

Heads of agreement

Basis for the negotiations: assumptions and main terms and conditions

Ilva S.p.A. in A.S., also on behalf of the other lessors companies (“**Ilva**”) under the business lease agreement dated June 28, 2017 (the “**Original Agreement**”), duly authorized by the Ministry of Economic Development, and AM InvestCo Italy S.p.A., also on behalf of the lessees companies under the Original Agreement (“**AM InvestCo**”), hereby undertake to negotiate in good faith an agreement on the basis of the assumptions and at the terms and conditions set forth below (each of Ilva and AM InvestCo, hereinafter, a “**Party**”, and, collectively, the “**Parties**”).

Assumptions:

A. The Italian Government, in light of the strategic national interest of Ilva’s assets and of its commitment to execute the “Green new deal”, is strongly committed to preserve the business as a going concern and the current employment levels on the basis of and consistent with the new industrial plan currently under discussion between the Parties, that aims at producing about 8 million tons of steel by 2023 (the “**New Industrial Plan**”).

B. Any possible deal shall comply with the provisions of law governing the Extraordinary Administration proceedings and with the general principles of Italian bankruptcy law.

C. AM InvestCo represents that its shareholders have contributed, and/or committed to contribute, to the stock capital of AM InvestCo in cash Euro 1,800,000,000.00.

Main Terms and Conditions:

1) New Industrial Plan / Green new deal / Employment.

The Parties, in the context of a transition towards green technology (de-carbonization), are jointly elaborating, as a basis for the agreement, a New Industrial Plan in light of the documents that have been exchanged among the Parties. The Parties acknowledge that the implementation of the New Industrial Plan will entail certain green technology production facilities and may require that the DPCM (“*Piano Ambientale*”) be amended accordingly, in which case the Parties shall cooperate in good faith with a view to achieving such amendments as soon as practically possible.

In the context and as part of the New Industrial Plan, a new company funded by public and/or private shareholders (“**Newco**”) would be established in order to

implement and operate, among others, additional green technology production facilities on the Taranto industrial site.

The New Industrial Plan shall provide details of the employment levels during the term considered in, and consistent with, the New Industrial Plan. In order to achieve such employment levels, all the parties that signed the September 2018 Unions agreement shall, on the day of signing of the new agreement, enter into a new union agreement consistent with the terms set forth herein.

2) Sale and purchase of the leased assets

The sale and purchase of the leased assets shall be completed as soon as possible and, in any case, within 30 days following the fulfillment of the conditions precedent to be identified among the parties.

3) Consideration. The Parties shall complete the sale and purchase of the leased assets for a consideration equal to the Purchase Price (as defined in art. 26.5 of the Original Agreement) minus the Rent already paid as of today (as defined in art. 26.8 of the Original Agreement), plus/minus the Price Adjustment (as defined in art. 26.5, letters (a) and (b) of the Original Agreement) (“**Agreed Consideration**”).

The Agreed Consideration shall be paid by AM InvestCo in cash subject to, among others, the fulfillment of the commitments under Section 4 below. Ilva shall use part or all of the Agreed Consideration to pay the creditors entitled to a super-priority according to bankruptcy rules (“*prededuzione*”), among which the Italian Government, CDP and the banks (the “**Investing Creditors**”) for the purposes of Section 4 below.

4) Partnership.

The final agreement, if executed, shall provide that payment of the Agreed Consideration will be subject to:

- (i) a commitment to subscribe and pay in cash, by all or some of the Investing Creditors, new shares (“**Shares**”) issued by AM InvestCo for an amount equal to part of the Agreed Consideration; and/or
- (ii) a commitment by a State-owned entity to invest in the share capital of AM InvestCo.

In connection with the above and in light of the environmental, social and industrial objectives set out in the New Industrial Plan, the Parties acknowledge that AM InvestCo needs additional capital and, therefore, shall be provided (by parties other than ArcelorMittal) with equity resources, for an aggregate amount which is no less than the Agreed Consideration.

The Parties agree on the following principles: (a) the Shares shall be issued to the Investing Creditors and such State-owned entity at a price to be agreed between

those parties and AM InvestCo prior to the execution of the final agreement, as substantiated by a third party evaluation on the basis of the New Industrial Plan; (b) appropriate mechanics shall be agreed with a view to ensuring that AM InvestCo, on the basis of the amount to be invested by the Investing Creditors, is provided with correspondent equity to be applied in payment of the Agreed Consideration before, or simultaneously with, the payment of such Agreed Consideration; (c) governance provisions and exit provisions shall be agreed, provided that ArcelorMittal shall remain the absolute majority shareholder of such company pursuant to Section 2359, par. 1, point 1) of the Italian Civil Code.

5) Settlement. In the event that the negotiations lead to a binding agreement, in the context of such agreement the Parties shall regulate the settlement of the dispute pending before the Court of Milan. In order to facilitate the negotiations, Ilva and AM InvestCo shall request a postponement of the hearing scheduled for December 20, 2019 until January 31, 2020 in order to complete the negotiation of the agreement.

6) Other issues. In the context of the negotiations, the Parties shall use their best efforts in order to find mutually satisfactory solutions, with the involvement of the relevant public entities, with respect to the outstanding issues raised by the parties.

7) Authorizations. The agreement will be subject to the necessary authorizations and approvals.

8) Temporary provisions. Pending the negotiations:

(i) Ilva shall not enforce the Performance Bond. However, without prejudice for each Party's claim as brought forward in the pending proceedings, the Parties agree that the 30 working days' term for the enforcement of the Performance Bond shall be extended to 30 working days following the date when either Party shall notify the other Party and Intesa Sanpaolo S.p.A. that the negotiations have come to an end without the execution of the agreement. The Parties shall jointly notify Intesa Sanpaolo S.p.A. about this amendment in order to cause Intesa Sanpaolo S.p.A. to agree to such amendment to the Performance Bond by no later than January 10, 2020;

(ii) with respect to the rent for the months of November 2019, December 2019 and January 2020 it is understood that: (a) in case an agreement is reached, payment of the rent shall be addressed as envisaged under sections 3 and 4 hereof; and (b) if no agreement is reached, each Party shall preserve its rights, claims and objections;

(iii) AM InvestCo shall cause the lessees companies to run the respective business units preserving their full functionality to the extent compatible with judicial decisions.

9) Nature of this document. In the event that no binding agreement is signed and/or closing of such agreement is not completed, each party shall preserve its rights, including with respect to the enforceability of the Performance Bond, it being understood that the negotiations will be undertaken on a without prejudice basis and each Party will be entitled to pursue its claims within the proceedings pending before the Court of Milan.

10) Disputes. In case of any dispute arising from, or connected to, this document, the Court of Milan shall have exclusive jurisdiction.

Ilva S.p.A. in A.S.

AM InvestCo Italy S.p.A.
