MITTAL STEEL CO N.V.
Form F-4/A
April 26, 2006
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As filed with the Securities and Exchange Commission on April 26, 2006

Registration No. 333-132642

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM F-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

MITTAL STEEL COMPANY N.V.

(Exact name of registrant as specified in its charter)

The Netherlands **(State or other jurisdiction of** **incorporation or organization)**	**3312** **(Primary Standard Industrial** **Classification Code Number)**	**Not Applicable** **(I.R.S. Employer** **Identification Number)**

Mittal Steel Company N.V.

Hofplein 20

3032 AC Rotterdam

The Netherlands

+31 10 217 8800

(Address, including zip code, and telephone number, including area code, of

Registrant s principal executive offices)

Carlos M. Hernandez, Esq.

Mittal Steel USA Inc.

1 S. Dearborn, 19th Floor

Chicago, Illinois 60603

(312) 899-3400

(Name, address, including zip code, and telephone number,

including area code, of agent of service)

Copies to:

Henk Scheffer, Esq.	**John D. Brinitzer, Esq.**
Mittal Steel Company N.V.	**Cleary Gottlieb Steen & Hamilton LLP**
Hofplein 20	**12 rue de Tilsitt**
3032 AC Rotterdam	**75008 Paris**
The Netherlands	**France**
+31 10 217 8819	**+33 1 40 74 68 00**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the consummation of the transaction described herein have been satisfied or waived.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said section 8(a), may determine.

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The information contained herein is subject to completion or amendment. No securities may be sold until a registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful.

Subject to Completion, dated [ ], 2006

EXCHANGE OFFER PROSPECTUS

Mittal Steel is offering to exchange:

4 Mittal Steel class A common shares and 35.25 in cash for every 5 Arcelor shares or Arcelor American Depositary Shares (ADSs); and

4 Mittal Steel class A common shares and 40.00 in cash for every 5 Arcelor OCEANEs (*obligations à option de conversion en actions nouvelles et/ou d échange en actions existantes*) (the Convertible Bonds).

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 make the following elections with respect to the consideration you wish to receive:

You may elect to receive 28.21 in cash for each Arcelor share or Arcelor ADS that you tender; or

You may elect to receive 16 Mittal Steel class A common shares for every 15 Arcelor shares or Arcelor ADSs that you tender.

The consideration set out above is subject to adjustment in specific circumstances as set out herein.

The primary offer and two 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.

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 set out above (i.e., 4 Mittal Steel class A common shares and 35.25 in cash for every 5 Arcelor shares or Arcelor ADSs tendered). Tenders in the two secondary offers set out immediately above, however, are subject to a pro-ration and allocation procedure that will ensure that in the aggregate the portion of the tendered Arcelor shares that are exchanged for Mittal Steel shares (the Share Portion of the Offer) and the portion of the tendered Arcelor shares that are exchanged for cash (the Cash Portion of the Offer) (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 75% and 25%, respectively.

The maximum number of class A common shares that Mittal Steel will issue in connection with the Offer is 547,570,391.

THIS OFFER WILL EXPIRE AT [ ], CENTRAL EUROPEAN SUMMER TIME ([ ], NEW YORK CITY TIME) ON [__], 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 Offer is being made for all Arcelor shares (including Arcelor shares held in treasury) and Convertible Bonds issued and outstanding as of February 6, 2006, as well as for all Arcelor shares that are or may become issuable prior to the expiration of the Offer due to the conversion of outstanding Convertible Bonds or the exercise of options to subscribe to Arcelor shares granted prior to February 6, 2006. If any Arcelor securities are issued after February 6, 2006, Mittal Steel may either withdraw the Offer or extend the Offer to such new securities, possibly after amending its terms to reflect the effect of such issuance on the economics of the Offer. 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.

Arcelor shares are listed on Euronext Brussels S.A./N.V. s Eurolist by Euronext (Euronext Brussels), on Euronext Paris S.A. s Eurolist by Euronext (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 Euronext Amsterdam N.V. s Eurolist by Euronext (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 successful completion of the Offer.

This prospectus contains detailed information concerning the 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 THIS OFFER, SEE RISK FACTORS BEGINNING ON PAGE 36.

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 THIS 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 offer in the United States are **Goldman, Sachs & Co.**, **Citigroup Global Markets Inc.**, **Credit Suisse Securities (USA) LLC**, **HSBC Securities (USA) Inc.** and **SG Americas Securities, LLC**.

The date of this prospectus is [__________], 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, as set out below. 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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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;

- 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;

net sales are to gross sales minus returns discounts, and allowances, less shipping and handling fees and costs;

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

sales include shipping and handling fees and costs as per EITF Issue No. 00-10 Accounting for Shipping and Handling Fees and Costs (as issued by the FASB Emerging Issues Task Force);

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 U.S. generally accepted accounting principles (U.S. GAAP). The financial records of each of the operating subsidiaries are maintained in the currency of the country in which such subsidiary is located using the statutory or generally accepted accounting principles of such country. For consolidation purposes, financial statements have been prepared in conformity with U.S. GAAP and 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 (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.

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

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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

The annex to this prospectus includes Arcelor s audited consolidated financial statements as of and for the years ended December 31, 2003, 2004 and 2005 and the management reports relating to such years, as published by Arcelor. Such financial statements 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.

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 these 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. All references in this prospectus to these 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 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 Mittal Steel has not verified the reliability of the Arcelor information included in this prospectus.

In correspondence pursuant to Rule 409 under the Securities Act, Mittal Steel requested 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 US GAAP. This correspondence has led Mittal Steel to conclude that such information relating to Arcelor is not reasonably available to it. Mittal Steel has also requested in such correspondence that Arcelor s independent public accountants consent in a customary manner to the inclusion of their audit reports with respect to the financial statements of Arcelor included in this prospectus. Mittal Steel has not obtained such consent to date.

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.

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

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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 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.

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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, but cannot be guaranteed, to reach $1 billion, before tax, by the end of 2009.

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.

Conduct of the Offer

Single Offer: Applicable Rules	The Offer constitutes a single worldwide offer. 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 Securities Exchange Act of 1934, as amended. The European requirements and procedures applicable to the Offer conflict with our ability to comply with Rules 14e-1(c) and 14e-1(d) promulgated 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 Conduct of the Offer Applicable Rules; Differences from U.S. Requirements.
Documentation	The Offer is being made using two separate offer documents: this prospectus for the use of Arcelor security holders resident in the United States, and the European offer document (consisting of an offer document and a share prospectus) for the use of holders of Arcelor securities who are not resident in the United States.

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Terms of the Offer

Consideration

As a primary offer, we are offering to exchange:

- 4 Mittal Steel class A common shares and 35.25 in cash for every 5 Arcelor shares or 5 Arcelor ADSs; and
- 4 Mittal Steel class A common shares and 40.00 in cash for every 5 Convertible Bonds.

If you hold Arcelor shares or Arcelor ADSs, then, in addition or instead of this mix of Mittal Steel class A common shares and cash, you may elect to tender your shares or ADSs into the following secondary offers:

- You may elect to receive 28.21 in cash for each Arcelor share or Arcelor ADS that you tender; or
- You may elect to receive 16 Mittal Steel class A common shares for every 15 Arcelor shares or Arcelor ADSs that you tender.

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.

You are not required to make the same election for all of the Arcelor shares and ADSs that you tender, and you may make any of these elections for all or some of the Arcelor shares and 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 tendered Arcelor shares that are exchanged for Mittal Steel shares (the Share Portion of the Offer) and the portion of the tendered Arcelor shares that are exchanged for cash (the Cash Portion of the Offer) (excluding the effect of the treatment of fractional shares that would otherwise be issued) will be 75% and 25%, respectively, subject to adjustment if the consideration is adjusted as described above.

On April 4, 2006, the Board of Directors of Arcelor announced its intention to recommend to Arcelor s shareholders a dividend of 1.85 per share, as well as 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. If any such distribution were to occur prior to the settlement date of the Offer, the share portion or cash portion of the Offer consideration would be

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adjusted as set out in detail herein. For example, if the announced dividend of 1.85 per share were to be paid, the cash portion of the consideration in the primary offer and the consideration in the secondary cash offer would be reduced to 27.16 per Arcelor share or ADS and the number of Mittal Steel shares offered as consideration in the secondary exchange offer would be reduced accordingly. There would be no effect, however, on the consideration offered for the Convertible Bonds.

Any price adjustment could result in the extension or re-opening of the offer acceptance period, depending on its timing.

See The Offer Terms and Conditions of the Offer.

Scope of the Offer

The Offer is made for all shares and convertible bonds of Arcelor that were outstanding as of the first filing date of the 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 outstanding as of February 6, 2006, i.e., 639,774,327 shares (including 25,561,531 Arcelor shares then-held as treasury shares 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 acceptance period of the Offer upon the conversion of Convertible Bonds, i.e., up to 40,012,986 shares (based on a conversion ratio of 1.027); and
- all Arcelor shares that will be issued before the end of the acceptance period of the Offer 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 4,723,824 shares.

The Offer is also made for all outstanding Arcelor ADSs that represent any of the securities listed above. See The Offer Offer Scope and Consideration Securities Covered by the Offer.

Conditions Precedent

The Offer is subject to the following conditions precedent:

- 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 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) nor does Arcelor 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 the right to waive the first condition summarized above at any time until the announcement of the results of the Offer. The timing of Mittal Steel s waiver of this condition could result in the extension or re-opening of the acceptance period of the Offer.

See The Offer Terms and Conditions of the Offer and The Offer Conditions Precedent to the Offer.

Grounds for Withdrawing the Offer

Mittal Steel may withdraw the Offer if any of the conditions summarized under Conditions Precedent above is not satisfied, subject, in the case of the second condition precedent cited therein, to the prior consent of the competent supervisory authorities. 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 competent supervisory authorities. As an alternative to withdrawal of the Offer in the event of the issuance of New Securities after February 6, 2006, irrespective of whether such issuance is pursuant to specific Arcelor shareholder authorization granted after such date, 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.

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The extension of the Offer to New Securities could result in the extension or re-opening of the offer acceptance period for the Offer, depending on its timing.

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

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

Expiration Date

The acceptance period for the Offer in the United States starts on the date on which the Registration Statement of which this prospectus forms a part is declared effective (i.e. on [ ] 2006), and will close on the later of:

the 25th Business Day following the opening of the acceptance period of the Offer in Europe, i.e., on [ ], 2006; and

at midnight (New York City time) on the fifth Business Day following the date on which all U.S. and Canadian regulatory clearances required for Mittal Steel to be allowed to take title to the Arcelor shares have been obtained or relevant waiting periods have expired.

Mittal Steel anticipates that the above-mentioned regulatory clearances will be obtained and/or the waiting periods will elapse prior to the end of the 25-Business Day period. Mittal Steel will publish a press release to announce if and when such clearances have been obtained or such waiting periods have elapsed. If such clearances are not obtained and such waiting periods have not elapsed, Mittal Steel will, subject to the conditions set forth in Regulatory Matters Competition and Antitrust, accept all tendered securities and close the Offer using an escrow with an independent third party, in accordance with applicable regulations.

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

In particular, the acceptance period shall be extended or re-opened such that it is open for ten Business Days after publication of any of the following:

(i) a supplement to this prospectus;

(ii) a press release announcing an adjustment to the consideration offered for Arcelor securities pursuant to Tenders in Primary Offer or Secondary Offers Primary Mixed Cash and Exchange Offer or Tenders in Primary Offer or Secondary Offers Secondary Cash and Exchange Offer ; or

(iii) a press release announcing Mittal Steel s extension of the Offer to New Securities issued by Arcelor after amending the terms of the Offer in accordance with Offer for Arcelor Shares and Conditions Precedent to the Offer Shareholder Authorization of New Securities.

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	If Mittal Steel decides to extend or re-open the 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 to extend the Offer in a subsequent offering period of at least ten Business Days if Mittal Steel acquires, on a combined basis, 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.
	Pursuant to applicable regulations, Mittal Steel is required to extend the Offer in a subsequent offering period of at least 15 Business Days if it acquires 90% or more of Arcelor s shares.
	See The Offer Terms and Conditions of the Offer Subsequent Offering Period.
Procedures for Tendering Arcelor Securities	The procedure for tendering Arcelor securities 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	Holders of Arcelor securities may withdraw tendered securities at any time during the acceptance period for the Offer. Moreover, if the acceptance period for the Offer is extended or re-opened 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 acceptance period so extended or re-opened.
	See The Offer Terms and Conditions of the Offer Withdrawal Rights.

Delivery of Mittal Steel Shares and Cash	The Global Centralizing Agent will deliver New Mittal Steel Shares and cash to local centralizing agents for securities held through a European central depositary to tendering holders of Arcelor securities directly registered in the Arcelor share register and to the ADS Centralizing Agent within days 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 or will be 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. 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, and may cause the termination of Arcelor s 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. While Luxembourg law does not currently provide for a compulsory buy-out of minority shareholders, the current draft bill for the implementation of the European Directive on Takeover Bids, which is pending in the Luxembourg parliament, provides for such a procedure if following an offer the offeror owns 95% of the capital and voting rights of the target company. If the current draft bill is not adopted in time or if Mittal Steel did not hold 95% or more of the capital and the voting rights of Arcelor, Mittal Steel would consider other possible options to increase its shareholding in Arcelor. See The Offer Compulsory Acquisition and Intention of Mittal Steel 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 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 shares 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 shares as of the closing date multiplied by the conversion / exchange ratio for the Convertible Bonds then in effect. If the 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.
	See The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer to 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 such companies if it acquires control of Arcelor. The value of such 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.
Comparison Of The Rights Of Arcelor Shareholders And Mittal Steel Shareholders	Depending on the consideration you elect and the results of the proration 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.

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 the absolute majority of voting rights in Mittal Steel and remain in control of the company.
	Based on publicly available information, members of Arcelor s Management Board together 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 shares will constitute a taxable disposition under U.S. federal income tax law. See Taxation United States Taxation. Dividends distributed by Mittal Steel generally will be subject to Dutch withholding tax. See Taxation Dutch Taxation Withholding Tax.
The ADS Centralizing Agent	The Bank of New York (the ADS Centralizing Agent) has been appointed as a centralizing agent with respect to the part of the Offer extended to the Arcelor ADS holders. If you hold American Depositary Receipts, or ADRs, representing your Arcelor ADSs and wish to tender the ADSs in this Offer, you must complete and sign the ADS Letter of Transmittal and deliver it, together with your ADRs and other required documents to the ADS Centralizing Agent at one of the addresses set forth on the back cover of this prospectus before the expiration of the Offer. If you hold your ADSs in street name or through a bank, broker or other nominee, they can be tendered through the Depository Trust Company, commonly known as DTC. Your bank, broker or other nominee should send you an order form and instructions for participating in the Offer. If you have not yet received a form from your bank, broker or other nominee, please contact that institution directly. You will need to give your nominee instructions to participate in the Offer on your behalf with sufficient time for the nominee to complete the process of tendering your ADSs before the expiration of the Offer.

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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 Offer in the United States):

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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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 Community, as amended by the Treaty on European Union and as amended by the Treaty of Amsterdam. References to $, U.S.$ and U.S. dollars are to United States dollars.

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 April 24, 2006	1.24	1.22	1.24	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 percentage of sales	(0.7)%	9.9%	13.6%	27.7%	16.9%
Other income (expense) net	20	32	70	128	77
Income from equity investments		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

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	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 audited consolidated financial statements of Arcelor for the years ended December 31, 2003, 2004 and 2005, including the notes thereto, annexed to this prospectus. The financial statements as of and for the year ended December 31, 2005 were accompanied by an audit report dated March 17, 2006, issued by Arcelor s independent accountants, who have not yet consented to the use of their report in this prospectus and may not consent to such use. 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 due to the limited disclosure provided in 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.

	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 Corporacion 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 405 million in 2005, 199 million in 2004, 29 million in 2003 and 82 million in 2002, and net interest paid in the amount of 107 million in 2005, 151 million in 2004, 261 million in 2003 and 387 million in 2002.

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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 International Steel Group (ISG) and the estimated effects of the proposed acquisition of Arcelor S.A. (Arcelor) as if such acquisitions had occurred on January 1, 2005. The Unaudited Pro Forma Condensed Combined Financial Information does not meet the requirements of Article 11 of Regulation S-X under the Securities Act. In particular, 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 then US GAAP. 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 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, the following table sets out a 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.

	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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The following summarizes the differences between IFRS and US GAAP noted in the table above.

Employee benefits

Under US GAAP past service cost is amortized over the remaining working lives for both vested and unvested rights, whereas under IFRS only unvested rights remain unrecognized.

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.

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. Under IFRS negative goodwill is directly recognized in the income statement. 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.

Deferred income tax

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.

Other differences

Other differences mainly relate to the consolidation requirements. Under US GAAP the Company included the results of operations for Mittal Steel South Africa in its consolidated financial statements for the year ended December 31, 2004 as if it was acquired at the beginning of the year. The pre-acquisition earnings from the beginning of the year to June 2004, the date the Company obtained more than 50% of the outstanding shareholding in Mittal Steel South Africa, were deducted from minority interest. Under IFRS, the date on which the Company obtained control of Mittal Steel South Africa was determined to be June 2004 and therefore the income for the pre-acquisition period as reported under US GAAP was reversed.

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 proposal, Arcelor shareholders will receive 4 Mittal Steel shares and 35.25 for every 5 Arcelor shares. The maximum amount of cash to be paid by Mittal Steel will be approximately 4,855 million (approximately $5,930 million) and the maximum number of Mittal Steel shares to be issued will be approximately 547 million, assuming tender of all of the outstanding Arcelor Convertible Bonds, the tender of the treasury stock of Arcelor and the conversion of all of the outstanding Arcelor and Usinor stock options and the tender of the underlying shares. 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.

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.

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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	$ 70	A	$ 7,721
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	70		32,528
Goodwill and intangible assets	1,706	229	5,110	B	7,045
Property, plant and equipment, net	18,651	16,306			34,957
Investments	1,204	2,524			3,728
Other assets	414	898			1,312
Deferred tax asset, net	314	1,595			1,909
Total Assets	$ 33,759	$ 42,540	$ 5,180		$ 81,479
Current Liabilities					
Payable to banks and current portion of long-term debt	$ 334	$ 1,922	$		$ 2,256
Trade accounts payable	2,504	6,192			8,696
Accrued expenses and other liabilities	2,661	3,734			6,395
Total Current Liabilities	5,499	11,848			17,347
Long-term debt, net of current portion	7,974	5,141	5,930	A	19,045
Deferred employee benefits	1,054	2,704			3,758
Deferred tax liabilities	2,253	676			2,929
Other long-term obligations	1,395	1,284			2,679
Total Liabilities	18,175	21,653	5,930		45,758
Equity attributable to the equity holders of the parent	13,423	17,898	(750)	C	30,571
Minority Interest	2,161	2,989			5,150
Total Equity	15,584	20,887	(750)		35,721
Total Liabilities and Shareholders Equity	$ 33,759	$ 42,540	$ 5,180		$ 81,479

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Information.

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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				344				344
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)	(222)	L	(927)
Income before taxes	4,805	290	91		5,186	5,528	(222)		10,492
Income tax expense	(881)	(116)	(35)	K	(1,032)	(201)	44	M	(1,189)
Net Income (including minority interest)	$ 3,924	$ 174	56		4,154	5,327	(178)		9,303
Attributable to									
Minority interest	$ (494)	$	$		$ (494)	$ (538)	$		$ (1,032)
Equity holders of the parent	**3,430**	**174**	**56**		**3,660**	**4,789**	**(178)**		**8,271**
Basic earnings per common share	$ 4.99				$ 5.20				$ 6.70
Diluted earnings per common share	4.98				$ 5.19				$ 6.69
Weighted average shares outstanding in millions:									
Basic	687				704				1,235
Diluted	689				706				1,237
Shares issued in connection with ISG acquisition			17						
Shares to be issued in connection with the Arcelor acquisition (excluding treasury shares)							531		

See accompanying notes to Unaudited Pro Forma Condensed Combined Financial Information.

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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 Condensed Combined Financial Information has been prepared in accordance with IFRS.

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 Balance Sheet reflects adjustments as if the acquisition of Arcelor, accounted for using the purchase method of accounting, had occurred at 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.

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 Statements.

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.

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.

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

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3. Preliminary 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.

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

		(in millions)
Assets:		
Current assets	$	3,024
Property, plant and equipment		4,066
Other non-current assets		598
Liabilities:		
Current liabilities		1,613
Debt and capital lease obligations		844
Other long term liabilities		1,560
Deferred taxes		165
Net assets acquired	$	3,506

The purchase price has been allocated based on the fair value of assets acquired and liabilities assumed, resulting in the recognition of $277 million of negative goodwill. 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.

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 proposal, Arcelor shareholders will receive 4 Mittal Steel shares and 35.25 for every 5 Arcelor shares. The maximum amount of cash to be paid by Mittal Steel will be approximately 4,855 million (approximately $5,930 million) and the maximum number of Mittal Steel shares to be issued will be approximately 547 million, assuming tender of all of the outstanding Arcelor Convertible Bonds, the tender of the treasury stock of Arcelor and the conversion of all of the outstanding Arcelor and Usinor stock options and the tender of the underlying shares. 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 $32.30, the closing price as of the last trading day prior to the public announcement of the proposed offer.

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

		(in millions)
Preliminary estimated value of Mittal Steel shares issued	$	17,659
Estimated banker s fees and other transaction costs		100
Cash paid to security holders		5,930
		23,689
Less: Shares issued and cash paid for treasury stock of Arcelor		681
Total purchase price	$	23,008

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 at January 24, 2006, the date of the announcement. 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.

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. For the allocation of the total purchase price it is assumed that the excess of the purchase price over the historical 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.

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 an agreement on January 30, 2006 (subsequently amended) with certain financial institutions for a credit facility of 5 billion (approximately $6.0 billion), of which $5,930 million will be utilized towards the cash settlement of the purchase consideration of the Arcelor acquisition. The cash is reduced for estimated transaction costs of $100 million, offset by an increase of $170 million, being the cash received by Arcelor against the tender of its treasury shares under the terms of the offer.

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 $5,110 has been allocated to goodwill.

If the result 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, the pro forma depreciation for 2005 would have been $204 million higher and net income would have been $163 million lower.

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C. Represents the net effect of the issuance of 531 million Mittal Steel class A common shares (excluding the Mittal shares to be issued for the tender of the treasury stock of Arcelor) as part of the purchase price consideration, the net effect of the pro forma adjustments and the elimination of the shareholders equity of Arcelor.

		(in millions)
Preliminary estimated value of Mittal Steel shares issued	$	17,659
Mittal Steel shares issued for treasury stock of Arcelor		(511)
Historical book value of net assets of Arcelor as of December 31, 2005		(17,898)
Pro forma effect on shareholders equity	$	(750)

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. The adjustments are preliminary and may change materially when the purchase accounting and fair value exercise is completed. 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 preliminary 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.

The fair value exercise is not complete and there may be other adjustments which could have an effect on the pro forma adjustments reflected in these Unaudited Pro Forma Condensed Combined Financial Information and may result in a lower net income and earnings per share.

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 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.

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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 3.75% or $222 million per annum. A 0.5% or 50 basis point change in the interest rate would increase or decrease net income by $30 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. 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, the effects of the disposition of Dofasco have not been reflected in the Unaudited Pro Forma Condensed Combined Financial Information.

O. Based on publicly available information, Arcelor currently holds approximately 66% of the outstanding voting stock of Arcelor Brazil and approximately 76% of the voting stock of Acesita. 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. The determination of the price for the minority interest in Arcelor Brazil and Acesita will be made with the assistance of an independent expert designated by Mittal Steel and is subject to judicial review at the request of the minority shareholders. As Mittal Steel cannot predict with certainty the values that the independent expert will ultimately assign to the shares of Arcelor Brazil and Acesita, or whether such offers will be accepted, the effects of the offer have not been included in the Unaudited Pro Forma Condensed Combined Financial Information. Moreover, Arcelor announced on March 30, 2006 an offer to purchase the shares it does not own in Acesita; the results of such offer are not currently available.

P. Subject to the successful completion of its offer for Arcelor, Mittal Steel envisions to adopt a dividend policy to distribute 25% 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 $1.67 on a basic and diluted basis.

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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 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 4 Mittal Steel class A common shares for every 5 Arcelor common shares, and then adding to those amounts the cash portion of the exchange consideration of 35.25 (or the U.S. dollar equivalent, as the case may be) for every 5 Arcelor common shares. 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 4 Mittal Steel class A common shares for every 5 Convertible Bonds, and then adding to those amounts the cash portion of the exchange consideration of 40.00 (or the U.S. dollar equivalent, as the case may be) for every 5 Convertible Bonds. 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, and, for [ ], 2006, a rate of 1.00 = $[ ], 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, and, second, as of [ ], 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	$ 34.45	28.21	$35.62	29.16
[ ], 2006	$[ ]	[ ]	[ ]	[ ]	[ ]	$[ ]	[ ]	$[ ]	[ ]

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.

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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 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 Combined Condensed 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. 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 Financial Information.

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.* 4 Mittal Steel shares for 5 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)	704	614	1,235
Average number of diluted shares outstanding during the year ended December 31, 2005 (in millions)	706	655	1,237

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 0.8, the exchange ratio for each Arcelor ordinary share in the Offer.

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	Historical Mittal Steel IFRS	Historical Arcelor IFRS	Mittal Steel pro forma IFRS	Arcelor equivalent pro forma IFRS
	For the year ended December 31, 2005 ($ in millions, except per share amounts)[1]			
Income (loss) from operations	3,660	4,789	8,271	
Basic EPS	5.20	7.80	6.70	5.36
Diluted EPS	5.19	7.31	6.69	5.35
Dividends declared[2]	213	1,428	1,641(3)	
Dividends declared per basic share[2]	0.30	2.30	1.33(3)	1.06
Book value at period end[3]	13,423	17,898	30,571	
Book value per basic share	19.07	29.15	24.75	19.80

(1) 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.

(2) Historical dividends not giving effect to envisaged combined group dividend policy.

(3) 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.

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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 it. 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 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 competent regulatory authorities 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 acceptance period and within the re-opened and extended acceptance period following the publication of such adjustment, if published after the end of the initial acceptance period. 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 25%.

It should be noted in this regard that the Board of Directors of Arcelor announced on April 4, 2006 the proposed payment of a dividend of 1.85 per share. If approved by the Arcelor annual shareholders meeting (currently scheduled for April 28, 2006), this payment would result in an adjustment to 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. 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. If such a distribution were to occur prior to the settlement date of the Offer, a possibility that Arcelor s Board of Directors has not ruled out, whether through a repurchase of Arcelor s own shares or through a dividend distribution, this would also result in an adjustment to 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.

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.

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 a successful completion

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of the Offer, Mittal Steel will need to take control of the 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 will have or claim to 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 effect 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. 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.

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. We may not achieve the anticipated benefits expected to result from this integration. These

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anticipated benefits could be more difficult to achieve in an unsolicited transaction opposed by, or not supported by, the Arcelor Board of Directors or if we fail to successfully integrate the operations of Mittal Steel and Arcelor. 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.

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 successful, 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.

The existence of minority interests in Arcelor s share capital may reduce the anticipated benefits of the Offer to Mittal Steel.

The existence of minority interests in Arcelor s share capital after the completion of the Offer may have various adverse effects upon Mittal Steel. If significant minority interests are present, Mittal Steel could have difficulty realizing the synergies and other operating efficiencies of the combination of the two companies, as well as the revenue and earnings growth which it seeks to achieve by combining Arcelor and Mittal Steel. It should be noted in this regard that no compulsory buy-out procedure is currently available under Luxembourg law. The current draft law to implement Directive 2004/25/CE on Takeover Bids in Luxembourg provides for such a procedure, if a bidder acquires 95% of the shares and 95% of the voting rights of a company.

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 two votes each following successful completion of the Offer). The quorum for shareholders meetings is 20% of the issued capital for Arcelor, while it is 10% of the issued share capital for Mittal Steel. 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 the shareholders by a simple majority with shareholders holding at least one-third of the issued share capital voting in favor of such a resolution; Mittal Steel s shareholders may suspend and remove directors by a two-thirds vote with shareholders holding at least half of the issued share capital voting in favor of such a resolution, 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.

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 holds approximately 66% of the outstanding voting stock of Arcelor Brasil S.A. and 76% of the voting stock of Acesita S.A., two Brazilian companies listed on the *Bolsa de Valores de São Paulo* (BOVESPA). Arcelor announced on March 30, 2006, an offer to purchase the remaining shares of Acesita. Mittal Steel understands that this offer will close on April 26, 2006 and that the results will be announced shortly thereafter. 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 tender offers must be filed before the Brazilian Securities Commission. 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, its by-laws increase this percentage to 100%. The determination of the price for Arcelor Brazil 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, proceeds of new financings and, possibly, equity. 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 April 20, 2006 (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 share price of 26.45 ($32.30) used for purposes of calculations in the context of the Offer, the minority interests in these companies would have an aggregate value of approximately 3.2 billion ($3.9 billion), requiring the issuance of approximately 91 million shares and the payment of 0.8 billion ($1.0 billion) in cash if Mittal Steel offers the same mix (*i.e.*, 75%/25%) of shares and cash as in the Offer.

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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 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. The extent to which Arcelor s offer for the remaining shares of Acesita noted above is subscribed will correspondingly affect Mittal Steel s own buy-out obligations.

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 acceptance period and the settlement date. In this case, the value of your Arcelor securities may decrease during the period between your tender of such securities and the return of such securities to you.

Mittal Steel has the right to withdraw and terminate the Offer at any time prior to the settlement date of the Offer upon the failure of any of the three conditions precedent to the Offer (see Terms and Conditions of the Offer Conditions Precedent to the Offer and Withdrawal Rights):

- in the event that the Minimum Tender Condition is not satisfied or waived;

- subject to the prior consent of the European Regulators (insofar as required by applicable law), in the event that certain events beyond the control of Mittal Steel occur or 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; or

- in the event that any New Securities (defined below) are issued by Arcelor 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).

Whether the Minimum Tender Condition is satisfied and any decision to invoke or waive this condition will be announced 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 made and announced by press release as soon as possible following the relevant event or action.

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 after February 6, 2006, even with the approval of Arcelor s shareholders. (See 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. 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 following any such termination of the Offer. In particular, you will not be able to withdraw tendered securities following the expiration of the 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. Moreover, Mittal Steel will not indemnify you or provide interest or any other payment in the event of any reasonable delay in the return of such securities.

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

If the Offer for Arcelor securities is successful, 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.

***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.

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

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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 can appoint Mittal Steel s directors and determine the outcome of shareholder votes. If the Offer is successful, other holders will be unable to determine the outcome of shareholder votes with respect to most corporate events.

Mr. Lakshmi N. Mittal 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. Mittal has the ability to prevent or cause a change of control of Mittal Steel. Mr. Mittal and two of his relatives constitute three of the nine members of Mittal Steel s Board of Directors.

Although Mr. Lakshmi N. Mittal s proportionate voting rights will decrease following the Offer, particularly as a result of the reduction in the multiple voting rights attached to his class B common shares from ten to two conditional upon the completion of the Offer, Mr. Lakshmi N. Mittal will continue to have the right to make binding nominations of candidates for appointment to the Mittal Steel Board of Directors and to have a majority of the voting rights in Mittal Steel. Accordingly, Mr. Lakshmi N. Mittal will continue to be able to prevent or cause a change of control of Mittal Steel.

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.

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.

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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 bargaining agreements, during wage and benefits negotiations or, occasionally, during other periods for other reasons. For example, steel workers at Mittal Steel s Lazaro Cardenas 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.

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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, 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

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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 two new credit facilities, a 5 billion (approximately $6 billion) credit facility to finance the cash portion of the Offer and a separate 3 billion (approximately $3.6 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 its offer for Arcelor 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 announcement of the proposed Offer, 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. Such 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.

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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.

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 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.

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 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 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 which 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.

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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 successful.

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.

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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

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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 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.

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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 occcured 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 liabilites, 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 successful, 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. The Controlling Shareholder will own at least 50% of Mittal Steel s common shares after the Offer and will not be subject to resale restrictions. Any subsequent offering of the common shares of Mittal Steel may have rights, preferences or privileges senior to those of the common shares of Mittal Steel currently outstanding.

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 be 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;

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 successful 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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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, the combination of Mittal Steel and Arcelor (together, the Group) has a compelling 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 $1.0 billion annually by 2009 (approximately 1.5% of the Group s sales in 2005) from a combination of purchasing savings and improved logistics ($600 million), manufacturing and process optimization ($200 million) and marketing and trading ($200 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 as required to satisfy the Minimum Tender Condition described in Terms and Conditions of the Offer Conditions Precedent to the 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 tons 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).

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 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, half of which are in Eastern Europe. Whirlpool already manufactures around 50% of its output in emerging markets and has increased its investments 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

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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, the Chinese steel market is expected to grow just under 7% per year from 2005 to 2015, and India at a rate just over 7%. (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 regions). The recent competitive bidding for the same companies, such as Ukranian 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 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 regions.

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

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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.

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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 16% market share in 2004). Recently, Arcelor demonstrated its desire to grow in developed countries by acquiring Dofasco in February 2006 for $4.7 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 Similar 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 has a comparable commitment to capital investment, investing 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 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.

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In the main areas of carbon steel production, flat products and long products, capital investment rates in the two companies are broadly similar ($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 (the Group) 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 Brazil to its Western European mills. Mittal

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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.

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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 strong 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.

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. 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.

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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.

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 had been acquired on January 1, 2005), 2005 revenues amount to roughly $72 billion.

The Group will have a production 3.4 times that of its nearest competitor, which comparatively provides the Mittal Steel-Arcelor combination with financial strength and ample resources.

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2005 Shipments Breakdown per Region

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.

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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 Synergies below).

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.

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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.

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.

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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.

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 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

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Arcelor operations and employment in all current locations, except where Arcelor has already announced restructuring plans. In general, 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. 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 Liege, Belgium, in order to determine whether this closure might be delayed by linking the Liege mill to Mittal Steel s Central and Eastern European operations so as to facilitate specialization, and to use capital more efficiently.

Mittal Steel intends to provide for employee representation on the Board of Directors of the Group, and the practice of European works council will be maintained.

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

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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 Company and Arcelor are merged.

Synergies

Mittal Steel expects to realize synergies of at least $1 billion before taxes (1.5% of combined pro forma sales in 2005) within three years of the combination from three sources: purchasing: about $600 million, marketing and trading: about $200 million and manufacturing and process optimization: about $200 million. The magnitude of the expected synergies is entirely consistent with Mittal Steel s recent experience in the acquisition of ISG, is less than the synergies reported by Arcelor following the merger of Usinor, Arbed and Aceralia, and is in line with Arcelor s announced expectations for synergies with regard to its acquisition of Dofasco. 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 items such as loss contingencies may affect the amount of any potential synergies.

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 $600 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 $600 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 $200 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 Arcelor s distribution network via additional volumes and cross product flows between the two companies. Mittal Steel estimates that the largest part of the 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 two 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.

The estimated savings of $200 million from manufacturing and process optimization are expected to result from manufacturing process improvements and yield gains, which 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 100 million

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tonnes, this implies a cost savings of $2 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 $600 million in synergies (consisting of the full amount of estimated purchasing synergies) by the end of the first year following the acquisition; approximately $900 million in synergies (consisting of such purchasing synergies plus the full amount of the estimated marketing and trading synergies ($200 million) and one-half of the estimated manufacturing and process optimization synergies ($100 million)) by the end of the second year following the acquisition; and approximately $1,000 million in synergies (consisting of the synergies noted above plus the remainder ($100 million) of the estimated manufacturing and process 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.

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.

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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

No decision has yet been made with respect to the allocation of management responsibilities within the Group. Mittal Steel will allocate management responsibilities on the basis of the best available talent within Mittal Steel and Arcelor, and the current expectation is that a substantial number of management positions in the Group will be allocated to current members of Arcelor s management.

Both in general and in relation to the workforce, Mittal Steel 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 32.7 billion (approximately $39.9 billion) (based on the respective closing stock prices on January 26, 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 was calculated by adding the stand-alone market capitalization of Mittal Steel and Arcelor as of January 26, 2006 and deducting the Cash Portion of the Offer financed through bank debt. Mittal Steel s market capitalization has been calculated on the basis of a share price of 26.45 per share (Mittal Steel Reference Share Price) multiplied by 704.4 million outstanding shares. Arcelor s market capitalization is based on a share price of 28.21 (the Arcelor Reference Share Price), calculated on the basis of the Offer terms (0.8 multiplied by the Mittal Steel Reference Share Price of 26.45, plus 7.05 of cash), multiplied by 664.7 outstanding shares (including shares issued upon conversion of Convertible Bonds and stock options)).

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Pro Forma Mittal Steel and Arcelor vs. Other Steel Companies

The Group will form the largest group

in the steel industry capitalization

Equity market capitalization (billions)

Source: Datastream (January 26 2006)

With a pro forma market capitalization of about 33 billion, the Group will become one of the flagship industrial companies in Europe. Ranked by market capitalization, it will be the 18th 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 (January 26, 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.

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 50% 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	704.4	1,236.2	970.3	879.9	837.4
Free float shares	533.6	81.1	543.8	312.5	233.8	196.8
ADTV*(in millions of shares) (1)						
1-month ADTV(2)	3.99	1.23	4.69	2.96	2.37	2.09
3-month ADTV(3)	4.31	1.17	4.90	3.03	2.40	2.10
6-month ADTV(4)	4.68	1.05	5.11	3.08	2.39	2.07
12-month ADTV(5)	5.15	0.97	5.44	3.21	2.45	2.09
ADTV* as a percentage of total shares outstanding						
1-month ADTV(2)	0.64%	0.17%	0.38%	0.30%	0.27%	0.25%
3-month ADTV(3)	0.70%	0.17%	0.40%	0.31%	0.27%	0.25%
6-month ADTV(4)	0.76%	0.15%	0.41%	0.32%	0.27%	0.25%
12-month ADTV(5)	0.83%	0.14%	0.44%	0.33%	0.28%	0.25%
ADTV* as a percentage of free float						
1-month ADTV(2)	0.75%	1.51.%	0.86%	0.95%	1.01%	1.06%
3-month ADTV(3)	0.81%	1.44%	0.90%	0.97%	1.03%	1.07%
6-month ADTV(4)	0.88%	1.30%	0.94%	0.99%	1.02%	1.05%
12-month ADTV(5)	0.97%	1.20%	1.00%	1.03%	1.05%	1.06%

* *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)*

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 578.3 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 664.7 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.*, 40 million shares and 4.7 million shares, respectively, and excluding 19.8 million treasury shares), with the

Grand Duchy of Luxembourg holding 35.8 million shares, Corporacion JMAC B.V. holding 22.4 million shares, the Walloon Region (through Sogepa S.A.) holding 15.4 million shares and Arcelor employees holding 12.8 million shares);

(iii) Mittal Steel s free float represents 81.1 million shares (based on the total number of outstanding Mittal Steel shares (excluding shares held in treasury by Mittal Steel) of 704.4 million shares (including 246.9 million outstanding Mittal Steel class A shares and 457.5 million outstanding Mittal Steel class B 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 traded volumes (ADTV) are calculated based on the ADTV for Mittal pre-offer increased by the ADTV for Arcelor pre-offer pro-rata for the offered exchange ratio of 4 Mittal shares for 5 Arcelor shares and the assumed acceptances form 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 4 Mittal shares for 5 Arcelor shares and the assumed acceptances from Arcelor shareholders.

Based on published criteria, Mittal Steel believes that, following the transaction, Mittal Steel can be expected to be included in a number of stock market indices, including the CAC 40 and SBF 120. Currently, Arcelor s weighting in the CAC 40 is 1.7%, and in the SBF 120 is 1.8%. 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 Contemplated 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

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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 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

General: Composition of the Board of Directors

Mittal Steel intends that the Board of Directors of the ultimate parent company of the Group will:

- continue to be composed of a majority of independent (non-executive) directors;
- reflect both the geographical diversity of the Group and its key stakeholders;
- include directors appointed upon nomination by or on behalf of the Group s employees; and
- continue to have an Audit Committee, a Nomination Committee and a Remuneration Committee composed solely of independent directors.

For so long as Mittal Steel Company N.V. remains the parent company of the Group, the independence of directors will continue to be determined on the basis of the criteria set forth in the Dutch Corporate Governance Code, the NYSE listing standards applicable to non-US issuers, which themselves reflect the relevant provisions of the Sarbanes-Oxley Act, and any other applicable laws or rules.

Should the ultimate parent company of the Group become a company governed by Luxembourg law, the independence of directors would be determined on the basis of the independence criteria set forth in the corporate governance recommendations of the Luxembourg Stock Exchange (once effective), the NYSE listing standards, and any other applicable laws or rules.

The exact composition and size of the Group s Board of Directors will depend, mainly, on discussions with Arcelor management and other stakeholders.

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Reduction of Voting Rights Attached to the Class B Common Shares

Since Mittal Steel s shareholder base will change significantly as a result of the transaction, the Controlling Shareholder has undertaken, conditional upon the closing of the Offer and the exchange of New Mittal Steel Shares for Arcelor securities pursuant thereto, to reduce the multiple voting rights attaching to its class B common shares from ten to two voting rights per class B common share (following the procedure described in Description of Mittal Steel s Share Capital Reduction of Class B Voting Rights. The Controlling Shareholder would, however, retain the absolute majority of voting rights in Mittal Steel and remain in control of Mittal Steel. It is possible that the Controlling Shareholder s economic and voting interest in Mittal Steel will be further reduced in the future, *e.g.*, if further acquisitions are financed with newly-issued Mittal Steel class A common shares.

Post-Offer Shareholding

The following tables show, on the basis of 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 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 multiple 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 two voting rights 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	49.3%	63.7%
Treasury stock	24,006,654		24,006,654	1.9%	
Other current Mittal Steel shareholders(1)	80,855,495		80,855,495	6.4%	4.8%
Former Arcelor shareholders	496,002,425		496,002,425	39.2%	29.2%
Former Convertible Bonds holders(2)	31,168,830		31,168,830	2.5%	1.8%
Former Mittal Steel optionholders (3)	4,979,910		4,979,910	0.4%	0.3%
Former Arcelor optionholders (4)	3,740,541		3,740,541	0.3%	0.2%
Total	806,548,645	457,490,210	1,264,038,855	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	55.3%	69.1%
Treasury stock	20,052,395		20,052,395	1.8%	
Other current Mittal Steel shareholders[1]	80,855,495		80,855,495	7.2%	5.2%
Former Arcelor shareholders	372,001,819		372,001,819	33.0%	23.8%
Former Convertible Bonds holders[2]	23,376,623		23,376,623	2.1%	1.5%
Former Mittal Steel optionholders [3]	4,979,910		4,979,910	0.4%	0.3%
Former Arcelor optionholders[4]	2,805,406		2,805,406	0.2%	0.2%
Total	669,866,437	457,490,210	1,127,356,647	100.0%	100.0%

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	62.9%	75.5%
Treasury stock	16,098,135		16,098,135	1.6%	
Other current Mittal Steel shareholders[1]	80,855,495		80,855,495	8.2%	5.6%
Former Arcelor shareholders	248,001,212		248,001,212	25.0%	17.3%
Former Convertible Bonds holders[2]	15,584,415		15,584,415	1.6%	1.1%
Former Mittal Steel optionholders [3]	4,979,910		4,979,910	0.5%	0.3%
Former Arcelor optionholders[4]	1,870,270		1,870,270	0.2%	0.1%
Total	533,184,228	457,490,210	990,674,438	100.0%	100.0%

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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	73.0%	83.2%
Treasury stock	12,143,876		12,143,876	1.4%	
Other current Mittal Steel shareholders(1)	80,855,495		80,855,495	9.5%	6.2%
Former Arcelor shareholders	124,000,606		124,000,606	14.5%	9.5%
Former Convertible Bonds holders(2)	7,792,208		7,792,208	0.9%	0.6%
Former Mittal Steel optionholders (3)	4,979,910		4,979,910	0.6%	0.4%
Former Arcelor optionholders(4)	935,135		935,135	0.1%	0.1%
Total	396,502,020	457,490,210	853,992,230	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

Mittal Steel will revise the structure and composition of the Board of Directors of Arcelor to a greater or lesser extent depending on the level of Mittal Steel s shareholding in Arcelor following completion of the Offer. Mittal Steel s representation on Arcelor s Board of Directors will be proportional to its shareholding. So long as Mittal Steel and Arcelor remain separate legal entities, Mittal Steel intends to maintain a significant number of independent directors on Arcelor s Board of Directors and the two current Board committees, *i.e.*, the Audit Committee and the Appointments and Remuneration Committee, both to be composed solely of independent directors.

For so long as Arcelor remains a listed subsidiary, Mittal Steel does not foresee making substantial changes to Arcelor s Articles of Association, other than deletion of the mandatory bid provision that will become unnecessary upon the implementation of the European Directive 2004/25/EC on Takeover Bids in Luxembourg.

Intentions regarding Workforce and Management

See Rationale of the Offer Implications of Mittal Steel s Strategy in Western Europe Employment and Rationale of the Offer Governance and Management.

Intentions regarding Corporate Restructuring

Mittal Steel is analyzing various options to streamline the structure of the post-acquisition Group such as the merger of Mittal Steel into Arcelor, the merger of both Mittal Steel and Arcelor into a new holding company (whether or not in the form of a European Company (SE)), and the transfer of Mittal Steel s head office or corporate and/or operational headquarters to Luxembourg.

Mittal Steel will make its determination as to the precise structural measures to be implemented based on discussions with the relevant government authorities on legal, tax, listing and operational matters, and an analysis of information relating to Arcelor (to which it will have access only with the cooperation of Arcelor management or following completion of the Offer). Mittal Steel plans to have such discussions with the relevant government authorities as soon as possible. Irrespective of the structuring option chosen, it is envisaged that the parent company of the Group will have its seat and headquarters in Luxembourg.

Intentions regarding Minority Buy-Out and Delisting

It is Mittal Steel s intention to acquire all of Arcelor s outstanding shares. Should any 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. The current draft bill for the implementation of the European Directive 2004/25/EC on Takeover Bids, which is pending in the Luxembourg parliament, 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 Luxembourg company. Accordingly, if the current draft bill were adopted and 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 the draft bill, cash should at least be offered as an option to these remaining Arcelor shareholders. Finally, pursuant to the draft bill, the right to initiate such buy-out proceedings must be exercised within three months following the expiration of the acceptance period in the public offer.

If the current draft bill for the implementation of the Directive 2004/25/EC on Takeover Bids is not adopted in time or 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 is 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, Luxembourg law currently does not provide for appraisal or sell-out rights for remaining minority shareholders of a Luxembourg company. The current draft bill for the implementation of the European Directive 2004/25/EC on Takeover Bids, referred to above, also provides for a sell-out right if following an offer the offeror owns 90% of the share capital carrying voting rights and 90% of the voting rights of the target company. Accordingly, if the directive is implemented and Mittal Steel acquires 90% or more of the share capital and voting rights in Arcelor, the remaining shareholders of Arcelor 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 the draft bill, cash should at least be offered as an option to the remaining Arcelor shareholders. Pursuant to the draft bill, the right to initiate such sell-out proceedings must be exercised within three months following the expiration of the acceptance period in the public offer.

Intentions regarding Arcelor stock options

Mittal Steel has not had access to important information relating to Arcelor s stock option plans and employee shareholding plans, if any, including the terms of these plans. If this Offer is consummated, Mittal Steel will determine the treatment of stock options (including Arcelor stock subscription options and Usinor stock subscription options whose beneficiaries are entitled to exchange their Usinor shares for Arcelor shares) and of Arcelor shares held in any Arcelor employee shareholding plan, in each case in accordance with the terms of these plans, that could not be tendered in the Offer.

Contemplated Dividend Policy

Should Mittal Steel s offer for Arcelor succeed, it is envisaged that the combined group would adopt a policy of distributing approximately 25% of its annual net income to its shareholders. The Group is not 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 25% 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 holds approximately 66% of the outstanding voting stock of Arcelor Brasil S.A. and 76% of the voting stock of Acesita S.A., two Brazilian companies listed on the *Bolsa de Valores de São Paulo* (BOVESPA). 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. Arcelor announced on March 30, 2006 an offer to purchase the shares it does not own in Acesita S.A. Mittal Steel understands that this offer will close on April 26, 2006 and that the results will be announced shortly thereafter.

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 tender offers must be filed before the Brazilian Securities Commission. 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, its by-laws increase this percentage to 100%. The determination of the price for Arcelor Brazil 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, (ii) the respective closing market prices of Acesita S.A. and Arcelor Brasil S.A. voting

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shares on April 20, 2006 (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 share price of 26.45 used for purposes of calculations in the context of the Offer, the minority interests in these companies would have an aggregate value of approximately 3.2 billion ($3.9 billion), requiring the issuance of approximately 91 million shares and the payment of 0.8 billion ($1.0 billion) in cash if Mittal Steel offers the same mix (*i.e.*, 75%/25%) of shares and cash as in the Offer. Mittal Steel s buy-out obligations will be affected by the extent to which the offer made by Arcelor for the remaining Acesita S.A. shares mentioned above is successful.

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 has made personal contact with Mr. Lakshmi Mittal, Mr. Aditya Mittal or other Mittal Steel executives 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.

Position of Arcelor

On January 29, 2006, Arcelor s supervisory board rejected the Offer. Under applicable United States federal securities laws, Arcelor is required, no later than ten Business Days following commencement of the Offer in the United States, to publish, send or give its securityholders a statement disclosing whether Arcelor recommends acceptance or rejection of the Offer, expresses no opinion towards the Offer, or is unable to take a position with respect to the Offer. The statement must also include the reasons for the position disclosed therein with respect to the Offer. Under applicable European regulations, Arcelor is required to publish a document setting out its position in response to the Mittal Steel offer document following the approval of the European offer document by the relevant European regulatory authorities.

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 98.5%, and on [ ], 2006, Arcelor acquired the remaining Dofasco common shares via a compulsory sales mechanism under Canadian law.

Given its existing extensive and well-positioned North American operations, Mittal Steel believes 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. Mittal Steel plans to use the proceeds of the sale of Dofasco to repay debt incurred by Arcelor to finance

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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.

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. While there can be no assurance, Mittal Steel believes that, if raised by the relevant authorities, any such issues could be satisfactorily resolved by limited, targeted dispositions of existing Mittal Steel assets. 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 dispositions 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 acquisition debt 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

Applicable Rules; Differences from U.S. Requirements

The Offer constitutes a single worldwide offer. Mittal 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) and in Arcelor s seat of incorporation (Luxembourg) (all such requirements together, the European requirements), as well as the applicable requirements of the U.S. tender offer rules (namely, Regulation 14E promulgated under the Securities Exchange Act of 1934, as amended), for which an exemption is unavailable. The regulatory agencies of Belgium (the *Commission bancaire, financière et des assurances*, or the CBFA), France (the *Autorité des marchés financiers*, or the AMF), Luxembourg (the *Commission de Surveillance du Secteur Financier*, or the CSSF) and Spain (the *Comisión*

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Nacional del Mercado de Valores, or the CNMV , and together with the CBFA, AMF and CSSF, the European Regulators) have coordinated with each other to determine which European requirements to apply to the Offer. In general, we are, with the authorization of the European Regulators, following the most stringent of the applicable European requirements in structuring the Offer. Therefore, to the extent there is a conflict between certain of the otherwise applicable European requirements, for purposes of the 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 Offer conflict with our ability to comply with Rules 14e-1(c) and 14e-1(d) promulgated under the Exchange Act. We are relying on the Tier II exemption with respect to such rules.

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 security holders 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 such Arcelor securities tendered in the Offer or return the Arcelor securities deposited in accordance with the timetable adopted by the European Regulators for the Offer. Because of the complexities of the centralization process and other payment procedures in place, the final results of the Offer will not be announced until up to [9] or more 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 may not be made until up to [6] or more Business Days after such determination ([15] or more 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 acceptance period and the settlement date. In this case, the value of your Arcelor securities may decrease during the period between your tender of such securities and the return of such securities to you and Terms and Conditions of the Offer *Conditions Precedent and Withdrawal Rights*.

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 acceptance period of the Offer due to the manner in which the global centralizing process will work.

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A Business Day for purposes of this Prospectus means a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) system is operating and which 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 midnight New York City time.

Documentation

The Offer constitutes a single offer that is made using two separate offer documents: this prospectus for the use of all holders of Arcelor securities resident in the United States, and the European offer document (consisting of an offer document and a share offering prospectus) for the use of holders of Arcelor securities who are not U.S. residents.

This prospectus may not be sent into any jurisdiction where the sending of such documents is prohibited by applicable law.

Terms and Conditions of the Offer

Offer Scope and Consideration

Securities Covered by the Offer

Subject to the terms and conditions set forth herein, Mittal Steel hereby irrevocably offers (the Offer) to acquire all of the shares and equity securities of Arcelor, whose shares are listed on Euronext Brussels, Euronext Paris, the Luxembourg Stock Exchange and the Spanish Stock Exchanges (*Bolsas de Valores de Madrid, Barcelona, Bilbao y Valencia*) issued and outstanding as known to Mittal Steel at the date of first filing of the Offer with certain competent securities authorities, *i.e.,* February 6, 2006, namely (and based on publicly available Arcelor information):

- all issued Arcelor shares (including 25,561,531 (source: Arcelor 2005 3rd Quarterly Report) Arcelor shares held as treasury shares) outstanding as at February 6, 2006, i.e., 639,774,327 shares (source: Arcelor s published updated Articles of Association);

- all of the Arcelor 3% convertible bonds issued in June 2002 maturing on June 27, 2017 and listed on the Luxembourg Stock Exchange outstanding as at February 6, 2006 (the Convertible Bonds), i.e., 38,961,038 Convertible Bonds (source: Arcelor 2004 Annual Report);

- all of the Arcelor shares that will be issued prior to the expiration of the acceptance period upon the conversion of Convertible Bonds, i.e., up to 40,012,986 shares (based on a conversion ratio of 1.027 as stated in Arcelor s 2004 Annual Report); and

- all Arcelor shares that will be issued before the end of the acceptance period 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 4,723,824 shares (source: Arcelor 2004Annual 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 subscription 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 subscription 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 acceptance 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 the company s 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.

Offer for Arcelor Shares

The offer for Arcelor shares shall consist of a primary mixed cash and exchange offer and two secondary capped offers, one for cash only and the other for new Mittal Steel shares only. The primary and secondary offers form an integral part of one single offer (referred to herein as the Offer).

The main reason for structuring the Offer with a primary mixed offer and two secondary capped offers is to provide Arcelor securityholders with several options. Arcelor securityholders may elect to tender all or part of their Arcelor shares or 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 ADSs in the secondary cash offer would receive only cash consideration.

The new Mittal Steel class A common shares to be issued are referred to herein as 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 Offer consideration consisting of New Mittal Steel Shares (the Share Portion of the Offer) and the portion of Offer consideration consisting of cash (the Cash Portion of the Offer) (excluding the effect of the treatment of fractional shares that would otherwise be issued and the impact of any adjustment referred to in Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer and Offer for Arcelor Shares Secondary Cash and Exchange Offer. below), will be 75% and 25%, respectively, subject to adjustment as described below.

The Cash Portion of the Offer has been determined on the assumption that Mittal Steel would pay in cash 25% of the aggregate consideration for all of the fully diluted issued share capital of Arcelor outstanding as of February 6, 2006, *i.e.,* up to 644,498,151 shares (including 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 but 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

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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 25%, in accordance with the provisions of paragraphs Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer and Offer for Arcelor Shares Secondary Cash and Exchange Offer. below. These adjustments are intended to ensure that the maximum amount of cash paid for all Arcelor outstanding shares (including ADSs) does not exceed 4,363,503,171 (so that the maximum amount of cash paid for all Arcelor shares (including ADSs) and Convertible Bonds does not exceed 4.855 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 the same amount of cash as initially offered by Mittal Steel in case of a Distribution or if they sell their shares to Arcelor in case of a share repurchase.

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 and in paragraphs Primary Mixed Cash and Exchange Offer and Secondary Cash and Exchange Offer below. No adjustment shall be made, however, as from the date on which the settlement procedure of the Offer has started.

Any adjustment to the purchase price 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

Mittal Steel offers Arcelor shareholders 4 New Mittal Steel Shares and 35.25 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 5 Arcelor shares or 5 Arcelor ADSs (the Primary Offer). Arcelor shares and ADSs that are tendered in the Primary Offer are referred to as Mixed Consideration Shares.

Possible adjustment

If, between February 6, 2006 and 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. 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) whose aggregate gross amount exceeds 0.80 per share, 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

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(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:

$$C(new) = MAX\Big[(C(old)*N) \quad (n*p) \quad D,0\Big]/(N \quad n)$$

The number X of New Mittal Steel Share to be received in exchange for each Arcelor share or Arcelor ADS will be calculated as follows:

$$X = \left[\frac{4}{5}\right] * \frac{N}{(N \quad n)} \qquad \frac{E}{((N \quad n) * m)}$$

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	26.45, the closing Mittal Steel share price of $32.30 (or 26.45) as of January 26, 2006 (the Mittal Steel Reference Share Price)
	C(old)	7.05, the initial amount of cash 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 4,363,503,171.00, the maximum cash payable in respect of N shares as defined below. In case such amount is not exceeded, E will be zero.
	N	618,936,620 shares, the total fully diluted number of Arcelor outstanding shares as known to Mittal Steel at February 6, 2006, 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 above calculation.

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Example 1: If Arcelor were to pay a dividend of 1.85 per share, the cash element of the Primary Offer would be reduced by 1.05 (1.85 less 0.8) per Arcelor share to 6.00 and the exchange ratio would remain unchanged at 0.800 of a New Mittal Steel Share per Arcelor share. As a consequence, the relative proportion of the value of New Mittal Steel Shares and cash offered would be 77.9%, and 21.1%, respectively, assuming a reference Mittal Steel share price of 26.45 (the closing price on January 26, 2006). Assuming such share price, this results in a reduction of the offered value per Arcelor share to 27.16, reflecting the distribution of 1.05 per outstanding Arcelor share over and above the threshold of 0.8 made by Arcelor.

Arcelor s Board of Directors announced on April 4,2006 an intention to recommend to Arcelor s shareholders a dividend of 1.85 per share in respect of the 2005 fiscal year. If such dividend is in fact recommended by the Board of Directors, approved by Arcelor s shareholders at the annual general meeting currently scheduled for April 28, 2006, and paid prior to the closing of the Offer, the cash component of the Primary offer would be reduced as described in Example 1.

Example 2: If Arcelor were to acquire 50 million of its own shares for an average price of 35.00 per share, the cash element of the Primary Offer would be reduced by 2.46 per Arcelor share to 4.59 [(7.05 x 618.9m - 50m x 35) / (618.9m 50m) = 4.59] and the exchange ratio would be increased to 0.870 [4/5 x 618.9m / (618.9m 50m) = 0.870] of a New Mittal Steel Share per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 83.4% and 16.6%, respectively. Assuming a reference Mittal Steel share price of 26.45, this results in a reduction of the offered value per Arcelor share to 27.61, reflecting the prepayment of 0.60 [(35.00 - 28.21) x 50m / (618.9m 50m) = 0.60] per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Example 3: If Arcelor were to acquire 100 million of its own shares for an average price of 35.00 per share, the cash element of the Primary Offer would be reduced by 5.39 per Arcelor share to 1.66 [(7.05 x 618.9m -100m x 35) / (618.9m 100m) = 1.66] and the exchange ratio would be increased to 0.954 [4/5 x 618.9m / (618.9m 100m) = 0.954] of a New Mittal Steel Share per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 93.8% and 6.2%, respectively. Assuming a reference Mittal Steel share price of 26.45, this results in a reduction of the offered value per Arcelor share to 26.90, reflecting the prepayment of 1.31 [(35.00 - 28.21) x 100m / (618.9m 100m) = 1.31] per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Example 4: If Arcelor were to acquire 150 million of its own shares for an average price of 35.00 per share, the cash element of the Primary Offer would be reduced by 7.05 per Arcelor share to 0, as the total Distributions exceed the cash element of the Primary Offer [150m x 35 = 5,250m > 4,364m], and the exchange ratio would be increased to 0.985 [4/5 x 618.9m / (618.9m 150m) [(5,250m 4,364m)/((618.9m 150m) x 26.45)] = 0.985] of a New Mittal Steel Share 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 26.45, this results in a reduction of the offered value per Arcelor share to 26.04, reflecting the prepayment of 2.17 [35.00 - 28.21) x 150m / (618.9m 150m) = 2.17] per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Example 5: If Arcelor were to acquire 50 million of its own shares for an average price of 28.21 per share, the cash element of the Primary Offer would be reduced by 1.86 per Arcelor share to 5.19 [(7.05 x 618.9m 50m x 28.21) / (618.9m 50m) = 5.19], and the exchange ratio would be increased to 0.870 [4/5 x 618.9m / (618.9m 50m)] of a New Mittal Steel Share per Arcelor share. As a consequence, the relative proportion of New Mittal Steel Shares and cash offered would be 81.6% and 18.4% respectively. Assuming a reference Mittal Steel share price of 26.45, this results in no change to the offered value per Arcelor share of 28.21.

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Under Arcelor s current share buy-back program, 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 30 per share. As at February 6, 2006, Arcelor held 19,771,296 Arcelor shares as treasury shares, representing 4% of Arcelor s share capital as at such date. If the Arcelor annual shareholders meeting (currently scheduled for April 28, 2006) approves the new proposed share buy-back program, Arcelor s Board of Directors would be authorized to repurchase shares within the 10% limit mentioned above at a maximum price of 55 per share.

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. If such a distribution were to occur prior to the settlement date of the Offer, whether through a repurchase of Arcelor s own shares or through a dividend distribution, this would also result in an adjustment to the Offer consideration as set out above.

The above adjustments are without prejudice to the right of Mittal Steel to withdraw the Offer pursuant to Conditions Precedent to the 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 consideration is (insofar as required by applicable law) subject to the prior verification by the supervisory authorities as to its consistency with the conditions 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 acceptance period 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 acceptance period, the latter shall be extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing said adjustment. If the adjustment occurs after the end of the acceptance period, the acceptance period will be re-opened and extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing such re-opening and such adjustment. During any such re-opening, shareholders who have previously tendered their Arcelor shares or ADSs will be entitled to withdraw such tenders and Arcelor securityholders who have not yet tendered their Arcelor shares or ADSs will be able to do so (see paragraph Terms of the Offer and Tender Procedure Withdrawal Rights for more detail).

Secondary cash and exchange offers

As secondary offers, Mittal Steel offers to Arcelor securityholders to elect to tender all or part of their Arcelor shares or ADSs in one or both of the secondary offers (the Secondary Offers):

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Secondary cash offer: 28.21 in cash for each Arcelor share or ADS (the Cash Consideration and all Arcelor shares or ADSs for which this election is made being referred to herein as Cash Election Shares).

Possible adjustment

If, between February 6, 2006 and 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 28.21 per Arcelor share or ADS will be reduced by the amount of such Distribution (before any applicable withholding tax).

Example 1: If Arcelor were to pay a dividend of 1.85 per share, the Cash Consideration for the Cash Election Shares would be reduced by 1.05 (1.85 less 0.8) per Arcelor share to 27.16, reflecting the distribution of 1.05 per outstanding Arcelor share over and above the threshold of 0.8 made by Arcelor.

Arcelor s Board of Directors announced on April 4, 2006 an intention to recommend to Arcelor s shareholders a dividend of 1.85 per share in respect of the 2005 fiscal year. If such dividend is in fact recommended by the Board of Directors, approved by Arcelor s shareholders at the annual general meeting currently scheduled for April 28, 2006, and paid prior to the closing of the Offer, the Cash Consideration would be reduced as described in Example 1.

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 28.21 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

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	28.21, the initial Cash Consideration
	N	618,936,620 shares, the total fully diluted number of Arcelor outstanding shares as known to Mittal Steel at 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 above calculation.

Example 2: If Arcelor were to acquire 50 million of its own shares for an average price of 35.00 per share, the Cash Consideration for the Cash Election Shares would be reduced by 0.60 [50m x (35.00 28.21) / (618.9m 50m) = 0.60] per Arcelor share to 27.61, reflecting the prepayment of 0.60 per outstanding Arcelor share as a result of the share repurchase made by Arcelor.

Example 3: If Arcelor were to acquire 100 million of its own shares for an average price of 35.00 per share, the Cash Consideration for the Cash Election Shares would be reduced by 1.31 [100m x (35.00 28.21) / (618.9m 100m) = 1.31] per Arcelor share to 26.90, reflecting the prepayment of 1.31 per outstanding share as a result of the share repurchase made by Arcelor.

Example 4: If Arcelor were to acquire 150 million of its own shares for an average price of 35.00 per share, pursuant to the above adjustment formula, the Cash Consideration for the Cash Election Shares would be reduced by 2.17 [150m x (35.00 28.21) / (618.9m 150m) = 2.17] per Arcelor share to 26.04. However, as indicated in Example 4 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 4 for the secondary exchange offer below, Arcelor shareholders would receive 0.985 New Mittal Steel Share for each Arcelor share tendered in the Offer.

Example 5: If Arcelor were to acquire 50 million of its own shares for an average price of 28.21 per share, the Cash Consideration for the Cash Election Shares would remain unchanged at 28.21 per Arcelor share [50m x (28.21 28.21) / (618.9m 50m)].

Under Arcelor s current share buy-back program, 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 30 per share. As at February 6, 2006, Arcelor held 19,771,296 Arcelor shares as treasury shares, representing 4% of Arcelor s share capital as at such date. If the Arcelor annual shareholders meeting (currently scheduled for April 28, 2006) approves the new proposed share buy-back program, Arcelor s Board of Directors would be authorized to repurchase shares within the 10% limit mentioned above at a maximum price of 55 per share.

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. If such a distribution were to occur prior to the settlement date of the Offer, whether through a repurchase of Arcelor s own shares or through a dividend distribution, this would also result in an adjustment to the Offer consideration as set out above.

The above adjustments are without prejudice to the right of Mittal Steel to withdraw the Offer pursuant to Conditions Precedent to the 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.

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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 consideration is (insofar as required by applicable law) subject to the prior verification by the supervisory authorities as to its consistency with the conditions set forth in this prospectus and the correct application thereof. If the consideration is adjusted, Mittal Steel will issue a press release and a prospectus supplement setting forth the new adjusted consideration and the new acceptance period if extended under applicable regulations. If the adjustment occurs less than ten Business Days prior to the end of the acceptance period, the acceptance period shall be extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing said adjustment. If the adjustment occurs after the end of the acceptance period, the acceptance period will be re-opened and extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing such re-opening and such adjustment. During any such re-opening, shareholders who have previously tendered their Arcelor shares or ADSs will be entitled to withdraw such tenders and Arcelor shareholders who have not yet tendered their Arcelor shares or ADSs will be able to do so (see paragraph Terms of the Offer and Tender Procedure Withdrawal Rights for more detail).

Secondary exchange offer: 16 New Mittal Steel Shares for every 15 Arcelor shares or ADSs (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 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:

$$Z = \left[\frac{16}{15} \right] * \frac{N}{(N \quad n)} \qquad \frac{(n * p) + D}{[(N \quad n) * m]}$$

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 26.45, the Mittal Steel Reference Share Price

N 618,936,620 shares, the total fully diluted number of Arcelor outstanding shares as known to Mittal Steel at February 6, 2006, excluding treasury shares and any conversion of Convertible Bonds

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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 above calculation.

Example 1: If Arcelor were to pay a dividend of 1.85 per share, the exchange ratio would be reduced to 1.0270 [(16/15) ((1.85 - 0.8) x 618.9m) / (618.9m x 26.45) = 1.0270] New Mittal Steel Shares per Arcelor share. Assuming a reference Mittal Steel share price of 26.45, this results in a reduction of the offered value per Arcelor share to 27.16, reflecting the distribution of 1.05 per Arcelor share over and above the threshold of 0.8 made by Arcelor.

Arcelor s Board of Directors announced on April 4, 2006 an intention to recommend to Arcelor s shareholders a dividend of 1.85 per share in respect of the 2005 fiscal year. If such dividend is in fact recommended by the Board of Directors, approved by Arcelor s shareholders at the annual general meeting currently scheduled for April 28, 2006, and paid prior to the closing of the Offer, the exchange ratio for the secondary offer would be reduced as described in Example 1.

Example 2: If Arcelor were to acquire 50 million of its own shares for an average price of 35.00 per share, the exchange ratio would be reduced to 1.044 [16/15 x 618.9m/(618.9m 50m) (50m x 35)/((618.9m 50m) x 26.45) = 1.044] New Mittal Steel Shares per Arcelor share. Assuming a reference Mittal Steel share price of 26.45, this results in a reduction of the offered value per Arcelor share to 27.61, reflecting the prepayment made by Arcelor of 0.60 [(35.00 - 28.21) x 50m / (618.9m 50m) = 0.60] per outstanding Arcelor share post share repurchase made by Arcelor.

Example 3: If Arcelor were to acquire 100 million of its own shares for an average price of 35.00 per share, the exchange ratio would be reduced to 1.017 [16/15 x 618.9m/(618.9m 100m) (100m x 35) / ((618.9m 100m) x 26.45) = 1.017] New Mittal Steel Shares per Arcelor share. Assuming a reference Mittal Steel share price of 26.45, this results in a reduction of the offered value per Arcelor share to 26.90, reflecting the prepayment made by Arcelor of 1.31 [(35.00 - 28.21) x 100m / (618.9m 100m) = 1.31] per outstanding Arcelor share post share repurchase made by Arcelor.

Example 4: If Arcelor were to acquire 150 million of its own shares for an average price of 35.00 per share, the exchange ratio would be reduced to 0.985 [16/15 x 618.9m/(618.9m 150m) (150m x 35) / ((618.9m 150m) x 26.45) = 0.985] of a New Mittal Steel Share per Arcelor share. Assuming a reference Mittal Steel share price of 26.45, this results in a reduction of the offered value per Arcelor share to 26.04, reflecting the prepayment made by Arcelor of 2.17 [(35.00 - 28.21) x 150m / (618.9m 150m) = 2.17] per outstanding Arcelor share post share repurchase made by Arcelor.

Example 5: If Arcelor were to acquire 50 million of its own shares for an average price of 28.21 per share, the exchange ratio would remain unchanged at 1.067 [16/15 x 618.9m/(618.9m 50m) (50m x 28.21)/((618.9m 50m) x 26.45) = 1.067] New Mittal Steel Shares per Arcelor share.

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Under Arcelor s current share buy-back program, 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 30 per share. As at February 6, 2006, Arcelor held 19,771,296 Arcelor shares as treasury shares, representing 4% of Arcelor s share capital as at such date. If the Arcelor annual shareholders meeting (currently scheduled for April 28, 2006) approves the new proposed share buy-back program, Arcelor s Board of Directors would be authorized to repurchase shares within the 10% limit mentioned above at a maximum price of 55 per share.

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. If such a distribution were to occur prior to the settlement date of the Offer, whether through a repurchase of Arcelor s own shares or through a dividend distribution, this would also result in an adjustment to the Offer consideration as set out above.

The above adjustments are without prejudice to the right of Mittal Steel to withdraw the Offer pursuant to Conditions Precedent to the 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 consideration is (insofar as required by applicable law) subject to the prior verification by the supervisory authorities as to its consistency with the conditions set forth in this prospectus and the correct application thereof. If the consideration is adjusted, Mittal Steel will issue a press release and a prospectus supplement setting forth the new adjusted consideration and the new acceptance period if extended under applicable regulations. If the adjustment occurs less than ten Business Days prior to the end of the acceptance period, the acceptance period shall be extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing said adjustment. If the adjustment occurs after the end of the acceptance period, the acceptance period will be re-opened and extended to end at least ten Business Days after the publication of Mittal Steel s press release announcing such re-opening and such adjustment. During any such re-opening, securityholders who have previously tendered their Arcelor shares or ADSs will be entitled to withdraw such tenders and Arcelor securityholders who have not yet tendered their Arcelor shares will be able to do so (see paragraph Terms of the Offer and Tender Procedure Withdrawal Rights for more detail).

Pro-ration and allocation procedures

Tenders in the Secondary Offers are subject to an adjustment mechanism designed to ensure that in the aggregate the portion of Arcelor shares (including Arcelor ADSs) exchanged for New Mittal Steel Shares and the portion of tendered Arcelor shares (including Arcelor ADSs) exchanged for cash (excluding the impact of any adjustment referred to above) will be 75% and 25%, respectively. As a result, shareholders having tendered shares or ADSs in the secondary cash offer may receive between 25% and 100% in cash and the balance in New Mittal Steel Shares, and shareholders having tendered in the secondary exchange offer may receive between 75% 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 among the Secondary Offers.

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If the ratio of the total number of Cash Election Shares to the total number of Stock Election Shares 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. For purposes of this section, the Ratio means (i) initially 1/3 (25% divided by 75%) and (ii) if there has been any adjustment to the consideration in the Primary Offer pursuant to Primary Mixed Cash and Exchange Offer, then the ratio of C(new) divided by [X x 26.45] using the last adjusted values of C(new) and X.

In the event that the total number of Cash Election Shares divided by the total number of Stock Election Shares exceeds the Ratio, then each Stock Election Share will receive the Stock Consideration, while the number of Cash Election Shares will be reduced to the number required to achieve the Ratio. This reduction will be effected proportionately among the holders of Cash Election Shares. 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 75 Arcelor shares are tendered into the secondary cash offer and 75 Arcelor shares are tendered into the secondary exchange offer, the total number of Cash Election Shares divided by the total number of Stock Election Shares [75 / 75] will exceed 1/3. As a result, each Stock Election Share will receive the Stock Consideration, while the number of Cash Election Shares will be reduced to 25. The remaining 50 Arcelor shares will be deemed Mixed Consideration Shares.

In the event that the total number of Cash Election Shares divided by the total number of Stock Election Shares is less than the Ratio, then each Cash Election Share will receive the Cash Consideration, while the number of Stock Election Shares will be reduced to the number required to achieve the Ratio. This reduction will be effected proportionately among the holders of Stock Election Shares. 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 25 Arcelor shares are tendered into the secondary cash offer and 125 Arcelor shares are tendered into the secondary exchange offer, the total number of Cash Election Shares divided by the total number of Stock Election Shares [25 / 125] will exceed 1/3. As a result, each Cash Election Share will receive the Cash Consideration, while the number of Stock Election Shares will be reduced to 75. The remaining 50 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 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 offering period will have previously occurred.

Offer for Convertible Bonds

Mittal Steel offers to exchange 4 New Mittal Steel Shares and 40.00 in cash for every 5 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.

In the event that the Offer is re-opened as a result of an adjustment to the consideration offered to Arcelor shareholders being made, this re-opening will apply to both the offer for Arcelor shares and the offer for Convertible Bonds.

Fractional Shares

No fractional shares will be issued to individual Arcelor shareholders, ADS holders or individual 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 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 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 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 acceptance period of the Offer, [*Financial Intermediary*] will operate an exchange pool facility for the benefit of Arcelor securityholders 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. [*Financial Intermediary*] will pool those fractions of New Mittal Steel Shares into an integral number of such shares and have them sold on the stock exchange for the account of participating Arcelor securityholders, at dates to be determined but not later than 10

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Business Days following the settlement date of the Offer. The net proceeds of such sales will be paid to Arcelor securityholders 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 connected to the operation of the exchange pool facility.

Example: Assuming an Arcelor shareholder owns 7 Arcelor shares and opts for the Primary Offer, it is entitled to 0.8 New Mittal Steel Shares and 7.05 in cash per Arcelor share, i.e. 5.6 New Mittal Steel Shares and 49.35 in cash for 7 Arcelor shares. After rounding to the immediately lower number, it will receive 5 New Mittal Steel Shares. If it participates to the exchange pool facility, it will receive, in addition, 0.6 times the price of a Mittal Steel share, on the day on which the shares included in the pool will have been sold. Assuming that, on this date, Mittal Steel shares trade at 26.45 per share, this shareholder will be entitled to receive an extra cash amount equal to 0.6 x 26.45, i.e. 15.87.

Arcelor shareholders, ADS holders and holders of Convertible Bonds bear the risk that, for any reason, [*Financial Intermediary*] would not be able to sell all or part of the New Mittal Steel Shares pooled in the exchange pool facility, or would 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), an additional exchange pool facility will be implemented to handle fractional shares to which holders would be entitled as a result of tendering during such subsequent offering period.

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 Offer Scope and Consideration Securities covered by the Offer) (the New Securities), Mittal Steel will (without prejudice to the provisions set forth in Conditions Precedent to the Offer Shareholder Approval of New Securities below):

(i) withdraw the Offer, subject to the prior consent of the competent supervisory authorities (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 supervisory authorities of the fact that it reflects the changed economics, and (y) if the terms of the Offer are so amended, the Arcelor securityholders who have already tendered securities in the Offer, will be entitled to revoke their tenders as described in Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer and Offer for Arcelor Shares Secondary Cash and Exchange Offer.

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.

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 reference market price, without any specific approval of such capital increase by the Arcelor shareholders meeting, 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 per Arcelor share in order to take into account the dilutive effect of such capital increase.

As stated in Expiration Date below, Mittal Steel will either extend or reopen, as the case may be, the acceptance period so that the acceptance period ends 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 offer terms, if any. If the Offer terms are changed in connection with the extension of the Offer to the New Securities, Mittal Steel will issue a prospectus supplement in addition to the press release.

During any such re-opening or extension of the acceptance period, securityholders who have previously tendered their Arcelor securities will be entitled to withdraw such tenders and Arcelor securityholders who have not yet tendered their Arcelor securities will be able to do so.

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 4.855 billion (including Arcelor s treasury shares). 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.

Conditions Precedent to the Offer and Withdrawal Rights

Minimum Tender Condition

The Offer is subject to the condition that the number of Arcelor shares tendered in the Offer 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 in 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 Offer including (i) all Arcelor shares (including 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 all Arcelor shares underlying (i) the Convertible Bonds and (ii) all outstanding Arcelor stock subscription options (whether or not exercisable before the end of the acceptance period of the Offer).

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Mittal Steel reserves the right to waive the Minimum Tender Condition at any time until the announcement of the results of the Offer. As stated in Expiration Date below, Mittal Steel will either extend or reopen, as the case may be, the acceptance period so that the acceptance period ends at least five Business Days after publication by press release of the waiver of such Minimum Tender Condition. During any such extension or re-opening, holders of Arcelor securities who have previously tendered may withdraw their tenders and holders who have not tendered may tender.

Events or Actions that Alter Arcelor s Substance

The Offer is subject to the condition that, between February 6, 2006 and the settlement date 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) nor does Arcelor 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.

Upon the occurrence of such an event or action, Mittal Steel may withdraw the Offer, subject to the prior consent of the competent supervisory authorities (insofar as required by applicable law).

Shareholder Approval of New Securities

The Offer is subject to the condition that if New Securities are issued after February 6, 2006, 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 Terms and Conditions of the Offer 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 Terms and Conditions of the Offer Offer Scope and Consideration Securities Covered by the Offer above.

As described in Offer Scope and Consideration above, Mittal Steel may also withdraw the Offer, subject to the prior consent of the supervisory authorities (insofar as required by applicable law) in the event that the shareholders meeting of Arcelor were, during the Offer period, to decide to issue New Securities prior to the settlement date of the Offer.

Consequences of Failure to Meet Conditions Precedent to the Offer and Withdrawal Rights

The three 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 : in Mittal Steel s press release publishing the results of the Offer;

(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 settlement date.

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As noted in Expiration Date below, Mittal Steel will re-open the acceptance period and extend it for a period of five days following an announcement of the waiver of the Minimum Tender Condition that occurs between the expiration of the acceptance period of the Offer and the settlement date.

If the Offer is withdrawn, or, subject to applicable regulations, lapses because any of the conditions precedent 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.

Grounds for Withdrawing the Offer; Competing bids

In addition to the provisions of Conditions Precedent to the Offer Events or Actions that Alter Arcelor s Substance and Shareholder Approval of New Securities, and in accordance with applicable law and regulation, Mittal Steel reserves the right to withdraw the Offer within five trading days following the date of the publication of the offer document of a competing or an increased competing offer for Arcelor.

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 acceptance period for this Offer in the United States will start on the date on which this prospectus is declared effective, i.e., on [ ] 2006, and will close on the later of (i) the 25th Business Day following the opening of the acceptance period for the Offer in Europe, i.e., on [ ] 2006, or (ii) at midnight (New York City time) on the fifth Business Day following the date on which all regulatory clearances from the US and Canadian antitrust authorities (see paragraph Regulatory Matters Competition and Antitrust) required for Mittal Steel to be allowed to take title to the Arcelor shares, have been obtained or relevant waiting periods have expired.

It is anticipated that the above-mentioned regulatory clearances will be obtained and/or the waiting periods will elapse prior to [ ] 2006. Mittal Steel will publish a press release to announce if and when such clearances have been obtained or such waiting periods have elapsed. Such press release will be published at least 5 Business Days prior to the expiration date of the acceptance period. If in fact such clearances are not obtained and such waiting periods do not expire during the planned acceptance period or a reasonable extension thereof, Mittal Steel will, subject to the conditions set forth in paragraph Regulatory Matters Competition and antitrust, accept all tendered securities and close the Offer using an escrow with an independent third party, in accordance with applicable regulations. The terms of such an escrow would provide that Mittal Steel could neither exercise any voting or control rights in respect of Arcelor nor derive any economic benefit from the Arcelor securities until such time as the relevant clearances have been obtained and waiting periods have expired.

The acceptance period as indicated above may start earlier in Belgium, France, Luxembourg and Spain than in the United States. In the United States, the acceptance period will start either on the same date as indicated above or within a maximum of five Business Days thereof, since the acceptance period must be at least 20 Business Days, depending on the date the registration statement on Form F-4 is declared effective by the SEC, and will close on the same date in all jurisdictions as indicated above or at

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the end of any extension of the acceptance period as set forth below, if any. Mittal Steel will publish a press release to announce the expiration date of the acceptance period at least 5 Business Days before such expiration date.

Under applicable regulations, the 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 or the adoption by Arcelor of defensive measures. In the event that the acceptance period for the Offer is extended in accordance with applicable regulations, the last day of the acceptance period will be determined and published in accordance with such applicable regulations and will be the same in all relevant jurisdictions (*i.e.*, Belgium, France, Luxembourg, Spain and the United States).

In addition to the above, if any of the publications mentioned in (i), (ii) or (iii) below occurs either less than ten Business Days prior to the end of the acceptance period or after the end of the acceptance period, the acceptance period shall be either extended to end at least ten Business Days after such publication or re-opened for at least a ten-Business-Day period, respectively.

(i) a supplement to this prospectus;

(ii) a press release announcing an adjustment to the consideration offered for Arcelor securities pursuant to Tenders in Primary Offer or Secondary Offers Primary Mixed Cash and Exchange Offer and Tenders in Primary Offer or Secondary Offers Secondary Cash and Exchange Offer above; and/or

(iii) a press release announcing Mittal Steel s extension of the Offer to New Securities issued by Arcelor after amending the terms of the Offer in accordance with Offer for Arcelor Shares and Conditions Precedent to the Offer Shareholder of New Securities .

Such extension or re-opening will be notified by press release stating the expiration date of the acceptance period. During any such extension or re-opening, holders of Arcelor securities who have previously tendered may withdraw their tenders and holders who have not tendered may tender.

In the event that Mittal Steel waives the Minimum Tender Condition less than five Business Days prior to the end of the acceptance period, the 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. In the event that Mittal Steel waives the Minimum Tender Condition following the end of the acceptance period, Mittal Steel shall re-open the acceptance period for a period of at least five Business Days from the date of announcement by press release of the waiver of Minimum Tender Condition and the re-opening of the acceptance period. During any such re-opening, holders of Arcelor securities who have previously tendered may withdraw their tenders and holders who have not tendered may tender. (See Conditions Precedent to the Offer Minimum Tender Condition.)

If the Offer were extended to the New Securities (on either the same terms or new terms), Mittal Steel will issue a press release announcing such extension of the Offer and the new terms, if any. If the extension of the Offer to the New Securities occurs less than ten Business Days prior to the end of the acceptance period, the acceptance period shall 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 Offer terms, if any. If the extension of the Offer to the New Securities occurs after the end of the acceptance period, the acceptance period will be re-opened and 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 change to the Offer terms, if any. If the Offer terms are changed in connection with the extension of the Offer to the New Securities, Mittal Steel shall issue a prospectus supplement in addition to the press release. During any such extension or re-opening, holders of Arcelor securities who have previously tendered may withdraw their tenders and holders who have not tendered may tender.

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Subsequent Offering Period

If, upon settlement, on a combined basis, 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 at least ten Business Days. If Mittal Steel so elects, it will publish, 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, a press release to announce its decision and the date of opening and duration of the 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.

During any subsequent offering period of the Offer, Mittal Steel shall offer the same consideration as that offered during the initial offering period of the Offer (subject to the same purchase price adjustment mechanisms), and withdrawal rights shall apply. Mittal Steel will apply to the Arcelor securities tendered during such subsequent offering period the same pro-ration and allocation procedures as that set out herein for the initial offering period of the Offer, so as to ensure that in the aggregate 75% of the Offer consideration consists of New Mittal Steel Shares and 25% of the Offer consideration consists of cash, as adjusted, as the case may be, following the adjustment procedures set out under Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Tenders in Primary Offers or Secondary Offers. An additional exchange pool facility shall also be implemented to handle fractional shares to which holders would be entitled as a result of tendering during such subsequent offering period, as described in Offer Scope and Consideration Fractional Shares.

Mittal Steel shall not have the option to announce a subsequent offering period of the Offer if Mittal Steel acquires, during the initial offering period, less than two-thirds of Arcelor s total share capital and voting rights, or less than 50% of Arcelor s total share capital and voting rights, if there is a concurrent competing bid for the Arcelor securities.

In the event that Mittal Steel were to improve the terms of this Offer in an increased bid, Arcelor securityholders who had previously tendered their securities in the Offer would automatically benefit from such improvement.

Withdrawal Rights

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 subsequent offering period.

In particular, if, during the period of the Offer, a competing bid or an increased competing bid for Arcelor is approved by the competent authorities, tenders of Arcelor securities may be withdrawn by Arcelor securityholders who had previously tendered their securities. By exception, in Belgium and France, tenders will be automatically cancelled in the event of a competing bid.

If any of the publications mentioned in (i), (ii) or (iii) of paragraph Expiration Date; Subsequent Offering Period above occurs after the end of the acceptance period, the acceptance period

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will be re-opened and extended to end at least ten Business Days after publication. If Mittal Steel waives the Minimum Tender Condition after the end of the acceptance period, the acceptance period will be re-opened and extended to end at least five Business Days after the publication by press release of the waiver of the Minimum Tender Condition. During any such re-opening or in the initial or any subsequent offering period, securityholders who have previously tendered will be entitled to withdraw such tenders.

In order to withdraw their tenders, holders who have tendered their Arcelor securities through a financial intermediary shall deliver their withdrawal request within the ten Business Day period to such financial intermediary. The latter shall notify the relevant Centralizing Agent, which shall return the number of Arcelor securities that are withdrawn. Shareholders directly registered in the Arcelor share register shall notify [Arcelor, in its capacity as share registrar, of their decision to withdraw Arcelor shares tendered. They shall also inform the Global Centralizing Agent (by mail or fax see contact details provided in **[ ]**) of such decision, provided, however, that such information is not required to validly withdraw their tenders. Arcelor, in its capacity as share registrar, shall credit the withdrawn securities back to the withdrawing securityholder s account in the share register.]

No adjustment to the Offer consideration shall be made as from the date on which the settlement procedure of the Offer has started.

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 letter of transmittal. Instead, your U.S. custodian should deliver to you an acceptance form for the Offer or a separate form prepared directly by the U.S. Custodian. 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 letter of transmittal. Instead, you should request the financial intermediary to deliver an acceptance form to you. In order to accept the Offer, you must complete the acceptance form and deliver it to your financial intermediary before the end of the acceptance period.

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 to the Offer before the end of the acceptance period by sending Arcelor [details of Service de Gestion des Titres to be completed] the acceptance form to be obtained from the information agent or the Global Centralizing Agent or any other valid acceptance form. They must also inform the Global Centralizing Agent by sending it a copy of their acceptance form(s) (by mail or fax- see contact details in [ ]), provided, however, that such information is not required to validly tender Arcelor shares in the Offer.]

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.

The following centralization procedures will apply:

- for Arcelor shares and Convertible Bonds held through a direct participant of Clearstream Luxembourg or Euroclear Bank, each of the financial intermediaries that is a member of Clearstream Luxembourg and Euroclear Bank and has received one or more orders must submit them to the Luxembourg Centralizing Agent (as defined below);

- for Arcelor shares and Convertible Bonds held through a direct participant of Euroclear France, each of the financial intermediaries that is a member of Euroclear France and has received one or more orders must submit them to the French Centralizing Agent (as defined below);

- for Arcelor shares and Convertible Bonds held through a direct participant of Iberclear, each of the financial intermediaries that is a member of Iberclear and has received one or more orders must submit them to the Spanish Centralizing Agent (as defined below);

- for Arcelor shares and Convertible Bonds held through a direct participant of Euroclear Belgium, each of the financial intermediaries that is a member of Euroclear Belgium and has received one or more orders must submit them to the Belgian Centralizing Agent (as defined below); 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 orders received by the Centralizing Agents will be centralized by the Global Centralizing Agent.

On the settlement date of the Offer, 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 and will be delivered to, and the cash consideration will be paid to, Arcelor shares or of Convertible Bonds in exchange for their Arcelor shares or Convertible Bonds, as the case may be, as follows:

(i) the New Mittal Steel Shares will be delivered to, and the cash consideration will be paid to, the common depositaries of Clearstream Luxembourg and Euroclear Bank which will then credit their members accounts, which members will make the appropriate credits to the accounts of the relevant Arcelor securityholders; by exception, in Spain, the New Mittal Steel Shares will be delivered to and the cash consideration will be paid to [the Spanish Centralizing Agent] which will register the New Mittal Steel Shares with Iberclear; the latter will then credit its members accounts with the New Mittal Steel Shares and cash consideration, which members will then make the appropriate credits to the accounts of the relevant Arcelor securityholders;

(ii) 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 said shareholder shall 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 shareholders to the Global Centralizing Agent).

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 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);

(ii) Luxembourg: HSBC Trinkaus (the Luxembourg Centralizing Agent);

(iii) France: Société Générale (the French Centralizing Agent);

(iv) Belgium: Banque 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)

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 signed facsimile 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;

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- a properly completed and duly executed ADS Letter of Transmittal, or a manually signed facsimile 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.

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 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 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 signed facsimile copy thereof, properly completed and duly executed, together with any required Medallion signature guarantees, or (2) an agent s message in lieu of the 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 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 ADS Certificates Registered in Another Name. If an Arcelor ADS certificate 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 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 acceptance period, or you cannot

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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;

- 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 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 facsimile 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 ARSs 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 which are to be tendered in the box entitled Number of Arcelor 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.

Validity of Transfers

In tendering Arcelor securities, each holder and, in the case of Spain, each financial intermediary, which 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.

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 acceptance period, as set forth in the final results of the Offer published in Luxembourg in [ ] by [ ], in Belgium in [ ] by or on behalf of Mittal Steel and in Spain in the Listing Bulletins (Boletines de Cotización) of the Spanish Stock Exchanges. The tender constitutes a binding agreement. The final results of the Offer will also be published in a press release that will be filed with the SEC and posted on

Mittal Steel s website. Title to the Arcelor securities shall pass to Mittal Steel at 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.

In case 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 tendering Arcelor securityholders 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.

Arcelor Shares and Convertible Bonds

The results of the Offer should be published approximately [ ] Business Days following the expiration of the 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 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 not be more than [15] Business Days following the expiration of the acceptance period of the Offer. The settlement date shall be the same in Belgium, France, Luxembourg, Spain and the United States, and all Dutch law formalities with respect to the issuance of the New Mittal Steel Shares can be completed on the same day.

On the settlement date of the Offer, 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 and will be delivered to, and the cash consideration will be paid to, holders of Arcelor securities in exchange for their Arcelor securities, as the case may be, as follows:

(i) the New Mittal Steel Shares will be delivered to, and the cash consideration will be paid to, the common depositaries of Clearstream Luxembourg and Euroclear Bank which will then credit their members accounts, which members will make the appropriate credits to the accounts of the relevant Arcelor securityholders; by exception, in Spain, the New Mittal Steel Shares will be delivered to and the cash consideration will be paid to [the Spanish Centralizing Agent] which will register the New Mittal Steel Shares with Iberclear; the latter will then credit its members accounts with the New Mittal Steel Shares and cash consideration, which members will then make the appropriate credits to the accounts of the relevant Arcelor securityholders;

(ii) if a shareholder tendering his or her Arcelor shares is directly registered in Arcelor s share register, the New Mittal Steel Shares to be delivered to said shareholder shall be directly registered in his or her name in Mittal Steel s share register (and the cash consideration paid to the bank accounts notified by such shareholders to Arcelor, in its capacity as share registrar).

Arcelor ADSs

New Mittal Steel Shares and cash will be delivered and paid to holders of Arcelor ADSs by the ADS Centralizing Agent. Arcelor ADS holders will receive the US dollar equivalent of any cash consideration.

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Arcelor ADRs. If you tendered your ADSs by delivering an ADR as described above under Procedures for Tendering Arcelor Securities Procedures for Tendering ADSs Arcelor ADRs, you will receive a check for the U.S. dollar equivalent of 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 ADSs Arcelor ADSs in Book-Entry Form, you will receive the U.S. dollar equivalent of 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, 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 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 4.875 billion.

Acquisition Financing Agreement

On January 30, 2006, Mittal Steel entered into a new 5 billion (approximately $6 billion) credit agreement (as amended and restated on February 3, 2006 and February 17, 2006) with Goldman Sachs Credit Partners L.P., as facility agent (the Acquisition Financing Agreement), and Goldman Sachs International, Citigroup Global Markets Limited, Société Générale Corporate & Investment Banking, Commerzbank Aktiengesellschaft, Credit Suisse (an affiliate of Credit Suisse Securities (USA) LLC) and HSBC Bank PLC, as mandated lead arrangers.

The Acquisition Financing Agreement is unsecured and makes available acquisition finance facilities of up to 5 billion (approximately $6 billion) to finance the Cash Portion of the Offer (or, in accordance with the terms of the Acquisition Financing Agreement, 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) and the transaction costs relating thereto. The 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 that are 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 Acquisition Financing Agreement comprises three term facilities of equal amount, being a one-year term facility, which can be extended by one year, 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 be 0.533%, 0.583% and 0.633%, respectively.

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 at the end of year one (unless the one-year term facility is extended for a second year), 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.

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 Agreement. Upstream dividends from Arcelor may be used following completion of a successful Offer as part of the debt servicing cash flow. Mittal Steel has agreed to guarantee the obligations of any additional borrowers under the Acquisition Financing Agreement, but otherwise, there are no other guarantees or security interests given by Mittal Steel under the Acquisition Financing Agreement in favor of the Finance Parties.

The terms and conditions of the Acquisition Financing Agreement are customary for these types of facilities, and the material terms of this agreement are summarized herein. For example the 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 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 Acquisition Financing Agreement following the settlement date of the Offer. (Once it is a member of the Mittal Steel group, 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 Agreement.) The 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.

The 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 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;

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- 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 that apply 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 under 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 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 the 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 Agreement, 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 mandated lead arrangers prior to the first drawdown of funds; not to release information concerning the mandated lead arrangers or lenders by press release without previously consulting with the 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 (prior to the first settlement date; and to ensure that all conditions to the Offer have been satisfied. The Acquisition Financing Agreement contains 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.

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Finally, the Acquisition Financing Agreement includes customary financial covenants requiring Mittal Steel to ensure that the ratio of its consolidated net debt 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 Agreement contains no restrictions on the payment of dividends by Mittal Steel or the members of its group.

In addition to the customary covenants described above, the 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);
- the sale of shares or assets of Arcelor (other than a sale of the Dofasco shares to ThyssenKrupp), where the proceeds are in excess of 50 million;
- the sale of certain assets (excluding the Arcelor shares) by a member of the Mittal Steel group (excluding members of the Arcelor group), where the proceeds are in excess of $200 million; and
- the issuance, in certain cases, of equity or debt securities by members of the Mittal Steel group, where the proceeds of such issuance are in excess of $250 million and $750 million, respectively.

The 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 within five business days of when due (and if such non payment was due to technical or administrative error);
- if the representations and warranties made or repeated by an obligor are materially incorrect;
- the failure of an obligor to comply with covenants under 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;
- with respect to any member of the Mittal Steel group, the cross acceleration with 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 Acquisition Financing Agreement, Mittal Steel entered into a 3 billion (approximately $3.6 billion) credit agreement with Goldman Sachs Credit Partners L.P., as facility agent (as amended, the Refinancing Agreement), and Goldman Sachs International, Citigroup Global Markets Limited, Société Générale Corporate & Investment Banking, Commerzbank Aktiengesellschaft, Credit Suisse (an affiliate of Credit Suisse Securities (USA) LLC) and HSBC Bank PLC, as mandated lead arrangers.

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 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 $3.6 billion) available under the Refinancing Agreement must be drawn first to repay the 2005 Bridge Finance Facility, before any amounts are drawn on the 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 Arcelor or for Mittal Steel s general corporate purposes. 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 Acquisition Financing Agreement. Interest is also payable at EURIBOR or LIBOR plus a margin, based on the same rating grid as that of the 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 Agreement 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 Acquisition Financing Agreement.

Financing Brazilian mandatory offers

As noted in Required Purchase of Minority Shareholdings in Arcelor Braxil 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 (or only one, if Arcelor s own offer for the shares of Acesita is fully taken up). 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.

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 into 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 the 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 solely in the United States in connection with the 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.

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We have retained The Bank of New York to act as ADS Centralizing Agent in connection with the 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 Offer, including liabilities under the U.S. federal securities laws.

Indemnification for liabilities under the U.S. federal securities laws may be unenforceable as against public policy.

Listing of Mittal Steel Shares

Mittal Steel s shares are currently listed on the Euronext Amsterdam and the NYSE. Subject to the successful 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.

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 ADSs.

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.

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.

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.

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 make it conditional upon the issuer launching a takeover bid, for investor protection reasons. 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 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 Euro 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 has not yet determined if it will 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.

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If the 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.

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. While no such compulsory buy-out procedure is currently available under Luxembourg law, it is expected to become available upon the implementation of the European Directive 2004/25/CE on Takeover Bids.

The current draft bill for the implementation of the European Directive 2004/25/EC on Takeover Bids, which is pending in the Luxembourg parliament, 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 the current draft bill were adopted and 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 the draft bill, cash should at least be offered as an option to these remaining Arcelor shareholders. Finally, pursuant to the draft bill, the right to initiate such buy-out proceedings must be exercised within three months following the expiration of the acceptance period in the public offer.

If the current draft bill for the implementation of the Directive 2004/25/EC on Takeover Bids were not adopted in time or if Mittal Steel were not to hold 95% or more of the capital and the voting rights, Mittal Steel would consider other possible options to increase its shareholding in Arcelor. See Intention of Mittal Steel Intentions regarding Minority Buy-Out and Delisting.

Treatment of Arcelor Stock Options and Arcelor Employee Shareholding Plan

Mittal Steel has not had access to important information relating to Arcelor s stock option plans and employee shareholding plans, if any, including the terms of these plans. If the Offer is consummated, Mittal Steel will determine the treatment of stock options (including Arcelor stock subscription options and Usinor stock subscription options whose beneficiaries are entitled to exchange their Usinor shares for Arcelor shares) and of Arcelor shares held in any Arcelor employee shareholding plan, in each case in accordance with the terms of these plans, that could not be tendered in the Offer.

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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.

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, fair value of any stock options of Arcelor replaced with stock options of Mittal Steel 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 have been derived from the consolidated accounts of Arcelor for the 12 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 on 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

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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 January 26, 2006 was $32.30 (equivalent to 26.45 per share at an exchange rate of $1.2214 per 1.0).

Value of the Primary Offer

Under the terms of the Primary Offer, Arcelor shareholders will receive 35.25 cash and 4 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 5 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 28.21 (4/5x 26.45 + 7.05) and is, therefore, consistent with the price of the secondary cash offer of 28.21 per share (the Offer Value); and

the implied exchange ratio is 1.067 ((4/5x 26.45 + 7.05)/ 26.45) and therefore consistent with the price of the secondary exchange offer of 1.067 (16/15).

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(8) ( )	Share price Mittal Steel(9) ( )	Implied offer value ( )	Implied premium (%)
Last trading day prior to the announcement	22.22	26.45	28.21	26.9%
5-day weighted average(1)	21.59	25.16	27.18	25.9%
1-month weighted average(2)	21.53	23.99	26.24	21.9%
3-month weighted average(3)	20.70	23.03	25.48	23.1%
6-month weighted average(4)	19.52	22.85	25.33	29.8%
12-month weighted average(5)	18.18	22.80	25.29	39.1%
12-month high(6)	22.22	32.32	32.90	48.1%
12-month low(7)	15.12	18.41	21.78	44.0%

Notes: Source: Bloomberg

(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 for Arcelor and February 25, 2005 for Mittal Steel*

(7) May 15, 2005 for Arcelor and June 24, 2005 for Mittal Steel

(8) Based on Arcelor listing on Euronext Paris

(9) Based on Mittal Steel listing on the NYSE, converted into euros by the average \$/ exchange rate for the relevant period

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Between the date of announcement of the Offer (January 26, 2006) and March 24, 2006, the Mittal Steel share price increased by 16.2% on the NYSE and increased by 16.3% on Euronext Amsterdam. In comparison, within the same period, the S&P 500 index increased by 2.3% and the AEX index increased by 6.4%.

Between the date of announcement of the Offer (January 26, 2006) and March 24, 2006, the Arcelor share price increased by 42.9% on Euronext Paris, by 42.3% on Euronext Brussels, by 42.5% on the Luxembourg Stock Exchange, and 42.6% on the Spanish Stock Exchanges. In comparison, within the same period, the CAC 40 index increased by 7.0%, the Bel 20 by 6.7%, the LuxX by 8.9% and the IBEX35 by 9.8%.

Between the date of announcement of the Offer (January 26, 2006) and March 24, 2006, the Arcelor average daily traded volume, measured in number of shares, increased by 103% on Euronext Paris, 193% on Euronext Brussels, 75% on Luxembourg Stock Exchange, and 15% on the Spanish Stock Exchanges 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).

Value of the Secondary Cash Offer

The value of the secondary cash offer of 28.21 represents a premium of 26.9% 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 28.21**
Last trading day prior to the announcement	22.22	26.9%
5-day weighted average (1)	21.59	30.6%
1-month weighted average (2)	21.53	31.0%
3-month weighted average (3)	20.70	36.2%
6-month weighted average (4)	19.52	44.5%
12-month weighted average (5)	18.18	55.2%
Last 12 months high(6)	22.22	26.9%
Last 12 months low(7)	15.12	86.5%

Arcelor share price based on Euronext Paris

(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

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**	**Spanish Stock Exchanges**	**Euronext Brussels**

		Exchange		
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)

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(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 28.21 per Arcelor share represents a premium of 27.1% over the net asset value.

As of December 31, 2005, Arcelor net asset value per share was approximately 24.60 (based on consolidated shareholders equity of 15,109 million, 639.8 million issued shares and approximately 25.6 million treasury shares). On this basis, the Offer Value of 28.21 per Arcelor share represents a premium of 14.8% 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 operating profit before depreciation and amortization. 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 a mature, developed steel market. The companies selected as comparable companies for the 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 Brazil has been included to reflect the Brazilian exposure of Arcelor.

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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 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.

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 January 26, 2006( )	Fully diluted equity market capitalization (billions of)	Enterprise value[1] (billions of)	Multiple of estimated EBITDA[1] 2006	Multiple of estimated EBITDA[1] 2007	Multiple of estimated EPS 2006	Multiple of estimated EPS 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				28.21	28.21	28.21	28.21		
Implied Premium				***(1.1)%***	***9.9%***	***8.7%***	***18.6%***		

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 (as per IBES consensus forecast) for Arcelor. The implied Arcelor share price as a result of P/E multiples is based on a multiplication of the median multiples and the IBES estimated EPS

(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 discount of 1.1% and a premium of 9.9% 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 discount premium of 8.7% and a premium of 18.6% 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 represent all 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 since 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 Ukranian 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.

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.

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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				28.21
Implied premium				***61.2%***

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 kTonnes for Arcelor.

The amounts per ton of production in precedent transactions may be compared to an implied amount per ton of Arcelor 2004 production of $409 based on the Arcelor Reference Share Price and $504 based on the Offer Value, assuming a 2004 production for Arcelor of 50.7 kTonnes, pro forma for Arcelor s acquisition of CST. The Offer Value represents a premium of 61.2% 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 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 Arcelor of 50.7 kTonnes for Arcelor) based on the median amount per tonnes 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	22.22	26.9%
5-day weighted average (1)	21.59	30.6%
1-month weighted average (2)	21.53	31.0%
3-month weighted average (3)	20.70	36.2%
6-month weighted average (4)	19.52	44.5%
12-month weighted average (5)		