



ERAMET

Press Release

30 July 2008

Eramet

Completion of first phase of Tinfos acquisition:

- **Acquisition of a 56% stake in Tinfos**
- **Eramet capital increase**

Tinfos Acquisition

Eramet announced today the completion of the first phase of the acquisition of the Norwegian company Tinfos, relating to approximately 56% of its share capital. Pursuant to the agreements signed in April 2008, the acquisition was achieved following the approval from competition and other regulatory authorities.

The acquisition of Tinfos will result in an increase of approximately 20% in the production of manganese alloy by Eramet Manganese and reinforce its position as one of the world's leading producers of manganese alloy. Tinfos is also involved in the production of titanium dioxide slag and high purity pig iron, the trading of metallurgical products for the steel and foundry industries, as well as holding certain electric power production assets in Norway. Tinfos recorded turnover of €931 million in 2007 (including €550 million of trading relating to products from third party producers) and employs over 500 people.

In accordance with the agreements signed in April 2008, the enterprise value of the business of Tinfos being acquired by Eramet in the first phase of the acquisition completed today (56%) and in the second phase of the acquisition, which is set to close in late 2008 (consisting of the acquisition of the remainder of the share capital of Tinfos after disposal of a majority stake in the group comprised of the Notodden power station and smaller hydraulic power station projects, of which Eramet will retain 40%) amounts to approximately €593 million. The aggregate consideration for both phases of the acquisition shall consist of a combination of approximately 50% cash and 50% Eramet shares.

Eramet's Board of Directors met today in order to implement the April 2008 agreements in connection with the first phase of the acquisition, i.e., the acquisition of 56% de Tinfos. The selling shareholders of Tinfos received a cash payment equal to NOK 1,925,301,049.50 and €37,140,487.50 as well as 241,491 new Eramet shares. Based on the terms set forth in the April 2008 agreements (NOK 7.96 per €1.00 and a one month average Eramet share price as of April 11, 2008 equal to €494.00), the first phase transaction value amounts to €398,309,032.64.

Pursuant to the authority delegated by the general shareholders meeting of April 16, 2008 and the provisions of Article L. 225-147 of the French Commercial Code, the Eramet Board of Directors approved the terms of the contribution agreement (*traité d'apport*) entered into with the Tinfos selling shareholders pursuant to the April 2008 agreements and, based on the report of the statutory appraisers (*commissaires aux apports*), approved the capital increase of Eramet of a nominal amount of €736,547.55 resulting from such contribution in kind, by way of an issuance of 241,491 new Eramet shares having a nominal value of €3.05, allotted to the Tinfos selling shareholders. Taking into account, on the one hand, the value of the contributions (€398,309,032.64) and, on the other hand, the amount of the capital increase (€736,547.55) and the cash consideration (NOK 1,925,301,049.50 and €37,140,487.50), the transaction resulted in a premium (*prime d'apport*) in an amount of €118,560,006.45, for the benefit of all current and future Eramet shareholders.

The 241,491 new Eramet shares bear rights from their issue date and rank *pari passu* with existing Eramet shares. Following the capital increase, Eramet's share capital will amount to €79,748,691.60, divided into 26,147,112 shares of the same class, each having a nominal value of €3.05.

Application will be made to list the new Eramet shares on Euronext Paris SA, and such listing shall be exempt from the requirement to establish a prospectus, as permitted by the provisions of Article 212-5-1° of the general rules of the AMF.

Consideration for the second phase of the acquisition, which should be completed by the end of 2008, will principally be in the form of new Eramet shares.

It was initially contemplated that the Tinfos selling shareholders would receive Eramet treasury shares, but the Eramet Board of Directors decided instead not to use treasury shares in connection with this transaction. However, following the completion of the second phase of the acquisition in late 2008, approximately 252,000 treasury shares will be cancelled in order to limit shareholder dilution to the level initially contemplated (1.5%).

The statutory appraisers (*commissaires aux apports*) designated by order of the President of the Paris Commercial Court on June 9, 2008, Mssrs. Maurice Nussenbaum and Didier-Yves Racapé, provided reports to the Board of Directors

in which they assessed (i) the value of the contributions and (ii) the fairness to Eramet and its shareholders of the consideration. They concluded as follows:

On the value of the contributions:

“The value of the Eramet share-based consideration, amounting to €119,296,554, is at least equal to the amount of the Eramet capital increase plus the share premium.”

On the fairness of the consideration:

“For this reason, we believe that, given current market conditions and taking into account expected financial performance, as well as the strong sensitivity of the value of the business to various economic parameters, including in particular mineral and alloy costs and currency exchange rates (€/NOK and €/US\$), the proposed consideration for the contributions, resulting in the issuance of 241,491 new Eramet shares, is fair for Eramet shareholders.”

These reports as well as the contribution agreement are available on Eramet’s website, at www.eramet.fr.

Eramet’s Board of Directors is pleased to announce the completion of the Tinfos transaction. Tinfos will be fully consolidated in Eramet’s financial statements (*intégration globale*) as of August 1, 2008. The plan of integration within the Eramet group of the acquired businesses, launched after receipt of the necessary approvals from competition and other regulatory authorities, is proceeding smoothly.

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Vice President Strategy and Investor Relations – Philippe Joly

Eramet (Paris):

Tel: + 33 (0) 1.45.38.42.02

Investor information: <http://www.eramet.fr>