MITTAL STEEL CO N.V.
Form 424B3
June 29, 2006
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Registration No. 333-132642

AMENDED AND RESTATED EXCHANGE OFFER PROSPECTUS

Mittal Steel is offering to acquire all shares of common stock of Arcelor S.A. issued as of February 6, 2006, or issued prior to expiration of the initial acceptance period (or any subsequent offering period, as described herein), upon conversion of Arcelor Convertible Bonds, as defined herein, or upon exercise of Arcelor stock options granted prior to February 6, 2006, or in exchange for Usinor shares issued upon the exercise of Usinor stock options granted prior to February 6, 2006, and such other shares to which Mittal Steel may extend the offer as described herein (all such shares, the Arcelor shares); all Arcelor American Depositary Shares (Arcelor ADSs) (each Arcelor ADS representing one share of common stock of Arcelor) that represent Arcelor Shares; and all convertible bonds, known as OCEANEs, of Arcelor issued in June 2002 and maturing on June 27, 2017 outstanding on February 6, 2006 (the Convertible Bonds).

The Offer has been revised pursuant to the execution on June 25, 2006 of a Memorandum of Understanding (the Memorandum of Understanding) between Mittal Steel, Arcelor and the Controlling Shareholder (as defined herein) relating to the terms of the Offer and various other matters. See Memorandum of Understanding between Mittal Steel, Arcelor and the Controlling Shareholder.

The revised Offer is comprised of both a primary mixed cash and exchange offer (the Primary Offer) and two secondary capped offers, one for cash only and the other for class A common shares of Mittal Steel only (the Secondary Offers).

Mittal Steel is offering to exchange pursuant to the Primary Offer:

13 Mittal Steel class A common shares and 150.60 in cash for every 12 Arcelor shares or Arcelor ADSs tendered; and

13 Mittal Steel class A common shares and 188.42 in cash for every 12 Convertible Bonds tendered.

Mittal Steel is offering to exchange pursuant to the Secondary Offers:

40.40 in cash for each Arcelor share or Arcelor ADS tendered in the secondary cash offer; or

11 Mittal Steel class A common shares for every 7 Arcelor shares or Arcelor ADSs tendered in the secondary exchange offer.

The consideration set out above is subject to adjustment in specific circumstances as set out herein. The cash consideration paid to tendering holders of Arcelor ADSs will be in U.S. dollars, calculated by converting the applicable amount in euros into U.S. dollars using the noon buying rate, as published by the Federal Reserve Bank of New York, on the business day prior to the settlement date. The Completion of the Offer is subject to certain conditions. A detailed description of the terms and conditions of the Offer appears under The Offer Terms and Conditions of the Offer herein.

The Primary Offer and Secondary Offers set out above are collectively referred to in this prospectus as the Offer, and the Arcelor shares, Convertible Bonds and Arcelor ADSs are collectively referred to as the Arcelor securities.

THE BOARD OF DIRECTORS OF ARCELOR HAS UNANIMOUSLY RECOMMENDED THAT ARCELOR SECURITYHOLDERS ACCEPT THE OFFER AND TENDER THEIR SECURITIES PURSUANT TO THE OFFER. ARCELOR WILL PUBLISH A DOCUMENT IN RESPONSE TO MITTAL STEEL S OFFER IN THE COMING DAYS, WHICH WILL STATE MORE FULLY THE BOARD OF DIRECTOR S VIEWS. THIS DOCUMENT WILL BE AVAILABLE ON ARCELOR S WEBSITE AT WWW.ARCELOR.COM.

You are not required to make the same election for all of the Arcelor securities that you tender, and you may make any of these elections for all or some of the Arcelor securities that you tender. If you tender Arcelor shares and/or Arcelor ADSs and fail to make any election, you will be deemed to have elected the Primary Offer. Tenders in the two Secondary Offers, however, are subject to a pro-ration and allocation procedure that will ensure that in the aggregate the portion of the tendered Arcelor shares and Arcelor ADSs that are exchanged for Mittal Steel shares and the portion of the tendered Arcelor shares and Arcelor ADSs that are exchanged for cash (excluding the effect of the treatment of fractional shares that would otherwise be issued and the impact of any adjustment to the Offer consideration (as noted above and described herein)) will be 68.9% and 31.1%, respectively.

The maximum number of class A common shares that Mittal Steel will issue in connection with the Offer is 722,235,265.

Mittal Steel is conducting the Offer through two separate offers: an offer open to all holders of Arcelor shares and Convertible Bonds who are U.S. holders (within the meaning of Rule 14d-1(d) under the U.S. Securities Exchange Act of 1934, as amended) and to all holders of Arcelor ADSs, wherever located (the U.S. Offer); and an offer open to (i) holders of Arcelor shares and Convertible Bonds who are located in Belgium, France, Luxembourg and Spain and (ii) holders of Arcelor shares and Convertible Bonds who are located outside of Belgium, France, Luxembourg, Spain, Japan, The Netherlands and the United States to the extent that such holders may participate in such offer pursuant to applicable local laws and regulations (the European Offer).

THE U.S. OFFER WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON THURSDAY, JULY 13, 2006, UNLESS IT IS EXTENDED OR UNLESS IT LAPSES OR IS WITHDRAWN PRIOR TO THAT TIME PURSUANT TO THE CONDITIONS DESCRIBED IN THIS PROSPECTUS. THIS AMENDED AND RESTATED PROSPECTUS AMENDS AND RESTATES OUR PROSPECTUS DATED JUNE 7, 2006.

Arcelor shares are listed on the Eurolist market of Euronext Brussels S.A./N.V. (Euronext Brussels), on the Eurolist market of Euronext Paris S.A. (Euronext Paris), on the Luxembourg Stock Exchange and on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia (the Spanish Stock Exchanges). Convertible Bonds are listed on the Luxembourg Stock Exchange. Arcelor ADSs are traded on the over-the-counter market in the United States but are not traded on any securities exchange.

Mittal Steel s class A common shares are listed on the Eurolist market of Euronext Amsterdam N.V. (Euronext Amsterdam) and on the New York Stock Exchange (the NYSE) under the symbol MT . Mittal Steel will apply to list its class A common shares on these exchanges and on Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange and on the Spanish Stock Exchanges, subject to the completion of the Offer.

This prospectus contains detailed information concerning the U.S. Offer for Arcelor securities and the proposed combination of Mittal Steel and Arcelor. We recommend that you read this prospectus carefully.

FOR A DISCUSSION OF RISK FACTORS THAT YOU SHOULD CONSIDER IN EVALUATING THE OFFER, SEE RISK FACTORS BEGINNING ON PAGE 54.

This prospectus has not been approved by the French *Autorité des marchés financiers* (the AMF), the Belgian *Commission Bancaire, Financière et des Assurances* (the CBFA), the Luxembourg *Commission de Surveillance du Secteur Financier* (the CSSF) or the Spanish *Comisión Nacional del Mercado de Valores* (the CNMV). Accordingly, this prospectus may not be used to make offers or sales in France, Belgium, Luxembourg or Spain in connection with the Offer.

This prospectus is not an offer to sell securities and it is not soliciting an offer to buy securities, nor shall there be any sale or purchase of securities pursuant hereto, in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the laws of any such jurisdiction.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION (THE SEC) NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE U.S. OFFER OR HAS PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE IN THE UNITED STATES.

The dealer managers for the U.S. Offer are:

The date of this prospectus is June 29, 2006

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Information Incorporated By Reference

This prospectus incorporates important business and financial information about Mittal Steel by reference and, as a result, such information is not included in or delivered with this prospectus. Documents incorporated by reference are available from Mittal Steel without charge upon request in writing or by telephone. You may also obtain documents incorporated by reference into this prospectus by requesting them in writing or by telephone from the information agent:

D.F. King & Co., Inc.

48 Wall Street

New York, New York 10005

Call Toll Free: 1 (800) 347-4857

Banks and Brokers Call: 1 (212) 269-5550

To obtain timely delivery of these documents, you must request them no later than five Business Days before the end of the Offer period. For a list of those documents that are incorporated by reference into this prospectus, see Incorporation of Certain Documents by Reference.

In addition, you may obtain additional information on Mittal Steel and Arcelor from various public sources. For a list of such sources, please see Where You Can Find More Information.

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SUMMARY

This summary highlights selected information from this prospectus. It does not contain all of the information that is important to evaluate the Offer. You should read carefully the entire prospectus and the additional documents referred to in this prospectus to fully understand the Offer.

The Companies

Mittal Steel

Mittal Steel is the world s largest and most global steel producer with an annual production capacity of approximately 75 million tonnes. The Company is the largest steel producer in the Americas and Africa and the second largest in Europe. The Company has steel-making operations in 15 countries on four continents, including 31 integrated, mini-mill and integrated mini-mill steel-making facilities. At December 31, 2005, we had approximately 224,000 employees.

Mittal Steel produces a broad range of high-quality finished and semi-finished carbon steel products, encompassing the main categories of steel products (flat products, long products and pipes and tubes). Specifically, the Company produces hot-rolled and cold-rolled sheets, plates, electrogalvanized and coated steel, bars, wire rods, wire products, pipes, billets, blooms, slabs, tinplate, structural sections and rails. Mittal Steel sells these products in local markets and through our centralized marketing organization to customers in over 150 countries. The Company s products are used in a diverse range of end-markets, including the automotive, appliance, engineering, construction and machinery industries.

Our steel-making operations have a high degree of geographic diversification. Almost 41% of our steel is produced in the Americas, with the balance being produced in Europe (38%) and in other countries, such as Kazakhstan, Algeria and South Africa (21%). We are further increasing our geographic production diversification. In September 2005, we completed the acquisition of a 36.67% interest (subsequently diluted to 29.49% by the exercise of convertible bonds by other investors) in Hunan Valin, an 8.5 million ton steel producer in China. In October 2005, we signed a memorandum of understanding with the local government to construct a 12 million tonne steel-making operation in Jharkhand, India. In November 2005, we completed the acquisition of a 93% stake in Kryvorizhstal (since renamed Mittal Steel Kryviy Rih), the largest carbon steel long products producer in Ukraine.

We produced approximately 30.1 million, 47.2 million and 53.9 million tons of liquid steel in 2003, 2004 and 2005, respectively and shipped approximately 27.4 million, 42.1 million and 49.2 million tons of steel in such years. Our shipments are well-balanced geographically and are also balanced as between developed and developing markets, which have different characteristics.

We have access to high-quality and low-cost raw materials through our captive sources and long-term contracts. In 2005, on a pro forma basis after giving effect to the acquisition of ISG and Kryvorizhstal, approximately 56% of our iron ore requirements (of which we are one of the world s largest producers) and approximately 42% of our coal requirements were supplied from our own mines or from long-term contracts at many of our operating units. We are actively developing our raw material self-sufficiency, including through recent initiatives to gain access to iron ore deposits in Liberia and Senegal, and expanding our existing iron ore sources in various parts of the world, including Ukraine. We are one of the world s largest producers of coke, a critical raw material derived from coal, and we satisfy approximately 81% of our own coke requirements. We are the world s largest producer of direct reduced iron, or DRI, which is a scrap substitute used in the mini-mill steel-making process, with total production capacity of approximately 11 million tonnes. Our DRI production satisfies all of our mini-mill input requirements. Our facilities have good access to shipping facilities, including deep-water port facilities and railway sidings.

In 2004, we generated sales of $22.2 billion, operating income of $6.1 billion and net income of $4.7 billion. In 2005, we generated sales of $28.1 billion, operating income of $4.7 billion and net income of $3.4 billion. At December 31, 2005, we had shareholders equity of $10.2 billion, total debt of $8.3 billion, and cash and cash equivalents, including short-term investments and restricted cash, of $2.1 billion.

Mittal Steel is a successor to a business founded in 1989 by Mr. Lakshmi N. Mittal, our Chairman and Chief Executive Officer. We have experienced rapid and steady growth since then, largely through the consistent and disciplined execution of a successful consolidation-based strategy. We made our first acquisition in 1989, leasing the Iron & Steel Company of Trinidad & Tobago. Some of the principal acquisitions since then include Sibalsa (Mexico) in 1992, Karmet (Kazakhstan) in 1995, Thyssen Duisburg (Germany) in 1997, Inland Steel (USA) in 1998, Unimétal (France) in 1999, Sidex (Romania) and Annaba (Algeria) in 2001, Nova Hut (Czech Republic) in 2003, BH Steel (Bosnia), Balkan Steel (Macedonia), PHS (Poland) and Iscor (South Africa) in 2004, and ISG (USA), Hunan Valin (China) and Kryvorizhstal (Ukraine) in 2005.

We have proven expertise in acquiring companies and turning around under-performing assets. We believe that we have successfully integrated our previous key acquisitions by implementing a best practice approach in operations and management to enhance profitability. Specifically, our focused capital expenditure programs and implementation of improved management practices at the acquired facilities have resulted in overall increases in production and shipment of steel products, reductions in cash costs of production and increases in productivity. Mittal Steel s aggregate capital expenditures were approximately $421 million, $898 million and $1,181 million in the years ended December 31, 2003, 2004 and 2005, respectively.

The mailing address and telephone number of Mittal Steel s principal executive offices are:

Mittal Steel Company N.V.

Hofplein 20

3032 AC Rotterdam

+31 10 217 8800

Arcelor

Arcelor was created in February 2002 by the combination of three steel-making companies, Aceralia Corporación Siderurgica, Arbed and Usinor. The Arcelor group operates in four market sectors: Flat Carbon Steels, Long Carbon Steels, Stainless Steels and Arcelor Steel Solutions and Services (A3S, formerly Distribution, Transformation and Trading). Arcelor is the second largest steel producer in the world in terms of production, with production of 47 million and 46.7 million tonnes of steel in 2004 and 2005, respectively. It generated revenues of 30.2 billion in 2004 and 32.6 billion in 2005. For the same periods, its net result (group share) was 2.3 billion and 3.8 billion, respectively. Arcelor recorded capital expenditure of 1.4 billion in 2004 and 2.1 billion in 2005.

In 2004, 30% of its production was obtained from scrap used in electric arc furnaces and 70% from iron ore. The Arcelor group is a leading operator in all its key end markets: the automotive industry, construction, household appliances, packaging and general industry. Arcelor is the market

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leader in Western Europe; 71.2% of its sales in 2005 were in the European Union. Arcelor also has a strong position in South America, particularly due to its Brazilian operations; 10.8% of its sales in 2005 were in South America.

Arcelor is a leading producer of flat carbon steels, in terms both of volume and value, having shipped approximately 28.5 million tonnes in 2004 and 28.1 million tonnes in 2005. In 2005, total production of flat carbon steel was 32.9 million tonnes. This sector employed approximately 46,000 people at year-end 2005, generated revenues of approximately 16.1 billion in 2004 and 18.1 billion in 2005 and recorded operating results of 1.7 billion in 2004 and 2.8 billion in 2005. Its product portfolio covers the full range of flat carbon steels, including slabs, heavy plate, hot-rolled coils, cold-rolled coils and metallic and organic coated steel. These products are used in the automotive, household appliance, packaging, construction, civil engineering, mechanical engineering and processing industries.

Arcelor is one of the world s leading producers of long carbon steels, having shipped approximately 13.4 million tonnes in 2004 and 12.3 million tonnes in 2005. In 2005, total long carbon steels production was 11.2 million tonnes. This sector employed over 20,000 people at year-end 2005 and reported revenues of approximately 6.2 billion in 2004 and 6.6 billion in 2005 and operating results of 1.1 billion in 2004 and 1.1 billion in 2005, from sales of products in the following three categories:

commodity products (rolled products): lightweight and medium-weight beams, merchant steel, concrete reinforcing bar and commodity quality wire rod;

specialty products (rolled products): sheet pile, heavy beams, special sections, rails and special quality wire rod; and

wiredrawn products: steelcord, hose wire, saw wire and low carbon steel wire products.

Arcelor is a leading global producer of stainless steels, in both volume and revenues, having shipped 2.1 million tonnes in 2004 and 1.6 million tonnes in 2005. In 2005, total production of stainless steels was 1.7 million tonnes. This sector employed over 13,500 people at year-end 2005 and generated revenues of approximately 4.6 billion in 2004 and 4.0 billion in 2005 and operating results of 127 million in 2004 and 93 million in 2005. Arcelor produces virtually the entire range of stainless steels and stainless steel alloy products.

The A3S sector uses steels produced by the Arcelor group and also purchases steels from third parties. This sector is organized into five operating units that work in specialist but complementary markets. It employed over 11,000 people at year-end 2005 and generated revenues of approximately 8.3 billion in 2004 and 8.7 billion in 2005, corresponding to 15.0 million and 13.7 million tonnes of shipped steel, respectively, 70% in 2004 and 81% in 2005 of which came from the other sectors of the Arcelor group. The A3S sector recorded operating results of 398 million in 2004 and 254 million in 2005.

The mailing address and telephone number of Arcelor s principal executive offices are:

Arcelor S.A.

19, avenue de la Liberté

L-2930 Luxembourg

+352 4792-1

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Background to and Reasons for the Offer

Mittal Steel is making the Offer to unite the world s two largest steel companies and to offer all shareholders the opportunity to participate in the combined entity s future growth. The combined company would have unrivalled geographic scope, including leadership positions in five of the nine major world markets (South America, NAFTA, Western Europe, Central and Eastern Europe and Africa), and would be the first steel company to produce over 100 million tons of steel annually. Operational cost synergies, primarily in the areas of purchasing, marketing and trading, and manufacturing process optimization, generated by the combination are estimated to reach $1.6 billion, before tax, by the end of 2009. There is no guarantee, however, that the combined company will be able to recognize these operational cost synergies in full or at all. Mittal Steel s inability, due to its lack of access to non-public Arcelor information, to assess loss contingencies and other items may affect or offset the amount of any potential synergies.

The steel industry remains relatively fragmented and the transaction represents a step change in its consolidation. The combined entity will offer a strengthened range of products and solutions for global customers while maximizing opportunities with a global distribution and trading network. It will benefit from increased efficiency in the combined asset base through investment and operational excellence, with input costs being controlled through the substantial vertical integration of mining and steel making operations.

See The Offer Rationale for the Offer.

Memorandum of Understanding between Mittal Steel, Arcelor and the Controlling Shareholder

Memorandum of Understanding

As noted above, on June 25, 2006, Mittal Steel, Arcelor and the Controlling Shareholder (as defined in Certain Defined Terms) executed a Memorandum of Understanding relating to the terms of the Offer and various other matters. References herein to the Company refer to each of Mittal Steel and Arcelor pre-integration, and to the top-level company in the Group following the merger of Arcelor and Mittal Steel, as provided below. For a complete description of the Memorandum of Understanding, see Memorandum of Understanding between Mittal Steel, Arcelor and the Controlling Shareholder.

Revised Offer and Recommendation of the Board of Directors of Arcelor

Pursuant to the Memorandum of Understanding, among other things, Mittal Steel agreed to revise the Offer consideration, as described above, and the Board of Directors of Arcelor agreed to recommend that its security holders accept the revised Offer. Arcelor will publish a document in response to Mittal Steel s revised Offer in the coming days, which will state more fully the Arcelor Board of Directors views. This document is expected to be available on Arcelor s website at http://www.arcelor.com.

The combined entity, to be domiciled and headquartered in Luxembourg, will be named Arcelor-Mittal. As soon as practical following the completion of the revised Offer, the parties will

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seek to merge Mittal Steel into Arcelor. The structure of the combined entity will be determined based upon tax and other considerations. The merger of Mittal Steel into Arcelor is expected to take place during the first half of 2007. This combined entity would retain listings on the NYSE and in Paris, Amsterdam, Brussels, Luxembourg and Madrid, where Mittal Steel shares will be listed upon completion of the Offer.

Corporate Governance

Pursuant to the Memorandum of Understanding, certain special governance mechanisms designed to favor integration of Arcelor and Mittal Steel will be put in place for an initial term of three years (the Initial Term). These mechanisms will apply to both Arcelor and Mittal Steel pending merger of the two entities and then to the resulting combined entity. After the Initial Term, the combined entity s corporate governance will be reviewed in order to reflect the best standards of corporate governance for comparable companies, and in particular the NYSE standards, as applicable to foreign private issuers, and the Luxemburg Code of Governance.

Following completion of the Offer, each Company will be governed by an identical Board of Directors and an identical Management Board. Each Board of Directors will be a non-executive board and the day-to-day management of the group will be entrusted to the relevant Management Board.

Board of Directors

The Board of Directors of each Company will be composed of 18 non-executive members, the majority of whom will be independent.

- Six members will be nominated by Mittal Steel, three of whom will be independent.
- Six members will be from the existing Arcelor Board.
- Three members will be existing Arcelor Board members representing existing Arcelor major shareholders.
- A further three members will be employee representatives.

All directors will be elected by the general meeting of shareholders for a period of three years. All shares in the Company will have identical voting and economic rights.

Chairman and President

The Board of Directors of Mittal Steel, Arcelor and the Company will appoint a Chairman and a President. Initially, the Chairman will be Mr. Joseph Kinsch, currently Chairman of Arcelor s Board of Directors, and the President will be Mr. Lakshmi Mittal, currently Chairman of Mittal Steel s Board of Directors. Upon the retirement of Mr. Kinsch, Mr. Mittal will assume the role of Chairman and the successor to the President will be proposed by Mr. Kinsch.

During the Initial Term, the agenda of the Board of Directors meetings shall be jointly agreed by the Chairman and the President and shall include any matters proposed to be included on the agenda jointly by the Chairman and the President.

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Board Committees

Each Board of Directors will appoint (i) an Audit Committee composed solely of independent directors and (ii) an Appointments and Remuneration Committee composed of 4 members, including the President (for as long as there is a President and thereafter an independent director), the Chairman and two independent directors.

The Audit Committee will be chaired by an independent director. Decisions will be made by a simple majority vote with no member having a casting vote.

The Appointments and Remuneration Committee will be in charge of making recommendations to each Board of Directors relating to the appointment of the members of the Boards of Directors, and the appointment and remuneration of the members of the Management Boards.

Management Board

Each Company Management Board will be comprised of the current four members of the Arcelor management board plus an additional three members nominated by Mittal Steel s current Board of Directors.

During the Initial Term, the appointment and remuneration of CEOs and board members of the main subsidiaries and the heads of the main business units and corporate functions will be decided by each Company Management Board unanimously.

Standstill

The Controlling Shareholder has agreed to a standstill at its level of ownership following completion of the revised Offer and any subsequent offer or compulsory buy-out, or at a ceiling of 45% of the then issued Company shares if and when the Mittal family s holding falls below 45%. The Controlling Shareholder will be entitled to cross such thresholds in certain circumstances, such as with the consent of a majority of the independent directors or in case of passive crossing of such thresholds.

Lock up

The Controlling Shareholder has agreed to a 5-year lock-up, subject to certain exceptions, including the right to dispose of up to 5% of the Company share capital after the second year.

Other provisions

In consideration of the revision of the terms of Mittal Steel s Offer and of the corporate governance rules set forth above, Arcelor has agreed not to solicit or enter into, entertain or pursue any discussion or negotiation with any third party, including Alexey Mordashov or Severstal, relating to any acquisition proposal relating to Arcelor shares, other than in the context of the filing by a third party of a superior offer taking the form of a takeover bid for the entire share capital of Arcelor.

In the event that any Arcelor shares are issued under the Strategic Alliance Agreement announced by Arcelor on May 26, 2006, the corporate governance rules set forth above shall terminate.

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Confirmation of Social Commitments

Consistent with the Arcelor/Mittal model, as described in Memorandum of Understanding between Mittal Steel, Arcelor and the Controlling Shareholder below, the combined company will respect fully all of Arcelor s social and industrial commitments. There will be no restructuring plan, collective lay offs or other employee reduction plans within Arcelor in the European Union as a result of the integration of the Mittal Steel and Arcelor groups over and above Arcelor s announced restructuring plans and in connection with the implementation of the remedy package agreed upon with the European Union antitrust authorities. Arcelor and Mittal Steel intend to continue promoting employee share ownership in line with best corporate practices for continental European listed companies.

Dofasco

Arcelor and Mittal Steel have not been able to reach agreement as to the ultimate disposition of Dofasco Inc. in the Memorandum of Understanding. Discussion of this question will continue following successful completion of the Offer. Mittal Steel remains committed to selling Dofasco to ThyssenKrupp AG in accordance with its agreements with ThyssenKrupp and the U.S. Department of Justice.

Arcelor Agreement Regarding Severstal

Arcelor announced on May 26, 2006 that it had signed an agreement (the Strategic Alliance Agreement or SAA) with Mr. Alexey Mordashov, the controlling shareholder of OAO Severstal, a steel company organized in Russia, providing for the contribution by Mr. Mordashov to Arcelor of his approximately 89% interest in Severstal (including related mining interests and the Italian steelmaker Lucchini) and 1.25 billion cash in exchange for 295 million newly-issued shares representing an interest of approximately 32% in Arcelor. In addition, the SAA provides certain special management rights and restrictions for Mr. Mordashov, a standstill, a lock-up of his Arcelor shares and various other provisions. On June 12, 2006, Arcelor issued an information document relating to the proposed transaction and describing the terms and conditions of the SAA. Mittal Steel has not had access to the SAA or related documents so the following description is based on the June 12, 2006 information document.

Unless Mittal Steel waives the Minimum Tender Condition and certain other conditions to the Offer (see The Offer - Terms and Conditions of the Offer - Conditions to the Offer; Possible), it will not be possible for both the Offer and the transactions under the SAA to be consummated together. Mittal Steel has no current plan or intention to waive such conditions. Mittal Steel s expectation is that the SAA will be terminated by Arcelor as described below.

According to the information document, Arcelor has the right to terminate the SAA at any time prior to the closing of the transactions contemplated by the SAA: (1) if Mittal Steel or any other person who makes an offer for Arcelor acquires shares representing 50% or more of Arcelor s share capital on a fully diluted basis, including the shares to be issued to Mr. Mordashov, which would be approximately 73% of the shares currently outstanding, (2) if more than 50% of the currently outstanding shares of Arcelor vote against the proposed transaction at a special Arcelor shareholders meeting convened to consider such transaction, and (3) in certain other limited circumstances. Mr. Mordashov has the right to terminate the SAA prior to the closing thereunder in the foregoing circumstances and if Arcelor s Board of Directors publicly approves or recommends an acquisition proposal relating to the Arcelor shares, as it has pursuant to the Memorandum of Understanding.

In addition, during the three-month period following the date of settlement of the Offer, either Arcelor or Mr. Mordashov may terminate the SAA and unwind the transactions thereunder following the closing of such transactions, if Mittal Steel acquires shares representing 50% or more of Arcelor s share capital on a fully-diluted basis.

There is a break-up fee of 140 million payable by Arcelor to Mr. Mordashov if the SAA is terminated in certain circumstances, including those listed in the two preceding paragraphs.

On June 20, 2006, Severstal announced that it and Mr. Mordashov had proposed to Arcelor s Board of Directors revised terms of the SAA, including (1) the exchange of Mr. Mordashov s 89% interest in Severstal for only 210 million newly-issued Arcelor shares, representing approximately 25% of Arcelor s post-completion share capital, (2) elimination of certain special management rights of Mr. Mordashov, subject to the removal of restrictions on his right to vote his shares freely and of certain standstill and lock-up provisions, and (3) elimination of the previously envisaged 1.25 billion cash contribution.

On June 25, 2006, Arcelor s Board of Directors considered Mittal Steel s revised Offer and Mr. Mordashov s revised proposal and determined that Mittal Steel s revised Offer was superior as a whole to Mr Mordashov s revised proposal and, accordingly, unanimously recommended Mittal Steel s revised Offer. In the Memorandum of Understanding, Arcelor has undertaken to terminate the SAA and all ancillary agreements related thereto as soon as it is entitled to do so under the terms and conditions of the SAA and such ancillary agreements, including in the event that shareholders representing 50% of the issued share capital vote against it at the Arcelor extraordinary shareholders meeting convened on June 30, 2006 to vote on the transaction envisaged in the SAA.

Mittal Steel will announce the result of the June 30 Arcelor shareholder vote by press release. If that shareholder vote is insufficient to enable Arcelor to terminate the SAA, Mittal Steel intends to seek a level of tenders in the Offer, i.e., more than 50% of the Arcelor shares on a fully-diluted basis, that would permit Arcelor to terminate the SAA. This is the same level of tenders that will satisfy the Minimum Tender Condition for the Offer.

While there can be no assurance of success, it is Mittal Steel s intention and expectation to acquire more than 50% of Arcelor s total issued shares and voting rights, on a fully-diluted basis, pursuant to the Offer. Consequently, Mittal Steel believes that, in accordance with the provisions summarized above, the SAA will be terminated and never consummated or, if consummated, will be unwound. Assuming that it will be due, the 140 million break-up fee will represent an additional cost of the Offer, which Mittal Steel does not consider material and which would be funded from the general financial resources of Arcelor and/or Mittal Steel.

Mittal Steel has no current plan or intention to waive the Minimum Tender Condition (see The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Minimum Tender Condition). If, at some time in the future, Mittal Steel were to decide to waive this Condition, it will publish a press release to this effect (as provided in The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Consequences of Failure to Meet Conditions to the Offer) and will provide appropriate disclosure, in light of all the facts and circumstances prevailing at the time, as to the potential consequences of Mittal Steel s owning less than 50% of Arcelor if Arcelor in turn owns 89% of Severstal. Such disclosure will be filed with or incorporated into the Registration Statement on Form F-4 of which this prospectus forms a part.

In addition, if consummated, the transactions contemplated between Arcelor and Mr. Mordashov under the SAA would cause the failure of one and possibly two other conditions to the Offer (the absence of shareholder approval for the issuance of Arcelor new securities and the occurrence of an event or action that alters Arcelors s substance), thereby permitting Mittal Steel to withdraw the Offer. See The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of the Offer. In the event that one or both of such conditions ultimately fails as a result of the consummation of such transactions and Mittal Steel decides to invoke its right to withdraw the Offer as a result, Mittal Steel will issue a press release as soon as possible after such consummation but in no event later than the scheduled settlement date of the Offer. See The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Consequences of Failure to Meet Conditions to the Offer. As with the Minimum Tender Condition, Mittal Steel currently has no plan or intention to waive such condition(s). Any such decision would depend on an evaluation of the totality of the circumstances prevailing at the time.

According to information published by Arcelor, Severstal is the largest Russian steel producer, with 2005 annual steel production of 17.1 million tonnes. It is the second largest flat steel producer in Russia with annual steel production of 10.9 million tonnes. In addition, Severstal owns Severstal North America, the fifth largest integrated steel maker in the United States with 2005 production of 2.7 million tonnes, and Lucchini, Italy s second largest steel group with 2005 production of 3.5 million tonnes. Severstal- Resource produces coking coal, thermal coal, iron ore pellets and iron ore concentrate, and generated revenues of 1.12 billion in 2005.

See Information Relating to Arcelor Press release announcing Arcelor s agreement to merge with Severstal (released May 26, 2006) in Annex B hereto.

Conduct of the Offer

The U.S. Offer and the European Offer; Documentation

The Offer is being conducted through two separate offers:

- the U.S. Offer, open to all holders of Arcelor shares and Convertible Bonds who are U.S. holders (within the meaning of Rule 14d-1(d) under the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act)), and to all holders of Arcelor ADSs, wherever located; and

- the European Offer, open to (i) holders of Arcelor shares and Convertible Bonds who are located in Belgium, France, Luxembourg and Spain and (ii) holders of Arcelor shares and Convertible Bonds who are located outside of Belgium, France, Luxembourg, Spain, Japan, The Netherlands and the

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United States to the extent that such holders may participate in the European Offer pursuant to applicable local laws and regulations.

The U.S. Offer and the European Offer have identical terms and conditions other than the date of commencement and the duration of the initial acceptance period (see The Offer Terms and Conditions of the Offer Expiration Date).

The U.S. Offer is being made using this prospectus. The European Offer is being made using a European offer document (consisting of an information document and a share prospectus, as supplemented).

See The Offer Conduct of the Offer The U.S. Offer and the European Offer; Documentation.

Applicable Rules	Mittal Steel intends to conduct the Offer in compliance with the applicable regulatory requirements in the jurisdictions in which Arcelor s securities are listed (Belgium, France, Luxembourg and Spain) and in Arcelor s seat of incorporation (Luxembourg), as determined by the regulatory authorities of such jurisdictions, as well as the applicable requirements of the U.S. tender offer rules found in Regulation 14E under the Exchange Act. The European requirements and procedures applicable to the Offer conflict with our ability to comply with Rules 14e-1(c) and 14e-1(d) under the Exchange Act, and Mittal Steel is relying on the so-called Tier II exemption under the Exchange Act with respect to those rules. See The Offer Conduct of the Offer Applicable Rules; Differences from U.S. Requirements.
SEC Relief	In connection with the Offer, Mittal Steel s financial advisors have sought and received from the SEC exemptive relief from the requirements of Rule 14e-5 under the Exchange Act that permits Mittal Steel s financial advisors or their affiliates to make purchases of, or arrangements to purchase, Arcelor securities outside the United States other than pursuant to the Offer. Mittal Steel expressly draws attention to the fact that, subject to applicable regulatory requirements, Mittal Steel s financial advisors and their affiliates or nominees or brokers (acting as agents) have the ability to make certain purchases of, or arrangements to purchase, Arcelor securities outside the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In the event they were made, these purchases or arrangements to purchase would only be conducted to the extent permitted by

the relevant regulators in Belgium, Luxembourg, France and Spain, or by the relevant regulation in these four jurisdictions, and applicable U.S. securities laws (except to the extent of any exemptive relief granted by the SEC).

In addition, Mittal Steel has sought and received from the SEC exemptive relief confirming that the conduct of the European Offer concurrently with the U.S. Offer would not conflict with the requirements of Rule 14e-5 under the Exchange Act.

See The Offer Conduct of the Offer SEC Relief.

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Terms of the Offer

Scope of the Offer

The Offer is made for all Arcelor shares and Convertible Bonds that were outstanding as of the first filing date of the European Offer with certain competent European securities regulatory authorities (*i.e.,* February 6, 2006), namely (and based on then-publicly available Arcelor information):

- all issued Arcelor shares as of February 6, 2006, *i.e.*, 620,003,031 shares (excluding 19,771,296 Arcelor shares held as treasury shares that Arcelor has undertaken in the Memorandum of Understanding not to tender in the Offer and including shares represented by ADSs);
- all Convertible Bonds outstanding as of February 6, 2006, *i.e.*, 38,961,038 Convertible Bonds;
- all Arcelor shares that will be issued prior to the expiration of the initial acceptance period of the Offer (or any subsequent offering period, as described herein) upon the conversion of Convertible Bonds, *i.e.*, up to 41,999,999 shares (based on a conversion ratio of 1.078; on May 29, 2006, Arcelor paid a 1.85 dividend per share in respect of the 2005 fiscal year, upon which, as announced by Arcelor on April 14, 2006, the conversion/exchange ratio of the Convertible Bonds was modified from 1.027 to 1.078); and
- all Arcelor shares that will be issued before the end of the initial acceptance period of the Offer (or any subsequent offering period, as described herein) upon the exercise of Arcelor stock subscription options granted prior to February 6, 2006 or in exchange for Usinor shares issued upon the exercise of Usinor stock subscription options granted prior to February 6, 2006, *i.e.*, up to 4,675,676 shares.

The Offer is also made for all outstanding Arcelor ADSs that represent any of the securities listed above.

See The Offer Terms and Conditions of the Offer Offer Scope and Consideration Securities Covered by the Offer.

Consideration

The Offer is comprised of both a Primary Offer and two Secondary Offers. Pursuant to the Primary Offer, we are offering to exchange:

- 13 Mittal Steel class A common shares and 150.60 in cash for every 12 Arcelor shares or Arcelor ADS tendered; and

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13 Mittal Steel class A common shares and 188.42 in cash for every 12 Convertible Bonds tendered.

If you hold Arcelor shares or Arcelor ADSs, then, in addition to, or instead of, this mix of Mittal Steel class A common shares and cash, you may elect to tender all or a portion of your Arcelor shares or Arcelor ADSs into one or both of the Secondary Offers. We are offering to exchange:

40.40 in cash for each Arcelor share or Arcelor ADS tendered in the secondary cash offer (the Secondary Cash Offer); or

11 Mittal Steel class A common shares for every 7 Arcelor shares or Arcelor ADSs tendered in the secondary exchange offer (the Secondary Exchange Offer).

The cash consideration paid to tendering holders of Arcelor ADSs will be in U.S. dollars, calculated by converting the applicable amount in euros into U.S. dollars using the noon buying rate, as published by the Federal Reserve Bank of New York, on the business day prior to the settlement date, and will be distributed, less any required withholding taxes and without interest thereon, to such holders.

The consideration set out above in the Primary and Secondary Offers is subject to adjustment if Arcelor makes specified distributions in respect of its share capital, acquires its shares or issues new voting securities or securities conferring the right to subscribe for, acquire or convert into voting securities, as set out in detail herein. Arcelor has undertaken in the Memorandum of Understanding not to take any such actions, other than the possible issuance of shares if and as required by the SAA and the payment of dividends. The Memorandum of Understanding is, however, subject to termination in specified circumstances.

On April 4, 2006, the Board of Directors of Arcelor announced its intention to distribute a total amount of 5 billion to Arcelor shareholders through one or a combination of a share buy-back, an exceptional dividend distribution or a self-tender offer. On May 26, 2006, Arcelor announced its intention to increase this distribution to 6.5 billion. On June 19, Arcelor cancelled an extraordinary meeting of its shareholders scheduled for June 21, 2006 to vote on this distribution. It has now undertaken in the Memorandum of Understanding not to propose any such distribution while the revised Offer is pending. The Memorandum of Understanding is, however, subject to termination in specified circumstances.

You are not required to make the same election for all of the Arcelor shares and Arcelor ADSs that you tender, and you may make any of these elections for all or some of the Arcelor shares and Arcelor ADSs that you tender. Tenders in the two Secondary Offers set out above, however, are subject to a pro-ration and allocation procedure that will ensure that in the aggregate the portion of the consideration paid in the European Offer and the U.S. Offer, on a combined basis, consisting of New Mittal Steel Shares (the Share Portion of the Offer) and the portion of the consideration paid in the European Offer and the U.S. Offer, on a combined basis, consisting of cash (the Cash Portion of the Offer) (excluding the effect of the treatment of fractional shares that would otherwise be issued) will be 68.9% and 31.1%, respectively, subject to adjustment if the consideration is adjusted as described above.

Any price adjustment could result in the extension of the initial acceptance period of the Offer, depending on its timing.

See The Offer Terms and Conditions of the Offer.

Evolution of Offer Consideration

On January 27, 2006, Mittal Steel issued a press release announcing its intention to launch the Offer. The initial consideration (subject to adjustment following certain actions by Arcelor) offered by Mittal Steel in the Primary Offer was 4 Mittal Steel class A common shares and 35.25 in cash for every 5 Arcelor shares or Arcelor ADSs, and 4 Mittal Steel class A common shares and 40.00 in cash for every 5 Convertible Bonds. The initial consideration offered by Mittal Steel in the Secondary Offers was 28.21 in cash for each Arcelor share or Arcelor ADS, or 16 Mittal Steel class A common shares for every 15 Arcelor shares or Arcelor ADSs.

On May 19, 2006, Mittal Steel issued a press release announcing a revised Offer. The revised consideration (subject to adjustment following certain actions by Arcelor) offered by Mittal Steel in the Primary Offer was 1 Mittal Steel class A common share and 11.10 in cash for each Arcelor share or Arcelor ADS, and 1 Mittal Steel class A common share and 12.12 in cash for each Convertible Bond. The revised consideration in the Secondary Offers was 37.74 in cash for each Arcelor share or Arcelor ADS, or 17 Mittal Steel class A common shares for every 12 Arcelor shares or ADSs.

On May 29, 2006, Arcelor paid its announced dividend of 1.85 per share, which triggered the announced adjustment mechanisms to the Offer consideration. As a result of the

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payment of the 1.85-per-share dividend, the consideration for the Primary Offer was adjusted to 1 Mittal Steel class A common share and 10.05 in cash for each Arcelor share or Arcelor ADS tendered, and 1 Mittal Steel class A common share and 12.92 in cash for each Convertible Bond. The consideration for the Secondary Offers was adjusted to 36.69 in cash for each Arcelor share or Arcelor ADS, or 1.3773 Mittal Steel class A common shares for each Arcelor share or Arcelor ADS. On June 7, 2006, Mittal commenced the U.S. Offer. The original prospectus for the U.S. Offer, dated June 7, 2006 and related forms of acceptance and letter of transmittal provided for this adjusted Offer consideration.

On June 25, 2005, Mittal Steel revised the Offer terms to those set out herein pursuant to the terms of the Memorandum of Understanding.

Conditions

The Offer is subject to the following conditions:

Arcelor securities representing more than 50% of the total share capital and voting rights of Arcelor, on a fully-diluted basis, are tendered in the U.S. Offer and the European Offer, on a combined basis;

(i) Between February 6, 2006 and the end of the initial acceptance period of the Offer, no exceptional event beyond the control of Mittal Steel occurs relating to Arcelor (other than any decision or action taken by competent competition authorities in relation to the currently proposed combination of Mittal Steel and Arcelor), and (ii) between February 6, 2006 and the settlement date of the Offer, Arcelor does not take any action that, in either case, materially alters Arcelor s substance, substantially and adversely affects the economics of the Offer or substantially and adversely affects the ability of Mittal Steel to complete the Offer; and

Any new voting securities or any new securities conferring the right to subscribe for, acquire or convert into voting securities (other than securities specifically covered by the Offer as set out herein), such securities being referred to herein as New Securities, issued by Arcelor between February 6, 2006 and the settlement date of the Offer shall have been issued pursuant to specific authorization by Arcelor shareholders granted after February 6, 2006.

The conditions are for the benefit of Mittal Steel, and Mittal Steel reserves the right to maintain the Offer even if one or more of them is not satisfied. Without prejudice to the generality of the foregoing, Mittal Steel specifically reserves

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the right to waive the first condition summarized above at any time until the announcement of the results of the Offer. In the Memorandum of Understanding, Mittal Steel has agreed not to waive this condition unless it holds (through securities tendered in the Offer and with any person(s) acting in concert with it), after completion of the Offer, at least 215 million shares of Arcelor. The timing of any waiver of this condition could result in the extension of the initial acceptance period of the Offer.

See The Offer Terms and Conditions of the Offer and The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer.

Grounds for Withdrawing the Offer Mittal Steel may withdraw the Offer if any of the conditions summarized under Conditions above is not satisfied. In addition, in the event that New Securities are issued after February 6, 2006 pursuant to specific authorization of Arcelor shareholders granted after such date, Mittal Steel may withdraw the Offer subject to the prior consent of the French *Autorité des marchés financiers* (the AMF), the Belgian *Commission Bancaire, Financière et des Assurances* (the CBFA), the Luxembourg *Commission de Surveillance du Secteur Financier* (the CSSF) and/or the Spanish *Comisión Nacional del Mercado de Valores* (the CNMV, and, together with the AMF, the CBFA and the CSSF, the European Regulators), insofar as required by applicable law. As an alternative to withdrawal of the Offer in the event of the issuance of New Securities between February 6, 2006 and the settlement date of the Offer, irrespective of whether such issuance is pursuant to specific Arcelor shareholder authorization granted after February 6, 2006, Mittal Steel may extend the Offer to such New Securities, possibly after amending its terms to reflect the changed economics of the Offer resulting from the issuance of the New Securities.

The extension of the Offer to New Securities could result in the extension of the initial acceptance period for the Offer, depending on its timing. See The Offer Terms and Conditions of the Offer Offer Scope and Consideration Issuance of New Securities.

Mittal Steel may also withdraw the Offer within five Business Days following the publication of an offer document relating to a competing or improved competing offer.

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See The Offer Terms and Conditions of the Offer Grounds for Withdrawing the Offer.

Expiration Date

The initial acceptance period for the U.S. Offer began on the date of commencement of the U.S. Offer (June 7, 2006) and will close at 12:00 midnight, New York City time, on Thursday, July 13, 2006, unless it is extended.

The initial acceptance period of the Offer could be extended if a competing bid is made for Arcelor securities, we increase the Offer consideration or make other material changes in the terms and conditions of the Offer, if Arcelor adopts certain defensive measures or to comply with applicable regulatory requirements.

In particular, the initial acceptance period shall be extended such that it is open for ten Business Days after publication of any of (i) or (ii) below or for five Business Days after the publication of (iii) below:

(i) the first public announcement by Mittal Steel of an adjustment to the consideration offered for Arcelor securities pursuant to The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer and The Offer Terms and Conditions of the Offer Offer for Arcelor Shares Secondary Cash and Exchange Offers;

(ii) the first public announcement by Mittal Steel of Mittal Steel s extension of the Offer to New Securities issued by Arcelor after amending the terms of the Offer in accordance with The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares and The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Shareholder Approval of New Securities; or

(iii) a supplement to this prospectus containing a material change other than those described in (i) and (ii) above.

The initial acceptance period for the European Offer will expire on July 13, 2006. If the initial acceptance period of the European Offer is extended beyond July 13, 2006, Mittal Steel intends to extend the initial acceptance period of the U.S. Offer so that the initial acceptance periods of the European Offer and the U.S. Offer expire on the same date.

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If Mittal Steel decides to extend the initial acceptance period, as described above, it will publish a press release announcing such decision.

See The Offer Terms and Conditions of the Offer Expiration Date.

Subsequent Offering Period

Mittal Steel may elect and reserves the right to provide a subsequent offering period of at least ten Business Days if Mittal Steel acquires at least two-thirds of Arcelor s total share capital and voting rights, or more than 50% if there is a concurrent competing offer for the Arcelor securities. Mittal Steel shall make such election within ten Business Days from the date on which the results of the Offer are published in the manner described in The Offer Acceptance and Return of Arcelor Securities. If it so elects, Mittal Steel will issue a press release to announce the date of opening and duration of such subsequent offering period.

In the event that Mittal Steel acquires 90% or more of Arcelor s shares, it will issue a press release announcing a subsequent offering period of at least 15 Business Days. This subsequent offering period shall start within the month following the date on which the results of the Offer are published in the manner described in The Offer Acceptance and Return of Arcelor Securities. This mandatory offer requirement would also apply in the event that Mittal Steel were to acquire 90% of Arcelor following completion of a subsequent offering period, triggering an additional subsequent offering period.

In addition, pursuant to applicable Luxembourg takeover regulations if Mittal Steel acquires control of Arcelor (which would be the case if Mittal Steel acquires 33 $^{1}/3$% or more of Arcelor s voting securities), the remaining Arcelor securityholders would be entitled to tender their Arcelor securities in a subsequent 15-day offer period starting on the day of publication of the results of the Offer.

If a subsequent offering period for the European Offer is announced, Mittal Steel intends to announce a corresponding subsequent offering period for the U.S. Offer.

A subsequent offering period, if one is provided, will be an additional period of time beginning after Mittal Steel has acquired Arcelor securities tendered during the Offer, during which holders may tender their Arcelor securities. The terms of such subsequent offering period will differ from those provided

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in subsequent offering periods found in U.S. domestic tender and exchange offers pursuant to Rule 14d-11 under the Exchange Act.

During any subsequent offering period, Mittal Steel shall offer the same consideration as that offered during the initial acceptance period (subject to the same adjustment mechanisms).

The subsequent offering period will be subject to a number of conditions and the right of Mittal Steel to terminate the subsequent offering period. Specifically, the subsequent offering period will be subject to the condition set forth in clause (ii) of the second bullet summarized in Conditions above (and The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Events or Actions that Alter Arcelor s Substance herein) and the condition set forth in the third bullet summarized in Conditions above (and The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Shareholder Approval of New Securities herein). Failure of such conditions during any subsequent offering period will entitle Mittal Steel to terminate the subsequent offering period.

Moreover, the grounds available to Mittal Steel for withdrawing the Offer as described in Grounds for Withdrawing the Offer will apply to any subsequent offering period. Thus, in the event that New Securities are issued after February 6, 2006 pursuant to Arcelor shareholder authorization, Mittal Steel may terminate the subsequent offering period subject to the prior consent of the relevant European Regulators, and Mittal Steel may also terminate the subsequent offering period within five Business Days following the publication of an offer document relating to a competing or an improved competing offer.
Any termination of the subsequent offering period shall not affect securities tendered during the initial acceptance period, since such securities would have been purchased on the settlement date of the initial acceptance period. If the subsequent offering period is not terminated as a result of the issuance of New Securities, the Offer will be extended to the New Securities, possibly after amendment of its terms.

During any subsequent offering period, withdrawal rights shall apply with respect to tenders made during such subsequent

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offering period; however, holders who previously tendered during the initial offering period will not be able to withdraw their tenders since their securities will have already been purchased.

See The Offer Terms and Conditions of the Offer Subsequent Offering Period.

Procedures for Tendering Arcelor Securities	The procedure for tendering Arcelor securities into the U.S. Offer varies depending on a number of factors, including (i) whether you hold Arcelor shares, Convertible Bonds or Arcelor ADSs, (ii) whether you possess physical certificates or a financial intermediary holds physical certificates for you, and (iii) whether you hold your Arcelor securities through a U.S. custodian or directly through a financial intermediary located in France, Belgium, Luxembourg, Spain or elsewhere. You should read carefully the detailed summary of procedures for tendering the different types of Arcelor securities set forth in The Offer Procedures for Tendering Arcelor Securities.
Withdrawal Rights of Securityholders	Holders of Arcelor securities may withdraw tendered securities at any time during the initial acceptance period for the Offer. Moreover, if the initial acceptance period for the Offer is extended as described in The Offer Terms and Conditions of the Offer Expiration Date, holders of Arcelor securities who have previously tendered their securities may withdraw them until the end of the initial acceptance period so extended.
	See The Offer Terms and Conditions of the Offer Withdrawal Rights of Securityholders.
Delivery of Mittal Steel Shares and Cash	The Global Centralizing Agent will deliver New Mittal Steel Shares and cash to local centralizing agents for Arcelor shares and Convertible Bonds held through a European central depositary, to Arcelor for Arcelor shares directly registered in the Arcelor share register and to the ADS Centralizing Agent for Arcelor ADSs promptly following the publication of the final results of the Offer. See The Offer Delivery of New Mittal Steel Shares and Cash.
Regulatory Approvals	Antitrust notifications have been made in the European Union pursuant to Council Regulation (EC) 139/2004, in the United States pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and in other jurisdictions around the

world. The statutory waiting periods have expired in the United States and the transaction has been cleared in Canada and the European Union, subject in the latter case to commitments. In the United States, the Department of Justice s investigation continues with respect to one area of overlap between the parties North American operations. Mittal and the DOJ have agreed that, if the DOJ were to conclude that a remedy is necessary to resolve a competitive concern in this area, Mittal s proposed sale of Dofasco to ThyssenKrupp would satisfy the Department s concerns. If Mittal is unable to sell Dofasco to ThyssenKrupp, Mittal may instead resolve any competitive concern by selling an identified alternative asset.

See Regulatory Matters.

Listing of Mittal Steel Class A Common Shares Mittal Steel class A common shares are currently listed on the NYSE and Euronext Amsterdam. Mittal Steel will apply to list the shares issued pursuant to the Offer on these exchanges, as well as on Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange and the Spanish Stock Exchanges. See The Offer Listing of Mittal Steel Shares.

Compulsory Acquisition; Delisting To the extent permitted under applicable laws and stock exchange regulations, Mittal Steel may petition to cause the delisting of the Arcelor securities from all stock exchanges on which they are currently listed. Furthermore, subject to the completion of the Offer, Mittal Steel intends to cause Arcelor to terminate its deposit agreement with respect to the Arcelor ADR program. Should any of Arcelor s shares remain outstanding after completion of the Offer, Mittal Steel will consider possible options to attain ownership of all of Arcelor s share capital, including through any available compulsory buy-out procedure, merger or other corporate reorganization. As of May 22, 2006, Luxembourg law provides for a compulsory buy-out of minority shareholders, if following an offer the offeror owns 95% of the capital and voting rights of the target company. If Mittal Steel does not hold 95% or more of the capital and the voting rights of Arcelor following the Offer, Mittal Steel would consider other possible options to increase its shareholding in Arcelor. See The Offer Delisting; Termination of Arcelor ADR Program; Possible Redemption of Convertible Bonds, The Offer Compulsory Acquisition and The Offer Intentions of Mittal Steel Regarding Corporate Governance and Corporate Structure Intentions Regarding Minority Buy-Out and Delisting.

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Dividends	The New Mittal Steel Shares issued in connection with the Offer will have the same dividend and other rights as Mittal Steel s other class A common shares. Holders of the New Mittal Steel Shares will be entitled to any dividend declared as from the registration of the capital increase effected in connection with the issuance of such shares.
Early Redemption Rights Relating to Convertible Bonds	Both holders of Convertible Bonds and Arcelor have early redemption rights in certain circumstances. If neither Mittal Steel nor Arcelor provides a fairness opinion with respect to the Offer for Convertible Bonds, bondholders may, during the 60 days following the closing of the Offer, request early redemption at the higher of (i) the principal amount of the Convertible Bonds plus accrued interest, and (ii) the value of the consideration paid in the Offer for Arcelor shares as of the closing date multiplied by the conversion / exchange ratio for the Convertible Bonds then in effect (currently 1.078). If the Arcelor shares are delisted from all regulated markets, bondholders may request redemption at a price equal to the Convertible Bonds principal amount plus accrued interest. If less than 10% of the Convertible Bonds remain outstanding, Arcelor has the right to redeem all of the Convertible Bonds at their principal amount plus accrued interest. Mittal Steel has not provided and does not intend to provide such a fairness opinion. Mittal Steel does not currently know whether Arcelor intends to procure such an opinion.

See The Offer Delisting; Termination of Arcelor ADR Program; Possible Redemption of Convertible Bonds for further information.

Mandatory Offer for Minority Interests in the Brazilian Subsidiaries	Arcelor holds a majority interest in two companies that are listed on the Brazilian stock exchange. Under Brazilian law, Mittal Steel will be required to offer to acquire the minority interests in these companies if it acquires control of Arcelor. The value of the interests and the consideration to be paid in such offer is subject to a number of variables. See The Offer Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor s two Brazilian Subsidiaries for further information.

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Comparison Of The Rights Of Arcelor Shareholders And Mittal Steel Shareholders	Depending on the consideration you elect and the results of the pro-ration and allocation procedures, you may receive Mittal Steel class A common shares if you tender your Arcelor securities. There are numerous differences between the rights of a shareholder in Arcelor, a Luxembourg *société anonyme*, and the rights of a shareholder in Mittal Steel, a Dutch *naamloze vennootschap*. For a summary of these differences, please see Comparison of Rights of Shareholders Under Luxembourg and Dutch Law. The Memorandum of Understanding provides, however, that following completion of the Offer and further analysis and implementation steps, Mittal Steel should be merged into Arcelor, a Luxembourg company. The exact timing of this merger is uncertain but is estimated to occur approximately nine to 12 months following completion of the Offer. See Memorandum of Understanding between Mittal Steel, Arcelor and the Controlling Shareholder Post-Offer Merger.
Interests of Directors and Executive Officers of Mittal Steel and Arcelor; Post-Offer Shareholding	No Mittal Steel director or executive officer owns any Arcelor securities. Mittal Steel s Controlling Shareholder holds a number of the issued and outstanding Mittal Steel class A common shares and 100% of the issued and outstanding Mittal Steel class B common shares, together representing approximately 98% of the combined voting interest in Mittal Steel. Following the Offer, the Controlling Shareholder will retain at least a substantial minority shareholding.

Based on publicly available information, members of Arcelor s Management Board collectively owned approximately 0.02% of the outstanding shares of Arcelor as of December 31, 2005. No information regarding ownership of Mittal Steel shares by any director or executive officer of Arcelor is publicly available.

Material U.S. Federal and Dutch Income Tax Consequences of the Exchange	The sale of Arcelor securities for cash and the exchange of Arcelor securities for Mittal Steel class A common shares will constitute a taxable disposition under U.S. federal income tax law. See Taxation United States Taxation. Dividends

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distributed by Mittal Steel generally will be subject to Dutch withholding tax. See Taxation Dutch Taxation Withholding Tax.

Requests for Assistance If you have questions or want copies of additional documents, you may contact:

The information agent:

D.F. King & Co., Inc.

48 Wall Street

New York, New York 10005

1 800 347 4857

Banks and Brokers: 1 212 269 5550

or the dealer managers (solely for the U.S. Offer):

Goldman, Sachs & Co.
1 New York Plaza, 48th Floor
New York, New York 10004
1 800 323 5678;

Citigroup Global Markets Inc.
388 Greenwich Street
New York, New York 10013
1 800 754 1370;

Credit Suisse Securities (USA) LLC
Eleven Madison Avenue
New York, New York 10010
1 800 881 8320;

HSBC Securities (USA) Inc.
452 Fifth Avenue
New York, New York 10018
1 800 975 4722; and

SG Americas Securities, LLC
1221 Avenue of the Americas
New York, New York 10020
1 212 278 5595.

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PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION

Company Names

Unless indicated otherwise, or the context otherwise requires, references in this prospectus to Mittal Steel, we, us, our and the Company or similar terms are to Mittal Steel Company N.V., formerly known as Ispat International N.V., and its subsidiaries (which include LNM Holdings N.V. and its subsidiaries and International Steel Group Inc. and its subsidiaries). Ispat International refers to Ispat International N.V. and its subsidiaries as they existed prior to the business combination with LNM Holdings on December 17, 2004 and to its predecessor companies for periods prior to the organization of Ispat International in 1997. LNM Holdings refers to LNM Holdings N.V. and its subsidiaries as they existed prior to their business combination with Ispat International on December 17, 2004 and to its predecessor companies for the periods prior to the organization of LNM Holdings. On December 20, 2004, LNM Holdings name was changed to Mittal Steel Holdings N.V. On December 28, 2005, Mittal Steel Holdings N.V. was redomiciled to Switzerland and changed its name to Mittal Steel Holdings A.G.

To the extent that references in this prospectus to Mittal Steel are made with respect to time periods occurring before December 17, 2004, Mittal Steel means Ispat International and its subsidiaries and their predecessors adjusted after giving effect to the business combination with LNM Holdings and its subsidiaries and their predecessors. ISG refers to International Steel Group Inc. and its subsidiaries as it existed prior to its acquisition by Mittal Steel on April 15, 2005. Following the acquisition of ISG by Mittal Steel, ISG s name was changed to Mittal Steel USA ISG Inc., the operations were merged with Ispat Inland on December 31, 2005, and the name of the surviving entity was changed to Mittal Steel USA Inc. All references in this prospectus to Mittal Steel USA refer to the combined operations of Mittal Steel USA ISG Inc. with Mittal Steel s other U.S. operating subsidiary, Ispat Inland Inc. All references in this prospectus to Inland refer to Ispat Inland Inc.

All references in this prospectus to Mittal Steel Kryviy Rih refer to the operations of Kryvorizhstal, Ukraine, which was acquired by the Company on November 25, 2005 and subsequently renamed OJSC Mittal Steel Kryviy Rih, or Mittal Steel Kryviy Rih.

All references in this prospectus to Hunan Valin refer to Hunan Valin Steel Tube & Wire Company, China.

References to Arcelor refer to Arcelor S.A., a *société anonyme* incorporated under Luxembourg law, having its registered office at 19 Avenue de la Liberté, L-2930 Luxembourg, Grand Duchy of Luxembourg, and, where applicable, its consolidated subsidiaries.

Certain Defined Terms

Unless indicated otherwise, or the context otherwise requires, references in this prospectus to:

Articles of Association refers to the amended and restated Articles of Association of Mittal Steel Company N.V., dated June 21, 2005;

Business Day means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is operating and that is not a federal holiday in the

United States. TARGET as a whole is closed on Saturdays, Sundays, New Year s Day, Good Friday and Easter Monday, May 1, Christmas Day and December 26. For the avoidance of doubt a Business Day shall be deemed to end at 12:00 midnight New York City time;

C$ or Canadian dollars are to the lawful currency of Canada;

Controlling Shareholder refers to Mr. Lakshmi N. Mittal and his wife, Mrs. Usha Mittal;

euro and are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union of January 1, 1999 pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union;

production capacity are to the annual production capacity of plant and equipment based on existing technical parameters as estimated by management;

steel products are to finished and semi-finished steel products and exclude direct reduced iron, or DRI;

tons or net tons or ST are to short tons and are used in measurements involving steel products, including liquid steel (a short ton is equal to 907.2 kilograms or 2000 pounds);

tonnes or MT are to metric tonnes and are used in measurements involving iron ore, iron ore pellets, DRI, hot metal, coke, coal, pig iron and scrap (a metric tonne is equal to 1,000 kilograms or 2,204.62 pounds); and

USD, US dollars or $ are to the lawful currency of the United States.

All volume figures for shipments of our steel products include inter-company sales.

Financial Information

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

Mittal Steel

All of the financial statements included in this prospectus for Mittal Steel have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The financial records of each of the operating subsidiaries are maintained in the currency of the country in which each subsidiary is located and using that country s statutory or generally accepted accounting principles. For consolidation purposes, financial statements have been prepared in conformity with U.S. GAAP and are expressed in U.S. dollars, the reporting currency.

For purposes of its regulatory filings in Europe relating to its listing on Euronext Amsterdam, Mittal Steel also prepares, beginning with the fiscal year ended December 31, 2005, financial statements in accordance with International Financial Reporting Standards as endorsed by the

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European Union (IFRS). In addition, the pro forma financial information included herein to reflect the acquisition of Arcelor by Mittal Steel was prepared on the basis of IFRS. IFRS differs in certain significant respects from U.S. GAAP and therefore our financial statements prepared under IFRS are not comparable with our financial statements prepared under U.S. GAAP that are incorporated by reference herein. See Summary of Certain Differences between IFRS and U.S. GAAP (Unaudited).

Incorporated by reference in this prospectus are: (i) the audited consolidated financial statements of Mittal Steel Company N.V. and its consolidated subsidiaries (adjusted after giving effect to the business combination with LNM Holdings, which has been accounted for on the basis of common control accounting), including the consolidated balance sheets as of December 31, 2004 and 2005, and the consolidated statements of income, comprehensive income, shareholders equity and cash flows for each of the years ended December 31, 2003, 2004 and 2005; (ii) the audited consolidated financial statements of ISG and its consolidated subsidiaries as of and for the year ended December 31, 2004, and the unaudited condensed consolidated financial statements of ISG for the three months ended March 31, 2005; and (iii) the unaudited pro forma condensed combined statement of operations of Mittal Steel for the year ended December 31, 2005, adjusted after giving effect to the acquisition of ISG using the purchase method of accounting and presented as if the acquisition was completed on January 1, 2005. The ISG annual consolidated financial statements as of and for the year ended December 31, 2004 have not been audited by Mittal Steel s auditors.

On December 17, 2004, Ispat International N.V. completed its acquisition of Mittal Steel Holdings N.V., formerly LNM Holdings N.V. On December 20, 2004, LNM Holdings name was changed to Mittal Steel Holdings N.V. On December 28, 2005, Mittal Steel Holdings N.V. was redomiciled to Switzerland and changed its name to Mittal Steel Holdings A.G. As Ispat International N.V. and LNM Holdings N.V. were affiliates under common control, the acquisition of LNM Holdings N.V. was accounted for on the basis of common control accounting, which is similar to a previously permitted method of accounting known as pooling-of-interests. Therefore, these consolidated financial statements reflect the financial position and results of operations of Mittal Steel from the accounts of Ispat International N.V. and LNM Holdings N.V. as though Mittal Steel had been a stand-alone legal entity during 2003 and 2004. These consolidated financial statements as of and for the years ended December 31, 2003 and 2004 have been prepared using the historical basis in the assets and liabilities and the historical results of operations relating to Ispat International N.V. and LNM Holdings N.V. based on the separate records maintained for each of these businesses. Inter-company balances and transactions have been eliminated on consolidation.

Arcelor

Annex B to this prospectus includes the following financial information and documents published by Arcelor: (i) consolidated financial statements as of and for the years ended December 31, 2003, 2004 and 2005 and the management reports relating to such years; (ii) unaudited selected consolidated interim financial data as of March 31, 2006, as posted on Arcelor s website on May 12, 2006; and (iii) the press release announcing Arcelor s agreement to merge with Severstal, as posted on Arcelor s website on May 26, 2006. The financial statements and data were prepared in accordance with IFRS. IFRS differs in certain significant respects from U.S. GAAP. For a narrative discussion of certain relevant differences between IFRS and U.S. GAAP, see Summary of Certain Differences between IFRS and U.S. GAAP (Unaudited).

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Market Information

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

Internet Sites

Each of Mittal Steel and Arcelor maintains an Internet site. Mittal Steel s Internet address is www.mittalsteel.com. Arcelor s Internet address is www.arcelor.com. Information contained in or otherwise accessible through these Internet sites is not a part of this prospectus unless otherwise incorporated by reference in this prospectus, as described in Incorporation of Certain Documents by Reference. All references in this prospectus to Mittal Steel s and Arcelor s Internet sites are inactive textual references to these URLs and are for your information only.

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NOTE ON ARCELOR INFORMATION

Mittal Steel has included in or annexed to this prospectus information concerning Arcelor insofar as it is known or reasonably available to Mittal Steel. However, Arcelor is not affiliated with Mittal Steel and has not permitted Mittal Steel access to its books and records or any other non-public information about it. Therefore, information concerning Arcelor that has not been made public is not available to Mittal Steel. Although Mittal Steel has no knowledge that would indicate that statements relating to Arcelor contained in this prospectus in reliance on publicly available information are inaccurate or incomplete, Mittal Steel was not involved in the preparation of such information or statements and, for the foregoing reasons, is not in a position to verify any such information or statements. See Risk Factors Risks Relating to the Offer Mittal Steel has not been given the opportunity to conduct a due diligence review of the non-public records of Arcelor. Therefore, Mittal Steel may be subject to unknown liabilities of Arcelor that may have a material adverse effect on Mittal Steel s profitability and results of operations , and Risk Factors Risks Relating to the Offer Mittal Steel has not verified the reliability of the Arcelor information included in this prospectus.

Pursuant to Rule 409 under the U.S. Securities Act of 1933, as amended (the Securities Act), Mittal Steel requested in correspondence over the period from February 14 to April 7, 2006 that Arcelor provide Mittal Steel with information required for complete disclosure relating to its business, operations and financial condition in compliance with the requirements of Item 17 of Form F-4, including financial statements prepared in accordance with or reconciled to U.S. GAAP. During this correspondence, Arcelor requested clarification of Mittal Steel s request, which Mittal Steel provided, and confirmation from Mittal Steel that Arcelor s accession to its request would be without prejudice to Arcelor s right to oppose Mittal Steel s hostile offer, which Mittal Steel also provided. The correspondence culminated with Arcelor s provision of an estimate of the time and cost (which Mittal Steel had offered to defray, subject to agreement on a budget) necessary for the preparation by Arcelor of a reconciliation to U.S. GAAP of its financial statements prepared in accordance with IFRS. This estimate led Mittal Steel to conclude that the requested information relating to Arcelor is not reasonably available to it.

The entry into the Memorandum of Understanding on June 25, 2006 does not change the situation discussed above. Although the Memorandum of Understanding requires some limited cooperation on regulatory matters (notably with regard to antitrust and to relief from the Luxembourg mandatory tender offer requirement, if applicable), it does not provide Mittal Steel with the right to perform due diligence with respect to Arcelor, give it access to Arcelor s books and records, or require Arcelor to cooperate in the preparation of Mittal Steel s disclosure in connection with the Offer, and, in response to a request, Arcelor has confirmed that it is not prepared to cooperate in such regard at this time.

Mittal Steel also requested in such correspondence with both Arcelor and Arcelor s independent public accountants that the latter consent in a customary manner to the inclusion of their audit reports with respect to the financial statements of Arcelor included in this prospectus. Arcelor ultimately offered to request its independent public accountants to consider to provide such consent subject to several conditions. Arcelor also stated that its independent public accountants had advised that their ability to issue such consent would be subject to Mittal Steel obtaining from the SEC staff confirmation that the staff would not object to the inclusion of audit reports which relate to audits conducted in accordance with International Standards of Auditing (IAS) rather than the standards promulgated by the Public Company Accounting Oversight Board. Based on Mittal Steel s understanding that an audit report prepared on the basis of IAS would not be acceptable to the SEC, Mittal Steel considers that obtaining such consent is impracticable.

Mittal Steel will provide any and all information that it receives from Arcelor or its independent public accountants at least five Business Days prior to the expiration of the Offer that Mittal Steel deems material, reliable and appropriate in a subsequently prepared amendment or supplement hereto.

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EXCHANGE RATE AND CURRENCY INFORMATION

Certain financial information contained herein is presented in euro. References herein to euro, EUR and refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union. References to $, U.S.$ and U.S. dollars are to the lawful currency of the United States.

Mittal Steel publishes its financial statements in U.S. dollars, and Arcelor publishes its financial statements in euro. This prospectus contains translations of some euro amounts into U.S. dollars. These amounts are provided solely for your convenience. Unless otherwise indicated, translations of euro amounts into U.S. dollars were made at the rate of 1.00 = $1.2214, which was the Bloomberg EURUSD exchange rate at the close of trading in Mittal Steel class A common shares on NYSE on January 26, 2006.

The following table shows the period-end, average, high and low Noon Buying Rate in New York City for cable transfers in foreign currencies as certified by the Federal Reserve Bank of New York (the Noon Buying Rate) for the euro, expressed in U.S. dollars per one euro, for the periods and dates indicated.

Month	Period End	Average rate(1)	High	Low
U.S. dollar/Euro				
Month to June 26, 2006	1.26	1.27	1.30	1.25
May 2006	1.28	1.28	1.29	1.26
April 2006	1.26	1.23	1.26	1.21
March 2006	1.21	1.20	1.22	1.19
February 2006	1.19	1.19	1.21	1.19
January 2006	1.22	1.21	1.23	1.20
December 2005	1.18	1.19	1.20	1.17
November 2005	1.18	1.18	1.21	1.17
October 2005	1.20	1.20	1.21	1.19
September 2005	1.21	1.22	1.25	1.20
August 2005	1.23	1.23	1.24	1.21
First Half 2005	1.21	1.28	1.35	1.20
Year				
U.S. dollar/Euro				
2005	1.18	1.24	1.35	1.17
2004	1.35	1.25	1.36	1.18
2003	1.26	1.14	1.26	1.04
2002	1.05	0.95	1.05	0.86
2001	0.89	0.89	0.95	0.84
2000	0.94	0.92	1.03	0.83

Source: Federal Reserve Bank of New York

(1) The average of the Bloomberg EURUSD exchange rates on the last business day of each month (or portion thereof) during the relevant period for annual and semi-annual averages; on each business day of the month (or portion thereof) for monthly average.

Fluctuations in exchange rates that have occurred in the past are not necessarily indicative of fluctuations in exchange rates that may occur at any time in the future. No representations are made herein that the euro or U.S. dollar amounts referred to herein could have been or could be converted into U.S. dollars or euro, as the case may be, at any particular rate.

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SELECTED HISTORICAL FINANCIAL INFORMATION FOR MITTAL STEEL

The following table presents selected consolidated historical financial information for Mittal Steel for the years ended December 31, 2001, 2002, 2003, 2004 and 2005. This selected consolidated financial information is derived from and should be read in conjunction with the audited consolidated financial statements of Mittal Steel for the years ended December 31, 2003, 2004 and 2005, including the notes thereto, incorporated by reference herein.

	Year Ended December 31,				
	2001	2002	2003	2004	2005
	(All amounts in $ millions except per share data and percentages)				
Statement of Income Data					
Sales	$ 5,423	$ 7,080	$ 9,567	$ 22,197	$ 28,132
Cost of sales (exclusive of depreciation)	4,952	5,752	7,568	14,694	21,495
Depreciation	229	266	331	553	829
Selling, general and administrative expenses	204	298	369	804	1,062
Other operating expenses	75	62			
Operating income / (loss)	(37)	702	1,299	6,146	4,746
Operating margin as a percentage of sales	(0.7)%	9.9%	13.6%	27.7%	16.9%
Other income (expense) net	22	32	70	128	77
Income from equity investments	(2)	111	162	66	69
Financing costs:					
Net interest expense	(235)	(222)	(175)	(187)	(229)
Net gain / (loss) from foreign exchange	(18)	15	44	(20)	40
Income / (loss) before taxes, minority interest and cumulative effect of change in accounting principle	(270)	638	1,400	6,133	4,703
Net income / (loss)	(199)	595	1,182	4,701	3,365
Basic earnings / (loss) per common share after cumulative effect of change in accounting principle[1]	$ (0.31)	$ 0.92	$ 1.83	$ 7.31	$ 4.90
Diluted earnings / (loss) per common share after cumulative effect of change in accounting principle[1]	$ (0.31)	$ 0.92	$ 1.83	$ 7.31	$ 4.89
Dividends declared per share[2]					0.30

	At December 31,				
	2001	2002	2003	2004	2005
	(All amounts in $ millions except number of shares)				
Balance Sheet Data					
Cash and cash equivalents, including short-term investments and restricted cash	$ 225	$ 417	$ 900	$ 2,634	$ 2,149
Property, plant and equipment net	4,138	4,094	4,654	7,562	15,539
Total assets	7,161	7,909	10,137	19,153	31,042
Payable to banks and current portion of long-term debt	470	546	780	341	334
Long-term debt (including affiliates)	2,262	2,187	2,287	1,639	7,974
Net Assets	1,106	1,442	2,561	5,846	10,150
Share capital[3]	539	541	533	488	2,405
Weighted average common shares outstanding (millions)	646	648	647	643	687

	Year Ended December 31,				
	2001	2002	2003	2004	2005
	(All amounts in $ millions except quantity information)				
Other Financial and Operating Data:					
Net cash provided by operating activities	$ 237	$ 539	$ 1,438	$ 4,611	$ 3,974
Net cash (used in) investing activities	(214)	(360)	(814)	(801)	(7,612)
Net cash (used in) provided by financing activities	(92)	16	(282)	(2,329)	3,349
Total production of DRI (thousands of tonnes)	4,918	5,893	7,202	9,664	8,321
Total shipments of steel products (thousands of tons) [4]	18,634	24,547	27,446	42,071	49,178

(1) Earnings per common share are computed by dividing net income by the weighted average number of common shares outstanding during the periods presented considering retroactively the shares issued by Mittal Steel in connection with the acquisition of LNM Holdings.
(2) This does not include the dividends declared by LNM Holdings to its shareholder prior to its acquisition by Ispat International.
(3) Comprised of common shares and additional paid-in capital less treasury stock.
(4) Includes all inter-company shipments.

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SELECTED HISTORICAL FINANCIAL INFORMATION FOR ARCELOR

The following table presents selected consolidated financial information of Arcelor for the years ended December 31, 2002, 2003, 2004, 2005, as set forth in (except as otherwise indicated) Arcelor s annual reports for such years as posted on Arcelor s web site. This selected consolidated financial information is derived from and should be read in conjunction with the respective consolidated financial statements of Arcelor for the years ended December 31, 2003, 2004 and 2005, including the notes thereto, annexed to this prospectus. In order to facilitate meaningful year-on-year comparisons, the financial statements as of and for the year ended December 31, 2004 have been adjusted to conform to the presentation in Arcelor s 2005 annual report. See Note on Arcelor Information and Risk Factors Risks Relating to the Offer Mittal Steel has not verified the reliability of the Arcelor information included in this prospectus.

Mittal Steel prepares its financial statements under U.S. GAAP. Arcelor prepares its financial statements under IFRS, which differs in certain significant respects from U.S. GAAP. These differences, as they relate to Arcelor, cannot be quantified based solely on the publicly available financial information of Arcelor and may be significant. For a narrative discussion of certain relevant differences between IFRS and U.S. GAAP, see Summary of Certain Differences between IFRS and U.S. GAAP (Unaudited).

	As at and for the Year Ended December 31,			
	2002(1)	2003	2004	2005
	(All amounts in millions, except per share data)			
Income statement data				
Amounts in accordance with IFRS				
Revenue	**24,533**	**25,923**	**30,176**	**32,611**
Operating result	**680**	**738**	**3,314**	**4,376**
Operating margin(2)	2.8%	2.8%	11.0%	13.4%
Net financing costs	(434)	(321)	(521)	(254)
Share of results in companies accounted for using the equity method	102	140	413	317
Result before tax	**348**	**557**	**3,206**	**4.439**
Taxation	(488)	(141)	(513)	(161)
Result after tax	**(140)**	**416**	**2,693**	**4,278**
Minority interests	(46)	(159)	(403)	(432)
Net result group share	**(186)**	**257**	**2,290**	**3,846**
Basic earnings per share	(0.38)	0.54	4.21(3)	6.26(4)
Diluted earnings per share	(0.38)	0.54	3.80	5.90
Balance sheet data (at period end)				
Amounts in accordance with IFRS				
Total shareholders equity	6,732	6,733	10,812	15,109
Minority interests	661	730	1,415	2,524
Total assets	25,836	24,608	31,238	35,916
Total non-current assets	12,853	12,590	15,265	18,196
Total non-current liabilities	8,178	8,757	8,624	8,279
Cash Flow Data				
Amounts in accordance with IFRS				
Cash flows from operating activities	1,946(5)	2,502(5)	3,205(5)	4,464(5)
Cash flows from (used in) investing activities	(591)	(1,109)	(1,382)	(1,606)
Cash flows from (used in) financing activities	(1,251)	(686)	354	(2,389)

(1) Includes the results of operations for the entire fiscal year for Usinor and from March 1, 2002 for Aceralia Corporación Siderurgica and Arbed, each of which was acquired on February 28, 2002 and has been accounted for under the purchase method of accounting in accordance with International Accounting Standards 22.
(2) Calculated by Mittal Steel as operating result divided by revenue.
(3) Including 106,629,054 new shares issued on July 27, 2004, and excluding treasury shares.
(4) Excluding treasury shares.
(5) Including taxes paid in the amount of 82 million in 2002, 29 million in 2003, 199 million in 2004 and 405 million in 2005, and net interest paid in the amount of 387 million in 2002, 261 million in 2003, 151 million in 2004 and 107 million in 2005.

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UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AND

INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2005

The following unaudited condensed combined balance sheet and income statement (Unaudited Pro Forma Condensed Combined Financial Information) were prepared to illustrate the estimated effects of the acquisition of ISG and the estimated effects of the proposed acquisition of Arcelor as if such acquisitions had occurred on January 1, 2005.

The Unaudited Pro Forma Condensed Combined Financial Information has not been prepared in accordance with Article 11 of Regulation S-X under the Securities Act. It is therefore not consistent in terms of content and presentation with pro forma financial information typically included in prospectuses for the public offering of securities in the United States. It is included in this prospectus because it is required to be included in the prospectus for the European Offer and is considered to provide important information in the context of the U.S. Offer as well. A principal difference from pro forma information prepared in accordance with Article 11 of Regulation S-X is that the Unaudited Pro Forma Condensed Combined Financial Information has been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS) rather than US GAAP. Other differences include, without limitation, the fact that the Unaudited Pro Forma Condensed Combined Financial Information does not give effect to (i) Arcelor s acquisition of Dofasco, for a total consideration of approximately C$5.5 billion (approximately $5.1 billion), since such acquisition was not reflected in the historical financial statements of Arcelor as of and for the year ended December 31, 2005 and financial statements of Dofasco, prepared in accordance with IFRS, are not available (see Note 6.N hereto for further information on the Dofasco transaction) or (ii) the planned post-acquisition sale of Dofasco by Mittal Steel. As a result of the inconsistencies described above between the Unaudited Pro Forma Condensed Combined Financial Information and pro forma financial information prepared in accordance with Article 11 of Regulation S-X, the pro forma balance sheet, income statement and earnings per share presented herein could materially differ from those determined in accordance with Article 11 of Regulation S-X.

The Unaudited Pro Forma Condensed Combined Financial Information was prepared in accordance with IFRS because both Mittal Steel and Arcelor prepared and published audited consolidated financial statements as of and for the year ended December 31, 2005 in accordance with IFRS. Conversely, while Mittal Steel also prepared and published such financial statements in accordance with US GAAP, Arcelor did not prepare audited consolidated financial statements in accordance with US GAAP, and such financial statements or a quantitative reconciliation to US GAAP of Arcelor s financial statements as of and for the year ended December 31, 2005 prepared in accordance with IFRS are not reasonably available to Mittal Steel. See Note on Arcelor Information . The historical information presented for ISG has been prepared in accordance with IFRS. The historical information presented for ISG does not materially differ from that prepared in accordance with US GAAP. The audited consolidated financial statements of Mittal Steel, incorporated by reference in this prospectus, were prepared in accordance with US GAAP. The audited consolidated balance sheet as of December 31, 2005 and the audited consolidated income statement for the year then-ended of Mittal Steel used as the basis of preparation for the Unaudited Pro Forma Condensed Combined Financial Information were prepared in accordance with IFRS. To assist in understanding the Unaudited Pro Forma Condensed Combined Financial Information, a quantitative and qualitative reconciliation of Mittal Steel s shareholders equity as of December 31, 2005 and net income for the year then-ended, as reported in accordance with US GAAP and IFRS, is included in Note 7 hereto.

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On April 15, 2005, Mittal Steel acquired all of the issued and outstanding shares of ISG common stock in exchange for approximately $2.1 billion in cash and 60,891,883 Mittal Steel class A common shares. The acquisition of ISG has been accounted for using the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed were recorded at their fair values as of the date of completion of the acquisition. As ISG is included in the historical balance sheet of Mittal Steel as of December 31, 2005, the estimated effects of this acquisition are only shown for the income statement.

Mittal Steel is proposing to acquire all of the issued and outstanding shares of Arcelor in exchange for Mittal Steel class A common shares and cash. The number of Mittal Steel class A common shares is based on certain assumptions about the value of Mittal Steel class A common shares and Arcelor common stock. Under the terms of the revised Offer, Arcelor shareholders will receive 13 Mittal Steel shares and 150.60 for every 12 Arcelor shares . In addition, Mittal Steel will be required to make an offer for the minority interests in Arcelor s two Brazilian subsidiaries (Acesita and Arcelor Brasil) following its acquisition of control of Arcelor. The Unaudited Pro Forma Condensed Combined Financial Information assumes that Mittal Steel will offer the minority shareholders of Acesita and Arcelor Brasil the same mix of Mittal Steel shares (approximately 69%) and cash (approximately 31%) in the Offer (before adjusting for the 1.85 dividend paid on May 29, 2006), and that the minority interests are valued at approximately 2.8 billion (approximately $3.5 billion), resulting in the issuance of 74 million Mittal Steel class A common shares and the payment of 0.9 billion (approximately $1.1 billion) in cash. These amounts are themselves based on a number of assumptions as to, among other things, Arcelor s shareholding in these companies, the valuation methodology and the reference market price of their shares. See The Offer Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor s two Brazilian Subsidiaries.

The maximum amount of cash to be paid by Mittal Steel will be approximately 9.3 billion (approximately $11.7 billion) and the maximum number of Mittal Steel shares to be issued will be approximately 797 million, assuming tender of all of the outstanding Arcelor shares as a result of the conversion of Arcelor Convertible Bonds, and the conversion of all of the outstanding Arcelor and Usinor stock options and the tender of the underlying shares and the buyout of the minority interests in Acesita and Arcelor Brasil, based on the assumptions set out above. For purposes of the Unaudited Pro Forma Condensed Combined Financial Information it is assumed that the holders of Arcelor Convertible Bonds will directly convert their bonds into Mittal Steel class A common shares. Further no tender of the Arcelor treasury stock is assumed. As a result, 793 million Mittal Steel class A common shares, million Mittal Steel class A common shares issued in exchange for Arcelor shares held in treasury that, will be issued. The acquisition of Arcelor will be accounted for using the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed will be recorded at their fair values as of the date of the acquisition. The pro forma effect of the acquisition is shown as of and for the year ended December 31, 2005. The Arcelor historical consolidated financial statements have been translated from euros into US dollars, using an average exchange rate for 2005 of 1 to $1.2454 for the income statement and the closing exchange rate at December 31, 2005 of 1 to $1.1844 for the balance sheet.

On May 26, 2006 Arcelor announced that it had entered into an agreement with the controlling shareholder of OAO Severstal (Severstal). (See Information about Arcelor Recent Developments Relating to Arcelor - Proposed Transaction with Severstal for a description of such proposed transaction). The Unaudited Pro Forma Condensed Combined Financial Information does not give effect to this proposed transaction since, as disclosed by Arcelor, the agreement between the Severstal controlling shareholder and Arcelor terminates if more than 50% of Arcelor s shares are tendered into the Offer or the agreement between Arcelor and Severstal s controlling shareholder is rejected by more than 50% of Arcelor s capital at a shareholders meeting. Mittal Steel believes that these conditions coupled with the 50% minimum tender condition of the Offer render highly unlikely a scenario where the Offer is consummated with Severstal consolidated by Arcelor or Mittal Steel.

The Unaudited Pro Forma Condensed Combined Financial Information is presented for illustrative purposes only and does not necessarily indicate the results of operations or the combined financial position that would have resulted had these acquisitions been completed at the beginning of the period presented, nor is it indicative of the results of operations in future periods or the future financial position of the combined businesses. The pro forma adjustments are based upon available information and certain assumptions that Mittal Steel believes to be reasonable. These adjustments could materially change during the course of an independent valuation of Arcelor s assets and liabilities. In addition, as explained in more detail in the accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Information, the allocation of the purchase price for Arcelor reflected therein is subject to adjustment. The purchase price allocation presented will vary from the actual purchase price allocation that will be recorded upon the completion of the acquisition of Arcelor based upon access to detailed information enabling an assessment of the fair value of Arcelor s assets and liabilities.

The Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with the notes thereto, the audited consolidated financial statements and the notes thereto of Mittal Steel as of and for the year ended December 31, 2005 prepared in accordance with US GAAP, incorporated by reference herein, and the audited consolidated financial statements and the notes thereto of Arcelor as of and for the year ended December 31, 2005, included herein.

Unaudited Pro Forma Condensed Combined Balance Sheet

As of December 31, 2005

(in millions of U.S. dollars, except per share data)

	Mittal Steel Historical	Arcelor Historical	Pro Forma Adjustments		Pro Forma Combined Mittal Steel and Arcelor
Current Assets					
Cash and cash equivalents, restricted cash and short term investment	$ 2,149	$ 5,502	$ 275	A	$ 7,376
Trade accounts receivable	2,287	4,401			6,688
Inventories	5,994	8,978			14,972
Prepaid expenses and other current assets	1,040	2,107			3,147
Total Current Assets	11,470	20,988	275		32,183
Goodwill and intangible assets	1,706	229	16,563	B	18,498
Property, plant and equipment, net	18,651	16,306	(54)	Q	34,903
Investments	1,204	2,524			3,728
Other assets	414	898	(103)	Q	1,209
Deferred tax asset, net	314	1,595			1,909
Total Assets	$ 33,759	$ 42,540	$ 16,131		$ 92,430
Current Liabilities					
Payable to banks and current portion of long-term debt	$ 334	$ 1,922	$ 2,750		$ 5,006
Trade accounts payable	2,504	6,192			8,696
Accrued expenses and other liabilities	2,661	3,734	(23)		6,372
Total Current Liabilities	5,499	11,848	2,727		20,074
Long-term debt, net of current portion	7,974	5,141	8,903	A	22,018
Deferred employee benefits	1,054	2,704			3,758
Deferred tax liabilities	2,253	676	(61)	Q	2,868
Other long-term obligations	1,395	1,284	53	Q	2,732
Total Liabilities	18,175	21,653	11,622		51,450
Equity attributable to the equity holders of the parent	13,423	17,898	7,498	C/Q	38,819
Minority Interest	2,161	2,989	(2,989)		2,161
Total Equity	15,584	20,887	4,509		40,980
Total Liabilities and Shareholders Equity	$ 33,759	$ 42,540	$ 16,131		$ 92,430

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Information, which is not prepared in accordance with Article 11 of Regulation S-X (see introductory statement)

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Unaudited Pro Forma Condensed Combined Income Statement For the year ended December 31, 2005

(in millions of U.S. dollars, except per share data)

	Mittal Steel Historical (including ISG from April 15, 2005)	ISG Historical (January 1, 2005 to April 15, 2005)	Pro Forma Adjustments		Pro Forma Combined Mittal Steel	Arcelor Historical	Pro Forma Adjustments		Pro Forma Combined Mittal Steel and Arcelor
Sales	$ 28,132	$ 3,128	$		$ 31,260	$ 40,613	$		$ 71,873
Depreciation and amortization	1,101	54	19	F	1,174	1,575		B	2,749
Operating income	4,728	299	108	D,E,F, G, and H	5,135	5,450			10,585
Other income net	344		(130)	P	214				214
Income from equity method investments	86				86	395			481
Gain on sale of assets		9			9				9
Interest and other financing costs, net	(353)	(18)	(17)	I, J	(388)	(317)	(453)	L	(1,158)
Income before taxes	4,805	290	(39)		5,056	5,528	(453)		10,131
Income tax expense	(881)	(116)	(35)	K	(1,032)	(201)	92	M	(1,141)
Net Income (including minority interest)	$ 3,924	$ 174	(74)		4,024	5,327	(361)		8,990
Attributable to									
Minority interest	$ (494)	$	$		$ (494)	$ (538)	$ 538		$ (494)
Equity holders of the parent	**3,430**	**174**	**(74)**		**3,530**	**4,789**	**177**		**8,496**
Basic earnings per common share	$ 4.99				$ 5.01				$ 5.68
Diluted earnings per common share	4.98				$ 5.00				$ 5.67
Weighted average shares outstanding in millions:									
Basic	687				704				1,497
Diluted	689				706				1,499
Shares issued in connection with ISG acquisition			17						
Shares to be issued in connection with the Arcelor acquisition (excluding treasury shares)							793		

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Information, which is not prepared in accordance with Article 11 of Regulation S-X (see introductory statement).

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Mittal Steel Company N.V. and Subsidiaries

Notes to Unaudited Pro Forma Condensed

Combined Financial Information as of and for the

Year Ended December 31, 2005

1. Basis of Pro Forma Presentation

The Unaudited Pro Forma Condensed Combined Financial Information has not been prepared in accordance with Article 11 of Regulation S-X under the Securities Act. It is therefore not consistent in terms of content and presentation with pro forma financial information typically included in prospectuses for the public offering of securities in the United States. It is included in this prospectus because it is required to be included in the prospectus for the European Offer and is considered to provide important information in the context of the U.S. Offer as well. A principal difference from pro forma information prepared in accordance with Article 11 of Regulation S-X is that the Unaudited Pro Forma Condensed Combined Financial Information has been prepared in accordance with International Financial Reporting Standards as endorsed by the European Union (IFRS) rather than US GAAP. Other differences include, without limitation, the fact that the Unaudited Pro Forma Condensed Combined Financial Information does not give effect to (i) Arcelor s acquisition of Dofasco, for a total consideration of approximately C$5.6 billion (approximately $5.1 billion), since such acquisition was not reflected in the historical financial statements of Arcelor as of and for the year ended December 31, 2005, and financial statements prepared in accordance with IFRS are not available (see also Note 6.N hereto for further information on the Dofasco transaction) and (ii) the planned post-acquisition sale of Dofasco by Mittal Steel. As a result of the inconsistencies described above between the Unaudited Pro Forma Condensed Combined Financial Information and pro forma financial information prepared in accordance with Article 11 of Regulation S-X, the pro forma balance sheet, income statement and earnings per share presented herein could materially differ from those determined in accordance with Article 11 of Regulation S-X. See the introduction to the Unaudited Pro Forma Condensed Combined Financial Information for further information.

The Unaudited Pro Forma Condensed Combined Income Statement for the year ended December 31, 2005 reflects adjustments as if the acquisition of ISG, accounted for using the purchase method of accounting, had occurred on January 1, 2005. The Unaudited Pro Forma Condensed Combined Financial Information reflects adjustments for the finalization of purchase accounting in connection with the acquisition of ISG.

The Unaudited Pro Forma Condensed Combined Balance Sheet reflects adjustments as if the acquisition of Arcelor, accounted for using the purchase method of accounting, had occurred on December 31, 2005. The Unaudited Pro Forma Condensed Combined Income Statement for the year ended December 31, 2005 reflects adjustments as if the acquisition of Arcelor, accounted for using the purchase method of accounting, had occurred on January 1, 2005.

The Unaudited Pro Forma Condensed Combined Financial Information are not necessarily indicative of the historical results that would have occurred had Mittal Steel, ISG and Arcelor been combined for the full year ended December 31, 2005 or the future results that may be achieved after the acquisition of ISG and Arcelor. In addition, they do not reflect cost savings or other synergies resulting from the acquisitions that may be realized in future periods.

The Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with the Mittal Steel Consolidated Financial Statements and the Arcelor Consolidated Financial Statements as of and for the year ended December 31, 2005.

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Intercompany sales between ISG and Mittal Steel, ISG and Arcelor and Arcelor and Mittal Steel are not material and have been excluded from the Unaudited Pro Forma Condensed Combined Information.

The pro forma combined provision for income taxes and the pro forma combined balances of deferred taxes may not represent the amounts that would have resulted had Mittal Steel, ISG and Arcelor filed consolidated income tax returns during the periods presented.

On May 26, 2006 Arcelor announced that it had entered into an agreement with the controlling shareholder of Severstal (see Information about Arcelor Recent Developments Relating to Arcelor Proposed Transaction with Severstal for a description of such proposed transaction). The Unaudited Pro Forma Condensed Combined Financial Information does not give effect to this proposed transaction since, as disclosed by Arcelor, the agreement between the Severstal controlling shareholder and Arcelor terminates if more than 50% of Arcelor s shares are tendered into the Offer or agreement between Arcelor and Severstal s controlling shareholder is rejected by more than 50% of Arcelor s capital at a shareholders meeting. Mittal Steel believes that these conditions coupled with the 50% minimum tender condition of the Offer render highly unlikely a scenario where the Offer is consummated with Severstal consolidated by Arcelor or Mittal Steel. The agreement reportedly provides for payment of a break fee of 140 million (approximately $175 million) upon termination. Assuming that this fee would be paid by Arcelor to Severstal, the Unaudited Pro Forma Condensed Combined Financial Information gives effect to the payment thereof by a reduction in cash and a corresponding increase in goodwill of $175 million.

2. Purchase Price for ISG

In connection with the purchase, former ISG stockholders received in the aggregate approximately $2.1 billion in cash and 60,891,883 Mittal Steel Class A common shares valued at $28 per share, the published price of such shares on the NYSE on the close of April 15, 2005, for a total of approximately $3.8 billion ($3.2 billion net of cash acquired). The total purchase price is summarized below.

	Preliminary purchase price allocation * (in millions)	Final purchase price allocation (in millions)
Cash paid to stockholders	$ 2,072	$ 2,072
Bankers fees and other transaction costs	52	56
Cash acquired	(600)	(600)
Cash paid, net	1,524	1,528
Value of Mittal Steel shares issued	1,705	1,705
Total purchase price, net of cash acquired	$ 3,229	$ 3,233

* As reflected in the historical IFRS financial information of Mittal Steel.

3. ISG Purchase Price Allocation

The acquisition has been accounted for as a purchase business combination. Under the purchase method of accounting, the assets acquired and liabilities assumed are recorded at the date of the acquisition, at their respective fair values.

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The following table presents the amounts recorded for the net assets, as a result of the acquisition:

	Preliminary purchase price allocation* (in millions)	Final purchase price allocation (in millions)	Adjustment to Pro Forma Information (in millions)
Assets:			
Current assets	$ 3,024	$ 3,024	$
Property, plant and equipment	4,066	4,012	(54)
Other non-current assets	598	495	(103)
Liabilities:			
Current liabilities	1,613	1,590	(23)
Debt and capital lease obligations	844	844	
Other long term liabilities	1,560	1,613	53
Deferred taxes	165	104	(61)
Net assets acquired	$ 3,506	$ 3,380	$ (126)

* As reflected in the historical IFRS financial information of Mittal Steel.

The preliminary purchase price allocation, which was recorded in the 2005 historical IFRS financial statements, has been allocated based on the fair value of assets acquired and liabilities assumed, resulting in the recognition of $277 million of negative goodwill, which has been recorded as a component of other income- net. Intangible assets consist of $4 million assigned to patents and $499 million assigned to favorable supply and sales contracts that are being amortized over the term of the associated contracts ranging from one to six years. Intangible liabilities consist of $1,060 million assigned to unfavorable supply and sales contracts that are being amortized over the term of the associated contracts ranging from one to 15 years. These values were assigned based on the fair value of the contracts on the date of completion of the acquisition of ISG on April 15, 2005 and not on the date of acquisition deemed for this pro forma financial information presentation which is January 1, 2005. Mittal Steel recognized $139 million of income during the period from April 15, 2005 through December 31, 2005 related to the net amortization of these intangibles.

Subsequent to the issuance of Mittal Steel s 2005 consolidated financial statements and the March 31, 2006 unaudited condensed consolidated financial data, purchase price accounting for ISG was finalized, which resulted in differences to the preliminary estimates recorded in the 2005 financial statements. Net assets decreased by $126 million and the purchase price consideration increased by $4 million, resulting in decreased negative goodwill of $130 million to $147 million. The value of intangibles acquired decreased by $124 million to $375 million and the fair value assigned to unfavorable supply contracts increased by $35 million to $1,095 million.

4. Preliminary Purchase Price for Arcelor

Mittal Steel is proposing to acquire all the issued and outstanding shares of Arcelor in exchange for Mittal Steel class A common shares and cash. The number of Mittal Steel class A common shares is based on certain assumptions about the value of Mittal Steel class A common shares and Arcelor common stock. Under the terms of the Offer, Arcelor shareholders will receive 13 Mittal Steel shares and 150.60 for every 12 Arcelor shares. In addition, Mittal Steel will be required to make an offer for the minority interests in Arcelor s two Brazilian subsidiaries (Acesita and Arcelor Brasil) following its acquisition of control of Arcelor. The Unaudited Pro Forma Condensed Combined Financial Information assumes that Mittal Steel will offer the minority shareholders of Acesita and Arcelor Brasil the same mix of Mittal Steel shares (approximately 69%) and cash (approximately 31%) in the

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Offer, and that the minority interests are valued at approximately 2.8 billion (approximately $3.5 billion), resulting in the issuance of 74 million Mittal Steel class A common shares and the payment of 0.9 billion (approximately $1.1 billion) in cash. These amounts are themselves based on a number of assumptions as to, among other things, Arcelor s shareholding in these companies, the valuation methodology and the reference market price of their shares. See The Offer Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor s two Brazilian Subsidiaries.

The maximum amount of cash to be paid by Mittal Steel will be approximately 9.3 billion (approximately $11.7 billion) and the maximum number of Mittal Steel shares to be issued will be approximately 797 million, assuming tender of all of the outstanding Arcelor shares as a result of the conversion of Arcelor Convertible Bonds, and the conversion of all of the outstanding Arcelor and Usinor stock options and the tender of the underlying shares and the buyout of the minority interests in Acesita and Arcelor Brasil, based on the assumptions set out above.

For the purposes of the Unaudited Pro Forma Condensed Combined Financial Information it is assumed that the holders of Arcelor Convertible Bonds will directly convert their bonds into Mittal Steel class A common shares. Further no tender of the Arcelor treasury stock is assumed.

As a result, 793 million Mittal Steel class A common shares, will be issued. For purposes of this Pro Forma Condensed Combined Financial Information, the share price used to estimate the value of the Mittal Steel class A common shares, is $32.17, the closing price as of the last trading day prior to the public announcement of the revised Offer.

The estimated total purchase price for the acquisition is as follows:

	(in millions)
Preliminary estimated value of Mittal Steel shares issued	$ 25,522
Estimated banker s fees and other transaction costs	100
Cash paid to security holders	11,653
Total purchase price	$ 37,275

IFRS requires the use of the published price of Mittal Steel class A common shares as of the date of the exchange and accordingly the purchase price may differ from that which results from applying the published price of $32.17 at June 23, 2006, the last trading day prior to the announcement of the revised Offer. For US GAAP purposes, the purchase price may differ since, in accordance with paragraph 4 of Emerging Issues Task Force (EITF) 99-12: Determination of the Measurement Date for the Market Price of Acquirer Securities Issued in a Purchase Business Combination , the measurement date for the fair value of the Mittal Steel class A common shares is when the proposed transaction is announced and sufficient shares have been tendered to make the Offer binding or when Arcelor agrees to the purchase price. If the published price of Mittal Steel class A common shares at the date of the acquisition were $3 higher or lower than the June 23, 2006 reference price currently assumed, the total purchase price would be $39,655 million and $34,895 million, respectively.

5. Preliminary Arcelor Purchase Price Allocation

The Unaudited Pro Forma Condensed Combined Financial Information has been prepared on the basis of assumptions described in these notes, including assumptions related to the calculation of the purchase price. The purchase price allocation does not comply with paragraphs 51 through 55 of IFRS 3 since Mittal Steel does not have access to the books and records of Arcelor. For the allocation of the total purchase price it is assumed therefore that the excess of the purchase price over the historical

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book value of the net assets of Arcelor as of December 31, 2005 is goodwill. The actual allocation may materially differ from this assumption after valuations and other procedures are completed. During the actual allocation process Mittal Steel expects to identify the following intangible assets:

- patents;
- customer relationships / customer lists; and
- favorable and unfavorable long-term contracts.

Mittal Steel expects that upon completion of the acquisition or shortly thereafter, it will engage an independent third-party to assist the Company in developing a definitive allocation of the purchase price. Such allocation may be materially different from the preliminary assessment.

In addition to the receipt of the final valuation, the impact of ongoing integration activities, the timing of completion of the acquisition and other changes in Arcelor s net tangible and intangible assets which occur prior to completion of the acquisition could cause material differences between actual and pro forma results in the information presented.

6. Pro Forma Adjustments

A. Mittal Steel entered into agreements on January 30, 2006 (subsequently amended) and May 23, 2006 with certain financial institutions for credit facilities totaling 7.8 billion (approximately $10.0 billion). These facilities together with available borrowing capacity under other existing facilities will be utilized towards the cash settlement of $11.6 billion of the purchase consideration of the Arcelor acquisition and the assumed cash payment in the buyout of the minority in Acesita and Arcelor Brasil. The cash is reduced for estimated transaction costs of $100 million and a $175 (140 million) million break fee, assumed to be paid by Arcelor upon the termination of the transaction between Arcelor and Severstal.

B. Reflects the estimated excess of purchase price over the historical net assets of Arcelor. As the fair value of the assets acquired and liabilities assumed has not yet been determined, the excess of the purchase price over the historical net assets of Arcelor as of December 31, 2005 of $16,563 has been allocated to goodwill.

If the result of the determination of the fair value of the net assets acquired indicate that the excess of the purchase price over the historical net assets of Arcelor should have been fully allocated to acquired property, plant and equipment, which, as disclosed in the Arcelor financial statements, have an estimated useful life of between 5 and 25 years, and assuming the excess, currently allocated to goodwill, is allocated to property, plant and equipment with a weighted average remaining useful life that ranges from 10 to 25 years, the pro forma depreciation for 2005 would have been $1,656 million to $663 million higher and net income would have been $1,325 million to $530 million lower. The range of 10-25 years rather than 5-25 years has been used as the basis of the above sensitivity analysis due to Mittal Steel s assumption based on Arcelor s public disclosure of the relative allocation by Arcelor of depreciation periods to its assets (i.e. that only a small percentage are of a nature that would be depreciated over 5 years and that the bulk of the assets would be depreciated over 10 to 25 years).

C. Represents the net effect of the issuance of 793 million Mittal Steel class A common shares as part of the purchase price consideration, the net effect of the pro forma adjustments and the elimination of

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the shareholders equity of Arcelor. In addition, Mittal Steel will be required to make an offer for the minority interests in Arcelor s two Brazilian subsidiaries (Acesita and Arcelor Brasil) following its acquisition of control of Arcelor. The Unaudited Pro Forma Condensed Combined Financial Information assumes that Mittal Steel will offer the minority shareholders of Acesita and Arcelor Brasil the same mix of Mittal Steel shares (approximately 69%) and cash (approximately 31%) in the Offer and that the minority interests are valued at approximately 2.8 billion (approximately $3.5 billion), resulting in the issuance of 74 million Mittal Steel class A common shares and the payment of 0.9 billion (approximately $1.1 billion) in cash. These amounts are themselves based on a number of assumptions as to, among other things, Arcelor s shareholding in these companies, the valuation methodology and the reference market price of their shares. See The Offer Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor s two Brazilian Subsidiaries. Furthermore, Mittal Steel, in the absence of a detailed break down of minority interest by Arcelor in its 2005 annual report, has assumed that the historical book value of the minority interest is fully allocated to the minority interest in Acesita and Arcelor Brasil and the majority of the minority interest income relates to these Brazilian subsidiaries.

	(in millions)
Preliminary estimated value of Mittal Steel shares issued	$ 25,522
Historical book value of net assets of Arcelor as of December 31, 2005	(17,898)
Pro forma effect on shareholders equity from Arcelor s acquisition	7,624
Final ISG purchase price allocation adjustment	(126)
Total pro forma effect on equity attributable to the equity holders of the parent	7,498
Historical book value of minority interest in Acesita and Arcelor Brazil	(2,989)
Total pro forma effect on total equity	$ 4,509

D. Represents the net decrease in other post-employment healthcare expense of $2 million resulting primarily from the elimination of previously unrecognized prior service cost as of the acquisition date.

E. Represents amortization of unfavorable and favorable contracts. The Mittal Steel audited consolidated financial statements for the year ended December 31, 2005 reflected $139 million of income related to the net amortization of these intangibles. The following pro forma adjustments have been made for the net amortization for the year ended December 31, 2005. These adjustments are based on the following assumptions:

The amortization will follow the same pattern as the actual amortization reflected in the Mittal Steel audited consolidated financial statements for the period from April 15, 2005 to December 31, 2005.

The contracts which are now reflected in the purchase price allocation may have been designated as such on January 1, 2005. This assumption ignores the impact of the cyclicality of the steel industry during 2004 and 2005 and its impact on the valuation of such contracts.

For the year ended December 31, 2005, incremental pro forma adjustment is $57 million since $139 million is reflected in the Mittal Steel audited consolidated financial statements for the year ended December 31, 2005.

F. Reflects the increase in depreciation expense of $19 million resulting from the step-up of property, plant and equipment depreciated on a straight-line basis over an average period of

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22 years. This increase in depreciation was partially offset by the change in average useful lives to those used by Mittal Steel. Prior to the acquisition, the average useful lives of property, plant and equipment at ISG was ten years.

G. Represents the elimination of $23 million for the increase in value of the ISG stock option expense and the acceleration of vesting which was a result of the acquisition and previously recognized by ISG during the period. The ISG stock options were cancelled at the date of the acquisition.

H. Represents the elimination of $45 million of costs directly attributable to the acquisition that were charged to results during the period. The costs are primarily comprised of legal and other professional fees paid to complete the transaction and severance payments made to former ISG executives as a result of the acquisition. Assuming the acquisition occurred on January 1, 2005 these costs would not have been expensed in 2005.

I. Represents the incremental interest expense of $20 million resulting from the $1,700 million of additional borrowings incurred to complete the acquisition. Interest is calculated based on a six month LIBOR rate plus 60 basis points and a facility maintenance fee. Mittal Steel has assumed an interest rate of 3.941% for the year ended December 31, 2005.

J. Represents the elimination of $3 million of expenses related to the write-off of remaining deferred debt fees on the previous ISG credit facility that was terminated as a result of the acquisition. Assuming the acquisition occurred on January 1, 2005 these costs would not have been expensed in 2005.

K. Assumes an effective tax rate of 39%.

L. Represents the incremental interest expense resulting from the borrowings discussed in A above. Interest is calculated based on EURIBOR plus a margin. The interest rate has been estimated at 3.8875% or $453 million per annum. A 0.5% or 50 basis point change in the interest rate would increase or decrease net income by $58 million, before tax.

M. Assumes an effective tax rate of 20%.

N. Subject to the successful completion of the Offer for Arcelor, Mittal Steel has agreed to sell the Dofasco shares acquired by Arcelor during 2006 to ThyssenKrupp for consideration of 68 Canadian dollars per share. In the Memorandum of understanding dated June 25, 2006, Mittal Steel and Arcelor agreed that the proposed sale of Dofasco would be decided upon by Arcelor s Board of Directors following completion of the Offer. As the acquisition of Dofasco by Arcelor is not reflected in the historical financial statements of Arcelor as of and for the year ended December 31, 2005, and no financial statements of Dofasco prepared on the basis of IFRS are available to Mittal Steel, the effects of the disposition of Dofasco have not been reflected in the Unaudited Pro Forma Condensed Combined Financial Information. If the agreement with ThyssenKrupp is not consummated and Mittal Steel does not sell Dofasco for any reason, Mittal Steel has agreed with the U.S. Department of Justice that, if asserted by the relevant authorities, any antitrust issues arising in the United States as a result of Mittal Steel s existing North American operations can be satisfactorily resolved by the disposition of an alternative Mittal Steel asset. Mittal Steel currently expects that consideration of such issues by the relevant authorities will be completed before the end of the Offer period. Mittal Steel also expects that any necessary

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disposition of such alternative asset would not be material and would have no adverse effect on Mittal Steel s sales or operations, particularly in light of the related retention of Dofasco. Accordingly, the effect of disposition of such alternative asset has not been reflected in the Unaudited Pro Forma Condensed Combined Financial Information.

O. Subject to the successful completion of its Offer for Arcelor, Mittal Steel envisions adopting a dividend policy to distribute 30% of the combined group s annual net income. Had this policy been in effect as of January 1, 2005, the pro forma dividend per share of Mittal Steel and Arcelor combined would have been $1.70 on a basic and diluted basis.

P. Adjustments resulting from the final purchase price allocation for ISG. See note 2 and 3 for further explanation.

Q. Adjustment to reflect the offer for repayment of the 2005 Credit Facility ($2.8 billion outstanding as of December 31, 2005) and the $800 million letter of credit facility ($0 outstanding as of December 31, 2005), that would be required under their terms were the Mittal family to own less than 50% of Mittal Steel s voting shares following completion of the Offer. Mittal Steel does not expect that by that time and under those circumstances a significant number of its lenders would accept such repayment offer. Should the repayment offer nonetheless be accepted by any lenders, the Company would seek refinancing for similar amounts and on similar terms.

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7. Reconciliation from US GAAP to IFRS

The audited consolidated financial statements of Mittal Steel, incorporated by reference in this prospectus, were prepared in accordance with US GAAP. The audited consolidated balance sheet as of December 31, 2005 and the audited consolidated income statement for the year then-ended of Mittal Steel used as the basis of preparation for the Unaudited Pro Forma Condensed Combined Financial Information were prepared in accordance with IFRS. The following tables set out a reconciliation of Mittal Steel s shareholders equity as of December 31, 2005 and net income for the year then-ended, each as reported in accordance with US GAAP and IFRS.

	December 31, 2005
Shareholders equity as reported in accordance with US GAAP	$ 10,150
Minority interest as reported in accordance with US GAAP	1,834
	11,984
Adjustments recorded to reconcile to IFRS	
Employee benefits	1,322
Business combinations	3,481
Other	3
Tax effect on the above	(1,206)
Total increase	**3,600**
Total equity as reported in accordance with IFRS	**$ 15,584**

	Year ended December 31, 2005
Net income as reported in accordance with US GAAP	**$ 3,365**
Minority interest as reported in accordance with US GAAP	**520**
	3,885
Adjustments recorded to reconcile to IFRS	
Employee benefits	232
Business combinations	(110)
Other	(20)
Tax effect on the above	(63)
Total increase	**39**
Net income as reported in accordance with IFRS	**$ 3,924**

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As of December 31, 2005	Mittal Steel Historical US GAAP	IFRS Adjustments Employee Benefits(1)	Business Combination(2)	Other(3)	Tax Effect(4)	Reclass(5)	Mittal Steel Historical IFRS
		(Millions of U.S. Dollars)					
Current Assets							
Cash and cash equivalents, restricted cash and short term investment	$ 2,149						$ 2,149
Trade accounts receivable	2,287						2,287
Inventories	6,036			7		(49)	5,994
Prepaid expenses and other current assets	1,040						1,040
Deferred tax assets	200					(200)	
Total Current Assets	11,712			7		(249)	11,470
Goodwill and intangible assets	1,439	(123)				390	1,706
Property, plant and equipment, net	15,539		3,481	26		(395)	18,651
Investments	1,187	14		3			1,204
Other assets	380					34	414
Deferred tax asset, net	785				(671)	200	314
Total Assets	$ 31,042	$ (109)	$ 3,481	$ 36	$ (671)	$ (20)	$ 33,759
Current Liabilities							
Payable to banks and current portion of long-term debt	$ 334						$ 334
Trade accounts payable	2,504						2,504
Accrued expenses and other liabilities	2,661						2,661
Deferred tax liabilities	116					(116)	
Total Current Liabilities	5,615					(116)	5,499
Long-term debt, net of current portion	7,974						7,974
Deferred employee benefits	2,506	(1,431)		(1)		(20)	1,054
Deferred tax liabilities	1,602				535	116	2,253
Other long-term obligations	1,361			34			1,395
Total Liabilities	19,058	(1,431)		33	535	(20)	18,175
Minority Interest	1,834		390	(14)	(49)		2,161
Equity attributable to the equity holders of the parent	10,150	1,322	3,091	17	(1,157)		13,423
Total	**11,984**	**1,322**	**3.481**	**3**	**(1,206)**		**15,584**
Total Liabilities and Shareholders Equity	$ 31,042	$ (109)	$ 3,481	$ 36	$ (671)	$ (20)	$ 33,759

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For the year ended December 31, 2005	Mittal Steel Historical (including ISG from April 15, 2005) US GAAP	IFRS Adjustments Employee Benefits(1)	Business Combinations(2)	Other(3)	Tax Effect(4)	Reclass(5)	Mittal Steel Historical (including ISG from April 15, 2005) IFRS
		(Millions of U.S. Dollars, except share data and per share data)					
Sales	$ 28,132	$	$	$	$	$	$ 28,132
Depreciation and amortization	829		277			(5)	1,101
Operating income	4,746	226	(377)	9		124	4,728
Other income net	77		267	2		(2)	344
Income from equity method investments	69	6		4		7	86
Interest and other financing costs, net	(189)			(35)		(129)	(353)
Income before taxes	4,703	232	(110)	(20)			4,805
Income tax expense	(818)				(63)		(881)
Net Income (including minority interest)	$ 3,885	$ 232	$ (110)	$ (20)	$ (63)	$	$ 3,924
Attributable to							
Minority interest	$ 520	$	$ (14)	$ (12)	$	$	$ 494
Equity holders of the parent	3,365	232	(96)	(8)	(63)		3,430
Basic earnings per common share	$ 4.90						$ 4.99
Diluted earnings per common share	4.89						4.98
Basic weighted average common share outstanding (in millions)	687						687
Diluted weighted average common share outstanding (in millions)	689						689

The following tables further explain and quantify the effect on equity and net income as of and for the year ended December 31, 2005 resulting from the differences between US GAAP and IFRS noted in the table above (all amounts in millions of U.S. Dollars).

	Impact on Equity	Impact on Net Income
1. Employee benefits		
Ø Under US GAAP prior service cost is amortized over the remaining working lives for both vested and unvested rights, whereas under IFRS only unvested rights remain unrecognized.	$ 205	$ 226
Ø Under US GAAP a company is required to recognize a minimum pension liability if certain conditions have been met. IFRS does not require such a minimum pension liability.	1,103	
Ø Effect of the above on equity investments	14	6
	$ 1,322	$ 232

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	Impact on Equity	Impact on Net Income
2. Business combinations		
Ø Under US GAAP, negative goodwill is deducted, on a pro-rata basis, from the value of the non-current assets acquired, primarily property, plant and equipment ($3,269), including $178 million negative goodwill for minority interest. The higher carrying amount results in higher depreciation ($277).	$ 3,269	$ (277)
Furthermore under US GAAP, fair values are assigned only to the parent company s share of the net assets acquired. Minority interest is valued at its historical book value. Under IFRS fair values are assigned to 100% of the net assets acquired. Minority interest is therefore measured at the minority s proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.	212	
Under IFRS the acquirer may only recognize a restructuring provision when the acquiree at the acquisition date has an existing liability for restructuring in accordance with IAS 37. Under US GAAP the requirements are less stringent. In IFRS a restructuring provision was recognized in December 2005.		(100)
Sub total	3,481	(377)
Ø Under US GAAP the fair value of equity instruments issued in a business combination should be measured considering the market price for a reasonable period before and after the date that the terms of the acquisition are agreed to and announced. Under IFRS the fair value of equity instruments issued in a business combination is measured at the published price as of the date of acquisition. The resulting adjustment decreased the purchase price and resulted in negative goodwill. Under IFRS negative goodwill is directly recognized in the income statement		217
The effect on equity is $217 decrease in paid in capital and (through the income statement) an increase in retained earnings to the same amount (net effect nil).		
Ø Under IFRS the acquirer may only recognize a restructuring provision when the acquiree at the acquisition date has an existing liability for restructuring in accordance with IAS 37. Under US GAAP the requirements are less stringent. This resulted in an increase in negative goodwill, net of tax.		60
Ø Other		(10)
Sub total		267
	$ 3,481	$ (110)

	Impact on Equity	Impact on Net Income
3. Other includes:		
Ø Difference in accounting for hyper-inflationary economies	$ 26	$ (1)
Ø Difference in accounting for inventory valuation	10	10
Ø Difference in accounting for changes in discount rate for asset retirement obligations	(34)	(34)
Ø Others	1	5
	$ 3	$ (20)

	Impact on Equity	Impact on Net Income
4. Deferred income tax		
Ø Business combinations Under US GAAP, negative goodwill is deducted, on a pro-rata basis, from the value of the non-current assets acquired, primarily property, plant and equipment. A corresponding tax asset for the temporary difference thus created is recorded, less a valuation allowance if applicable. As under IFRS negative goodwill is directly recognized in the income statement such tax asset is not recorded under IFRS.	$ (627)	$ 20
Ø Employee benefits	(522)	(89)
Ø Other	(57)	6
	$ (1,206)	$ (63)

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5. Reclassifications

The major reclassifications, adjusting the US GAAP presentation to confirm with IFRS, are as follows:

Ø Current deferred tax assets and current deferred tax liability are under IFRS presented as non-current.

Ø Major spare parts and stand-by equipment as well as spare parts that can be used in connection with an item of property, plant and equipment are accounted for under IFRS as property, plant and equipment.

Ø Under IFRS, certain software and ground rent are classified as intangible assets, while under US GAAP these items are presented as part of property, plant and equipment.

Ø Under US GAAP the interest component of discounted obligations is presented as part of cost of sales. Under IFRS the interest component of discounted obligations is presented as part of interest.

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COMPARATIVE PER-SHARE INFORMATION

Mittal Steel s class A common shares are listed on the NYSE and on Euronext Amsterdam under the symbol MT. Arcelor s common shares are listed on Euronext Brussels under the symbol LORB and on Euronext Paris, the Luxembourg Stock Exchange and on the Spanish Stock Exchanges under the symbol LOR , and the Convertible Bonds are listed on the Luxembourg Stock Exchange under the symbol LORFP . The following table presents the closing market prices per share for Mittal Steel class A common shares, Arcelor common shares and the Convertible Bonds, in euro and in U.S. dollars, as the case may be, as reported on:

- the NYSE for Mittal Steel class A common shares (including euro equivalent value);
- Euronext Amsterdam for Mittal Steel class A common shares;
- Euronext Paris for Arcelor common shares; and
- the Luxembourg Stock Exchange for the Convertible Bonds.

The following table presents the implied equivalent closing market prices for Arcelor common shares and the Convertible Bonds in euro and in U.S. dollars. The prices for the Arcelor common shares were calculated by multiplying the closing market prices per share of Mittal Steel class A common shares by the exchange ratio of 13 Mittal Steel class A common shares for every 12 Arcelor common shares, and then adding to those amounts the cash portion of the exchange consideration of 12.55 (or the U.S. dollar equivalent, as the case may be) for each Arcelor common share. The prices for the Convertible Bonds were calculated by multiplying the closing market prices per share of Mittal Steel class A common shares by the exchange ratio of 13 Mittal Steel class A common shares for every 12 Convertible Bonds, and then adding to those amounts the cash portion of the exchange consideration of approximately 15.70 (or the U.S. dollar equivalent, as the case may be) for each Convertible Bond. Certain of the amounts set forth in U.S. dollars were originally in euro, and have been translated into U.S. dollars for January 26, 2006, at a rate of 1.00 = $1.2214, which was the Bloomberg EURUSD exchange rate at the close of trading in Mittal Steel class A common shares on NYSE on that day; for June 23, 2006, at a rate of 1.00 = $1.2512, which was the Bloomberg EURUSD exchange rate at the close of trading in Mittal Steel class A common shares on NYSE on that day; and, for June 26, 2006, a rate of 1.00 = $1.2581, which was the Bloomberg EURUSD exchange rate at the close of trading in Mittal Steel class A common shares on NYSE on that day.

The prices given are first, as of January 26, 2006, which was the last full trading day prior to the public announcement of the proposed Offer, second, as of June 23, 2006, the last full trading day prior to the public announcement of the revised offer and, finally as of June 2, 2006, the most recent practicable trading day prior to the date of this prospectus. See Market Price and Dividend Data for further information about the historical market prices and average daily trading volumes of these securities.

	Mittal Steel (NYSE)		Mittal Steel (Euronext Amsterdam)	Arcelor		Implied Equivalent Value per Arcelor Security			
	Class A common shares ($)	( )	Class A common shares ( )	Common shares ( )	Convertible bonds ( )	Common shares ($)	Common shares ( )	Convertible bonds ($)	Convertible bonds ( )
January 26, 2006	$ 32.30	26.45	26.03	22.22	24.49	$ 50.33	41.20	$ 54.18	44.36
June 23, 2006	$ 32.17	25.71	25.32	35.02	37.50	$ 50.55	40.40	$ 54.50	43.56
June 26, 2006	$ 31.40	24.96	24.38	37.80	40.11	$ 49.81	39.59	$ 53.77	42.74

(1) The trading in Arcelor shares was suspended on June 23, 2006, so these figures reflect Arcelor trading information from June 21, 2006.

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The market prices of Mittal Steel class A common shares, Arcelor common shares and Convertible Bonds are likely to fluctuate prior to the expiration date of the Offer and cannot be predicted. We urge you to obtain current market information regarding Mittal Steel class A common shares, Arcelor common shares and Convertible Bonds.

The following tables present unaudited comparative per share income, dividends and book value data for the twelve months ended December 31, 2005 for (i) Mittal Steel ordinary shares on a historical basis calculated in accordance with IFRS, (ii) Arcelor ordinary shares on a historical basis calculated in accordance with IFRS, (iii) Mittal Steel class A common shares on a pro forma basis reflecting the acquisition of ISG and Arcelor, calculated in accordance with IFRS and (iv) Arcelor ordinary shares on an equivalent pro forma basis calculated in accordance with IFRS.

The unaudited pro forma per share information has been derived from the Unaudited Pro Forma Condensed Combined Financial Information included elsewhere in this prospectus. The data presented below should be read together with the historical annual consolidated financial statements of Mittal Steel and Arcelor, and the unaudited pro forma consolidated financial information appearing elsewhere in or incorporated by reference into this prospectus. Mittal Steel prepares its financial statements in accordance with U.S. GAAP, while Arcelor prepares its financial statements in accordance with IFRS. See Summary of Certain Differences between IFRS and U.S. GAAP (Unaudited). For the purposes of the Unaudited Pro Forma Condensed Combined Financial Information included herein, Mittal Steel has provided a reconciliation of its shareholders equity and net income as of and for the year ended December 31, 2005 from U.S. GAAP to IFRS. See Unaudited Pro Forma Condensed Combined Balance Sheet and Income Statement for the Year Ended December 31, 2005.

The weighted average number of ordinary shares outstanding during the year ended December 31, 2005 for the combined entity is based on the equivalent weighted average number of ordinary shares for Mittal Steel and Arcelor. For illustrative purposes, earnings per share are presented below as if the exchange of Arcelor ordinary shares for Mittal Steel equivalent class A common shares, including class A common shares underlying the ADSs, had occurred on January 1, 2005. For these purposes, the exchange ratio in the Primary Offer (*i.e.,* 13 Mittal Steel class A common shares for 12 Arcelor shares) has been used. One Arcelor ADS equals one Arcelor ordinary share.

	Pro Forma Combined Mittal Steel /ISG	**Arcelor**	**Pro Forma Combined**
Average number of basic shares outstanding during the year ended December 31, 2005 (in millions)	687	614	1,497
Average number of diluted shares outstanding during the year ended December 31, 2005 (in millions)	689	655	1.499

The following pro forma per share data for Mittal Steel class A common shares and equivalent pro forma per share data for Arcelor ordinary shares and ADSs has been calculated assuming that 100% of Arcelor ordinary shares are tendered in the Offer, including ordinary shares underlying (i) ADSs, (ii) all Arcelor and Usinor stock options outstanding as of February 6, 2006 and (iii) all Convertible Bonds outstanding as of February 6, 2006. The equivalent pro forma per share data for Arcelor ordinary shares has been calculated by multiplying the applicable pro forma per share amounts for Mittal Steel class A common shares by approximately 1.0833, the exchange ratio for each Arcelor ordinary share in the Primary Offer. Because of the pro-ration and allocation procedures applicable to the Offer (see The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Pro-Ration and Allocation Procedures), the calculation remains constant regardless of whether the Arcelor ordinary shares are tendered into the Primary Offer or either of the Secondary Offers (see The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Tenders in Primary Offer or Secondary Offers).

	For the year ended December 31, 2005			
	Historical Mittal Steel IFRS	Historical Arcelor IFRS	Mittal Steel pro forma IFRS(1)	Arcelor equivalent pro forma IFRS(1)
	($ in millions, except per share amounts)(2)			
Net income	3,430	4,789	8,496	
Basic EPS	4.99	7.80	5.68	6.15
Diluted EPS	4.98	7.31	5.67	6.14
Dividends declared(3)	213	1,428	1,641(5)	
Dividends declared per basic share(3)	0.31	2.33	1.10(5)	1.19(5)
Book value at period end(4)	13,423	17,898	38,819	
Book value per basic share(4)	19.54	29.15	25.93	28.09

(1) The pro forma data presented in these columns is derived from the Unaudited Pro Forma Condensed Combined Financial Information included herein, not prepared in accordance with the content and presentation requirements of Article 11 of Regulation S-X under the Securities Act. See the second paragraph in Unaudited Pro Forma Condensed Combined Balance Sheet and Income Statement for the Year Ended December 31, 2005.

(2) All Arcelor amounts converted to dollars at the average euro-to-dollar exchange rate for 2005 of 1.2454 except for book value amounts, which have been converted at the euro-to-dollar exchange rate at December 31, 2005 of 1.1844.

(3) Historical dividends not giving effect to envisioned combined group dividend policy.

(4) Book value per share is calculated by dividing capital and reserves attributable to the equity holders of the company by the number of shares outstanding at the end of the period.

(5) Calculation of Mittal Steel pro forma and Arcelor equivalent pro forma dividend data takes account of the Arcelor dividend of 1.85 per share approved by Arcelor shareholders on April 28, 2006.

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RISK FACTORS

You should carefully consider the following risks, together with the other information contained in this prospectus, before making any decision concerning the terms of the Offer or whether to accept the Offer. Any of these risks could have a material adverse effect on our business, financial condition and results of operations, which could in turn affect the price of our shares.

Risks Relating to the Offer

The consideration offered for Arcelor shares may be adjusted at any time prior to settlement in the event of certain actions taken in relation to Arcelor s net equity.

The consideration offered for Arcelor shares is subject to adjustment if, between February 6, 2006 and the day before the settlement date of the Offer, Arcelor makes specified distributions in respect of its share capital, acquires its shares, or issues new voting securities or securities conferring the right to subscribe for, acquire or convert into voting securities, as set out in detail herein. Depending on the event triggering the adjustment, consent of the relevant European Regulators may be required and, in each case, securityholders who have previously tendered their Arcelor securities will be entitled to withdraw such tenders at any time during the initial acceptance period or any subsequent offering period, including any extension of the initial acceptance period or subsequent offering period, following the publication of such adjustment. Nonetheless, such adjustments to the consideration offered in the Offer could reduce its absolute value and reduce the aggregate relative percentage of cash received by tendering shareholders to below 31.1% as provided in the terms of Mittal Steel s improved Offer announced on June 26, 2006.

On April 4, 2006, the Board of Directors of Arcelor announced its intention to distribute a total amount of 5 billion to Arcelor shareholders through one or a combination of a share buy-back, an exceptional dividend distribution or a self-tender offer. On May 12, 2006, Arcelor s Board of Directors called an extraordinary shareholders meeting for May 19, 2006 and, since the required quorum was not met, called a second extraordinary shareholders meeting for June 21, 2006, with an agenda including a proposal to reduce Arcelor s share capital through a self-tender offer for, and subsequent cancellation of, up to a maximum of 150 million shares at a maximum price of 50 per share. On June 19, 2006, Arcelor s Board of Directors announced the withdrawal of the June 21 shareholders meeting but confirmed its intention to distributed 6.5 billion in the future. If such distribution is in fact completed before the settlement date of the Offer, this would result in an adjustment of the Offer consideration as set out in The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer or Secondary Cash and Exchange Offers below. In the Memorandum of Understanding, Arcelor has undertaken not to effect any self-tender offer, share buyback or market purchases of its own shares during the pendency of the Offer. This undertaking would no longer apply, however, were the Memorandum of Understanding to be terminated in accordance with its terms.

The fixed exchange ratio will not reflect market fluctuations.

Arcelor securityholders are being offered a fixed number of Mittal Steel shares in the Offer, rather than Mittal Steel shares with a fixed market value. The market values of Mittal Steel shares and the Arcelor securities at the time of the completion of the Offer may vary significantly from their values at the date of this prospectus or the date that you tender your Arcelor securities.

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Even if Mittal Steel consummates the Offer, there may be a delay before Mittal Steel can obtain management control of Arcelor.

In order for Mittal Steel to take management control of Arcelor following completion of the Offer, Mittal Steel will need to take control of Arcelor s Board of Directors. In order to do so, Mittal Steel must, under Luxembourg law, request Arcelor s Board of Directors to convene a shareholders meeting with an agenda that will provide for the removal and election of directors. Pursuant to Luxembourg law, Mittal Steel would be permitted to make such a request once it holds 20% or more of the issued capital of Arcelor. Arcelor s Board of Directors is obliged to convene such meeting within a period of one month after such request. In such a case, Arcelor s Board of Directors could not refuse to convene a shareholders meeting. If, however, the Arcelor Board of Directors fails to convene such meeting, the only option open to Mittal Steel is to apply to the court to have the meeting convened, which would entail further delay. According to the Articles of Association of Arcelor, at the shareholders meeting, the removal and nomination of directors must be approved by a majority of the shareholders present and represented at the meeting. There is no quorum requirement for such meeting. In addition, there are no restrictions on Mittal Steel s ability to vote the shares it acquired in the Offer at such meeting.

Regulatory approvals of the Offer may not be obtained or may impose adverse conditions and obligations.

Although Mittal Steel does not anticipate that there will be any investigations or proceedings in any jurisdiction that would have a material impact on the operations of Mittal Steel or Arcelor, it is not certain that all necessary approvals will be granted or, if granted, that they will be granted on favorable terms. In particular, a number of countries have jurisdiction to review the transaction under their competition or antitrust laws. It is possible that certain regulatory approvals will be subject to conditions and obligations, which could include the divestiture of certain assets or business divisions or the imposition of obligations on Mittal Steel that restrict the manner in which it operates. Any such divestitures or obligations could reduce the anticipated benefits of the combination of Mittal Steel and Arcelor, including the expected synergies. Furthermore, Mittal Steel may decide that significant amounts of additional assets should be disposed of in connection with such divestitures for various business reasons. Any divestitures required for regulatory reasons, or any related divestitures, may adversely affect Mittal Steel s business or profitability.

Mittal Steel has not been given the opportunity to conduct a due diligence review of the non-public records of Arcelor. Therefore, Mittal Steel may be subject to unknown liabilities of Arcelor that may have a material adverse effect on Mittal Steel s profitability and results of operations.

In commencing the Offer and determining its terms and conditions, Mittal Steel has relied solely and exclusively upon publicly available information relating to Arcelor, including periodic and other reports of Arcelor posted on its website. Mittal Steel has not conducted an independent due diligence review of any non-public information about Arcelor. As of the date of this prospectus, Mittal Steel has not had access to due diligence materials or the management or independent public accountants of Arcelor. The Memorandum of Understanding does not grant Mittal Steel access to such materials or personnel or agents for due diligence purposes. As a result, after the consummation of the Offer, Mittal Steel may be subject to unknown liabilities of Arcelor, which may have a material adverse effect on Mittal Steel s profitability, results of operations and financial position, which Mittal Steel might have otherwise discovered if it had been permitted by Arcelor to conduct a complete due diligence review.

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The integration of the operations of Arcelor and Mittal Steel may not be fully successful and the integration process may disrupt operations.

The anticipated benefits and synergies expected to result from the Offer will depend in part upon whether the operations of Arcelor can be integrated in an efficient and effective manner with those of Mittal Steel. Successful integration will require the integration of various aspects of each company s business. There may be delays in achieving the anticipated benefits expected to result from this integration. The fact that the Offer was long opposed by Arcelor management may complicate the integration process. The integration of the operations of Mittal Steel and Arcelor could interfere with the activities of one or more of the businesses of the companies, and may involve a number of other risks, including the diversion of management s attention from the day-to-day operations of each company s business.

Factors affecting the pace, extent and effectiveness of integration will include, inter alia, our ability to elicit the willing cooperation of existing Arcelor management and employees at numerous levels, our success in communicating our own business model and corporate culture to Arcelor and in aligning existing business methods and practices, and our ability to foster a sense of common enterprise.

Consummation of the Offer could trigger change of control payments in the employment agreements of certain members of Arcelor s senior management, as well as change of control provisions in other contracts of Arcelor.

The employment agreements of certain members of Arcelor s senior management and other employees may contain change of control clauses providing for compensation to be granted in the event the employment of these employees is terminated, following the consummation of the Offer, either by Arcelor or by those employees. If completed, the Offer would result in such a change of control, thereby giving rise to potential change of control payments, which could be substantial and which could reduce Mittal Steel s results of operations in the period they become payable.

In addition, other contracts to which Arcelor is a party may contain change of control provisions that could be triggered by the completion of the Offer, possibly resulting in termination of those contracts or increased obligations or loss of benefits to Arcelor. Because Mittal Steel has not been given the opportunity to conduct a due diligence review of the non-public records of Arcelor, Mittal Steel is unable to provide accurate details of, or to determine the possible risks relating to, such arrangements.

Consummation of the Offer may negatively impact Mittal Steel s or Arcelor s corporate tax position.

Mittal Steel has not had access to information concerning Arcelor s tax position. It is possible that the consummation of the Offer negatively impacts Mittal Steel s or Arcelor s corporate tax position. The tax consequences of a change of ownership of a corporation can lead to an inability to carry over certain tax attributes, including, but not limited to, tax losses, tax credits and/or tax basis of assets. In addition, the change of ownership may result in other tax costs not normally associated with the ordinary course of business. Such other tax costs include, but are not limited to, stamp duties, land transfer taxes, franchise taxes and other levies.

Mittal Steel is a Dutch company, and being a shareholder of a Dutch company involves different rights and privileges than being a shareholder of a Luxembourg company.

The rights of Mittal Steel s shareholders are governed by Dutch law and by Mittal Steel s Articles of Association. Dutch law extends to shareholders certain rights and privileges that may not exist under Luxembourg law and, conversely, does not extend certain rights and privileges that shareholders of a company governed by Luxembourg law may have. For example, Arcelor has one class of shares, each of which is entitled to one vote, while Mittal Steel has two classes of shares, with the class A common shares carrying one vote each and the class B common shares, which are exclusively held by the Controlling Shareholder, carrying ten votes each (to be reduced to one vote each). Pursuant to Luxembourg law, shareholders representing at least 20% of the issued capital can convene a shareholders meeting, while pursuant to Dutch law, shareholders representing at least 10% of the issued share capital can convene such a meeting. Mittal Steel shareholders are required to vote on major transactions involving a significant change in the identity or character of the company, while no such shareholder approval is required under Arcelor s Articles of Association or Luxembourg law. Arcelor s shareholders can appoint, suspend and dismiss directors by a simple majority vote. Mittal Steel s shareholders can also appoint, suspend and dismiss directors, but the holder of the class B common shares may make a binding nomination for the appointment of directors, which nomination can be set aside by an absolute majority of votes cast provided that such majority represents at least one-third of the issued capital; Mittal Steel s shareholders may suspend and remove directors by a two-thirds majority, provided that such qualified majority represents at least one-half of the issued capital, unless upon proposal of the holder of the class B common shares in which case a simple majority suffices. For a detailed description of the principal differences between the rights of shareholders under Luxembourg and Dutch law and Arcelor and Mittal Steel s Articles of Association, see Comparison of Rights of Shareholders Under Luxembourg and Dutch Law.

The above summary as it relates to Mittal Steel is subject to change. As announced by Mittal Steel on May 19, 2006, Mittal Steel will propose to its shareholders to amend Mittal Steel s Articles of Association to eliminate all differences between the rights attached to Mittal Steel s class A common shares and class B common shares (except for the right of the holders of the class B common shares to convert their class B common shares on a share-per-share basis into class A common shares). All shareholders will hold shares carrying the same voting and economic rights; each share will have one vote, irrespective of the time it has been held. As a result of the amendment, the holders of class B common shares will no longer have the right to make a binding nomination for the appointment of class A, B or C directors to Mittal Steel s Board of Directors. All directors will be elected by the general meeting of shareholders to serve three-year terms, by a simple majority of the votes cast. In addition, as a result of the amendment, directors can be removed and suspended by the general meeting of shareholders by a simple majority of the votes cast. Finally, as a result of the amendment, the approval of the holders of the class B common shares will no longer be required for a resolution to dissolve the Company. The amendment to Mittal Steel s Articles of Association will be discussed and put to a vote at the extraordinary shareholders meeting of Mittal Steel to be held on June 30, 2006. A notice for this extraordinary meeting of shareholders, to be held in Rotterdam, The Netherlands, on June 30, 2006, was published on June 6, 2006. The Controlling Shareholder has committed to vote in favor of the amendment. Once approved, the amendment will come into effect as soon as legally possible.

Finally, it is noted that the Memorandum of Understanding provides that, until Mittal Steel is merged into Arcelor as described below, the composition and operation of Mittal Steel s Board of Directors will be identical to those of Arcelor. (See Memorandum of Understanding between Mittal

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Steel, Arcelor and the Controlling Shareholder Corporate Governance). In addition, the Memorandum of Understanding provides that, upon completion of the Offer and any related subsequent offer or compulsory buy-out, Mittal Steel and Arcelor will use their best efforts to ensure that Mittal Steel is merged into Arcelor with Arcelor continuing to be incorporated, domiciled and headquartered in Luxembourg. Accordingly, the rights and privileges of Arcelor shareholders who tender their shares in the Offer for Mittal Steel shares may, following completion of such merger, again be governed by Luxembourg law. Subject to further legal and tax analysis, the merger is expected to take the form of a cross-border merger governed by Dutch and Luxembourg law. Further discussions will be held with the Luxembourg authorities to seek to obtain from them the appropriate comfort with respect to the location of the headquarters of the Company in Luxembourg. The timing of such merger is uncertain at this stage and will depend in large part on the outcome of such further analysis and discussions.

Mittal Steel must make a mandatory tender offer for minority interests in Arcelor s listed Brazilian subsidiaries at a price determined by independent experts, which may be higher than expected.

Arcelor Brasil S.A. and Acesita S.A. are two Brazilian companies listed on the Bolsa de Valores de São Paulo (BOVESPA). Arcelor holds approximately 66% of the outstanding voting stock of Arcelor Brasil S.A. Based on publicly available information Arcelor currently holds, directly or indirectly, approximately 56% of the share capital (consisting of voting common shares and non-voting preferred shares) and approximately 91% of the voting stock in Acesita S.A. Article 254-A of the Brazilian corporation law requires that, in the event of a direct or indirect acquisition of control of a company listed in Brazil, the acquiror must make an offer for all voting shares not already controlled.

Assuming that acquisition of control of Arcelor would constitute a change of control of its Brazilian subsidiaries, tender offers for all minority voting shares must be launched within 30 days following the acquisition of control of Arcelor. The offer price must be at least 80% of the part of the overall acquisition consideration, including premium that is fairly attributable to the Brazilian companies. In the case of Arcelor Brasil S.A., its by-laws increase this percentage to 100%. The determination of the price for Arcelor Brasil and Acesita will be made by an independent expert designated by the company and is subject to judicial review at the request of the minority shareholders.

Mittal Steel may offer the Brazilian shareholders the same mix of shares and cash as in the Offer or it may offer all cash. These offers would be financed out of one or a combination of existing resources, cash flow and proceeds of new financings. Mittal Steel does not expect to make this decision before the Offer is completed. For purposes of example only, based on (i) the current Arcelor shareholding in the two companies (as set out above), (ii) the respective closing market prices of Acesita S.A. and Arcelor Brasil S.A. voting shares on June 23, 2006 as per Bloomberg (which prices may differ from the fair values of such shares as finally determined in the manner described above), (iii) an offer price equal to 80% and 100%, respectively, of such current market prices, in each case without assigning any premium value related to the Offer, and (iv) the Mittal Steel Reference Share Price of 25.71 ($32.17) used for purposes of calculations in the context of the Offer, the minority interests in these companies would have an aggregate value of approximately 2.8 billion ($3.5 billion), requiring the issuance of approximately 74 million shares and the payment of 0.9 billion ($1.1 billion) in cash if Mittal Steel offers the same mix (*i.e.*, 68.9% and 31.1%) of shares and cash as in the Offer.

The issuance of Mittal Steel shares in such an offer would result in dilution of existing shareholders in proportion to their economic interests, and Mittal Steel cannot predict with certainty

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the values that the independent experts will ultimately assign to the shares of Arcelor Brasil and Acesita. If such values are higher than expected, Mittal Steel will have to finance a higher cash purchase price and possibly issue more shares, resulting in greater dilution.

In certain limited circumstances, Mittal Steel has the right to withdraw and terminate the Offer at any time until the settlement date of the Offer, including during the period between the end of the initial acceptance period and the settlement date. In this case, the value of Arcelor securities may decrease during the period between your tender of such securities in the Offer and the return of such securities to you.

Mittal Steel has the right to withdraw and terminate the Offer upon the failure of any of the three conditions to the Offer (see The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer):

- in the event that the Minimum Tender Condition is not satisfied or waived, at any time until (and including) the announcement of the results of the Offer;

- subject to the prior consent of the European Regulators (insofar as required by applicable law), (i) in the event that certain events beyond the control of Mittal Steel occur or (ii) if Arcelor takes certain actions, that, in either case, materially alter Arcelor s substance, substantially and adversely affect the economics of the Offer or substantially and adversely affect the ability of Mittal Steel to complete the Offer, at any time prior to the end of the initial acceptance period of the offer (with respect to (i)) and to the settlement date of the Offer (with respect to (ii)); or

- in the event that any New Securities (defined below) are issued by Arcelor on or after February 6, 2006 without specific authorization by Arcelor s shareholders (other than issuances pursuant to the exercise of Convertible Bonds or outstanding options and ordinary course issuances pursuant to existing management or employee incentive plans), at any time prior to the settlement date of the Offer.

Whether the Minimum Tender Condition is satisfied and any decision to invoke or waive this condition will be announced by press release and, at the latest, in the press release publishing the results of the Offer. Any decision to withdraw the Offer due to the failure of either of the other two conditions will be announced by press release as soon as possible following the relevant event or action. See Memorandum of Understanding between Mittal Steel, Arcelor and the Controlling Shareholder Limitation on Mittal Steel s Minimum Tender Condition for a discussion of certain limitations on Mittal Steel s ability to invoke the Minimum Tender Condition.

In addition, Mittal Steel has the right to withdraw and terminate the Offer at any time up to the settlement date of the Offer, with the prior consent of the European Regulators (insofar as required by applicable law), in the event that any New Securities are issued by Arcelor on or after February 6, 2006, even with the specific authorization of Arcelor s shareholders. (See The Offer Terms and Conditions of the Offer Offer Scope and Consideration Securities Covered by the Offer.)

Upon Mittal Steel s termination of the Offer, any Arcelor securities tendered in the Offer will be promptly returned to their holders; they will be credited to the relevant financial intermediaries accounts with the relevant common security depositaries within three Business Days from the date of publication of the above-mentioned press release. However, the value of your Arcelor securities may decrease between the time you tender them into the Offer and the time they are returned to you

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following any such termination of the Offer. In particular, you will not be able to withdraw tendered securities following the expiration of the initial acceptance period of the Offer unless and until Mittal Steel terminates the Offer as described above; during this period, you will not be able to dispose of such securities. You will bear the risk of any decrease in value during this time. Mittal Steel will not compensate or indemnify you for any such losses or reduction in value of your securities or your inability to sell your securities.

If the Offer is completed, the liquidity and market value of Arcelor securities not tendered in the Offer may be significantly reduced.

If the Offer is completed, the liquidity and market value of the remaining Arcelor securities held by the public could be significantly reduced by the fact that they will be held by a smaller number of holders.

Depending upon the number of Arcelor securities acquired pursuant to the Offer, following the completion of the Offer, the Arcelor shares and Convertible Bonds may no longer meet the requirements for continued listing on the security exchanges on which they are currently listed. Moreover, to the extent permitted under applicable law and stock exchange regulations, Mittal Steel may seek to cause the delisting of the Arcelor shares and Convertible Bonds on any exchanges on which they are admitted to trading.

If any of the stock exchanges on which Arcelor securities are listed were to delist the Arcelor shares or Convertible Bonds, the market for these securities would be limited. Although it is possible that the Arcelor shares and Convertible Bonds would be traded on other stock exchanges or in the over-the-counter market, and the price quotations would be reported by such exchanges or by other sources, Mittal Steel cannot guarantee that any such trading quotations will occur.

In addition, the extent of the public market for the Arcelor shares and Convertible Bonds and the availability of such quotations would depend upon the number of holders and/or the aggregate market value of the Arcelor shares and Convertible Bonds, as the case may be, remaining at such time, and the interest in maintaining a market in the Arcelor shares and Convertible Bonds, as the case may be, on the part of securities firms. To the extent the availability of such listings or quotations depends on steps taken by Mittal Steel or Arcelor, Mittal Steel or Arcelor may or may not take such steps. Arcelor securityholders should therefore not rely on any such listing or quotation being available.

Historically, the value of the average volume of trading in Mittal Steel shares has been lower than the value of the average volume of trading in Arcelor shares; the post-Offer volume of trading in Mittal Steel shares will depend on the level of acceptances in the Offer and other factors and may be lower than the historical volume of trading in Arcelor shares.

Historically, the free float, representing the shares available to public shareholders to trade compared to the total outstanding shares, has been lower for Mittal Steel than for Arcelor. As of January 26, 2006, the day prior to the announcement of the Offer, the free float of Mittal Steel was 11.4% (or $2.6 billion) and the free float of Arcelor was 85.9% (or $14.3 billion).

Historically, the value of the average daily trading volume of Mittal Steel has been lower than the value of the average daily trading volume of Arcelor. During the six- and twelve-month periods prior to announcement of the Offer, the value of the average daily trading volume was 23.2 million ($28.0 million) and 21.5 million ($26.6 million), respectively, for Mittal Steel (representing 1.3% and 1.2% of the free float, respectively) and 90.2 million ($108.7 million) and 92.1 million ($114.0 million), respectively, for Arcelor (representing 0.9% and 1.0% of the free float, respectively). Mittal Steel shares are listed for trading on Euronext Amsterdam and the NYSE and have therefore satisfied the liquidity criteria set out in Article 48 of EU Directive 2001/34/EC of May 28, 2001 relating to the admission of securities to trading on a regulated market in the European Union. Mittal Steel expects that its shares will be listed following the Offer on the European exchanges on which Arcelor shares are currently listed, in addition to Euronext Amsterdam and the NYSE.

Post-Offer, the size of the free float and trading volume of Mittal Steel shares will depend on the number of Arcelor securities actually tendered in the Offer and, as to trading volume, other factors common to all listed securities (*e.g.,* the general volatility of financial markets, changes in prevailing interest rates, general economic conditions and the overall political and social situation in the financial markets where the shares are listed). Depending on these factors, such post-Offer free float and trading volume may be smaller than those of Arcelor pre-Offer. For further information regarding the prospective free float of Mittal Steel shares at various levels of acceptance of the Offer, see The Offer Intentions of Mittal Steel Regarding the Business of the Group Capital Markets Position of the Group.

Mittal Steel has not verified the reliability of the Arcelor information included in this prospectus.

In respect of information relating to Arcelor presented in this prospectus, including all Arcelor financial information, we have relied exclusively upon publicly available information. Although we have no knowledge that would indicate that any statements contained herein based upon such reports and documents are inaccurate, incomplete or untrue, we were not involved in the preparation of such information and statements and therefore cannot verify the accuracy, completeness or truth of such information or any failure by Arcelor to disclose events that may have occurred, but that are unknown to us, that may affect the significance or accuracy of any such information. Arcelor has not provided representatives of Mittal Steel access to Arcelor s accounting records and has not permitted its independent public accountants to provide us with any information, including an independent public accountant s consent. The entry into the Memorandum of Understanding on June 25, 2006 does not change this situation, since it does not provide Mittal Steel with the right to perform due diligence with respect to Arcelor, give it access to Arcelor s books and records, or require Arcelor to cooperate in the preparation of Mittal Steel s disclosure in connection with the Offer.

Risks Relating to Mittal Steel

Mittal Steel has experienced rapid growth through acquisitions in a relatively short period of time. The failure to manage such growth could significantly harm Mittal Steel s future results and require significant expenditures to address the additional operational and control requirements of this growth.

Mittal Steel has experienced rapid growth and development through acquisitions in a relatively short period of time and may continue, following the contemplated acquisition of Arcelor, to pursue acquisitions in order to meet its strategic objectives. Such growth entails significant investment, as well as increased operating costs. Overall growth in Mittal Steel s business also requires greater allocation of management resources away from daily operations. In addition, the management of such growth (including management of multiple operating assets) will require, among other things, the continued development of Mittal Steel s financial and information management control systems, the ability to integrate newly acquired assets with existing operations, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training and supervision of such personnel and the ability to manage the risks and liabilities associated with the acquired businesses. Failure to manage such growth, while at the same time maintaining adequate focus on the existing assets of Mittal Steel, could have a material adverse effect on Mittal Steel s business, financial condition, results of operations or prospects.

Mr. Lakshmi N. Mittal currently can appoint Mittal Steel s directors and determine the outcome of shareholder votes. If the Offer is completed, Mr. Lakshmi N. Mittal will maintain a substantial minority shareholding and may be able as a practical matter to determine the outcome of shareholder votes with respect to significant corporate events.

Mr. Lakshmi N. Mittal currently has the power to elect the members of the Mittal Steel Board of Directors and to exercise voting control over the decisions adopted at the Mittal Steel general meetings of shareholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, issuances of equity and the incurrence of indebtedness. In particular, Mr. Lakshmi N. Mittal currently has the ability to prevent or cause a change of control of Mittal Steel. Mr. Lakshmi N. Mittal and two of his relatives currently constitute three of the nine members of Mittal Steel s Board of Directors.

Mr. Lakshmi N. Mittal s proportionate voting rights will decrease following the completion of the Offer, both as a result of dilution as well as of the proposed elimination of all differences between the rights attached to Mittal Steel s class A common shares and class B common shares (except for the right of the holders of the class B common shares to convert their class B common shares on a share-per-share basis into class A common shares). Assuming 100% acceptance of the Offer, upon its completion Mr. Lakshmi N. Mittal will have 43.6% of the voting rights in Mittal Steel, and the top-level company in the group resulting from any post-Offer reorganization. As described in The Offer Intentions of Mittal Steel Regarding Corporate Governance and Corporate Structure Intentions Regarding Corporate Governance for the Group Board of Directors of the Group, Mr. Lakshmi N. Mittal has committed, subject to certain conditions, to limit the voting power that this substantial shareholding could carry in the general meeting of shareholders of Mittal Steel, Arcelor or the top-level company of the Group during a three-year period following the settlement date of the Offer. However, notwithstanding these limitations during this three-year period, Mr. Lakshmi N. Mittal will have the right to subject decisions of the Board of Directors of Mittal Steel, Arcelor and/or the top-level company of the Group opposed by him to the prior approval of the general meeting of shareholders in which Mr. Lakshmi N. Mittal will have the right to vote as he sees fit.

Mittal Steel may not achieve the expected synergies from its recent significant acquisitions, including the acquisitions of ISG (now Mittal Steel USA) and Kryvorizhstal (now Mittal Steel Kryviy Rih).

Mittal Steel expects to achieve synergies from its acquisitions by integrating the acquired companies with its operations. Integrating the operations of acquired businesses is a complex and ongoing process. Successful integration and the achievement of synergies require, among other things, the satisfactory coordination of business development and procurement efforts, manufacturing improvements and employee retention, hiring and training policies, as well as the alignment of products, sales and marketing operations and information and software systems. The diversion of the attention of the combined company s management to the integration effort and any difficulties encountered in combining operations could result in higher integration costs and lower savings than expected.

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Mittal Steel announced at the time of the acquisition of ISG that it expected to achieve cost synergies of approximately $250 million per annum by 2007 relating to purchasing, manufacturing, operating and other improvements, including inventory reduction, reduced capital expenditures and contract-related improvements in productivity. Through the fourth quarter of 2005, Mittal Steel had achieved $120 million of synergies on an annualized basis. In connection with its acquisition of Kryvorizhstal, Mittal Steel announced that it expected to achieve cost synergies of up to approximately $200 million by the end of 2006, relating to sales, marketing and procurement. The announced synergies from either or both of these acquisitions may not be achieved to the fullest extent or within the expected timeframe, which could significantly harm Mittal Steel s results of operations.

Mittal Steel may face significant price and other forms of competition from other steel producers, which could have a material adverse effect on its business, financial condition, results of operations or prospects.

Generally, the markets in which steel companies conduct business are highly competitive. Increased competition could cause Mittal Steel to lose market share, increase expenditures or reduce pricing, any one of which could have a material adverse effect on its business, financial condition, results of operations or prospects. The global steel industry has historically suffered from substantial over-capacity. Excess capacity in some of the products sold by Mittal Steel will intensify price competition for such products. This could require Mittal Steel to reduce the price for its products and, as a result, may have a material adverse effect on its business, financial condition, results of operations or prospects. Mittal Steel competes primarily on the basis of quality and the ability to meet customers product specifications, delivery schedules and price. Some of the competitors of Mittal Steel may benefit from greater capital resources; have different technologies; have lower raw material and energy costs; and have lower employee post-employment benefit costs.

In addition, the competitive position of Mittal Steel within the global steel industry may be affected by, among other things, the recent trend toward consolidation among Mittal Steel s competitors, particularly in Europe and the United States; exchange rate fluctuations that may make the products of Mittal Steel less competitive in relation to the products of steel companies based in other countries; and the development of new technologies for the production of steel and steel-related products.

The dependence of certain operating subsidiaries of Mittal Steel on either export or domestic markets may limit its flexibility in managing its business.

Some of Mittal Steel s operating subsidiaries are primarily export oriented, as domestic markets are not adequate to support operations, and some of its operating subsidiaries are substantially dependent on the domestic markets of their countries of operation. Any rise in trade barriers or trade-related actions in main export markets, or any fall in demand in the export or domestic markets due to weak economic conditions or other reasons, may harm the operations of these subsidiaries and may limit Mittal Steel s flexibility in managing its business. See Note 17 to the Mittal Steel consolidated financial statements, incorporated by reference herein.

Mittal Steel could experience labor disputes that could disrupt its operations and its relationships with its customers.

A substantial majority of the employees of Mittal Steel are represented by labor unions and are covered by collective bargaining or similar agreements, which are subject to periodic renegotiation. Strikes or work stoppages could occur prior to or during the negotiations leading to new collective

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bargaining agreements, during wage and benefits negotiations or, occasionally, during other periods for other reasons. For example, steel workers at Mittal Steel s Lázaro Cárdenas production facilities went on strike on two occasions in the period of February to April of 2006 following the removal of the steel workers union leader by the Mexican government. See Note 17 to the Mittal Steel consolidated financial statements, incorporated by reference herein.

Any such breakdown leading to work stoppage could significantly disrupt the operations and harm the financial results of Mittal Steel and its relationships with its customers. Additionally, many of the contractors working at Mittal Steel s operating subsidiaries plants employ workers who are represented by various trade unions. Disruptions with these contractors could also significantly disrupt Mittal Steel s operations and harm its financial results and its relationships with its customers.

Representatives of various unions representing Arcelor employees have made statements critical of the Offer. Following the acquisition of Arcelor, the combined group may be subject to strikes and other labor actions by former Arcelor employees that would disrupt Mittal Steel s operations and prevent it from achieving the anticipated synergies and efficiencies arising from the acquisition.

Mittal Steel may encounter supply shortages and increases in the cost of raw materials, energy and transportation.

Steel production requires substantial amounts of raw materials and energy, including iron ore, scrap, electricity, natural gas, coal and coke. Any prolonged interruption in the supply of raw materials or energy, or substantial increases in their costs, could adversely affect the business, financial condition, results of operations or prospects of steel companies. The availability and prices of raw materials may be negatively affected by new laws or regulations; suppliers allocations to other purchasers; interruptions in production by suppliers; accidents or other similar events at suppliers premises or along the supply chain; wars, natural disasters and other similar events; changes in exchange rates; consolidation in steel-related industries; the bargaining power of raw material suppliers; worldwide price fluctuations and other factors; and the availability and cost of transportation.

In addition, energy costs, including the cost of electricity and natural gas, make up a substantial portion of the cost of goods sold by steel companies. The price of energy has varied significantly in the past several years and may vary significantly in the future largely as a result of market conditions and other factors beyond the control of steel companies, including significant increases in oil prices. In addition, natural gas prices in North America reached $15 per mmbtu in 2005 versus a high of $9 per mmbtu in 2004. Because the production of direct reduced iron and the re-heating of steel involve the use of significant amounts of natural gas, steel companies are sensitive to the price of natural gas.

Further, global developments, particularly the dramatic increase in the demand for materials and inputs used in steel manufacturing from China, may cause severe shortages and/or substantial price increases of key raw materials and ocean transportation capacity. Inability to recoup such cost increases from increases in the selling prices of steel companies products, or inability to cater to their customers demands because of non-availability of key raw materials or other inputs, may significantly harm the business, financial condition, results of operations or prospects of steel companies.

There can be no assurance that Mittal Steel will be able to procure adequate supplies in the future. In addition, a substantial portion of Mittal Steel s raw materials are procured under contracts that are either short-term or are subject to periodic price negotiations. Any prolonged interruption,

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discontinuation or other disruption in the supply of raw materials or energy, or substantial increases in their costs, could significantly harm Mittal Steel s business, financial condition, results of operations or prospects.

Mittal Steel will substantially increase its outstanding debt in connection with the acquisition of Arcelor, which may lower its credit rating. Cyclical downturns in the steel industry could also lead to credit rating downgrades. Credit rating downgrades could significantly harm Mittal Steel s refinancing capacity, increase its cost of funding and limit its flexibility in managing its business.

At December 31, 2005, Mittal Steel had outstanding $8.3 billion in aggregate principal amount of debt consisting of $334 million of short-term indebtedness (including the current portion of long-term debt) and $8.0 billion of long-term indebtedness. At December 31, 2005, Mittal Steel also had $2.1 billion of cash and cash equivalents, including short-term investments and restricted cash, and for the year ended December 31, 2005 it recorded operating income of $4.7 billion. A significant portion of such indebtedness consists of funds that were drawn down under a $3.2 billion term and revolving credit facility that Mittal Steel entered into in April 2005 (the 2005 Credit Facility). On October 19, 2005, Mittal Steel entered into a $3.0 billion bridge term facility to finance part of the acquisition of 93% of the issued share capital of Kryvorizhstal (the 2005 Bridge Finance Facility). The amount of the 2005 Bridge Finance Facility was increased to $3.5 billion in November 2005. Part of the Kryvorizhstal acquisition was also funded through further drawdowns under the 2005 Credit Facility. As of December 31, 2005, the 2005 Bridge Finance Facility was fully drawn (*i.e.,* $3.5 billion). In December 2005, Mittal Steel entered into an $800 million committed multi-currency letter of credit and guarantee facility to support its day-to-day business.

In connection with the Offer, Mittal Steel has entered into three new credit facilities, a 5 billion (approximately $6.1 billion) credit facility and a 2.8 billion (approximately $3.4 billion) credit facility to finance part of the Cash Portion of the Offer, and a separate 3 billion (approximately $3.7 billion) credit facility to refinance the 2005 Bridge Finance Facility (the New Credit Facilities). It is also possible that some of Arcelor s outstanding debt may require refinancing, although Mittal Steel has not had access to all the information it needs to assess whether change-of-control provisions exist or would be triggered.

As a result of the Offer and its increased level of indebtedness, including a significant increase in its short-term debt, Mittal Steel could suffer credit rating downgrades. Following Mittal Steel s initial announcement of the proposed Offer on January 27, 2006, Moody s Investors Service placed Mittal Steel s Baa3 Corporate Family Rating as well as the Ba1 ratings of its subsidiaries debt on credit review for possible downgrade, and Standard & Poor s Rating Services placed its BBB+ long-term credit rating for Mittal Steel on credit watch with negative implications. Fitch has also placed Mittal Steel s credit rating on negative ratings watch. Both Moody s Investors Service and Standard & Poor s Rating Services issued releases following Mittal Steel s announcement of a revised offer on May 19, 2006 stating that the revised terms put increased pressure on Mittal Steel s ability to maintain its current ratings. Subsequent to the second increase in the Offer consideration as announced on June 25, 2006, Fitch maintained its rating watch negative, and added that the ratings of MS could either be affirmed at the current BBB or lowered by a maximum of one level. Standard & Poor s stated in a press release issued on June 26, 2006 that the prospect of the rating being affirmed at BBB+ remains possible, if unlikely. It is more likely that the rating on Mittal will be lowered by one notch. There remains a smaller possibility, however, that the rating could be lowered by two notches. On the same date, Moody s issued a press release stating that the rating of Mittal Steel remains under review for possible downgrade, without an indication of the size or likelihood of such potential downgrade.

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Credit rating downgrades could also result from a cyclical downturn in the steel industry, as Mittal Steel has experienced in the past. Any decline in its credit rating would increase Mittal Steel s cost of borrowing and may significantly harm its financial condition, results of operations and profitability, including its ability to refinance its existing indebtedness. In addition, any downgrade of Arcelor s credit rating, if it remains a separate subsidiary of Mittal Steel following the completion of the Offer, could significantly harm its financial condition, results of operations and profitability.

Mittal Steel s level of indebtedness and its guarantees of the debt of its subsidiaries may limit its flexibility in managing its business.

The 2005 Credit Facility and the New Credit Facilities contain provisions that limit Mittal Steel s ability to encumber its assets and incur debt and require compliance with maximum leverage and minimum interest coverage ratios. Limitations arising from these credit facilities could adversely affect Mittal Steel s ability to maintain its current dividend policy and make additional strategic acquisitions.

A portion of Mittal Steel s working capital financing consists of uncommitted lines of credit, which may be cancelled by the lenders in certain circumstances. The level of debt outstanding could have important adverse consequences to Mittal Steel, including impairing its ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes, and limiting its flexibility to adjust to changing market conditions or withstand competitive pressures, resulting in greater vulnerability to a downturn in general economic conditions.

Mittal Steel has, as of December 31, 2005, also guaranteed $0.9 billion of debt of its operating subsidiaries and some of these guarantees have provisions whereby a default by one operating subsidiary could, under certain circumstances, lead to defaults at other operating subsidiaries. Any possible invocation of any of these guarantees could cause some or all of the other guaranteed debt to accelerate, creating liquidity pressures. In addition, the Company has, as of December 31, 2005, guaranteed approximately $76 million of certain debts at its joint ventures I/N Tek and I/N Kote.

Furthermore, most of Mittal Steel s current borrowings are at variable rates of interest and expose Mittal Steel to interest rate risk. Generally, Mittal Steel does not use financial instruments to hedge a significant portion of its interest rate exposure. If interest rates rise, Mittal Steel s debt service obligations on its variable rate indebtedness would increase even if the amount borrowed remained the same, resulting in higher interest costs.

Following completion of the Offer, a substantial portion of Mittal Steel s debt may be denominated in euro. Accordingly, Mittal Steel could be exposed to fluctuations in the exchange rates between the U.S. dollar and the euro. Any such fluctuations could harm Mittal Steel s cash flow and profitability and make its operating results highly unpredictable.

As Mittal Steel is a holding company with no revenue-generating operations, it depends on the earnings and cash flows of its operating subsidiaries, which may not be sufficient to meet future needs.

As Mittal Steel is a holding company with no business operations of its own, it is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses, meet its debt service obligations, and pay any cash dividends or distributions on its common shares. Some of these operating subsidiaries have debt outstanding or are subject to acquisition agreements that impose restrictions or prohibitions on such operating subsidiaries ability to pay dividends.

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Since Mittal Steel is incorporated under the laws of The Netherlands, it can only pay dividends or distributions to the extent it is entitled to receive cash dividend distributions from its operating subsidiaries, recognizes gains from the sale of its assets or records share premium as a result of the issuance of common shares. See Note 11 to the Mittal Steel consolidated financial statements, incorporated by reference herein.

Mittal Steel s mining operations are subject to mining risks.

Mittal Steel s mining operations are subject to hazards and risks normally associated with the exploration, development and production of natural resources, any of which could result in production shortfalls or damage to persons or property. In particular, hazards associated with open-pit mining operations include, among others: flooding of the open pit; collapses of the open-pit wall; accidents associated with the operation of large open-pit mining and rock transportation equipment; accidents associated with the preparation and ignition of large-scale open-pit blasting operations; production disruptions due to weather; and hazards associated with the disposal of mineralized waste water, such as groundwater and waterway contamination. Hazards associated with underground mining operations include, among others: underground fires and explosions, including those caused by flammable gas; cave-ins or ground falls; discharges of gases and toxic chemicals; flooding; sinkhole formation and ground subsidence; and other accidents and conditions resulting from drilling, blasting and removing, and processing material from an underground mine.

Mittal Steel is at risk of experiencing any or all of these hazards. The occurrence of any of these hazards could delay production, increase production costs and result in injury to persons and damage to property, as well as liability for Mittal Steel, all or some of which may not be covered by insurance.

Mittal Steel s Chairman and Chief Executive Officer has for over a quarter of a century contributed significantly to the shaping and implementation of its business strategy and the loss or diminution of his services could have a material adverse effect on Mittal Steel s business and prospects.

Mittal Steel s Chairman and Chief Executive Officer has for over a quarter of a century contributed significantly to the shaping and implementation of its business strategy. His strategic vision was instrumental in the creation of the world s largest and most global steel group. The loss or any diminution of the services of the Chairman and Chief Executive Officer could have a material adverse effect on Mittal Steel s business and prospects. Mittal Steel does not maintain key man life insurance on its Chairman and Chief Executive Officer.

Under-funding of pension and other post-retirement benefit plans at some of Mittal Steel s, as well as potentially Arcelor s, operating subsidiaries, and the need to make substantial cash contributions to pension plans, which may increase in the future, may reduce the cash available for Mittal Steel s business.

Mittal Steel s principal operating subsidiaries in Canada, France, Germany, Trinidad, the United States, South Africa and Ukraine provide defined benefit pension plans to their employees. Some of these plans are currently under-funded. At December 31, 2005, the value of Mittal Steel USA s pension plan assets with respect to former Ispat Inland pension plans was $2.2 billion, while the projected benefit obligation was $3.0 billion, resulting in a deficit of $795 million. A large part of Mittal Steel s pension liabilities and funding requirements are at Mittal Steel USA. Mittal Steel USA also has an under-funded post-retirement benefit obligation of $951 million relating to life insurance and medical benefits as of December 31, 2005. See Note 12 to the Mittal Steel consolidated financial statements, incorporated by reference herein.

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Mittal Steel s funding obligations depend upon future asset performance, the level of interest rates used to measure ERISA minimum funding levels, actuarial assumptions and experience, union negotiated changes, future government regulation and the terms of the agreement with the Pension Benefit Guaranty Corporation (PBGC). Due to the large number of variables that determine pension funding requirements, which are difficult to predict, as well as any legislative action, future cash funding requirements for Mittal Steel s pension plans and other post-employment benefit plans could be significantly higher than amounts currently estimated. These funding requirements could have a material adverse effect on Mittal Steel s business, financial condition, results of operations or prospects.

Arcelor s 2005 annual report discloses that, as of December 31, 2005, the present value of its unfunded pension obligations was 1.0 billion. The acquisition of Arcelor would therefore substantially increase Mittal Steel s exposure to the risks identified above relating to unfunded pension obligations.

Mittal Steel is subject to economic risks and uncertainties in the countries in which its operating subsidiaries are present. Any deterioration or disruption of the economic environment in those countries may have a material adverse effect on Mittal Steel s business, financial condition, results of operations or prospects.

Over the past few years, many of the countries in which Mittal Steel operates, or proposes to operate, have experienced economic growth and improved economic stability. For example, Eastern European countries, such as Poland, the Czech Republic and Romania, have initiated free-market economic reforms in connection with or in anticipation of their accession to the European Union. Others, such as Algeria and South Africa, have attempted to reinforce political stability and improve economic performance after recent periods of political instability. Ukraine and Kazakhstan have implemented free-market economic reforms. Mittal Steel s business strategy was developed partly on the assumption that such economic growth and the modernization, restructuring and upgrading of the physical infrastructure in these countries will continue, thus creating an increased demand for its steel products and maintaining a stable level of steel prices both in these countries and in other key product markets. While the demand in these countries for steel and steel products has gradually increased, this trend may not continue. In addition, the legal systems in some of the countries in which Mittal Steel operates remain underdeveloped, particularly with respect to bankruptcy proceedings, and the prospect of widespread bankruptcy, mass unemployment and the deterioration of certain sectors of these economies still exists. Reform policies may not continue to be implemented and, if implemented, they may not be successful. In addition, these countries may not remain receptive to foreign trade and investment. Furthermore, any slowdown in the development of these economies or any reduction in the investment budgets of governmental agencies and companies responsible for the modernization of such physical infrastructure may have a material adverse effect on Mittal Steel s business, financial condition, results of operations or prospects.

Mittal Steel is subject to political and social uncertainties in some of the developing countries in which it operates. Any disruption or volatility in the political or social environment in those countries may have a material adverse effect on Mittal Steel s business, financial condition, results of operations or prospects.

Mittal Steel operates in a number of developing countries. Some of these countries, such as Poland, the Czech Republic, Romania, Ukraine and Kazakhstan, have been undergoing substantial political transformations from centrally controlled command economies to pluralist market-oriented

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democracies. Political and economic reforms necessary to complete such transformation may not continue. On occasion, ethnic, religious, historical and other divisions have given rise to tensions and, in certain cases, widescale civil disturbances and military conflict, as in Algeria, Bosnia-Herzegovina, Liberia and South Africa. The political systems in these countries may be vulnerable to the populations dissatisfaction with reforms, social and ethnic unrest and changes in governmental policies, any of which could have a material adverse effect on Mittal Steel s business, financial condition, results of operations or prospects and its ability to continue to do business in these countries.

In addition, Mittal Steel may encounter difficulties in enforcing court judgments or arbitral awards in certain countries in which it operates because these countries may not be parties to treaties that recognize the mutual enforcement of court judgments.

Mittal Steel may not generate or obtain sufficient funds to meet the significant capital expenditure commitments and other commitments it has made in connection with certain acquisitions.

In connection with the acquisition of certain of its operating subsidiaries, Mittal Steel has made significant capital expenditure commitments and other commitments with various governmental bodies involving expenditures required to be made over the next few years. In 2005, capital expenditure rose to $1.2 billion. As at December 31, 2005, Mittal Steel and its subsidiaries had capital commitments outstanding of $1.5 billion under privatization contracts and $144 million under other major contracts. Mittal Steel expects to fund such capital expenditure commitments and other commitments primarily through internal sources, but there can be no assurance that Mittal Steel will be able to generate or obtain sufficient funds to meet these requirements in the future or to complete these projects on a timely basis or at all. In addition, completion of these projects may be affected by factors that are beyond the control of Mittal Steel. See Note 16 to the Mittal Steel consolidated financial statements, incorporated by reference herein.

Mittal Steel has also made certain commitments relating to employees at certain of its operating subsidiaries. In many of these jurisdictions, it has agreed, in connection with the acquisition of interests in these subsidiaries, that it will not make collective dismissals for certain periods. These periods generally extend several years following the date of acquisition. The inability to make such dismissals may affect Mittal Steel s ability to coordinate its workforce and efficiently manage its business in response to changing market conditions.

Although Mittal Steel has remained in compliance with its obligations under the relevant acquisition agreements and restructuring programs, Mittal Steel may not be able to remain in compliance with some or all of these requirements in the future. Failure to remain in compliance may result in forfeiture of part of Mittal Steel s investment and/or the loss of certain tax and regulatory benefits.

In addition, Arcelor has announced a number of significant capital projects. Mittal Steel is not currently in a position to assess fully the potential financial impact on it of such projects were the Offer to be completed.

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Certain Mittal Steel subsidiaries benefited from state aid granted prior to, or in connection with, their respective privatizations, the granting of which is subject to transitional arrangements under the respective treaties concerning the accession of these countries to the European Union. Non-fulfillment or breach of the transitional arrangements and related rules may result in the recovery of aid granted pursuant to the transitional arrangements.

Mittal Steel has acquired formerly state-owned companies in the Czech Republic, Poland and Romania, some of which benefited from state aid granted prior to, or in connection with, their respective privatization and restructuring. Moreover, the restructuring of the steel industries in each of the Czech Republic, Poland and Romania is subject to certain transitional arrangements and related rules, which determine the legality of restructuring aid. The transitional arrangements form part of the respective treaties concerning the accession of the Czech Republic, Poland and Romania to the European Union.

Non-fulfillment or breach of the transitional arrangements and related rules may nullify the effect of the transitional arrangements and may result in the recovery of aid granted in accordance with the transitional arrangements that have been breached.

Mittal Steel is susceptible to the cyclicality of the steel industry, making its results of operations unpredictable.

The steel industry is highly cyclical and is affected significantly by general economic conditions and other factors, such as worldwide production capacity, fluctuations in steel imports/exports and tariffs. Steel prices are sensitive to a number of supply and demand factors. Steel markets have historically experienced pronounced cyclical fluctuations, driven recently by the substantial increase in production and consumption of steel in China. This trend, combined with rising costs of key inputs, mainly metallics, energy, as well as transportation and logistics, presents an increasing challenge for steel producers.

The volatility and the length and nature of business cycles affecting the steel industry have historically been unpredictable, and the recurrence of another major downturn in the industry may negatively impact the operating results and profitability of Mittal Steel.

Rapidly growing demand and supply of steel products in China and other developing economies may result in additional excess worldwide capacity and falling steel prices.

Over the last several years, steel consumption in China and other developing economies such as India has increased at a rapid pace. Steel companies have responded by developing steel production capabilities in these countries. Steel production, especially in China, has been expanding significantly and could be well in excess of Chinese demand depending on continuing demand growth rates. Because China is now the largest worldwide steel producer by a significant margin, any significant excess Chinese capacity could have a major negative impact on world steel trade and prices if excess production is exported to other markets.

Mittal Steel is susceptible to changes in governmental policies and international economic conditions that could limit its operating flexibility and reduce its profitability.

Mittal Steel is susceptible to governmental, political and economic developments relating to inflation, interest rates, taxation, currency fluctuations, trade regulations, social or political instability, diplomatic relations, international conflicts and other factors that could limit its operating flexibility and reduce its profitability. Mittal Steel has not obtained, and currently does not intend to obtain, political risk insurance in any country in which it conducts its business.

Competition from other materials could significantly reduce market prices and demand for steel products and thereby reduce our cash flow and profitability.

In many applications, steel competes with other materials, such as aluminum (particularly in the automobile industry), cement, composites, glass, plastic and wood. Additional substitutes for steel products could significantly reduce market prices and demand for steel products and thereby reduce our cash flow and profitability.

Mittal Steel may experience currency fluctuations and become subject to exchange controls that could adversely affect its business, financial condition, results of operations or prospects.

Mittal Steel operates and sells products in a number of countries, and as a result, its business, financial condition, results of operations or prospects could be adversely affected by fluctuations in exchange rates. Major changes in exchange rates, particularly changes in the value of the U.S. dollar against the currencies of countries in which Mittal Steel operates, could have an adverse effect on its business, financial condition, results of operations or prospects.

The imposition of exchange controls or other similar restrictions on currency convertibility in the countries in which Mittal Steel operates could adversely affect its business, financial condition, results of operations or prospects. For example, some operations involving the South African rand and the Kazakh tenge are subject to limitations imposed by the South African Reserve Bank and National Bank of Kazakhstan, respectively.

Disruptions to Mittal Steel s operations could adversely affect Mittal Steel s business, financial condition, results of operations or prospects.

Steel manufacturing processes are dependent on critical steel-making equipment, such as furnaces, continuous casters, rolling mills and electrical equipment (such as transformers), and such equipment may incur downtime as a result of unanticipated failures or other events, such as fires or furnace breakdowns. Mittal Steel s manufacturing plants have experienced, and may in the future experience, plant shutdowns or periods of reduced production as a result of such equipment failures or other events. Such disruptions could have an adverse effect on Mittal Steel s operations, customer service levels and financial results.

The income tax liability of Mittal Steel may substantially increase if the tax laws and regulations in countries in which it operates change or become subject to adverse interpretations or inconsistent enforcement, or if the operating subsidiaries of Mittal Steel are unable to utilize certain tax benefits.

Taxes payable by companies in many of the countries in which Mittal Steel operates are substantial and include value-added tax, excise duties, profit taxes, payroll-related taxes, property taxes and other taxes.

Tax laws and regulations in some of the countries in which Mittal Steel operates may be subject to frequent change, varying interpretation and inconsistent enforcement. Ineffective tax collection systems and continuing budget requirements may increase the likelihood of the imposition of arbitrary or onerous taxes and penalties in the future, which could significantly reduce Mittal Steel s cash flow and profitability. In addition to the usual tax burden imposed on taxpayers, these conditions create uncertainty as to the tax implications of some business decisions. This uncertainty could expose Mittal Steel to significant fines and penalties and to enforcement measures despite its best efforts at compliance, and could result in a greater-than-expected tax burden. See Note 13 to the Mittal Steel consolidated financial statements, incorporated by reference herein.

In addition, many of the jurisdictions in which Mittal Steel operates have adopted transfer pricing legislation. While Mittal Steel believes that its operations are conducted in compliance with applicable transfer pricing legislation, if tax authorities impose significant additional tax liabilities as a result of transfer pricing adjustments, it could significantly reduce Mittal Steel s cash flow and profitability.

It is possible that taxing authorities in the countries in which Mittal Steel operates will introduce additional revenue-raising measures. The introduction of any such provisions may affect the overall tax efficiency of Mittal Steel and may result in significant additional taxes becoming payable. Mittal Steel cannot offer any assurance that additional tax exposure will not arise or that any such additional tax exposure will not significantly reduce its cash flow and profitability.

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

If Mittal Steel were unable to fully utilize its deferred tax assets, its profitability could be reduced.

At December 31, 2005, Mittal Steel had $985 million recorded as deferred tax assets on its balance sheet. These assets can only be utilized if, and to the extent that, Mittal Steel s operating subsidiaries generate adequate levels of taxable income in future periods to offset the tax loss carryforwards and reverse the temporary differences before they expire. At December 31, 2005, the amount of future income required to recover Mittal Steel s deferred tax assets is approximately $4.0 billion at certain operating subsidiaries. Mittal Steel s ability to generate taxable income is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. If Mittal Steel generates lower taxable income than the amount it has assumed in determining the deferred tax assets, then additional valuation reserves will be required, with a corresponding charge against income.

Mittal Steel is subject to stringent environmental regulations that give rise to significant environmental costs and liabilities, including those arising from environmental remediation programs.

Each of Mittal Steel and Arcelor is subject to a broad range of environmental laws and regulations in each of the jurisdictions in which it operates. These laws and regulations, as interpreted by relevant agencies and the courts, impose increasingly stringent environmental protection standards regarding, among other things, air emissions, wastewater storage, treatment and discharges, the use and handling of hazardous or toxic materials, waste disposal practices, and the remediation of environmental contamination. For example, EU Directives, as well as any new or additional environmental compliance requirements that may arise out of the implementation by different countries of the Kyoto Protocol (United Nations Framework on Climate Change, 1992), may impose new and/or additional rules or more stringent environmental norms with which steel companies may have to comply. Compliance with these obligations may require additional capital expenditures or modifications in operating practices, particularly at steel companies operating in countries that have recently joined the European Union or are scheduled to join the European Union in the near future. The costs of complying with environmental regulatory or remediation obligations, including participation in the assessment and remediation of contaminated sites, could be significant and failure to comply could result in the assessment of civil and criminal penalties, the suspension of permits or operations, and lawsuits by third parties. In addition to the impact on current facilities and operations, these standards can give rise to substantial environmental liabilities with respect to divested assets and past activities.

Currently, Mittal Steel is involved in a range of compliance actions and legal proceedings concerning environmental matters, all of which relate to legacy obligations arising from acquisitions. Mittal Steel understands that Arcelor is also involved in proceedings relating to alleged environmental liabilities. Mittal Steel is also conducting significant remedial activities at various facilities to address environmental liabilities as part of the settlement of these actions and, in some cases, in the absence of any governmental action. See Note 17 to the Mittal Steel consolidated financial statements. Mittal Steel has established reserves for environmental remediation activities and liabilities. However, environmental matters cannot be predicted with certainty, and the reserved amounts may not be adequate, especially in light of the potential for change in environmental conditions or the discovery of previously unknown environmental conditions, the risk of governmental orders to carry out additional activities not initially included in the remediation estimates, and the potential for Mittal Steel to be liable for remediation of other sites for which provisions have not been previously established. Such future developments could result in significantly higher environmental costs and liabilities.

In addition, Mittal Steel has agreed to make certain capital expenditures related to environmental matters in connection with its acquisition of certain of its operating subsidiaries. Failure to comply with its commitments under these agreements could result in significant monetary penalties.

Natural disasters could significantly damage Mittal Steel s production facilities.

Natural disasters could significantly damage Mittal Steel s production facilities and general infrastructure. In particular, Mittal Steel Lázaro Cárdenas s production facilities are located in Lázaro Cárdenas, Michoacan, Mexico and Mittal Steel Temirtau is located in the Karaganda region of the Republic of Kazakhstan, both of which are areas that have historically experienced earthquakes of varying magnitude. Extensive damage to either facility, or any other major production complexes, whether as a result of an earthquake or other natural disaster, could severely affect our ability to conduct business operations and, as a result, reduce our future operating results.

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

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

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operating subsidiaries of Mittal Steel also maintains various other types of insurance, such as workmen s compensation insurance and marine insurance. Notwithstanding the insurance coverage that Mittal Steel and its subsidiaries carry, the occurrence of an accident that causes losses in excess of limits specified under the policy, or losses arising from events not covered by their insurance policies, could materially harm Mittal Steel s financial condition and future operating results.

Product liability claims could adversely affect Mittal Steel s operations.

Mittal Steel sells products to major manufacturers who are engaged to sell a wide range of end products. Furthermore, Mittal Steel s products are also sold to, and used in, certain safety-critical applications. If Mittal Steel were to sell steel that is inconsistent with the specifications of the order or the requirements of the application, significant disruptions to the customer s production lines could result. There could also be significant consequential damages resulting from the use of such products. Mittal Steel has a limited amount of product liability insurance coverage, and a major claim for damages related to products sold could leave Mittal Steel uninsured against a portion or all of the award and, as a result, materially harm its financial condition and future operating results.

International trade actions or regulations and trade-related legal proceedings may adversely affect sales, revenues and business in general of steel companies.

Mittal Steel is an international operation with sales spanning many countries, and, therefore, its businesses have significant exposure to the effects of trade actions and barriers. In the past, various countries, including the United States, have instituted, or are contemplating the institution of, trade actions and barriers.

Mittal Steel cannot predict the timing and nature of similar or other trade actions by the United States or any other country. Because of the international nature of Mittal Steel s operations, it may be affected by any trade actions or restrictions introduced by any country in which it sells, or has the potential to sell, its products. Any such trade actions could adversely affect Mittal Steel s profit margins and, as a result, its business, financial condition, results of operations or prospects and, depending on the timing, nature and jurisdiction of such actions, such adverse effects could be material.

In addition to the more general trade barriers described above, if any steel company were party to a regulatory or trade-related legal proceeding that was decided adversely to such company, or an operating subsidiary thereof, it could materially disrupt its ability to conduct its business.

Significant expenditures and senior management time may be required with respect to Mittal Steel s internal controls to ensure compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002.

Section 404 of the Sarbanes-Oxley Act and the regulations of the SEC thereunder require senior executive and senior financial officers of Mittal Steel to assess on a regular basis the internal controls over financial reporting, evaluate the effectiveness of such internal controls and disclose any material weaknesses in such internal controls. Mittal Steel s external auditors will also be required to provide an attestation of management s evaluation, including with respect to entities acquired by Mittal Steel (such as Arcelor), some of which may not be subject to Section 404 or may have internal control weaknesses or deficiencies. In the event that Mittal Steel s senior management or independent accountants determine that Mittal Steel s internal controls over financial reporting are not effective as defined under Section 404, we could incur significant additional costs to remedy our internal controls and our reputation among investors may be harmed. The rules regarding management s report on internal controls and attestation will apply to Mittal Steel from the fiscal year ending December 31, 2006.

Mittal Steel s results of operations may differ significantly from the unaudited pro forma condensed combined financial information included in this prospectus.

The prospectus includes unaudited pro forma condensed combined financial information giving effect to our acquisition of Arcelor and to our acquisition of ISG as if they had occurred as of January 1, 2005. This pro forma financial information is presented for illustrative purposes only and does not necessarily indicate the results of operations or the combined financial position that would have resulted had these acquisitions been completed at the beginning of the period presented, nor is it indicative of the results of operations in future periods or the future financial position of the combined businesses. In particular, it does not reflect benefits of expected cost savings or revenue opportunities with respect to Arcelor nor does it reflect a detailed allocation of the purchase price to Arcelor assets and liabilities, as such exercise can only be performed with access to detailed and non-publicly available information. Accordingly, Mittal Steel s results and financial condition may differ significantly from those portrayed by the unaudited pro forma condensed combined financial information included herein.

The reconciliation of Arcelor s financial statements to U.S. GAAP could result in a decrease of the reported financial results of the combined entity.

Arcelor has prepared its historical financial statements in accordance with IFRS. If the Offer is completed, it will be necessary to reconcile Arcelor s financial results to U.S. GAAP to comply with Mittal Steel s U.S. reporting obligations in the future. It is not possible to quantify the impact that this reconciliation will have on Mittal Steel s financial statements, although Arcelor s U.S. GAAP reported results could be lower than Mittal Steel s U.S. GAAP reported results.

Future sales of Mittal Steel s common shares may affect the market price of its shares.

Sales, or the possibility of sales, of substantial numbers of Mittal Steel s common shares in the public markets could have an adverse effect on the market price of its common shares. Assuming 100% acceptance of the Offer, upon its completion the Controlling Shareholder will own approximately 45% of Mittal Steel s common shares after the Offer and will not be subject to resale restrictions.

U.S. investors may have difficulty in enforcing civil liabilities against Mittal Steel and its directors and senior management.

Mittal Steel is organized under the laws of The Netherlands with its principal executive offices and corporate seat in Rotterdam, The Netherlands. The majority of Mittal Steel s directors and senior management and some of the experts named in this prospectus are residents of jurisdictions outside the United States. The majority of Mittal Steel s assets and the assets of these persons are located outside the United States. As a result, U.S. investors may find it difficult to effect service of process within the United States upon Mittal Steel or these persons or to enforce outside the United States judgments obtained against Mittal Steel or these persons in U.S. courts, including actions predicated upon the civil liability provisions of the U.S. federal securities laws. Likewise, it may also be difficult for an investor to enforce in U.S. courts judgments obtained against Mittal Steel or these persons in courts in jurisdictions outside the United States, including actions predicated upon the civil liability provisions of the U.S. federal securities laws.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus and the documents incorporated by reference herein contain forward-looking statements based on estimates and assumptions. Forward-looking statements include, among other things, statements concerning the financial condition, the results of operations and the business of Mittal Steel, including its acquired subsidiaries, the anticipated financial and other benefits resulting from Mittal Steel s acquisitions and the proposed acquisition of Arcelor, and Mittal Steel s plans and objectives following these transactions. These statements usually contain the words believes, plans, expects, anticipates, intends, estimates or other similar expressions. For each of these statements, you should b that forward-looking statements involve known and unknown risks and uncertainties. Although it is believed that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that the actual results or developments anticipated will be realized or, even if realized, that they will have the expected effects on the business, financial condition, results of operations or prospects of Mittal Steel. These forward-looking statements speak only as of the date on which the statements were made and no obligation has been undertaken to update publicly or revise any forward-looking statements made in this registration statement or elsewhere as a result of new information, future events or otherwise, except as required by applicable laws and regulations. In addition to other factors and matters contained or incorporated by reference in this prospectus, it is believed the following factors, among others, could cause actual results to differ materially from those discussed in the forward-looking statements:

Mittal Steel s ability to obtain regulatory approvals for the proposed acquisition of Arcelor without materially onerous conditions;

costs or difficulties related to the integration of acquisitions, including the proposed acquisition of Arcelor, may be greater than expected;

the risk of unexpected consequences resulting from acquisitions, including the proposed acquisition of Arcelor;

operating results following acquisitions, including the proposed acquisition of Arcelor, may be lower than expected;

any change-of-control provisions in Arcelor s agreements which might be triggered by the transaction;

Mittal Steel s ability to manage its growth;

uncertainty as to the actions of the Controlling Shareholder of Mittal Steel;

the timing of realization of cost savings expected to result from Mittal Steel s acquisitions, including the proposed acquisition of Arcelor;

the risk of decreasing prices for Mittal Steel s and Arcelor s products and other forms of competition in the steel industry;

the risk of labor disputes, including as a result of the proposed acquisition of Arcelor;

the risk of significant supply shortages and increases in the cost of raw materials, energy and transportation;

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any downgrade of Mittal Steel s credit rating as a result, among other things, of a downturn in the steel industry cycle, the debt to be incurred in connection with the proposed acquisition of Arcelor or any possible refinancing of Arcelor debt thereafter, as well as any downgrade of Arcelor s credit rating if it remains a separate subsidiary of Mittal Steel following the completion of the Offer;

Mittal Steel s ability to refinance existing debt and obtain new financing on acceptable terms to finance its growth;

Mittal Steel s ability to operate within the limitations imposed by financing arrangements;

Adverse changes in interest rates;

Mittal Steel s and Arcelor s ability to attract and retain talented management;

Mittal Steel s ability to fund under-funded pension liabilities;

general economic conditions, whether globally, nationally or in the market areas in which Mittal Steel and Arcelor conduct business;

the risk of disruption or volatility in the economic, political or social environment in the countries in which Mittal Steel and Arcelor conduct business;

Mittal Steel s and Arcelor s ability to operate successfully within a cyclical industry;

increased competition from substitute materials, such as aluminum;

fluctuations in currency exchange and interest rates;

legislative or regulatory changes, including those relating to protection of the environment and health and safety, and those resulting from international agreements and treaties related to trade, accession to the European Union or otherwise, may adversely affect the businesses in which Mittal Steel and Arcelor are engaged; and

the threat, institution or adverse determination of claims against Mittal Steel and Arcelor.

Some of these factors are discussed in more detail in this prospectus, including under the section Risk Factors.

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MEMORANDUM OF UNDERSTANDING BETWEEN MITTAL STEEL, ARCELOR AND THE CONTROLLING SHAREHOLDER

On June 25, 2006, after unanimous approval by the respective Boards of Directors of Mittal Steel and Arcelor, Arcelor, Mittal Steel and the Controlling Shareholder (collectively, the Parties) signed the Memorandum of Understanding. References to the Company refer to each of Mittal Steel and Arcelor pre-merger, and to the top-level company in the Group following the merger of Arcelor and Mittal Steel, as provided below.

The terms of the revised Offer under the Memorandum of Understanding are provided in The Offer Terms and Conditions of the Offer Offer Scope and Consideration.

The following is a summary of the material provisions of the Memorandum of Understanding.

Arcelor/Mittal Steel Model

The Parties have agreed to develop and embrace the following business model (the Arcelor/Mittal Steel Model) for Arcelor, Mittal Steel and the Company. The Arcelor/Mittal Steel Model will aspire to achieve the highest standards of sustainable development in the steel industry, *i.e.,* for the Company to be the global leader in high quality steel solutions and the best steel company for customers, shareholders and employees. The Arcelor/Mittal Steel model is consistent with Mittal Steel s current business plans and practices.

This will require the achievement of:

(i) industrial excellence through state of the art assets sustained by sound capital expenditure levels and best in class R&D;

(ii) commercial leadership based on strong distribution channels, one face to the customer and placing margin optimization before volume optimization;

(iii) people management and social responsibility through appropriate incentive schemes, development of entrepreneurship, social dialogue, social responsibility in case of restructuring decisions and high ethical standards;

(iv) high profitability targets including a 30% dividend payout target and a sound capital structure; and

(v) management organization and high corporate governance standards, including the separation of the board of directors and the management board, a majority of independent directors, and a management structure along three dimensions (business units, corporate and transversal functions and regions).

Post-Offer Merger

The Parties have agreed to use their best efforts to procure, as soon as practicable following completion of the Offer and any related subsequent offer or compulsory buy-out, the merger of Mittal Steel into Arcelor, with Arcelor continuing to be incorporated, domiciled and headquartered in Luxembourg. The completion of the post-Offer Merger will be subject to the Controlling Shareholder having obtained an exemption from the mandatory tender offer requirement set forth in Article 5 of the

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Luxembourg law of May 22, 2006 on takeover for possibly crossing the one-third threshold in Arcelor through the merger of Mittal Steel into Arcelor, which shall not have been successfully challenged before competent jurisdictions. The merger will take the form of a cross border merger governed by Dutch and Luxembourg law. Accordingly, the rights and privileges of Arcelor shareholders who tender their shares in the Offer for Mittal Steel shares may, following completion of such merger, again be governed by Luxembourg law. Further discussions will be held with the Luxembourg authorities to seek to obtain from them the appropriate comfort with respect to the location of the headquarters of the Company in Luxembourg. The structure of the merged entity is to be determined based upon tax and other considerations. The merger of Mittal Steel into Arcelor, resulting in a combined entity Arcelor Mittal , is expected to take place during the first half of 2007. This merged entity would retain listings on the NYSE and in Paris, Amsterdam, Brussels, Luxembourg and Madrid, where Mittal Steel shares will be listed upon completion of the Offer.

Limitation on Mittal Steel s Minimum Tender Condition

Mittal Steel has agreed not to waive the Minimum Tender Condition, (as defined in the Offer Terms and Condition of the Offer Conditions to the Offer; Possible Withdrawal of Offer Minimum Tender Condition herein) unless it holds, after completion of the Offer (through securities tendered in the Offer and with any person(s) acting in concert with it), at least 215 million shares of Arcelor. Mittal Steel will be under no obligation to waive the Minimum Tender Condition.

Terms of the Arcelor Board Recommendation of the Revised Offer

In the context of the recommended offer, the Arcelor Board has agreed to the following conditions:

- the Arcelor Board shall be permitted to modify or withdraw its recommendation only upon the occurrence of any of the following: (i) receipt of a Superior Offer (as defined below), (ii) the occurrence of a Material Adverse Change affecting Mittal Steel (as defined below); or (iii) a material breach of representations and warranties of Mittal Steel.

- Arcelor shall publicly recommend the revised Offer and encourage all of its shareholders and Convertible Bond holders to tender into the revised Offer.

- The Parties shall use their best efforts to obtain the public undertaking of the Luxembourg State, Walloon Region and the employee funds to tender their Arcelor shares into the revised Offer.

- Arcelor will not reschedule nor announce a public repurchase of its own shares, nor proceed with any stock buyback or market purchase during the pendency of the revised Offer;

- The Arcelor Board will exercise its right to terminate the Strategic Alliance Agreement, dated May 25, 2006, between Arcelor, Severstal and Mr. Mordashov and all ancillary agreements related thereto (collectively, the SAA) as soon as it is entitled to do so under the terms and conditions of the SAA. In addition, Arcelor shall:

  - encourage Arcelor shareholders to attend, in person or by proxy, the Extraordinary General Meeting of its shareholders called for June 30, 2006 to vote on the SAA and related transactions (see Summary Arcelor Transactions Relating to Severstal);

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cause the Chairman to act consistently with the Memorandum of Understanding and the Board s recommendation of the revised Offer, including at the Extraordinary General Meeting of its shareholders called for June 30, 2006;

participate in joint marketing efforts, including roadshows and investors presentations along with Mittal Steel;

not agree to any modification of the SAA or any other agreement with Mr. Mordashov, Severstal or any of their affiliates.

Except to the extent specifically required by the SAA as of the date of the Memorandum of Understanding, for so long as the revised Offer, including any modification, extension, renewal or refiling thereof, is pending, Arcelor has agreed that it s Board of Directors will not utilize the power granted by Article 5 of its Articles of Association to issue any new equity securities of Arcelor (or any securities or right to acquire any new equity securities) without specific shareholder approval, and that it will not issue new equity securities or sell any equity securities (or any securities or right to acquire any new equity securities) except pursuant to the affirmative vote of the shareholders in the manner provided for amendments of its Articles of Association (*i.e.* a majority vote at a duly convened shareholders meeting having the required quorum under Luxembourg law).

Arcelor has agreed that for so long as the revised Offer, including any modification, extension, renewal or refiling thereof is outstanding, it will not, other than in performance of obligations outstanding under the current SAA, enter into any transaction or action not in the ordinary course without the affirmative vote of shareholders in the manner provided for amendments of Arcelor s Articles of Association, or without the prior written consent of Mittal Steel. The Memorandum of Understanding provides that such agreement of Arcelor will not prevent Arcelor s Board of Directors from recommending a Superior Offer.

Arcelor has agreed that it will not withdraw or modify its recommendation for the revised Offer or approve or recommend any Acquisition Proposal, unless it is a Superior Offer.

Acquisition Proposal means any proposal or offer from any person other than Mittal Steel relating to any (i) tender or exchange offer involving shares of Arcelor, (ii) merger, consolidation or other business combination involving Arcelor, (iii) direct or indirect acquisition or purchase of a significant proportion of the assets of Arcelor, (iv) recapitalization or restructuring of Arcelor, or (v) the acquisition of any Arcelor securities, or beneficial interest in any Arcelor securities, or rights convertible into or exchangeable for any such securities, whether by way of tender, exchange, new issuance or otherwise.

Material Adverse Change means any exceptional event that occurs relating to Mittal Steel or any action taken by Mittal Steel (in either case other than as a result of the terms hereof or any actions taken by Arcelor) that, in either case, materially alters Mittal Steel s substance or substantially and adversely affects the economics of the Offer or substantially and adversely affects the ability of Mittal Steel to complete the revised Offer.

A Superior Proposal means any (i) unsolicited, complete and fully committed offer, (ii) accompanied by the required evidence of its full financing, (iii) subject only to the recommendation of the Board of Directors of Arcelor, (iv) that has been publicly announced and officially filed with all competent EU regulatory stock market authorities, (iv) that contemplates a Superior Offer and (v) that the Board of Directors of Arcelor (having consulted its financial and legal advisors) has validly determined to result in a Superior Offer from a bidder capable of completing such a Superior Offer.

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Superior Offer means any Acquisition Proposal taking the form of a public offer (*offre publique d acquisition*) for all equity securities of Arcelor, regulated by the Luxembourg law dated May 22, 2006 on takeover bids, that the Arcelor Board determines, in its good faith judgment, after due consideration of its fiduciary duties and based on a fairness opinion issued by a bank of international reputation, to be superior for Arcelor s stakeholders when compared as a whole with the revised Offer.

Confirmation of Social Commitments

Mittal Steel will respect fully all of Arcelor s commitments with respect to employment and other social and human relations policies. Under the Memorandum of Understanding, Mittal Steel and Arcelor have agreed that there will be no restructuring plan, collective lay-offs or other employee reduction plan within Arcelor in the European Union as a result of the integration of the Mittal Steel and Arcelor groups, other than in connection with (i) Arcelor s announced restructuring plans and (ii) the remedy package agreed by Mittal Steel with the European Commission. In general, Mittal Steel intends to implement such Arcelor restructuring plans as announced.

Employee Share Ownership

Mittal Steel and Arcelor have agreed to continue promoting employee share ownership in line with best corporate practices for continental European listed companies and that Arcelor s AESOPE plan will be implemented in accordance with its terms.

Corporate Governance

Pursuant to the Memorandum of Understanding, certain special governance mechanisms designed to promote the integration of Arcelor and Mittal Steel will be put in place for an initial transitional period of three years following the settlement date of the Offer (the Initial Term). Arcelor and Mittal Steel have agreed to change and unify their respective corporate governance structure and rules as soon as possible after completion of the Offer until such time as the two companies are integrated or merged into one Company. Until Mittal Steel is merged into Arcelor, the composition and operation of Mittal Steel s Board of Directors will be identical to those of Arcelor.

Until the earlier of the completion of the revised Offer or the termination of the Memorandum of Understanding, each of Mittal Steel and Arcelor will operate their respective business in the ordinary course, consistent with past practice.

Board of Directors and Management Board

Each of Mittal Steel, Arcelor and the Company will be governed by a Board of Directors and a Management Board. Each Board of Directors will comprise solely non-executive directors. The day-to-day management of the Company will be entrusted to the Management Board.

The initial Management Board will include the four current members of the Arcelor Management Board, the current Arcelor CEO becoming the Chief Executive Officer of the Company, and three members to be nominated by the current Mittal Steel Board of Directors, *i.e.,* in total seven members. If the current Arcelor CEO withdraws or resigns; the new Company CEO would be appointed further to a proposal made by Mr. Joseph Kinsch and approved by Mr. Lakshmi N. Mittal.

No decision has yet been made with respect to the allocation of management responsibilities within the Group and the exact composition of the management team, including the top management

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and the Management Board in particular. Mittal Steel and Arcelor will allocate management responsibilities on the basis of the best available talent within Mittal Steel and Arcelor for each position. The new organizational structure will be developed with senior management of both companies. During the Initial Term, the appointment and remuneration of persons appointed to serve as the CEOs and board members of the Company s main subsidiaries and the heads of the main business units and corporate functions of the Company will be decided by the Management Board acting unanimously.

Board of Directors of the Group

(i) Composition of the Board of Directors

The Memorandum of Understanding provides that during the Initial Term, the Board of Directors of the Company (which means each of Arcelor and Mittal Steel until the post-Offer Merger and then the post-Offer merged entity) will have the following characteristics:

Each initial Board of Directors will be composed of 18 non-executive members, the majority of whom will be independent.

Six members will be nominated by Mittal Steel, three of whom will be independent.

Six members will be from the existing Arcelor Board of Directors.

Three members will be from the existing Arcelor Board of Directors representing existing Arcelor major shareholders.

A further three members will be employee representatives.

All directors will be non-executive and a majority of the Company Board of Directors will be constituted by directors who are (i) independent within the meaning of the definition thereof in the NYSE listing standards as applied to non-U.S. companies (*i.e.*, foreign private issuers), and (ii) unaffiliated with any shareholders owning or controlling more than 2% of the shares of the Company (post-completion of the Offer).

During the Initial Term, the Board of Directors will appoint one director as Chairman and one director as President of the Board of Directors. Mr. Joseph Kinsch shall be the first Chairman of the Board of Directors of Arcelor and Mr. Lakshmi Mittal (in his capacity as representative of the Controlling Shareholder) shall be the first President of the Board of Directors. Upon the retirement of Mr. Joseph Kinsch, Mr. Lakshmi Mittal (in his capacity as representative of the Controlling Shareholder) shall become Chairman and Mr. Joseph Kinsch shall propose the successor President, who shall be an independent director or a former employee of Arcelor. Mr. Lakshmi Mittal (in his capacity as representative of the Controlling Shareholder) shall be the Chairman of the Board of Directors of Mittal Steel until the post-Offer merger and Mr. Joseph Kinsch shall be the President. The proposed successor President will serve as President for so long as he or she is a director and the Controlling Shareholder has agreed to vote for his or her renewal as director, except in case of gross negligence or willful misconduct in the exercise of his or her functions as director or in the event that the Appointments and Remuneration Committee vetoes his or her nomination. Moreover, upon retirement, death or incapacity of Mr. Lakshmi Mittal, he shall be replaced by any other representative designated by the Controlling Shareholder from time to time.

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The directors will be elected and removed by the general meeting of shareholders, by a simple majority of votes cast. Except as specifically described, no shareholder will have special rights to nominate, elect or remove directors. All directors will be elected by the general meeting of shareholders for three-year terms.

Following the Initial Term, and subject to the provisions of Mittal Steel s Articles of Association, the Controlling Shareholder will be entitled to representation on the Company Board of Directors in proportion to its shareholding.

During the Initial Term, and subject to the Controlling Shareholder owning or controlling at least 15% of the outstanding share capital of the Company (post-completion of the Offer), the Controlling Shareholder will be entitled to elect to the Company s Board of Directors up to (and not more than) six directors, including three directors who are affiliated (directly or indirectly) with the Controlling Shareholder and three independent directors.

Finally, upon expiration of the Initial Term, the Parties will review the Company s corporate governance rules described above in order to reflect the best standards of corporate governance for comparable companies, and in particular have them conform with the corporate governance aspects of the NYSE listing standards applied to non-U.S. companies and the Luxembourg Code of Governance. Moreover, the Chairman and the President shall consult in the year prior to the end of the Initial Term with a view to determining the identity of the directors that could be recommended to the Appointments and Remuneration Committee.

(ii) Operation of the Board of Directors

The required quorum for meetings of the Board of Directors will be a majority of the directors, including at least the Chairman, the President and a majority of the independent directors being present or represented.

During the Initial Term, the agenda of each Board of Directors meeting shall be jointly agreed by the Chairman and the President of the Board of Directors and shall include any matters proposed to be included on the agenda jointly by the Chairman and the President. In the event of a disagreement, the Chairman and the President will work together to try to resolve any such disagreement. After the expiration of the Initial Term, the Chairman and the President will seek to agree the agenda on a reasonable efforts basis.

For so long as there is a Chairman and a President of the Board of Directors, the Chairman and the President will meet at regular intervals, or more often if and when required at the request of either the Chairman or the President, to discuss and evaluate the principal strategic business decisions for the Company and prepare the related board meetings.

Each director will have one vote and no director will have a casting vote. Board decisions will be taken by a majority of the directors present and represented at a quorate meeting, except as otherwise required by Luxembourg or Dutch law, as the case may be.

The authorized capital will be reduced to the number of shares outstanding after completion of the revised Offer (including any shares to be issued pursuant to outstanding stock options and OCEANES due 2017), so that any further capital increase will have to be approved by a shareholders meeting in accordance with applicable law.

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(iii) Controlling Shareholder Right of Opposition
During the Initial Term, with respect to Board of Directors decisions that require shareholders approval, the Controlling Shareholder shall vote in accordance with the position expressed by the Board of Directors, unless Mr. Lakshmi Mittal opposes any such position, in which case the Controlling Shareholder can vote as it wishes. During the Initial Term, if Mr. Lakshmi Mittal opposes any decision of the Board of Directors on a matter that does not require shareholders approval and that was not proposed by him, Mr. Lakshmi Mittal shall have the right to request such action to be first approved by a shareholders meeting and the Controlling Shareholder shall have the right to vote at such meeting as it sees fit. The Board of Directors shall not approve any action that has been rejected by such shareholders meeting.

(iv) Board of Directors Committees
The Board of Directors shall have two committees: an Audit Committee and an Appointments and Remuneration Committee.

The Audit Committee will be composed of four independent directors, with independence defined as set out above and also under Rule 10A-3 under the Exchange Act. The four members will be appointed by the Board of Directors. The Audit Committee shall make decisions by a simple majority with no member having a casting vote.

The Appointments and Remuneration Committee will be composed of four directors: the President (for so long as there is a President and thereafter an independent director), the Chairman and two independent directors, one of whom will be nominated by Mittal Steel s current Board of Directors and one of whom will be nominated by Arcelor s current Board of Directors. The Appointments and Remuneration Committee will be chaired by an independent director. The four members will be appointed by the Board of Directors. The Appointments and Remuneration Committee shall make decisions by a simple majority vote with no member having a casting vote. The Appointments and Remuneration Committee will be in charge of making recommendations to the Board of Directors relating to the appointment of the members of the Board of Directors, the appointment and remuneration of the members of the Management Board and the principles of remuneration for other senior or top executives of the Group.

Issuance of Shares to Mr. Mordashov

If shares of Arcelor are issued (i) to the benefit of Mr. Mordashov or any entity affiliated to Mr. Mordashov in accordance with the SAA or otherwise or (ii) to any other party having made an Acquisition Proposal pursuant to an agreement with such other party, without Mittal Steel and the Controlling Shareholder having agreed in writing to such issuance of shares prior to its implementation, the provisions under the caption Corporate Governance and Independence of the Company herein, shall immediately terminate. In the event that (i) Mr. Mordashov or any entity affiliated with Mr. Mordashov has acquired Arcelor shares in accordance with the SAA, (ii) has exercised the unwind provision of the SAA and (iii) as a result, no longer holds, directly or indirectly, any such shares in Arcelor, the provisions under the caption Corporate Governance and Independence of the Company herein, shall immediately be reinstated and applied.

During the pendency of the revised Offer, any agreement between Mr. Mordashov or any entity affiliated to Mr. Mordashov on the one hand, and Mittal Steel or the Controlling Shareholder or any

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entity affiliated with either of them on the other hand, will require the prior approval of at least a simple majority of the Independent Directors of Arcelor. After the completion of the revised Offer, if Mr. Mordashov or any entity affiliated with Mr. Mordashov has acquired Arcelor shares, the Controlling Shareholder may enter into discussions with Mr. Mordashov with a view to resolving the situation. Independent Directors appointed on the Company Board of Directors shall be informed and consulted in respect of the solutions envisaged by the Controlling Shareholder and the Controlling Shareholder shall be free to implement such solutions, unless two thirds of the Company Independent Directors vote against such solutions.

Independence of the Company

The Parties agreed that during the Initial Term, the Controlling Shareholder will not increase its representation on the Company Board of Directors to attempt to remove a company director (other than a director appointed by it) or attempt to make any change to the composition or size of the Company Board of Directors.

After the end of the Initial Term, and subject to the provisions of the Articles of Association, the Controlling Shareholder will be entitled to representation on the Company Board of Directors proportional to its shareholding.

Related-Party Transactions

The Parties have agreed that any transaction between the Company (including any of its subsidiaries) and its directors or any of its affiliates will be conducted on an arms length basis and, if material, require approval of the independent directors.

The Company Board of Directors will be entitled to request the assistance of expert advisers as it deems necessary and appropriate from time to time in connection with any key strategic decision.

Standstill

Mittal Steel has agreed that, during the pendency of the revised Offer, it will not discuss or negotiate with any third party any direct or indirect participation by such third party in any bid or acquisition for Arcelor or any merger or contribution of assets or recapitalization or participation in a proposed equity transaction relating to Arcelor, without the prior written consent of the Arcelor Board. Mittal Steel shall be free to acquire Arcelor shares, through market purchases or otherwise, after the settlement and delivery of the revised Offer.

The Controlling Shareholder has 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 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 Controlling Shareholder.

Notwithstanding the above, if (and whenever) the Controlling Shareholder holds, directly and indirectly, less than 45% of the then-issued Company shares, the Controlling Shareholder may purchase (in the open market or otherwise) Company shares up to such 45% limit. In addition, the Controlling Shareholder is also permitted to own and vote shares in excess of the threshold mentioned

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in the immediately preceding paragraph or the 45% limit mentioned above, if such ownership results from (a) 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 (b) a reduction of the number of Company shares (*e.g*., through self-tender offers or share buy-backs) if the decisions to implement such measures were taken at a shareholders meeting in which the Controlling Shareholder did not vote or by the Company Board with a majority of independent directors voting in favor. Finally, the Controlling 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 it acquires the excess shares in the context of a takeover bid by a third party and (i) a majority of the independent directors of the Company Board of Directors consents in writing to such acquisition by the Controlling Shareholder or (ii) the Controlling Shareholder acquires such shares in an offer for all of the shares of the Company.

Lock-up

During the five-year period following the settlement date of the Offer, the Controlling Shareholder has agreed not to transfer (and to cause its affiliates not to transfer) directly or indirectly any of the shares in the Company that it holds without the approval of a majority of the independent directors of the Company, other than in connection with (i) an acquisition proposal by a third party recommended by the majority of the independent directors of the Company or (ii) the tender of shares by the Controlling Shareholder in a self-tender offer by the Company. As an exception to the foregoing, during the period from the second anniversary of the settlement date of the Offer until the end of the above-referenced five-year lock-up period, the Controlling Shareholder may sell an amount of shares not exceeding 5% of the Company s then-outstanding share capital without the consent of a majority of the Company s independent directors.

The above standstill and lock-up undertakings will cease to have effect if the Controlling Shareholder no longer owns or controls at least 15% of the Company s outstanding share capital.

Non-compete

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

Non-solicitation

As an essential condition to Mittal Steel s entering into this transaction, Arcelor has agreed that during the pendency of the Offer it will not solicit or enter into, entertain or pursue any discussion or negotiation with any third party (including Mr. Mordashov, Severstal, any affiliate of Mr. Mordashov or Severstal, or any persons acting with either of them or on their behalf) relating to any proposal to acquire Arcelor shares directly or indirectly. The only exception to these above restrictions is in connection with the public announcement and filing by a third party with all competent European Union regulatory stock market authorities of an unsolicited fully-financed Superior Offer for the entire share capital of Arcelor, subject only to the recommendation of the Board of Directors of Arcelor, taking the form of a public offer (*offre publique d acquisition*) for all equity securities of Arcelor, regulated by the Luxembourg law dated May 22, 2006 on takeover bids.

Treatment of Stock Options

In the Memorandum of Understanding, Arcelor has reserved the right to accelerate the vesting of outstanding options to acquire its shares in connection with the Offer, subject to its reasonable efforts to limit the social security and tax costs to Arcelor resulting from such acceleration and related exercise of stock options. If the Offer is consummated, the existing options to acquire shares of Arcelor will be maintained so that option holders will continue to benefit from such options after the merger discussed above. In the event that such merger is not completed by June 30, 2007, Mittal Steel has agreed to put in place a liquidity mechanism that will allow the option holders, after the lapsing of applicable holding periods under tax laws and regulations, to exchange Arcelor shares resulting from the exercise of their stock options into Mittal Steel shares on the basis of the exchange ratio in the secondary exchange offer of the Offer.

Dofasco

The Parties were unable to reach agreement as to the retention or disposal of Dofasco. In the Memorandum of Understanding, the Parties noted their respective positions on this issue. Mittal Steel stressed the undertakings that it has made to the U.S. Department of Justice and ThyssenKrupp relating to the sale of Dofasco and its view that Dofasco is not strategically necessary or important for the combined entity given Mittal Steel s existing activities in North America. Arcelor strongly stated that it considers Dofasco a highly valuable and strategically important investment for both Arcelor and the combined entity notwithstanding Mittal Steel s existing North American activities, that it considers the retention of Dofasco to be in the corporate interest of Arcelor, that it does not in fact control the Dutch foundation that actually owns Dofasco, and that it could not and would not agree to cause the foundation s dissolution to sell Dofasco. (See The Offer Agreement between Mittal Steel and ThyssenKrupp regarding Dofasco.)

In light of this serious disagreement and in order to permit the revised Offer to proceed for the benefit of their respective shareholders, the Parties agreed that, if the revised Offer is consummated, Mittal Steel will once again submit the question of the sale of Dofasco to Arcelor s Board of Directors (which shortly following settlement of the Offer will have the same composition as Mittal Steel s Board of Directors) for further consideration and decision. Any decision to dissolve the foundation and sell Dofasco is (1) subject to approval of Arcelor s Board of Directors, which, as an essential condition of Arcelor s entering into the Memorandum of Understanding, will consider the matter solely in light of the corporate interest of Arcelor, and (2) subject to the unanimous approval of the foundation.

Mittal Steel remains firmly committed to compliance with its agreements with the Department of Justice and with ThyssenKrupp. Although there can be no assurance, Mittal Steel believes that, when the new Arcelor Board of Directors considers all of the circumstances, including these agreements, it will conclude that sale of Dofasco is in the corporate interest of Arcelor. In any event, however, Mittal Steel believes that, if it acquires a majority of the shares of Arcelor and if the Department of Justice decides that an antitrust remedy is necessary, (1) the agreement with the Department of Justice will apply to Arcelor and any successor Company, and (2) Arcelor will have to comply with the agreements to divest Dofasco, including by using its best efforts to cause the dissolution of the Dutch foundation.

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Extraordinary Meetings of Shareholders

The Parties have agreed that upon completion of the Offer, each of Arcelor and Mittal Steel will convene an extraordinary meeting of shareholders (EGM) at the earliest practicable date to adopt the following corporate governance and other changes:

(i) the Board of Directors will consist of up to 18 members;

(ii) all members of the Board of Directors will be non-executives;

(iii) at least one-half of the Board of Directors will be composed of independent directors;

(iv) the Audit Committee will consist only of independent directors;

(v) the Controlling Shareholder will be entitled to representation on the Board of Directors proportional to its shareholding (subject to the provisions of the Memorandum of Understanding);

(vi) the Articles of Association may be amended from time to time by a general meeting of shareholders subject to the quorum and majority requirements provided for by applicable law, except the provisions of the Articles of Association relating to the matters set out in (i) (v) above, which may only be amended by a vote of shareholders representing two-thirds of the relevant company s voting rights; and

(vii) the election of the initial Board of Directors as nominated in the manner set forth above.

In addition, the agenda of Arcelor s EGM shall also include the reduction of Arcelor s authorised capital to the amount of issued share capital immediately upon completion of the Offer.

Termination of the Memorandum of Understanding

The Memorandum of Understanding may be terminated pending completion of the Offer as follows:

- by mutual written consent of the Parties;
- by either Mittal Steel or Arcelor, if Mittal Steel withdraws the Offer based on a failure of any of the Offer conditions to be satisfied or waived;
- by either Mittal Steel or Arcelor, upon a material breach of the representations and warranties made by the other;
- by Arcelor, if either Mittal Steel or the Controlling Shareholder materially breaches the Memorandum of Understanding and such breach is not cured promptly;

by Mittal Steel, if Arcelor materially breaches the Memorandum of Understanding and such breach is not cured promptly;

by the Controlling Shareholder, if the Company materially breaches the Memorandum of Understanding and such breach is not cured promptly;

by Arcelor, upon the occurrence of a material adverse change relating to Mittal Steel;

by Mittal Steel, if the condition as to the absence of a material adverse change concerning Arcelor is not met; or

by Mittal Steel, if the Arcelor Board withdraws its recommendation of the Offer as a result of a Superior Offer.

Miscellaneous

Enforcement

The Memorandum of Understanding provides that in the event of a breach by the Controlling Shareholder of covenants benefiting the Company or Arcelor or Arcelor s stakeholders following completion of the revised Offer, the Memorandum of Understanding shall be capable of being enforced by the independent directors acting through the Company.

Governing Law

The Memorandum of Understanding is governed by and construed in accordance with the laws of Luxembourg without giving effect to the principles of conflicts of law thereof.

Jurisdiction

Any dispute relating to the conclusion and performance of the obligations contained in Memorandum of Understanding, its interpretation and validity is subject to arbitration under the rules of the International Chamber of Commerce. The language of any arbitration will be English and the seat will be Brussels.

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THE OFFER

Rationale for the Offer

Introduction

Mittal Steel believes that further consolidation in the global steel industry is both highly desirable and inevitable. Despite a trend toward increasing consolidation over the past several years, the industry remains too regional and fragmented in relation to the many challenges that it faces, including increased globalization and concentration of end-market customers and raw material suppliers, the need to expand energetically into emerging markets where future growth will be highest, the drive for greater economies of scale in plant utilization and research and development (R&D), and the overall objectives of reducing earnings volatility and creating sustainable returns on capital. Arcelor s senior management has similarly noted the need and desirability of industry rationalization and consolidation.

In this light, Mittal Steel considers that the combination of Mittal Steel and Arcelor (together, the Group) has a strong strategic and economic rationale. It represents a step change in consolidation, which will bring together two largely complementary businesses both in terms of geographic presence and product offerings, to create a European-based, leading global steel supplier with approximately 10% of worldwide crude steel production. In doing so, Mittal Steel believes that the combination will lead to better service to a globalizing customer base, more effective purchasing from concentrated suppliers, lower production costs, enhanced R&D, better resistance to volatility in what traditionally has been a highly cyclical industry, and improved access to growth opportunities in emerging economies.

Mittal Steel expects the combination to generate cost synergies in the range of $1.6 billion (1.3 billion) on an annualized basis by 2009 (approximately 2.2% of the Group s sales in 2005) from a combination of purchasing savings and ($560 million), manufacturing and process optimization ($470 million), and marketing and trading ($570 million).

Moreover, because there is very limited overlap between the two companies existing facilities and operations and because Arcelor is already performing well overall, Mittal Steel sees no need for significant restructuring programs or other changes in Arcelor s existing business beyond what has already been announced by Arcelor s management. Indeed, the impact of the combination on Arcelor s European operations will be positive. Mittal Steel plans to respect fully all of Arcelor s social commitments, to maintain and possibly expand the role of European R&D in a more global company, to continue to partner with public laboratories and universities, and to continue investments to maintain the high performance levels of existing facilities.

If less than 50% of the total issued share capital and voting rights of Arcelor is tendered in the Offer as required to satisfy the Minimum Tender Condition described in Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer below, Mittal Steel has the right to waive this condition and purchase the tendered securities anyway. Any such decision would depend on an evaluation of all the circumstances prevailing at the time. In any such case, however, Mittal Steel would be an important shareholder of Arcelor, and there would be a substantial basis for cooperation between the two companies, allowing each of them to realize a significant portion of the mutual benefits described herein.

This section includes forward-looking statements. Please see in this regard the section entitled Cautionary Statement Concerning Forward-Looking Statements included elsewhere in this prospectus.

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Factors Driving Consolidation in the Steel Industry

As evidenced by numerous statements by both Mittal Steel and Arcelor, both companies see industry consolidation as an important strategic objective. The proposed combination would turn both companies vision into reality for the benefit of all stakeholders.

The steel industry remains fragmented despite gradual consolidation over the past decade. From 1993 to 2004, the top ten producers global production share grew from 20% in volume (with production of roughly 140 million tonnes) to 28% (approximately 300 million tonnes). The top five steel producers commanded a 19% share of the global market in 2004 by tonnes of steel produced. Market leader Mittal Steel accounted for only 5.6% of the global production, while Arcelor, the second-largest producer, had a 4.4% share. Nippon Steel (Japan), Posco (Korea) and JFE Holding (Japan) each had shares of approximately 3%, by volume. (Source: Metal Bulletin Magazine, *Top Steelmakers of 2004,* dated March 21, 2005).

Compared to other asset intensive industries, steel is far behind in the consolidation process. The top five steel producers account for roughly 20% of the global production, versus roughly 70% for the top five automotive manufacturers and about 35 to 40% in aluminum or copper. (Sources: AME Mineral Economics, quoted in PricewaterhouseCoopers, *Forging Ahead: Mergers and Acquisitions Activity in the Global Metals Industry*, 2005; Citigroup, *M/Metals Prospects*, March 2006.)

Today, most of the large steel companies are 20 to 50 million ton regional producers that are seeking to become increasingly multi-regional. Mittal Steel is the most global producer, with a presence in four regions and customers in over 150 countries. Mittal Steel s sales are balanced across regions, while those of other leaders tend to be concentrated in specific regions, such as Asia, North America or Europe. Arcelor, the second-largest producer, operates primarily in Western Europe and South America (Brazil and Argentina). Arcelor s acquisition of the Canadian company Dofasco is an attempt to develop a position in North America. Arcelor currently has limited exposure to Eastern Europe, Africa and Asia, which offer promising growth opportunities to steel producers.

In Mittal Steel s view, there are five powerful forces driving consolidation.

1. Globalizing and Consolidating Customer Industries.

The emergence of clear global industry leaders will create benefits for globalizing customer industries: global products, seamless service capabilities, global quality assurance and processes, and critical mass in R&D for faster new product and solution development. The automotive industry, a major purchaser of steel (around 20% to 25% of total steel output in mature markets source: GIA, *Steel: A Global Strategic Business Report*, January 2006), has seen increasing consolidation, as manufacturers seek to achieve economies of scale, expand and globalize model lines, diversify risk, and optimize costs. In 1970, there were 57 independent car manufacturers; in 2000, only 13 major producers. It is Mittal Steel s expectation that, by 2015, only six to eight such producers will remain. Automotive manufacturers are also pursuing global strategies. Volkswagen and Toyota, for example, produce 60% to 70% of their vehicles outside their home market, and international production is growing faster than their domestic production. The share of global producers (present in more than two regions, *e.g.*, Toyota, Daimler-Chrysler, Renault-Nissan) has been rising. In 2000, they produced 45% of all vehicles; they produced 62% in 2005. That percentage is expected to reach nearly 90% in 2020 (Source: JD Power, *Global Car and Truck Forecast*, Q2 2005).

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Automotive manufacturers tendency to locate their production sites in emerging countries is also significant. This is due in part to stronger demand than in mature markets. For instance, Renault s fastest growth in 2005 took place in Eastern Europe, where its volume increased by about 50% (source: Renault press release, January 2006), spurred by the popularity of its cars in Romania and the launch of the Logan in Russia. In June 2005, Toyota and PSA jointly established a plant in the Czech Republic.

Global customers increasingly require suppliers to follow them into new regions in order to limit transportation costs, inventory, and risk, and to allow them increased flexibility, lower production costs and consistent quality. For example, Bosch, like many other automotive component suppliers, is investing in Central and Eastern Europe to gear up for the manufacturing expansion taking place there.

Similar changes are taking place in the white-goods industry (which consumes around 15% to 20% of total steel output in mature markets Source: GIA, Steel: A Global Strategic Business Report, January 2006). In the 1980s, 350 white-goods manufacturers competed in Europe. By 2000, only about 15 remained (source: Lambert & Gillan, University of Western Australia and Nichols & Cam, The World of White Goods, 2005; companies annual reports). Global producers accounted for about 30% of the goods in 1990 (Source: Lambert & Gillian, University of Australia and Nichols & Cam, The World of White Goods, 2005; companies annual reports); by 2015, they are expected to produce more than one-half of global supply. Manufacturers trend toward off-shoring in emerging countries is also very clear: Electrolux currently operates plants in eight low-cost countries, one-half of which are in Eastern Europe. Whirlpool already manufactures around 50% of its output in emerging markets and has increased its investment to levels not seen since the late 1990s, expanding in Mexico and Poland.

Global customers increasingly require global framework contracts, demanding consistency of products and services across different regions to achieve the same quality standards on a global basis. At present, both Arcelor and Mittal Steel negotiate long-term contracts with their customers in industries such as automotive or white goods, and set up international coordination and partnerships to achieve global reach. The possibility and desirability of entering into long-term supply contracts depends upon a number of factors, including the maturity of the market, the role of steel in the customers procurement mix and the relative importance of price versus other factors in the buying decision. Long-term contracts are more commonly used in developed markets, such as North America and Western Europe, and in sectors requiring uniformly high quality, such as automotive and appliances, than in other markets.

Thus, in fiscal 2005, Mittal Steel realized approximately 45% by volume of its sales in the Americas (primarily the United States) under long-term contracts (defined for internal record-keeping purposes as contracts having a term of six months or greater), while Arcelor realized approximately 52% by volume of comparable flat carbon sales in Western Europe under long-term price contracts (defined by Arcelor as contracts having a term of 12 months or greater). Overall, approximately one-third by volume of each of Mittal Steel s and Arcelor s worldwide shipments of flat and long carbon steel in 2005 were under such respective contracts as described above.

2. Consolidation Provides Greater Bargaining Power with Highly Concentrated Supplier Industries.

Several suppliers to the steel industry have disproportionate negotiating power over raw materials. Raw materials represent approximately 50% of steel producers purchasing expense. The markets for these materials, meanwhile, are often consolidated. In sea-borne iron ore trade, which represents 20% of raw materials costs for steel producers, three companies (CVRD, Rio Tinto, BHP Billiton) together control more than 70% of the market. In coking coal, which accounts for about 15% of raw materials costs, nearly 60% of exports are controlled by only five companies (including Rio Tinto and BHP

Billiton). The picture is similar for other metals representing about 20% of raw materials costs: the top ten producers of zinc control over 50% of sales (source: RBC Capital Markets, *Metal Prospects: 2006 Zinc Market Outlook*, December 2005; Citigroup, *Zinc and Lead Market Outlook*, February 2004). And 50% of nickel is sold by four producers (Norilsk, BHP Billiton, Inco & Falconbridge sources: RBC Capital Markets, *Metal Prospects: 2006 Nickel Market Outlook*, December 2005; companies annual reports). By contrast, Mittal Steel and Arcelor together represent only about 10% of total steel production.

The disproportionate bargaining power wielded by suppliers enables them to obtain price increases from steel producers (*e.g.*, in 2005, prices of coking coal and iron ore increased by 111% and 71%, respectively) even against a backdrop of falling steel prices. (Source: Morgan Stanley, *Basic Materials: Global Supply/Demand Outlook Through 2009*, December 2005)

In addition, beyond pure commercial relationships, a more consolidated steel industry will be in a better position to establish true partnerships and therefore develop more integrated relationships with raw materials suppliers (*e.g.,* joint process improvement for logistics optimization).

3. Growth Prospects Differ Significantly from Region to Region and Large Producers in Mature Regions Need to Pursue New Growth Opportunities.

Mature regions (North America, Western Europe, Japan) are expected to experience relatively slow growth in coming years. In these regions, volume growth from 2005 to 2015 is expected to be about 1.8% annually in North America, 1.9% annually in Europe (excluding CIS and Russia) and 1.0% in Japan (source: Dexia Report, September 29, 2005). The mature regions are less fragmented than the developing regions.

Production in many developing countries is fragmented, in particular the BRICET countries Brazil, Russia, India, China, Eastern Europe and Turkey. For example, the top ten Chinese steel producers together represent barely 30% of the Chinese steel market, with the top producer, Baosteel, accounting for only 7% of the market.

In addition, the BRICET countries are expected to contribute most of the growth in the steel industry (over 5% per year) over the next decade. For example, from 2005 to 2015 the Chinese steel market is expected to grow at a rate just under 7% per year, and India at a rate just over 7% per year. (source: Dexia Report, September 2005)

In order to pursue new growth opportunities, large producers in mature regions seem to be following two approaches: filling their gaps in developed countries and expanding in developing countries (particularly BRICET countries). The recent competitive bidding for the same companies, such as Ukrainian Kryvorizhstal (eventually acquired by Mittal Steel) and Turkish Erdemir (eventually acquired by OYAK, a Turkish industrial conglomerate), is illustrative of the growing importance of increasing presence in the BRICET countries.

As noted above, most large producers operate in developed mature regions, where growth opportunities will remain limited in the next decade. The exception is Mittal Steel, which has invested in emerging countries for many years: starting in Latin America in Mexico in 1992, in Kazakhstan in 1995, in Africa in 2001, in Central and Eastern Europe from 2001 onwards (up to its recent acquisition of Kryvorizhstal in Ukraine). Most recently Mittal Steel has entered China through a shareholding in

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Hunan Valin, and Mittal Steel also signed a memorandum of understanding with the Government of Jharkhand in India to develop a 12 million tonnes per year steel plant and an iron ore mine. Mittal Steel is currently preparing a detailed project report (DPR), the estimated duration of which is 18 months, to identify the location of the steel plant, iron ore and coal mines and water sources. It is expected that the first phase of the project would be completed within 48 months once the DPR is completed and found acceptable to both Mittal Steel and the Government of Jharkhand, and the second phase within a further 54 months after completion of the first phase. Arcelor has followed a similar track: it acquired a significant stake in CST in Brazil in 1998, Acindar in Argentina in 2004 (through Belgo Mineira) and Huta Warszawa in Poland in 2005, three transactions which underscore Arcelor s announced intention of expanding as well in the BRICET countries.

4. Consolidation Fosters Economies of Scale, Better Returns, and Greater Ability to Sustain R&D Investments.

Large steel producers can specialize their plants on certain types of products and thus create more value from their assets. Plants dedicated to either high-end or commodity products, for instance, generally perform better than generalist plants making both, because they can eliminate costs of switching equipment to handle the different kinds of output. Large producers are also better equipped to improve manufacturing excellence, because they can share best practices and perform internal benchmarking across a wider number of sites. In addition, with large networks of plants, it is easier to cost-effectively manage the supply chain, because increased scale helps companies improve product flow, lower logistics costs and manage inventory better. Investments in innovative products, technologies and additional R&D can be amortized on a larger scale.

5. Consolidation Reduces Volatility and Creates a More Stable Industry.

The steel industry has suffered considerable volatility for many years. Larger producers, having better visibility into their end-markets, are better able to balance supply and demand.

New Industry Configuration

As a result of the above factors, Mittal Steel believes that the global steel industry will reconfigure during the course of the next decade into a three-tier structure comprised of (1) a small number of large global manufacturers operating in both mature markets and throughout the BRICET countries and producing over 150 million tons per year, (2) a number of mid-size regional manufacturers that are primarily focused on their regional markets and producing up to 100 million tons per year, and (3) smaller local producers focusing on one or a few countries and very specific product lines.

Mittal Steel believes that the large global producers will have a number of common characteristics:

- Global production in excess of 150 million tonnes. Mittal Steel believes that growth rates combined with consolidation trends will move the leadership threshold closer to 150-200 million tonnes by 2015. This target represents 12 to 15% of the global steel market expected by 2015.

- Strong business relationships with increasingly global customers. Customers of large steel companies are also globalizing and consolidating. That makes global key account management, including services through state-of-the-art downstream operations, distribution and global product capabilities, even more crucial. As an example, Renault and Nissan have merged their purchasing organizations into RNPO (Renault-Nissan Purchasing Organization) and are rationalizing their common suppliers panel. For each product category, their objective is to have a restricted number of suppliers (between three and five). RNPO wants most suppliers to be global so they can work closely with them to develop products and have those products made by the same supplier in all Renault-Nissan production locations. (Source: Financial Times, March 2005; Automotive News, June 2002 and March 2005)

Multi-regional operations to capitalize on R&D and process innovations. Innovation will become critical, as customers increasingly demand higher product quality, sophistication, and even customization. Approximately 40% of the steels which will exist in five years do not exist yet, and 40% of steels which exist today will have disappeared in five years. And steels of tomorrow will undoubtedly be composite steels, predicts Michel Lahousse, head of Arcelor Research, in Lorraine (source: Les Echos, October 2005). The most successful companies will be those that develop and keep introducing innovative products.

Global footprint to capture BRICET countries growth and benefit from low-cost operations. As described above, future growth in demand for steel is expected to be highest in the BRICET countries, spurred by the increasing local need for steel-based products (construction and infrastructure, cars, appliances, etc.). Leading producers will also need to reduce their production costs to meet competition from emerging countries by tapping into these currently low-cost production areas, including for semi-finished products such as slabs.

Integration into mining operations. Raw materials represent a large portion of the industry s cost structure, and integrating upstream will reduce raw material price volatility (hedging). This has been one of the key elements of Mittal Steel s strategy over the last 15 years. More recently, other large competitors have adopted this strategy. Nippon Steel acquired 28% of Beasley River iron ore mines in Australia, which it will operate jointly with Rio Tinto, one of the world s largest iron ore producers (source: JCN Newswire, April 2004). It also acquired an 8% stake in Hail Creek Joint Venture, which operates a new mine that produces high-grade coking coal. Following the same strategy, Posco will have access to 600 million tonnes of iron ore reserves for captive consumption in its future Indian steel plant in Orissa (source: The Press Trust of India, October 2005).

World-class sustainable development practices and operational excellence. Knowledge sharing and technology transfer will improve operational performance. A significant part of Mittal Steel s success has stemmed from its ability to share experiences and best practices across the whole group between units spread around the world (*e.g.,* Kazakhstan, Romania, South Africa, Algeria, USA, Western Europe, Trinidad). Continuous improvement is a key driver within Mittal Steel and it is supported by a knowledge management program, detailed benchmarking, process development and inter-plant visits of technical experts. Meanwhile, emerging countries top producers are quickly catching up with the technological advances made by leaders in developed countries. Sustainable development practices will be essential to equip the organization to respond most effectively to the needs and priorities of all its stakeholders, including their communities.

Mittal Steel believes that large transactions, such as the combination with Arcelor, can create a global leadership position faster, more efficiently and with less risk than a series of medium-sized acquisitions and organic growth. With ongoing consolidation in the steel industry, attractive acquisition targets are becoming more scarce, which has inevitably led to greater competition for a decreasing number of companies. Organic growth combined with small acquisitions will not be sufficient to reach truly global size. Therefore large acquisitions are imperative. Dofasco represents a significant acquisition for Arcelor and yet only contributes an additional 5 million tonnes to Arcelor s annual production. Similarly, Mittal Steel s recent acquisition of Mittal Steel Kryviy Rih (Ukraine) added just

7 million tonnes, although with scope for expansion. Reaching the size of between 150 and 200 million tonnes will require larger transactions.

Mittal Steel and Arcelor are Highly Complementary

For a summary of the respective businesses and operations of Mittal Steel and Arcelor, see Information about Mittal Steel and Information About Arcelor.

1. Arcelor and Mittal Steel have been Following a Similar Strategy in Recent Years with Respect to Growth by Acquisitions, Particularly in Emerging Markets.

From a strong foundation in mature markets (Western Europe and North America for Arcelor and Mittal Steel, respectively), and some existing operations in selected BRICET regions (Latin America and Eastern Europe for Arcelor and Mittal Steel, respectively), both companies are aiming to expand into other BRICET countries. For example, both bid for the same companies on several occasions: Ukrainian Kryvorizhstal and Turkish Erdemir (eventually acquired by OYAK, a Turkish industrial conglomerate).

In terms of growth by consolidation and expansion in developing regions, Mittal Steel has been a pioneer, acquiring over 20 companies of various sizes and activities, and in a variety of world regions, over the last 15 years (see details in Item 4D Information on the Company Property, Plant and Equipment of Mittal Steel s Annual Report on Form 20-F, incorporated by reference herein, for a summary of Mittal Steel s existing operations in various countries). As a result of these acquisitions, Mittal Steel has a strong presence in the United States, Central and Eastern Europe, Central Asia and Africa, and has now oriented its development towards Asia.

Similarly, Arcelor has grown significantly through major acquisitions from 1984 to 2002, mainly in the European region (where it generates 77% of its revenues as the leading producer of crude steel, with a 16% market share in 2004). Recently, Arcelor demonstrated its desire to grow in developed countries by acquiring Dofasco in February 2006 for C$5.6 billion, and has indicated a commitment to growth and consolidation in developing markets, particularly the BRICET countries. Arcelor s senior management recently stated the goal of increasing its crude steel production to 80 million tonnes over the next ten years, emphasizing that growth would be targeted at lower-cost regions abroad.

2. Mittal Steel and Arcelor are Committed to Substantial Levels of Capital Investment.

Conscious of the capital intensity of the steel industry, Mittal Steel practices disciplined capital management. It seeks to make prudent and focused capital investments to enable operational improvements and to move up the value chain. This investment represents a commitment to maintaining its existing asset base at a competitive level of productivity and quality while growing capabilities in important geographic and market segments. Capital expenditure has increased with the company s growth from $898 million in 2004 to $1.2 billion in 2005 and a budgeted $1.7 billion in 2006. The bulk of the capital expenditure in 2004 and 2005 was directed at sustaining maintenance and upgrading and modernizing plant and equipment. See Item 5B Operations and Financial Review Liquidity and Capital Resources of Mittal Steel s Annual Report on Form 20-F, incorporated by reference herein, for details of Mittal Steel s capital expenditures in 2004 and 2005 and projected in 2006.

Arcelor s capital expenditures amounted to 1.4 billion in 2004 and 2.1 billion in 2005. The increase from 2004 to 2005 can mainly be attributed to a 600 million development capital expenditure

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in Brazil (capacity expansion of 2.5 million tonnes per year). Other identified projects include capital projects to sustain operations as well as capacity expansions and investments to enable the industrial restructuring plans in Belgium.

In the main areas of carbon steel production, flat products and long products, capital investment rates in the two companies were $21 per ton for Mittal Steel and $25.6 per ton for Arcelor in 2004 source: Mittal Steel and Arcelor 2004 annual reports. Much of the difference on a per ton basis is explained by the different geographies in which the capital was spent. Arcelor s investments were concentrated in the developed world, where a larger proportion of the capital expenditure goes to labor. For example, Mittal Steel s reline of Blast Furnace #7 in the USA cost $100 million, of which 55% was directly attributable to the labor and professional services component. In comparison, a similar reline of Mittal Steel s Blast Furnace #4 in Kazakhstan cost $40 million, of which only 24% was directly attributable to labor. The direct difference in labor was therefore almost $40 million on a $100 million blast furnace reline.

3. The Combination of Mittal Steel and Arcelor will be Highly Beneficial for Both Parties.

The Group will have a clear leadership role in serving global automotive customers.

A global footprint will be required to be a successful leader for global customers. The automotive industry, which represents 20% to 25% of steel output in mature markets, is the main end market for high-end products. Automotive manufacturers in the United States, Japan and Europe are becoming increasingly global and require their suppliers to provide them with the same quality standard products on a global basis.

The complementary footprint and product offering of Mittal Steel and Arcelor will give the Group a clear leadership position in the automotive industry. The Group will be an industry leader better able to serve US and European auto manufacturers, and will enable the Group to match the more global offerings of leading suppliers of alternative materials such as aluminum and plastics.

The respective businesses of Mittal Steel and Arcelor show a high degree of complementarity in that they are focused on similar customers and similar products but in different geographical markets. Both Mittal Steel and Arcelor have similar overall growth plans for developing markets but have started in different locations, and both companies favor greater vertical integration but Mittal Steel is more developed upstream while Arcelor is more developed downstream.

Flat carbon steel products. Mittal Steel is the leading steel supplier to the North American automotive industry, providing a portfolio of sophisticated high-end products, including Ultra High Strength Steels (UHSS) and Advanced High Strength Steels (AHSS). Approximately 67% of Mittal Steel s US production is classed as value-added (*i.e.*, products other than simple hot-rolled coil). In the United States, Mittal Steel sells roughly 50% of its steel under term contracts (*i.e.*, contracts with a term of six months or longer). Arcelor enjoys an equivalent leading position in the Western European automotive market, with similar levels of value-added business and 52% of sales under term contracts (*i.e.*, contracts with a term of twelve months or longer).

In addition, Mittal Steel has a strong presence in the higher growth markets of Central and Eastern Europe, Central Asia and Africa, while Arcelor has a strong presence in South America (Brazil). Mittal Steel believes that there are numerous possibilities for successful collaboration. For example, Arcelor s announced Apollo restructuring plan envisages supplying low-cost slab from

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Brazil to its Western European mills. Mittal Steel s plants in Eastern Europe (including Mittal Steel Kryviy Rih in the future) and Africa could offer a more diverse and potentially lower cost option to fulfill this requirement. (This may be one reason that Arcelor also bid in the October 2005 auction of Kryvorizhstal, the predecessor of Mittal Steel Kryviy Rih.) Further, Mittal Steel s and Arcelor s respective plants across Europe can complement each other to provide a full range of products to the growing market in Central and Eastern Europe.

Long carbon steel products. Mittal Steel and Arcelor have complementary footprints, with limited geographical overlap, in long carbon steel products. Mittal Steel is present in North America and Africa, while Arcelor is present in South America. In Europe, both companies have a presence, but with limited overlap. The complementary footprints provide opportunities for better market coverage. For example, in wire rod, Arcelor has operations in Spain and Poland, while Mittal Steel has operations in France, Germany, Poland and the Czech Republic. In sections, Arcelor has operations in Spain, Italy, France, Luxembourg and Germany, while Mittal Steel has operations in Poland, the Czech Republic, Romania and Bosnia.

Along the value chain, the two companies have complementary positions. Mittal Steel is more vertically integrated upstream, providing access to raw materials supply, while Arcelor is more integrated downstream. Arcelor has stated a goal to develop its downstream business in Eastern Europe, where Mittal Steel has the upstream operational presence to complement this objective; downstream distribution businesses would be strengthened by such close proximity to production plants.

Mittal Steel s production presence in higher growth countries of Central and Eastern Europe, Africa and Asia, where construction is a major driver of growth, offers a complementary position to enhance the international growth prospects of Arcelor. Arcelor s stated strategy is to attempt to grow in the BRICET countries. In a number of these countries, Mittal Steel already has a leading presence, providing operational experience in those markets.

R&D and product offerings are complementary.

Both Arcelor and Mittal Steel have the capabilities to produce innovative high-end products in partnership with customers. High-end products are steel products that require advanced and refined processes to match clients specifications. They usually involve licensed processes and significant R&D investments. Since the most demanding clients are the automotive original equipment manufacturers (OEMs) and suppliers, steelmakers must be able to cooperate with auto manufacturers at the early stage of vehicle design to be competitive.

Steelmakers must have R&D capabilities to drive innovation and growth. This is especially true in the automotive segment, where Mittal Steel has a leading position in the United States and Arcelor has a leading position in Western Europe. Steel once represented up to 75% of the car body structure, but has now fallen to 50%. Already, steelmakers have introduced lighter and more resistant steels (High Strength Steel), Ultra High Strength Steels (UHSS) and Advanced High Strength Steels (AHSS). UHSS and AHSS prices per sheet are higher than those of ordinary steel, but these steels actually help to reduce automobile manufacturing costs. For example, product development has helped the steel industry in the United States to regain lost market share for steel wheels at the expense of aluminum. In construction, product development and marketing efforts should capture latent demand given the different intensity of steel usage in construction around the world.

Arcelor has five R&D centers focused on flat carbon steel and four on stainless steel. Arcelor flat carbon steel research centers are addressing the industrial, packaging and automotive end markets challenges, and also investigating how to decrease OEM s manufacturing costs. The two R&D centers in Metz, France, and Asturias, Spain, are core knowledge centers dedicated to the development of fundamental metallurgical processes and product knowledge, as well as to cutting edge topics such as artificial intelligence and nanotechnology.

Mittal Steel has R&D expertise in both product development and manufacturing processes. Mittal Steel currently employs over 500 professionals devoted to R&D activities and is actively recruiting additional professionals. It operates two primary R&D centers. One, located in East Chicago in the United States, focuses on steelmaking and flat products. The other, in Gandrange, France, focuses on long products. The centers activities include process technology development, the development of steels with special properties, and product research and application development. Mittal Steel is currently working on establishing a third R&D hub in the near future: the Central and Eastern European technical center, in Poland. This new facility will be focused on process research.

In Mittal Steel s vision, R&D centers have a dual role, acting as centers of excellence dedicated to specific products and processes, and supporting business units located in the same regions. This allows for specialization while maintaining close proximity between R&D centers and production units.

R&D synergy between Mittal Steel and Arcelor. The expertise of both groups in the various applications and end-markets, along with the large R&D divisions of the Group in Europe and North America, can be combined to generate new leverage and market opportunities from the cross-sharing of experience. For example, production of Ultra High Strength Steels with low elongation developed in North America could be transferred to the Arcelor operations in Western Europe. Serving the needs of a larger, more diverse group of global customers would enhance the role of all the R&D centers. And the increased scale and diversity of technologies used and products made would provide additional opportunities for knowledge transfer. Here, the scale and diversity of operations would add impetus to efforts to improve energy efficiency, as well as the environmental profile of steel operations. Finally, fundamental product and process research would have a better return on investment as it would be applied across more operations. Centers of excellence, which would specialize in unique kinds of expertise, would generate intellectual property that all R&D centers and business units could use. Both Mittal Steel and Arcelor R&D have partnerships with public institutions and universities. Mittal Steel expects that these partnerships will be enhanced in the future.

Mittal Steel believes that its position in raw materials would be an asset for the Group, enabling it to better absorb cyclical fluctuations in demand and to reduce volatility. Economic performance varies along the value chain. Extraction activity benefits from a consolidated market on the one hand and raw materials increasing scarcity on the other. As a consequence, leading ore miners have enjoyed higher margins than leading steel producers in recent years (source: leading mining and steel companies 2004 annual reports).

Extraction operations performance depends on demand for raw materials, which has grown with China s economic expansion. At the second stage of the value chain, steelmakers confront two major risks, increased raw material costs and tightening of supply.

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Arcelor would benefit from Mittal Steel s proprietary access to raw materials and ability to optimize costs. Mittal Steel is one of the world s most self-sufficient steelmakers. In 2005, on a pro-forma basis after giving effect to Mittal Steel s acquisition of ISG, approximately 56% of its iron ore requirements and approximately 42% of its coal requirements were supplied from its own mines or from long-term contracts at many of its operating units. Moreover, Mittal Steel is actively developing its raw material self-sufficiency, including through recent initiatives to gain access to iron ore deposits in Liberia and Senegal, and expanding its existing iron ore sources in various parts of the world including Ukraine. Production is expected to grow following recent acquisitions of mines. Mittal Steel satisfies approximately 81% of its own coke requirements. Moreover, in 2004 Mittal Steel produced more DRI and coke than it consumed (1.7 million tonnes of excess DRI and 1.1 million tonnes of excess coke).

Arcelor has recently bid (unsuccessfully) for Kryvorizhstal (Ukraine) and acquired Dofasco (Canada). Both of these companies own major raw material assets.

The Group could improve regional raw material supply and will enhance Arcelor s sourcing strategy. Mittal Steel believes the combination of Mittal Steel s and Arcelor s operations would lead to improved, internally purchased raw material supply. Arcelor s coastal upstream plants could be cost-effectively supplied by Mittal Steel s Liberian mines.

Arcelor s strong position in downstream distribution (A3S) would create benefits for both groups:

Arcelor s A3S distribution operations currently source externally 30% of the products it distributes, mainly in low-end products. Through its distribution and services capabilities, Arcelor sells steel produced by its own plants (70%) and steel bought from outside sources (30%). These external products are not available within Arcelor s group or are cheaper to source locally (compared with transporting them from Arcelor s plants).

Mittal Steel would be able to distribute its products through Arcelor s A3S division and to increase A3S intra-group sourcing, because its product lines and geographic footprint complement Arcelor s. That complementary footprint would enable the Group to source more internally, thereby reducing overall costs and increasing margins.

In addition, Arcelor has developed a strong expertise in custom steel solutions for the construction of major civil engineering, public works, and offshore projects through its subsidiaries Arcelor Projects and Paul Wurth. These subsidiaries would benefit from an extended portfolio of solutions and products, from the Group s increased R&D support and from an expanded network across the world.

The geographical range of the two groups is highly complementary:

The Group will operate 61 plants in over 27 countries. Arcelor is a leading producer in the Western European market, and has a strong position in South America. Mittal Steel s locations are complementary, with a leading position in the North American region, and strong footprints in Eastern Europe and Africa.

The combination will enable each group to fill its respective geographical gaps, and to join forces to develop in Asia (China and India), which is their shared future strategy. On top of this, both groups will benefit from their respective alliances.

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The combination of Mittal Steel and Arcelor will create a Group with a unique global footprint

The combination will redefine the industry.

The Group will be a global leader with a capacity of approximately 130 million tonnes, a production of 106 million tonnes and shipments of 97 million tonnes on a 2005 pro forma basis (including ISG and Mittal Steel Kryviy Rih on a full year basis but excluding synergies). On an actual 2005 basis (*i.e.*, including ISG since April 15, 2005 and Mittal Steel Kryviy Rih since November 26, 2005), the production is 95 million tonnes and shipments are 87 million tonnes.

On a pro forma basis (*i.e.*, as if ISG and Arcelor had been acquired on January 1, 2005), 2005 revenues amount to roughly $72 billion.

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The Group will have a production 2.9 times that of its nearest competitor, which comparatively provides the Mittal Steel-Arcelor combination with financial strength and ample resources.

2005 Shipments Breakdown per Region

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2005 Shipments Breakdown per Product Type

Within the 2005 pro forma shipments of 87 million tonnes, flat products account for 68%, long products for approximately 27%, while stainless products and pipes and tubes represent only 2% and 3%, respectively.

On a 2005 pro forma basis, the Group will count approximately 320,000 employees, of which 65% will be located in Europe, 13% in the Americas and 22% in Asia and Africa.

Mittal Steel believes that the Group will be well placed to benefit from further external growth opportunities.
Mittal Steel believes that the proposed combination represents a unique opportunity for Arcelor to achieve such a large size and substantial synergies in a single transaction. In Mittal Steel s view, potential targets in Europe and North America lack a strong presence in emerging markets, and those in Asia and other regions lack global reach.

In sum, Mittal Steel believes that the combination will create a global industry leader, with unprecedented scale and growth opportunities and the opportunity to increase its technological advantage by strengthening its R&D to better focus on its customers needs. Mittal Steel-Arcelor will be a leader in the automotive and domestic appliances industries. The Group will be able to bolster this strong product offering by deepening business relationships with its customers through a state-of-the-art global distribution network.

On the cost side, the global presence will allow further optimization of industrial operations. Mittal Steel believes that its access to low-cost production sites, as well as to mining assets, will afford some protection against fluctuations in raw material costs. In addition, the Group can realize significant synergies without major disruptions (see Intentions of Mittal Steel Regarding the Business of the Group Synergies below).

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Finally, as a result of Mittal Steel s strong presence in emerging countries, Arcelor s position in South America and the Group s prospective ability to invest heavily in China and India (funded both by prospective internal cash flows and by external financing), Mittal Steel believes that the Group will be able to take advantage of many of the world s strongest growth opportunities.

Intentions of Mittal Steel regarding the Business of the Group

Mittal Steel s Strategy for the Group

Mittal Steel s strategy for the Group is based on the following objectives:

- Use a strong position in high-end products in mature economies (in the automotive, electrical appliance and packaging sectors) to build a global customer platform and capture future growth in BRICET countries.

- Achieve cost leadership.

- Maintain a high level of vertical integration along the entire value chain to hedge against raw material price fluctuations and to manage distribution in selected geographic regions.

- Accelerate growth in BRICET countries to build a strong market position in developing economies worldwide, with the goal of significantly increasing global market share over the next ten years.

1. Use of a Strong Position in High-End Products in Mature Economies (in the Automotive, Electrical Appliance, and Packaging Sectors) to Build a Global Customer Platform and Capture Future Growth in BRICET Countries.

Mittal Steel believes that, together, Mittal Steel and Arcelor will have a very strong position with high-end customers. As noted above, customers for high-end applications, which are primarily based in mature economies, are becoming increasingly global and value suppliers ability to deliver the same products everywhere. Automotive manufacturers, for example, can significantly reduce the cost of developing moulds if they can use the same grades of steel in all of their plants. Mittal Steel and Arcelor are well positioned to capture market share in mature economies through their presence in North America and Western Europe and their scale in R&D, which will allow them to invest and innovate faster to meet customer needs.

Mittal Steel and Arcelor must accompany their customers in emerging markets. Automotive, electrical and appliance manufacturers are expanding capacities in developing countries to serve rising local demand. The quality and service requirements of these customers in developing economies will quickly catch up with their current standards in mature economies. Mittal Steel and Arcelor are well positioned to serve this market. Their current combined presence in Brazil, in Eastern Europe, in Africa and Central Asia, as well as their prospective presence in China and India, make the Group the natural partner of automotive and electrical appliances manufacturers growing in emerging economies.

Mittal Steel believes that no other steel company in the world will have a similar reach. Steel companies in developing economies generally do not possess the know-how and technology to serve sophisticated customers such as automotive manufacturers. Other steel companies in developed economies lack a truly global footprint in mature economies combined with a growing presence in developing economies. The Group will be well positioned to leverage Mittal Steel s and Arcelor s developed-world product capabilities with its operations in the developing economies as the market needs develop.

In terms of industrial implications for the Group, Mittal Steel will remain committed to high-end products and will therefore maintain and reinforce the advanced R&D capabilities of both groups. In line with Arcelor s plans, European R&D centers will become global centers of excellence. Furthermore, Mittal Steel expects that the Group will maintain, and indeed strengthen, its R&D links with research institutes and universities located near these European centers of excellence. The objective is to generate growth for the Group on a global basis. This is quite different from the previous European mergers, which aimed primarily at reducing overcapacity in Europe.

2. Achieve Cost Leadership

Cost leadership is essential to ensure profitability throughout the economic cycle. Mittal Steel and Arcelor both pursue the goal of continental or global cost leadership. This will continue to be a driving force for the Group. Mittal Steel believes that the combination of Mittal Steel and Arcelor will result in synergies that will improve the overall cost position of both groups.

The Group will also benefit from the purchasing, marketing and trading synergies referred to in Synergies.

Mittal Steel expects capital expenditure to be more efficient in the Group. Some capital expenditure duplication will be avoided. This will liberate resources to fund other investments. Examples of capital expenditure optimization opportunities include the development of a distribution and service center network in Central and Eastern Europe.

The industrial implications of cost leadership will not be disruptive and will complement the existing improvement plans of each organization. Mittal Steel expects to implement Arcelor s existing restructuring plans in Europe. Mittal Steel is aware of four rationalization initiatives that Arcelor is pursuing or intends to pursue in Western Europe (carbon steel only) and subscribes to each of them. Mittal Steel will broadly follow the current plans, honoring all of Arcelor s social commitments. Mittal Steel does not see a need for further restructuring in Europe beyond the current Arcelor plans.

Mittal Steel s own cost improvement plans will continue. These include implementation of strategic investments and productivity improvements in Central and Eastern Europe, Asia and Africa, capturing of synergies from the ISG merger in the United States, and improvements at Kryviy Rih. These improvements will be supported by the Group s growing access to raw materials.

With respect to Arcelor s stainless steel facilities, Mittal Steel will review a range of options based on their structural cost-competitiveness. In general, Mittal Steel s strategy with all of its product lines is to become the world s leading producer. In the case of flat stainless steel, Mittal Steel will review whether Arcelor s assets provide the right platform for this objective. In its review of this sector, Mittal Steel will assess a wide range of options and believes that under Mittal Steel s ownership, the range of options open to the stainless sector will be enlarged. For example, when Mittal Steel purchased Unimétal, a long products company that was not profitable, from Usinor in 1999, Mittal Steel was able to make selective investments, improve performance and return it to profitability.

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Mittal Steel plans to continue to invest in Western European carbon steel plant productivity, in order to ensure long-term cost competitiveness through sustained investment, consistent with Arcelor s past practices. Examples of planned investment projects that Mittal Steel plans to continue include:

Strengthening the costal plants at Fos-sur-Mer and Dunkerque, France, to increase capacity and productivity;

Zaragoza, Spain, where Arcelor intends to double production in a new facility by 2007.

In general, Mittal Steel expects the Group to continue to invest in world-class low cost slab capacity. Both groups have plans to expand low-cost slab making facilities. Arcelor intends to increase slab capacity in Brazil in order to cover a slab short fall in Europe following a restructuring. Mittal Steel intends to increase its slab capacity in Mittal Steel Kryviy Rih (Ukraine), South Africa and Kazakhstan. These plants are already very competitive as a result of direct access to raw materials and low energy and labor costs. The combined entity will continue this strategy to the benefit of its plants in Europe, all of which will have access to low cost slabs.

3. Maintain a High Level of Vertical Integration along the Entire Value Chain to Hedge against Raw Material Price Fluctuations and to Manage Distribution in Selected Geographic Regions. Mittal Steel Believes that Integration Brings Numerous Benefits.

Upstream integration allows steel companies to hedge against raw material price fluctuations. Mittal Steel s strategy is to be highly vertically integrated through captive access to iron ore mining, coke production and DRI production.

Downstream integration allows steel companies to capture a greater share of value-added activities, particularly for high-end customers (such as automotive manufacturers) that tend to outsource more and more operations. It also puts steelmakers more in touch with their end markets and allows them to benefit from better marketing intelligence. Finally, in the downswing of an economic cycle, captive distribution channels provide a buffer against volume decreases. This is particularly true in Europe, where steelmakers tend to own distribution channels.

The Group will follow a strategy of upstream and downstream integration, where market conditions make that an attractive option. Mittal Steel expects to pursue a strategy of upstream integration, which will benefit Arcelor.

In Eastern Europe, Mittal Steel expects the Group to aggressively expand its distribution and steel service network, but with a higher capital efficiency due to avoidance of duplication of investment. In other parts of the world, Mittal Steel will carefully review the benefits of being present in distribution and leverage Arcelor s experience in distribution to make selective acquisitions and pursue organic growth.

4. Accelerate Growth in BRICET Countries to Build a Strong Market Position in Developing Economies Worldwide, with the Goal of Significantly Increasing Global Market Share over the Next Ten Years.

Mittal Steel expects that worldwide growth in steel demand will be driven largely by developing economies, and particularly the BRICET countries. The combined operations of Mittal Steel and Arcelor will give the Group a strong presence in Brazil, Eastern Europe and Africa. These countries and Turkey are a key area for growth for the Group.

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The Group will not yet, however, have a significant presence in India or China. In 2010, it is estimated that India and China will account for close to 40% of total world steel consumption (source: World Steel Dynamics, Global Steel Products Matrix forecasts to 2015, March 2005). It is therefore a priority for the Group, as it is for each group individually, to establish a strong presence in these two countries.

The combination of Mittal Steel and Arcelor will facilitate and accelerate growth in BRICET countries. Each company already has stand-alone plans to grow in developing countries and would also likely pursue additional growth opportunities in BRICET countries in the coming years (through acquisitions, joint ventures and start-up, greenfield projects). Joint development, however, will be faster and yield greater returns. Arcelor s track record of growth outside Europe is limited to Brazil (and, in 2006, North America). By contrast, Mittal Steel has grown chiefly through acquisitions and has developed significant capabilities in evaluating, planning, negotiating and executing large international projects. Arcelor could greatly benefit from this expertise.

Moreover, by uniting to bid for the same assets, Mittal Steel and Arcelor will improve their chances of success. With a larger presence in individual BRICET countries, the Group would also reap the benefits in distribution and customer service, and also better optimize logistics. Given the larger size and more global geographic footprint of the Group, geographic expansion would present a lower degree of risk. It is uncertain whether each group individually could achieve a significant presence in BRICET countries. Together, this goal is much more likely to be achieved.

In order to implement its strategy Mittal Steel aims to build a world-class organization, relying heavily on Arcelor s existing organization and employees in addition to its own.

Implications of Mittal Steel s Strategy for Arcelor

Employment

Mittal Steel anticipates no negative impact on the overall level of employment in Western Europe as a result of the combination. Unlike most acquisitions where there are significant overlaps in operations and the realization of synergies depends on reducing or eliminating such overlaps, in this case there are virtually no overlaps. The two organizations are almost entirely complementary.

Mittal Steel has publicly stated that it will respect all of Arcelor s commitments with respect to employment and other social and human relations policies. Mittal Steel intends to maintain existing Arcelor operations and employment in all current locations and, under the Memorandum of Understanding, Mittal Steel and Arcelor have agreed that there will be no restructuring plan, collective lay-offs or other employee reduction plan within Arcelor in the EU as a result of the integration of Mittal Steel and Arcelor, other than in connection with (i) Arcelor s announced restructuring plans and (ii) the remedy package agreed by Mittal Steel with the European Commission. Mittal Steel intends to implement such Arcelor restructuring plans as announced.

It is possible, moreover, that a detailed review of Arcelor s current plans may lead to increased employment in key R&D and management functions, as well as to possible delays in the implementation of selected upstream site closures. In particular, Mittal Steel anticipates that employment in R&D will increase as a result of the growth of the Group and the growing role of R&D within the Group. European R&D centers of excellence will become the R&D focus for the Group.

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R&D efforts will be a key element of the service strategy for global customers. It is expected that the deeper and broader application of R&D across a more diverse group of businesses in different regions will lead to enhanced employment opportunities.

Further, Mittal Steel believes that the overall growth of the Group will likely lead to increased employment in managerial positions in Europe, as has occurred following prior acquisitions in Central and Eastern Europe in the marked expansion of its Rotterdam corporate office. Finally, Mittal Steel has indicated that it would carefully review Arcelor s announced plan to close a mill in Liège, Belgium, in order to determine whether this closure might be delayed by linking the Liège mill to Mittal Steel s Central and Eastern European operations so as to facilitate specialization, and to use capital more efficiently.

The Memorandum of Understanding provides for employee representation on the Board of Directors of the Group (see Intentions of Mittal Steel Regarding Corporate Governance and Corporate Structure Intentions Regarding Corporate Governance for the Group Board of Directors of the Group). The practice of European works council will also be maintained.

Finally, in the Memorandum of Understanding, Mittal Steel and Arcelor have agreed to continue promoting employee share ownership in line with best corporate practices for continental European listed companies and to implement Arcelor s AESOPE plan in accordance with its terms.

R&D

The role of R&D will be enhanced, with European centers becoming global centers of excellence, which will then be able to leverage their experience over a larger organization. The current level of R&D spending will be maintained, and possibly raised as the overall size and scope of the business increases. Existing links with local universities and research institutes will also benefit from the increased role of European R&D centers as global centers of excellence.

Investments

Mittal Steel will continue to invest to maintain the high level of performance of current facilities. Duplication of capital expenditure in Central and Eastern Europe distribution and steel service centers will be avoided. This will lead to greater capital efficiency, with savings to be re-invested in other value-creation activities. Mittal Steel expects overall investment to be consistent with the combined levels of current expenditure on maintenance capital.

Aside from Arcelor s previously announced restructuring plans and the announced agreement to sell Arcelor s shareholdings in Dofasco to ThyssenKrupp if Mittal Steel acquires effective control of Arcelor (see Agreement between Mittal Steel and ThyssenKrupp Regarding Dofasco below), Mittal Steel does not intend to close, sell or discontinue any existing locations, activities, product lines or geographic areas. Mittal Steel s external growth policy will be to continue to make targeted investments and acquisitions, particularly in the higher growth BRICET countries.

Treatment of Arcelor Indebtedness

Mittal Steel will evaluate the external debt of Arcelor as soon as it has access to the details thereof. At this stage and based on public information, Mittal Steel has only limited knowledge of the financing structure and the terms and conditions of Arcelor s debt. If economically attractive, certain debts may be refinanced by a mix of external and inter-company financings. The eventual overall debt structure will also depend on whether and when Mittal Steel and Arcelor are merged.

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Synergies

Mittal Steel expects to realize synergies of approximately $1.6 billion (approximately 1.3 billion) before taxes (2.2% of combined pro forma sales in 2005) on an annualized basis within three years of the combination from three sources: purchasing: about $560 million (approximately 455 million); marketing and trading: about $570 million (approximately 465 million) and manufacturing and process optimization: about $470 million (approximately 380 million). The magnitude of the expected synergies is in line with Mittal Steel s recent experience in the acquisition of ISG, is in line with the synergies reported by Arcelor following the merger of Usinor, Arbed and Aceralia, and is consistent with Arcelor s announced expectations for synergies with regard to its acquisition of Dofasco. There is no guarantee, however, that the Group will be able to realize these operational cost synergies in full or at all. Mittal Steel s inability, due to its lack of access to non-public Arcelor information, to assess loss contingencies and other items may affect or offset the amount of any potential synergies. Unrealized losses may diminish the benefits of the transaction even if no synergies are realized.

These synergies are in addition to the savings that are expected under the companies respective existing plans to reduce costs.

Purchasing savings should amount to $560 million (455 million) per year by 2009. They will be achieved through leveraging the combined size of the Group to negotiate better prices and reduced expenditures. Mittal Steel estimates that the total annual purchasing expense of the Group is currently approximately $48 billion, including raw materials (scrap, various metals, and iron ore), maintenance, repairs and operations (MRO) (maintenance services, production subcontracting, spare parts, and steel consumables), logistics, energy, investment, semi-finished goods and general expenses. Synergies are expected in the categories of expenses where Arcelor and Mittal Steel could potentially share suppliers. This excludes very local categories (*e.g.*, energy, general expenses, some logistics and MRO costs) and categories in which Mittal Steel does not purchase significant quantities (*e.g.,* nickel and chrome that Arcelor purchases to make stainless steel). The $560 million (455 million) savings estimate is based on a category-by-category review of such potentially shared suppliers. Where necessary for purposes of this review, Mittal Steel made good faith estimates of Arcelor information based on Mittal Steel s experience in the steel industry and Arcelor s public information.

Marketing and trading synergies should generate $570 million (465 million) per year within three years. This is expected to be achieved by cross-selling through the companies respective distribution networks and by optimizing the flow of semi-finished products, so as to reduce shipping and handling costs via shorter supply routes. This will allow the Group to absorb unused capacities, free-up other capacities and remove bottle-necks in its overall supply chain. The main sources of these synergies are savings on distribution costs, better capacity utilization of each company s distribution network via additional volumes, cross product flows between the two companies and substitution of products currently sourced from third parties. Savings will come from lower logistics costs due to shorter supply routes arising from the elimination of cross-product-flows within the Group, currently estimated to be on the order of three to four million tonnes per annum. Further, Mittal Steel estimates that approximately 50% of its volumes that are currently sold through third parties could be sold through Arcelor s distribution and trading network, saving fees on the order of 3% on the value of the trade. Substitution of material purchased from third parties will improve mill utilization and capture additional variable margin within the Group.

The estimated savings of $470 million (380 million) from manufacturing and process optimization are expected to result from manufacturing process improvements and yield gains, which

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will provide savings on raw materials and energy consumption, and productivity gains relating to higher throughput rates and better sequencing rates, which will improve asset utilization. On a production of approximately 106 million tonnes, this implies a cost savings of approximately $4.40 per tonne on a $400/tonne cost base. Based on its experience with other combinations, most recently the integration of ISG, Mittal Steel expects these benefits to result from a sharing of knowledge and experience between the organizations and from increased specialization of production facilities within the Group.

With regard to the timing of realization of the synergies discussed above, Mittal Steel expects to realize on an annualized basis approximately $650 million in synergies (consisting of the majority of the estimated procurement synergies, plus approximately 15% of each of the estimated manufacturing and process optimization synergies and of the estimated marketing and trading synergies) by the end of the first year following the acquisition; approximately $1.1 billion in synergies (consisting of the synergies noted above plus the full amount of the estimated procurement synergies, approximately 60% of the estimated manufacturing and process optimization synergies, and 50% of the estimated marketing and trading synergies) by the end of the second year following the acquisition; and approximately $1.6 billion in synergies (consisting of the synergies noted above plus the remainder of the estimated manufacturing and process optimization synergies and of the estimated marketing and trading synergies) by the end of the third year following the acquisition.

The costs of implementing these synergies are estimated to be insignificant, since they require no restructuring or redundancies. As these synergies are not from restructuring or redundancy, the normal cost of capturing such synergies (*i.e.*, closure and clean-up) are not required. The processes that would be used to capture the synergies in this case are already a part of the day-to-day management approach of Mittal Steel. These synergies come from benchmarking and knowledge management processes. The costs required are only for the travel and meeting time of Mittal Steel and Arcelor management.

Regarding the prospective resale of Dofasco to ThyssenKrupp, there are not currently any particular costs of resale, as Mittal Steel has already entered into a binding agreement for such resale. Following consummation of the resale, Mittal Steel will compensate Arcelor for the difference between the price paid by Arcelor for Dofasco s shares (C$71 per share) on the one hand and the price agreed by ThyssenKrupp (the euro equivalent of C$68 per share) plus earnings received by Arcelor, on the other hand.

In addition to the above synergies, Mittal Steel s upstream integration in iron-ore mining, coal mining and coke production will provide natural hedging for the entire Group. Because steel producers cannot fully adjust their prices to reflect their costs, their margins suffer from volatility. Mittal Steel s upstream integration and access to iron-ore and coal mining, coke and DRI production, and shipping would provide a natural hedge against this risk.

Finally, in the medium term, Mittal Steel expects further benefits, which have not yet been quantified, to accrue through ongoing knowledge sharing. These will arise from general economies of scale, further cost savings, improved productivity, accelerated product and process development, better distribution, more efficient use of capital, increased investment in R&D and faster innovation, and other factors.

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Governance and Management

Principles

Mittal Steel s vision is to build the world s most admired steel institution. Mittal Steel s corporate culture is based on a spirit of entrepreneurship, diversity and, most importantly, respect for employees, and seeks to promote the qualities of openness, expertise, reliability and innovation. Mittal Steel has a non-hierarchical structure, especially designed to encourage managers at all levels to think entrepreneurially, to make decisions in the best interests of the company, to take responsibility and to support one another in all efforts to continually improve the company. Mittal Steel believes that Arcelor shares these values and that the strength of the Group will arise from the culture and principles that will unify all employees.

As noted above, the operational overlap between Arcelor and Mittal Steel is limited, which creates a unique opportunity to build upon the strengths of both organizations. Accordingly, the combination is not expected to result in a reduction in employment levels. Rather, the combination will provide a strong platform for growth, which will provide ongoing employment opportunities globally. The specifics of a new organizational structure for the Group will need to be developed with senior management of both groups, taking time to ensure that the outcome respects the principles above, delivers the utmost level of service to customers, and deploys the Group s talent and facilities to their fullest.

Management

In the Memorandum of Understanding, Arcelor and Mittal Steel have agreed to change and unify their respective corporate governance structures and rules as soon as possible after completion of the Offer until such time as the two companies are integrated or merged into one company. Unless specified otherwise below, references to Company in this section refer to each of Mittal Steel and Arcelor pre-merger and to the top-level company in the Group following the merger of Arcelor and Mittal Steel.

The Company will be managed by a Board of Directors and a Management Board. The members of the Board of Directors will be appointed by the general meeting of shareholders, while members of the Management Board will be appointed by the Board of Directors. The Board of Directors will comprise solely non-executive directors. The day-to-day management of the Company will be entrusted to Management Board. The Management Board is not a management board in the sense of a two-tiered board structure as exists under Dutch and Luxembourg law, but rather a committee of senior Company officers. The Memorandum of Understanding provides that the initial Management Board will have seven members comprising the four current members of the Arcelor Management Board, with the current Arcelor Chief Executive Officer (CEO), Mr. Guy Dollé, becoming the CEO of the Company, and three members to be nominated by the current Mittal Steel Board of Directors. It is intended that one of the latter three members will be Mr. Aditya Mittal. Arcelor has indicated that Mr. Guy Dollé may not wish to serve as CEO following completion of the Offer, but will remain available to facilitate the integration. If Mr. Dollé withdraws or resigns as CEO, the new Company CEO will be appointed by the Board of Directors further to a proposal made by Mr. Joseph Kinsch and approved by Mr. Lakshmi N. Mittal.

No decision has yet been made with respect to the allocation of management responsibilities within the Group and the exact composition of the management team, including the top management and the Management Board in particular. Mittal Steel and Arcelor will allocate management

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responsibilities on the basis of the best available talent within Mittal Steel and Arcelor for each position. The new organizational structure will be developed with senior management of both companies. During the Initial Term (as defined in Memorandum of Understanding between Mittal Steel, Arcelor and the Controlling Shareholder Corporate Governance), the appointment and remuneration of persons appointed to serve as the CEOs and board members of the Company s main subsidiaries and the heads of the main business units and corporate functions of the Company will be decided by the Management Board acting unanimously.

Both in general and in relation to the workforce, Mittal Steel and Arcelor will continue to employ best practices across the organization designed to meet the highest standards in health and safety, social responsibility, cultural diversity and respect for the environment. Mittal Steel is convinced that its employees make up the heart of the organization and it is only by stimulating and harnessing the talents of each and every individual towards the common goals of the business that success will be created. Mittal Steel s distinctiveness and success results in part from the bringing together of teams of people with diverse backgrounds, skills and abilities. The combination with Arcelor substantially enlarges and deepens the talent pool and new and innovative ways of conducting business. The Group will have a sustainable future and therefore sustainable employment in the competitive world of steel.

Capital Markets Position of the Group

The combination of Mittal Steel and Arcelor will form the largest company in the steel industry by market capitalization. The pro forma market capitalization of the Group will be approximately 36.7 billion (approximately $45.9 billion) (based on the respective closing stock prices on June 23, 2006 and excluding the Cash Portion of the Offer financed through a credit facility. See Source and Amount of Funds below). (The pro forma market capitalization of the Group is calculated by applying a share price of 25.71 per Mittal Steel share (based on the closing Mittal Steel share price of $32.17 on June 23, 2006 on the NYSE (the Mittal Steel Reference Share Price) and an exchange rate of $1.2512 per 1.0) to the aggregate of the fully diluted number of Mittal Steel shares of 705.6 million as of March 31, 2006 and the diluted number of Arcelor shares of 624.7 million (excluding treasury shares and including stock options) and 39.0 million Convertible Bonds.)

Pro forma Mittal Steel and Arcelor vs. other steel companies

The Group will form the largest group

in the steel industry in terms of market capitalization

Equity market capitalization (billions)

Source: Datastream (June 23, 2006)

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With a pro forma market capitalization of about 36.7 billion, the Group will become one of the flagship industrial companies in Europe. Ranked by market capitalization, it will be the 14th largest company on Euronext Paris.

Pro forma Mittal Steel /Arcelor vs. other leading industrial companies

The Group will rank among the largest industrial companies

in terms of market capitalization

Equity market capitalization (billions)

Source: Datastream (June 23, 2006)

The Group will be listed on five of the leading stock exchanges in Europe: Euronext Amsterdam, Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange and the Spanish Stock Exchanges, as well as on the NYSE. Mittal Steel believes that this will provide good access to the capital markets, enhanced profile with investors and a high level of liquidity for trading of the Company s shares.

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The following table presents an analysis of the liquidity of Mittal Steel shares both prior to the announcement of the Offer and after completion of the Offer. It is provided for illustrative purposes and the actual future liquidity of Mittal Steel shares may be different from that shown in the table. Four scenarios are presented based on different assumed Offer acceptance levels: 100%, 50%, 33% and 25% (the latter two assuming a waiver of the Minimum Tender Condition).

	Arcelor (pre-offer)	Mittal (pre-offer)	New Mittal (post-offer)	New Mittal (post-offer)	New Mittal (post-offer)	New Mittal (post-offer)
Overall level of acceptances from Arcelor shareholders			**100%**	**50%**	**33%**	**25%**
Number of Shares (in millions of shares)						
Total shares outstanding	620.0	704.1(6)	1,426.4	1,065.3	942.5	884.7
Free float shares	539.9	80.9	716.3	398.6	290.6	239.7
ADTV*(in millions of shares)(1)						
1-month ADTV(2)	3.99	1.23	6.92	3.58	2.78	2.40
3-month ADTV(3)	4.31	1.17	6.24	3.70	2.84	2.43
6-month ADTV(4)	4.68	1.05	6.57	3.81	2.87	2.43
12-month ADTV(5)	5.15	0.97	7.04	4.01	2.98	2.49
ADTV* as a percentage of total shares outstanding						
1-month ADTV(2)	0.64%	0.17%	0.42%	0.34%	0.29%	0.27%
3-month ADTV(3)	0.70%	0.17%	0.44%	0.35%	0.30%	0.28%
6-month ADTV(4)	0.76%	0.15%	0.46%	0.36%	0.30%	0.27%
12-month ADTV(5)	0.83%	0.14%	0.49%	0.38%	0.32%	0.28%
ADTV* as a percentage of free float						
1-month ADTV(2)	0.74%	1.52%	0.83%	0.90%	0.96%	1.00%
3-month ADTV(3)	0.80%	1.44%	0.87%	0.93%	0.98%	1.02%
6-month ADTV(4)	0.87%	1.30%	0.92%	0.96%	0.99%	1.01%
12-month ADTV(5)	0.95%	1.21%	0.98%	1.01%	1.02%	1.04%

* *Average daily trading volume based on data from Bloomberg for Arcelor (pre-offer) and Mittal (pre-offer). New Mittal (post-offer) is a result of calculations.*
(1) Includes all listings with available volume information
(2) December 26, 2005 to January 26, 2006 (inclusive)
(3) October 26, 2005 to January 26, 2006 (inclusive)
(4) July 26, 2005 to January 26, 2006 (inclusive)
(5) January 26, 2005 to January 26, 2006 (inclusive)
(6) As of March 31, 2006

The analysis of post-Offer liquidity is based on the following assumptions:

(i) Arcelor treasury shares are not tendered in the Offer;

(ii) all Convertible Bonds and all Arcelor and Usinor stock options (granted prior to February 6, 2006) are exchanged for Arcelor newly issued shares resulting in a fully-diluted Arcelor free float of 586.6 million shares (based on the total number of outstanding Arcelor shares as of February 6, 2006 of 620.0 million (excluding 19.8 million treasury shares) and 666.7 million shares on a fully-diluted basis (taking into account Arcelor shares underlying the outstanding Convertible Bonds on February 6, 2006 and the Arcelor and Usinor stock options granted prior to February 6, 2006, *i.e.*, 42 million shares and 4.7 million shares, respectively, and excluding 19.8 million treasury shares), with the Grand Duchy of Luxembourg holding 36.0 million shares, Corporacion JMAC B.V. holding 22.7 million shares, the Walloon Region (through Sogepa S.A.) holding 15.4 million shares and Arcelor employees holding 6.0 million shares);

(iii)

Mittal Steel s free float represents 80.9 million shares (based on the total number of outstanding Mittal Steel shares (excluding shares held in treasury by Mittal Steel) of 704.1 million shares as of

March 31, 2006 (including 246.7 million outstanding Mittal Steel class A common shares and 457.5 million outstanding Mittal Steel class B common shares), with the Controlling Shareholder holding 623.3 million shares);

(iv) former Arcelor shareholders trade Mittal Steel shares at the same level (in terms of number of shares per day) as they traded Arcelor shares prior to January 27, 2006, the date of the announcement of the Offer; and

(v) Mittal Steel shareholders trade at the same level (in terms of number of shares per day) as they did prior to January 27, 2006.

The prospective average daily trading volumes (ADTV) are calculated based on the ADTV for Mittal Steel pre-Offer increased by the ADTV for Arcelor pre-Offer pro-rata for the offered exchange ratio of 13 Mittal Steel shares for 12 Arcelor shares and the assumed acceptances from Arcelor shareholders. The prospective free float is calculated based on the Mittal Steel free float pre-Offer and increased by the Arcelor free float pre-Offer pro-rata for the offered exchange ratio of 13 Mittal Steel shares for 12 Arcelor shares and the assumed acceptances from Arcelor shareholders.

Based on published criteria, Mittal Steel believes that, following completion of the Offer, Mittal Steel can be expected to be included in a number of stock market indices, including the CAC 40 and SBF 120. In connection with the Offer, Arcelor was removed from the CAC 40 and SBF 120 on June 16, 2006. As of June 16, Arcelor s weighting in the CAC 40 was 2.5%, and in the SBF 120 was 2.2%. Following the transaction, the weighting of the Group in these indices would increase, making the stock more attractive to stock index tracking funds. Mittal Steel believes that other funds would also increase their position in the stock to reflect its increased weighting in the indices.

For a description of Mittal Steel s intentions regarding dividend policy, please refer to Dividend Policy.

Approach to Integration

Both Mittal Steel and Arcelor have substantial experience in integrating acquisitions. Over the past 15 years, Mittal Steel has integrated more than 20 companies to create an integrated international network of operations, beginning with Iron & Steel Co. of Trinidad & Tobago in 1989, and ending with Kryvorizhstal (Ukraine) in 2005. Arcelor itself is the result of numerous transactions, in particular the three-way merger of Aceralia, Arbed and Usinor in 2002.

Mittal Steel s philosophy toward integration is based on following best practices and learning from each and every unit where those practices are found. Mittal Steel has shown, for example, in the ISG integration, that its approach respects the contributions and leadership capabilities of acquired companies staff. A requirement of any new business partnership is ensuring that employees have a clear understanding of the overall business plan and are fully on board with the business objectives of the group. This set of objectives would be developed together with Arcelor management teams and reflect input from representatives in all areas of both organizations.

The governing principle for the integration of Arcelor will be to carefully identify the best talent from both companies and the organizational structure that would best serve the customers and markets in which Mittal Steel operates. As such, when it comes to talent Mittal Steel is committed to a true merger of equals, in which the new company not only retains but builds upon the wealth of talent

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residing in both Arcelor and Mittal Steel. Taking the time to identify the best model and the best people is possible because of the complementary and limited overlap of the customer segments and geographies that Arcelor and Mittal Steel currently serve. This reduces the complexity of integration.

The first stage of the integration process would be to form an integration leadership team. This team would oversee combined working groups that would identify operational synergies in key areas. Each team would develop a working plan and timetable of activities. The focus of activities would be on value creation. Teams would be expected to identify and set ambitious targets based upon the opportunities and benchmarks. The focus on outcomes and an accelerated timetable helps the teams to integrate faster. Mittal Steel s recent experience from the integration of the ISG operations in North America indicates that these teams can identify opportunities, prepare action plans and commence implementation expeditiously.

Intentions of Mittal Steel Regarding Corporate Governance and Corporate Structure

Intentions Regarding Corporate Governance for the Group

In the Memorandum of Understanding, Arcelor and Mittal Steel have agreed to change and unify their respective corporate governance structure and rules as soon as possible after completion of the Offer until such time as the two companies are integrated or merged into one company. The following is a description of the corporate governance rules that will apply to both Arcelor and Mittal Steel, and the top-level company in the Group following the integration or merger of Arcelor and Mittal Steel. Unless specified otherwise below, references to Company in this section refer to Mittal Steel, Arcelor or the top-level company in the Group following the integration and/or merger of Arcelor and Mittal Steel, as the case may be.

Board of Directors of the Group

Composition of the Board of Directors

The Memorandum of Understanding provides that during a transitional, three-year period following the settlement date of the Offer (the Initial Term) that the Board of Directors of the Company will have the following characteristics:

18 members, all of whom are non-executive directors and a majority of whom are independent (as defined below):

6 members shall be nominated from among or upon the request of the current Mittal Steel Board of Directors, of whom 3 directors shall be independent;

6 members shall be nominated from among the current members of the Arcelor Board of Directors, and shall reflect the nationalities of the main countries where Arcelor operates;

3 members shall be nominated from among the current members of the Arcelor Board of Directors, upon the recommendation of the major shareholders of Arcelor; and

3 members shall be employee representatives.

The Parties to the Memorandum of Understanding have agreed to consult each other as to the identities of the directors to be nominated for appointment to the Board of Directors for the Initial Term.

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Following the Initial Term, and subject to the provisions of the Articles of Association, the Controlling Shareholder will be entitled to representation on the Company Board of Directors in proportion to its shareholding.

Directors will be considered independent if they are (i) independent within the meaning of the definition thereof in the NYSE listing standards as applied to non-U.S. companies (i.e., foreign private issuers), and (ii) unaffiliated with any shareholders owning or controlling more than 2% of the shares of the Company (post-completion of the Offer).

During the Initial Term, and subject to the Controlling Shareholder owning or controlling at least 15% of the outstanding share capital of the Company (post-completion of the Offer), the Controlling Shareholder will be entitled to elect to the Company s Board of Directors up to (and not more than) six directors, including three directors who are affiliated (directly or indirectly) with the Controlling Shareholder and three independent directors.

The directors will be elected and removed by the general meeting of shareholders, by a simple majority of votes cast. Except as described above, no shareholder will have special rights to nominate, elect or remove directors. All directors will be elected by the general meeting of shareholders for three-year terms.

During the Initial Term, the Board of Directors will appoint one director as Chairman and one director as President of the Board of Directors. Mr. Joseph Kinsch shall be the first Chairman of the Board of Directors and Mr. Lakshmi N. Mittal shall be the first President of the Board of Directors. Upon the retirement of Mr. Joseph Kinsch, Mr. Lakshmi N. Mittal shall become Chairman and Mr. Joseph Kinsch shall propose the successor President, who shall be an independent director or a former employee of Arcelor. The proposed successor President will serve as President for so long as he or she is a director and the Controlling Shareholder has agreed to vote for his or her renewal as director, except in case of gross negligence or willful misconduct in the exercise of his or her functions as director or in the event that the Appointments and Remuneration Committee vetoes his or her nomination. Moreover, upon retirement, death or incapacity of Mr. Lakshmi N. Mittal, he shall be replaced by any other representative designated by the Controlling Shareholder from time to time.

Finally, upon expiration of the Initial Term, the Parties to the Memorandum of Understanding will review the Company s corporate governance rules reflected above in order to reflect the best standards of corporate governance for comparable companies, and in particular have them conform with the corporate governance aspects of the NYSE listing standards applicable to non-U.S. companies (i.e., foreign private issuers) and the Luxembourg Code of Governance. Moreover, the Chairman and the President shall consult in the year prior to the end of the Initial Term with a view to determining the identity of the directors that could be recommended to the Appointments and Remuneration Committee.

Operation of the Board of Directors

The required quorum for meetings of the Board of Directors will be a majority of the directors, including at least the Chairman, the President and a majority of the independent directors being present or represented.

Each director will have one vote and no director will have a casting vote. Board decisions will be taken by a majority of the directors present and represented at a quorate meeting, except as otherwise required by Luxembourg or Dutch law, as the case may be.

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During the Initial Term, the agenda of each Board of Directors meeting shall be jointly agreed by the Chairman and the President of the Board of Directors and shall include any matters proposed to be included on the agenda jointly by the Chairman and the President. In the event of a disagreement, the Chairman and the President will work together to try to resolve any such disagreement. After the expiration of the Initial Term, the Chairman and the President will seek to agree the agenda on a reasonable efforts basis.

For so long as there is a Chairman and a President of the Board of Directors, the Chairman and the President will meet at regular intervals, or more often if and when required at the request of either the Chairman or the President, to discuss and evaluate the principal strategic business decisions for the Company and prepare the related board meetings.

The Company Board of Directors will be entitled to request the assistance of expert advisers as it deems necessary and appropriate from time to time in connection with any key strategic decision.

Controlling Shareholder Right of Opposition

During the Initial Term, with respect to Board of Directors decisions that require shareholders approval, the Controlling Shareholder shall vote in accordance with the position expressed by the Board of Directors, unless Mr. Lakshmi N. Mittal opposes any such position in which case the Controlling Shareholder can vote as it wishes. During the Initial Term, if Mr. Lakshmi N. Mittal opposes any decision of the Board of Directors on a matter that is does not require shareholders approval and that was not proposed by him, Mr. Lakshmi N. Mittal shall have the right to request such action to be first approved by a shareholders meeting and the Controlling Shareholder shall have the right to vote at such meeting as it sees fit. The Board of Directors shall not approve any action that has been rejected by such shareholders meeting.

Board of Directors Committees

The Board of Directors shall have two committees: an Audit Committee and an Appointments and Remuneration Committee.

The Audit Committee will be composed of four independent directors, with independence defined as set out above and also under Rule 10A-3 under the Exchange Act. The four members will be appointed by the Board of Directors. The Audit Committee shall make decisions by a simple majority with no member having a casting vote.

The Appointments and Remuneration Committee will be composed of four directors: the President (for so long as there is a President and thereafter an independent director), the Chairman and two independent directors, one of whom will be nominated by Mittal Steel s current Board of Directors and one of whom will be nominated by Arcelor s current Board of Directors. The Appointments and Remuneration Committee will be chaired by an independent director. The four members will be appointed by the Board of Directors. The Appointments and Remuneration Committee shall make decisions by a simple majority vote with no member having a casting vote. The Appointments and Remuneration Committee will be in charge of making recommendations to the Board of Directors relating to the appointment of the members of the Board of Directors, the appointment and remuneration of the members of the Management Board and the principles of remuneration for other senior or top executives of the Group.

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During the Initial Term, the appointment and remuneration of persons appointed to serve as the CEOs and board members of the Company s main subsidiaries and the heads of the main business units and corporate functions of the Company will be decided by the Management Board acting unanimously.

Related-Party Transactions

Finally, the Parties to the Memorandum of Understanding have agreed that any transaction between the Company (including any of its subsidiaries) and its directors or any of its affiliates will be conducted on an arms length basis and, if material, require approval of the independent directors.

Reduction of Voting Rights Attached to the Class B Common Shares

As announced by Mittal Steel on May 19, 2006, Mittal Steel will propose to its shareholders to amend Mittal Steel s Articles of Association to eliminate all differences between the rights attached to Mittal Steel s class A common shares and class B common shares (except for the right of the holders of the class B common shares to convert their class B common shares on a share-per-share basis into class A common shares). All shareholders will hold shares carrying the same voting and economic rights; each share will have one vote, irrespective of the time it has been held and holders of class B common shares will no longer have the right to make a binding nomination for the appointment of directors (see the procedure described in Description of Mittal Steel s Share Capital Reduction of Class B Voting Rights). The amendment to Mittal Steel s Articles of Association will be discussed and put to a vote at the extraordinary shareholders meeting of Mittal Steel to be held on June 30, 2006. A notice for this extraordinary meeting of shareholders, to be held in Rotterdam, The Netherlands, on June 30, 2006, was published on June 6, 2006. The Controlling Shareholder has committed to vote in favor of the amendment. Once approved, the amendment will come into effect as soon as legally possible.

As a result of the amendment, the holders of class B common shares will no longer have the right to make a binding nomination for the appointment of class A, B or C directors to Mittal Steel s Board of Directors. All directors will be elected by the general meeting of shareholders to serve three-year terms, by a simple majority of the votes cast.

In addition, as a result of the amendment, directors can be removed and suspended by the general meeting of shareholders by a simple majority of the votes cast. Finally, upon completion of the Offer, Mittal Steel will enlarge its Board of Directors to 18 members.

Extraordinary Meeting of Shareholders Post-Completion of the Revised Offer

The Parties to the Memorandum of Understanding have agreed that upon completion of the Offer, each of Arcelor and Mittal Steel will convene an extraordinary meeting of shareholders (EGM) at the earliest practicable date to adopt the following corporate governance and other changes:

(i) the Board of Directors will consist of up to 18 members;

(ii) all members of the Board of Directors will be non-executives;

(iii) at least one-half of the Board of Directors will be composed of independent directors;

(iv) the Audit Committee will consist only of independent directors;

(v) the Controlling Shareholder will be entitled to representation on the Board of Directors proportional to its shareholding (subject to the provisions of the Memorandum of understanding);

(vi) the Articles of Association may be amended from time to time by a general meeting of shareholders subject to the quorum and majority requirements provided for by applicable law, except the provisions of the Articles of Association relating to the matters set out in (i) - (v) above, which may only be amended by a vote of shareholders representing two-thirds of the relevant Company s voting rights; and

(vii) the election of the initial Board of Directors as nominated in the manner set forth in section Board of Directors of the Group above. In addition, the agenda of Arcelor s EGM shall also include the reduction of Arcelor s authorized capital to the amount of issued share capital immediately upon completion of the Offer.

Post-Offer Shareholding

The following tables show, based on share ownership information as at March 31, 2006, the evolution of the number of Mittal Steel s shares held by the Controlling Shareholder and other categories of Mittal Steel shareholders, as well as the percentages of Mittal Steel s share capital and voting rights that these shares represent, based on four different levels of acceptance of the Offer by Arcelor securityholders, and assuming that the voting rights attaching to all of the class B common shares (which class of shares is exclusively held by the Controlling Shareholder) will be reduced from ten to one per class B common share.

Assuming 100% acceptance by Arcelor securityholders

	Number of class A common shares	**Number of class B common shares**	**Total**	**% of share capital**	**% of voting rights**
Controlling Shareholder	165,794,790	457,490,210	623,285,000	43.4%	43.6%
Treasury stock	8,751,388		8,751,388	0.6%	
Other current Mittal Steel shareholders(1)	80,855,495		80,855,495	5.6%	5.7%
Former Arcelor shareholders	671,669,950		671,669,950	46.7%	47.0%
Former Convertible Bonds holders(2)	42,207,791		42,207,791	2.9%	3.0%
Former Mittal Steel optionholders(3)	4,979,910		4,979,910	0.3%	0.3%
Former Arcelor optionholders(4)	5,065,316		5,065,316	0.4%	0.4%
Total	979,324,640	457,490,210	1,436,814,850	100.0%	100.0%

Assuming 75% acceptance by Arcelor securityholders

	Number of class A common shares	**Number of class B common shares**	**Total**	**% of share capital**	**% of voting rights**
Controlling Shareholder	165,794,790	457,490,210	623,285,000	49.6%	49.9%
Treasury stock	8,751,388		8,751,388	0.7%	
Other current Mittal Steel shareholders(1)	80,855,495		80,855,495	6.4%	6.5%
Former Arcelor shareholders	503,752,463		503,752,463	40.1%	40.4%
Former Convertible Bonds holders(2)	31,655,843		31,655,843	2.5%	2.5%
Former Mittal Steel optionholders(3)	4,979,910		4,979,910	0.4%	0.4%
Former Arcelor optionholders(4)	3,798,987		3,798,987	0.3%	0.3%
Total	799,588,876	457,490,210	1,257,079,086	100.0%	100.0%

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Assuming 50% acceptance by Arcelor securityholders

	Number of class A common shares	Number of class B common shares	Total	% of share capital	% of voting rights
Controlling Shareholder	165,794,790	457,490,210	623,285,000	57.9%	58.3%
Treasury stock	8,751,388		8,751,388	0.8%	
Other current Mittal Steel shareholders(1)	80,855,495		80,855,495	7.5%	7.6%
Former Arcelor shareholders	335,834,975		335,834,975	31.2%	31.4%
Former Convertible Bonds holders(2)	21,103,896		21,103,896	2.0%	2.0%
Former Mittal Steel optionholders(3)	4,979,910		4,979,910	0.5%	0.5%
Former Arcelor optionholders(4)	2,532,658		2,532,658	0.2%	0.2%
Total	619,853,112	457,490,210	1,077,343,322	100.0%	100.0%

Assuming 25% acceptance by Arcelor securityholders

	Number of class A common shares	Number of class B common shares	Total	% of share capital	% of voting rights
Controlling Shareholder	165,794,790	457,490,210	623,285,000	69.4%	70.1%
Treasury stock	8,751,388		8,751,388	1.0%	
Other current Mittal Steel shareholders(1)	80,855,495		80,855,495	9.0%	9.1%
Former Arcelor shareholders	167,917,488		167,917,488	18.7%	18.9%
Former Convertible Bonds holders(2)	10,551,948		10,551,948	1.2%	1.2%
Former Mittal Steel optionholders(3)	4,979,910		4,979,910	0.6%	0.6%
Former Arcelor optionholders(4)	1,266,329		1,266,329	0.1%	0.1%
Total	440,117,347	457,490,210	897,607,557	100.0%	100.0%

(1) Includes Mittal Steel s minority shareholders holding free float shares as at March 31, 2006.
(2) Assumes tender of 100%, 75%, 50% or 25%, depending on the applicable scenario, of the Convertible Bonds.
(3) Assumes all Mittal Steel stock options outstanding as at March 31, 2006 are exercised.
(4) Assumes all Arcelor or Usinor stock options outstanding as at February 6, 2006 are exercised and tender of 100%, 75%, 50% or 25%, depending on the applicable scenario, of the Arcelor shares received upon such exercise.

Intentions Regarding Corporate Governance for Arcelor

See Intentions Regarding Corporate Governance for the Group.

Intentions Regarding Workforce and Management

See Intentions of Mittal Steel regarding the Business of the Group Implications of Mittal Steel s Strategy for the Group Employment and Intentions of Mittal Steel regarding the Business of the Group Governance and Management.

Intentions Regarding Corporate Restructuring

The Parties to the Memorandum of Understanding have agreed to use their best efforts to procure, as soon as practicable following completion of the Offer and any related subsequent offer or compulsory buy-out, the merger of Mittal Steel with and into Arcelor with Arcelor continuing to be incorporated, domiciled and headquartered in Luxembourg. Subject to further legal and tax analysis, the merger, is expected to take the form of a cross-border merger governed by Dutch and Luxembourg laws. Further discussions will be held with the Luxembourg authorities to seek to obtain from them the appropriate comfort with respect to the location of the headquarters of the Company in Luxembourg. The timing of such merger is uncertain at this stage but will likely take at least nine to 12 months, due, among other things, to the time required for and outcome of such further analysis and discussions and to the necessary listing of the new company on six exchanges and its SEC registration.

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Intentions Regarding Minority Buy-Out and Delisting

Mittal Steel intends to acquire all of Arcelor s outstanding shares. Should any shares remain outstanding after completion of the Offer, Mittal Steel will consider various options to attain ownership of all of Arcelor s share capital, including through any available compulsory buy-out procedure, merger or other corporate reorganization.

As of May 22, 2006, Luxembourg law provides that following an offer made to all the holders of a Luxembourg company s voting securities, the offeror may buy-out remaining securityholders at a fair price if such offeror has acquired 95% of the capital carrying voting rights and 95% of the voting rights of such company. Accordingly, if Mittal Steel held 95% or more of the share capital and voting rights in Arcelor, Mittal Steel could require the remaining shareholders of Arcelor to sell their shares to Mittal Steel at a fair price. The price offered in the Offer would be considered a fair price in the buy-out proceedings if 90% of the Arcelor shares carrying voting rights were acquired in the Offer. The consideration paid in the buy-out proceedings must take the same form as the consideration offered in the Offer or consist solely of cash. Moreover, under Luxembourg law, an all-cash option must be offered to these remaining Arcelor shareholders. Finally, pursuant to Luxembourg law, the right to initiate such buy-out proceedings must be exercised within three months following the expiration of the initial acceptance period in the public offer or of the subsequent offering period, if any, depending on when the threshold is met.

If Mittal Steel does not acquire 95% or more of the share capital and the voting rights of Arcelor, Mittal Steel would consider other possible options to increase its shareholding in Arcelor. To the extent permitted by Luxembourg and other applicable laws, Mittal Steel could, in principle, further dilute the remaining shareholders in Arcelor through the acquisition of additional shares in Arcelor, causing Arcelor to repurchase shares in its capital, and/or contributing assets to Arcelor in exchange for shares in Arcelor. In addition, to the extent permitted by Luxembourg and other applicable laws, Mittal Steel could, in principle, attain full ownership of Arcelor by merging Arcelor with Mittal Steel or transferring all of Arcelor s assets and liabilities in exchange for Mittal Steel shares which would be distributed to the remaining shareholders in Arcelor upon the liquidation of Arcelor.

In the event that Mittal Steel does not attain ownership of all of Arcelor s share capital and depending on the level of success of the Offer, Mittal Steel will also consider whether to maintain any of Arcelor s stock exchange listings. Mittal Steel would likely seek to delist Arcelor s shares if the public float and trading volume following completion of the Offer are low. Such delisting would require the approval of the stock exchange regulatory authorities in Belgium, France, Luxembourg and Spain, and would be effected in a coordinated manner among these jurisdictions.

Finally, as of May 22, 2006, Luxembourg law also provides for a sell-out right if following an offer the offeror owns 90% of the share capital and 90% of the voting rights of a Luxembourg company. Accordingly, if Mittal Steel acquires 90% or more of the share capital and voting rights in Arcelor, all of Arcelor s remaining shareholders, irrespective of their country of residence, could sell their shares to Mittal Steel at a fair price. The price offered in the Offer would be considered a fair price in the sell-out proceedings if 90% of the Arcelor shares were acquired in the Offer. The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the Offer or consist solely of cash. Moreover, under Luxembourg law, an all-cash option must be offered to the remaining Arcelor shareholders. Pursuant to Luxembourg law, the right to initiate such sell-out proceedings must be exercised within three months following the expiration of the initial acceptance period in the public offer or of the subsequent offering period, if any, depending on when the threshold is met.

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Intentions Regarding Arcelor Stock Options

In the Memorandum of Understanding, Arcelor has reserved the right to accelerate the vesting of outstanding options to acquire its shares in connection with the Offer. The Memorandum of Understanding further provides that if the Offer is consummated, the existing options to acquire shares of Arcelor will be maintained so that option holders will continue to benefit from such options after the corporate restructuring discussed in section Intentions Regarding Corporate Restructuring above. In the event that such restructuring is not completed by June 30, 2007, Mittal Steel has agreed in the Memorandum of Understanding to put in place a liquidity mechanism that will allow the option holders, after the lapsing of applicable holding periods under tax laws and regulations, to exchange Arcelor shares resulting from the exercise of their stock options into Mittal Steel shares on the basis of the exchange ratio in the secondary exchange offer of the Offer.

Dividend Policy

The Parties have agreed in the Memorandum of Understanding that the Group will adopt a policy of distributing approximately 30% of its annual net income to its shareholders. The Group will not be required to pay dividends, however, and there can be no guarantee that dividends will be paid in the future and any dividends may be decreased or eliminated in the future.

For so long as Arcelor remains listed, Mittal Steel intends to align Arcelor s dividend policy with the one to be adopted by the Group, *i.e.*, distributing approximately 30% of Arcelor s annual net income to Arcelor s shareholders.

Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor s two Brazilian Subsidiaries

Arcelor Brasil S.A. and Acesita S.A. are two Brazilian companies listed on the Bolsa de Valores de São Paulo (BOVESPA). Arcelor holds approximately 66% of the outstanding voting stock of Arcelor Brasil S.A. Following an offer to acquire the voting stock of Acesita S.A. not already owned by it, which closed on April 26, 2006, Arcelor holds, directly or indirectly, approximately 56% of the share capital (consisting of voting common shares and non-voting preferred shares) and approximately 91% of the voting stock in Acesita S.A. Article 254-A of the Brazilian corporation law requires that, in the event of a direct or indirect acquisition of control of a company listed in Brazil, the acquiror must make an offer for all voting shares not already controlled.

Assuming that acquisition of control of Arcelor would constitute a change of control of its Brazilian subsidiaries, tender offers for all minority voting shares must be launched within 30 days following the acquisition of control of Arcelor. The offer price must be at least 80% of the part of the overall acquisition consideration, including premium, that is fairly attributable to the Brazilian companies. In the case of Arcelor Brasil S.A., its by-laws increase this percentage to 100%. The determination of the price for Arcelor Brasil and Acesita will be made by an independent expert designated by the company and is subject to judicial review at the request of the minority shareholders.

Mittal Steel may offer the Brazilian shareholders the same mix of shares and cash as in the Offer or it may offer all cash. These offers would be financed out of one or a combination of existing resources, cash flow and proceeds of new financings. Mittal Steel does not expect to make this decision before the Offer is completed. For purposes of example only, based on (i) the current Arcelor shareholding in the two companies (as set out above), (ii) the respective closing market prices of

Acesita S.A. and Arcelor Brasil S.A. voting shares on June 23, 2006 as per Bloomberg (which prices may differ from the fair values of such shares as finally determined in the manner described above), (iii) an offer price equal to 80% and 100%, respectively, of such current market prices, in each case without assigning any premium value related to the Offer, and (iv) the Mittal Steel Reference Share Price of 25.71 ($32.17) used for purposes of calculations in the context of the Offer, the minority interests in these companies would have an aggregate value of approximately 2.8 billion ($3.5 billion), requiring the issuance of approximately 74 million shares and the payment of 0.9 billion ($1.1 billion) in cash if Mittal Steel offers the same mix (*i.e.*, 68.9% and 31.1%) of shares and cash as in the Offer.

See Mittal Steel must make a mandatory tender offer for minority interests in Arcelor s listed Brazilian subsidiaries at a price determined by independent experts, which may be higher than expected in Risk Factors Risks relating to the Offer above for a discussion of certain uncertainties and attendant risks relating to this matter.

Background of the Offer; Prior Contacts

In late October 2005, Mr. Aditya Mittal, President and Chief Financial Officer of Mittal Steel, proposed the concept of a merger between Arcelor and Mittal Steel to Mr. Lakshmi Mittal, Chairman and Chief Executive Officer of Mittal Steel, and others at Mittal Steel. In the course of late October and November 2005, Mr. Aditya Mittal had a couple of brief conversations with Mr. Alain Davezac, an Arcelor executive, regarding possible areas of cooperation. During the 3rd Steel Success Strategies Europe Conference, which took place from November 27 to 29, 2005 in London, Mr. Aditya Mittal suggested to Mr. Davezac that a meeting be arranged between Mr. Guy Dollé, President of the Management Board and Chief Executive Officer of Arcelor, and Mr. Lakshmi Mittal. Thereafter, during December 2005 and early January 2006, various dates for a meeting between Mr. Dollé and Messrs. Lakshmi and Aditya Mittal were considered, and it was finally agreed on January 10, 2006 that the meeting would take place on January 13, 2006 in London.

At the meeting on January 13, 2006, Messrs. Lakshmi and Aditya Mittal proposed the concept of a combination between Mittal Steel and Arcelor to Mr. Dollé. Mr. Dollé was non-committal and pointed out certain difficulties that he saw relating to such a transaction, including integration risks.

On January 20, 2006, Mr. Lakshmi Mittal called Mr. Dollé to request a meeting over the weekend to discuss a global strategy, to be described at the meeting. Mr. Dollé was unavailable over the weekend, and the earliest he was available was January 24, 2006. It was agreed that a meeting would take place on the evening of January 24, 2006 in Luxembourg.

On January 23, 2006, ThyssenKrupp announced that it would not increase its offer for Dofasco, as a result of which the Board of Directors of Dofasco recommended the offer by Arcelor for Dofasco. On the morning of January 24, 2006, Mr. Dollé postponed the meeting with Mr. Lakshmi Mittal scheduled for that evening, as he was traveling to Canada. Later on January 24, 2006, Mr. Lakshmi Mittal contacted Dr. Ekkehard Schulz, Chairman of the Executive Board of ThyssenKrupp, to discuss the possible acquisition of Dofasco by ThyssenKrupp following a successful offer by Mittal Steel for Arcelor. On January 26, 2006, Mittal Steel and ThyssenKrupp signed a binding agreement to this effect.

During the course of January 26, 2006, Mittal Steel received a number of press calls as to whether it was planning to make an offer for Arcelor leading to concern about possible leaks. Accordingly, Mittal Steel s Board of Directors met (by conference call) in the afternoon of January 26, 2006 and approved the Offer and the financing arrangements for the Offer and decided to announce the Offer the following morning. In the evening of January 26, 2006, after the U.S. stock markets closed, Mr. Lakshmi Mittal called Mr. Dollé to inform him that Mittal Steel was planning to announce the Offer the following day, and Mr. Dollé terminated the call. Mr. Lakshmi Mittal then left a detailed voicemail message on Mr. Dollé s mobile phone explaining Mittal Steel s intentions. Mr. Aditya Mittal separately spoke to Mr. Davezac at Arcelor and advised him of the same. No Arcelor executive made personal contact with Mr. Lakshmi Mittal, Mr. Aditya Mittal or any other Mittal Steel executive in response to either of these two calls.

On January 27, 2006, Mittal Steel issued a press release announcing its intention to launch the Offer. The initial consideration (subject to adjustment following certain actions by Arcelor) offered by Mittal Steel in the Primary Offer was 4 Mittal Steel class A common shares and 35.25 in cash for every 5 Arcelor shares or Arcelor ADSs, and 4 Mittal Steel class A common shares and 40.00 in cash for every 5 Convertible Bonds. The initial consideration offered by Mittal Steel in the Secondary Offers was 28.21 in cash for each Arcelor share or Arcelor ADS, or 16 Mittal Steel class A common shares for every 15 Arcelor shares or Arcelor ADSs.

On February 10, 2006, Mr. Lakshmi Mittal called Mr. Joseph Kinsch, Chairman of the Arcelor Board of Directors, to suggest a meeting to discuss the proposed combination of Mittal Steel and Arcelor. Mr. Kinsch wrote to Mr. Lakshmi Mittal on February 17, 2006 to decline this request, stating that a meeting on the proposed topic would serve no practical purpose.

On April 19, 2006, Mr. Mittal telephoned Mr. Kinsch stating Mittal Steel s desire to engage in friendly discussions and to seek a meeting. Mr. Mittal also indicated a willingness to revise Mittal Steel s proposal in return for a recommendation.

On April 21, 2006, Mr. Kinsch sent Mr. Mittal an e-mail requesting a written proposal as a prerequisite to any meeting. Mr. Kinsch requested that such a proposal include a summary of the main elements relating to valuation, corporate governance, industrial plan, business plan, social plan and customer policy.

On April 27, 2006, Mr. Mittal called Mr. Kinsch to inform him that in the interest of maintaining the momentum created by their recent contacts and fostering an amicable merger, Mittal Steel would accede to his request to provide a written proposal. Mr. Mittal requested a meeting shortly following Mr. Kinsch s receipt and review of the written proposal.

On April 28, 2006, Mr. Mittal sent Mr. Kinsch a detailed letter addressing the areas raised by Mr. Kinsch in his e-mail. The letter reiterated that, in the context of a recommended transaction, Mittal Steel would be prepared to offer significant corporate governance changes, including the introduction of a single class of Mittal Steel shares, and to revise the terms of its offer.

Along with the letter, Mr. Mittal also sent Mr. Kinsch the following documents: Mittal Steel s full industrial plan for the merger setting out in detail its intentions for the integration of the two companies; a detailed review of its social commitments globally; and a customer relationship policy statement.

The April 28, 2006 letter included the following specific corporate governance improvements proposed in the context of an offer that would be recommended by the Arcelor Board of Directors:

Board Composition: enlargement of Mittal Steel s Board of Directors to 14 members of which a majority would be independent directors. Of the total directors, six would be selected by Mittal Steel, six would be selected by Arcelor (including employee and Luxembourg government representatives) and two would be mutually agreed by Mittal Steel and Arcelor. The latter two directors, who would be among the independent directors, would be of European industrial background to reinforce the European representation on the Board. The existing three Board committees Audit, Nomination and Remuneration would be maintained.

Nomination Procedure and Term of Office for Directors: the existing right of holders of Class B common shares to make a binding nomination for appointments to the Mittal Steel Board of Directors would be rescinded. Instead, directors would be elected by the general meeting of the shareholders, by a simple majority of the votes of all shareholders present or represented at the meeting, for a three-year term.

Voting Rights: a voting structure would be implemented that satisfies two objectives: (i) a one share-one vote principle for all shareholders, and (ii) rewarding long-term shareholder ownership and loyalty through enhanced voting power. The letter indicated that the latter objective could be accomplished, for example, through the adoption of a structure in which shares held for a certain period of time would become entitled to double voting rights.

Management Board: six-person Management Board comprised of three representatives of each of Mittal Steel and Arcelor.

The April 28, 2006 letter further stated that in the context of a recommended transaction, Mittal Steel was prepared to revise the value of its offer. The letter specified that the extent of such revision would depend on the nature and extent of other changes to Mittal Steel s overall proposal and, hence, on Mittal Steel s ability to enter into discussions with representatives of the Board of Directors of Arcelor. The letter noted in this context that Mittal Steel s offer had already created significant value for the shareholders of both companies.

Mr. Kinsch responded to Mittal Steel s proposal in writing on May 4, 2006. While not ruling out the possibility of discussions between the two companies under appropriate circumstances, Mr. Kinsch stated that Arcelor s Board of Directors and management continue to believe that Mittal Steel s offer is wholly inadequate. Mr. Kinsch stated specifically that the Board and management had significant concerns relating to the valuation of Mittal Steel s shares, questioned the merits of the proposed combination and considered that Mittal Steel s industrial plan does not contain the specific elements of a business plan nor does it justify the strategic logic of a combination. Furthermore, Mr. Kinsch specifically conditioned any meeting on the prior receipt and detailed review by Arcelor of Mittal Steel s business plan.

Mr. Mittal sent a letter in response to Mr. Kinsch on May 8, 2006, which again addressed Mr. Kinsch s stated concerns. Mr. Mittal reiterated Mittal Steel s desire to pursue the proposed combination between the two companies in an agreed and amicable way. Mr. Mittal stated that he regretted the fact that, after several attempts to engage and have a proper discussion with Arcelor, Mittal Steel had not made meaningful progress. Mr. Mittal then addressed various points relating to Mittal Steel s offer that Mr. Kinsch had made in his letter and that Arcelor representatives had made in public statements.

First, as to concerns relating to the potential for value creation from the proposed combination, the letter stated Mittal Steel s belief that that it is very significant and that the positive market reaction consistently observed since the announcement of its proposal attests to this. The letter also noted Mittal Steel s belief that the combined group s value creation potential significantly exceeds that of Arcelor on a stand-alone basis.

Second, regarding corporate governance, Mr. Mittal noted that the April 28, 2006 letter had contained significant concessions in the context of a friendly transaction. Mr. Mittal further stated that Mittal Steel s proposals in this area were consistent with a merger of equals, notwithstanding the significant premium offered to Arcelor shareholders.

Third, as to concerns relating to the valuation of the Mittal Steel shares, especially in comparison with the Arcelor shares, the letter noted that Mittal Steel is a large, global company listed on the NYSE and Euronext Amsterdam whose shares are widely followed by the investor and research analyst communities.

Fourth, as to Arcelor s assessment that the proposed combination lacks industrial logic, the letter stated that Mittal Steel, along with a very broad range of market participants and industry experts, holds a clear contrary view. With respect to Arcelor s request for Mittal Steel s business plan, Mr. Mittal stated that sharing such material in the current context would raise significant regulatory issues, including from a competition standpoint. The letter also stated that in the context of large scale public company combinations or mergers in Europe, the level of detail and disclosure provided by Mittal Steel in support of the business and industrial logic and plan for the proposed combination is unprecedented.

Fifth, as to the characterization of Mittal Steel s offer as wholly inadequate, Mr. Mittal stated Mittal Steel s strong disagreement. The letter noted in this regard that the value of Mittal Steel s offer currently stands at close to a 50% premium to the Arcelor share price on the eve of the announcement of Mittal Steel s bid, which itself was at an all-time high.

Finally, Mr. Mittal reiterated that Mittal Steel would be prepared to revise its offer in the context of a friendly transaction that would be supported by a recommendation of Arcelor s Board of Directors. Mr. Mittal specified that Mittal Steel s initiative to engage Arcelor in discussions reflected its preference for a friendly transaction, and did not in any way reflect any notion that its offer undervalues Arcelor. Mr. Mittal stated that Mittal Steel did not intend to revise the offer absent such a recommendation of Arcelor s Board of Directors.

Prior to sending the May 8, 2006 letter to Mr. Kinsch and after the close of markets in Europe, Mr. Mittal placed a courtesy call to Mr. Kinsch informing him that he would soon be receiving the letter and that, in compliance with regulatory requirements, Mittal Steel would be issuing a press release on May 9, 2006 regarding their exchange of correspondence. Shortly after Mr. Mittal s call, Mr. Kinsch responded by e-mail to reiterate Arcelor s view that receipt of Mittal Steel s business plan was a prerequisite to discussions, and Arcelor issued a press release overnight providing its views on the exchange of correspondence.

On May 10, 2006, Mr. Kinsch wrote to Mr. Mittal to renew Arcelor s request to receive Mittal Steel s business plan as a condition to a meeting with Mittal Steel. Mr. Kinsch also reiterated that Arcelor s Board of Directors and management believe that Mittal Steel s offer undervalues Arcelor and question the strategic logic of a combination of Arcelor and Mittal Steel.

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On May 16, 2006, Mr. Mittal wrote to Mr. Kinsch to offer to provide Arcelor with Mittal Steel s business plan under an agreed legal framework. Mr. Mittal also reiterated Mittal Steel s stated willingness to revise its offer in the context of a recommended transaction.

On May 18, 2006, the European Offer was commenced in Luxembourg, France and Belgium.

On May 19, 2006, Mittal Steel s Board of Directors met (by conference call) and approved revisions to the Offer, including certain of the corporate governance aspects previously included in the April 28th letter and May 8th press release noted above and improved financial terms, as well as the revised financing arrangements for the Offer. On May 19, 2006, Mittal Steel issued a press release announcing the revised Offer. The revised consideration (subject to adjustment following certain actions by Arcelor) offered by Mittal Steel in the Primary Offer was 1 Mittal Steel class A common share and 11.10 in cash for each Arcelor share or Arcelor ADS, and 1 Mittal Steel class A common share and 12.12 in cash for each Convertible Bond. The revised consideration in the Secondary Offers was 37.74 in cash for each Arcelor share or Arcelor ADS, or 17 Mittal Steel class A common shares for every 12 Arcelor shares or ADSs.

On May 21, 2006, Arcelor s Board of Directors met to consider, among other things, Mittal Steel s revised Offer. Arcelor then issued a press release stating that the Board would examine the contents of the revised Offer following regulatory approval of the Offer document, and stating the Board s wish to examine Mittal Steel s business plan.

On May 22, 2006, Mr. Mittal sent Mr. Kinsch a confidentiality letter as a basis for further information sharing and discussions. On May 23, 2006, Mr. Kinsch sent Mr. Mittal a draft confidentiality agreement and noted in the cover letter some critical points that needed to be reflected.

On May 23, 2006, Mr. Mittal wrote to Mr. Kinsch to inform him that Mittal Steel would be providing Arcelor with its business plan subject to the signature of the confidentiality agreement, and that a summary of it would be published and included in investor presentations.

On May 24, 2006, Mr. Mittal tried to reach Mr. Kinsch by phone and e-mail to discuss the timing of the sharing of the business plan.

On May 24, 2006, the European Offer was commenced in Spain.

On May 26, 2006, Mr. Kinsch sent Mr. Mittal an e-mail saying that he had received his e-mail the day before, which was a holiday in Luxembourg, and informing him that Arcelor s Board of Directors had approved a strategic transaction the day before (see Summary Arcelor Agreement Regarding Severstal). He also noted his understanding that the confidentiality agreement had been agreed by the legal advisors.

On May 29, 2006, Arcelor paid its announced dividend of 1.85 per share, which triggered the announced adjustment mechanisms to the Offer consideration. As a result of the payment of the 1.85-per-share dividend, the consideration for the Primary Offer was adjusted to 1 Mittal Steel class A common share and 10.05 in cash for each Arcelor share or Arcelor ADS tendered, and 1 Mittal Steel class A common share and 12.92 in cash for each Convertible Bond. The consideration for the Secondary Offers was adjusted to 36.69 in cash for each Arcelor share or Arcelor ADS, or 1.3773 Mittal Steel class A common shares for each Arcelor share or Arcelor ADS.

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On May 31, 2006, a supplement to the European information document relating to Mittal Steel s revised offer announced on May 19, 2006 was approved by the European Regulators, and a supplement to the European share prospectus also relating to the revised offer was approved by the Dutch *Autoriteit Financiële Markten* (the AFM). In connection with this approval, the initial acceptance period for the European Offer, originally scheduled to end on June 29, 2006, was extended to end on July 5, 2006.

On June 2, 2006, Mr. Mittal wrote to Mr. Kinsch and enclosed the following documents: (i) a signed Confidentiality Agreement; (ii) Mittal Steel s 2008 business plan; (iii) a presentation summarizing the value proposition of a Mittal Steel/Arcelor combination and comparing it with that of an Arcelor/Severstal combination; and (iv) updated guidance for Mittal Steel s 2006 results. In the letter itself, Mr. Mittal opened by stating Mittal Steel s continued commitment to its proposed combination with Arcelor notwithstanding Arcelor s announcement of the proposed transaction with Severstal, and his belief that Mittal Steel s revised proposal is in the long term interest of the steel industry. He then outlined modifications and additions to Mittal Steel s proposal with respect to corporate governance in the context of a transaction that would be recommended by Arcelor s Board of Directors, further to those set out in his letter of April 28, 2006 summarized above. Mr. Mittal specified that these changes were designed to ensure that the combination would preserve and promote the Arcelor business model. Specifically, in the context of a recommended transaction:

Board Composition: the Board of Directors would have 18 members, all of whom would be non-executive directors, a majority of whom would be independent, and six of whom would be selected by Mittal Steel. No director would have a casting vote.

Board Committees: A Strategic Committee, whose ambit would be to approve all strategic decisions, would be added alongside the existing Audit, Nomination and Remuneration Committees. It would be composed of four members, two proposed by Mittal Steel and two by Arcelor, and would act by simple majority.

Management Board: The executive management team of the combined group would include all of the current members of Arcelor s Management Board, as supplemented by Mittal Steel executives.

Voting Rights: The Mittal family would commit to vote its shares in accordance with the recommendations of the Board of Directors.

Lock-up/Standstill: The Mittal family would be restricted from selling shares for five years from closing, except for sales not in excess of 5% of their shareholdings starting two years from closing. The Mittal family would also commit not to purchase additional shares for four years.

Mr. Mittal then summarized the highlights of Mittal Steel s 2008 Business Plan, the contents of which are subject to the provisions of the Confidentiality Agreement attached to the letter.

Mr. Mittal then stated Mittal Steel s view that the combination of Arcelor and Mittal Steel is vastly superior to a combination of Arcelor and Severstal from an industrial and financial point of view, and cited two principal reasons for this view: (i) Mittal Steel is a better company than Severstal and a better partner for Arcelor resulting in a superior, industry-transforming combination and (ii) Mittal Steel s proposal offers more value to Arcelor shareholders than the transaction with Severstal. Mr. Mittal summarized the first prong as follows:

Mittal Steel is the number one steel producer with production of 63 million tonnes while Severstal is the number 15 producer (17 million tonnes). The combination of Mittal Steel and Arcelor would create the undisputed leader in the steel industry, three times the size of the second player.

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Mittal Steel is a global player with a geographically well balanced portfolio of assets (41.7% of sales in America, 32.7% in Europe and 25.7% in Asia and Africa) compared to Severstal which has a majority of its assets in Russia.

Mittal Steel has unparalleled regional leadership in the key regions in the world. Mittal Steel is number 1 in North America, number 1 in Africa, number 2 in CIS and number 1 in Eastern Europe. Severstal is only number 4 in CIS, its home market, and number 5 in North America.

Mittal Steel s high value added assets in North America are far superior to Severstal s assets. For example, Mittal Steel is the clear leader in automotive in North America.

Mittal Steel is the fifth largest iron ore producer globally (36 million tonnes in 2005) compared to Severstal, which is a local producer (12 million tonnes) and whose mines are located far from its steel plants.

Mittal Steel has a market capitalization of US$23bn, is listed on the NYSE and Euronext Amsterdam, and has a public float of almost US$3bn. Severstal is listed only in Moscow, has a market capitalization of US$8bn and a float of less than US$400m.

Mittal Steel prepares and publishes its financial statements in both US GAAP and IFRS, and its periodic reports are filed with the US SEC and the Dutch AFM. Severstal s financial statements prepared under IFRS cover only part of its business. The accounts of its mining assets are prepared only in Russian GAAP and those of its Italian subsidiary (Lucchini) are prepared only in Italian GAAP.

Mr. Mittal then provided details supporting the second statement noted above as to the superior value to Arcelor shareholders from a combination with Mittal Steel rather than Severstal. These included summary analyses based on various valuation criteria, including valuation multiples, consensus research target prices, applying the same price/earnings ratio to Mittal Steel/Arcelor as that applied by Arcelor to its proposed combination with Severstal, valuation of synergies, and valuation of Mittal Steel s business plan. Under all of the valuation methodologies used and including after applying a series of different assumptions, the value of the Arcelor share is significantly greater in the context of a combination with Mittal Steel than in a combination with Severstal.

Mr. Mittal concluded that now that Arcelor had received Mittal Steel s business plan, he looked forward to meeting with Mr. Kinsch quickly in order to make progress toward a friendly and recommended transaction.

On June 6, 2006, Mr. Kinsch wrote to Mr. Lakshmi Mittal to acknowledge receipt of the June 2nd letter and its enclosures. Mr. Kinsch said that, while Arcelor management continued to review the Mittal Steel business plan and financial forecasts, it was clear that they would have a number of important questions regarding the business plan. He proposed a meeting between Arcelor and Mittal Steel working groups so that these questions could be raised directly.

On June 7, 2006, Mittal Steel launched the Offer in the United States, with the consideration listed in the European Information Document Supplement of May 31, 2006. The consideration offered by Mittal Steel in the Primary Offer was 1 Mittal Steel class A common share and 10.05 in cash for each Arcelor share or Arcelor ADS, and 1 Mittal Steel class A common share and 12.92 in cash for each Convertible Bond. The consideration in the Secondary Offers was 36.69 in cash for each Arcelor share or Arcelor ADS, or 1.3773 Mittal Steel class A common shares for each Arcelor share or ADS.

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On June 8, 2006, Messrs. Aditya Mittal and Bill Scotting of Mittal Steel met Messrs. Roland Junck and Arnaud Poupart-Lafarge of Arcelor to discuss and clarify questions pertaining to the business plan submitted to Arcelor by Mr. Lakshmi Mittal on June 2, 2006.

On June 10, 2006, Mr. Lakshmi Mittal wrote to the Board of Directors of Arcelor for the attention of Mr. Kinsch to provide clarification of specific points regarding Mittal Steel s business plan raised by Arcelor s representatives at the meeting held on June 8, 2006.

On June 13, 2006, Messrs. Aditya Mittal, Bill Scotting and Sjoerd de Vries of Mittal Steel met with Messrs. Michel Wurth, Gonzalo Urquijo and Roland Junck of Arcelor, who had been mandated by Arcelor s Board of Directors to review the Mittal Steel proposal in further detail and to seek potential improvements to Mittal Steel s Offer. They discussed the business models of the two companies, potential for synergies and the process for taking the discussions forward. They agreed to meet again on June 15, 2006 to continue the discussions.

On June 15, 2006, Messrs. Aditya Mittal, Bill Scotting and Sjoerd de Vries again met with Messrs. Michel Wurth, Gonzalo Urquijo and Roland Junck to discuss issues of valuation, synergies, organization and governance, as well as to discuss further how to advance discussions between the parties.

On June 16, 2006, Mr. Aditya Mittal met with Mr. Gonzalo Urquijo to further discuss valuation issues. Concurrently, Messrs. Bill Scotting, Sjoerd de Vries and David Clarke met with Messrs. Roland Junck and Arnaud Poupart-Lafarge to review, compare and contrast assumptions underlying synergy estimates.

In light of the progress made in the course of the meetings over the prior week, the meeting schedule intensified starting on June 19 with the involvement of the legal advisors of Mittal Steel and Arcelor.

On June 19, 2006, Messrs. Aditya Mittal and Sjoerd de Vries met with Messrs. Michel Wurth and Gonzalo Urquijo to further discuss issues pertaining to valuation and governance. Concurrently, Messrs. Bill Scotting and David Clarke met with Messrs. Roland Junck and Arnaud Poupart-Lafarge to discuss the convergence of the business models of the two companies.

On June 20, 2006, Messrs. Bill Scotting and David Clarke again met Messrs. Roland Junck and Arnaud Poupart-Lafarge to discuss convergence of the business models and to prepare an outline of the proposed industrial principles for a combined organization.

In parallel, from June 19, 2006 through June 21, 2006, the Mittal Steel and Arcelor representatives along with their respective legal advisors initiated discussions and negotiation of a memorandum of understanding pursuant to which Mittal Steel would agree to modify the terms of its outstanding offer, the Arcelor Board of Directors and management would agree to recommend acceptance of such revised offer and the Controlling Shareholder would agree to certain undertakings regarding the governance of the combined Arcelor - Mittal Steel group.

On June 21, 2006, Messrs. Lakshmi and Aditya Mittal met Messrs. Kinsch and Urquijo to discuss outstanding issues and decided that the process was sufficiently promising to pursue the negotiations.

From June 22 through June 25, Messrs. Aditya Mittal, Michel Wurth and Gonzalo Urquijo and the parties respective legal advisors continued their discussions towards the finalization of the Memorandum of Understanding.

On June 25, 2006, prior to the scheduled meeting of Arcelor s Board of Directors, representatives of Mittal Steel and Arcelor finalized the terms of the Memorandum of Understanding to be presented to the respective Boards of Directors of Arcelor and Mittal Steel.

On June 25, 2006, Mittal Steel s Board of Directors met and approved the revised terms of the Offer and the entry into the Memorandum of Understanding.

On June 25, 2006, Arcelor s Board of Directors unanimously approved the entry into the Memorandum of Understanding and recommended that Arcelor shareholders and Convertible Bond holders accept Mittal Steel s improved Offer. Arcelor, Mittal Steel and the Controlling Shareholder signed the Memorandum of Understanding immediately thereafter.

On June 25, 2006 Mittal Steel and Arcelor issued press releases announcing the revised Offer and the signature of the Memorandum of Understanding.

Position of Arcelor

On January 29, 2006, Arcelor s supervisory board rejected the Offer as initially announced. On May 21, 2006, Arcelor s Board of Directors announced that it would review Mittal Steel s revised offer announced on May 19, 2006 after its formal approval by applicable regulators and its receipt of Mittal Steel s business plan, and reiterated its mandate to the Management Board to present it with all options that are in the interest of all shareholders. On June 12, 2006, Arcelor s Board of Directors announced that it had unanimously rejected Mittal Steel s revised Offer and that it had mandated the Management Board to meet with Mittal Steel to review its proposal to further improve its Offer. On June 25, 2006, the Board of Directors of Arcelor unanimously recommended that Arcelor securityholders accept the Offer and tender their securities pursuant to the Offer. Arcelor is expected to publish a document in response to Mittal Steel s offer in the coming days, which will state more fully the Board of Directors views. This document will be available on Arcelor s website at www.arcelor.com.

Agreement between Mittal Steel and ThyssenKrupp regarding Dofasco

On January 24, 2006, Dofasco and Arcelor signed an agreement whereby Dofasco agreed to support Arcelor s previously announced all-cash offer to acquire all of Dofasco s outstanding common shares for C$71.00 per common share or total consideration of approximately C$5.6 billion. On February 20, 2006, Arcelor purchased 88.38% of Dofasco s common shares and extended its offer to March 7, 2006. On February 21, 2006, a majority of Arcelor designees were elected to the Dofasco board of directors. On March 7, 2006, Arcelor increased its holdings to about 98.5% of the outstanding common shares of Dofasco. Mittal Steel understands that Arcelor is in the process of acquiring the remaining shares through a compulsory acquisition procedure under Canadian law, the results of which have not yet been announced.

Given its existing extensive and well-positioned North American operations, Mittal Steel believed that the inclusion of Dofasco within the Group would be redundant and would thus not make strategic sense. Accordingly, on January 24, 2006, Mr. Lakshmi Mittal contacted Dr. Ekkehard Schulz, Chairman of the Executive Board of ThyssenKrupp, to discuss the possible acquisition of Dofasco by ThyssenKrupp following a successful offer by Mittal Steel for Arcelor. On January 26, 2006, Mittal Steel agreed with ThyssenKrupp that, if Mittal Steel acquires a controlling interest in Arcelor, Mittal Steel will cause Arcelor to sell ThyssenKrupp all of the Dofasco stock then held by Arcelor at a price equal to the euro equivalent of C$68.00 per share, subject to the receipt of necessary regulatory approvals and the absence of certain material adverse changes in Dofasco between January 26, and the date of transfer to ThyssenKrupp. The agreed sale price is the amount of the last bid by ThyssenKrupp for Dofasco in the competitive bidding process that resulted in Arcelor s acquisition of Dofasco. The purchase price is subject to adjustment for changes in net financial debt and net working capital between the acquisition of Dofasco by Arcelor and the resale to ThyssenKrupp. Upon completion of the sale of Dofasco to ThyssenKrupp, Mittal Steel will compensate Arcelor for the difference between the aggregate price paid by Arcelor for Dofasco and the resale price to ThyssenKrupp, approximately C$235 million, minus any Dofasco earnings received by Arcelor. The compensation will be made at the time of sale to ThyssenKrupp. The precise means of compensation will be determined in light of circumstances prevailing at the time, including tax considerations, but will clearly deliver the requisite value to Arcelor. Assuming that Arcelor is consolidated for financial accounting purposes, such compensation should have no impact on our consolidated financial statements, except perhaps to the extent of any remaining minority interests in Arcelor. Mittal Steel plans to use the proceeds of the sale of Dofasco to repay debt incurred by Arcelor to finance its acquisition of Dofasco, to replenish cash balances depleted for that purpose, and/or for general corporate purposes. If the sale of Dofasco to ThyssenKrupp is not completed by April 26, 2007, either party will have the right to terminate the agreement.

On April 4, 2006, Arcelor announced that it had transferred its Dofasco holdings to S3, an independent Dutch foundation, in order to prevent any sale of Dofasco for five years, unless S3 s board of directors decides to dissolve S3 earlier. Arcelor s announcement further indicated that Arcelor retained all decision-making power and all economic interest relating to Dofasco, with the exception of any decision to sell Dofasco. Since Arcelor has thus far refused to make all material terms of S3 public, it is impossible to fully evaluate the circumstances in which Dofasco might be sold before the end of five years. As more is learned about S3 and the circumstances of its formation, Mittal Steel intends to seek ways to dissolve S3 or otherwise to render interests in Dofasco transferable to ThyssenKrupp. At present, due to the unavailability of all material terms of S3, Mittal Steel is unable to form a clear view as to whether or precisely how these objectives might be achieved.

In the Memorandum of Understanding, the Parties were unable to reach agreement as to the retention or disposal of Dofasco. (See Memorandum of Understanding between Mittal Steel and Arcelor Dofasco.) They agreed that, if the revised Offer is consummated, Mittal Steel will once again submit the question of Dofasco to Arceor s new Board of Directors for consideration and decision solely in light of the corporate interest of Arcelor.

Mittal Steel remains firmly committed to compliance with its agreements with the U.S. Department of Justice and with ThyssenKrupp. Although there can be no assurance, Mittal Steel believes that, when the new Arcelor Board of Directors (which shortly following settlement of the Offer will have the same composition as Mittal Steel s Board of Directors) considers all of the circumstances, including these agreements, it will conclude that sale of Dofasco is in the corporate interest of Arcelor. In any event, however, Mittal Steel believes that, if it acquires a majority of the shares of Arcelor and if the Department of Justice decides that an antitrust remedy is necessary, (1) the agreement with the Department of Justice will apply to Arcelor and any successor Company, and (2) Arcelor will have to comply with the agreements to divest Dofasco, including by using its best efforts to cause the dissolution of S3.

If S3 cannot in fact be dissolved within five years and if it prevents consummation of the sale of Dofasco to ThyssenKrupp (or any other buyer), Mittal Steel will manage Dofasco as effectively as possible within the context of S3. In this case, some antitrust issues may arise in the United States and Canada as a result of Mittal Steel s existing North American operations. Mittal Steel has agreed with the U.S. Department of Justice that, if asserted by the relevant authorities, any such antitrust issues can be satisfactorily resolved by the disposition of an alternative Mittal Steel asset. Mittal Steel currently expects that consideration of such issues by the relevant authorities will be completed before the end of the Offer period. Mittal Steel also expects that any necessary disposition of such alternative asset would not be material and would have no adverse effect on Mittal Steel s sales or operations, particularly in light of the related retention of Dofasco.

Further, an inability to consummate the sale of Dofasco to ThyssenKrupp would mean that the prospective sales proceeds of approximately 3.75 billion would not be available to reduce indebtedness or for other corporate purposes. While Mittal Steel had planned to sell Dofasco and to use the proceeds to reduce indebtedness, Mittal Steel does not anticipate any adverse effect from an inability to do so, particularly in light of the economic benefits of continuing ownership of Dofasco. No Mittal Steel financing is contingent upon or requires the sale of Dofasco, and Mittal Steel has adequate financial resources to retain Dofasco permanently if need be.

In the event that Dofasco can be sold but, for any reason, the resale to ThyssenKrupp is not consummated as planned, Mittal Steel will evaluate all available options at the time, including the sale of all of Dofasco to a single, alternative buyer, the sale of different parts of Dofasco to multiple buyers and the possible retention of all or certain parts of Dofasco.

Conduct of the Offer

The U.S. Offer and the European Offer; Documentation

Mittal Steel is offering to acquire the Arcelor securities described in Terms and Conditions of the Offer Offer Scope and Consideration Securities Covered by the Offer through two separate offers:

- the U.S. Offer, open to all holders of Arcelor shares and Convertible Bonds who are U.S. holders (within the meaning of Rule 14d-1(d) of the Exchange Act) and to all holders of Arcelor ADSs, wherever located; and

- the European Offer, open to (i) holders of Arcelor shares and Convertible Bonds who are located in Belgium, France, Luxembourg and Spain and (ii) holders of Arcelor shares and Convertible Bonds who are located outside of Belguim, France, Luxembourg, Spain, Japan, The Netherlands and the United States to the extent that such holders may participate in the European Offer pursuant to applicable local laws and regulations.

The U.S. Offer and the European Offer have identical terms and conditions other than the date of commencement and the duration of the initial acceptance period (see Terms and Conditions of the Offer Expiration Date). However, holders of Arcelor shares and Convertible Bonds located in the United States, and holders of Arcelor ADSs, wherever located, do not have the right to tender their Arcelor securities in the European Offer, and holders of Arcelor shares and Convertible Bonds who are not located in the United States do not have the right to tender their Arcelor shares or Convertible Bonds in the U.S. Offer. The U.S. Offer is being made using this prospectus. The European Offer is being made using a European offer document (consisting of an information document and a share prospectus, as supplemented).

The European Offer is not being made, directly or indirectly, in or into, and may not be accepted in or from, the United States. Copies of the offer documentation being used in the European Offer and any related materials are not being and should not be mailed or otherwise distributed or sent in or into the United States.

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The distribution of this prospectus and the making of the U.S. Offer may, in some jurisdictions, be restricted by law. This prospectus has not been approved by the AMF, the CBFA, the CSSF or the CNMV. Accordingly, this prospectus may not be used to make offers or sales in France, Belgium, Luxembourg or Spain in connection with the U.S. Offer or the European Offer. The U.S. Offer is not being made, directly or indirectly, in or into, and may not be accepted from within, any jurisdiction in which the making of the U.S. offer or the acceptance thereof would not be in compliance with the laws of that jurisdiction. Persons who come into possession of this prospectus should inform themselves of and observe any and all of these restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of that jurisdiction. We do not assume any responsibility for any violation by any person of any of these laws or restrictions.

Applicable Rules; Differences from U.S. Requirements

Because Mittal Steel is making the Offer by means of the U.S. Offer and the European Offer, it intends to conduct the Offer in compliance with the applicable regulatory requirements in the jurisdictions in which Arcelor s securities are listed (Belgium, France (Arcelor s primary trading market), Luxembourg (also Arcelor s jurisdiction of incorporation) and Spain) (all such requirements together, the European requirements), as well as in compliance with the applicable requirements of the U.S. tender offer rules (namely, Regulation 14E under the Exchange Act), for which an exemption is unavailable. The European Regulators have coordinated with each other to determine which European requirements to apply to the European Offer. In general, we are, with the authorization of the European Regulators, following the most stringent of the applicable European requirements in structuring the European Offer. Therefore, to the extent there is a conflict between certain of the otherwise applicable European requirements, for purposes of the European Offer, the relevant European Regulators have determined which rule we should follow and are allowing a derogation from any rules that conflict with such determination.

The European requirements and procedures authorized by the European Regulators for application to the European Offer conflict with our ability to comply with Rules 14e-1(c) and 14e-1(d) promulgated under the Exchange Act with respect to the U.S. Offer, since we intend to follow the same procedures in the European Offer and the U.S. Offer. We are relying on the Tier II exemption with respect to such rules.

In determining that the Tier II exemption applies to the Offer, Mittal Steel relied generally on the presumption set forth in Instruction 3 to Rules 14d-1(c) and (d) promulgated under the Exchange Act. In particular, Mittal Steel relied on the fact that the Offer is being made on an unsolicited basis (Instruction 3.i); the aggregate trading volume of Arcelor ADSs on the over-the-counter market as reported to the NASD, over the 12-calendar-month period ending May 8, 2006 (the date which was 30 days before the commencement of the U.S. Offer on June 7, 2006), was approximately 0.6% of the worldwide aggregate trading volume of Arcelor common stock over the same period (Instruction 3.ii); there is no U.S. market for Arcelor Convertible Bonds (Instruction 3.ii); and Arcelor s latest annual report does not indicate the percentage of Arcelor shares or Convertible Bonds held by U.S. holders (Instruction 3.iii).

In connection with structuring and evaluating its unsolicited offer, however, Mittal Steel gathered certain information from market sources concerning ownership of Arcelor shares and Convertible Bonds that may be relevant to its assessment of the availability of Tier I and/or Tier II relief in accordance with Instruction 3.iv to Rules 14d-1(c) and (d). Based on the available information, Mittal Steel has reason to believe that U.S. holders held at the time of the calculation no more than 10 percent of Arcelor Convertible Bonds and that U.S. holders held at the time of the calculation no more than 16.6 percent (and possibly as little as 9.5 percent) of Arcelor shares. The U.S. Offer qualifies for the Tier II exemption if less than 40% of the Arcelor securities in question are held by U.S. holders.

Rule 14e-1(c) under the Exchange Act provides that a person who makes a tender offer may not fail to pay the consideration offered or return the securities deposited by or on behalf of securityholders promptly after the termination or withdrawal of the tender offer. Under the Tier II exemption in Rule 14d-1(d)(2)(iv), payment made in accordance with the requirements of the home jurisdiction law or practice will satisfy the requirements of Rule 14e-1(c). Mittal Steel plans to pay for Arcelor securities tendered in the U.S. Offer or return the Arcelor securities deposited in accordance with the timetable adopted by the European Regulators for the European Offer. Because of the complexities of the centralization process and other payment procedures in place, the final results of the Offer are not expected to be announced until approximately nine Business Days after the expiration of the Offer and determination of whether the Minimum Tender Condition has been satisfied will not be known until such date. Moreover, payment is not expected to be made until approximately four Business Days after such determination (thirteen Business Days after expiration of the Offer, assuming satisfaction of the Minimum Tender Condition).

In addition, the Offer may be withdrawn altogether up until the settlement date of the Offer upon the occurrence of certain events outside the control of Mittal Steel discussed in detail in Risk Factors Risks Related to the Offer In certain limited circumstances, Mittal Steel has the right to withdraw and terminate the Offer at any time until the settlement date of the Offer, including during the period between the end of the initial acceptance period and the settlement date. In this case, the value of Arcelor securities may decrease during the period between your tender of such securities in the Offer and the return of such securities to you and Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer.

Rule 14e-1(d) under the Exchange Act, among other things, prohibits a person making a tender offer from extending the length of the offer without issuing a notice of such extension by press release or other public announcement, which includes disclosure of the approximate number of securities deposited to date and which must be issued by 9:00 a.m., Eastern time, on the next business day after the scheduled expiration date of the offer. Under the Tier II exemption in Rule 14d-1(d)(2)(iii), notices of extensions made in accordance with the requirements of the home jurisdiction law or practice will satisfy the requirements of Rule 14e-1(d). Mittal Steel plans to announce extensions of the Offer, if any, in the same way for all Arcelor securities subject to the Offer that is to include the information it will have about tenders of Arcelor ADSs to date and any information it may have about tenders of Arcelor shares or Convertible Bonds to date to the extent permitted by the European Regulators. It is likely that Mittal Steel will not have accurate information about the approximate aggregate number of Arcelor shares or Convertible Bonds tendered in the Offer at the time of any extension of the initial acceptance period of the Offer due to the manner in which the global centralizing process will work.

SEC Relief

Certain financial advisors of Mittal Steel, including Goldman Sachs International, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, HSBC Bank plc and Société Générale (the Financial Advisors), applied to the SEC for exemptive relief from the provisions of Rule 14e-5 under the Exchange Act (Rule 14e-5). The SEC granted the requested relief on May 5, 2006. Rule 14e-5, among other things, prohibits a person making a cash tender offer or exchange offer for an equity security, as well as any advisors to such person whose compensation is dependent on

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such offer s outcome, from purchasing, directly or indirectly, or making any arrangement to purchase such security or any related security except pursuant to such tender offer or exchange offer. The relief granted to the Financial Advisors permits them, as well as their affiliates and separately identifiable departments, to engage in certain trading activities involving Arcelor shares and various related derivative securities (collectively, the Arcelor Related Securities) in the ordinary course of their businesses, none of which will be undertaken for the purpose of facilitating the Offer. Relief is subject to the following conditions, among other things: (i) any trading activities will be conducted outside the United States; (ii) no purchases or arrangements to purchase Arcelor Related Securities, otherwise than pursuant to the Offer, will be made directly or indirectly on behalf of Mittal Steel; (iii) all purchases of the Arcelor Related Securities by the Financial Advisors during the Offer will be effected in the ordinary course of business and in compliance with applicable local laws and regulations; (iv) if a purchase outside the Offer is not allowed in any of Belgium, France, Luxembourg and Spain, it will not be conducted in any of the four jurisdictions, except to the extent that the relevant European Regulators, or relevant European regulation (*i.e.*, the Belgian Takeover Decree, the Spanish Tender Offer Decree and all of the other laws, regulations and rules of Belgium, France, Luxembourg and Spain, including the rules of Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange, and the Spanish Stock Exchanges, to the extent applied to the Offer by the European Regulators), permit the purchase outside the Offer to be conducted in the other relevant jurisdictions in which it is not prohibited; (v) the Offer documents will prominently disclose the possibility that the Financial Advisors may purchase Arcelor Related Securities outside the Offer; (vi) the Financial Advisors will disclose in the United States information regarding such purchases to the extent such information is made public in the relevant European jurisdictions; and (vii) the Financial Advisors will provide to the SEC, upon request, a daily schedule of all transactions in Arcelor Related Securities made by them or their affiliates and departments during the Offer, on a transaction-by-transaction basis, including the size, broker (if any), price and manner of such transaction. In addition, the Financial Advisors have agreed to comply with the relevant provisions of the U.K. City Code on Takeovers and Mergers applicable to U.K. exempt principal traders as if they were subject to such provisions, except that trades would be reported to the relevant local regulators instead of to the U.K. Takeover Panel.

In addition, Mittal Steel has sought and received from the SEC exemptive relief confirming that the conduct of the European Offer concurrently with the U.S. Offer would not conflict with the requirements of Rule 14e-5 under the Exchange Act.

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Terms and Conditions of the Offer

Offer Scope and Consideration

Securities Covered by the Offer

Subject to the terms and conditions of the Offer set forth herein and the statements under Conduct of the Offer The U.S. Offer and the European Offer; Documentation, Mittal Steel hereby irrevocably offers to acquire all of the shares and Convertible Bonds of Arcelor that were issued and outstanding at February 6, 2006 (the date of first filing of the Offer with the European Regulators), namely (and based on publicly available Arcelor information):

- all issued Arcelor shares (excluding 19,771,296 Arcelor shares held as treasury shares (source: Arcelor 2005 Annual Report) that Arcelor has undertaken in the Memorandum of Understanding not to tender in the Offer) as at February 6, 2006, *i.e.*, 620,003,031 shares (source: Arcelor 2005 Annual Report);

- all of the Arcelor 3% convertible bonds issued in June 2002 maturing on June 27, 2017 outstanding as at February 6, 2006 (the Convertible Bonds), *i.e.*, 38,961,038 Convertible Bonds (source: Arcelor 2005 Annual Report);

- all of the Arcelor shares that will be issued prior to the expiration of the initial acceptance period (or any subsequent offering period, as described in Subsequent Offering Period) upon the conversion of Convertible Bonds, *i.e.*, up to 41,999,999 shares (based on a conversion ratio of 1.078; on May 29, 2006, Arcelor paid a 1.85 dividend per share in respect of the 2005 fiscal year, upon which, as announced by Arcelor on April 14, 2006, the conversion/exchange ratio of the Convertible Bonds was modified from 1.027 to 1.078); and

- all Arcelor shares that will be issued before the end of the initial acceptance period (or any subsequent offering period, as described in Subsequent Offering Period) upon the exercise of Arcelor stock options granted prior to February 6, 2006 or in exchange for Usinor shares issued upon the exercise of Usinor stock options granted prior to February 6, 2006, *i.e.*, up to 4,675,676 shares (source: Arcelor 2005 Annual Report).

In addition, Mittal Steel offers to acquire all outstanding Arcelor ADSs that represent any of the above securities. For the avoidance of doubt, the term Arcelor shares, as used in this prospectus, refers to both Arcelor shares and Arcelor ADSs, unless the context otherwise requires.

Holders of Arcelor stock options and of Usinor stock options granted prior to February 6, 2006 who wish to tender into the Offer must exercise their options (and with respect to Usinor stock options, exchange their Usinor shares for Arcelor shares), and the Arcelor shares must be credited to their accounts, prior to the expiration date of the initial acceptance period or of any subsequent offering period in order to be able to participate.

Mittal Steel undertakes not to repurchase any of its shares until the closing of the Offer. Mittal Steel has no current intention to make any material distributions of reserves or dividends or other securities issuances during the pendency of the Offer, with the exception of the distribution of dividends paid out of earnings. In the event that Mittal Steel decides to make a distribution and/or an issuance of securities, it will issue a press release informing the market of such transaction and of the main terms thereof in order to allow securityholders to factor such transaction into their determination of the value of the offered consideration.

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For a description of the possible extension of the Offer to New Securities issued by Arcelor after February 6, 2006, see Issuance of New Securities below.

Offer for Arcelor Shares

The Offer for Arcelor shares and Arcelor ADSs shall consist of the Primary Offer and the Secondary Offers, which form an integral part of one single offer.

The main reason for structuring the Offer with a Primary Offer and two Secondary Offers is to provide Arcelor securityholders with several options. Arcelor securityholders may elect to tender all or part of their Arcelor shares or Arcelor ADSs in any of the Primary and Secondary Offers, in exchange for cash, New Mittal Steel Shares or a mix of the two, depending on their economic and tax preference. The total amounts of cash and New Mittal Steel Shares offered as consideration are capped in order for Mittal Steel to calibrate the financing in advance and to limit the potential dilution of its existing shareholders.

Based on its understanding of previous takeover bids structured in the same manner as the Offer, Mittal Steel considers that the probability is low that an Arcelor securityholder tendering shares or Arcelor ADSs in the Secondary Cash Offer would receive only cash consideration.

The Mittal Steel class A common shares to be issued as consideration in the Offer are referred to herein as the New Mittal Steel Shares.

Tenders in Primary Offer or Secondary Offers

Arcelor shareholders may elect to tender their Arcelor shares or ADSs in any or all of the Primary Offer and the Secondary Offers. Tenders in the Secondary Offers are, however, subject to a pro-ration and allocation procedure, described in Pro-Ration and Allocation Procedures below, that will ensure that in the aggregate the portion of the consideration paid in the European Offer and the U.S. Offer, on a combined basis, consisting of New Mittal Steel Shares (the Share Portion of the Offer) and the portion of the consideration paid in the European Offer and the U.S. Offer, on a combined basis, consisting of cash (the Cash Portion of the Offer) (excluding the effect of the treatment of fractional shares that would otherwise be issued), will be 68.9% and 31.1% respectively.

The Cash Portion of the Offer has been determined on the assumption that Mittal Steel would pay in cash 27.4% of the aggregate Offer consideration for all of the diluted issued share capital of Arcelor outstanding as of February 6, 2006, *i.e.,* up to 624,678,707 shares (excluding shares held in treasury and shares that may be issued as a result of the exercise of stock subscription options as set forth in this section and excluding conversion of Convertible Bonds). In the event that Arcelor either (i) makes a Distribution (as defined below) to shareholders that is either paid or has a record date for payment before the settlement date of the Offer, or (ii) acquires Arcelor shares, directly or indirectly, by any means whatsoever, before the settlement date of the Offer, then the Cash Portion of the Offer shall correspondingly be reduced below 31.1%, in accordance with the provisions of paragraphs Primary Mixed Cash and Exchange Offer and Secondary Cash and Exchange Offers below. These adjustments are intended to ensure that the maximum amount of cash paid in the Offer for all Arcelor outstanding shares (including ADSs) does not exceed 7,839,717,773 (so that the maximum amount of cash paid for all Arcelor shares (including ADSs) and Convertible Bonds does not exceed 8.451 billion, as indicated in Maximum Cash Payable below) after taking into account the amounts of cash disbursed by Arcelor in Distributions and/or share repurchases, so as to neutralize the overall cash impact of such Distributions and/or share repurchases for the Group. Arcelor shareholders will receive

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the same amount of cash as initially offered by Mittal Steel in case of a Distribution or in case of a share repurchase, if they sell to Arcelor a portion of their shares corresponding to the total number of shares repurchased by Arcelor divided by the total number of Arcelor shares outstanding.

In the event that any of the above adjustments is made to the Offer consideration, securityholders who would have previously tendered their Arcelor shares will be entitled to withdraw such tenders as set forth in paragraphs Withdrawal Rights of Securityholders and in paragraphs Primary Mixed Cash and Exchange Offer and Secondary Cash and Exchange Offers below. The Offer consideration could be adjusted as set forth herein until and including on the day before the settlement date of the Offer.

Any adjustment to the Offer consideration will be announced by press release and also notified to investors by distribution of a prospectus supplement.

With respect to Arcelor shares or ADSs tendered in the Secondary Exchange Offer and in the Secondary Cash Offer, the amount of stock or cash that a specific Arcelor shareholder actually receives will depend upon the elections of other holders of Arcelor shares or ADSs.

For an assessment of the consideration offered in the Primary Offer and the Secondary Offers, please refer to Financial Analysis of the Offer below.

Primary Mixed Cash and Exchange Offer

In the Primary Offer, Mittal Steel offers Arcelor shareholders 13 New Mittal Steel Shares and 150.60 in cash (subject to possible adjustments concerning the amount of cash and the number of shares offered as further described in this section of this Prospectus) in exchange for every 12 Arcelor shares or Arcelor ADSs. Arcelor shares and ADSs that are tendered in the Primary Offer are referred to as Mixed Consideration Shares. The cash consideration paid to tendering holders of Arcelor ADSs will be in U.S. dollars, calculated by converting the applicable amount in euros into U.S. dollars using the noon buying rate, as published by the Federal Reserve Bank of New York, on the business day prior to the settlement date, and will be distributed, less any required withholding taxes and without interest thereon, to such holders.

Possible Adjustment

If, between February 6, 2006 and the day before the settlement date of the Offer, Arcelor takes one or more of the actions set out below, the consideration set out above will be adjusted to take into account the cumulative impact of all such actions on the share value. The adjustment may consist of either a reduction of the value of the consideration offered, or a rebalancing of the proportion of cash and New Mittal Steel Shares offered as indicated above, or both a reduction of the value and a rebalancing as described and illustrated below. Specifically:

If Arcelor, by any means whatsoever, either (i) declares one or more dividends (including any interim dividends), distributes reserves or a share premium (including pursuant to a reduction or amortization of stated capital) or reduces its stated capital and any of the above is paid or has a record date for payment before the settlement date of the Offer (each, a Distribution and collectively, the Distributions), or (ii) directly or indirectly acquires Arcelor shares, before the settlement date of the Offer, then:

The amount of cash C(new) to be received in exchange for each Arcelor share or Arcelor ADS will be calculated as follows:

C(*new*) = *MAX*[(*C(old)* N*) (*n*p*) *D*,0]/(*N* *n*)

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The number X of New Mittal Steel Share(s) to be received in exchange for each Arcelor share or Arcelor ADS will be calculated as follows:

$$X = \frac{13}{12} \quad * \quad \frac{N}{(N \quad n)} \qquad \frac{E}{((N \quad n) * m)}$$

with	MAX	means the largest number in a set of values
	n	the number of Arcelor shares acquired, directly or indirectly, by Arcelor, as published pursuant to applicable regulations
	p	the weighted average purchase price paid per Arcelor share for the n shares acquired, directly or indirectly, by Arcelor, as provided above, as published pursuant to applicable regulations
	m	25.71, the closing Mittal Steel share price of $32.17 as of June 23, 2006 (the Mittal Steel Reference Share Price)
	C(old)	12.55, the initial amount of cash offered to be received per Arcelor share pursuant to the Primary Offer
	D	the total amount of Distributions (before any applicable withholding tax) paid or payable by Arcelor prior to the settlement date
	E	represents a positive number and is the amount by which the aggregate of the total Distributions (before any applicable withholding tax) and the total amount paid by Arcelor to repurchase its own shares exceeds 7,839,717,773 the maximum cash payable in respect of N shares as defined below. In case such amount is not exceeded, E will be zero.
	N	624,678,707 shares, the total fully-diluted number of Arcelor outstanding shares as per Arcelor s 2005 annual report, excluding treasury shares and any conversion of Convertible Bonds.

Treasury shares are not entitled to dividends nor subject to share repurchases. Therefore, treasury shares do not benefit from any Distribution made by Arcelor and have been excluded from the adjustment calculation.

*Example 1: If Arcelor were to acquire 50 million of its own shares for an average price of 50.00 per share, the cash element of the Primary Offer would be reduced by 3.26 per Arcelor share to 9.29[(12.55 x 624.7m 50m x 50) / (624.7m 50m) = 9.29] and the exchange ratio would be increased to 1.178 [(13/12)*624.7m / (624.7m 50m) = 1.178] New Mittal Steel Shares per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 76.5% and 23.5%, respectively. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 39.57, reflecting the prepayment of 0.83 [(50.00 40.40) x 50m / (624.7m 50m) = 0.83] per outstanding Arcelor share as a result of the share repurchase made by Arcelor.*

Example 2: If Arcelor were to acquire 100 million of its own shares for an average price of 50.00 per share, the cash element of the Primary Offer would be reduced by 7.14 per Arcelor share to 5.41 [(12.55 x 624.7m -100m x 50) / (624.7m 100m) = 5.41] and the exchange

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ratio would be increased to 1.290 [(13/12)*624.7m / (624.7m 100m) = 1.290] New Mittal Steel Shares per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 86.0% and 14.0%, respectively. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 38.57, reflecting the prepayment of 1.83 [(50.00 40.40) x 100m / (624.7m 100m) = 1.83] per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Example 3: If Arcelor were to acquire 200 million of its own shares for an average price of 50.00 per share, the cash element of the Primary Offer would be reduced by 12.55 per Arcelor share to 0, as the total Distributions exceed the cash element of the Primary Offer [200m x 50 = 10,000m > 7,840m], and the exchange ratio would be increased to 1.396 [(13/12)* 624.7m / (624.7m 200m) [(10,000m 7,840m)/((624.7m 200m) x 25.71)] = 1.396] New Mittal Steel Shares per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 100% and 0%, respectively. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 35.88, reflecting the prepayment of 4.52 [50.00 40.40) x 200m / (624.7m 200m) = 4.52] per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Example 4: If Arcelor were to acquire 50 million of its own shares for an average price of 40.40 per share, the cash element of the Primary Offer would be reduced by 2.42 per Arcelor share to 10.13 [(12.55 x 624.7m 50m x 40.40) / (624.7m 50m) = 10.13], and the exchange ratio would be increased to 1.178 [(13/12)*624.7m / (624.7m 50m) = 1.178] New Mittal Steel Shares per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 74.9% and 25.1% respectively. Assuming a reference Mittal Steel share price of 25.71, this results in no change to the offered value per Arcelor share of 40.40.

Example 5: If Arcelor were to acquire 125 million of its own shares for an average price of 50.00 per share, the cash element of the Primary Offer would be reduced by 9.37 per Arcelor share to 3.18 [(12.55 x 624.7m -125m x 50) / (624.7m 125m) = 3.18] and the exchange ratio would be increased to 1.354 [(13/12)*624.7m / (624.7m 125m) = 1.354] New Mittal Steel Shares per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 91.6% and 8.4%, respectively. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 38.00, reflecting the prepayment of 2.40 [(50.00 40.40) x 125m / (624.7m 125m) = 2.40] per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Example 6: If Arcelor were to acquire 150 million of its own shares for an average price of 43.00 per share, the cash element of the Primary Offer would be reduced by 9.62 per Arcelor share to 2.93[12.55 x 624.7m 150m x 43)/(624.7m 150m) = 2.93], and the exchange ratio would be increased to 1.426[(13/12*624.7m/(624.7m 150m) = 1.426] New Mittal Steel Shares per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 92.6% and 7.4%, respectively. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 39.58, reflecting the prepayment of 0.82 [(43.00 - 40.40) x 150m / (624.7m - 150m) = 0.82] per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Under Arcelor s current share buy-back program (approved at Arcelor s annual shareholders meeting held on April 28, 2006), Arcelor s Board of Directors is authorized to repurchase a maximum

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of 64 million shares (10% of Arcelor s total share capital) at a maximum price of 55 per share. As of February 6, 2006, and based on Arcelor s annual report for 2005 published on April 7, 2006, Arcelor held 19,771,296 shares in treasury, representing 3.09% of Arcelor s share capital as at such date.

On April 4, 2006, the Board of Directors of Arcelor also announced its intention to distribute a total amount of 5 billion to Arcelor shareholders through one or a combination of a share buy-back, an exceptional dividend distribution or a self-tender offer. On May 12, 2006, Arcelor s Board of Directors called an extraordinary shareholders meeting for May 19, 2006, and, since the required quorum was not met, called a second extraordinary shareholders meeting for June 21, 2006, with an agenda including a proposal to reduce Arcelor s capital through a self-tender offer for, and subsequent cancellation of, up to a maximum of 150 million shares at a maximum price of 50 per share. On June 19, 2006, Arcelor s Board of Directors announced the withdrawal of the June 21 shareholders meeting but confirmed its intention to distribute 6.5 billion in the future. If such distribution is in fact completed before the settlement date of the Offer, this would result in an adjustment of the Offer consideration. The extent of such adjustment would depend on the actual number of shares repurchased by Arcelor in the self-tender offer and their purchase price. Examples 2, 5 and 6 above provide examples of such possible adjustment. In the Memorandum of Understanding, Arcelor has undertaken not to effect any self-tender offer, share buyback or market purchases during the pendency of the Offer. This undertaking would no longer apply, however, were the Memorandum of Understanding to be terminated in accordance with its terms.

On May 26, 2006, in connection with its announcement of its proposed transactions with Severstal (see Information about Arcelor Arcelor Agreement Regarding Severstal), Arcelor announced its intention to increase the amount to be distributed to its shareholders to 7.6 billion. Following the distribution of the 1.85-per-share dividend on May 29, 2006, the amount remaining for distribution by means of a self-tender offer is therefore 6.5 billion. Such a distribution, which remains subject to the approvals and timing described in the preceding paragraph, would result in an adjustment to the Offer consideration. Example 6 above provides an example of such possible adjustment.

The above adjustments are without prejudice to the right of Mittal Steel to withdraw the Offer pursuant to Conditions to the Offer; Possible Withdrawal of Offer Events or Actions that Alter Arcelor s Substance below. This could be the case, for example, in the event that Arcelor makes a significant Distribution that would substantially and adversely affect the economics of the Offer to the extent that such Distribution adversely affects Arcelor s net debt, shareholders equity and/or gearing.

The Offer consideration will also be automatically adjusted to take into account any modification made by Arcelor to its shares, consisting of issuances of free shares, stock splits or reverse stock splits. Arcelor shares delivered to Mittal Steel on the settlement date of the Offer shall give right to any dividend or other distribution whatsoever decided by Arcelor prior to, but not yet paid on, or whose record date has been set on or after, the settlement date of the Offer.

Any adjustment of the Offer consideration is (insofar as required by applicable law) subject to the prior verification by the European Regulators as to its consistency with the conditions set forth in the Offer documentation for the European Offer, which are substantially the same as those set forth in this prospectus, and the correct application thereof. If the consideration is adjusted, Mittal Steel will issue a press release and deliver a prospectus supplement setting forth the new adjusted consideration and the new end date of the initial acceptance period of the Offer if extended under applicable regulations and will be the same in all relevant jurisdictions. If the adjustment occurs less than ten Business Days prior

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to the end of the initial acceptance period of the Offer or after the end of such period, the initial acceptance period of the Offer shall be extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing said adjustment. During any such extension, shareholders who have previously tendered their Arcelor shares or ADSs will be entitled to withdraw such tenders (see Withdrawal Rights of Securityholders for more detail) and Arcelor securityholders who have not yet tendered their Arcelor shares or ADSs will be able to do so. The Offer consideration could be adjusted as set forth above until and including the day before the settlement date of the Offer.

Secondary Cash and Exchange Offers

In the Secondary Offers, Mittal Steel offers to Arcelor securityholders to tender all or part of their Arcelor shares or ADSs in one or both of the Secondary Offers described below:

Secondary Cash Offer: 40.40 in cash for each Arcelor share or ADS (the Cash Consideration, with all Arcelor shares or ADSs for which this election is made being referred to herein as Cash Election Shares). The Cash Consideration paid to tendering holders of Arcelor ADSs will be in U.S. dollars, calculated by converting the applicable amount in euros into U.S. dollars using the noon buying rate, as published by the Federal Reserve Bank of New York, on the business day prior to the settlement date, and will be distributed, less any required withholding taxes and without interest thereon, to such holders.

Possible Adjustment

If, between February 6, 2006 and the day before the settlement date of the Offer, Arcelor takes one or more of the actions as set out below, the consideration set out above will be adjusted to take into account the cumulative impact of all such actions on the share value. Specifically:

If Arcelor, by any means whatsoever, makes a Distribution to shareholders that is either paid or has a record date for payment before the settlement date of the Offer, the Cash Consideration of 40.40 per Arcelor share or ADS will be reduced by the amount of such Distribution (before any applicable withholding tax).

If Arcelor acquires, directly or indirectly, Arcelor shares for cash before the settlement date of the Offer, by any means whatsoever, the Cash Consideration of 40.40 per Arcelor share or ADS payable will be reduced by an amount Y calculated as follows:

$$Y = \frac{n*(p \quad V)}{N \quad n}$$

With

n the number of Arcelor shares acquired, directly or indirectly, by Arcelor, as published pursuant to applicable regulations

p the weighted average purchase price paid per Arcelor share for the n shares acquired, directly or indirectly, by Arcelor, as provided above, as published pursuant to applicable regulations

V 40.40, the initial Cash Consideration

N 624,678,707 shares, the total fully-diluted number of Arcelor outstanding shares as known to Mittal Steel based on then-publicly available information as of February 6, 2006, excluding treasury shares and any conversion of Convertible Bonds

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Treasury shares are not entitled to dividends nor subject to share repurchases. Therefore, treasury shares do not benefit from any Distribution made by Arcelor and have been excluded from the adjustment calculation.

Example 1: If Arcelor were to acquire 50 million of its own shares for an average price of 50.00 per share, the Cash Consideration for the Cash Election Shares would be reduced by 0.83 [50m x (50.00 40.40) / (624.7m 50m) = 0.83] per Arcelor share to 39.57, reflecting the prepayment of 0.83 per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Example 2: If Arcelor were to acquire 100 million of its own shares for an average price of 50.00 per share, the Cash Consideration for the Cash Election Shares would be reduced by 1.83 [100m x (50.00 40.40) / (624.7m 100m) = 1.83] per Arcelor share to 38.57, reflecting the prepayment of 1.83 per outstanding share as a result of the share repurchase made by Arcelor.

Example 3: If Arcelor were to acquire 200 million of its own shares for an average price of 50.00 per share, pursuant to the above adjustment formula, the Cash Consideration for the Cash Election Shares would be reduced by 4.52 [200m x (50.00 40.40) / (624.7m 200) = 4.52] per Arcelor share to 35.88. However, as indicated in Example 3 for the Primary Offer above, since such an acquisition of shares would result in the relative proportion of New Mittal Steel Shares and cash offered of 100% and 0%, respectively, the Cash Consideration would be reduced to 0 and all the Arcelor shares tendered in the secondary cash offer would be exchanged for New Mittal Steel Shares only. As illustrated in Example 3 for the Primary Offer above, Arcelor shareholders would receive 1.396 New Mittal Steel Share for each Arcelor share tendered in the Offer.

Example 4: If Arcelor were to acquire 50 million of its own shares for an average price of 40.40 per share, the Cash Consideration for the Cash Election Shares would remain unchanged at 40.40 per Arcelor share [50m x (40.40 40.40) / (624.7m 50) = 0].

Example 5: If Arcelor were to acquire 125 million of its own shares for an average price of 50.00 per share, the Cash Consideration for the Cash Election Shares would be reduced by 2.40 [125m x (50.00 40.40) / (624.7m 125m) = 2.40] per Arcelor share to 38.00, reflecting the prepayment of 2.40 per outstanding share as a result of the share repurchase made by Arcelor.

Example 6: If Arcelor were to acquire 150 million of its own shares for an average price of 43.00 per share, the Cash Consideration for the Cash Election Shares would be reduced by 0.82 [150m x (43.00 40.40) / (624.7m 150m) = 0.82] per Arcelor share to 39.58, reflecting the prepayment of 0.82 per outstanding share as a result of the share repurchase made by Arcelor.

Under Arcelor s current share buy-back program (approved at Arcelor s annual shareholders meeting held on April 28, 2006), Arcelor s Board of Directors is authorized to repurchase a maximum of 64 million shares (10% of Arcelor s total share capital) at a maximum price of 55 per share. As of February 6, 2006, and based on Arcelor s annual report for 2005 published on April 7, 2006, Arcelor held 19,771,296 Arcelor shares in treasury, representing 3.09% of Arcelor s share capital as at such date.

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On April 4, 2006, the Board of Directors of Arcelor also announced its intention to distribute a total amount of 5 billion to Arcelor shareholders through one or a combination of a share buy-back, an exceptional dividend distribution or a self-tender offer. On May 12, 2006, Arcelor s Board of Directors called an extraordinary shareholders meeting for May 19, 2006 and, since the required quorum was not met, called a second extraordinary shareholders meeting for June 21, 2006, with an agenda including a proposal to reduce Arcelor s capital through a self-tender offer for, and subsequent cancellation of, up to a maximum of 150 million shares at a maximum price of 50 per share. On June 19, 2006, Arcelor s Board of Directors announced the withdrawal of the June 21 shareholders meeting but confirmed its intention to distribute 6.5 billion in the future. If such distribution is in fact completed before the settlement date of the Offer, this would result in an adjustment of the Offer consideration. The extent of such adjustment would depend on the actual number of shares repurchased by Arcelor in the self-tender offer and their purchase price. Examples 2, 5 and 6 above provide examples of such possible adjustment. In the Memorandum of Understanding, Arcelor has undertaken not to effect any self-tender offer, share buyback or market purchases during the pendency of the Offer. This undertaking would no longer apply, however, were the Memorandum of Understanding to be terminated in accordance with its terms.

On May 26, 2006, in connection with its announcement of its proposed transactions with Severstal (see Information about Arcelor Arcelor Agreement Regarding Severstal), Arcelor announced its intention to increase the amount to be distributed to its shareholders to 7.6 billion. Following the distribution of the 1.85-per-share dividend on May 29, 2006, the amount remaining for distribution by means of a self-tender offer is therefore 6.5 billion. Such a distribution, which remains subject to the approvals and timing described in the preceding paragraph, would result in an adjustment to the Offer consideration. Example 6 above provides an example of such possible adjustment.

The above adjustments are without prejudice to the right of Mittal Steel to withdraw the Offer pursuant to Conditions to the Offer; Possible Withdrawal of Offer Events or Actions that Alter Arcelor s Substance below. This could be the case, for example, in the event that Arcelor makes a significant Distribution that would substantially and adversely affect the economics of the Offer to the extent that such Distribution adversely affects Arcelor s net debt, shareholders equity and/or gearing.

The Offer consideration will also be automatically adjusted to take into account any modification made by Arcelor to its shares, consisting of issuances of free shares, stock splits or reverse stock splits. Arcelor shares delivered to Mittal Steel on the settlement date of the Offer shall give right to any dividend or other distribution whatsoever decided by Arcelor prior to, but not yet paid on, or whose record date has been set on or after, the settlement date of the Offer.

Any adjustment of the Offer consideration is (insofar as required by applicable law) subject to the prior verification by the European Regulators as to its consistency with the conditions set forth in the Offer documentation for the European Offer, which are substantially the same as those set forth in this prospectus, and the correct application thereof. If the consideration is adjusted, Mittal Steel will issue a press release and deliver a prospectus supplement setting forth the new adjusted consideration and the new end date of the initial acceptance period of the Offer if extended under applicable regulations and will be the same in all relevant jurisdictions. If the adjustment occurs less than ten Business Days prior to the end of the initial acceptance period of the Offer or after the end of such period, the initial acceptance period of the Offer shall be extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing said adjustment. During any such extension, shareholders who have previously tendered their Arcelor shares or ADSs will be entitled to withdraw such tenders

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(see Withdrawal Rights of Securityholders for more detail) and Arcelor securityholders who have not yet tendered their Arcelor shares or ADSs will be able to do so. The Offer consideration could be adjusted as set forth above until and including the day before the settlement date of the Offer.

Secondary Exchange Offer: 11 New Mittal Steel Shares for every 7 Arcelor shares or ADS (the Stock Consideration, with all Arcelor shares or ADSs for which this election is made being referred to as Stock Election Shares).

Possible Adjustment

If, between February 6, 2006 and the day before the settlement date of the Offer, Arcelor takes one or more of the actions as set out below, the consideration set out above will be adjusted to take into account the cumulative impact of all such actions on the share value. Specifically:

If Arcelor, by any means whatsoever, either (i) makes a Distribution to shareholders that is either paid or has a record date for payment before the settlement date of the Offer, or (ii) directly or indirectly acquires Arcelor shares, by any means whatsoever, before the settlement date of the Offer, then the number Z of New Mittal Steel Shares to be received in exchange for each Arcelor share will be calculated as follows:

$$Z = \frac{13}{12} * \frac{N}{(N \quad n)} \qquad \frac{(n * p) + D}{[(N \quad n) * m]}$$

With D the total amount of Distributions (before any applicable withholding tax) paid or payable by Arcelor prior to the settlement date of the Offer

m 25.71, the Mittal Steel Reference Share Price

N 624,678,707 shares, the total fully-diluted number of Arcelor outstanding shares as known to Mittal Steel based on then-publicly available information as of February 6, 2006, excluding treasury shares and any conversion of Convertible Bonds

n the number of Arcelor shares acquired, directly or indirectly, by Arcelor, as published pursuant to applicable regulations

p the weighted average purchase price paid per Arcelor share for the n shares acquired, directly or indirectly, by Arcelor, as provided above, as published pursuant to applicable regulations

Treasury shares are not entitled to dividends nor subject to share repurchases. Therefore, treasury shares do not benefit from any Distribution made by Arcelor and have been excluded from the adjustment calculation.

<u>Example 1</u>: If Arcelor were to acquire 50 million of its own shares for an average price of 50.00 per share, the exchange ratio would be reduced to 1.539 [11/7 x 624.7m/(624.7m 50m) (50m x 50)/((624.7m 50m) x 25.71) = 1.539] New Mittal Steel Shares per Arcelor share. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 39.57, reflecting the prepayment made by Arcelor of 0.83 [(50.00 40.40) x 50m / (624.7m 50m) = 0.83] per outstanding Arcelor share post share repurchase made by Arcelor.

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Example 2: If Arcelor were to acquire 100 million of its own shares for an average price of 50.00 per share, the exchange ratio would be reduced to 1.500 [11/7 x 624.7m/(624.7m 100m) (100m x 50) / ((624.7m 100m) x 25.71) = 1.500] New Mittal Steel Shares per Arcelor share. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 38.57, reflecting the prepayment made by Arcelor of 1.83 [(50.00 40.40) x 100m / (624.7m 100m) = 1.83] per outstanding Arcelor share post share repurchase made by Arcelor.

Example 3: If Arcelor were to acquire 200 million of its own shares for an average price of 50.00 per share, the exchange ratio would be reduced to 1.396 [11/7 x 624.7m/(624.7m 200m) (200m x 50) / ((624.7m 200m) x 25.71) = 1.396] New Mittal Steel Shares per Arcelor share. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 35.88, reflecting the prepayment made by Arcelor of 4.52 [(50.00 40.40) x 200m / (624.7m 200m) = 4.52] per outstanding Arcelor share post share repurchase made by Arcelor.

Example 4: If Arcelor were to acquire 50 million of its own shares for an average price of 40.40 per share, the exchange ratio would remain unchanged at 1.5714 [11/7 x 624.7m/(624.7m 50m) (50m x 40.40)/((624.7m 50m) x 25.71) = 1.5714] New Mittal Steel Shares per Arcelor share.

Example 5: If Arcelor were to acquire 125 million of its own shares for an average price of 50.00 per share, the exchange ratio would be reduced to 1.478 [11/7 x 624.7m/(624.7m 125m) (125m x 50.00) / ((624.7m 125m) x 25.71) = 1.478] New Mittal Steel Shares per Arcelor share. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 38.00, reflecting the prepayment made by Arcelor of 2.40 [(50.00 40.40) x 125m / (624.7m 125m) = 2.40] per outstanding Arcelor share post share repurchase made by Arcelor.

Example 6: If Arcelor were to acquire 150 million of its own shares for an average price of 43.00 per share, the exchange ratio would be reduced to 1.539 [11/7 x 624.7m/(624.7m 150m) (150m x 43) / ((624.7m 150m) x 25.71) = 1.539] New Mittal Steel Shares per Arcelor share. Assuming a reference Mittal Steel share price of 25.71, this results in a reduction of the offered value per Arcelor share to 39.58, reflecting the prepayment made by Arcelor of 0.82 [(43.00 40.40) x 150m / (624.7m 150m) = 0.82] per outstanding Arcelor share post share repurchase made by Arcelor.

Under Arcelor s current share buy-back program (approved at Arcelor s annual shareholders meeting held on April 28, 2006), Arcelor s Board of Directors is authorized to repurchase a maximum of 64 million shares (10% of Arcelor s total share capital) at a maximum price of 55 per share. As at February 6, 2006, and based on Arcelor s annual report for 2005 published on April 7, 2006, Arcelor held 19,771,296 Arcelor shares in treasury, representing 3.09% of Arcelor s share capital as at such date.

On April 4, 2006, the Board of Directors of Arcelor also announced its intention to distribute a total amount of 5 billion to Arcelor shareholders through one or a combination of a share buy-back, an exceptional dividend distribution or a self-tender offer. On May 12, 2006, Arcelor s Board of Directors called an extraordinary shareholders meeting for May 19, 2006 and, since the required quorum was not met, called a second extraordinary shareholders meeting for June 21, 2006 with an agenda including a proposal to reduce Arcelor s capital through a self-tender offer for, and subsequent cancellation of, up to a maximum of 150 million shares at a maximum price of 50 per share. On June 19, 2006, Arcelor s Board of Directors announced the withdrawal of the June 21, 2006 shareholders meeting but confirmed its intention to distribute 6.5 billion in the future. If such distribution is in fact completed before the settlement date of the Offer, this would result in an adjustment of the Offer consideration. The extent of such adjustment would depend on the actual number of shares repurchased by Arcelor in the self-tender offer and their purchase price. Examples 2, 5 and 6 above provide examples of such possible adjustment. In the Memorandum of Understanding, Arcelor has undertaken not to effect any self-tender offer, share buyback or market purchases during the pendency of the Offer. This undertaking would no longer apply, however, were the Memorandum of Understanding to be terminated in accordance with its terms.

On May 26, 2006, in connection with its announcement of its proposed transactions with Severstal (see Information about Arcelor Arcelor Agreement Regarding Severstal), Arcelor announced its intention to increase the amount to be distributed to its shareholders to 7.6 billion. Following the distribution of the 1.85-per-share dividend on May 29, 2006, the amount remaining for distribution by means of a self-tender offer is therefore 6.5 billion. Such a distribution, which remains subject to the approvals and timing described in the preceding paragraph, would result in an adjustment to the Offer consideration. Example 6 above provides an example of such possible adjustment.

The above adjustments are without prejudice to the right of Mittal Steel to withdraw the Offer pursuant to Conditions to the Offer; Possible Withdrawal of Offer Events or Actions that Alter Arcelor s Substance below. This could be the case, for example, in the event that Arcelor makes a significant Distribution that would substantially and adversely affect the economics of the Offer to the extent that such Distribution adversely affects Arcelor s net debt, shareholders equity and/or gearing.

The Offer consideration will also be automatically adjusted to take into account any modification made by Arcelor to its shares, consisting of issuances of free shares, stock splits or reverse stock splits. Arcelor shares delivered to Mittal Steel on the settlement date of the Offer shall give right to any dividend or other distribution whatsoever decided by Arcelor prior to, but not yet paid on, or whose record date has been set on or after, the settlement date of the Offer.

Any adjustment of the Offer consideration is (insofar as required by applicable law) subject to the prior verification by the European Regulators as to its consistency with the conditions set forth in the Offer documentation for the European Offer, which are substantially the same as those set forth in this prospectus, and the correct application thereof. If the consideration is adjusted, Mittal Steel will issue a press release and deliver a prospectus supplement setting forth the new adjusted consideration and the new end date of the initial acceptance period of the Offer if extended under applicable regulations and will be the same in all relevant jurisdictions. If the adjustment occurs less than ten Business Days prior to the end of the initial acceptance period of the Offer or after the end of such period, the initial acceptance period of the Offer shall be extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing said adjustment. During any such extension, shareholders who have previously tendered their Arcelor shares or ADSs will be entitled to withdraw such tenders (see Withdrawal Rights of Securityholders for more detail) and Arcelor securityholders who have not yet tendered their Arcelor shares or ADSs will be able to do so. The Offer consideration could be adjusted as set forth above until and including the day before the settlement date of the Offer.

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Pro-Ration and Allocation Procedures

Tenders in the Secondary Offers of the European Offer and the U.S. Offer are subject to an adjustment mechanism designed to ensure that in the aggregate (*i.e.*, in the Offer as a whole) the portion of tendered Arcelor shares (including Arcelor ADSs) that are exchanged for New Mittal Steel Shares and the portion of tendered Arcelor shares (including Arcelor ADSs) that are exchanged for cash (excluding the impact of any adjustment referred to above) will be 68.9% and 31.1%, respectively. As a result, shareholders having tendered Arcelor shares or ADSs in the Secondary Cash Offer of each of the European Offer and the U.S. Offer may receive between 31.1% and 100% in cash and the balance in New Mittal Steel Shares, and shareholders having tendered in the Secondary Exchange Offer of each of the European Offer and the U.S. Offer may receive between 68.9% and 100% in New Mittal Steel Shares and the balance in cash. The exact proportions will depend on the total number of Arcelor shares or ADSs tendered in each of the Secondary Offers of the European Offer and the U.S. Offer.

If the ratio of the total number of Cash Election Shares tendered in the European Offer and the U.S. Offer, on a combined basis, to the total number of Stock Election Shares tendered in the European Offer and the U.S. Offer, on a combined basis, is not equal to the Ratio (as defined below), then the following pro-ration and allocation adjustment will be applied to the Cash Election Shares or the Stock Election Shares, as the case may be, tendered in the European Offer and the U.S. Offer. For purposes of this section, the Ratio means (i) initially 31.1 divided by 68.9 and (ii) if there has been an adjustment to the consideration in the Primary Offer of the European Offer and the U.S. Offer pursuant to Primary Mixed Cash and Exchange Offer, then the ratio of C(new) divided by [X * 25.71] using the last adjusted values of C(new) and X.

In the event that the total number of Cash Election Shares tendered in the European Offer and the U.S. Offer, on a combined basis, divided by the total number of Stock Election Shares tendered in the European Offer and the U.S. Offer, on a combined basis, exceeds the Ratio, then each tendered Stock Election Share will receive the Stock Consideration, while the number of tendered Cash Election Shares will be reduced to the number required to achieve the Ratio. This reduction will be effected proportionately among the holders of all Cash Election Shares tendered in the European Offer and the U.S. Offer. The adjusted number of Cash Election Shares will be rounded down to the nearest whole Cash Election Share. All tendered Arcelor shares deemed not to be Cash Election Shares as a result of this pro-ration and allocation procedure will be deemed Mixed Consideration Shares.

Example: If 689 Arcelor shares are tendered into the Secondary Cash Offer of the European Offer and the U.S. Offer, on a combined basis, and 689 Arcelor shares are tendered into the Secondary Exchange Offer of the European Offer and the U.S. Offer, on a combined basis, the total number of tendered Cash Election Shares divided by the total number of tendered Stock Election Shares [689 / 689] will exceed 31.1 / 68.9. As a result, each tendered Stock Election Share will receive the Stock Consideration, while the number of tendered Cash Election Shares will be reduced to 311. The remaining 378 Arcelor shares will be deemed Mixed Consideration Shares.

In the event that the total number of Cash Election Shares tendered in the European Offer and the U.S. Offer, on a combined basis, divided by the total number of Stock Election Shares tendered in the European Offer and the U.S. Offer, on a combined basis, is less than the Ratio, then each tendered Cash Election Share will receive the Cash Consideration, while the number of tendered Stock Election Shares will be reduced to the number required to achieve the Ratio. This reduction will be effected proportionately among the holders of all Stock Election Shares tendered in the European Offer and the U.S. Offer. The adjusted number of Stock Election Shares will be rounded down to the nearest whole Stock Election Share. All tendered Arcelor securities deemed not to be Stock Election Shares as a result of this pro-ration and allocation procedure will be deemed Mixed Consideration Shares.

Example: If 311 Arcelor shares are tendered into the Secondary Cash Offer of the European Offer and the U.S. Offer, on a combined basis, and 1,000 Arcelor shares are tendered into the Secondary Exchange Offer of the European Offer and the U.S. Offer, on a combined basis, the total number of tendered Cash Election Shares divided by the total number of tendered Stock Election Shares 311 / 1,000 will be less than 31.1/68.9. As a result, each tendered Cash Election Share will receive the Cash Consideration, while the number of tendered Stock Election Shares will be reduced to 689. The remaining 311 Arcelor shares will be deemed Mixed Consideration Shares.

If there is a subsequent offering period (see Subsequent Offering Period), the same pro-ration and allocation procedures described above will apply to all Arcelor shares and ADSs tendered into the Secondary Offers of the European Offer and the U.S. Offer during the subsequent offering period. For the avoidance of doubt, such procedures will be applied only to the pool of Arcelor shares (including Arcelor ADSs) tendered during such subsequent offering period since settlement concerning the pool of shares (including Arcelor ADSs) tendered during the initial acceptance period will have previously occurred.

Offer for Convertible Bonds

Mittal Steel offers to exchange 13 New Mittal Steel Shares and 188.42 in cash for every 12 Convertible Bonds.

The possible adjustments to the consideration offered for Arcelor shares tendered in the Offer described in Offer for Arcelor Shares above do not relate to, and will have no effect on, the consideration offered for the Convertible Bonds. The events that would give rise to an adjustment of the consideration offered for Arcelor shares and ADSs could result in an adjustment of the conversion/exchange ratio of the Convertible Bonds. Pursuant to the terms and conditions of the Convertible Bonds (see Arcelor s prospectus prepared in connection with the admission to trading of the Convertible Bonds and the underlying shares on the Luxembourg Stock Exchange, approved by the Luxembourg Stock Exchange on June 27, 2002), the conversion/exchange ratio of the Convertible Bonds would be automatically adjusted, under certain conditions, in the event that (i) Arcelor repurchases its own shares through an offer made to all of its shareholders and (ii) Arcelor distributes an exceptional dividend (as defined in such terms and conditions). The impact of the events that are not covered in the terms and conditions of the Convertible Bonds being minimal, Mittal Steel has decided that no adjustment to the consideration offered to holders of Convertible Bonds tendered in the Offer shall be made.

If neither Mittal Steel nor Arcelor provides a fairness opinion with respect to the Offer for Convertible Bonds, bondholders may, during the 60 days following the closing of the Offer, request early redemption at the higher of (i) the principal amount of the Convertible Bonds plus accrued interest, and (ii) the value of the consideration paid in the Offer for Arcelor shares as of the closing date multiplied by the conversion / exchange ratio for the Convertible Bonds then in effect (currently 1.078). If the Arcelor shares are delisted from all regulated markets, bondholders may request redemption at a price equal to the Convertible Bonds principal amount plus accrued interest. Mittal Steel has not provided and does not intend to provide a fairness opinion. Mittal Steel does not currently know whether Arcelor intends to procure such an opinion.

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In the event that the Offer is extended as a result of an adjustment to the consideration offered to Arcelor shareholders being made, this extension will apply to both the offer for Arcelor shares and the offer for Convertible Bonds.

Fractional Shares

No fractional shares will be issued to any Arcelor shareholders, ADS holders or holders of Convertible Bonds. Securityholders who tender a number of Arcelor securities that does not entitle them to receive a round number of New Mittal Steel Shares will be deemed to have expressly accepted to participate in the exchange pool facility described below with respect to the fraction of New Mittal Steel Shares to which they would be entitled.

Arcelor shareholders, ADS holders or holders of Convertible Bonds that do not own a number of shares, ADSs or Convertible Bonds entitling them to receive a round number of New Mittal Steel Shares will have the following two options:

- Arcelor shareholders opting to tender their shares or ADSs in the Primary Offer (given the pro-ration mechanism applicable in the Secondary Offers, shareholders tendering their Arcelor shares or ADSs in the Secondary Offers should not expect to be able to calculate with certainty the number of Arcelor shares or ADSs that they would need, as at the end of the initial acceptance period of the Offer, in order to receive a round number of New Mittal Steel Shares) and holders of Convertible Bonds may, before tendering their Arcelor securities in the Offer and until the end of the initial acceptance period of the Offer, purchase or sell Arcelor shares, ADSs or Convertible Bonds on one of the regulated markets where their Arcelor securities are listed (or, in the case of the ADSs, the over-the-counter market), in order to own a number of Arcelor shares, ADSs or Convertible Bonds entitling them to receive a round number of New Mittal Steel Shares. (Investors should be aware that the application of the adjustment mechanisms triggered by certain Distributions made by Arcelor, as further described above, would modify the exchange ratio of the Offer and, hence, the determination of the number of Arcelor shares, ADSs or Convertible Bonds that would correspond to a round number of New Mittal Steel Shares.); or

- after the end of the initial acceptance period of the Offer, (i) Société Générale will operate an exchange pool facility for the benefit of holders of Arcelor shares (other than Arcelor shares represented by Arcelor ADSs) and Convertible Bonds tendered into both the European Offer and the U.S. Offer that hold a number of Arcelor shares or Convertible Bonds that do not entitle such holders to receive a round number of New Mittal Steel Shares. Société Générale will pool those fractions of New Mittal Steel Shares into an integral number of such shares and sell them on a regulated market for the account of participating holders of Arcelor shares and Convertible Bonds, at dates to be determined but not later than 10 Business Days following the settlement date of the Offer. The proceeds of such sales will be paid to holders of Arcelor shares and Convertible Bonds pro rata to their participation in the pool. No interest shall be paid in respect of the cash proceeds resulting from the sale. Mittal Steel shall pay the brokerage and related fees and stock exchange tax connected with such exchange pool facility, and (ii) the ADS Centralizing Agent will operate an exchange pool facility for the benefit of holders of Arcelor ADSs that hold a number of Arcelor ADSs that do not entitle such holders to receive a round number of New Mittal Steel Shares. The ADS Centralizing Agent will pool those fractions of New Mittal Steel Shares into an integral number of such shares and sell them on the NYSE for the account of participating holders of Arcelor ADSs, at dates to be determined but not later than 10 Business Days following the settlement date of the Offer. The proceeds of such sales will be paid to holders of Arcelor ADSs pro rata to their participation in the pool. No interest shall be paid in respect of the cash proceeds resulting from the sale and any relevant withholding tax will be deducted. Mittal Steel shall pay the brokerage and related fees and stock exchange tax connected with such exchange pool facility.

*Example: Assuming an Arcelor shareholder owns 10 Arcelor shares and opts for the secondary exchange offer, this shareholder will be entitled to 1.5714 * 10 = 15.71 New Mittal Steel Shares in exchange for 10 Arcelor shares. After rounding to the immediately lower number, the shareholder will receive 15 New Mittal Steel Shares. If this shareholder participates in the exchange pool facility, the shareholder will receive, in addition, 0.71 times the price of a Mittal Steel share on the day on which the shares included in the pool are sold. Assuming that, on this date, Mittal Steel shares trade at 25.71 per share, this shareholder will be entitled to receive an extra cash amount equal to 0.71 * 25.71 = 18.25.*

Arcelor shareholders and holders of Convertible Bonds will bear the risk that Société Générale may not be able to sell all or part of the New Mittal Steel Shares pooled in the exchange pool facility, or may sell New Mittal Steel Shares at a price lower than the Mittal Steel Reference Share Price. Arcelor ADS holders will bear the risk that the ADS Centralizing Agent may not be able to sell all or part of the New Mittal Steel Shares pooled in the exchange pool facility, or may sell New Mittal Steel Shares at a price lower than the Mittal Steel Reference Share Price.

If there is a subsequent offering period (see Subsequent Offering Period), additional exchange pool facilities will be implemented for fractional shares resulting from tenders therein.

Issuance of New Securities

If, between February 6, 2006 and the settlement date of the Offer, Arcelor issues any new voting securities or any new securities conferring the right to subscribe for, acquire or convert into voting securities (other than the securities listed above in Securities covered by the Offer) (the New Securities), Mittal Steel may (without prejudice to the provisions set forth in Conditions to the Offer; Possible Withdrawal of Offer Shareholder Approval of New Securities below):

(i) withdraw the Offer, subject to the prior consent of the European Regulators (insofar as required by applicable law); or

(ii) extend the Offer to the New Securities, possibly after amending the terms of the Offer to reflect the changed economics; provided that (x) such amendment is (insofar as required by applicable law) subject to the prior verification by the European Regulators of the fact that it reflects the changed economics, and (y) if the terms of the Offer are so amended, Arcelor securityholders who have already tendered securities in the Offer will be entitled to withdraw their tenders as described in Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer and Offer for Arcelor Shares Secondary Cash and Exchange Offers.

It is difficult to predict in which circumstances Mittal Steel would opt to withdraw the Offer and not extend it to the New Securities issued by Arcelor. In making its decision, Mittal Steel would take into account various elements, including, but not limited to, the size of the issuance and the dilutive effect of the New Securities, whether such issuance is made to all existing shareholders or instead to one or several identified investors, the price at which such New Securities are issued, and if the New Securities entitle their holders to acquire Arcelor shares, the price at which such Arcelor shares may be so acquired. In any event, such decision would be subject to the prior consent of the securities authorities as indicated above.

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It is noted, to place into context the discussion above and below, that Arcelor has undertaken in the Memorandum of Understanding not to issue New Securites during the pendency of the revised Offer. The Memorandum of Understanding is, however, subject to termination under specified conditions. See Memorandum of Understanding between Mittal Steel, Arcelor and the Controlling Shareholder.

For purposes of illustration only, if Arcelor s Board of Directors were to issue new shares representing 10% of the share capital of Arcelor (pre-capital increase) at a discount of 1 compared to the then-applicable value of the Offer, for this example assumed to be 40.40 per Arcelor share based on a Mittal Steel share price of 25.71, Mittal Steel would have the following options: (i) extend the Offer to the newly-issued shares on the same conditions, (ii) withdraw the Offer, or (iii) extend the Offer to the newly-issued shares and amend the terms of the Offer, for example, by reducing the cash component by 0.10 [1 x 10% = 0.10] per Arcelor share to 12.45 and keeping the exchange ratio unchanged at 13 New Mittal Steel Shares in exchange of 12 Arcelor shares in order to take into account the dilutive effect of such capital increase. As a consequence, in this example, the relative proportion of New Mittal Steel Shares and cash offered would be 69.1% and 30.9% respectively, assuming a Mittal Steel share price of 25.71 (the closing price on June 23, 2006). Assuming such share price, this results in a reduction of the offered value per Arcelor share to 40.30, reflecting the dilution of 0.10 per Arcelor share outstanding as a result of the share issuance made by Arcelor.

In the event a share issuance is made at the then-applicable value of the Offer, for purposes of this example 40.40 per Arcelor share based on a Mittal Steel share price of 25.71, this would not dilute the value of the Offer and the Cash Portion of the Offer would therefore remain unchanged (in the event that Mittal Steel were to decide to extend the Offer to the newly issued shares).

As stated in Expiration Date below, the initial acceptance period of the Offer will be extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing such extension of the Offer to the New Securities and the changes to the terms of the Offer, if any.

Maximum Cash Payable

The maximum aggregate amount of cash payable in the Offer in respect of Arcelor shares, ADSs and Convertible Bonds, in accordance with the terms set out herein will not exceed 8.451 billion (excluding shares held in treasury by Arcelor). In the event that the terms of the Offer are changed or the Offer is extended to New Securities, however, this maximum amount of cash may be changed. If the Offer is extended to New Securities, this maximum amount will be increased, unless Mittal Steel then chooses to amend the terms of the Offer in accordance with subsection (ii) of Securities Covered by the Offer above by decreasing the Cash Portion of the Offer *pari passu* for all securities tendered.

Characteristics and Origin of the Mittal Steel Shares Offered in Consideration

For a discussion of the origin of the New Mittal Steel Shares and the rights associated with these shares, please see Description of Mittal Steel s Share Capital and Comparison of Rights of Shareholders Under Luxembourg and Dutch Law.

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Conditions to the Offer; Possible Withdrawal of Offer

Minimum Tender Condition

The Offer is subject to the condition that the number of Arcelor shares (including Arcelor shares represented by Arcelor ADSs) tendered in the European Offer and the U.S. Offer, on a combined basis, represents on the date of public announcement of the results of the Offer more than 50% of the total issued share capital and voting rights of Arcelor, on a fully-diluted basis (the Minimum Tender Condition). For the purpose of calculating whether this Minimum Tender Condition has been met, the numerator will include all the Arcelor securities tendered in the European Offer and the U.S. Offer including (i) all Arcelor shares (including Arcelor shares represented by Arcelor ADSs) tendered, and (ii) the Arcelor shares underlying all tendered Convertible Bonds (taking into account the number of Arcelor shares into which the tendered Convertible Bonds could be converted on the expiration date of the acceptance period of the Offer). The denominator for this calculation will be comprised of Arcelor s fully-diluted share capital, including, without limitation, all issued Arcelor shares (including, but not limited to, treasury shares held by Arcelor and, for the avoidance of doubt, Arcelor shares represented by Arcelor ADSs), all Arcelor shares in issue (i.e., shares whose issuance has been decided by Arcelor s competent body but that are not issued yet, including any shares that Arcelor may be required to issue pursuant to the Strategic Alliance with Severstal, to the extent it has not been terminated) and all Arcelor shares underlying (i) the Convertible Bonds and (ii) all outstanding Arcelor stock options and Usinor stock options upon exercise of which the underlying Usinor shares may be exchanged for Arcelor shares (whether all such options are exercisable or not before the end of the acceptance period of the Offer).

Mittal Steel reserves the right to waive the Minimum Tender Condition at any time until the announcement of the results of the Offer. In the Memorandum of Understanding, Mittal Steel has agreed not to waive the Minimum Tender Condition, unless it holds, after completion of the Offer (through securities tendered in the Offer and with any person(s) acting in concert with it), at least 215 million shares of Arcelor. This restriction would not apply, however, were the Memorandum of Understanding to be terminated in accordance with its terms.

In the event that Mittal Steel waives the Minimum Tender Condition less than five Business Days prior to, or after, the end of the initial acceptance period, the initial acceptance period shall be extended to end at least five Business Days after publication by press release of the waiver of such Minimum Tender Condition (see Expiration Date). During any such extension of the initial acceptance period of the Offer, holders of Arcelor securities who have previously tendered may withdraw their tenders and holders who have not tendered may tender (see Withdrawal Rights of Securityholders).

Events or Actions that Alter Arcelor s Substance

The Offer is subject to the condition that:

(i) between February 6, 2006 and the end of the initial acceptance period of the Offer, no exceptional event beyond the control of Mittal Steel occurs relating to Arcelor (other than any decision or action taken by competent competition authorities in relation to the currently proposed combination of Mittal Steel and Arcelor), and

(ii) between February 6, 2006 and the settlement date of the Offer, Arcelor does not take any action

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that, in either case, materially alters Arcelor s substance, substantially and adversely affects the economics of the Offer or substantially and adversely affects the ability of Mittal Steel to complete the Offer.

Upon occurrence of such an event or action, Mittal Steel may withdraw the Offer, subject to the prior consent of the European Regulators (insofar as required by applicable law).

Shareholder Approval of New Securities

The Offer is subject to the condition that if New Securities (as defined in Summary Terms of the Offer Conditions) are issued between February 6, 2006 and the settlement date of the Offer, they must be issued or specifically authorized by the shareholders meeting of Arcelor after February 6, 2006 (in the manner required for amendment of the Articles of Association), except for (i) shares issued upon conversion of existing Convertible Bonds or upon exercise of the subscription options and exchange rights referred to in Offer Scope and Consideration Securities Covered by the Offer above, and (ii) securities issued in the ordinary course pursuant to management or employee incentive schemes in effect on February 6, 2006. Any failure of this condition of shareholder approval will entitle Mittal Steel to withdraw the Offer. Unless the Offer is withdrawn, it will be extended to the New Securities, possibly after amendment of its terms in accordance with Offer Scope and Consideration Securities Covered by the Offer above.

As described in Offer Scope and Consideration Issuance of New Securities above, Mittal Steel may also withdraw the Offer, subject to the prior consent of the relevant European Regulators (insofar as required by applicable law) in the event that the shareholders meeting of Arcelor were, between February 6, 2006 and the settlement date of the Offer, to decide to issue, or specifically authorize the issuance of, New Securities prior to the settlement date of the Offer.

Consequences of Failure to Meet Conditions to the Offer

The conditions listed above are for the exclusive benefit of Mittal Steel, which reserves the right to maintain the Offer, even if one or more of the conditions are not satisfied. Mittal Steel s decisions in respect of the above will be announced as follows:

(i) the decision to invoke or waive the condition set forth in Minimum Tender Condition : by press release and, at the latest, in Mittal Steel s press release announcing the results of the Offer; and

(ii) any decision to withdraw the Offer for failure of one of the conditions set forth in Events or Actions that Alter Arcelor s Substance and Shareholder Approval of New Securities above: by press release as soon as possible after the occurrence of the relevant event or action and in any event no later than the scheduled end of the initial acceptance period of the Offer (with respect to condition (i) of Events or Actions that Alter Arcelor s Substance) and the scheduled settlement date of the Offer (with respect to condition (ii) of Events or Actions that Alter Arcelor s Substance and the condition set forth in Shareholder Approval of New Securities).

If the Offer is withdrawn, or, subject to applicable regulations, lapses because any of the conditions are not met, Mittal Steel reserves the right to commence a new offer in accordance with applicable law and regulations, or not to commence a new offer, at its discretion. If the Offer is withdrawn, or, subject to applicable regulations, lapses, the Arcelor securities tendered in this Offer will be promptly returned to their holders. No indemnity, interest or any other payment shall be paid in the event of any reasonable delay in such return.

Arcelor announced on May 26, 2006 that it is entering into a transaction with Mr. Alexey Mordashov in respect of Severstal, a Russian steel company, See Information About Arcelor Agreement Regarding Severstal. If consummated as announced by Arcelor, the transaction contemplated between Arcelor and Mr. Mordashov would cause the failure of one and possibly two conditions to the Offer (the absence of shareholder approval for the issuance of Arcelor New Securities and the occurrence of an event or action that laters Arcelors s substance), thereby permitting Mittal Steel to withdraw the Offer. In the event that one or both of such conditions ultimately fails as a result of the consummation of such transaction and Mittal Steel decides to invoke its right to withdraw the Offer as a result, Mittal Steel will issue a press release as provided above. Mittal Steel has not yet made any decision as to the possible waiver of such condition(s). Any such decision would depend on an evaluation of the totality of the circumstances prevailing at the time.

Grounds for Withdrawing the Offer

Mittal Steel may withdraw the Offer under the circumstances and conditions specified in Conditions to the Offer; Possible Withdrawal of Offer Events or Actions that Alter Arcelor s Substance and Conditions to the Offer; Possible Withdrawal of Offer Shareholder Approval of New Securities above. In addition, in the event that an improved competing bid or an increased competing bid for Arcelor is approved by the relevant European Regulators, Mittal Steel reserves the right to withdraw its Offer within five Business Days following the publication of the offer document relating to such competing or improved competing bid.

If Mittal Steel withdraws its Offer, Arcelor securities tendered in the Offer shall be returned to their holders. No indemnity, interest or any other payment shall be paid in the event of any reasonable delay in such return.

Expiration Date

The initial acceptance period for the U.S. Offer began on June 7, 2006, and will close at 12:00 midnight, New York City time, on Thursday, July 13, 2006.

The initial acceptance period of the European Offer began on May 18, 2006 (except in Spain, where the initial acceptance period began on May 24, 2006) and is scheduled to close on July 13, 2006. The initial acceptance period for the U.S. Offer and for the European Offer will close on the same date as indicated above or at the end of any extension of the initial acceptance period as set forth below. If the initial acceptance period of the European Offer is extended beyond July 13, 2006 Mittal Steel intends to extend the initial acceptance period of the U.S. Offer, so that the initial acceptance periods of the European Offer and the U.S. Offer expire on the same date.

Under applicable regulations, the initial acceptance period of the Offer could be extended as a result of a competing bid, an improvement in the Offer, another material change in the terms and conditions of the Offer, the adoption by Arcelor of defensive measures or otherwise to comply with applicable regulatory requirements (applicable to either the European Offer or the U.S. Offer). In the event that the initial acceptance period for the Offer is extended in accordance with applicable regulations, the last day of the initial acceptance period will be determined and published in accordance with such applicable regulations and will be the same in the European Offer and the U.S. Offer.

In addition to the above, if any of the publications set out in (i) or (ii) below occurs either less than ten Business Days prior to the end of the initial acceptance period, or after the end of the initial acceptance period, or if the publication described in (iii) below occurs either less than five Business Days prior to the end of the initial acceptance period, or after the end of the initial acceptance period, the initial acceptance period shall be extended to end at least ten Business Days (in the case of (i) or (ii) below) or five Business Days (in the case of (iii) below) after such publication, in order to afford Arcelor securityholders the opportunity to assess the new information and, potentially, to tender Arcelor securities not previously tendered or to withdraw their tenders:

(i) the first public announcement by Mittal Steel of an adjustment to the consideration offered for Arcelor securities pursuant to Offer Scope and Consideration Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer and Offer Scope and Consideration Offer for Arcelor Shares Secondary Cash and Exchange Offers above;

(ii) the first public announcement by Mittal Steel of Mittal Steel s extension of the Offer to New Securities issued by Arcelor after amending the terms of the Offer in accordance with Offer Scope and Consideration Offer for Arcelor Shares and Conditions to the Offer; Possible Withdrawal of Offer Shareholder Approval of New Securities; or

(iii) a supplement to this prospectus containing a material change other than those described in (i) and (ii) above.

Finally, in the event that Mittal Steel waives the Minimum Tender Condition, the initial acceptance period of the Offer will be extended for a period of at least five Business Days after the publication of Mittal Steel s press release announcing such decision (see Conditions to the Offer; Possible Withdrawal of Offer Minimum Tender Condition).

Mittal Steel will publish a press release to announce the expiration date of the U.S. Offer, including in the event it is extended, at least five Business Days before such expiration date.

In the event that the initial acceptance period is extended, the settlement procedures (including centralization of tenders, pro-ration and allocation procedures and actual settlement) will be postponed until after the end of the initial acceptance period so extended within the same timetable as described herein.

Withdrawal Rights of Securityholders

Holders of Arcelor securities may revoke their orders and withdraw Arcelor securities tendered in the Offer at any time until the last day of the initial acceptance period or during any extension thereof (see Expiration Date), including any extension arising from Mittal Steel s waiver of the Minimum Tender Condition (see Conditions to the Offer; Possible Withdrawal of Offer Minimum Tender Condition) and extension of the Offer to New Securities (see Offer Scope and Consideration Issuance of New Securities).

The Offer consideration could be adjusted as set forth in Offer Scope and Consideration Offer for Arcelor Securities above until and including on the day before the settlement date of the Offer. As discussed in detail in Offer Scope and Consideration Offer for Arcelor Securities and Expiration Date, any such adjustment will allow holders of Arcelor securities who have tendered their Arcelor securities in the Offer to withdraw their tenders.

In order to so withdraw their tenders, holders who have tendered their Arcelor shares and Convertible Bonds through a financial intermediary must provide notice of withdrawal to the financial

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intermediary within the initial acceptance period, including any extension thereof (see Expiration Date). Such notice of withdrawal may be given by completing the Form of Withdrawal Request and delivering it to the financial intermediary. The financial intermediary shall notify the relevant Centralizing Agent, which shall notify the Global Centralizing Agent thereof.

In order to so withdraw their tenders, Arcelor ADSs holders shall deliver their withdrawal request to the ADS Centralizing Agent within the initial acceptance period, including during any extension thereof (see Expiration Date). Arcelor ADS holders who tender according to the book-entry facility procedures of DTC must include in their withdrawal request the name and account number at DTC to be credited with the withdrawn ADSs. The ADS Centralizing Agent shall notify the Global Centralizing Agent of the withdrawal.

In order to so withdraw their tenders, shareholders directly registered in the Arcelor share register must provide notice of withdrawal to Arcelor, in its capacity as share registrar, within the initial acceptance period, including during any extension thereof (see Expiration Date). Such notice of withdrawal may be given by completing the Form of Withdrawal Request and delivering it to Arcelor. Arcelor shall notify the Global Centralizing Agent of such withdrawal. Such shareholders must also inform the Global Centralizing Agent (by fax or email) of such decision.

During any subsequent offering period, withdrawal rights shall also apply with respect to tenders made during such subsequent offering period. Withdrawal rights shall not apply during any such subsequent offering period to Arcelor securities tendered during the initial acceptance period, since such Arcelor securities would have already been acquired by Mittal Steel on the settlement date for the initial acceptance period.

Improvement of the Offer

In the event that Mittal Steel were to improve the terms of the Offer during the initial acceptance period in an improved bid, Arcelor securityholders who had previously tendered their securities in the Offer would automatically benefit from such improvement.

Subsequent Offering Period

If, upon settlement, Mittal Steel acquires at least two-thirds of Arcelor s total share capital and voting rights, or more than 50% if there is a concurrent competing bid for the Arcelor securities, Mittal Steel may elect, subject to applicable law and regulations, to provide a subsequent offering period of the Offer of at least ten Business Days. Mittal Steel shall make such election within ten Business Days from the date on which the results of the Offer are published in the manner described in Acceptance and Return of Arcelor Securities. If it so elects, Mittal Steel will issue a press release to announce the date of opening and duration of such subsequent offering period.

In the event that Mittal Steel acquires at least 90% of Arcelor s shares, Mittal Steel will issue a press release announcing a subsequent offering period of the Offer of at least 15 Business Days. This subsequent offering period shall start within the month following the date on which the results of the Offer are published in the manner described in Acceptance and Return of Arcelor Securities. Mittal Steel will publish a press release to announce the date of opening and duration of such subsequent offering period. This mandatory offer requirement would also apply in the event that Mittal Steel were to acquire 90% of Arcelor following completion of a subsequent offering period, triggering an additional subsequent offering period.

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As of May 22, 2006, Luxembourg law provides that in the event that, following an offer made to the holders of a Luxembourg company s voting securities, the offeror acquires control of the Luxembourg company (which, according to Luxembourg law, means acquiring 33 $^{1}/3$% of the voting rights of such company, with the percentage calculated on all the company s securities except those securities that have a right to vote only in specific circumstances), the remaining securityholders of such company may tender their voting securities in the offer within the 15-day period following the publication of the final results of the offer. Accordingly, if Mittal Steel acquired control (*i.e.*, 33 $^{1}/3$% of the voting rights) of Arcelor as a result of the Offer, which would be the case if the Minimum Tender Condition were satisfied, the remaining Arcelor securityholders could tender their Arcelor securities in a subsequent 15-day offering period of the Offer starting on the day of publication of the results of the Offer (see Procedures for Tendering Arcelor Securities Centralization Procedures and Publication of Results of the Offer).

A subsequent offering period, if one is provided, will be an additional period of time beginning after Mittal Steel has acquired Arcelor securities tendered during the Offer, during which holders may tender their Arcelor securities. The terms of such subsequent offering period will differ from those provided in subsequent offering periods found in U.S. domestic tender and exchange offers pursuant to Rule 14d-11 under the Exchange Act.

During any subsequent offering period, Mittal Steel shall offer the same consideration as that offered during the initial acceptance period of the Offer (subject to the same adjustment mechanisms, *mutatis mutandis*). As in the initial acceptance period, if the consideration is adjusted during the subsequent offering period, the subsequent offering period will be extended if required so that it ends at least 10 Business Days following the announcement of such extension.

The subsequent offering period will be subject to a number of conditions and the right of Mittal Steel to terminate the subsequent offering period. Specifically, the subsequent offering period will be subject to the condition set forth in clause (ii) of Conditions to the Offer; Possible Withdrawal of Offer Events or Actions that Alter Arcelor s Substance and the condition set forth in Conditions to the Offer; Possible Withdrawal of Offer Shareholder Approval of New Securities. Failure of such conditions during any subsequent offering period will entitle Mittal Steel to terminate the subsequent offering period.

Moreover, the grounds available to Mittal Steel for withdrawing the Offer as described in Summary Terms of the Offer Grounds for Withdrawing the Offer will apply to any subsequent offering period. Thus, in the event that New Securities are issued after February 6, 2006 pursuant to Arcelor shareholder authorization, Mittal Steel may terminate the subsequent offering period subject to the prior consent of the relevant European Regulators, and Mittal Steel may also terminate the subsequent offering period within five Business Days following the publication of an offer document relating to a competing or an improved competing offer.

Any termination of the subsequent offering period shall not affect securities tendered during the initial acceptance period, since such securities would have been purchased on the settlement date of the initial acceptance period. If the subsequent offering period is not terminated as a result of the issuance of New Securities, the Offer will be extended to the New Securities, possibly after amendment of its terms.

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During any subsequent offering period, withdrawal rights shall apply with respect to tenders made during such subsequent offering period; however, holders who previously tendered during the initial offering period will not be able to withdraw their tenders since their securities will have already been purchased.

Mittal Steel will apply to the Arcelor securities tendered during any subsequent offering period the same pro-ration and allocation procedures as that set out herein for the initial acceptance period of the Offer, so as to ensure that 68.9% of the Offer consideration allotted in such subsequent offering period consists of New Mittal Steel Shares and 31.1% of the Offer consideration consists of cash, as adjusted, as the case may be, as set forth in Offer Scope and Consideration Offer for Arcelor Shares Tenders in Primary Offer or Secondary Offers. Additional exchange pool facilities shall also be implemented with respect to fractional shares resulting from tenders during such subsequent offering period, as described in Offer Scope and Consideration Fractional Shares.

The tender and settlement procedures described in Terms and Conditions of the Offer and Procedures for Tendering Arcelor Securities will apply to tenders made in any subsequent offering period.

A subsequent offering period of the Offer may only be made in the circumstances described in this section. If a subsequent offering period for the European Offer is announced, Mittal Steel intends to announce a corresponding subsequent offering period in the United States.

Procedures for Tendering Arcelor Securities

The following are the procedures to tender your Arcelor shares, Arcelor ADSs or Convertible Bonds. The tender materials described below provide for the election of New Mittal Steel Shares, cash or a combination of New Mittal Steel Shares and cash in exchange for tendered Arcelor shares and Arcelor ADSs in accordance with the terms of the Primary Offer and the Secondary Offers. Arcelor shareholders who validly tender Arcelor shares or Arcelor ADSs but fail to make an election will be deemed to have elected to receive the consideration offered in the Primary Offer with respect to such Arcelor shares or Arcelor ADSs. See Terms and Conditions of the Offer.

If you are in any doubt about the procedures for tendering Arcelor securities, please telephone the information agent at the telephone numbers set forth on the back cover of this prospectus.

Procedures for Tendering Arcelor Shares and Convertible Bonds

Arcelor Shares and Convertible Bonds held through U.S. Custodians. If you hold your Arcelor shares or Convertible Bonds through a U.S. custodian, you should not complete the ADS Letter of Transmittal. Instead, your U.S. custodian should deliver to you the Share Form of Acceptance for Shares Deposited with a Financial Intermediary or the Convertible Bond Form of Acceptance for the U.S. Offer or a separate form prepared directly by the U.S. custodian. In order to accept the U.S. Offer, you must complete the Share Form of Acceptance for Shares Deposited with a Financial Intermediary or the Convertible Bond Form of Acceptance and deliver it to your U.S. Custodian before the end of the initial acceptance period. If you have not yet received instructions from your U.S. custodian, please contact your U.S. custodian directly.

Arcelor Shares and Convertible Bonds held through European Financial Intermediaries. If your Arcelor shares or Convertible Bonds are held through a European financial intermediary, you should not complete the ADS Letter of Transmittal. Instead, you should request the financial intermediary to deliver the Share Form of Acceptance for Shares Deposited with a Financial Intermediary or the Convertible Bond Form of Acceptance for the U.S. Offer to you. In order to accept the U.S. Offer, you must complete the Share Form of Acceptance for Shares Deposited with a Financial Intermediary or the Convertible Bond Form of Acceptance and deliver it to your financial intermediary before the end of the initial acceptance period. If you have not yet received instructions from your financial intermediary, please contact your financial intermediary directly.

The financial intermediaries will be required to notify the relevant local centralizing agent (a Centralizing Agent) of tender orders received from securityholders holding Arcelor securities through them, as described below.

Arcelor Shares held directly on Arcelor s Share Register. Shareholders directly registered in the Arcelor share register must notify Arcelor, in its capacity as share registrar, of their decision to tender their Arcelor shares into the U.S. Offer before the end of the initial acceptance period of the Offer. In order to do so, such shareholders may complete the Share Form of Acceptance for Shares Registered Directly with Arcelor. They shall also inform the Global Centralizing Agent by sending it a copy of their acceptance form(s) (by e-mail or fax at the address and fax number provided below).

Except as otherwise provided by applicable law, if the legal ownership of the Arcelor shares or the Convertible Bonds tendered is separated from the beneficial ownership, the legal owner and the beneficial owner must jointly sign the acceptance form.

Procedures for Tendering Arcelor ADSs

Arcelor American Depositary Receipts. If you hold your Arcelor ADSs in the form of American Depositary Receipts (ADRs), you may tender your Arcelor ADSs by delivering prior to the expiration date the following materials to the ADS Centralizing Agent at its address set forth on the back cover of this prospectus:

- your Arcelor ADRs;
- a properly completed and duly executed ADS Letter of Transmittal, or a manually executed copy, with any required Medallion signature guarantees; and
- any other documents required by the ADS Letter of Transmittal.

Arcelor ADSs in Book-Entry Form. If you hold your Arcelor ADSs in book-entry form, you may tender your Arcelor ADSs following the procedure for book-entry transfer described below. If you tender your Arcelor ADSs in this way, you must deliver prior to the expiration date the following materials to the ADS Centralizing Agent at its address set forth on the back cover of this prospectus:

- a timely confirmation of a book-entry transfer (a book-entry confirmation) of such Arcelor ADSs into the ADS Centralizing Agent s account at the Depository Trust Corporation, or DTC, pursuant to the procedures described below;
- a properly completed and duly executed ADS Letter of Transmittal, or a manually executed copy, with any required Medallion signature guarantees, or an agent s message (as defined below); and
- any other documents required by the ADS Letter of Transmittal.

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The ADS Centralizing Agent will establish an account with respect to Arcelor ADSs at DTC for purposes of the Offer within two Business Days after the launch of the U.S. Offer. Any financial institution that is a participant in DTC s systems may make book-entry delivery of Arcelor ADSs by causing DTC to transfer such Arcelor ADSs into the ADS Centralizing Agent s account in accordance with DTC s procedure for the transfer. You must deliver prior to the expiration date of the initial acceptance period to the ADS Centralizing Agent at one of its addresses set forth on the back cover of this prospectus: (1) the ADS Letter of Transmittal, or a manually executed copy thereof, properly completed and duly executed, together with any required Medallion signature guarantees, or (2) an agent s message in lieu of the ADS Letter of Transmittal, and any other required documents. An agent s message is a message transmitted by DTC to, and received by, the ADS Centralizing Agent as part of a book-entry confirmation. The book-entry confirmation states that DTC has received an express acknowledgment from the DTC participant tendering the Arcelor ADSs that such participant has received and agrees to be bound by the terms of the ADS Letter of Transmittal and that we may enforce such agreement against such participant.

If you are unable to comply with these procedures for book-entry transfer on a timely basis, you must comply with the notice of guaranteed delivery procedure described below. See Guaranteed Delivery. **Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the ADS Centralizing Agent.**

Signature Guarantees. Signatures on all ADS Letters of Transmittal must be guaranteed by a firm that is a member of the Medallion Signature Guarantee Program, or by any other eligible institution, as such term is defined in Rule 17Ad-15 under the Exchange Act (each of the foregoing is referred to as an eligible institution). Medallion Signature guarantees are not required in cases in which Arcelor ADSs are tendered:

by a registered holder of Arcelor ADSs who has not completed either the box entitled Special Registration Instructions or the box entitled Special Delivery Instructions on the ADS Letter of Transmittal; or

for the account of an eligible institution.

Arcelor ADRs Held in Street Name. If you hold Arcelor ADSs in street name through your broker, bank or custodian, you should contact your broker, bank or custodian to discuss the appropriate procedures for tendering.

Arcelor ADRs Registered in Another Name. If an Arcelor ADR is registered in the name of a person other than the signatory of the ADS Letter of Transmittal, the ADRs tendered for the ADSs must be endorsed or accompanied by appropriate stock powers. The stock powers must be signed exactly as the name or names of the registered owner or owners appear on the ADRs, with the signature(s) on the certificates or stock powers Medallion guaranteed as described above.

Guaranteed Delivery. If you desire to tender Arcelor ADSs pursuant to the U.S. Offer and your Arcelor ADRs are not immediately available or you cannot deliver such ADRs and all other required documents to the ADS Centralizing Agent prior to the expiration of the initial acceptance period, or you cannot complete the procedure for book-entry transfer on a timely basis, you may nevertheless tender such Arcelor ADSs provided that all of the following conditions are satisfied:

the tender is made by or through an eligible institution;

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a properly completed and duly executed ADS Notice of Guaranteed Delivery, substantially in the form made available by us, is received by the ADS Centralizing Agent as provided below on or prior to the expiration of the initial acceptance period; and

the ADRs for all tendered Arcelor ADSs or a confirmation of a book-entry transfer of all such ADSs into the ADS Centralizing Agent s account at DTC as described above, in proper form for transfer, together with a properly completed and duly executed ADS Letter of Transmittal or a manually executed copy, with any required Medallion signature guarantee or, in the case of a book-entry transfer, an agent s message and all other documents required by the ADS Letter of Transmittal, are received by the ADS Centralizing Agent within three NYSE trading days after the date of execution of such ADS Notice of Guaranteed Delivery.

The ADS Notice of Guaranteed Delivery may be delivered by hand or transmitted by facsimile transmission to the ADS Centralizing Agent. The ADS Notice of Guaranteed Delivery must in all cases include a Medallion guarantee by an eligible institution in the form set forth in such notice. Delivery of documents to DTC in accordance with its procedures does not constitute delivery to the ADS Centralizing Agent.

Partial Tenders. If you wish to tender fewer than all of your Arcelor ADSs that you deliver to the ADS Centralizing Agent, you should indicate this in the ADS Letter of Transmittal by filling in the number of ADSs that are to be tendered in the column entitled Number of Arcelor ADSs Tendered in the box entitled Description of Arcelor American Depositary Shares (ADSs) Tendered. In such case, a new ADR for the remainder of the Arcelor ADSs will be sent to the person(s) signing such ADS Letter of Transmittal, or delivered as such person(s) properly indicate(s) thereon, as promptly as practicable following the date the tendered ADSs are accepted for payment.

If you do not specify otherwise in the ADS Letter of Transmittal, Mittal Steel will assume that you intend to tender all of the ADSs that you deliver to the ADS Centralizing Agent. In the case of partial tenders, Arcelor ADSs not tendered will not be reissued to a person other than the registered holder.

Centralization Procedures and Publication of Results of the Offer

The following centralization procedures, which have been established in coordination with the common security depositaries, will apply:

for Arcelor shares and Convertible Bonds held through a direct participant of Clearstream Banking, *société anonyme*, Luxembourg (Clearstream Luxembourg) or Euroclear Bank, each of the financial intermediaries that is a member of Clearstream Luxembourg or Euroclear Bank and has received one or more tenders will notify such tenders broken down per offer (the Primary Offer, each of the Secondary Offers and the offer for the Convertible Bonds) to Clearstream Banking or Euroclear Bank, respectively, which in turn will pass on this information to the Luxembourg Centralizing Agent (as defined below);

for Arcelor shares and Convertible Bonds held through a direct participant of Euroclear France S.A. (Euroclear France), each of the financial intermediaries that is a member of Euroclear France and has received one or more tenders will notify such tenders broken down per offer (the Primary Offer and each of the Secondary Offers) to the French Centralizing Agent (as defined below) and credit the tendered Arcelor securities to an account opened with Euroclear France in the name of the French Centralizing Agent;

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- for Arcelor shares and Convertible Bonds held through a direct participant of *Sociedad de Gestión de los Sistemas de Registro, Compensación y Liquidación de Valores S.A.* (Iberclear), each of the financial intermediaries that is a member of Iberclear and has received one or more tenders will notify such tenders broken down per offer (the Primary Offer and each of the Secondary Offers) to the Spanish Centralizing Agent (as defined below);

- for Arcelor shares and Convertible Bonds held through a direct participant of CIK S.A./N.V. (Euroclear Belgium), each of the financial intermediaries that is a member of Euroclear Belgium and has received one or more tenders will notify such tenders broken down per offer (the Primary Offer and each of the Secondary Offers) to the Belgian Centralizing Agent (as defined below) and credit the tendered Arcelor securities to an account opened with Euroclear Belgium in the name of the Belgian Centralizing Agent; and

- for Arcelor ADSs held in the form of ADRs (as defined below), the ADR holder, and for Arcelor ADSs held in book-entry form through a participant of The Depository Trust Company (DTC), each of the financial intermediaries that is a participant of DTC and has received one or more orders, must submit them to the ADS Centralizing Agent (as defined below).

All the financial intermediaries listed above must report tenders received per type of offer (and subsequent withdrawals, if any) to the relevant Centralizing Agent by close of business on the third Business Day following the end of the initial acceptance period, as per the instructions given by such relevant Centralizing Agent (which may, in particular, provide for a shorter deadline).

The above tender (and withdrawal) information received by the Centralizing Agents, as well as by Arcelor in its capacity as share registrar, must be notified by the Centralizing Agents and Arcelor, respectively, to the Global Centralizing Agent by close of business on the fourth Business Day following the end of the initial acceptance period.

Once all of the tender information relating to the European Offer and the U.S. Offer has been centralized by the Global Centralizing Agent in the manner described above, the Global Centralizing Agent shall complete the pro-ration and allocation procedures (see Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Pro-Ration and Allocation Procedures) and calculate the results of the Offer, broken down by type of offer. The Global Centralizing Agent will notify such results to the Centralizing Agents, which will then notify them to the competent authorities in their respective jurisdictions within eight Business Days following the expiration of the initial acceptance period of the Offer.

The final results of the Offer are expected to be published approximately nine Business Days following the expiration of the initial acceptance period of the Offer, in a coordinated manner in all the jurisdictions involved, in the manner described below:

- in Luxembourg, by Mittal Steel through a press release;

- in Belgium, by Mittal Steel through publication in a newspaper of national circulation;

- in Spain, by the CNMV through a posting on its website (followed by a publication in the Listing Bulletins (*Boletines de Cotización*) of the Spanish Stock Exchanges);

- in France, by Mittal Steel through a press release, as well as through a posting on the AMF s and Mittal Steel s respective websites and through publication in Euronext Paris notices; and

- in the United States, by Mittal Steel through a press release.

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In the event that the initial acceptance period is extended as described in Terms and Conditions Expiration Date below, the above steps (including the centralization of tenders by the Centralizing Agents and the Global Centralizing Agent, the completion of the pro-ration and allocation procedures, the notification of the results to the Centralizing Agents and the securities authorities) and the actual settlement of the Offer shall be postponed until after the end of the extended initial acceptance period.

On the settlement date of the Offer, the New Mittal Steel Shares to be delivered to, and the cash consideration to be paid to, tendering ADS holders will be transferred to the ADS Centralizing Agent for delivery and payment to the ADS holders as described below in Delivery of New Mittal Steel Shares and Cash. Such New Mittal Steel Shares shall first be credited to the New York Share register of Mittal Steel maintained by The Bank of New York, as New York registrar and paying agent for Mittal Steel, for entry into Mittal Steel s New York Share register.

The Global Centralizing Agent and the Centralizing Agents are:

(i) Société Générale (the Global Centralizing Agent), which may be contacted by e-mail at tender.cent@socgen.com and by fax at +33.2.51.85.56.14;

(ii) Luxembourg: HSBC Trinkaus (the Luxembourg Centralizing Agent);

(iii) France: Société Générale (the French Centralizing Agent);

(iv) Belgium: Bank Degroof (the Belgian Centralizing Agent);

(v) Spain: Caja Madrid Bolsa (the Spanish Centralizing Agent); and

(vi) Worldwide for Arcelor ADSs: The Bank of New York (the ADS Centralizing Agent).

Validity of Transfers

In tendering Arcelor securities, each holder and, in the case of Spain, each financial intermediary that is a member of Iberclear and submits tender orders, will be deemed to represent and warrant that it has full power and authority to tender, sell, assign and transfer its Arcelor securities (and any distributions) and that it tenders good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances, and the same will not be subject to any adverse claim.

In tendering Arcelor securities, each holder will also be deemed to represent and warrant that it is able to tender its Arcelor securities in the Offer under the applicable laws and regulations of the jurisdiction in which it is located.

Acceptance and Return of Arcelor Securities

In the event that the Offer is not withdrawn or, subject to applicable regulations, does not lapse, Mittal Steel will be deemed to have accepted Arcelor securities validly tendered on the expiration date of the initial acceptance period, as set forth in the final results of the Offer published in the manner described in Procedures for Tendering Arcelor Securities. Title to the Arcelor securities shall pass to Mittal Steel on the settlement date. Thereafter, the ADSs will be presented to the Arcelor Depositary for cancellation by the ADS Centralizing Agent to withdraw the underlying shares, which will be transferred to Mittal Steel s account.

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Subject to the terms and conditions of the Offer, the Offer consideration (*i.e.*, New Mittal Steel Shares and/or cash) will be transferred on the settlement date to the account of the financial intermediaries that tendered the Arcelor shares and Convertible Bonds and to the ADS Centralizing Agent with respect to tendered Arcelor ADSs. The Offer consideration will subsequently be transferred to the accounts of the Arcelor securityholders as described below. No interest shall be paid on the Offer consideration in the event of any reasonable delay in payment thereof.

If any Arcelor securities tendered in accordance with the instructions set forth in the Offer materials are not accepted for exchange pursuant to the terms and conditions of this Offer, we will cause those Arcelor securities to be returned in accordance with the procedures outlined in such materials.

Delivery of New Mittal Steel Shares and Cash

In the event that the Offer is not withdrawn or, subject to applicable regulations, does not lapse, the Global Centralizing Agent will deliver New Mittal Steel Shares and cash to the financial intermediaries that tendered the Arcelor securities and the ADS Centralizing Agent promptly following the publication of the final results of the Offer in the manner described in paragraph Acceptance and Return of Arcelor Securities.

The results of the Offer should be published approximately nine Business Days following the expiration of the initial acceptance period of the Offer in the manner described in paragraph Acceptance and Return of Arcelor Securities above, once all tenders received by the Centralizing Agents have been centralized by the Global Centralizing Agent and the allocation and pro-ration procedures described in section Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Pro-Ration and Allocation Procedure above have been completed. If the Offer is consummated, the final settlement date for the Offer shall be set in accordance with the requirements of the European Regulators rather than U.S. practice at a date which shall take place within thirteen Business Days following the expiration of the initial acceptance period of the Offer (or, in the event that the initial acceptance period has been extended, the expiration of the extended initial acceptance period), *i.e.,* approximately four Business Days after the publication of the results of the Offer (see Procedures for Tendering Arcelor Securities) in order to allow for the allocation of the Offer consideration on a per account basis by each financial intermediary concerned. The settlement date shall be the same for the European Offer and the U.S. Offer.

On the settlement date of the Offer, as described in Description of Mittal Steel s Share Capital New Class A Common Shares, the New Mittal Steel Shares will be issued by way of a private deed pursuant to a resolution of the Board of Directors of Mittal Steel. All Dutch law formalities with respect to the issuance of the New Mittal Steel Shares can be completed on the same day (see Description of Mittal Steel s Share Capital New Class A Common Shares).

Arcelor Shares and Convertible Bonds

On the settlement date, delivery of the New Mittal Steel Shares in exchange for Arcelor shares and Convertible Bonds tendered through Euroclear Belgium, Euroclear France, Clearstream Luxembourg, Euroclear Bank and Iberclear will take place through the book-entry facilities of Euroclear Nederland, with which the New Mittal Steel Shares will be deposited. The New Mittal Steel Shares will be credited, on the same day, to the accounts of (i) Euroclear Bank, which then will credit the respective accounts of Euroclear Belgium, which in turn will credit the account of the Belgian

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Centralizing Agent; Euroclear France, which in turn will credit the account of the French Centralizing Agent; and its other participants, (ii) Clearstream Luxembourg (through its custodian), and (iii) Iberclear, which in turn will credit the account of the Spanish Centralizing Agent, in each case, pro rata the number of Arcelor shares and Convertible Bonds tendered through each of them. The cash portion of the Offer consideration to be paid in exchange for Arcelor shares and Convertible Bonds tendered through Euroclear Belgium, Euroclear France, Clearstream Luxembourg, Euroclear Bank and Iberclear will be deposited with the Centralizing Agents on the settlement date of the Offer at the latest.

The New Mittal Steel Shares will be delivered, and the cash consideration will be paid, to holders of Arcelor shares and Convertible Bonds in exchange for their Arcelor shares and Convertible Bonds, as the case may be, in the following manner, which has been established in coordination with the common security depositaries:

(i) for Arcelor shares and Convertible Bonds held through a direct participant of Clearstream Luxembourg or Euroclear Bank, the Luxembourg Centralizing Agent will, on the settlement date, (a) instruct Clearstream Luxembourg and Euroclear Bank to deliver the New Mittal Steel Shares to their respective participants accounts, and (b) pay the cash consideration to Clearstream Luxembourg and Euroclear Bank, which will credit their respective participants accounts. Such financial intermediaries will then make the appropriate credits to the accounts of the relevant Arcelor securityholders;

(ii) for Arcelor shares and Convertible Bonds held through a direct participant of Euroclear France, the French Centralizing Agent will, on the settlement date, deliver the New Mittal Steel Shares and pay the cash consideration to the financial intermediaries that are participants in Euroclear France and that have notified one or more tenders. Such financial intermediaries will then make the appropriate credits to the accounts of the relevant Arcelor securityholders;

(iii) for Arcelor shares and Convertible Bonds held through a direct participant of Iberclear, the Spanish Centralizing Agent will, on the settlement date, deliver the New Mittal Steel Shares and pay the cash consideration to the financial intermediaries that are participants in Iberclear and that have notified one or more tenders. Such financial intermediaries will then make the appropriate credits to the accounts of the relevant Arcelor securityholders;

(iv) for Arcelor shares and Convertible Bonds held through a direct participant of Euroclear Belgium, the Belgian Centralizing Agent will, on the settlement date, deliver the New Mittal Steel Shares and pay the cash consideration to the financial intermediaries that are participants in Euroclear Belgium and that have notified one or more tenders. Such financial intermediaries will then make the appropriate credits to the accounts of the relevant Arcelor securityholders; and

(v) if a shareholder tendering his or her Arcelor shares is registered directly in Arcelor s shareholders register, the New Mittal Steel Shares to be delivered to such shareholder will be directly registered in his or her name in Mittal Steel s shareholders register (and the cash consideration paid to the bank accounts notified by such shareholder to Arcelor, in its capacity as share registrar, of which Arcelor shall notify the Global Centralizing Agent) upon delivery of his or her Arcelor shares to Mittal Steel.

Arcelor ADSs

On the settlement date, the portion of the New Mittal Steel Shares to be delivered and the portion of the cash portion of the Offer consideration to be paid in exchange for Arcelor ADSs tendered through the ADS Centralizing Agent will be deposited with the ADS Centralizing Agent. The New Mittal Steel Shares will be delivered and cash will be paid to holders of Arcelor ADSs by the ADS Centralizing Agent. Arcelor ADS holders will receive the U.S. dollar equivalent of any cash consideration, calculated by converting the applicable amount in euros into U.S. dollars using the noon buying rate, as published by the Federal Reserve Bank of New York, on the business day prior to the settlement date, less any required withholding taxes and without interest thereon.

Arcelor ADRs. If you tendered your ADSs by delivering an ADR as described above under Procedures for Tendering Arcelor Securities Procedures for Tendering Arcelor ADSs Arcelor American Depositary Receipts, you will receive a check for any cash consideration you are allotted and you will receive a certificate for any New Mittal Steel Shares, listed on the NYSE, you are allotted.

Arcelor ADSs in Book-Entry Form. If you tendered your ADSs by following the procedure described in Procedures for Tendering Arcelor Securities Procedures for Tendering Arcelor ADSs Arcelor ADSs in Book-Entry Form, you will receive any cash consideration you are allotted as well as any New Mittal Steel Shares, listed on the NYSE, you are allotted, in book-entry form.

Source and Amount of Funds

Guarantee of Cash Component of the Offer

In accordance with Article 3, first paragraph, 2° of the Belgian Royal Decree of November 8, 1989, relating to takeover bids and to the change of control of companies, and with Article 11 of the Spanish Royal Decree 1197/1991 of July 26 on the Regulation of Takeover Bids, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (also known as Rabobank), acting through its Belgian and Spanish Branches, has or will irrevocably and unconditionally guaranteed the Cash Portion of the Offer to be paid to shareholders tendering their shares in Belgium and Spain, up to an amount of 8.460 billion.

Acquisition Financing Agreements

On January 30, 2006, Mittal Steel entered into a new 5 billion (approximately $6.1 billion) credit agreement (as amended and restated on February 3, 2006, February 17, 2006, May 10, 2006, May 23, 2006, and June 7, 2006) with HSBC Bank plc, as facility agent; Citigroup Global Markets Limited, Goldman Sachs International, SOCIETE GENERALE Corporate & Investment Banking, Commerzbank Aktiengesellschaft, Credit Suisse (an affiliate of Credit Suisse Securities (USA) LLC) and HSBC Bank plc, as mandated lead arrangers; certain financial institutions as original lenders and subsequent lenders; and Rabobank as the issuing bank (the Initial Acquisition Financing Agreement).

On May 23, 2006, Mittal Steel entered into a new 2.8 billion (approximately $3.4 billion) credit agreement (as amended and restated on June 7, 2006) with HSBC Bank plc, as facility agent, Citigroup Global Markets Limited, Goldman Sachs International, SOCIETE GENERALE Corporate & Investment Banking, Commerzbank Aktiengesellschaft, Credit Suisse (an affiliate of Credit Suisse Securities (USA) LLC) and HSBC Bank plc, as original mandated lead arrangers, Caja de Ahorros y Monte de Piedad de Madrid, The Royal Bank of Scotland plc and Lloyds TSB Bank plc as subsequent mandated lead arrangers, certain financial institutions as original lenders and subsequent lenders and Rabobank as the issuing bank (the Additional Acquisition Financing Agreement and, together with the Initial Acquisition Financing Agreement, the Acquisition Financing Agreements). The terms and conditions of the Additional Acquisition Financing Agreement are substantially the same as those of the Initial Acquisition Financing Agreement, other than its term.

The Acquisition Financing Agreements are unsecured and make available acquisition finance facilities of up to 5 billion (approximately $6.1 billion) in the case of the Initial Acquisition Financing Agreement and 2.8 billion (approximately US$3.4 billion) in the case of the Additional Acquisition Financing Agreement. The purpose of each Acquisition Financing Agreement is to partially finance the Cash Portion of the Offer (or, in accordance with the terms of the Acquisition Financing Agreements, to cash collateralize the indemnity obligations of Mittal Steel to Rabobank as guarantor of the Cash Portion of the Offer in an amount up to 4.875 billion in the case of the Initial Acquisition Financing Agreement and 2.755 billion in the case of the Additional Acquisition Financing Agreement) and the transaction costs relating thereto. Each agreement has a certain funds clause that allows Mittal Steel to draw down the funds subject only to essentially documentary conditions that have already been satisfied or are within Mittal Steel s control. The portion of the facilities (if any) that is not used for the Cash Portion of the Offer (or for cash collateral) and related costs can be used to refinance existing indebtedness of Arcelor. The Additional Acquisition Financing Agreement will be utilized subsequent to the utilization of the facilities under the Initial Acquisition Financing Agreement.

The increase in the Cash Portion of the Offer in excess of 7,630 billion will be the subject of additional guarantees issued by Rabobank on behalf of Mittal Steel. Mittal Steel s reimbursement and counter-indemnity obligations to Rabobank under these guarantees will be cash collateralized.

The Initial Acquisition Financing Agreement comprises three term facilities of equal amount, being a 364-day term facility, which can be extended by 364 days, a three-year term facility and a five-year term facility. Interest is payable at EURIBOR or LIBOR plus a margin, based on a rating grid ranging from 0.475% to 0.925%. At Mittal Steel s current ratings, the margins for the three maturities would amount to 0.533%, 0.583% and 0.633%, respectively.

The Additional Acquisition Financing Facility Agreement contains a single term facility to be repaid on December 15, 2006, which can be extended by 364 days. Interest is payable at EURIBOR or LIBOR plus a margin, based on a rating grid ranging from 0.475% to 0.75%. At Mittal Steel s current ratings, the margin would amount to 0.533%.

Assuming the Offer is successful and Mittal Steel draws down on these facilities, Mittal Steel will have interest payments to make at the end of each interest period, as well as significant principal repayments to make on December 15, 2006 and at the end of the 364-day term (unless those facilities are extended by 364 days), year three and year five. Such interest and principal repayments will be made out of existing resources, cash flow and/ or refinancing of the facilities. As of December 31, 2005, Mittal Steel s cash and cash equivalents, restricted cash ($100 million) and short-term investments, amounted to $2.1 billion, and as of March 31, 2006, amounted to approximately $2.2 billion. In addition, Mittal Steel, including its operating subsidiaries, had available borrowing capacity under existing debt facilities of $1.5 billion as of December 31, 2005 and $2.3 billion as of March 31, 2006.

Arcelor is not assuming any debt incurred by Mittal Steel to finance the Offer or guaranteeing the financing of the Offer, and there is no covenant that would require Arcelor to become a guarantor of the debt incurred pursuant to the Acquisition Financing Agreements. Upstream dividends from Arcelor may be used following completion of a successful Offer as part of the debt servicing cash flow. Mittal Steel has guaranteed the obligations of all borrowers under the Acquisition Financing Agreements but neither it nor any of its subsidiaries has granted security over any of its assets or the assets of any of its subsidiaries in favor of the lenders in respect of the obligations under the Acquisition Financing Agreements. Mittal Steel is not required to grant security over any shares it obtains in Arcelor pursuant to the Acquisition Financing Agreements and it has no intention to do so.

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The terms and conditions of the Acquisition Financing Agreements are customary for these types of facilities, and the material terms of the agreements are summarized herein. For example, each Acquisition Financing Agreement includes customary negative covenants, subject to exceptions, which restrict Mittal Steel s ability to carry out certain transactions, such as:

- the creation by the Mittal Steel group of security interests on its assets;
- the disposal by any member of the Mittal Steel group of all or any part of its assets, subject to certain exceptions that include the contemplated sale of shares of Dofasco to ThyssenKrupp;
- the incurrence by Mittal Steel subsidiaries of financial indebtedness above a certain amount; and
- the merger, demerger or amalgamation of certain members of the Mittal Steel group that are obligors under the Acquisition Financing Agreement, other than with another member of the Mittal Steel group or where the surviving entity is bound by the obligations of that obligor under the Acquisition Financing Agreement.

The first three of the negative covenants listed above would apply to Arcelor from the settlement date of the Offer, assuming Mittal Steel acquires more than 50% of the voting rights of Arcelor. The last of the negative covenants listed above would apply to Arcelor in the event that it becomes an additional borrower (and, thus, an obligor) under the relevant Acquisition Financing Agreement following the settlement date of the Offer. (If Arcelor becomes a wholly-owned subsidiary of Mittal Steel, Arcelor could become an additional borrower in the event that it wished to borrow funds available to the Mittal Steel group under the Acquisition Financing Agreements.) Each agreement provides for a clean up period, during which Mittal Steel will have a period commencing on the first settlement date and ending on the date falling 90 days after the final settlement date during which Mittal Steel will not be in default if the aggregate of Arcelor s existing financial indebtedness exceeds the amount permitted under the agreement.

Each Acquisition Financing Agreement also includes customary positive covenants relating to Mittal Steel during and following the Offer requiring, among other things and subject to certain exceptions, that:

- each member of the Mittal Steel group that is an obligor under the agreement obtain, maintain and comply with the terms of any authorization required under any law or regulation to enable it to perform its obligations under, or for the validity or enforceability of, the agreement and certain related documents;
- each member of the Mittal Steel group comply with all laws to which it is subject where the failure to so comply has, or is reasonably likely to have, a material adverse effect (as defined in the agreement);
- each member of the Mittal Steel group that is an obligor under the agreement ensure that its payment obligations under the agreement and certain related documents rank at least *pari passu* with all its other present and future unsecured payment obligations, except for those obligations mandatorily preferred by law applying to companies generally;
- Mittal Steel ensure that no material change is made to the general nature of its business or that of its group (including Arcelor following a successful Offer);

- each member of the Mittal Steel group comply with all environmental laws and approvals applicable to it, where the failure to do so has, or is reasonably likely to have, a material adverse effect or result in liability for a finance party (as defined in the agreement);

- each obligor and each material subsidiary insure its business and material assets with reputable independent insurance companies or underwriters to such an extent and against those risks as is usual for companies carrying on the same or a substantially similar business;

- Mittal Steel provide the facility agent, among other documents, with copies of specified audited annual and unaudited interim financial statements for itself and, in the case of audited annual financial statements, each member of the Mittal Steel group that is an obligor under the agreement; and

- Mittal Steel supply the facility agent with a compliance certificate with each set of its annual and interim financial statements sent to the facility agent, setting forth its compliance with the financial covenants under the agreement described below.

In the event that Arcelor becomes an additional borrower under an Acquisition Financing Agreement following the settlement date of the Offer, the positive covenants in the agreement that apply to obligors would apply to Arcelor. In addition, following the settlement date of the Offer, if Mittal Steel were to control more than 50% of the voting rights of Arcelor, Arcelor would become a member of the Mittal Steel group and the positive covenants in the agreement that apply to members of the Mittal Steel group would apply to Arcelor. Moreover, following the settlement date of the Offer, it is likely that Arcelor would qualify as a material subsidiary under the terms of the Acquisition Financing Agreements, and any positive covenants listed above that apply to material subsidiaries of Mittal Steel would apply to Arcelor.

In addition to the positive covenants listed above, Mittal Steel has agreed, with respect to the Offer and subject to obtaining the required consents to do otherwise, to comply with its obligations with respect to the Offer; to make regulatory filings promptly in connection with the Offer; to ensure that the Offer documentation filed with the various regulatory authorities is consistent with the drafts of such materials delivered to the original mandated lead arrangers prior to the first drawdown of funds; not to release information concerning the original mandated lead arrangers or lenders by press release without previously consulting with the original mandated lead arrangers and facility agent (unless required by law to do so); not to amend, waive or vary the terms of the Offer; to request a drawing under the Refinancing Agreement in order to refinance the 2005 Bridge Finance Facility (on or prior to the first settlement date); and to ensure that all conditions to the Offer have been satisfied. The Acquisition Financing Agreements contain no obligation to sell Dofasco or to restructure the Mittal Steel group following settlement of the Offer, although Mittal Steel is permitted to do so.

Finally, each Acquisition Financing Agreement includes customary financial covenants requiring Mittal Steel to ensure that the ratio of its consolidated total net borrowings to consolidated EBITDA (as defined therein) is not greater than 2.5 to 1 and that the ratio of its consolidated EBITDA to its consolidated net interest payable is greater than 4 to 1.

The Acquisition Financing Agreements contain no restrictions on the payment of dividends by Mittal Steel or the members of its group.

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In addition to the customary covenants described above, each Acquisition Financing Agreement provides for mandatory pre-payment in whole or part in certain circumstances, including:

a change of control of Mittal Steel (as defined therein, which includes the Mittal family ceasing to hold more than 35% of the voting rights of Mittal Steel);

the sale of shares or assets of Arcelor (other than a sale of the Dofasco shares to ThyssenKrupp) and, in the case of assets, where the proceeds are in excess of 50 million;

the sale of certain assets (excluding the Arcelor shares) by any member of the Mittal Steel group (excluding members of the Arcelor group), where the proceeds are not less than $200 million;

the borrowing by any member of the Mittal Steel group under any new loan facility, subject to exceptions including financial indebtedness the proceeds of which, when aggregated with the proceeds of any debt securities described immediately below which are not applied in prepayment of the facility, are less than $750 million; and

the issuance, in certain cases, of equity or debt securities by any member of the Mittal Steel group, where the proceeds of such issuance are not less than $250 million and $750 million, respectively (in the case of debt securities, when aggregated with the proceeds of any loan facility described immediately above which are not applied in prepayment of the facility), or the issuance of debt securities issued to refinance amounts outstanding under the Additional Acquisition Financing Agreement.

Each Acquisition Financing Agreement also contains events of default customary for facilities of this nature including the following:

the failure of an obligor to pay, interest and other amounts unless remedied within five business days of when due (if such non-payment was due to technical or administrative error);

the failure of Mittal Steel to comply with any covenant under the agreement;

the failure of an obligor to comply with any other term of the agreement and related documentation, unless remedied within 21 days of notice of the breach by the facility agent to Mittal Steel or of the obligor becoming aware of the non-compliance;

if a representation made or repeated by an obligor is materially incorrect;

with respect to any obligor or material subsidiary of Mittal Steel, the cross acceleration of other indebtedness having an aggregate outstanding principal amount of $50 million or its equivalent;

the bankruptcy or insolvency of an obligor or material subsidiary of Mittal Steel;

the cessation of, or the threat of cessation of, the business of an obligor or a material subsidiary of Mittal Steel;

the unenforceability of the agreement and related documentation; and

if an obligor is not, or ceases to be, a subsidiary of Mittal Steel.

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Refinancing Agreement

Concurrently with the Initial Acquisition Financing Agreement, Mittal Steel entered into a 3 billion (approximately $3.7 billion) credit agreement with HSBC Bank plc, as facility agent; Citigroup Global Markets Limited, Goldman Sachs International, SOCIETE GENERALE Corporate & Investment Banking, Commerzbank Aktiengesellschaft, Credit Suisse (an affiliate of Credit Suisse Securities (USA) LLC) and HSBC Bank plc, as mandated lead arrangers; and certain financial institutions as original lenders and subsequent lenders (as amended and restated on February 17, 2006, May 10, 2006, May 23, 2006 and June 7, 2006 the Refinancing Agreement).

The purpose of the Refinancing Agreement is to refinance the amounts outstanding under the 2005 Bridge Finance Facility. As of December 31, 2005, the 2005 Bridge Finance Facility was fully drawn. One of the terms of the 2005 Bridge Finance Facility is that if Mittal Steel enters into a new loan such as the Initial Acquisition Financing Agreement, the proceeds of such loan must be used to refinance the 2005 Bridge Finance Facility. As a result, the 3 billion (approximately $3.7 billion) available under the Refinancing Agreement must be drawn first to repay the 2005 Bridge Finance Facility, before any amounts are drawn on the Initial Acquisition Financing Agreement. After repayment of the 2005 Bridge Finance Facility, Mittal Steel may also utilize the facilities under the Refinancing Agreement to refinance existing indebtedness of the Mittal Steel group, which will include Arcelor if Mittal Steel acquires more than 50% of the voting rights of Arcelor. The amount remaining under the Refinancing Agreement after the repayment of the 2005 Bridge Finance Facility will depend on the $/ exchange rate at that time. For example, at an exchange rate of 1.2 $/ , there would be $100 million remaining.

The Refinancing Agreement contains three facilities of equal amount with maturities that are similar to those of the Initial Acquisition Financing Agreement. Interest is also payable at EURIBOR or LIBOR plus a margin, based on the same rating grid as that of the Initial Acquisition Financing Agreement.

The terms and conditions of the Refinancing Agreement are customary for these types of facilities and are substantially the same as those of the Acquisition Financing Agreements set out above, except for the Offer-related covenants and the requirement noted above that the Refinancing Agreement be drawn to repay the 2005 Bridge Finance Facility prior to any draw down under the Initial Acquisition Financing Agreement.

Financing Brazilian Mandatory Offers

As noted in Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor s two Brazilian Subsidiaries, upon completion of the Offer, Brazilian law will require Mittal Steel to offer to purchase all of the outstanding voting shares of Arcelor s two Brazilian subsidiaries, Arcelor Brasil and Acesita. The financing for these Brazilian mandatory offers has no effect on the financing of the Offer. Such mandatory offers will be financed out of one or more of existing resources, cash flow and proceeds of new financings.

Impact of Offer on Financing

It is possible that some of Arcelor s outstanding debt may require refinancing following completion of the Offer, although Mittal Steel has not had access to all the information it needs to assess whether change-of-control provisions exist or would be triggered. In addition, certain of Mittal Steel s outstanding debt (including the $3.2 billion 2005 Credit Facility and the $800 million letter of

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credit facility but not including the Acquisition Financing Agreements or the Refinancing Agreement (which have a 35% threshold)) contain change-of-control provisions that would be triggered if the Mittal family s voting rights in Mittal Steel were to decrease below 50%. The change-of-control provisions require Mittal Steel to offer to repay any outstanding debt and cancel available commitments, and the relevant lenders have the right to accept the offer of repayment on an individual basis. Mittal Steel does not expect that by that time and under those circumstances a significant number of its lenders would accept such prepayment offer and does not anticipate difficulty in refinancing the amounts held by any lenders that accept the offer.

Fees and Expenses

Except as set forth below, Mittal Steel will not pay any fees or commissions to any broker or other person soliciting tenders of Arcelor securities pursuant to the Offer.

Financial intermediaries will be paid a fee, net of tax, of 0.2 per Arcelor share tendered in the Offer, in a minimum amount of 10 per account and up to a maximum amount of 200 per account. This fee will not be paid in the event that the Offer is withdrawn, or, subject to applicable regulations, lapses.

Such fee will apply to Arcelor shares tendered for a financial intermediary s own account.

If the Offer is withdrawn, all reasonable expenses incurred by Arcelor securityholders for the purpose of tendering Arcelor securities in the Offer, as well as the costs associated with the return of such Arcelor securities to such securityholders shall be borne by Mittal Steel.

Goldman, Sachs & Co., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, HSBC Securities (USA) Inc. and SG Americas Securities, LLC are acting as dealer managers in connection with the U.S. Offer and they or certain of their affiliates have provided certain financial advisory services to Mittal Steel in connection with the transactions. Goldman, Sachs & Co., Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, HSBC Securities (USA) Inc. and SG Americas Securities, LLC and certain of their affiliates will receive reasonable and customary compensation for their services as financial advisors and dealer managers. We will indemnify the financial advisors and their affiliates against specified liabilities and expenses in connection with the Offer, including liabilities under the U.S. federal securities laws.

We have also retained D.F. King & Co., Inc. to act as information agent in connection with the Offer. The information agent may contact holders of Arcelor securities by mail, telephone, telex, fax, e-mail and personal interview and may request brokers, dealers and other nominee shareholders to forward these Offer materials to owners of Arcelor securities. The information agent will receive reasonable and customary fees for these services, plus reimbursement of out-of-pocket expenses.

We have retained The Bank of New York to act as ADS Centralizing Agent in connection with the U.S. Offer. We will pay the ADS Centralizing Agent reasonable and customary compensation for its services in connection with the Offer, plus reimbursement for out-of-pocket expenses. We will reimburse brokers, dealers, commercial banks and trust companies for customary mailing and handling expenses incurred by them in forwarding material to their customers.

We will indemnify the information agent and the ADS Centralizing Agent against certain liabilities and expenses in connection with the U.S. Offer, including liabilities under the U.S. federal securities laws.

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Indemnification for liabilities under the U.S. federal securities laws may be unenforceable as against public policy.

The amount of all fees, costs and expenses incurred by Mittal Steel in connection with the Offer, including the fees and disbursements of its financial advisors, auditors, legal counsel and other advisors, and the fees and expenses associated with public relations and publicity and other transaction-related expenses, are estimated in the aggregate to be approximately $100 million. They will mainly be financed by drawings under the Acquisition Financing Agreement described in Source and Amount of Funds above.

Listing of Mittal Steel Shares

Mittal Steel s shares are currently listed on Euronext Amsterdam and the NYSE. Subject to the completion of the Offer, Mittal Steel will apply to list its class A common shares of European Registry on Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange, and the Spanish Stock Exchanges, in addition to its current listings on Euronext Amsterdam and the NYSE, with effect from the opening of trading on the respective exchanges on the settlement date of the Offer (except for Euronext Paris, on which Mittal Steel class A common shares will be listed with effect as from the opening of trading on the date following the announcement of the results of the Offer). To this effect, on the settlement date, the New Mittal Steel Shares will be credited to the accounts of Euroclear Bank and Iberclear opened with Euroclear Nederland on or before 8:00 a.m. and to the account of Clearstream Luxembourg (through its custodian) in order to allow for the concurrent listing of Mittal Steel shares on Euronext Amsterdam, Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange and the Spanish Stock Exchanges as from the opening of trading on the respective exchanges on the same day.

Delisting; Termination of Arcelor ADR Program; Possible Redemption of Convertible Bonds

If, as a result of the Offer, there is no longer an active trading market for the Arcelor shares and Convertible Bonds, these securities may no longer meet the requirements for continued listing of the security exchanges on which they are listed. To the extent permitted under applicable law and stock exchange regulations, Mittal Steel may petition to cause the delisting of the Arcelor shares and Convertible Bonds on such exchanges where they are admitted to trading. Any such petition for delisting would be subject to the approval of such exchanges. Furthermore, subject to the completion of the Offer, Mittal Steel intends to cause Arcelor to terminate its deposit agreement with respect to the Arcelor ADR program.

Delisting Arcelor securities after completion of the Offer will depend on the laws and regulations applicable to the stock exchanges where those Arcelor securities are currently listed. It is not possible to specify in advance the post-Offer residual minority shareholding percentage or trading volume that would either require or permit a delisting, since there is no bright-line minimum threshold for delisting under the laws of the jurisdictions where Arcelor securities are currently listed.

In Belgium, delisting of securities is subject to the approval of Euronext Brussels. The procedure is initiated by a delisting request submitted in writing by the issuer to Euronext Brussels. Euronext Brussels must then inform the CBFA, which has the right to oppose the delisting for investor protection reasons. Euronext Brussels determines the date on which the delisting of the securities becomes effective, and publishes that date as well as the conditions of delisting and any other relevant information relating thereto. Euronext Brussels may subject any delisting of securities to such additional requirements as it deems appropriate. A delisting does not trigger an obligation to launch an offer for the remaining outstanding shares.

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In France, delisting of securities is subject to the approval of Euronext Paris. The procedure is initiated by a delisting request submitted in writing by the issuer to Euronext Paris. Euronext Paris must then inform the AMF, which has the right to oppose the delisting for investor protection reasons. Euronext Paris determines the date on which the delisting of the securities becomes effective, and publishes that date as well as the conditions of delisting and any other relevant information relating thereto. Euronext Paris may subject any delisting of securities to such additional requirements as it deems appropriate. A delisting does not trigger an obligation to launch an offer for the remaining outstanding shares.

In Luxembourg, delisting of securities is subject to the approval of the Board of Directors of the Luxembourg Stock Exchange (the Board) or by the body to which the Board has delegated such authority. The procedure is initiated by a delisting request submitted in writing by the issuer to the Board. The Board shall take the interests of the stock market, the investors, and, where applicable, the issuer into account, in considering such request. The Board may require that the announcement be made sufficiently early to allow adequate time between the announcement and the day of the definitive delisting, and may require the announcement to be published. A delisting does not trigger an obligation to launch an offer for the remaining outstanding shares.

In Spain, delisting of securities is subject to the approval of the CNMV. The procedure is initiated by a delisting request submitted in writing by the issuer to the CNMV, together with the resolution of the corporate body competent for taking such decision. The CNMV, having examined the procedures the issuer proposes to establish to protect the interests of the shareholders, may oppose the delisting or, for investor protection reasons, make it conditional upon the issuer launching an offer for the remaining shares. In such case, the offer would be open to all shareholders, irrespective of their country of residence, subject to any applicable local requirements. The price offered in this bid must consist of cash and be expressly authorized by the CNMV. The CNMV usually requires an appraisal report from an independent expert justifying the price.

Both holders of Convertible Bonds and Arcelor have early redemption rights with respect to the Convertible Bonds in certain circumstances. If neither Mittal Steel nor Arcelor provides a fairness opinion with respect to the Offer for Convertible Bonds, holders of Convertible Bonds may, during the 60 days following the closing of the Offer, request early redemption at the higher of (i) the principal amount of the Bonds plus accrued interest, and (ii) the value of the consideration paid in the Offer for Arcelor shares as of the closing date multiplied by the conversion / exchange ratio for the Convertible Bonds then in effect. Based on public statements by Arcelor, the conversion / exchange ratio is currently 1.027 and will be revised to 1.078 if the proposed dividend of 1.85 per share is actually paid. Under the terms and conditions of the Convertible Bonds, the required fairness opinion must be from an investment bank of international repute to the effect that the Offer for the Convertible Bonds is fair from a financial point of view to holders of Convertible Bonds. Mittal Steel has no obligation to arrange for such a fairness opinion and does not intend to do so. According to the terms and conditions of the Convertible Bonds, if Mittal Steel does not arrange for a fairness opinion, Arcelor is to use its best efforts to obtain such an opinion. Mittal Steel does not know if Arcelor plans to procure such an opinion.

If the Arcelor common shares are delisted from all regulated markets, holders of Convertible Bonds may request early redemption at a price equal to the Convertible Bonds principal amount plus accrued interest.

If less than 10% of the Convertible Bonds remain outstanding, Arcelor has the right to redeem all of the Convertible Bonds at their principal amount plus accrued interest.

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Compulsory Acquisition

Mittal Steel intends to acquire all of Arcelor s outstanding shares through the Offer. Should any shares remain outstanding after completion of the Offer, Mittal Steel will consider various options to acquire all of Arcelor s remaining share capital, including through any available compulsory buy-out procedure, merger or other corporate reorganization.

As of May 22, 2006, Luxembourg law provides that following an offer made to all the holders of a Luxembourg company s voting securities, the offeror may buy-out remaining securityholders at a fair price if such offeror has acquired 95% of the capital carrying voting rights and 95% of the voting rights of that Luxembourg company. Accordingly, if Mittal Steel held 95% or more of the capital and voting rights in Arcelor, Mittal Steel could require the remaining shareholders of Arcelor to sell their shares to Mittal Steel at a fair price. The price offered in the Offer would be considered a fair price in the buy-out proceedings if 90% of the Arcelor shares carrying voting rights were acquired in the Offer. The consideration paid in the buy-out proceedings must take the same form as the consideration offered in the Offer or consist solely of cash. Moreover, under Luxembourg law, a cash option should be offered to these remaining Arcelor shareholders. Finally, pursuant to Luxembourg law, the right to initiate such buy-out proceedings must be exercised within three months following the expiration of the initial acceptance period in the public offer or of the subsequent offering period, if any, depending on when the threshold is met.

If Mittal Steel were not to hold 95% or more of the capital and the voting rights of Arcelor following the Offer, Mittal Steel would consider other possible options to increase its shareholding in Arcelor. See Intention of Mittal Steel Regarding Corporate Governance and Corporate Structure Intentions Regarding Minority Buy-Out and Delisting.

Treatment of Arcelor Stock Options

In the Memorandum of Understanding, Arcelor has reserved the right to accelerate the vesting of outstanding options to acquire its shares in connection with the Offer. The Memorandum of Understanding further provides that if the Offer is consummated, the existing options to acquire shares of Arcelor will be maintained so that option holders will continue to benefit from such options after the corporate restructuring discussed in The Offer Intentions of Mittal Steel Regarding Corporate Governance and Corporate Structure Intentions Regarding Corporate Restructuring above. In the event that such restructuring is not completed by June 30, 2007, Mittal Steel has agreed in the Memorandum of Understanding to put in place a liquidity mechanism that will allow the option holders, after the lapsing of applicable holding periods under tax laws and regulations, to exchange Arcelor shares resulting from the exercise of their stock options into Mittal Steel shares on the basis of the exchange ratio in the secondary exchange offer of the Offer.

Comparison of the Rights of Arcelor Shareholders and Mittal Steel Shareholders

You will receive Mittal Steel class A common shares if you tender your Arcelor securities in the Offer. There are numerous differences between the rights of a shareholder in Arcelor, a Luxembourg *société anonyme*, and the rights of a shareholder in Mittal Steel, a Dutch *naamloze vennootschap*. We urge you to review the discussion under Comparison of Rights of Shareholders Under Luxembourg and Dutch Law for a summary of these differences.

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Accounting Treatment

The acquisition of the Arcelor securities will be accounted for by Mittal Steel using the purchase method under U.S. GAAP. Under the purchase method, the cost of the purchase will be based on the cash paid to Arcelor securityholders, the market value of the New Mittal Steel Shares issued to Arcelor securityholders and the direct transaction costs. In Mittal Steel s consolidated financial statements, the cost of the purchase will be allocated to the Arcelor assets acquired and liabilities assumed, based on their estimated fair values at the acquisition date, with any excess of the cost over the amounts allocated being recognized as goodwill. This method may result in the carrying value of assets, including goodwill, acquired from Arcelor being substantially different from the former carrying values of those assets.

Financial Analysis of the Offer

Under the law and regulations applicable to the Offer made in various European jurisdictions, the Offer document must include a description of the financial terms of the Offer using a multi-criteria analysis. The principal sources of information and assumptions retained for the purpose of this valuation are presented below. Since this analysis has been made available to those holders of Arcelor securities eligible to participate in the Offer made in the various European jurisdictions in the European Offer document, the analysis is included in this prospectus. The analysis was performed solely in connection with the preparation of the European Offer document and was not prepared with a view towards disclosure in a U.S.-style document. This analysis was not relied on in any way by Mittal Steel in connection with establishing the consideration in the Offer.

Ordinary Shares of Arcelor

Basis for Assessing the Offer Value

Unless stated otherwise, the financial figures used herein have been derived from the consolidated accounts of Arcelor for the twelve months ended December 31, 2004, the nine and three months ended September 30, 2005 and twelve months ended December 31, 2005, as posted on Arcelor s website. The following analyses have been prepared exclusively based on public information. Mittal Steel has not had access to Arcelor s books, records or any other non-public information or its management team.

The number of Arcelor shares outstanding as at September 30, 2005 has been estimated from information contained in Arcelor s 2005 third quarter report and is based on 639,774,327 shares issued and an average number of treasury shares of 25,561,531 during the period from June 30, 2005 to September 30, 2005.

Arcelor shares are listed on Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange and the Spanish Stock Exchanges. Arcelor also has an unlisted ADR program in the United States. The market for the shares of Arcelor is liquid with average daily traded volume over the 12 months prior to the announcement of the Offer estimated at 5.1 million shares, which represents an estimated 0.8% of the fully-diluted share capital of Arcelor. Arcelor regularly reports to the market with regards to its financial performance, prospects and other developments and is frequently covered in reports of financial analysts. Accordingly, the share price can be assumed to reflect the publicly available information and be considered as a relevant valuation benchmark.

The closing price per Arcelor share on Euronext Paris on January 26, 2006, being the last trading day prior to the announcement of the Offer, was 22.22 (the Arcelor Reference Share Price). The closing price per Mittal Steel class A common share on the NYSE on June 23, 2006 was $32.17 (equivalent to 25.71 per share at an exchange rate of $1.2512 per 1.0).

The payment by Arcelor of a 1.85 dividend per share on May 29, 2006 does not affect the analysis of the value of the offer for Arcelor shares. This is due in particular to the fact that the value of Arcelor used as the basis for the analysis is the Arcelor trading price before January 27, 2006 (the date of the announcement of the Offer) or Arcelor s consolidated net asset value on December 31, 2005, each of which includes the above-mentioned dividend.

Value of the Primary Offer

Under the terms of the Primary Offer, Arcelor shareholders will receive 150.60 cash and 13 New Mittal Steel Shares (subject to possible adjustments concerning the amount of cash and the number of shares offered as further described in Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Securities) for every 12 Arcelor shares held.

Based on the Mittal Steel Reference Price and the terms of the Primary Offer, before any adjustment:

the implied value of Arcelor shares is 40.40 (27.85 + 12.55) and is, therefore, consistent with the price of the Secondary Cash Offer of 40.40 per share (the Offer Value); and

the implied exchange ratio is 1.5714 ((27.85 + 12.55)/ 25.71) and therefore consistent with the price of the Secondary Exchange Offer of 1.5714.

The terms of the Primary Offer have been analyzed on the basis of the assessment of the Secondary Cash Offer and the Secondary Exchange Offer, which are set out below.

In addition, the following table sets out the value per Arcelor share implied by the Primary Offer and related premia, based on historic share prices of both Arcelor and Mittal Steel.

Period	Share price Arcelor(9) ( )	Share price Mittal Steel(10) ( )	Implied offer value ( )	Implied premium (%)
Last trading day prior to the announcement(1)	22.22	26.45	41.20	85.4%
5-day weighted average(2)	21.59	25.16	39.81	84.4%
1-month weighted average(3)	21.53	23.99	38.54	79.0%
3-month weighted average(4)	20.70	23.03	37.50	81.2%
6-month weighted average(5)	19.52	22.85	37.30	91.1%
12-month weighted average(6)	18.18	22.80	37.25	104.9%
12-month high(7)	22.22	32.32	47.56	114.1%
12-month low(8)	15.12	18.41	32.49	114.9%

Notes:
Source: Bloomberg

(1) January 26, 2006
(2) January 20, 2006 to January 26, 2006 (inclusive)
(3) December 26, 2005 to January 26, 2006 (inclusive)
(4) October 26, 2005 to January 26, 2006 (inclusive)
(5) July 26, 2005 to January 26, 2006 (inclusive)
(6) January 26, 2005 to January 26, 2006 (inclusive)
(7) January 26, 2006 for Arcelor and February 25, 2005 for Mittal Steel
(8) May 15, 2005 for Arcelor and June 24, 2005 for Mittal Steel
(9) Based on Arcelor listing on Euronext Paris
(10) Based on Mittal Steel listing on the NYSE, converted into euros by the average $/ exchange rate for the relevant period

Between the date of initial announcement of the Offer (January 26, 2006) and June 23, 2006, the Mittal Steel share price decreased by 0.4% on the NYSE and decreased by 2.7% on Euronext Amsterdam. In comparison, within the same period, the S&P 500 index decreased by 2.3% and the AEX index decreased by 3.3%.

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Between the date of initial announcement of the Offer (January 26, 2006) and June 21, 2006, the day on which Arcelor s shares were suspended from trading, the Arcelor share price increased by 57.6% on Euronext Paris, by 59.8% on Euronext Brussels, by 62.1% on the Luxembourg Stock Exchange, and 57.8% on the Spanish Stock Exchanges. In comparison, within the same period, the CAC 40 index decreased by 2.1%, the LuxX increased by 11.4% and the IBEX35 increased by 2.4% and the Bel 20 decreased by 4.4%.

Between the date of initial announcement of the Offer (January 26, 2006) and June 21, 2006, the Arcelor average daily traded volume, measured in number of shares, increased by 88.9% on Euronext Paris, 84.3% on Euronext Brussels, 17.6% on Luxembourg Stock Exchange, and on the Spanish Stock Exchanges it decreased by 15.6% compared to average daily traded volume, measured in number of shares, over the period 12 months prior to the date of announcement of the Offer (January 26, 2006).

On the date of the initial announcement of the Offer, Arcelor s share price increased by 28.4% from 22.22 to 28.54. In the period following the date of the initial announcement of the Offer, the volume weighted average offer value was 40.68, based on an average share price of Mittal Steel of 29.58 (based on the Mittal Steel share price on the NYSE between January 26, 2006 and May 18, 2006, converted into euros at the average US$/ exchange rate for the relevant period). This represents a 30.9% premium to the volume weighted average share price of Arcelor of 31.08 (based on the Arcelor share price on Euronext Paris between January 26, 2006 and May 18, 2006).

Value of the Secondary Cash Offer

The value of the Secondary Cash Offer of 40.40 represents a premium of 81.8% over the Arcelor Reference Share Price. The Secondary Cash Offer can be assessed based on the following criteria:

Trading Prices

The table below summarizes the premium levels determined on the basis of the difference between trading prices of Arcelor on Euronext Paris before the announcement of the Offer and the value of the Secondary Cash Offer.

	Arcelor share price ( )	**Implied premium to Offer Value of 40.40**
Last trading day prior to the announcement(1)	22.22	**81.8%**
5-day weighted average(2)	21.59	**87.1%**
1-month weighted average(3)	21.53	**87.6%**
3-month weighted average(4)	20.70	**95.2%**
6-month weighted average(5)	19.52	**107.0%**
12-month weighted average(6)	18.18	**122.2%**
Last 12 months high(7)	22.22	**81.8%**
Last 12 months low(8)	15.12	**167.2%**

Arcelor share price based on Euronext Paris
(1) January 26, 2006
(2) January 20, 2006 to January 26, 2006 (inclusive)
(3) December 26, 2005 to January 26, 2006 (inclusive)
(4) October 26, 2005 to January 26, 2006 (inclusive)
(5) July 26, 2005 to January 26, 2006 (inclusive)
(6) January 26, 2005 to January 26, 2006 (inclusive)
(7) January 26, 2006
(8) May 15, 2005

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The table below summarizes (for the period indicated) the Arcelor average share price weighted by daily volumes on Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange and the Spanish Stock Exchanges before the announcement of the Offer:

	Euronext Paris	Luxembourg Stock Exchange	Spanish Stock Exchanges	Euronext Brussels
5-day weighted average(1)	21.59	21.65	21.54	21.66
1-month weighted average(2)	21.53	21.59	21.48	21.69
3-month weighted average(3)	20.70	20.98	20.75	20.88
6-month weighted average(4)	19.52	19.98	19.55	19.75
12-month weighted average(5)	18.18	18.29	17.94	18.46
Last 12 months high(6)	22.22	22.10	22.28	22.28
Last 12 months low(7)	15.12	15.06	15.11	15.07

(1) *January 20, 2006 to January 26, 2006 (inclusive)*
(2) *December 26, 2005 to January 26, 2006 (inclusive)*
(3) *October 26, 2005 to January 26, 2006 (inclusive)*
(4) *July 26, 2005 to January 26, 2006 (inclusive)*
(5) *January 26, 2005 to January 26, 2006 (inclusive)*
(6) *January 26, 2006*
(7) *May 15, 2005*

Consolidated Net Asset Value

The net asset value per share of Arcelor as of September 30, 2005 was approximately 22.20 (based on consolidated shareholders equity of 13,635 million, issued number of shares of 639.8 million and approximately 25.6 million treasury shares). On this basis, the Offer Value of 40.40 per Arcelor share represents a premium of 82.0% over the net asset value.

As of December 31, 2005, Arcelor net asset value per share was approximately 24.37 (based on consolidated shareholders equity of 15,109 million, 639.8 million issued shares and approximately 19.8 million treasury shares). On this basis, the Offer Value of 40.40 per Arcelor share represents a premium of 65.8% over the net asset value.

For information purposes, a comparison of price to book value of comparable companies has been included in the Comparison of Listed Companies section.

Comparison of Listed Companies

Valuations of listed companies in the steel industry are frequently compared on the basis of enterprise value to EBITDA (EV/EBITDA) and Price to Earnings per Share (P/E) multiples. EBITDA is defined as net income before interest, income taxes, depreciation and minority interest. Enterprise value corresponds to the aggregate of the equity market capitalization, net indebtedness and minority interests. Investments in associates and other financial assets are excluded from enterprise value as the income associated with these assets is generally not included in EBITDA. Unfunded or under-funded pension obligations are often treated as quasi debt. If net debt is adjusted for such pension obligations, if any, then EBITDA is typically also adjusted for pension expenses for the purpose of calculating comparable multiples. There is no generally accepted convention for these adjustments and market practice differs.

Arcelor is the second largest steel company in the world in terms of production capacity (Source: *Metal Bulletin,* April 2005). The majority of Arcelor s operations are in Western Europe, which is considered a mature, developed steel market. The companies selected as comparable companies for the

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purpose of this analysis are all steel companies of significant size which operate in Western Europe and other developed countries such as the United States. In addition, Arcelor Brasil has been included to reflect the Brazilian exposure of Arcelor.

A number of steel manufacturing conglomerates have been excluded as a material part of their operations are not steel related.

Company	Non steel related operations
ThyssenKrupp	ThyssenKrupp is an industrial conglomerate with diverse activities unrelated to steel, including submarine and ship building, elevators and automotive components.
JFE	JFE is an industrial conglomerate with diverse activities unrelated to steel, including microelectronics, engineering for the energy sector and environmental solutions and urban development.
Nippon Steel Corp.	Nippon Steel is an industrial conglomerate with diverse activities unrelated to steel, including power supply, chemicals, urban development, construction and engineering.
Kobe Steel	Kobe Steel is an industrial conglomerate with diverse activities unrelated to steel, including titanium, welding equipment and consumables, machinery such as crushers, tire and rubber machines and plastic processing machines, power generation plants, as well as activities in infrastructure construction.

A number of other European and North American steel companies were considered, but excluded for the purpose of trading multiple analysis due to the unique features of their businesses which exhibit less comparability to Arcelor.

Company	Reasons for exclusion
Salzgitter	Salzgitter is a regional niche steel manufacturer. Besides its steel business, it owns 23% of French company Vallourec, a producer of steel tubes. This holding represented approximately 42% of Salzgitter s equity market capitalization on January 26, 2006.
Svenskt Stal (SSAB)	SSAB is a Nordic focused niche producer of high strength sheets and quenched plate steels with high exposure to the booming mining equipment market, construction equipment and fuel-efficient automotive manufacturing sectors. The strong position in niche products gives SSAB greater pricing power and therefore higher and more sustainable margins and returns. SSAB is therefore not directly comparable to the major steel companies.
Rautaruukki	Rautaruukki is a company in a transition phase from a steel producer to a complete solutions provider for the construction and engineering sectors. As part of this transition, Rautaruukki has acquired companies active in construction systems and total delivery know-how, components for lifting, handling and transportation equipment. It is seeking to exit its long products business.
Nucor	Nucor is entirely focused on the US and exclusively produces steel via the EAF method.

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In general, investors typically base investment decisions on future profitability, not on historical financial results. Particularly, in the steel industry, historical financial results are not regarded as a reliable indicator of future performance due to the cyclicality of the industry. In addition, historical financial results are often affected by non-recurring and exceptional elements. Public market investors and equity research analysts in the steel industry do not evaluate steel companies based on historical results. Consequently, 2005 was excluded from the analysis.

Analyses of the relative valuations of companies are based on expectations of the future financial performance of the companies involved. The companies selected are covered by financial analysts providing estimates of future financial performance. In the steel industry, 2006 and 2007 are currently regarded as the most relevant periods as investors are looking for future profitability and value future cash flows. The selected comparable companies are covered by numerous equity research analysts and consensus estimates for the periods 2006 and 2007 are widely available.

The table below summarizes the EV/EBITDA and P/E multiples for a sample of steel producers based on consensus EBITDA and EPS estimates derived from Institutional Brokers Estimate System (IBES) and calendarized to reflect a December 31 year end. For information purposes the price to book and EV/production multiples have also been summarized in the table below.

	Share price on 26 January 2006 ( )	Fully diluted equity market capitalisation (billions of)	Enterprise value[1] (billions of)	Multiple of estimated EBITDA[1] 2006	2007	Multiple of estimated EPS 2006	2007	2004 EV/ production (/tonne)[3]	Price / Book
Arcelor Brasil	10.50	7	7	4.3	3.8	7.4	6.6	797	1.9
Corus	0.91	4	5	3.9	3.8	9.6	9.4	276	0.8
Mittal Steel	26.45	19	26	5.1	4.7	6.9	6.2	395	2.3
Posco	173.83	15	13	3.2	2.8	5.9	5.4	431	1.0
Voest-Alpine	89.50	4	5	4.5	4.7	8.2	9.1	804	1.6
US Steel	45.89	6	7	4.9	5.2	10.5	11.8	360	1.5
Median Multiple				**4.4**	**4.2**	**7.8**	**7.8**	**413**	**1.6**
Implied Arcelor share price based on median multiple ( )[2]				28.53	25.66	25.94	23.79		
Arcelor based on Offer Value				40.40	40.40	40.40	40.40		
Implied Premium				41.6%	57.4%	55.7%	69.8%		

The companies presented in the table above report under different accounting standards; no adjustments have been made to correct for this.
Sources: IBES estimates as of January 26, 2006, financial data based on last published financials as per January 26, 2006.

(1) Enterprise values are adjusted for unfunded obligations and the amount by which the present value of future obligations exceeds the fair value of the assets of any funded plans related to pension and other post-retirement benefits. EBITDA is adjusted to exclude total pension expenses recognized during the last twelve-month period for which figures are available.
(2) The implied Arcelor share price as a result of EV/EBITDA multiples is based on the implied enterprise value for Arcelor implied by these multiples, which is a result of multiplying the median multiple shown above and the estimated EBITDA for Arcelor (as per IBES consensus forecast). The implied Arcelor share price as a result of P/E multiples is based on a multiplication of the median multiple and the estimated EPS for Arcelor (as per IBES consensus forecast).
(3) Source: Metal Bulletin April 2005; Mittal Steel and Arcelor based on company estimates; Arcelor adjusted to reflect full consolidation of CST transaction and Mittal Steel adjusted to reflect full consolidation of ISG and Kryvorizhstal.

Based on the value of the Secondary Cash Offer, Arcelor is valued at a premium of 41.6% and a premium of 57.4% to the equity value implied for Arcelor when applying the median of 2006 and 2007 EV/EBITDA, respectively, of a sample of steel producers. Arcelor is valued at a premium of 55.7% and a premium of 69.8% to the equity value implied for Arcelor when applying the median of 2006 and 2007 P/E multiples, respectively, of a sample of steel producers.

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Analysis of Prior Transactions

The analysis of precedent transactions in the steel industry needs to take into account the point of the steel cycle at which a particular transaction has occurred. Due to the volatility of steel prices over the cycle and corresponding fluctuations in profitability, it is less meaningful to compare valuations over time based on traditional measures of profitability. Therefore, a comparison of precedent transactions based on price per ton of steel production is customary in the steel industry as it is a better reflection of the quality and earnings generation ability of the underlying asset base. Although the product mixture of steel produced may have an impact on the transaction valuation, the available information is too limited to make specific adjustments on that basis.

The selected transactions chosen all represent steel transactions of significant size in mature developed markets to reflect the fact that Arcelor s main operations are in developed markets. In addition the selection of precedent steel transactions has been balanced by the inclusion of a Brazilian transaction to reflect the Brazilian exposure of Arcelor.

A majority of the selected transactions represent mergers of two companies involving a significant share component as part of the offer consideration to reflect the structure of the Offer.

The period from 1999 is a good and appropriate reference period for the steel cycle as it covers both strong periods (1999, 2004) and weak periods (2000, 2002) of steel pricing. Acquisitions that have occurred since 2004 have been considered, but not included as these were deemed not comparable to Arcelor for a number of reasons:

The acquisitions of Erdemir in Turkey (2005) and Kryvorizhstal in the Ukraine (2005) represented assets with significant exposure to the Ukrainian and Turkish markets attracting higher valuations than comparable transactions in developed markets due to their higher growth prospects. Arcelor is not present in these regions and has a significantly different growth profile. As a consequence, these transactions have been deemed not comparable.

Arcelor s acquisition of Dofasco was not considered comparable as Dofasco has a high degree of vertical integration and is operating in the developed North American market. Dofasco s position, with significant upstream exposure, makes this transaction not comparable to Arcelor.

In each of these transactions, the acquiror was considerably larger than the respective target company. Conversely, the combination of Mittal Steel and Arcelor is a merger of similar sized companies.

The consideration offered in these acquisitions was cash. The selling shareholders in these companies therefore did not participate in the future development of the acquired companies. In contrast, the Offer contains a significant share component as part of the consideration.

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The table below shows the implied amount per ton of crude steel production for a sample of transactions in the steel industry. The enterprise value per LTM EBITDA (Last twelve months EBITDA) has been added as well for information purposes. Due to the volatility of steel prices over the cycle and corresponding fluctuations in profitability a comparison based on this metric has not been provided.

Year	**Target**	**Acquiror**	**Enterprise Value/LTM[(2)] EBITDA**	**Enterprise Value/tonnes of steel production[(1)]**
2004	International Steel Group	Ispat International	6.2	272
2004	CST	Arcelor	5.1	481
2001	Arbed	Usinor	5.0	337
2001	Aceralia	Usinor	4.6	260
1999	Koninklijke Hoogovens	British Steel	3.8	379
Median				**337**
Implied Arcelor share price [(3)]				17.50
Arcelor based on Offer Value				40.40
Implied premium				***130.9%***

The companies presented in the table above report under different accounting standards; no adjustments have been made to correct for this. Sources: Company filings, press releases and Datastream.

(1) In US$ and adjusted for pension obligations. No adjustments for non-steel activities and cross-shareholdings have been made.
(2) LTM means last twelve months
(3) The implied Arcelor share price as a result of the EV/Tonnes multiples is based on the implied enterprise value for Arcelor implied by this multiple, which is a result of multiplying the median multiple of $337 per tonne shown above and the production of 50.7 million tonnes for Arcelor.

The amounts per tonne of production in precedent transactions may be compared to an implied amount per tonne of Arcelor 2004 production of $409 based on the Arcelor Reference Share Price and $715 based on the Offer Value, assuming a 2004 production for Arcelor of 50.7 million tonnes, pro forma for Arcelor s acquisition of CST. The Offer Value represents a premium of 130.9% compared to the implied share price of Arcelor of 17.50 (The implied Arcelor share price as a result of the EV/Tonnes multiples is based on the enterprise value for Arcelor implied by the median multiple, which is a result of multiplying this median of $337 per tonne shown above and the 2004 production of 50.7 million tonnes for Arcelor (pro forma for Arcelor s acquisition of CST) based on the median amount per tonne of the sample in the table above.

For information purposes, a comparison of enterprise value per production price of comparable listed companies has been included in Comparison of Listed Companies section.

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Summary of the Factors Considered in the Valuation of the Secondary Cash Offer

Methodology	Implied value per share Arcelor ( )	Implied Premium
Market price		
Last trading day prior to the announcement(1)	22.22	81.8%
5-day weighted average(2)	21.59	87.1%
1-month weighted average(3)	21.53	87.6%
3-month weighted average(4)	20.70	95.2%
6-month weighted average(5)	19.52	107.0%
12-month weighted average(6)	18.18	122.2%
Last 12 month high(7)	22.22	81.8%
Last 12 month low(8)	15.12	167.2%
Consolidated net asset value		
Implied premium to net asset value as of 30 September 2005	22.20	82.0%
Implied premium to net asset value as of 31 December 2005	24.37	65.8%
Comparison of listed companies		
2006 est. EBITDA	28.53	41.6%
2007 est. EBITDA	25.66	57.4%
2006 est. EPS	25.94	55.7%
2007 est. EPS	23.79	69.8%
Analysis of precedent transactions		
Enterprise value / tonnes of steel production	17.50	130.9%

(1) January 26, 2006
(2) January 20, 2006 to January 26, 2006 (inclusive)
(3) December 26, 2005 to January 26, 2006 (inclusive)
(4) October 26, 2005 to January 26, 2006 (inclusive)
(5) July 26, 2005 to January 26, 2006 (inclusive)
(6) January 26, 2005 to January 26, 2006 (inclusive)
(7) January 26, 2006
(8) May 15, 2005

Value of the Secondary Exchange Offer

The Secondary Exchange Offer is 11 Mittal Steel shares for every 7 Arcelor shares and equates to an exchange ratio of 1.5714 Mittal Steel shares for one Arcelor share. At the Mittal Steel Reference Price this equates to 40.40 per share.

Trading prices

The table below summarizes the premium of the offered exchange ratio versus the exchange ratio based on different trading prices of Arcelor on Euronext Paris and Mittal Steel on the NYSE.

Valuation of the exchange ratio	Share price Arcelor ( )	Share price Mittal Steel (US$)	Share price Mittal Steel ( )(9)	Implied exchange ratio	Offered exchange ratio	Premium
Last trading day prior to the announcement(1)	22.22	32.30	26.45	0.8402	1.5714	87.0%
5-day weighted average(2)	21.59	30.78	25.16	0.8582	1.5714	83.1%
1-month weighted average(3)	21.53	28.92	23.99	0.8973	1.5714	75.1%
3-month weighted average(4)	20.70	27.45	23.03	0.8987	1.5714	74.9%

6-month weighted average[5]	19.52	27.55	22.85	0.8542	1.5714	84.0%
12-month weighted average[6]	18.18	28.21	22.80	0.7974	1.5714	97.1%
12-month high[7]	22.22	42.63	32.32	0.6875	1.5714	128.6%
12-month low[8]	15.12	22.25	18.41	0.8214	1.5714	91.3%

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Source: Bloomberg Euronext Paris

(1) January 26, 2006
(2) January 20, 2006 to January 26, 2006 (inclusive)
(3) December 26, 2005 to January 26, 2006 (inclusive)
(4) October 26, 2005 to January 26, 2006 (inclusive)
(5) July 26, 2005 to January 26, 2006 (inclusive)
(6) January 26, 2005 to January 26, 2006 (inclusive)
(7) January 26, 2006 for Arcelor and February 25, 2005 for Mittal Steel
(8) May 15, 2005 for Arcelor and June 24, 2005 for Mittal Steel
(9) Mittal Steel NYSE listing in US$ converted into euros by the average US$/ exchange rate for the relevant period

Consolidated net income per share

The table below summarizes the premium of the offered exchange ratio based on historical and estimated earnings per share. In general, investors typically base investment decisions on future profitability, not on historical financial results. Particularly, in the steel industry, historical financial results are not regarded as a reliable indicator of future performance due to the cyclicality of the industry. In addition, historical financial results are often affected by non-recurring and exceptional elements. Public market investors and equity research analysts in the steel industry do not evaluate steel companies based on historical results. For that reason 2005 is not deemed relevant and has been excluded from the analysis. In the steel industry, 2006 and 2007 are currently regarded as the most relevant periods as investors are looking for future profitability and value future cash flows. The estimated earnings per share are based on consensus IBES estimates as of January 26, 2006.

EPS	Arcelor (per share)	Mittal Steel (US$ per share)	Mittal Steel (per share)	Implied exchange ratio	Offered exchange ratio	Premium
2006E	3.33	4.70	3.84	0.8684	1.5714	81.0%
2007E	3.03	5.21	4.25	0.7128	1.5714	120.5%

Consolidated Dividend per share

In the steel industry, dividend yield is not regarded as a relevant valuation metric given the cyclicality of the industry. As both investors as well as equity research analysis are not focused on this metric, an analysis based on consolidated dividend per share has not been included.

Summary of the factors considered in the valuation of the Secondary Exchange Offer

Methodology	Implied premium
Trading Prices	
Last trading day prior to the announcement(1)	87.0%
5-day weighted average(2)	83.1%
1-month weighted average(3)	75.1%
3-month weighted average(4)	74.9%
6-month weighted average(5)	84.0%
12-month weighted average(6)	97.1%
Last 12 month high(7)	128.6%
Last 12 month low(8)	91.3%
Consolidated net income per share	
2006E	81.0%
2007E	120.5%

(1) January 26, 2006
(2) January 20, 2006 to January 26, 2006 (inclusive)

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(3) December 26, 2005 to January 26, 2006 (inclusive)
(4) October 26, 2005 to January 26, 2006 (inclusive)
(5) July 26, 2005 to January 26, 2006 (inclusive)
(6) January 26, 2005 to January 26, 2006 (inclusive)
(7) January 26, 2006 for Arcelor and February 25, 2005 for Mittal Steel
(8) May 15, 2005 for Arcelor and June 24, 2005 for Mittal Steel

Convertible Bonds

Summary of Principal Terms of the Convertible Bonds

On June 27, 2002, Arcelor issued bonds, due June 27, 2017, convertible into new shares and/or exchangeable for existing ordinary shares, represented by 38,961,038 Convertible Bonds with a nominal value per bond of 19.25 and bearing interest at a rate of 3.0% per annum (*i.e.,* 0.5775 coupon payable in equal installments of 0.28875 in arrear on June 27 and December 27 of each year, commencing on December 27, 2002). The Convertible Bonds are redeemable in full on June 27, 2017 at their nominal amount.

Holders of Convertible Bonds have the right at any time to convert and/or exchange their Convertible Bonds, at the option of Arcelor, into new Arcelor shares and/or for existing Arcelor shares. They may also, at their option, request early redemption in cash in whole or in part of the Convertible Bonds they hold on June 27, 2007 and June 27, 2012, at their nominal amount plus accrued interest.

The Convertible Bonds are admitted to listing on the Luxembourg Stock Exchange. A prospectus describing the Convertible Bonds was approved by the CSSF on June 28, 2002.

Offer Price for the Convertible Bonds

The offer price for every 12 Convertible Bonds is 13 New Mittal Steel Shares and 188.42 in cash. Based on a reference price for a Mittal Steel share of 25.71, the closing price on June 23, 2006, the offer price for each Convertible Bond is 43.55.

Conversion Value

The conversion value is determined by applying the conversion ratio of the Convertible Bonds, 1.078, to the Offer price for the shares of 40.40. The conversion value of 43.55 is therefore in line with the price offered for the Convertible Bonds.

Market Price

The price offered for the Convertible Bonds compares as follows to the market prices of the Convertible Bonds:

	Market price	Implied premium
Last price before announcement	24.49	78%
5-day weighted average(1)	23.96	82%
1-month weighted average(2)	23.86	83%
6-month weighted average(3)	22.97	90%
12-month weighted average(4)	22.38	95%

Source: Bloomberg

(1) January 20, 2006 to January 26, 2006 (inclusive)
(2) December 26, 2005 to January 26, 2006 (inclusive)
(3) July 26, 2005 to January 26, 2006 (inclusive)
(4) January 26, 2005 to January 26, 2006 (inclusive)

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Theoretical Value

A theoretical value calculation of the Convertible Bonds based on standard market model and on market conditions as at June 23, 2006, would result in a value for the Convertible Bonds of 38.24 (including accrued interest). The price offered to the convertible bondholders of 43.55 represents a 13.9% premium to such theoretical value.

Summary Valuation Methodology

The Convertible Bonds have been valued on an independently produced convertible bond calculator (TrueCalc 4) used by a number of investment banks and convertible bond investors. The model uses an adaptation of the binomial tree model developed by Cox, Ross and Rubinstein [1979] to value convertible bonds. This methodology is used to develop a stock price tree determining the high and low theoretical share prices at each point in time. This can be achieved since, according to option theory, there is a maximum stock price that is possible at any point in time for each different stock price volatility level. The value of the Convertible Bonds has been established by weighting the probability that the stock reaches each of the different nodes of the tree at any point in time. The convertible price at the issue time therefore represents the sum of the values at each of the nodes, multiplied by their respective probabilities and present valued at the relevant interest rate. The model incorporates the conversion value and call features of the Convertible Bonds when establishing the value of each node (as well as the other relevant parameters, *e.g.,* dividends, coupon payments, etc). In terms of the present value of the option and fixed income values at each node, the equity-related cashflows are discounted at the risk-free rate of return, while the bond cashflows are valued using the risky rate. (This is consistent with most option pricing methodologies).

Assumptions

The following assumptions were made from publicly available information and the interest rates used (swap rates) are those as at closing on June 23, 2006:

- Arcelor Reference share price: 35.02;
- Interest rate: 3.437% (the 12- month Euro Interbank Offered Rate on June 23, 2006);
- Credit spread: 17bps (the one year Arcelor Credit Default Swap (CDS) trading level);
- Volatility: 22.02% (100 days realized volatility on the ordinary shares prior to the bid);
- Dividend per share: 1.85, which was approved by the shareholders meeting on April 28, 2006 and an adjusted conversion ratio of 1.078 to reflect the payment of the 1.85 dividend on May 29, 2006; and
- Stock borrow cost: 50bps.

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INFORMATION ABOUT MITTAL STEEL

Overview

Mittal Steel is the world s largest and most global steel producer with an annual production capacity of approximately 75 million tonnes. The Company is the largest steel producer in the Americas and Africa and the second largest in Europe. The Company has steel-making operations in 15 countries on four continents, including 31 integrated, mini-mill and integrated mini-mill steel-making facilities. At December 31, 2005, we had approximately 224,000 employees.

Mittal Steel produces a broad range of high-quality finished and semi-finished carbon steel products, encompassing the main categories of steel products (flat products, long products and pipes and tubes). Specifically, the Company produces hot-rolled and cold-rolled sheets, plates, electrogalvanized and coated steel, bars, wire rods, wire products, pipes, billets, blooms, slabs, tinplate, structural sections and rails. Mittal Steel sells these products in local markets and through our centralized marketing organization to customers in over 150 countries. The Company s products are used in a diverse range of end-markets, including the automotive, appliance, engineering, construction and machinery industries.

Our steel-making operations have a high degree of geographic diversification. Almost 41% of our steel is produced in the Americas, with the balance being produced in Europe (38%) and in other countries, such as Kazakhstan, Algeria and South Africa (21%). We are further increasing our geographic production diversification. In September 2005, we completed the acquisition of a 36.67% interest (subsequently reduced to 29.49% through the exercise of convertible bonds by other investors) in Hunan Valin, an 8.5 million ton steel producer in China. In October 2005, we signed a memorandum of understanding with the local government to construct a 12 million tonne steel-making operation in Jharkhand, India. In November 2005, we completed the acquisition of a 93% stake in Kryvorizhstal (since renamed Mittal Steel Kryviy Rih), the largest carbon steel long products producer in Ukraine.

We produced approximately 30.1 million, 47.2 million and 53.9 million tons of liquid steel in 2003, 2004 and 2005, respectively and shipped approximately 27.4 million, 42.1 million and 49.2 million tons of steel in such years. Our shipments are well-balanced geographically and are also balanced as between developed and developing markets, which have different characteristics.

We have access to high-quality and low-cost raw materials through our captive sources and long-term contracts. In 2005, on a pro forma basis after giving effect to the acquisition of ISG and Kryvorizhstal, approximately 56% of our iron ore requirements (of which we are one of the world s largest producers) and approximately 42% of our coal requirements were supplied from our own mines or from long-term contracts at many of our operating units. We are actively developing our raw material self-sufficiency, including through recent initiatives to gain access to iron ore deposits in Liberia and Senegal, and expanding our existing iron ore sources in various parts of the world, including Ukraine. In August 2005, the Liberian government granted Mittal Steel a mining concession providing exclusive ownership and exploitation rights with respect to iron ore deposits in specified regions over a 25-year period, extendible in case of continued accessible deposits. Mittal Steel signed a preliminary agreement in January 2006 with the State of Senegal and is currently negotiating definitive agreements that will give it exclusive ownership and exploitation rights with respect to iron ore deposits in the Faleme region for approximately 30 years. We are one of the world s largest producers of coke, a critical raw material derived from coal, and we satisfy approximately 81% of our own coke

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requirements. We are the world s largest producer of direct reduced iron, or DRI, which is a scrap substitute used in the mini- mill steel-making process, with total production capacity of approximately 11 million tonnes. Our DRI production satisfies all of our mini-mill input requirements. Our facilities have good access to shipping facilities, including deep-water port facilities and railway sidings.

Mittal Steel has research and development (R&D) expertise in both product development and manufacturing processes. Mittal Steel operates two primary research and development centers. One, located in East Chicago in the United States, focuses on steel-making and flat products and is recognized throughout the industry for developing advanced high-strength steels for the automotive business and innovative products for the appliance and electric motor industries. Its Ultra High Strength Steels (UHSS) and Advanced High Strength Steels (AHSS) help automakers, appliance makers, and other manufacturers keep costs down. The other center, in Gandrange, France, focuses on long products. Activities of this center include process technology development, the development of steels with special properties, and product research and application development. In long products, recently completed projects include the development of micro-alloyed steel for truck crankshafts (which offer high torsional fatigue strength) and high-strength, low-carbon bainitic steel of >1000 MPa for tire cord applications. In addition to product R&D, Mittal Steel focuses significantly on manufacturing process improvements that increase productivity, for example in DRI and in coal blending for coke making, and energy efficiency. Mittal Steel employed approximately 200 employees in these R&D centers. This number, however, does not include over 300 researchers working in the R&D departments of various subsidiaries. Additional production and technical personnel devote part of their time to R&D activities.

In 2004, we generated sales of $22.2 billion, operating income of $6.1 billion and net income of $4.7 billion. In 2005, we generated sales of $28.1 billion, operating income of $4.7 billion and net income of $3.4 billion. At December 31, 2005, we had shareholders equity of $10.2 billion, total debt of $8.3 billion, and cash and cash equivalents, including short-term investments and restricted cash, of $2.1 billion.

Mittal Steel is a successor to a business founded in 1989 by Mr. Lakshmi N. Mittal, our Chairman and Chief Executive Officer. We have experienced rapid and steady growth since then, largely through the consistent and disciplined execution of a successful consolidation-based strategy. We made our first acquisition in 1989, leasing the Iron & Steel Company of Trinidad & Tobago. Some of the principal acquisitions since then include Sibalsa (Mexico) in 1992, Karmet (Kazakhstan) in 1995, Thyssen Duisburg (Germany) in 1997, Inland Steel (USA) in 1998, Unimétal (France) in 1999, Sidex (Romania) and Annaba (Algeria) in 2001, Nova Hut (Czech Republic) in 2003, BH Steel (Bosnia), Balkan Steel (Macedonia), PHS (Poland) and Iscor (South Africa) in 2004, and ISG (USA), Hunan Valin (China) and Kryvorizhstal (Ukraine) in 2005.

We have proven expertise in acquiring companies and turning around under-performing assets. We believe that we have successfully integrated our previous key acquisitions by implementing a best practice approach in operations and management to enhance profitability. Specifically, our focused capital expenditure programs and implementation of improved management practices at the acquired facilities have resulted in overall increases in production and shipment of steel products, reductions in cash costs of production and increases in productivity. Mittal Steel s aggregate capital expenditures were approximately $421 million, $898 million and $1,181 million in the years ended December 31, 2003, 2004 and 2005, respectively.

Competitive Strengths

We believe that the following factors contribute to our success in the global steel industry:

Scale and scope of operations. Mittal Steel is the world s largest steel producer. We have a global production capacity of approximately 75 million tonnes of steel, and in 2005 we shipped 49.2 million tons of steel. We are the largest producer of steel in the Americas and Africa, the second largest producer of steel in Europe and have a growing presence in Asia. In September 2005, we acquired a significant stake in a Chinese steel producer and in November 2005, we acquired a 93% stake in the largest carbon steel long products producer in Ukraine. We have operations in each country party to the North American Free Trade Agreement, or NAFTA, and in many member states of the European Union, which enables the free trade of goods between such countries. In addition, certain of our operating units have access to markets experiencing above average growth in steel consumption. The combination of our local, regional and international distribution provides us with a global manufacturing and marketing presence, and we use our large size and global presence to achieve significant cost savings and operational efficiencies in production, procurement and marketing.

Integrated business model focused on low-cost production. We believe that our access to low-cost raw materials, efficient use of steel-making facilities, global procurement strategy and implementation of overall company-wide best practices make us one of the lowest cost steel producers in each of the regions in which we operate. Most of our operating units are strategically well located to access low-cost raw materials, such as iron ore in Kazakhstan, Mexico and Ukraine and natural gas in Trinidad and Tobago. Our operations also have strong vertical integration as a result of our captive sources of raw materials such as iron ore, coal and coke, and our access to owned infrastructure such as deep-water port facilities and railway sidings. We believe that our degree of raw material integration provides us with a competitive advantage through our ability to better monitor the quality of our raw materials and through reduced exposure to the volatility of raw material spot market prices. In addition, we seek to maximize operational efficiencies by implementing strict cost management and targeting capital investments to achieve lower costs of production at each of our facilities. As a result, we believe we are well positioned to manage the cyclicality of the steel industry.

Diverse product portfolio and strong customer relationships. We produce a diversified portfolio of products to meet a wide range of customer needs across all steel consuming industries, including the automotive, appliance, engineering, construction and machinery industries. We sell our products in local markets and through our centralized marketing organization to customers in over 150 countries. We believe that our diversified product offering enables us to build strong relationships with our customers, which include many of the world s major automobile and appliance manufacturers. Our research and development facilities in North America and Europe help strengthen our relationship with our customers as we work together with them to meet their evolving product needs.

Proven expertise in steel acquisitions and turnarounds. Our senior management team has proven expertise in successfully acquiring and integrating operations and turning around under-performing assets within tight timeframes. We utilize a disciplined approach to investing and have teams from different business units across our company responsible for evaluating any new asset, conducting due diligence and monitoring integration and post-acquisition performance. Since our inception in 1989, we have grown through a series of acquisitions and by improving the operating performance and financial management at the facilities that we have acquired. In particular, we seek to improve the acquired businesses by eliminating operational bottlenecks, addressing any historical under-investment and increasing the acquired facility s capability to produce higher quality steel. We

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introduce focused capital expenditure programs, implement company-wide best practices, balance working capital, ensure adequate management resources and introduce safety and environmental improvements at the acquired facilities. We believe these operating and financial measures have reduced cash costs of production, increased productivity and improved the quality of steel produced at these facilities.

Business improvement through company-wide best practices. Knowledge sharing and implementing best practices is an integral part of our management philosophy. Through our global Knowledge Management Program, or the KMP, we share, develop and utilize our knowledge and experience across our facilities to accelerate continuous improvements in business performance. The KMP covers all key functional areas such as procurement, marketing and health and safety, as well as the main steps in steel production and processing. The KMP includes ongoing detailed benchmarking, regular technical meetings and sharing information at the corporate, regional and operating level and inter-plant expert and operational support to drive continuous improvement. The KMP enables each business unit to benefit from the scale and reach of our global presence and to have access to the best practices and experience within our company. We believe the KMP provides a differentiating advantage to our business performance by continuously contributing to reduced procurement and conversion costs and enhanced productivity and profitability.

Research and Development. Our research and development facilities in North America and Europe help strengthen our relationship with our customers as we work together with them to meet their evolving product needs. In addition to such product development, our R&D centers support our business units in process improvement, as well as in transferring product capabilities to meet market needs.

Strong financial profile. We believe our strong financial position and cash flow generation, as illustrated by our corporate investment grade credit ratings, enable us to take advantage of acquisition and investment opportunities. We currently have corporate investment grade credit ratings of BBB+ from Standard & Poor s, a division of The McGraw-Hill Companies, Inc. and BBB from Fitch Ratings, and a senior implied rating of Baa3 from Moody s Investors Service Ltd. As at December 31, 2005, we had cash and cash equivalents (including short term investments and restricted cash) of $2.1 billion and total debt of $8.3 billion. In addition, while the proposed acquisition of Arcelor would substantially increase our outstanding debt, we believe we currently have a favorable debt maturity profile with modest refinancing requirements over the next several years.

Experienced management team led by our founder, Mr. Lakshmi N. Mittal. We are the largest steel producer in the world due to the vision and direction of our founder, Chairman and Chief Executive Officer, Mr. Lakshmi N. Mittal. Mr. Mittal is supported by a strong and experienced central and local management team. The operating model of Mittal Steel is designed to encourage the values that lie at the heart of the company s culture openness, expertise, strength, confidence, influence, reliability, innovation and authority. This model is designed to encourage managers at all levels to act like entrepreneurs, to assume accountability, to make decisions in the best interests of the company, and to support one another in all efforts to continuously improve.

Business Strategy

Mittal Steel s success has been built on a consistent strategy that emphasizes size and scale, vertical integration, product diversity and continuous growth in higher value products, and a strong customer focus. That strategy has allowed Mittal Steel to become one of the lowest cost and highest margin producers in the industry, serving many of the world s most demanding customers.

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Mittal Steel intends to continue to play a leading role in the consolidation of the global steel industry and be the clear global leader in the steel industry. Key elements of our strategy are to:

***Consolidate our leadership position in high-end segments onto a global customer platform*.** We have established a reputation for producing high quality steel products for the most demanding applications. We intend to continue to partner with our key customers in research and development activities and in assisting them in their product design initiatives, to ensure that we remain a supplier of preference for them.

Customers for high-end applications, which are today primarily based in the mature economies, are becoming increasingly global and expanding their capacities in developing countries to serve rising local demand. These globalizing customers value suppliers ability to deliver the same products everywhere. We will continue to invest in our assets and capabilities in emerging economies in order to meet their developing needs. In regions where we have a relatively limited presence (*e.g.,* China, South America and India), we will look at acquisition opportunities, or greenfield possibilities to complete our global footprint.

Utilize our existing geographic diversification and strong position in high-end products in mature economies to capture future growth in BRICET countries. Worldwide, steel demand is driven by growth in developing economies, namely BRICET countries. Mittal Steel s acquisition strategy over recent years has given us a leading position in Africa, Central and Eastern Europe and Central Asia to benefit from this growth. We have also commenced to build our presence in China and India. As these economies develop, local customers will require increasingly advanced steel products as the market needs change. Mittal Steel will continue to transfer capability for higher-end products from our developed world operations to our operations in the developing markets to enable us to grow with these changing needs.

Maintain a high degree of product diversification. A global steel producer must be able to meet the local needs of different markets. Steel consumption and product requirements clearly differ between mature economy and developing economy markets. Steel consumption in the mature economies is weighted towards flat products and higher value added mix, whereas in developing markets there is a higher proportion of long products and commodity grades. To meet these diverse needs of customers in both the mature and developing markets, we will maintain a high degree of product diversification. We will also continually seek opportunities to grow the value added proportion of our product mix over time.

Achieve cost leadership and operational excellence across the product range. Cost leadership is essential in the steel industry. To maintain this we will utilize our scale and global presence to achieve greater production efficiencies, operational synergies and cost savings across the business. Specifically, we aim to:

Develop and maintain a cost competitive supply base. Our size and geographic scope give us access to local, regional and global suppliers and enable us to continue to develop and secure high quality and cost competitive supplies. We aim to pursue these opportunities by adopting global and regional commercial procurement strategies and by executing these on either a local or centralized basis as appropriate.

Maximize the operational efficiency and effectiveness of our plants. We continue to invest in technology and process development to lower production costs and improve performance. We utilize and adapt a wide range of steelmaking technologies, dependent upon local conditions for raw material and energy supplies. In addition, we seek to protect and enhance our competitiveness through our knowledge management and continuous improvement programs and by looking for opportunities for facility optimization and specialization on a product basis.

Practice good capital management discipline. The steel industry is relatively capital intensive and we therefore promote capital management discipline to improve our capital efficiency. We will continue to focus our capital expenditure programs on elimination of production bottlenecks and to improve product capabilities to meet the requirements for higher value-added products. Where appropriate we utilize our in-house design, engineering and fabrication capabilities to reduce the capital cost of projects.

Continue to invest in low cost slab capacity. Mittal Steel has some of the most cost competitive steel-making operations in the world at its facilities in South Africa, Ukraine and Kazakhstan. We intend to grow capacity at these facilities, which can advantageously supply slabs to downstream facilities in the developed world.

Maintain a high level of vertical integration to hedge against raw materials price fluctuations. Upstream integration allows steel companies to hedge against supply side constraints and price fluctuations for key raw materials. We will selectively increase our access to and ownership of low cost raw material supplies, particularly in locations adjacent to or accessible to our steel plant operations.

Enhance our Research and Development leadership to drive innovation and growth. We will continue to invest in our R&D capabilities to ensure we can develop and deliver the high end products that our key customers require. As we grow, the investment in our R&D activities is leveraged over a larger asset base. This will allow further investment in order to accelerate innovation. As part of our R&D strategy, we will continue to promote and develop our relationships with public research institutes and universities.

Own and manage distribution channels in key geographies. Downstream integration is a key element of our strategy to build a global customer franchise. In high value products, downstream integration allows steel companies to be closer to the customer and capture a greater share of value added activities. As our key customers globalize, we intend to invest in downstream operations, such as steel service centers providing value added operations. In addition, we intend to continue to develop our distribution network in selected geographies. These downstream and distribution activities will allow us to benefit from better market intelligence and better manage inventories in the supply chain to reduce volatility and improve working capital management.

Build a world-class organization to implement the strategy. We aim to build the world s most admired steel institution with leading management, social, human resources and corporate sustainability policies. In doing so, we will attract, develop and retain the best possible management talent. We will maintain an open and performance-oriented culture designed to encourage managers at all levels to act like entrepreneurs, to assume accountability, to make decisions in the best interest of the company, and to support one another in all efforts to continuously improve.

Key Strategic Initiatives

Capturing Market Growth Potential in Central and Eastern Europe

Mittal Steel plans to leverage its asset base in Central and Eastern Europe to capture the growth potential of these markets. As with most of the emerging economies, these countries are experiencing

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strong growth. In addition, as their economies develop, their market needs are becoming increasingly sophisticated due to the demand of the growing automotive and white goods sectors. As an example, the shift in auto manufacturing from Western to Eastern Europe is expected to result in a substantial increase by 2010 over the current combined demand for automotive flat products from countries such as Poland, Czech Republic, Romania and Slovakia. Hence, the objective of Mittal Steel s $1 billion investment plan currently underway in Central and Eastern Europe is to enhance product quality and mix, and improve efficiency and productivity. Our investments in Poland in a new slab caster and a hot strip mill, upgrade of a wire rod mill and construction of a new color coating line would open further opportunities in the growing markets of Central and Eastern Europe.

Expansion of the recently acquired Kryviy Rih Operation

Mittal Steel believes that its recently acquired Kryviy Rih operation in Ukraine has the potential to become one of the most profitable steel plants in the world. It is the second largest steel plant in the European region and has structural cost advantages in being located adjacent to a large, captive iron ore deposit and benefiting from lower labor costs than in the developed world. We plan to expand both the mines and steel plant operations to capture the full potential of these assets. In doing this we will enhance the value-added mix of the operation, diversify its product range into flat products, and grow the market share in Ukraine, CIS and the Eastern European region.

With suitable investment there is potential to increase production from the captive iron ore mines by up to 13 million tonnes of raw iron ore by 2010. Since this will be in addition to the current output of about 17 million tonnes, incremental investment required will not be as significant as that for developing a new mine. The increase in output will meet all the concentrate requirements of the expanded steel plant operations and enable supply to other group companies as well. Capital investment in the steel plant will significantly increase finished steel shipments by 2010 from 6.7 million tons in 2005. Capital repairs on the coke batteries will make the plant self-sufficient in coke supply and reduce its dependency on purchased natural gas. Restarting an additional blast furnace and investment in steelmaking and slab casting would enable production of up to approximately 4.0 million tons of flat products by 2010. The remaining liquid steel will continue for long products production, for which improvements to the meltshop and wire rod mill will allow higher value market segments to be served.

Expansion of our low-cost facilities in South Africa and Kazakhstan

Mittal Steel has some of the most cost competitive steelmaking operations in the world at its facilities in South Africa and Kazakhstan, which have contributed significantly to an average operating profitability of about $220 per tonne in our Asia-Africa region over the last two years. We intend to grow capacity at these facilities. For example, in South Africa, the hot metal capacity is planned to be increased by over 1 million tonnes by rebuilding Blast Furnace No.5 and Sinter Plant and enhancing productivity of Blast Furnace D during its relining. In addition, the construction of new DRI facilities will enable volume growth, enhanced quality of feed material and better costs. Such investment in steelmaking expansion will allow us to continue to benefit from expansion of low-cost iron ore mines in South Africa through our contractual arrangements at Sishen. Similarly, our investments in Kazakhstan, such as the reconstruction of Blast Furnaces 3 and 4 and addition of Coke Battery 7 are directed at de-bottlenecking the operation, enabling us to gain maximum benefit from our adjacent captive ore and coal mines. Suitable capital investments in these two facilities offer the potential to increase their combined output by approximately 4.0 million tons, a significant portion of which would be high-quality grades.

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Capturing productivity improvement

Mittal Steel operations in Western Europe and USA are amongst the most productive in the steel industry. The average shipments of our operations in these developed countries is about 730 tons per employee and we intend to extend this performance to a number of our more recently acquired operations which have significant potential to improve. Combined with selective investments to improve productivity, efficiency improvements across the company operations are expected to result in headcount reduction of around 40,000 employees over a period of five years. This employee reduction will be done by capturing attrition and a voluntary retirement scheme. Thereby we will be able to achieve within a span of five years a significant increase in productivity, primarily through improvements at our operations in emerging economies. In 2005, workforce reduction through a voluntary process amounted to 11,000 employees.

Expansion of mining assets

To hedge against the supply side constraints and disproportionate negotiating power of key raw material suppliers, Mittal Steel continues to invest in expanding its mining operations. In the next five years, the objective is to move from 56% self-sufficiency in iron ore to 80% at current levels of steel production, driven by a mixture of acquisitions and capacity expansions. This would entail an increase in iron ore production by approximately 28 million tonnes, which would come from restarting production in Liberian iron ore mines under our management in 2007, increasing the open pit mining in Ukraine to increase raw ore production, similarly expanding our Bosnian mine, commissioning a pioneering project for dephosphorization of iron ore concentrate in Temirtau, Kazakhstan, and investment in new mines in Mexico. In addition, we may see additional supply from a new mine in Senegal, if the feasibility study demonstrates the viability of the project.

Capturing the benefits of our global scale and scope

Through our ongoing Continuous Improvement and Knowledge Management Programs, we will continue to drive improvement in overall business performance. These processes will allow us to accelerate integration of recent acquisitions and to capture global synergies in marketing, product development and procurement.

For example, we expect to capture identified synergies of $250 million per annum from the ISG acquisition in the United States through best practice sharing, further optimization of the product-plant configuration and procurement scale and scope. Elsewhere our continuous improvement and technical experts are supporting efforts to de-bottleneck operations in high growth areas such as Algeria, South Africa and Central & Eastern Europe, as well as supporting management teams in North America and Western Europe to improve processes and capture value-added opportunities.

In addition, we have launched a company-wide initiative to implement total cost of ownership approaches to the procurement and use of key materials, including iron ore, scrap, refractory materials and ferro alloys, amongst others. Company-wide initiatives are also underway to improve yields and optimize energy consumption across the Company.

Our global marketing Knowledge Management Program is driving improvements to our marketing and sales processes. Our sales teams continue to look for opportunities to promote cross selling of products across our businesses, and joint efforts of marketing, R&D and local operations management enable product transfers between our business units in order to capture market growth opportunities.

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The detailed benchmarking, regular management meetings, inter-plant visits of technical and functional experts, and sharing of information at the corporate, regional and operating level, allow each business to benefit from the scale and reach of our global presence and to have access to the best practices and experience within our company. We believe these processes will continue to provide a differentiating advantage to our business performance by continuously contributing to reduced procurement and conversion costs, and enhanced productivity and profitability.

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INFORMATION ABOUT ARCELOR

The information concerning Arcelor provided below is based solely on public information, including Arcelor s annual reports for 2005, 2004, and 2003, all as posted on Arcelor s web site (www.arcelor.com).

General

Arcelor was created in February 2002 by the combination of three steel-making companies, Aceralia Corporación Siderurgica, Arbed and Usinor. The Arcelor group operates in four market sectors: Flat Carbon Steels, Long Carbon Steels, Stainless Steels, and Arcelor Steel Solutions and Services (A3S, formerly Distribution, Transformation and Trading). Arcelor is the second largest steel producer in the world, with production of 47 million and 46.7 million tonnes of steel in 2004 and 2005, respectively. It generated revenues of 30.2 billion in 2004 and 32.6 billion in 2005. For the same periods, its net result (group share) was 2.3 billion and 3.8 billion, respectively. Arcelor recorded capital expenditure of 1.4 billion in 2004 and 2.1 billion in 2005.

In 2004, 30% of its production was obtained from scrap used in electric arc furnaces and 70% from iron ore. The group is a leading operator in all its key end markets: the automotive industry, construction, household appliances, packaging and general industry.

Arcelor is the market leader in Western Europe; 71.2% of its sales in 2005 were in the European Union. Arcelor also has a strong position in South America, particularly due to its Brazilian operations; 10.8% of its sales in 2005 were in South America. The large majority of its 96,256 employees at year-end 2005 are located in those two regions (approximately 73% in Western Europe and 21% in South America).

Arcelor has made several significant acquisitions, particularly in South America and Eastern Europe. Most recently, Arcelor acquired Dofasco, a leading Canadian steelmaker, for C$5.6 billion.

Principal Business Sectors

Flat Carbon Steel

Arcelor is a leading producer of flat carbon steels, in terms both of volume and value, having shipped approximately 28.5 million tonnes in 2004 and 28.1 million tonnes in 2005. In 2005, total production of flat carbon steel was 32.9 million tonnes. This sector employed approximately 46,000 people at year-end 2005, generated revenues of approximately 16.1 billion in 2004 and 18.1 billion in 2005 and recorded operating results of 1.7 billion in 2004 and 2.8 billion in 2005.

Arcelor s flat carbon steel sector produces and markets a broad range of flat carbon steel products, including slabs, plates, hot-rolled coil (upstream activities) and cold-rolled coil, coated, galvanized and finished products, formed blanks and welded blanks (downstream activities). With a presence on every global market, the flat carbon steel sector offers steel solutions to the automotive, packaging, industrial packaging, civil and mechanical engineering, construction, household appliance and processing industries. In Europe, the density of the flat carbon steel manufacturing and sales network, combined with the support of A3S (see below), means that Arcelor is geographically close to all of its flat carbon steels users. Elsewhere in the world, Arcelor has a policy of active investment and partnership, which is especially strong in South America, North America, Russia and China.

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Long Carbon Steel

Arcelor is one of the world s leading producers of long carbon steels, having shipped approximately 13.4 million tonnes in 2004 and 12.3 million tonnes in 2005. In 2005, total long carbon steels production was 11.2 million tonnes. This sector employed over 20,000 people at year-end 2005 and reported revenues of approximately 6.2 billion in 2004 and 6.6 billion in 2005 and operating results of 1.1 billion in 2004 and 1.1 billion in 2005, from sales of products in the following three categories:

commodity products (rolled products): lightweight and medium-weight beams, merchant steel, concrete reinforcing bar and commodity quality wire rod;

specialty products (rolled products): sheet pile, heavy beams, special sections, rails and special quality wire rod; and

wiredrawn products: steelcord, hose wire, saw wire and low carbon steel wire products.

The long carbon steel sector comprises a steel-making activity and a transformation activity with wire drawing plants. The steel-making activity is based in the European Union and South America. It mainly supplies long carbon steel products to the construction, civil engineering and industrial equipment markets. Drawn-wire products are produced in the European Union, South America and the United States, through its joint ventures with the Kiswire Group in South Korea and China, and Bekaert Group in Brazil.

Rolled long products are used chiefly in the construction industry, infrastructure developments and major projects. Wiredrawn products have a variety of uses, including tire manufacture (steelcord), agriculture (vine wire, closures, etc.), manufacturing (galvanized wire for cable reinforcement) and construction (fibers).

Stainless Steel

Arcelor is a leading global producer of stainless steels, in both volume and revenues, having shipped 2.1 million tonnes in 2004 and 1.6 million tonnes in 2005. In 2005, total production of stainless steels was 1.7 million tonnes. This sector employed over 13,500 people at year-end 2005 and generated revenues of approximately 4.6 billion in 2004 and 4 billion in 2005 and operating results of 127 million in 2004 and 93 million in 2005. Arcelor produces virtually the entire range of stainless steels and stainless steel alloy products.

Stainless steels are used in four specialist markets: household appliances (large and small), automobiles (mainly in exhaust systems), construction and street furniture (facades and building products) and industry (especially the food, chemical and oil industries).

Arcelor Steel Solutions and Services

With a presence in over 50 countries, A3S (formerly Distribution, Transformation and Trading) offers a broad range of flat and long products and steel solutions for custom projects, and is a leading player in the automotive, household appliance and construction (public works, civil engineering and offshore) markets. Although the majority of the products it sells are supplied by Arcelor group plants, the A3S sector also relies on the market to supply between 30% and 35% of its needs. This sector is

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built around a network of depots, service centers and manufacturing sites, which provide its European customers with fast access to the full range of group products. A3S is organized into five operating units that work in specialist but complementary markets.

The business activities of Arcelor s A3S sector have the following features in common:

- a strong culture of innovation;
- proximity to a broad customer base, whose loyalty is maintained by a substantial sales force;
- the important role played by service and logistics;
- expertise in the downstream promotion of steel solutions; and
- the ability to contribute added value to commercially marketed steel products.

The A3S sector employed over 11,000 people at year-end 2005 and generated revenues of approximately 8.3 billion in 2004 and 8.7 billion in 2005, corresponding to 15.0 million and 13.7 million tonnes of shipped steel, respectively, 70% in 2004 and 81% in 2005 of which came from the other sectors of the Arcelor group. The A3S sector recorded operating results of 398 million in 2004 and 254 million in 2005.

Agreement Regarding Severstal

Arcelor announced on May 26, 2006 that it had signed an agreement (the Strategic Alliance Agreement or SAA) with Mr. Alexey Mordashov, the controlling shareholder of OAO Severstal, a steel company organized in Russia, providing for the contribution by Mr. Mordashov to Arcelor of his approximately 89% interest in Severstal (including related mining interests and the Italian steelmaker Lucchini) and 1.25 billion cash in exchange for 295 million newly-issued shares representing an interest of approximately 32% in Arcelor. In addition, the SAA provides certain special management rights and restrictions for Mr. Mordashov, a standstill, a lock-up of his Arcelor shares and various other provisions. On June 12, 2006, Arcelor issued an information document relating to the proposed transaction and describing the terms and conditions of the SAA. Mittal Steel has not had access to the SAA or related documents so the following description is based on the June 12, 2006 information document.

Unless Mittal Steel waives the Minimum Tender Condition and certain other conditions to the Offer (see The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Minimum Tender Condition), it will not be possible for both the Offer and the transactions under the SAA to be consummated together. Mittal Steel has no current plan or intention to waive such conditions. Mittal Steel s expectation is that the SAA will be terminated by Arcelor as described below.

According to the information document, Arcelor has the right to terminate the SAA at any time prior to the closing of the transactions contemplated by the SAA: (1) if Mittal Steel or any other person who makes an offer for Arcelor acquires shares representing 50% or more of Arcelor s share capital on a fully diluted basis, including the shares to be issued to Mr. Mordashov, which would be approximately 73% of the shares currently outstanding, (2) if more than 50% of the currently outstanding shares of Arcelor vote against the proposed transaction at a special Arcelor shareholders

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meeting convened to consider such transaction, and (3) in certain other limited circumstances. Mr. Mordashov has the right to terminate the SAA prior to the closing thereunder in the foregoing circumstances and if Arcelor s Board of Directors publicly approves or recommends an acquisition proposal relating to the Arcelor shares, as it has pursuant to the Memorandum of Understanding.

In addition, during the three-month period following the date of settlement of the Offer, either Arcelor or Mr. Mordashov may terminate the SAA and unwind the transactions thereunder following the closing of such transactions, if Mittal Steel acquires shares representing 50% or more of Arcelor s share capital on a fully-diluted basis.

There is a break-up fee of 140 million payable by Arcelor to Mr. Mordashov if the SAA is terminated in certain circumstances, including those listed in the two preceding paragraphs.

On June 20, 2006, Severstal announced that it and Mr. Mordashov had proposed to Arcelor s Board of Directors revised terms of the SAA, including (1) the exchange of Mr. Mordashov s 89% interest in Severstal for only 210 million newly-issued Arcelor shares, representing approximately 25% of Arcelor s post-completion share capital, (2) elimination of certain special management rights of Mr. Mordashov, subject to the removal of restrictions on his right to vote his shares freely and of certain standstill and lock-up provisions, and (3) elimination of the previously envisaged 1.25 billion cash contribution.

On June 25, 2006, Arcelor s Board of Directors considered Mittal Steel s revised Offer and Mr. Mordashov s revised proposal and determined that Mittal Steel s revised Offer was superior as a whole to Mr Mordashov s revised proposal and, accordingly, unanimously recommended Mittal Steel s revised Offer. In the Memorandum of Understanding, Arcelor has undertaken to terminate the SAA and all ancillary agreements related thereto as soon as it is entitled to do so under the terms and conditions of the SAA and such ancillary agreements, including in the event that shareholders representing 50% of the issued share capital vote against it at the Arcelor extraordinary shareholders meeting convened on June 30, 2006 to vote on the transaction envisaged in the SAA.

Mittal Steel will announce the result of the June 30 Arcelor shareholder vote by press release. If that shareholder vote is insufficient to enable Arcelor to terminate the SAA, Mittal Steel intends to seek a level of tenders in the Offer, i.e., more than 50% of the Arcelor shares on a fully-diluted basis, that would permit Arcelor to terminate the SAA. This is the same level of tenders that will satisfy the Minimum Tender Condition for the Offer.

While there can be no assurance of success, it is Mittal Steel s intention and expectation to acquire more than 50% of Arcelor s total issued shares and voting rights, on a fully-diluted basis, pursuant to the Offer. Consequently, Mittal Steel believes that, in accordance with the provisions summarized above, the SAA will be terminated and never consummated or, if consummated, will be unwound. Assuming that it will be due, the 140 million break-up fee will represent an additional cost of the Offer, which Mittal Steel does not consider material and which would be funded from the general financial resources of Arcelor and/or Mittal Steel.

Mittal Steel has no current plan or intention to waive the Minimum Tender Condition (see The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Minimum Tender Condition). If, at some time in the future, Mittal Steel were to decide to waive this condition, it will publish a press release to this effect (as provided in The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Consequences of

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Failure to Meet Conditions to the Offer) and will provide appropriate disclosure, in light of all the facts and circumstances prevailing at the time, as to the potential consequences of Mittal Steel s owning less than 50% of Arcelor if Arcelor in turn owns 89% of Severstal. Such disclosure will be filed with or incorporated into the Registration Statement on Form F-4 of which this prospectus forms a part.

In addition, if consummated, the transactions contemplated between Arcelor and Mr. Mordashov under the SAA would cause the failure of one and possibly two other conditions to the Offer (the absence of shareholder approval for the issuance of Arcelor new securities and the occurrence of an event or action that alters Arcelor s substance), thereby permitting Mittal Steel to withdraw the Offer. See The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of the Offer. In the event that one or both of such conditions ultimately fails as a result of the consummation of such transactions and Mittal Steel decides to invoke its right to withdraw the Offer as a result, Mittal Steel will issue a press release as soon as possible after such consummation but in no event later than the scheduled settlement date of the Offer. See The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Consequences of Failure to Meet Conditions to the Offer. As with the Minimum Tender Condition, Mittal Steel currently has no plan or intention to waive such condition(s). Any such decision would depend on an evaluation of the totality of the circumstances prevailing at the time.

According to information published by Arcelor, Severstal is the largest Russian steel producer, with 2005 annual steel production of 17.1 million tonnes. It is the second largest flat steel producer in Russia with annual steel production of 10.9 million tonnes. In addition, Severstal owns Severstal North America, the fifth largest integrated steel maker in the U.S. with 2005 production of 2.7 million tonnes, and Lucchini, Italy s second largest steel group with 2005 production of 3.5 million tonnes. Severstal-Resource produces coking coal, thermal coal, iron ore pellets and iron ore concentrate, and generated revenues of 1.12 billion in 2005.

See Information Relating to Arcelor Press release announcing Arcelor s agreement to merge with Severstal (released May 26, 2006) in Annex B hereto.

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REGULATORY MATTERS

Competition and Antitrust

Mittal Steel must receive approval for the transaction contemplated by the Offer from the European Commission, the United States Federal Trade Commission (the FTC) or the Antitrust Division of the United States Department of Justice (the DOJ) and the Canadian Commissioner of Competition, which have jurisdiction to review the Offer under applicable competition/antitrust laws. A number of other jurisdictions throughout the world also have jurisdiction to review the transaction under their competition or antitrust laws.

Although Mittal Steel does not anticipate that there will be any investigations or proceedings in any jurisdiction that would have a material impact on the completion of the Offer or the operations of Mittal Steel or Arcelor, there can be no assurance that the necessary approvals will be granted or that they will be granted on favorable terms, or that investigations or proceedings, whether by governmental authorities or private parties, will not be initiated and, if initiated, will not have a material adverse impact on the operations of Mittal Steel or Arcelor.

It is possible that the approvals will be subject to conditions and obligations that adversely affect the financial position or operations of Mittal Steel, which could include the divestiture of certain assets or business divisions or the imposition of obligations on Mittal Steel that restrict the manner in which it can carry on business. Should any such divestitures or obligations be required and implemented, there could be a material effect upon the business of Mittal Steel or Arcelor. Furthermore, Mittal Steel may decide that significant amounts of additional assets should be disposed of in connection with such divestitures for various business reasons. There can be no assurance that any divestitures ultimately required for regulatory reasons, or any related divestitures, will not have a material adverse effect upon Mittal Steel s business or results of operations in the future.

European Union Competition Laws

Mittal Steel and Arcelor both conduct business in the European Union. Council Regulation (EC) 139/2004 requires that certain concentrations involving parties with aggregate annual worldwide and individual European Union sales exceeding certain thresholds be notified to and cleared by the European Commission.

Mittal Steel submitted a formal notification to the European Commission on April 7, 2006. The initial review period of 25 working days (sometimes referred to as a Phase I) was automatically extended to 35 working days following the submission of commitments by Mittal Steel with a view to eliminating any aspects of the concentration that might cause the European Commission to have serious doubts that the concentration raises competition issues such that it could be incompatible with the common market.

On June 2, 2006, the European Commission issued its decision clearing the transaction subject to compliance with the commitments proposed by Mittal Steel. The proposed commitments provide for the sale of two current Arcelor mills, one Mittal Steel mill and ancillary Arcelor assets in two European countries, within a specified period following the acquisition of control of Arcelor. The sale of the mills and ancillary assets would be for fair value, and the sale would be conducted, and post-sale activities organized, so as not to have an adverse impact on Arcelor s overall operations, in light of the combination with Mittal Steel.

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The decision approving the concentration can be challenged before the Court of First Instance of the European Communities by, among others, competitors, customers, or suppliers of Mittal Steel or Arcelor. Subject to review by the Court of First Instance, the European Commission s decision clearing the concentration can be revoked by it only if it subsequently concludes that its approval of the concentration was granted on the basis of false or misleading information furnished in the notification or otherwise furnished by Mittal Steel, or if Mittal Steel has failed to comply with conditions or obligations to which the approval decision is subject.

Mittal Steel believes that the June 2, 2006 clearance decision covers the transaction now agreed among Mittal Steel and Arcelor, the terms of which are set forth in the Memorandum of Understanding. Mittal Steel will discuss this matter with the European Commission in the coming days.

United States Hart-Scott-Rodino Antitrust Improvements Act of 1976

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), the Offer may not be completed until notification has been filed with the FTC and the DOJ, and the required 30-day waiting period has expired or been terminated. Mittal Steel submitted a notification under the HSR Act on March 8, 2006. Mittal Steel withdrew this notification on April 7, 2006, and re-filed a notification on April 11, 2006. The re-filing was a procedural step that was taken to ensure that the DOJ has adequate time to review the transaction. The HSR Act waiting period expired at 11:59 p.m. on May 11, 2006.

The DOJ s investigation is continuing with respect to one area of overlap between the companies operations in North America. Mittal Steel and the DOJ have agreed that, if the DOJ were to conclude that a remedy is necessary to resolve a competitive concern in this area, Mittal Steel s proposed sale of Dofasco, Inc., in accordance with its January 26, 2006 agreement with ThyssenKrupp, would satisfy the Department s concerns. Mittal Steel remains committed to divesting Dofasco to ThyssenKrupp pursuant to the January 26, 2006 agreement.

The Memorandum of Understanding notes that the parties to the Memorandum of Understanding have been unable to reach agreement on issues relating to the sale of Dofasco. In light of this disagreement and in order to permit the Offer to go forward for the benefit of their respective shareholders, the parties to the Memorandum of Understanding have agreed that if the Offer is consummated, issues related to the sale of Dofasco will be submitted to Arcelor s Board of Directors for further consideration and decision.

Mittal Steel believes that if it acquires a majority of the Arcelor shares and if the DOJ concludes that a remedy is necessary, its agreement with the DOJ will bind Mittal Steel, Arcelor, and the top-level company of the Group and that the DOJ will seek to ensure that Mittal Steel, Arcelor, and the top-level company of the Group comply with that agreement. Mittal Steel is firmly committed to compliance with the agreement with the DOJ.

Mittal Steel s agreement with the DOJ further provides that if Mittal is unable to sell Dofasco, Mittal Steel may instead resolve any competitive concern by selling an alternative asset. Mittal Steel believes that a divestiture of the alternative asset would have no adverse effect on Mittal Steel s sales or operations, particularly in light of the related retention of Dofasco.

The expiration of the HSR Act waiting period does not bar the FTC or the DOJ from challenging the Offer before or after its completion. If the FTC or the DOJ believes that the Offer would violate the

US federal antitrust laws by substantially lessening competition in any line of commerce affecting US consumers, the FTC and the DOJ h