MANAGEMENT REPORT

Company overview

ArcelorMittal is the world's leading integrated steel and mining company. It results from the combination in 2006 of Mittal Steel and Arcelor, which were at the time the world's largest and second largest steel companies by production volume respectively. ArcelorMittal had sales of approximately $84.2 billion, steel shipments of approximately 83.8 million tonnes, crude steel production of approximately 88.2 million tonnes, iron ore production from own mines and strategic contracts of 68.1 million tonnes and coal production from own mines and strategic contracts of 8.9 million tonnes for the year ended December 31, 2012, as compared to sales of approximately $94.0 billion, steel shipments of approximately 85.8 million tonnes, crude steel production of approximately 91.9 million tonnes, iron ore production of 65.2 million tonnes and coal production of 8.9 million tonnes for the year ended December 31, 2011. As of December 31, 2012, ArcelorMittal had approximately 245,000 employees.

ArcelorMittal is the largest steel producer in the Americas, Africa and Europe and is the fourth largest producer in the CIS region. ArcelorMittal has steel-making operations in 20 countries on four continents, including 58 integrated, mini-mill and integrated mini-mill steel-making facilities.

ArcelorMittal has a global portfolio of 16 operating units with mines in operation and development and is among the largest iron ore producers in the world. In the year ended December 31, 2012, ArcelorMittal mines and strategic contracts produced 68.1 million tonnes of iron ore and met 61% of the Company's iron ore requirements, and produced 8.9 million tonnes of coking coal and PCI and met 20% of the Company's PCI and coal requirements. The Company currently has iron ore mining activities in Algeria, Brazil, Bosnia, Canada, Kazakhstan, Liberia, Mexico, Ukraine and the United States and has projects under development or prospective development in Canada, Mauritania and India. The Company currently has coal mining activities in Kazakhstan, Russia and the United States. ArcelorMittal's main mining products include iron ore lump, fines, concentrate, pellets, sinter feed, coking coal, PCI and thermal coal. As of December 31, 2012, ArcelorMittal's iron ore reserves are estimated at 4.3 billion tonnes run of mine and its total coking coal reserves are estimated at 318 million tonnes run of mine or 170 wet recoverable million tonnes.

ArcelorMittal produces a broad range of high-quality steel finished and semi-finished products. Specifically, ArcelorMittal produces flat steel products, including sheet and plate, long steel products, including bars, rods and structural shapes. ArcelorMittal also produces pipes and tubes for various applications. ArcelorMittal sells its steel products primarily in local markets and through its centralized marketing organization to a diverse range of customers in over 170 countries including the automotive, appliance, engineering, construction and machinery industries. The Company also produces various types of mining products including iron ore lump, fines, concentrate and sinter feed, as well as coking, PCI and thermal coal.

Cautionary Statement Regarding Forward-Looking Statements

This document may contain forward-looking information and statements about ArcelorMittal and its subsidiaries. These statements include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. Forward-looking statements may be identified by the words "believe," "expect," "anticipate," "target" or similar expressions. Although ArcelorMittal's management believes that the expectations reflected in such forward-looking statements are reasonable, investors and holders of ArcelorMittal's securities are cautioned that forward-looking information and statements are subject to numerous risks and uncertainties, many of which are difficult to predict and generally beyond the control of ArcelorMittal, that could cause actual results and developments to differ materially and adversely from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include those discussed or identified in the filings with the Luxembourg financial and stock market regulator (Commission de Surveillance du Secteur Financier). ArcelorMittal undertakes no obligation to publicly update its forward looking statements, whether as a result of new information, future events, or otherwise.

Corporate and Other Information

ArcelorMittal is a public limited liability company (*société anonyme*) incorporated under the laws of Luxembourg. ArcelorMittal is registered with the Luxembourg Register of Commerce and Companies (*Registre du Commerce et des Sociétés*) under number B 82.454.

Individual investors who have any questions or document requests may send their request to: privateinvestors@arcelormittal.com. Institutional investors who have any questions or document requests may contact investor.relations@arcelormittal.com.

The mailing address and telephone number of ArcelorMittal's registered office are: 19, Avenue de la Liberté, L-2930 Luxembourg, Grand Duchy of Luxembourg, tel: +352 4792-2484. ArcelorMittal's agent for U.S. federal securities law purposes is ArcelorMittal USA LLC, attention: General Counsel, 1 South Dearborn, Chicago, Illinois 60603, United States of America, tel: + 1 312 899-3400.

Business Overview

The following discussion and analysis should be read in conjunction with ArcelorMittal's consolidated financial statements and related notes for the year ended December 31, 2012 included in this Annual Report.

Key Factors Affecting Results of Operations

The steel industry, and the iron ore and coal mining industries, which provide its principal raw materials, have historically been highly cyclical and are affected significantly by general economic conditions, as well as fluctuations in productive capacity utilization and in changes in steel imports/exports and tariffs. In particular, this is due to the cyclical nature of the automotive, construction, machinery and equipment and transportation industries that are the principal customers of steel. After a period of continuous growth between 2004 and 2008, the sharp fall in demand resulting from the 2008-2009 global economic crisis demonstrated the steel market's vulnerability to volatility and sharp corrections. The last quarter of 2008 and the first half of 2009 were characterized by a deep slump in demand, as consumers used up existing inventories rather than buying new stock. The iron ore and steel market began a gradual recovery in the second half of 2009 that continued in 2010 and the first half of 2011 in line with global economic activity. The iron ore and steel market experienced renewed weakening in the second half of 2011, as demand decreased due in part to uncertainty surrounding the Euro-zone sovereign debt crisis and due to significant destocking in the fourth quarter of 2011. Similarly, 2012 was again characterized by early optimism and restocking but contraction in Europe and a slowdown in China caused iron ore prices to fall as did then both steel prices and margins. The scope and duration of any recovery in activity is difficult to predict and remains subject to significant risks, particularly any escalation of the Euro-zone debt crisis.

ArcelorMittal's sales are predominantly derived from the sale of flat steel products, long steel products and tubular products as well as of iron ore and coal. Prices of steel products, iron ore and coal, in general, are sensitive to changes in worldwide and local demand, which, in turn, are affected by worldwide and country-specific economic conditions and available production capacity.

Unlike many commodities, steel is not completely fungible due to wide differences in shape, chemical composition, quality, specifications and application, all of which impact sales prices. Accordingly, there is limited exchange trading of steel or uniform pricing, whereas there is increasing trading of steel raw materials, particularly iron ore. Commodity spot prices may vary, and therefore sales prices from exports fluctuate as a function of the worldwide balance of supply and demand at the time sales are made. ArcelorMittal's sales are made on the basis of shorter-term purchase orders as well as some longer term contracts to some industrial customers, particularly in the automotive industry. Sales of iron ore to external parties amounted to 10.4 million tonnes in 2012. Steel price surcharges are often implemented on steel sold pursuant to long-term contracts in order to recover increases in input costs. However, spot market steel, iron ore and coal prices and short-term contracts are driven by market conditions.

One of the principal factors affecting the Company's operating profitability is the relationship between raw material prices and steel selling prices. Profitability depends in part on the extent to which steel selling prices exceed raw material prices, and in particular, the extent to which changes in raw material prices correlate with changes in steel selling prices. Complicating factors include the extent of the time lag between (a) the raw material price change and the steel selling price change and (b) the date of the raw material purchase and the actual sale of the steel product in which the raw material was used (average cost basis). In recent periods, steel selling prices have tended to react quickly to rises in raw material prices, due in part to the tendency of distributors to increase purchases of steel products early in a rising cycle of raw material prices. With respect to (b), as average cost basis is used to determine the cost of the raw materials incorporated, inventories must first be worked through before a decrease in raw material prices translates into decreased operating costs. In several of ArcelorMittal's segments, in particular Flat Carbon Americas, Flat Carbon Europe and Long Carbon Americas and Europe, there are several months between raw material purchases and sales of steel products incorporating those materials. Although this lag has been reduced recently by changes to the timing of pricing adjustments in iron ore contracts, it cannot be eliminated and exposes these segments' margins to changes in steel selling prices in the interim (known as a "price-cost squeeze"). In addition, as occurred in the fourth quarter of 2008, the first half of 2009 and the third quarter of 2012, decreases in steel prices may outstrip decreases in raw materials costs in absolute terms.

Given this overall dynamic, the Company's operating profitability has been particularly sensitive to fluctuations in raw material prices, which have become more volatile since the iron ore industry moved away from annual benchmark pricing to quarterly pricing in 2010. In the second half of 2009 and the first half of 2010, steel selling prices followed raw materials prices higher, resulting in higher operating income as the Company benefitted from higher prices while still working through relatively lower-cost raw materials inventories acquired in 2009. This was followed by a price-cost squeeze in the second half of 2010, as steel prices retreated but the Company continued to work through higher-priced raw material stocks acquired during the first half of the year. Iron ore prices were relatively stable during the first nine months of 2011 but then fell over 30% in three weeks in October 2011 and resulted directly in a significant fall in steel prices, even though lower raw material prices had yet to feed into operating costs. More recently, iron ore prices averaged over $140 per tonne CFR China and traded within a $20 range during the first half of 2012 but prices then fell below $90 by early September. If iron ore and metallurgical coal markets continue to be volatile with steel prices following suit, overhangs of previously-acquired raw materials inventories will continue to produce more volatile margins and operating results quarter-to-quarter. In an environment of wide fluctuations in the prices of steel and raw materials, mini-mills utilizing scrap as a primary input (which is typically traded on a spot basis) are less exposed to this volatility. With respect to iron ore and coal supply, ArcelorMittal's growth strategy in the mining business is an important natural hedge against raw material price volatility. Volatility on steel margins aside, the results of the Company's mining segment are also directly impacted by iron ore prices, of which the absolute level was weaker in 2012 compared to 2011, especially in the second half. As the mining segment's contribution to the Company's profitability grows, the Company's exposure to the impact of iron ore price fluctuations also increases.

Economic Environment[1][2]

After recording average global real gross domestic product ("GDP") growth of 2.8% in 2011, global GDP is estimated to have slowed to 2.3% in 2012. The year began with a recovery from a sluggish fourth quarter in 2011, but was short-lived as weakness and reduced demand from the Eurozone contributed to the rapid deceleration of emerging-market economies. Further high oil prices tied to tensions over Iran's nuclear program and the uncertainty surrounding the U.S. fiscal cliff compounded the situation. High debt burdens and austerity of advanced economies and their effects on emerging market growth currently remain the primary risks facing the world economy.

In the United States, the economy continued to expand at a moderate but uneven pace through 2012 with GDP estimated to have grown 2.3%. The US economy gained momentum in the first half of the year, despite financial disruption from the euro crisis. The construction market and consumer demand also showed signs of recovery as 2012 began with improved consumer and business confidence, combined with better job creation. Factors such as pent-up demand and rising credit availability helped the automotive sector gain momentum throughout the year. However, threat of the "fiscal cliff", the impact of Hurricane Sandy and the increasing tensions over Iran's nuclear program contributed to sharp increases in oil prices, bringing the United States down from its high at the start of the year. This also affected spending on equipment as firms became more cautious with respect to capital investment plans.

In Japan, the economy is estimated to have grown by 2.0% in 2012. After dampened growth in the latter part of 2011, 2012 started strong with consumer spending and residential construction on the rise, and the impacts of the natural disasters on supply chains and infrastructure damage having been largely overcome. However, Japan's economy began to struggle in response to weak foreign demand at the end of 2012, exacerbated by the Diaoyus/Senkakus tensions with China impacting in particular Japanese automotive exports. Domestic demand also weakened with a sharp contraction in GDP during the third quarter of 2012, reflected in a depreciation of the Japanese yen in the last quarter of 2012 and pushing incoming Prime Minister Shinzo Abe to unveil a US$122bn spending package to revive the economy.

The economy of the European Union countries (EU27) contracted almost every quarter from the third quarter of 2011, with real GDP contracting by 0.2% in 2012, compared to growth of 1.6% in 2011. A record high Eurozone unemployment rate of 11.8% in November 2012 indicates the toll on labor markets of continued weak economic activity and low business confidence. The situation varies from country to country, with the North (particularly Austria, Benelux, Germany and Scandinavia) faring better than the South (where a tighter fiscal policy and limited consumer spending have hampered domestic demand).

The readiness of the European Central Bank (ECB) to provide unlimited support for sovereign bond markets in September 2012 encouraged investors and eased financial pressures, limiting risk of contagion in the Eurozone. Italian and Spanish sovereign bond yields consequently fell toward sustainable levels compared with late 2011. However, Western Europe is still in a recession and fundamental concerns about austerity, a lack of competitiveness and high debt levels remain.

Emerging market economies suffered for the first three quarters of 2012 from weak growth due to sluggish demand from developed economies. The Brazilian economy is estimated to have grown by just 1.0% with tightening credit markets in the first half of the year heavily impacting the country's automotive sales, prompting the government to support purchases through tax breaks.

Chinese GDP grew by 7.7% in 2012, which is the weakest level of growth in the past 13 years. China's slowdown further impacted other emerging market countries prompting their central banks to reverse the monetary tightening cycle of 2011 and lower interest rates in mid-2012. However, despite experiencing persistently weak exports throughout 2012, in the fourth quarter of 2012, growth improved and the economy showed signs of recovery as infrastructure, retail sales and industrial production growth all picked up.

In India, inflation remains uncomfortably high, limiting the ability to reduce interest rates any further to promote growth. India has struggled with widening current and trade account deficits due to the combination of weaker capital inflows, high imports and slower export growth.

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[1] GDP and industrial production data and estimates sourced from IHS Global Insight, January 16, 2013.

[2] EU27 and United States ASC data is based upon deliveries data collated by Eurofer and American Iron and Steel Institute. Chinese ASC is an estimate calculated from crude steel production and net steel trade based upon China National Bureau of Statistics and Customs data.

Growth in Kazakhstan and Russia lost momentum compared to 2011, as foreign energy demand reduced and commodity prices weakened.

Growth in global industrial production is estimated to have moderated to 2.3% in 2012, compared to growth of 3.8% in 2011, with output in OECD countries growing 0.6% in 2012, compared to growth of 2.4% in 2011. Output in non-OECD countries grew 4.4% in 2012 against growth of 6.6% in 2011. The combination of stronger demand in the United States and rapid growth in industrial production in East Asia were positive factors in the first half of 2012, with output in OECD and non-OECD countries up 1.7% and 4.1% respectively compared to the first half of 2011. In the second half of 2012, output decreased by 0.7% year-on-year in OECD countries (reflecting low Eurozone demand and tight financial constraints) but remained up 4.8% year-on-year in non-OECD countries.

Global GDP growth slowed in 2012 to 2.3% from 2.8% in 2011 as the global economy was impacted by the slowdown in Chinese growth and uncertainty and austerity in Europe. This led to a slowdown in many steel consuming sectors, particularly construction, contributing to weak underlying real steel demand. Reduced real demand for steel has a knock-on effect on lower demand for raw materials, pushing prices for iron ore and coal down in the third quarter of 2012. This impact is amplified as changes in raw material prices feed back into demand for steel as both end-user and stockists destock. As a result, 2012 global apparent steel consumption (ASC) increased only 1.7%, down sharply from growth of 7.4% in 2011. Within this global ASC growth, regional variations were strong, with apparent steel consumption down a dramatic 9% in Europe, up only 2% in China and over 7% in the United States in 2012 compared to 2011.

Steel Production[3]

Annualized world crude steel production, which had bottomed in March 2009 at 1.1 billion tonnes annualized, recovered to just under 1.4 billion tonnes for the year 2010 (+15.7% y-o-y) and rose to just under 1.5 billion tonnes in 2011 (+7.3% y-o-y). In 2012, there was a further 1.2% year-on-year increase to 1.51 billion tonnes, driven by Chinese growth.

Steel output in China set another record in 2012 reaching 709 million tonnes (+3.5% higher than 2011) as the weak growth in the first half and a slump in the summer was compensated by a stronger second half, as the governments pro-growth policies led to a pick-up in end user demand.

Global production (annualized) outside of China in 2012 decreased 0.8% year-on-year to 802 million tonnes compared to 808 million tonnes produced in 2011. This was mainly due to production declining -4.7% year-on-year in the European Union to 170 million tonnes due to the ongoing economic crisis. In addition, production decreased in South America by -3.0% year-on-year to 47 million tonnes, in Africa by -3.0% year-on-year to 14.8 million tonnes and by -1.2% year-on-year in CIS to 111 million tonnes. Japanese output was relatively stable down only -0.1% year-on-year to 107 million tonnes. In contrast, the NAFTA region saw an increase of 2.6% year-on-year to 121 million tonnes, India was up 4.3% year-on-year to 77 million tonnes and South Korea grew 1.2% year-on-year to 69 million tonnes.

In 2012, global crude steel production rose to nearly 14% above 2007 levels driven by China, India, South Korea and Turkey, which were all at least 30% above their respective 2007 production levels. In sharp contrast, 2012 EU production was down 19% compared to its 2007 level, while 2012 production numbers in North America, CIS and Japan were each around 10% below their respective 2007 levels.

The underlying problems associated with the Euro-zone sovereign debt crisis has had a significant impact on steel production in Europe, as the sector adapts to reduced demand (with 2012 EU27 steel demand estimated at 29% below 2007 levels). Despite the region moving from net imports to net exports over the same time period, EU27 steel production is now only 170 million tonnes per year, whereas in 2006, 207 million tonnes were produced, and, in the first half of 2008, production rose to a peak of more than 220 million tonnes annualized. Capacity in Europe at around 240 million tonnes means that steel plants in Europe are running at an average utilisation of 70% of capacity, with up to 50 million tonnes of excess capacity, some of which is being closed.

Global steel capacity utilization declined in 2012, due to reduced demand in Europe but also as newly installed capacity surpassed demand growth in other regions.

In China, steel demand continues to grow but as economic growth slows and the positive impact of the large 2009 infrastructure led stimulus wanes, demand growth has been too slow, leading to a mismatch of supply and demand in 2012. Chinese production rose from approximately 650mt annualized during the first half of 2010 to 700mt in the second half of 2012, whereas capacity rose by over 130mt from the end of 2009 to the end of 2012.

[3]Global production data is from the 62 countries for which monthly production data is collected by the World Steel Association.

Steel Prices[4]

Steel prices increased during the first quarter of 2012 reaching peak levels of €555 per tonne for spot hot rolled coil ("HRC") in Europe in March, and about $800 per tonne in the United States in February, from €495 and $750, respectively, at year-end 2011. This sharp increase in prices was mainly driven by customer restocking. In the case of Europe, it was also supported by a weak euro which reduced import attractiveness, while in United States, the steel price increase also reflected strong demand from the automotive, energy and machinery sectors. Construction remained relatively weak in many regions in the first quarter of 2012.

During the second quarter of 2012, market sentiment weakened due to renewed destocking efforts by customers combined with oversupply and poor demand. In the United States, the automotive industry held firm, but overall economic activity slowed down, providing less room for optimism going forward. In Europe, automotive and manufacturing declined as austerity coupled with fears of a Euro-zone breakup took their toll on confidence and output. By the end of the second quarter, HRC prices had lost about $100-130 per tonne from their first quarter peak. Exports from Asian suppliers in China, South Korea and Japan competing with CIS producers for scarce international demand also put pressure on international reference prices. Similarly, the slab market experienced a slump in demand, and prices fell to $550 CFR[5] in South East Asia at the end of the second quarter of 2012 from levels close to $610 in March 2012.

In the second half of 2012, HRC prices then lost up to $150 per tonne in the United States and about €100 per tonne in Europe from their first-half peak, with HRC prices reaching lows of €460 in Europe and $650 in the United States at the start of the fourth quarter of 2012. This sharp fall was due to generally weak buyer sentiment and uncertain financial markets, with destocking continuing through the third quarter. International export prices remained very weak throughout the second half, with a dramatic fall of over $80 in South East Asia's spot HRC price in third quarter, followed by another drop of $5-10 in the fourth quarter, leaving spot HRC prices at around $560 CFR in the region, at the year end. Similarly, slab prices also eroded during the second half reaching lows of $460-500 CFR in South East Asia in the fourth of 2012. This dynamic resulted in weak steel selling prices globally for much of the second half of 2012. Only in the last weeks of 2012 was an upward correction visible, on the back of the upward trend in raw material prices, which had been initiated in China driven by strong restocking, with HRC transaction prices moving up for first quarter 2013 delivery. The latest spot HRC market prices for late first quarter of 2013 delivery are at €490-510 per tonne in Europe, at $660-695 per tonne in United States and at $560-575 per tonne in China

Pricing for construction-related long products has been mainly driven by the volatile behavior of scrap prices. After a small improvement in January 2012, with rebar prices in Europe reaching a peak of €580 per tonne, prices went down throughout the first half to €510-535 per tonne in the second quarter for European domestic Rebar, due to weak construction demand. For medium sections, prices peaked at €690 per tonne in February 2012 and settled in the range of €635-660 per tonne at the end of first quarter of 2012, followed by a correction downwards to €575-610 per tonne by the end of the second quarter of 2012. Turkish rebar export prices remained relatively firm and stable during the first quarter, ranging from $650-685 per tonne FOB[6], but subsequently declined, reaching lows of $615-630 per tonne FOB at the end of the second quarter of 2012, due to scrap prices falling by around $60 per tonne between March and June and ending the second quarter at $385 per tonne CFR Turkey. After the summer holiday period, rebar pricing in Europe improved by about €10 reaching prices between €512-552 per tonne at the end of the third quarter, while medium sections remained relatively stable at €580-605 per tonne. Prices in Europe ended 2012 at €575-610 per tonne for medium sections and €502-532 per tonne for rebar, while Turkish rebar export prices ended the year at $588-599 FOB Turkish port per tonne.

Prices for industrial long products, like quality wire rods and bars went slightly up in the first quarter of 2012 after the seasonal year-end slowdown in 2011, and remained relatively stable throughout the entire first half of 2012, with quality wire rod prices ranging between €580-600 in Europe. However, in the second half of 2012, due to weakening demand, a negative price trend also impacted quality wire rod products, with prices reaching lows of €550 in the fourth quarter of 2012.

Current and Anticipated Trends in Steel Production and Prices[7]

ArcelorMittal expects global steel production growth to be stronger in 2013 than in 2012, as ArcelorMittal expects global steel demand to grow around 3% in 2013. In Europe, however, ASC is expected to decline around 1% year on year, despite an end to destocking as both auto production and construction output continue to decline. In the United States, an improving labor market, rising availability of credit and low interest rates; coupled by pent-up demand is helping both auto and housing output to grow, supporting expected ASC growth of 3 to 4 % in 2013. In China, government pro-growth policies, rising loan growth and a renewed focus on infrastructure spending is driving an expected rebound in ASC growth to 3-4% during 2013. In addition, although global steel consumption as a whole is already back above pre-crisis levels, developed world consumption is not expected to recover to its 2007

[4] Source: Steel Business Briefing (SBB)
[5] International Commercial Terms, Cost and Freight ("CFR")
[6] International Commercial Terms, Free on Board ("FOB")
[7] ASC is forecast by estimating the growth in underlying real steel demand (using forecasts of the main steel consuming sectors from IHS Global Insight and Oxford Economics) and an estimate for the change in inventories of steel, both at end-users and stockists.

peak for at least another 5 years, with demand in EU27 not expected to be back to peak levels until after 2020 and structural overcapacity a continuing issue in the region.

Steel selling prices are also rising in early 2013 in line with improved demand in most regions, due to higher raw material prices and an end to the destocking that was observed during the fourth quarter of 2012. Raw materials prices have a significant impact on steel prices and in particular iron ore prices have risen to a higher level during January 2013, up significantly on fourth quarter prices, albeit only slightly higher than the prices seen in the first quarter of 2012. In addition to raw materials prices, the sustainability of higher steel prices will continue to depend on an increase in sustainable real demand, and no further exacerbation of the Euro-zone debt crisis. Underlying real demand appears to still be on a rising trend in the United States while the Euro-zone appears to be stuck in a mild recession. In both markets inventory levels were cut during the fourth quarter of 2012, which should support demand to a limited extent during the first half of 2013.

Raw Materials

The primary inputs for a steelmaker are iron ore, solid fuels, metallics (e.g., scrap), alloys, electricity, natural gas and base metals. ArcelorMittal is exposed to price volatility in each of these raw materials with respect to its purchases in the spot market and under its long-term supply contracts. In the longer term, demand for raw materials is expected to continue to correlate closely with the steel market, with prices fluctuating according to supply and demand dynamics. Since most of the minerals used in the steel-making process are finite resources, they may also rise in response to any perceived scarcity of remaining accessible supplies, combined with the evolution of the pipeline of new exploration projects to replace depleted resources.

As with other commodities, the spot market prices for most raw materials used in the production of steel saw their recent lows during the global financial crisis of 2008/2009, but have since recovered with a greater degree of volatility. The main driver for the rise in input prices has been robust demand from China, the world's largest steel producing country. For example, in 2010/2011, iron ore reached high levels well above $100 per tonne (e.g. $193 on February 15-16, 2011) due to a lag in additional seaborne supply compared to increased demand for iron ore on the seaborne market, with high cost domestic iron ore in China filling the demand gap.

Until the 2008-2009 market downturn, ArcelorMittal had largely been able to reflect raw material price increases in its steel selling prices. However, from 2009 onwards, ArcelorMittal has not been able to fully pass raw materials cost increases on customers as its steel markets are structurally oversupplied and fragmented. This has resulted in a partial decoupling of raw material costs (mainly driven by Asian market demand) from steel selling prices achieved in the European market, and consequently increased risk of margin squeeze.

Until the 2010 changes in raw materials pricing systems described below under "—Iron Ore", benchmark prices for iron ore and coal in long-term supply contracts were set annually, and some of these contracts contained volume commitments. In the first half of 2010, the traditional annual benchmark pricing mechanism was abandoned, with the big three iron ore suppliers (Vale, Rio Tinto and BHP Billiton) adopting a quarterly index-based pricing model. The new model operates on the basis of the average spot price for iron ore supplied to China, quoted in a regularly published iron ore index. The new system has since generally been adopted by other suppliers although some iron ore suppliers continue to offer an annual price for their long-term contracts. The price trend as well as pricing mechanism for coking coal has followed a similar trend, with the annual benchmark pricing system being replaced by a quarterly pricing system as from the second quarter of 2010 and with a monthly pricing system introduced by BHP Billiton for coal from Australia in 2011. Following this transition to shorter-term pricing mechanisms that are either based on or influenced by spot prices for iron ore and coking coal imports to China, price dynamics generally have experienced shorter cycles and greater volatility. Pricing cycles were further shortened in 2012 as high volatility of prices continued. In 2012, quarterly and monthly pricing systems were the main type of contract pricing mechanisms, but spot purchases also appeared to have gained a greater share of pricing mechanisms as steelmakers developed strategies to benefit from increasing spot market liquidity and volatility.

Iron Ore

Chinese demand in the seaborne iron ore market supported high spot iron ore prices during the first three quarters of 2011, within the range of $160 to $190 per tonne CFR China, before dropping and stabilizing at $140 per tonne CFR China in the fourth quarter of 2011. At $167.59 per tonne CFR China, the average price for 2011 was 14.2% higher than in 2010 ($146.71 per tonne CFR China). However, the spot iron ore price closed 2011 at $138.5 per tonne, i.e., $30 per tonne lower than at the end of December 2010.

In the first quarter of 2012, spot iron ore prices were stable at $143 per tonne, whereas in the second quarter of 2012, there was higher volatility with prices reaching $150 per tonne in April, declining to $132 per tonne in mid-May and then hovering around $135 to $138 per tonne in June.

This price drop and volatility in the second quarter of 2012 reflected the slowing Chinese economy and economic difficulties in Europe, which drove further decline of end user demand for steel and iron ore. Some temporary support of moderately high prices in the first half of 2012 was provided by the export ban put in place by the Indian government, which limited seaborne supply of Indian iron ore. However, at the beginning of the third quarter of 2012, the weakness in real demand for seaborne iron ore prevailed. Low buying activity, due to combined effects of weak economic sentiment, low seasonal demand and pressure on steelmaking margins, resulted in record sharp drop in the spot price, which, on September 7, 2012, dropped to a 3-year low of $88.5 per tonne.

In the second half of 2012, spot prices per tonne ranged from $135.25 in beginning of July to $106.5 in end of September and $144.5 at the end of December, with particularly high volatility in December, due to restocking activities in China. This volatility reflects economic uncertainties in Europe as well as in China.

Coking Coal and Coke

As mentioned above, pricing for coking coal has been affected by changes to the seaborne pricing system, with the annual benchmark pricing system being replaced by a quarterly pricing system as from the second quarter of 2010 and with a monthly pricing system introduced by BHP Billiton for coal from Australia in 2011.

2011 was strongly influenced by the impact of the dramatic rain event in Queensland, Australia in the first quarter of 2011, resulting in most major coking coal mines declaring force majeure as a result of significant structural damage to mines and rail infrastructure. The situation progressively improved with the last mines lifting force majeure by the end of June 2011. In addition, several events in the United States, such as tornados in Alabama, reduced the availability of Low Volatile Hard Coking Coal, further worsening the global shortage in this coal market segment.

In 2011, the scarcity of premium coals was reflected in the high quarterly benchmark price settlements for Australian Hard Coking Coal, rising from $225 per tonne FOB Australia in the first quarter of 2011 to $330 per tonne FOB Australia in the second quarter. Thereafter, a successive improvement in supply resulted in price settlements of $315 per tonne FOB Australia in the third quarter and $285 per tonne FOB Australia in the fourth quarter. As supply was progressively restored in Australia following the rain event and demand decreased due to ongoing economic uncertainty, prices began to decrease further, with the benchmark price settlement for the first quarter of 2012 at $235 per tonne. The downward trend continued in the second quarter of 2012, with the benchmark price settled at $210 per tonne. The degree of price decline in premium coals in the second quarter of 2012 was lessened by strikes at BHP Billiton Mitsubishi Alliance (“BMA”) mines.

The rain season in the first half of 2012 was mild, with no significant supply disruptions (other than the strikes at BMA mines). Moreover, Australian miners had upgraded mine infrastructure to be better prepared to deal with adverse weather conditions during the wet season in Queensland. The second half of 2012 experienced sharp spot price and contract benchmark price reductions, with a relatively high gap between both references (spot indexes and quarterly contract settlements), with quarterly contract benchmark reference settled at $220 per tonne (FOB Australia) and $170 per tonne for the third and fourth quarters of 2012, respectively, while spot values for such quarters averaged $173.9 and $154.9 per tonne, respectively. In parallel, the spot market, as reflected by the various index providers, also decreased over 2012 in line with progressively improved supply, with a noticeable price gap between premium coal and non premium coals. The main reason for the sharp declines in the coking coal spot price was a healthy availability of coking coal supply from traditional exporting regions (Australia, United States and Canada) as well as from new regions, notably Mongolia and Mozambique, combined with declining import demand of Asian steelmakers as well as lower demand on the Atlantic basin due to the economic difficulties in Europe. In the fourth quarter of 2012, major seaborne suppliers of coking coal from Australia and the United States announced the closure of the least cost efficient mines in order to adjust market supply to weaker seaborne demand and to remain cost competitive in a challenging pricing environment.

The spot price for hard coking coal, FOB Australia, gradually recovered towards end of 2012, from around $160 per tonne at the end of September 2012 to $140-145 per tonne at the beginning of October 2012 and then back to $160 per tonne by the end of December 2012.

Throughout 2012, China continued, as it had in 2011, to increase coking coal imports from Mongolia. It also increased imports from US and Canadian sources and remained an active player on the seaborne market.

ArcelorMittal leveraged its full supply chain and diversified supply portfolio in terms of suppliers and origin of sources to overcome the significant supply disruptions during 2011 without any significant impact on its operations. In 2012, ArcelorMittal further diversified its supply portfolio by adding new supply sources from emerging mines in Mozambique as well as Russia.

Scrap

Scrap availability for 2012 was tighter than in previous years, given the demand supply balance and the resulting pricing. In 2012, scrap prices were relatively high, and the Eurofer Index for demolition scrap average for 2012 was €307, i.e., 1% higher than in 2008 and 29% higher than in 2007. In 2010 and 2011, the index average was €273 and €321, respectively.

During the first half of 2012, scrap prices increased by €20 per tonne in January, and the market was relatively stable through May, with the first major price decrease occurring in June of approximately €20 per tonne, reflecting variations in supply and demand. Pricing remained rather weak in the third quarter of 2012. Pricing in the fourth quarter of 2012 was volatile, with October being the weakest month with a price of €273 per tonne, and thereafter picking up by approximately €26 per tonne in December due to the seasonal holidays, and in anticipation of weather related restrictions and the trend over the past three years of a jump in opening January prices. The Eurofer Index for demolition scrap was at an average of €322 per tonne in the first half of 2012 and €292 per tonne in the second half of 2012 and was at approximately €310 – €315 in January 2013. In North America, prices followed a similar trend, remaining reasonably stable from January to May 2012 at an average of $400/lt (Platts SBB HMS 1 and 2): prices thereafter however dropped a sharp $50/lt in June and were weak throughout the third quarter of 2012. In the fourth quarter of 2012, October was the weakest month, with a price of $317.5/lt and increased by $35/lt in December 2012. In the first half and second half of 2012, the average price was $391/long ton (lt) and $341/lt, respectively. At the end of January 2013, the price in North America was at approximately $350 – 355/lt.

According to the Turkey Statistical Institute, from January to December 2012, Turkey imported 22.42 million tonnes of scrap, representing a 6% increase year-on-year.

According to the China Association of Metal Scrap Utilization, China's scrap imports decreased 26% year-on-year from 6.77 million tonnes in 2011 to 4.97 million tonnes in 2012. Also China's scrap ratio decreased from 135.5 kg per metric ton of steel in January 2012 to 112.2 kg in October 2012.

Ferro Alloys and Base Metals

Ferro Alloys[8]

The underlying price driver for manganese alloys is the price of manganese ore, which increased by 9.35% from the level of $4.49/dry metric tonne unit ("dmtu") (for 43% lump ore) on Cost, Insurance and Freight ("CIF") China in January 2012 to $4.91/dmtu in December 2012, mainly due to increased demand from China.

On the back of the manganese ore trend, average prices of main Manganese alloy also increased in 2012, with an increase of 4.32% in the price per tonne for High Carbon Ferro Manganese (from $1,076 to $1,122), 3.71% for Silico Manganese (from $1,133 to $1,175), whereas average Medium Carbon Ferro Manganese prices decreased by 4.90% (from $1,573 to $1,496) and Ferro Silicon prices have also decreased by 3.69% (from $1,491 to $1,436).

Base Metals - Zinc[9]

Base metals used by ArcelorMittal are zinc and tin for coating, and aluminum for deoxidization of liquid steel. ArcelorMittal partially hedges its exposure to its base metal inputs in accordance with its risk management policies.

ArcelorMittal purchased 427 kt of zinc metals in 2012. The average London Metal Exchange ("LME") cash price of zinc metal was $1,946 per ton for 2012, representing a decrease of 11% as compared to the average price for 2011 ($2,191). Stocks registered at the LME warehouses stood at 1,220 kt at the end of 2012, up 49% from 820 kt at the end of 2011, mainly due to oversupply of zinc metals in the world.

Energy

Electricity

In most of the countries where ArcelorMittal operates, electricity prices have moved in line with other commodities. In North America, prices in 2012 decreased as compared to 2011 (to less than $45/MWh), in line with the low natural gas prices. In Europe, the market was mostly impacted by poor demand. The European Energy Exchange's ("EEX") year-ahead price for Germany averaged €49.5 /MWh in 2012, down 13% compared to 2011. The need for investment in replacement and additional power generating capacity by providers and in improved electricity grid stability due to volatility from renewable suppliers remains clear, but still not apparent in light of current economic conditions.

Natural Gas

Natural gas is priced regionally. European prices are historically linked with petroleum prices but a significant spot market is developing. North American natural gas prices trade independently of oil prices and are set by spot and future contracts, traded on the NYMEX exchange or over-the-counter. Elsewhere, prices are set on an oil derivative or bilateral basis, depending on local market conditions. International oil prices are dominated by global supply and demand conditions and are also influenced by geopolitical factors, such as the ability of the Organization of Petroleum Exporting Countries ("OPEC") to limit production.

The 2011 trends continued in 2012. The Liquefied Natural Gas ("LNG") market surplus continued to be absorbed by increased demand in Asia, especially in Japan for electricity production following the Fukushima disaster and in China to meet growing natural gas requirements. Given the limited new capacity coming into the market in 2012 – 2014, LNG spot supply conditions remain

[8]Prices for high grade manganese ore are typically quoted for ore with 44% manganese content.
[9]Prices included in this section are based on the London Metal Exchange (LME) cash price.

difficult, especially for supplies to Asia where spot prices have reached in constrained periods the oil-heat equivalent of $18 to $19/MMBritish thermal unit ("Btu").

In the United States, abundant unconventional gas production has been replacing steam coal to produce power, leading to a significant increase in demand, and projects to build liquefaction facilities for export to Asia are continuing to develop. In that context, prices in North American markets averaged $2.84/MMBtu with prices dropping below $2/MMBtu for a short period.

In Europe, gas demand remains very low and the gap between long-term oil-indexed contracts and spot gas prices increased, with prices in long term oil-indexed contracts being about $14/MMBtu while spot prices remained around $9/MMBtu. Current ongoing renegotiation between European gas companies and major utilities suppliers are only expected to close part of the gap between oil indexed and European spot.

Ocean Freight[10]

Market rates remained extremely low in 2012 generally due to the global slowdown and the extensive fleet size. The Baltic Dry Index ("BDI") reached its lowest point in 25 years and averaged at around 920 points for 2012 as compared to an average of 1,549 for full year 2011.

Global trade was slow in 2012 but picked up in the second quarter with iron ore shipments out of Brazil seeing a rise, although underlying concern for the global economy remained. The summer remained weak but the second half of the year generally saw trade increases due to Chinese restocking. A total of 1.15bilion tons of iron ore and 229 million tons of coal were shipped; a growth of 6% and 2% y-o-y. Meanwhile, the growing delivery list of ships on order and the current order book weighed heavily on time charter rates by easily absorbing all new cargoes in the market.

The Capesize rates remained low for most of the year; although a small uptick was seen around September-October 2012. Overall, rates remained under pressure due to the size of the fleet. The Capesize rates averaged $7,680/day for 2012 as compared to an average of $15,639/day for 2011.

Export bans for Indonesia (for coal) and India (for iron ore) resulted in lower rates for Panamax, as did reduced US grain exports and a slowdown in Chinese coastal trade. Rates remained under pressure as the rate of delivery of new ships remained strong. The Panamax rates averaged $7,684/day in 2012 as compared to an average of $13,999/day in 2011.

Impact of Exchange Rate Movements

After reaching a yearly low in the first quarter of 2012 against most currencies in the jurisdictions where ArcelorMittal operates, the U.S. dollar strengthened significantly during the second and the third quarter to finish during the fourth quarter at a yearly high against the Brazilian real, the South African rand, the Ukrainian hryvnia, the Kazak tenge and the Argentinean peso, but came back at the end of fourth quarter to previous levels seen in the first quarter against the euro, the Polish zloty, the Czech koruna and the Mexican peso (among other currencies).

Because a substantial portion of ArcelorMittal's assets, liabilities, sales and earnings are denominated in currencies other than the U.S. dollar (its reporting currency), ArcelorMittal has exposure to fluctuations in the values of these currencies relative to the U.S. dollar. These currency fluctuations, especially the fluctuation of the U.S. dollar relative to the euro, as well as fluctuations in the currencies of the other countries in which ArcelorMittal has significant operations and sales, can have a material impact on its results of operations. In order to minimize its currency exposure, ArcelorMittal enters into hedging transactions to lock-in a set exchange rate, as per its risk management policies.

In June 2008, ArcelorMittal entered into a transaction in order to hedge U.S. dollar-denominated raw material purchases until 2012. The hedge involved a combination of forward contracts and options that initially covered between 60% to 75% of the dollar outflow from the Company's European subsidiaries based on then-current raw materials prices, amounting to approximately $20 billion. The transaction was unwound during the fourth quarter of 2008, resulting in a deferred gain of approximately $2.6 billion recorded in equity and of $349 million recorded in operating income. The gain recorded in equity along with the recording of hedged expenses is being recycled in the consolidated statements of operations during the period from 2009 through the first quarter of 2013; of this amount, $566 million was recorded as income within cost of sales for the year ended December 31, 2012, compared to $600 million for the year ended December 31, 2011. See Note 17 to ArcelorMittal's 2012 consolidated financial statements.

[10]Sources: Baltic Daily Index, Clarksons Shipping Intelligence Network, Associated Shipbroking, LBH.

Trade and Import Competition

Europe[11]

While import competition in the European Union steel market reached a high of 37.5 million tonnes of finished goods during 2007, equal to 18.9% of steel demand, as demand has decreased, imports have also declined, reaching a low of 15 million tonnes in 2009, equal to an import penetration ratio of 12.6%. In 2010, imports recovered to 18.4 million tonnes but a similar increase in domestic deliveries resulted in an import penetration ratio of 12.7%.

In 2011, a rise in finished imports to 23.1 million tonnes resulted in the import penetration ratio increasing to 15.1%. As demand in Europe has continued to decline, imports again declined in 2012. Imports fell 31.5% year-on-year in the first half of 2012, pushing down the penetration ratio to 12.1% and again down 21.2% year-on-year (based on December license data) in the second half of 2012, with the penetration ratio remaining at approximately 12.1% in both the first and second halves of the year. Overall in 2012, finished imports for 2012 fell by 27.1% over the previous year.

United States[12]

After reaching a record level of 32.5 million tonnes in 2006, or an import penetration ratio of 27.1%, total finished imports bottomed at 12.9 million tonnes in 2009, representing an import penetration ratio of 22.2%. In 2010, imports recovered to 17.1 million tonnes but a similar rise in demand resulted in a minor drop in import penetration to 21.1%. The import penetration in 2011 remained relatively stable at 21.7%, although imports edged up to 19.7 million tonnes together with stronger finished steel consumption.

Finished imports during the first half of 2012 increased by 22.6% year-over-year and despite stronger demand, the import penetration ratio increased to 24.1%. Imports in the second half of the year were weaker than first half levels (although remain up 13.5% year on year), with the import penetration ratio falling to 23.7%. Overall for 2012 finished imports increased 18.1% year-over-year to 23.4 million tonnes with penetration at 23.9%.

Consolidation in the Steel and Mining Industries

The global steel and mining industries have experienced a consolidation trend over the past ten years. After pausing during the credit crisis and global economic downturn of 2008-2009, merger and acquisition activity of various steel and mining players, including Chinese and Indian companies, has increased at a rapid pace. However, given the current economic uncertainties in the developed economies, combined with a slowdown in emerging regions such as China and India, consolidation transactions decreased significantly in terms of number and value in 2012 and this trend is expected to continue in 2013 until prices stabilize and supply and demand balance out in the context of worldwide structural overcapacity.

Apart from Mittal Steel's acquisition of Arcelor in 2006 and their merger in 2007, notable mergers and acquisitions in the steel business in recent years include the merger of Tata Steel and Corus (itself the result of a merger between British Steel and Hoogovens); U.S. Steel's acquisitions in Slovakia and Serbia; Evraz and Severstal's acquisitions in North America, Europe and South America, and expansion in North and South America by Brazilian steel company Gerdau. Most recently, on October 1, 2012, Japanese steelmakers Nippon Steel Corp. and Sumitomo Metals Industries Ltd. completed their merger and created the world's second-largest steel company. On December 28, 2012, Outokumpu and Inoxum, the stainless division of Thyssen-Krupp, completed their merger in order to create the worldwide leader in stainless steel.

As developed markets continued to present fewer opportunities for consolidation, steel industry consolidation also began to slow down substantially in China in 2012. Despite being a key initiative of the five-year plan issued in March 2011, the concentration process of the steel industry that is expected to reduce overcapacity, rationalize steel production based on obsolete technology, improve energy efficiency, achieve environmental targets and strengthen the bargaining position of Chinese steel companies in price negotiations for iron ore declined as a result of the slowing economy. This situation could affect the Chinese government's objective for the top ten Chinese steel producers to account for 60% of national production by 2015 and for at least two producers to reach 100 million ton capacity in the next few years.

Merger and acquisition activity is expected to remain active in the Indian steel and mining industry though at a lower pace considering the current economic slowdown. The country has become the world's third largest steel consumer after China and the United States and is expected to become soon the world's second largest steel producer worldwide. The integration of Ispat Industries into JSW Steel was a major consolidation step in 2010.

Recent and expected future industry consolidation should foster the ability of the steel industry to maintain more consistent performance through industry cycles by achieving greater efficiencies and economies of scale, and should lead to improved bargaining

[11]Source: Eurostat
[12]Source: US Census Bureau

power relative to customers and, crucially, suppliers, which tend to have a higher level of consolidation. The wave of steel industry consolidation in the previous years has followed the lead of raw materials suppliers, which occurred in an environment of rising prices for iron ore and most other minerals used in the steel-making process. The merger of Cliffs Natural Resources and Consolidated Thompson in 2011 was a significant consolidation move in North America which, at the same time, strengthened vertical relationships into the Chinese steel market. Despite the declines in prices in 2011 and 2012, iron ore producers continue to seek consolidation that would strengthen their options whatever the direction of future price trends. There are still only four primary iron ore suppliers in the world market. Consolidation among other mining companies is also in progress, as evidenced by the merger between Xstrata and Glencore International which should be completed in the first quarter of 2013.

Operating Results

ArcelorMittal reports its operations in six reportable segments: Flat Carbon Americas, Flat Carbon Europe, Long Carbon Americas and Europe, Asia, Africa and CIS, Distribution Solutions and Mining, which was added as a separate reportable segment as from the first quarter of 2011.

Key Indicators

The key performance indicators that ArcelorMittal's management uses to analyze operations are sales, average steel selling prices, steel shipments, iron ore and coal production and operating income. Management's analysis of liquidity and capital resources is driven by operating cash flows.

Year Ended December 31, 2012 Compared to Year Ended December 31, 2011

Sales, Steel Shipments, Average Steel Selling Prices and Mining Production

The following table provides a summary of ArcelorMittal's sales, steel shipments, average steel selling prices and mining production by reportable segment for the year ended December 31, 2012 as compared to the year ended December 31, 2011:

	Sales for the Year ended December 31,[1]		Steel Shipments for the Year ended December 31,[2]		Changes in		
Segment	**2011 (in $ millions)**	**2012 (in $ millions)**	**2011 (thousands of MT)**	**2012 (thousands of MT)**	**Sales (%)**	**Steel Shipments (%)**	**Average Steel Selling Price (%)**
Flat Carbon Americas	21,035	20,152	22,249	22,291	(4)	-	(4)
Flat Carbon Europe	31,062	27,192	27,123	26,026	(12)	(4)	(12)
Long Carbon Americas and Europe	25,165	21,882	23,869	22,628	(13)	(5)	(6)
AACIS	10,779	10,051	12,516	12,830	(7)	3	(9)
Distribution Solutions	19,055	16,294	18,360	17,693	(14)	(4)	(11)
Mining	6,268	5,390	N/A	N/A	(14)	N/A	N/A
Total	**93,973**	**84,213**	**85,757**	**83,775**	**(10)**	**(2)**	**(8)**

1 Amounts are prior to inter-company eliminations (except for total) and sales include non-steel sales.
2 Amounts are prior to inter-company eliminations and Distribution Solutions shipments are eliminated in consolidation as they primarily represent shipments originating from other ArcelorMittal operating subsidiaries.

Mining shipments (million tonnes) [1]	Year ended December 31, 2011	2012
Total iron ore shipments [2]	51.6	54.4
Iron ore shipped externally and internally and reported at market price [3]	28.0	28.8
Iron ore shipped externally	*9.0*	*10.4*
Iron ore shipped internally and reported at market price [3]	*19.0*	*18.4*
Iron ore shipped internally and reported at cost-plus [3]	23.6	25.6
Total coal shipments [4]	8.2	8.2
Coal shipped externally and internally and reported at market price [3]	4.9	5.1
Coal shipped externally	*3.5*	*3.3*
Coal shipped internally and reported at market price [3]	*1.4*	*1.8*
Coal shipped internally and reported at cost-plus [3]	3.3	3.1

1 There are three categories of sales: (1) “External sales”: mined product sold to third parties at market price; (2) “Market-priced tonnes”: internal sales of mined product to ArcelorMittal facilities reported at prevailing market prices; (3) “Cost-plus tonnes”: internal sales of mined product to ArcelorMittal facilities on a cost-plus basis. The determinant of whether internal sales are reported at market price or reported at cost-plus is whether or not the raw material could practically be sold to third parties (i.e., there is a potential market for the product and logistics exist to access that market).

2 Total of all finished products of fines, concentrate, pellets and lumps and includes tonnes shipped externally and internally and reported at market price as well as tonnes shipped internally on a cost-plus basis.

3 Market-priced tonnes represent amounts of iron ore and coal from ArcelorMittal mines that could practically be sold to third parties. Market-priced tonnes that are transferred from the Mining segment to the Company’s steel producing segments are reported at the prevailing market price. Shipments of raw materials that do not constitute market-priced tonnes are transferred internally on a cost-plus basis.

4 Total of all finished products of coal and includes tonnes shipped externally and internally and reported at market price as well as tonnes shipped internally on a cost-plus basis.

Iron ore production (million metric tonnes) [1]	Type	Product	Year ended December 31, 2011	2012
Own mines				
North America [2]	Open pit	Concentrate, lump, fines and pellets	29.7	30.3
South America	Open pit	Lump and fines	5.3	4.1
Europe	Open pit	Concentrate and lump	1.9	2.1
Africa	Open pit / Underground	Fines	2.6	4.7
Asia, CIS & Other	Open pit / Underground	Concentrate, lump, fines and sinter feed	14.6	14.7
Total own iron ore production			**54.1**	**55.9**
Strategic long-term contracts - iron ore				
North America [3]	Open pit	Pellets	4.6	7.6
Africa [4]	Open pit	Lump and fines	6.5	4.7
Total strategic long-term contracts - iron ore			**11.1**	**12.3**
Total			**65.2**	**68.1**

1 Total of all finished production of fines, concentrate, pellets and lumps.

2 Includes own mines and share of production from Hibbing (United States, 62.30%) and Peña (Mexico, 50%).

3 Consists of a long-term supply contract with Cleveland Cliffs for purchases made at a previously set price, adjusted for changes in certain steel prices and inflation factors.

4 Includes purchases under a strategic agreement with Sishen/Thabazambi (South Africa). Prices for purchases under the July 2010 interim agreement with Kumba (as extended and amended several times) have been on a fixed-cost basis since March 1, 2010. Following an agreement reached on December 13, 2012, Sishen/Thabazambi supplies a maximal annual volume of 4.8 million tonnes of iron ore at an average price of $65 per tonne with effect from January 1, 2013.

Coal production (million metric tonnes)	Year ended December 31, 2011	2012
Own mines		
North America	2.43	2.44
Asia, CIS & Other	5.9	5.77
Total own coal production	**8.32**	**8.21**
North America [1]	0.32	0.36
Africa [2]	0.3	0.35
Total strategic long-term contracts - coal	**0.62**	**0.72**
Total	**8.94**	**8.93**

1 Includes strategic agreement - prices on a fixed price basis.
2 Includes long term lease - prices on a cost-plus basis.

ArcelorMittal had sales of $84.2 billion for the year ended December 31, 2012, representing a decrease of 10% from sales of $94.0 billion for the year ended December 31, 2011. In the first half of 2012, sales of $45.2 billion represented a 4% decrease from sales of $47.3 billion in the first half of 2011, primarily due to a drop in average steel prices and marginally lower shipments, resulting from weaker market conditions compared to 2011, particularly in Europe, and relative appreciation of the U.S. dollar. In the second half of 2012, sales of $39.0 billion represented a 16% and 14% decrease from sales of $46.7 billion and $45.2 billion in the second half of 2011 and in the first half of 2012, respectively, primarily driven by lower average steel prices and lower steel shipments, due to weak market conditions compared to the first half of 2011 and the first half of 2012.

ArcelorMittal had steel shipments of 83.8 million tonnes for the year ended December 31, 2012, representing a decrease of 2% from steel shipments of 85.8 million tonnes for the year ended December 31, 2011. Average steel selling price for the year ended December 31, 2012 decreased 8% compared to the year ended December 31, 2011 following the decrease in key raw material prices, demand contraction in Europe and economic slowdown in China. Average steel selling price in the first half of 2012 decreased by 6% from the same period in 2011, while average steel selling price in the second half of the year was down 11% from the same period in 2011.

ArcelorMittal had own iron ore production of 55.9 million tonnes for the year ended December 31, 2012, an increase of 3% as compared to 54.1 million tonnes for the year ended December 31, 2011. ArcelorMittal had own coking coal production of 8.2 million tonnes for the year ended December 31, 2012, a decrease of 1% as compared to 8.3 million tonnes for the year ended December 31, 2011.

Flat Carbon Americas

Sales in the Flat Carbon Americas segment were $20.2 billion for the year ended December 31, 2012, representing a decrease of 4% as compared to $21.0 billion for the year ended December 31, 2011. Sales decreased primarily due to a 4% decrease in average steel selling prices as shipments were relatively flat. Sales in the first half of 2012 were $10.6 billion, up 1% from the same period in 2011 primarily driven by a 3% increase in shipments partly offset by a 1% decrease in average steel selling prices, and in the second half of the year sales were $9.5 billion, down 10% from the same period in 2011 primarily driven by a 8% decrease in average steel selling prices along with a 3% decline in shipments.

Total steel shipments were 22.3 million tonnes for the year ended December 31, 2012 and remained flat compared to the year ended December 31, 2011. Shipments were 11.4 million tonnes in the first half of 2012, up 3% from the same period in 2011, while shipments in the second half of the year were 10.9 million tonnes, down 3% from the same period in 2011.

Average steel selling price decreased 4% for the year ended December 31, 2012 as compared to the year ended December 31, 2011. Average steel selling price in the first half of 2012 was down 1% from the same period in 2011, while average steel selling price in the second half of the year was down 8% from the same period in 2011.

Flat Carbon Europe

Sales in the Flat Carbon Europe segment were $27.2 billion for the year ended December 31, 2012, representing a decrease of 12% as compared to $31.1 billion for the year ended December 31, 2011. The decrease was primarily due to a 12% decrease in average steel selling price while steel shipments decreased by 4%. Sales in the first half of 2012 were $14.9 billion, down 9% from the same period in 2011, and in the second half of the year sales were $12.3 billion, down 17% from the same period in 2011.

Total steel shipments were 26.0 million tonnes for the year ended December 31, 2012, a decrease of 4% from steel shipments for the year ended December 31, 2011. Shipments were 14.2 million tonnes in the first half of 2012, down 2% from the same period in 2011, while shipments in the second half of the year were 11.8 million tonnes, down 6% from the same period in 2011. The decrease in the second half of 2012 resulted in particular from market weakening and strong destocking activity in the fourth quarter.

Average steel selling price decreased 12% for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The decline in average steel selling prices was mainly due to the weakening of the euro against the U.S. dollar, the reduction of raw material prices and demand contraction in Europe. Average steel selling price in the first half of 2012 was down 11% from the same period in 2011, while average steel selling price in the second half of the year was down 14% from the same period in 2011.

Long Carbon Americas and Europe

In the Long Carbon Americas and Europe segment, sales were $21.9 billion for the year ended December 31, 2012, representing a decrease of 13% from sales of $25.2 billion for the year ended December 31, 2011. The decrease was due both to a 6% decrease in average steel selling price along with a 5% decrease in steel shipments. Sales in the first half of 2012 were $11.5 billion, down 9% from the same period in 2011, while sales in the second half of the year were $10.4 billion, down 17% from the same period in 2011.

Total steel shipments reached 22.6 million tonnes for the year ended December 31, 2012, a decrease of 5% from steel shipments for the year ended December 31, 2011. Shipments were 11.6 million tonnes in the first half of 2012, down 4% from the same period in 2011, while shipments in the second half of the year were 11.1 million tonnes, down 7% from same period in 2011.

Average steel selling price decreased 6% for the year ended December 31, 2012 as compared to the year ended December 31, 2011 primarily due to the weakening of local currency against the U.S. dollar; the increase in local average steel selling prices in Americas was fully offset by a decrease in Europe. Average steel selling price in the first half of 2012 was down 4% from the same period in 2011, while average steel selling price in the second half of the year was down 8% from the same period in 2011.

AACIS

In the AACIS segment, sales were $10.1 billion for the year ended December 31, 2012, representing a decrease of 7% from sales of $10.8 billion for the year ended December 31, 2011. The decrease was primarily due to a 9% decrease in average selling price. Sales in the first half of 2012 were $5.5 billion, up 1% from the same period in 2011, while sales in the second half of the year were $4.6 billion, down 14% from the same period in 2011.

Total steel shipments reached 12.8 million tonnes for the year ended December 31, 2012, an increase of 3% from steel shipments for the year ended December 31, 2011. Shipments were 6.7 million tonnes in the first half of 2012, up 4% from the same period in 2011, while shipments in the second half of the year were 6.2 million tonnes, up 1% from the same period in 2011.

Average steel selling price decreased 9% for the year ended December 31, 2012 as compared to the year ended December 31, 2011. This decrease was mainly related to the weakening of the South African rand against U.S. dollar, lower prices in CIS and African markets following lower raw material prices and economic slowdown in China resulting in lower prices in key markets. Average steel selling price in the first half of 2012 was down 5% from the same period in 2011, while average steel selling price in the second half of the year was down 14% from the same period in 2011.

Distribution Solutions

In the Distribution Solutions segment, sales were $16.3 billion for the year ended December 31, 2012, representing a decrease of 14% from sales of $19.1 billion for the year ended December 31, 2011. The decrease was primarily due to an 11% decrease in average steel selling price. Sales in the first half of 2012 were $8.7 billion, down 6% from the same period in 2011, while sales in the second half of the year were $7.6 billion, down 23% from the same period in 2011.

Total steel shipments reached 17.7 million tonnes for the year ended December 31, 2012, a decrease of 4% from steel shipments for the year ended December 31, 2011. Shipments were 9.1 million tonnes in the first half of 2012, up 4% from the same period in 2011, while shipments in the second half of the year were 8.6 million tonnes, down 10% from the same period in 2011.

Average steel selling price decreased 11% for the year ended December 31, 2012 as compared to the year ended December 31, 2011. The decrease in average steel selling prices was mainly related to the weakening of the euro against the U.S. dollar, the decline in raw material prices and demand contraction in Europe. Average steel selling price in the first half of 2012 was down 9% from the same period in 2011, while average steel selling price in the second half of the year was down 13% from the same period in 2011.

Mining

In the Mining segment, sales were $5.4 billion for the year ended December 31, 2012, representing a decrease of 14% from sales of $6.3 billion for the year ended December 31, 2011. The decrease was primarily due to lower selling prices of iron ore and coal driven by a decrease in international prices, which was partially offset by higher shipments from own mines for both iron ore and coal. Lower selling prices on marketable coal and iron ore sales (internal market-priced plus external sales) accounted for approximately $1.1 billion of the decrease in the mining segment sales. Sales in the first half of 2012 were $2.8 billion, up 2% from the same period in 2011, while sales in the second half of the year were $2.5 billion, down 27% from the same period in 2011 (iron ore prices were down 26% during the same reference period). Sales to external customers were $1.7 billion for the year ended December 31, 2012, representing a 12% increase compared to $1.5 billion for the year ended December 31, 2011. The increase is mainly due to higher shipment volumes of iron ore sold externally. Iron ore shipments to external customers increased 15% from 9 million tonnes in 2011 to 10.4 million tonnes in 2012, and coal shipments to external customers decreased by 5% from 3.5 million tonnes to 3.3 million tonnes. The increase in the volume of external sales of iron ore was due in part to the Company's increasing marketing efforts in anticipation of increasing mining production. The Company expects the trend toward an increase in the external sales as a percentage of overall mining sales to continue in the near to mid-term. With respect to prices, for example, the average benchmark iron ore price per tonne in 2012 of $130.0 CFR China (62% Fe) and the average benchmark price for hard coking coal (Low Volatile peak-down) FOB Australia in 2012 of $191.0 per tonne were 22% and 35% lower than in 2011, respectively. It should be noted, however, that there may not be a direct correlation between benchmark prices and actual selling prices in various regions at a given time.

Operating Income (Loss)

The following table provides a summary of operating income (loss) and operating margin of ArcelorMittal for the year ended December 31, 2012, as compared with operating income and operating margin for the year ended December 31, 2011:

Segment	Operating Income (Loss) for the Year ended December 31,[1]		Operating Margin	
	2011	2012	2011	2012
	(in $ millions)	(in $ millions)	(%)	(%)
Flat Carbon Americas	1,198	517	6	3
Flat Carbon Europe	(324)	(3,724)	(1)	(14)
Long Carbon Americas and Europe	646	(566)	3	(3)
AACIS	721	(88)	7	(1)
Distribution Solutions	52	(687)	-	(4)
Mining	2,568	1,184	41	22
Total adjustments to segment operating income and other [2]	37	138	-	-
Total consolidated operating income	4,898	(3,226)		

1 Segment amounts are prior to inter-segment eliminations.

2 Total adjustments to segment operating income and other reflects certain adjustments made to operating income of the segments to reflect corporate costs, income from non-steel operations (e.g. energy, logistics and shipping services) and the elimination of stock margins between the segments. See table below.

	Year ended December 31,	
	2011	2012
	(in $ millions)	(in $ millions)
Corporate and shared services [1]	(265)	(158)
Real Estate and financial activities	154	54
Shipping and logistics	73	32
Provisions	90	47
Intragroup stock margin eliminations [2]	19	219
Depreciation and impairment	(34)	(56)
Total adjustments to segment operating income and other	37	138

1 Includes primarily staff and other holding costs and results from shared service activities.

2 In 2012, inventory levels decreased as compared to 2011, which, combined with reduction in margins due to decrease in iron ore prices and increase in cost of production, resulted in lower intragroup-margin eliminations.

ArcelorMittal's operating loss for the year ended December 31, 2012 was $3.2 billion, as compared with an operating income of $4.9 billion for the year ended December 31, 2011. The operating loss in 2012 reflected the $4.3 billion impairment of goodwill in the European businesses and $1.3 billion charges related to asset optimization (of which $0.7 billion of fixed asset impairment charges and $0.6 billion of restructuring charges) as well as price-cost squeeze during the year, primarily in steel, but also in mining, following reduction of raw material prices, demand contraction in Europe and economic slowdown in China.

Operating income in the first half of 2012 was lower than in the first half of 2011 and then decreased to a slight operating loss in the third quarter and then to a significant operating loss in the fourth quarter of 2012, when the above-mentioned impairment loss was recognized. Cost of sales consists primarily of purchases of raw materials necessary for steel-making (iron ore, coke and coking coal, scrap and alloys), electricity, repair & maintenance costs, as well as direct labor costs, depreciation and impairment. Cost of sales for the year ended December 31, 2012 was $84.1 billion as compared to $85.5 billion for the year ended December 31, 2011. Excluding impairment losses of $5 billion described below, cost of sales decreased by 7% as a result of lower shipments and lower raw material prices. Selling, general and administrative expenses ("SG&A") for the year ended December 31, 2012 were $3.3 billion as compared to $3.6 billion for the year ended December 31, 2011. SG&A remained relatively stable compared to sales as it represented 3.9% of sales for the year ended December 31, 2012 as compared to 3.8% for the year ended December 31, 2011.

Operating loss for the year ended December 31, 2012 included impairment losses of $5,035 million, which compared to impairment losses of $331 million for the year ended December 31, 2011. These impairment losses included a charge of $4,308 million with respect to goodwill in the European operating segments ($2,493 million, $1,010 million and $805 million for Flat Carbon Europe, Long Carbon Europe and Distribution Solutions, respectively), as a result of the downward revision of cash flow projections due to the weak macro economic and market environment in Europe and the expectation that this situation will persist over the near medium term. Impairment losses also included a charge of $222 million relating to facilities in Spain and North Africa in the Long Carbon Europe operating segment; in determining these expenses, the Company analyzed the recoverable amount of these facilities based on their value in use and determined that the recoverable amount from these facilities was less than their carrying amount. In connection with long term idled assets, the Company recorded an impairment loss of $505 million including $130 million related to the liquid phase at the Florange site of ArcelorMittal Atlantique et Lorraine in France (Flat Carbon Europe) and $61 million recorded in connection with the extended idling of the electric arc furnace and continuous caster at the Schifflange site of ArcelorMittal Rodange & Schifflange in Luxembourg (Long Carbon Europe). ArcelorMittal also recognized an impairment loss amounting to $296 million in respect of the intended permanent closure of the coke plant and six finishing lines at the Liège site of ArcelorMittal Belgium (Flat Carbon Europe). See "—Critical Accounting Policies and Uses of Judgments and Estimates—Impairment of Tangible and Intangible Assets, including Goodwill".

Operating loss for the year ended December 31, 2012 was reduced by a net gain of $220 million recorded on the sale of carbon dioxide credits (the proceeds of which will be re-invested in energy saving projects), a non-cash gain of $566 million relating to unwinding of hedges on raw material purchases (see "—Overview—Impact of Exchange Rate Movements"), gains on disposal of Skyline Steel and the stake in Paul Wurth for $331 million and 242 million, respectively, and a curtailment gain of $241 million due to changes to the employee benefit plans at ArcelorMittal Dofasco.

Operating loss for the year ended December 31, 2012 was negatively impacted by restructuring costs associated with asset optimization, totaling $587 million, primarily affecting various Distribution Solutions entities, Flat Carbon Europe and Long Carbon Europe operations. Operating loss for the year ended December 31, 2012 was also negatively impacted by a charge of $182 million including one-time signing bonus and actuarial losses related to post retirement benefits following the conclusion of the new US labor agreement.

Flat Carbon Americas

Operating income for the Flat Carbon Americas segment amounted to $0.5 billion for the year ended December 31, 2012, compared to operating income of $1.2 billion for the year ended December 31, 2011. The decrease in operating income in 2012 generally reflected price-cost squeeze effects following lower average steel selling prices in North American operations. Operating income was also negatively impacted by the weaker market conditions in the international slab market and the South American markets which affected the results of the Mexican and Brazilian operations. Operating loss for the segment amounted to $0.1 billion for the second half of the year, compared to operating income of $0.6 billion in the first half. The operating loss in the second half of 2012 reflected the effect of a price-cost squeeze, especially in North America in the fourth quarter, in which the operating loss was substantially driven by a 6% decrease in average selling price as compared to the third quarter of 2012. Operating income for the first half of the year was positively impacted by the curtailment gain of $241 million resulting from the changes to the pension plan and health and dental benefits in ArcelorMittal Dofasco in Canada. Operating loss for the second half of the year included a charge of $182 million including one-time signing bonus and actuarial losses related to post retirement benefits following the conclusion of the new US labor agreement.

Flat Carbon Europe

Operating loss for the Flat Carbon Europe segment for the year ended December 31, 2012 was $3.7 billion compared to operating loss of $0.3 billion for the year ended December 31, 2011. Operating loss for the segment amounted to $3.3 billion for the second half of the year, compared to operating loss of $0.4 billion in the first half of the year. Operating loss for the year ended December 31, 2012 occurred in a context of deterioration of the economic environment in Europe resulting in lower shipment volumes (-4%), lower average steel selling prices (-12%) and price-cost squeeze effects. The Flat Carbon Europe segment is particularly exposed to price-cost squeeze effects resulting from the overhang of high-cost raw material inventories and the negative impact of the time lag of passing along increases in cost to customers, as it does not have a significant amount of captive iron ore supply, and demand contraction in Europe, where apparent steel consumption declined by 9% in 2012 compared to 2011.

Flat Carbon Europe's operating loss (particularly in the second half of the year) mainly resulted from a $2,493 million impairment charge of goodwill and $448 million impairment losses related to property, plant and equipment in the framework of asset optimization, of which $130 million in respect of the long term idling of the liquid phase at the Florange site of ArcelorMittal Atlantique et Lorraine in France and $296 million with respect to the intention to permanently close the coke plant and six finishing lines at the Liège site of ArcelorMittal Belgium. In addition, operating loss for the year ended December 31, 2012 was increased by restructuring costs amounting to $355 million as part of asset optimization, of which $231 million related to the closure of the primary facilities at the Liège site of ArcelorMittal Belgium and $64 million associated with separation schemes primarily relating to ArcelorMittal Poland. These charges were partially offset by a gain of $210 million recorded on the sale of carbon dioxide credits (the proceeds of which will be re-invested in energy saving projects) and a non-cash gain of $566 million relating to unwinding of hedges on raw material purchases.

Operating income for the year ended December 31, 2011 had been negatively impacted by impairment losses of $141 million relating to various idled facilities (including $85 million for the primary facilities of ArcelorMittal Liège Upstream, Belgium). These charges were offset by a gain of $93 million recorded on the sale of carbon dioxide credits (the proceeds of which will be re-invested in energy saving projects) and a non-cash gain of $600 million relating to unwinding of hedges on raw material purchases. In addition, operating income for the year ended December 31, 2011 had been negatively impacted by restructuring costs associated with asset optimization, totaling $143 million, primarily relating to Spanish entities.

Long Carbon Americas and Europe

Operating loss for the Long Carbon Americas and Europe segment for the year ended December 31, 2012 was $0.6 billion compared to operating income of $0.6 billion for the year ended December 31, 2011. The decrease in operating income in 2012 generally reflected the deterioration of the economic environment in Europe, resulting in lower shipment volumes (which were down 5%) and lower average steel selling prices (down 6%). Operating loss for the segment amounted to $1.0 billion for the second half of the year, compared to operating income of $0.4 billion in the first half of the year, primarily driven by an impairment charge of $1,010 million related to goodwill, lower steel shipment volumes and lower average selling price. European operations were particularly exposed to price-cost squeeze effects resulting from the overhang of high-cost raw material inventories and the negative impact of the time lag of passing along increases in cost to customers, as it does not have a significant amount of captive iron ore supply and to demand contraction in Europe.

Operating income for the year ended December 31, 2012 (in particular in the second half of 2012) was negatively impacted by an impairment charge of goodwill for $1,010 million and a net impairment charge of property, plant and equipment for $270 million, including $222 million related to Spanish and North African entities and $61 million related to the extended idling of the electric arc furnace and continuous caster at the Schifflange site in Luxembourg.

In addition, operating income for the year ended December 31, 2012 was negatively impacted by restructuring costs totaling $98 million associated with asset optimization, primarily in Spanish entities.

Operating income for the year ended December 31, 2011 was negatively impacted by impairment losses of $178 million of which $151 million related to the extended idling of the ArcelorMittal Madrid electric arc furnace. In addition, operating income for the year ended December 31, 2011 was negatively impacted by restructuring costs associated with asset optimization, totaling $37 million.

AACIS

Operating loss for the AACIS segment for the year ended December 31, 2012 was $0.1 billion, compared to operating income of $0.7 billion for the year ended December 31, 2011. Lower profitability in 2012 was primarily due to lower average steel selling prices, which declined 9% compared to 2011. Operating loss for the segment amounted to $52 million for the second half of the year, compared to $36 million in the first half. Operating income in the second half included the gain on disposal of Paul Wurth for $242 million. Excluding this gain, profitability decreased significantly during the second half of 2012 and in particular in the fourth quarter due to negative price-cost squeeze and lower volumes sold.

Distribution Solutions

Operating loss for the Distribution Solutions segment for the year ended December 31, 2012 was $0.7 billion, compared to operating income of $0.1 billion for the year ended December 31, 2011. Operating loss for the year ended December 31, 2012 was mainly related to a $805 million goodwill impairment charge. The decrease in operating income in 2012 generally reflected the effect of lower average steel selling prices and negative price-cost impacts in the context of deteriorated economic conditions in Europe.

Operating loss for the segment amounted to $1.0 billion for the second half of the year, compared to operating income of $0.3 billion in the first half of 2012, primarily as a result of the impairment charge recorded in the second half of 2012. Operating loss for the year ended December 31, 2012 also included restructuring charges of $127 million relating to asset optimization and the $331 million gain on disposal of Skyline Steel.

Operating income for the year ended December 31, 2011 had been negatively impacted by restructuring costs associated with asset optimization, totaling $40 million across various entities.

Mining

Operating income for the Mining segment for the year ended December 31, 2012 was $1.2 billion, compared to operating income of $2.6 billion for the year ended December 31, 2011. The 54% decrease in operating income in 2012 generally reflected lower iron ore and coal selling prices and higher input costs. In terms of selling prices, as noted above, the average reference price of iron ore decreased from $167.59/tonne CFR China for 62% Fe in 2011 to $130/tonne in 2012. Iron ore marketable volume for the year ended December 31, 2012 was 28.8 million tonnes, compared to 28.0 million tonnes for the year ended December 31, 2011. Coal marketable volume for the year ended December 31, 2012 was stable at 5.1 million tonnes, compared to 4.9 million tonnes for the year ended December 31, 2011. Cost of sales increased from $3.6 billion to $3.9 billion, an increase of 8% primarily due to higher shipments and higher input cost.

Operating income for the segment amounted to $0.4 billion for the second half of the year, compared to $0.8 billion in the first half. The decrease in the second half of 2012 was primarily driven by lower iron ore and coal selling prices as well as lower shipments of marketable volumes (internal transfers reported at market price and external sales) from own mines for iron ore.

Income from Investments in Associates and Joint Ventures

ArcelorMittal recorded income of $0.2 billion from investments in associates and joint ventures for the year ended December 31, 2012, as compared with income from investments in associates and joint ventures of $0.6 billion for the year ended December 31, 2011. Income for the year ended December 31, 2012 was lower compared to 2011 due to losses from Chinese investees and impacts of disposals. It included a net gain of $101 million on the disposal of a 6.25% stake in Erdemir and an impairment loss of $185 million, reflecting the reduction of the carrying amount of the investment in Enovos to the net proceeds from the sale. Income for the year ended December 31, 2011 included an impairment loss of $107 million, reflecting the reduction of the carrying amount of the investment in Macarthur Coal to the net proceeds from the sale, as a result of the Company's withdrawal from the joint venture with Peabody Energy to acquire ownership of Macarthur Coal.

Financing Costs-Net

Net financing costs include net interest expense, revaluation of financial instruments, net foreign exchange income/expense (i.e., the net effects of transactions in a foreign currency other than the functional currency of a subsidiary) and other net financing costs (which mainly include bank fees, accretion of defined benefit obligations and other long term liabilities). Net financing costs were relatively stable for the year ended December 31, 2012, at $2.7 billion, as compared with $2.8 billion for the year ended December 31, 2011.

Net interest expense (interest expense less interest income) was $1.9 billion for the year ended December 31, 2012 as compared to $1.8 billion for the year ended December 31, 2011. Interest expense was slightly higher for the year ended December 31, 2012 at $2.0 billion, compared to interest expense of $1.9 billion for the year ended December 31, 2011, primarily due to increased costs following the rating downgrades in August, November and December resulting in step-ups in the interest rate payable on most of the Company's outstanding bonds. Interest income for the year ended December 31, 2012 amounted to $0.2 billion, compared to $0.1 billion for the year ended December 31, 2011.

Foreign exchange and other net financing costs (which include bank fees, interest on pensions, impairment of financial instruments and fair value adjustments of derivative instruments) remained stable; they amounted to $0.9 billion for the year ended December 31, 2012 as compared to costs of $1.0 billion for the year ended December 31, 2011. While these costs were relatively stable from year to year, there were significant variations from quarter to quarter, resulting from the impact of fluctuation in the €/$ exchange rate on the Company's euro denominated debt (translation effect).

Income Tax Expense (Benefit)

ArcelorMittal recorded an income tax benefit of $1.9 billion for the year ended December 31, 2012, compared to an income tax expense of $0.9 billion for the year ended December 31, 2011. The full year 2012 income tax benefit of $1.9 billion was primarily driven by deferred tax benefits recognized on write-downs of the value of shares of consolidated subsidiaries in Luxembourg, partially offset by reversal of deferred taxes in Europe and South America. For additional information related to ArcelorMittal's income taxes, see Note 20 to ArcelorMittal's consolidated financial statements.

ArcelorMittal's consolidated income tax expense (benefit) is affected by the income tax laws and regulations in effect in the various countries in which it operates and on the pre-tax results of its subsidiaries in each of these countries, which can vary from year to year. ArcelorMittal operates in jurisdictions, mainly in Eastern Europe and Asia, that have a structurally lower corporate income tax rate than the statutory tax rate as in effect in Luxembourg (28.8% until December 31, 2012 – 29.22% as from 2013), and enjoys, mainly in Western Europe, structural (permanent) tax advantages such as notional interest deduction and tax credits. The income reported through the Company's finance centers located principally in Belgium and Dubai is not taxable.

The statutory income tax expense (benefit) and the statutory income tax rates of the countries that most significantly resulted in the tax expense (benefit) at statutory rate for each of the years ended December 31, 2011 and 2012 are as set forth below:

	2011		2012	
	Statutory income tax	**Statutory income tax rate**	**Statutory income tax**	**Statutory income tax rate**
United States	116	35.00%	12	35.00%
Argentina	30	35.00%	43	35.00%
France	(141)	34.43%	(313)	34.43%
Brazil	(15)	34.00%	(124)	34.00%
Belgium	617	33.99%	(44)	33.99%
Germany	(136)	30.30%	(225)	30.30%
Spain	(261)	30.00%	(253)	30.00%
Luxembourg	(534)	28.80%	(1 343)	29.22%
Mexico	110	28.00%	67	28.00%
South Africa	9	28.00%	(24)	28.00%
Canada	259	26.90%	169	26.90%
Algeria	(26)	25.00%	(21)	25.00%
Russia	7	20.00%	18	20.00%
Kazakhstan	114	20.00%	12	20.00%
Czech Republic	2	19.00%	19	19.00%
Poland	(4)	19.00%	(24)	19.00%
Romania	(29)	16.00%	(4)	16.00%
Ukraine	28	16.00%	(58)	16.00%
Dubai	0.00	0.00%	0.00	0.00%
Others	(113)		(159)	
Total	**33**		**(2,252)**	

Note: The statutory tax rates are the rates enacted or substantively enacted by the end of the respective period.

Non-Controlling Interests

Net loss attributable to non-controlling interests was $118 million for the year ended December 31, 2012, as compared with net loss attributable to non-controlling interests of $4 million for the year ended December 31, 2011. The increase relates to lower income in subsidiaries with non-controlling interests, particularly in Africa.

Discontinued Operations

Net income from discontinued operations (i.e., the Company's stainless steel business, which was spun-off into a separate company, Aperam, whose shares were distributed to ArcelorMittal shareholders in the first quarter of 2011) for the year ended December 31, 2012 was nil compared to $461 million for the year ended December 31, 2011, including $42 million of the post-tax net results contributed by the stainless steel business prior to the completion of the spin-off on January 25, 2011. The balance of $419 million represents a one-time income from the recognition through the consolidated statements of operations of gains/losses relating to the demerged assets previously recognized in equity.

Net Income Attributable to Equity Holders of the Parent

ArcelorMittal's net loss attributable to equity holders of the parent for the year ended December 31, 2012 amounted to $3.7 billion compared to net income attributable to equity holders of $2.3 billion for the year ended December 31, 2011, for the reasons discussed above.

Liquidity and Capital Resources

ArcelorMittal's principal sources of liquidity are cash generated from its operations and its credit facilities at the corporate level.

Because ArcelorMittal is a holding company, it is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations. 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, where the Company maintains a cash management system under which most of its cash and cash equivalents are centralized, and in Algeria, Argentina, Brazil, China, Kazakhstan, Morocco, South Africa, Ukraine and Venezuela. 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. 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 is currently significant in the context of ArcelorMittal's overall liquidity.

In management's opinion, ArcelorMittal's credit facilities are adequate for its present requirements.

As of December 31, 2012, ArcelorMittal's cash and cash equivalents, including restricted cash and short-term investments, amounted to $4.5 billion as compared to $3.9 billion as of December 31, 2011. In addition, ArcelorMittal had available borrowing capacity of $10.0 billion under its credit facilities as of December 31, 2012 as compared to $8.6 billion as of December 31, 2011. ArcelorMittal also has a €1 billion (approximately $1.3 billion) commercial paper program (of which €0.1 billion or approximately $0.1 billion was outstanding as of December 31, 2012), and its policy has been to maintain availability under its credit facilities as back-up for its commercial paper program.

As of December 31, 2012, ArcelorMittal's total debt, which includes long-term debt and short-term debt, was $26.3 billion, compared to $26.4 billion as of December 31, 2011. Net debt (defined as long-term debt plus short-term debt, less cash and cash equivalents and restricted cash) was $21.8 billion as of December 31, 2012, down from $22.5 billion at December 31, 2011. Most of the external debt is borrowed by the parent company on an unsecured basis and bears interest at varying levels based on a combination of fixed and variable interest rates. Gearing (defined as net debt divided by total equity) at December 31, 2012 was 39% as compared to 37% at December 31, 2011. Total equity will be reduced in 2013, as a result of new accounting rules with respect to deferred employee benefits taking effect as of January 1, 2013 (IAS 19 amendments), which will result in an increase of deferred employee benefit liabilities against a charge to equity in the amount of the funding deficit of $5.0 billion (before income tax credits). Total debt remained stable period-on-period. Net debt decreased period-on-period primarily due to improvement in cash from operations, issuance of capital securities and cash proceeds from divestments.

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. Due, among other things, to the weak steel industry outlook and ArcelorMittal's credit metrics and level of debt, Standard & Poor's, Moody's and Fitch downgraded the Company's rating to below "investment grade" in August, November and December 2012, respectively, and Standard & Poor's and Moody's currently have ArcelorMittal's credit rating on negative outlook. These downgrades triggered the interest rate "step-up" clauses in most of the Company's outstanding bonds, resulting in an increased interest expense of $38 million in 2012. Regaining an investment grade rating is a strategic target for the Company.

ArcelorMittal's principal credit facilities, which are the $6 billion revolving credit facility entered into on March 18, 2011 (the "$6 Billion Facility"), the $4 billion revolving credit facility entered into on May 6, 2010 (the "$4 Billion Facility") and the $500 million multi-currency revolving letter of credit facility entered into on September 30, 2010, which was reduced to $450 million on October 26, 2012, contain restrictive covenants. Among other things, these covenants limit 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. These agreements also require compliance with a financial covenant, as summarized below.

The Company must ensure that 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 set out in the facilities) does not, 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 the Company), exceed a certain ratio, currently 3.5 to one. The Company refers to this ratio as the "Leverage Ratio". As of December 31, 2012, the Company was in compliance with the Leverage Ratio.

Non-compliance with the covenants in the facilities described above would entitle the lenders under such facilities to accelerate the Company's repayment obligations. The Company was in compliance with the financial covenants in the agreements related to all of its borrowings as of December 31, 2012 and December 31, 2011.

As of December 31, 2012, ArcelorMittal had guaranteed approximately $0.9 billion of debt of its operating subsidiaries and $1.1 billion of total debt of ArcelorMittal Finance. ArcelorMittal's debt facilities have provisions whereby the acceleration of the debt of another borrower within the ArcelorMittal group could, under certain circumstances, lead to acceleration under such facilities.

The following table summarizes the repayment schedule of ArcelorMittal's outstanding indebtedness, which includes short-term and long-term debt, as of December 31, 2012.

	Repayment Amounts per Year (in billions of $)						
Type of Indebtedness as of December 31, 2012	**2013**	**2014**	**2015**	**2016**	**2017**	**>2017**	**Total**
Term loan repayments							
- Convertible bonds[1]	-	2.3	-	-	-	-	**2.3**
- Bonds	3.2	1.3	2.2	1.8	2.7	9.7	**20.9**
Subtotal	**3.2**	**3.6**	**2.2**	**1.8**	**2.7**	**9.7**	**23.2**
Long-term revolving credit lines	-	-	-	-	-	-	-
- $6 billion syndicated credit facility	-	-	-	-	-	-	**-**
- $4 billion syndicated credit facility	-	-	-	-	-	-	-
Commercial paper[2]	0.1	-	-	-	-	-	**0.1**
Other loans	1	0.3	0.4	0.7	0.2	0.4	**3**
Total Gross Debt	**$4.3**	**$3.9**	**$2.6**	**$2.5**	**$2.9**	**$10.1**	**$26.3**

1 Represents the financial liability component of the approximately $2.5 billion of convertible bonds issued on April 1, 2009 (eur-denominated 7.25% convertible bonds due 2014 (the "Euro Convertibles") and May 6, 2009 (U.S. dollar denominated 5% convertible notes due 2014 (the "USD Convertibles")), respectively, as well as of the $750 million mandatory convertible bond issued by a wholly-owned Luxembourg subsidiary of the Company to a Luxembourg affiliate of Crédit Agricole (formely Calyon S.A) in December 2009. In April 2011, the conversion date of the mandatory convertible bond was extended to January 31,2013. On September 27, 2011, the Company increased the amount of the mandatory convertible bond by $250 million to a total amount of $1 billion. In December 2012, the conversion date of the mandatory convertible bond was extended to January 31, 2014. In December 2010, ArcelorMittal acquired certain call options on its own shares in order to hedge its obligations arising out of the potential conversion of its Euro Convertibles and its USD Convertibles.

2 Commercial paper is expected to continue to be rolled over in the normal course of business.

The following table summarizes the amount of credit available as of December 31, 2012 under ArcelorMittal's principal credit facilities:

Credit lines available	**Facility Amount**	**Drawn**	**Available**
$6 Billion Facility	$ 6.0	-	$ 6.0
$4 Billion Facility	$ 4.0	-	$ 4.0
Total committed lines	**$ 10.0**	**-**	**$ 10.0**

The average debt maturity of the Company was 6.1 years as of December 31, 2012, as compared to 6.3 years as of December 31, 2011.

Further information regarding ArcelorMittal's outstanding long-term indebtedness as of December 31, 2012, including the breakdown between fixed rate and variable rate debt, is set forth in Note 16 to ArcelorMittal's consolidated financial statements. Further information regarding ArcelorMittal's use of financial instruments for hedging purposes is set forth in Note 17 to ArcelorMittal's consolidated financial statements.

Financings

The principal financings of ArcelorMittal and its subsidiaries are summarized below by category.

Principal Credit Facilities

On March 18, 2011, ArcelorMittal entered into the $6 Billion Facility, which may be utilized for general corporate purposes and which matures in 2016. As of December 31, 2012, the $6 Billion Facility remains fully available.

On May 6, 2010, ArcelorMittal entered into the $4 Billion Facility, a three-year revolving credit facility for general corporate purposes. On September 30, 2011, the maturity date of the $4 Billion Facility was extended to May 6, 2015. As of December 31, 2012, the $4 Billion Facility remains fully available.

On June 30, 2010, ArcelorMittal entered into a bilateral three-year revolving credit facility of $300 million. On July 12, 2010, ArcelorMittal entered into an additional bilateral three-year revolving credit facility of $300 million, which was retroactively effective as of June 30, 2010. Each of these facilities was to be used for general corporate purposes and was originally scheduled to mature in 2013. The two facilities were cancelled (one as of December 31, 2011, and one as of December 31, 2012).

On September 30, 2010, ArcelorMittal entered into the $500 million revolving multi-currency letter of credit facility (the "Letter of Credit Facility"). The Letter of Credit Facility is used by the Company and its subsidiaries for the issuance of letters of credit and other instruments. The terms of the letters of credit and other instruments contain certain restrictions as to duration. On September 30, 2011, the maturity of the Letter of Credit Facility was extended from September 30, 2015 to September 30, 2016. The Letter of Credit Facility was amended on October 26, 2012 so that letters of credit and other instruments are issued on a bilateral basis instead of through a fronting mechanism and to reduce its amount to $450 million.

2012 Capital Markets Transactions

On February 28, 2012, ArcelorMittal completed an issuance of three series of U.S. dollar denominated Notes, consisting of $500 million aggregate principal amount of 3.75% Notes (4.25% as of August 25, 2012 following a credit downgrade) due 2015, $1,400 million aggregate principal amount of 4.50% Notes (5.00% as of August 25, 2012) due 2017 and $1,100 million aggregate principal amount of 6.25% Notes (6.75% as of August 25, 2012) due 2022.

On March 29, 2012, ArcelorMittal completed the issuance of €500 million ($664 million) aggregate principal amount of 4.5% Notes (5.75% as of March 29, 2013) due in 2018.

On March 2, 2012, ArcelorMittal completed a cash tender offer to purchase any and all of its 5.375% U.S. dollar denominated notes due 2013. ArcelorMittal accepted to purchase $298 million principal amount of such notes for a total aggregate purchase price (including other financial charges and accrued interests) of $314 million. Upon settlement for all of the notes accepted pursuant to the offer, the remaining outstanding principal amount of notes as of December 31, 2012 was $1.2 billion.

On September 28, 2012, the Company issued subordinated perpetual capital securities for a nominal amount of $650 million with a coupon of 8.75%, which will reset periodically over the life of the securities, with the first reset after five years and subsequently every five years thereafter. A step up in interest of 0.25% will occur on the second reset date and a subsequent step up of 0.75% (cumulative with the initial 0.25%) fifteen years later. The Company is entitled to call the securities in five years, ten years and on subsequent coupon payment dates. As the Company has no obligation to redeem the securities and the coupon payment is discretionary, it classified the net proceeds from the issuance of the subordinated perpetual capital securities ($642 million net of transaction costs) as equity.

On December 18, 2012, the conversion date of the $1 billion mandatory convertible bond was extended from January 31, 2013 to January 31, 2014.

Other Outstanding Loans and Debt Securities

On July 15, 2004, ArcelorMittal Finance issued €100 million principal amount of unsecured and unsubordinated fixed rated notes bearing interest at 5.50% due July 15, 2014.

On November 7, 2004, ArcelorMittal Finance issued €500 million principal amount of unsecured and unsubordinated fixed-rate bonds bearing interest at 4.625% due November 7, 2014.

The Company has entered into five separate agreements with the European Bank for Reconstruction and Development ("EBRD") for on-lending to the following subsidiaries: ArcelorMittal Galati on November 18, 2002, ArcelorMittal Kryviy Rih on April 4, 2006, ArcelorMittal Temirtau on June 15, 2007, and ArcelorMittal Skopje and ArcelorMittal Zenica on November 10, 2005. The last repayment installment under these loans is in January 2015. The amount outstanding under these loans in the aggregate as of December 31, 2012 was $58 million, as compared to $118 million as of December 31, 2011. The loan relating to ArcelorMittal Galati was fully repaid on November 23, 2009. Loans relating to ArcelorMittal Skopje and ArcelorMittal Zenica were fully repaid on October 9, 2012.

On July 24, 2007, ArcelorMittal Finance and a subsidiary signed a €500 million five-year loan agreement due 2012 that bears interest based on EURIBOR plus a margin, the proceeds of which may be used by other entities within ArcelorMittal. As of December 31, 2012 this loan was fully repaid.

On May 27, 2008, the Company issued unsecured and unsubordinated fixed rate U.S. dollar-denominated notes in two tranches totaling $3 billion. The $1.5 billion notes due 2013 bear interest at the rate of 5.375%, and the $1.5 billion notes due 2018 bear interest at the rate of 6.125%. As of December 31, 2012 the remaining outstanding principal amount of notes due 2013 was $1.2 billion.

In 2009, ArcelorMittal completed several capital markets transactions, the proceeds of which were principally used to refinance existing indebtedness. The transactions included the issuance of the following instruments that remain outstanding:

- an offering of €1.25 billion (approximately $1.6 billion) of 7.25% bonds convertible into and/or exchangeable for new or existing ArcelorMittal shares (OCEANEs) due 2014 which closed on April 1, 2009;

- an offering of U.S. dollar-denominated 5% convertible bonds due 2014 for $800 million which closed on May 6, 2009;

- an offering of two series of U.S. dollar-denominated bonds (9% Notes (9.50% as of August15, 2012) due 2015 and 9.85% Notes (10.35% as of June 1, 2012) due 2019) totaling $2.25 billion which closed on May 20, 2009;

- an offering of two series of euro-denominated 8.25% Notes due 2013 (no impact from downgrade since notes maturity date is same as effective date of new interest) and 9.375% Notes (10.625% as of June 3, 2013) due 2016) totaling €2.5 billion ($ 3.5 billion) which closed on June 3, 2009;

- an offering of $1 billion of U.S. dollar-denominated 7% notes due 2039 (7.50% as of October 15, 2012) which closed on October 1, 2009.

In 2010, ArcelorMittal completed several capital markets transactions, the proceeds of which were principally used to refinance existing indebtedness. The transactions consisted of:

- A €1 billion offering of 4.625% notes (5.875% as of November 17, 2012) due 2017 issued under the Company's €3 billion Euro Medium Term Notes Program that closed on November 18, 2010.

- An offering of two series of US dollar – denominated notes (3.75% Notes (4.25% as of August 5, 2012) due 2015 and 5.25% Notes (5.75% as of August 5, 2012) due 2020) totaling $2 billon, and a $500 million reopening of the Company's 7% Notes (7.50% as of October 15, 2012) due 2039 that closed on August 5, 2010.

In 2011, ArcelorMittal completed several capital market transactions. The transactions consisted of:

- An offering of three series of U.S. dollar-denominated notes, consisting of $500 million aggregate principal amount of 3.75% Notes (4.25% as of September 1, 2012) due 2016, $1.5 billion aggregate principal amount of 5.50% Notes (6.00% as of September 1, 2012) due 2021 and $1billion aggregate principal amount of 6.75% Notes (7.25% as of September 1, 2012) due 2041, that closed on March 7, 2011, the proceeds of which were principally used to prepay the last two term loan installments under the €17 billion facility dated November 30, 2006 that was fully repaid and cancelled on March 31, 2011.

- A private placement of €125 million of 6.20% Notes (7.45% as of December 9, 2012) due in 2016, under its wholesale EMTN program completed on December 9, 2011.

Mandatory convertible bonds

On December 28, 2009, the Company issued through a wholly-owned subsidiary unsecured and unsubordinated $750 million mandatory convertible bonds into preferred shares of such subsidiary. The bonds were placed privately with a Luxembourg affiliate of Crédit Agricole (formerly Calyon S.A.) and were not listed. The Company originally had the option to call the mandatory convertible bonds from May 3, 2010, which date was later amended to April 20, 2011, until ten business days before the maturity date. This call option is recognized at fair value and the Company recognized in 2012 a loss of $99 million ($42 million gain in 2011) for the change in fair value in the consolidated statements of operations. The subsidiary invested the proceeds of the bonds issuance and an equity contribution by the Company in notes issued by subsidiaries of the Company linked to shares of Erdemir and Macarthur, both of which were publicly-listed companies in which such subsidiaries hold a minority stake. The subsidiary may also, in agreement with Crédit Agricole, invest in other financial instruments. These bonds bear a floating interest rate based on three months Libor plus a margin payable on each February 25, May 25, August 25 and November 25. The Company determined the bonds met the definition of a compound financial instrument in accordance with IFRS. As such, the Company determined the fair value of the financial liability component of the bonds was $55 million on the date of issuance.

On April 20, 2011, the conversion date of the mandatory convertible bonds was extended to January 31, 2013. The Company determined that this transaction led to the extinguishment of the existing compound instrument and the recognition of a new compound instrument including a financial liability of $60 million.

On September 27, 2011, the Company increased the mandatory convertible bonds from $750 million to $1 billion. The Company determined that this increase led to the extinguishment of the existing compound instrument and the recognition of a new compound instrument.

On December 18, 2012, the conversion date of the $1 billion mandatory convertible bond was extended from January 31, 2013 to January 31, 2014. The Company determined that this transaction led to the extinguishment of the existing compound instrument and the recognition of a new compound instrument including a financial liability of $48 million.

As of December 31, 2012, $48 million is included in long-term debt and carried at amortized cost. As of December 31, 2011, $52 million was included in long-term debt. The value of the equity component of $951 million ($934 million net of tax and fees at December 31, 2011) was determined based upon the difference of the total nominal amount of mandatory convertible bonds of $1 billion and the fair value of the financial liability component on December 18, 2012 and is included in equity as non-controlling interests.

As a result of the completion of the sale of the Macarthur shares on December 21, 2011, the notes issued by a subsidiary of ArcelorMittal and linked to the Macarthur shares were subject to an early redemption for $1,208 million. Prior to December 31, 2011 the Company committed to Crédit Agricole to replace those notes with new notes issued by a different subsidiary of ArcelorMittal linked to shares of China Oriental Group Company Ltd ("China Oriental"). The proceeds from the redemption of the notes were invested in a term deposit with Crédit Agricole until January 17, 2012. On that date, notes linked to China Oriental were issued by a subsidiary of ArcelorMittal.

Commercial Paper Program

ArcelorMittal has a €1.0 billion commercial paper program in the French market, which had approximately €0.1 billion ($0.1 billion) outstanding as of December 31, 2012 as compared to €0.5 billion ($0.6 billion) as of December 31, 2011.

True Sale of Receivables ("TSR") Programs

The Company has established a number of programs for sales without recourse of trade accounts receivable to various financial institutions (referred to as True Sale of Receivables ("TSR")) for an aggregate amount of $5,250 million as of December 31, 2012. This amount represents the maximum amounts of unpaid receivables that may be sold and outstanding at any given time. Of this amount, the Company has utilized $4,275 million and $4,424 million, as of December 31, 2011 and 2012, respectively. Through the TSR programs, certain operating subsidiaries of ArcelorMittal surrender the control, risks and benefits associated with the accounts receivable sold; therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the consolidated statements of financial position at the moment of sale. The total amount of receivables sold under TSR programs and derecognized in accordance with IAS 39 for the years ended 2011 and 2012 was $35.3 billion and $33.9 billion, respectively (with amounts of receivables sold converted to U.S. dollars at the monthly average exchange rate). Expenses incurred under the TSR programs (reflecting the discount granted to the acquirers of the accounts receivable) recognized in the consolidated statements of operations for the years ended December 31, 2011 and 2012 were $152 million and $182 million, respectively.

Earnings Distribution

Considering the worsening global economic conditions since September 2008, ArcelorMittal's Board of Directors recommended on February 10, 2009, a reduction of the annual dividend in 2009 to $0.75 per share (with quarterly dividend payments of $0.1875) from $1.50 per share previously. The dividend policy was approved by the annual general meeting of shareholders on May 12, 2009, and was also maintained in 2010, 2011 and 2012. In 2012, quarterly dividend payments took place on March 13, 2012, June 14, 2012, September 10, 2012 and December 10, 2012.

In consideration of the challenging global economic conditions impacting the Company's business and its priority to deleverage, The Board of Directors will submit to the approval of the shareholders at the annual general meeting of shareholders to be held in May 2013 a proposal to reduce the annual dividend payment to $0.20 per share in 2013, as compared to $0.75 per share in 2012. The dividend payment calendar is available on www.arcelormittal.com.

ArcelorMittal held 11.8 million shares in treasury as of December 31, 2012, as compared to 12.0 million shares as of December 31, 2011. As of December 31, 2012, the number of treasury shares was equivalent to approximately 0.76% of the total issued number of ArcelorMittal shares.

Sources and Uses of Cash

The following table presents a summary of cash flow of ArcelorMittal:

(in $ millions)	Summary of Cash Flow Year ended December 31,	
	2011	2012
Net cash provided by operating activities	1,777	5,294
Net cash used in investing activities	(3,678)	(3,660)
Net cash used in financing activities	(540)	(1,044)

Net Cash Provided by Operating Activities

For the year ended December 31, 2012, net cash provided by operating activities increased to $5.3 billion, as compared with $1.8 billion for the year ended December 31, 2011, mainly because of operating working capital release. The net cash provided by operating activities was positively impacted by a $2.8 billion decrease in working capital (consisting of inventories plus trade accounts receivable less trade accounts payable), driven by a $2.8 billion decrease in inventories (accounts receivable decreased by $1.2 billion and accounts payable decreased by $1.1 billion, cancelling each other out). As the average number of rotation days of inventories remained stable, inventories decreased mainly as a result of lower levels of steel production compared to 2011 and lower raw material prices as the average benchmark ore price per tonne of $130.0 CFR China and the average benchmark price for hard coking coal FOB Australia were 22% and 35% lower than in 2011, respectively, leading to a lower carrying value of raw materials and finished steel products in inventory. Accounts receivable decreased mainly as a result of lower sales. Accounts payable decreased as a result of lower purchases of raw materials and lower raw material prices. The year-on-year increase in net cash provided by operating activities was due in particular to strong operating cash flow generation in the second quarter for $2.2 billion and in the fourth quarter of $2.9 billion, themselves driven by a release of working capital for $1.4 billion and $2.1 billion, respectively (resulting in turn largely from lower inventories and trade receivables).

Net Cash Used in Investing Activities

Net cash used in investing activities was stable at $3.7 billion for the year ended December 31, 2012 and 2011. Net inflows related to disposals amounted to $1.0 billion, including $674 million from the sale of Skyline Steel, $264 million from the sale of the Company's stake in Erdemir, $189 million (after adjustment for dividends) corresponding to the first installment from the sale of the Company's stake in Enovos and a net outflow (the excess of cash on the balance sheet of Paul Wurth over the cash consideration received) of $89 million relating to the disposal of Paul Wurth.

In 2012, capital expenditure totalled $4.7 billion, $3.2 billion of which was related to maintenance in steelmaking facilities (including health and safety investments) and $1.5 billion dedicated to growth projects in mining. In 2011, capital expenditure was $4.8 billion, $3.5 billion of which was related to steelmaking facilities (including health and safety investments) and $1.3 billion dedicated to mining projects. In 2013, capital expenditure is expected to amount to approximately $3.5 billion, $2.7 billion of which is expected to be maintenance-related (including health and safety investments) and $0.8 billion of which is expected to be dedicated to growth projects in mining. The Company is focusing only on core growth capital expenditure in its mining business given potentially attractive return profiles of projects under construction. Some planned steel investments remain suspended. The Phase 2 expansion of the Liberian mining operation involves the construction of a concentrator, among other things, and will be capital-intensive over the 2013-2015 period.

ArcelorMittal's major capital expenditures in the year ended December 31, 2012 included the following major projects: Andrade capacity expansion plan in Andrade mine in Brazil, Liberia greenfield mining project; capacity expansion plan and replacement of spirals for enrichment in ArcelorMittal Mines in Canada. The following tables summarize the Company's principal growth and optimization projects involving significant capital expenditures completed in 2012 and those that are currently ongoing.

Segment	Site	Project	Capacity / particulars	Actual completion
Mining	Andrade Mines (Brazil)	Andrade expansion	Increase iron ore production to 3.5mt / year	Q4 2012

Ongoing Projects [1]

Segment	Site	Project	Capacity / particulars	Forecasted completion
Mining	ArcelorMittal Mines Canada	Replacement of spirals for enrichment	Increase iron ore production by 0.8mt / year	Q1 2013
Mining	ArcelorMittal Mines Canada	Expansion project	Increase concentrator capacity by 8mt/ year (16 to 24mt / year)	H1 2013
Liberia	Liberia mines	Phase 2 expansion project	Increase production capacity to 15mt/ year (iron ore concentrate)	2015 [2]

FCA	ArcelorMittal Dofasco (Canada)	Optimization of galvanizing and galvalume operations	Optimize cost and increase galvalume production by 0.1mt / year	On hold
FCA	ArcelorMittal Vega Do Sul (Brazil)	Expansion project	Increase HDG capacity by 0.6mt / year and CR capacity by 0.7mt / year	On hold
LCA	Monlevade (Brazil)	Wire rod production expansion	Increase in capacity of finished products by 1.15mt / year	On hold

1 Ongoing projects refer to projects for which construction has begun (excluding various projects that are under development), or have been placed on hold pending improved operating conditions.

2 The Company's Board of Directors has approved the Phase 2 expansion of Liberia project that would lead to annual concentrate production capacity of 15 million tonnes per annum. The first concentrate production is expected in 2015, replacing the Phase 1 – 4 million tonnes per annum direct-shipped operation.

Net Cash Used in Financing Activities

Net cash used in financing activities was $1.0 billion for the year ended December 31, 2012, as compared to $0.5 billion in 2011. The increase in cash used in financing activities was primarily due to an increase in debt repayments, partly offset by proceeds from issuance of subordinated perpetual capital securities for $642 million and from long-term debt, primarily due to bond issuances. The Company issued €500 million 4.500% (5.75% after downgrade) Notes due 2018 under its €3 billion wholesale Euro Medium Term Notes Programme as well as three series of U.S. dollar denominated notes, consisting of $500 million 3.750% (4.25% after downgrade) Notes due 2015, $1.4 billion 4.500% (5.00% after downgrade) Notes due 2017 and $1.1 billion 6.250% (6.75% after downgrade) Notes due 2022. The proceeds from these issuances were used to refinance existing indebtedness including a repayment of the Company's syndicated credit facility. Furthermore, as part of a cash tender offer, the Company accepted for purchase $299 million principal amount of its 5.375% Notes due 2013 for a total aggregate purchase price (including other financial charges and accrued interests) of $314 million; the remaining outstanding principal amount of such Notes is $1.2 billion. Net cash used in financing activities also included outflow for purchases of non-controlling interests.

Dividends paid during the year ended December 31, 2012 were $1.2 billion, including $1,171 million paid to ArcelorMittal shareholders and $20 million paid to non-controlling shareholders in subsidiaries. Dividends paid in the year ended December 31, 2011 were $1.2 billion.

Equity

Equity attributable to the equity holders of the parent decreased to $51.7 billion at December 31, 2012, as compared to $56.7 billion at December 31, 2011, primarily due to the net loss attributable to the equity holders of the parent of $3.7 billion and dividend payments of $1.2 billion. See Note 18 to ArcelorMittal's consolidated financial statements for the year ended December 31, 2012.

Research and Development, Patents and Licenses

Costs relating to research and development, patents and licenses were not significant as a percentage of sales. Research and development costs expensed (and included in selling, general and administration expenses) in 2011 and 2012 amounted to $306 million and $285 million, respectively.

Trend Information and Outlook

All of the statements in this "Trend Information" section are subject to and qualified by the information set forth under the "Cautionary Statement Regarding Forward-Looking Statements". See also "Key Factors Affecting Results of Operations".

Operating income plus depreciation and impairment is expected to be higher in 2013 as compared to 2012. Steel shipments are expected to increase by approximately 2-3% in 2013 as compared to 2012. With the completion of the management gains program and asset optimization, per-tonne steel margins are expected to improve marginally in 2013 as compared to 2012. With the ArcelorMittal Mines Canada expansion to 24mtpa on track for ramp up during the first half of 2013, market-priced iron ore shipments are expected to increase by approximately 20% in 2013 relative to 2012. The Company expects to spend approximately $3.5 billion on capital expenditures, of which $2.7 billion is maintenance-related. Approximately $5 billion of cash receipts expected from the $4 billion combined share and mandatorily convertible notes offering in January 2013 and the announced agreed sale of a 15% stake in ArcelorMittal Mines Canada (assuming completion of such sale on schedule), should enable net debt to decline to approximately $17 billion by June 30, 2013. The Company has a medium term objective to reduce its net debt to $15 billion.

Disclosures about market risks

ArcelorMittal is exposed to a number of different market risks arising from its normal business activities. Market risk is the possibility that changes in raw materials prices, foreign currency exchange rates, interest rates, base metal prices (zinc, nickel, aluminum and tin) and energy prices (oil, natural gas and power) will adversely affect the value of ArcelorMittal's financial assets, liabilities or expected future cash flows.

The fair value information presented below is based on the information available to management as of the date of the consolidated statements of financial position. Although ArcelorMittal is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of this annual report since that date, and therefore, the current estimates of fair value may differ significantly from the amounts presented below. The estimated fair values of certain financial instruments have been determined using available market information or other valuation methodologies that require considerable judgment in interpreting market data and developing estimates. The fair value estimates presented below are not necessarily indicative of the amounts that ArcelorMittal could realize in current market transactions.

Risk Management

ArcelorMittal has implemented strict policies and procedures to manage and monitor financial market risks. Organizationally, supervisory functions are separated from operational functions, with proper segregation of duties. Financial market activities are overseen by the CFO, the Corporate Finance and Tax Committee and the Group Management Board.

All financial market risks are managed in accordance with the Treasury and Financial Risk Management Policy. These risks are managed centrally through Group Treasury by a group specializing in foreign exchange, interest rate, commodity, internal and external funding and cash and liquidity management.

All financial market hedges are governed by ArcelorMittal's Treasury and Financial Risk Management Policy, which includes a delegated authority and approval framework, sets the boundaries for all hedge activities and dictates the required approvals for all Treasury activities. Trading activity and limits are monitored on an ongoing basis. ArcelorMittal enters into transactions with numerous counterparties, mainly banks and financial institutions, as well as brokers, major energy producers and consumers.

As part of its financing and cash management activities, ArcelorMittal uses derivative instruments to manage its exposure to changes in interest rates, foreign exchange rates and commodities prices. These instruments are principally interest rate and currency swaps, spots and forwards. ArcelorMittal may also use futures and options contracts.

Counterparty Risk

ArcelorMittal has established detailed counterparty limits to mitigate the risk of default by its counterparties. The limits restrict the exposure ArcelorMittal may have to any single counterparty. Counterparty limits are calculated taking into account a range of factors that govern the approval of all counterparties. The factors include an assessment of the counterparty's financial soundness and its ratings by the major rating agencies, which must be of a high quality. Counterparty limits are monitored on a periodic basis.

All counterparties and their respective limits require the prior approval of the Corporate Finance and Tax Committee. Standard agreements, such as those published by the International Swaps and Derivatives Association, Inc. (ISDA) are negotiated with all ArcelorMittal trading counterparties.

Derivative Instruments

ArcelorMittal uses derivative instruments to manage its exposure to movements in interest rates, foreign exchange rates and commodity prices. Changes in the fair value of derivative instruments are recognized in the consolidated statements of operations or in equity according to nature and effectiveness of the hedge. For more information, see Note 17 of ArcelorMittal's consolidated financial statements.

Derivatives used are conventional exchange-traded instruments such as futures and options, as well as non-exchange-traded derivatives such as over-the-counter swaps, options and forward contracts.

Currency Exposure

ArcelorMittal seeks to manage each of its entities' exposure to its operating currency. For currency exposure generated by activities, the conversion and hedging of revenues and costs in foreign currencies is typically performed using currency transactions on the spot market and forward market. For some of its business segments, ArcelorMittal hedges future cash flows.

Because a substantial portion of ArcelorMittal's assets, liabilities, sales and earnings are denominated in currencies other than the U.S. dollar (its reporting currency), ArcelorMittal has exposure to fluctuations in the values of these currencies relative to the U.S. dollar. These currency fluctuations, especially the fluctuation of the value of the U.S. dollar relative to the euro, the Canadian dollar, Brazilian real and South African rand, as well as fluctuations in the currencies of the other countries in which ArcelorMittal has significant operations and/or sales, could have a material impact on its results of operations.

ArcelorMittal faces transaction risk, where its businesses generate sales in one currency but incur costs relating to that revenue in a different currency. For example, ArcelorMittal's non-U.S. subsidiaries may purchase raw materials, including iron ore and coking coal, in U.S. dollars, but may sell finished steel products in other currencies. Consequently, an appreciation of the U.S. dollar will increase the cost of raw materials, thereby negatively impacting the Company's operating margins.

Based on estimates for 2012, the table below reflects the impact of a 10% depreciation of the functional currency on budgeted cash flows expressed in the respective functional currencies of the various entities:

Entity functional currency	Transaction impact of move of foreign currency on cash flows
	in $ equivalent (in millions)
U.S. dollar	(189)
Euro	(452)
Other	(24)

ArcelorMittal faces translation risk, which arises when ArcelorMittal translates the financial statements of its subsidiaries, denominated in currencies other than the U.S. dollars for inclusion in ArcelorMittal's consolidated financial statements.

Based on estimates for 2012, the table below, in which it is assumed that there is no indexation between sales prices and exchange rates, illustrates the impact of a depreciation of 10% of the U.S. dollar.

Entity functional currency	Translation impact of de preciation of dollar on operating results
	in $ equivalent (in millions)
Euro	(620)
Other	35

The table below illustrates the impact of exchange rate fluctuations on the conversion of the net debt of ArcelorMittal into U.S. dollars (sensitivity taking derivative transactions into account):

Currency	Impact of 10% move of the U.S. dollar on net debt translation
	in $ equivalent (in millions)
Brazilian real	50
Canadian dollar	(5)
Euro	(831)
Other	1

Interest Rate Sensitivity

Short-Term Interest Rate Exposure and Cash

Cash balances, which are primarily composed of euros and U.S. dollars, are managed according to the short term (up to one year) guidelines established by senior management on the basis of a daily interest rate benchmark, primarily through short-term interest rate swaps and short-term currency swaps, without modifying the currency exposure.

Interest Rate Risk on Debt

ArcelorMittal's policy consists of incurring debt at fixed and floating interest rates, primarily in U.S. dollars and euros according to general corporate needs. Interest rate and currency swaps are utilized to manage the currency and or interest rate exposure of the debt.

The estimated fair values of ArcelorMittal's short- and long-term debt are as follows:

	2011		2012	
	Carrying Value	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
(Amounts in $ millions)				
Instruments payable bearing interest at variable rates	4,156	3,743	1,485	1,629
Instruments payable bearing interest at fixed rates	20,731	21,675	24,096	25,853
Long-term debt, including current portion	24,887	25,418	25,581	27,482
Short term bank loans and other credit facilities including commercial paper	1,531	1,561	723	884

Commodity Price Sensitivity

ArcelorMittal utilizes a number of exchange-traded commodities in the steel-making process. In certain instances, ArcelorMittal is the leading consumer worldwide of certain commodities. In some businesses and in certain situations, ArcelorMittal is able to pass this exposure on to its customers through surcharges. The residual exposures are managed as appropriate.

Financial instruments related to commodities (base metals, energy and freight) are utilized to manage ArcelorMittal's exposure to price fluctuations.

Hedges in the form of swaps and options are utilized to manage the exposure to commodity price fluctuations.

The table below reflects commodity price sensitivity.

Commodities	**Impact of 10% move of Market prices on operating results (12/31/2012)**
	in $ equivalent (in millions)
Zinc	68
Nickel	4
Tin	7
Aluminum	5
Gas	45
Brent	97
Freight	5

In respect of non-exchange traded commodities, ArcelorMittal is exposed to possible increases in the prices of raw materials such as iron ore (which is generally correlated with steel prices with a time lag) and coking coal. This exposure is managed through long-term contracts. For a more detailed discussion of ArcelorMittal's iron ore and coking coal purchases.

Summary of risks and uncertainties

The following factors, among others, could cause ArcelorMittal's actual results to differ materially from those discussed in the forward-looking statements included throughout in this annual report.

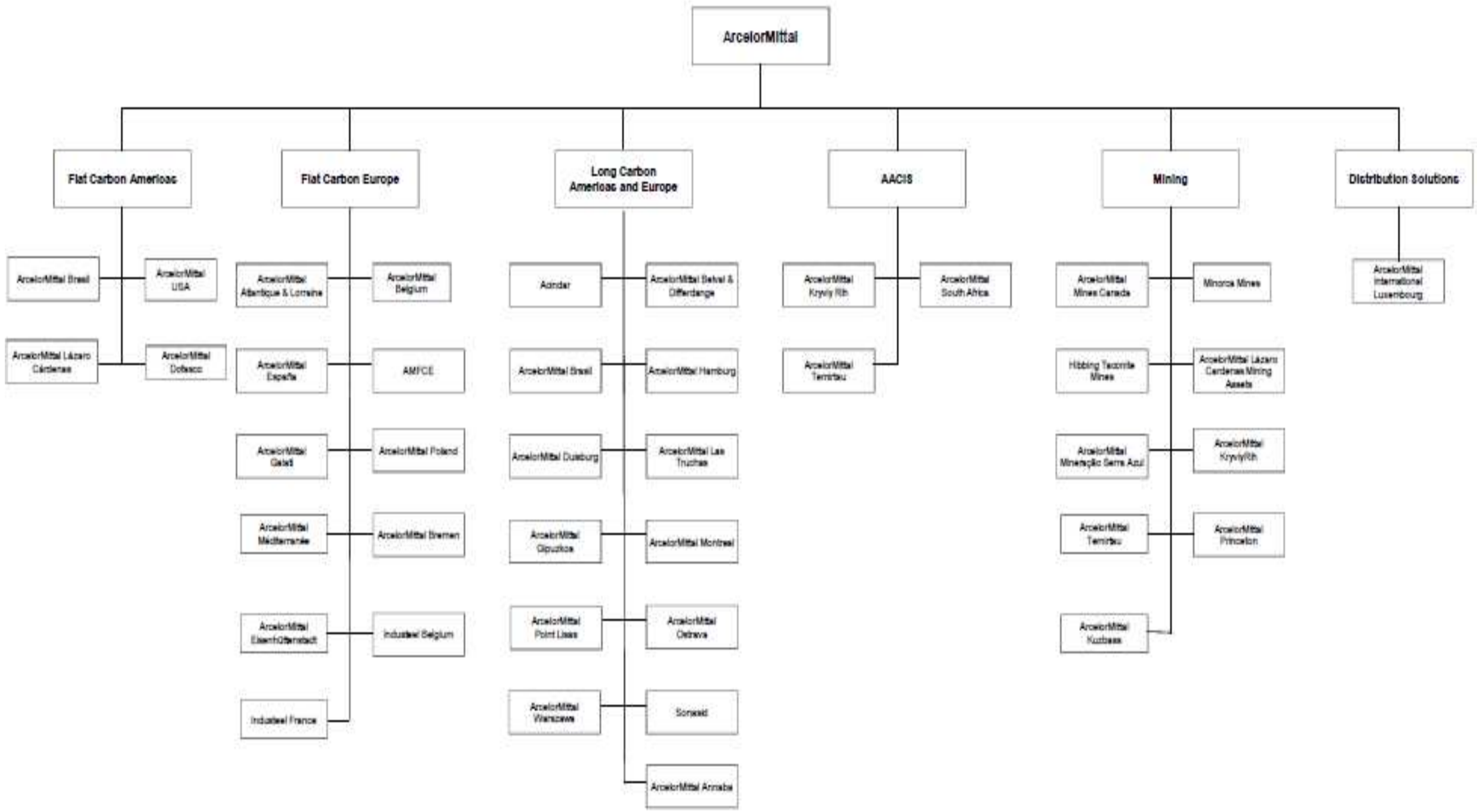
- Recessions or prolonged periods of weak economic growth, either globally or in ArcelorMittal's key markets;
- risks relating to ongoing weakness of the Euro-zone economy, as well as ongoing concern over Euro-zone sovereign debt;
- the risk that excessive capacity in the steel industry may weigh on the profitability of steel producers;
- any volatility in the supply or prices of raw materials, energy or transportation, mismatches with steel price trends, or protracted low raw materials prices;
- the risk of protracted low iron ore and steel prices or price volatility;
- increased competition in the steel industry;
- the risk that unfair practices in steel trade could negatively affect steel prices and reduce ArcelorMittal's profitability, or that national trade restrictions could hamper ArcelorMittal's access to key export markets;
- increased competition from other materials, which could significantly reduce market prices and demand for steel products;
- legislative or regulatory changes, including those relating to protection of the environment and health and safety;
- laws and regulations restricting greenhouse gas emissions;
- the risk that ArcelorMittal's high level of indebtedness could make it difficult or expensive to refinance its maturing debt, incur new debt and/or flexibly manage its business;
- risks relating to greenfield and brownfield projects;
- risks relating to ArcelorMittal's mining operations;
- the fact that ArcelorMittal's reserve estimates could materially differ from mineral quantities that it may be able to actually recover, that its mine life estimates may prove inaccurate and the fact that market fluctuations may render certain ore reserves uneconomical to mine;
- drilling and production risks in relation to mining;
- rising extraction costs in relation to mining;
- failure to manage continued growth through acquisitions;
- a Mittal family trust's ability to exercise significant influence over the outcome of shareholder voting;
- any loss or diminution in the services of Mr. Lakshmi N. Mittal, ArcelorMittal's Chairman of the Board of Directors and Chief Executive Officer;
- the risk that the earnings and cash flows of ArcelorMittal's operating subsidiaries may not be sufficient to meet future funding needs at the holding company level;
- the risk that changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of tangible and intangible assets, including goodwill;
- the risk that ArcelorMittal's investment projects may add to its financing requirements;
- ArcelorMittal's ability to fund under-funded pension liabilities;
- the risk of labor disputes;
- economic policy, political, social and legal risks and uncertainties in certain countries in which ArcelorMittal operates or proposes to operate;

- fluctuations in currency exchange rates, particularly the euro to U.S. dollar exchange rate, and the risk of impositions of exchange controls in countries where ArcelorMittal operates;
- the risk of disruptions to ArcelorMittal's manufacturing operations;
- the risk of damage to ArcelorMittal's production facilities due to natural disasters;
- the risk that ArcelorMittal's insurance policies may provide inadequate coverage;
- the risk of product liability claims;
- the risk of potential liabilities from investigations, litigation and fines regarding antitrust matters;
- the risk that ArcelorMittal's governance and compliance processes may fail to prevent regulatory penalties or reputational harm, both at operating subsidiaries and joint ventures;
- the fact that ArcelorMittal is subject to an extensive, complex and evolving regulatory framework and the risk of unfavorable changes to, or interpretations of, the tax laws and regulations in the countries in which ArcelorMittal operates;
- the risk that ArcelorMittal may not be able fully to utilize its deferred tax assets; and
- the risk that ArcelorMittal's reputation and business could be materially harmed as a result of data breaches, data theft, unauthorized access or successful hacking.

These factors are discussed in more detail in this annual report on page 223 in *Risks related to the Global Economy and the Steel Industry*.

Group structure

ArcelorMittal is a holding company with no business operations of its own. All of ArcelorMittal's significant operating subsidiaries are indirectly owned by ArcelorMittal through intermediate holding companies. The following chart represents the operational structure of the Company, including ArcelorMittal's significant operating subsidiaries and not its legal or ownership structure.



The following table identifies each significant operating subsidiary of ArcelorMittal, including its registered office and ArcelorMittal's percentage ownership thereof.

Flat Carbon Americas		
ArcelorMittal Dofasco Inc.	1330 Burlington Street East, P.O. Box 2460, L8N 3J5Hamilton, Ontario, Canada	100.00%
ArcelorMittal Lázaro Cárdenas S.A. de C.V.	Fco. J. Mujica no. 1-B, 60950, Cd. Lázaro Cárdenas,Michoacán, Mexico	100.00%
ArcelorMittal USA LLC	1, South Dearborn,Chicago, IL 60603, USA	100.00%
ArcelorMittal Brasil S.A.	1115, avenida Carandai, 24° Andar, 30130-915 Belo Horizonte- MG, Brazil	100.00%
Flat Carbon Europe		
ArcelorMittal Atlantique et Lorraine S.A.S.	Immeuble "Le Cezanne", 6, rue Andre Campra, 93200, St Denis, France	100.00%
ArcelorMittal Belgium N.V.	Boulevard de l'Impératrice 66, B-1000 Brussels, Belgium	100.00%
ArcelorMittal España S.A.	Residencia La Granda, 33418 Gozon, Asturias, Spain	99.85%
ArcelorMittal Flat Carbon Europe S.A.	Avenue de la Liberté, 19, L-2930 Luxembourg, Luxembourg	100.00%
ArcelorMittal Galati S.A.	Strada Smardan nr. 1, Galati, Romania	99.70%
ArcelorMittal Poland S.A.	Al. J. Pilsudskiego 92, 41-308 Dąbrowa Górnicza, Poland	100.00%
Industeel Belgium S.A.	Rue de Châtelet, 266, 6030 Charleroi, Belgium	100.00%
Industeel France S.A.	Immeuble "Le Cezanne", 6, rue Andre Campra, 93200, St Denis, France	100.00%
ArcelorMittal Eisenhüttenstadt GmbH	Werkstr. 1, D-15890 Eisenhüttenstadt, Brandenburg, Germany	100.00%
ArcelorMittal Bremen GmbH	Carl-Benz Str. 30, D-28237 Bremen, Germany	100.00%
ArcelorMittal Méditerranée S.A.S.	Immeuble "Le Cezanne", 6, rue Andre Campra, 93200, St Denis, France	100.00%
Long Carbon Americas and Europe		
Acindar Industria Argentina de Aceros S.A.	Leandro N. Alem 790 8° floor, Buenos Aires, Argentina	100.00%
ArcelorMittal Belval & Differdange S.A.	66, rue de Luxembourg, L-4221 Esch sur Alzette, Luxembourg	100.00%
ArcelorMittal Brasil S.A.	1115, Avenida Carandai, 24° Andar, 30130-915 Belo Horizonte- MG, Brazil	100.00%
ArcelorMittal Hamburg GmbH	Dradenaustrasse 33, D-21129 Hamburg, Germany	100.00%
ArcelorMittal Las Truchas, S.A. de C.V.	Francisco J Mujica 1, 60950, Lázaro Cárdenas Michoacán, Mexico	100.00%
ArcelorMittal Montreal Inc	4000, route des Aciéries, J0L 1C0, Contrecoeur, Québec, Canada	100.00%
ArcelorMittal Gipúzkoa S.L.	Carretera Nacional Madrid—Irun S/N, 20212 Olaberría, Spain	100.00%
ArcelorMittal Ostrava a.s.	Vratimovska Str, 689, CZ-70702 Ostrava-Kunčice, Czech Republic	100.00%
ArcelorMittal Point Lisas Ltd.	ISCOTT Complex, Mediterranean Drive, Point Lisas,Couva, Trinidad and Tobago	100.00%
Société Nationale de Sidérurgie S.A.	Route Nationale no. 2, Km 18, BP 551, Al Aarroui, Morocco	32.43%[1]
ArcelorMittal Duisburg GmbH	Vohwinkelstraße 107, D-47137 Duisburg, Germany	100.00%
ArcelorMittal Warszawa S.p.z.o.o.	Ul. Kasprowicza 132, 01-949 Warszawa, Poland	100.00%
AACIS		
ArcelorMittal South Africa Ltd.	Main Building, Room N3/5, Delfos Boulevard, 1911, Vanderbijlpark, South Africa	52.02%
JSC ArcelorMittal Temirtau	Republic Ave., 1, 101407, Karaganda Region, Temirtau, Republic of Kazakhstan	100.00%
OJSC ArcelorMittal Kryviy Rih	1 Ordzhonikidze Street, Kryviy Rih, 50095 Dnepropetrovsk Oblast, Ukraine	95.13%
Mining		
ArcelorMittal Mines Canada Inc.	1801 McGill College, Suite 1400, Montreal, Québec, Canada H3A2N4	100.00%
Arcelormittal Liberia Ltd	14th Street, Tubman Blvd, Sinkor, Monrovia, Liberia	70.00%
JSC ArcelorMittal Temirtau	Republic Ave., 1, 101407 Temirtau, Karaganda Region, Republic of Kazakhstan	100.00%
OJSC ArcelorMittal Kryviy Rih	1 Ordzhonikidze Street, Kryviy Rih, 50095 Dnepropetrovsk Oblast, Ukraine	95.13%
Distribution Solutions		
ArcelorMittal International Luxembourg S.A.	19, avenue de la Liberté, L-2930 Luxembourg, Luxembourg	100.00%

1 Société Nationale de Sidérurgie, S.A. is controlled by Nouvelles Sidérurgies Industrielles, a joint venture controlled by ArcelorMittal.

Key Transactions and Events in 2012

ArcelorMittal's principal investments, acquisitions and disposals, and other key events that occurred during the year ended December 31, 2012 are summarized below.

- On December 31, 2012, ArcelorMittal entered into an agreement pursuant to which its wholly owned subsidiary, ArcelorMittal Mines Canada Inc. ("AMMC"), and a consortium led by POSCO and China Steel Corporation ("CSC") will create joint venture partnerships to hold ArcelorMittal's Labrador Trough iron ore mining and infrastructure assets. The consortium, which also includes certain financial investors, will acquire a 15% interest in the joint ventures for total consideration of $1.1 billion in cash, with AMMC and its affiliates retaining an 85% interest. As part of the transaction, POSCO and CSC will enter into long-term iron ore off-take agreements proportionate to their joint venture interests. The transaction is subject to various closing conditions, including regulatory clearance by the Taiwanese and Korean governments, and is expected to close in two steps in the first and second quarters of 2013.

- On December 18, 2012, ArcelorMittal extended the conversion date of the mandatory convertible bonds ("MCB") issued by one of its wholly-owned Luxembourg subsidiaries and convertible into preferred shares of such subsidiary from January 31, 2013 to January 31, 2014. The MCB was originally issued in December 2009 (and placed privately with a Luxembourg affiliate of Crédit Agricole Corporate and Investment Bank) in an amount of $750 million, which was increased to $1 billion in April 2011. In connection with the extension of the conversion date of the MCB, ArcelorMittal also extended the maturities of the equity-linked notes in which the proceeds of the MCB issuance are invested.

- On November 14, 2012, ArcelorMittal signed a share purchase agreement with Mrs. Mashile-Nkosi providing for acquisition by her or her nominee of ArcelorMittal's 50% interest in Kalagadi Manganese. Under the agreement, ArcelorMittal will receive cash consideration of not less than ZAR 3.9 billion (approximately $460 million), on closing, which is subject to the arrangement of financing by the buyer. As of the date of this annual report, ArcelorMittal has not been notified of the satisfaction of this condition and therefore the investment was not classified as held for sale. Closing is also subject to the waiver of preemptive rights of the other shareholders, customary corporate approvals and various regulatory approvals.

- On October 1, 2012, ArcelorMittal Atlantique and Lorraine announced the intention to launch a project to close the liquid phase of the Florange plant in France, and concentrate efforts and investment on the high-quality finishing operation in Florange which employs more than 2,000 employees. The Company had accepted the French government's request for the government to find a buyer for the liquid phase within 60 days of October 1, 2012, but no buyer was found. In December 2012, ArcelorMittal and the French government reached an agreement providing for the mothballing of the liquid phase without any dismantling for six years. ArcelorMittal expressed its commitment to the French government that it would (i) invest €180 million in the Florange site over the next five years, (ii) maintain the packaging activity in Florange for at least five years, (iii) reorganize the activity of the Florange site only by voluntary social measures for workers, and (iv) launch an R&D program to continue to develop the blast furnace top gas recycling technology.

- On September 28, 2012, the Company completed the offering of $650 million of subordinated perpetual securities. The securities have no fixed maturity date, are subordinated and have a coupon of 8.75% per annum, subject to the right of the Company to defer the coupon payments. The initial coupon resets periodically over the life of the securities, with the first reset in year five and subsequently every five years thereafter. There is a step-up in the coupon of 25 basis points on the second reset date (year 10) and a subsequent step-up of 75 basis points 15 years later. The Company is entitled to call the securities in year five, in year 10, and on subsequent coupon payment dates. The Company also has the option to redeem the securities upon specific accounting, tax, rating agency or change of control events.

- On July 25, 2012, ArcelorMittal announced the sale of its 48.1% stake in Paul Wurth, a Luxembourg-headquartered international engineering company that designs and supplies a full-range of technological solutions to the iron and steel industry and other metal sectors, to SMS Holding GmbH (Germany) for a total consideration of $388 million (cash outflow of $89 million net of cash disposed of). The transaction was completed on December 17, 2012.

- On July 17, 2012, ArcelorMittal completed the disposal of its 23.48% interest in Enovos International SA to a fund managed by AXA Private Equity (Luxembourg) for total consideration of €330 million, with €165 million paid on the same date and the remaining portion deferred for up to two years. Interest is accruing on the deferred portion.

- On June 20, 2012, ArcelorMittal completed the sale of its steel foundation distribution business in NAFTA, Skyline Steel and Astralloy ("Skyline Steel"), to Nucor Corporation (United States) for a total cash consideration of $674 million, reflecting final working capital adjustments. The transaction comprised 100% of ArcelorMittal's stake in Skyline Steel's operations in the NAFTA countries and the Caribbean.

- On June 6, 2012, ArcelorMittal and Valin Group announced that ArcelorMittal would increase its shareholding in the downstream automotive steel joint venture VAMA from 33% to 49%. VAMA, which is a joint venture currently owned by ArcelorMittal (33%), Valin Group (33%) and Hunan Valin Steel Tube and Wire Co., Ltd. ("Hunan Valin") (34%), is focused on establishing itself as a premier supplier of high-strength steels and value-added products for China's fast growing automotive market. In line with a new shareholding agreement they have entered into, the Valin Group and ArcelorMittal intend to increase VAMA's planned capacity by 25% from 1.2 million tonnes to 1.5 million tonnes, with capital investment to increase by 15% to CNY 5.2 billion (approximately $834 million). VAMA has signed purchase agreements totaling CNY 1.8 billion (approximately $289 million) for key equipment including cold rolling facilities, continuous annealing and galvanizing lines. The joint venture is expected to become operational in the first half of 2014. ArcelorMittal and the Valin Group also announced the possible recalibration by ArcelorMittal of its shareholding in Hunan Valin. The two companies have finalized a share swap arrangement based upon a Put Option mechanism, which enables ArcelorMittal to exercise, over the next two years, Put Options granted by the Valin Group with respect to Hunan Valin shares. Under this arrangement, ArcelorMittal (which currently holds approximately 30% of the shares of Hunan Valin) could sell up to 19.9% of the total equity (600 million shares) in Hunan Valin to the Valin Group. The exercise period of the Put Options is equally spaced with a gap of six months and linked to the key development milestones of VAMA. Following the exercise of the Put Options, ArcelorMittal would retain a 10.07% shareholding in Hunan Valin as part of a long-term strategic cooperation agreement. ArcelorMittal's acquisition of the additional 16% shareholding in VAMA, which would be financed by the sale of shares in Hunan Valin using the Put Options, was approved by the Chinese authorities in December 2012. The put option exercise dates are February 6, 2013, August 6, 2013, February 6, 2014 and August 6, 2014. The exercise price per share is CNY 4 for the first two dates and CNY 4.4 for the last two dates. The Company exercised the first put option on February 6, 2013 and its stake in Hunan Valin decreased accordingly to 25%.

- On May 8, 2012, the annual general meeting and extraordinary general meeting of shareholders held in Luxembourg approved all resolutions on their respective agendas by a large majority. A total of 1,021,492,703 shares, or 65.44% of the Company's share capital, were present or represented at the general meetings. The shareholders elected Mr. Tye Burt, the former President and Chief Executive Officer of Kinross Gold Corporation, a Toronto and New York Stock Exchange-listed gold mining company, as a new independent director of ArcelorMittal and re-elected Mr. Wilbur L. Ross and Mr. Narayanan Vaghul as independent directors for a term of three years each. In addition, the shareholders approved grants under the Restricted Share Unit Plan and the Performance Share Unit Plan in relation to 2012. The shareholders also approved a number of changes to the Articles of Association, mainly to bring them in line with recent legal developments in Luxembourg, including the transposition into Luxembourg law of the European Shareholders' Rights Directive. Finally, the shareholders approved an increase in the Company's authorized share capital by an amount equal to 10% of its pre-extraordinary general meeting issued share capital.

- On April 26, 2012, ArcelorMittal announced that a scoping study had identified the potential to utilize ArcelorMittal Mines Canada's existing infrastructure system to increase annual production of iron-ore concentrate to 30 million tonnes per annum. In May 2011, the Company had announced that it had launched an investment program to increase annual production at ArcelorMittal Mines Canada from 16 to 24 million tonnes per annum by 2013. Several development options are currently being considered and further expansion beyond the current investment program is being investigated. Studies have been initiated for a production increase of up to 32 million tonnes per annum.

- On March 29, 2012, ArcelorMittal issued €500 million 4.5% Notes due March 29, 2018. The notes were issued under the Company's €3 billion wholesale Euro Medium Term Notes Programme and the proceeds were used to refinance existing indebtedness.

- On March 28, 2012, ArcelorMittal announced that it had sold 134,317,503 shares and warrants for an additional 134,317,503 shares in Ereğli Demir ve Çelik Fabrikaları T.A.Ş. ("Erdemir") by way of a single accelerated bookbuilt offering to institutional investors. Taking into account the acquisition cost net of dividends, the disposal was cash positive. ArcelorMittal agreed to a 365 day lock-up period on its remaining stake in Erdemir. The warrants subsequently expired without exercise. Accordingly, as a result of this transaction, ArcelorMittal's shareholding in Erdemir decreased from 25.78% to approximately 18.7%.

- On March 2, 2012, ArcelorMittal announced the results of its cash tender offer launched on February 23, 2012 to purchase its 5.375% notes due June 1, 2013. ArcelorMittal accepted for purchase $299 million principal amount of notes for a total aggregate purchase price (including accrued interest) of $314 million. Upon settlement for all of the notes accepted pursuant to the offer, the remaining outstanding principal amount of notes is $1.2 billion.

- On February 28, 2012, ArcelorMittal completed the issuance of three series of U.S. dollar denominated notes: $500 million aggregate principal amount of 3.75% notes due 2015, $1.4 billion aggregate principal amount of 4.5% due 2017, and $1.1 billion aggregate principal amount of 6.25% notes due 2022. The proceeds were used to refinance existing indebtedness.

Recent Developments

- On February 20, 2013, ArcelorMittal completed the disposal of a 20% stake in Baffinland Iron Mines Corporation ("Baffinland") to Nunavut Iron Ore, Inc. ("Nunavut"), whose interest increased from 30% to 50%. In consideration, Nunavut correspondingly increased its share of funding for development of Baffinland's Mary River iron ore project. ArcelorMittal retained a 50% interest in the project as well as operator and marketing rights.

- On February 9, 2013, a fire occurred at the Vanderbijlpark plant in ArcelorMittal South Africa. It caused extensive damage to the steel making facilities resulting in an immediate shutdown of the facilities. No injuries were reported as a result of the incident. Once detailed assessments of the damage and required repairs have been carried out, the potential loss of sales and estimate of the time to repair will be determined.

- On January 24, 2013, ArcelorMittal Liège informed its local works council of its intention to permanently close a number of additional assets due to further weakening of the European economy and the resulting low demand for its products. Specifically, ArcelorMittal Liège has proposed to close (i) the hot strip mill in Chertal, (ii) one of the two cold rolling flows in Tilleur, (iii) galvanization lines 4 and 5 in Flemalle and (iv) electrogalvanizing lines HP3 and 4 in Marchin. The Company has also proposed to permanently close the ArcelorMittal Liège coke plant, which is no longer viable due to the excess supply of coke in Europe. ArcelorMittal Liège intends to discuss with trade union representatives all possible means of reducing the impact on employees, including the possibility of transfer to other sites within ArcelorMittal.

- ArcelorMittal completed a combined offering of ordinary shares and mandatorily convertible subordinated notes ("MCNs") on January 14, 2013 and January 16, 2013, respectively. The ordinary share offering represents an aggregate of approximately $1.75 billion, representing approximately 104 million ordinary shares at an offering price of $16.75 per ordinary share. The MCN offering represented an aggregate of approximately $2.25 billion. The notes have a maturity of three years, are issued at 100% of the principal amount and will be mandatorily converted into ordinary shares of ArcelorMittal at maturity unless earlier converted at the option of the holders or ArcelorMittal or upon specified events in accordance with the terms of the MCNs. The notes pay a coupon of 6.00% per annum, payable quarterly in arrears. The minimum conversion price of the MCNs is equal to $16.75, corresponding to the placement price of shares in the concurrent ordinary share offering as described above, and the maximum conversion price was set at approximately 125% of the minimum conversion price (corresponding to $20.94). The Mittal family purchased $300 million of MCNs and $300 million of ordinary shares in the offering. ArcelorMittal intends to use the net proceeds from the combined offering to reduce existing indebtedness.

Corporate Governance

The "Corporate Governance" section of our Annual report 2012 contains a full overview of our corporate governance practices.

Directors and Senior Management

ArcelorMittal is governed by the Board of Directors and managed by the Group Management Board.

Board of Directors

ArcelorMittal places a strong emphasis on corporate governance. ArcelorMittal has eight independent directors on its 11-member Board of Directors. The Board's Audit Committee and Appointments, Remuneration and Corporate Governance Committee are each comprised exclusively of independent directors. In addition, half of the Risk Management Committee is comprised of independent directors.

The annual general meeting of shareholders on May 8, 2012 acknowledged the expiration of the terms of office of Mr. Narayanan Vaghul and Mr. Wilbur L. Ross. At the same meeting, the shareholders re-elected Mr. Vaghul and Mr. Ross for a new term of three years each. The Board of Directors had proposed to elect Mr. Tye Burt as a new Board member, and Mr. Burt was elected by the shareholders for a three-year term starting on May 8, 2012. Mr. Burt is considered an independent director within the meaning of the NYSE Listed Company Manual and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

As a result of these changes, the Board of Directors is composed of 11 directors, of which 10 are non-executive directors and eight are independent directors. The Board of Directors comprises only one executive director, Mr. Lakshmi N. Mittal, the Chairman and Chief Executive Officer of ArcelorMittal.

Mr. Lewis B. Kaden is the Lead Independent Director. Mr. Kaden's principal duties and responsibilities as Lead Independent Director are as follows: coordination of activities of the other Independent Directors; liaison between the Chairman and the other Independent Directors; calling meetings of the Independent Directors when necessary and appropriate; and such other duties as are assigned from time to time by the Board of Directors.

No member of the Board of Directors, including the executive Director, has entered into any service contract with ArcelorMittal or any of its subsidiaries providing for benefits upon the end of his or her service on the Board.

The members of the Board of Directors are set out below:

Name	Age[5]	Date of joining the Board[6]	End of Term	Position within ArcelorMittal
Lakshmi N. Mittal	62	May 1997	May 2014	Chairman of the Board of Directors and Chief Executive Officer
Lewis B. Kaden [2 4]	70	April 2005	May 2014	Lead Independent Director
Vanisha Mittal Bhatia	32	December 2004	May 2013	Director
Narayanan Vaghul[1 2 4]	76	July 1997	May 2015	Director
Wilbur L. Ross[1 4]	75	April 2005	May 2015	Director
Jeannot Krecké[3]	62	January 2010	May 2013	Director
Antoine Spillmann[1 3 4]	49	October 2006	May 2014	Director
HRH Prince Guillaume de Luxembourg[2 4]	49	October 2006	May 2014	Director
Suzanne P. Nimocks[2 3 4]	53	January 2011	May 2013	Director
Bruno Lafont[1 4]	56	May 2011	May 2014	Director
Tye Burt[4]	55	May 2012	May 2015	Director

1 Member of the Audit Committee
2 Member of the Appointments, Remuneration and Corporate Governance Committee
3 Member of the Risk Management Committee.
4 Non-executive and independent director.
5 Age as of December 31, 2012.
6 Date of joining the Board of ArcelorMittal or, if prior to 2006, its predecessor Mittal Steel Company NV.

The business address of each of the members of the Board of Directors is ArcelorMittal's registered office at 19, avenue de la Liberté, L-2930 Luxembourg, Grand Duchy of Luxembourg.

Lakshmi N Mittal, 62, is the Chairman and Chief Executive Officer of ArcelorMittal. Mr. Mittal started his career in steel in 1976 by founding Ispat Indo, a company that is still held privately by the Mittal family. He founded Mittal Steel Company (formerly the LNM Group) in 1989 and guided its strategic development, culminating in the merger in 2006 with Arcelor, to form the world's largest steelmaker. He is widely recognized for the leading role he has played in restructuring the steel industry towards a more consolidated and globalized model. Mr. Mittal is an active philanthropist and a member of various boards and trusts, including chairman of the board of Aperam and the boards of Goldman Sachs and European Aeronautic Defence & Space Company (EADS) N.V. He is a member of the Indian Prime Minister's Global Advisory Council, the Foreign Investment Council in Kazakhstan, the Ukrainian President's Domestic and Foreign Investors Advisory Council, the World Economic Forum's International Business Council, the World Steel Association's Executive Committee and the Presidential International Advisory Board of Mozambique. He also sits on the Advisory Board of the Kellogg School of Management and on the Board of Trustees of Cleveland Clinic in the United States. Mr. Mittal began his career working in his family's steelmaking business in India, and has over 35 years of experience working in steel and related industries. In addition to spearheading the steel industry's consolidation, he championed the development of integrated mini-mills and the use of Direct Reduced Iron (DRI) as a scrap substitute for steelmaking. Following the merger of Ispat International and LNM Holdings to form Mittal Steel in December 2004, with the simultaneous acquisition of International Steel Group, he led the formation of the world's then-leading steel producer. In 2006, he merged Mittal Steel and Arcelor to form ArcelorMittal. Mr. Mittal then led a successful integration of two large entities to firmly establish ArcelorMittal as one of the foremost industrial companies in the world. The company continues to be the largest and most global steel manufacturer. More recently, Mr. Mittal has been leading ArcelorMittal's expansion of its mining business through significant brownfield and greenfield growth. In 1996, Mr. Mittal was awarded 'Steelmaker of the Year' by New Steel in the United States and in 1998 the 'Willy Korf Steel Vision Award' by World Steel Dynamics for outstanding vision, entrepreneurship, leadership and success in global steel development. He was named Fortune magazine's 'European Businessman of the Year 2004'. Mr. Mittal was awarded 'Business Person of 2006' by the *Sunday Times*, 'International Newsmaker of the Year 2006' by *Time Magazine* and 'Person of the Year 2006' by the *Financial Times* for his outstanding business achievements. In January 2007, Mr. Mittal was presented with a Fellowship from King's College London, the college's highest award. He also received in 2007 the Dwight D. Eisenhower Global Leadership Award, the Grand Cross of Civil Merit from Spain and was named AIST Steelmaker of the year. In January 2008, Mr. Mittal was awarded the Padma Vibhushan, India's second highest civilian honor, by the President of India. In September 2008, Mr. Mittal was chosen for the third 'Forbes Lifetime Achievement Award', which honors heroes of entrepreneurial capitalism and free enterprise. In October 2010, he was awarded World Steel Association's medal in recognition of his services to the Association as its Chairman and also for his contribution to the sustainable development of the global steel industry. In January 2013, Mr. Mittal was awarded with a Doctor Honoris Causa by the AGH University of Science and Technology in Krakow, Poland. Mr. Mittal was born in Sadulpur in Rajasthan, India on June 15, 1950. He graduated from St. Xavier's College in Kolkata, India where he received a Bachelor of Commerce degree. Mr. Mittal is married to Usha Mittal. They have a son, Aditya Mittal, and a daughter, Vanisha Mittal Bhatia. Mr. Mittal is a citizen of India.

Lewis B. Kaden, 70, is the Lead Independent Director of ArcelorMittal. He has approximately 40 years of experience in corporate governance, financial services, dispute resolution and economic policy. He has been Vice Chairman of Citigroup since 2005, and will retire from Citigroup on April 30, 2013. Prior to that, he was a partner of the law firm Davis Polk & Wardwell, and served as Counsel to the Governor of New Jersey, as a Professor of Law at Columbia University and as director of Columbia University's Center for Law and Economic Studies. He has served as a director of Bethlehem Steel Corporation for ten years and is currently Chairman of the Board of Trustees of the Markle Foundation and Vice Chairman of the Board of Trustees of Asia Society. He is a member of the Council on Foreign Relations and has been a moderator of the Business-Labor Dialogue. Mr. Kaden is a magna cum laude graduate of Harvard College and of Harvard Law School. He was the John Harvard Scholar at Emmanuel College, Cambridge University. Mr. Kaden is a citizen of the United States of America.

Vanisha Mittal Bhatia, 32, was appointed as a member of the LNM Holdings Board of Directors in June 2004. Ms. Vanisha Mittal Bhatia was appointed to Mittal Steel's Board of Directors in December 2004. She has a Bachelor of Arts degree in Business Administration from the European Business School and has worked at Mittal Shipping Ltd, Mittal Steel Hamburg GmbH, an Internet-based venture capital fund, within the procurement department of Mittal Steel, in charge of a cost-cutting project, and is currently Head of Strategy for Aperam. She is also the daughter of Mr. Lakshmi N. Mittal. Ms. Bhatia is a citizen of India.

Narayanan Vaghul, 76, has over 50 years of experience in the financial sector and was the Chairman of ICICI Bank Limited between 2002 and April 2009. Previously, he served as the Chairman of the Industrial Credit and Investment Corporation of India, a long-term credit development bank for 17 years and, prior to that, served as Chairman of the Bank of India and Executive Director of the Central Bank of India. He also served for brief periods as Consultant to the World Bank, the International Finance Corporation and the Asian Development Bank. Mr. Vaghul was also a visiting Professor at the Stern Business School at New York University. Mr. Vaghul is Chairman of the Indian Institute of Finance Management & Research and is also a Board member of Wipro, Mahindra & Mahindra, Piramal Healthcare Limited and Apollo Hospitals. He was chosen as a Businessman of the Year in 1992 by Business India.

He also received a Lifetime Achievement Award from the Economic Times. In 2009, he was awarded the Padma Bhushan, India's third highest civilian honor. Mr. Vaghul is a citizen of India.

Wilbur L. Ross, Jr., 75, is the Chairman and Chief Executive Officer of WL Ross & Co. LLC, a merchant banking firm, a position that he has held since April 2000. WL Ross & Co is part of Invesco Private Capital, a listed company, of which Mr. Ross is Chairman. As such, Mr. Ross is also the Chairman and Chief Executive Officer of several unlisted Invesco portfolio companies. Mr. Ross is the Chairman of Ohizumi Manufacturing Company in Japan, International Textile Group and Diamond S Shipping, which are unlisted companies, and of the Japan Society and the Economics Studies Council of the Brookings Institution, which are non-profit entities. Mr. Ross is a director of International Automotive Components and Compagnie Européenne de Wagons SARL (Luxembourg), both non-listed companies. Mr. Ross is also a director of the Yale School of Management and the Harvard Business School Dean's Advisory Board. He is on the Boards of Air Lease Corp., Assured Guaranty, BankUnited, EXCO Resources and Greenbrier, all NYSE-listed, and of PLASCAR, which is listed in Brazil. Mr. Ross was an Executive Managing Director at Rothschild, the investment banking firm, from October 1974 to March 2000, and the Chairman of the Smithsonian Institution National Board. Mr. Ross was also the Chairman of the International Steel Group since its inception until April 2005, when it merged into Mittal Steel Company NV. Mr. Ross is a citizen of the United States of America.

Jeannot Krecké, 62, started his university studies at the Université Libre de Bruxelles (ULB) in Belgium in 1969, from where he obtained a degree in physical and sports education. He decided in 1983 to change professional direction. His interests led him to retrain in economics, accounting and taxation. He undertook various studies, in particular in the United States. Following the legislative elections of June 13, 2004, Mr. Krecké was appointed Minister of the Economy and Foreign Trade and Minister of Sport of Luxembourg on July 13, 2004. Upon the return of the coalition government formed by the Christian Social Party (CSV) and the Luxembourg Socialist Workers' Party (LSAP) as a result of the legislative elections of June 7, 2009, Mr. Krecké was again appointed Minister of the Economy and Foreign Trade on July 23, 2009. As of July 2004, Mr. Krecké represents the Luxembourg government at the Council of Ministers of the European Union in the internal market and industry sections of its competitiveness committees as well as in the Economic and Financial Affairs Council and in the energy section of its transport, telecommunications and energy committee. He was also a member of the Eurogroup from July 2004 to June 2009. On February 1, 2012, Mr. Krecké retired from government and decided to end his active political career in order to pursue a range of different projects. Mr. Krecké is currently the Chief Executive Officer of Key International Strategy Services and is on the board of JSFC Sistema and CalzedoniaFinanziara S.A. Mr. Krecké is a citizen of Luxembourg.

Antoine Spillmann, 49, worked for leading investment banks in London from 1986 to 2000. He is now an asset manager and executive partner at the firm Bruellan Wealth Management, an independent asset management company based in Geneva, Switzerland. Mr. Spillmann studied in Switzerland and London, receiving diplomas from the London Business School in Investment Management and Corporate Finance. Mr. Spillmann is a non-independent board member of Bondpartners SA and Leclange SA. Mr. Spillmann is a citizen of Switzerland.

H.R.H. Prince Guillaume de Luxembourg, 49, worked for five years at the International Monetary Fund in Washington, D.C., and spent two years working for the Commission of European Communities in Brussels. Prince Guillaume headed a governmental development agency, Lux-Development, for 12 years; after that, he was appointed Honorary President of the board of directors of Lux-Development. He studied at the University of Oxford in the United Kingdom, and Georgetown University in Washington, D.C., from which he graduated in 1987. He has been a director of BGL BNP Paribas (formerly known as Banque Generale de Luxembourg) since May 1993. HRH Prince Guillaume de Luxembourg is a citizen of Luxembourg.

Suzanne P. Nimocks, 53, was previously a director (senior partner) with McKinsey & Company, a global management consulting firm, from June 1999 to March 2010 and was with the firm in various other capacities starting in 1989, including as a leader in the firm's Global Petroleum Practice, Electric Power & Natural Gas Practice, Organization Practice, and Risk Management Practice. Ms. Nimocks chaired the Environmental Committee of the Greater Houston Partnership, the primary advocate of Houston's business community, until December 31, 2010. She holds a Bachelor of Arts in Economics from Tufts University and a Masters in Business Administration from the Harvard Graduate School of Business. Ms. Nimocks is currently a Board Member for Encana Corporation, Rowan Companies Inc., Owens Corning, all listed companies, and Valerus, a private company. Encana is a major natural gas company, Rowan Companies provides drilling services for the oil and gas industry, Owens Corning manufactures building products and Valerus provides services for oil and gas production. In the non-profit sector, she serves as the chair of the board of directors of the Houston Zoo. Ms. Nimocks is a citizen of the United States of America.

Bruno Lafont, 56, began his career at Lafarge in 1983 and has held numerous positions in finance and international operations with the same company. In 1995, Mr. Lafont was appointed Group Executive Vice President, Finance, and thereafter Executive Vice President of the Gypsum Division in 1998. Mr. Lafont joined Lafarge's General Management as Chief Operating Officer between May 2003 and December 2005. Chief Executive Officer since January 2006, Bruno Lafont was appointed Chairman and Chief Executive Officer in May 2007. Mr. Lafont presently chairs the Energy & Climate Change Working Group of the European Roundtable of Industrialists. Mr. Lafont is a Special Adviser to the Mayor of Chongqing (China), a Board Member of EDF and a Board Member of ArcelorMittal. Born in 1956, Mr. Lafont is a graduate from the Hautes Etudes Commerciales business school (HEC 1977, Paris) and the Ecole Nationale d'Administration (ENA 1982, Paris). Mr. Lafont is a citizen of France.

Tye Burt, 55, was appointed President and Chief Executive Officer of Kinross Gold Corporation in March 2005. He held this position until August 1, 2012. Kinross is listed on the New York Stock Exchange and the Toronto Stock Exchange. Mr. Burt was also a member of the board of directors of Kinross. Mr. Burt has broad experience in the global mining industry, specializing in corporate finance, business strategy and mergers and acquisitions. Prior to joining Kinross, he held the position of Vice Chairman and Executive Director of Corporate Development at Barrick Gold Corporation. He was President of the Cartesian Capital Group from 2000 to 2002; Chairman of Deutsche Bank Canada and Deutsche Bank Securities Canada; Global Managing Director of Global Metals and Mining for Deutsche Bank AG from 1997 to 2000; and Managing Director and Co-Head of the Global Mining Group at BMO Nesbitt Burns from 1995 to 1997, holding various other positions at BMO Nesbitt Burns from 1986 to 1995. Mr. Burt is a board member of Dacha Strategic Metals Inc., a small rare earths trading company based in Canada. He is the Life Sciences Research Campaign Chair of the University of Guelph's Better Planet Project. He is a member of the Duke of Edinburgh's Award Charter for Business Board of Governors. Mr. Burt is a graduate of Osgoode Hall Law School, a member of the Law Society of Upper Canada, and he holds a Bachelor of Arts degree from the University of Guelph. Mr. Burt is a citizen of Canada.

Senior Management

ArcelorMittal's senior executive management is comprised of the members of the Group Management Board, which are set out below:

Name	Age[1]	Position
Davinder Chugh	56	Member of the Group Management Board, Responsible for Shared Services and member of the Investment Allocation Committee
Peter Kukielski	56	Member of the Group Management Board, Head of Mining
Sudhir Maheshwari	49	Member of the Group Management Board; Responsible for Corporate Finance, M&A, Risk Management and India and China activities
Aditya Mittal	36	Chief Financial Officer, Member of the Group Management Board, with additional responsibility for Flat Carbon Europe, Investor Relations and Communications
Lakshmi N. Mittal	62	Chairman and Chief Executive Officer
Lou Schorsch	63	Member of the Group Management Board; Responsible for Flat Carbon Americas, Group Strategy, CTO, Research and Development, Global Automotive and member of the Investment Allocation Committee
Gonzalo Urquijo	51	Member of the Group Management Board; Responsible for AACIS (excluding China and India), Distribution Solutions, Tubular Products, Corporate Responsibility, Investment Allocation Committee ("IAC") Chairman
Michel Wurth	58	Member of the Group Management Board Responsible for Long Carbon Worldwide

1 Age as of December 31, 2012.

The Group Management Board has responsibility for, and its remuneration is tied to, the day-to-day management of the business of ArcelorMittal on a global basis. In 2012, the Appointments, Remuneration and Corporate Governance Committee of the Board of Directors decided to further improve the remuneration disclosure published by the Company by focusing on those executive officers whose remuneration is tied to the performance of the entire ArcelorMittal group. Consequently, information regarding the Management Committee, which is an advisory body to the Group Management Board, is no longer included. The Group Management Board is defined going forward as ArcelorMittal's senior management.

Davinder Chugh, Member of the Group Management Board; Responsible for Shared Services (reporting to Chief Executive Officer), Member of Investment Allocation Committee. Mr. Davinder Chugh has over 33 years of experience in the steel industry in general management, materials purchasing, marketing, logistics, warehousing and shipping. Mr. Chugh was previously a Senior Executive Vice President of ArcelorMittal responsible for Shared Services until 2007. Before becoming a Senior Executive Vice President of ArcelorMittal, he served as the Chief Executive Officer of Mittal Steel South Africa until 2006. After the acquisition of ISCOR (now ArcelorMittal South Africa in 2002 Mr. Chugh was involved in the turnaround and consolidation of the South African operations of ArcelorMittal. He also served as Director of Commercial and Marketing at Mittal Steel South Africa, among other positions. Mr. Chugh was Vice President of Purchasing in Mittal Steel Europe until 2002, where he consolidated procurement and logistics across plants in Europe. Prior to this, he held several senior positions at the Steel Authority India Limited in New Delhi, India. He holds bachelor's degrees of B.Sc. (Physics Honors), an LLB and an MBA. Mr. Chugh is a citizen of India.

Peter Kukielski, Member of the Group Management Board; **Responsible for Mining.** Mr. Peter Kukielski was appointed Senior Executive Vice President and Head of Mining in December 2008. Mr. Kukielski is responsible for the Company's mining business and for driving its development. On January 1, 2010, Mr. Kukielski was appointed to the Company's Group Management Board. Mr. Kukielski was previously the Executive Vice President and Chief Operating Officer of Teck Cominco Limited. Prior to joining Teck Cominco, he was Chief Operating Officer of Falconbridge Limited. Prior to this, he held senior engineering and project management positions with BHP Billiton and Fluor Corporation. Mr. Kukielski holds a Bachelor of Science degree in civil engineering from the University of Rhode Island and a Master of Science degree in civil engineering from Stanford University. Mr. Kukielski is a citizen of the United States.

Sudhir Maheshwari, Member of the Group Management Board; Responsible for Corporate Finance, M&A, Risk Management and India and China activities. Mr. Sudhir Maheshwari is also Alternate Chairman of the Corporate Finance and Tax Committee and Chairman of the Risk Management Committee. Mr. Maheshwari was previously a Member of the Management Committee of ArcelorMittal, Responsible for Finance and M&A. Prior to this, he was Managing Director, Business Development and Treasury at Mittal Steel from January 2005 until its merger with Arcelor in 2006 and Chief Financial Officer of LNM Holdings N.V. from January 2002 until its merger with Ispat International in December 2004. Mr. Maheshwari has over 25 years of experience in the steel and related industries. He has played an integral and leading role in all acquisitions in recent years including the ArcelorMittal merger and integration. He also plays a key leading role in various corporate finance, funding and capital market transactions including the award-winning refinancing of the Company's debt in 2009 and the initial public offering in 1997. Over a 24-year career with ArcelorMittal, he also held the positions of Chief Financial Officer at Mittal Steel Europe S.A., Mittal Steel Germany and Mittal Steel Point Lisas, and Director of Finance and M&A at Mittal Steel. Mr. Maheshwari also serves on the Board of Directors of various subsidiaries of ArcelorMittal. Mr. Maheshwari is an Honours Graduate in Accounting and Commerce from St. Xavier's College, Calcutta and a Fellow of The Institute of Chartered Accountants and The Institute of Company Secretaries in India. Mr. Maheshwari is a citizen of India.

Aditya Mittal, Chief Financial Officer of ArcelorMittal, Member of the Group Management Board with additional responsibility for Flat Carbon Europe. Prior to the merger to create ArcelorMittal, Mr. Aditya Mittal held the position of President and Chief Financial Officer of Mittal Steel Company from October 2004 to 2006. He joined Mittal Steel in January 1997 and has held various finance and management roles within the company. In 1999, he was appointed Head of Mergers and Acquisitions for Mittal Steel. In this role, he led the company's acquisition strategy, resulting in Mittal Steel's expansion into Central Europe, Africa and the United States. Besides M&A responsibilities, Aditya Mittal was involved in post-integration, turnaround and improvement strategies. As Chief Financial Officer of Mittal Steel, he also initiated and led Mittal Steel's offer for Arcelor to create the first 100 million tonne plus steel company. In 2008, Mr. Aditya Mittal was awarded 'European Business Leader of the Future' by CNBC Europe. In 2011, he was also ranked 4th in the '40 under 40' list of Fortune magazine. He is a member of the World Economic Forum's Young Global Leaders Forum, the Young President's Organization, a Board member at the Wharton School and a member of the Board of Directors of PPR and Aperam. Aditya Mittal holds a Bachelor's degree of Science in Economics with concentrations in Strategic Management and Corporate Finance from the Wharton School in Pennsylvania, United States. Mr. Aditya Mittal is the son of Mr. Lakshmi N. Mittal. Mr. Aditya Mittal is a citizen of India.

Lou Schorsch, Member of the Group Management Board; Responsible for Flat Carbon Americas, Group Strategy, CTO, Research and Development, Global Automotive. Dr. Schorsch was elected to the Group Management Board in May 2011. Prior to this appointment he had been President and Chief Executive Officer of Flat Carbon Americas, a position established with the 2006 merger of Arcelor and Mittal Steel, as well as a member of the ArcelorMittal Management Committee. He had previously led the American operations of the Mittal Group, Mittal Steel USA (2005-2006) and Ispat Inland (2003-2005). Prior to joining Ispat Inland, Dr. Schorsch had spent most of his career as a partner in McKinsey & Co and was co-leader of that firm's Metals Practice. He joined McKinsey's Brussels Office in 1985 and also worked in that firm's Pittsburgh and Chicago offices. While at McKinsey, his work focused on the steel sector and involved client service with leading steel firms in the Americas, Europe and Asia. He left McKinsey in 2000 to become Chief Executive Officer of GSX, an internet steel exchange founded by Cargill, Samsung, Duferco, and Arbed. He is the author of numerous articles related to the steel sector, was the co-author of the 1983 book "Steel: Upheaval in a Basic Industry", and has appeared as a steel expert on NBC and PBS television channels in the United States. Prior to joining McKinsey Dr. Schorsch was an analyst at the Congressional Budget Office in Washington, D.C. and a millwright at the USS South Chicago Works in the late 1970s, when he develop his initial interest in the steel sector. He holds a doctorate in Economics from American University and a bachelor's degree from Georgetown University, both in Washington, D.C. Dr. Schorsch is a citizen of the United States of America.

Gonzalo Urquijo, Member of the Group Management Board; Responsible for AACIS (excluding China and India), Distribution Solutions and **Tubular Products.** Mr. Gonzalo Urquijo previously Senior Executive Vice President and Chief Financial Officer of Arcelor, has held the following responsibilities: Finance, Purchasing, IT, Legal Affairs, Investor Relations, Arcelor Steel Solutions and Services, and other activities. Mr. Urquijo also held several other positions within Arcelor, including Deputy Senior Executive Vice President and Head of the functional directorates of distribution. Until the creation of Arcelor in 2002, when he became Executive Vice President of the Operational Unit South of the Flat Carbon Steel sector, Mr. Urquijo was Chief Financial Officer of Aceralia. Between 1984 and 1992, he held a variety of positions at Citibank and Crédit Agricole before joining Aristrain in 1992 as Chief Financial Officer and later Co-Chief Executive Officer. Mr. Urquijo is a board member of Aperam; he is a graduate in Economics and Political Science of Yale University and holds an MBA from the Instituto de Empresa in Madrid. Mr. Urquijo is a citizen of Spain.

Michel Wurth, Member of the Group Management Board; Responsible for Long Carbon Worldwide. Before becoming a member of the Group Management Board responsible for Long Carbon Worldwide, Mr. Wurth was between 2006 and June 2011 in charge of Flat Carbon Europe and Global R&D and between 2009 and June 2011 as well in charge of AMDS. He was previously Vice

President of the Group Management Board of Arcelor and Deputy Chief Executive Officer, with responsibility for Flat Carbon Steel including Auto, Coordination Brazil, R&D and NSC Alliance. The merger of Aceralia, Arbed and Usinor leading to the creation of Arcelor in 2002 led to Mr. Wurth's appointment as Senior Executive Vice President and Chief Financial Officer of Arcelor, with responsibility over Finance and Management by Objectives. Mr. Wurth joined Arbed in 1979 and held a variety of functions including Secretary of the Board of Directors, and Corporate Secretary, before joining the Arbed Group Management Board and becoming its Chief Financial Officer in 1996. He was named Executive Vice President in 1998. Mr. Wurth holds a law degree from the University of Grenoble, France, a degree in Political Science from the Institut d'Études Politiques de Grenoble and a Master of Economics degree from the London School of Economics, all with distinction and he is Doctor of Laws Honoris Causa from Sacred Heart University. Mr. Wurth is a citizen of Luxembourg.

Board Practices/Corporate Governance

This section describes the corporate governance practices of ArcelorMittal.

Board of Directors and Group Management Board

ArcelorMittal is governed by a Board of Directors and managed by a Group Management Board. The Group Management Board is assisted by a Management Committee.

A number of corporate governance provisions in the Articles of Association of ArcelorMittal reflect provisions of the Memorandum of Understanding signed on June 25, 2006 (prior to Mittal Steel's merger with Arcelor), amended in April 2008 and which mostly expired on August 1, 2009. For more information about the Memorandum of Understanding see Related Parties Transactions on page 70.

ArcelorMittal fully complies with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange except with regard to Recommendation 1.3 about the separation of the roles of chairman of the board of directors and the head of executive management, as explained in more detail in "Other Corporate Governance practices" below. ArcelorMittal also complies with the New York Stock Exchange Listed Company Manual as applicable to foreign private issuers.

Board of Directors

Composition

The Board of Directors is in charge of the overall governance and direction of ArcelorMittal. It is responsible for the performance of all acts of administration necessary or useful in furtherance of the corporate purpose of ArcelorMittal, except for matters reserved by Luxembourg law or the Articles of Association to the general meeting of shareholders. The Articles of Association provide that the Board of Directors is composed of a minimum of three and a maximum of 18 members, all of whom, except the Chief Executive Officer, must be non-executive directors. None of the members of the Board of Directors, except for the Chief Executive Officer, may hold an executive position or executive mandate within ArcelorMittal or any entity controlled by ArcelorMittal.

The Articles of Association provide that Directors are elected and removed by the general meeting of shareholders by a simple majority of votes cast. Other than as set out in the Company's Articles of Association, no shareholder has any specific right to nominate, elect or remove Directors. Directors are elected by the general meeting of shareholders for three-year terms. In the event that a vacancy arises on the Board of Directors for any reason, the remaining members of the Board of Directors may by a simple majority elect a new Director to temporarily fulfill the duties attaching to the vacant post until the next general meeting of the shareholders.

Mr. Lakshmi N. Mittal was elected Chairman of the Board of Directors on May 13, 2008. Mr. Mittal is also ArcelorMittal's Chief Executive Officer. Mr. Mittal was re-elected to the Board of Directors for a three-year term by the annual general meeting of shareholders on May 10, 2011.

The Board of Directors is comprised of 11 members, of which 10 are non-executive Directors and one is an executive Director. The Chief Executive Officer of ArcelorMittal is the sole executive Director.

Eight of the 11 members of the Board of Directors are independent. The non-independent Directors are the executive Director, Ms. Vanisha Mittal Bhatia and Mr. Jeannot Krecké. A Director is considered "independent" if:

(a) he or she is independent within the meaning of the Listed Company Manual of the New York Stock Exchange, as applicable to foreign private issuers,

(b) he or she is unaffiliated with any shareholder owning or controlling more than two percent of the total issued share capital of ArcelorMittal, and

(c) the Board of Directors makes an affirmative determination to this effect.

For these purposes, a person is deemed affiliated to a shareholder if he or she is an executive officer, a director who also is an employee, a general partner, a managing member or a controlling shareholder of such shareholder. The 10 Principles of Governance of the Luxembourg Stock Exchange, which constitute ArcelorMittal's domestic corporate governance code, require ArcelorMittal to define the independence criteria that apply to its Directors.

Specific characteristics of the Director role

The Company’s Articles of Association do not require directors to be shareholders of the Company. The Board of Directors nevertheless adopted a share ownership policy on October 30, 2012, considering that it is in the best interests of all shareholders for all non-executive directors to acquire and hold a minimum number of ArcelorMittal ordinary shares in order to better align their long-term interests with those of ArcelorMittal’s shareholders. The Board of Directors believes that this share ownership policy will result in a meaningful holding of ArcelorMittal shares by each non-executive Director, while at the same time taking into account the fact that the share ownership requirement should not be excessive in order not to unnecessarily limit the pool of available candidates for appointment to the Board. Directly or indirectly, and as sole or joint beneficiary owner (e.g., with a spouse or minor children), within five years of the earlier of October 30, 2012 or the relevant person’s election to the Board of Directors, the Lead Independent Director should own a minimum of 15,000 ordinary shares and each other non-executive director should own a minimum of 10,000 ordinary shares. Each director will hold the shares acquired on the basis of this policy for so long as he or she serves on the Board of Directors. Directors purchasing shares in compliance with this policy must comply with the ArcelorMittal Insider Dealing Regulations and, in particular, and refrain from trading during any restricted period, including any such period that may apply immediately after the Director’s departure from the Board of Directors for any reason.

On October 30, 2012, the Board of Directors also adopted a policy that places limitations on the terms of independent Directors as well as the number of directorships Directors may hold in order to align the Company’s corporate governance practices with best practices in this area. The policy provides that an independent Director may not serve on the Board of Directors for more than 12 consecutive years, although the Board of Directors may, by way of exception to this rule, make an affirmative determination, on a case-by-case basis, that he or she may continue to serve beyond 12 years in consideration of his or her exceptional contribution to the Board. A Director will no longer be considered “independent” as defined in the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange and the Listed Company Manual of the New York Stock Exchange as applicable to foreign private issuers after he or she has completed 12 years of service on the Board.

As membership of the Board of Directors represents a significant time commitment, the policy requires both executive and non-executive Directors to devote sufficient time to the discharge of their duties as a Director of ArcelorMittal. Directors are therefore required to consult with the Chairman and the Lead Independent Director before accepting any additional commitment that could conflict with or impact the time they can devote to their role as a Director of ArcelorMittal. Furthermore, a non-executive Director may not serve on more than four public company boards in addition to the ArcelorMittal Board of Directors. However, service on the board of directors of any subsidiary or affiliate of ArcelorMittal or of any other company on whose board the Director serves shall not be taken into account for purposes of complying with the foregoing limitation. Directors have a time period of three years from October 30, 2012 to reach the limit of five directorships of public companies.

Although non-executive Directors of ArcelorMittal who retire or change their principal occupation or business association are not necessarily required to leave the Board of Directors, the policy requires each non-executive Director, following any such event, to promptly tender his or her resignation to the ARCG Committee , so that there is an opportunity for the Board of Directors, through the ARCG Committee, to review the continued appropriateness of Board membership of the relevant Director under the new circumstances.

None of the members of the Board of Directors, including the executive director, have entered into service contracts with ArcelorMittal or any of its subsidiaries that provide for any form of remuneration or for benefits upon the termination of their term.

All members of the Board of Directors are required to sign the Company’s Code of Business Conduct upon first joining the Board and confirm their adherence thereto on an annual basis thereafter.

The remuneration of the members of the Board of Directors is determined on a yearly basis by the annual general meeting of shareholders.

Share Transactions by Management

In compliance with laws prohibiting insider dealing, the Board of Directors of ArcelorMittal has adopted insider dealing regulations, which apply throughout the ArcelorMittal group. These regulations are designed to ensure that insider information is treated appropriately within the Company and avoid insider dealing and market manipulation. Any breach of the rules set out in this procedure may lead to criminal or civil charges against the individuals involved, as well as disciplinary action by the Company.

Shareholding Requirement for Non-Executive Directors

In consideration of corporate governance trends indicating that a reasonable amount of share ownership helps better align the interests of the directors with those of all shareholders, the Board of Directors adopted on October 30, 2012 share ownership guidelines for non-executive Directors. The Directors are required to own 10,000 shares and the Lead Independent Director is required to own 15,000 shares, both within five years of October 30, 2012, or if the Director is appointed after October 30, 2012, within five years of his or her appointment.

Operation

General

The Board of Directors may engage the services of external experts or advisers as well as take all actions necessary or useful to implement the Company's corporate purpose. The Board of Directors (including its three committees) has its own budget, which covers functioning costs such as external consultants, continuing education activities for Directors and travel expenses.

Meetings

The Board of Directors meets when convened by the Chairman of the Board or any two members of the Board of Directors. The Board of Directors holds physical meetings at least on a quarterly basis as five regular meetings are scheduled per year. The Board of Directors holds additional meetings if and when circumstances require, in person or by teleconference and can take decisions by written circulation, provided that all members of the Board of Directors agree.

The Board of Directors held five meetings in 2012. The average attendance rate of the directors at the Board of Directors' meetings was 96.29%. Each Director attended at least 75% of the Board meetings.

In order for a meeting of the Board of Directors to be validly held, a majority of the Directors must be present or represented, including at least a majority of the independent Directors. In the absence of the Chairman, the Board of Directors will appoint by majority vote a chairman for the meeting in question. The Chairman may decide not to participate in a Board of Directors' meeting, provided he has given a proxy to one of the Directors who will be present at the meeting. For any meeting of the Board of Directors, a Director may designate another Director to represent him or her and vote in his or her name, provided that the director so designated may not represent more than one of his or her colleagues at any time.

Each Director has one vote and none of the Directors, including the Chairman, has a casting vote. Decisions of the Board of Directors are made by a majority of the directors present and represented at a validly constituted meeting.

Lead Independent Director

In April 2008, the Board of Directors created the role of Lead Independent Director. His or her function is to:

- coordinate the activities of the independent Directors,
- liaise between the Chairman of the Board of Directors and the independent Directors,
- call meetings of the independent Directors when he or she considers it necessary or appropriate, and
- perform such other duties as may be assigned to him or her by the Board of Directors from time to time.

Mr. Lewis B. Kaden was elected by the Board of Directors as ArcelorMittal's first Lead Independent Director in April 2008 and remains Lead Independent Director, having been re-elected as a Director for a three-year term on May 10, 2011.

The agenda of each meeting of the Board of Directors is decided jointly by the Chairman of the Board of Directors and the Lead Independent Director.

Separate Meetings of Independent Directors

The independent members of the Board of Directors may schedule meetings outside the presence of non-independent Directors. Four meetings of the independent Directors outside the presence of management and non-independent Directors were held in 2012.

Annual Self-Evaluation

The Board of Directors decided in 2008 to start conducting an annual self-evaluation of its functioning in order to identify potential areas for improvement. The first self-evaluation process was carried out in early 2009. The self-evaluation process includes structured interviews between the Lead Independent Director and each Director and covers the overall performance of the Board of Directors, its relations with senior management, the performance of individual Directors, and the performance of the committees. The process is supported by the Company Secretary under the supervision of the Chairman and the Lead Independent Director. The findings of the self-evaluation process are examined by the ARCG Committee and presented with recommendations from the ARCG Committee to the Board of Directors for adoption and implementation. Suggestions for improvement of the Board of Directors' process based on the prior year's performance and functioning are implemented during the following year.

The 2012 Board of Directors' self-evaluation was completed by the Board on February 4, 2013. Directors believe that the quality of discussions within the Board continued to improve in 2012. The previous year's recommendation that balance of the time spent by the Board of Directors on strategic and other specific issues compared to time spent on the review of financial and operational results and performance was successfully implemented. The Board has also identified a number of topics that it wishes to spend additional time on in 2013, such as compliance, corporate values and corporate responsibility and specific country risk assessments.

The Board of Directors believes that its members have the appropriate range of skills, knowledge and experience, as well as the degree of diversity, necessary to enable it to effectively govern the business. Board composition is reviewed on a regular basis and additional skills and experience are actively searched for in line with the expected development of ArcelorMittal's business as and when appropriate.

Required Skills, Experience and Other Personal Characteristics

Diverse skills, backgrounds, knowledge, experience, geographic location, nationalities and gender are required in order to effectively govern a global business the size of the Company's operations. The Board and its committees are therefore required to ensure that the Board has the right balance of skills, experience, independence and knowledge necessary to perform its role in accordance with the highest standards of governance.

The Company's directors must demonstrate unquestioned honesty and integrity, preparedness to question, challenge and critique constructively, and a willingness to understand and commit to the highest standards of governance. They must be committed to the collective decision-making process of the Board and must be able to debate issues openly and constructively, and question or challenge the opinions of others. Directors must also commit themselves to remain actively involved in Board decisions and apply strategic thought to matters at issue. They must be clear communicators and good listeners who actively contribute to the Board in a collegial manner. Each Director must also ensure that no decision or action is taken that places his or her interests in front of the interests of the business. Each Director has an obligation to protect and advance the interests of the Company and must refrain from any conduct that would harm it.

In order to govern effectively, non-executive Directors must have a clear understanding of the Company's strategy, and a thorough knowledge of the ArcelorMittal group and the industries in which it operates. Non-executive Directors must be sufficiently familiar with the Company's core business to effectively contribute to the development of strategy and monitor performance.

With specific regard to the non-executive Directors of the Company, the composition of the group of non-executive Directors should be such that the combination of experience, knowledge and independence of its members allows the Board to fulfill its obligations towards the Company and other stakeholders in the best possible manner.

The ARCG Committee ensures that the Board is comprised of high-caliber individuals whose background, skills, experience and personal characteristics enhance the overall profile of the Board and meets its needs and diversity aspirations by nominating high quality candidates for election to the Board by the general meeting of shareholders.

Board Profile

The key skills and experience of the Directors, and the extent to which they are represented on the Board and its committees, are set out below. In summary, the non-executive Directors contribute:

- international and operational experience;
- understanding of the industry sectors in which we operate;
- knowledge of world capital markets and being a company listed in several jurisdictions; and

- an understanding of the health, safety, environmental, political and community challenges that we face.

Each Director is required to adhere to the values set out in, and sign, the ArcelorMittal Code of Business Conduct.

Renewal

The Board plans for its own succession, with the assistance of the ARCG Committee. In doing this, the Board:

- considers the skills, backgrounds, knowledge, experience and diversity of geographic location, nationality and gender necessary to allow it to meet the corporate purpose;
- assesses the skills, backgrounds, knowledge, experience and diversity currently represented;
- identifies any inadequate representation of those attributes and agrees the process necessary to ensure a candidate is selected who brings them to the Board; and
- reviews how Board performance might be enhanced, both at an individual Director level and for the Board as a whole.

The Board believes that orderly succession and renewal is achieved through careful planning and by continuously reviewing the composition of the Board.

When considering new appointments to the Board, the ARCG Committee oversees the preparation of a position specification that is provided to an independent recruitment firm retained to conduct a global search, taking into account, among other factors, geographic location, nationality and gender. In addition to the specific skills, knowledge and experience required of the candidate, the specification contains the criteria set out in the ArcelorMittal Board profile.

Diversity

In line with the worldwide effort to increase gender diversity on the boards of directors of listed and unlisted companies, the Board has set an aspirational goal of increasing the number of women on the Board to at least three by the end of 2015 based upon a Board of Directors size of 11 members.

Director Induction, Training and Development

The Board considers that the development of the directors' knowledge of the Company, the steel-making and mining industries, and the markets in which the Company operates is an ongoing process. To further bolster the skills and knowledge of Directors, the Company set up a continuous development program in 2009.

Upon his or her election, each new non-executive director undertakes an induction program specifically tailored to his or her needs and includes ArcelorMittal's long-term vision centered on the concept of "Safe Sustainable Steel".

The Board's development activities include the provision of regular updates to directors on each of the Company's products and markets. Non-executive directors may also participate in training programs designed to maximize the effectiveness of the Directors throughout their tenure and link in with their individual performance evaluations. The training and development program may cover not only matters of a business nature, but also matters falling into the environmental, social and governance area.

Structured opportunities are provided to build knowledge through initiatives such as visits to plants and mine sites and business briefings provided at Board meetings. Non-executive directors also build their Company and industry knowledge through the involvement of the Group Management Board and other senior employees in Board meetings. Business briefings, site visits and development sessions underpin and support the Board's work in monitoring and overseeing progress towards the corporate purpose of creating long-term shareholder value through the development of our business in steel and mining. We therefore continuously build Directors' knowledge to ensure that the Board remains up-to-date with developments within our segments, as well as developments in the markets in which we operate.

During the year, non-executive directors participated in the following activities:

- comprehensive business briefings intended to provide each Director with a deeper understanding of the Company's activities, environment, key issues and strategy of our segments. These briefings are provided to the Board by senior executives, including Group Management Board members. The briefings provided during the course of 2012 covered health and safety processes, marketing, steel-making, mining and R&D. Certain business briefings were combined with site visits and thus took place on-site and, in other cases, they took place at Board meetings;

- development sessions on specific topics of relevance, such as climate change, commodity markets, the world economy, changes in corporate governance standards, directors' duties and shareholder feedback; and
- presentations by external experts on issues such as diversity, leadership and risk management.

The ARCG Committee oversees Director training and development. This approach allows induction and learning opportunities to be tailored to the Directors' committee memberships, as well as the Board's specific areas of focus. In addition, this approach ensures a coordinated process in relation to succession planning, Board renewal, training, development and committee composition, all of which are relevant to the ARCG Committee's role in securing the supply of talent to the Board.

Board of Directors Committees

The Board of Directors has three committees:

- the Audit Committee,
- the Appointments, Remuneration and Corporate Governance Committee, and
- the Risk Management Committee.

Audit Committee

The Audit Committee must be composed solely of independent members of the Board of Directors. The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. All of the Audit Committee members must be independent as defined in the Rule 10A-3 of the U.S. Securities Exchange Act of 1934, as amended. The Audit Committee makes decisions by a simple majority with no member having a casting vote.

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities by reviewing:

- the financial reports and other financial information provided by ArcelorMittal to any governmental body or the public;
- ArcelorMittal's system of internal control regarding finance, accounting, legal compliance and ethics that the Board of Directors and senior management have established; and
- ArcelorMittal's auditing, accounting and financial reporting processes generally.

The Audit Committee's primary duties and responsibilities are to:

- be an independent and objective party to monitor ArcelorMittal's financial reporting process and internal controls system;
- review and appraise the audit efforts of ArcelorMittal's independent auditors and internal auditing department;
- provide an open avenue of communication among the independent auditors, senior management, the internal audit department and the Board of Directors;
- review major legal and compliance matters and their follow up;
- approve the appointment and fees of the independent auditors; and
- monitor the independence of the independent auditors.

Since May 10, 2011, the Audit Committee consists of four members: Mr. Narayanan Vaghul (Chairman), Mr. Wilbur L. Ross, Mr. Antoine Spillmann, and Mr. Bruno Lafont, each of whom is an independent director according to the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The Chairman of the Audit Committee is Mr. Vaghul.

According to its charter, the Audit Committee is required to meet at least four times a year. During 2012, the Audit Committee met nine times. The average attendance rate of the directors at the Audit Committee meetings was 91.67%.

The Audit Committee performs its own annual self-evaluation, and completed its 2012 self-evaluation on February 4, 2013.

Appointments, Remuneration and Corporate Governance Committee

The ARCG Committee has been comprised since May 10, 2011 of four directors, each of whom is independent under the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The ARCG Committee makes decisions by a simple majority with no member having a casting vote.

The Board of Directors has established the ARCG Committee to:

- determine, on its behalf and on behalf of the shareholders within agreed terms of reference, ArcelorMittal's compensation framework, including short and long term incentives for the Chief Executive Officer, the Chief Financial Officer, the members of the Group Management Board and the members of the Management Committee;
- review and approve succession and contingency plans for key managerial positions at the level of the Group Management Board and the Management Committee;
- consider any candidate for appointment or reappointment to the Board of Directors at the request of the Board of Directors and provide advice and recommendations to it regarding the same;
- evaluate the functioning of the Board of Directors and monitor the Board of Directors' self-assessment process; and
- develop, monitor and review corporate governance principles and corporate responsibility policies applicable to ArcelorMittal, as well as their application in practice.

The ARCG Committee's principal criteria in determining the compensation of executives is to encourage and reward performance that will lead to long-term enhancement of shareholder value. The ARCG Committee may seek the advice of outside experts.

The four members of the ARCG Committee are Mr. Lewis B. Kaden, HRH Prince Guillaume of Luxembourg, Mr. Narayanan Vaghul, and Ms. Suzanne P. Nimocks, each of whom is independent in accordance with the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The Chairman of the ARCG Committee is Mr. Kaden.

The ARCG Committee is required to meet at least twice a year. During 2012, this committee met six times. The average attendance rate was 100%.

The ARCG Committee performs an annual self-evaluation and completed its 2012 self-evaluation on February 4, 2013.

Risk Management Committee

In June 2009, the Board of Directors created a Risk Management Committee to assist it with risk management, in line with recent developments in corporate governance best practices and in parallel with the creation of a Group Risk Management Committee at the executive level.

The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The Risk Management Committee must be comprised of at least two members. At least half of the members of the Risk Management Committee must be independent under the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The Risk Management Committee consists of three members: Mr. Jeannot Krecké, Mr. Antoine Spillmann and Ms. Suzanne P. Nimocks. Mr. Sudhir Maheshwari, a member of the Group Management Board who chairs the Group Risk Management Committee, is regularly invited to the meetings of the Risk Management Committee.

The members of the Risk Management Committee may decide to appoint a Chairman by majority vote. Mr. Spillmann currently acts as Chairman.

Decisions and recommendations of the Risk Management Committee are adopted by a simple majority. The Chairman or, in the absence of the Chairman, any other member of the Risk Management Committee, will report to the Board of Directors at each of the latter's quarterly meetings or more frequently if circumstances so require. The Risk Management Committee conducts an annual self-evaluation of its own performance and completed its 2012 self-evaluation on February 4, 2013.

The purpose of the Risk Management Committee is to support the Board of Directors in fulfilling its corporate governance and oversight responsibilities by assisting with the monitoring and review of the risk management framework and process of

ArcelorMittal. Its main responsibilities and duties are to assist the Board of Directors by making recommendations regarding the following matters:

- The oversight, development and implementation of a risk identification and management process and the review and reporting on the same in a consistent manner throughout the ArcelorMittal group;
- The review of the effectiveness of the Group-wide risk management framework, policies and process at Corporate, Segment and Business Unit levels, and the proposing of improvements, with the aim of ensuring that the Group's management is supported by an effective risk management system;
- The promotion of constructive and open exchanges on risk identification and management among senior management (through the Group Risk Management Committee), the Board of Directors, the Internal Assurance department, the Legal Department and other relevant departments within the ArcelorMittal group;
- The review of proposals for assessing, defining and reviewing the risk appetite/tolerance level of the group and ensuring that appropriate risk limits/tolerance levels are in place, with the aim of helping to define the Group's risk management strategy;
- The review of the Group's internal and external audit plans to ensure that they include a review of the major risks facing the ArcelorMittal group; and
- Making recommendations within the scope of its charter to ArcelorMittal's senior management and to the Board of Directors about senior management's proposals concerning risk management.

The Risk Management Committee held a total of four meetings in 2012. According to its charter, it is required to meet at least four times per year on a quarterly basis or more frequently if circumstances so require. The average attendance rate in 2012 was 100%.

Transition Committee

Following the spin-off of ArcelorMittal's stainless and specialty steels business into Aperam on January 25, 2011, an *ad hoc* Transition Committee was formed by the Board of Directors in order to monitor the implementation of the transitional agreements entered into with Aperam. The Transition Committee was created for a maximum of three years, after which an evaluation of its purpose would take place. Its members were Mr. Vaghul, Mr. Ross and Mr. Kaden, with Mr. Kaden acting as chairman.

The Transition Committee reviewed the terms and conditions of the transitional services provided to Aperam in the course of 2012. The Transition Committee then decided that a separate committee focused on the transition was no longer necessary, as the transitional agreements with Aperam had decreased in relevance and order of magnitude, effective October 30, 2012. Responsibility for the remaining arrangements with Aperam has been transferred to line management with oversight by the Audit Committee in the normal course of business.

The Transition Committee held one meeting in 2012 which one of its three members did not attend.

Group Management Board

The Group Management Board is entrusted with the day-to-day management of the Company and the implementation of its strategy. Mr. Lakshmi N. Mittal, the Chief Executive Officer, chairs the Group Management Board. The members of the Group Management Board are appointed and dismissed by the Board of Directors. As the Group Management Board is not a corporate body created by Luxembourg law or ArcelorMittal's Articles of Association, it exercises only the authority granted to it by the Board of Directors.

In implementing ArcelorMittal's strategic direction and corporate policies, the Chief Executive Officer is supported by the members of the Group Management Board who have substantial experience in the steel and mining industries worldwide.

The Group Management Board is assisted by a Management Committee comprised of 24 members The Management Committee discusses and prepares decisions to be made by the Group Management Board on matters of Group-wide importance, integrates the geographical dimension of the ArcelorMittal group, ensures in-depth discussions with ArcelorMittal's operational and resources leaders and shares information about the situation of the Group and its markets.

Succession Planning

Succession management at ArcelorMittal is a systematic and deliberate process for identifying and preparing employees with potential to fill key organizational positions should the current incumbent's term expire. This process applies to all ArcelorMittal executives up to and including the Group Management Board. Succession management aims to ensure the continued effective performance of the organization by providing for the availability of experienced and capable employees who are prepared to assume these roles as they become available. For each position, candidates are identified based on performance and potential and their "years to readiness" and development needs are discussed and confirmed. Regular reviews of succession plans are conducted to ensure that they are accurate and up to date. Succession management is a necessary process to reduce risk, create a pipeline of future leaders, ensure smooth business continuity and improve employee motivation. Although ArcelorMittal's predecessor companies each had certain succession planning processes in place, the process has been reinforced, widened and made more systematic since 2006. The responsibility to review and approve succession plans and contingency plans at the highest level rests with the Board's ARCG Committee.

Other Corporate Governance Practices

ArcelorMittal is committed to adhere to best practices in terms of corporate governance in its dealings with shareholders and aims to ensure good corporate governance by applying rules on transparency, quality of reporting and the balance of powers. ArcelorMittal continually monitors U.S., European Union and Luxembourg legal requirements and best practices in order to make adjustments to its corporate governance controls and procedures when necessary, as evidenced by the new policies adopted by the Board of Directors in 2012.

ArcelorMittal complies with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange in all respects- However, in respect of Recommendation 1.3, which advocates separating the roles of chairman of the board and the head of the executive management body, the Company has made a different choice.

The nomination of the same person to both positions was approved by the shareholders (with the Significant Shareholder abstaining) of Mittal Steel Company N.V., which was at that time the parent company of the combined ArcelorMittal group. Since that date, the rationale for combining the positions of Chief Executive Officer and Chairman of the Board of Directors has become even more compelling. The Board of Directors is of the opinion that Mr. Mittal's strategic vision for the steel industry in general and for ArcelorMittal in particular in his role as CEO is a key asset to the Company, while the fact that he is fully aligned with the interests of the Company's shareholders means that he is uniquely positioned to lead the Board of Directors in his role as Chairman. The combination of these roles was revisited at the Annual General Meeting of Shareholders of the Company held in May 2011, when Mr. Lakshmi N. Mittal was reelected to the Board of Directors for another three year term by a strong majority.

Ethics and Conflicts of Interest

Ethics and conflicts of interest are governed by ArcelorMittal's Code of Business Conduct, which establishes the standards for ethical behavior that are to be followed by all employees and directors of ArcelorMittal in the exercise of their duties. Each employee of ArcelorMittal is required to sign and acknowledge the Code of Conduct upon joining the Company. This also applies to the members of the Board of Directors of ArcelorMittal.

Employees must always act in the best interests of ArcelorMittal and must avoid any situation in which their personal interests conflict, or could conflict, with their obligations to ArcelorMittal. Employees are prohibited from acquiring any financial or other interest in any business or participate in any activity that could deprive ArcelorMittal of the time or the attention needed to devote to the performance of their duties. Any behavior that deviates from the Code of Business Conduct is to be reported to the employee's supervisor, a member of the management, the head of the legal department or the head of the internal assurance department.

Code of Business Conduct training is offered throughout ArcelorMittal on a regular basis in the form of face-to-face trainings, webinars and online trainings. Employees are periodically trained about the Code of Business Conduct in each location where ArcelorMittal has operations. The Code of Business Conduct is available in the "Corporate Governance—Code of Business Conduct" section of ArcelorMittal's website at www.arcelormittal.com.

In addition to the Code of Business Conduct, ArcelorMittal has developed a Human Rights Policy and a number of other compliance policies in more specific areas, such as anti-trust, anti-corruption, economic sanctions and insider dealing. In all these areas, specifically targeted groups of employees are required to undergo specialized compliance training. Furthermore, ArcelorMittal's compliance program also includes a quarterly compliance certification process covering all business segments and entailing reporting to the Audit Committee.

Process for Handling Complaints on Accounting Matters

As part of the procedures of the Board of Directors for handling complaints or concerns about accounting, internal controls and auditing issues, ArcelorMittal's Anti-Fraud Policy and Code of Business Conduct encourage all employees to bring such issues to the Audit Committee's attention on a confidential basis. In accordance with ArcelorMittal's Anti-Fraud and Whistleblower Policy, concerns with regard to possible fraud or irregularities in accounting, auditing or banking matters or bribery within ArcelorMittal or any of its subsidiaries or other controlled entities may also be communicated through the "Corporate Governance—Whistleblower" section of the ArcelorMittal website at www.arcelormittal.com, where ArcelorMittal's Anti-Fraud Policy and Code of Business Conduct are also available in each of the main working languages used within the Group. In recent years ArcelorMittal has implemented local whistleblowing facilities, as needed.

During 2012, a total of 88 complaints relating to accounting fraud were referred to the Company's Internal Assurance department. Following review by the Audit Committee, none of these complaints was found to be significant.

Internal Assurance

ArcelorMittal has an Internal Assurance function that, through its Head of Internal Assurance, reports to the Audit Committee. The function is staffed by full-time professional staff located within each of the principal operating subsidiaries and at the corporate level. Recommendations and matters relating to internal control and processes are made by the Internal Assurance function and their implementation is regularly reviewed by the Audit Committee.

Independent Auditors

The appointment and determination of fees of the independent auditors is the direct responsibility of the Audit Committee. The Audit Committee is further responsible for obtaining, at least once each year, a written statement from the independent auditors that their independence has not been impaired. The Audit Committee has also obtained a confirmation from ArcelorMittal's principal independent auditors to the effect that none of its former employees are in a position within ArcelorMittal that may impair the principal auditors' independence.

Measures to Prevent Insider Dealing and Market Manipulation

The Board of Directors of ArcelorMittal has adopted Insider Dealing Regulations ("IDR"), which are updated when necessary and in relation to which training is conducted throughout the group. The IDR's most recent version is available on ArcelorMittal's website, www.arcelormittal.com.

The IDR apply to the worldwide operations of ArcelorMittal. The Company Secretary of ArcelorMittal is the IDR compliance officer and answers questions that members of senior management, the Board of Directors, or employees may have about the IDR's interpretation. The IDR compliance officer maintains a list of insiders as required by the Luxembourg market manipulation (abus de marché) law of May 9, 2006, as amended. The IDR compliance officer may assist senior executives and directors with the filing of notices required by Luxembourg law to be filed with the Luxembourg financial regulator, the CSSF (Commission de Surveillance du Secteur Financier). Furthermore, the IDR compliance officer has the power to conduct investigations in connection with the application and enforcement of the IDR, in which any employee or member of senior management or of the Board of Directors is required to cooperate.

Selected new employees of ArcelorMittal are required to participate in a training course about the IDR upon joining ArcelorMittal and every three years thereafter. The individuals who must participate in the IDR training include the members of senior management, employees who work in finance, legal, sales, mergers and acquisitions and other areas that the Company may determine from time to time. In addition, ArcelorMittal's Code of Business Conduct contains a section on "Trading in the Securities of the Company" that emphasizes the prohibition to trade on the basis of inside information. An online interactive training tool based on the IDR was developed in 2010 and deployed across the group in different languages in 2011 through ArcelorMittal's intranet, with the aim to enhance the staff's awareness of the risks of sanctions applicable to insider dealing. The importance of the IDR was re-emphasized in writing to the persons on ArcelorMittal's insider list in July 2012.

Luxembourg Takeover Law disclosure

The following disclosure is provided based on article 11 of the Luxembourg law of 19 May 2006 transposing Directive 2004/25/EC of 21 April 2004 on takeover bids (the "Takeover Law"). The Articles of Association of the Company are available on www.arcelormittal.com, under Investors -- Corporate Governance.

With regard to articles 11 (1)(a) and (c) of the Takeover Law, the Company has issued a single category of shares (ordinary shares), and the Company's shareholding structure showing each shareholder owning 2.5% or more of the Company's share capital is available elsewhere in this report and on www.arcelormittal.com under Investors – Corporate Governance – Shareholding Structure, where the shareholding structure chart is updated monthly.

With regard to article 11(1)(b) of the Takeover Law, the ordinary shares issued by the Company are listed on various stock exchanges including NYSE Euronext and are freely transferable.

With regard to article 11(1)(d), each ordinary share of the Company gives right to one vote, as set out in article 13.6 of the Articles of Association, and there are no special control rights attaching to the shares. Article 8 of the Articles of Association provides that the Mittal Shareholder (as defined in the Articles of Association) may, at its discretion, exercise the right of proportional representation and nominate candidates for appointment to the Board of Directors (defined as “Mittal Shareholder Nominees”). The Mittal Shareholder has not, to date, exercised that right.

Articles 11(1)(e) and (f) of the Takeover Law are not applicable to the Company. However, the sanction of suspension of voting rights automatically applies, subject to limited exceptions set out in the Transparency Law (as defined below), to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in article 7 of the Articles of Association and articles 8 to 15 of the Luxembourg law of 11 January 2008 on the transparency requirements regarding issuers of securities (the “Transparency Law”) but have not notified the Company accordingly. The sanction of suspension of voting rights will apply until such time as the notification has been properly made by the relevant shareholder(s).

Article 11(1)(g) of the Takeover Law is not applicable to the Company.

With regard to article 11(1)(h) of the Law, the Articles of Association provide that the directors are elected by annual general meeting of shareholders for a term that may not exceed three years, and may be re-elected. The rules governing amendments to the Articles of Association are described elsewhere in this report and are set out in article 19 of the Articles of Association.

With regard to article 11(1)(i) of the Takeover Law, the general meeting of shareholders held on May 11, 2010 granted the Board of Directors a new share buy-back authorization whereby the Board may authorize the acquisition or sale of Company shares including, but not limited to, entering into off-market and over-the-counter transactions and the acquisition of shares through derivative financial instruments. Any acquisitions, disposals, exchanges, contributions or transfers of shares by the Company or other companies in the ArcelorMittal group must be in accordance with Luxembourg laws transposing Directive 2003/6/EC regarding insider dealing and market manipulation and EC Regulation 2273/2003 regarding exemptions for buy-back programmes and stabilisation of financial instruments and may be carried out by all means, on or off-market, including by a public offer to buy-back shares, or by the use of derivatives or option strategies. The fraction of the capital acquired or transferred in the form of a block of shares may amount to the entire program. Such transactions may be carried out at any time, including during a tender offer period, in accordance with applicable laws and regulations. Any share buy-backs on the New York Stock Exchange must be performed in compliance with Section 10(b) and Section 9(a)(2) of the U.S: Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 10b-5 promulgated under the Exchange Act. The authorization is valid for a period of five years, i.e., until the annual general meeting of shareholders to be held in May 2015, or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration the five-year period. The maximum number of own shares that the Company may hold at any time directly or indirectly may not have the effect of reducing its net assets ("actif net") below the amount mentioned in paragraphs 1 and 2 of Article 72-1 of the Law. The purchase price per share to be paid shall not represent more than 125% of the trading price of the shares on the New York Stock Exchange and on the Euronext markets where the Company is listed, the Luxembourg Stock Exchange or the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia, depending on the market on which the purchases are made, and no less than one cent. For off-market transactions, the maximum purchase price shall be 125% of the price on the Euronext markets where the Company is listed. The reference price will be deemed to be the average of the final listing prices per share on the relevant stock exchange during 30 consecutive days on which the relevant stock exchange is open for trading preceding the three trading days prior to the date of purchase. In the event of a share capital increase by incorporation of reserves or issue premiums and the free allotment of shares as well as in the event of the division or regrouping of the shares, the purchase price indicated above shall be adjusted by a multiplying coefficient equal to the ratio between the number of shares comprising the issued share capital prior to the transaction and such number following the transaction. The total amount allocated for the Company’s share repurchase program may not in any event exceed the amount of the Company’s then available equity.

Articles 11(1)(j) and (k) of the Takeover Law are not applicable to the Company.

Controls and procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports in accordance with applicable laws is recorded, processed, summarized and reported in a timely manner and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. ArcelorMittal's controls and procedures are designed to provide reasonable assurance of achieving their objectives.

We carried out an evaluation under the supervision, and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as of December 31, 2012. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2012 to provide reasonable assurance that (1) information required to be disclosed by us in accordance with Luxembourg legislations is recorded, processed, summarized and reported in a timely manner in accordance with applicable laws, and (2) that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of ArcelorMittal;
- provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that receipts and expenditures of ArcelorMittal are made in accordance with authorizations of ArcelorMittal's management and directors; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of ArcelorMittal's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of internal control over financial reporting as of December 31, 2012 based upon the framework in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on this assessment, management concluded that ArcelorMittal's internal control over financial reporting was effective as of December 31, 2012.

Changes in Internal Control over Financial Reporting

Except as described below, there have been no changes in our internal control over financial reporting that occurred during the year ending December 31, 2012 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

The Company outsourced a significant part of European IT infrastructure and related general IT controls to a third-party service provider. The outsourcing arrangement impacts all of the segments operating in Europe and ArcelorMittal's corporate headquarters.

The outsourcing agreement covers the management of the Company's IT infrastructure(i.e. servers, network, databases) whereas the management of business applications, including those applications used for the purposes of processing financial reporting relevant data are excluded from the outsourcing agreement. The outsourcing agreement also includes the management of the Company's data centres in Europe. The outsourcing agreement went into effect on March 1, 2012. The outsourcing agreements are expected to enhance the cost efficiency and effectiveness our IT infrastructure. The Company anticipates that internal controls over financial reporting could be impacted by further IT related outsourcing in the future.

Compensation

Board of Directors

Directors' fees

The Appointments, Remuneration and Corporate Governance Committee of the Board of Directors (the "ARCG Committee") prepares proposals on the remuneration to be paid annually to the members of the Board of Directors.

At the May 8, 2012 annual general meeting of shareholders, the shareholders approved the annual remuneration for non-executive Directors for the 2011 financial year at $1,733,331, based on the following annual fees:

- Basic director's remuneration: €134,000 ($171,400);
- Lead Independent Director's remuneration: €189,000 ($241,751);
- Additional remuneration for the Chair of the Audit Committee: €26,000 ($33,257);
- Additional remuneration for the other Audit Committee members: €16,000 ($20,466);
- Additional remuneration for the Chairs of the other committees: €15,000 ($19,187); and
- Additional remuneration for the members of the other committees: €10,000 ($12,791).

The total annual remuneration of the members of the Board of Directors paid in 2011 and 2012 was as follows:

	Year ended December 31,	
(Amounts in $ thousands except share information)	**2011**	**2012**
Base salary[1]	$1,739	$1,770
Director fees	$1,754	$1,930
Short-term performance-related bonus[1]	$2,074	$1,941
Long-term incentives [1 2]	12,500	7,500

1 Chairman and Chief Executive Officer only.
2 RSUs were granted in 2011 and PSUs in 2012; see "—Restricted Share Units (RSUs) and Performance Share Units (PSUs)", below.

The annual remuneration paid for 2011 and 2012 to the current and former members of the Board of Directors for services in all capacities was as follows:

(Amounts in $ thousands except share information)	2011[1]	2012[1]	2011 Short-term Performance Related	2012 Short-term Performance Related	2011 Long-term Number of RSUs	2012 Long-term Number of PSUs
Lakshmi N. Mittal	$1,739	$1,770	$2,074	$1,941	12,500	7,500
Vanisha Mittal Bhatia	174	172	-	-	-	-
Narayanan Vaghul	220	218	-	-	-	-
Suzanne P. Nimocks[2]	179	198	-	-	-	-
Wilbur L. Ross, Jr.	194	193	-	-	-	-
Lewis B. Kaden	264	262	-	-	-	-
François Pinault[3]	11	-	-	-	-	-
Bruno Lafont[4]	126	193	-	-	-	-
Tye Burt[5]	-	112	-	-	-	-
Antoine Spillmann	213	212	-	-	-	-
HRH Prince Guillaume de Luxembourg	186	185	-	-	-	-
Jeannot Krecké	187	185	-	-	-	-
Total	**3,493**	**3,700**	**2,074**	**1,941**	**12,500**	**7,500**

1 Remuneration for non-executive Directors with respect to 2011 (paid after shareholder approval at the annual general meeting held on May 8, 2012) is included in the 2011 column. Remuneration for non-executive Directors with respect to 2012 (subject to shareholder approval at the annual general meeting to be held on May 8, 2013) will be paid in 2013 and is included in the 2012 column. Slight differences between the amounts previously disclosed and the final approved amounts are possible, due to foreign currency effect

2 Ms. Nimocks was elected to ArcelorMittal's Board of Directors effective January 25, 2011.

3 Mr. Pinault resigned effective as of January 25, 2011.

4 Mr. Lafont was elected to ArcelorMittal's Board of Directors effective May 10, 2011.

5 Mr. Burt was elected to ArcelorMittal's Board of Directors effective May 8, 2012.

As of December 31, 2011 and 2012, ArcelorMittal did not have any loans or advances outstanding to members of its Board of Directors and, as of December 31, 2012, ArcelorMittal had not given any guarantees in favor of any member of its Board of Directors.

None of the members of the Board of Directors, including the Chairman and Chief Executive Officer, benefit from an ArcelorMittal pension plan.

The policy of the Company is not to grant any share-based remuneration to members of the Board of Directors who are not executives of the Company.

The following tables provide a summary of the options and the exercise price of options, Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") granted to the Chairman and Chief Executive Officer, who is the sole executive director on the Board of Directors, as of December 31, 2012.

	Options granted in 2005	Options granted in 2006	Options granted in 2007	Options granted in 2008	Options granted in 2009	Options granted in 2010	Options Total	Weighted Average Exercise Price of Options
Lakshmi N. Mittal	100,000	100,000	60,000	60,000	60,000	56,500	436,500	$41.75
Total	**100,000**	**100,000**	**60,000**	**60,000**	**60,000**	**56,500**	**436,500**	**-**
Exercise price[1]	$27.31	$32.07	$61.09	$78.44	$36.38	$30.66	-	$41.75
Term (in years)	10	10	10	10	10	10	-	-
Expiration date	Aug. 23, 2015	Sep. 1, 2016	Aug. 2, 2017	Aug. 5, 2018	Aug. 4, 2019	Aug. 3, 2020	-	-

1 Due to the spin-off of Aperam on January 25, 2011, the strike price of outstanding options was reduced by 5% in line with the spin-off ratio. The table above reflects this adjustment.

	RSUs granted in 2011	PSUs granted in 2012
Lakshmi N. Mittal	12,500	7,500
Total	**12,500**	**7,500**
Term (in years)	3	3
Vesting date[1]	Sep. 29, 2014	Mar. 30, 2015

1 See "—Restricted Share Units (RSUs) and Performance Share Units (PSUs)", for vesting conditions.

Remuneration of Senior Management

The total remuneration paid in 2012 to members of ArcelorMittal's senior management (including Mr. Lakshmi N. Mittal in his capacity as Chief Executive Officer) was $9.6 million in base salary and other benefits paid in cash (such as those relating to gasoline and car allowances, lunch and financial services) and $10.5 million in short-term performance-related variable remuneration consisting of a bonus linked to the Company's 2011 results.

During 2012, approximately $800,000 was accrued by ArcelorMittal to provide pension benefits to senior management (other than Mr. Mittal).

No loans or advances to ArcelorMittal's senior management were made during 2012, and no such loans or advances were outstanding as of December 31, 2012.

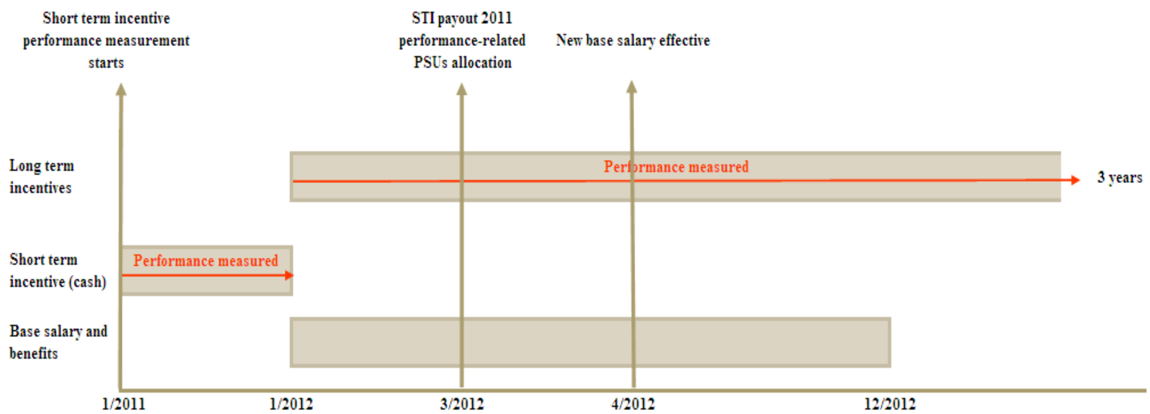
As discussed above, in 2012, the Appointments, Remuneration and Corporate Governance Committee of the Board of Directors decided to further improve the remuneration disclosure published by the Company by focusing on those executive officers whose remuneration is tied to the performance of the entire ArcelorMittal group. Consequently, information regarding the Management Committee, which is an advisory body to the Group Management Board, is no longer included. The Group Management Board is defined going forward as ArcelorMittal's senior management.

The following table shows the remuneration received by the Chief Executive Officer and the Group Management Board members as determined by the ARCG Committee in relation to 2012 and 2011, including all remuneration components.

		Chief Executive Officer		Other Group Management Board Members	
(Amounts in $ thousands except for Long-term incentives)		**2011**	**2012**	**2011**	**2012**
Base salary[1]		1,739	1,770	7,630	7,682
Retirement benefits		-	-	832	778
Other benefits[2]		15	30	141	153
Short-term incentives[3]		2,074	1,941	8,896	8,522
Long-term incentives	- fair value in $ thousands[4]	181	127	1,012	709
	- number of shares	12,500	7,500	70,000	42,000

1 The increase in base salary for the Chief Executive Officer and other Group Management Board members in 2012 was 3% and 2.8%, respectively (effective April 2012), as compared to 2011.
2 Other benefits comprise benefits paid in cash such as health insurance and other insurance, lunch, financial services, gasoline and car allowances. Benefits in kind such as company car and tax returns are not included.
3 Short-term incentives are entirely performance-based and are fully paid in cash. The short-term incentive for a given year relates to the Company's results in the previous year.
4 Fair value determined at the grant date is recorded as an expense using the straight line method over the vesting period and adjusted for the effect of non market-based vesting conditions. The remuneration expenses recognized for the RSUs/PSUs granted to the Chief Executive Officer and other Group Management Board members was $99,000 and $606,000 for the years ended December 31, 2011 and 2012.

The Company allocated 2012 remuneration according to the following timeline:



Clawback Policy

Under Section 304 of the Sarbanes-Oxley Act, the SEC may seek to recover remuneration from the Chief Executive Officer and Chief Financial Officer of the Company in the event that it is required to restate accounting information due to any material misstatement thereof or as a result of misconduct in respect of a financial reporting requirement under the U.S. securities laws (the "SOX Clawback").

Under the SOX Clawback, the Chief Executive Officer and the Chief Financial Officer may have to reimburse ArcelorMittal for any bonus or other incentive- or equity-based remuneration received during the 12-month period following the first public issuance or filing with the SEC (whichever occurs first) of the relevant filing, and any profits realized from the sale of ArcelorMittal securities during that 12-month period.

The Board of Directors, through its Appointments, Remuneration and Corporate Governance Committee, decided in 2012 to adopt its own clawback policy (the "Clawback Policy") that applies to the members of the Group Management Board and to the Executive Vice President of Finance, of ArcelorMittal.

The Clawback Policy comprises cash bonuses and any other incentive-based or equity-based remuneration, as well as profits from the sale of the Company's securities received during the 12-month period following the first public issuance or filing with the SEC (whichever first occurs) of the filing that contained the material misstatement of accounting information.

For purposes of determining whether the Clawback Policy should be applied, the Board of Directors will evaluate the circumstances giving rise to the restatement (in particular, whether there was any fraud or misconduct), determine when any such misconduct occurred and determine the amount of remuneration that should be recovered by the Company. In the event that the Board of Directors determines that remuneration should be recovered, it may take appropriate action on behalf of the Company, including, but not limited to, demanding repayment or cancellation of cash bonuses, incentive-based or equity-based remuneration or any gains realized as the result of options being exercised or awarded or long-term incentives vesting. The Board may also choose to reduce future remuneration as a means of recovery.

Remuneration Policy

Board Oversight

The Board is responsible for ensuring that the Group's remuneration arrangements are equitable and aligned with the long-term interests of the Company and its shareholders. It is therefore critical that the Board remain independent of management when making decisions affecting remuneration of the Chief Executive Officer and its direct reports.

To this end, the Board has established the Appointments, Remuneration and Corporate Governance Committee ("ARCG Committee") to assist it in making decisions affecting employee remuneration. All members of the ARCG Committee are required to be independent under the Company's corporate governance guidelines, the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange.

The members are appointed by the Board of Directors each year after the annual general meeting of shareholders. The members have relevant expertise or experience relating to the purposes of the committee. The ARCG Committee makes decisions by a simple majority with no member having a casting vote.

The ARCG Committee is chaired by Mr. Lewis Kaden, Lead Independent Director.

Appointments, Remuneration and Corporate Governance Committee

The primary function of the ARCG Committee is to assist the Board of Directors, among others with respect to the following:

- review and approve corporate goals and objectives relevant to the Group Management Board and other members of executive management as deemed appropriate by the committee regarding their remuneration, and assess performance against goals and objectives;
- make recommendations to the Board with respect to incentive remuneration plans and equity-based plans;
- identify candidates qualified to serve as members of the Board and the Group Management Board;
- recommend candidates to the Board for appointment by the general meeting of shareholders or for appointment by the Board to fulfill interim Board vacancies;
- develop, monitor and review corporate governance principles applicable to the Company;
- facilitate the evaluation of the Board;
- review the succession planning and the executive development of Group Management Board members;
- submit proposals to the Board on the remuneration of Group Management Board members, and on the appointment of new directors and Group Management Board members;
- make recommendations to the Board on the Company's framework of remuneration for the Group Management Board and such other members of the executive management as designated by the committee. In making such recommendations, the committee may take into account factors that it deems necessary (the remuneration of directors on the Board shall be a matter to be decided by the Board). This may include total cost of employment (including equity/stock options based component) and determination on behalf of the Board specific remuneration packages and conditions of employment (including pension rights).

The ARCG Committee met six times in 2012. Its members comprise Mr. Lewis Kaden (Chairman), HRH Prince Guillaume de Luxembourg, Mr. Narayanan Vaghul and Ms. Suzanne P. Nimocks. Regular invitees include Mr. Lakshmi N. Mittal (Chief Executive Officer and Chairman) and Mr. Willie Smit (Head of Group Human Resources). Mr. Henk Scheffer (Group Company Secretary) acts as secretary. The relevant persons are not present when their remuneration is discussed by the ARGC Committee. The ARCG Committee Chairman presents its decisions and finding to the Board of Directors after each Committee meeting.

Remuneration Strategy

Scope

ArcelorMittal's remuneration philosophy and framework apply to the following group of senior managers:

- the Chief Executive Officer; and
- the seven other members of the Group Management Board.

The remuneration philosophy and governing principles also apply, with certain limitations, to a wider group of employees including Executive Vice Presidents, Vice Presidents, General Managers and Managers.

Remuneration Philosophy

ArcelorMittal's remuneration philosophy for its senior managers is based on the following principles:

- provide total remuneration competitive with executive remuneration levels of a peer group composed of a selection of industrial companies of a similar size and scope;

- encourage and reward performance that will lead to long-term enhancement of shareholder value;
- promote internal pay equity and provide "market" median (determined by reference to its identified peer group) base pay levels for ArcelorMittal's senior managers with the possibility to move up to the third quartile of the market base pay levels, depending on performance over time; and
- promote internal pay equity and target total direct remuneration (base pay, bonus, and long term incentives) levels for senior managers at the 75th percentile of the market.

Remuneration Framework

The ARCG Committee develops proposals on senior management remuneration annually for consideration by the Board of Directors. Such proposals include the following components:

- fixed annual salary;
- short-term incentives (i.e., performance-based bonuses); and
- long-term incentives (i.e., stock options (prior to May 2011), RSUs (after May 2011) and PSUs (after May 2011).

The decision was taken by the Board of Directors not to allocate any RSUs and PSUs to the members of Group Management Board between May 2012 and May 2013.

Fixed Annual Salary

Base salary levels are reviewed annually and compared to the market to ensure that ArcelorMittal remains competitive with market median base pay levels.

Short-Term Incentives

Annual Performance Bonus Plan

ArcelorMittal has a short-term incentive plan consisting of a performance-based bonus plan. Bonus calculations for each employee reflect the performance of the ArcelorMittal group as a whole, the performance of the relevant business units, the achievement of objectives specific to the department and the individual employee's overall performance and potential.

The calculation of ArcelorMittal's 2012 performance bonus is aligned with its strategic objectives of improving health and safety performance and overall competitiveness and the following principles:

- no performance bonus will be triggered if the achievement level of the performance measures is less than the threshold of 80%;
- achievement of 100% of the performance measure yields 100% of the performance bonus pay-out; and
- achievement of more than 100% and up to 120% of the performance measure generates a higher performance bonus pay-out, except as explained below.

The performance bonus for each individual is expressed as a percentage of his or her annual base salary. Performance bonus pay-outs may range from 50% of the target bonus for achievement of performance measures at the threshold (80%), to up to 150% for an achievement at or in excess of the ceiling of 120%. Between the 80% threshold and the 120% ceiling, the performance bonus is calculated on a proportional, straight-line basis.

For the Chief Executive Officer and the other members of the Group Management Board, the 2012 bonus formula is based on:

- EBITDA at the Group level: 60% (this acts as "circuit breaker" with respect to group-level financial performance measures as explained below);
- Free cash flow ("FCF") (operating free cash flow ("OFCF") was used in 2011) at the Group level: 20%; and
- Health and safety performance at the Group level: 20%.

EBITDA operating as a "circuit breaker" for financial measures means that the 80% threshold described above must be met for EBITDA in order to trigger any bonus payment with respect to the EBITDA and FCF performance measures.

For the Chief Executive Officer, the performance bonus at 100% achievement of performance targets linked to the business plan is equal to 100% of his base salary. For the members of the Group Management Board, the performance bonus at 100% achievement of performance targets linked to the business plan is equal to 80% of the relevant base salary.

The different performance measures are combined through a cumulative system: each measure is calculated separately and is added up for the performance bonus calculation.

Performance below threshold will result in zero performance bonus payout.

The achievement level of performance for performance bonus is summarized as follow:

Functional level	Target achievement threshold @ 80%	Target achievement @ 100%	Target achievement ≥ ceiling @ 120%
Chief Executive Officer	50% of base pay	100% of base pay	150% of base pay
Other GMB members	40% of base pay	80% of base pay	120%of base pay

Individual performance and potential assessment ratings define the individual bonus multiplier that will be applied to the performance bonus calculated based on actual performance against the performance measures. Those individuals who consistently perform at expected levels will have an individual multiplier of 1. For outstanding performers, an individual multiplier of up to 1.3 may cause the performance bonus pay-out to be higher than 150% of the target bonus, up to 195% of target bonus being the absolute maximum. Similarly, a reduction factor will be applied for those at the lower end.

The principles of the performance bonus plan, with different weights for performance measures and different levels of target bonuses, are applicable to approximately 2,000 employees worldwide.

In exceptional cases, there are some entitlements to a retention bonus or a business specific bonus.

At the end of the financial year, achievement against the measures is assessed by the ARCG Committee and the Board and the short-term incentive award is determined. The achievement of the 2011 Performance Bonus Plan with respect to senior management and paid out in March 2012 was as follows:

2011 Measures	% Weighting for Chief Executive Officer and GMB members	Assessment
EBITDA	60%	Incentive attributable to this metric as the assessment was over target
OFCF	20%	No incentive attributable to this metric
Health and Safety	20%	Incentive attributable to this metric as the assessment was at target

Extra Mid-Year Bonus 2012

In 2012, the Group Management Board decided to implement a mid-year bonus plan for 2012 in addition to the Annual Performance Bonus Plan to encourage a greater focus on the Group's objective of achieving a substantial net debt reduction by June 30, 2012. The two measures of this bonus were EBITDA and FCF, and also took into account additional targets to be achieved in the first half of 2012, consisting of higher EBITDA, limitation of capital expenditure and improvement of working capital, subject to the conditions below:

- Only units/segments delivering results (both EBIDTA and FCF) that are better than the 2012 business plan taking into account the additional targets would qualify for an extra bonus;
- In terms of EBITDA, an improvement of 10% over the approved business plan was expected; and
- The mid-year bonus would be paid out in full if 100% of the additional EBITDA and FCF targets are met but would not be paid out if the level of achievement was below 80%, with the maximum level of achievement being set at 120%.

Based on the Company's 2012 mid-year results, no additional mid-year bonus was paid to the Chief Executive Officer or any other members of the Group Management Board.

Other Benefits

In addition to the remuneration described above, other benefits may be provided to members of the Group Management Board and, in certain cases, other employees. These other benefits can include insurance, housing (in cases of international transfers), car allowances and tax assistance.

Long-Term Incentives: Equity Based Incentives

Share Unit Plans

The annual shareholders' meeting on May 10, 2011 approved a new equity-based incentive plan to replace the Global Stock Option Plan. The new plan comprises a Restricted Share Unit Plan ("RSU Plan") and a Performance Share Unit Plan ("PSU Plan") designed to incentivize employees, improve the Company's long-term performance and retain key employees. Both the RSU Plan and the PSU Plan are intended to align the interests of the Company's shareholders and eligible employees by allowing them to participate in the success of the Company.

The maximum number of Restricted Share Units (each, an "RSU") and Performance Share Units (each, a "PSU") available for grant during any given year is subject to the prior approval of the Company's shareholders at the annual general meeting. The annual shareholders' meeting on May 8, 2012 approved the maximum to be granted until the next annual shareholders' meeting.

RSU Plan

The aim of the RSU Plan is to provide a retention incentive to eligible employees. It is subject to "cliff vesting" after three years, with 100% of the grant vesting on the third anniversary of the grant contingent upon the continued active employment of the eligible employee within the ArcelorMittal group. The RSUs are an integral part of the Company's remuneration framework.

For the period from the May 2012 annual general shareholders' meeting to the May 2013 annual general shareholders' meeting, a maximum of 2,500,000 RSUs may be allocated to eligible employees under the RSU Plan. The RSU Plan targets the 500 to 700 most senior managers across the ArcelorMittal group. The decision was taken by the Board of Directors not to allocate any RSUs to the members of the Group Management Board between May 2012 and May 2013. The Company expects to make a grant under the RSU Plan by the end of the first quarter of 2013 to the other eligible managers.

PSU Plan

The PSU Plan's main objective is to be an effective performance-enhancing scheme based on the employee's contribution to the eligible achievement of the Company's strategy. Awards under the PSU Plan are subject to the fulfillment of cumulative performance criteria over a three-year period from the date of the PSU grant. The employees eligible to participate in the PSU Plan are a sub-set of the group of employees eligible to participate in the RSU Plan. The target group for PSU grants is primarily the Chief Executive Officer, the other members of the Group Management Board, the Executive Vice Presidents and the Vice Presidents.

For the period from the May 2011 annual general shareholders' meeting to the annual general meeting of shareholders held in May 2012 a maximum of 1,000,000 PSUs could have been allocated to eligible employees under the PSU Plan. The allocation of PSUs took place in March 2012 and a total of 264,165 performance shares units were granted to a total of 118 employees.

For the period from the May 2012 annual general shareholders' meeting to the May 2013 annual general shareholders' meeting, a maximum of 1,000,000 PSUs may be allocated to eligible employees under the PSU Plan. The decision was taken by the Board of Directors not to grant any PSUs to the members of the Group Management Board between May 2012 and May 2013. The Company expects to make a grant under the PSU Plan by the end of the first quarter of 2013 to the other eligible managers of the Company.

PSUs will vest three years after their date of grant subject to the eligible employee's continued employment with the Company and the fulfillment of targets related to the following performance measures: return on capital employed (ROCE) and total cost of employment (in U.S. dollars per tonne) for the steel business (TCOE) and the mining volume plan 2012 and ROCE for the Mining segment. Each performance measure has a weighting of 50%. In case the level of achievement of both performance targets together is below 80%, there is no vesting, and the rights are automatically forfeited.

The allocation of RSUs and PSUs to members of the Group Management Board under the RSU Plan and the PSU Plan is reviewed by the ARCG Committee, comprised of four independent directors, which makes a recommendation to the full Board of Directors. The ARCG Committee also reviews the proposed grants of RSUs and PSUs to eligible employees other than the members of the Group Management Board and the principles governing their proposed allocation. The Committee also decides the criteria for granting PSUs and makes its recommendation to the Board of Directors.

Global Stock Option Plan

Prior to the adoption in 2011 of the Share Unit Plans described above, ArcelorMittal's equity-based incentive plan took the form of a stock option plan known as the Global Stock Option Plan.

Under the terms of the ArcelorMittal Global Stock Option Plan 2009-2018 (which replaced the ArcelorMittal Shares plan that expired in 2009), ArcelorMittal may grant options to purchase ordinary shares to senior management of ArcelorMittal and its associates for up to 100,000,000 ordinary shares. The exercise price of each option equals not less than the fair market value of ArcelorMittal shares on the grant date, with a maximum term of 10 years. Options are granted at the discretion of ArcelorMittal's ARCG Committee, or its delegate. The options vest either ratably upon each of the first three anniversaries of the grant date, or, in total upon the death, disability or retirement of the participant.

With respect to the spin-off of Aperam, the ArcelorMittal Global Stock Option Plan 2009-2018 was amended to reduce by 5% the exercise prices of existing stock options. This change is reflected in the information given below.

Year of Grant	Initial Exercise Prices (per option)	New Exercise Prices (per option)
August 2008	$82.57	$78.44
December 2007	74.54	70.81
August 2007	64.30	61.09
June 2006	39.75	37.76
August 2009	38.30	36.38
September 2006	33.76	32.07
August 2010	32.27	30.66
August 2005	28.75	27.31
December 2008	23.75	22.56
November 2008	22.25	21.14
April 2002	2.26	2.15

On August 3, 2010, ArcelorMittal granted 5,864,300 options under the ArcelorMittal Global Stock Option Plan 2009-2018 to a group of key employees at an exercise price of $32.27 per share. The new exercise price is $30.66 per share after the spin-off of Aperam. The options expire on August 3, 2020. No options were granted in 2011 and 2012, although RSUs and PSUs were granted; see "—RSU Plan" and "—PSU Plan" above.)

The fair values for options and other share-based remuneration are recorded as expenses in the consolidated statements of operations over the relevant vesting or service periods, adjusted to reflect actual and expected levels of vesting. The fair value of each option grant to purchase ArcelorMittal common shares is estimated on the date of grant using the Black-Scholes-Merton option pricing model with the following weighted average assumptions (based on year of grant and recalculated at the spin-off date of the stainless steel business):

	2010
Exercise Price	$30.66
Dividend yield	2.02%
Expected annualized volatility	50%
Discount rate—bond equivalent yield	3.21%
Weighted average share price	$30.66
Expected life in years	5.75
Fair value per option	$17.24

The expected life of the options is estimated by observing general option holder behavior and actual historical lives of ArcelorMittal stock option plans. In addition, the expected annualized volatility has been set by reference to the implied volatility of options available on ArcelorMittal shares in the open market, as well as, historical patterns of volatility.

The remuneration expense recognized for stock option plans was $73 million and $25 million for each of the years ended December 31, 2011, and 2012, respectively. At the date of the spin-off of Aperam, the fair value of the stock options outstanding have been recalculated with the modified inputs of the Black-Scholes-Merton option pricing model, including the weighted average share price, exercise price, expected volatility, expected life, expected dividends, the risk-free interest rate and an additional expense of $11 million has been recognized in the year ended December 31, 2011 for the current and past periods.

Option activity with respect to ArcelorMittalShares and the ArcelorMittal Global Stock Option Plan 2009-2018 is summarized below as of and for each of the years ended December 31, 2010, 2011 and 2012:

	Number of Options	Range of Exercise Prices (per option)	Weighted Average Exercise Price (per option)
Outstanding, December 31, 2010	28,672,974	2.26–82.57	50.95
Exercised	(226,005)	2.15–32.07	27.57
Forfeited	(114,510)	27.31–78.44	40.26
Expired	(662,237)	15.75–78.44	57.07
Outstanding, December 31, 2011	27,670,222	2.15–78.44	48.35
Exercised	(154,495)	2.15	2.15
Forfeited	(195,473)	30.66–61.09	33.13
Expired	(2,369,935)	2.15–78.44	58.23
Outstanding, December 31, 2012	24,950,319	21.14–78.44	47.85
Exercisable, December 31, 2010	16,943,555	2.26–82.57	56.59
Exercisable, December 31, 2011	21,946,104	2.15–78.44	52.47
Exercisable, December 31, 2012	23,212,008	21.14–78.44	49.14

The following table summarizes certain information regarding total stock options of the Company outstanding as of December 31, 2012:

Options Outstanding				
Exercise Prices (per option)	Number of options	Weighted average contractual life (in years)	Options exercisable (number of options)	Maturity
$78.44	5,598,050	5.60	5,598,050	August 5, 2018
70.81	13,000	4.95	13,000	December 11, 2017
61.09	4,026,437	4.59	4,026,437	August 2, 2017
37.76	1,262,894	0.50	1,262,894	June 30, 2013
36.38	5,443,200	6.60	5,443,200	August 4, 2019
32.07	1,889,836	3.67	1,889,836	September 1, 2016
30.66	5,511,836	7.60	3,773,525	August 3, 2020
27.31	1,152,481	2.65	1,152,481	August 23, 2015
22.56	32,000	5.96	32,000	December 15, 2018
21.14	20,585	5.87	20,585	November 10, 2018
$21.14–78.44	24,950,319	5.56	23,212,008	

For RSUs, the fair value determined at the grant date is recorded as an expense using the straight line method over the vesting period and adjusted for the effect of nonmarket-based vesting conditions. The remuneration expense recognized for the RSUs granted was $2 million and $6 million for the years ended December 31, 2011 and 2012.

For PSUs, the fair value determined at the grant date is recorded as an expense using the straight line method over the vesting period and adjusted for the effect of nonmarket-based vesting conditions. The remuneration expense recognized for the RSUs granted $1 million for the years ended December 31, 2012.

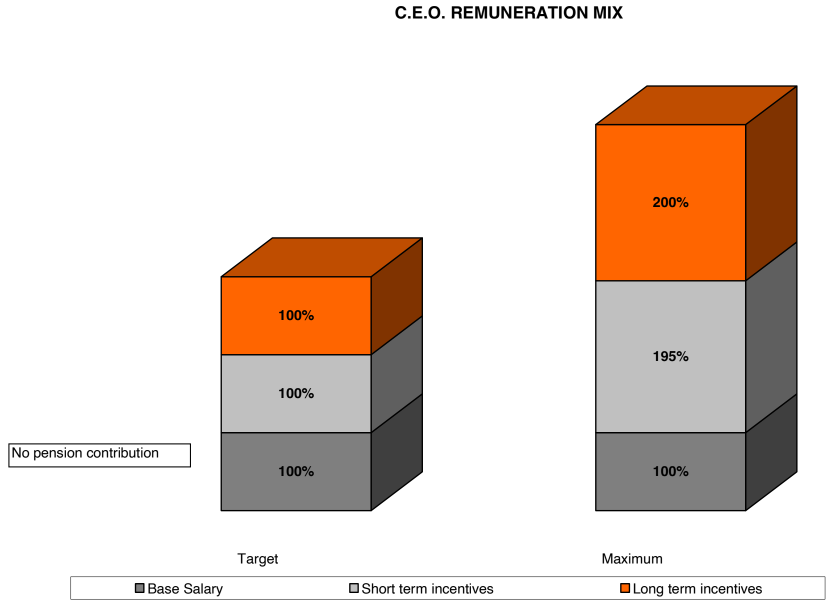
As from 2013, the Group Management Board including the Chief Executive Officer will no longer be entitled to RSU grants.

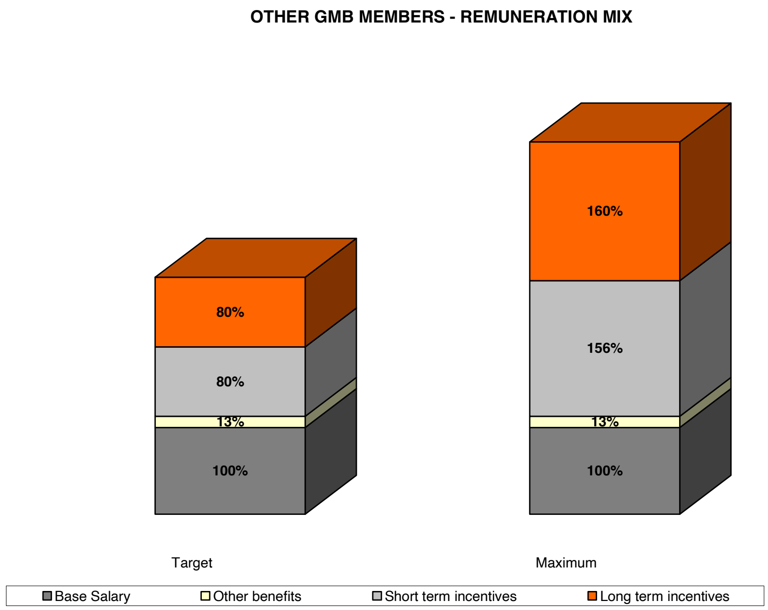
Performance Consideration

Remuneration Mix

The target total remuneration of the Chief Executive Officer and the Group Management Board is structured to attract and retain executives; the amount of the remuneration actually received is dependent on the achievement of superior business and individual performance and on generating sustained shareholder value from relative performance.

The following remuneration charts, which illustrate the various elements of compensation of the Chief Executive Officer and the Group Management Board, are applicable from 2013 onwards. For each of the charts below, the column on the left reflects the breakdown of compensation if targets are met and the column on the right reflects the breakdown of compensation if targets are exceeded.





Share Ownership

As of December 31, 2012, the aggregate beneficial share ownership of ArcelorMittal directors and senior management (17 individuals) totaled 1,990,733 ArcelorMittal shares (excluding shares owned by ArcelorMittal's Significant Shareholder and including options to acquire 1,358,735 ArcelorMittal ordinary shares that are exercisable within 60 days of December 31, 2012), representing 0.13% of the total issued share capital of ArcelorMittal. Excluding options to acquire ArcelorMittal ordinary shares, these 17 individuals beneficially own 631,998 ArcelorMittal ordinary shares. Other than the Significant Shareholder, each director and member of senior management beneficially owns less than 1% of ArcelorMittal's shares. For purposes of this section, ordinary shares held directly by Mr. Lakshmi Mittal and his wife, Mrs. Usha Mittal, and options held directly by Mr. Lakshmi Mittal are aggregated with those ordinary shares beneficially owned by the Significant Shareholder.

ArcelorMittal issued 104,477,612 ordinary shares in an offering that closed on January 14, 2013 (the "Share Offering") and issued $2,250,000,000 aggregate principal amount of 6.00% Mandatorily Convertible Subordinated Notes due 2016 (the "Convertible Notes") in an offering that closed on January 16, 2013. The Significant Shareholder, through Lumen Investments S.à r.l., subscribed for 17,910,448 ordinary shares in the Share Offering and acquired $300 million in principal amount of Convertible Notes. Following the ordinary shares subscription, the percentage of total ordinary shares (including options to acquire ArcelorMittal ordinary shares exercisable within 60 days) owned by the Significant Shareholder decreased from 40.88% to 39.39%.

In 2011, the number of ArcelorMittal RSUs granted to directors and senior management (including the Significant Shareholder) was 82,500; upon vesting of the RSUs, the corresponding treasury shares or new shares will be transferred to the beneficiaries on September 29, 2014. In 2012, the number of ArcelorMittal PSUs granted to directors and senior management (including the Significant Shareholder) was 49,500; upon vesting of the PSUs, the corresponding treasury shares or new shares will be transferred to the beneficiaries on March 30, 2015.

The following table summarizes outstanding share options, as of December 31, 2012, granted to the members of the Group Management Board of ArcelorMittal (or its predecessor company Mittal Steel, depending on the year):

	Options granted in 2005	**Options granted in 2006**	**Options granted in 2007**	**Options granted in 2008**	**Options granted in 2009**	**Options granted in 2010**	**Options Total[2]**	**Weighted Average Exercise Price of Options [2]**
Group Management Board (Including Chief Executive Officer)	198,504	222,002	296,000	326,000	376,000	351,700	1,893,636	
Total	**198,504**	**222,002**	**296,000**	**326,000**	**376,000**	**351,700**	**1,893,636**	**-**
Exercise price[1]	$27.31	$32.07	$61.09	$78.44	$36.38	$30.66	-	$44.80
Term (in years)	10	10	10	10	10	10	-	-
Expiration date	Aug. 23, 2015	Sep. 1, 2016	Aug. 2, 2017	Aug. 5, 2018	Aug. 4, 2019	Aug. 3, 2020	-	-

1 Due to the spin-off of Aperam on January 25, 2011, the strike price of outstanding options was reduced by 5% in line with the spin-off ratio. The table above reflects this adjustment.

2 The 91,430 options granted by Arcelor in 2006 (expiring on June 30, 2013) for an exercise price of €28.62 (for this table a conversion ratio of 1 euro = 1.3194 U.S. dollars was used) and 32,000 options granted on December 15, 2008 (expiring on December 15, 2018) at an exercise price of $22.56 have been included in the total number of options and the average weighted exercise price..

The following table summarized outstanding RSUs and PSUs granted to the members of the Group Management Board of ArcelorMittal in 2011 and 2012.

	RSUs granted in 2011	**PSUs granted in 2012**
Group Management Board (Including Chief Executive Officer)	82,500	49,500
Total	**82,500**	**49,500**
Term (in years)	3	3
Vesting date[1]	Sep. 29, 2014	Mar. 30, 2015

1 See "—Restricted Share Units (RSUs) and Performance Share Units (PSUs)", for vesting conditions.

In accordance with the Luxembourg Stock Exchange's 10 Principles of Corporate Governance, independent non-executive members of ArcelorMittal's Board of Directors do not receive share options, RSUs or PSUs.

Employee Share Purchase Plan (ESPP)

The annual general shareholders' meeting held on May 11, 2010 adopted an Employee Share Purchase Plan (the "ESPP 2010") as part of a global employee engagement and participation policy. As with the previous Employee Share Purchase Plans implemented in 2008 and 2009, the ESPP 2010's goal was to strengthen the link between the Group and its employees and to align the interests of ArcelorMittal employees and shareholders. The main features of the plan, which was implemented in November 2010, were the following:

The ESPP 2010 was offered to 183,560 employees in 21 jurisdictions. ArcelorMittal offered a maximum total number of 2,500,000 shares (0.16% of the current issued shares on a fully diluted basis). A total of 164,171 shares were subscribed, 1,500 of which were subscribed by members of the Group Management Board and the Management Committee of the Company. The subscription price was $34.62 before discounts.

Pursuant to the ESPP 2010, eligible employees could apply to purchase a number of shares not exceeding that number of whole shares equal to the lower of 200 shares and the number of whole shares that may be purchased for $15,000, rounded down to the nearest whole number of shares.

The purchase price was equal to the average of the opening and the closing prices of the ArcelorMittal shares trading on the NYSE on the exchange day immediately preceding the opening of the subscription period, which is referred to as the "reference price", less a discount equal to:

(a) 15% of the reference price for a purchase order not exceeding the lower of 100 shares and the number of shares (rounded down to the nearest whole number) corresponding to an investment of $7,500 (the first cap); and thereafter,

(b) 10% of the reference price for any additional acquisition of shares up to a number of shares (including those in the first cap) not exceeding the lower of 200 shares and the number of shares (rounded down to the nearest whole number) corresponding to an investment of $15,000 (the second cap).

All shares purchased under the ESPP 2008, 2009 and 2010 are held in custody for the benefit of the employees in global accounts with BNP Paribas Securities Services, except for shares purchased by Canadian and U.S. employees, which are held in custody in one global account with Computershare.

Shares purchased under the plan are subject to a three-year lock-up period as from the settlement date, except for the following early exit events: permanent disability of the employee, termination of the employee's employment or death of the employee. At the end of this lock-up period, the employees will have a choice either to sell their shares (subject to compliance with ArcelorMittal's insider dealing regulations) or keep their shares and have them delivered to their personal securities account, or make no election, in which case shares will be automatically sold. Shares may be sold or released within the lock-up period in the case of early exit events. During this period, and subject to the early exit events, dividends paid on shares are held for the employee's account and accrue interest. Employee shareholders are entitled to any dividends paid by ArcelorMittal after the settlement date and they are entitled to vote their shares.

With respect to the spin-off of ArcelorMittal's stainless and specialty steels business, an addendum to the charter of the 2008, 2009 and 2010 ESPPs was adopted providing, among other measures, that:

- the spin-off shall be deemed an early exit event for the participants who will be employees of one of the entities that will be exclusively controlled by Aperam, except in certain jurisdictions where termination of employment is not an early exit event; and

- the Aperam shares to be received by ESPP participants will be blocked in line with the lock-up period applicable to the ArcelorMittal shares in relation to which the Aperam shares are allocated based on a ratio of one Aperam share for 20 ArcelorMittal shares.

In connection with ArcelorMittal's Employee Share Purchase Plan ("ESPP") 2010, employees subscribed for a total of 164,171 ArcelorMittal shares (with a ceiling of up to 200 shares per employee) out of a total of 2,500,000 shares available for subscription. The shares subscribed by employees under the ESPP 2010 program were treasury shares. Due to the low participation level in previous years and the complexity and high cost of setting up an ESPP, management decided not to implement another ESPP in 2011 and the same decision has been adopted with respect to 2012.

Major Shareholders and Related Party Transactions

In connection with the spin-off of the Company's stainless and specialty steels business into Aperam on January 25, 2011, the Company's issued share capital was reduced to €6,428,005,991.80 without any reduction in the number of shares issued which remained at 1,560,914,610 and was unchanged at December 31, 2012.

The Company's authorized share capital, including the issued share capital, was €7,082,460,000, represented by 1,617,000,000 shares at December 31, 2011, and was increased by the extraordinary general meeting of shareholders held on May 8, 2012 to €7,725,260,599.18, represented by 1,773,091,461 shares.

The May 8, 2012 extraordinary general meeting of shareholders approved an increase of the Company's authorized share capital by 10% of its then issued share capital, i.e., by €642,800,599.18, represented by 156,091,461 shares without nominal value, resulting in an authorized share capital of €7,725,260,599.18 represented by 1,773,091,461 shares without nominal value. The meeting also granted the Board of Directors the authority, for a period of five years, to issue additional shares in the Company within the limit of the new authorized share capital, and to limit or suppress the preferential subscription right of existing shareholders in this regard.

On January 14, 2013, the Company increased its share capital by issuing out of its authorized share capital 104,477,612 ordinary shares at a price of $16.75 per share, resulting in an issued share capital of €6,883,209,119.84 represented by 1,665,392,222 ordinary shares. The Company's authorized share capital of €7,725,260,559.18 was not impacted by this transaction.

Following the issue of new shares on January 14, 2013, 107,699,239 ordinary shares remain available for issuance under the Company's authorized share capital.

In connection with the $2.25 billion 6% Mandatorily Convertible Subordinated Notes due 2016 issued by the Company on January 16, 2013, in addition to the other convertible notes outstanding of the Company, the Company will ask the general meeting of shareholders to approve an increase in its authorized share capital in order to meet any conversion requests from noteholders.

Major Shareholders

The following table sets out information as of December 31, 2012 with respect to the beneficial ownership of ArcelorMittal ordinary shares by each person who is known to be the beneficial owner of more than 5% of the shares and all directors and senior management as a group.

	ArcelorMittal Ordinary Shares[1]	
	Number	**%**
Significant Shareholder[2]	638,102,530	40.88
Treasury Stock[3]	10,031,060	0.64
Other Public Shareholders	912,781,020	58.48
Total	**1,560,914,610**	**100.00**
Of which: Directors and Senior Management[4 5]	1,990,733	0.13

1 For purposes of this table, a person or group of persons is deemed to have beneficial ownership of any ArcelorMittal ordinary shares as of a given date on which such person or group of persons has the right to acquire such shares within 60 days after December 31, 2012 upon exercise of vested portions of stock options. Only the last third of the stock options granted on August 3, 2010 remain unvested; all other stock options of the previous grants have vested.

2 For purposes of this table, ordinary shares owned directly by Mr. Lakshmi Mittal and his wife, Mrs. Usha Mittal, and options held directly by Mr. Lakshmi Mittal, are aggregated with those ordinary shares beneficially owned by the Significant Shareholder. At December 31, 2012, Mr. Lakshmi Mittal and his wife, Mrs. Usha Mittal, had direct ownership of ArcelorMittal ordinary shares and indirect ownership, through the Significant Shareholder, of two holding companies that own ArcelorMittal ordinary shares—Nuavam Investments S.à r.l. ("Nuavam") and Lumen Investments S.à r.l. ("Lumen"). Nuavam, a limited liability company organized under the laws of Luxembourg, was the owner of 112,338,263 ArcelorMittal ordinary shares. Lumen, a limited liability company organized under the laws of Luxembourg, was the owner of 525,000,000 ArcelorMittal ordinary shares. Mr. Mittal was the direct owner of 301,600 ArcelorMittal ordinary shares and held options to acquire an additional 436,500 ArcelorMittal ordinary shares, of which 417,667 are, for the purposes of this table, deemed to be beneficially owned by Mr. Mittal due to the fact that these options are exercisable within 60 days. Mrs. Mittal was the direct owner of 45,000 ArcelorMittal ordinary shares. Mr. Mittal, Mrs. Mittal and the Significant Shareholder shared indirect beneficial ownership of 100% of each of Nuavam and Lumen (within the meaning set forth in Rule 13d-3 of the Exchange Act). Accordingly, Mr. Mittal was the beneficial owner of 638,057,530 ArcelorMittal ordinary shares, Mrs. Mittal was the beneficial owner of 637,383,263 ordinary shares and the Significant Shareholder was the beneficial owner of 638,102,530 ordinary shares. Excluding options, Mr. Lakshmi Mittal and Mrs. Usha Mittal together beneficially owned 637,684,863 ArcelorMittal ordinary shares at such date.

3 Represents ArcelorMittal ordinary shares repurchased pursuant to share repurchase programs in prior years, fractional shares returned in various transactions, and the use of treasury shares in various transactions in prior years; excludes (1) 1,358,735 stock options that can be exercised by senior management (other than Mr. Mittal) and (2) 417,667 stock options that can be exercised by Mr. Mittal, in each case within 60 days of December 31, 2012. Holders of these stock options are deemed to beneficially own ArcelorMittal ordinary shares for the purposes of this table due to the fact that such options are exercisable within 60 days.

4 Includes shares beneficially owned by directors and members of senior management; excludes shares beneficially owned by Mr. Mittal.

5 These 1,990,733 ArcelorMittal ordinary shares are included in shares owned by the public shareholders indicated above.

The following table sets out the information in the above table revised to solely reflect the issuance by ArcelorMittal on January 14, 2013 of 104,477,612 ordinary shares, of which 17,910,448 were subscribed by Lumen.

	ArcelorMittal Ordinary Shares	
	Number	%
Significant Shareholder	656,012,978	39.39
Treasury Stock	10,031,060	0.60
Other Public Shareholders	999,348,184	60.01
Total	**1,665,392,222**	**100.00**
Of which: Directors and Senior Management	1,990,733	0.12

On January 16, 2013, ArcelorMittal issued $2.25 billion aggregate principal amount of its 6% Mandatorily Convertible Notes due 2016, of which Lumen subscribed for $300 million in principal amount. Based on the methodology used in the above two tables, as of December 31, 2012, giving effect to the share offering and Lumen share subscription noted above and assuming (i) no drawing under the share lending agreement between Lumen and ArcelorMittal discussed below and (ii) conversion of all mandatorily convertible notes, the percentage of ordinary shares owned by the Significant Shareholder would be 37.45% (assuming conversion of all notes at the maximum conversion ratio) or 37.81% (assuming conversion of all notes at the minimum conversion ratio).

The ArcelorMittal ordinary shares may be held in registered form only. Registered shares may consist of;

a. shares traded on the NYSE, or New York Registry Shares, which are registered in a register kept by or on behalf of ArcelorMittal by its New York transfer agent,

b. shares traded on Euronext Amsterdam by NYSE Euronext, Euronext Paris by NYSE Euronext, the regulated market of the Luxembourg Stock Exchange and the Spanish Stock Exchanges (Madrid, Bilbao, Valencia and Barcelona), which are registered in ArcelorMittal's shareholders' register, or

c. ArcelorMittal European Registry Shares, which are registered in a local shareholder register kept by or on behalf of ArcelorMittal by BNP Paribas Securities Services in Amsterdam, or directly on ArcelorMittal's Luxembourg shareholder register without being held on ArcelorMittal's local Dutch shareholder register.

Under Luxembourg law, the ownership of registered shares is evidenced by the inscription of the name of the shareholder, the number of shares held by such shareholder and the amount paid up on each share in the shareholder register of ArcelorMittal.

At December 31, 2012, there were 2,613 shareholders other than the Significant Shareholder, holding an aggregate of 52,876,675 ArcelorMittal ordinary shares registered in ArcelorMittal's shareholder register, representing approximately 3.39% of the ordinary shares issued (including treasury shares).

At December 31, 2012, there were 229 U.S. shareholders holding an aggregate of 77,694,463 New York Shares, representing approximately 4.98% of the ordinary shares issued (including treasury shares). ArcelorMittal's knowledge of the number of New York Shares held by U.S. holders is based solely on the records of its New York transfer agent regarding registered ArcelorMittal ordinary shares.

At December 31, 2012, 793,005,209 ArcelorMittal ordinary shares were held through the Euroclear/Iberclear clearing system in The Netherlands, France, Luxembourg and Spain.

Related Party Transactions

ArcelorMittal engages in certain commercial and financial transactions with related parties, including associates and joint ventures of ArcelorMittal. Please refer to Note 15 of ArcelorMittal's consolidated financial statements.

Shareholder's Agreement

The Significant Shareholder, a holding company owned by the Significant Shareholder and ArcelorMittal are parties to a shareholder and registration rights agreement (the "Shareholder's Agreement") dated August 13, 1997. Pursuant to the Shareholder's Agreement and subject to the terms and conditions thereof, ArcelorMittal shall, upon the request of certain holders of restricted ArcelorMittal shares, use its reasonable efforts to register under the Securities Act of 1933, as amended, the sale of ArcelorMittal shares intended to be sold by those holders. By its terms, the Shareholder's Agreement may not be amended, other than for manifest error, except by approval of a majority of ArcelorMittal's shareholders (other than the Significant Shareholder and certain permitted transferees) at a general shareholders' meeting.

Acquisition of ordinary shares and mandatorily convertible notes in the January 2013 offering of such securities by ArcelorMittal, and entry into the Lock-Up Letter and Share Lending Agreement in connection therewith

ArcelorMittal issued 104,477,612 ordinary shares in an offering that closed on January 14, 2013 (the "Share Offering") and issued $2,250,000,000 aggregate principal amount of 6.00% Mandatorily Convertible Subordinated Notes due 2016 (the

"Convertible Notes") in an offering that closed on January 16, 2013. Lumen subscribed for 17,910,448 ordinary shares in the Share Offering and acquired $300 million in principal amount of Convertible Notes. The underwriting agreement entered into in connection with such offerings provided as a closing condition that Lumen and Nuavam each execute a lock-up letter whereby they would each agree not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of, directly or indirectly, any ordinary shares, the acquired Convertible Notes or other securities exchangeable for or convertible into ordinary shares owned by them for a period of at least 180 days from January 9, 2013, subject to certain limited exceptions or the prior written consent of the representatives. In connection with the Share Offering and the offering of the Convertible Notes, ArcelorMittal entered into a share lending agreement with Lumen on January 9, 2013, pursuant to which Lumen agreed to make available for borrowing by ArcelorMittal up to a maximum amount of 48.9 million ordinary shares in exchange for a loan fee of $0.00046 per lent ordinary share, accruing daily from and including the date on which the loaned ordinary shares are delivered to the borrower to, but excluding, the date of return of the borrowed ordinary shares. Under the Share Lending Agreement, deliveries of the loaned shares by Lumen occur on the dates an equal number of ordinary shares are required to be delivered by ArcelorMittal pursuant to the terms of the Convertible Notes. The share lending agreement provides that ArcelorMittal may terminate all or any portion of any loan made thereunder at any time and that all outstanding loans shall terminate on the date which is three business days after the date on which a general meeting of shareholders of ArcelorMittal has approved a resolution approving sufficient authorized share capital and authorizing the Board of Directors of the Company to cancel the preferential subscription right of existing shareholders to allow return to Lumen of all borrowed ordinary shares. Under the Share Lending Agreement, Lumen will have no rights (including voting or disposition rights) with respect to any ordinary shares that have been loaned to ArcelorMittal and not yet returned to Lumen. Subject to this condition being met, it is expected that any ordinary shares to be delivered by ArcelorMittal to Lumen upon termination of the loan(s) will be newly issued ordinary shares issued in favor of Lumen (with a cancellation of the shareholders' preferential subscription right).

Agreements with Aperam in Connection with Stainless Steel Spin-Off

In connection with the spin-off of its stainless steel division into a separately focused company, Aperam, which was completed on January 25, 2011, ArcelorMittal entered into several agreements with Aperam. These agreements include a Master Transitional Services Agreement dated January 25, 2011 (the "Transitional Services Agreement"), a purchasing services agreement and a sourcing services agreement, certain commitments regarding cost-sharing in Brazil and certain other ancillary arrangements governing the relationship between Aperam and ArcelorMittal following the spin-off, as well as certain agreements relating to financing.

The Transitional Services Agreement between ArcelorMittal and Aperam expired at year-end 2012. The parties agreed to renew a limited number of services that ArcelorMittal will continue to provide during 2013 relating to certain areas, including environmental and technical support, IT services relating to the Global Wide Area Network contract, press clipping communication, ArcelorMittal University training in human resources, maintenance and customization of back office finance software and registered shareholder management.

In the area of research and development, Aperam entered into an arrangement with ArcelorMittal to establish a framework for future cooperation between the two groups in relation to certain ongoing or new research and development programs. Moreover, Aperam and ArcelorMittal are keeping open the possibility to enter into ad hoc cooperation agreements for future research and development purposes.

The purchasing and sourcing of raw materials generally were not covered by the Transitional Services Agreement. Aperam is responsible for the sourcing of its key raw materials, including nickel, chromium, molybdenum and stainless steel scrap. However, under the terms of the purchasing services agreement and the sourcing services agreement, Aperam relies on ArcelorMittal for advisory services in relation to the negotiation of certain contracts with global or large regional suppliers, including those relating to the following key categories: energy (electricity, natural gas, industrial gas), raw materials (ferro-alloys, certain base materials), operating materials (rolls, electrodes, refractories) and industrial products and services. The purchasing services agreement also permits Aperam to avail itself of the services and expertise of ArcelorMittal for certain capital expenditure items not specific to stainless and specialty steel production. The purchasing services agreement and the sourcing services agreement were entered into for a term of two years, which expired on January 24, 2013. It is expected that the purchasing services agreement will be extended for an additional year on modified terms. It is expected that the sourcing servicing agreement will also be extended for an additional year, but that its scope will be limited to IT maintenance and support until Aperam switches to its own system.

In connection with the spin-off, management also renegotiated an existing Brazilian cost-sharing agreement between, inter alia, ArcelorMittal Brasil and Aperam Inox América do Sul S.A. (formerly known as ArcelorMittal Inox Brasil), pursuant to which starting as of April 1, 2011, ArcelorMittal Brasil continued to perform only purchasing, insurance and real estate activities for the benefit of certain of Aperam's Brazilian subsidiaries, with costs being shared on the basis of cost allocation parameters agreed between the parties. Since the demerger of ArcelorMittal BioEnergia Ltda in July 2011, its payroll functions have also been handled by ArcelorMittal Brasil. The real estate activities of Aperam's Brazilian subsidiaries have not been handled by ArcelorMittal Brasil since January 1, 2013.

Certain services will continue to be provided to Aperam pursuant to existing contracts with ArcelorMittal entities that it has specifically elected to assume.

Financing Agreements

As of the spin-off, Aperam's principal sources of financing included loans from ArcelorMittal entities at the level of ArcelorMittal Inox Brasil, which holds Aperam's assets in Brazil, and ArcelorMittal Stainless Belgium, which holds Aperam's assets in Belgium. These facilities were refinanced in connection with the spin-off.

On January 19, 2011, ArcelorMittal Finance as lender and ArcelorMittal and Aperam as borrowers entered into a $900 million credit facility for general corporate purposes and for the refinancing of existing intercompany and other debt (the "Bridge Loan"). The Bridge Loan was entered into for a period of 364 days after January 25, 2011. The Bridge Loan was made available to ArcelorMittal and then automatically transferred by operation of law to Aperam in connection with its spin-off. The Bridge Loan was fully repaid by Aperam with the proceeds of (i) a borrowing base facility agreement dated March 15, 2011 and (ii) an offering of notes by Aperam on March 28, 2011.

Share Lending Agreement

In connection with ArcelorMittal's issuance of 104,477,612 ordinary shares in an offering that closed on January 14, 2013 (the "Share Offering") and $2,250,000,000 aggregate principal amount of 6.00% Mandatorily Convertible Subordinated Notes due 2016 (the "Convertible Notes") in an offering that closed on January 16, 2013, the Company entered into a share lending agreement with Lumen on January 9, 2013, pursuant to which Lumen agreed to make available for borrowing by ArcelorMittal up to a maximum amount of 48.9 million ordinary shares in exchange for a loan fee of $0.00046 per lent ordinary share, accruing daily from and including the date on which the loaned ordinary shares are delivered to the borrower to, but excluding, the date of return of the borrowed ordinary shares. Under the Share Lending Agreement, deliveries of the loaned shares by Lumen occur on the dates an equal number of ordinary shares are required to be delivered by ArcelorMittal pursuant to the terms of the Convertible Notes. The share lending agreement provides that ArcelorMittal may terminate all or any portion of any loan made thereunder at any time and that all outstanding loans shall terminate on the date which is three business days after the date on which a general meeting of shareholders of ArcelorMittal has approved a resolution approving sufficient authorized share capital and authorizing the Board of Directors of the Company to cancel the preferential subscription right of existing shareholders to allow return to Lumen of all borrowed ordinary shares. Under the Share Lending Agreement, Lumen will have no rights (including voting or disposition rights) with respect to any ordinary shares that have been loaned to ArcelorMittal and not yet returned to Lumen. Subject to this condition being met, it is expected that any ordinary shares to be delivered by ArcelorMittal to Lumen upon termination of the loan(s) will be newly issued ordinary shares issued in favor of Lumen (with a cancellation of the shareholders' preferential subscription right).

Restricted Share Unit and Performance Share Unit Plans

On May 11, 2011, the annual shareholders' meeting approved a new equity-based incentive plan to replace the Global Stock Option Plan. The plan comprises an RSU Plan and a PSU Plan, as further described above in the section "Compensation - Restricted Share Units and Performance Share Units". The Company made a grant under the RSU Plan in September 2011 and a grant under the PSU Plan in March 2012. The Company intends to make another grant under the RSU Plan and the PSU Plan by the end of the first quarter of 2013. Such grant, which will exclude members of the Group Management Board, will be subject to the Supplemental Terms for the 2012-2013 RSU Plan and PSU Plan. A copy of the Supplemental Terms for the 2012-2013 RSU Plan and PSU Plan is filed as an exhibit to this annual report on Form 20-F.

Memorandum of Understanding

On June 25, 2006, Mittal Steel, the Significant Shareholder and Arcelor signed a binding Memorandum of Understanding ("MoU") to combine Mittal Steel and Arcelor in order to create the world's leading steel company. In April 2008, the Board of Directors approved resolutions amending certain provisions of the MoU in order to adapt it to the Company's needs in the post-merger and post-integration phase, as described above under "Lead Independent Director".

On the basis of the MoU, Arcelor's Board of Directors recommended Mittal Steel's offer for Arcelor and the parties to the MoU agreed to certain corporate governance and other matters relating to the combined ArcelorMittal group. Certain provisions of the MoU relating to corporate governance were incorporated into the Articles of Association of ArcelorMittal at the extraordinary general meeting of the shareholders on November 5, 2007.

Certain additional provisions of the MoU expired effective August 1, 2009. ArcelorMittal's corporate governance rules will continue to reflect, subject to those provisions of the MoU that have been incorporated into the Articles of Association, the best standards of corporate governance for comparable companies and to conform with the corporate governance aspects of the NYSE listing standards applicable to non-U.S. companies and Ten Principles of Corporate Governance of the Luxembourg Stock Exchange.

The following summarizes the main provisions of the MoU that remain in effect or were in effect in 2012.

Standstill

The Significant Shareholder agreed not to acquire, directly or indirectly, ownership or control of an amount of shares in the capital stock of the Company exceeding the percentage of shares in the Company that it will own or control following completion of the Offer (as defined in the MoU) for Arcelor and any subsequent offer or compulsory buy-out, except with the prior written consent of a majority of the independent directors on the Company's Board of Directors. Any shares acquired in violation of this restriction will be deprived of voting rights and shall be promptly sold by the Significant Shareholder. Notwithstanding the above, if (and whenever) the Significant Shareholder holds, directly and indirectly, less than 45% of the then-issued Company shares, the Significant Shareholder may purchase (in the open market or otherwise) Company shares up to such 45% limit. In addition, the Significant Shareholder is also permitted to own and vote shares in excess of the threshold mentioned in the immediately preceding paragraph or the 45% limit mentioned above, if such ownership results from (1) subscription for shares or rights in proportion to its existing shareholding in the Company where other shareholders have not exercised the entirety of their rights or (2) any passive crossing of this threshold resulting from a reduction of the number of Company shares (e.g., through self-tender offers or share buy-backs) if, in respect of (2) only, the decisions to implement such measures were taken at a shareholders' meeting in which the Significant Shareholder did not vote or by the Company's Board of Directors with a majority of independent directors voting in favor.

Once the Significant Shareholder exceeds the threshold mentioned in the first paragraph of this "Standstill" subsection or the 45% limit, as the case may be, as a consequence of any corporate event set forth in (1) or (2) above, it shall not be permitted to increase the percentage of shares it owns or controls in any way except as a result of subsequent occurrences of the corporate events described in (1) or (2) above, or with the prior written consent of a majority of the independent directors on the Company's Board of Directors.

If subsequently the Significant Shareholder sells down below the threshold mentioned in the first paragraph of this "Standstill" subsection or the 45% limit, as the case may be, it shall not be permitted to exceed the threshold mentioned in the first paragraph of this "Standstill" subsection or the 45% limit, as the case may be, other than as a result of any corporate event set out in (1) or (2) above or with the prior written consent of a majority of the independent directors.

Finally, the Significant Shareholder is permitted to own and vote shares in excess of the threshold mentioned in the first paragraph of this "Standstill" subsection or the 45% limit mentioned above if it acquires the excess shares in the context of a takeover bid by a third party and (1) a majority of the independent directors of the Company's Board of Directors consents in writing to such acquisition by the Significant Shareholder or (2) the Significant Shareholder acquires such shares in an offer for all of the shares of the Company.

Lock-up

The Significant Shareholder had agreed for a five year period not to transfer (and to cause its affiliates not to transfer) directly or indirectly any of the shares in the Company without the approval of a majority of the independent directors of the Company. This lock-up provision expired on August 1, 2011.

Non-compete

For so long as the Significant Shareholder holds and controls at least 15% of the outstanding shares of the Company or has representatives on the Company's Board of Directors or Group Management Board, the Significant Shareholder and its affiliates will not be permitted to invest in, or carry on, any business competing with the Company, except for PT. ISPAT Indo.

Minority shareholders litigation

On January 8, 2008, ArcelorMittal received a writ of summons on behalf of four hedge fund shareholders of Arcelor to appear before the civil court of Luxembourg. The summons was also served on all natural persons sitting on the Board of Directors of ArcelorMittal at the time of the merger and on the Significant Shareholder. The plaintiffs alleged in particular that, based on Mittal Steel's and Arcelor's disclosure and public statements, investors had a legitimate expectation that the exchange ratio in the second-step merger would be the same as that of the secondary exchange offer component of Mittal Steel's June 2006 tender offer for Arcelor (i.e., 11 Mittal Steel shares for seven Arcelor shares), and that the second-step merger did not comply with certain provisions of Luxembourg company law. They claimed, inter alia, the cancellation of certain resolutions (of the Board of Directors and of the Shareholders meeting) in connection with the merger, the grant of additional shares or damages in an amount of €180 million. By judgment dated November 30, 2011, the Luxembourg civil court declared all of the plaintiffs' claims inadmissible and dismissed them. This judgment was appealed in mid-May 2012. The appeal proceedings are pending.

On May 15, 2012, ArcelorMittal received a writ of summons on behalf of Association Actionnaires d'Arcelor (AAA), a French association of former minority shareholders of Arcelor, to appear before the civil court of Paris. On comparable grounds, AAA claims inter alia damages in an amount of €60,049 and reserves the right to seek additional remedies including the cancellation of the merger. The proceedings before the civil court of Paris are pending.

Additional information about ArcelorMittal

ArcelorMittal produces a range of publications to inform its shareholders. These documents are available in various formats: they can be viewed online, downloaded or obtained on request in paper format. Please refer to www.arcelormittal.com, to the Investors menu, under Financial Reports.

Corporate responsibility

ArcelorMittal's corporate responsibility is detailed in a report published that will be published separately during the second quarter of 2013and will be available on www.arcelormittal.com in the Corporate Responsibility menu.

ArcelorMittal as parent company of the ArcelorMittal group

ArcelorMittal, incorporated under the laws of Luxembourg, is the parent company of the ArcelorMittal group and is expected to continue this role during the coming years. The company has no branch offices and generated a net loss of $6,503 million in 2012.

Group companies listed on the Luxembourg Stock Exchange

ArcelorMittal's securities are traded on several exchanges, including the Luxembourg Stock Exchange, and its primary stock exchange regulator is the Luxembourg CSSF (Commission de Surveillance du Secteur Financier). ArcelorMittal's CSSF issuer number is E-0001. In addition to ArcelorMittal, the securities of one other ArcelorMittal group company are listed on the Luxembourg Stock Exchange. ArcelorMittal Finance S.C.A. is a société en commandite par actions with registered office address at 19, avenue de la Liberté, L-2930 Luxembourg, Grand Duchy of Luxembourg, registered with the Registre du Commerce et des Sociétés Luxembourg under number B 13.244. ArcelorMittal Finance is indirectly 100% owned by ArcelorMittal. ArcelorMittal Finance was, until June 18, 2008, the principal finance vehicle of the ArcelorMittal group and, in this connection, it issued a number of bonds listed on the Luxembourg Stock Exchange. ArcelorMittal Finance's CSSF issuer number is E-0225.

Other listings

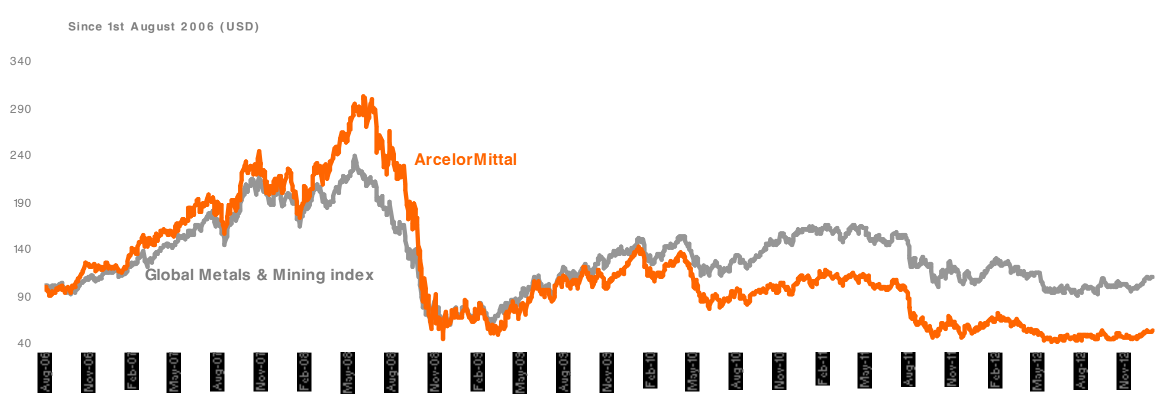
ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MT), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).

Indexes

ArcelorMittal is a member of more than 120 indices including the following leading indices: DJ STOXX 50, DJ EURO STOXX 50, CAC40, AEX, FTSE Eurotop 100, MSCI Pan-Euro, DJ Stoxx 600, S&P Europe 500, Bloomberg World Index, IBEX 35 index and NYSE Composite Index. Recognized for its commitment to sustainable development, ArcelorMittal is also a member of the FTSE4Good Index and Dow Jones Sustainability Index.

Share price performance

The price of ArcelorMittal shares declined by 4% in 2012, underperforming the Global Metals, Mining & Steel sector which increased by 3%. However, our shares outperformed the Global Steel sector peer group which declined by 7% in 2012. After a positive start to the year, our share price declined from February through May as global markets reacted to the slowdown in China and its impact on raw materials prices and steel prices. Our share price and that of our peer group recovered in the fourth quarter as the rising iron ore price signalled that activity levels in China were increasing.



Dividend

In consideration of the challenging global economic conditions impacting the Company's business and its priority to deleverage, the Board of Directors will submit to the approval of the shareholders at the annual general meeting of shareholders to be held on 8 May 2013 a proposal to reduce the annual dividend payment to $0.20 per share in 2013, as compared to $0.75 per share in 2012. The dividend payment calendar is available below and on www.arcelormittal.com. The Board of Directors will propose to the general shareholders' meeting on 8 May 2013 that the $0.20 dividend be paid out in a single payment on July 15, 2013.

Investor relations

By implementing high standards of financial information disclosure and aiming to provide clear, regular, transparent and balanced information to all its shareholders, ArcelorMittal aims to be the first choice for investors in the sector. To meet this objective, ArcelorMittal implements an active and broad investor communications policy: conference calls, road shows with the financial community, regular participation at investor conferences, plant visits and meetings with individual investors.

Individual investors ArcelorMittal's senior management plans to meet individual investors and shareholder associations in road shows throughout 2013. A dedicated toll free number for individual investors is available at +352 4792 3198. Requests for information or meetings on the virtual meeting and conference center may also be sent to: *privateinvestors@arcelormittal.com*

Analysts and institutional investors As the world's leading steel and mining company, ArcelorMittal constantly seeks to develop relationships with financial analysts and international investors. Depending on their geographical location, investors may use the following emails: *institutionalsamericas@arcelormittal.com*
investor.relations@arcelormittal.com

Socially responsible investors The investor relations team is also a source of information for the growing socially responsible investment community. The team organizes special events on ArcelorMittal's corporate responsibility strategy and answers all requests for information sent to ArcelorMittal at: *SRI@arcelormittal.com*

Credit and fixed income investors Credit, fixed income investors and rating agency are followed by a dedicated team from investor relations reachable at: *creditfixedincome@arcelormittal.com*

Financial calendar

Financial results*	
February 6, 2013	Results for 4th quarter 2012 and 12 months 2012
May 10, 2013	Results for 1st quarter 2013
August 1, 2013	Results for 2nd quarter 2013 and 6 months 2013
October 31, 2013	Results for 3rd quarter 2013 and 9 months 2013

* Earnings results are issued before the opening of the stock exchanges on which ArcelorMittal is listed.

Dividend payment (subject to shareholder approval)	
July 15, 2013	Annual payment

Investor events	
March 15, 2013	Investor day with Group Management Board members
May 8, 2013	Annual shareholder meeting in Luxembourg

Chief executive officer and chief financial officer's responsibility statement

We confirm, to the best of our knowledge, that:

1. the consolidated financial statements of ArcelorMittal presented in this Annual Report and prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position, profit or loss of ArcelorMittal and the undertakings included within the consolidation taken as a whole; and

2. the management report includes a fair review of the development and performance of the business and position of ArcelorMittal and undertakings included within the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

By order of the Board of Directors

Chief executive officer
Lakshmi N. Mittal
February 27, 2013

Chief financial officer
Aditya Mittal
February 27, 2013