January 30th 200

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The world # 1 steel manufacturer

*Arcelor will **not** share its future with Mittal Steel*

1. Two diametrically opposed companies

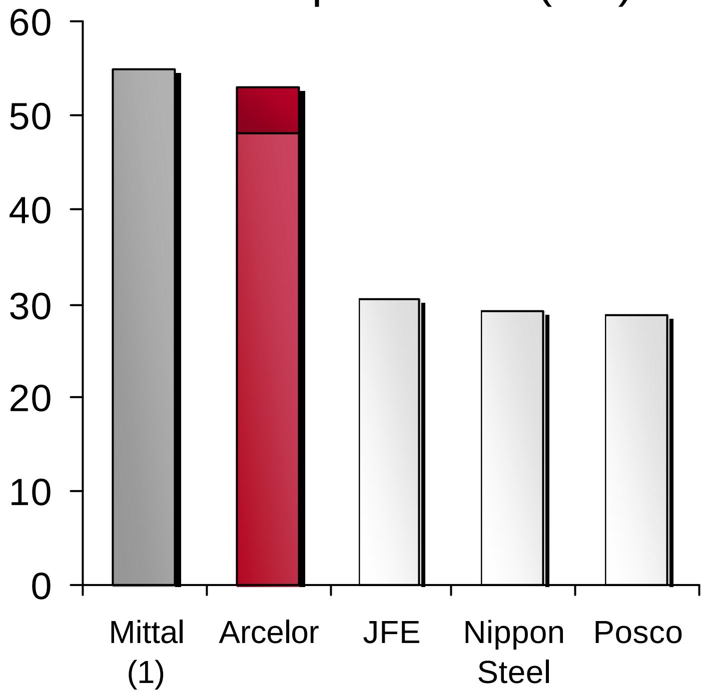
2. A hostile, opaque offer that destroys value

3. Arcelor has a much better future without Mittal Steel

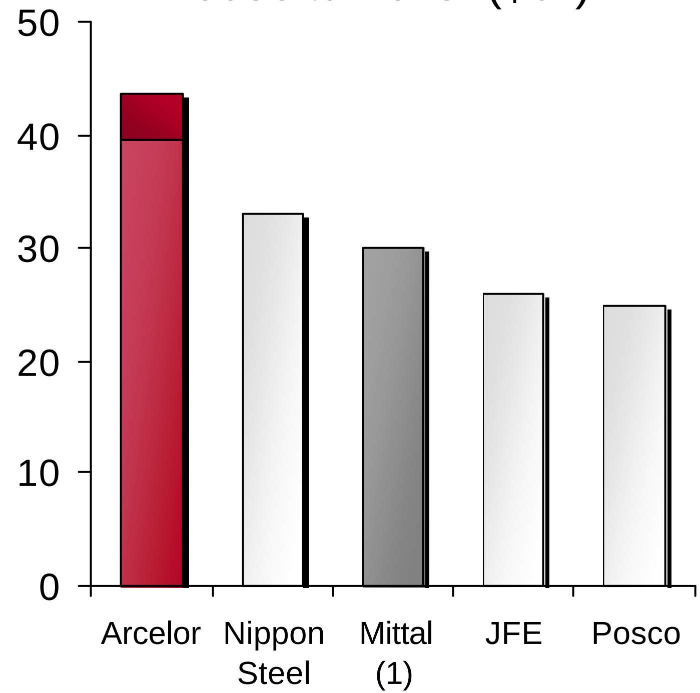
1. Two diametrically opposed companies

- Mittal Steel is the world's largest producer of commodity steels
- Arcelor is the world #1 steel manufacturer (in terms of turnover)

2005e production (MT)



2005e turnover ($bn)



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(1) PF KMK

1. Two diametrically opposed companies

MITTAL

- An opportunistic construction, made of highly heterogeneous units
  - Very irregular levels of profitability
  - Huge capex requirements
  - Necessary restructurations

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- A deliberate strategy
- Solid foundations
- State-of-the-art & best-in-class

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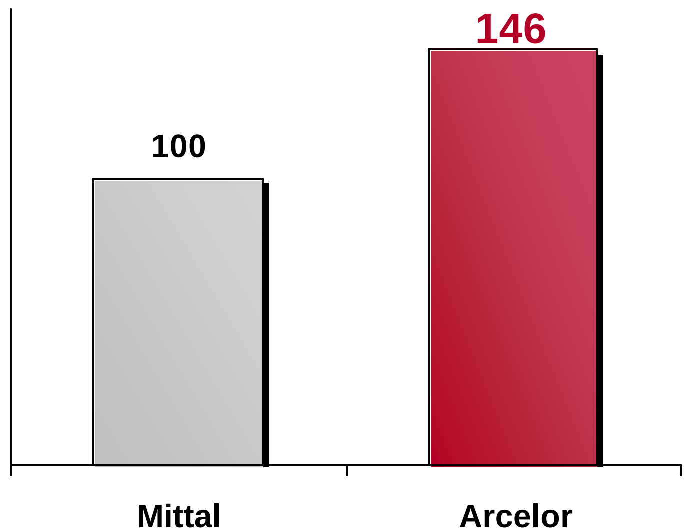
1. Two diametrically opposed companies

MITTAL	arcelor
An aggregation of opportunistic acquisitions	Chosen segments
A business model which is not based on state-of-the art technologies	Massive investments in technology and R&D
Commodity products	World leadership on the most demanding markets
A "short term" marketing approach, and highly exposure to spot prices and, therefore, to the steel cycles	Long-term partnerships with its customers
Limited access to distribution	An unmatched global distribution network

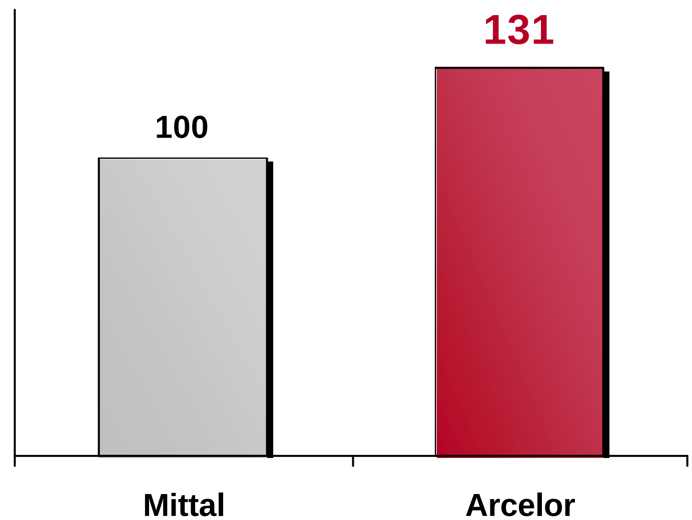
Two divergent economic models

Different commercial focus

Revenues
EUR/t (index 9 months 2005*)



EBITDA
EUR/t (index 9 months 2005)



- High importance of commodities, low barriers to entry

Focused on high-tech, high-quality products

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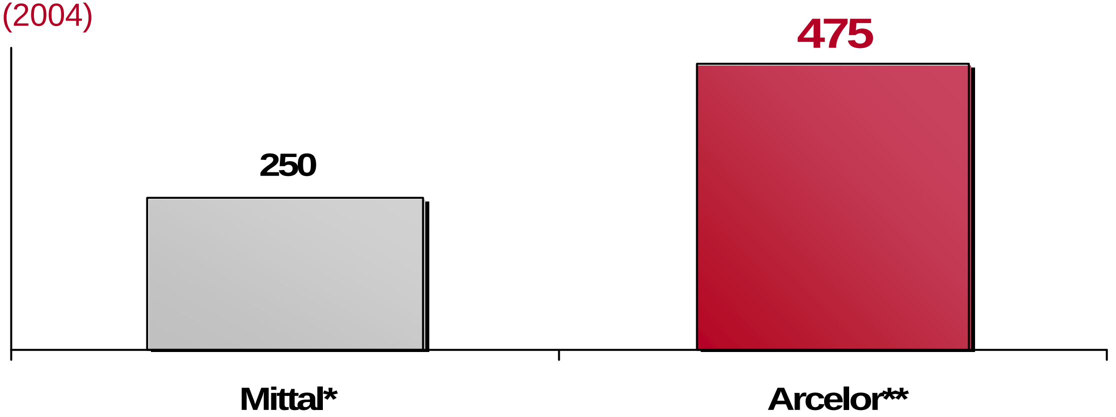
Two divergent economic models

Different operational focus

Productivity
Y/M/T (2004)



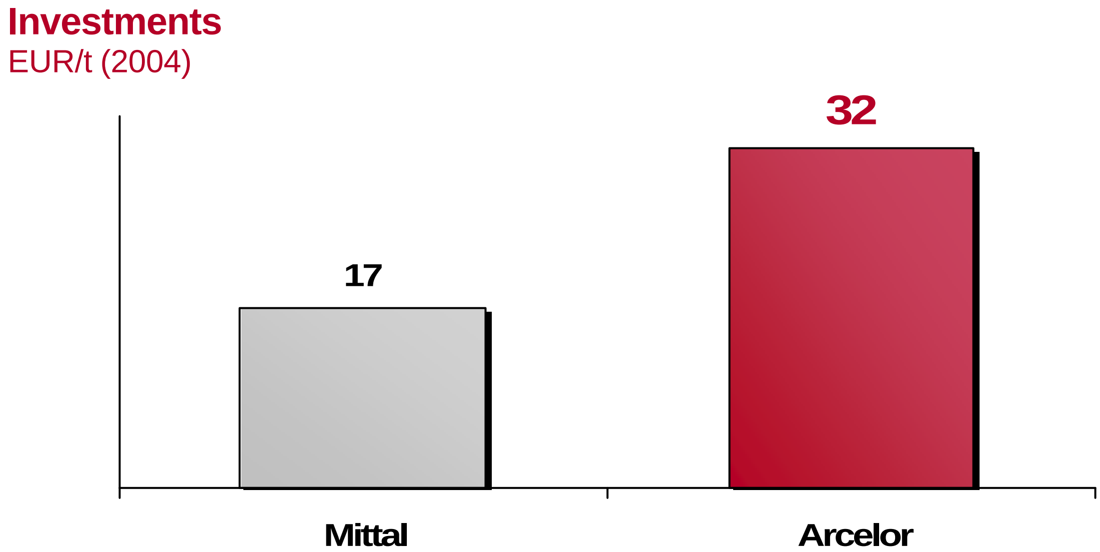
- Less productive working methods, less automated operations

- **Focused on operational excellence, high level of automation**

* Excluding mine workers
** Distribution network included

Two divergent economic models

Different investment focus



- Less attention in maintaining asset base
- **Focused on maintaining leadership in high-quality asset base**

1. Two diametrically opposed companies

Two different approaches to corporate governance

MITTAL

- A monocultural management
- 88% of the capital in the same hands
  - 97% of voting rights
- Great inequality between the two classes of shares
  - Board of Directors:
    Lakshmi Mittal, Chairman
    Aditya Mittal, member
  - Management Board:
    CEO: Lakshmi Mittal
    President, CFO: Aditya Mittal

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- A truly multicultural enterprise
  - Board of Directors:
    - 6 nationalities, 3 union representatives
  - Management Board:
    - 4 members, 3 nationalities
- A majority of independent directors
- Separation of powers: no member of the GMB on the Board of Directors
- Exemplary social and ethical approach
  - A European Group Works Council
  - A worldwide corporate responsibility agreement
  - Dow Jones *Sustainability* Index

1. Two diametrically opposed companies

MITTAL

- Since its creation, Mittal Steel shares have been highly volatile

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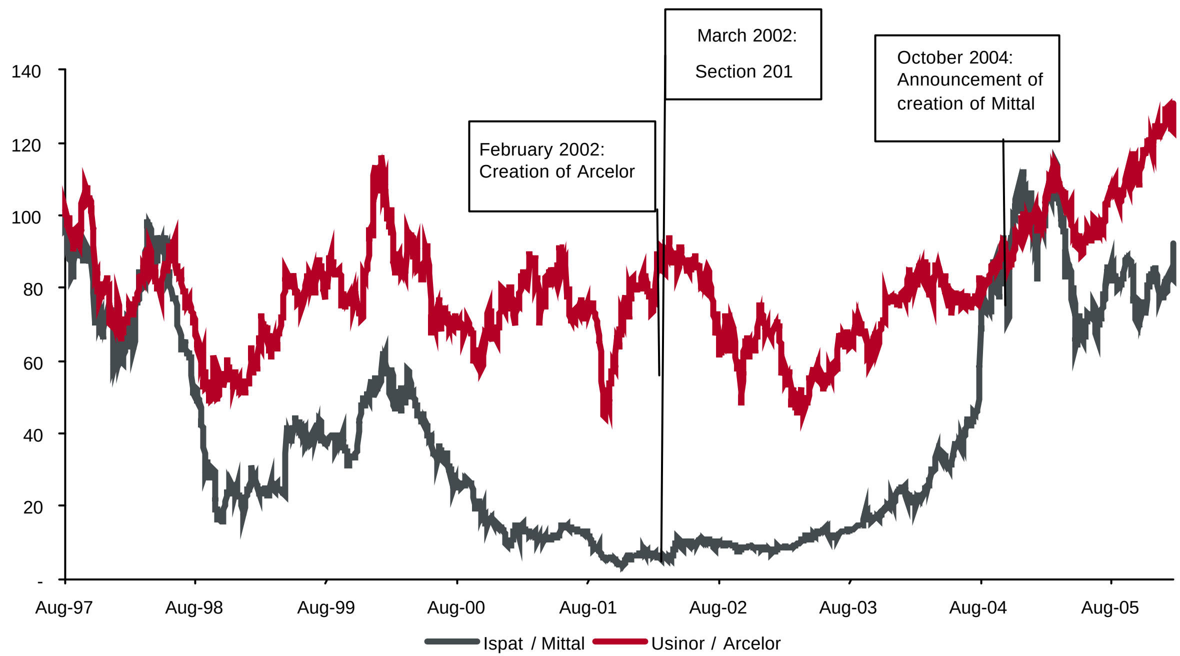
- Since its creation in 2002, Arcelor has structurally improved its profitability, giving priority to creating value for its shareholders



Performance

31%

(8)%

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Source: Datastream, share prices rebased to 100
Ispat / Mittal performance based on share price in euros (Amsterdam listing)

1. Two diametrically opposed companies

MITTAL

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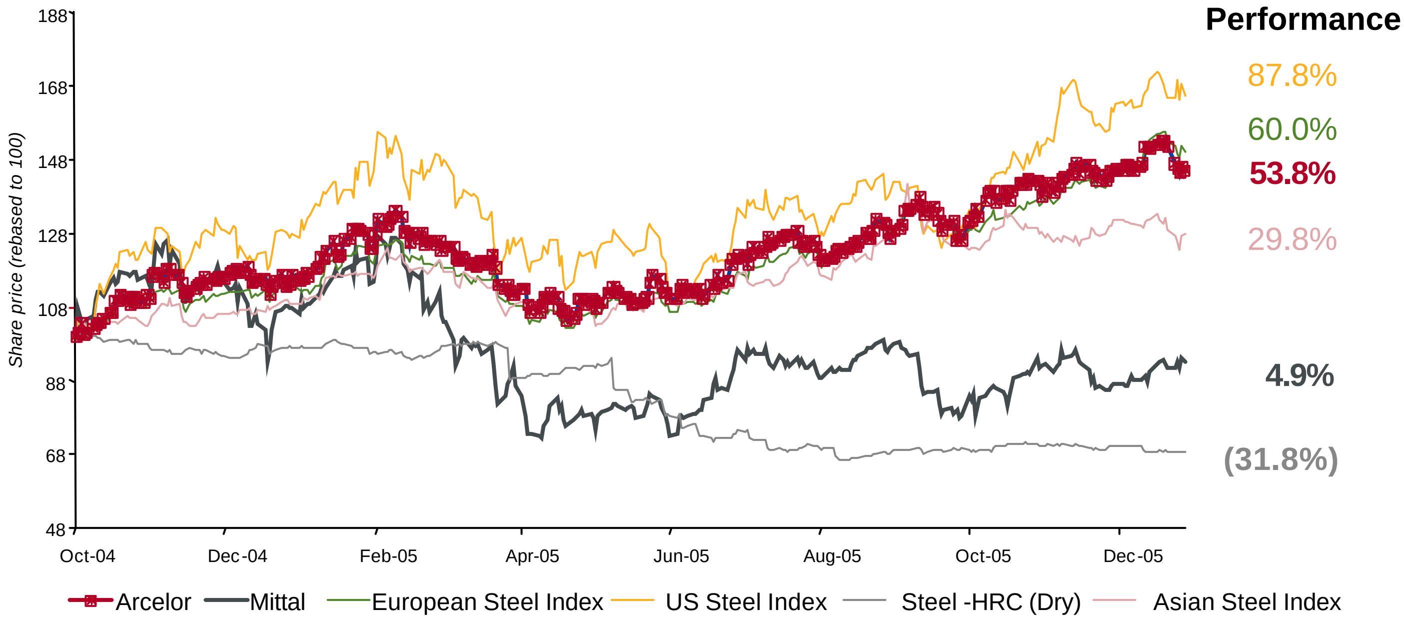
- Since its creation, Mittal Steel shares have been highly volatile

- Since its creation in 2002, Arcelor has structurally improved its profitability, giving priority to creating value for its shareholders (+53%)



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Note: Mittal share price based on NYSE prices in dollars converted to euros

1. Two diametrically opposed companies

MITTAL

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- **Numerous pending problems**
  - In Eastern Europe and North America
    - major investments required to revamp many out dated equipments
    - significant restructuration to be carried out
  - High risk profile due to cyclical geographic exposure

- **Dynamic in process**
  - Substantial opportunities for organic improvement
    - continuous management gains
    - ongoing innovation and world leadership in technology
    - active portfolio management
    - partnerships with key players in the industry
  - Positive effects from recent major acquisitions (Brazil, Turkey, Canada, …)

1. Two diametrically opposed companies

Different product ranges and little geographic overlap do **not** constitute a "strategic fit"

A combination with Mittal Steel would **not** create additional value for Arcelor's shareholders

The Arcelor model is **superior** for shareholders and other stakeholders

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*Arcelor will **not** share its future with Mittal Steel*

1. Two diametrically opposed companies
2. A hostile, opaque offer that destroys value
3. Arcelor has a much better future without Mittal Steel

- A ***hostile*** proposal
  - Mittal Steel launched its bid without ***any real prior discussions or proposal***
  - ***Arcelor's Board of Directors announces its unanimous rejection of this hostile bid***

- A ***structurally unbalanced*** offer for Arcelor's shareholders
  - Shares with "super-voting rights" retained by the family would create ***two levels of shareholders***
  - The Mittal family would continue to exercise ***absolute control over the new combined group***

- The premium announced by Mittal Steel (31%) are only calculated on the **cash offer**
- **These premium are in fact***:
  - on the cash offer: 31.0%
  - on the share offer: 15.3%
  - **on the main offer: 19.3% (75% / 25%)**

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* Calculated on a one month period

2. A hostile offer that destroys value for Arcelor's shareholders

- Mittal Steel's bid values Arcelor well below the most recent transactions
  - **Dofasco (Canada)**
  - **Krivorijstal (Ukraine)**
  - **Hylsamex (Mexico)**

2. A hostile offer that destroys value for Arcelor's shareholders

- The merger of different groups (different in terms of business model, culture, governance) leads more often to the destruction than to the creation of value
- Some agreements or partnerships would be severely affected (Dofasco, Erdemir, Nippon Steel, ...)
- The industrial investment policy would be jeopardized
- The merger would be prejudicial to the interests of Arcelor's shareholders

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2. A hostile threatening offer for the employees

- A tremendous effort has been made by Arcelor, its employees, countries and regions to manage restructuring operations, whenever they were necessary, with maximum care

- Mittal Steel has not yet carried out the necessary restructuration. Why should Arcelor's employees have to suffer the consequences of Mittal Steel's immobilism?

- Moreover, the way Mittal Steel deals with restructuring is far from exemplary in social terms

- Arcelor has invested massively in safety.
  - Over the last 4 years, ***the accident frequency rate has fallen by 75%***

What about Mittal ***?***

The Mittal Steel model is running out of steam

- Started with inexpensive acquisitions through acquisitions by mutual agreement in low-cost and mediocre factories, subsequently turned into unexceptional production units

  - ***In the US***: a mature market where it would be necessary to invest massively (several billion euros to properly revamp production facilities)

    - ***Other markets:*** acquisitions through mutual agreement are replaced by auction-based systems

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3. *Arcelor: a much better future without Mittal Steel*

Arcelor: a coherent growth strategy based on

- Best-in-class and state-of-the-art industrial facilities
- A dynamic research policy and leading edge technologies
- An adequate and coherent social model
- Unrivalled operational performance
- Commercial excellence
- A dynamic, united and competent international management team
- A model of balanced and transparent development respectful of all its stakeholders

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3. Arcelor: a much better future without Mittal Steel

Arcelor: a remarkable dynamism driving a project that

- Has developed a fantastic momentum for four years
- Has by far exceeded expectations since its creation
  - Results, synergies, debt reduction
- Constitutes an exceptional platform for growth, ongoing cost reduction

and, consequently, for the creation of value for Arcelor's shareholders

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3. Arcelor: a much better future without Mittal Steel

- An Arcelor-Mittal Steel combination is **not** in the interest

<u>of Arcelor's shareholders,</u>

<u>nor its employees</u>

<u>nor its customers</u>

Arcelor will not share its future with Mittal Steel

Arcelor's Board of Directors

- Unanimously rejects Mittal Steel's hostile offer
- Recommends to its shareholders not to tender their shares to Mittal Steel's proposed offer
- Mandates the Management Board to present to the Board of Directors all actions and options that are in the best interests of the shareholders and stakeholders

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