

CONSTELLIUM SE

Additional information on the 8th Extraordinary Resolution/Proposal:

Shareholders have been requested to vote in favor of the following resolution:

Delegation of competence to the Board of Directors to issue and freely grant to shareholders warrants to subscribe to new shares of the Company in the event of a public tender offer on the Company, up to 1,378,674.18 euros (representing 49,99% of the share capital), for a 12 month-period

The COVID-19 pandemic has created significant turmoil in the financial markets, causing precipitous falls in equity prices and great volatility. The share price of Constellium has reflected these trends and indeed disproportionately suffered.

The COVID-19 pandemic has created significant turmoil in the financial markets. While major share indices have, to a large degree, recovered the losses from the pandemic, the price of Constellium shares was down by more than 70% at lows of March (from a closing high on 21 February of \$14.42) to a closing low on 20 March of \$4.13 (counting the intraday movements would make the % decline even larger). The Constellium share price remains approximately 49% below the recent peak reached in late February 2020 (based on the closing price of 11 June 2020). Trading volumes of CSTM during the pandemic more than doubled from levels seen in recent years. Clearly, the Constellium share price and trading volumes have been disproportionately affected by the COVID-19 pandemic.

As explained in the Explanatory Notes in the Board Report, the right requested by Constellium to issue warrants is very similar to a “rights plan” in the U.S. All U.S. public companies can install a shareholder rights plan and a shareholder rights plan can be put in at any time by a vote of the Board. In response to shareholder pushback, most companies have pulled these plans and “put them on the shelf”. However, in the U.S. a rights plan can be reactivated and put into place at any time. Many advisers are encouraging U.S. companies to consider adopting shareholder rights plans to protect themselves against the threat of opportunistic bidders in the wake of these recent stock price shocks.

Although the registered office of Constellium is based in France, its shares are listed only on the New York Stock Exchange, the vast majority of its shareholders are based in the U.S. and its share performance is compared to its U.S. peers.

If there were an unsolicited public tender offer at a price that does not reflect the true value of the Company, the putting into place of such a mechanism would give the Board of Directors the possibility to negotiate with the bidder with the aim to raise the offer price and/or improve the terms of the offer.

Constellium considers that without such a mechanism it is unfairly disadvantaged compared to its U.S. peers which have the ability to activate shareholder rights plans.

The request is for an authorization that would only last for a short period, twelve months, to allow sufficient time for the financial markets to stabilize. This period of 12 months is significantly less than the 26 months typically requested by French companies for this type of mechanism.

The Company could only issue the warrants if an independent bank (whose appointment would need to be approved by the majority of the independent directors) advises that that the bid is not in the shareholders' interest and justifies the issue of the warrants as well as the criteria and methods by which the procedures for setting the exercise price of the warrants are set.

The requested authorization is to issue warrants representing just less than 50% of the share capital (49.99%). Under French law (and unlike for U.S. companies) warrants are issued to all shareholders and therefore the mechanism is not as dilutive as comparable U.S. shareholder rights plans (and have a less significant impact than its U.S. equivalent on transaction dynamics). We calculate that with an authorization of up 50% of the existing share capital (and if the bidder already has a 10% stake) there is an effective dilution of 30% (compared to as much as 100% dilution as is common for U.S. companies).

It has been commentated that 50% is a high level for a "French" company. Constellium considers that a level of 50% is a justifiable level for a number of reasons. First, as explained above comparisons with other French companies are not the correct or appropriate approach for the unique situation of Constellium; while the registered office of Constellium is in France, (i) it is the only French company to have its shares directly listed on the New York Stock Exchange (ii) its shares are not listed on any European stock exchange (iii) the vast majority of its shares are held outside of Europe; and (iv) its share performance is compared to its U.S. peers. Secondly a level of 50% is considered a reasonable level to discourage opportunistic activism during this period of market downturn, particularly given the relatively small market capitalization of companies such as Constellium. Thirdly, again as explained above, U.S. based companies typically have the ability to go up to 100% of the share capital.

However, the Board has decided that if the shareholders authorized the resolution as set out on the agenda, any issue of free warrants to subscribe to new shares in the event of a public tender on the Company would in any event be limited to 40% of the share capital for the 12-month period.

Constellium strongly believes that without the possibility of have such a mechanism Constellium is unfairly disadvantaged compared to its U.S. peers and while not affording all the protection of a typical U.S. shareholder rights plan what is being requesting would give the Board, if so required, the possibility to negotiate the true value of the Company.