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## PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

### Definitions and Terminology

Unless indicated otherwise, or the context otherwise requires, references herein to “ArcelorMittal”, “we”, “us”, “our” and “the Company” or similar terms are to ArcelorMittal, formerly known as Mittal Steel Company N.V. (“Mittal Steel”) or as Ispat International N.V., and its subsidiaries (which include LNM Holdings N.V. and its subsidiaries and International Steel Group Inc. and its subsidiaries).

All references herein to “Arcelor” refer to Arcelor, a *société anonyme* incorporated under Luxembourg law, which was acquired by Mittal Steel on August 1, 2006, having its registered office at 19, avenue de la Liberté, L-2930 Luxembourg, Grand Duchy of Luxembourg, and, where the context requires, its consolidated subsidiaries. All references herein to “Arcelor Brasil” refer to the former Arcelor Brasil S.A. (the current ArcelorMittal Brasil S.A.), a majority-owned subsidiary of Arcelor. All references herein to “Sicartsa” refer to the operations of ArcelorMittal las Truchas S.A. de C.V. (formerly Siderurgia Lázaró Cárdenas las Truchas S.A. de C.V.) in Mexico, which was acquired by the Company on April 20, 2007. All references herein to “ArcelorMittal Kryviy Rih” refer to the operations of Kryvorizhstal in the Ukraine, which was acquired by the Company on November 25, 2005. “ISG” refers to International Steel Group Inc. and its subsidiaries as it existed prior to its acquisition by Mittal Steel on April 15, 2005. Following the acquisition of ISG by Mittal Steel, ISG’s name was changed to “Mittal Steel USA ISG Inc.”, the operations were merged with Ispat Inland on December 31, 2005 and the name of the surviving entity was changed to Mittal Steel USA Inc and then to ArcelorMittal USA following Mittal Steel’s acquisition of Arcelor. ArcelorMittal’s principal subsidiaries, categorized by operating segment and location, are as follows. For the purposes of this annual report, the abbreviated names of the following ArcelorMittal subsidiaries will be used where applicable.

<u>Name of Subsidiary</u>	<u>Abbreviation</u>	<u>Country</u>
<b>Flat Carbon Americas</b>		
ArcelorMittal USA Inc.	ArcelorMittal USA	USA
Companhia Siderúrgica de Tubarão S.A.	CST	Brazil
ArcelorMittal Dofasco Inc.	Dofasco	Canada
ArcelorMittal Lázaró Cárdenas S.A. de C.V.	ArcelorMittal Lázaró Cárdenas	Mexico
<b>Flat Carbon Europe</b>		
Aceria Compacta de Bizkaia S.A.	Aceria Compacta de Bizkaia	Spain
Arcelor Produits Plats Wallonie	Arcelor Produits Plats Wallonie	Belgium
Arcelor Steel Belgium N.V.	Arcelor Steel Belgium	Belgium
ArcelorMittal Atlantique et Lorraine SAS	ArcelorMittal Atlantique et Lorraine	France
ArcelorMittal Bremen GmbH	ArcelorMittal Bremen	Germany
ArcelorMittal Eisenhüttenstadt GmbH	ArcelorMittal Eisenhüttenstadt	Germany
ArcelorMittal España S.A.	ArcelorMittal España	Spain
ArcelorMittal Flat Carbon Europe	AMFCE	Luxembourg
ArcelorMittal Galati S.A.	ArcelorMittal Galati	Romania
ArcelorMittal Méditerranée SAS	ArcelorMittal Méditerranée	France
ArcelorMittal Ostrava a.s.	ArcelorMittal Ostrava	Czech Republic
ArcelorMittal Packaging SA	ArcelorMittal Packaging	France
ArcelorMittal Piombino S.p.a.	ArcelorMittal Piombino	Italy
ArcelorMittal Poland S.A.	ArcelorMittal Poland	Poland
Cockerill Sambre S.A.	Cockerill Sambre	Belgium
Industeel Belgium S.A.	Industeel Belgium	Belgium
Industeel France S.A.	Industeel France	France

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<u>Name of Subsidiary</u>	<u>Abbreviation</u>	<u>Country</u>
<b>Long Carbon Americas and Europe</b>		
Acindar Industria Argentina de Aceros S.A.	Acindar	Argentina
Arcelor Huta Warszawa Sp.z.o.o.	Arcelor Huta Warszawa	Poland
ArcelorMittal Belval & Differdange SA	ArcelorMittal Belval & Differdange	Luxembourg
ArcelorMittal Bergara, S.A.	ArcelorMittal Bergara	Spain
ArcelorMittal Brasil S.A.	ArcelorMittal Brasil	Brazil
ArcelorMittal Commercial Sections SA	ArcelorMittal Commercial Sections	Luxembourg
ArcelorMittal Hamburg GmbH	ArcelorMittal Hamburg	Germany
ArcelorMittal Hochfeld GmbH	ArcelorMittal Hochfeld	Germany
ArcelorMittal Madrid, S.L.	ArcelorMittal Madrid	Spain
ArcelorMittal Olaberria, S.L.	ArcelorMittal Olaberria	Spain
ArcelorMittal Ostrava a.s.	ArcelorMittal Ostrava	Czech Republic
ArcelorMittal Point Lisas Ltd.	ArcelorMittal Point Lisas	Trinidad and Tobago
ArcelorMittal Poland S.A.	ArcelorMittal Poland	Poland
ArcelorMittal Rodange & Schifflange S.A.	ArcelorMittal Rodange	Luxembourg
ArcelorMittal Ruhrort GmbH	ArcelorMittal Ruhrort	Germany
ArcelorMittal USA Inc.	ArcelorMittal USA	USA
Mittal Canada Inc.	Mittal Canada	Canada
ArcelorMittal las Truchas, S.A. de C.V.	Sicartsa	Mexico
<b>Asia, Africa and CIS (AACIS)</b>		
ArcelorMittal Annaba Spa	ArcelorMittal Annaba	Algeria
ArcelorMittal South Africa Ltd.	ArcelorMittal South Africa	South Africa
ArcelorMittal Temirtau	ArcelorMittal Temirtau	Kazakhstan
Mittal Steel Liberia Limited	Mittal Steel Liberia	Liberia
OJSC ArcelorMittal Kryviy Rih	ArcelorMittal Kryviy Rih	Ukraine
Société Nationale de Sidérurgie, S.A.	Sonasid	Morocco
<b>Stainless Steel</b>		
ArcelorMittal Inox Brasil S.A.	Acesita or ArcelorMittal Inox Brasil	Brazil
ArcelorMittal Stainless Belgium	AMSB	Belgium
ArcelorMittal Stainless France	AMSF	France
<b>Arcelor Mittal Steel Solutions and Services (AM3S)</b>		
ArcelorMittal Construction France	ArcelorMittal Construction France	France
Arcelor International America, LLC	Arcelor International America	USA
ArcelorMittal Auto Processing France SAS	ArcelorMittal Auto Processing France	France
ArcelorMittal International FZE	ArcelorMittal International FZE	United Arab Emirates
ArcelorMittal Stahlhandel GmbH	ArcelorMittal Stahlhandel	Germany

In addition, unless we have indicated otherwise, or the context otherwise requires, references in this annual report to:

- “production capacity” are to the annual production capacity of plant and equipment based on existing technical parameters as estimated by management;
- “steel products” are to finished and semi-finished steel products and exclude direct reduced iron (DRI), hot metal, coke, etc.;
- “sales” include shipping and handling fees and costs billed to a customer in a sales transaction;

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- “tons”, “net tons” or “ST” are to short tons and are used in measurements involving steel products, (short ton is equal to 907.2 kilograms or 2000 pounds);
- “tonnes” or “MT” are to metric tonnes and are used in measurements involving steel products, as well as crude steel, iron ore, iron ore pellets, DRI, hot metal, coke, coal, pig iron and scrap (a metric tonne is equal to 1,000 kilograms or 2,204.62 pounds);
- “Articles of Association” are to the amended and restated articles of association of ArcelorMittal, dated November 5, 2007;
- “crude steel” are to the first solid steel product upon solidification of liquid steel, including ingots from conventional mills and semis (e.g., slab, billet and blooms) from continuous casters;
- “gigajoules” is equivalent to 1,000,000 joules (where joules is a measure of energy);
- “megajoules” is equivalent to 1,000,000 joules (where joules is a measure of energy);
- measures of distance are stated in kilometers, each of which equals approximately 0.62 miles, or in meters, each of which equals approximately 3.28 feet;
- “DMTU” or “dmtu” stands for dry metric tonne unit;
- “real”, “reais” or “R\$” are to Brazilian reais, the official currency of Brazil;
- “US\$”, “\$”, “dollars”, “USD” or “U.S. dollars” are to United States dollars;
- “C\$” or “CAD” are to Canadian dollars;
- “Rs” are to Indian rupees;
- “HK\$” are to Hong Kong Dollars;
- “downstream” are to finishing operations, for example in the case of flat products the process after the production of hot rolled coil/plates, and in case of long products the process after the production of blooms/billets;
- “upstream” are to operations that precede downstream steel-making, such as mining, coke, sinter, DRI, blast furnace, blast oxygen furnace (“BOF”), electric arc furnace (“EAF”), casters & hot rolling/plate mill;
- “euro”, “euros”, “EUR” or “€” are to the currency of the European Union member states participating in the European Monetary Union;
- “Significant shareholder” are to Mr. Lakshmi N. Mittal and his wife, Mrs. Usha Mittal, who together own approximately 44% of Mittal Steel’s outstanding voting equity as at December 31, 2007;
- “brownfield project” means the expansion of an existing operation;
- “greenfield project” means the development of a new project;
- “coking coal”, by virtue of its coking properties, is used in the manufacture of coke, which is used in the steelmaking process;
- “direct reduced iron” (“DRI”) is metallic iron formed by removing oxygen from iron ore without the formation of, or passage through, a smelting phase. DRI can be used as feedstock for steel production;
- “energy coal” is used as a fuel source in electrical power generation, cement manufacture and various industrial applications. Energy coal may also be referred to as steam or thermal coal;
- “metallurgical coal” is a broader term than coking coal which includes all coals used in steelmaking, such as coal used for the pulverised coal injection process;
- “hot briquetted iron” (“HBI”) is densified direct reduced iron where the densification is carried out at a temperature greater than 650 degrees Celsius. The resultant product has density greater than 5g/cm<sup>3</sup>. HBI can be used as feedstock for steel production;

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- “BRICET” means the countries of Brazil, Russia, India, China, Eastern Europe and Turkey;
- “take or pay” means an obligation on a customer to pay for an agreed minimum quantity of a commodity even if it fails to “take” that agreed minimum quantity; and
- the “Spanish Stock Exchanges” refer to the stock exchanges of Madrid, Barcelona, Bilbao and Valencia.

## **Financial Information**

This annual report contains the audited consolidated financial statements of ArcelorMittal (of which Mittal Steel Company N.V. is the predecessor) and its consolidated subsidiaries, including the consolidated balance sheets as of December 31, 2006 and 2007, and the consolidated statements of income, changes in equity and cash flows for each of the years ended December 31, 2005, 2006 and 2007, which we refer to as the ArcelorMittal Consolidated Financial Statements. The ArcelorMittal consolidated financial statements were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”).

ArcelorMittal’s significant acquisitions in 2005, 2006 and 2007, including in particular Arcelor, ISG, Kryvorizhstal and Sicartsa, have been accounted for using the purchase method of accounting, with ArcelorMittal as the acquiring entity in accordance with IFRS 3 (“Business Combinations”).

Our results of operations and financial conditions as of and for the years ended December 31, 2006 and 2007, and the comparability between them, have been significantly affected by our August 2006 acquisition of Arcelor. For purposes of comparing our 2006 and 2007 results, we have prepared unaudited pro forma financial information for the year ended December 31, 2006 that present our results of operations as if the acquisition had taken place on January 1, 2006, as described under “Item 5. Operating and Financial Review and Prospects.”

The financial information and certain other information presented in a number of tables in this annual report have been rounded to the nearest whole number or the nearest decimal. Therefore, the sum of the numbers in a column may not conform exactly to the total figure given for that column. In addition, certain percentages presented in the tables in this annual report reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## **Market Information**

This annual report includes industry data and projections about our markets obtained from industry surveys, market research, publicly available information and industry publications. Statements on ArcelorMittal’s competitive position contained in this annual report are based primarily on public sources including, but not limited to, publications of the International Iron and Steel Institute. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. We have not independently verified this data or determined the reasonableness of such assumptions. In addition, in many cases we have made statements in this annual report regarding our industry and our position in the industry based on internal surveys, industry forecasts and market research, as well as our own experience. While these statements are believed to be reliable, they have not been independently verified, and we do not make any representation or warranty as to the accuracy or completeness of such information set forth in this annual report.

#### CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This annual report and the documents incorporated by reference in this annual report contain forward-looking statements based on estimates and assumptions. This annual report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, among other things, statements concerning the business, future financial condition, results of operations and prospects of ArcelorMittal, including its acquired subsidiaries. These statements usually contain the words “believes”, “plans”, “expects”, “anticipates”, “intends”, “estimates” or other similar expressions. For each of these statements, you should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although it is believed that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that the actual results or developments anticipated will be realized or, even if realized, that they will have the expected effects on the business, financial condition, results of operations or prospects of ArcelorMittal.

These forward-looking statements speak only as of the date on which the statements were made, and no obligation has been undertaken to publicly update or revise any forward-looking statements made in this annual report or elsewhere as a result of new information, future events or otherwise, except as required by applicable laws and regulations. In addition to other factors and matters contained or incorporated by reference in this annual report, it is believed that the following factors, among others, could cause actual results to differ materially from those discussed in the forward-looking statements:

- ArcelorMittal’s ability to manage its growth;
- ArcelorMittal’s ability fully to realize anticipated cost savings, revenue enhancements and other benefits from the acquisition by Mittal Steel of Arcelor;
- Mr. Lakshmi N. Mittal’s ability to exercise significant influence over the outcome of shareholder voting;
- any loss or diminution in the services of Lakshmi N. Mittal, ArcelorMittal’s President and Chief Executive Officer;
- any downgrade of ArcelorMittal’s credit rating;
- ArcelorMittal’s ability to operate within the limitations imposed by its financing arrangements;
- ArcelorMittal’s ability to refinance existing debt and obtain new financing on acceptable terms to finance its growth;
- mining risks;
- the risk that non-fulfillment or breach of transitional arrangements may result in the recovery of aid granted to some of ArcelorMittal’s subsidiaries;
- ArcelorMittal’s ability to fund under-funded pension liabilities;
- increased cost of wages and the risk of labor disputes;
- general economic conditions, whether globally, nationally or in the markets in which ArcelorMittal conducts business;
- the risk of disruption or volatility in the economic, political or social environment in the countries in which ArcelorMittal conducts business;
- fluctuations in currency exchange rates, commodity prices, energy prices and interest rates;
- the risk of disruptions to ArcelorMittal’s operations;
- the risk of unfavorable changes to, or interpretations of, the tax laws and regulations in the countries in which ArcelorMittal operates;

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- the risk that ArcelorMittal may not be able fully to utilize its deferred tax assets;
- damage to ArcelorMittal's production facilities due to natural disasters;
- the risk that ArcelorMittal's insurance policies may provide limited coverage;
- the risk of product liability claims adversely affecting ArcelorMittal's operations;
- international trade actions or regulations;
- the risk that U.S. investors may have difficulty enforcing civil liabilities against ArcelorMittal and its directors and senior management;
- the risk that a downturn in global economic conditions may have an adverse effect on the results of ArcelorMittal;
- ArcelorMittal's ability to operate successfully within a cyclical industry;
- the risk that changes in demand for and supply of steel products in China and other developing economies may result in falling steel prices;
- the risk of significant supply shortages and increasing costs of raw materials, energy and transportation;
- increased competition from substitute materials, such as aluminum; and
- legislative or regulatory changes, including those relating to protection of the environment and health and safety, and those resulting from international agreements and treaties related to trade, accession to the European Union ("EU") or otherwise.

Some of these factors are discussed in more detail in this annual report, including under "Item 3D—Key Information—Risk Factors".