

MITTAL STEEL CO N.V.  
Form F-4/A  
June 07, 2006  
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As filed with the Securities and Exchange Commission on June 6, 2006

Registration No. 333-132642

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

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**AMENDMENT NO. 3**  
**TO**  
**FORM F-4**  
**REGISTRATION STATEMENT**  
**UNDER**  
***THE SECURITIES ACT OF 1933***

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**MITTAL STEEL COMPANY N.V.**

(Exact name of registrant as specified in its charter)

<b>The Netherlands</b> (State or other jurisdiction of incorporation or organization)	<b>3312</b> (Primary Standard Industrial Classification Code Number) <b>Mittal Steel Company N.V.</b>  <b>Hofplein 20</b>  <b>3032 AC Rotterdam</b>  <b>The Netherlands</b>  <b>+31 10 217 8800</b>	<b>Not Applicable</b> (I.R.S. Employer Identification Number)
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(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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**Carlos M. Hernandez, Esq.**

**Mittal Steel USA Inc.**

**1 S. Dearborn, 19<sup>th</sup> Floor**

**Chicago, Illinois 60603**

**(312) 899-3400**

(Name, address, including zip code, and telephone number, including area code, of agent of service)

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*Copies to:*

**Henk Scheffer, Esq.**

**Mittal Steel Company N.V.**

**Hofplein 20**

**3032 AC Rotterdam**

**The Netherlands**

**+31 10 217 8819**

**John D. Brinitzer, Esq.**

**Cleary Gottlieb Steen & Hamilton LLP**

**12, rue de Tilsitt**

**75008 Paris**

**France**

**+33 1 40 74 68 00**

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**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. "

**CALCULATION OF REGISTRATION FEE**

Title of each class of securities to be registered	Amount to be registered <sup>(1)</sup>	Proposed maximum offering price per unit	Proposed maximum aggregate offering price <sup>(2)</sup>	Amount of registration fee <sup>(3)(4)</sup>
Class A common shares, par value 0.01 per share	301,857,886	N/A	\$8,762,887,405	\$937,628.95

(1)

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Calculated as the sum of (a) the product of (x) 245,685,118 (the estimated number of Arcelor shares held by U.S. holders as of the date hereof (including all of the Arcelor common shares underlying Arcelor's American Depositary Shares (ADSs))) and (y) 1.0 (the exchange ratio of 1 Mittal Steel class A common share to be exchanged for every 1 Arcelor share in the primary offer), (b) the product of (x) 16,800,000 (the Arcelor shares underlying the estimated number of Arcelor convertible bonds (the Convertible Bonds) held by U.S. holders as of the date hereof) and (y) 1.0 (the exchange ratio of 1 Mittal Steel class A common share to be exchanged for every 1 Convertible Bond) and (c) an additional 39,372,768 Mittal Steel class A common shares that may be sold in the United States following the Offer. The sum of (a) and (b) above represents the number of Mittal Steel class A common shares issuable in the Offer for all Arcelor shares (including all of the Arcelor ordinary shares underlying Arcelor's ADSs) and all Convertible Bonds, in each case estimated to be held by U.S. persons upon consummation of the Offer. Mittal Steel shares are not being registered for purposes of sales outside of the United States.

- (2) Pursuant to Rule 457(c) and Rule 457(f), and solely for the purpose of calculating the registration fee, the proposed maximum aggregate offering price is equal to the sum of (a) the market value of the total number of Arcelor shares estimated to be held by U.S. holders as of the date hereof that may be exchanged for Mittal Steel class A common shares and cash in the Offer upon consummation of the Offer if all of such Arcelor shares are acquired in the Offer, based upon a market value of \$42.12 per share of Arcelor, the average of the high and low prices of the Arcelor shares reported on Euronext Paris on May 31, 2006, (b) the market value of the total number of Arcelor ADSs as of the date hereof that may be exchanged for Mittal Steel class A common shares and cash in the Offer upon consummation of the Offer if all of such Arcelor ADSs are acquired in the Offer, based upon a market value of \$42.35 per Arcelor ADS, the average of the high and low prices of the Arcelor ADSs reported through the electronic price and volume reporting system operated by the National Association of Securities Dealers, Inc. for non-NASDAQ securities on May 31, 2006, (c) the market value of the number of Convertible Bonds estimated to be held by U.S. persons as of the date hereof that may be exchanged for Mittal Steel class A common shares and cash in the Offer upon the consummation of the Offer if all of such Convertible Bonds are acquired in the Offer, based upon a market value of \$45.40 per Convertible Bond, the closing price of the Convertible Bonds reported on the Luxembourg Stock Exchange on May 31, 2006, and (d) the market value of an additional 39,372,768 Mittal Steel class A common shares that may be sold in the United States following the Offer, based on the average of the high and low prices of the Mittal Steel class A common shares reported on the NYSE on May 31, 2006; less \$3,582,973,600 the estimated maximum aggregate amount of cash to be paid by Mittal Steel in the Offer in exchange for Arcelor securities estimated to be held by U.S. holders.
- (3) Computed in accordance with Rule 457(f) under the Securities Act as the proposed maximum aggregate offering price of \$8,762,887,405 multiplied by .000107.
- (4) A registration fee of \$349,210.76 was previously paid in connection with the initial filing by Mittal Steel on March 23, 2006 of its Registration Statement on Form F-4, and a registration fee of \$20,839.39 was previously paid in connection with the filing by Mittal Steel on May 26, 2006 of its Amendment No. 2 to its Registration Statement on Form F-4.

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

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

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

1 Mittal Steel class A common share and 10.05 in cash for each Arcelor share or Arcelor ADS tendered; and

1 Mittal Steel class A common share and 12.92 in cash for each Convertible Bond tendered.  
Mittal Steel is offering to exchange pursuant to the Secondary Offers:

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

1.3773 Mittal Steel class A common shares for each Arcelor share or Arcelor ADS tendered in the secondary exchange offer.  
The consideration set out above reflects the payment by Arcelor of a 1.85-per-share dividend on May 29, 2006, and is subject to further adjustment in specific circumstances as set out herein. The cash consideration paid to tendering holders of Arcelor ADSs will be in U.S. dollars, calculated by converting the applicable amount in euros into U.S. dollars using the noon buying rate, as published by the Federal Reserve Bank of New York, on the business day prior to the settlement date.

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

You are not required to make the same election for all of the Arcelor securities that you tender, and you may make any of these elections for all or some of the Arcelor securities that you tender. If you tender Arcelor shares and/or Arcelor ADSs and fail to make any election, you will be deemed to have elected the Primary Offer. Tenders in the two Secondary Offers, however, are subject to a pro-rata and allocation procedure that will ensure that in the aggregate the portion of the tendered Arcelor shares and Arcelor ADSs that are exchanged for Mittal Steel shares and the portion of the tendered Arcelor shares and Arcelor ADSs that are exchanged for cash (excluding the effect of the treatment of fractional shares that would otherwise be issued and the impact of any adjustment to the Offer consideration (as noted above and described herein)) will be 72.6% and 27.4%, respectively.

The maximum number of class A common shares that Mittal Steel will issue in connection with the Offer is 686,450,001.

Mittal Steel is conducting the Offer through two separate offers: an offer open to all holders of Arcelor shares and Convertible Bonds who are U.S. holders (within the meaning of Rule 14d-1(d) under the U.S. Securities Exchange Act of 1934, as amended) and to all holders of Arcelor ADSs, wherever located (the U.S. Offer );

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and an offer open to (i) holders of Arcelor shares and Convertible Bonds who are located in Belgium, France, Luxembourg and Spain and (ii) holders of Arcelor shares and Convertible Bonds who are located outside of Belgium, France, Luxembourg, Spain, Japan, The Netherlands and the United States to the extent that such holders may participate in such offer pursuant to applicable local laws and regulations (the "European Offer").

THE U.S. OFFER WILL EXPIRE AT [•], 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.

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

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

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

FOR A DISCUSSION OF RISK FACTORS THAT YOU SHOULD CONSIDER IN EVALUATING THE OFFER, SEE RISK FACTORS BEGINNING ON PAGE [38].

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

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

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

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

The date of this prospectus is [•], 2006

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**Information Incorporated By Reference**

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

D.F. King & Co., Inc.

48 Wall Street

New York, New York 10005

**Call Toll Free: 1 (800) 347-4857**

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

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

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

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**SUMMARY**

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

**The Companies**

***Mittal Steel***

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

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

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

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

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

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making process, with total production capacity of approximately 11 million tonnes. Our DRI production satisfies all of our mini-mill input requirements. Our facilities have good access to shipping facilities, including deep-water port facilities and railway sidings.

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

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

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

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

### **Mittal Steel Company N.V.**

Hofplein 20

3032 AC Rotterdam

+31 10 217 8800

### ***Arcelor***

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

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

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

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

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

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

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

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

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

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

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

**Arcelor S.A.**

19, avenue de la Liberté

L-2930 Luxembourg

+352 4792-1

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*Recent Development Relating to Arcelor – Proposed Transaction Involving Severstal*

Arcelor announced on May 26, 2006 that it is entering into a transaction with Alexey Mordashov, the controlling shareholder of OAO Severstal, a steel company organized in Russia, providing for the contribution by Mr. Mordashov to Arcelor of his approximately 90% interest in Severstal (including related mining interests and Italian steelmaker Lucchini) and 1.25 billion cash in exchange for 295 million newly-issued shares representing an interest of approximately 32% in Arcelor. The following description is based entirely on Arcelor's announcement and public statements. According to the announcement, this transaction values Arcelor at 44 per share. Following these transactions, Arcelor's existing shareholders will hold approximately 68% of the shares of the enlarged Arcelor. Arcelor's announcement states an intention to continue with its previously announced dividend and self-tender offer, the results of which could change these percentages, increasing Mr. Mordashov's stake in Arcelor to approximately 38%.

According to Arcelor statements, the agreements with Mr. Mordashov are subject to a number of termination provisions:

the agreement will be terminated if Arcelor shareholders representing more than 50% of outstanding Arcelor shares vote against the transaction at a shareholders' meeting tentatively scheduled (but not yet called) for June 28;

the agreement automatically unwinds if Mittal Steel acquires more than 50% of Arcelor's diluted share capital; and

Mr. Mordashov has the option to unwind the transaction within three months if Mittal Steel acquires less than 50% of Arcelor. In addition, the transaction is subject to antitrust approvals in Europe, the United States and perhaps elsewhere. There is a mutual break-up fee of 140 million. Mr. Mordashov has committed to a standstill on Arcelor shares for four years and to a lock-up for five years. Arcelor has indicated that regulatory approvals are expected in mid-July and that it expects the transaction to close between the middle and end of July 2006.

Arcelor's executive management will remain in place, supplemented by Severstal executives, and Arcelor's current Chief Executive Officer and Chairman of the Board will retain their positions. Mr. Mordashov will become non-executive President of the Arcelor Board of Directors and will chair a newly-created Strategic Committee (comprised of two independent members and two Severstal nominees) which must approve key strategic decisions by simple majority. In addition, he will have the right to nominate 6 out of 18 directors on the Arcelor Board of Directors. Mr. Mordashov has agreed to vote his shares in accordance with the recommendations of the Board of Directors for an unspecified period. Further, Mr. Mordashov retains a non-economic voting interest of 25.01% in Severstal, which affords him a blocking interest in certain major corporate decisions and changes.

Arcelor's self-tender offer, previously announced on April 4, 2006, is to be increased to 150 million shares and 6.5 billion (roughly 43.33 per share). A meeting of Arcelor shareholders has been called for June 21, 2006 to vote on the self-tender and subsequent reduction in Arcelor's capital.

Arcelor has not made public either its agreement(s) with Mr. Mordashov or a detailed description thereof. Hence, Mittal Steel has not been able thus far to develop a clear and comprehensive view of

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the precise terms and conditions of the proposed transaction with Mr. Mordashov or of its current status.

While there can be no assurance of success, it remains Mittal Steel's intention and expectation to acquire more than 50% of Arcelor's total issued shares and voting rights, on a fully-diluted basis, pursuant to the Offer. Consequently, Mittal Steel believes that, in accordance with the provisions summarized above, Arcelor's proposed transaction with Mr. Mordashov will either never be consummated or, if consummated, will be automatically unwound. Absent any clear information regarding the precise circumstances in which Arcelor's announced 140 million break-up fee may be due to Mr. Mordashov, Mittal Steel is unable to form a clear view as to whether the break-up fee would be due in this situation. If it is due, such break-up fee would represent an additional cost of the Offer which Mittal Steel does not consider material and which would be funded from the general financial resources of Arcelor and/or Mittal Steel.

Mittal Steel has no current plan or intention to waive the Minimum Tender Condition (see The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Minimum Tender Condition ). If, at some time in the future, Mittal Steel decides to waive this condition, it will publish a press release to this effect (as provided in The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer; Consequences of Failure to Meet Conditions to the Offer below) and will provide appropriate disclosure, in light of all the circumstances prevailing at the time, as to the potential consequences of owning less than 50% of Arcelor if Arcelor in turn owns 90% of Severstal. Such disclosure will be filed with or incorporated into the Registration Statement on Form F-4 of which this prospectus forms a part.

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

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

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

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### **Background to and Reasons for the Offer**

Mittal Steel is making the Offer to unite the world's two largest steel companies and to offer all shareholders the opportunity to participate in the combined entity's future growth. The combined company would have unrivalled geographic scope, including leadership positions in five of the nine major world markets (South America, NAFTA, Western Europe, Central and Eastern Europe and Africa), and would be the first steel company to produce over 100 million tons of steel annually. Operational cost synergies, primarily in the areas of purchasing, marketing and trading, and manufacturing process optimization, generated by the combination are estimated to reach \$1 billion, before tax, by the end of 2009. There is no guarantee, however, that the combined company will be able to recognize these operational cost synergies in full or at all. Mittal Steel's inability, due to its lack of access to non-public Arcelor information, to assess items such as loss contingencies may affect the amount of any potential synergies.

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

See The Offer Rationale for the Offer.

### **Conduct of the Offer**

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

The Offer is being conducted through two separate offers:

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

the European Offer, open to (i) holders of Arcelor shares and Convertible Bonds who are located in Belgium, France, Luxembourg and Spain and (ii) holders of Arcelor shares and Convertible Bonds who are located outside of Belgium, France, Luxembourg, Spain, Japan, The Netherlands and the United States to the extent that such holders may participate in the European Offer pursuant to applicable local laws and regulations.

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

The U.S. Offer is being made using this prospectus. The European Offer is being made using a European offer document

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(consisting of an information document and a share prospectus, as supplemented).  
See The Offer Conduct of the Offer The U.S. Offer and the European Offer; Documentation.

***Applicable Rules***

Mittal Steel intends to conduct the Offer in compliance with the applicable regulatory requirements in the jurisdictions in which Arcelor's securities are listed (Belgium, France, Luxembourg and Spain) and in Arcelor's seat of incorporation (Luxembourg), as determined by the regulatory authorities of such jurisdictions, as well as the applicable requirements of the U.S. tender offer rules found in Regulation 14E under the Exchange Act. The European requirements and procedures applicable to the Offer conflict with our ability to comply with Rules 14e-1(c) and 14e-1(d) under the Exchange Act, and Mittal Steel is relying on the so-called Tier II exemption under the Exchange Act with respect to those rules. See The Offer Conduct of the Offer Applicable Rules; Differences from U.S. Requirements.

***SEC Relief***

In connection with the Offer, Mittal Steel's financial advisors have sought and received from the SEC exemptive relief from the requirements of Rule 14e-5 under the Exchange Act that permits Mittal Steel's financial advisors or their affiliates to make purchases of, or arrangements to purchase, Arcelor securities outside the United States other than pursuant to the Offer. Mittal Steel expressly draws attention to the fact that, subject to applicable regulatory requirements, Mittal Steel's financial advisors and their affiliates or nominees or brokers (acting as agents) have the ability to make certain purchases of, or arrangements to purchase, Arcelor securities outside the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. In the event they were made, these purchases or arrangements to purchase would only be conducted to the extent permitted by the relevant regulators in Belgium, Luxembourg, France and Spain, or by the relevant regulation in these four jurisdictions, and applicable U.S. securities laws (except to the extent of any exemptive relief granted by the SEC).

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

See The Offer Conduct of the Offer SEC Relief.



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**Terms of the Offer**

***Scope of the Offer***

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

all issued Arcelor shares as of February 6, 2006, *i.e.*, 639,774,327 shares (including 19,771,296 Arcelor shares 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 initial acceptance period of the Offer (or any subsequent offering period, as described herein) upon the conversion of Convertible Bonds, *i.e.*, up to 41,999,999 shares (based on a conversion ratio of 1.078; on May 29, 2006, Arcelor paid a 1.85 dividend per share in respect of the 2005 fiscal year, upon which, as announced by Arcelor on April 14, 2006, the conversion/exchange ratio of the Convertible Bonds was modified from 1.027 to 1.078); and

all Arcelor shares that will be issued before the end of the initial acceptance period of the Offer (or any subsequent offering period, as described herein) upon the exercise of Arcelor stock subscription options granted prior to February 6, 2006 or in exchange for Usinor shares issued upon the exercise of Usinor stock subscription options granted prior to February 6, 2006, *i.e.*, up to 4,675,676 shares.

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

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

***Consideration***

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

1 Mittal Steel class A common share and 10.05 in cash for each Arcelor share or each Arcelor ADS tendered; and

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1 Mittal Steel class A common share and 12.92 in cash for each Convertible Bond tendered.

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

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

1.3773 Mittal Steel class A common shares for each Arcelor share or Arcelor ADS tendered in the secondary exchange offer (the Secondary Exchange Offer ).

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

The consideration set out above in the Primary and Secondary Offers was adjusted from that announced by Mittal Steel on May 19, 2006 (which provided for a higher proportion of cash) in light of the payment by Arcelor of a 1.85-per-share dividend on May 29, 2006. It is subject to further 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.

On April 4, 2006, the Board of Directors of Arcelor announced its intention to distribute a total amount of 5 billion to Arcelor shareholders through one or a combination of a share buy-back, an exceptional dividend distribution or a self-tender offer. On May 26, 2006, Arcelor announced its intention to increase this distribution to 6.5 billion. If such distribution is made prior to the settlement date of the Offer, the cash portion of the Offer consideration in the Primary Offer and the Offer consideration in the Secondary Cash Offer would be reduced to 0, as the total amount of the distribution would exceed the cash element of the Offer, and the share portion of the Offer consideration in the Primary Offer and the Offer consideration in the Secondary Exchange Offer would be reduced to 1.302 New Mittal Steel Shares per Arcelor Share. There would be, however, no effect on the consideration offered for Convertible Bonds.

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You are not required to make the same election for all of the Arcelor shares and Arcelor ADSs that you tender, and you may make any of these elections for all or some of the Arcelor shares and Arcelor ADSs that you tender. Tenders in the two Secondary Offers set out above, however, are subject to a pro-ration and allocation procedure that will ensure that in the aggregate the portion of the consideration paid in the European Offer and the U.S. Offer, on a combined basis, consisting of New Mittal Steel Shares (the Share Portion of the Offer ) and the portion of the consideration paid in the European Offer and the U.S. Offer, on a combined basis, consisting of cash (the Cash Portion of the Offer ) (excluding the effect of the treatment of fractional shares that would otherwise be issued) will be 72.6% and 27.4%, respectively, subject to adjustment if the consideration is adjusted as described above.

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

See The Offer Terms and Conditions of the Offer.

***Conditions***

The Offer is subject to the following conditions:

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

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

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

The conditions are for the benefit of Mittal Steel, and Mittal Steel reserves the right to maintain the Offer even if one or

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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 of the initial acceptance period of the Offer.

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

***Grounds for Withdrawing the Offer***

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

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

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

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

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***Expiration Date***

The initial acceptance period for the U.S. Offer starts on the date of commencement of the U.S. Offer ([•], 2006) and will close at [•] pm, New York City time, on [•], 2006, unless it is extended.

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

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

- (i) the first public announcement by Mittal Steel of an adjustment to the consideration offered for Arcelor securities pursuant to The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer and The Offer Terms and Conditions of the Offer Offer for Arcelor Shares Secondary Cash and Exchange Offers;
- (ii) the first public announcement by Mittal Steel of Mittal Steel's extension of the Offer to New Securities issued by Arcelor after amending the terms of the Offer in accordance with The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares and The Offer Terms and Conditions of the Offer Conditions to the Offer; Possible Withdrawal of Offer Shareholder Approval of New Securities; or
- (iii) a supplement to this prospectus containing a material change other than those described in (i) and (ii) above.

The initial acceptance period for the European Offer has been set by the European Regulators and is scheduled to expire on July 5, 2006. If the initial acceptance period of the European Offer is extended, Mittal Steel intends to extend the initial acceptance period of the U.S. Offer so that the initial acceptance periods of the European Offer and the U.S. Offer expire on the same date.

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

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

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***Subsequent Offering Period***

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

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

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

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

A subsequent offering period, if one is provided, will be an additional period of time beginning after Mittal Steel has acquired Arcelor securities tendered during the Offer, during which holders may tender their Arcelor securities. The terms of such subsequent offering period will differ from those provided in subsequent offering periods found in U.S. domestic tender and exchange offers pursuant to Rule 14d-11 under the Exchange Act.

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

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The subsequent offering period will be subject to a number of conditions and the right of Mittal Steel to terminate the subsequent offering period. Specifically, the subsequent offering period will be subject to the condition set forth in clause (ii) of the second bullet summarized in

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

Moreover, the grounds available to Mittal Steel for withdrawing the Offer as described in

Grounds for Withdrawing the Offer will apply to any subsequent offering period. Thus, in the event that New Securities are issued after February 6, 2006 pursuant to Arcelor shareholder authorization, Mittal Steel may terminate the subsequent offering period subject to the prior consent of the relevant European Regulators, and Mittal Steel may also terminate the subsequent offering period within five Business Days following the publication of an offer document relating to a competing or an improved competing offer.

Any termination of the subsequent offering period shall not affect securities tendered during the initial acceptance period, since such securities would have been purchased on the settlement date of the initial acceptance period. If the subsequent offering period is not terminated as a result of the issuance of New Securities, the Offer will be extended to the New Securities, possibly after amendment of its terms.

During any subsequent offering period, withdrawal rights shall apply with respect to tenders made during such subsequent offering period; however, holders who previously tendered during the initial offering period will not be able to withdraw their tenders since their securities will have already been purchased.

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

***Procedures for Tendering Arcelor Securities*** The procedure for tendering Arcelor securities into the U.S. Offer varies depending on a number of factors, including (i) whether you hold Arcelor shares, Convertible Bonds or

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Arcelor ADSs, (ii) whether you possess physical certificates or a financial intermediary holds physical certificates for you, and (iii) whether you hold your Arcelor securities through a U.S. custodian or directly through a financial intermediary located in France, Belgium, Luxembourg, Spain or elsewhere. You should read carefully the detailed summary of procedures for tendering the different types of Arcelor securities set forth in The Offer Procedures for Tendering Arcelor Securities.

***Withdrawal Rights of Securityholders***

Holders of Arcelor securities may withdraw tendered securities at any time during the initial acceptance period for the Offer. Moreover, if the initial acceptance period for the Offer is extended as described in The Offer Terms and Conditions of the Offer Expiration Date, holders of Arcelor securities who have previously tendered their securities may withdraw them until the end of the initial acceptance period so extended.

See The Offer Terms and Conditions of the Offer Withdrawal Rights of Securityholders.

***Delivery of Mittal Steel Shares and Cash***

The Global Centralizing Agent will deliver New Mittal Steel Shares and cash to local centralizing agents for Arcelor shares and Convertible Bonds held through a European central depository, to Arcelor for Arcelor shares directly registered in the Arcelor share register and to the ADS Centralizing Agent for Arcelor ADSs promptly following the publication of the final results of the Offer. See The Offer Delivery of New Mittal Steel Shares and Cash.

***Regulatory Approvals***

Antitrust notifications have been made in the European Union pursuant to Council Regulation (EC) 139/2004, in the United States pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and in other jurisdictions around the world. The statutory waiting periods have expired in the United States and in Canada, and the transaction has been cleared in the European Union, subject to commitments. In the United States, the Department of Justice's investigation continues with respect to one area of overlap between the parties' North American operations. Mittal and the DOJ have agreed that, if the DOJ were to conclude that a remedy is necessary to resolve a competitive concern in this area, Mittal's proposed sale of Dofasco to ThyssenKrupp would satisfy the Department's concerns. If Mittal is unable to sell Dofasco to ThyssenKrupp, Mittal may instead resolve any competitive concern by selling an identified alternative asset.

See Regulatory Matters.



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

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

***Dividends*** The New Mittal Steel Shares issued in connection with the Offer will have the same dividend and other rights as Mittal Steel's other class A common shares. Holders of the New Mittal Steel Shares will be entitled to any dividend declared as from the registration of the capital increase effected in connection with the issuance of such shares.

***Early Redemption Rights Relating to Convertible Bonds*** Both holders of Convertible Bonds and Arcelor have early redemption rights in certain circumstances. If neither Mittal Steel nor Arcelor provides a fairness opinion with respect to the Offer for Convertible Bonds, bondholders may, during the 60 days following the closing of the Offer, request early redemption at the higher of (i) the principal amount of the

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Convertible Bonds plus accrued interest, and (ii) the value of the consideration paid in the Offer for Arcelor shares as of the closing date multiplied by the conversion / exchange ratio for the Convertible Bonds then in effect. If the Arcelor shares are delisted from all regulated markets, bondholders may request redemption at a price equal to the Convertible Bonds principal amount plus accrued interest.

If less than 10% of the Convertible Bonds remain outstanding, Arcelor has the right to redeem all of the Convertible Bonds at their principal amount plus accrued interest.

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

***Mandatory Offer for Minority Interests in the Brazilian Subsidiaries***

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

***Comparison Of The Rights Of Arcelor Shareholders And Mittal Steel Shareholders***

Depending on the consideration you elect and the results of the pro-rata 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

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approximately 98% of the combined voting interest in Mittal Steel. Following the Offer, the Controlling Shareholder will retain at least a substantial minority shareholding.

Based on publicly available information, members of Arcelor's Management Board 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 class A common 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.

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***Requests for Assistance***

The information agent:

D.F. King & Co., Inc.

48 Wall Street

New York, New York 10005

1 800 347 4857

Banks and Brokers: 1 212 269 5550

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

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

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

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

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

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

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

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**PRESENTATION OF CERTAIN FINANCIAL AND OTHER INFORMATION**

**Company Names**

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

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

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

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

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

**Certain Defined Terms**

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

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

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

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

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

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

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

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

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

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

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

USD, US dollars or \$ are to the lawful currency of the United States.  
All volume figures for shipments of our steel products include inter-company sales.

## **Financial Information**

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

### ***Mittal Steel***

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

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



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

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

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

### ***Arcelor***

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



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### **Market Information**

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

### **Internet Sites**

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

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**NOTE ON ARCELOR INFORMATION**

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

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

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

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

**Table of Contents****EXCHANGE RATE AND CURRENCY INFORMATION**

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

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

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

<b>Month</b>	<b>Period</b>	<b>Average</b>	<b>High</b>	<b>Low</b>
<b>U.S. dollar/Euro</b>	<b>End</b>	<b>rate<sup>(1)</sup></b>		
Month to June 2, 2006	1.29	1.29	1.29	1.28
May 2006	1.28	1.28	1.29	1.26
April 2006	1.26	1.23	1.26	1.21
March 2006	1.21	1.20	1.22	1.19
February 2006	1.19	1.19	1.21	1.19
January 2006	1.22	1.21	1.23	1.20
December 2005	1.18	1.19	1.20	1.17
November 2005	1.18	1.18	1.21	1.17
October 2005	1.20	1.20	1.21	1.19
September 2005	1.21	1.22	1.25	1.20
August 2005	1.23	1.23	1.24	1.21
First Half 2005	1.21	1.28	1.35	1.20
<b>Year</b>				
<b>U.S. dollar/Euro</b>				
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.

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

	At December 31,				
	2001	2002	2003	2004	2005
	(All amounts in \$ millions except number of shares)				
<b>Balance Sheet Data</b>					
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 <sup>(3)</sup>	539	541	533	488	2,405
Weighted average common shares outstanding (millions)	646	648	647	643	687

	Year Ended December 31,				
	2001	2002	2003	2004	2005
	(All amounts in \$ millions except quantity information)				
<b>Other Financial and Operating Data:</b>					
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) <sup>(4)</sup>	18,634	24,547	27,446	42,071	49,178

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- (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.

**Table of Contents****SELECTED HISTORICAL FINANCIAL INFORMATION FOR ARCELOR**

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

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

	As at and for the Year Ended December 31,			
	2002 <sup>(1)</sup>	2003	2004	2005
	(All amounts in millions, except per share data)			
<b>Income statement data</b>				
<i>Amounts in accordance with IFRS</i>				
<b>Revenue</b>	<b>24,533</b>	<b>25,923</b>	<b>30,176</b>	<b>32,611</b>
<b>Operating result</b>	<b>680</b>	<b>738</b>	<b>3,314</b>	<b>4,376</b>
Operating margin <sup>(2)</sup>	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
<b>Result before tax</b>	<b>348</b>	<b>557</b>	<b>3,206</b>	<b>4,439</b>
Taxation	(488)	(141)	(513)	(161)
<b>Result after tax</b>	<b>(140)</b>	<b>416</b>	<b>2,693</b>	<b>4,278</b>
Minority interests	(46)	(159)	(403)	(432)
<b>Net result group share</b>	<b>(186)</b>	<b>257</b>	<b>2,290</b>	<b>3,846</b>
Basic earnings per share	(0.38)	0.54	4.21 <sup>(3)</sup>	6.26 <sup>(4)</sup>
Diluted earnings per share	(0.38)	0.54	3.80	5.90
<b>Balance sheet data (at period end)</b>				
<i>Amounts in accordance with IFRS</i>				
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
<b>Cash Flow Data</b>				
<i>Amounts in accordance with IFRS</i>				
Cash flows from operating activities	1,946 <sup>(5)</sup>	2,502 <sup>(5)</sup>	3,205 <sup>(5)</sup>	4,464 <sup>(5)</sup>
Cash flows from (used in) investing activities	(591)	(1,109)	(1,382)	(1,606)
Cash flows from (used in) financing activities	(1,251)	(686)	354	(2,389)

(1) Includes the results of operations for the entire fiscal year for Usinor and from March 1, 2002 for Aceralia Corporación Siderurgica and Arbed, each of which was acquired on February 28, 2002 and has been accounted for under the purchase method of accounting in accordance with International Accounting Standards 22.

(2) Calculated by Mittal Steel as operating result divided by revenue.

(3) Including 106,629,054 new shares issued on July 27, 2004, and excluding treasury shares.

(4) Excluding treasury shares.

(5) Including taxes paid in the amount of \$82 million in 2002, \$29 million in 2003, \$199 million in 2004 and \$405 million in 2005, and net interest paid in the amount of \$387 million in 2002, \$261 million in 2003, \$151 million in 2004 and \$107 million in 2005.

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**UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AND  
INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2005**

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

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

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

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,

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accordingly, the assets acquired and liabilities assumed were recorded at their fair values as of the date of completion of the acquisition. As ISG is included in the historical balance sheet of Mittal Steel as of December 31, 2005, the estimated effects of this acquisition are only shown for the income statement.

Mittal Steel is proposing to acquire all of the issued and outstanding shares of Arcelor in exchange for Mittal Steel class A common shares and cash. The number of Mittal Steel class A common shares is based on certain assumptions about the value of Mittal Steel class A common shares and Arcelor common stock. Under the terms of the revised Offer, Arcelor shareholders will receive 1 Mittal Steel share and 11.10 for each Arcelor share. The consideration will be adjusted if Arcelor declares one or more dividends whose gross amount exceeds 0.80 per share. Arcelor paid a dividend of 1.85 per share on May 29, 2006. For the purpose of the Unaudited Pro Forma Condensed Combined Financial Information it is assumed that the excess dividend payment (i.e. 1.05 per share) is deducted from the cash portion of the Offer, resulting in a revised cash portion of 10.05 for each Arcelor share and 12.92 for each Arcelor Convertible Bond. In addition, Mittal Steel will be required to make an offer for the minority interests in Arcelor's two Brazilian subsidiaries (Acesita and Arcelor Brazil) following its acquisition of control of Arcelor. The Unaudited Pro Forma Condensed Combined Financial Information assumes that Mittal Steel will offer the minority shareholders of Acesita and Arcelor Brazil the same mix of Mittal Steel shares (70.6%) and cash (29.4%) in the Offer (before adjusting for the 1.85 dividend paid on May 29, 2006), and that the minority interests are valued at approximately 2.6 billion (approximately \$3.3 billion), resulting in the issuance of 68 million Mittal Steel class A common shares and the payment of 0.8 billion (approximately \$1.0 billion) in cash. These amounts are themselves based on a number of assumptions as to, among other things, Arcelor's shareholding in these companies, the valuation methodology and the reference market price of their shares. See The Offer Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor's two Brazilian Subsidiaries .

The maximum amount of cash to be paid by Mittal Steel will be approximately 7.8 billion (approximately \$10.0 billion) and the maximum number of Mittal Steel shares to be issued will be approximately 754 million, assuming tender of all of the outstanding Arcelor shares as a result of the conversion of 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 and the buyout of the minority interests in Acesita and Arcelor Brazil, based on the assumptions set out above. For purposes of the Unaudited Pro Forma Condensed Combined Financial Information it is assumed that the holders of Arcelor Convertible Bonds will directly convert their bonds into Mittal Steel class A common shares. As a result, 732 million Mittal Steel class A common shares, net of 19 million Mittal Steel class A common shares issued in exchange for Arcelor shares held in treasury that are assumed to be tendered, will be issued. The acquisition of Arcelor will be accounted for using the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed will be recorded at their fair values as of the date of the acquisition. The pro forma effect of the acquisition is shown as of and for the year ended December 31, 2005. The Arcelor historical consolidated financial statements have been translated from euros into US dollars, using an average exchange rate for 2005 of 1 to \$1.2454 for the income statement and the closing exchange rate at December 31, 2005 of 1 to \$1.1844 for the balance sheet.

On May 26, 2006 Arcelor announced that it had entered into an agreement with the controlling shareholder of OAO Severstal ( Severstal ). (See Information about Arcelor Recent Developments Relating to Arcelor - Proposed Transaction with Severstal for a description of such proposed transaction). The Unaudited Pro Forma Condensed Combined Financial Information does not give



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effect to this proposed transaction since according to Arcelor's statements, the agreement between the Severstal controlling shareholder and Arcelor automatically terminates if more than 50% of Arcelor's shares are tendered into the Offer. The 50% minimum tender condition of the Offer therefore renders unlikely a scenario where the Offer is consummated with Severstal consolidated by Arcelor or Mittal Steel.

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

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

**Table of Contents****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
<b>Current Assets</b>					
Cash and cash equivalents, restricted cash and short term investment	\$ 2,149	\$ 5,502	\$ 2	A	\$ 7,653
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
<b>Total Current Assets</b>	11,470	20,988	2		32,460
Goodwill and intangible assets	1,706	229	14,882	B	16,817
Property, plant and equipment, net	18,651	16,306	(54)	Q	34,903
Investments	1,204	2,524			3,728
Other assets	414	898	(103)	Q	1,209
Deferred tax asset, net	314	1,595			1,909
<b>Total Assets</b>	\$ 33,759	\$ 42,540	\$ 14,727		\$ 90,692
<b>Current Liabilities</b>					
Payable to banks and current portion of long-term debt	\$ 334	\$ 1,922	\$ 2,750		\$ 5,006
Trade accounts payable	2,504	6,192			8,696
Accrued expenses and other liabilities	2,661	3,734	(23)		6,372
<b>Total Current Liabilities</b>	5,499	11,848	2,727		20,074
Long-term debt, net of current portion	7,974	5,141	7,200	A	20,315
Deferred employee benefits	1,054	2,704			3,758
Deferred tax liabilities	2,253	676	(61)	Q	2,868
Other long-term obligations	1,395	1,284	53	Q	2,732
<b>Total Liabilities</b>	18,175	21,653	9,919		49,747
<b>Equity attributable to the equity holders of the parent</b>	13,423	17,898	7,797	C/Q	39,118
<b>Minority Interest</b>	2,161	2,989	(2,989)		2,161
<b>Total Equity</b>	15,584	20,887	4,808		41,279
<b>Total Liabilities and Shareholders Equity</b>	\$ 33,759	\$ 42,540	\$ 14,727		\$ 91,026

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

**Table of Contents****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	ISG Historical			Pro Forma Adjustments	Pro Forma Combined Mittal Steel	Arcelor Historical	Pro Forma Adjustments		Pro Forma Combined Mittal Steel and Arcelor
	(including ISG from April 15, 2005)	(January 1, 2005 to April 15, 2005)								
Sales	\$ 28,132	\$ 3,128	\$			\$ 31,260	\$ 40,613	\$		\$ 71,873
Depreciation and amortization	1,101	54	19	F		1,174	1,575		B	2,749
Operating income	4,728	299	108	D,E,F, G, and H		5,135	5,450			10,585
Other income net	344		(130)	P		214				214
Income from equity method investments	86					86	395			481
Gain on sale of assets		9				9				9
Interest and other financing costs, net	(353)	(18)	(17)	I, J		(388)	(317)	(387)	L	(1,092)
<b>Income before taxes</b>	<b>4,805</b>	<b>290</b>	<b>(39)</b>			<b>5,056</b>	<b>5,528</b>	<b>(387)</b>		<b>10,197</b>
Income tax expense	(881)	(116)	(35)	K		(1,032)	(201)	77	M	(1,156)
<b>Net Income</b> (including minority interest)	<b>\$ 3,924</b>	<b>\$ 174</b>	<b>(74)</b>			<b>4,024</b>	<b>5,327</b>	<b>(310)</b>		<b>9,041</b>
Attributable to										
Minority interest	\$ (494)	\$	\$			\$ (494)	\$ (538)	\$ 538		\$ (494)
<b>Equity holders of the parent</b>	<b>3,430</b>	<b>174</b>	<b>(74)</b>			<b>3,530</b>	<b>4,789</b>	<b>(228)</b>		<b>8,547</b>
Basic earnings per common share	\$ 4.99					\$ 5.01				\$ 5.95
Diluted earnings per common share	4.98					5.00				5.94
Weighted average shares outstanding in millions:										
Basic	687					704				1,436
Diluted	689					706				1,438
Shares issued in connection with ISG acquisition			17							
Shares to be issued in connection with the Arcelor acquisition (excluding treasury shares)								732		

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

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*Mittal Steel Company N.V. and Subsidiaries*

**Notes to Unaudited Pro Forma Condensed**

**Combined Financial Information as of and for the**

**Year Ended December 31, 2005**

**1. Basis of Pro Forma Presentation**

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

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

The Unaudited Pro Forma Condensed Combined Balance Sheet reflects adjustments as if the acquisition of Arcelor, accounted for using the purchase method of accounting, had occurred 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.

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

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

On May 26, 2006 Arcelor announced that it had entered into an agreement with the controlling shareholder of Severstal. (see Information about Arcelor Recent Developments Relating to Arcelor Proposed Transaction with Severstal for a description of such proposed transaction). The Unaudited Pro Forma Condensed Combined Financial Information does not give effect to this proposed transaction since according to Arcelor's statements, the agreement between the Severstal controlling shareholder and Arcelor automatically terminates if more than 50% of Arcelor's shares are tendered into the Offer. The 50% minimum tender condition of the Offer therefore renders unlikely a scenario where the Offer is consummated with Severstal consolidated by Arcelor or Mittal Steel. The agreement reportedly provides for payment of a break fee of 140 million (approximately \$179 million) upon termination. Assuming that this fee would be paid by Arcelor to Severstal, the Unaudited Pro Forma Condensed Combined Financial Information gives effect to the payment thereof by a reduction in cash and a corresponding increase in goodwill of \$179 million.

**2. Purchase Price for ISG**

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

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

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

**3. ISG Purchase Price Allocation**

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

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

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

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

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

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

#### 4. Preliminary Purchase Price for Arcelor

Mittal Steel is proposing to acquire all the issued and outstanding shares of Arcelor in exchange for Mittal Steel class A common shares and cash. The number of Mittal Steel class A common shares is based on certain assumptions about the value of Mittal Steel class A common shares and Arcelor common stock. Under the terms of the Offer, Arcelor shareholders will receive 1 Mittal Steel share and 11.10 for each Arcelor share. The consideration will be adjusted if Arcelor declares one or more dividends whose gross amount exceeds 0.80 per share. Arcelor paid a dividend of 1.85 per share on May 29, 2006. For the purpose of the Unaudited Pro Forma Condensed Combined Financial Information it is assumed that the excess is deducted from the cash portion of the Offer, resulting in a revised cash portion of 10.05 for each Arcelor share and 12.92 for each Arcelor Convertible Bond.

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In addition, Mittal Steel will be required to make an offer for the minority interests in Arcelor's two Brazilian subsidiaries (Acesita and Arcelor Brazil) following its acquisition of control of Arcelor. The Unaudited Pro Forma Condensed Combined Financial Information assumes that Mittal Steel will offer the minority shareholders of Acesita and Arcelor Brazil the same mix of Mittal Steel shares (70.6%) and cash (29.4%) in the Offer (before adjusting for the 1.85 dividend paid on May 29, 2006), and that the minority interests are valued at approximately 2.6 billion (approximately \$3.3 billion), resulting in the issuance of 68 million Mittal Steel class A common shares and the payment of 0.8 billion (approximately \$1.0 billion) in cash. These amounts are themselves based on a number of assumptions as to, among other things, Arcelor's shareholding in these companies, the valuation methodology and the reference market price of their shares. See The Offer Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor's two Brazilian Subsidiaries.

The maximum amount of cash to be paid by Mittal Steel will be approximately 7.8 billion (approximately \$10.0 billion) and the maximum number of Mittal Steel shares to be issued will be approximately 754 million, assuming tender of all of the outstanding Arcelor shares as a result of the conversion of 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. As a result, 732 million Mittal Steel class A common shares, net of 19 million Mittal Steel class A common shares issued in exchange for Arcelor shares held in treasury that are assumed to be tendered, will be issued. For purposes of this Pro Forma Condensed Combined Financial Information, the share price used to estimate the value of the Mittal Steel class A common shares, is \$34.16, the closing price as of the last trading day prior to the public announcement of the revised Offer.

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

	(in millions)
Preliminary estimated value of Mittal Steel shares issued	\$ 25,668
Estimated banker's fees and other transaction costs	100
Cash paid to security holders	9,950
	35,718
Less: Shares issued and cash paid for treasury stock of Arcelor	956
Total purchase price	\$ 34,762

IFRS requires the use of the published price of Mittal Steel class A common shares as of the date of the exchange and accordingly the purchase price may differ from that which results from applying the published price of \$34.16 at May 18, 2006, the date of the announcement of the revised Offer. For US GAAP purposes, the purchase price may differ since, in accordance with paragraph 4 of Emerging Issues Task Force (EITF) 99-12: Determination of the Measurement Date for the Market Price of Acquirer Securities Issued in a Purchase Business Combination, the measurement date for the fair value of the Mittal Steel class A common shares is when the proposed transaction is announced and sufficient shares have been tendered to make the Offer binding or when Arcelor agrees to the purchase price. If the published price of Mittal Steel class A common shares at the date of the acquisition were \$3 higher or lower than the May 18, 2006 reference price currently assumed, the total purchase price would be \$36,958 million and \$32,566 million, respectively.

**5. Preliminary Arcelor Purchase Price Allocation**

The Unaudited Pro Forma Condensed Combined Financial Information has been prepared on the basis of assumptions described in these notes, including assumptions related to the calculation of the purchase price. The purchase price allocation does not comply with paragraphs 51 through 55 of IFRS

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3 since Mittal Steel does not have access to the books and records of Arcelor. For the allocation of the total purchase price it is assumed therefore that the excess of the purchase price over the historical book value of the net assets of Arcelor as of December 31, 2005 is goodwill. The actual allocation may materially differ from this assumption after valuations and other procedures are completed. During the actual allocation process Mittal Steel expects to identify the following intangible assets:

patents;

customer relationships / customer lists; and

favorable and unfavorable long-term contracts.

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

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

## **6. Pro Forma Adjustments**

- A. Mittal Steel entered into agreements on January 30, 2006 (subsequently amended) and May 23, 2006 with certain financial institutions for credit facilities totaling 7.8 billion (approximately \$10.0 billion), of which \$9,950 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 a \$179 million break fee, assumed to be paid by Arcelor upon the termination of the transaction between Arcelor and Severstal, offset by an increase of \$255 million, being the cash received by Arcelor against the tender of its treasury shares under the terms of the Offer plus the dividend paid on these treasury shares by Arcelor of \$26 million.
- 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 \$14,882 has been allocated to goodwill.

If the result of the determination of the fair value of the net assets acquired indicate that the excess of the purchase price over the historical net assets of Arcelor should have been fully allocated to acquired property, plant and equipment, which, as disclosed in the Arcelor financial statements, have an estimated useful life of between 5 and 25 years, and assuming the excess, currently allocated to goodwill, is allocated to property, plant and equipment with a weighted average remaining useful life that ranges from 10 to 25 years, the pro forma depreciation for 2005 would have been \$1,488 million to \$595 million higher and net income would have been \$1,190 million to \$476 million lower. The range of 10-25 years rather than 5-25 years has been used as the basis of the above sensitivity analysis due to Mittal Steel's assumption based on Arcelor's public disclosure of the relative allocation by Arcelor of depreciation periods to its assets (i.e. that only a small percentage are of a nature that would be depreciated over 5 years and that the bulk of the assets would be depreciated over 10 to 25 years).



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- C. Represents the net effect of the issuance of 732 million Mittal Steel class A common shares (excluding the Mittal Steel 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 addition, Mittal Steel will be required to make an offer for the minority interests in Arcelor's two Brazilian subsidiaries (Acesita and Arcelor Brazil) following its acquisition of control of Arcelor. The Unaudited Pro Forma Condensed Combined Financial Information assumes that Mittal Steel will offer the minority shareholders of Acesita and Arcelor Brazil the same mix of Mittal Steel shares (70.6%) and cash (29.4%) in the Offer (before adjusting for the \$1.85 dividend paid on May 29, 2006), and that the minority interests are valued at approximately \$2.6 billion (approximately \$3.3 billion), resulting in the issuance of 68 million Mittal Steel class A common shares and the payment of \$0.8 billion (approximately \$1.0 billion) in cash. These amounts are themselves based on a number of assumptions as to, among other things, Arcelor's shareholding in these companies, the valuation methodology and the reference market price of their shares. See "The Offer Required Purchase of Minority Shareholdings in Arcelor Brasil S.A. and Acesita S.A., Arcelor's Two Brazilian Subsidiaries". Furthermore, Mittal Steel, in the absence of a detailed break down of minority interest by Arcelor in its 2005 annual report, has assumed that the historical book value of the minority interest is fully allocated to the minority interest in Acesita and Arcelor Brazil and the majority of the minority interest income relates to these Brazilian subsidiaries.

	(in millions)
Preliminary estimated value of Mittal Steel shares issued	\$ 25,668
Mittal Steel shares issued for treasury stock of Arcelor	(675)
Historical book value of net assets of Arcelor as of December 31, 2005	(17,898)
Cash adjustment of Offer for excess dividend of \$1.05 paid by Arcelor	828
Pro forma effect on shareholders' equity from Arcelor's acquisition	7,923
Final ISG purchase price allocation adjustment	(126)
Total pro forma effect on equity attributable to the equity holders of the parent	7,797
Historical book value of minority interest in Acesita and Arcelor Brazil	(2,989)
<b>Total pro forma effect on total equity</b>	<b>\$ 4,808</b>

- D. Represents the net decrease in other post-employment healthcare expense of \$2 million resulting primarily from the elimination of previously unrecognized prior service cost as of the acquisition date.
- E. Represents amortization of unfavorable and favorable contracts. The Mittal Steel audited consolidated financial statements for the year ended December 31, 2005 reflected \$139 million of income related to the net amortization of these intangibles. The following pro forma adjustments have been made for the net amortization for the year ended December 31, 2005. These adjustments are based on the following assumptions:

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

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

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

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- 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.
- J. Represents the elimination of \$3 million of expenses related to the write-off of remaining deferred debt fees on the previous ISG credit facility that was terminated as a result of the acquisition. Assuming the acquisition occurred on January 1, 2005 these costs would not have been expensed in 2005.
- K. Assumes an effective tax rate of 39%.
- L. Represents the incremental interest expense resulting from the borrowings discussed in A above. Interest is calculated based on EURIBOR plus a margin. The interest rate has been estimated at 3.8875% or \$387 million per annum. A 0.5% or 50 basis point change in the interest rate would increase or decrease net income by \$50 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, and no financial statements of Dofasco prepared on the basis of IFRS are available to Mittal Steel, the effects of the disposition of Dofasco have not been reflected in the Unaudited Pro Forma Condensed Combined Financial Information. If the agreement with ThyssenKrupp is not consummated and Mittal Steel does not sell Dofasco for any reason, Mittal Steel has agreed with the U.S. Department of Justice that, if asserted by the relevant authorities, any antitrust issues arising in the United States as a result of Mittal Steel's existing North American operations can be satisfactorily resolved by the disposition of an alternative Mittal Steel asset. Mittal Steel currently expects that consideration of such issues by the relevant authorities will be completed before the end of the Offer period. Mittal Steel also expects that any necessary disposition of such alternative

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

- O. Subject to the successful completion of its Offer for Arcelor, Mittal Steel envisions adopting a dividend policy to distribute 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.
  
- P. Adjustments resulting from the final purchase price allocation for ISG. See note 2 and 3 for further explanation.
  
- Q. Adjustment to reflect the offer for repayment of the 2005 Credit Facility (\$2.8 billion outstanding as of December 31, 2005) and the \$800 million letter of credit facility (\$0 outstanding as of December 31, 2005), that would be required under their terms were the Mittal family to own less than 50% of Mittal Steel's voting shares following completion of the Offer. Mittal Steel does not expect that by that time and under those circumstances a significant number of its lenders would accept such repayment offer. Should the repayment offer nonetheless be accepted by any lenders, the Company would seek refinancing for similar amounts and on similar terms.

**Table of Contents****7. Reconciliation from US GAAP to IFRS**

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

	<b>December 31, 2005</b>
Shareholders' equity as reported in accordance with US GAAP	\$ 10,150
Minority interest as reported in accordance with US GAAP	1,834
	<b>11,984</b>
Adjustments recorded to reconcile to IFRS	
Employee benefits	1,322
Business combinations	3,481
Other	3
Tax effect on the above	(1,206)
<b>Total increase</b>	<b>3,600</b>
<b>Total equity as reported in accordance with IFRS</b>	<b>\$ 15,584</b>
	<b>Year ended December 31, 2005</b>
Net income as reported in accordance with US GAAP	\$ 3,365
Minority interest as reported in accordance with US GAAP	520
	<b>3,885</b>
Adjustments recorded to reconcile to IFRS	
Employee benefits	232
Business combinations	(110)
Other	(20)
Tax effect on the above	(63)
<b>Total increase</b>	<b>39</b>
<b>Net income as reported in accordance with IFRS</b>	<b>\$ 3,924</b>

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

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

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

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

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	Impact on Equity	Impact on Net Income
<b>2. Business combinations</b>		
Ø Under US GAAP, negative goodwill is deducted, on a pro-rata basis, from the value of the non-current assets acquired, primarily property, plant and equipment (\$3,269), including \$178 million negative goodwill for minority interest. The higher carrying amount results in higher depreciation (\$277).	\$ 3,269	\$ (277)
Furthermore under US GAAP, fair values are assigned only to the parent company's share of the net assets acquired. Minority interest is valued at its historical book value. Under IFRS fair values are assigned to 100% of the net assets acquired. Minority interest is therefore measured at the minority's proportion of the net fair value of the assets, liabilities and contingent liabilities recognized.	212	
Under IFRS the acquirer may only recognize a restructuring provision when the acquiree at the acquisition date has an existing liability for restructuring in accordance with IAS 37. Under US GAAP the requirements are less stringent. In IFRS a restructuring provision was recognized in December 2005.		(100)
Sub total	3,481	(377)
Ø Under US GAAP the fair value of equity instruments issued in a business combination should be measured considering the market price for a reasonable period before and after the date that the terms of the acquisition are agreed to and announced. Under IFRS the fair value of equity instruments issued in a business combination is measured at the published price as of the date of acquisition. The resulting adjustment decreased the purchase price and resulted in negative goodwill. Under IFRS negative goodwill is directly recognized in the income statement		217
The effect on equity is \$217 decrease in paid in capital and (through the income statement) an increase in retained earnings to the same amount (net effect nil).		
Ø Under IFRS the acquirer may only recognize a restructuring provision when the acquiree at the acquisition date has an existing liability for restructuring in accordance with IAS 37. Under US GAAP the requirements are less stringent. This resulted in an increase in negative goodwill, net of tax.		60
Ø Other		(10)
Sub total		267
	\$ 3,481	\$ (110)
<b>3. Other includes:</b>		
Ø Difference in accounting for hyper-inflationary economies	\$ 26	\$ (1)
Ø Difference in accounting for inventory valuation	10	10
Ø Difference in accounting for changes in discount rate for asset retirement obligations	(34)	(34)
Ø Others	1	5
	\$ 3	\$ (20)
<b>4. Deferred income tax</b>		
Ø Business combinations Under US GAAP, negative goodwill is deducted, on a pro-rata basis, from the value of the non-current assets acquired, primarily property, plant and equipment. A corresponding tax asset for the temporary difference thus created is recorded, less a valuation allowance if applicable. As under IFRS negative goodwill is directly recognized in the income statement such tax asset is not recorded under IFRS.	\$ (627)	\$ 20
Ø Employee benefits	(522)	(89)
Ø Other	(57)	6
	\$ (1,206)	\$ (63)





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**5. Reclassifications**

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

- Ø Current deferred tax assets and current deferred tax liability are under IFRS presented as non-current.
  
- Ø Major spare parts and stand-by equipment as well as spare parts that can be used in connection with an item of property, plant and equipment are accounted for under IFRS as property, plant and equipment.
  
- Ø Under IFRS, certain software and ground rent are classified as intangible assets, while under US GAAP these items are presented as part of property, plant and equipment.
  
- Ø Under US GAAP the interest component of discounted obligations is presented as part of cost of sales. Under IFRS the interest component of discounted obligations is presented as part of interest.

**Table of Contents****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 1 Mittal Steel class A common share for each Arcelor common share, and then adding to those amounts the cash portion of the exchange consideration of 10.05 (or the U.S. dollar equivalent, as the case may be) (the cash consideration per share reduced from 11.10 due to the payment by Arcelor on May 29, 2006 of a 1.85-per-share dividend) for each Arcelor common share. The prices for the Convertible Bonds were calculated by multiplying the closing market prices per share of Mittal Steel class A common shares by the exchange ratio of 1 Mittal Steel class A common shares for each Convertible Bond, and then adding to those amounts the cash portion of the exchange consideration of 12.92 (or the U.S. dollar equivalent, as the case may be) (the cash consideration per Convertible Bond increased by 0.80 due to the payment by Arcelor on May 29, 2006 of a 1.85-per-share dividend) for each Convertible Bond. Certain of the amounts set forth in U.S. dollars were originally in euro, and have been translated into U.S. dollars for January 26, 2006, at a rate of 1.00 = \$1.2214, which was the Bloomberg EURUSD exchange rate at the close of trading in Mittal Steel class A common shares on NYSE on that day, and, for June 2, 2006, a rate of 1.00 = \$1.2922, 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 June 2, 2006, the most recent practicable trading day prior to the date of this prospectus. See Market Price and Dividend Data for further information about the historical market prices and average daily trading volumes of these securities.

	Mittal Steel (NYSE)		Mittal Steel (Euronext Amsterdam)	Arcelor		Implied Equivalent Value per Arcelor Security			
	Class A common shares (\$)	(€)	Class A common shares (€)	Common shares (€)	Convertible bonds (€)	Common shares (\$)	Common shares (€)	Convertible bonds (\$)	Convertible bonds (€)
January 26, 2006	\$ 32.30	26.45	26.03	22.22	24.49	\$ 44.58	36.50	\$ 48.09	39.37
June 2, 2006	\$ 34.19	26.46	26.58	34.29	36.37	\$ 47.18	36.51	\$ 50.89	39.38

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

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

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

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

	<b>Pro Forma Combined Mittal Steel /ISG</b>	<b>Arcelor</b>	<b>Pro Forma Combined</b>
Average number of basic shares outstanding during the year ended December 31, 2005 (in millions)	687	614	1,436
Average number of diluted shares outstanding during the year ended December 31, 2005 (in millions)	689	655	1,438

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 1.0, the exchange ratio for each Arcelor ordinary share in the Primary Offer. Because of the pro-ration and allocation procedures applicable to the Offer (see The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor

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Shares Pro-Ration and Allocation Procedures ), the calculation remains constant regardless of whether the Arcelor ordinary shares are tendered into the Primary Offer or either of the Secondary Offers (see The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Tenders in Primary Offer or Secondary Offers ).

	Historical Mittal Steel IFRS	Historical Arcelor IFRS	Mittal Steel pro forma IFRS <sup>(1)</sup>	Arcelor equivalent pro forma IFRS <sup>(1)</sup>
	For the year ended December 31, 2005 (\$ in millions, except per share amounts) <sup>(2)</sup>			
<b>Net income</b>	3,430	4,789	8,547	
<b>Basic EPS</b>	4.99	7.80	5.95	5.95
<b>Diluted EPS</b>	5.00	7.31	5.94	5.94
<b>Dividends declared<sup>(3)</sup></b>	213	1,428	1,641 <sup>(5)</sup>	
<b>Dividends declared per basic share<sup>(3)</sup></b>	0.31	2.30	1.14 <sup>(5)</sup>	1.14 <sup>(5)</sup>
<b>Book value at period end<sup>(4)</sup></b>	13,423	17,898	39,118	
<b>Book value per basic share<sup>(4)</sup></b>	19.54	29.15	27.24	27.24

- (1) The pro forma data presented in these columns is derived from the Unaudited Pro Forma Condensed Combined Financial Information included herein, not prepared in accordance with the content and presentation requirements of Article 11 of Regulation S-X under the Securities Act. See the second paragraph in Unaudited Pro Forma Condensed Combined Balance Sheet and Income Statement for the Year Ended December 31, 2005.
- (2) All Arcelor amounts converted to dollars at the average euro-to-dollar exchange rate for 2005 of 1.2454 except for book value amounts, which have been converted at the euro-to-dollar exchange rate at December 31, 2005 of 1.1844.
- (3) Historical dividends not giving effect to envisaged combined group dividend policy.
- (4) Book value per share is calculated by dividing capital and reserves attributable to the equity holders of the company by the number of shares outstanding at the end of the period.
- (5) Calculation of Mittal Steel pro forma and Arcelor equivalent pro forma dividend data takes account of the Arcelor dividend of 1.85 per share approved by Arcelor shareholders on April 28, 2006.

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**RISK FACTORS**

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

**Risks Relating to the Offer**

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

The consideration offered for Arcelor shares is subject to adjustment if, between February 6, 2006 and the day before the settlement date of the Offer, Arcelor makes specified distributions in respect of its share capital, acquires its shares, or issues new voting securities or securities conferring the right to subscribe for, acquire or convert into voting securities, as set out in detail herein. Depending on the event triggering the adjustment, consent of the relevant European Regulators may be required and, in each case, securityholders who have previously tendered their Arcelor securities will be entitled to withdraw such tenders at any time during the initial acceptance period or any subsequent offering period, including any extension of the initial acceptance period or subsequent offering period, following the publication of such adjustment. Nonetheless, such adjustments to the consideration offered in the Offer could reduce its absolute value and reduce the aggregate relative percentage of cash received by tendering shareholders to below 29.4% as provided in the terms of Mittal Steel's improved Offer announced on May 19, 2006.

The annual Arcelor shareholders' meeting of April 28, 2006 approved the payment of a 1.85-per-share dividend in respect of the 2005 fiscal year. Such payment was made on May 29, 2006 and resulted in an adjustment to the Offer consideration pursuant to 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, including the reduction of the aggregate relative percentage of cash received by tendering shareholders to 27.4% from 29.4%. On April 4, 2006, the Board of Directors of Arcelor announced its intention to distribute a total amount of 5 billion to Arcelor shareholders through one or a combination of a share buy-back, an exceptional dividend distribution or a self-tender offer. On May 12, 2006, Arcelor's Board of Directors called an extraordinary shareholders' meeting for May 19, 2006 and, since the required quorum was not met, called a second extraordinary shareholders' meeting for June 21, 2006, with an agenda including a proposal to reduce Arcelor's share capital through a self-tender offer for, and subsequent cancellation of, up to a maximum of 150 million shares at a maximum price of 50 per share. If such capital reduction and self-tender are in fact approved by Arcelor's shareholders and the self-tender offer is completed before the settlement date of the Offer, this would result in an adjustment of the Offer consideration as set out in The Offer Terms and Conditions of the Offer Offer Scope and Consideration Offer for Arcelor Shares Primary Mixed Cash and Exchange Offer or Secondary Cash and Exchange Offers below.

*The fixed exchange ratio will not reflect market fluctuations.*

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

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

In order for Mittal Steel to take management control of Arcelor following completion of the Offer, Mittal Steel will need to take control of Arcelor's Board of Directors. In order to do so, Mittal Steel must, under Luxembourg law, request that Arcelor's Board of Directors 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 affect Mittal Steel's business or profitability.

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

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

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

The anticipated benefits and synergies expected to result from the Offer will depend in part upon whether the operations of Arcelor can be integrated in an efficient and effective manner with those of Mittal Steel. Successful integration will require the integration of various aspects of each company's business. There may be delays in achieving the anticipated benefits expected to result from this integration. These anticipated benefits could be more difficult to achieve in an unsolicited transaction opposed, 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.

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

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

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

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

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

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

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

The rights of Mittal Steel's shareholders are governed by Dutch law and by Mittal Steel's Articles of Association. Dutch law extends to shareholders certain rights and privileges that may not exist under

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

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

As disclosed in [The Offer](#) [Intentions of Mittal Steel Regarding Corporate Governance and Corporate Structure](#), upon completion of the Offer, Mittal Steel may reorganize the combined group as a result of which the parent company of the group may become a company governed by Luxembourg law.



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

Arcelor Brasil S.A. and Acesita S.A. are two Brazilian companies listed on the Bolsa de Valores de São Paulo (BOVESPA). Arcelor holds approximately 66% of the outstanding voting stock of Arcelor Brasil S.A. Following an offer to acquire the voting stock of Acesita S.A. not already owned by it that closed on April 26, 2006, Arcelor holds, directly or indirectly, approximately 56% of the share capital (consisting of voting common shares and non-voting preferred shares) and approximately 91% of the voting stock in Acesita S.A. Article 254-A of the Brazilian corporation law requires that, in the event of a direct or indirect acquisition of control of a company listed in Brazil, the acquiror must make an offer for all voting shares not already controlled.

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

Mittal Steel may offer the Brazilian shareholders the same mix of shares and cash as in the Offer or it may offer all cash. These offers would be financed out of one or a combination of existing resources, cash flow and proceeds of new financings. Mittal Steel does not expect to make this decision before the Offer is completed. For purposes of example only, based on (i) the current Arcelor shareholding in the two companies (as set out above), (ii) the respective closing market prices of Acesita S.A. and Arcelor Brasil S.A. voting shares on June 2, 2006 as per Bloomberg (which prices may differ from the fair values of such shares as finally determined in the manner described above), (iii) an offer price equal to 80% and 100%, respectively, of such current market prices, in each case without assigning any premium value related to the Offer, and (iv) the Mittal Steel Reference Share Price of 26.64 (\$34.16) used for purposes of calculations in the context of the Offer, the minority interests in these companies would have an aggregate value of approximately 2.6 billion (\$3.3 billion), requiring the issuance of approximately 68 million shares and the payment of 0.8 billion (\$1.0 billion) in cash if Mittal Steel offers the same mix (*i.e.*, 70.6% and 29.4%, before adjustment for the 1.85-per-share dividend paid on May 29, 2006) of shares and cash as in the Offer.

The issuance of Mittal Steel shares in such an offer would result in dilution of existing shareholders in proportion to their economic interests, and Mittal Steel cannot predict with certainty the values that the independent experts will ultimately assign to the shares of Arcelor Brasil and Acesita. If such values are higher than expected, Mittal Steel will have to finance a higher cash purchase price and possibly issue more shares, resulting in greater dilution.

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

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

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

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

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

Whether the Minimum Tender Condition is satisfied and any decision to invoke or waive this condition will be announced by press release and, at the latest, in the press release publishing the results of the Offer. Any decision to withdraw the Offer due to the failure of either of the other two conditions will be announced by press release as soon as possible following the relevant event or action.

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

Upon Mittal Steel's termination of the Offer, any Arcelor securities tendered in the Offer will be promptly returned to their holders; they will be credited to the relevant financial intermediaries' accounts with the relevant common security depositaries within three Business Days from the date of publication of the above-mentioned press release. However, the value of your Arcelor securities may decrease between the time you tender them into the Offer and the time they are returned to you following any such termination of the Offer. In particular, you will not be able to withdraw tendered securities following the expiration of the initial acceptance period of the Offer unless and until Mittal Steel terminates the Offer as described above; during this period, you will not be able to dispose of such securities. You will bear the risk of any decrease in value during this time. Mittal Steel will not compensate or indemnify you for any such losses or reduction in value of your securities or your inability to sell your securities.

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

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

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

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

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

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

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

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

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

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

In respect of information relating to Arcelor presented in this prospectus, including all Arcelor financial information, we have relied exclusively upon publicly available information. Although we

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

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

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

Mr. Lakshmi N. Mittal's proportionate voting rights will decrease following the completion of the Offer, both as a result of dilution as well as of the proposed elimination of all differences between the rights attached to Mittal Steel's class A common shares and class B common shares (except for the right of the holders of the class B common shares to convert their class B common shares on a share-per-share basis into class A common shares). Assuming 100% acceptance of the Offer, upon its completion Mr. Lakshmi N. Mittal will have 45.4% of the voting rights in Mittal Steel. This substantial

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shareholding may as a practical matter enable Mr. Lakshmi N. Mittal to prevent or cause a change of control of Mittal Steel and to determine the outcome of shareholder votes regarding significant corporate events, and will enable him to control the outcome of shareholder votes requiring supermajority approval.

***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.

***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.

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***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 Lázaro Cárdenas production facilities went on strike on two occasions in the period of February to April of 2006 following the removal of the steel workers' union leader by the Mexican government. See Note 17 to the Mittal Steel consolidated financial statements, incorporated by reference herein.

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

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

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

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

In addition, energy costs, including the cost of electricity and natural gas, make up a substantial portion of the cost of goods sold by steel companies. The price of energy has varied significantly in the

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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 facility that Mittal Steel entered into in April 2005 (the 2005 Credit Facility). On October 19, 2005, Mittal Steel entered into a \$3.0 billion bridge term facility to finance part of the acquisition of 93% of the issued share capital of Kryvorizhstal (the 2005 Bridge Finance Facility). The amount of the 2005 Bridge Finance Facility was increased to \$3.5 billion in November 2005. Part of the Kryvorizhstal acquisition was also funded through further drawdowns under the 2005 Credit Facility. As of December 31, 2005, the 2005 Bridge Finance Facility was fully drawn (*i.e.*, \$3.5 billion). In December 2005, Mittal Steel entered into an \$800 million committed multi-currency letter of credit and guarantee facility to support its day-to-day business.

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

As a result of 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

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Steel's initial announcement of the proposed Offer on January 27, 2006, Moody's Investors Service placed Mittal Steel's Baa3 Corporate Family Rating as well as the Ba1 ratings of its subsidiaries' debt on credit review for possible downgrade, and Standard & Poor's Rating Services placed its BBB+ long-term credit rating for Mittal Steel on credit watch with negative implications. Fitch has also placed Mittal Steel's credit rating on negative ratings watch. Both Moody's Investors Service and Standard & Poor's Rating Services issued releases following Mittal Steel's announcement of a revised offer on May 19, 2006 stating that the revised terms put increased pressure on Mittal Steel's ability to maintain its current ratings. 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.

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.



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***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.

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

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

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

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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, Liberia and South Africa. The political systems in these countries may be vulnerable to the populations' dissatisfaction with reforms, social and ethnic unrest and changes in governmental policies, any of which could have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects and its ability to continue to do business in these countries.

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

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

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

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

Although Mittal Steel has remained in compliance with its obligations under the relevant acquisition agreements and restructuring programs, Mittal Steel may not be able to remain in

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compliance with some or all of these requirements in the future. Failure to remain in compliance may result in forfeiture of part of Mittal Steel's investment and/or the loss of certain tax and regulatory benefits.

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

***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 cyclical nature 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.

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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

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rules or more stringent environmental norms with which steel companies may have to comply. Compliance with these obligations may require additional capital expenditures or modifications in operating practices, particularly at steel companies operating in countries that have recently joined the European Union or are scheduled to join the European Union in the near future. The costs of complying with environmental regulatory or remediation obligations, including participation in the assessment and remediation of contaminated sites, could be significant and failure to comply could result in the assessment of civil and criminal penalties, the suspension of permits or operations, and lawsuits by third parties. In addition to the impact on current facilities and operations, these standards can give rise to substantial environmental liabilities with respect to divested assets and past activities.

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

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

### ***Natural disasters could significantly damage Mittal Steel's production facilities.***

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

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

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

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

### ***Product liability claims could adversely affect Mittal Steel's operations.***

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

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

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

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

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

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

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



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