

D. Risk factors

ArcelorMittal's business, financial condition, results of operations, reputation or prospects could be materially adversely affected by one or more of the risks and uncertainties described below.

Risks related to the global economy and the mining and steel industry

Excess capacity, oversupply and destocking cycles in the steel industry and in the iron ore mining industry have in the past and may continue in the future to weigh on the profitability of steel producers, including ArcelorMittal.

The steel industry is affected by global and regional production capacity and fluctuations in steel imports and exports, which are themselves affected by the existence and amounts of tariffs and customer stocking and destocking cycles. The steel industry globally has historically suffered from structural overcapacity, and the current global steelmaking capacity exceeds the current global consumption of steel. This overcapacity is amplified during periods of global or regional economic weakness due to weaker global or regional demand. In particular, China is both the largest global steel consumer and the largest global steel producer by a large margin, and the balance between its domestic production and consumption has been an important factor influencing global steel prices in recent years. In 2015, for example, Chinese steel demand declined as a result of weaker real estate sector construction and machinery production, leading to a surge in Chinese steel exports, which more than doubled between 2012 and 2015, increasing by over 56 million tonnes to 112 million tonnes in 2015. The balance between Chinese domestic production and consumption improved in 2017, reflecting improved domestic demand compared to a relatively small increase in production and resulting in a significant decrease in exports. In 2017, overcapacity was reduced somewhat due to the ongoing plan to reduce steel production capacity by 100-150 million tonnes by 2020 announced in 2016 being coupled with the closure of illegal electric induction furnaces forced by the Chinese government and temporary production limits due to environmental policies. These capacity cuts combined with relatively strong domestic demand led to a corresponding reduction in steel exports, down over 30% in 2017. However, should Chinese domestic demand weaken significantly, further rationalization of capacity would likely be needed to avoid exports rising strongly. In addition to China, other developing markets (such as Brazil, Russia and Ukraine) continue to show structural overcapacity after domestic demand fell sharply during recent recessions. Finally, certain developed markets, particularly developed Asia and to a lesser degree Europe, remain in a position of structural overcapacity notwithstanding rationalization steps taken (in particular in Europe) by ArcelorMittal and other producers in recent years.

The overcapacity of steel production in the developing world and in China in particular has weighed on global steel prices in recent years, since China is the largest global steel consumer and, even more directly, by leading to massive exports to developed markets globally and in particular Europe and NAFTA, ArcelorMittal's principal markets. These exports, often at low prices that may be at or below the cost of production, have depressed steel prices in regional markets world-wide. See "Unfair trade practices in ArcelorMittal's home markets could negatively affect steel prices and reduce ArcelorMittal's profitability."

In addition, excess iron ore supply coupled with decreased demand in iron ore consuming industries, such as steel, led to a prolonged depression of iron ore prices in recent years, which in turn weighed on steel prices as iron ore is a principal raw material in steelmaking. While the supply/demand balance improved in 2017, no assurance can be given that it will not deteriorate again, particularly if Chinese steel demand declines.

A renewed phase of steel and iron ore oversupply, if not counterbalanced by effective trade measures and/or demand increases, would have a material adverse effect on ArcelorMittal's results of operations and financial condition.

Protracted low steel and iron ore prices would be likely to have an adverse effect on ArcelorMittal's results of operations.

As an integrated producer of steel and iron ore, ArcelorMittal's results of operations are sensitive to the market prices of steel and iron ore in its markets and globally. The impact of market steel prices on its results is direct. The impact of market iron ore prices is both direct, as ArcelorMittal sells iron ore on the market to third parties, and indirect as iron ore is a principal raw material used in steel production and fluctuations in its market price are typically and eventually passed through to steel prices. Steel prices and iron ore prices are affected by supply trends (see above), demand trends and inventory cycles. In terms of demand, steel and iron ore prices are sensitive to trends in cyclical industries, such as the automotive, construction, appliance, machinery, equipment and transportation industries, which are significant markets for ArcelorMittal's products. In the past, substantial price decreases during periods of economic weakness have not always been offset by commensurate price increases during periods of economic strength. In addition, as indicated above, excess supply relative to demand in local markets generally results in increased exports and drives down global prices. In terms of inventory, steel stocking and destocking cycles affect apparent demand for steel and hence steel prices and steel producers' profitability. For example, steel

distributors may accumulate substantial steel inventories in periods of low prices and, in periods of rising real demand for steel from end-users, steel distributors may sell steel from inventory (destock), thereby delaying the effective implementation of steel price increases. Conversely, steel price decreases can sometimes develop their own momentum, as customers adopt a “wait and see” attitude and destock in the expectation of further price decreases.

As a result of these factors, steel and iron ore prices were under pressure in recent periods and particularly in 2015, with both steel and iron ore reaching lows in 2015 over the last decade. This had a pronounced negative effect on ArcelorMittal’s results of operations, in the form of significant declines in revenues and operating income for 2015. Moreover, the particularly sharp decline in steel prices in the second half of 2015 triggered inventory related losses of \$1.3 billion, and the significant decline in iron ore and coal prices led to a \$3.4 billion impairment of mining assets and goodwill in the fourth quarter of 2015. Steel prices improved in 2016 compared to the low levels of 2015, but with a high level of volatility, particularly in the fourth quarter of 2016. The significant overall trend in steel prices seen during the fourth quarter of 2016, continued during the first quarter of 2017, followed by a decline during the second quarter of 2017 and a strong rebound in the second half of 2017. Iron ore prices were highly volatile in 2016, hitting a low of \$39.51 per tonne on January 13, 2016 and a high of \$83.58 per tonne on December 12, 2016. Iron ore prices continued to be volatile in 2017, with a high of \$94.86 per tonne on February 21, 2017 and a low of \$53.36 on June 13, 2017. Despite the improved prices seen in 2016 and 2017, iron ore prices are expected to remain under pressure from the expected continued oversupply as well as from lower Chinese iron ore demand due to steel capacity cuts.

In addition, while the steel price increases and iron ore price recovery in the second half of 2016 and in 2017 may well be supported by underlying demand trends, the timing and extent of continued price recovery, maintenance of improved price levels or return to prior levels cannot be predicted. In response to the difficult steel and iron ore price environment in recent past years, the Company has implemented a number of cost-saving measures intended to improve operating income (refer to “Item 4B-Information on the Company-Business overview-Competitive strengths-Dynamic responses to market challenges and opportunities” and “Item 4B-Information on the Company-Business overview-Business strategy-Action 2020 plan”), and the Company's resilience to difficult price environments, as well as measures to reduce its cash requirements, including through lower capital expenditures, interest expense and the suspension of dividend payments for the financial years 2015 and 2016. These actions may not prove sufficient to maintain profitability or cash flows, particularly in a renewed scenario of prolonged low steel and iron ore prices, in which case, ArcelorMittal’s results of operations and financial condition would be adversely affected.

Volatility in the supply and prices of raw materials, energy and transportation, and volatility in steel prices or mismatches between steel prices and raw material prices could adversely affect ArcelorMittal’s results of operations.

The prices of steel, iron ore, coking coal, coke and scrap have been highly volatile in recent years. Iron ore spot prices reached a low at the end of December 2015 of \$38.50 per tonne. In the second half of 2016, coking coal prices rose sharply and suddenly, largely driven by a sharp drop in Chinese domestic coking coal production as well as maintenance and operational production issues in Australian coking coal mines during the period. Hard coking coal (“HCC”) spot prices rose from \$92 per tonne at the beginning of July to \$212.50 per tonne on September 29, 2016 and a maximum of \$310 per tonne on November 8, 2016, and finally closing the fourth quarter with a spot average at \$266.15 per tonne. In 2017, coking coal prices were again highly volatile, dropping to a monthly average of \$155.18 per tonne in March 2017 and then spiking to \$300.04 per tonne on April 17, 2017 due to supply disruptions.

Steel prices have also demonstrated significant volatility. Steel prices dropped to \$353 per tonne at the end of 2015, exceeding historical lows. Steel prices rebounded strongly in 2016, from a low of \$338 per tonne in January up to a peak of \$506 per tonne in June 2016. The second half of 2016 started with a short-lived price softening to \$452 per tonne in July, followed by a steady increase towards year end reaching \$595 per tonne in December 2016. The average hot rolled coil price for the first half of 2017 in the United States was \$688 per tonne as compared to \$547 per tonne (an increase of \$141 per tonne year-on-year) for the first half of 2016 and in the second half of 2017 prices averaged at \$686 per tonne representing a \$68 per tonne increase compared to the second half of 2016. See “Item 5-Operating and financial review and prospects-Steel prices” for more information.

Volatility in steel and raw material prices can result from many factors including: trends in demand for iron ore in the steel industry itself, and particularly from Chinese steel producers (as the largest group of producers); industry structural factors (including the oligopolistic nature of the sea-borne iron ore industry and the fragmented nature of the steel industry); the expectation or imposition of corrective trade measures; massive stocking and destocking activities (sudden drops in prices can lead end-users to delay orders pushing prices down further), as occurred most recently toward the end of 2015 and early 2016 ; speculation; new laws or regulations; changes in the supply of iron ore, in particular due to new mines coming into operation; business continuity of suppliers; changes in pricing models or contract arrangements; expansion projects of suppliers; worldwide production, including interruptions thereof by suppliers; capacity-utilization rates; accidents or other similar events at suppliers' premises or along the supply chain; wars, natural disasters, political disruption and other similar events; fluctuations in exchange rates; the bargaining power of raw material suppliers and the availability and cost of transportation.

As a producer and seller of steel, the Company is directly exposed to fluctuations in the market price for steel, iron ore, coking coal and other raw materials, energy and transportation. In particular, steel production consumes substantial amounts of raw materials including iron ore, coking coal and coke, and the production of direct reduced iron, the production of steel in EAFs and the re-heating of steel involve the use of significant amounts of energy, making steel companies dependent on the price of and their reliable access to supplies of raw materials and energy. Although ArcelorMittal has substantial sources of iron ore and coal from its own mines (the Company's self-sufficiency rates were 50% for iron ore and 13% for PCI and coal in 2017), it nevertheless remains exposed to volatility in the supply and price of iron ore, coking coal and coke given that it obtains a significant portion of such raw materials under supply contracts from third parties. For additional details on ArcelorMittal's raw materials supply and self-sufficiency, see "Item 4.B—Information on the Company—Business overview—Mining products—Other raw materials and energy".

Furthermore, while steel and raw material (in particular iron ore and coking coal) price trends have historically been correlated, a lack of correlation or an abnormal lag in the corollary relationship between raw material and steel prices may also occur and result in a "price-cost squeeze" in the steel industry. ArcelorMittal has experienced price-cost squeezes at various points in recent years and may continue to do so. In some of ArcelorMittal's segments, in particular Europe and NAFTA, there are several months between raw material purchases and sales of steel products incorporating those materials, rendering them particularly susceptible to price-cost squeeze. This lag and the resulting price-cost squeeze due to the increase in coking coal prices, among other factors, resulted in a decline in profitability in the fourth quarter of 2016. Because ArcelorMittal sources a substantial portion of its raw materials through long-term contracts with quarterly (or more frequent) formula-based or negotiated price adjustments and as a steel producer sells a substantial part of its steel products at spot prices, it faces the risk of adverse differentials between its own production costs, which are affected by global raw materials and scrap prices, on the one hand, and trends for steel prices in regional markets, on the other hand.

Another area of exposure to price volatility is energy and transportation. Freight costs (i.e., shipping) are a substantial component of ArcelorMittal's cost of goods sold. Freight costs were particularly low in the second half of 2015 due, among other things, to depressed oil prices and demand. Ocean freight market rates for dry cargo remained low but volatile during 2016 with the Baltic Dry Index ("BDI") reaching its lowest value historically in February 2016 at 290 points but recovering during the year driven by heavy demolition of ships and an increase in Chinese demand in the fourth quarter of 2016. Ocean freight prices then increased significantly in the first half of 2017 to an average of 975 points, reflecting increased iron ore activity from Brazil and increased imports of iron ore and coal into China and overall the BDI increased by 70% year-on-year and averaged 1,145 points in 2017, primarily due to an increase in iron ore, coal and grain cargoes into China. If freight costs were to increase before iron ore or steel prices, this would directly and mechanically weigh on ArcelorMittal's profitability (although it would make imports less competitive).

ArcelorMittal's business and results are substantially affected by regional and global macroeconomic conditions. Recessions or prolonged periods of weak growth in the global economy or the economies of ArcelorMittal's key selling markets have in the past had and in the future would be likely to have a material adverse effect on the mining and steel industries and on ArcelorMittal's results of operations and financial condition.

The mining and steel industries have historically been highly volatile largely due to the cyclical nature of the business sectors that are the principal consumers of steel as described above. Demand for minerals, metals and steel products thus generally correlates to macroeconomic fluctuations in the global economy. For example, this correlation and the adverse effect of macroeconomic downturns on metal mining companies and steel producers were evidenced in the 2008/2009 financial and subsequent economic crisis. The results of both mining companies and steel producers were substantially affected, with many steel producers (including ArcelorMittal) recording sharply reduced revenues and operating losses. Economic growth (and hence steel and minerals demand) trends have varied across such markets since such period.

In 2015, global apparent steel consumption contracted notably in China and most of ArcelorMittal's core markets except Europe. In 2016, global steel demand improved particularly in China where demand grew slightly. This was due to a rebound in real estate sales leading to growth in newly started floor space, the strength of auto and the rebound of machinery from declines seen in 2015. Growth continued in China in 2017, but is expected to continue to moderate as monetary policy tightens, net exports decrease and fiscal policies used to support growth become more intermittent. Europe is a major market for ArcelorMittal, whose results have suffered in prior years from recession and stagnation. European demand has grown since 2013 as the steel consuming sectors, particularly automotive, have gradually improved. Indications are that 2017 has seen the strongest GDP growth in a decade driven by a broad-based recovery in all sectors of the economy. However, risks remain due to policy uncertainty, still unsolved sovereign debt issues in many southern European countries and the direction of the Brexit negotiations. The process and the economic effects of Brexit are uncertain, and its consequences are expected to be far-reaching and include potential trade barriers, custom duties, logistic issues and restrictions to the free movement of people. Economic conditions have also improved in many of ArcelorMittal's other markets, including Brazil and the CIS, but such improvements may prove fragile; and economic conditions have remained difficult in South Africa.

The short-term outlook for 2018 global GDP growth is to continue to strengthen to 3.2%, the best since 2011 and up from 3% in 2017. Leading indicators support a pick-up in U.S. growth, continued growth over 2% in Europe, a modest slowdown in China and increasing growth in emerging markets supported by buoyant capital inflows and firm commodity prices. However, there remains many risks to the global outlook including (among other things) geopolitical tensions globally; political tensions in Europe; threats to globalization by renewed protectionism; high debt and an aging population causing Chinese growth to slow sharply. A materialization of these risks could depress demand for (and hence the price of) steel and iron ore and therefore have a material adverse effect on ArcelorMittal's results of operations and financial condition.

Unfair trade practices in ArcelorMittal's home markets could negatively affect steel prices and reduce ArcelorMittal's profitability.

ArcelorMittal is exposed to the effects of "dumping" and other unfair trade and pricing practices by competitors. Moreover, government subsidization of the steel industry remains widespread in certain countries, particularly those with centrally-controlled economies such as China. In periods of lower global demand for steel, there is an increased risk of additional volumes of unfairly-traded steel exports into various markets, including North America and Europe and other markets such as South Africa, in which ArcelorMittal produces and sells its products. Such imports have had and could in the future have the effect of further reducing prices and demand for ArcelorMittal's products.

Instances of such perceived dumping have been especially acute in recent years, and China has been accused by several countries and market participants of engaging in the widespread dumping of significant amounts of low-cost steel products in several markets. Chinese imports in key ArcelorMittal markets increased significantly since 2009 but peaked in 2014 into the U.S. and 2015 into EU28 and globally fell a further 30% in 2017. Chinese finished steel exports to the EU increased from 1.5 million tonnes in 2009 to 7.0 million tonnes in 2015. Since 2015, the exports have fallen by over 45%, to 5.8 million tonnes in 2016 and 3.8 million in 2017 and imports remain above the average since 2000. Chinese exports into North America increased from under 1 million tonnes in 2010 to 3.4 million tonnes in 2014 before declining to 1.1 million tonnes in 2016 due in particular to the imposition of duties (as noted below) before increasing to around 1.3 million tonnes in 2017. Industry studies suggest that Chinese low-cost steel exports benefit from significant state support, which allows for the sale of such steel products at artificially low prices, including at a loss to producers, which has a significant negative impact on global steel prices and the industry more generally. Moreover, while China is widely considered the most significant exporter of artificially low-cost steel products, several other countries are suspected to engage in similar unfair trade and pricing practices in the steel industry. In response, in the United States, final affirmative duty measures have been adopted with respect to all four of ArcelorMittal's flat products categories: corrosion-resistance steel, cold-rolled coil, hot-rolled coil and plate. Anti-circumvention investigations on cold-rolled coils and corrosion-resistant steel products from China (through Vietnam) are ongoing: the Department of Commerce (the "DOC") announced an affirmative preliminary determination on December 6, 2017 and importers are required to post cash deposits for potential AD/CVD duties. On April 20, 2017, a national security investigation (Section 232) with respect to steel imports was initiated in the United States. The DOC report was sent to the Trump Administration on January 11, 2018, after which the administration has 90 days to decide what action to take, if any. In Europe, definitive measures have been adopted for cold-rolled coils versus China and Russia, for hot-rolled coil and heavy plate imports from China. The European Commission has also adopted duties for four of the five countries subject to hot-rolled coil anti-dumping investigations (Brazil, Iran, Ukraine and Russia, with Serbia excluded), and final measures were approved in December 2017 on imports from China of corrosion resistant steel (HDG non-auto).

Additionally, the Company has collaborated to pursue anti-dumping actions in Canada, Mexico and Brazil (See "Item 4.B-Information on the Company-Business overview-Government regulations-Foreign trade").

Against this backdrop of increasing dumping and other unfair trade and pricing pressures, China is lobbying members of the World Trade Organization (“WTO”) for immediate “Market Economy Status” (“MES”) in light of the expiry on December 11, 2016 of certain protocols to its 2001 accession to the WTO. MES is a bilateral designation that is granted individually by a given country and can be made on the basis of a legal or political determination. Several countries, including several in markets in which ArcelorMittal operates, have already granted China MES and a day after the expiration of the subparagraph “a” of article 15 (December 12, 2016) of the accession protocol of China to the WTO regarding the methodology for calculating the dumping margins, China notified the WTO Secretariat that it had requested dispute consultations with the United States and the European Union regarding special calculation methodologies used by the U.S. and EU in anti-dumping proceedings. The WTO established a panel to review the dispute with respect to the EU. In November 2017, the United States submitted a statement to the WTO, as a third party brief in support of the European Union in a dispute with China, formally opposing granting China market economy status; the dispute is ongoing at the WTO. On December 19, 2017, the EU published its approved amendments of the Anti-Dumping Regulation (EU) 2016/1036 (New Antidumping Methodology-NADM), which changes the way the EU will treat China in new Anti-Dumping cases. No assurance can be given as to whether or when the U.S., Brazil or other countries will grant MES to China. A country’s decision to grant MES to China would substantially reduce the anti-dumping duty margins that it may apply against China pursuant to the rules of WTO, which would encourage or at least fail to discourage China’s exportation of unfairly traded steel products into several markets in which ArcelorMittal operates. See “Item 4.B-Information on the Company-Business overview-Foreign trade” for more information.

A continuation or an increase in exports of low-cost steel products from developing countries, along with a lack of effective remedial trade policies, would continue to depress steel prices in various markets globally, including in ArcelorMittal’s key markets. See “Item 4.B-Information on the Company-Business overview-Government regulations”.

Conversely, ArcelorMittal has exposure to the effects of trade sanctions and barriers due to the global nature of its operations. Various countries have in the past instituted trade sanctions and barriers and the recurrence of such measures, or the imposition of the above-mentioned anti-dumping legislation, could adversely affect ArcelorMittal’s business by limiting the Company’s access to steel markets. In the United States, the U.S. Congress and Trump administration may make substantial changes in legislation, regulation and government policy directly affecting ArcelorMittal’s business (in particular exports from Canada or Mexico into the United States) or indirectly affecting the Company because of impacts on its customers and suppliers. In particular, President Trump has initiated renegotiations of the NAFTA trade agreement and has made comments suggesting that he may negotiate other free trade agreements. It remains unclear to what extent such negotiations will result in a modification or termination of such agreements by the United States.

Developments in the competitive environment in the steel industry could have an adverse effect on ArcelorMittal’s competitive position and hence its business, financial condition, results of operations or prospects.

The markets in which steel companies operate are highly competitive. Competition—in the form of established producers expanding in new markets, smaller producers increasing production in anticipation of demand increases or amid recoveries, or exporters selling excess capacity from markets such as China—could cause ArcelorMittal to lose market share, increase expenditures or reduce pricing. Any of these developments could have a material adverse effect on its business, financial condition, results of operations or prospects.

Competition from other materials could reduce market prices and demand for steel products and thereby reduce ArcelorMittal’s cash flows and profitability.

In many applications, steel competes with other materials that may be used as substitutes, such as aluminum (particularly in the automobile industry), concrete, composites, glass, plastic and wood. In particular, as a result of increasingly stringent regulatory requirements, as well as developments in alternative materials, designers, engineers and industrial manufacturers, especially those in the automotive industry, are increasing their use of lighter weight and alternative materials, such as aluminum, composites and plastics in their products. For example, carmakers are using more aluminum than in the past although this trend is limited to premium vehicles and to specific parts like doors and hoods.

While ArcelorMittal has introduced new advanced high-strength steel products, such as Usibor® 2000, Ductibor® 1000 and new 3rd generation AHSS for cold stamping in the range Fortiform®, new engineering S-in motion® projects and a dedicated electric iCARE® range to respond to the shift toward electric cars (see “Item 4.B-Information on the Company-Business overview-Sustainable development-Competitive strengths-Outcome 2: Products that accelerate more sustainable lifestyles”), loss of market share to substitute materials, increased government regulatory initiatives favoring the use of alternative materials, as well as the development of additional new substitutes for steel products could significantly reduce market prices and demand for steel products and thereby reduce ArcelorMittal’s cash flows and profitability.

ArcelorMittal is subject to strict environmental laws and regulations that could give rise to a significant increase in costs and liabilities.

ArcelorMittal is subject to a broad range of environmental laws and regulations in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent environmental protection standards regarding, among others, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices and the remediation of environmental contamination. The costs of complying with, and the imposition of liabilities pursuant to, environmental laws and regulations can be significant, and compliance with new and more stringent obligations may require additional capital expenditures or modifications in operating practices. Failure to comply can result in civil and or criminal penalties being imposed, the suspension of permits, requirements to curtail or suspend operations and lawsuits by third parties. Despite ArcelorMittal's efforts to comply with environmental laws and regulations, environmental incidents or accidents may occur that negatively affect the Company's reputation or the operations of key facilities.

ArcelorMittal also incurs costs and liabilities associated with the assessment and remediation of contaminated sites. In addition to the impact on current facilities and operations, environmental remediation obligations can give rise to substantial liabilities in respect of divested assets and past activities. This may also be the case for acquisitions when liabilities for past acts or omissions are not adequately reflected in the terms and price of the acquisition. ArcelorMittal could become subject to further remediation obligations in the future, as additional contamination is discovered or cleanup standards become more stringent.

Costs and liabilities associated with mining activities include those resulting from tailings and sludge disposal, effluent management, and rehabilitation of land disturbed during mining processes. ArcelorMittal could become subject to unidentified liabilities in the future, such as those relating to uncontrolled tailings breaches or other future events or to underestimated emissions of polluting substances. For example, the failure of a tailings ponds dam at ArcelorMittal's mines could cause significant damage, including death, injury and environmental harm. While the Company carries out assessments of its facilities, it cannot guarantee that failures or breaches of a tailings ponds dam will not occur in the future.

ArcelorMittal's operations may be located in areas where individuals or communities may regard its activities as having a detrimental effect on their natural environment and conditions of life. Any actions taken by such individuals or communities in response to such concerns could compromise ArcelorMittal's profitability or, in extreme cases, the viability of an operation or the development of new activities in the relevant region or country.

See "Item 4.B–Information on the Company–Business overview–Government regulations–Environmental laws and regulations" and note 8.2 to ArcelorMittal's consolidated financial statements.

Laws and regulations restricting emissions of greenhouse gases could force ArcelorMittal to incur increased capital and operating costs and could have a material adverse effect on ArcelorMittal's results of operations and financial condition.

Compliance with new and more stringent environmental obligations relating to greenhouse gas emissions may require additional capital expenditures or modifications in operating practices, as well as additional reporting obligations. The integrated steel process involves carbon and creates carbon dioxide ("CO₂"), which distinguishes integrated steel producers from mini-mills and many other industries where CO₂ generation is primarily linked to energy use. The EU has established greenhouse gas regulations and is revising its emission trading system for the period after 2020 in a manner that may require ArcelorMittal to incur additional costs to acquire emissions allowances. In Kazakhstan the government has installed a domestic trading system which currently is in a pilot phase but would be similar to the EU system. South Africa envisages to start with a CO₂ tax system in 2018. The United States required reporting of greenhouse gas emissions from certain large sources beginning in 2011. Although at the federal level the current administration is seeking to delay further regulation of greenhouse gas emissions, emissions trading regimes and other initiatives are continuing to be pursued at the state and regional level. Various regulations are in consideration or recently implemented in Argentina, Ukraine and Canada as further described in "Item 4B–Information on the Company–Business overview–Government regulations–Environmental laws and regulations".

Further measures may be enacted in the future. In particular, in December 2015, the 195 countries participating in the United Nations Framework Convention on Climate Change reached an international agreement, the Paris Agreement. The Paris Agreement aims to implement the necessary drivers to achieve drastic reductions of carbon emissions. The Company takes this message seriously and investigates its possibilities to contribute to this by developing research and development programs, investigating its technical possibilities to reduce emissions (the Company's emission footprint in 2016 was approximately 200 million tonnes) and following the state of knowledge on climate change closely. Please refer to "Item 4B–Information on the Company–Business overview–Government regulations–Environmental laws and regulations" for further detail on the objectives.

Such obligations, whether in the form of a national or international cap-and-trade emissions permit system, a carbon tax or acquisition of emission rights at market prices, emissions controls, reporting requirements, or other regulatory initiatives, could have a negative effect on ArcelorMittal's production levels, income and cash flows. Such regulations could also have a negative effect on the Company's suppliers and customers, which could result in higher costs and lower sales. Moreover, the EU Commission's decision to further reduce the allocation of CO₂ emission rights to companies could negatively impact the global industry, as the amount of such rights is currently at the edge of covering technically achievable operating conditions. ArcelorMittal currently expects that CO₂ emissions regulations will result in increased costs in Europe starting in 2020.

Furthermore, many developing nations have not yet instituted significant greenhouse gas regulations, and the Paris Agreement specifically recognized that peaking of greenhouse gas emissions will occur later in developing countries. As the Paris Agreement recognizes that the Intended Nationally Determined Contributions ("INDC") for developing nations may be less stringent in light of different national circumstances, ArcelorMittal may be at a competitive disadvantage relative to steelmakers having more or all of their production in such countries. Depending on the extent of the difference between the requirements in developed regions (such as Europe) and developing regions (such as China or the CIS), this competitive disadvantage could be severe and render production in the developed region structurally unprofitable.

See "Item 4.B—Information on the Company—Business overview—Government regulations—Environmental laws and regulations" and note 8.2 to ArcelorMittal's consolidated financial statements.

ArcelorMittal is subject to stringent health and safety laws and regulations that give rise to significant costs and could give rise to significant liabilities.

ArcelorMittal is subject to a broad range of health and safety laws and regulations in each of the jurisdictions in which it operates. These laws and regulations, as interpreted by relevant agencies and the courts, impose increasingly stringent health and safety protection standards. The costs of complying with, and the imposition of liabilities pursuant to, health and safety laws and regulations could be significant, and failure to comply could result in the assessment of civil and criminal penalties, the suspension of permits or operations, and lawsuits by third parties. In addition, under certain circumstances authorities could require ArcelorMittal facilities to curtail or suspend operations based on health and safety concerns.

Despite ArcelorMittal's efforts to monitor and reduce accidents at its facilities (see "Item 4.B—Information on the Company—Business overview—Government regulations—Health and safety laws and regulations"), health and safety incidents do occur, some of which may result in costs and liabilities and negatively impact ArcelorMittal's reputation or the operations of the affected facility. Such accidents could include explosions or gas leaks, fires or collapses in underground mining operations, vehicular accidents, and other accidents involving mobile equipment, or exposure to radioactive or other potentially hazardous materials. Some of ArcelorMittal's industrial activities involve the use, storage and transport of dangerous chemicals and toxic substances, and ArcelorMittal is therefore subject to the risk of industrial accidents which could have significant adverse consequences for the Company's workers and facilities, as well as the environment. Such accidents could lead to production stoppages, loss of key personnel, the loss of key assets, or put at risk employees (and those of sub-contractors and suppliers) or persons living near affected sites.

See "Item 4.B—Information on the Company—Business overview—Government regulations—Environmental laws and regulations" and note 8.2 to ArcelorMittal's consolidated financial statements.

Risks related to ArcelorMittal

ArcelorMittal has a substantial amount of indebtedness, which could make it more difficult or expensive to refinance its maturing debt, incur new debt and/or flexibly manage its business.

As of December 31, 2017, ArcelorMittal had total debt outstanding of \$12.9 billion, including \$2.8 billion of short-term indebtedness (including payables to banks and the current portion of long-term debt) and \$10.1 billion of long-term indebtedness. As of December 31, 2017, ArcelorMittal had \$2.8 billion of cash and cash equivalents, including restricted cash of \$0.2 billion, and \$5.5 billion available to be drawn under existing credit facilities. The Company also relies on its true sale of receivables programs (\$5.0 billion of trade receivables sold and outstanding at December 31, 2017), as a way to manage its working capital cycle.

An increase in ArcelorMittal's level of debt outstanding could have adverse consequences, including impairing its ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes, and limiting its flexibility to adjust to changing market conditions or withstand competitive pressures, resulting in greater vulnerability to a downturn in general economic conditions. Substantial increases in the Company's gearing could affect its ability to, and the conditions under which it might, access financial markets to refinance maturing debt on acceptable terms.

ArcelorMittal's access to financial markets for refinancing also depends on the conditions in the global capital and credit markets, which are volatile. Under such circumstances as occurred during the 2008/2009 financial and economic crisis and again at the height of the eurozone sovereign debt crisis in 2012, the Company could experience difficulties in accessing the financial markets on acceptable terms or at all. While ArcelorMittal has made substantial progress in deleveraging, further reductions in "net debt" (i.e., long-term debt net of current portion plus payables to banks and current portion of long-term debt, less cash and cash equivalents, restricted cash and short-term investments) continues to be a key focus, and no assurance may be given that it will succeed.

Moreover, ArcelorMittal could, in order to increase its financial flexibility and strengthen its balance sheet, implement capital raising measures such as equity offerings (as was done in May 2009, January 2013 and April 2016), which could (depending on how they are structured) dilute the interests of existing shareholders or require them to invest further funds to avoid such dilution. In addition, ArcelorMittal has undertaken and may undertake further asset disposals in order to reduce debt. These asset disposals are subject to execution risk and may fail to materialize, and the proceeds received from such disposals may not reflect values that management believes are achievable and/or cause substantial accounting losses (particularly if the disposals are done in difficult market conditions). In addition, to the extent that the asset disposals include the sale of all or part of core assets (including through an increase in the share of non-controlling interests), this could reduce ArcelorMittal's consolidated cash flows and/or the economic interest of ArcelorMittal shareholders in such assets, which may be cash-generative and profitable ones.

In addition, credit rating agencies could downgrade ArcelorMittal's ratings either due to factors specific to ArcelorMittal, a prolonged cyclical downturn in the steel industry and mining industries, macroeconomic trends (such as global or regional recessions) or trends in credit and capital markets more generally, and any future downgrades could lead to an increase in its cost of borrowing. The margin under ArcelorMittal's principal credit facilities and certain of its outstanding bonds is subject to adjustment in the event of a change in its long-term credit ratings, and downgrades that occurred in 2012 and 2015 resulted in increased interest expense.

ArcelorMittal's principal credit facilities contain restrictive covenants. These covenants limit, inter alia, encumbrances on the assets of ArcelorMittal and its subsidiaries, the ability of ArcelorMittal's subsidiaries to incur debt and the ability of ArcelorMittal and its subsidiaries to dispose of assets in certain circumstances. ArcelorMittal's principal credit facilities also include the following financial covenant: ArcelorMittal must ensure that the "Leverage Ratio", being the ratio of "Consolidated Total Net Borrowings" (consolidated total borrowings less consolidated cash and cash equivalents) to "Consolidated EBITDA" (the consolidated net pre-taxation profits of the ArcelorMittal group for a Measurement Period, subject to certain adjustments as defined in the facilities), at the end of each "Measurement Period" (each period of 12 months ending on the last day of a financial half-year or a financial year of ArcelorMittal), is not greater than a ratio of 4.25 to one (See "Item 5.B—Operating and financial review and prospects—Liquidity and capital resources"). As of December 31, 2017, the Company was in compliance with the Leverage Ratio.

These restrictive and financial covenants could limit ArcelorMittal's operating and financial flexibility. Failure to comply with any covenant would enable the lenders to accelerate ArcelorMittal's repayment obligations. Moreover, ArcelorMittal's debt facilities have provisions whereby certain events relating to other borrowers within the ArcelorMittal group could, under certain circumstances, lead to acceleration of debt repayment under the credit facilities. Any invocation of these cross-acceleration clauses could cause some or all of the other debt to accelerate, creating liquidity pressures. In addition, the mere market perception of a potential breach of any financial covenant could have a negative impact on ArcelorMittal's ability to refinance its indebtedness on acceptable conditions.

Furthermore, some of ArcelorMittal's debt is subject to floating rates of interest and thereby exposes ArcelorMittal to interest rate risk (i.e., if interest rates rise, ArcelorMittal's debt service obligations on its floating rate indebtedness would increase). Depending on market conditions, ArcelorMittal from time to time uses interest-rate swaps or other financial instruments to hedge a portion of its interest rate exposure either from fixed to floating or from floating to fixed. ArcelorMittal had exposure to 88% of its long-term debt at fixed interest rates and 12% at floating rates as of December 31, 2017.

Finally, ArcelorMittal has foreign exchange exposure in relation to its debt, approximately 52% of which is denominated in euros as of December 31, 2017, while its financial statements are denominated in U.S. dollars. This creates balance sheet and income statement exposure, with a depreciation of the U.S. dollar against the euro leading to an increase in debt (including for covenant compliance measurement purposes) and the recognition of foreign exchange losses.

See "Item 5.B—Operating and financial review and prospects—Liquidity and capital resources".

ArcelorMittal's level of profitability and cash flow currently is and, depending on market and operating conditions, may in the future be, substantially affected by its ability to reduce costs and improve operating efficiency.

Difficult operating conditions in recent years, due in particular to macroeconomic conditions and supply/demand trends, have reduced ArcelorMittal's operating profitability, decreased its positive cash flows and reduced its profitability. The steel industry has historically been cyclical, periodically experiencing difficult operating conditions. In light of this, ArcelorMittal has historically and increasingly in recent periods, taken initiatives to reduce its costs and increase its operating efficiency. These initiatives have included various asset optimization and other programs throughout the Company. The most recent of these programs is the Action 2020 plan announced in February 2016 that includes, among other aspects, several efficiency improvement initiatives. While the Company has partially implemented the plan across all segments, continued implementation of cost saving and efficiency improvement initiatives is subject to operational challenges and limitations. Failure to implement fully such initiatives would prevent the attainment of announced profitability or cash flow improvement targets, and more generally could have a material adverse effect on the Company's profitability and cash flow.

ArcelorMittal's mining operations are subject to risks associated with mining activities.

ArcelorMittal's mining operations are subject to the hazards and risks usually associated with the exploration, development and production of natural resources, any of which could result in production shortfalls or damage to persons or property. In particular, the hazards associated with open-pit mining operations include, among others:

- flooding of the open pit;
- collapse of the open-pit wall;
- accidents associated with the operation of large open-pit mining and rock transportation equipment;
- accidents associated with the preparation and ignition of large-scale open-pit blasting operations;
- production disruptions due to weather;
- hazards associated with the disposal of mineralized waste water, such as groundwater and waterway contamination; and
- collapse of tailings ponds dams or dams.

Hazards associated with underground mining operations, of which ArcelorMittal has several, include, among others:

- underground fires and explosions, including those caused by flammable gas;
- gas and coal outbursts;
- cave-ins or falls of ground;
- discharges of gases and toxic chemicals;
- flooding;
- sinkhole formation and ground subsidence;
- difficulties associated with mining in extreme weather conditions, such as the Arctic; and
- blasting, removing, and processing material from an underground mine.

ArcelorMittal is exposed to all of these hazards. The occurrence of any of the events listed above could delay production, increase production costs and result in death or injury to persons, damage to property and liability for ArcelorMittal, some or all of which may not be covered by insurance, as well as substantially harm ArcelorMittal's reputation, both as a company focused on ensuring the health and safety of its employees and more generally.

ArcelorMittal's reserve estimates may materially differ from mineral quantities that it may be able to actually recover; ArcelorMittal's estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves uneconomical to mine.

ArcelorMittal's reported reserves are estimated quantities of the ore and metallurgical coal that it has determined can be economically mined and processed under present and anticipated conditions to extract their mineral content. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including factors beyond ArcelorMittal's control. The process of estimating reserves involves estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. As a result, no assurance can be given that the estimated amounts of ore or coal will be recovered or that it will be recovered at the anticipated rates. Estimates may vary, and results of mining and production subsequent to the date of an estimate may lead to revisions of estimates. Reserve estimates and estimates of mine life may require revisions based on actual market conditions, production experience and other factors. Fluctuations in the market prices of minerals and metals, reduced recovery rates or increased operating and capital costs due to inflation, exchange rates, mining duties, changes in regulatory requirements or other factors may render proven and probable reserves uneconomic to exploit and may ultimately result in a revision of reserves. In particular, a prolonged period of low prices or other indicators could lead to a review of the Group's reserves. Such review would reflect the Company's view based on estimates, assumptions and judgments and could result in a reduction in the Group's reported reserves. The Group's reserve estimates reported in this annual report do not exceed the quantities that the Company estimates could be extracted economically if future prices were at similar levels to the average contracted price for the three years ended December 31, 2017. As a result, if the average contracted prices remain in 2018 at, near or below the low levels in the fourth quarter of 2015 and in the first half of 2016, the Company's estimates of its reserves at year-end 2018 may decline.

Drilling and production risks could adversely affect the mining process.

Substantial time and expenditures are required to:

- establish mineral reserves through drilling;
- determine appropriate mining and metallurgical processes for optimizing the recovery of saleable product from iron ore and coal reserves;
- obtain environmental and other licenses;
- construct mining and processing facilities and the infrastructure required for greenfield properties;
- extract the saleable products from the mined iron ore or coal; and
- maintain the appropriate blend of ore to ensure the final product qualities expected by the customer are achieved.

If a project proves not to be economically feasible by the time ArcelorMittal is able to exploit it, ArcelorMittal may incur substantial losses and be obliged to recognize impairments. In addition, potential changes or complications involving metallurgical and other technological processes that arise during the life of a project may result in delays and cost overruns that may render the project not economically feasible.

ArcelorMittal faces rising extraction costs over time as reserves deplete.

Reserves are gradually depleted in the ordinary course of a given mining operation. As mining progresses, distances to the primary crusher and to waste deposits become longer, pits become steeper and underground operations become deeper. As a result, ArcelorMittal usually experiences rising unit extraction costs over time with respect to each of its mines.

ArcelorMittal has incurred and may incur in the future operating costs when production capacity is idled or increased costs to resume production at idled facilities.

ArcelorMittal's decisions about which facilities to operate and at which levels are made based upon customers' orders for products as well as the capabilities and cost performance of the Company's facilities. Considering temporary or structural overcapacity in the current market situation, production operations are concentrated at several plant locations and certain facilities are idled in response to customer demand, although operating costs are still incurred at such idled facilities. When idled facilities are restarted, ArcelorMittal incurs costs to replenish raw material inventories, prepare the previously idled facilities for operation, perform the required repair and maintenance activities and prepare employees to return to work safely and resume production responsibilities. Such costs could have an adverse effect on its results of operations or financial condition.

ArcelorMittal has grown through acquisitions and may continue to do so. Failure to manage external growth and difficulties completing planned acquisitions or integrating acquired companies could harm ArcelorMittal's future results of operations, financial condition and prospects.

The Company was formed and subsequently grew through mergers and acquisitions. It curtailed large-scale M&A activity for years following the 2008 financial crisis. More recently, it has resumed targeted acquisitions, including its acquisition (via a joint venture) of Calvert, its proposed acquisition of Votorantim and its proposed acquisition of Ilva S.p.A. and certain of its subsidiaries ("Ilva"), Europe's largest single steel site and only integrated steelmaker in Italy with its main production facility based in Taranto. See "ArcelorMittal may fail to realize the acquisition of Ilva, and, if the acquisition is completed, ArcelorMittal may fail to implement its strategy with respect to Ilva." Both of the proposed acquisitions are subject to condition, including receipt of antitrust approvals.

To the extent ArcelorMittal continues to pursue significant acquisitions, financing of such acquisitions may result in increased debt, leverage and gearing. Acquisitions also entail increased operating costs, as well as greater allocation of management resources away from daily operations. Managing acquisitions requires the continued development of ArcelorMittal's financial and management information control systems, the integration of acquired assets with existing operations, the adoption of manufacturing best practices, handling any labor disruptions that may arise, attracting and retaining qualified management and personnel (particularly to work at more remote sites where there is a shortage of skilled personnel) as well as the continued training and supervision of such personnel, and the ability to manage the risks and liabilities associated with the acquired businesses. Failure to manage acquisitions could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects.

ArcelorMittal may fail to realize the acquisition of Ilva, and, if the acquisition is completed, ArcelorMittal may fail to implement its strategy with respect to Ilva.

The acquisition of Ilva is subject to certain conditions precedent, including receipt of antitrust approvals. There is no guarantee the acquisition will be completed or will not entail substantial divestitures as antitrust remedies. ArcelorMittal notified AM InvestCo's proposed acquisition of Ilva to the European Commission on September 21, 2017, and submitted commitments on October 19, 2017. On November 8, 2017, the European Commission indicated it was initiating a Phase II review of the proposed acquisition and would request that ArcelorMittal offer more concessions to address competition concerns. If the Company is unable to complete the acquisition of Ilva, it could incur breakage costs and liabilities and its European market strategy would be adversely affected.

If the acquisition of Ilva is completed, the Company may encounter difficulties in integrating Ilva or in implementing its strategy with respect to Ilva. In particular, ArcelorMittal plans to implement a significant environmental plan to bring Ilva up to and beyond EU environmental standards, to invest to improve the operational performance of Ilva's assets, to rebuild client confidence and to integrate Ilva's personnel and apply the Company's best practices and expertise. There is no guarantee that the Company will be successful in implementing its strategy or in realizing the expected benefits of the acquisition in full or at all.

ArcelorMittal's greenfield and brownfield investment projects are inherently subject to financing, execution and completion risks.

The Company has announced a number of greenfield or brownfield development projects, some of which are or may be ongoing. Please refer to "Item 4.A—Information on the Company—History and development of the Company—Updates on previously announced investment projects" for further information on greenfield projects the Company has announced. To the extent these projects go forward, they would entail substantial capital expenditures, and their timely completion and successful operation may be affected by factors beyond the control of ArcelorMittal. These factors include receiving financing on reasonable terms, obtaining or renewing required regulatory approvals and licenses, securing and maintaining adequate property rights to land and mineral resources, local opposition to land acquisition or project development, managing relationships with or obtaining consents from other shareholders, revision of economic viability projections, demand for the Company's products, local environmental or health-related conditions (such as the Ebola epidemic in Liberia in 2014-2015), and general economic conditions. Any of these factors may cause the Company to delay, modify or forego some or all aspects of its development projects. The Company cannot guarantee that it will be able to execute its greenfield or brownfield development projects, and to the extent that they proceed, that it will be able to complete them on schedule, within budget, or achieve an adequate return on its investment. Conversely, should the Company decide to postpone or cancel development projects, it could incur various negative consequences such as litigation or impairment charges.

ArcelorMittal faces risks associated with its investments in joint ventures and associates.

ArcelorMittal has investments in various joint ventures and associates. See note 2.4 to ArcelorMittal's consolidated financial statements. Joint ventures and associates may be controlled and managed by joint venture or controlling partners that may not fully comply with ArcelorMittal's standards, controls and procedures, including ArcelorMittal's health, safety, environment and community standards, which could lead to higher costs, reduced production or environmental, health and safety incidents or accidents, which could adversely affect ArcelorMittal's results and reputation.

In addition, certain of these joint ventures and associates are currently experiencing, or may in the future experience, difficult operating conditions and/or incur losses. Difficult operating conditions in joint ventures and associates in which ArcelorMittal has invested may expose it to loss of its investment, requirements for additional investments or calls on guarantees. For example, ArcelorMittal's joint venture Al Jubail's financial situation has been negatively impacted by a slower than expected ramp-up of operations and may require further funding. ArcelorMittal has provided shareholder loans to assist with funding and additional equity funding is expected from the other partners. ArcelorMittal's investment in and loans to the joint venture was \$152 million at December 31, 2017 following the recognition of its share in net losses. The Company has also guaranteed \$382 million of Al Jubail's external debt. In addition, as of December 31, 2017, ArcelorMittal had given \$1.0 billion in guarantees on behalf of other associates and joint ventures including \$406 million issued on behalf of Calvert. See notes 2.4.1, 2.4.2 and 8.3 to ArcelorMittal's consolidated financial statements.

ArcelorMittal's investments in joint ventures and associates may also result in impairments. For example, in 2014, the Company recorded an impairment charge of \$621 million on its investment in China Oriental, following a revision of business assumptions in the context of an economic slowdown in China. In 2015, the Company also recorded an impairment charge of \$283 million in respect of its joint venture investment in Kalagadi Manganese (Proprietary) Ltd, reflecting a write down of the full carrying amount of the investment and loans as a result of a downward revision of cash flow projections resulting from the expectation of the persistence of a lower manganese price outlook. As of December 31, 2017, ArcelorMittal's investments accounted for under the equity method had a book value of \$5.1 billion, including DHS Group (\$1,051 million), China Oriental (\$835 million), Gonvarri (\$566 million) and Baffinland (\$402 million).

A Mittal family trust has the ability to exercise significant influence over the outcome of shareholder votes.

As of December 31, 2017, a trust (HSBC Trustee (C.I.) Limited, as trustee), of which Mr. Lakshmi N. Mittal and Mrs. Usha Mittal and their children are the beneficiaries, beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) shares amounting (when aggregated with ordinary shares of ArcelorMittal and options to acquire ordinary shares held directly by Mr. and Mrs. Mittal) to 382,241,301 shares, representing 37.41% of ArcelorMittal's outstanding shares. See "Item 7.A—Major shareholders and related party transactions—Major shareholders". As a result, the trust has the ability to significantly influence the decisions adopted at the ArcelorMittal general meetings of shareholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, issuances of equity and the incurrence of indebtedness. The trust also has the ability to significantly influence a change of control of ArcelorMittal.

The loss or diminution of the services of the Chairman of the Board of Directors and Chief Executive Officer of ArcelorMittal could have an adverse effect on its business and prospects.

The Chairman of the Board of Directors and Chief Executive Officer of ArcelorMittal, Mr. Lakshmi N. Mittal, has for over 30 years contributed significantly to shaping and implementing the business strategy of Mittal Steel and subsequently ArcelorMittal. His strategic vision was instrumental in the creation of the world's largest and most global steel group. The loss or any diminution of the services of the Chairman of the Board of Directors and Chief Executive Officer could have an adverse effect on ArcelorMittal's business and prospects. ArcelorMittal does not maintain key person life insurance on its Chairman of the Board of Directors and Chief Executive Officer.

ArcelorMittal is a holding company that depends on the earnings and cash flows of its operating subsidiaries, which may not be sufficient to meet future operational needs or for shareholder distributions and loss-making subsidiaries may drain cash flow necessary for such needs or distributions.

As a holding company, ArcelorMittal is dependent on the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses, meet its debt service obligations, pay any cash dividends or distributions on its ordinary shares or conduct share buy-backs. Significant cash or cash equivalent balances may be held from time to time at the Company's international operating subsidiaries, including in particular those in France and the United States, where the Company maintains cash management systems under which most of its cash and cash equivalents are centralized, and in Argentina, Brazil, Canada, Morocco, South Africa and Ukraine. Some of these operating subsidiaries have debt outstanding or are subject to acquisition agreements that impose restrictions on such operating subsidiaries' ability to pay dividends, but such restrictions are not significant in the context of ArcelorMittal's overall liquidity. These subsidiaries may also experience operating difficulties that impact their cash flows. ArcelorMittal South Africa, for example, has been experiencing significant difficulties in recent years. In order to decrease its significant outstanding debt, in January 2016, ArcelorMittal South Africa conducted a rights offering entirely underwritten by ArcelorMittal that resulted, via the repayment of an outstanding intragroup loan of R3.2 billion and an additional cash injection by ArcelorMittal of approximately R460 million, in ArcelorMittal's shareholding in ArcelorMittal South Africa increasing from 52% to 71%.

Repatriation of funds from operating subsidiaries may also be affected by tax and foreign exchange policies in place from time to time in the various countries where the Company operates, though none of these policies are currently significant in the context of ArcelorMittal's overall liquidity. Under the laws of Luxembourg, ArcelorMittal will be able to pay dividends or distributions only to the extent that it is entitled to receive cash dividend distributions from its subsidiaries, recognize gains from the sale of its assets or record share premium from the issuance of shares.

If the earnings and cash flows of its operating subsidiaries are substantially reduced, ArcelorMittal may not be in a position to meet its operational needs or to make shareholder distributions in line with announced proposals.

Changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in the impairment of such assets, including intangible assets such as goodwill.

At each reporting date, in accordance with the Company's accounting policy described in note 5.3 to ArcelorMittal's consolidated financial statements, ArcelorMittal reviews the carrying amounts of its tangible and intangible assets (goodwill is reviewed annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset (or cash generating unit) is reviewed in order to determine the amount of the impairment, if any.

If certain of management's estimates change during a given period, such as the discount rate, capital expenditures, expected changes to average selling prices, growth rates, shipments and direct costs, the estimate of the recoverable amount of goodwill or the asset could fall significantly and result in impairment. While impairment does not affect reported cash flows, the decrease of the estimated recoverable amount and the related non-cash charge in the consolidated statements of operations could have a material adverse effect on ArcelorMittal's results of operations. For example, in 2017 and 2016, the Company recorded impairment charges as a result of the annual impairment test of \$160 million and \$156 million, respectively, related to tangible assets in the ACIS segment. In 2015, the Company recorded an impairment charge of \$3.7 billion including \$0.9 billion with respect to the Mining segment goodwill and \$2.8 billion related to tangible and intangible assets (\$2.5 billion and \$0.3 billion in the Mining and ACIS segments, respectively). Following these impairment charges, substantial amounts of goodwill, tangible and intangible assets remain recorded on its balance sheet (there was \$5.3 billion of goodwill for the Company, \$3.3 billion of tangible assets and \$0.8 billion of goodwill for ACIS on the balance sheet at December 31, 2017). No assurance can be given as to the absence of significant further impairment losses in future periods, particularly if market conditions deteriorate. In particular, changes in the key assumptions utilized in the impairment test would cause an impairment loss to be recognized in respect of the Brazil segment and an additional impairment loss to be recognized in respect of ACIS. See note 5.3 to ArcelorMittal's 2017 consolidated financial statements, in particular for a discussion of the assumptions used for determining the Brazil and ACIS segment's value in use.

ArcelorMittal's ability to fully utilize its recognized deferred tax assets depends on its profitability and future cash flows.

At December 31, 2017, ArcelorMittal had \$7.1 billion recorded as deferred tax assets on its consolidated statements of financial position. These assets can be utilized only if, and only to the extent that, ArcelorMittal's operating subsidiaries generate adequate levels of taxable income in future periods to offset the tax loss carry forwards and reverse the temporary differences prior to expiration. At December 31, 2017, the amount of future income required to recover ArcelorMittal's deferred tax assets of \$7.1 billion was at least \$31.3 billion at certain operating subsidiaries.

ArcelorMittal's ability to generate taxable income is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. If ArcelorMittal generates lower taxable income than the amount it has assumed in determining its deferred tax assets, then the value of deferred tax assets will be reduced. In addition, assumptions regarding the future recoverability of deferred tax assets depend on management's estimates of future taxable income in accordance with the tax laws applicable to ArcelorMittal's subsidiaries in the countries in which they operate. If in the course of its assessments management determines that the carrying amount of any of its deferred tax assets may not be recoverable pursuant to such prevailing tax laws, the recoverable amount of such deferred tax assets may be impaired. ArcelorMittal's assumptions regarding its ability to generate future taxable income changed during 2016, resulting in a \$0.7 billion derecognition of deferred tax assets in Luxembourg related to revised expectations of the deferred tax asset recoverability in U.S. dollar terms.

The Company's investment projects may add to its financing requirements and adversely affect its cash flows and results of operations.

The steelmaking and mining businesses are capital intensive requiring substantial ongoing maintenance capital expenditure. In addition, ArcelorMittal has announced significant investment projects in the past and some are or may be ongoing. See "Item 4.D—Information on the Company—Property, plant and equipment—Capital expenditure projects", "Item 5.F—Operating and financial review and prospects—Tabular disclosure of contractual obligations" and note 8.3 to ArcelorMittal's consolidated financial statements. ArcelorMittal expects to fund these capital expenditures primarily through internal sources. Such sources may not suffice, however, depending on the amount of internally generated cash flows and other uses of cash, which may require ArcelorMittal to choose between incurring external financing, further increasing the Company's level of indebtedness, or foregoing investments in projects targeted for profitable growth.

See "Item 4.A—Information on the Company—History and development of the Company—Updates on previously announced investment projects".

Underfunding of pension and other post-retirement benefit plans at some of ArcelorMittal's operating subsidiaries could require the Company to make substantial cash contributions to pension plans or to pay for employee healthcare, which may reduce the cash available for ArcelorMittal's business.

ArcelorMittal's principal operating subsidiaries in Brazil, Canada, Europe, South Africa and the United States provide defined benefit pension and other post-retirement benefit plans to their employees. Some of these plans are currently underfunded, see note 7.2 to ArcelorMittal's consolidated financial statements for the total value of plan assets and any deficit.

ArcelorMittal's funding obligations depend upon future asset performance, which is tied to equity and debt markets to a substantial extent, the level of interest rates used to discount future liabilities, actuarial assumptions and experience, benefit plan changes and government regulation. Because of the large number of variables that determine pension funding requirements, which are difficult to predict, as well as any legislative action, future cash funding requirements for ArcelorMittal's pension plans and other post-employment benefit plans could be significantly higher than current estimates. Increases in the general life expectancy assumption have contributed to increases in the defined benefit obligation. ArcelorMittal also makes contributions to a multi-employer pension plan in the U.S. (the Steelworkers Pension Trust) for which it is one of the largest employers. If the other contributors were to default on their obligations, ArcelorMittal would become liable for the plan. In these circumstances, funding requirements could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects.

ArcelorMittal could experience labor disputes that may disrupt its operations and its relationships with its customers and its ability to rationalize operations and reduce labor costs in certain markets may be limited in practice or encounter implementation difficulties.

A majority of the employees of ArcelorMittal and of its contractors are represented by labor unions and are covered by collective bargaining or similar agreements, which are subject to periodic renegotiation. Strikes or work stoppages could occur prior to, or during, negotiations preceding new collective bargaining agreements, during wage and benefits negotiations or during other periods for other reasons, in particular in connection with any announced intentions to adapt the footprint. ArcelorMittal may experience strikes and work stoppages at various facilities. Prolonged strikes or work stoppages, which may increase in their severity and frequency, may have an adverse effect on the operations and financial results of ArcelorMittal. The risk of strikes and work stoppages is particularly acute during collective bargaining agreement negotiations. For example, in 2017, there was a 72-hour strike notice given at ArcelorMittal Mont Wright (an iron ore mine in Northern Quebec) after the Company's contract offer was rejected.

Faced with temporary or structural overcapacity in various markets, particularly developed ones, ArcelorMittal has in the past sought and may in the future seek to rationalize operations through temporary or permanent idling and/or closure of plants. These initiatives have in the past and may in the future lead to protracted labor disputes and political controversy. For example, in 2017, the announcement of potential restructuring after the completion of the acquisition of Ilva by AM InvestCo (see "Item 4.A Information on the Company—History and development of the Company—Key transactions and events in 2017") led to a 24-hour strike.

ArcelorMittal is subject to economic policy, political, social and legal risks and uncertainties in the emerging markets in which it operates or proposes to operate, and these uncertainties may have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects.

ArcelorMittal operates, or proposes to operate, in a large number of emerging markets. In recent years, many of these countries have implemented measures aimed at improving the business environment and providing a stable platform for economic development. ArcelorMittal's business strategy has been developed partly on the assumption that this modernization, restructuring and upgrading of the business climate and physical infrastructure will continue, but this cannot be guaranteed. Any slowdown in the development of these economies could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects, as could insufficient investment by government agencies or the private sector in physical infrastructure. For example, the failure of a country to develop reliable electricity and natural gas supplies and networks, and any resulting shortages or rationing, could lead to disruptions in ArcelorMittal's production.

Moreover, some of the countries in which ArcelorMittal operates have been undergoing substantial political transformations from centrally-controlled command economies to market-oriented systems or from authoritarian regimes to democratically-elected governments and vice-versa. Political, economic and legal reforms necessary to complete such transformation may not progress sufficiently. On occasion, ethnic, religious, historical and other divisions have given rise to tensions and, in certain cases, wide-scale civil disturbances and military conflict. The political systems in these countries are vulnerable to their populations' dissatisfaction with their government, reforms or the lack thereof, social and ethnic unrest and changes in governmental policies, any of which could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects and its ability to continue to do business in these countries. For example, in Ukraine, a period of widespread civil unrest resulted in the removal of the President from office in February 2014 and the establishment of an interim government, which has been followed by ongoing conflict in Crimea and the Donbass region, with Russia purportedly annexing Crimea in March 2014, a disputed referendum approving independence of Crimea from Ukraine in May 2014 and intermittent combats between the Ukrainian army and pro-Russian rebels in the Donbass region. In addition, certain of ArcelorMittal's operations are also located in areas where acute drug-related violence (including executions and kidnappings of non-gang civilians) occurs and the largest drug cartels operate, such as the states of Michoacan, Sinaloa and Sonora in Mexico.

Certain emerging markets where ArcelorMittal has operations have experienced or are experiencing particularly difficult operating conditions. Brazil, for example, is currently emerging from a severe recession, but its recovery is marred by political uncertainty. Recession continues to loom in South Africa, where the steel and mining industries are subject to a challenging operating environment characterized by lower local demand, increased cheap imports and higher costs, resulting in losses in recent years for ArcelorMittal South Africa.

In addition, epidemics may affect ArcelorMittal's operations in certain regions. For example, ArcelorMittal operates in Liberia, which underwent an Ebola virus disease epidemic in 2014 and 2015. This affected ArcelorMittal's operations and projects in Liberia. There can be no assurance that other epidemics will not adversely affect ArcelorMittal's ongoing operations, production targets and expansion plans, if any, in other markets in which it operates.

In addition, the legal systems in some of the countries in which ArcelorMittal operates remain less than fully developed, particularly with respect to the independence of the judiciary, property rights, the protection of foreign investment and bankruptcy proceedings, generally resulting in a lower level of legal certainty or security for foreign investment than in more developed countries. ArcelorMittal may encounter difficulties in enforcing court judgments or arbitral awards in some countries in which it operates because, among other reasons, those countries may not be parties to treaties that recognize the mutual enforcement of court judgments. Assets in certain countries where ArcelorMittal operates could also be at risk of expropriation or nationalization, and compensation for such assets may be below fair value. For example, the Venezuelan government has implemented a number of selective nationalizations of companies operating in the country to date. Although ArcelorMittal believes that the long-term growth potential in emerging markets is strong, and intends them to be the focus of the majority of its near-term growth capital expenditures, legal obstacles could have a material adverse effect on the implementation of ArcelorMittal's growth plans and its operations in such countries.

ArcelorMittal's results of operations could be affected by fluctuations in foreign exchange rates, particularly the euro to U.S. dollar exchange rate, as well as by exchange controls imposed by governmental authorities in the countries where it operates.

ArcelorMittal operates and sells products globally and as a result, its business, financial condition, results of operations or prospects could be adversely affected by fluctuations in exchange rates. A substantial portion of ArcelorMittal's assets, liabilities, operating costs, sales and earnings are denominated in currencies other than the U.S. dollar (ArcelorMittal's reporting currency). Accordingly, its results of operations are subject to translation risk (i.e., the USD value of the revenues and profits generated in other currencies and its debt denominated in other currencies) and transaction risk (i.e., a mismatch between the currency of costs and revenues). For example, in 2015 ArcelorMittal recognized a \$0.7 billion foreign exchange loss primarily due to the decrease in euro denominated deferred tax assets and debt as a result of the sharp appreciation of the USD versus the euro.

Moreover, ArcelorMittal operates in several countries whose currencies are, or have in the past been, subject to limitations imposed by those countries' central banks, or which have experienced sudden and significant devaluations. In emerging countries where ArcelorMittal has operations and/or generates substantial revenue, such as Argentina, Brazil, Venezuela, Kazakhstan and Ukraine, the risk of significant currency devaluation is high. (See "Item 4.B—Information on the Company—Business overview—Government regulations—Key currency regulations and exchange controls").

Currency devaluations, the imposition of new exchange controls or other similar restrictions on currency convertibility, or the tightening of existing controls in the countries in which ArcelorMittal operates could adversely affect its business, financial condition, results of operations or prospects. See “Item 4.B—Information on the Company—Business overview—Government regulations—Key currency regulations and exchange controls”.

Disruptions to ArcelorMittal’s manufacturing processes could adversely affect its operations, customer service levels and financial results.

Steel manufacturing processes are dependent on critical steel-making equipment, such as furnaces, continuous casters, rolling mills and electrical equipment (such as transformers), and such equipment may incur downtime as a result of unanticipated failures or other events, such as fires, explosions or furnace breakdowns. ArcelorMittal’s manufacturing plants have experienced, and may in the future experience, plant shutdowns or periods of reduced production as a result of such equipment failures or other events, one example being the damage to the steam boilers in the site in Fos-sur-Mer in March 2016 or the loss of steam to the ArcelorMittal Burns Harbor site in May 2016. To the extent that lost production as a result of such a disruption cannot be compensated for by unaffected facilities, such disruptions could have an adverse effect on ArcelorMittal’s operations, customer service levels and results of operations.

Natural disasters or severe weather conditions could damage ArcelorMittal’s production facilities or adversely affect its operations.

Natural disasters could significantly damage ArcelorMittal’s production facilities and general infrastructure. For example, ArcelorMittal Mexico’s production facilities located in Lázaro Cárdenas, Michoacán, Mexico and ArcelorMittal Galati’s production facilities in Romania are located in or close to regions prone to earthquakes. The Lázaro Cárdenas area has, in addition, been subject to a number of tsunamis in the past. The site of the joint venture AM/NS Calvert (“Calvert”) in the United States is located in an area subject to tornados and hurricanes. ArcelorMittal also has assets in locations subject to Arctic freeze such as the mining facilities through its associate Baffinland and to bush fires, specifically in Kazakhstan and South Africa. More generally, changing weather patterns and climatic conditions in recent years, possibly due to the phenomenon of global warming, have added to the unpredictability and frequency of natural disasters. Damage to ArcelorMittal production facilities due to natural disasters could, to the extent that lost production cannot be compensated for by unaffected facilities, adversely affect its business, results of operations or financial condition.

In addition to natural disasters, ArcelorMittal’s operations can be affected by severe weather conditions. This is due in particular to the long supply chain for certain of its operations and the location of certain operations in areas subject to harsh winter conditions (i.e., the Great Lakes Region, Canada and Kazakhstan). For example, supply chain issues caused by a particularly harsh winter (causing in particular the closure of the Great Lakes shipping lanes) negatively affected operations in Canada and the Northeastern United States during the first quarter of 2014.

ArcelorMittal’s insurance policies provide limited coverage, potentially leaving it uninsured against some business risks.

The occurrence of an event that is uninsurable or not fully insured could have a material adverse effect on ArcelorMittal’s business, financial condition, results of operations or prospects. ArcelorMittal maintains insurance on property and equipment in amounts believed to be consistent with industry practices, but it is not fully insured against all such risks. ArcelorMittal’s insurance policies cover physical loss or damage to its property and equipment on a reinstatement basis as arising from a number of specified risks and certain consequential losses, including business interruption arising from the occurrence of an insured event under the policies. Under ArcelorMittal’s property and equipment policies, damages and losses caused by certain natural disasters, such as earthquakes, floods and windstorms, are also covered.

ArcelorMittal also purchases worldwide third-party public and product liability insurance coverage for all of its subsidiaries. Various other types of insurance are also maintained, such as comprehensive construction and contractor insurance for its greenfield and major capital expenditures projects, directors and officers liability, transport, and charterers’ liability, as well as other customary policies such as car insurance, travel assistance and medical insurance.

In addition, ArcelorMittal maintains trade credit insurance on receivables from selected customers, subject to limits that it believes are consistent with those in the industry, in order to protect it against the risk of non-payment due to customers’ insolvency or other causes. Not all of ArcelorMittal’s customers are or can be insured, and even when insurance is available, it may not fully cover the exposure.

Notwithstanding the insurance coverage that ArcelorMittal and its subsidiaries carry, the occurrence of an event that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could materially harm ArcelorMittal’s financial condition and future operating results.

Product liability claims could have a significant adverse financial impact on ArcelorMittal.

ArcelorMittal sells products to major manufacturers engaged in manufacturing and selling a wide range of end products. ArcelorMittal also from time to time offers advice to these manufacturers. Furthermore, ArcelorMittal's products are also sold to, and used in, certain safety-critical applications, such as, for example, pipes used in gas or oil pipelines and in automotive applications. There could be significant consequential damages resulting from the use of or defects in such products. ArcelorMittal has a limited amount of product liability insurance coverage, and a major claim for damages related to ArcelorMittal products sold and, as the case may be, advice given in connection with such products could leave ArcelorMittal uninsured against a portion or the entirety of the award and, as a result, materially harm its financial condition and future operating results.

ArcelorMittal is subject to regulatory and compliance risks, which may expose it to investigations by governmental authorities, litigation and fines, in relation, among other things, to its pricing and marketing practices or other antitrust matters. The resolution of such matters could negatively affect the Company's profitability and cash flows in a particular period or harm its reputation.

ArcelorMittal is the largest steel producer in the world. As a result, ArcelorMittal may be subject to exacting scrutiny from regulatory authorities and private parties, particularly regarding its trade practices and dealings with customers and counterparties. As a result of its position in steel markets and its historically acquisitive growth strategy, ArcelorMittal could be subject to governmental investigations and lawsuits based on antitrust laws in particular. These could require significant expenditures and result in liabilities or governmental orders that could have a material adverse effect on ArcelorMittal's business, operating results, financial condition and prospects. ArcelorMittal and certain of its subsidiaries are currently under investigation by governmental entities in several countries, and are named as defendants in a number of lawsuits relating to various antitrust matters. See note 8.2 to ArcelorMittal's consolidated financial statements. Antitrust proceedings, investigations and follow-on claims involving ArcelorMittal subsidiaries are also currently pending in various countries including Brazil and Germany.

Because of the fact-intensive nature of the issues involved and the inherent uncertainty of such litigation and investigations, the nature of the resolutions of such proceedings are difficult to forecast but negative outcomes are possible. An adverse ruling in the proceedings described above or in other similar proceedings in the future could subject ArcelorMittal to substantial administrative penalties and/or civil damages. In cases relating to other companies, civil damages have been as high as hundreds of millions of U.S. dollars in major civil antitrust proceedings during the last decade. In addition, ArcelorMittal operates in many jurisdictions around the world, increasing the risk of non-compliance with laws and regulations in relation to anti-corruption, economic sanctions and other ethical matters, despite its compliance policies and procedures. Unfavorable outcomes in current and potential future litigation and investigations could reduce ArcelorMittal's liquidity and negatively affect its profitability, cash flows, results of operations and financial condition, as well as harm its reputation.

ArcelorMittal is currently and in the future may be subject to legal proceedings, the resolution of which could negatively affect the Company's profitability and cash flows in a particular period.

ArcelorMittal's profitability or cash flows in a particular period could be affected by adverse rulings in legal proceedings currently pending or by legal proceedings that may be filed against the Company in the future. See note 8.2 to ArcelorMittal's consolidated financial statements.

ArcelorMittal's business is subject to an extensive, complex and evolving regulatory framework and its governance and compliance processes may fail to prevent regulatory penalties and reputational harm, whether at operating subsidiaries, joint ventures or associates.

ArcelorMittal operates in a global environment, and, at a time of increased enforcement activity and enforcement initiatives worldwide, its business straddles multiple jurisdictions and complex regulatory frameworks. Such regulatory frameworks, including but not limited to the area of economic sanctions, are constantly evolving, and ArcelorMittal may as a result become subject to increasing limitations on its business activities and to the risk of fines or other sanctions for non-compliance. Moreover, ArcelorMittal's governance and compliance processes, which include the review of internal controls over financial reporting, may not prevent breaches of law or accounting or governance standards at the Company or its subsidiaries. The risk of violation is also present at the Company's joint ventures and associates where ArcelorMittal has only a non-controlling stake and does not control governance practices or accounting and reporting procedures.

In addition, ArcelorMittal may be subject to breaches of its Code of Business Conduct, other rules and protocols for the conduct of business, as well as to instances of fraudulent behavior and dishonesty by its employees, contractors or other agents. The Company's failure to comply with applicable laws and other standards could subject it to fines, litigation, loss of operating licenses and reputational harm.

The income tax liability of ArcelorMittal may substantially increase if the tax laws and regulations in countries in which it operates change or become subject to adverse interpretations or inconsistent enforcement.

Taxes payable by companies in many of the countries in which ArcelorMittal operates are substantial and include value-added tax, excise duties, profit taxes, payroll-related taxes, property taxes, mining taxes and other taxes. Tax laws and regulations in some of these countries may be subject to frequent change, varying interpretation and inconsistent enforcement. Ineffective tax collection systems and national or local government budget requirements may increase the likelihood of the imposition of arbitrary or onerous taxes and penalties, which could have a material adverse effect on ArcelorMittal's financial condition and results of operations. In addition to the usual tax burden imposed on taxpayers, these conditions create uncertainty as to the tax implications of various business decisions. This uncertainty could expose ArcelorMittal to significant fines and penalties and to enforcement measures despite its best efforts at compliance, and could result in a greater than expected tax burden. See note 9 to ArcelorMittal's consolidated financial statements.

In addition, many of the jurisdictions in which ArcelorMittal operates have adopted transfer pricing legislation. If tax authorities impose significant additional tax liabilities as a result of transfer pricing adjustments, it could have a material adverse effect on ArcelorMittal's financial condition and results of operations.

It is possible that tax authorities in the countries in which ArcelorMittal operates will introduce additional revenue raising measures. The introduction of any such provisions may affect the overall tax efficiency of ArcelorMittal and may result in significant additional taxes becoming payable. Any such additional tax exposure could have a material adverse effect on the Company's financial condition and results of operations.

ArcelorMittal may face a significant increase in its income taxes if tax rates increase or the tax laws or regulations in the jurisdictions in which it operates, or treaties between those jurisdictions, are modified in an adverse manner. This may adversely affect ArcelorMittal's cash flows, liquidity and ability to pay dividends.

On December 22, 2017, in the United States, the president signed into law the Tax Cuts and Jobs Act of 2017, which includes substantial changes to the U.S. federal income taxation of individuals and businesses, including decreased tax rates applicable to corporations. Given the swift enactment late in the year, it is possible that the Company has not yet fully considered potential implications of the new legislation, including any unintended consequences. Such tax reform efforts could lead to an increased risk of international tax disputes and an increase in its effective tax rate, which could adversely affect its financial results.

ArcelorMittal's reputation and business could be materially harmed as a result of data breaches, data theft, unauthorized access or successful hacking.

ArcelorMittal's operations depend on the secure and reliable performance of its information technology systems. An increasing number of companies, including ArcelorMittal, have recently experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. ArcelorMittal's corporate website was the target of a hacking attack in January 2012, which brought the website down for several days, and phishing, ransomware and virus attacks have been increasing in more recent years through 2017; for example WannaCry in May 2017 and NotPetya in June 2017 severely impacted various companies worldwide.

Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, the Company may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures.

If unauthorized parties attempt or manage to bring down the Company's website or force access into its information technology systems, they may be able to misappropriate confidential information, cause interruptions in the Company's operations, damage its computers or process control systems or otherwise damage its reputation and business. In such circumstances, the Company could be held liable or be subject to regulatory or other actions for breaching confidentiality and personal data protection rules. Any compromise of the security of the Company's information technology systems could result in a loss of confidence in the Company's security measures and subject it to litigation, civil or criminal penalties, and adverse publicity that could adversely affect its reputation, financial condition and results of operations.