain its ability to operate in South Africa, AMSA is required by Government to be a transformed and reliable business. Owing to this the quantifiable benefits of the B-BBEE Transaction relate directly to the future operating capability of AMSA in South Africa.

BDO Corporate Finance noted five key initiatives identified by Management that have been historically communicated to shareholders of AMSA and could result in quantifiable benefits, which include:

- Import duties – All 10 of the Company's applications for import duties on the Company's steel products have been published in the Government Gazette. This relates to the import duties, from 0% to the bound rate of 10%, on imported primary steel that is locally produced;
- Safeguards – Five safeguard applications have been submitted to the International Trade Administration Commission of South Africa ("ITAC") for approval. Public hearings have been held regarding the Hot Rolled Coil ("HRC") application and an investigation in respect of Cold Rolled Coil ("CRC") has been initiated;
- Designation – With regard to the proposal for the designation of local primary steel for state procurement and use in Government infrastructure projects, National Treasury has issued instruction notes prescribing minimum local content thresholds on a number of products. AMSA awaits the outcome of further designation measures requested for construction, renewables, power generation and rail equipment. This initiative would require AMSA to have good B-BBEE credentials of which the B-BBEE Transaction is a key enabler; and
- Pricing principles – The pricing mechanism for local flat steel products is currently being finalised with the Department of Trade and Industry ("DTI") and the Economic Development Department ("EDD").

The above initiatives, should they be implemented, together with the restoration of the aforementioned relationships would assist in improving AMSA's future financial outlook especially in regards to going concern.

#### *A2 Specific Issue*

The AMSA Employee Empowerment Share Trust has been set up for permanently employed management and non-management employees of all job grades of AMSA. Employees who are on fixed term contracts, expatriate employees, employees who have resigned or have been dismissed will be excluded from participating in the AMSA Employee Empowerment Share Scheme.

The beneficiaries of the AMSA Employee Empowerment Share Trust include both employees who are Black Persons, as defined by the B-BBEE Act read with the B-BBEE Codes ("Black Persons") and other employees. Half of initial trust unit allocation will be based on an equal allocation to all qualifying employees, and the balance weighted according to employment grade.

The AMSA Employee Empowerment Share Trust is not a schedule 14 scheme as defined by the Listing Requirements.

Various options were considered by AMSA regarding participation by employees in the B-BBEE Transaction and the allocation of A2 Ordinary Shares. A scheme designed only for Black Persons would have the most favourable impact on the B-BBEE score. However, the guiding principles applied by AMSA in setting up the AMSA Employee Empowerment Share Trust were to:

- include all employees;
- achieve an appropriate balance between Black Persons and other employees;

- achieve an appropriate balance between management and other employees; and
- ensure that the scheme would at all times be a majority black owned scheme and this means that Black Persons need to be in the majority.

Since the A2 Specific Issue is contingent on the B-BBEE Transaction and is indivisible from the B-BBEE Transaction, it cannot be opined upon without reference to the B-BBEE Transaction. The intention of the AMSA Employee Empowerment Share Scheme is to balance the guiding principles applied by AMSA in setting up the AMSA Employee Empowerment Share Trust of being a majority black owned scheme while at the same time being inclusive. The level of Black Persons employee participation is a minimum 60% to qualify for an appropriate B-BBEE score.

## **OPINION**

BDO Corporate Finance has considered the terms and conditions of the A2 Specific Issue and B-BBEE Transaction and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the A2 Specific Issue and B-BBEE Transaction are fair to the AMSA shareholders.

Our opinion is necessarily based upon the information available to us up to 5 October 2016, including in respect of the financial information as well as other conditions and circumstances existing and disclosed to us. We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the A2 Specific Issue and B-BBEE Transaction have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

N Lazanakis  
Director

**BDO Corporate Finance Proprietary Limited**  
22 Wellington Road  
Parktown  
2193

## SALIENT TERMS OF THE DEED OF THE AMSA EMPLOYEE EMPOWERMENT SHARE TRUST AND THE RULES OF THE AMSA EMPLOYEE EMPOWERMENT SHARE SCHEME

### 1. CREATION OF TRUST UNITS

The Trustees, as directed by the Board will create a number of units ("Trust Units") which will be allocated to qualifying employees of the ArcelorMittal South Africa Employee Empowerment Share Scheme ("New Scheme"). The total number of Trust Units created by the Trustees over the period of the New Scheme, which shall last for the duration of the Lock-in Period ("Scheme Period"), will not equate to the number of A2 Ordinary Shares acquired and held by the AMSA Employee Empowerment Share Trust.

The Board may direct the Trustees to create Trust Units to make provision for offers to new joiners, grade promotions and to cancel Trust Units in the case of retirements or resignations in accordance with the rules of the New Scheme ("Scheme Rules"). Accordingly, the value of Trust Units will vary from time to time depending on the number of Trust Units created or cancelled over the Scheme Period.

### 2. ALLOCATION OF TRUST UNITS

The Trustees will allocate Trust Units to each of the qualifying employees according to their employment grade. For the first allocation of the Trust Units ("First Allocation"), the Trustees will create Trust Units equal to the number of A2 Ordinary Shares subscribed to by the AMSA Employee Empowerment Share Trust. Each qualifying employee, as part of the First Allocation, will be allocated the aggregate of:

- 4021 Trust Units; and
- such number of Trust Units based on their employment grades according to the table below:

Employment Grades	Number of Trust Units to be allocated to a qualifying employee based on his employment grade
A	47 104
B	27 104
C	17 454
D	14 070
E	10 135
F	7 809
G	5 796
H	3 545
I	3 193
J	2 342
K	1 981

For example, an employee on a B grade, will be allocated an aggregate of 31 125 Trust Units (4021+27 104).

All the Trust Units created as part of the First Allocation will be allocated to qualifying employees, regardless of their B-BBEE status.

Qualifying employees are not required to pay any consideration for their Trust Units or the A2 Ordinary Shares acquired by the AMSA Employee Empowerment Share Trust.

In terms of section 75 of the Companies Act, the Executive Directors who are Related Parties will not be involved in or vote on any decision relating to the allocation of Trust Units.

### 3. GENERAL RULES

- Employees are issued Trust Units based on their employment grade as set out in 2 above, save
- that during the Scheme Period, if the B-BBEE shareholding in AMSA decreases to below 25,1%, the Trustees will have an obligation to create and allocate additional Trust Units to Black Employees as will be required to restore AMSA's B-BBEE shareholding to 25,1%, in terms of the Codes, subject to the Board having an overriding discretion in the circumstances where such allocation will dilute the non Black Employees to an unjustifiable level or if it is not possible or feasible to achieve the 25,1% B-BBEE ownership level, and
- The Trust Units are not linked to the A2 Ordinary Shares held by the AMSA Employee Empowerment Share Trust.
- The Trust Units are allocated based on a 10 year vesting period.
- The Trust Units will vest equally in the Beneficiaries over the Scheme Period.
- At the end of year 10 of the Scheme Period, the number of AMSA Shares that a beneficiary will receive will depend on the number of Trust Units held by the beneficiary in relation to the total number of Trust Units held by all the beneficiaries and the number of AMSA Shares held by the AMSA Employee Empowerment Share Trust at the time.
- Union Trustee participation is determined at inception of the Scheme Period.
- Qualifying AMSA full time permanent employees who are not serving their notice periods will be awarded Trust Units as prescribed in the table in above as approved by the Board. Employees who are on fixed term contracts, expatriate employees, independent contractors, employees who have resigned or have been dismissed will be excluded from participating in the New Scheme,
- In the event of the death of an employee, AMSA is obliged to make a cash contribution determined by a formula to the AMSA Employee Empowerment Share Trust. The Trustees shall be required to use this contribution to make payment to the deceased beneficiary's estate.
- In the event that the A2 Notional Amount is zero and AMSA pays an ordinary dividend on an AMSA Share, this cash dividend paid on the A2 Ordinary Shares will be released to the beneficiaries on a pro rata basis in proportion to the number of Trust Units the beneficiary holds in relation to the total number of Trust Units held by all the beneficiaries at the time.
- At the end of the vesting period, an employee has an option of having AMSA Shares released to them, thereby acquiring a direct interest in the equity of AMSA or to receive the net proceeds derived from the sale of such shares.
- On termination of an employee's employment with AMSA, the following will apply:
  - Good leavers – will result in a proportionate participation in the New Scheme, in that the beneficiary will be entitled only to the portion of the Trust Units allocated to him or her calculated with reference to and in the same proportion that the number of days of the Scheme Period up to the employment termination date bears to the total Scheme Period, the remainder of the Trust Units allocated will be forfeited and cancelled.
  - Bad leavers – will forfeit all of his or her Trust Units.

### 4. TRUST MANAGEMENT

The Trust Deed will make provision for 7 Trustees to be appointed, of which -

- 1 Trustee will be elected and appointed by AMSA;
- 2 independent Trustees will be elected and appointed by the beneficiaries from a list provided by AMSA of candidates who are independent of AMSA and the AMSA Employee Empowerment Share Trust;
- 1 Trustee will be elected and appointed from the ranks of the beneficiaries who are members of NUMSA;
- 1 Trustee will be elected and appointed from the ranks of the beneficiaries who are members of Solidarity;

- 1 Trustee will be elected and appointed from the ranks of the beneficiaries who are employees from grade E level and below; and
- 1 Trustee will be elected and appointed from the ranks of the beneficiaries who are employees from grade D level and above

An "Independent Trustee" is defined in the AMSA Employee Empowerment Trust Deed as those Trustees who are in no manner related and / or connected to AMSA. In terms of this definition, non-executive Directors will be excluded from acting as independent Trustees

## **5. ROLE OF THE TRUSTEES**

The Trustees will be responsible for:

- Managing the AMSA Employee Empowerment Share Trust in accordance with the trust deed of the AMSA Employee Empowerment Share Trust deed and the Scheme Rules; and
- Ensure that 60% of the economic benefits accruing to the AMSA Employee Empowerment Share Trust shall accrue to the Black beneficiaries during the Scheme Period.

## **6. BENEFITS**

- A beneficiary's "participatory interest" will be determined by a formula which takes into account the number of Trust Units held by the beneficiary divided by the total number of Trust Units held by all the beneficiaries at the relevant time.
- At the end of the Scheme Period, the number of AMSA shares that will ultimately be released to a beneficiary will depend on the beneficiary's "participatory interest" and the number of remaining A2 Ordinary Shares held by the AMSA Employee Empowerment Share Trust at the time. The beneficiaries will have the option of either having AMSA Shares released to them, thereby acquiring a direct interest in the equity of AMSA or to receive the net proceeds derived from the sale of such shares.
- All the beneficiaries of the AMSA Employee Empowerment Share Trust, will be entitled during the Scheme Period (or from the time they become beneficiaries, in the case of future allocations) to share in the net income derived from the A2 Ordinary Shares (including any dividends) according to their "participatory interest".

## **7. VOTING RIGHTS**

The Trust Deed makes provision for the appointment of Trustees such that the AMSA Employee Empowerment Share Trust will not be controlled by AMSA so that the JSE will permit the voting rights exercisable at the meetings of AMSA shareholders on the A2 Ordinary Shares held by the AMSA Employee Empowerment Share Trust to be taken into account in respect of all shareholders resolutions.

## **8. COSTS AND EXPENSES OF THE TRUST**

All costs and expenses and taxes of the Trust, including fees payable to the auditors of the Trust and the administrator to be appointed by the Trust (which appointment shall be subject to AMSA's approval), shall be borne by AMSA. AMSA shall also provide to or procure for the Trust, all secretarial, accounting, audit, administrative and legal services at no charge.

## EXAMPLE ON APPLICATION OF REDEMPTION FORMULA (SECTION 5) AND THE POST LOCK-IN PERIOD TRADING RESTRICTION FORMULA (SECTION 4.6)

### REDEMPTION FORMULA – SECTION 5 OF THE CIRCULAR

#### Assumptions:

<b>Notional funding rate (assumed static for the Lock-in Period)</b>	<b>14%</b>
Dividend per share at start of Year 4	R1 / share in Year 4
Dividend per share at start of Year 6	R0.50 / share Year 6
Dividend per share at start of Year 8	R0.50 / share Year 8
Subscription price	R7.369
AMSA Share price at the end of the Lock-in Period	R26.00

The Notional Outstanding at the end of the Lock-in Period will be calculated as per the formula below.

$$NO = NA - ND$$

Where:

NO	=	the Notional Outstanding;
NA	=	the Notional Amount attributable to each AMSA Empowerment Share, increased and accumulated at Notional Rate nominal annual compounded semi-annually from the Issue Date to the date of calculation;
ND	=	the aggregate Notional Dividends that have been attributable to each AMSA Empowerment Share since the Issue Date with each Notional Dividend being increased at the Notional Rate nominal annual compounded semi-annually with effect from the date on which such Notional Dividend is attributable to the AMSA Empowerment Share, up until the date of calculation.

Assume:

NA	=	R7.369 x (1 + 0.14) <sup>10</sup> = R27.31 per share
ND	=	R4.21 per share (dividends in year 4, 6 and 8 grown at the Notional Rate)
NO	=	R23.11 per share

“AMSA Empowerment Remaining Shares” means the number of AMSA Empowerment Shares to remain after the redemption, calculated in accordance with the following formula:

$$X - Y$$

Where:

X	=	the total number of AMSA Empowerment Shares issued to B-BBEE CO and AMSA Employee Empowerment Share Trust in terms of the B-BBEE CO Subscription and Relationship Agreement and AMSA Employee Empowerment Share Trust subscription Agreement = 243 240 276;
Y	=	On expiry of the Lock-in Period, such number of the AMSA Empowerment Shares to be automatically redeemed at the redemption price of R0,000001 per AMSA Empowerment Share as is determined in accordance with the following formula:

$$(NO \times A) / VPS$$

Where:

NO	=	the Notional Outstanding per AMSA Empowerment Share at expiry of the Lock-in Period;
VPS	=	the Value Per Share as at expiry of the Lock-in Period;
A	=	the number of AMSA Empowerment Shares held by B-BBEE CO on expiry of the Lock-in Period = 243 240 276

Calculation of Y above:



Assume:

VPS	=	R26.00
Y	=	(R23.11 X 243 240 276) / R26.00
	=	<u>216 159 694 shares</u> AMSA Empowerment Remaining Shares:
	=	X – Y
	=	243 240 276 – 216 159 694
	=	<u>27 080 582 shares</u>

### **Post Lock-in Period trading restrictions (section 4.6 of Circular)**

In order to align the objectives of B-BBEE Codes, the threshold at which the B-BBEE CO owned AMSA Empowerment Remaining Shares will be fully Restricted Shares shall be set at a restricted shareholding percentage threshold to be calculated in terms of the following formula:

$$A = 40\% / (1-B)$$

Where:

A	=	the Restricted Shareholding Percentage Threshold
B	=	an appropriate B-BBEE discount applicable to B-BBEE securities with similar trading restrictions will be applied with reference to observable market data.

Assume:

Appropriate B-BBEE Discount = 20%

A	=	40% / (1 – 20%)
	=	50%

In the event that the number of the AMSA Empowerment Remaining Shares, expressed as a percentage of the number of A1 Ordinary Shares prior to redemption, is equal to or exceeds the Restricted Shareholding Percentage Threshold, then all of the AMSA Empowerment Remaining Shares shall be Restricted Shares.

If the number of the AMSA Empowerment Remaining Shares that are held by B-BBEE CO, expressed as a percentage of the number of A1 Ordinary Shares prior to redemption, is less than Restricted Shareholding Percentage Threshold, then the Restricted Shares will be calculated according to the following formula:

$$\text{Restricted Shares} = [(C / D) / A] \times C$$

Where

A	=	the Restricted Shareholding Percentage Threshold
C	=	Number of AMSA Empowerment Remaining Shares held by B-BBEE CO post redemption
D	=	Number of A1 Ordinary Shares at the end of Lock-in Period prior to redemption

Restricted Shares:

=	[(27 080 582 / 243 240 276) / 50%] x 27 080 582
=	6 029 905 AMSA ordinary shares
=	<u>22%</u> (6 029 905 / 27 080 582)



**ArcelorMittal**  
**ArcelorMittal South Africa Limited**  
(Incorporated in the Republic of South Africa)  
(Registration number 1989/002164/06)  
Share code on the JSE: ACL ISIN: ZAE000134961  
("ArcelorMittal" or "the Company")

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## **NOTICE OF A GENERAL MEETING**

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### **IMPORTANT NOTICE**

Where appropriate and applicable, the terms defined in the Circular to which this notice is attached and forms part of bear the same meanings in this notice, and in particular, the Resolutions set out below.

Shareholders are referred to the Circular, which sets out the information or explanatory material that they may require in order to determine whether to participate in the General Meeting and seek to influence the outcome of the vote on the Resolutions set out below.

### **NOTICE OF GENERAL MEETING OF SHAREHOLDERS**

Notice is hereby given that a General Meeting will be held in the Atrium, at the JSE Limited, 1 Exchange Square, 2 Gwen Lane, Sandton, on Friday, 18 November 2016, commencing at 09h00 to: (i) deal with such business as may lawfully be dealt with at the General Meeting and (ii) consider and, if deemed fit to approve, with or without modification, the Resolutions set out below.

In terms of the memorandum of incorporation of the Company ("AMSA MOI") and the Listings Requirements, the quorum for the General Meeting is persons holding at least 25% of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the General Meeting (but not less than three AMSA Shareholders), present in person or represented by proxy at the General Meeting.

### **Section 63(1) of the Companies Act: Identification of meeting participants**

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the General Meeting. Forms of identification that will be accepted include original and valid identity documents, drivers' licences and passports.

### **Record dates**

In terms of sections 59(1)(a) and (b) of the Companies Act, the Board has set the record date for the purpose of determining which AMSA Shareholders are entitled to:

- receive notice of the General Meeting (being the date on which a shareholder must be registered in the Register as a Shareholder in order to receive notice of the General Meeting) as Friday, 7 October 2016; and
- participate in and vote at the General Meeting (being the date on which the Shareholder must be registered in the Register as an AMSA Shareholder in order to participate in and vote at the General Meeting) as Friday, 11 November 2016, (therefore the last day to trade will be Tuesday, 8 November 2016).

### **CONDITIONS TO THE RESOLUTIONS**

Each resolution set out in this notice is subject to the passing, and where applicable filing with CIPC in terms of the Companies Act, of all other resolutions and is also subject to the fulfilment of the conditions precedent set out in paragraph 8 of the Circular to which this notice of general meeting is attached.

### **GENERAL PURPOSE OF THE MEETING**

The general purpose of the meeting is to increase the number of authorised shares, amend the AMSA MOI, authorise the issue of shares and to authorise the providing of financial assistance required to give effect to the B-BBEE Transaction and the B-BBEE Transaction Agreements.

## SPECIAL RESOLUTIONS

### Special Resolution 1 – Increasing the number of authorised Shares.

Resolved as a special resolution that the AMSA MOI be and is hereby amended by increasing the number of authorised Shares of the Company as follows:

1. Creating 243 240 276 no par value "A1" ordinary Shares which shall carry the rights, limitations and other terms set out in the new Schedule "A" to the AMSA MOI, to be amended in terms of Special Resolution 2 which will be passed immediately after this resolution is passed.
2. Creating 72 972 083 no par value "A2" ordinary Shares which shall carry the rights, limitations and other terms set out in the new Schedule "A" to the AMSA MOI, to be amended in terms of Special Resolution 2 which will be passed immediately after this resolution is passed,

so as to result in the Company having the following authorised Shares:

1. 1 200 000 000 no par value ordinary Shares;
2. 243 240 276 no par value "A1" ordinary Shares;
3. 72 972 083 no par value "A2" ordinary Shares.

The percentage of voting rights that will be required for this Special Resolution 1 to be adopted is at least 75% (seventy five percent) of the votes exercised on this Special Resolution 1.

### Special Resolution 2 – Amendment of the AMSA MOI

Resolved as a special resolution that in order to give effect to Special Resolution 1, in terms of section 16(1)(c) and section 36(2) of the Companies Act and articles 6.2 and 43 of the AMSA MOI, the AMSA MOI be and is hereby amended by:

1. Deleting article 6.1 of the AMSA MOI and replacing it with the following new article 6.1:

- 6.1. The Company is authorised to issue Shares as set out below:

#### No par value ordinary Shares

The Company is authorised to issue 1 200 000 000 no par value ordinary Shares of the same class, each of which ranks *pari passu* in respect of all rights and entitles the holder to-

- i. vote on any matter to be decided by the Shareholders of the Company 1 (one) vote in respect of each ordinary share held in the case of a vote by means of a poll, whether in person or by proxy; [LR 10.5(b)]
- ii. participate proportionately in any distribution made by the Company; and
- iii. receive proportionately the net assets of the Company upon its liquidation.

#### No par value "A1" ordinary Shares

The Company is authorised to issue 243 240 276 no par value "A1" ordinary Shares, the rights, limitations and other terms of which are set out in Schedule "A" to this MOI.

#### No par value "A2" ordinary Shares

The Company is authorised to issue 72 972 083 no par value "A2" ordinary Shares, the rights, limitations and other terms of which are set out in Schedule "A" to this AMSA MOI.

2. Inserting the new schedule "A" (Rights, Limitations and Other Terms of the no par value "A1" ordinary Shares and no par value "A2" ordinary Shares) in the form of Annexure "4" to the Circular.

The percentage of voting rights that will be required for this Special Resolution 2 to be adopted is at least 75% (seventy five percent) of the votes exercised on this Special Resolution 2.

### Special Resolution 3

Resolved as a special resolution that the directors of the Company be and are hereby authorised as a specific authority in terms of the Listings Requirements of the JSE Limited and section 41(1) of the Companies Act (where applicable having regard to the fact that Wim de Klerk and Dean Subramanian being directors will be beneficiaries of the AMSA Employee Empowerment Share Trust) and section 41(3) of the Companies Act to issue-

1. 243 240 276 no par value "A1" ordinary Shares to B-BBEE CO for an aggregate consideration of R243.24 on the terms and subject to the conditions of the B-BBEE CO Subscription and Relationship Agreement;
2. 72 972 083 no par value "A2" ordinary Shares to AMSA Employee Empowerment Share Trust for an aggregate consideration of R72.97 on the terms and subject to the conditions of the AMSA Employee Empowerment Share Trust Subscription and Relationship Agreement.

The percentage of voting rights that will be required for this Special Resolution 3 to be adopted is at least 75% (seventy five percent) of the votes exercised on this Special Resolution 3.

### Special Resolution 4 – Financial Assistance

Resolved as a special resolution that, the Company be and is hereby authorised in terms of sections 44 and 45 of the Companies Act to provide financial assistance to Likamva, B-BBEE CO and the AMSA Employee Empowerment Share Trust by way of –

- funding Likamva's transaction costs as set out in the Co-operation Agreement;
- providing administrative services for no consideration and making a contribution to the costs of B-BBEE CO as set out in the Administrative Services Agreement;
- funding the costs, expenses and taxes of the AMSA Employee Empowerment Share Trust and providing secretarial, accounting, audit, administrative and legal support at no charge and providing contributions to fund payments due to a beneficiary who dies during the period of the AMSA Employee Empowerment Share Scheme, as set out in the deed of the AMSA Employee Empowerment Share Trust and the rules of the AMSA Employee Empowerment Share Scheme; and
- such other financial assistance as may be contemplated in the B-BBEE Transaction Agreements.

The percentage of voting rights that will be required for this Special Resolution 4 to be adopted is at least 75% (seventy five percent) of the votes exercised on this Special Resolution 4.

## **ORDINARY RESOLUTIONS**

### Ordinary Resolution 1 – Approval of the B-BBEE Transaction

Resolved as an ordinary resolution, and subject to the passing of the special resolutions above, the B-BBEE Transaction outlined in the circular to which this notice attached, is hereby approved.

The percentage of voting rights that will be required for this Ordinary Resolution 1 to be adopted is more than 50% (fifty percent) of the votes exercised on this Ordinary Resolution 1.

## **VOTING AND PROXIES**

An AMSA Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy or proxies to attend, speak and vote in his/her stead. A proxy need not be an AMSA Shareholder of the Company. For the convenience of registered AMSA Shareholders of the Company, a form of proxy is attached herewith.

The attached form of proxy is only to be completed by those AMSA Shareholders who:

- hold AMSA Shares in certificated form; or
- are recorded on the electronic sub-register in "own name" dematerialised form.

AMSA Shareholders who have dematerialised their AMSA Shares through a CSDP or broker without "own name" registration and who wish to attend the General Meeting, must instruct their CSDP or broker to provide them with the relevant letter of representation to attend the General Meeting in person or by proxy and vote.

If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

AMSA Shareholders who hold Dematerialised Shares which are registered in their name or if they are the registered holder of Certificated Shares may attend the General Meeting in person, alternatively, they may appoint a proxy or proxies, who need not be an AMSA Shareholder of the Company to represent them at the General Meeting by completing the attached form of proxy (pink) in accordance with the instructions it contains. It is requested that forms of proxy should be forwarded to reach the Transfer Secretaries at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the General Meeting. Any Form of Proxy not delivered by this time may be handed to the Chairperson of the General Meeting immediately before the appointed proxy exercises any of the AMSA Shareholder's votes at the General Meeting.

## **ELECTRONIC PARTICIPATION**

In terms of section 61(10) of the Companies Act, every shareholders meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Shareholders wishing to participate electronically in the General Meeting are required to deliver written notice to the Company at 2 Delfos Boulevard Vanderbijlpark (marked for the attention of Nomonde Bam) by no later than 09h00 on Wednesday, 16 November 2016, that they wish to participate via electronic communication at the General Meeting (the "Electronic Notice"). In order for the Electronic Notice to be valid it must contain:

- (a) if the AMSA Shareholder is an individual, a certified copy of his identity document and/or passport;
- (b) if the AMSA Shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the General Meeting via Electronic Communication;
- (c) a valid e-mail address and/or facsimile number (the "contact address/number"); and
- (d) if the AMSA Shareholder wishes to vote via Electronic Communication, set out that the Shareholder wishes to vote via Electronic Communication by no later than 09h00 on Wednesday, 16 November 2016. The Company shall use its reasonable endeavours to notify (at its contract address/number) each Shareholder who has delivered a valid Electronic Notice of the relevant details through which such Shareholder can participate in the General Meeting via electronic communication.

By order of the Board

**Nomonde Bam**  
**Company secretary**

Vanderbijlpark  
17 October 2016

**Registered office**  
Room 3-3, Delfos Boulevard  
Vanderbijlpark  
1911  
South Africa

**Transfer Secretaries**  
Computershare Investor Services Proprietary Limited  
Ground Floor,  
70 Marshall Street  
Johannesburg, 2001  
South Africa





**ARCELORMITTAL SOUTH AFRICA LIMITED**

(Incorporated in the Republic of South Africa)

(Registration number 1989/002164/06)

Share code on the JSE: ACL ISIN: ZAE000134961

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**FORM OF PROXY**

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For use only by Shareholders who:

- hold shares in certificated form ("Certificated Shareholders"); or
- have dematerialised their shares ("Dematerialised Shareholders") and are registered with "own-name" registration,

at the General Meeting of Shareholders of the Company to be held at 09h00 on Friday, 18 November 2016 in the Atrium at the JSE Limited, 1 Exchange Square, 2 Gwen Lane, Sandton and any adjournment thereof.

Dematerialised Shareholders holding shares other than with "own-name" registration who wish to attend the General Meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the General Meeting and request their CSDP or broker to issue them with the relevant letter of representation to attend the General Meeting in person or by proxy and vote. If they do not wish to attend the General Meeting in person or by proxy they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

These Shareholders must not use this form of proxy

I/We \_\_\_\_\_  
(Full name/s in block letters)

Telephone Work ( ) \_\_\_\_\_ Telephone Home ( ) \_\_\_\_\_

Cellphone number \_\_\_\_\_ Email address \_\_\_\_\_

Being the holder/custodian of  shares of the Company, hereby appoint (see note):

1. \_\_\_\_\_ or failing him/her.
2. \_\_\_\_\_ or failing him/her.
3. the Chairperson of the General Meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the General Meeting convened for purpose of considering and, if deemed fit, passing, with or without modification, the Resolutions to be proposed thereat and at each postponement or adjournment thereof, and to vote for and/or against such Resolutions, and/or to abstain from voting for and/or against the Resolutions, in respect of the AMSA Shares registered in my/our name in accordance with the following instructions

	Number of Shares		
	For	Against	Abstain
Special Resolution Number 1 – Increase the number of authorised shares in AMSA through the creation of A1 Ordinary Shares and A2 Ordinary Shares			
Special Resolution Number 2: Amendment of the AMSA MOI			
Special Resolution Number 3: Issue of shares in terms of section 41(1) and section 41(3)			
Special Resolution Number 4: Provision of Financial Assistance in terms of sections 44 and 45 of the Companies Act			
Ordinary Resolution Number 1: Approval of the B-BBEE Transaction			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the General Meeting may appoint one or more proxies to attend and act in his/her stead. A proxy so appointed need not be a member of the Company

Signed \_\_\_\_\_ on \_\_\_\_\_

Signature \_\_\_\_\_

Assisted by (where applicable) \_\_\_\_\_

Each Shareholder is entitled to appoint one or more proxies (who need not be a Shareholder of the Company) to attend, speak and vote in place of that Shareholder at the General Meeting.

**Notes to proxy:**

1. Summary of Rights Contained in section 58 of the Companies Act, 2008 (Act 71 of 2008), as amended ("Companies Act").

In terms of section 58 of the Companies Act:

- a Shareholder may, at any time and in accordance with the provisions of section 58 of the Companies Act, appoint any individual (including an individual who is not a Shareholder) as a proxy to participate in, and speak and vote at, a shareholders' meeting on behalf of such Shareholder;
- a proxy may delegate her or his authority to act on behalf of a Shareholder to another person, subject to any restriction set out in the instrument appointing such proxy;
- irrespective of the form of instrument used to appoint a proxy, the appointment of a proxy is suspended at any time and to the extent that the relevant Shareholder chooses to act directly and in person in the exercise of any of such Shareholder's rights as a Shareholder;
- irrespective of the form of instrument used to appoint a proxy, any appointment by a Shareholder of a proxy is revocable, unless the form of instrument used to appoint such proxy states otherwise;
- if an appointment of a proxy is revocable, a Shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy and to the Company; and
- a proxy appointed by a Shareholder is entitled to exercise, or abstain from exercising, any voting right of such Shareholder without direction, except to the extent that the Company's memorandum of incorporation, or the instrument appointing the proxy, provides otherwise (see note 7 below).

2. The form of proxy must only be used by Shareholders who hold Shares in certificated form or who are recorded on the sub-register in electronic form in "own name".



3. All other beneficial owners who have dematerialised their Shares through a CSDP or broker and wish to attend the General Meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
4. A Shareholder entitled to attend and vote at the General Meeting may insert the name of a proxy or the names of two alternate proxies of the Shareholder's choice in the space provided, with or without deleting "the Chairperson of the General Meeting". The person whose name stands first on the form of proxy and who is present at the General Meeting will be entitled to act as proxy to the exclusion of such proxy(ies) whose names follow.
5. A Shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each Share held. A Shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that Shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the Shares held by the Shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the General Meeting as he/she deems fit in respect of all the Shareholder's votes exercisable thereat. A Shareholder or the proxy is not obliged to use all the votes exercisable by the Shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the Shareholder or the proxy.
6. A vote given in terms of an instrument of proxy shall be valid in relation to the General Meeting, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the Shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the Transfer Secretaries not less than 48 hours before the commencement of the General Meeting.
7. If a Shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the General Meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
8. The Chairperson of the General Meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
9. A Shareholder's authorisation to the proxy including the Chairperson of the General Meeting, to vote on such Shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the General Meeting.
10. The completion and lodging of this form of proxy will not preclude the relevant Shareholder from attending the General Meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
11. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Transfer Secretaries or is waived by the Chairperson of the General Meeting.
12. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Transfer Secretaries.
13. Where there are joint holders of Shares:
  - any one holder may sign the form of proxy;
  - the vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Company's Register of Shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).

14. Forms of proxy should be lodged with or mailed to the Transfer Secretaries:

**Hand deliveries to:**

Computershare Investor Services Proprietary  
Limited  
Ground Floor, 70 Marshall Street  
Johannesburg, 2001

**Postal deliveries to:**

Computershare Investor Services Proprietary Limited  
PO Box 61051  
Marshalltown, 2107

requested to be received by no later than 09h00 on Wednesday 16 November 2016 (or 48 (forty eight) hours ) before any adjournment of General Meeting which date, if necessary, will be notified on the Stock Exchange News Service of JSE or may be handed to the Chairperson of the General Meeting immediately before the appointed proxy exercises any of the Shareholder's votes at the General Meeting

15. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.

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