ArcelorMittal

Recovery underway

Annual Report 2010

ArcelorMittal is well positioned for growth. To achieve this, the Group has identified five components for success: People and safety, Capital, Knowledge, Growth and Mining.

Global presence

ArcelorMittal is the largest steel producer in the Americas, Africa and Europe, and is the second largest producer in the CIS region, with a growing presence in Asia, particularly China. ArcelorMittal has steelmaking operations in 20 countries on four continents, including 65 integrated mini-mill and integrated mini-mill steelmaking facilities.

Contents

Americas

Flat Carbon

Brazil
- São Francisco do Sul
- Vitória

Canada
- Hamilton

Mexico
- Lázaro Cárdenas

USA
- Burns Harbor, IN
- Cleveland, OH
- Coatesville, PA
- Columbus, OH
- Conshohocken, PA
- East Chicago, IN
- Gallatin, KY
- Gary, IN
- Jackson, MS.
- Monessen, PA
- New Carlisle, IN
- Piedmont, NC
- Riverdale, IL
- Warren, OH
- Weirton, WV

Long Carbon

Argentina
- Villa Constitución

Brazil
- Cariacica
- João Monlevade
- Juiz de Fora
- Piracicaba

Canada
- Brampton
- Contrecoeur
- Hamilton
- Woodstock

Costa Rica

Mexico
- Celaya
- Lázaro Cárdenas

USA
- Cleveland, OH
- Georgetown, SC
- Indiana Harbor Bar, IN
- La Place, LA
- Marion, OH
- Shelby, OH
- Steelton, PA
- Vinton, TX

Trinidad
- Point Lisas

Venezuela
- Caracas

Mining

Brazil
- Andrade Mines
- Serra Azul

Canada
- Mont-Wright
- Port-Cartier
- Quebec

Mexico
- Lázaro Cárdenas
- Sonora
- Peña Colorada

USA
- Hibbing, MN
- Mc Dowell, WV
- Tazewell, VA
- Virginia, MN

Europe

Flat Carbon

Belgium
- Charleroi
- Geel
- Genk
- Ghent
- Huy
- Liège
- Seraing

Czech Republic
- Ostrava

Estonia
- Tallinn

Germany
- Bremen
- Eisenhüttenstadt

Italy
- Avellino
- Piombino

France
- Basse-Indre
- Chateauneuf
- Desvres
- Dunkerque
- Fos-sur-Mer
- Florange
- Le Creusot
- Mardyck
- Montataire
- Mouzon
- Saint-Chamond
- Saint-Chély

Luxembourg
- Dudelange
- Giebel

Macedonia
- Skopje

Poland
- Chorzów
- Dabrowa Gornicza
- Kraków
- Sosnowiec
- Świętochłowice
- Zdzieszowice

Romania
- Galati

Spain
- Avilés
- Bilbao
- Etxebarri
- Gijón
- Sagunto

Long Carbon

Bosnia and Herzegovina
- Zenica

Czech Republic
- Karvina
- Ostrava

France
- Gandrange
- Haumont
- Vitry

Germany
- Duisburg
- Hamburg

Luxembourg
- Differdange
- Esch-Belval
- Rodange
- Schifflange

Poland
- Chorzów
- Dabrowa Gornicza
- Kraków
- Sosnowiec
- Warsaw

Romania
- Galati
- Hunedoara
- Iasi
- Roman

Spain
- Bergara
- Gijón
- Madrid
- Olaberría
- Zaragoza
- Zumárraga

Ukraine
- Kryviy Rih

Mining

Bosnia and Herzegovina
- Prijedor

Ukraine
- Kryviy Rih

Africa

Long Carbon

Algeria
- Annaba

Morocco
- Jorf el Lasfar
- Nador

Saudi Arabia
- Al-Jubail

South Africa
- Newcastle
- Pretoria
- Saldanha
- Vanderbijlpark
- Vereeniging

Flat Carbon

South Africa
- Newcastle
- Pretoria
- Saldanha
- Vanderbijlpark
- Vereeniging

Mining

Algeria
- Tebessa

Liberia
- Yekepa

Asia

Long Carbon

China
- Hunan Province

Iraq
- Sulaymaniyah (Northern Iraq)

Kazakhstan
- Karaganda
- Temirtau

Flat Carbon

Kazakhstan
- Karaganda

Mining

Kazakhstan
- Abaiskaya
- Karazhal
- Karkaralinsk
- Kazakhstanskaya
- Kostenko
- Kuzembaev
- Lenina
- Lisakovsk
- Saranskaya
- Shaktanskaya
- Stepnyak
- Tenteskaya

Global production

Americas (crude steel Mt*)

North America 21.5

South America 11.2

Europe (crude steel Mt*)

West Europe 32.8

Central & East Europe 10.1

Africa (crude steel Mt*)

5.5

CIS & Central Asia (crude steel Mt*)

9.4

Annual coal production[1] (Mt*)

2010 7.0

2009 7.1

2008 5.9

Annual iron ore production[1] (Mt*)

2010 48.9

2009 37.7

2008 43.8

Disclaimer – forward-looking statements

In this Annual Report ArcelorMittal has made certain forward-looking statements with respect to, among other topics, its financial position, business strategy, projected costs, projected savings, and the plans and objectives of our management. Such statements are identified by the use of forward-looking verbs such as 'anticipate', 'intend', 'expect', 'plan', 'believe', or 'estimate', or words or phrases with similar meanings. ArcelorMittal's actual results may differ materially from those implied by such forward-looking statements due to the known and unknown risks and uncertainties to which it is exposed, including, without limitation, the risks described in this Annual Report. ArcelorMittal does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved. Please refer to the 'Summary of risks and uncertainties' section of this report page 51 as well as 'Risks related to the global economy and the steel industry' page 165.

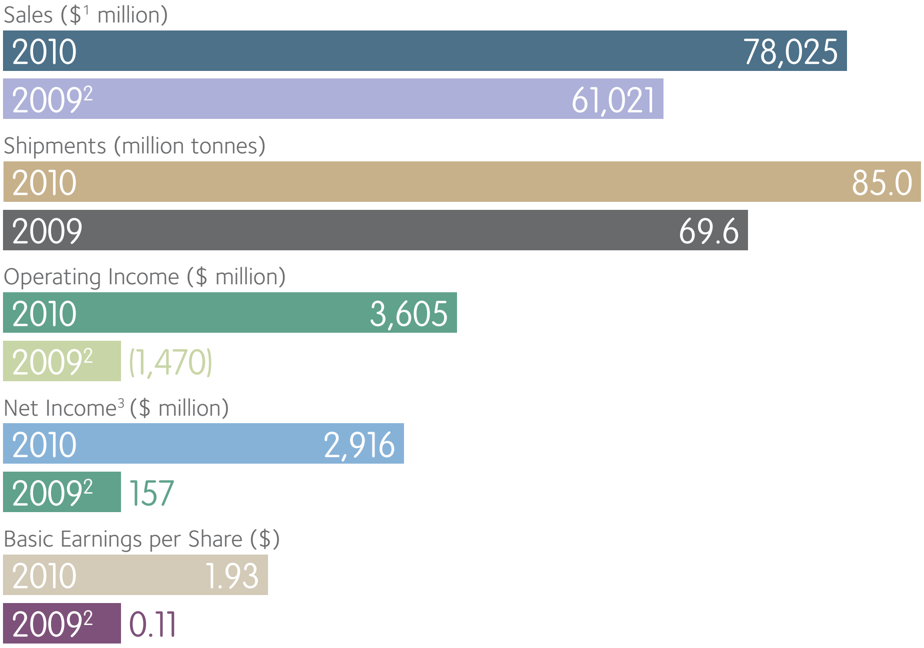
Such forward-looking statements represent, in each case, only one of many possible scenarios and should not necessarily be viewed as the most likely to occur or standard scenario. ArcelorMittal undertakes no obligation to publicly update its forward-looking statements, whether as a result of new information, future events or otherwise.

Unless indicated otherwise or the context otherwise requires, references in this Annual Report to 'ArcelorMittal', the 'Group' and the 'Company' or similar terms refer to ArcelorMittal, 'société anonyme', having its registered office at 19, avenue de la Liberté, L-2930 Luxembourg, Grand Duchy of Luxembourg, and to its consolidated subsidiaries.

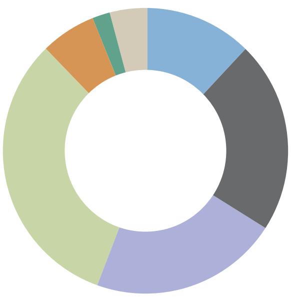
** Millions of tonnes.*
[1] Excluding strategic agreement and long-term supply contracts.

Financial highlights

Financial highlights*



Number of employees[4] at December 31, 2010 according to segments



Segment	*Total*	*%*
Flat Carbon Americas	32,674	12
Flat Carbon Europe	59,759	22
Long Carbon Americas and Europe	60,008	22
AACIS (Asia, Africa and CIS[5])	87,425	32
Distributions Solutions	16,561	6
Other activities	6,405	2
Total continuing operations	**262,832**	
Discontinued operations	10,979	4
Total	**273,811**	**100**

Allocation of employees4 at December 31, 2010 according to geographic location

	Continuing operations	*Discontinued operations*	*Total*	*Total %*
EU27[6]	100,282	5,884	106,166	39
Other European countries	43,055	77	43,132	16
North America	35,951	61	36,012	13
South America	21,927	4,769	26,696	10
Asia	42,730	188	42,918	15
Middle East	141	–	141	–
Africa	18,746	–	18,746	7
Total	**262,832**	**10,979**	**273,811**	**100**

* *In accordance with International Financial Reporting Standards (IFRS), these figures have been adjusted retrospectively for all periods presented due to the completion of the spin-off of stainless steel operations in a separately focused company, Aperam, on January 25, 2011. Stainless steel operations are therefore presented as discontinued operations.*

1 *'US$', '$', 'dollars', 'USD' or 'U.S. dollars' are to United States dollars, the official currency of the United States.*

2 *As required by IFRS 3, the 2009 information has been adjusted retrospectively for the finalization in 2010 of the allocation of purchase price of acquisitions made in 2009.*

3 *Excluding non-controlling interests.*

4 *Full Time Equivalent.*

5 *Commonwealth of Independent States.*

6 *EU27 includes Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Spain, Sweden, Slovenia and the United Kingdom.*

Message from the Chairman and CEO

Dear Shareholders,

Writing to you this time last year, I said that I was more optimistic about 2010 than I had been about 2009. At the same time I said that, while we were through the worst, we should not mislead ourselves that there would be a swift return to buoyant levels of growth. Rather, I was expecting a slow and progressive recovery and that for the developed world in particular, it would be some time before we saw a return to pre-crisis levels of demand. Twelve months on, this is the scenario that has essentially played out.

Before I talk about that in more detail, I want to update you on Health and Safety. Ever since the creation of ArcelorMittal we have made it clear that Health and Safety is the number one priority for ArcelorMittal. We have made further progress in 2010 by reducing our Lost Time Injury Frequency rate (LTIF) from 1.9 to 1.8 per million hours worked. And over the past four years the LTIF has reduced from 3.6 to 1.8. While we are pleased with the progress that we have made, we will never be able to say that we are completely satisfied until we have completed our Journey to Zero[1]. Therefore we need extra endeavors to make sure that we make further progress and do not stagnate. As you know, we already hold an annual Health and Safety Day where every one of our sites is mobilized in order to focus exclusively on Health and Safety for the day. This is very valuable, but we need to go beyond this. I want to create a culture in ArcelorMittal where every single employee feels that they are responsible for Health and Safety. Only then will we be able to realistically have a chance of completing our Journey to Zero.

With this in mind, I started the year by inviting my GMB colleagues, the members of the Management Committee and a number of our key CEOs around the world to meet for a Health and Safety Summit together at ArcelorMittal Dofasco in Canada. Dofasco boasts one of the most impressive Health and Safety statistics in the Group, so the motivation for meeting there was clear. We spent a very valuable two days discussing how to achieve the further improvements that we demand of ourselves as an organization. Of course one event alone will not give us the results we demand – but it is an important part of cementing a culture where Health and Safety is uppermost in every employee's mind all the time every day. Considerable communication has taken place following the event and our annual Health and Safety Day will be held in April to further reinforce the messages. I like to think that ArcelorMittal has always led the way in the steel industry. Now I want us to focus on leading the way in Health and Safety. This is a crucial part of our corporate responsibility strategy and our philosophy to only produce Safe Sustainable Steel.

Turning back to operating performance, for ArcelorMittal 2010 was certainly a welcome improvement over 2009. As anticipated, apparent demand – which had collapsed by an unsustainable 50% at the bottom of the cycle – recovered, enabling us to re-start a number of furnaces that had been temporarily idled, and increase capacity utilization. On average our capacity utilization was 72% in 2010 compared with 57% in 2009. This improvement in demand supported an improvement in our financial results. Sales improved from $61.0 billion to $78.0 billion. EBITDA[2] improved from $5.6 billion to $8.5 billion. And net income for the year reached $2.9 billion compared with only $157 million in 2009. These numbers exclude the contribution from our stainless division, which has recently been spun off as separate company, Aperam, in order to enable that niche business to maximize opportunities to invest and create value.

In addition to the improvement in the operating environment, our results were also positively impacted by the internal measures that ArcelorMittal implemented in response to the crisis. At the end of 2010, we had achieved annualized sustainable cost savings of $3.2 billion since the crisis began. I would like to thank all of ArcelorMittal's employees for achieving these impressive results. We have further plans in place to increase sustainable cost savings to $4.8 billion (excluding discontinued operations) by the end of 2012.

Pleasing though these results are, we must not forget that the improvement started from a very low base. We always knew that it was only apparent – and not real, underlying – demand that had collapsed by 50%. Once inventories were run down and there were signs that the economy was starting to improve, customers would start buying again and real and apparent demand would start to re-align. This is indeed the pattern that we saw and although we are pleased to no longer be operating at only 50% capacity, we are still some way off operating at full capacity, particularly in the developed world.

Total global crude steel production reached a new record of 1,414 million tonnes (according to WSA statistics) in 2010, but this statistic by itself sends a somewhat misleading message. All the demand growth is coming from the developing world. So while Chinese demand in 2010 was 37% above 2007 (i.e. pre-crisis levels), the world ex-China was still 10% below 2007 and the developed world where ArcelorMittal has a substantial part of its operations is still approximately 24% below pre-crisis levels. We still do not expect demand in the developed world to reach pre-crisis levels before 2015.

Essentially, despite the improvement over 2009, there is still a considerable mismatch between supply and demand, particularly in the developed world where ArcelorMittal operates a substantial part of its business. Global economic growth continues to be driven by the strength of the emerging markets. In the United States, we are seeing slightly stronger growth after the extension of tax cuts and additional stimulus introduced late last year. The automotive sector is performing well and although construction is still weak, indicators show that non-residential output should begin to rise in the second half of 2011. The biggest challenge remains Europe which has essentially split into a two speed market. While there has been impressive growth from Germany which has positively impacted surrounding markets such as Poland, Austria, the Netherlands, the Northern countries and the Czech Republic, Southern Europe remains much weaker as fiscal austerity and high unemployment limit demand, while the export sector is less able to drive growth.

One of the strengths of ArcelorMittal is its unique, diversified global business model. However, the current reality of this means that we are exposed to a combination of stronger and weaker markets. This means that we are ideally positioned to benefit when demand does fully recover. But in the meantime we continue to operate in a challenging environment.

[1] 'Journey to Zero' is ArcelorMittal's Health and Safety improvement process launched in September 2008 and is the platform for all measures aimed at improving Health and Safety in the Group.

[2] EBITDA is defined as operating income plus depreciation, impairment expenses and exceptional items.

Message from the Chairman and CEO

continued

This challenging environment has been further exacerbated by the changes we have seen in raw material pricing. China's continued growing demand for steel may well have created new records for global steel production, but it has also been the catalyst for this very unwelcome change. With ever growing steel demand, China has an insatiable demand for iron ore and other raw materials used in steelmaking but insufficient internal resources to feed them. As a result the spot-price for iron ore and coking coal has rocketed, giving the iron ore producers the momentum they needed to push through a change from annual contract prices to the new quarterly benchmark system. Managing such a change in our input costs would be a challenge at any time. Coming as it did in the aftermath of the worst economic crisis in decades introduced a new level of volatility. Although the iron ore spot price was at its highest in April 2010, it impacted our earnings in the second half of the year, not only on account of higher input costs but also because it stimulated a more aggressive restocking/destocking cycle at the customer level. This has introduced a challenging new level of cyclicality into our business that we have learned to manage.

All these dynamics mean that even as the recovery continues, we have to remain very focused on ensuring that we are as efficient as possible and have all the right foundations in place for 'winning in the post-crisis world'. We have made a number of key strategic decisions to help us achieve this efficiency whilst maximizing opportunities for the business.

We are very focused on ensuring that capital, which remains scarce, is invested sensibly into key strategic priorities.

Firstly, of course, we will continue investing in the maintenance and upgrading of our facilities where necessary. Secondly, we will invest in organic growth, most specifically in developing our mining operations and enhancing our emerging markets footprint. Thirdly, we will consider selective strategic acquisitions. And lastly, we will use any surplus cash to further reduce net debt1. We would utilize equity for any major acquisition.

We are very serious about expanding our mining business. ArcelorMittal has always believed in the benefits of vertical integration and already benefits from a strong global presence designed largely to service our own steel mills. Given that we are essentially known as a steel business, the size of our mining activity is sometimes overlooked. I told you last year that we had appointed Peter Kukielski as Head of Mining and a member of the Group Management Board (GMB) to focus on further growing this business. Peter has now assembled a world-class mining team at ArcelorMittal and we have announced some ambitious but fully achievable targets in this field. We intend to expand our annual iron ore production to 100 million tones (including strategic contracts) by 2015 purely from brownfield development and we are exploring similar opportunities for further developing our coal assets. In addition, we have recently acquired Baffinland Iron Mines Corporation, which owns a high quality iron ore deposit in Canada. This is a significant transaction for ArcelorMittal, not only because it is our first major acquisition since the economic crisis, but also because we believe this asset has great potential to become a major iron ore producing asset of the highest quality. Despite the harsh Arctic conditions on Baffin Island where the asset is located, members of our mining team have direct experience in developing similar projects and we are very excited about the potential for this asset. We also have direct experience of mining in similar harsh Labrador Trough conditions in Canada through ArcelorMittal Mines Canada in Quebec.

In addition to mining, the other key area where we intend to invest for growth is the developing markets. ArcelorMittal has always considered developing market expansion a key cornerstone of its strategy and the economic crisis has only served to reinforce the importance of these markets. Most specifically, we are targeting Brazil and India as being our two key markets for expansion. Brazil offers strong macro fundamentals and may become the seventh largest economy in 2011. We are already the leading steel producer in Brazil with 34% market share of Brazilian crude steel output at the end of 2010 and we are therefore ideally positioned to benefit from the expected demand growth stimulated by a strong domestic market and infrastructure development. A project to double long product capacity at Monlevade to 2400 kt per year is already underway and similar opportunities are being evaluated at Cariacica and Juiz de Fora. In the flat side of the business, we are looking at the potential of expanding the rolling mill at Tubarão in response to the excess primary capacity that exists in the Brazilian flat products business.

The other market where we will focus our growth ambitions is India. Although our progress in India has been slow to date due largely to challenges with land acquisition as well as mining and regulatory approvals, we remain dedicated to our projects in this market. In response to the challenges we have experienced, we have adapted our strategy in order to establish an operational presence more swiftly. This means both constructing plants in smaller steps of 1.5 – 3 Mtpa modules and looking at additional sites with easier access to land and proximity to strong consumption centers. Therefore, while we continue to work on our existing projects in Jharkhand and Orissa, we are also now actively pursuing a third opportunity in Karnataka which is making encouraging progress.

[1] Net debt refers to long-term debt, plus short term debt, less cash and cash equivalents, restricted cash and short-term investments.

Asia is clearly an important growth market and we are also interested in the opportunities in Thailand. We have recently announced a proposed transaction with G Steel, which once completed would provide us with an additional operational presence in that region that will be useful for participating in the demand growth.

As well as pursuing selective growth opportunities, we must continue to manage our existing business as efficiently as possible to protect and develop our competitive advantage. ArcelorMittal is the largest steel company in the world with operations in more than 60 countries. This extensive industrial network of approximately 120 facilities means that we have an enormous and unrivaled potential for benchmarking and sharing of best practices throughout the Group to ensure that we have the optimum processes in place at all locations. Applied thoroughly, this can result in enormous potential for both cost optimization and cost improvement. We are working to install a culture of World Class Manufacturing (WCM) at all our plants in the ArcelorMittal network. World Class Manufacturing comprises all aspects of the production process from facility maintenance to Health and Safety and we have seen considerable improvement at plants that are operating WCM. (See Knowledge section page 18.)

This will ultimately help us in our aim to provide the best steel products and services to our customers around the world. Steel is part of the metal processing value chain and we wish to serve our customers better in terms of service, new products and innovation. Our well experienced Research and Development and automotive teams play an essential role in producing high value products and solutions.

Of course ultimately our ability to successfully implement this strategy is down to our people. At ArcelorMittal, our people are our most important asset. We have approximately 274,000 of them working for ArcelorMittal around the globe. This is an enormous responsibility and we take it very seriously. We believe that we can offer our employees an exciting and important experience, working not just in the steel industry but in helping build the infrastructure of the modern world. In today's world, this not only means producing the steel that makes this possible, but crucially doing this in as responsible a way as possible. Business exists to make profit, but in so doing it can and must also play a fundamental role in helping address the challenges faced by the local communities, regions and countries where it operates. This is why ArcelorMittal has a comprehensive corporate responsibility program designed to support the sustainable operating of our business. We publish a separate report on these considerable activities, including work of the ArcelorMittal Foundation, which I hope you will read. We are very proud of the work that we are doing.

I would like to take this opportunity to thank all of our employees, my colleagues on the Management Committee, the Group Management Board and the Board of Directors for their unwavering support in helping us defend and further enhance our position as the world's leading metals and mining company. Speaking of the Board of Directors, we recently announced that François Pinault has stepped down from the Board after 4.5 years. I would like to take this opportunity to thank François for his substantial contribution to the Board. In addition to his invaluable support during the creation of ArcelorMittal, the presence of such a respected, intelligent and experienced international entrepreneur and businessman has been highly beneficial to the Company. In replacement, we have appointed Suzanne Nimocks, who I am sure will also provide great support.

Looking ahead to 2011, I hope that we should be able to further reinforce that position. We continue to see gradual improvement in the economy and are confident that 2011 will be a stronger year than 2010. Although we continue to face challenges – particularly in the developed markets – ArcelorMittal has considerable opportunities ahead of it and we look forward to taking further steps to fulfill these opportunities in the coming year.

Lakshmi N. Mittal
Chairman and CEO of ArcelorMittal

Marketplace analysis

Steel is the core material of world industry. It is used in almost every industrial process, whether or not it forms part of the finished product. In most of these processes there is no substitute for it. It remains a critical material for building the infrastructure of the modern world. Its manufacture, using a process little more than 150 years old, has become almost as efficient as the laws of physics permit. Today's leading producers continue to create new varieties of steel for new applications, and work to refine the manufacturing process in order to reduce energy consumption and CO_2 emissions.

A global market

Each region and nation has its own producers, often with long histories, but today steel is a globally traded product, with many nations both importing and exporting large quantities of different types of steel. In most regions, the ratio between imports and exports has been relatively stable over the past decade. On balance, for example, Japan has consistently been a major net exporter and the USA a major net importer. However, between 2005 and 2007, China's exports more than doubled to 69 million tonnes before falling by 13% in 2008 and by almost 60% in 2009.

Demand was robust during the first half of 2010 in the developing world, aided in part by government stimulus programs but also improving credit conditions and falling unemployment, which have been evident in much of Asia (particularly China and India) and South America. In the CIS region, output gained momentum in the second half of the year as external financing returned, while healthy commodity prices supported domestic demand. Overall, developing countries generally experienced solid growth in 2010 with Gross Domestic Product (GDP) estimated to have grown 7% compared to 2.8 % in developed markets.

In 2010, global steel production rose by 15%, to 1,414 million tonnes. Just two years after the exceptionally severe downturn in demand prompted by the credit crisis, world production exceeded the previous record set in 2007 by 5%. In percentage terms, the biggest rises in 2010 took place in those areas where production had contracted most in 2008 and 2009, namely North America, Europe and Japan, although the production is still well below the pre-crisis levels.

Changing roster of top producers

Twenty years ago, steelmaking was a nationalized industry in much of the world outside the USA, as it was considered a strategic sector. Producers were often protected from foreign competition by tariffs and subsidized energy prices. The steady reduction in protectionism through the World Trade Organization (WTO) and other regional trade groups led to declining viability for state-owned operators, which in many cases had failed to invest in more efficient production. The past two decades have seen formerly state-owned businesses consolidating into larger units in the private sector, particularly in Europe, in order to achieve economies of scale in production and distribution and to finance much needed modernization. ArcelorMittal has been at the forefront of this consolidation process.

The other big change has been the emergence of China as a major steel power. In 1980, four of the world's top ten producers were Japanese. Only in 2000 did the first Chinese producer rank in the top ten. Today, five of the world's top ten steelmakers are Chinese. China continues to expand its steel industry at a remarkable rate, with an additional 60 million tonnes of capacity estimated to have come on-stream in 2010 and a further 40 million tonnes are being added in 2011.

By the standards of many capital-intensive sectors, steelmaking is still a relatively fragmented industry. In 2009, the top five producers accounted for less than 16% of global production, with the top ten accounting for 23%. By contrast, the world mining industry, which supplies steelmakers with raw materials, is significantly more concentrated. Three major producers (BHP Billiton, Rio Tinto and Vale) control almost 70% of world iron ore production, the two largest current sources being Brazil and Australia. ArcelorMittal has been the world's largest steelmaker since 2006, with a 2010 market share of approximately 7%.

Major steel consumers such as General Motors, Ford, Toyota, BMW, Volkswagen, etc. are also limited and concentrated. The top ten car makers have a market share of 77%.

Steel is a vital part of modern life. At ArcelorMittal we always say that our purpose is to help build the infrastructure of the modern world. Almost everything that is required to make an economy more productive depends on steel – machine tools, transport infrastructure, the equipment of civilization. Steel helps meet people's demands for higher living standards. It is also essential for carbon-free energy production applications. What people sometimes forget is that steel is also the most recyclable material in the world, making it much more environmentally friendly that people often realize.

Aditya Mittal,
Chief Financial Officer (CFO) and Member of the Group Management Board

Chinese demand now key

China's remarkable economic growth has been the major factor behind a shift in steel production and consumption to Asia over the past decade. Prior to 2000, China accounted for less than 15% of global consumption. Today, it accounts for 44%. Between 2000 and 2009, China's consumption of steel more than quadrupled – from 138 million tonnes to 565 million tonnes.

A major factor behind China's demand for steel is its use in construction, indeed construction accounts for almost half of global demand. Construction of buildings, bridges, railways, electricity grids and other elements of infrastructure requires large quantities of conventional steels. The scale of China's infrastructure demand is seen in the volume of steel produced as concrete reinforcing bars, whereas in 2009 China's 121.5 million tonnes of production represented 73% of total world rebar production.

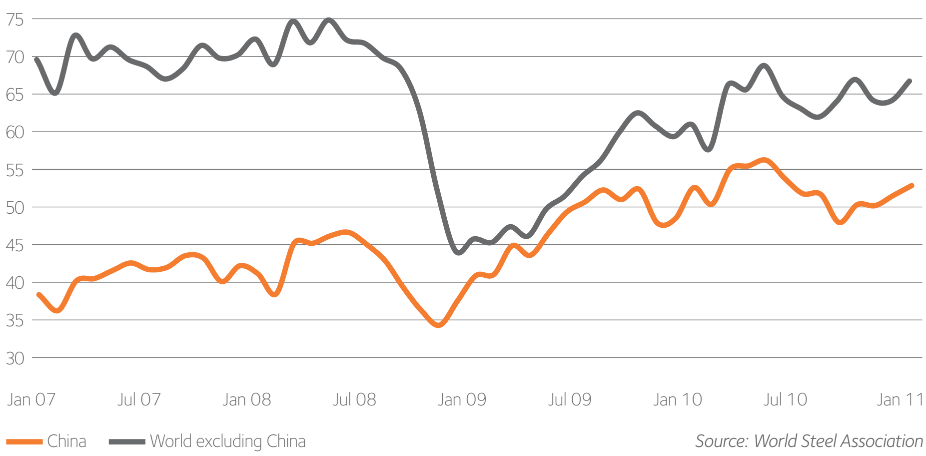
The build-out of infrastructure in the developing economies is the biggest source of future demand for steel. In particular, both China and India have ambitious five-year plans for large-scale expansion of power supplies and electricity grids, roads and railways, with total spending projected at over $1 trillion. Most such major projects are large users of steel.

Production methods

Steelmakers use two main production methods, the basic oxygen furnace (BOF) route and the electric arc furnace route (EAF). In general, the BOF route is used for continuous production of the same material and for higher quality, whereas the EAF route is better suited to shorter runs of different types of steel and is more compact. EAF takes either steel scrap or direct reduced iron as its feedstock. In 2009, about 70% of world production was in BOF furnaces. China had the lowest ratio (under 10%) of EAF production.

Crude steel production

(millions of tonnes)



Source: World Steel Association

Marketplace analysis

continued

ArcelorMittal is already strong in the developing world. We expect faster growth in these markets, both this year and next, than in the developed world and we will be focusing on a number of profitable projects in both steel and mining. I also hope we can make an incisive move to establish our industrial footprint in India. We will make a special effort to support our global customers who are increasingly investing in the developing countries.

Michel Wurth,
Member of the Group Management Board

Energy efficiency

Between 1975 and 2004, the average energy consumption per tonne of steel produced in the developed world fell by 55%. Over a similar period, the raw materials used to produce 100kg of steel fell from 144kg to 115kg. The latest generation of steel furnaces operates at near the limits of attainable efficiency. In attempts to reduce energy use further, the industry is now collectively exploring a range of 'breakthrough' technologies.

Reducing CO_2 emissions

The steelmaking industry aims to reduce emissions by bringing all plants up to best current standards and is also investing in the search for new technologies. These include in-process capture of CO_2, use of hydrogen as a reducing agent and electrolysis of iron ore using electrons.

The principal European initiative, Ultra Low CO_2 Steelmaking (ULCOS), is backed by the EU and led by ArcelorMittal. The Group is developing a technology that aims to reduce >50% of CO_2 emissions after implementation of the CCS (Carbon Capture Sequestration) phase. The project is now in its roll-out phase.

While steel production generates considerable CO_2 emissions, steel is also one of the most intensively recycled materials. In 2007, approximately 83% of waste steel in industrial use was recycled. It is estimated that in 2008 the recycling of 475 million tonnes of steel reduced CO_2 emissions by some 634 million tonnes – as a result of reduced requirements for material and energy used in the production process. The World Steel Association has set ambitious targets to increase the currently low recycling rate for domestic appliances. Steel is one of the easiest materials to extract from waste going to landfill due to its magnetic properties.

General and specialist

Steel is a highly versatile material. Basic carbon steel produced as slabs is shaped into flat products, mainly sheet and strips, which are typically used in automotives and household appliances. Long products mainly find their way into the construction industry. They include plates, girders and reinforcing elements for concrete and railroad tracks. However, there are also scores of specialist steels that include other elements such as vanadium and tungsten, and added-value steels with specific properties produced in smaller quantities, that are essential for many high-tech industries.

New types of steel are being developed for major industrial users. Advanced High Strength Steels, for example, can reduce the weight of the average family car by about 9%, with fuel savings of about 5% and an overall lifetime reduction in greenhouse gas emissions of approximately 6%. It has been estimated that if the Eiffel Tower in Paris was rebuilt today, it would require only one third of the original amount of steel.

Integrating for efficiency

Historically, raw materials have been transported over long distances. That is still viable in the case of large scale low cost mines, but today steelmakers also seek sources of coking coal and iron ore as close as possible to their production facilities, thus avoiding the impact of rising energy costs on transportation. Vertical integration to secure supplies of raw materials and to capture added-value in distribution – a key element of ArcelorMittal's growth strategy – is only possible for the largest producers.

Historically, big national producers tended to supply only their major customers direct while using independent steel stockholders for the rest of their distribution. In some regions, independent distributors have become powerful agents in the market. However, many major producers, including ArcelorMittal, prefer to work closely with end-users and to have greater share of their distribution.

We have to institutionalize what we have learned from the global economic crisis in terms of reduced debt, diversifying our funding through tapping the capital markets, and reducing costs. We must not forget that the world has changed and the old one has gone. In particular, the western world has changed in terms of flexibility and customer focus.

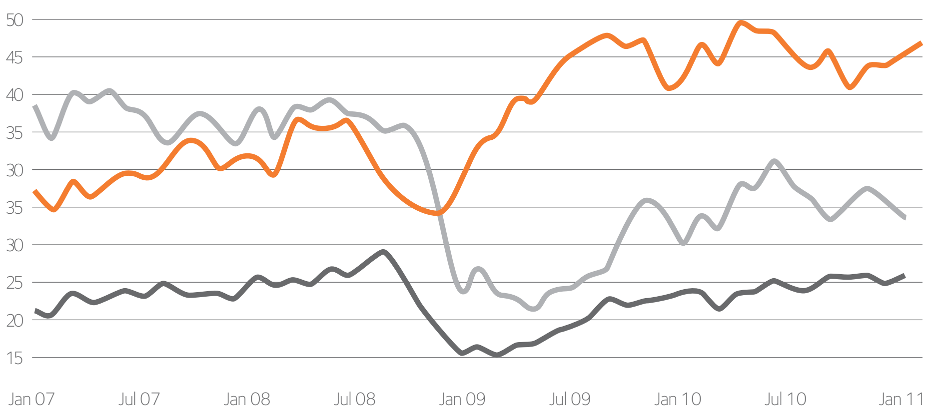
Gonzalo Urquijo,
Member of the Group Management Board

Prices and costs

Between 2004 and 2007 steel prices showed a fairly normal pattern of variation. But in 2008, in response to rising demand and raw material and energy costs, prices rose sharply in almost all products. In the ensuing crisis of 2008 and 2009, orders fell even more sharply as customers ran down their inventories, with price falls in some products of over 50%. The low point in the price cycle was the second quarter of 2009. Prices rebounded during the first half of 2010 driven by anticipation of increases in raw material costs, particularly iron ore, and also reflecting improved real demand on the back of better activity for the automotive, appliance and other industrial segments; while construction remained relatively weak. However, in the second half of 2010, prices fell from their first-half peak as demand slowed, but producers continued to bring back production capacity.

Global Apparent Steel Consumption (ASC)

(millions tonnes per month)



Source: local sources and ArcelorMittal estimates

Steelmaking is a cyclical industry, though demand for specialist products has often been relatively unaffected by macroeconomic trends. Prices of both major raw materials, coking coal and iron ore, have risen sharply in recent years, mainly in response to the steep rise in demand from China, but steel prices have been affected by excess capacity during economic downturns In 2010, the world's leading iron ore producers unilaterally changed from an annual benchmark contract arrangement to quarterly pricing, adding new volatility to steelmakers' costs. The price trend as well as pricing mechanism for coking coal followed a similar trend whereby the annual benchmark price was replaced by a quarterly price from the second quarter 2010 onwards.

Large producers such as ArcelorMittal are seeking to expand their own sources of iron ore to meet their requirements.

Investor Day 2010

September 16, 2010: Some 200 of ArcelorMittal's closest followers gathered in two different locations an ocean apart for the Group's annual Investor Day. Linked by a simultaneous video conference in London and New York, around 200 analysts and investors sat down to hear the Group's senior management present their strategy for 'winning in the post-crisis world'. Question and answer sessions followed – all synchronized between the two centers. Analysts liked the new strategy for building a steelmaking presence in India and welcomed the move to have the mining business report as a separate segment from 2011. Combined with the spin-off of the stainless operations, this will facilitate separate valuation of the Group's steelmaking, stainless and mining operations.

Our business

ArcelorMittal is the world's leading steel company with operations in more than 60 countries. It has an industrial presence in more than 20 and is the leader in all the main steel markets – from automotive to construction and from household appliances to packaging. It employed approximately 274,000 people in 2010.

A diversified and highly efficient steel producer, ArcelorMittal has an annual production capacity of around 130 million tonnes. In 2010, it produced approximately 91 million tonnes of crude steel – encompassing flat and long steels, tubular products and stainless steels (an operation that has been recently spun off into a separate company, Aperam).

The Group has pursued a consistent, three-dimensional business strategy over a number of years. This focuses on product diversity, geographic reach and vertical integration – both upstream in the production of iron ore and coal and downstream in steel distribution. The aim of the strategy is to reduce exposure to risk and cyclicality.

The Group's upstream integration, via its investment in iron ore and coal mining assets, delivers a high level of self-sufficiency in raw materials. By providing security of supply and a measure of protection against raw material price volatility, the Group's mining resource represents a major competitive advantage.

Downstream integration through ArcelorMittal's Distribution Solutions segment enables the Group to provide customized steel solutions to its customers. A diversified portfolio of products allows ArcelorMittal to meet a wide range of customer needs across all steel-consuming industries, including the automotive, appliance, engineering, construction, energy and machinery industries. The Company sells its products in local markets and through a centralized marketing organization to customers in approximately 174 countries. The steel service centers provide added-value and help the Group service its customers more directly.

Steel

As a global steel producer with a presence in all products and markets, ArcelorMittal is able to meet a wide range of customer needs across diverse industries. Approximately 36% of its steel is produced in the Americas, 53% in Europe and 11% in other countries such as Kazakhstan, South Africa and Ukraine.

This combination of geographic and product breadth reduces risk and positions the Group to benefit from the growth in developing economies, which has been the main driver behind world steel demand in recent years. In the developed world, demand is weighted towards flat steel products and a higher value-added mix. In the developing world, demand is higher for long products and commodity grades. As these economies develop, they will increasingly require higher value products, allowing the Group to leverage off its experience in developed markets.

The Group's global footprint also gives it a unique platform from which to serve its multinational customers. With plants in close proximity to theirs, it is in a position to deliver standard solutions around the globe, assuring them consistent quality.

ArcelorMittal has developed strong relationships with its biggest customers, often working with them in committed co-engineering programs that commence at the design stage of new product launches. It supports this with the high profile of Research and Development (R&D) scientists and developers and a knowledge management program that actively shares best practice around the Group's operations.

ArcelorMittal employs a diversified production process. In 2010, approximately 65.6 million tonnes of steel were produced through the basic oxygen furnace (BOF) route and 21.8 million tonnes through the electric arc furnace route (EAF). This diverse approach gives the Group greater flexibility in raw material and energy usage and increases its ability to meet changing customer requirements. It also allows the Group to operate its steel mills in such a way as to optimize plant load factors.

In 2010, flat products accounted for 57% of annual shipments. ArcelorMittal is the clear leader in coated steels, from hot dip to electro-galvanized and color coated. It has pioneered new grades of light but ultra-high strength steels for the world automotive industry. The Company also produces the biggest plates in the world. With approximately 19% of the worldwide market share of flat steel sheets for the automotive industry, ArcelorMittal is a strategic partner for the major original equipment manufacturers.

In long products (approximately 27% of annual shipments), ArcelorMittal produces rebars, sections and beams in all sizes and qualities. Its steels have helped build many of the world's tallest structures. It is the leader in sheet piles and the world energy industry relies on ArcelorMittal pipes and tubes. The Company is the biggest producer of the very high strength steels needed for wind turbines.

The Group's steel service centers finish steels to suit individual applications. ArcelorMittal believes these downstream activities allow it to benefit from better market intelligence and better manage inventories in the supply chain to reduce volatility and improve working capital management.

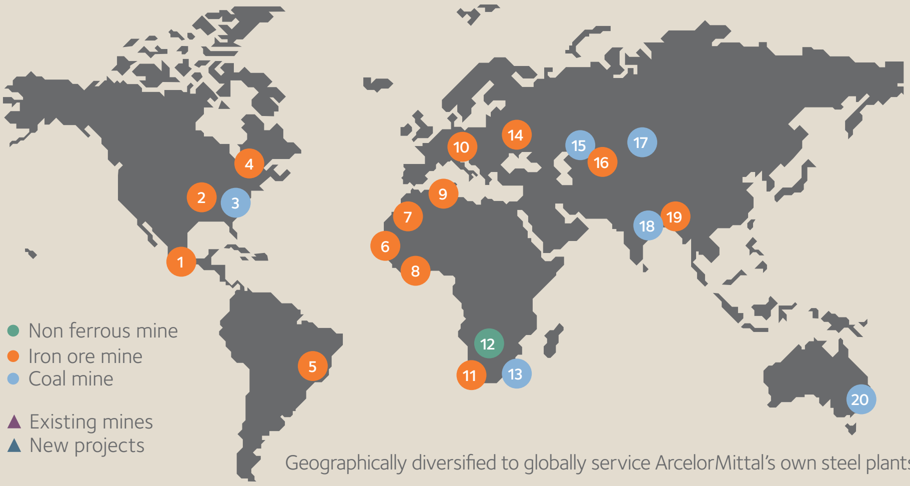
Mining

In light of the concentration of the mining industry and raw material prices volatility, ArcelorMittal is pursuing its raw material self-sufficiency strategy, acquiring mining assets that are complementary to its steel producing activities. The Group has built up a world-class resource base in iron ore and coal, which delivers savings in supply logistics and provides a measure of protection against price volatility. It is also a significant supplier of iron ore to external customers, thereby reducing the dependency of its mines on internal Group demand.

In 2010, ArcelorMittal produced 68.6 million tonnes of iron ore[1], equivalent to 56% of the Group's requirements. Production of coking and thermal coal hit 7.4 million tonnes, equivalent to 15% of the overall Group consumption.

Mining business portfolio

Key assets and projects



Geographically diversified to globally service ArcelorMittal's own steel plants.

- 1 ▲ Mexico Iron Ore Las Truchas & Volcan 100%, Pena 50%*
- 2 ▲ USA Iron Ore Minorca 100%, Hibbing 62.3*
- 3 ▲ USA Coal 100%
- 4 ▲ Canada Iron Ore 100%
- 5 ▲ Brazil Iron Ore 100%
- 6 ▲ Senegal Iron Ore 90%
- 7 ▲ Mauritania Iron Ore
- 8 ▲ Liberia Iron Ore 70%-85%
- 9 ▲ Algeria Iron Ore 70%
- 10 ▲ Bosnia Iron Ore 51%
- 11 ▲ South Africa Iron Ore*
- 12 ▲ South Africa Manganese 50%
- 13 ▲ Coal of Africa 15.98% interest
- 14 ▲ Ukraine Iron Ore 95.02%
- 15 ▲ Kazakhstan Coal 8 mines 100%
- 16 ▲ Kazakhstan Iron Ore 4 mines 100%
- 17 ▲ Russian Coal 100%
- 18 ▲ Indian Iron Ore
- 19 ▲ Indian Steam Coal
- 20 ▲ McArthur Coal 16.6% interest

*Includes share of production not controlled by ArcelorMittal.

The Group is in the process of proving up its iron ore resource base. Preliminary estimates put the iron ore resource at 19 billion tonnes. The resource estimate is expected to be finalized in 2011. Approximately 42% of that resource is located in Canada, with Kazakhstan (20%), Liberia (13%), Ukraine (10%) and Brazil (7%) accounting for most of the remaining resource.

The Group's coal mines are located in Kazakhstan, Russia, USA and South Africa.

There are a number of major expansion projects underway. The Group is also conducting a program of exploration projects to increase resource definition and expand and prolong mine life. In addition, the Group continues to add to its resource base through acquisition and brownfield expansion. The target is to expand annual iron ore production (including offtake from long-term contracts) to 100 million tonnes by 2015.

Shortening lead times

The ability to fulfill short lead time requirements of our customers is an important element of competitiveness. At the 2010 Knowledge Management Program conference of ArcelorMittal's marketing teams from around the world, Frank Mastrandrea, Director of Business Development at ArcelorMittal Dofasco, explained how the Canadian unit had changed its processes to enable it to respond to time critical customer demands. Changes to the order entry process had reduced the standard booking lead time by a week. Modified scheduling processes had been introduced to expedite rush orders. The approach to Hot Mill crewing had been changed to add flexibility and galvanizing campaign cycles shortened. Seven days were cut from logistics lead times and systems modified to monitor performance of the railway service. 'Shorter lead times allow our customers to secure increased sales and reduce the working capital, while ArcelorMittal becomes the 'go to steel mill' in the eyes of the customer' says Mr. Mastrandrea; 'it is a win/win situation for them and for us.'

Recent highlights

January 2010

ArcelorMittal donates $1 million to help the relief efforts following the Haiti earthquake.

ArcelorMittal acquires a 28.8% stake in Uttam Galva, a leading steel producer based in Western India, and raises it to 34.4% in February 2010.

March 2010

ArcelorMittal plans to establish a joint venture with Turkish partner Dayen to build a steel mini-mill with electric furnace in Sulaymaniyah in Northern Iraq[2].

ArcelorMittal is confirmed as sponsor for the London 2012 Olympic and Paralympic Games and will support the construction of the ArcelorMittal Orbit.

September 2010

ArcelorMittal secures its entry to the 2010 Dow Jones Sustainability World Index.

November 2010

ArcelorMittal drives automotive innovation with pioneering steel types through its research program 'S-in motion'.

January 2011

ArcelorMittal's stainless and specialty steels business is spun-off into Aperam, a newly created and publicly listed company headquartered in Luxembourg.

February 2011

Nunavut Iron Ore Acquisition Inc. and ArcelorMittal have acquired 93% of the shares of Baffinland Iron Mines Corporation.

March 2011

ArcelorMittal signs agreements to invest new capital resulting in a 40% shareholding in leading Thai steel producer G Steel.

[1] *Total of all finished production of fines, concentrate, pellets and lumps (includes share of production and strategic long-term contracts).*

[2] *Completion of the project and the start of production remain subject to certain conditions, including with respect to financing and therefore the production start date remains to be determined.*

5 key components for success

ArcelorMittal is well positioned for growth. To achieve this, the Group has identified five components for success: People and safety, Capital, Knowledge, Growth and Mining.

People and safety

As our people are our most valuable asset, Health and Safety is of primary importance, requiring significant allocation of attention and resource. Through training and development, we are ensuring that our people have the right skills and experience to create and maintain a healthy and safety-conscious workplace.

Capital

Capital is a precious resource for ArcelorMittal. We have been successful at transforming the balance sheet since the crisis. It is now a priority to maintain this strengthened foundation.

Knowledge

Our global presence fuels our unrivalled knowledge base. This in turn presents opportunities that facilitate genuine continuous improvement in our processes and continuous innovation in our product offering.

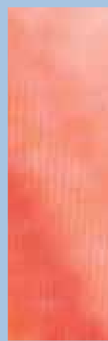
Growth

ArcelorMittal's emerging-market platform is a major competitive advantage. Already the largest steel producer in Latin America, Africa and Central and Eastern Europe, we have the skills and experience not only to leverage these opportunities, but also to develop further in countries such as Brazil, Turkey, India and China.

Mining

Mining is a key element of ArcelorMittal's growth strategy. We have a fantastic resource base and a portfolio of quality growth options. We aim to continue investing and expanding our mining assets with the objective of reaching our stated annual target of 100 million tonnes of iron ore by 2015.

People and safety



ArcelorMittal invests in its people, helping employees at every level develop their skills and maximize their potential. Global training and employee planning policies have been developed in order to secure the right people and enhance productivity and employee engagement. Investing in people also means ensuring their Health and Safety, which is ArcelorMittal's number one priority across all sites, all countries and all levels of the Company.

ArcelorMittal embarked on its Journey to Zero safety improvement process in 2008, striving to be the world's safest steel company. Progressive reductions in injury rates were subsequently achieved.

In 2010, the Group's Lost Time Injury Frequency rate (LTIF) improved to 1.8 per million hours worked, down from 1.9 in 2009 and 2.5 in 2008. However, regrettably, 41 employees and contractors (33 in steel and 8 in mining) lost their lives in work-related accidents.

ArcelorMittal will work further to ensure a systematic application of its fatality prevention standards across the Group. It will also adopt a more proactive approach to preventative work, focusing on advance indicators of safety issues. The final initiative will be to drive down injury rates for contractors to replicate the gains already made among employees.

In Kazakhstan, a modernization program of the coal mines is underway to improve Health and Safety. From machinery and ventilation replacement to methane monitoring and detection, world-class techniques, technologies and equipment are purchased and commissioned in the coal mines. These investments are supported by training, auditing and sharing of best practice. 'It is clear we have to get more commitment at the local management level,' says Frank Haers, Head of Corporate Health and Safety. 'Aware that we need strong action, we held a special seminar in early 2011 involving all the top management. We selected four of the best sites, ArcelorMittal Dofasco (Canada), Bremen (Germany), Bergara (Spain), Andrade (mining Brazil), to demonstrate how they are succeeding. Now people know where the effort has to be put in,' he says.

'The first thing is to get the basics right,' says Mr. Haers. The cleanliness of the working environment will be targeted under the slogan 'Clean site, clear mind'. Using a systematic approach, the campaign is aimed at encouraging involvement and raising safety awareness. A similar appeal to hearts and minds will be made through a further building block of Journey to Zero, called 'Visual Felt Leadership', which will seek to get people emotionally committed to safety performance.

'The Journey to Zero approach remains valid,' says Mr. Haers. 'We know from ArcelorMittal Dofasco, which first adopted it, that the methodology works. Now every business unit will have to present their updated Health and Safety plan at the latest by April 28 – our annual Health and Safety Day – taking this strengthened approach into account.'

Investing in our people

The cornerstone of the Company's employee engagement programs for leaders is the Global Executive Development Program, which provides a comprehensive framework for career planning, training and development, succession management and the identification of high potential employees.

Over many years, the Group has developed its own unique training resource, the ArcelorMittal University, which operates a range of academies covering leadership, management and functional development for exempts[1] at all levels. In 2010, the University increased classroom courses reduced in 2009 and now offers a blended mix of online modules, webinars and classroom training.

'The University plays a key role in strengthening the leadership and functional excellence of the Company,' says Willie Smit, Head of Human Resources: 'Last year, more than 18,603 people received training of one kind or another through the University. In 2011, we will increasingly seek external accreditation for these programs.'

'Development does not stop here. Ongoing efforts in your job, career planning and further training to excel in life need to continue. The training of employees is key to achieving outstanding results and in developing our future leaders', said Christophe Cornier, GMB Member, during the 3rd graduation ceremony of the Finance Academy. In 2010, 30 ArcelorMittal employees successfully completed the Finance Future Leaders Program (FFLP) in Kazakhstan and Ukraine, as well as the International Financial Reporting Standards (IFRS) e-learning course.

Career development

To support mobility and career development, ArcelorMittal operates an internal jobs website which is available in ten languages. A parallel internet site is available to external candidates. Together, the two sites recorded more than 35,000 unique visitors in 2010.

In 2010, the Group extended the number of programs to identify and bring on talent, both from within the Group and externally. The newly developed 'Internal Assurance Accelerator Program' is designed to develop key talents in a structured manner and is expected to play an important role in the development of ArcelorMittal's future leaders.

The Group supports its motivation and engagement programs with a strong diversity and inclusion policy: it is a core tenet that every person working for the Group feels valued.

Saldanha's Red Scorpions

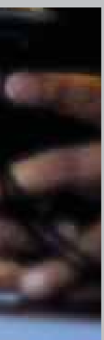
In 2008, Saldanha Works in South Africa set a target of reducing its LTIF rate to under one incident with time lost per million hours worked. It chose the reline of its Corex and Midrex plants as an opportunity to achieve a breakthrough in safety behavior.
The project involved more than 4,000 people working at different heights and in confined spaces. Saldanha set up a special safety task force – dubbed the Red Scorpions – and gave it the authority to manage all aspects of safety. Not only did it achieve a 76-day period of zero lost time injuries but by the end of 2009 Saldanha had achieved its goal, with an LTIF rate of just 0.8.

[1] *'Exempt' employees are monthly salaried employees, paid an agreed amount for the whole job, not eligible for overtime regardless the amount of time or efforts required to complete the work.*

Capital

Leadership Convention in Chicago

ArcelorMittal organized its third Leadership Convention in Chicago (USA) on 23-26 June 2010. About 600 leaders gathered to discuss a wide range of topics, all underlying the overarching theme of competitiveness and 'winning in the post-crisis world'. Three days of honest and open discussions focused on themes such as Health and Safety, energy efficiency, continuous improvement, capital expenditure, emerging markets and employee engagement – all were tackled with passion. Themes were presented, discussed and often debated to reach a higher level of understanding and consensus amongst ArcelorMittal's top leaders.



ArcelorMittal has substantially transformed its balance sheet since the crisis of 2008 and 2009, reducing net debt by over $10 billion and restructuring its remaining debt to reduce its exposure to bank borrowing while simultaneously lengthening debt maturities.

During 2009 and 2010, the Group refinanced more than $16 billion of debt in the capital markets. In little more than two years, it has extended the maturity profile of its debt from 2.6 years to 5.1 years and materially diversified the sources of that debt. It is now a priority of the Group to maintain this stengthened financial foundation.

During 2010, the Group generated $3.8 billion in cash from continuing operations and invested most of it back in the business. The final quarter of the year generated particularly strong levels of free cash flow, with the result that net debt finished the year at $19.7 billion. It is expected that during 2011 higher activity levels will demand an investment in working capital which is likely to result in moderately higher net debt.

Looking beyond 2011, the Group expects to maintain its stronger, post-crisis net debt position. 'We are committed to maintaining these leverage standards,' says Aditya Mittal, GMB member and Chief Financial Officer (CFO). 'A solid investment grade rating remains a priority for ArcelorMittal. It is not only a strategic asset but the only prudent financial metric in a cyclical industry such as steel.'

'Our previous ratio-based gearing targets and existing covenants would allow us to take on more borrowings,' says Daniel Fairclough, Head of Investor Relations, 'but we feel that the current level of net debt is appropriate, regardless of what point in the steel cycle we may be in. This marks a change from focusing on ratio-related metrics for debt.'

The implication of this more conservative balance sheet approach is that ArcelorMittal will be more selective in the way it deploys its capital. ArcelorMittal's first priority will be to remain competitive by maintaining and upgrading its assets, which is likely to require about $2.5 billion to $3.5 billion of maintenance capex annually. The next priority will be organic growth, which remains primarily focused on increasing the Group's steel footprint in growth markets such as Brazil, and on large scale mining projects. Then, the Company will develop selective Mergers and Acquisitions (M&A), with small transactions that are very strategic being financed with cash and larger acquisitions utilzing equity financing. Finally, any remaining cash would then be first used to further reduce the Group's debt level.

Deployment of capital

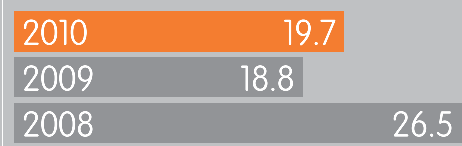
- Maintain assets
- Organic growth
- Selective M&A
- Further reduce debt

For the foreseeable future, the Group will rely on its strong cash flow generation to fund capital expenditure, which is budgeted to rise from $3.3 billion in 2010 to $5 billion in 2011. 'This will require a disciplined approach in which the Group pursues only those projects offering the highest return to shareholders,' says Aditya Mittal.

Due to the cyclicality and volatility of its businesses, it is essential that the Group maintains its strong liquidity position. At the end of 2010, cash and unused credit facilities amounted to $17.6 billion.

Net debt

in billions of dollars



Knowledge

ArcelorMittal has always placed a premium on knowledge: knowledge of the marketplace, knowledge of what its customers need, and knowledge of what constitutes operational best practice.

Saving Venice

ArcelorMittal is at the heart of one of the most ambitious flood prevention projects ever undertaken – the $3 billion MOSE project is designed to protect Venice from another disastrous flood. As part of a highly innovative solution, large sheet piles from the Group's Luxembourg plants are being put into position at three gates on the Venice lagoon as part of the project due to be completed in 2014. ArcelorMittal is a world leader in steel sheet pile technology and its solution was chosen as the most efficient foundation solution for the lock structures and for the foundations of the steel barriers. The steel barriers will form a continuous barrier to the Adriatic and will lie flat on the seabed when not in use.

With a product breadth that spans all sectors and all major markets, the Group has a 360 degree view of the global steel market. But it is ArcelorMittal's understanding of customer requirements, both now and in the future, on which its position in the marketplace ultimately depends. ArcelorMittal develops strong relationships with its major customers, working in partnership with them to understand their business, their goals and the challenges they face. At any one time, a number of ArcelorMittal engineers are located not in the Group's own research establishments but in the design departments of key customers.

This co-engineering approach is supported by highly experienced R&D teams across the globe. Most notably, it has led to stronger, lighter and safer steels that have achieved major weight reductions for customers in automotive, heavy machinery, construction and other industries, improving the competitiveness of their products. The Group also works to deliver tailored engineering solutions and technical services that meet the challenges faced by individual customers.

ArcelorMittal continued to invest in product development throughout the crisis of 2008 and 2009 – as the deployment of its 'S-in motion' project (see case study opposite) in 2010 testifies.

Knowledge sharing within the Group is also a key element of ArcelorMittal's competitiveness. Systematic processes are in place for drawing on the rich store of steelmaking know-how across the Group's 120 facilities to ensure that knowledge and skills are leveraged worldwide to optimize operational performance. They are supported by the steel industry's largest internal best practice database.

Continuous improvement is ingrained in ArcelorMittal's culture. The Group operates an unrivalled benchmarking process within its plants that enables it to identify cost and performance gaps. Using cost and process analysis and drawing on the Group's global technical database, the continuous improvement process targets areas for action and drives improvements to bring the performance of lagging plants closer to benchmark levels.

The process has achieved material reductions in variable costs and continues to contribute to a Group-wide, five-year improvement program that aims to remove $4.8 billion of annual costs by 2012 (from continuing operations). One current target is gas and electricity usage. The Group's seven most energy-intensive processes account for 85% of its energy bills.

Targeting these processes to achieve benchmark levels has the potential to reduce energy consumption by 19%.

As part of the continuous improvement process, ArcelorMittal has in the past three years progressively introduced a management system for optimizing production, called World Class Manufacturing (WCM). WCM is a top-down/bottom-up approach that requires the participation of large numbers of managers and employees within a plant and spans ten pillars of activity. These range from safety, costs and focused improvement, to people development, product quality and customer service.

Chief Technical Officer (CTO) Vice President Marc Vereecke says 'WCM starts with costs. After an analysis of costs, targets are defined which must be reached within three years according to defined priorities. What you often see when developing WCM is that the biggest wins come from improving the reliability of the plant.'

WCM has achieved major gains in areas ranging from plant reliability and supply chain optimization to quality and competence management. WCM is being adopted in an increasing number of plants.

S-in motion solutions for lighter vehicles

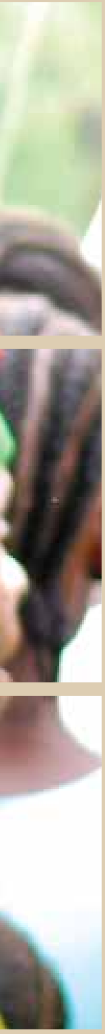
In 2010, ArcelorMittal unveiled a range of more than 60 new steel solutions designed to help automotive manufacturers produce lighter, safer and more energy-efficient vehicles. As a result of the Group's pioneering S-in motion program, the portfolio is comprised of Press-Hardened Steel and Advanced High-Strength Steel solutions and covers 43 parts of a typical C-segment vehicle. Using the lightest solution for each component can save up to 73kg or 19% of the typical vehicle's 'body in white' weight and has the potential to deliver a 13.5% reduction in CO_2 emissions over the life of the vehicle. S-in motion was developed in collaboration with ArcelorMittal's automotive manufacturing partners.

Growth

Liberia: extracting minerals, injecting wealth

In February 2010, ArcelorMittal, together with other partners, launched a new initiative in Liberia aimed at promoting responsible investment, good corporate citizenship and a more prosperous economy. Through the Corporate Responsibility Forum Liberia, ArcelorMittal aims to help return Liberia's business community to self-sufficiency and provide a model for other developing markets. Separately, ArcelorMittal also contributes $3 million per annum to benefit local community development.

ArcelorMittal is also working with the government, NGOs and conservation groups to develop a comprehensive environmental management plan for the area around its mine, building on its own large-scale ecological studies that have biodiversity at their core.



The main driver for global steel demand in the medium term is expected to be growth in emerging markets. Within a decade, China and the rest of the developing economies are forecast to account for more than half of global GDP. Demographics will play a large part in this process: while the population of the developed world is forecast to remain relatively stable, that of the developing world will increase by ca. 10%.

'With rapid urbanization and industrialization, these countries are entering a highly steel-intensive phase of their development,' says Sudhir Maheshwari, GMB member: 'Steel usage per head of population, currently below developed world levels, is expected to rise sharply. ArcelorMittal's strategy is to meet this anticipated growth in demand by expanding its presence in the emerging economies.'

The Group is already a significant force in the developing world. Emerging markets accounted for approximately 36% of shipments in 2010 and ArcelorMittal is the number one steel producer in South America, Africa, Central and Eastern Europe. There are joint venture projects in the Middle East and China, and plans to develop in India. This gives the Group a strong platform for expansion.

ArcelorMittal is the only foreign player in China with stakes in upstream steelmaking facilities. Both the joint ventures of Hunan Valin Steel and China Oriental have grown rapidly over the past few years and represent a combined installed capacity of around 28 million tonnes. To maintain its leading position in various high end segments, the Group is investing in downstream facilities and two new joint ventures have been initiated in Hunan, VAMA for automotive steel (1.2 million tonnes) and VAMA for electrical steel (0.3 million tonnes).

Focus on Brazil and India

In the near term, the focus of expansion will be on Brazil and India. In Brazil, expansion of the Monlevade integrated long steel plant is underway. As one of the Company's biggest projects, it will bring the plant capacity from 1.2 million to 2.4 million tonnes per year from 2012 onwards. This two year project will bring Monlevade to a good position to supply the market in a growing economy.

On the flat products side, ArcelorMittal has pursued a strategy of expanding upstream ahead of domestic demand growth in order to be in a position to capture that growth as it materializes. These projects, which were fully commissioned by the end of 2010, provide ArcelorMittal with 4 million tonnes of hot-rolling, 1.4 million tonnes of cold-rolling, and almost 900,000 tonnes of galvanizing capacity to serve the most demanding markets in Brazil and South America generally.

'In the next few years, we have the opportunity to grow our finishing operations in Brazil to absorb excess slab capacity,' says Lou Schorsch, Executive Vice President and CEO Flat Americas. 'We are actively looking to increase hot-rolled, cold rolled and galvanized capacity over time; and this can be done at relatively low capital cost – as was the case with our most recent wave of investments – due to our ability to utilize existing infrastructure and primary facilities,' he says.

In India, growth will come through greenfield investment and joint ventures. ArcelorMittal is continuing with its plan to develop projects in Jharkhand and Orissa and is currently working on three potential sites. The Group has adopted a new strategy to build a series of 1.5 million to 3 million tonnes capacity plants, rather than the large-scale plants originally envisaged. 'This approach offers more certainty and less risk,' says Sudhir Maheshwari: 'From a timing perspective, it also requires a lower capital outlay.'

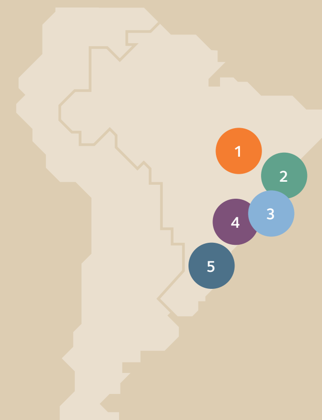
ArcelorMittal has identified the state of Karnataka in South West India as offering easier access to land and hopes to complete the necessary purchases by the end of 2011. The Group is also making some progress with land acquisitions in the state of Jharkhand, Eastern India.

In 2010, ArcelorMittal acquired a stake in Uttam Galva, a downstream steel producer with value-added rolling capacity of about one million tonnes. Uttam Galva is located in Khopoli, approximately 90 kilometers from Mumbai, in India's industrial heartland. The company's large downstream network provides a platform on which ArcelorMittal can build its exports to India, currently running at around one million tonnes a year.

Developed world strategy

This expansion in the emerging economies will be balanced in the developed world by strenuous efforts to maintain cost competitiveness in lower growth environments and to leverage the Company's scale and technical capabilities to enhance the value proposition ArcelorMittal brings to its customers. These goals will be achieved through continuous improvement and operational excellence. At the same time, the Group will look to extend the proportion of value-added products in the sales mix where appropriate.

ArcelorMittal Brazil industrial network



1 Monlevade
2 Juiz de Fora
3 Cariacica
4 Tubarão
5 Vega do Sul

Mining

ArcelorMittal's mining business is one of the pillars of the Group's growth strategy. World-class in its scale and geographic diversity, the Group's long-life, low cost iron ore and coal resources provide security of supply and an important hedge against raw material price volatility and global supply constraints. It also offers substantial scope for profitable expansion.

As a reflection of the importance attached to this area, the Group's mining operations will in 2011 report as a separate segment. 'This will allow appropriate capital allocation to the business to ensure its long-term sustainability and growth. As part of the process, externally marketable iron ore and coal will be priced to the Group's steel units at market price. We will also ensure that we have diversified markets for our iron ore and coal. At present, we sell around 10% of our production to third parties. That figure is likely to rise.' says Peter Kukielski, GMB member with responsibility for mining.

Capital expenditure on mining is planned to double in 2011 to $1.4 billion as the Group embarks on a major development program aimed at expanding existing mines and developing new ones. Projected spending over five years amounts to $4 billion. The near-term target is to expand iron ore production (including production sourced from strategic contracts) from a current 68.5 million tonnes a year[1] to 100 million tonnes by 2015.

The Group is targeting an additional 8 million tonnes from operating efficiency gains at existing mines, 12 million tonnes from brownfield expansions in Canada and Brazil and 15 million tonnes from the greenfield project in Liberia, which is due to ship its first ore in the second half of 2011.

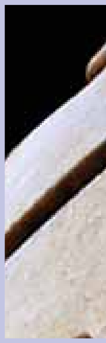
'On top of that, we have a large number of scoping studies and other early-stage developments underway around the world,' says Phil du Toit, EVP, Head of Mining Projects and Exploration. These include projects in Brazil, Ukraine, Kazakhstan, Senegal, Mauritania and India. Further expansion is also envisaged in Canada. ArcelorMittal recently acquired Baffinland Iron Mines Corporation in Canada, which is expected to bring in a very high-grade and scalable resource that should ensure expansion of iron ore production continues beyond the initial 100 million tonnes target post 2015. A feasibility study will be completed once the acquisition has been integrated into the Group.

Process studies designed to pave the way for an improvement in the quality of ore produced and thus an enhancement of revenue streams are underway in Kazakhstan, Ukraine, Bosnia, Algeria, Mexico and Canada.

While expanding and improving its operations, the mining team has one overriding target: for the mining business to become the safest operation among its peer group. Injury frequency rates in ArcelorMittal's mines have been on a declining curve for three years but new initiatives continue to be launched.

Annual coal production[2] (Mt)

2010	7.0
2009	7.1
2008	5.9



In 2010, a safety project team drawn from both the global operations and the corporate office visited five global mining companies and their mines in order to study safety leadership in the mining industry. It returned with detailed recommendations for implementing a culture and practice of safety leadership based on a common safety vision with common values and beliefs. Those recommendations are progressively being implemented throughout our mining business.

'The main priority for 2011 is to live our focus of 'Safety First Always'. We have to remember that any measure of success we achieve is qualified by our safety record. Safety comes first, second and third,' says Mr. Kukielski.

Annual iron ore production[2] (Mt)

2010	48.9
2009	37.7
2008	43.8

[1] Including long-term contracts.
[2] Excluding strategic agreement and long-term supply contracts.

New iron ore resource in Canada: Baffinland

Growth has always been a part of ArcelorMittal's DNA. Post-crisis, however, the Company has adapted its growth strategy to reflect the new reality and go where the growth is, geographically but also in terms of industry. Mining has become a major pillar of growth. The recent acquisition of the controlling interest in Baffinland Iron Mines Corporation in partnership with Nunavut Iron Ore Acquisitions Inc. (February 2011), ArcelorMittal's first major acquisition since the crisis, puts the Group well on its way to realizing the ambition to have a world-class mining business. ArcelorMittal is very excited about the potential capacity of this new resource, which would be in addition to its intended target to reach a captive production of 100 million tonnes by 2015.

Questions for the Group Management Board

GMB members from left to right

Top row:
Sudhir Maheshwari
Christophe Cornier
Peter Kukielski
Michel Wurth
Davinder Chugh

Bottom row:
Gonzalo Urquijo
Lakshmi N. Mittal
Aditya Mittal

We have a unique world-class iron ore reserve and resource base; how will we develop our mining strategy in the coming months?

Aditya Mittal: ArcelorMittal has always pursued a strategy of vertical integration as we believe there are numerous benefits to having our own mining capabilities. This has now become a key priority for the Group and we have announced our intention to increase our iron ore mining production to 100 million tonnes in 2015 from existing assets alone. 2011 will mark the beginning of iron ore production at our greenfield project in Liberia, initially with one million tonnes a year. Additionally we are expanding iron ore production at Andrade in Brazil by 3.5 million tonnes; we will be expanding capacity at our iron ore mines in Canada and we will be expanding underground capacity at Princeton Coal in the USA. On top of this we have recently acquired Baffinland Iron Mines Corporation, a high quality iron ore asset in Canada. I have visited Baffinland and while it is operationally challenging due to the location and weather conditions, we are very excited about the potential of this asset.

Peter Kukielski: Our mineral resource base is unique in its geographical diversity rather than its magnitude - though we do have one of the largest iron ore resources in the world. We are working to extend it in both quantity and quality through the addition of other strategic resources, such as Baffinland Iron Ore's Mary River Project in Nunavut, Canada. Our strategy is to accelerate the growth of our long-life iron ore assets in the Americas in order to reach our targeted iron ore annual production of 100 million tonnes by 2015. And our intention is to become the supplier of choice, both to our internal and external customers. All this will be done under the umbrella of our push to become the safest mining business in the world.

Gonzalo Urquijo: Our strategy is to maximize value for our shareholders. To that end, we have stepped up our commitment in time and resources to create a world-class mining unit. Our teams are working on optimizing our current installations through continuous improvement and brownfield projects, and expansion in existing operations and investing in greenfield projects. A big part of our capital expenditure is allocated to this strategy going forward.

How will ArcelorMittal develop in the emerging markets?

Davinder Chugh: We are already strongly placed in Latin America, Eastern Europe and many other emerging markets. Our current focus is brownfield and greenfield expansion in Brazil and India. As far as India is concerned, we have a strategy to develop our brand there through exports, the building of distribution channels, the delivery of good customer service and also community activities. This will help us create customer loyalty even before we start producing there. Shared Services has a dual role in this area, one is to support such development projects and the other is to leverage sourcing opportunities for these projects and other operations in emerging and low cost countries.

Christophe Cornier: The first point to make is that we are already in emerging markets – with strong operations in Brazil, Mexico and South Africa. We are underrepresented in Asia. Our strategy is to expand further in Brazil and build a presence in India. With plentiful iron ore, a good skills base and a strong local market, Brazil is an excellent location from which to penetrate the rest of Latin America. Last year, we expanded capacity at Vega do Sul with a new cold-rolling and galvanizing plant to serve the automotive market.

Peter Kukielski: We will selectively develop core mining assets in emerging markets both through brownfield expansion and greenfield development. We are expanding our Andrade mine in Brazil, and we are completing the first phase of our greenfield project in Liberia. Additionally, we have early-stage projects across the globe targeted at expanding production in emerging markets. We are fortunate, for we already have toe-holds in many of the emerging markets.

Questions for the Group Management Board

continued

In a few words, what does 'winning in the post-crisis world' mean to you?

Aditya Mittal: 'Winning in the post-crisis world' is the theme that we have been rallying the organization around over the past year as we have emerged from the economic crisis. Indeed this was the theme for our 2010 management convention held last June. The crisis changed the world of business and introduced many new challenges not just for ArcelorMittal, but for many businesses and economies around the world. We have to recognize that times have changed and therefore our business must adapt to make sure that we emerge as winners in the post-crisis world. As the leading steel company in the world with a unique global presence, we are well positioned to do this, but we have had to look at all aspects of our business to make sure that we are focused on the right areas. We believe that in order to win, we must focus on the Health and Safety of our employees, we must have excellent relationships with our customers, we must have world-class manufacturing processes, we must have strong leadership and an engaged workforce, and that we must pursue growth carefully in selected growth markets.

Davinder Chugh: We have to recognize that the post-crisis reality is a twin-track world. The developed world is struggling with slow growth. Here we have to focus on cost reduction and market leadership through quality, world-class manufacturing and customer focus. Shared Services is supporting the cost reduction initiatives across the Group. In the developing world, there are growth opportunities and the priority for Shared Services is to ensure on-time and on-cost delivery of projects. There are also opportunities for low cost sourcing.

Michel Wurth: We have emerged from the crisis leaner, stronger and more agile. Our strategy evolved from 'cash, cost and customers' to 'safety, customers, cost and cash'. Safety has to be part of everyone's mindset. Improving customer service has to be a priority: we want to be more innovative and quickly bring our innovations to the market. Cost leadership is vital if one wants to be a market leader. It is also important that we move from an emergency management mindset to one where we actively seize opportunities – by promoting teamwork, self-confidence and initiative.

How does steel and ArcelorMittal contribute to a sustainable society?

Gonzalo Urquijo: ArcelorMittal is committed to its promise of 'transforming tomorrow' and the three values that underpin it - Sustainability, Quality and Leadership. These values shape our behavior. We recognize that the Company has a duty to operate in a responsible and transparent manner and to safeguard the wellbeing of all its stakeholders. That's why we have a strong focus on corporate responsibility. This is evidenced in numerous areas, for example, the Company's efforts to develop breakthrough steelmaking technologies, our leadership of the steel industry's Ultra Low Carbon Steel (ULCOS) program and the global activities of the ArcelorMittal Foundation. The Foundation has invested more than $40 million in ongoing projects for 2011.

Michel Wurth: We believe steel is part of the solution to the sustainability challenge. In terms of life-cycle analysis, it is endlessly recyclable. Our aim in 2011 is to make more progress towards reducing our carbon impact through energy efficiency and achieving a further advance with the ULCOS project.

What is the main priority for 2011?

Aditya Mittal: Health and Safety is clearly our first priority; we want to be the safest steel company in the world. We started the year with a high-level safety meeting in Dofasco with the GMB, the Management Committee and various CEO's present and spent two days dedicated to discussing how we can further improve in this area. We have made progress in 2010 but we need to continue to make further improvement if we are to reach our goal of Journey to Zero. Another priority is on ensuring that we appropriately allocate capital to pursue our growth strategy.

Christophe Cornier: Health and Safety is not just our priority; it has become a core value for the Company. We want everyone to work in a safe way. We want people to share the vigilance and take responsibility for the safety of others. In corporate terms, the focus will be on continuing our cost reduction program and, importantly, on ensuring manufacturing excellence. The way forward in the post-crisis world is to pay more attention to one's customers. The world is asking us to do better, and to do more at a lower cost. We are responding.

Peter Kukielski: Our main priority for 2011 is to live our mining focus of 'Safety first, always' and in so doing to accelerate our iron ore and coal production in a sustainable manner consistent with the overarching company values of Sustainability, Quality and Leadership. And we have to deliver our growth projects in accordance with our commitments. In particular it is very significant that we will be shipping our first iron ore from Liberia this year. This is a very important achievement that is not only a part of ArcelorMittal's plans to increase iron ore production to 100 million tonnes by 2015, but should also be an important boost to the Liberian economy.

What will be the main measure towards Health and Safety and our people's wellbeing?

Sudhir Maheshwari: Health and Safety is our number one priority for 2011. As a demonstration of that, we devoted our first major management meeting of the year to this area with a Health and Safety summit in Hamilton, Canada, which brought together the Company's top 50 managers. Three things came out of that: firstly, we agreed we must increase the visibility of leadership ('Felt Leadership') in this area, with increasing employee engagement and more extensive communication of results. Secondly, fatality prevention must be top of the agenda. Thirdly, we need to make more use of leading indicators such as near misses and dangerous behavior. These are usually the first signs of something going wrong.

Gonzalo Urquijo: Our number one priority is Health and Safety and 2011 is the year when we will firmly embed Health and Safety into our corporate culture as one of our core values. The major axes of progress will be to strengthen the Journey to Zero, install 'Visual Felt Leadership', focus on fatality prevention, step up our effort on contractor safety and make use of leading indicators. Also, the latest polls from our motivation and engagement seminar make it clear we must work on work-life balance as well.

Aditya Mittal:

Our focus is very much on our people. We have to communicate, communicate, communicate so that everyone realizes that they are each responsible for Health and Safety – for their own and for their colleagues around them as well. We know that we can achieve excellent Health and Safety results because some of our operations already report world-class LTIF rates. Now all our effort must go on really embedding this culture with every employee.

ArcelorMittal's Health Week

In 2010, the GMB agreed on the establishment of an ArcelorMittal Health Week, which will occur annually about six months after Health and Safety Day. In 2010, Health Week was organized for the first time Group-wide in November on a voluntary basis only, but in 2011 this week will become mandatory. Over 40 sites decided to participate in the event, the theme of which was Nothing is as Essential as your Health. The concept was simple: over the course of one week, all employees of volunteered ArcelorMittal sites received education on health matters through health fairs, posters, stands, lectures, and tests.

Board of Directors

ArcelorMittal's Annual General Meeting of shareholders on May 11, 2010 acknowledged the expiration of the mandates of Mr. John O. Castegnaro, Ms. Vanisha Mittal Bhatia and Mr. José Ramón Álvarez Rendueles. At the same meeting, the shareholders re-elected Ms. Mittal Bhatia for a new term of three years and accepted the resignation of Mr. Georges Schmit effective December 31, 2009 due to other commitments.

The Board of Directors co-opted Mr. Jeannot Krecké to replace Mr. Schmit on the Board of Directors effective January 1, 2010, and the shareholders' meeting elected Mr. Krecké for a three-year term on May 11, 2010. Mr. Krecké is considered a non-independent director.

At an Extraordinary General Meeting of shareholders held on January 25, 2011, the resignation of Mr. François Pinault was accepted effective January 26, 2011 and Ms. Suzanne P. Nimocks was elected as a member of the Board of Directors. Ms. Nimocks is considered an independent director.

Each of the members that left ArcelorMittal's Board of Directors played an essential role in the growth of the Company and we express our appreciation of their contribution, support and leadership.

As a result of these changes, the Board of Directors is composed of nine directors, of whom eight are non-executive directors and six are independent directors. The Board of Directors comprises one executive director, Mr. Lakshmi N. Mittal, the Chairman and Chief Executive Officer of ArcelorMittal. Mr. Lewis B. Kaden is the Lead Independent Director.

Lakshmi N. Mittal

Lakshmi N. Mittal, 60, is the Chairman and CEO of ArcelorMittal. Mr. Mittal founded Mittal Steel Company in 1976. He is a member of various boards and trusts and also of the Indian Prime Minister's Global Advisory Council, Kazakhstan's Foreign Investment Council, World Economic Forum's International Business Council and World Steel Association's (WSA) Executive Committee. He has received numerous awards and honors such as *Fortune's* 2004 'European Businessman of the Year', *Financial Times*' 2006 'Person of the Year', 2007 Dwight D Eisenhower Global Leadership Award and *Forbes* 2008 'Lifetime Achievement Award'. In October 2010, he was awarded WSA's medal for services to the Association and for contributing to the sustainable development of the global steel industry.

Lewis B. Kaden

Lewis B. Kaden, 68, is the Lead Independent Director of ArcelorMittal. He has approximately 38 years of experience in corporate governance, financial services, dispute resolution and economic policy. He is currently Vice Chairman of Citigroup. Mr. Kaden served as a director of Bethlehem Steel Corporation for ten years and is currently Chairman of the Board of Directors of the Markle Foundation.

Vanisha Mittal Bhatia

Vanisha Mittal Bhatia, 30, was appointed as a member of the LNM Holdings Board of Directors in June 2004. Ms. Mittal Bhatia was appointed to Mittal Steel's Board of Directors in December 2004.

Narayanan Vaghul

Narayanan Vaghul, 74, has over 50 years' experience in the financial sector and was the Chairman of ICICI Group, a leading financial services group in India for 24 years from 1985 to 2009. Mr. Vaghul is Chairman of the Indian Institute of Finance Management & Research and is also a Board member of Wipro Limited, Mahindra & Mahindra, Piramal Healthcare and Apollo Hospitals.

Wilbur L. Ross, Jr.

Wilbur L. Ross, Jr., 73, served as the Chairman of the ISG Board of Directors since ISG's inception. Since 2000, Mr. Ross has been the Chairman and Chief Executive Officer of WL Ross & Co. LLC. He is also the Chairman and CEO of WLR Recovery Fund L.P., WLR Recovery Fund II L.P., Asia Recovery Fund, Asia Recovery Fund Co-Investment, Nippon Investment Partners and Absolute Recovery Hedge Fund.

Jeannot Krecké

Jeannot Krecké, 60, was appointed as Luxembourg's Minister of the Economy and Foreign Trade and Minister of Sport in 2004. After the 2009 elections, Mr. Krecké retained the portfolio of Minister of the Economy and Foreign Trade. As of July 2004, he represents the Luxembourg government at the Council of Ministers of the European Union in the internal market and industry sections of its competitiveness configuration.

Antoine Spillmann

Antoine Spillmann, 47, has worked for leading investment banks in London from 1986 to 2000. He is now an asset manager and executive partner at the firm Bruellan Wealth Management, an independent asset management company based in Geneva. Mr. Spillmann studied in Switzerland and London, and has completed the 'Corporate Governance: Fresh Insights and Best Practices for Directors Program' at The Wharton School of the University of Pennsylvania.

H.R.H. Prince Guillaume de Luxembourg

H.R.H. Prince Guillaume de Luxembourg, 47, worked at the International Monetary Fund in Washington, DC, and spent two years working for the Commission of European Communities in Brussels. Prince Guillaume headed a governmental development agency, Lux-Development, for 12 years.

Suzanne P. Nimocks

Suzanne P. Nimocks, 51, was a director (senior partner) with McKinsey & Company from 1999 to 2010 and was with the firm in various other capacities since 1989. Ms. Nimocks is currently a Board Member for Encana Corporation and Rowan Companies, both listed companies, and Valerus, a private company.

Senior Management

Group Management Board

The strategic direction of ArcelorMittal is the responsibility of the Group Management Board (GMB). The GMB members are elected by the Board of Directors and the GMB is headed by Lakshmi N. Mittal as Chief Executive Officer (CEO). The GMB is supported by a strong team of twelve Management Committee members, working towards delivering the best possible performance to all stakeholders while continuously working to improve Health and Safety results.

Lakshmi N. Mittal

Lakshmi N. Mittal, 60, is the Chairman and CEO of ArcelorMittal. Mr. Mittal founded Mittal Steel Company in 1976. He is a member of various boards and trusts and also of the Indian Prime Minister's Global Advisory Council, Kazakhstan's Foreign Investment Council, World Economic Forum's International Business Council and World Steel Association's (WSA) Executive Committee. He has received numerous awards and honors such as *Fortune's* 2004 'European Businessman of the Year', *Financial Times*' 2006 'Person of the Year', 2007 Dwight D Eisenhower Global Leadership Award and *Forbes* 2008 'Lifetime Achievement Award'. In October 2010, he was awarded WSA's medal for services to the Association and for contributing to the sustainable development of the global steel industry.

Aditya Mittal

Aditya Mittal is CFO of ArcelorMittal, Responsible for Mergers and Acquisitions, Strategy and Flat Americas. Prior to the merger to create ArcelorMittal, Aditya Mittal held the position of President and CFO of Mittal Steel Company from October 2004 to 2006. He is a member of the World Economic Forum's Young Global Leaders Forum, the Young President's Organization, a Board Member at the Wharton School, Bennett, Coleman & Co., PPR and a member of Citigroup's International Advisory Board.

Davinder Chugh

Davinder Chugh, Responsible for Shared Services, has over 30 years of experience in the steel industry in general management, materials purchasing, marketing, logistics, warehousing and shipping. Mr. Chugh is a member of the Investment Allocation Committee. Before becoming a Senior Executive Vice President of ArcelorMittal, he served as the CEO of Mittal Steel South Africa until 2006. Mr. Chugh was involved in the turnaround and consolidation of the South African operations of ArcelorMittal.

Christophe Cornier

Christophe Cornier, Responsible for Africa, Asia, Technology and Projects, was previously a Member of the Management Committee of ArcelorMittal, responsible for Flat Carbon Western Europe. He joined the steel industry in 1985 as Business Development Director and Chief Controller of Sollac and, following this, he has held various management positions in Usinor and Arcelor. He began his career with the French Ministry of Industry, which he left as a Deputy Director.

Peter Kukielski

Peter Kukielski was appointed Senior Executive Vice President and Head of Mining of ArcelorMittal on December 15, 2008. Mr. Kukielski was most recently Executive Vice President and Chief Operating Officer at Teck Cominco Limited. Prior to joining Teck Cominco, he was Chief Operating Officer of Falconbridge Limited before which he held senior engineering and project management positions with BHP Billiton and Fluor Corporation.

Sudhir Maheshwari

Sudhir Maheshwari, Responsible for Corporate Finance, M&A, Risk Management, China and India, was previously a Member of the Management Committee of ArcelorMittal, responsible for Finance and M&A. Prior to this, he was Managing Director, Business Development and Treasury at Mittal Steel from January 2005 until its merger with Arcelor in 2006 and CFO of LNM Holdings N.V. from January 2002 until its merger with Ispat International in December 2004. Mr. Maheshwari also serves on the Board of various subsidiaries of ArcelorMittal.

Gonzalo Urquijo

Gonzalo Urquijo, Responsible for Long Products, Tubular Products, Corporate Responsibility, was previously Senior Executive Vice President and CFO of Arcelor, with responsibility for Finance, Purchasing, IT, Legal Affairs, Investor Relations, Arcelor Distribution Solutions, and other activities. Prior to that, Mr. Urquijo also held several other positions within Arcelor, including Deputy Senior Executive Vice President and Head of the functional directorates of distribution. Prior to the creation of Arcelor in 2002, Mr. Urquijo was CFO of Aceralia.

Michel Wurth

Michel Wurth, Responsible for Flat Europe, Distribution Solutions, Products Development and R&D, Global Customers, was previously Vice President of the Group Management Board of Arcelor and Deputy CEO, with responsibility for Flat Carbon Steel Europe and Auto, Flat Carbon Steel Brazil, Coordination Brazil, Coordination Heavy Plate, R&D, NSC Alliance. The creation of Arcelor in 2002 led to Mr. Wurth's appointment as Senior Executive Vice President and CFO of Arcelor, with responsibility over Finance and Management by Objectives.

Management Committee

Name	Age[1]	Position
Bhikam Agarwal	58	Executive Vice President, Head of Finance
Vijay Bhatnagar	63	Executive Vice President, CEO India
Davinder Chugh	54	Member of the Group Management Board, Responsible for Shared Services
Christophe Cornier	58	Member of the Group Management Board, Responsible for Africa, Asia, Technology and Projects
Philippe Darmayan	58	Executive Vice President, CEO Distribution Solutions
Phil du Toit	58	Executive Vice President, Head of Mining Projects and Exploration
Robrecht Himpe	52	Executive Vice President, CEO Flat Europe
Peter Kukielski	54	Member of the Group Management Board, Responsible for Mining
Sudhir Maheshwari	47	Member of the Group Management Board, Responsible for Corporate Finance, M&A, Risk Management, China and India
Gerson Alves Menezes	61	Executive Vice President, CEO Long Central and South America (LCSA)
Aditya Mittal	34	CFO, Member of the Group Management Board, Responsible for Mergers and Acquisitions (M&A), Strategy and Flat Americas
Lakshmi N. Mittal	60	Chairman and Chief Executive Officer
Michael Pfitzner	61	Executive Vice President, Head of Marketing and Commercial Coordination
Arnaud Poupart-Lafarge	45	Executive Vice President, CEO Long Carbon Europe (including Annaba, Bosnia, Ostrava and Sonasid)
Michael Rippey	53	Executive Vice President, CEO USA
Lou Schorsch	61	Executive Vice President, CEO Flat Americas
Bill Scotting	52	Executive Vice President, Head of Strategy
Willie Smit	53	Executive Vice President, Head of Human Resources
Gonzalo Urquijo	49	Member of the Group Management Board, Responsible for Long Products, Tubular Products, Corporate Responsibility
Michel Wurth	56	Member of the Group Management Board, Responsible for Flat Europe, Distribution Solutions, Products Development and R&D, Global Customers

[1] *Age as of December 31, 2010*

Corporate responsibility

ArcelorMittal's commitment to corporate responsibility (CR) is an important driver of long-term shareholder value. By acting in a responsible and transparent manner, and by maintaining good relationships with stakeholders, the Group can better manage social and environmental risk, mitigate the impact of its operations on society, meet local expectations, and foster local economic development.

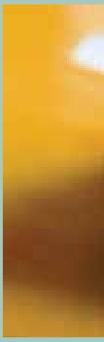
ArcelorMittal's CR strategy has helped drive improvements in many areas over the last three years. In 2010, the ArcelorMittal Human Rights Policy was published, outlining respect for all human rights, ranging from safe and healthy working environments to freedom of association, wherever the Company operates. It also produces its Code for Responsible Sourcing, which provides the Group with unique opportunities for promoting sustainable business practices within its extended supply chain. In September, ArcelorMittal was admitted to the Dow Jones Sustainability World Index. It is also a constituent of the FTSE4Good Index.

The following pages provide an outline of the Group's CR strategy and performance. A separate CR report, published alongside this Annual Report, provides additional detail and analysis. It can be accessed at *www.arcelormittal.com/corporateresponsibility*.

There are four areas of focus for the Group's CR strategy:

- *Transparent governance* – Everything from top-level business strategy to day-to-day operations is performed in an open and transparent manner.
- *Investing in our people* – It is a core tenet of Group policy that each and every individual working for ArcelorMittal feels personally valued.
- *Making steel more sustainable* – Environmental performance is a key focus for the Group. ArcelorMittal is committed to the continuous development of cleaner processes and greener products.
- *Enriching our communities* – The wellbeing of the communities in which ArcelorMittal operates is crucially important for its future, especially because many are in developing countries.

All four CR strategy areas are subjected to quantifiable analysis through Key Performance Indicators. The Group's CR management systems and information provided in its separate CR report are assured by a third party.



ArcelorMittal Kryviy Rih recognized for environmental excellence

In November 2010, ArcelorMittal Kryviy Rih won an award for ecological excellence in Ukraine's national Environmental Quality and Safety competition. The award recognized the impact of a number of projects – ranging from the reconstruction of gas cleaning facilities to physical and chemical measures to cut dust from mining tailings – that had reduced CO_2 and other emissions by more than 700,000 tonnes a year. Rinat Starkov, CEO of ArcelorMittal Kryviy Rih, said: 'During the last five years we have invested nearly \$190 million to reduce pollution. Our environmental projects are aimed at gradually replacing outdated equipment with new, more environmentally friendly technologies that allow us to significantly reduce the impact of the plant on the environment'.

CR governance

CR receives unwavering support from both the Board of Directors, which formally oversees CR across the Company, and the GMB. The CR team delivers regular, formal reports to the Board of Directors and GMB, enabling them to monitor performance and make risk assessments in key human resource, Health and Safety, social and environmental areas. In-depth subject matter reports permit more detailed analysis; in 2010, they were delivered on human rights, responsible sourcing, community engagement and socially responsible investment.

The CR team is advised by the CR Coordination Group which reviews standards, assesses risks and monitors the implementation of CR strategy. It is made up of senior managers from a number of other corporate areas such as Risk, Internal Assurance, Company Secretary, International Affairs, Legal and Communications, and meets regularly.

All of the Group's business units are in the process of implementing CR governance structures at a local level. These are designed to promote effective CR management and in particular reinforce cross-functional collaboration and good community relations. CEOs, plant managers and CR Coordinators all have clearly defined CR roles within their job descriptions and are accountable for CR performance at their respective levels.

The Group compliance program is an active component of creating a culture of ethics and responsible business behavior. The Group-wide compliance training program on the Code of Business Conduct is also strengthened through specific training in anti-corruption and, from 2011 onwards, also in human rights. In 2010, 90% of employees had completed their compliance training.

ArcelorMittal is an active member of the Extractive Industries Transparency Initiative (EITI). As an example, local engagement to promote increased transparency and disclosure among Liberian stakeholders resulted in Liberia being the first African country to be EITI compliant.

Safety board game

As a novel way of reinforcing risk awareness and increasing safety results, ArcelorMittal University, in close collaboration with Corporate Health and Safety, launched an educative board game, 'Coming Back Home Safely', last year. Players must navigate from home to a steel plant, through the plant and back home again. There are different safety-related questions to answer on every square and bonus or danger points are awarded depending on the answers – which are based on the Group's fatality prevention standards. The game not only tests workers' knowledge of safety rules but sharpens their awareness of potential impacts. Whether played in plants or during Leadership trainings, it is followed up by safety experts with de-briefing sessions and action plans.

Corporate responsibility

continued

Investing in our people

Health and Safety

ArcelorMittal's first priority is to ensure the highest standards of Health and Safety. The Group continues on its Journey to Zero for Health and Safety improvement, aiming at reducing the frequency of accidents and eliminating fatalities. Journey to Zero focuses on preventative activities and improved standards through best practices. Benchmarking will help the sites make faster progress; the use of the multilingual Benchmarking Tool (called 'Good Practice Data Base') was extended in 2010.

The Group's Lost Time Injury Frequency rate (LTIF) in 2010 improved to 1.8 per million hours worked, down from 1.9 in 2009. A further 20% reduction in the LTIF is again targeted for 2011.

Regrettably, in 2010, 41 employees and contractors (33 in steel and 8 in mining) lost their lives in work-related accidents. Each such accident is investigated and discussed at length at GMB level, and treated with the utmost priority. Action plans are drawn from each learning.

The Joint Global Health and Safety Committee, set up with the Group's trade unions in 2008, meets once a quarter. In 2010, meetings of the Committee were held in Vanderbijlpark (South Africa), Indiana Harbor and Burns Harbor (USA) and Kryviy Rih (Ukraine). There was a follow-up visit to Ostrava (Czech Republic).

As in prior years, the Group-wide 'Health and Safety Day' was held in all of ArcelorMittal's operations. The date, April 28, was chosen to coincide with the International Labor Organization's World Day for Safety and Health at Work. The theme was 'Leading by Example'.

ArcelorMittal also views the health of its workforce as a key element in its success. The network of ArcelorMittal medical specialists collaborating with the Group globally is fully operational and works on building global health standards. In 2010, a 'Health Week' was held at more than 40 locations; in 2011 the program will be extended to all other sites.

Lost Time Injury Frequency Rate

	2010	2009	2008	2007
Flat Carbon Americas	1.8	2.1	2.1	3.9
Flat Carbon Europe	2.2	1.8	2.4	2.1
Long Carbon Americas and Europe	2.0	1.8	3.4	5.1
AACIS	0.9	1.1	1.2	1.0
Stainless Steel	2.1	1.8	2.2	(*)
Distribution Solutions	2.7	3.9	3.8	7.2
Total Steel	**1.8**	**1.8**	**2.4**	**3.2**
Total Mines	**1.5**	**2.4**	**3.4**	**4.0**
TOTAL (Steel and Mines)	**1.8**	**1.9**	**2.5**	**3.3**

** Included in Long Carbon Americas and Europe.*

ArcelorMittal continued to prepare the registration of all relevant substances in conformity with the EU's REACH legislation, concerning the registration, evaluation, authorization and restriction of chemicals. Registration was done before the deadline of November 30, 2010. The Product Stewardship team confirmed that in 2010 all required certificates of products and by-products had been provided to customers.

Human Resources

In 2010, the Human Resources team played a key role in maintaining the necessary cost leadership measures developed in 2009, while also implementing initiatives to increase employee motivation and engagement among its employee base.

Open dialogue with trade unions and employees is encouraged and the Group is party to collective bargaining agreements with many organizations representing employees. It has further developed the 'anticipation of change' agreement, signed in 2009 with the European Metalworkers Federation, to include a section on skills development and multi-skilling.

The Global Executive Development Program aligns the individual performance objectives of employees to the strategic goals of the Company. The process ensures a systematic approach to the performance management of Group employees, career planning, training and development, succession management and the identification of high-potential employees.

In 2010, ArcelorMittal enhanced its leadership competency framework by introducing the '10 Golden Rules of an ArcelorMittal Leader'. The framework is used to assess the current capabilities and future potential of managers.

The Company is stepping up talent identification through three key programs: the 'Business Leaders Program' for Master-level graduates; the 'Group Engineers Program' to create a pool of internationally mobile engineers; and the 'Internal Assurance Accelerator Program' launched in 2010 to develop the Group's key talents in a structured manner.

These programs are supported by the diversity and inclusion policy and encourage international mobility among employees with over 300 mobility plans concluded in 2010.

Training and development

ArcelorMittal University acts as preferred provider for training and development of Group employees. In 2010, it increased the classroom delivery of its core training programs.

The University offering is structured around a number of academies, focusing on leadership, management, functional training, steel and mining, and group-wide programs. There was a significant increase in the number of programs and participants in all areas.

Making steel more sustainable

Addressing climate change

ArcelorMittal continues to improve its environmental practices and its response to addressing the challenge of climate change.

With a modest recovery in steel production in 2010, there was a related increase in greenhouse gas emissions. However, there was progress in some important energy-saving projects in line with the strategy for systematically implementing new energy saving practices.

ArcelorMittal remains determined to reach the Group target of reducing CO_2 emission by 170kg of CO_2 per tonne of steel by 2020, totaling an 8% reduction in normalized emissions (from 2007 baseline). Some new projects were launched in 2010, including the No.7 Blast Furnace Flare Capture Project in Indiana Harbor (USA) which, rather than burning waste gas, will route the gases to a new boiler that will produce steam and generate enough electricity to power 30,000 homes for a year.

As part of its longer-term approach, ArcelorMittal is working to develop breakthrough technologies. As a key member of the EU ULCOS project, ArcelorMittal is developing a technology that combines the recycling of blast furnace top gas allowing underground storage later on. For more information, please see *www.ulcos.org*.

ArcelorMittal monitors air, water, energy and waste data from all of its facilities and continuously reviews its environmental impacts worldwide. By the end of 2010, 95% of all main production and finishing sites had achieved certification to the international environmental management standard, ISO 14001. Over the year, the number of sites achieving certification increased from 172 to 179.

ArcelorMittal also works to reduce water consumption and is targeting high-priority sites in areas where there are water shortages or where water consumption is high. For this purpose, a guideline for the assessment of water usage was developed and deployed Company-wide.

ArcelorMittal plays an important role in the quest for ever more sustainable products. As an example, ArcelorMittal participates in the development of the EU standards for Sustainability Assessment of Buildings that focuses on waste prevention and materials' recycling at the end of its life.

Research and Development

With a budget of $322 million and 11 laboratories around the world, R&D activities in 2010 were focused on product and process development that support greater value creation for the business, as well as bringing technological and environmental benefits. In 2010, ArcelorMittal was rated number one for product development and technical support by a majority of its automotive customers. The commitment, skills and abilities of the 1,400 researchers and of the automotive team, as well as their thorough understanding of customer needs, has produced new and enhanced products and customer solutions.

Research and Development

$322 million

Budget in 2010

In the automotive area, the expansion of Advanced High Strength Steel has allowed for further weight reduction combined with improved in-use properties. The growth of Hot Stamping Technology has contributed to additional significant weight reductions in vehicle structures.

ArcelorMittal continued with its work to develop new grades of ultra high strength steels for heavy machinery. These new steel grades enable new generic steel solutions for road and rail transportation, agricultural, construction and energy producing equipment. This results in lighter structures and consequent reductions in fuel consumption and associated CO_2 emissions.

The Group's leading position in the construction market, providing structural products for sky-scrapers, has been further strengthened by the launch of new heavy sections and stronger steel grades. A building's impact on the environment throughout its life is an increasingly important factor in the construction market. ArcelorMittal is addressing all phases of a building life cycle to reduce associated material consumption and generated emissions. Steel allows for lighter structures and indefinite recycling, which contributes to sustainability in construction as a whole.

Safety is not only a priority for the Company internally but also for the markets it serves. Advances in steel research also help improve, for instance, road safety through the stronger structure of cars and the innovative design of road safety barriers.

Enriching our communities

ArcelorMittal is committed to help foster the development of strong and sustainable local communities – particularly where its plants are located in developing countries.

The Group operates a Community Engagement Standard, which is mandatory for all its industrial operations. The Standard is supported by a detailed manual and training, offering practical guidance on setting up and managing community engagement activities.

In 2010, a capacity-building program on community engagement was delivered at ArcelorMittal operations in Bosnia, Romania, Macedonia, Ukraine and Kazakhstan. This involved an interactive training program, conducted in the local language. Key elements included identifying stakeholders and their issues of concern and developing meaningful stakeholder engagement plans. Local reporting guidance was also shared with the Group's units to improve local stakeholder communications and reporting. This program will be extended to other regions in 2011.

ArcelorMittal Foundation

Established in 2007, the ArcelorMittal Foundation is a non-profit organization with the mission to promote the Company's commitment to local communities where it operates and to contribute to their development in a sustainable manner.

Working with the local business units, its priority areas are: Education, Health and Social Promotion. The Foundation engages in initiatives that maximize long-term economic growth and foster entrepreneurship, while respecting the needs of local people.

The Foundation operates in 29 countries. It also invests in global programs to support humanitarian initiatives. In 2010, it supported more than 585 projects with a monetary value of $37.7 million.

Besides local projects, the Foundation also manages global projects through its partnerships with Habitat for Humanity, International Baccalaureate, Junior Achievement and Bone Marrow Donation.

In December 2010, the 3rd International Volunteer Work Day was celebrated across ArcelorMittal's worldwide units. Employees and senior management took part in more than 200 activities. Globally, more than 12,000 hours of volunteer work were dedicated to local communities.

In addition to all these projects, the Foundation has been helping Haiti with a $1 million donation through Doctors without Borders and Habitat for Humanity. ArcelorMittal's steel has been used to shelter more than 2,000 families.

Operational review

ArcelorMittal reports its operations in five segments: Flat Carbon Americas, Flat Carbon Europe, Long Carbon Americas and Europe, Asia, Africa and CIS (AACIS) and Distribution Solutions. The information in this section relates to the year ended December 31, 2010, compared to the year ended December 31, 2009.

Sales, steel shipments and average steel selling prices

The table below provides a summary of ArcelorMittal's sales by reportable segment for the year ended December 31, 2010 as compared to the year ended December 31, 2009.

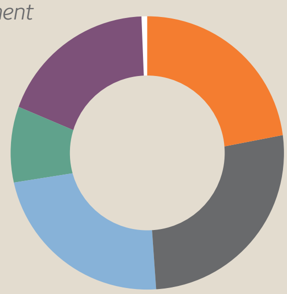
ArcelorMittal had sales of $78 billion for the year ended December 31, 2010, representing an increase of 28% from sales of $61 billion for the year ended December 31, 2009, primarily due to a strong rise in steel shipments and a more modest rise in steel prices, each resulting from the global economic recovery and improved steel demand compared to a year earlier.

ArcelorMittal had steel shipments of 85.0 million tonnes for the year ended December 31, 2010, representing an increase of 22% from steel shipments of 69.6 million tonnes for the year ended December 31, 2009. Average steel selling price for the year ended December 31, 2010 increased 9% compared to the year ended December 31, 2009. Steel shipments were higher in all segments, reflecting the increase in demand due to the global economic recovery. Average steel selling prices also rose broadly but lagged sharp increases in most key raw material prices including iron ore.

The increases in sales, shipments and average steel selling prices also reflected a relatively low base of comparison, particularly from the first half of 2009, when demand fell sharply due to the severe downturn in the global economy.

Sales to external customers

by segment



- Flat Carbon Americas $17.1 billion
- Flat Carbon Europe $21 billion
- Long Carbon $18.2 billion
- AACIS $6.9 billion
- Distribution Solutions $14.2 billion
- Others/Eliminations[3] $0.7 billion

Segment	Sales for the Year ended December 31[1] 2009 (in $ millions)	2010 (in $ millions)	Steel Shipments for the Year ended December 31[1] 2009 (thousands of MT)	2010 (thousands of MT)	Changes in Sales (%)	Steel Shipments (%)	Average Steel Selling Price (%)
Flat Carbon Americas	13,340	19,301	16,121	21,028	45	30	12
Flat Carbon Europe	19,981	25,550	21,797	27,510	28	26	3
Long Carbon Americas and Europe	16,767	21,345	19,937	23,148	27	16	8
AACIS	7,627	9,848	11,769	13,266	29	13	20
Distribution Solutions[2]	13,524	15,744	16,794	18,173	16	8	8
Total from continuing operations	61,021	78,025	69,624	84,952	28	22	9
Discontinued operations	4,089	5,418	1,447	1,729	33	19	10

[1] Amounts are prior to inter-segment eliminations except for 'Total from continuing operations' and include non-steel sales.
[2] Distribution Solutions shipments are eliminated in consolidation as they primarily represent shipments originating from other ArcelorMittal operating subsidiaries.
[3] Others / Eliminations includes all other operations than mentioned above, together with inter-segment elimination, and/or non-operational items which are not segmented.

Flat Carbon Americas

Sales in the Flat Carbon Americas segment were $19.3 billion for the year ended December 31, 2010, representing 25% of the Company's total consolidated sales for 2010, an increase of 45% as compared to $13.3 billion, or 22% of total consolidated sales, for the year ended December 31, 2009. Sales increased primarily due to a 30% increase in steel shipments and a 12% increase in average steel selling prices.

Total steel shipments were 21.0 million tonnes for the year ended December 31, 2010, an increase of 30% from shipments for the year ended December 31, 2009. Shipments were 10.6 million tonnes in the first half of 2010, up 49% from the same period in 2009, while shipments in the second half of the year were 10.4 million tonnes, up 16% from the same period in 2009.

Average steel selling price increased 12% for the year ended December 31, 2010 as compared to the year ended December 31, 2009.

Flat Carbon Americas performance

+45%

Increase in sales for Flat Carbon Americas, as compared to the year ended December 31, 2009.

Operational review

continued

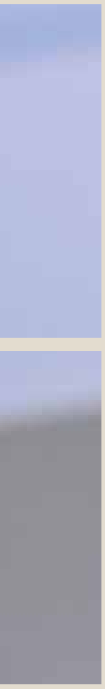
Total steel shipments for Flat Carbon Europe reached 27.5 million tonnes for the year ended December 31, 2010, an increase of 26% from steel shipments for the year ended December 31, 2009.

Flat Carbon Europe

Sales in the Flat Carbon Europe segment were $25.6 billion for the year ended December 31, 2010, representing 33% of the Company's total consolidated sales for 2010, an increase of 28% as compared to $20.0 billion, or 33% of the total consolidated sales, for the year ended December 31, 2009. The increase was primarily due to a 26% increase in steel shipments, while average steel selling price increased by only 3%. Sales in the first half of 2010 were $12.5 billion, up 36% from the same period in 2009, while sales in the second half of the year were $13.1 billion, up 21% from the same period in 2009.

Total steel shipments reached 27.5 million tonnes for the year ended December 31, 2010, an increase of 26% from steel shipments for the year ended December 31, 2009. Shipments were 14.4 million tonnes in the first half of 2010, up 47% from the same period in 2009, while shipments in the second half of the year were 13.1 million tonnes, up 9% from the same period in 2009.

Average steel selling price increased 3% for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Average steel selling price in the first half of 2010 was down 6% from the same period in 2009, while average steel selling price in the second half of the year was up 13% from the same period in 2009.



Total steel shipments for Long Carbon Americas and Europe reached 23.1 million tonnes for the year ended December 31, 2010, an increase of 16% from steel shipments for the year ended December 31, 2009.

Long Carbon performance

+27%

Long Carbon Sales were $21.3 billion for the ear ended December 31, 2010, a 27% increase as compared to the year ended December 31, 2009.

Long Carbon Americas and Europe

In the Long Carbon Americas and Europe segment, sales were $21.3 billion for the year ended December 31, 2010, representing 27% of the Company's total consolidated sales for 2010, an increase of 27% from sales of $16.8 billion, or 27% of the total consolidated sales, for the year ended December 31, 2009. The increase was primarily due to a 16% increase in steel shipments along with an 8% increase in average steel selling price. Sales in the first half of 2010 were $10.2 billion, up 30% from the same period in 2009, while sales in the second half of the year were $11.1 billion, up 25% from the same period in 2009.

Total steel shipments reached 23.1 million tonnes for the year ended December 31, 2010, an increase of 16% from steel shipments for the year ended December 31, 2009. Shipments were 11.7 million tonnes in the first half of 2010, up 21% from the same period in 2009, while shipments in the second half of the year were 11.5 million tonnes, up 12% from the same period in 2009.

Average steel selling price increased 8% for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Average steel selling price in the first half of 2010 was up 4% from the same period in 2009, while average steel selling price in the second half of the year was up 12% from the same period in 2009.

AACIS

In the AACIS segment, sales were $9.8 billion for the year ended December 31, 2010, representing 13% of the Company's total consolidated sales for 2010, an increase of 29% from sales of $7.6 billion, or 12% of the total consolidated sales, for the year ended December 31, 2009. The increase was due to a 13% increase in steel shipments and a 20% increase in average steel selling price. Sales in the first half of 2010 were $4.7 billion, up 40% from the same period in 2009, while sales in the second half of the year were $5.1 billion, up 21% from the same period in 2009.

Total steel shipments reached 13.3 million tonnes for the year ended December 31, 2010, an increase of 13% from steel shipments for the year ended December 31, 2009. Shipments were 6.6 million tonnes in the first half of 2010, up 17% from the same period in 2009, while shipments in the second half of the year were 6.7 million tonnes, up 9% from the same period in 2009.

Average steel selling price increased 20% for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Average steel selling price in the first half of 2010 was up 24% from the same period in 2009, while average steel selling price in the second half of the year was up 18% from the same period in 2009.

AACIS in numbers

Sales	
$9.8 billion	+29%
Steel shipments	
13.3 million tonnes	+13%

Operational review

continued

Distribution Solutions

In the Distribution Solutions segment, sales were $15.7 billion for the year ended December 31, 2010, representing 20% of the Company's total consolidated sales for 2010, an increase of 16% from sales of $13.5 billion, or 22% of the total consolidated sales, for the year ended December 31, 2009. The increase was primarily due to an 8% increase in steel shipments and an 8% increase in average steel selling price. Sales in the first half of 2010 were $7.5 billion, up 10% from the same period in 2009, while sales in the second half of the year were $8.2 billion, up 23% from the same period in 2009.

Total steel shipments reached 18.2 million tonnes for the year ended December 31, 2010, an increase of 8% from steel shipments for the year ended December 31, 2009. Shipments were 9.0 million tonnes in the first half of 2010, up 6% from the same period in 2009, while shipments in the second half of the year were 9.2 million tonnes, up 10% from the same period in 2009.

Average steel selling price increased 8% for the year ended December 31, 2010 as compared to the year ended December 31, 2009. Average steel selling price in the first half of 2010 was up 4% from the same period in 2009, while average steel selling price in the second half of the year was up 12% from the same period in 2009.

Distribution Solutions in numbers

Sales

$15.7 billion	+16%

Steel shipments

18.2 million tonnes	+8%

Operating income

The table below provides a summary of the operating income and operating margin of ArcelorMittal for the year ended December 31, 2010, as compared with the operating income and operating margin for the year ended December 31, 2009.

ArcelorMittal's operating income for the year ended December 31, 2010 was $3.6 billion, as compared with an operating loss of $1.5 billion for the year ended December 31, 2009. This rise in operating income resulted from the higher sales, steel shipments and selling prices as described above, and more generally reflected the gradual recovery of the global economy. Operating performance was stronger in the first half of 2010 than in the second half of the year, due mainly to a price-cost squeeze in the second half resulting from an overhang of high-cost raw material inventories from the first half of the year and a time lag in passing along increases in costs to customers.

Operating income for the year ended December 31, 2010 included impairment expenses of $525 million, consisting of $305 million relating to the Company's coal mines in Russia (including the disposal of the Anzherskaya mine in Russia), $113 million relating to several subsidiaries in the Distribution Solutions segment (primarily reflecting continued construction market weakness), and $93 million primarily relating to idle downstream assets in the European business. In determining these expenses, the Company took into account permanently idled assets, and with respect to other assets, analyzed the recoverable amount of these facilities based on their value in use and determined that the recoverable amount from these facilities was less than their carrying amount. These impairment losses compared to impairment losses for the twelve months ended December 31, 2009 of $552 million.

Operating income for the year ended December 31, 2010 was positively impacted by a net gain of $140 million recorded on the sale of carbon dioxide credits, the proceeds of which will be re-invested in energy saving projects, and by non-cash gains of $354 million relating to unwinding of hedges on raw material purchases. Operating performance for the twelve months ended December 31, 2009 had been negatively impacted by an exceptional charge of $2.4 billion (pre-tax) related primarily to write down on inventory and provisions for workforce reductions, partly offset by an exceptional gain of $380 million relating to a reversal of litigation provisions, a net gain of $108 million recorded on the sale of carbon dioxide credits and a non-cash gain of $979 million relating to unwinding of hedges on raw material purchases.

Company performance

$3.6bn

ArcelorMittal's operating income for the year ended December 31, 2010 was $3.6 billion, as compared with an operating loss of $1.5 billion for the year ended December 31, 2009.

Segments[1]	Operating Income Year ended December 31, 2009 (in $ millions)	2010 (in $ millions)	Operating Margin 2009 (%)	2010 (%)
Flat Carbon Americas	(757)	2,044	(6)	11
Flat Carbon Europe	(501)	583	(3)	2
Long Carbon Americas and Europe	(29)	1,068	—	5
AACIS	265	802	3	8
Distribution Solutions	(286)	164	(2)	1
Discontinued operations	(169)	(480)	(4)	(9)

[1] *Amounts are prior to inter-segment eliminations and include non-steel sales.*

Flat Carbon Americas

Operating income for the Flat Carbon Americas segment amounted to $2.0 billion for the year ended December 31, 2010, compared to an operating loss of $0.8 billion for the year ended December 31, 2009. The rise in operating income in 2010 generally reflected higher steel shipments and selling prices resulting from the global economic recovery, although the effect of a price-cost squeeze from high input costs was evident in results for the second half of the year. Operating income for the segment amounted to $0.9 billion for the second half of the year, compared to $1.1 billion in the first half.

Flat Carbon Europe

Operating income for the Flat Carbon Europe segment for the year ended December 31, 2010 was $0.6 billion compared to operating loss of $0.5 billion for the year ended December 31, 2009. The rise in operating income in 2010 generally reflected higher steel shipments and selling prices resulting from the global economic recovery, although the effect of a price-cost squeeze from high input costs was evident in results for the second half of the year. Operating income for the segment amounted to $0.3 billion for the second half of the year, compared to $0.3 billion in the first half of the year.

Long Carbon Americas and Europe

Operating income for the Long Carbon Americas and Europe segment for the year ended December 31, 2010 was $1.1 billion compared to operating loss of $29 million for the year ended December 31, 2009. The rise in operating income in 2010 generally reflected higher steel shipments and selling prices resulting from the global economic recovery, although the effect of a price-cost squeeze from high input costs was evident in results for the second half of the year. Operating income for the segment amounted to $0.4 billion for the second half of the year, compared to $0.7 billion in the first half.

AACIS

Operating income for the AACIS segment for the year ended December 31, 2010 was $0.8 billion, compared to operating income of $0.3 billion for the year ended December 31, 2009, and included an impairment expense of $0.3 billion related to the Company's coal mines in Russia (including the disposal of the Anzherskaya mine in Russia). The rise in operating income in 2010 generally reflected higher steel shipments and selling prices resulting from the global economic recovery. Operating income for the segment amounted to $0.3 billion for the second half of the year, compared to $0.5 billion in the first half.

Distribution Solutions

Operating income for the Distribution Solutions segment for the year ended December 31, 2010 was $0.2 billion, compared to operating loss of $0.3 billion for the year ended December 31, 2009, and included an impairment expense of $0.1 billion related primarily to continued construction market weakness and idled downstream assets, principally in Europe. The rise in operating income in 2010 generally reflected higher steel shipments and selling prices resulting from the global economic recovery.

Operational review

continued

Net financing costs were 23% lower for the year ended December 31, 2010, at $2.2 billion, as compared with $2.8 billion for the year ended December 31, 2009.

Income from investment in associates and joint ventures

ArcelorMittal recorded income of $0.5 billion from investments accounted for using the equity method for the year ended December 31, 2010, as compared with income from equity method investments of $0.1 billion for the twelve months ended December 31, 2009. The increase was due to higher income from the Company's investments due to the global economic recovery.

Financing costs

Net financing costs include net interest expense, revaluation of financial instruments, net foreign exchange income/expense (i.e., the net effects of transactions in a foreign currency other than the functional currency of a subsidiary) and other financing costs. Net financing costs were 23% lower for the year ended December 31, 2010, at $2.2 billion, as compared with $2.8 billion for the year ended December 31, 2009.

Net interest expense (interest expense less interest income) was $1.4 billion for the year ended December 31, 2010 as compared to $1.5 billion for the year ended December 31, 2009. Interest expense decreased to $1.6 billion for the year ended December 31, 2010, compared to interest expense of $1.7 billion for the year ended December 31, 2009, due to lower average net debt and exchange rate effects nearly offset by higher average interest rates. Interest income for the year ended December 31, 2010 decreased to $0.1 billion compared to interest income of $0.2 billion for the year ended December 31, 2009.

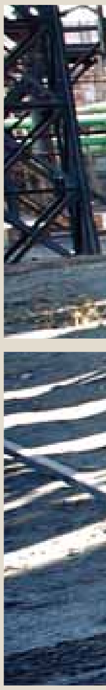
Foreign exchange and other net financing costs (which include bank fees, interest on pensions and impairments of financial instruments) for the year ended December 31, 2010 amounted to costs of $1.2 billion, as compared to costs of $0.4 billion for the year ended December 31, 2009. In 2010 the Company recorded foreign exchange losses of $0.3 billion primarily on monetary assets held in foreign currencies, compared to a gain of $0.5 billion in 2009.

Other financing costs for the year ended December 31, 2010 also included a gain of $0.4 billion for the year ended December 31, 2010 compared to a loss of $0.9 billion for the year ended December 31, 2009 primarily related to a market-to-market adjustment on the conversion options embedded in its convertible bonds issued in 2009. On April 1, 2009 and May 6, 2009, the Company issued approximately $2.5 billion of bonds which are convertible into its shares at the option of the bondholders. Under the terms of its €1.25 billion euro-denominated convertible bonds due 2014 (OCEANEs), the Company has the option to settle the bonds for shares or for an amount equivalent to the cash value of the shares at the date of the settlement (this cash settlement option was waived in October 2009 with respect to the Company's $800 million US dollar-denominated convertible bonds due 2014). The Company has determined that the convertible bonds are hybrid instruments as defined by IFRS and has identified certain components of the contracts to be embedded derivatives in accordance with IAS 39. At each reporting period (until, with respect to the US dollar-denominated bonds, the waiver noted above), changes in the fair value of the embedded derivatives (recorded at $597 million at inception) have been recorded to the statement of operations, resulting in gains or losses depending on marking to market. As a result of the hedging transactions undertaken in December 2010, no additional mark-to-market gains or losses on the convertible bonds are expected going forward.

Gain related to the fair value of freight, commodity and other non foreign exchange and interest rate-related derivative instruments not qualifying for hedge accounting amounted to $43 million for the year ended December 31, 2010, as compared with a loss of $27 million for the year ended December 31, 2009.

Income tax

ArcelorMittal recorded a consolidated income tax benefit of $1.5 billion for the year ended December 31, 2010, compared to a consolidated income tax benefit of $4.4 billion for the year ended December 31, 2009. The lower income tax benefit for the year was primarily due to ArcelorMittal's 2010 profit as compared with its 2009 pre-tax loss, as well as different foreign currency impacts in 2010 as compared to 2009. For additional information related to ArcelorMittal's income taxes, see Note 19 to ArcelorMittal's consolidated financial statements.



Company performance

$2.9bn

ArcelorMittal's net income attributable to equity holders of the parent for the year ended December 31, 2010 increased to $2.9 billion.

Non-controlling interest

Net income attributable to non-controlling interest was $89 million for the year ended December 31, 2010, as compared with a net loss of $43 million for the year ended December 31, 2009. The increase relates to higher income in subsidiaries with non-controlling interest following the improvement of market conditions in 2010.

Discontinued operations

As a result of the spin-off of the Company's stainless steel business into a separately focused company Aperam following shareholders' approval on January 25, 2011, results of the stainless steel operations are presented as discontinued operations.

Discontinued operations for the year ended December 31, 2010 consist exclusively of the post-tax net results contributed by the stainless steel business. For the twelve months ended on December 31, 2010 this amounted to losses of $0.3 billion. This includes a non-cash impairment charge of $0.6 billion resulting from the reclassification of the stainless segment as a discontinued operation. As required by IFRS 5, upon reclassification of the business as assets held for distribution, the assets and liabilities must be carried at the lower of their carrying amount and fair value less costs to distribute.

Discontinued operations also included a non-cash gain of $0.1 billion related to the recycling to the statement of operations of the non-controlling stake held by the stainless business in Aços Villares, which was derecognized as a result of Aços Villares' merger into Gerdau S.A. in December 2010.

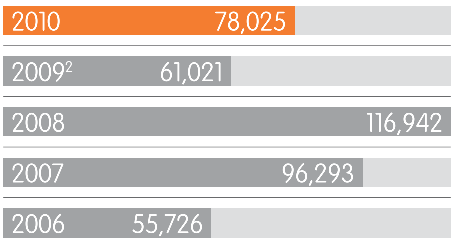
Net income attributable to equity holders of the parent

ArcelorMittal's net income attributable to equity holders of the parent for the year ended December 31, 2010 increased to $2.9 billion from a net income of $0.2 billion for the year ended December 31, 2009, for the reasons discussed above.

Key Performance Indicators (KPIs)

The Key Performance Indicators that ArcelorMittal's management uses to analyze operations are provided below:

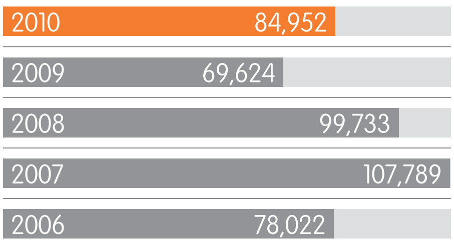
Sales[1] ($ billion)



The majority of steel sales from ArcelorMittal are destined for domestic markets; these sales are usually approached as a decentralized activity that is managed either at the business unit or at the production unit level. For some specific markets, such as automotive, there is a global approach offering similar products manufactured in different production units around the world. Globally, all sales, though executed at the local level, are coordinated strategically to ensure harmonized contract, price, rebate and payment conditions for the whole Group.

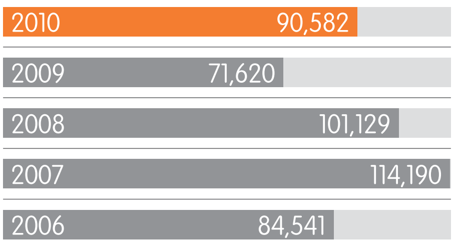
In 2010, sales for 2010 were $78.0 billion, as compared with 2009 sales of $61.0 billion. The increase was due to the improvement in global steel markets in the wake of the global economic crisis, leading to margin recovery and higher steel shipments.

Steel shipments[3] (thousand tonnes)



ArcelorMittal had steel shipments of $84.9 million tonnes for 2010, representing an increase of 22% from steel shipments of 69.6 million tonnes in 2009. Steel shipments were higher in all segments, reflecting the increase in demand due to the global economic recovery.

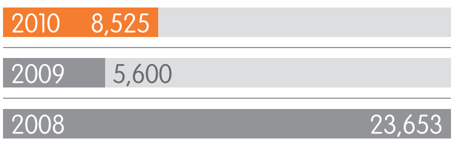
Crude steel production (liquid steel in thousand tonnes)



In 2010, approximately 65.6 million tonnes of crude steel were produced through the basic oxygen furnace route, approximately 21.8 million tonnes through the electric arc furnace route and approximately 3.1 million tonnes of crude steel through the open hearth furnace route. This provides ArcelorMittal with greater flexibility in raw material and energy use, and increased ability to meet varying customer requirements in the markets it serves.

In 2010, about 36% of crude steel was produced in America, 53% in Europe and 11% in other countries such as Kazakhstan, South Africa and Ukraine.

EBITDA ($ million)



EBITDA is defined as operating income plus depreciation, impairment expenses and exceptional items.

ArcelorMittal generated EBITDA of $8.5 billion (excluding $0.4 billion for Aperam) in 2010, 52% higher than 2009. EBITDA increased in all business segments, with the most significant improvement coming from Flat Carbon Americas. EBITDA per tonne shipped increased to $100/t in 2010, compared to $80/t in 2009 and $242/t in 2008.

Results below have been adjusted retrospectively for all periods presented due to the completion of the spin-off of stainless steel operations in a separately focused Company, Aperam, on January 25, 2011. Stainless steel operations are therefore presented as discontinued operations.

Health and Safety Lost Time Injury Frequency rate (for steel and mining, unless otherwise stated)

2010	1.8
2009	1.9
2008	2.5
2007	4.0
2006*	4.0

*for steel only

ArcelorMittal has a clear and strong Health and Safety policy aimed at reducing the severity and frequency of accidents on a continuing basis across the entire organization. The Corporate Health and Safety department defines and follows-up performance targets and monitors results from every business unit and site. ArcelorMittal has also implemented an injury tracking and reporting database to track all information on injuries, lost man-days and other significant events.

Health and Safety performance, based on ArcelorMittal's own personnel figures and contractors Lost Time Injury Frequency Rate, improved to 1.78 for the year 2010 from 1.86 per million hours worked for the year 2009, with significant progress in mining operations and the Distribution Solutions segment, offset by the deterioration in Flat Carbon Europe and Long Carbon Americas and Europe.

Average steel selling prices[4] ($/metric tonnes)

Flat Carbon Americas

2010	781
2009	698
2008	920
2007	701

Flat Carbon Europe

2010	821
2009	799
2008	1,018
2007	831

Long Carbon Americas and Europe

2010	802
2009	743
2008	1,055
2007	774

AACIS

2010	608
2009	506
2008	804
2007	585

Distribution Solutions

2010	832
2009	767
2008	1,155
2007	961

Until the 2008 and 2009 market downturn, ArcelorMittal had largely been able to reflect raw material price increases in its steel selling prices. In the first half of 2010, the traditional annual benchmark pricing mechanism was abandoned, with the big three iron ore suppliers (Vale, Rio Tinto and BHP Billiton) adopting a quarterly index-based pricing model. The new model operates on the basis of the average spot price for iron ore supplied to China, quoted in a regularly published iron ore index. Following this, price dynamics generally have experienced shorter cycles and greater volatility.

Average steel selling price for the Group in 2010 increased 9% compared to 2009. Average steel selling prices rose broadly but lagged sharp increases in most key raw material prices including iron ore.

[1] *Including $3,847 million, $4,767 million, $6,405 million, $3,169 million and $4,873 million of sales to related parties for the years ended December 31, 2006, 2007, 2008, 2009 and 2010, respectively.*

[2] *During 2010, the Company finalized the purchase price allocation for DSTC and Noble. The 2009 information has been adjusted retrospectively.*

[3] *Shipment volumes of steel products for the operations of the Company include certain inter-segment shipments.*

[4] *Average steel selling prices are calculated as steel sales divided by steel shipments. Steel sales exclude sales of coke, coal, direct reduced iron, pig iron, hot metal, slag, by-products, energy etc.*

Liquidity

ArcelorMittal's principal sources of liquidity are cash generated from its operations, its credit facilities at the corporate level and various working capital credit lines at its operating subsidiaries.

Because ArcelorMittal is a holding company, it is dependent upon the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses and meet its debt service obligations. Some of these operating subsidiaries have debt outstanding or are subject to acquisition agreements that impose restrictions on such operating subsidiaries' ability to pay dividends, but such restrictions are not significant in the context of ArcelorMittal's overall liquidity.

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

As of December 31, 2010, ArcelorMittal's cash and cash equivalents, including restricted cash and short-term investments, amounted to $6.3 billion as compared to $6.0 billion as of December 31, 2009. In addition, ArcelorMittal had available borrowing capacity of $11.3 billion under its credit facilities as of December 31, 2010 as compared to $11.2 billion as of December 31, 2009. ArcelorMittal also has a €2 billion (approximately $2.7 billion) commercial paper program (of which €1.7 billion or approximately $2.2 billion was outstanding as of December 31, 2010), and its policy has been to maintain availability under its credit facilities as back-up for its commercial paper program.

As of December 31, 2010, ArcelorMittal's total debt, which includes long-term debt and short-term debt, was $26.0 billion, compared to $24.8 billion as of December 31, 2009. Net debt (defined as long-term debt plus short-term debt, less cash and cash equivalents and restricted cash) was $19.7 billion as of December 31, 2010, up from $18.8 billion at December 31, 2009. Most of the external debt is borrowed by the parent company on an unsecured basis and bears interest at varying levels based on a combination of fixed and variable interest rates. Gearing (defined as net debt divided by total equity) at December 31, 2010 was 30% as compared to 29% at December 31, 2009. Total debt increased period-on-period primarily due to the bond issuances made during the year while net debt increased period-on-period primarily due to increases in working capital resulting from higher levels of steel production.

ArcelorMittal's principal financing facilities, which are the €17 billion (approximately $22.7 billion) term and revolving credit facility initially entered into on November 30, 2006 and subsequently amended and restated (the '€17 billion Facility'), the $4 billion revolving credit facility entered into on May 6, 2010 (which replaced an existing $4 billion revolving credit facility and the related $3.25 billion forward start facility) (the '$4 billion Facility'), the two revolving credit facilities of $0.3 billion each entered into effective June 30, 2010 (the '$0.6 billion Bilateral Facilities') and the $500 million committed multi-currency letter of credit facility entered into on September 30, 2010 (which replaced a prior $800 million letter of credit facility) (the 'Letter of Credit Facility'), contain restrictive covenants. Among other things, these covenants limit encumbrances on the assets of ArcelorMittal and its subsidiaries, the ability of ArcelorMittal's subsidiaries to incur debt and the ability of ArcelorMittal and its subsidiaries to dispose of assets in certain circumstances. These agreements also require compliance with financial covenants, as summarized below.

The €17 billion Facility, the $4 billion Facility, the $0.6 billion Bilateral Facilities and the Letter of Credit Facility have the following financial covenant: the Company must ensure that the ratio of 'Consolidated Total Net Borrowings' (consolidated total borrowings less consolidated cash and cash equivalents) to 'Consolidated EBITDA' (the consolidated net pre-taxation profits of the ArcelorMittal Group for a Measurement Period, subject to certain adjustments as set out in the facilities) does not, at the end of each 'Measurement Period' (each period of 12 months ending on the last day of a financial half-year or a financial year of the Company), exceed a certain ratio, currently 3.5 to one. The Company refers to this ratio as the 'Leverage Ratio'. As of December 31, 2010, the Leverage Ratio stood at approximately 2.2 to one, down from 3.2 to one as of December 31, 2009.

Non-compliance with the covenants in the facilities described above would entitle the lenders under such facilities to accelerate ArcelorMittal's repayment obligations. The Company was in compliance with the financial covenants in the agreements related to all of its borrowings as of December 31, 2009 and December 31, 2010.

As of December 31, 2010, ArcelorMittal had guaranteed approximately $0.9 billion of debt of its operating subsidiaries and $1.6 billion of total debt of ArcelorMittal Finance. ArcelorMittal's debt facilities have provisions whereby the acceleration of the debt of another borrower within the ArcelorMittal Group could, under certain circumstances, lead to acceleration under such facilities.

The following table summarizes the repayment schedule of ArcelorMittal's outstanding indebtedness, which includes short-term and long-term debt, as of December 31, 2010.

The following table summarizes the repayment schedule of ArcelorMittal's outstanding indebtedness, which includes short-term and long-term debt, as of December 31, 2010:

	Repayments amount per year (in billions of $)						
Type of Indebtedness. As of December 31, 2010	2011	2012	2013	2014	2015	>2015	Total
Term loan repayments							
– €12bn syndicated credit facility	$3.2	$—	$—	$—	$—	$—	$3.2
– Convertible bonds[1]	—	—	—	2.0	—	—	2.0
– Bonds	—	—	3.5	1.3	1.7	8.1	14.6
Subtotal	3.2	—	3.5	3.3	1.7	8.1	19.8
Long-term revolving credit lines							
– €5bn syndicated credit facility	—	—	—	—	—	—	—
– $4bn syndicated credit facility	—	—	—	—	—	—	—
– €0.6bn bilateral facilities	—	—	—	—	—	—	—
Commercial paper[(2)]	2.2	—	—	—	—	—	2.2
Other loans	1.3	1.3	0.5	0.2	0.3	0.4	4.0
Total Debt	**$6.7**	**$1.3**	**$4.0**	**$3.5**	**$2.0**	**$8.5**	**$26.0**

Credit lines available	Facility Amount	Drawn	Available
€5bn syndicated credit facility[3]	$6.7	—	$6.7
$4bn syndicated credit facility	$4.0	—	$4.0
$0.6bn bilateral facilities	$0.6	—	$0.6
Total committed lines	**$11.3**	**—**	**$11.3**

[1] Represents the financial liability component of approximately $2.5 billion of convertible bonds issued on April 1, 2009 and May 6, 2009, respectively, as well as of the $750 million, 17-month mandatorily convertible bond issued by a wholly-owned Luxembourg subsidiary of the Company to a Luxembourg affiliate of Calyon in December 2009. In December, 2010, ArcelorMittal acquired euro-denominated call options on 61,728,395 of its own shares and U.S. dollar-denominated call options on 26,533,997 of its own shares, with strike prices of €20.25 and $30.15 per share, respectively, allowing it to hedge its obligations arising out of the potential conversion of its euro-denominated 7.25% convertible bonds due 2014 and its U.S. dollar denominated 5% convertible notes due 2014. As part of the transaction, ArcelorMittal also sold 26.48 million treasury shares for a price of €26.4227 per share in connection with the euro-denominated call option purchase, and 11.5 million treasury shares for a price of $37.8682 per share in connection with the U.S. dollar-denominated call option purchase, both through over-the-counter block trades.

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

[3] Euro denominated loans converted at the euro: $ exchange rate of 1.34 as of December 31, 2010.

The table above summarizes the amount of credit available as of December 31, 2010 under ArcelorMittal's principal credit facilities.

The average debt maturity of the Company was 5.1 years as of December 31, 2010, as compared to 4.5 years as of December 31, 2009.

In September 2009, the Company established new targets for maintaining its gearing and leverage going forward, establishing a target range for gearing of between 25% to 40%, and also setting goals for leverage levels (which it measures by dividing net debt by EBITDA based on a yearly average EBITDA from January 1, 2004) of between 0.5x to 1.8x.

Further information regarding ArcelorMittal's outstanding long-term indebtedness as of December 31, 2010 is set forth in Note 15 to ArcelorMittal's consolidated financial statements.

Financings

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

Principal credit facilities

On November 30, 2006, ArcelorMittal entered into the €17 billion Facility (which comprises a €12 billion term loan facility and a €5 billion revolving credit facility) with a group of lenders to refinance indebtedness that Mittal Steel had incurred to finance its acquisition of Arcelor, along with Arcelor's principal long-term debt facilities. In 2007, the maturity of the €5 billion revolving credit facility was extended by agreement with the lenders for one additional year, to November 30, 2012. The €12 billion term loan facility is being repaid in installments. The outstanding amount under the €12 billion term loan facility at December 31, 2010 was €2.4 billion ($3.2 billion). The €5 billion revolving credit facility remains fully available as of December 31, 2010.

Liquidity

continued

On May 6, 2010, ArcelorMittal entered into the $4 billion Facility, a three-year revolving credit facility for general corporate purposes which replaces the Company's previous $4 billion revolving credit facility dated May 13, 2008 and the related $3.25 billion forward start facility dated February 13, 2009. These facilities were cancelled on May 12, 2010 (following this cancellation, none of the forward-start facilities entered into by the Company during the first half of 2009 remain in effect). The $4 billion Facility remains fully available as of December 31, 2010.

On June 30, 2010, ArcelorMittal entered into a bilateral three-year revolving credit facility of $300 million. On July 12, 2010, ArcelorMittal entered into an additional bilateral three-year revolving credit facility of $300 million which was retroactively effective as of June 30, 2010. Each of these facilities may be used for general corporate purposes and matures in 2013. As of December 31, 2010, both facilities were fully available.

On September 30, 2010, ArcelorMittal entered into the $500 million committed multi-currency letter of credit facility, which replaced an $800 million committed multi-currency letter of credit facility entered into on December 30, 2005. The Letter of Credit Facility is used by the Company and its subsidiaries for the issuance of letters of credit and other instruments. The terms of the letters of credit and other instruments contain certain restrictions as to duration.

2010 capital markets transactions

In 2010, ArcelorMittal completed the following capital markets transactions, the proceeds of which, totaling approximately $3.8 billion were principally used to refinance existing indebtedness. The transactions consisted of:

- A €1 billion offering of 4.625% notes due 2017 issued under the Company's €3 billion Euro Medium Term Notes Program, that closed on November 18, 2010.
- An offering of two series of US dollar-denominated notes (3.75% Notes due 2015 and 5.25% Notes due 2020) totaling $2 billion, and a $500 million reopening of the Company's 7% Notes due 2039 that closed on August 5, 2010.

Other outstanding loans and debt securities

On April 14, 2004, ArcelorMittal USA issued $600 million of senior, unsecured debt securities due in 2014. The debt securities bear interest at a rate of 6.5% per annum and were issued at a discount that is amortized as interest expense over the life of the notes. On July 22, 2005, ArcelorMittal USA repurchased $100 million of the notes leaving an outstanding balance of $500 million. These bonds are fully and unconditionally guaranteed by certain wholly-owned subsidiaries of ArcelorMittal USA and, as of March 9, 2007, by ArcelorMittal.

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

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

The Company has entered into five separate agreements with the European Bank for Reconstruction and Development ('EBRD') for on-lending to the following subsidiaries: ArcelorMittal Galati on November 18, 2002, ArcelorMittal Kryviy Rih on April 4, 2006, ArcelorMittal Temirtau on June 15, 2007, and ArcelorMittal Skopje and ArcelorMittal Zenica on November 10, 2005. The last repayment installment under these loans is January, 2015. The amount outstanding under these loans in the aggregate as of December 31, 2010 was $178 million, as compared to $238 million as of December 31, 2009. The loan relating to ArcelorMittal Galati was fully repaid on November 23, 2009.

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

On May 27, 2008, the Company issued unsecured and unsubordinated fixed rate U.S. dollar-denominated notes in two tranches totaling $3 billion. The $1.5 billion notes due 2013 bear interest at the rate of 5.375%, and the $1.5 billion notes due 2018 bear interest at the rate of 6.125%.

Summary of Cash flow Year ended December 31,	2009	2010
Net cash provided by operating activities	7,278	4,015
Net cash used in investing activities	(2,784)	(3,438)
Net cash used in financing activities	(6,347)	(7)

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

- an offering of €1.25 billion (approximately $1.6 billion) of 7.25% bonds convertible into and/or exchangeable for new or existing ArcelorMittal shares (OCEANE) due 2014 which closed on April 1, 2009;
- an offering of U.S. dollar denominated 5% convertible notes due 2014 for $800 million, which closed on May 6, 2009;
- an offering of two series of U.S. dollar denominated notes (9% Notes due 2015 and 9.85% Notes due 2019) totaling $2.25 billion, which closed on May 20, 2009;
- an offering of two series of euro-denominated notes (8.25% Notes due 2013 and 9.375% Notes due 2016) totaling €2.5 billion ($3.5 billion) which closed on June 3, 2009;
- an offering of $1 billion of U.S. dollar denominated 7% notes due 2039 which closed on October 1, 2009; and
- a private placement of a $750 million, 17-month mandatorily convertible bond by a wholly-owned Luxembourg subsidiary of the Company to a Luxembourg affiliate of Calyon, with the proceeds invested in notes linked to shares of Erdemir of Turkey and Macarthur Coal Limited of Australia, both of which are publicly-listed companies in which ArcelorMittal holds a minority stake. In ArcelorMittal's consolidated financial statements for the year ended December 31, 2009, the mandatorily convertible bond was recorded as non-controlling interest of $695 million ($684 million net of fees and tax) and $55 million as debt.

Commercial paper program

ArcelorMittal has a €2.0 billion commercial paper program in the French market, which had approximately €1.7 billion ($2.2 billion) outstanding as of December 31, 2010 as compared to €1.0 billion ($1.5 billion) as of December 31, 2009.

True sale of receivables ('TSR') programs

The Company has established sales without recourse of trade accounts receivable programs with financial institutions for a total amount as of December 31, 2010 of €2.855 billion, $750 million and CAD 215 million, referred to as True Sale of Receivables ('TSR'). These amounts represent the maximum amounts of unpaid receivables that may be sold and outstanding at any given time. Through the TSR programs, certain operating subsidiaries of ArcelorMittal surrender control, risks and the benefits associated with the accounts receivable sold; therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the statement of financial position at the moment of sale. The total amount of receivables sold under TSR programs and derecognized in accordance with IAS 39 for the years ended December 31, 2008, 2009 and 2010 were $37.4 billion, $21.8 billion and $29.5 billion, respectively (with amounts of receivables sold in euros and Canadian dollars converted to U.S. dollars at the monthly average exchange rate). Expenses incurred under the TSR programs (reflecting the discount granted to the acquirers of the accounts receivable) recognized in the statement of operations for the years 2009 and 2010 were $102 and $110 million, respectively. As a result of the distribution of the stainless business, the euro portion of the program will be reduced by €250 million.

Earnings distribution

Considering the worsening global economic conditions since September 2008, on February 10, 2009, ArcelorMittal's Board of Directors recommended reducing the annual dividend in 2009 to $0.75 per share (with quarterly dividend payments of $0.1875) from $1.50 per share previously. The dividend policy was approved by the Annual General Meeting of shareholders on May 12, 2009, and was also maintained for 2010. Quarterly dividend payments took place on March 15, 2010, June 14, 2010, September 13, 2010 and December 15, 2010.

The Board of Directors will submit to a shareholders vote, at the next Annual General Meeting, a proposal to maintain the quarterly dividend payment at $ 0.1875 per share. The dividend payments would occur on a quarterly basis for the full year 2011.

ArcelorMittal held 12.4 million shares in treasury as of December 31, 2010, as compared to 51.4 million shares as of December 31, 2009. As of December 31, 2010, the number of treasury shares was equivalent to approximately 0.79% of the total issued number of ArcelorMittal shares.

Liquidity
continued

Sources and uses of cash

The table above presents a summary of cash flow of ArcelorMittal.

Net cash provided by operating activities

For the year ended December 31, 2010, cash flow from operations decreased to $4.0 billion, as compared with $7.3 billion for the year ended December 31, 2009, mainly because of operating working capital deployment. The net cash provided by operating activities was reduced by a $2.5 billion increase (excluding discontinued operations) in working capital (consisting of inventories plus trade accounts receivable less trade accounts payable) as inventories increased by $5.5 billion; accounts receivable increased by $0.4 billion and accounts payable increased by $3.4 billion. The increase in inventories was largely attributable to higher raw material prices and higher levels of steel production compared to a year earlier.

Net cash used in investing activities

Net cash used in investing activities was $3.4 billion as compared to $2.8 billion in 2009, primarily due to higher capital expenditures.

Capital expenditures totaled $3.3 billion for the year ended December 31, 2010 as compared with $2.7 billion for the year ended December 31, 2009. The Company currently expects that capital expenditures for the year ended 2011 will amount to approximately $5.0 billion, most of which relates to the maintenance and improvement of existing sites (including Health and Safety investments). Growth capital expenditure is expected to target mining projects (as the Company has announced its intention to increase its own iron ore production by 10% in 2011) as well as other investments mainly in emerging countries.

ArcelorMittal's major capital expenditures in the year ended December 31, 2010 included the following major projects: Liberia greenfield mining project; a new hot dipped galvanizing line in Vega do Sul in Brazil; primary steelmaking optimization to increase slab capacity and optimization of galvanizing and galvalume operations in Dofasco, Canada; replacement of spirals for enrichment in ArcelorMittal Mines Canada and a capacity expansion plan in Monlevade, Brazil.

Net cash used in financing activities

Net cash used in financing activities was $7 million for the year ended December 31, 2010, as compared to $6.3 billion in 2009. The decrease in cash used in financing activities was primarily due to a decrease in debt repayments, offset by proceeds of long-term debt, primarily due to bond issuances. Net cash used in financing activities also included outflows related to the purchase of call options on shares, offset by proceeds from the sale of treasury shares, both in connection with the Company's December 2010 hedging transactions related to its convertible bonds, as well as purchases of non-controlling interests, including in ArcelorMittal Ostrava and ZKZ in Poland, during the year.

Dividends paid during the year ended December 31, 2010 were $1.3 billion, including $1.1 billion paid to ArcelorMittal shareholders and $125 million paid to non-controlling shareholders in subsidiaries. Dividends paid in the year ended December 31, 2009 were $1.3 billion.

Equity

Equity attributable to the equity holders of the parent increased to $62.4 billion at December 31, 2010, as compared to $61.1 billion at December 31, 2009, primarily due to the sale of treasury shares for $1.6 billion on December 14, 2010 and December 18, 2010 in connection with the convertible bond hedging transactions. See Note 17 to ArcelorMittal's consolidated financial statements for the year ended December 31, 2010.

Summary of risks and uncertainties

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

- a prolonged period of weak economic growth, either globally or in ArcelorMittal's key markets;
- the risk that excessive capacity in the steel industry globally and particularly in China may hamper the steel industry's recovery;
- the risk of protracted weakness in steel prices or of price volatility;
- any volatility or increases in the cost, or shortages in the supply, of raw materials, energy and transportation;
- increased competition in the steel industry;
- the risk that unfair practices in steel trade could negatively affect steel prices and reduce ArcelorMittal's profitability, or that national trade restrictions could hamper ArcelorMittal's access to key export markets;
- increased competition from other materials, which could significantly reduce market prices and demand for steel products;
- legislative or regulatory changes, including those relating to protection of the environment and health and safety;
- the risk that ArcelorMittal's high level of indebtedness could make it difficult or expensive to refinance its maturing debt, incur new debt and/or flexibly manage its business;
- risks relating to greenfield and brownfield projects that are part of ArcelorMittal's growth strategy;
- risks relating to ArcelorMittal's mining operations;
- failure to manage continued growth through acquisitions;
- Mr. Lakshmi N. Mittal's ability to exercise significant influence over the outcome of shareholder voting;
- any loss or diminution in the services of Mr. Lakshmi N. Mittal, ArcelorMittal's Chairman of the Board of Directors and Chief Executive Officer;
- the risk that the earnings and cash flows of ArcelorMittal's operating subsidiaries may not be sufficient to meet future funding needs at the holding company level;
- the risk that changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of tangible and intangible assets, including goodwill;
- the risk that significant capital expenditure and other commitments ArcelorMittal has made in connection with acquisitions may limit its operational flexibility and add to its financing requirements;
- ArcelorMittal's ability to fund under-funded pension liabilities;
- the risk of labor disputes;
- economic policy, political, social and legal risks and uncertainties in certain countries in which ArcelorMittal operates or proposes to operate;
- fluctuations in currency exchange rates, particularly the euro to U.S. dollar exchange rate, and the risk of impositions of exchange controls in countries where ArcelorMittal operates;
- the risk of disruptions to ArcelorMittal's manufacturing operations;
- damage to ArcelorMittal's production facilities due to natural disasters;
- the risk that ArcelorMittal's insurance policies may provide inadequate coverage;
- the risk of product liability claims;
- the risk of potential liabilities from investigations, litigation and fines regarding antitrust matters;
- the risk that ArcelorMittal's governance and compliance processes may fail to prevent regulatory penalties or reputational harm, both at operating subsidiaries and joint ventures;
- the risk of unfavorable changes to, or interpretations of, the tax laws and regulations in the countries in which ArcelorMittal operates are; and
- the risk that ArcelorMittal may not be able fully to utilize its deferred tax assets.

These risk factors are discussed in more detail in this Annual Report on page 165.

The Board of Directors of ArcelorMittal created a Risk Management Committee in June 2009 to assist it with risk management, in line with recent developments in corporate governance best practices, in parallel with the creation of a Group Risk Management Committee at the executive level. The directors who are currently members of the Risk Management Committee are Mr. Jeannot Krecké and Mr. Antoine Spillmann. The Risk Management Committee may seek the advice of internal or outside experts and it may bring any matter before the Board of Directors. The Chairman of the Risk Management Committee or, in his absence, any other member of the Risk Management Committee, reports to the Board of Directors at each of the latter's quarterly meetings or more frequently if circumstances so require.

Corporate governance

This section provides a summary of the corporate governance practices of ArcelorMittal.

Board of Directors, Group Management Board and Management Committee

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

Board of Directors

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

Mr. Lakshmi N. Mittal was elected Chairman of the Board of Directors on May 13, 2008. Mr. Mittal is also ArcelorMittal's Chief Executive Officer.

The Board of Directors is comprised of nine members, of which eight are non-executive directors and one is an executive director. The Chief Executive Officer of ArcelorMittal is the sole executive director.

Six of the nine members of the Board of Directors are independent. A director is considered 'independent' if (a) he or she is independent within the meaning of the Listed Company Manual of the New York Stock Exchange, as amended from time to time, or any successor manual or provisions, subject to the exemptions available for foreign private issuers (the 'NYSE standards'), (b) he or she is unaffiliated with any shareholder owning or controlling more than two percent of the total issued share capital of ArcelorMittal, and (c) the Board of Directors makes an affirmative determination to this effect. For these purposes, a person is deemed affiliated to a shareholder if he or she is an executive officer, a director who also is an employee, a general partner, a managing member or a controlling shareholder of such shareholder. The Articles of Association do not require directors to be shareholders of the Company.

The Articles of Association provide that directors are elected and removed by the general meeting of shareholders by a simple majority of votes cast. Other than as expressly set out in the Company's Articles of Association, no shareholder has any specific right to nominate, elect or remove directors. Directors are elected by the general meeting of shareholders for three-year terms. ArcelorMittal's Articles of Association provide that, from August 1, 2009, Mr. Lakshmi N. Mittal and Mrs. Usha Mittal are entitled to nominate a number of candidates for election by the shareholders to the Board of Directors in proportion to their shareholding. This right has not been exercised to date. In the event that a vacancy arises on the Board of Directors for any reason, the remaining members of the Board of Directors may, by a simple majority elect a new director to temporarily fulfill the duties attaching to the vacant post until the next general meeting of the shareholders.

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

Operation of the Board of Directors

General

Luxembourg law permits the Board of Directors to engage the services of external experts or advisers, as well as to take all actions necessary or useful to implement the Company's corporate purpose (objet social).

Meetings

The Board of Directors meets when convened by the Chairman of the Board or two members of the Board of Directors. The Board of Directors holds physical meetings at least on a quarterly basis as five regular meetings are scheduled per year. The Board of Directors holds additional meetings if and when circumstances require, in person or by teleconference.

The Board of Directors held five meetings in 2010. The average attendance rate of the directors at the Board of Directors' meetings held in 2010 was 87.8%.

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

Votes

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

Lead independent director

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

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

Mr. Lewis B. Kaden was elected by the Board of Directors as ArcelorMittal's first Lead Independent Director in April 2008.

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

Board of Directors self-evaluation and continuing education program

The Board of Directors decided in 2008 to conduct an annual self-evaluation of its functioning in order to identify potential areas for improvement. The first self-evaluation process was carried out in early 2009. The self-evaluation process was implemented through a questionnaire addressed to each director and a different questionnaire addressed to each member of the Board's Committees. The process is coordinated by the Company Secretary under the supervision of the Chairman and the Lead Independent Director. Its findings are examined by the Appointments, Remuneration and Corporate Governance Committee and presented with recommendations to the Board of Directors for implementation.

The second self-evaluation began in December 2009 and was completed in February 2010. The Board of Directors' self-evaluation of its performance in 2010, which includes the self-assessment of each of its three committees, was conducted by the Board of Directors in January 2011 and the findings have been discussed by the Board of Directors at its February 2011 meeting. Suggestions for improvement based on the prior year's performance and functioning of the Board of Directors are considered and suggested improvements are implemented during the following year.

The Board of Directors believes that its members have the appropriate range of skills, knowledge and experience, as well a greater degree of diversity, necessary to enable them to effectively govern the business. To further bolster their skills, the Board of Directors launched in 2009 a continuous education program for its members. The topics to be addressed through the program include areas of importance for the future growth and development of the Company (e.g., strategy, marketing, human resources, industrial development, corporate governance, legal and regulatory). Additional topics may be added at the request of the members of the Board of Directors. The education program usually consists of an introduction by recognized experts in the relevant fields, who may be practitioners or academics, followed by a facilitated discussion between the presenter and the Board of Directors. The members of the Board of Directors also have the opportunity to participate in specific programs designed for directors of publicly listed companies at reputable academic institutions and business schools. The Board of Directors has a yearly budget dedicated to the continuing education program.

Separate meetings of independent directors

The independent members of the Board of Directors may schedule meetings outside the presence of non-independent directors. Four meetings of the independent directors outside the presence of management and non-independent directors were held in 2010.

Board of Directors committees

The Board of Directors has three committees:

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

Audit Committee

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

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

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

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

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

The three members of the Audit Committee are Messrs. Narayanan Vaghul (Chairman), Wilbur L. Ross and Antoine Spillmann, each of whom is an independent director according to the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The Chairman of the Audit Committee is Mr. Vaghul, who has significant experience and financial expertise. Mr. Vaghul was until April 2009 the non-executive chairman of ICICI Bank Ltd., a major Indian commercial bank also listed on the NYSE. He is also a former chairman of the Mumbai (Bombay) Stock Exchange. Mr. Ross was the Chairman of International Steel Group (ISG) from its creation until its acquisition by ArcelorMittal in 2005. He is the Chairman of a number of international companies including the International Auto Components Group and is the Chairman and Chief Executive Officer of private equity firm WL Ross & Co. LLC. As such, he has acquired significant experience in the steel industry and in the management of international companies in various economic sectors. Mr. Spillmann also has significant financial expertise, having worked for several major banks, mainly in the United Kingdom, and is currently an executive partner at Bruellan, an asset management firm in Geneva, Switzerland. The Committee may also seek the advice of outside experts.

Corporate governance

continued

According to its charter, the Audit Committee is required to meet at least four times a year. During 2010, the Audit Committee met six times. The average attendance rate of the directors at the Audit Committee meetings held in 2010 was 90.5%.

The Audit Committee performs an annual self-evaluation, which was completed in January 2011 with respect to performance in 2010.

Appointments, Remuneration and Corporate Governance Committee

The Appointments, Remuneration and Corporate Governance Committee (the 'ARCG Committee') is comprised of three directors, each of whom is independent under the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The members are appointed by the Board of Directors each year after the Annual General Meeting of shareholders. The ARCG Committee makes decisions by a simple majority with no member having a casting vote.

The Board of Directors has established the ARCG Committee to:

- determine, on its behalf and on behalf of the shareholders within agreed terms of reference, ArcelorMittal's compensation framework, including stock options for the Chief Executive Officer, the Chief Financial Officer, the members of the Group Management Board and the members of the Management Committee;
- consider any candidate for appointment or reappointment to the Board of Directors at the request of the Board of Directors and provide advice and recommendations to it regarding the same;
- evaluate the functioning of the Board of Directors and monitor the Board of Directors' self-assessment process; and
- develop, monitor and review corporate governance principles applicable to ArcelorMittal.

The ARCG Committee's principal criteria in determining the compensation of executives is to encourage and reward performance that will lead to long-term enhancement of shareholder value. The ARCG Committee may seek the advice of outside experts. The three members of the ARCG Committee are Lewis B. Kaden, HRH Prince Guillaume of Luxembourg and Narayanan Vaghul, each of whom is independent in accordance with the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The Chairman of the ARCG Committee is Mr. Kaden.

The ARCG Committee is required to meet at least twice a year. During 2010, this committee met 4 times. The average attendance rate at the ARCG Committee meetings held in 2010 was 91.6%.

The ARCG Committee performs an annual self-evaluation, which was completed in January 2011 with respect to performance in 2010.

Risk Management Committee

As announced on June 5, 2009, the Board of Directors created a Risk Management Committee to assist it with risk management, in line with recent developments in corporate governance best practices and in parallel with the creation of a Group Risk Management Committee ('GRMC') at the executive level.

The members are appointed by the Board of Directors each year after the Annual General Meeting of shareholders. The Risk Management Committee must be comprised of at least two members. Sudhir Maheshwari, a member of the Group Management Board who chairs the GRMC, is an invitee to the meetings of the Risk Management Committee. At least half of the members of the Risk Management Committee must be independent under the NYSE standards and the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange. The Risk Management Committee consists of Mr. Jeannot Krecké and Mr. Antoine Spillmann.

The Risk Management Committee held a total of four meetings in 2010. According to its charter, it is required to meet at least four times per year on a quarterly basis or more frequently if circumstances so require. The average attendance rate at the Risk Management Committee meetings held in 2010 was 100%.

The members of the Risk Management Committee may decide to appoint a Chairman by majority vote. Mr. Spillmann acts as Chairman. The Chairman of the GRMC will be an invitee to the Risk Management Committee and, in addition, it may invite any other member of the GRMC or any other expert from within the ArcelorMittal Group to participate in a meeting. The Risk Management Committee may also seek the advice of outside experts.

Decisions and recommendations of the Risk Management Committee are adopted at a simple majority. In case of deadlock, any Committee member may bring the matter before the Board of Directors. The Chairman or, in the absence of the Chairman, any other member of the Risk Management Committee, will report to the Board of Directors at each of the latter's quarterly meetings or more frequently if circumstances so require. The Risk Management Committee conducts an annual self-evaluation of its own performance, the first of which was conducted in January 2011 with respect to its performance in 2010.

The purpose of the Risk Management Committee is to support the Board of Directors in fulfilling its corporate governance and oversight responsibilities by assisting with the monitoring and review of the risk management framework and process of ArcelorMittal. Its main responsibilities and duties are to assist the Board of Directors by developing recommendations regarding the following matters:

- The oversight, development and implementation of a risk identification and management process and the review and reporting on the same in a consistent manner throughout the ArcelorMittal Group;
- The review of the effectiveness of the Group-wide risk management framework, policies and process at Corporate, Segment and Business Unit levels, and the proposing of improvements, with the aim of ensuring that the Group's management is supported by an effective risk management system;
- The promotion of constructive and open exchanges on risk identification and management among senior management (through the GRMC), the Board of Directors, the Internal Assurance department, the Legal Department and other relevant departments within the ArcelorMittal Group;

- The review of proposals for assessing, defining and reviewing the risk appetite/tolerance level of the Group and ensuring that appropriate risk limits/tolerance levels are in place, with the aim of helping to define the Group's risk management strategy;
- The review of the Group's internal and external audit plans to ensure that they include a review of the major risks facing the ArcelorMittal Group; and
- Making recommendations within the scope of its charter to ArcelorMittal's senior management and to the Board of Directors about senior management's proposals concerning risk management.

Group Management Board

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

In establishing ArcelorMittal's strategic direction and corporate policies, Mr. Lakshmi N. Mittal is supported by members of ArcelorMittal's senior management, who have substantial professional and worldwide steel industry experience. Some of the members of ArcelorMittal's senior management team are also members of the Group Management Board.

Management Committee

The Group Management Board is assisted by a Management Committee comprised of the members of the Group Management Board and 12 other senior executive officers. The Management Committee discusses and prepares Group decisions on matters of Group-wide importance, integrates the geographical dimension of the Group, ensures in-depth discussions with ArcelorMittal's operational and resources leaders, and shares information about the situation of the Group and its markets.

Succession planning

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

Other corporate governance practices

ArcelorMittal is committed to apply best practice standards in terms of corporate governance in its dealings with shareholders and aims to ensure good corporate governance by applying rules on transparency, quality of reporting and the balance of powers. ArcelorMittal continually monitors U.S., European Union and Luxembourg legal requirements and best practices in order to make adjustments to its corporate governance controls and procedures when necessary.

ArcelorMittal complies with the 10 Principles of Corporate Governance of the Luxembourg Stock Exchange in all respects except for the recommendation to separate the posts of chairman of the Board of Directors and chief executive officer. The nomination of the same person to both positions was approved in 2007 by the shareholders (with the Significant Shareholder abstaining) of Mittal Steel Company N.V., which was at that time the parent company of the combined ArcelorMittal Group. Since that date, the rationale for combining the positions of Chief Executive Officer and Chairman of the Board of Directors has become even more compelling. The Board of Directors is of the opinion that Mr. Mittal's strategic vision for the steel industry in general and for ArcelorMittal in particular in his role as CEO is a key asset to the Company, while the fact that he is fully aligned with the interests of the Company's shareholders means that he is uniquely positioned to lead the Board of Directors in his role as Chairman.

Ethics and conflict of interest

Ethics and conflicts of interest are governed by ArcelorMittal's Code of Business Conduct, which establishes the standards for ethical behavior that are to be followed by all employees and directors of ArcelorMittal in the exercise of their duties. They must always act in the best interests of ArcelorMittal and must avoid any situation in which their personal interests conflict, or could conflict, with their obligations to ArcelorMittal. As employees, they must not acquire any financial or other interest in any business or participate in any activity that could deprive ArcelorMittal of the time or the attention needed to devote to the performance of their duties. Any behavior that deviates from the Code of Business Conduct is to be reported to the employee's supervisor, a member of the management, the head of the legal department or the head of the internal assurance department. Code of Business Conduct training is offered throughout ArcelorMittal. All new employees of ArcelorMittal must acknowledge the Code of Business Conduct in writing upon joining and are periodically trained about the Code of Business Conduct in each location where ArcelorMittal has operations. The Code of Business Conduct is available in the 'Corporate Governance—Code of Business Conduct' section of ArcelorMittal's website at *www.arcelormittal.com.*

Corporate governance

continued

Process for handling complaints on accounting matters

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

During 2010, 120 total complaints were referred to the Company's Internal Assurance team (described below). Following review, none of these complaints was found to be significant.

Internal assurance

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

Independent auditors

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

Measures to prevent insider dealing and market manipulation

The Board of Directors of ArcelorMittal has adopted Insider Dealing Regulations ('IDR'), which are updated when necessary and in relation to which training is conducted throughout the Group. The IDR's most recent version is available on ArcelorMittal's website, *www.arcelormittal.com*, under 'Investors & Shareholders – Corporate Governance – Insider Dealing Regulations'.

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

Furthermore, the compliance officer has the power to conduct investigations in connection with the application and enforcement of the IDR, in which any employee or member of senior management or of the Board of Directors is required to cooperate.

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

Compensation

On February 10, 2009 the Board of Directors decided that it would propose to the next Annual General Meeting of shareholders to reduce the annual compensation of board members (including that of the Chairman and Chief Executive Officer) by 15% as compared to the previous year as an additional measure in light of prevailing difficult conditions in the steel industry and to show leadership and solidarity with the Company's employees affected by redundancies and temporary lay-offs.

The proposal was approved by the Annual General Meeting held on May 12, 2009. This measure was related to 2009 compensation only.

As of December 31, 2009 and 2010, ArcelorMittal did not have outstanding any loans or advances to members of its Board of Directors and, as of December 31, 2010, ArcelorMittal had not given any guarantees for the benefit of any member of its Board of Directors.

Board of Directors

The total annual compensation of the members of ArcelorMittal's Board of Directors paid in 2009 and 2010 was as follows:

(Amounts in $ thousands except option information)	Year ended December 31, 2009	Year ended December 31, 2010
Base salary and/or directors' fees	$4,041	$3,366
Short-term performance-related bonus	2,115	692
Long-term incentives (number of options)	60,000	56,500

The annual compensation paid in 2009 and 2010 to the current and former members of ArcelorMittal's Board of Directors for services in all capacities was as follows:

(Amounts in $ thousands except option information)	2009[1]	2010[1]	2009 Short-term Performance Related	2010 Short-term Performance Related	2009 Long-term Number of Options	2010 Long-term Number of Options
Lakshmi N. Mittal	$1,492	$1,651	$2,115	$692	60,000	56,500
Vanisha Mittal Bhatia	164	172	—	—	—	—
Narayanan Vaghul	200	219	—	—	—	—
Malay Mukherjee[2]	154	—	—	—	—	—
Wilbur L. Ross, Jr.	177	191	—	—	—	—
Lewis B. Kaden	246	264	—	—	—	—
François Pinault	144	159	—	—	—	—
José Ramón Álvarez Rendueles[3]	184	71	—	—	—	—
Sergio Silva de Freitas[4]	168	—	—	—	—	—
Georges Schmit[5]	164	—	—	—	—	—
Michel Angel Marti[6]	164	—	—	—	—	—
Jean-Pierre Hansen[7]	151	—	—	—	—	—
John Castegnaro[8]	164	63	—	—	—	—
Antoine Spillmann[9]	164	212	—	—	—	—
HRH Prince Guillaume de Luxembourg	161	180	—	—	—	—
Ignacio Fernández Toxo[10]	144	—	—	—	—	—
Jeannot Krecké[11]	—	184	—	—	—	—
Total	**4,041**	**3,366**	**2,115**	**692**	**60,000**	**56,500**

[1] Compensation with respect to 2009 (paid after shareholder approval at the Annual General Meeting held on May 11, 2010) and attendance fees for 2009 amounting to approximately $0.3 million (paid in February 2010) are included in the 2010 column. Compensation and attendance fees with respect to 2010 will be paid in 2011 and are not included in the 2010 column.

[2] Mr. Mukherjee resigned effective as of September 1, 2009.

[3] The mandate of Mr. Alvarez Rendueles ended on May 11, 2010.

[4] The mandate of Mr. Silva de Freitas ended on May 12, 2009.

[5] Mr. Schmit resigned effective as of December 31, 2009.

[6] The mandate of Mr. Marti ended on May 12, 2009.

[7] The mandate of Mr. Hansen ended on May 12, 2009.

[8] The mandate of Mr. Castegnaro ended on May 11, 2010.

[9] Mr. Spillmann was elected to ArcelorMittal's Board of Directors on May 13, 2008, replacing Corporación JMAC. Mr. Spillmann had been the representative of Corporación JMAC on the Board before May 13, 2008. Compensation received in both capacities is included in this table.

[10] Mr. Fernández Toxo was elected to ArcelorMittal's Board of Directors on May 13, 2008. Mr. Fernández Toxo resigned effective as of May 12, 2009.

[11] Mr. Krecké was elected to ArcelorMittal's Board of Directors effective January 1, 2010, replacing Mr. Georges Schmit, who resigned.

The following table provides a summary of the options outstanding and the exercise price of the options granted to ArcelorMittal's Board of Directors as of December 31, 2010 (in 2001, 2003 and 2004, no options were granted to the members of the Board of Directors of the predecessor companies of ArcelorMittal):

	Granted in 2002	Granted in 2005	Granted in 2006	Granted in 2007	Granted in 2008	Granted in 2009	Granted in 2010	Total	Weighted Average Exercise Price
Lakshmi N. Mittal	80,000	100,000	100,000	60,000	60,000	60,000	56,500	516,500	$37.49
Vanisha Mittal Bhatia	—	—	—	—	—	—	—	—	—
Narayanan Vaghul	—	—	—	—	—	—	—	—	—
Wilbur L. Ross	—	—	—	—	—	—	—	—	—
Lewis B. Kaden	—	—	—	—	—	—	—	—	—
François Pinault[1]	—	—	—	—	—	—	—	—	—
José Ramón Álvarez Rendueles[2]	—	—	—	—	—	—	—	—	—
John Castegnaro[3]	—	—	—	—	—	—	—	—	—
Antoine Spillmann	—	—	—	—	—	—	—	—	—
HRH Prince Guillaume de Luxembourg	—	—	—	—	—	—	—	—	—
Jeannot Krecké[4]	—	—	—	—	—	—	—	—	—
Total	**80,000**	**100,000**	**100,000**	**60,000**	**60,000**	**60,000**	**56,500**	**516,500**	—
Exercise price	$2.26	$28.75	$33.76	$64.30	$82.57	$38.30	$32.27	—	$37.49
Term (in years)	10	10	10	10	10	10	10	—	—
Expiration date	Apr. 5, 2010	Aug. 23, 2015	Sep. 1, 2016	Aug. 2, 2017	Aug. 5, 2018	Aug. 4, 2019	Aug. 3, 2020	—	—

Senior Management

The total compensation paid in 2010 to members of ArcelorMittal's senior management (including Lakshmi N. Mittal in his capacity as CEO) was $17.8 million in base salary (including certain allowances paid in cash, such as allowances relating to car, petrol, lunch, financial services and balance settlements) and $7.2 million in short-term performance related variable pay consisting of a bonus linked to 2009 results that was paid partly with cash and partly with share-based compensation. As of December 31, 2010, approximately $1.8 million was accrued by ArcelorMittal to provide pension benefits to its senior management.

In connection with the Board of Directors' decision in February 2009 to reduce its compensation in light of the deteriorating conditions in the steel market, Group Management Board members voluntarily decided to reduce their salary by 12%, and the members of the Management Committee voluntarily decided to reduce their salary by 10%, as compared to the previous year. This measure ceased on January 1, 2010.

No loans or advances to ArcelorMittal's senior management were made during 2010 and no such loans or advances were outstanding as of December 31, 2010.

Board of Directors and Senior Management Compensation Policy

Philosophy

The ArcelorMittal Compensation Policy for executives is based on the following principles:

- Provide a total compensation competitive with executive compensation levels of a selection of 'peer companies', i.e., industrial companies of a similar size and scope;
- Promote internal equity and market median base pay levels for the executives combined with 'pay for performance';
- Motivate managers towards the achievement of Group-wide and personal goals, including efficiency and growth; and
- Retain individuals who consistently perform at expected levels and contribute to the success of the organization.

Governance principles

The Appointments, Remuneration and Corporate Governance Committee of ArcelorMittal draws up proposals annually for the Board of Directors on ArcelorMittal's executive compensation. The Committee also prepares proposals on the fees to be paid annually to the members of the Board of Directors. Such proposals relating to executive compensation comprise the following elements:

- Fixed annual salary,
- Short-term incentives, e.g., performance-related bonus, and
- Long-term incentives, e.g., stock options.

and apply to the following group of senior executives:

- the Chief Executive Officer,
- the members of the Group Management Board, and
- the members of the Management Committee.

Decisions on short- and long-term incentive plans may apply to a larger group of employees. The Appointments, Remuneration and Corporate Governance Committee receives updates about the application of these plans on a regular basis.

[1] Mr. Pinault resigned as of January 26, 2011.
[2] The mandate of Mr. Alvarez Rendueles ended on May 11, 2010.
[3] The mandate of Mr. Castegnaro ended on May 11, 2010.
[4] Mr. Krecké was elected to ArcelorMittal's Board of Directors effective January 1, 2010, replacing Mr. Georges Schmit, who resigned.

	Business Plan Achievement Target @ 80%	Business Plan Achievement Target @ 100%	Business Plan Achievement Ceiling @ 120%
CEO	50%	100%	150%
Group Management Board members	40%	80%	120%
Management Committee members	30%	60%	90%

Fixed annual salary

Base salary levels are reviewed annually to ensure that ArcelorMittal remains competitive compared to peer companies. The Group's overall policy is to measure its total compensation package at the third quartile and compare it to its peer group of companies.

Short-term incentives: performance-related bonus

ArcelorMittal has a discretionary bonus plan. The performance of the ArcelorMittal Group as a whole, the performance of the relevant business units, the achievement of specific objectives and the individual's overall performance and potential determine the outcome of the bonus calculation. This bonus plan, called the Global Performance Bonus Plan, is applicable to more than 2,000 executives and managers worldwide. Performance-related bonuses are paid only if certain minimum performance thresholds are exceeded by the ArcelorMittal Group as a whole and/or the relevant business segment.

The following three levels of achievement apply:

- 80% achievement: the threshold or minimum level of achievement. The performance bonus is not paid out if the level of achievement of the business plan target is below this threshold;
- 100% achievement: the business plan target has been fully reached;
- 120% achievement: the maximum or ceiling for over-achievement of the business plan.

The bonus is calculated as a percentage of the individual employee's base salary, as indicated in the table above. Different percentage ranges are used depending on the position of the individual employee.

Long-term incentives: stock options

The Chief Executive Officer, the Group Management Board members and the Management Committee members benefit from the Global Stock Option Plan. This plan also applies to a larger group of employees which comprises all employees bearing the titles of Vice President or General Manager. The overall cap on stock options available for grant during a given one-year period is approved by the shareholders at the Annual General Meeting.

Other benefits

In addition to the compensation elements described above, other benefits may be provided to members of the Group Management Board, the Management Committee and in certain cases other employees. These other benefits can include insurance, housing (in cases of international moves), car allowances, and tax assistance for employees on international assignments.

Stock Option Plan

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

On August 4, 2009, ArcelorMittal granted 6,128,900 options under the ArcelorMittal Global Stock Option Plan 2009-2018 to a group of key employees at an exercise price of $38.30. The options expire on August 4, 2019.

On August 3, 2010, ArcelorMittal granted 5,864,300 options under the ArcelorMittal Global Stock Option Plan 2009-2018 to a group of key employees at an exercise price of $32.27 per share. The options expire on August 3, 2020.

The fair values for options and other share-based compensation are recorded as expenses in the consolidated statement of operations over the relevant vesting or service periods, adjusted to reflect actual and expected levels of vesting. The fair value of each option grant to purchase ArcelorMittal common shares is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions (based on the year of the grant), see table below.

	2009	2010
Exercise Price	$38.30	$32.27
Dividend yield	1.96%	2.32%
Expected annualized volatility	62%	52%
Discount rate – bond equivalent yield	3.69%	2.92%
Weighted average share price	$38.30	$32.27
Expected life in years	6	6
Fair value of options	$19.64	$13.56

Corporate governance

continued

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

The compensation expense recognized for stock option plans was $176 million and $133 million for each of the years ended December 31, 2009, and 2010, respectively. Option activity with respect to ArcelorMittalShares and ArcelorMittal Global Stock Option Plan 2009 – 2018 is summarized below as of and for each of the years ended December 31, 2009, and 2010:

	Number of Options	Range of Exercise Prices (per option)	Weighted Average Exercise Price (per option)
Outstanding, December 31, 2008	19,558,466	$2.26–82.57	$60.01
Granted	6,128,900	38.30	38.30
Exercised	(456,251)	2.26–33.76	24.56
Canceled	(539,023)	33.76–82.57	70.02
Expired	(644,712)	2.26–82.57	52.20
Outstanding, December 31, 2009	24,047,380	2.26–82.57	55.22
Granted	5,864,300	32.27	32.27
Exercised	(371,200)	2.26–33.76	21.27
Canceled	(223,075)	28.75–82.57	53.42
Expired	(644,431)	2.26–82.57	49.55
Outstanding, December 31, 2010	**28,672,974**	**2.26–82.57**	**50.95**
Exercisable, December 31, 2010	16,943,555	2.26–82.57	56.59
Exercisable, December 31, 2009	11,777,703	2.26–82.57	52.46
Exercisable, December 31, 2008	6,011,214	2.26–82.57	39.75

The following table summarizes certain information regarding total stock options of the Company outstanding as of December 31, 2010:

	Options Outstanding			
Exercise Prices (per option)	Number of options	Weighted average contractual life (in years)	Options exercisable (number of options)	Maturity
82.57	6,645,814	7.60	4,648,764	August 5, 2018
74.54	13,000	6.95	13,000	December 11, 2017
64.30	5,066,070	6.59	5,066,070	August 2, 2017
40.25	1,297,181	2.50	1,297,181	June 30, 2013
38.30	5,978,100	8.60	2,090,394	August 4, 2019
33.76	2,232,037	5.67	2,232,037	September 1, 2016
32.27	5,826,800	9.60	5,000	August 3, 2020
28.75	1,359,834	4.65	1,359,834	August 23, 2015
23.75	32,000	7.96	16,000	December 15, 2018
22.25	20,585	7.87	13,722	November 10, 2018
15.33	17,625	0.50	17,625	June 30, 2011
2.26	183,928	1.26	183,928	April 5, 2012
$2.26 – 82.57	**28,672,974**	**7.47**	**16,943,555**	

Share ownership

As of December 31, 2010, the aggregate beneficial share ownership of ArcelorMittal directors and senior management (27 individuals) totaled 2,040,897 ArcelorMittal shares (excluding shares owned by Mr and Mrs Lakshmi Mittal, the main shareholders in ArcelorMittal and including options to acquire 1,432,886 ArcelorMittal common shares that are exercisable within 60 days of December 31, 2010), representing 0.13% of the total issued share capital of ArcelorMittal. Excluding options to acquire ArcelorMittal common shares, these 27 individuals beneficially own 608,011 ArcelorMittal common shares. Other than the Significant shareholder, each director and member of senior management beneficially owns less than 1% of ArcelorMittal's shares.

In 2009, the percentage of total common shares (including treasury stock) in the possession of the Significant shareholder decreased from 43.05% to 40.84% as a result of a stock offering of which the Significant shareholder acquired 10%. The ownership of the Significant shareholder increased in 2010, and was 40.87% as of December 31, 2010.

In 2009, the number of ArcelorMittal options granted to directors and senior management (including the Significant shareholder) was 665,000 at an exercise price of $38.30. In 2010, the number of ArcelorMittal options granted to directors and senior management (including the Significant shareholder) was 643,900 at an exercise price of $32.27.
The options vest either ratably upon each of the first three anniversaries of the grant date (or in total upon the death, disability or retirement of the grantee) and expire ten years after the grant date.

In 2001, 2003 and 2004, no options were granted to the members of the senior management of ArcelorMittal's predecessor companies.

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

Employee Share Purchase Plan (ESPP)

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

The plan was offered to 183,560 employees in 21 jurisdictions. ArcelorMittal offered a maximum total number of 2,500,000 shares (0.16% of the current issued shares on a fully diluted basis). A total of 164,171 shares were subscribed, 1,500 of which were subscribed by Members of the Group Management Board and the Management Committee of the Company. The subscription price was $34.62 before discounts. The subscription ran from November 16, 2010 until November 25, 2010 and was settled with treasury shares on January 10, 2011.

Pursuant to the plan, eligible employees could apply to purchase a number of shares not exceeding that number of whole shares equal to the lower of (1) 200 shares and (2) the number of whole shares that may be purchased for $15,000 (rounded down to the nearest whole number of shares).

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

(a) 15% of the reference price for a purchase order not exceeding the lower of (1) 100 shares, and (2) the number of shares (rounded down to the nearest whole number) corresponding to an investment of $7,500 (the first cap); and thereafter;

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

All shares purchased under the ESPP are currently held in custody for the benefit of the employees in global accounts with BNP Paribas Securities Services, except for shares purchased by Canadian and U.S. employees, which are held in custody in one global account with The Bank of New York Mellon.

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

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

- the spin-off shall be deemed an early exit event for the participants who will be employees of one of the entities that will be exclusively controlled by Aperam, except in certain jurisdictions where termination of employment is not an early exit event; and
- the Aperam shares to be received by ESPP participants will be blocked in line with the lock-up period applicable to the ArcelorMittal shares in relation to which the Aperam shares are allocated based on a ratio of one Aperam share for 20 ArcelorMittal shares.

The following table summarizes outstanding share options, as of December 31, 2010, granted to the members of senior management of ArcelorMittal (or its predecessor company Mittal Steel, depending on the year):

	Year of Grant 2002	Year of Grant 2005	Year of Grant 2006	Year of Grant 2007	Year of Grant 2008	Year of Grant 2009	Year of Grant 2010	Total*	Average weighted Exercise price*
Senior Managers (including Significant shareholder)	105,000	247,180	333,372	523,001	604,000	665,000	643,900	3,121,453	
Exercise price	$2.26	$28.75	$33.76	$64.30	$82.57	$38.30	$32.27		$51.25
Term (in years)	10	10	10	10	10	10	10	—	—
Expiration date	Apr. 5, 2012	Aug. 23, 2015	Sep. 1, 2016	Aug. 2, 2017	Aug. 5, 2018	Aug. 4, 2019	Aug. 3, 2020	—	—

** The options granted by Arcelor (noted above) have been included in the total number of options and the average weighted exercise price (at a conversion rate of 1 euro = 1.3705 U.S. dollars) and 32,000 options granted on December 15, 2008 at an exercise price of $23.75.*

Share capital

Major shareholders

As of December 31, 2010, the authorized share capital of ArcelorMittal consisted of 1,617,000,000 common shares, without nominal value. At December 31, 2010, 1,560,914,610 common shares, unchanged from the number of common shares at December 31, 2009, were issued and 1,548,561,690 common shares, compared to 1,509,541,518 common shares at December 31, 2009, were outstanding.

The following table sets forth information as of December 31, 2010 with respect to the beneficial ownership of ArcelorMittal common shares by each person who is known to be the beneficial owner of more than 5% of the shares and all directors and senior management as a group.

	ArcelorMittal Common Shares[1]	
	Number	%
Significant shareholder[2]	638,004,863	40.87
Treasury Stock[3,4]	10,520,234	0.67
Other public shareholders	912,389,513	58.46
Total	**1,560,914,610**	**100.00**
Directors and Senior Management[5,6]	2,040,897	0.13

[1] For purposes of this table, a person or group of persons is deemed to have beneficial ownership of any ArcelorMittal common shares as of a given date on which such person or group of persons has the right to acquire such shares within 60 days after December 31, 2010 upon exercise of vested portions of stock options. The first-third of the stock options granted on August 4, 2009 vested on August 4, 2010 and the first and second third of the stock options granted on August 5, 2008 vested on August 5, 2009 and August 5, 2010 respectively; all stock options of the previous grants have vested.

[2] Mr. Lakshmi Mittal and his wife, Mrs. Usha Mittal, have direct ownership of ArcelorMittal common shares and indirect ownership of holding companies that own ArcelorMittal common shares. Ispat International Investments S.L. is the owner of 112,338,263 ArcelorMittal common shares. Lumen Investments S.à r.l., a limited liability company organized under the laws of Luxembourg, is the owner of 525,000,000 ArcelorMittal common shares. Mr. Mittal is the direct owner of 221,600 ArcelorMittal common shares and holds options to acquire an additional 516,500 ArcelorMittal common shares, of which 400,000 are, for the purposes of this table, deemed to be beneficially owned by Mr. Mittal due to the fact that those options are exercisable within 60 days. Mrs. Mittal is the direct owner of 45,000 ArcelorMittal common shares. Mr. Mittal and Mrs. Mittal share indirect beneficial ownership of 100% of each of Ispat International Investments S.L. and Lumen Investments S.à r.l. Accordingly, Mr. Mittal is the beneficial owner of 638,004,863 ArcelorMittal common shares and Mrs. Mittal is the beneficial owner of 637,383,263 common shares. Excluding options, Mr. Lakshmi Mittal and Mrs. Usha Mittal together, directly and indirectly through intermediate holding companies and trusts, own 637,604,863 ArcelorMittal common shares.

[3] Represents ArcelorMittal common shares repurchased pursuant to share repurchase programs in prior years and fractional shares returned in various transactions, and reflects the sale of treasury shares in December as a part of the hedging transaction relating to the Company's outstanding convertible bonds; excludes (1) 276,490 shares awarded to senior management as bonus shares in respect of the second half of 2009; (4) 392,282 shares used to settle purchases under the ESPP 2009 offering that closed on January 28, 2010; (5) 371,200 options that were exercised during the 12 months ended December 31, 2010 and (6) 1,569,386 stock options that can be exercised by directors and senior management (other than the Significant shareholder), and 400,000 stock options that can be exercised by the Significant shareholder, in each case within 60 days of December 31, 2010. Holders of these stock options are deemed to beneficially own ArcelorMittal common shares for the purposes of this table due to the fact that such options are exercisable within 60 days.

[4] As the table is as of December 31, 2010, it also excludes 164,171 shares used to settle purchases under the ESPP 2010 offering that closed on January 10, 2011.

[5] Includes shares beneficially owned by directors and members of senior management; excludes shares beneficially owned by the Significant shareholder.

[6] These 2,040,897 ArcelorMittal common shares are included in shares owned by the public shareholders indicated above.

The ArcelorMittal common shares may be held in registered form only. Registered shares may consist of (a) shares traded on the NYSE, or New York Shares, which are registered in a register kept by or on behalf of ArcelorMittal by its New York transfer agent, (b) shares traded on Euronext Amsterdam by NYSE Euronext, Euronext Brussels by NYSE Euronext, Euronext Paris by NYSE Euronext, the regulated market of the Luxembourg Stock Exchange and the Spanish Stock Exchanges (Madrid, Bilbao, Valencia and Barcelona), which are registered in ArcelorMittal's shareholders' register, or (c) ArcelorMittal European Register Shares, which are registered in a local shareholder register kept by or on behalf of ArcelorMittal by BNP Paribas Securities Services in Amsterdam, or directly on ArcelorMittal's Luxembourg shareholder register without being held on ArcelorMittal's local Dutch shareholder register. Under Luxembourg law, the ownership of registered shares is evidenced by the inscription of the name of the shareholder, the number of shares held by such shareholder and the amount paid up on each share in the shareholder register of ArcelorMittal.

At December 31, 2010, there were 2,726 shareholders other than the Significant shareholder holding an aggregate of 41,337,114 ArcelorMittal common shares registered in ArcelorMittal's shareholder register, representing approximately 3% of the common shares issued (including treasury shares).

At December 31, 2010, there were 163 U.S. shareholders holding an aggregate of 48,982,080 New York Shares, representing approximately 3.14% of the common shares issued (including treasury shares). ArcelorMittal's knowledge of the number of New York Shares held by U.S. holders is based solely on the records of its New York transfer agent regarding registered ArcelorMittal common shares.

At December 31, 2010, there were 821,593,083 ArcelorMittal common shares being held through the Euroclear/Iberclear clearing system in The Netherlands, France, Luxembourg and Spain.

The spin-off of ArcelorMittal's stainless and specialty steels business into Aperam effective January 25, 2011 had no impact on the number of ArcelorMittal's issued shares, which remains at 1,560,914,610.

Share capital

On June 17, 2009, an Extraordinary General Meeting ('EGM') of shareholders decided to renew for a five-year term the authorization given to the Board of Directors to decide an increase in the issued share capital within the limits of the authorized share capital of €7,082,460,000 represented by 1,617,000,000 shares without nominal value. The EGM also approved the new wording of Article 5.5 of the Articles of Association which provides the Board of Directors with more flexibility in implementing increases in the issued share capital of the Company and no longer restricts them to mergers and acquisitions or similar transactions.

On June 22, 2009, the share capital increase decided by the Board of Directors on April 29 and approved by the EGM on June 17 was implemented and, as a result, the issued share capital of ArcelorMittal increased by €490,946,591.84, or 112,088,263 shares, to €6,836,805,991.80, represented by 1,560,914,610 shares, such shares being in each case fully paid-up and having no nominal value.

At December 31, 2010, the issued share capital amount was unchanged from June 17, 2009. As a consequence of the spin-off of the Company's stainless and specialty steels business into Aperam on January 25, 2011, the Company's issued share capital has been reduced by €408,800,000, without reduction in the number of shares issued, which remained at 1,560,914,610.

Related party transactions

ArcelorMittal engages in certain commercial and financial transactions with related parties, all of which are affiliates and joint ventures of ArcelorMittal. Please refer to Note 14 of ArcelorMittal's consolidated financial statements.

Shareholder's Agreement

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

Agreements with Aperam in connection with stainless steel spin-off

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

Transitional services and related agreements

The services provided under the Transitional Services Agreement will cease to be provided on December 31, 2011, with the possibility for Aperam to extend most services for one additional year. In addition, Aperam will be entitled to terminate the Transitional Services Agreement at any time by giving three months' notice to ArcelorMittal. ArcelorMittal, however may not terminate the Transitional Services Agreement other than for material breaches of the agreement, Aperam's insolvency or if control over Aperam changes.

Share capital

continued

Among other services, ArcelorMittal will provide the following services to Aperam under the Transitional Services Agreement: (i) corporate insurance, (ii) consolidation, (iii) legal services, (iv) Treasury back office services, (v) corporate human resources, (vi) intellectual property administration services, (vii) Health and Safety (REACH implementation platform), (viii) company secretary, (ix) M&A, (x) Strategy, (xi) Technical Office, (xii) Corporate IS/IT, (xiii) communication and (xiv) tax services. The service charges payable by Aperam to ArcelorMittal will be calculated individually for each service provided on a cost plus margin basis.

In particular, under the Transitional Services Agreement Aperam will receive services to assist it in the preparation of its monthly, quarterly and annual consolidation reports as well as services relating to the maintenance and development of certain software necessary for Aperam's reporting procedures. Aperam will also receive services to assist it in the preparation of its annual report and semi-annual report each year.

Aperam may also request ArcelorMittal to act as an insurance broker and negotiate insurance policies on its behalf. In general, however, Aperam will be responsible for entering into new insurance policies once the insurance policies that currently cover it expire.

Human resources services include access to certain continuing education programs provided by ArcelorMittal as well as participation in sector representative bodies and access to certain human resources software.

ArcelorMittal will also provide legal support, with the possible assistance of external legal counsel.

ArcelorMittal will continue to manage the administrative aspects of Aperam's intellectual property and patent portfolio for one year, and Aperam may continue to use the ArcelorMittal brand for a transitional period.

In the area of research and development, Aperam will enter into an arrangement with ArcelorMittal setting out a framework for future cooperation between the two groups in relation to certain ongoing research and development programs. Moreover, Aperam and ArcelorMittal may enter into ad hoc cooperation agreements for future research and development purposes.

The purchasing and sourcing of raw materials generally will not be covered by the Transitional Services Agreement. Aperam will be responsible for the sourcing of its key raw materials, including nickel, chromium, molybdenum and stainless steel scrap. However, under the terms of the purchasing services agreement and the sourcing services agreement, Aperam will rely on ArcelorMittal for advisory services in relation to the negotiation of certain contracts with global or large regional suppliers, including those relating to the following key categories: energy (electricity, natural gas, industrial gas), raw materials (ferro-alloys, certain base materials), operating materials (rolls, electrodes, refractories) and industrial products and services. The purchasing services agreement will also permit Aperam to avail itself of the services and expertise of ArcelorMittal for certain capital expenditure items not specific to stainless and specialty steel production. The purchasing services agreement and the sourcing services agreement will be entered into for a term of two years.

In South America, management intends to execute an amendment to an existing Brazilian cost-sharing agreement between, inter alia, ArcelorMittal Brasil and ArcelorMittal Inox Brasil, according to which ArcelorMittal Brasil will continue to perform certain corporate functions and certain purchasing activities for the benefit of certain Brazilian subsidiaries of Aperam until March 31, 2011. As of April 1, 2011, management expects that ArcelorMittal Brasil will no longer perform the corporate functions of the relevant Brazilian subsidiaries of Aperam and will transfer the necessary personnel to ArcelorMittal Inox Brasil to enable the latter to perform itself the required corporate functions. Purchasing activities, however, will continue to be performed by ArcelorMittal Brasil for the benefit of certain of Aperam's Brazilian subsidiaries, it being understood that, as of April 1, 2011, the costs for these purchasing activities will be shared by Aperam's relevant Brazilian subsidiaries on the basis of new cost allocation keys to be agreed upon between the parties.

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

Financing agreements

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

On January 19, 2011, ArcelorMittal Finance as lender and ArcelorMittal and Aperam as borrowers entered into a $900 million credit facility for general corporate purposes and for the refinancing of existing intercompany and other debt (the 'Bridge Loan'). The Bridge Loan was entered into for a period of 364 days after January 25, 2011 and can be extended under some conditions for an additional 364 days. The Bridge Loan was made available to ArcelorMittal and then automatically transferred by operation of law to Aperam. Upon occurence of the spin-off on January 25, 2011, the Bridge Loan was automatically transferred to Aperam and exists after the spin-off between ArcelorMittal Finance and Aperam. Pursuant to a most favored lender provision included in the Bridge Loan, the Bridge Loan is expected to be amended in the first quarter of 2011 in order to incorporate more favorable provisions following the expected signature by Aperam of a Borrowing Base Facility Agreement ('BBFA'). The Bridge Loan contains certain mandatory prepayment events which compel Aperam to prepay the Bridge Loan, in particular, with part of any drawdown under the proceeds of the BBFA or any potential bond issuance.

Additional information

ArcelorMittal as Parent Company

ArcelorMittal, incorporated under the laws of Luxembourg, is the parent company of the ArcelorMittal group and is expected to continue this role during the coming years. The Company has no branch offices and generated a net income of $14.6 billion in 2010.

Group companies listed on the Luxembourg Stock Exchange

ArcelorMittal's securities are traded on several exchanges, including the Luxembourg Stock Exchange, and its primary stock exchange regulator is the Luxembourg CSSF (Commission de Surveillance du Secteur Financier). ArcelorMittal's CSSF issuer number is E-0001.

In addition to ArcelorMittal, the securities of two other ArcelorMittal Group companies are listed on the Luxembourg Stock Exchange.

ArcelorMittal Finance S.C.A. is a société en commandite par actions with registered office address at 19, avenue de la Liberté, L-2930 Luxembourg, Grand-Duchy of Luxembourg, registered with the Registre du Commerce et des Sociétés Luxembourg under number B 13.244. ArcelorMittal Finance is indirectly 100% owned by ArcelorMittal. ArcelorMittal Finance was, until June 18, 2008, the principal finance vehicle of the ArcelorMittal Group and, in this connection, it issued a number of bonds listed on the Luxembourg Stock Exchange. ArcelorMittal Finance's CSSF issuer number is E-0225.

ArcelorMittal Rodange & Schifflange S.A. is a société anonyme with registered office address at 2, rue de l'Industrie, L- 4823 Rodange, Grand-Duchy of Luxembourg, registered with the Registre du Commerce et des Sociétés Luxembourg under number B 10.643. The share capital of ArcelorMittal Rodange & Schifflange is approximately 79.84% owned indirectly by ArcelorMittal and its shares are listed on the Luxembourg Stock Exchange. Its CSSF issuer number is E-0003.

Minority shareholders litigation

On January 8, 2008, ArcelorMittal received a writ of summons on behalf of four hedge fund shareholders of Arcelor to appear before the civil court of Luxembourg. The summons was also served on all natural persons sitting on the Board of Directors of ArcelorMittal at the time of the merger and on the Significant shareholder. The claimants request, among other things, the cancellation and the amendment of the corporate decisions relating to the second-step merger in order to reflect an exchange ratio of 11 ArcelorMittal (the entity resulting from the first step merger) shares for seven Arcelor shares (ignoring the impact of the share capital restructuring of Arcelor) accompanied by the allocation by the Significant shareholder or the Company of additional shares to the claimants to reflect this revised ratio, and alternatively, the payment of damages by the defendants (jointly and severally or severally, at the court's discretion) in an amount of €180 million.

ArcelorMittal submitted its brief in response on October 16, 2008, challenging the validity, the admissibility and the merits of the claims. The claimants filed their conclusions on January 5, 2010. Judgment in the first instance is not expected before the end of 2011.

Shareholder information

ArcelorMittal is listed on the stock exchanges of NYSE Euronext, in Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).

ArcelorMittal, with its diversified business model, strong cash-flow and cost leadership position, is well placed to weather the current challenging economic environment and has the ambition to develop and balance its shareholder base on the major listed markets and to attract new investors.

ArcelorMittal remains optimistic about the industry's medium-term growth prospects. Post-crisis the Group cautiously re-initiated some projects to capture growth in key emerging markets and mining. This is being accelerated in 2011 as the Group increases planned capex to $5bn.

Share price performance

Following the strong performance in 2009, the price of ArcelorMittal's shares declined by approximately 16% in 2010, underperforming the Global Metals & Mining sector which increased by 13%. The underperformance largely reflects the differences in capacity utilization between the Group and its peers: mining peers were operating at full capacity and generating pre-crisis margins; and some of the Group's steel peers benefited from region-specific demand strength. (See graph on opposite page.)

Indexes

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

Dividend

ArcelorMittal's Board of Directors has recommended to maintain the annual dividend per share at $0.75 for 2011, subject to the approval of the Annual General Meeting of shareholders on May 10, 2010. Once market conditions have normalized, the Board of Directors will review the dividend policy.

The dividend payments will occur on a quarterly basis for the full year 2011 (see financial calendar). Dividends are announced in $ and paid in $ for shares listed on the New York Stock Exchange and paid in euros for shares listed on the European stock exchanges (The Netherlands, France, Spain, Luxembourg and Belgium).

Investor relations

By implementing high standards of financial information disclosure and providing clear, regular, transparent and even-handed information to all its shareholders, ArcelorMittal aims to be the first choice for investors in the sector.

To meet this objective and provide information to fit the needs of all parties, ArcelorMittal implements an active and broad investor communications policy: conference calls, road shows with the financial community, regular participation at investor conferences, plant visits and meetings with individual investors.

Individual investors

ArcelorMittal's senior management plans to meet individual investors and shareholder associations in road shows throughout 2011. A dedicated toll free number for individual investors is available at 00800 4792 4792. Requests for information or meetings on the virtual meeting and conference center may also be sent to: *PrivateInvestors@arcelormittal.com*

Analysts and institutional investors

As the world's leading steel Company and major investment vehicle in the steel sector, ArcelorMittal constantly seeks to develop relationships with financial analysts and international investors. Depending on their geographical location, investors may use the following e-mails:
InstitutionalsAmericas@arcelormittal.com
InstitutionalsEurope@arcelormittal.com

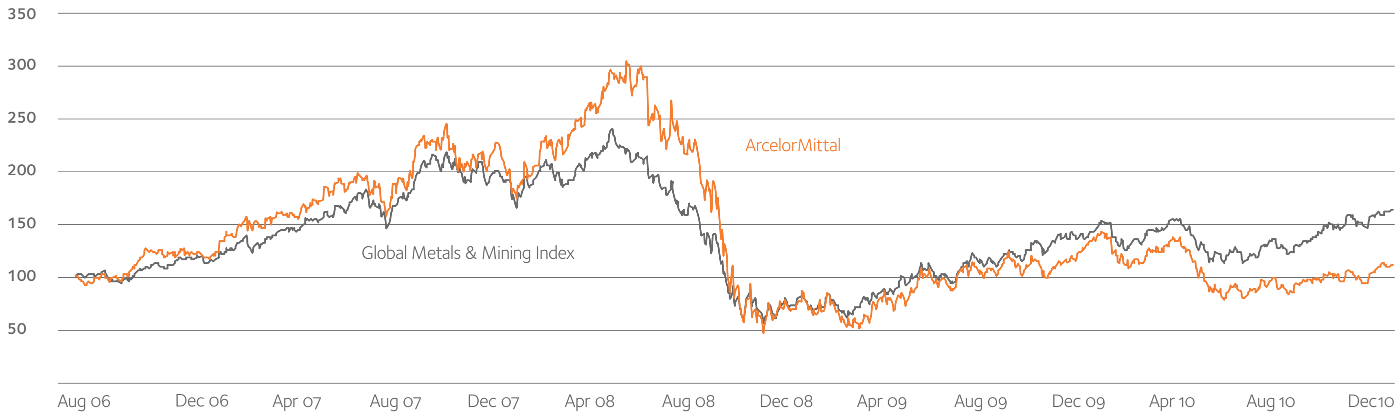
Socially responsible investors

The Investor Relations team is also a privileged source of information for the growing Socially Responsible Investment community. The team organizes special events on ArcelorMittal's Corporate Responsibility strategy and answers all requests for information sent to the Group *SRI@arcelormittal.com.*

Credit and Fixed Income Investors

Credit, Fixed Income Investors and rating agency are followed by a dedicated team from Investor Relations
CreditFixedIncome@arcelormittal.com.

ArcelorMittal share price performance since creation
Base 100 at August 1, 2006 ($)



Source: Bloomberg

Financial calendar

Financial Results*

February 8, 2011	Results for 4th quarter 2010 and 12 months 2010
May 11, 2011	Results for 1st quarter 2011
July 27, 2011	Results for 2nd quarter 2011 and 6 months 2011
November 3, 2011	Results for 3rd quarter 2011 and 9 months 2011

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

Dividend payment (subject to shareholder approval)

March 14, 2011	1st quarterly payment of base dividend (interim dividend)
June 14, 2011	2nd quarterly payment of base dividend
September 12, 2011	3rd quarterly payment of base dividend
December 12, 2011	4th quarterly payment of base dividend

*** Subject to shareholder approval*

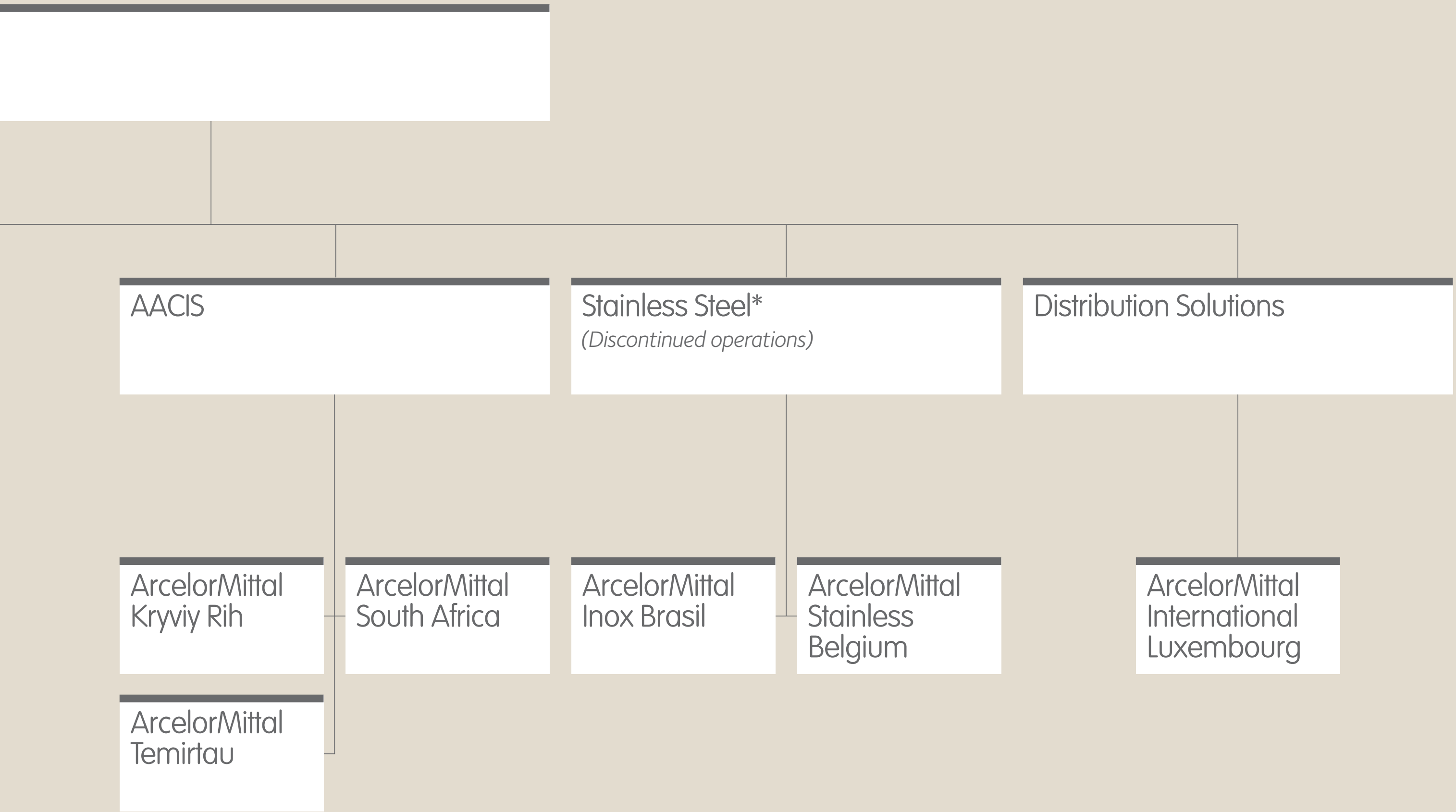
Institutional investor days and retail shareholder events

May 10, 2011	Annual shareholder meeting in Luxembourg
June 15, 2011	Individual investor event
September 23, 2011	Investor Day with Group Management Board members

To subscribe to ArcelorMittal releases and results, please visit the subscription form section under 'Investors & Shareholders – Contacts' on www.arcelormittal.com

Group structure

- ArcelorMittal
  - Flat Carbon Americas
    - ArcelorMittal Brasil
    - ArcelorMittal Mines Canada
    - ArcelorMittal Lázaro Cárdenas
    - ArcelorMittal Dofasco
    - ArcelorMittal USA
  - Flat Carbon Europe
    - ArcelorMittal Atlantique & Lorraine
    - ArcelorMittal Belgium
    - ArcelorMittal España
    - ArcelorMittal Flat Carbon Europe
    - ArcelorMittal Galati
    - ArcelorMittal Poland
    - ArcelorMittal Méditerranée
    - ArcelorMittal Bremen
    - ArcelorMittal Eisenhüttenstadt
    - Industeel Belgium
    - Industeel France
  - Long Carbon Americas and Europe
    - Acindar
    - ArcelorMittal Belval & Differdange
    - ArcelorMittal Brasil
    - ArcelorMittal Hamburg
    - ArcelorMittal Duisburg
    - ArcelorMittal Las Truchas
    - ArcelorMittal Gipuzkoa
    - ArcelorMittal Montreal
    - ArcelorMittal Point Lisas
    - ArcelorMittal Ostrava
    - ArcelorMittal Warszawa
    - ArcelorMittal Poland
    - Sonasid



*Effective January 25, 2011, the Stainless and Specialty Steels segment was spun off into a separate listed company called Aperam.

Chief Executive Officer and Chief Financial Officer's Responsibility Statement

We confirm to the best of our knowledge that:

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

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

By order of the Board of Directors

Chief Executive Officer
Lakshmi N. Mittal
March 11, 2011

Chief Financial Officer
Aditya Mittal
March 11, 2011

Consolidated Statements of Financial Position

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

	December 31, 2009	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	5,919	6,207
Restricted cash	90	82
Trade accounts receivable and other, including 392 and 616 from related parties at December 31, 2009 and 2010, respectively (note 6 and 14)	5,750	5,725
Inventories (note 7)	16,835	19,583
Prepaid expenses and other current assets (note 8)	4,212	4,160
Assets held for sale and distribution (note 5)	1	6,918
Total current assets	**32,807**	**42,675**
Non-current assets:		
Goodwill and intangible assets (note 9)	17,034	14,373
Property, plant and equipment (note 10)	60,385	54,344
Investments in associates and joint ventures (note 11)	9,628	10,152
Other investments (note 12)	424	267
Deferred tax assets (note 19)	4,838	6,603
Other assets (note 13)	2,581	2,490
Total non-current assets	**94,890**	88,229
Total assets	**127,697**	**130,904**

The accompanying notes are an integral part of these consolidated financial statements.

Liabilities and Equity	December 31, 2009[1]	December 31, 2010
Current liabilities:		
Short-term debt and current portion of long-term debt (note 15)	4,135	6,716
Trade accounts payable and other, including 337 and 465 to related parties at December 31, 2009 and 2010, respectively (note 14)	10,676	13,256
Short-term provisions (note 20)	1,433	1,343
Accrued expenses and other liabilities (note 21)	6,922	6,900
Income tax liabilities	314	471
Liabilities held for sale and distribution (note 5)	11	2,037
Total current liabilities	**23,491**	**30,723**
Non-current liabilities:		
Long-term debt, net of current portion (note 15)	20,677	19,292
Deferred tax liabilities (note 19)	5,144	4,006
Deferred employee benefits (note 23)	7,583	7,180
Long-term provisions (note 20)	2,121	1,738
Other long-term obligations	3,244	1,865
Total non-current liabilities	**38,769**	34,081
Total liabilities	**62,260**	**64,804**
Commitments and contingencies (note 22 and note 24)		
Equity (note 17):		
Common shares (no par value, 1,617,000,000 and 1,617,000,000 shares authorized, 1,560,914,610 and1,560,914,610 shares issued, and 1,509,541,518 and 1,548,561,690 shares outstanding at December 31,2009 and 2010, respectively)	9,950	9,950
Treasury shares (51,373,092 and 12,352,920 common shares at December 31, 2009 and 2010, respectively, at cost)	(2,823)	(427)
Additional paid-in capital	20,808	20,198
Retained earnings	29,777	31,647
Reserves	3,372	1,062
Equity attributable to the equity holders of the parent	61,084	62,430
Non-controlling interests	4,353	3,670
Total equity	**65,437**	**66,100**
Total liabilities and equity	**127,697**	**130,904**

[1] As required by IFRS 3, the 2009 information has been adjusted retrospectively for the finalization in 2010 of the allocation ofpurchase price of acquisitions made in 2009 (see note 3).

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

continued

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

	Year Ended December 31, 2009[2]	Year Ended December 31, 2010
Sales (including 3,169 and 4,873 of sales to related parties for 2009 and 2010, respectively	61,021	78,025
Cost of sales (including depreciation and impairment of 5,126 and 4,920 and 1,942 and 2,448 of purchases from related parties for 2009 and 2010, respectively)	58,815	71,084
Gross margin	2,206	6,941
Selling, general and administrative	3,676	3,336
Operating income (loss)	(1,470)	3,605
Income from investments in associates and joint ventures	56	451
Financing costs – net (note 18)	(2,847)	(2,200)
Income (loss) before taxes	(4,261)	1,856
Income tax expense (benefit) (note 19)	(4,432)	(1,479)
Net income from continuing operations (including non-controlling interests)	171	3,335
Discontinued operations, net of tax (note 5)	(57)	(330)
Net income (including non-controlling interests)	**114**	**3,005**
Net income attributable to:		
Equity holders of the parent:		
Net income from continuing operations	214	3,246
Net income from discontinued operations	(57)	(330)
Net income attributable to equity holders of the parent	157	2,916
Non-controlling interests:		
Net income from continuing operations	(43)	89
Net income from discontinued operations	—	—
Net income attributable to non-controlling interests	(43)	89
Net income (including non-controlling interests)	**114**	**3,005**

	Year Ended December 31, 2009[2]	Year Ended December 31, 2010
Earnings per common share (in U.S. dollars)		
Basic common shares	0.11	1.93
Diluted common shares[1]	0.11	1.72
Earnings per common share – continuing operations (in U.S. dollars)		
Basic common shares	0.15	2.15
Diluted common shares[1]	0.15	1.92
Earnings per common share – discontinued operations (in U.S. dollars)		
Basic common shares	(0.04)	(0.22)
Diluted common shares[1]	(0.04)	(0.31)
Weighted average common shares outstanding (in millions) (note 17)		
Basic common shares	1,445	1,512
Diluted common shares[1]	1,446	1,600

[1] Diluted common shares relate to the effect of stock options and in 2010 the conversion of convertible debt (note 17).

[2] As required by IFRS 3, the 2009 information has been adjusted retrospectively for the finalization in 2010 of the allocation of purchase price of acquisitions made in 2009 (see note 3).

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income

ArcelorMittal and Subsidiaries

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

		Year Ended December 31, 2009[1]		Year Ended December 31, 2010
Net income (including non-controlling interests)		**114**		**3,005**
Available-for-sale investments:				
Gain (loss) arising during the period net of tax (expense) benefit of(3) and (22) for 2009 and 2010, respectively	22		80	
Reclassification adjustments for (gain) loss included in the statement of operations net of tax expense of nil and 41 for 2009 and 2010, respectively	(8)		(79)	
	14		1	
Derivative financial instruments:				
(Loss) gain arising during the period net of tax (expense) benefit of (34) and 89 for 2009 and 2010, respectively	59		(188)	
Reclassification adjustments for (gain) loss included in the statement of operations net of tax expense (benefit) of 208 and 159 for 2009 and 2010, respectively	(590)		(392)	
	(531)		(580)	
Exchange differences arising on translation of foreign operations (net of tax (expense) benefit of (352) and (123) for 2009 and 2010, respectively)	3,100		(1,856)	
Share of other comprehensive income (loss) related to associates and joint ventures	473		201	
Total other comprehensive income (loss)	**3,056**		**(2,234)**	
Total other comprehensive income (loss) attributable to:				
Equity holders of the parent	2,628		(2,310)	
Non-controlling interests	428		76	
		3,056		(2,234)
Total comprehensive income		**3,170**		**771**
Total comprehensive income attributable to:				
Equity holders of the parent		2,785		606
Non-controlling interests		385		165
Total comprehensive income		**3,170**		**771**

[1]As required by IFRS 3, the 2009 information has been adjusted retrospectively for the finalization in 2010 of the allocation of purchase price of acquisitions made in 2009 (see note 3).

Consolidated Statements of Changes in Equity

ArcelorMittal and Subsidiaries

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

						Reserves					
	Shares[1,4]	Share capital	Treasury Shares	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Unrealized Gains (Losses) on Derivative Financial Instruments	Unrealized Gains (Losses) on Available for Sale Securities	Equity attributable to the equity holders of the parent	Non-controlling interests	Total Equity
Balance at December 31, 2008	**1,366**	**9,269**	**(5,800)**	**20,575**	**30,470**	**(1,473)**	**1,488**	**729**	**55,258**	**4,059**	**59,317**
Net income	—	—	—	—	157	—	—	—	157	(43)	114
Other comprehensive income (loss)	—	—	—	—	—	3,115	(535)	48	2,628	428	3,056
Total comprehensive income (loss)	—	—	—	—	157	3,115	(535)	48	2,785	385	3,170
Recognition of share based payments	2	—	44	(27)	—	—	—	—	17	—	17
Treasury shares (note 17)	1	—	43	(4)	—	—	—	—	39	—	39
Dividend (0.75 per share)	—	—	—	—	(1,084)	—	—	—	(1,084)	(254)	(1,338)
Offering of common shares	141[2]	681	2,890	264	—	—	—	—	3,835	—	3,835
Acquisition of non-controlling interests (note 4)	—	—	—	—	—	—	—	—	—	(353)	(353)
Cancellation of cash settlement option on 800 convertible senior notes (note 15)	—	—	—	—	198	—	—	—	198	—	198
Issuance of bonds mandatorily convertible in shares of subsidiaries	—	—	—	—	—	—	—	—	—	684	684
Other movements	—	—	—	—	36	—	—	—	36	(168)	(132)
Balance at December 31, 2009[3]	**1,510**	**9,950**	**(2,823)**	**20,808**	**29,777**	**1,642**	**953**	**777**	**61,084**	**4,353**	**65,437**
Net income	—	—	—	—	2,916	—	—	—	2,916	89	3,005
Other comprehensive income (loss)	—	—	—	—	—	(1,726)	(585)	1	(2,310)	76	(2,234)
Total comprehensive income (loss)	—	—	—	—	2,916	(1,726)	(585)	1	606	165	771
Recognition of share based payments	1	—	34	123	—	—	—	—	157	—	157
Sale of treasury shares	38	—	2,362	(733)	—	—	—	—	1,629	—	1,629
Dividend (0.75 per share)	—	—	—	—	(1,132)	—	—	—	(1,132)	(128)	(1,260)
Acquisition of non-controlling interests (note 4)	—	—	—	—	90	—	—	—	90	(745)	(655)
Other movements	—	—	—	—	(4)	—	—	—	(4)	25	21
Balance at December 31, 2010	**1,549**	**9,950**	**(427)**	**20,198**	**31,647**	**(84)**	**368**	**778**	**62,430**	**3,670**	**66,100**

[1] Excludes treasury shares

[2] Includes the issuance of 29 million treasury shares

[3] As required by IFRS 3, the 2009 information has been adjusted retrospectively for the finalization in 2010 of the allocation of purchase price of acquisitions made in 2009 (see note 3).

[4] In millions of shares

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

	2009[1]	2010
Operating activities:		
Net income (including non-controlling interests)	114	3,005
Discontinued operations	57	330
Net income from continuing operations (including non-controlling interests)	171	3,335
Adjustments to reconcile net income to net cash provided by operations and payments:		
Depreciation	4,574	4,395
Impairment	552	525
Net interest	1,500	1,445
Income tax expense (benefit)	(4,432)	(1,479)
Write-downs of inventories to net realizable value and expense related to onerous supply contracts[2]	2,596	1,189
Labor agreements and separation plans	252	46
Litigation provisions	(433)	145
Recycling of deferred gain on raw material hedges	(979)	(354)
Change in fair value of conversion options on convertible bonds and call options on ArcelorMittal shares	**897**	**(427)**
Unrealized foreign exchange effects, provisions and other non-cash operating expenses net	(970)	(528)
Changes in operating assets, liabilities, provision and other operating cash activities excluding the effect from acquisitions:		
Trade accounts receivable	1,355	(433)
Inventories	5,230	(5,540)
Interest paid and received	(1,419)	(1,320)
Taxes paid	(340)	(197)
Trade accounts payable	(110)	3,442
Cash received from settlement of hedges not recognized in the statement of operations	—	43
Cash paid for separation plans	(615)	(240)
Other working capital and provisions movements	(811)	(277)
Net cash flows provided by operating activities from discontinued operations	260	245
Net cash provided by operating activities	**7,278**	**4,015**
Investing activities:		
Purchase of property, plant and equipment and intangibles	(2,709)	(3,308)
Acquisition of net assets of subsidiaries and non-controlling interests, net of cash acquired of 15 and nil in 2009 and 2010, respectively	(120)	(75)
Investments in associates and joint ventures accounted for under equity method	(33)	(327)
Disposals of financial assets[3]	111	324
Other investing activities net	72	50
Net cash flows used in investing activities from discontinued operations	(105)	(102)
Net cash used in investing activities	**(2,784)**	**(3,438)**
Financing activities:		
Offering of common shares	3,153	—
Proceeds from mandatorily convertible bonds	750	—
Acquisition of non-controlling interests[4]	—	(593)
Proceeds from short-term debt	1,681	1,362
Proceeds from long-term debt, net of debt issuance costs	9,503	8,484
Payments of short-term debt	(10,323)	(2,179)
Payments of long-term debt	(9,432)	(5,675)
Purchase of treasury shares	—	—
Premium paid for call options on ArcelorMittal shares	—	(1,363)
Sale of treasury shares in connection with the call options on ArcelorMittal shares	—	1,363
Sale of treasury shares for stock option exercises	12	8
Dividends paid (includes 250 and 125 of dividends paid to non-controlling shareholders in 2009 and 2010, respectively)	(1,334)	(1,257)
Other financing activities net	(325)	(109)
Net cash flows used in financing activities from discontinued operations	(32)	(48)
Net cash used in financing activities	**(6,347)**	**(7)**
Effect of exchange rate changes on cash	196	(159)
Net increase (decrease) in cash and cash equivalents	(1,657)	411
Cash and cash equivalents:		
At the beginning of the year	**7,576**	**5,919**
Reclassification of the period-end cash and cash equivalent of discontinued activities to assets held for sale and distribution	—	(123)
At the end of the year	**5,919**	**6,207**

[1] As required by IFRS 3, the 2009 information has been adjusted retrospectively for the finalization in 2010 of the allocation of purchase price of acquisitions made in 2009 (see note 3)

[2] Refer to note 7 for more information on inventory write-downs and note 20 for more information on onerous contracts

[3] Refer to note 5, 11 and 12 for more information on disposals of investments

[4] Due to the adoption of IFRS 3 (revised) and IAS 27 (revised), acquisition of non-controlling interests after January 1, 2010 have been classified as equity transactions and are presented within financing activities. See note 1 for further information.

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

Note 1: Nature of Business, Basis of Presentation and Consolidation

Nature of business

ArcelorMittal ("ArcelorMittal", or "Mittal Steel", or the "Company"), together with its subsidiaries, is a manufacturer of steel and steel related products. ArcelorMittal owns and operates manufacturing facilities in Europe, North and South America, Asia and Africa. These manufacturing facilities, each of which includes its respective subsidiaries, are referred to in these consolidated financial statements as the "Operating Subsidiaries". These consolidated financial statements were authorized for issuance on February 18, 2011 by the Company's Board of Directors.

The principal subsidiaries of the Company in 2010 were as follows:

Name of Subsidiary	Abbreviation	Country
Flat Carbon Americas		
ArcelorMittal Dofasco Inc.	ArcelorMittal Dofasco	Canada
ArcelorMittal Lázaro Cárdenas S.A. de C.V.	ArcelorMittal Lázaro Cárdenas	Mexico
ArcelorMittal USA LLC	ArcelorMittal USA	USA
ArcelorMittal Mines Canada Inc.	ArcelorMittal Mines Canada	Canada
ArcelorMittal Brasil S.A.	ArcelorMittal Brasil	Brazil
Flat Carbon Europe		
ArcelorMittal Atlantique et Lorraine S.A.S.	ArcelorMittal Atlantique et Lorraine	France
ArcelorMittal Belgium N.V.	ArcelorMittal Belgium	Belgium
ArcelorMittal España S.A.	ArcelorMittal España	Spain
ArcelorMittal Flat Carbon Europe S.A.	AMFCE	Luxembourg
ArcelorMittal Galati S.A.	ArcelorMittal Galati	Romania
ArcelorMittal Poland S.A.	ArcelorMittal Poland	Poland
Industeel Belgium S.A.	Industeel Belgium	Belgium
Industeel France S.A.	Industeel France	France
ArcelorMittal Eisenhüttenstadt GmbH	ArcelorMittal Eisenhüttenstadt	Germany
ArcelorMittal Bremen GmbH	ArcelorMittal Bremen	Germany
ArcelorMittal Méditerranée S.A.S.	ArcelorMittal Méditerranée	France
Long Carbon Americas and Europe		
Acindar Industria Argentina de Aceros S.A.	Acindar	Argentina
ArcelorMittal Belval & Differdange S.A.	ArcelorMittal Belval & Differdange	Luxembourg
ArcelorMittal Brasil S.A.	ArcelorMittal Brasil	Brazil
ArcelorMittal Hamburg GmbH	ArcelorMittal Hamburg	Germany
ArcelorMittal Las Truchas, S.A. de C.V.	ArcelorMittal Las Truchas	Mexico
ArcelorMittal Montreal Inc.	ArcelorMittal Montreal	Canada
ArcelorMittal Gipuzkoa S.L.	ArcelorMittal Gipuzkoa	Spain
ArcelorMittal Ostrava a.s.	ArcelorMittal Ostrava	Czech Republic
ArcelorMittal Point Lisas Ltd.	ArcelorMittal Point Lisas	Trinidad and Tobago
ArcelorMittal Poland S.A.	ArcelorMittal Poland	Poland
Société Nationale de Sidérurgie S.A.	Sonasid	Morocco
ArcelorMittal Duisburg GmbH	ArcelorMittal Duisburg	Germany
ArcelorMittal Warszawa S.p.z.o.o.	ArcelorMittal Warszawa	Poland
AACIS		
ArcelorMittal South Africa Ltd.	ArcelorMittal South Africa	South Africa
JSC ArcelorMittal Temirtau	ArcelorMittal Temirtau	Kazakhstan
OJSC ArcelorMittal Kryviy Rih	ArcelorMittal Kryviy Rih	Ukraine
Stainless Steel		
ArcelorMittal Inox Brasil S.A.	Acesita or ArcelorMittal Inox Brasil	Brazil
ArcelorMittal Stainless Belgium N.V.	AMSB	Belgium
Distribution Solutions		
ArcelorMittal International Luxembourg S.A.	ArcelorMittal International Luxembourg	Luxembourg

Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for available for sale financial assets, derivative financial instruments and certain non-current assets held for distribution, which are measured at fair value, and inventories, which are measured at the lower of net realizable value or cost. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and are presented in U.S. dollars with all amounts rounded to the nearest million, except for share and per share data.

Following the approval by the board of directors of ArcelorMittal held on December 7, 2010, to spin off the stainless steel business into a separate company known as Aperam, the results of the stainless steel operations are presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

Consequently, the following presentation is applied:

Statements of Financial Position

- As of December 31, 2010, all assets related to Aperam entities (current and non-current) are reclassified and disclosed separately in a single line item as "Assets held for sale and distribution" and classified as current assets. Likewise, all liabilities are reclassified and disclosed separately in a single line item as "Liabilities held for sale and distribution" and classified as current liabilities.

- Prior years are not subject to changes in presentation.

Statements of Operations

- For all periods presented, all line items of the Statement of Operations are reclassified into continuing and discontinued operations. Net post-tax results of discontinued operations are presented as "Discontinued operations, net of tax" or "Net income from discontinued operations".

- Earnings per Share is presented for continuing and discontinued operations and for total net results.

Statements of Cash Flows

- For all periods presented, all line items of the Statement of Cash Flows are reclassified into continuing and discontinued operations. Contributions from discontinued operations are presented in three separate line items: "Cash flows provided by operating activities from discontinued operations", " Cash flows used in investing activities from discontinued operations" and "Cash flows used in financing activities from discontinued operations".

Additional information detailing assets and liabilities held for distribution and discontinued operations are provided in note 5.

Adoption of new IFRS standards, amendments and interpretations applicable in 2010

Unless otherwise indicated below, the following new standards, amended standards, or interpretations were adopted by the Company on January 1, 2010 and did not have a material impact on the consolidated financial statements of ArcelorMittal.

- IFRS 1 (revised), "First Time Adoption of International Financial Reporting Standards" and IAS 27 (revised), "Consolidated and Separate Financial Statements".

- IFRS 2 (revised), "Share-based Payment".

- IFRS 3 (revised), "Business Combinations" and IAS 27 (revised), "Consolidated and Separate Financial Statements".

  During 2010, there were two transactions, which were accounted for under these standards as further discussed in note 4.

- IFRS 5 (revised), "Non-current Assets Held for Sale and Discontinued Operations" (see note 5).

- IAS 28, "Investments in Associates".

- IAS 39, "Financial Instruments: Recognition and Measurement".

- Amendments to IFRIC 9, "Reassessment of Embedded Derivatives" and IAS 39, "Financial Instruments: Recognition and Measurement".

- IFRIC 17, "Distributions of Non-cash Assets to Owners".

- Amendments to IFRS 2, "Share-based Payment".

- Amendments to IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations".

- Amendments to IFRS 8, "Operating Segments".

- Amendments to IAS 1, "Presentation of Financial Statements".

- Amendments to IAS 7, "Statement of Cash Flows".

- Amendments to IAS 17, "Leases".

- Amendments to IAS 36, "Impairment of Assets".

- Amendments to IAS 38, "Intangible Assets".

- Amendments to IAS 39, "Financial Instruments: Recognition and Measurement".

- Amendments to IFRIC 9, "Reassessment of Embedded Derivatives".

- Amendments to IFRIC 16, "Hedges of a Net Investment in a Foreign Operation".

New IFRS standards and interpretations applicable from 2011 onward

Unless otherwise indicated below, the Company is still in the process of assessing whether there will be any significant changes to its consolidated financial statements upon adoption of these new standards, interpretations, or amendments. The Company does not plan to early adopt any of these new standards, interpretations, or amendments.

- Amendments to IFRS 7, "Financial Instruments: Disclosures".

  On October 7, 2010, the IASB issued amendments to IFRS 7 Financial Instruments: Disclosures as part of its comprehensive review of off-balance sheet activities. The amendments are intended to provide users of financial statements additional information regarding financial assets (for example, securitizations), including the possible effects of risks that remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. These amendments are to be applied for annual periods beginning on or after July 1, 2011, with earlier application permitted.

- IFRS 9, "Financial Instruments"

  In November 2009, the IASB issued IFRS 9, "Financial Instruments" as the first step in its project to replace IAS 39, "Financial Instruments: Recognition and Measurement". IFRS 9 introduces new requirements for classifying and measuring financial instruments, including:

  - The replacement of the multiple classification and measurement models in IAS 39, "Financial Instruments: Recognition and Measurement" with a single model that has only two classification categories: amortized cost and fair value.

  - The replacement of the requirement to separate embedded derivatives from financial asset hosts with a requirement to classify a hybrid contract in its entirety at either amortized cost or fair value.

  - The replacement of the cost exemption for unquoted equities and derivatives on unquoted equities with guidance on when cost may be an appropriate estimate of fair value.

  This standard is effective for annual periods beginning on or after January 1, 2013, with earlier adoption permitted.

- IAS 24, "Related Party Disclosures"

  In November 2009, the IASB amended IAS 24, "Related Party Disclosures" for annual periods beginning on or after January 1, 2011, with earlier application permitted. The revisions simplify the disclosure requirements for government-related entities and clarify the definition of a related party. The Company and its subsidiaries do not meet the definition of government-related entities as they are neither controlled, jointly controlled, nor significantly influenced by any government. Therefore, the adoption of this standard will not have any impact of the financial statements of the group.

- IAS 32, "Financial Instruments – Presentation".

  In October 2009, the IASB amended IAS 32, "Financial Instruments: Presentation" for annual periods beginning on or after February 1, 2010. The amendment addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. The amendment requires that, provided certain conditions are met, such rights issues should be treated as equity regardless of the currency in which the exercise price is denominated.

- Amendments to IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

  In November 2009, the IASB amended IFRIC 14, "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction". The amendments apply in limited circumstances: when an entity is subject to minimum funding requirements and makes an early payment of contributions to cover those requirements. The amendments permit such an entity to treat the benefit of such an early payment as an asset. The amendments are effective for annual periods beginning on or after January 1, 2011, with earlier application permitted. The amendments must be applied retrospectively to the earliest comparative period presented.

- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments".

  In November 2009, the IFRIC issued IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments". The interpretation clarifies the requirements of IFRS when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after July 1, 2010 with earlier application permitted.

On May 6, 2010, the IASB issued Improvements to IFRSs, a collection of amendments to seven standards. Some of the amendments are effective for annual periods beginning on or after January 1, 2011, and others for annual periods beginning on or after July 1, 2010, although entities are generally permitted to adopt them earlier. The following amendments will not have a material impact on the consolidated financial statements of ArcelorMittal.

- Amendments to IFRS 1, "First-time Adoption of International Financial Reporting Standards Accounting".

  The amendments to IFRS 1 are effective for annual periods beginning on or after January 1, 2011 and clarify the disclosure regarding accounting policy changes in the year of adoption, the revaluation basis as deemed cost and the use of deemed cost for operations subject to rate regulation.

- Amendments to IFRS 3, "Business Combinations".

  The amendments to IFRS 3 are effective for annual periods beginning on or after July 1, 2010 and clarify the transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised standard, measurement of non-controlling interests and un-replaced and voluntarily replaced share-based payment awards.

- Amendments to IFRS 7, "Financial Instruments: Disclosures".

  The amendments to IFRS 7 are effective for annual periods beginning on or after January 1, 2011 and clarify the disclosures requirements regarding the exposure of financial instruments to credit risk.

- Amendments to IAS 1, "Presentation of Financial Statements".

  The amendments to IAS 1 are effective for annual periods beginning on or after January 1, 2011 and clarify the disclosure requirements regarding other comprehensive income in the statement of change in equity.

- Transition requirements for amendments arising as a result of IAS 27, "Consolidated and Separate Financial Statements" (as amended in 2008) are effective for annual periods beginning on or after July 1, 2010. These transition requirements clarify the prospective and/or retrospective application of the amendments made to IAS 21, "The effect of Changes in Foreign Exchange Rates" regarding the disposal or partial disposal of a foreign operation, IAS 28, "Investments in Associates" and IAS 31, "Interests in Joint Venture" regarding accounting for investments in separate financial statements.

- Amendments to IAS 34, "Interim Financial Reporting".

  The amendments to IAS 34 are effective for annual periods beginning on or after January 1, 2011 and clarify the disclosures regarding the significant events and transactions in interim financial statements.

- Amendments to IFRIC 13, "Customer Loyalty Programmes".

  The amendments to IFRIC 13 are effective for annual periods beginning on or after January 1, 2011 and clarify the measurement of the awards credits' fair value.

Basis of consolidation

The consolidated financial statements include the accounts of the Company, its Operating Subsidiaries, and its respective interest in associated companies and jointly controlled entities. Subsidiaries are consolidated from the date of acquisition, which is considered the date the Company obtains control until the date control ceases. Control is defined as the power to govern the financial and operating policies of an entity, so as to obtain benefits derived from its activities. Generally, control is presumed to exist when the Company holds more than half of the voting rights.

Associated companies are those companies over which the Company has the ability to exercise significant influence on the financial and operating policy decisions, which are not Operating Subsidiaries. Generally, significant influence is presumed to exist when the Company holds more than 20% of the voting rights. In addition, jointly controlled entities are companies over whose activities the Company has joint control under a contractual agreement. The consolidated financial statements include the Company's share of the total recognized gains and losses of associates and jointly controlled entities on an equity accounted basis from the date that significant influence commences until the date significant influence ceases, adjusted for any impairment loss. Adjustments to the carrying amount may also be necessary for changes in the Company's proportionate interest in the investee arising from changes in the investee's equity that have not been recognized in the investee's profit or loss. The Company's share of those changes is recognized directly in equity.

Other investments are classified as available for sale and are stated at fair value when their fair value can be reliably measured. When fair value cannot be measured reliably, the investments are carried at cost less impairment.

While there are certain limitations on the Company's operating and financial flexibility arising from the restrictive and financial covenants of the Company's principal credit facilities described in note 15, there are no significant restrictions resulting from borrowing agreements or regulatory requirements on the ability of consolidated subsidiaries, associates and jointly controlled entities to transfer funds to the parent in the form of cash dividends to pay commitments as they come due.

Intra-company balances and transactions, including income, expenses and dividends, are eliminated in the preparation of the consolidated financial statements. Gains and losses resulting from intra-company transactions that are recognized in assets are also eliminated.

Non-controlling interests represent the portion of profit or loss and net assets not held by the Company and are presented separately in the statement of operations and within equity in the consolidated statement of financial position.

Note 2: Summary of Significant Accounting Policies

Changes in significant accounting policies

Business combinations

From January 1, 2010, the Company has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively.

Business combinations are accounted for using the acquisition method as of the acquisition date, which is the date on which control is transferred to ArcelorMittal. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable.

For acquisitions on or after January 1, 2010, the Company measures goodwill at the acquisition date as the total of the fair value of consideration transferred, plus the proportionate amount of any non-controlling interest, plus the fair value of any previously held equity interest in the acquiree, if any, less the net recognized amount (generally at fair value) of the identifiable assets acquired and liabilities assumed. When the result is negative, a bargain purchase gain is recognized in the statement of operations. Any costs directly attributable to the business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not re-measured and settlement is accounted as equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognized in the statement of operations.

Previously, the cost of the acquisition of subsidiaries and businesses was measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by ArcelorMittal in exchange for control of the acquiree, plus any costs directly attributable to the business combination.

Accounting for acquisitions of non-controlling interests

From January 1, 2010, the Company has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively.

Under the new accounting policy, acquisition of non-controlling interests, which do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized as a result of such transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity and attributed to the owners of the parent.

Previously, goodwill was recognized on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Significant accounting policies

Translation of financial statements denominated in foreign currency

The functional currency of ArcelorMittal S.A. is the U.S. dollar. The functional currency of each of the major Operating Subsidiaries is the local currency, except for OJSC ArcelorMittal Kryviy Rih, ArcelorMittal Lázaro Cárdenas S.A. de C.V., ArcelorMittal Brasil, ArcelorMittal Canada Inc., ArcelorMittal Mines Canada Inc. and ArcelorMittal Temirtau, whose functional currency is the U.S. dollar and ArcelorMittal Ostrava, ArcelorMittal Poland and ArcelorMittal Galati S.A., whose functional currency is the euro.

Transactions in currencies other than the functional currency of a subsidiary are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are remeasured at the rates of exchange prevailing at the statement of financial position date and the related transaction gains and losses are reported in the consolidated statement of operations. Non-monetary items that are carried at cost are translated using the rate of exchange prevailing at the date of the transaction. Non-monetary items that are carried at fair value are translated using the exchange rate prevailing when the fair value was determined and the related transaction gains and losses are reported in the consolidated statement of comprehensive income.

Upon consolidation, the results of operations of ArcelorMittal's subsidiaries and associates whose functional currency is other than the U.S. dollar are translated into U.S. dollars at the monthly average exchange rates and assets and liabilities are translated at the year-end exchange rates. Translation adjustments are recognized directly in other comprehensive income and are included in net earnings only upon sale or liquidation of the underlying foreign subsidiary or associate.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less at the time of purchase and are carried at cost plus accrued interest, which approximates fair value.

Restricted cash

Restricted cash represents cash and cash equivalents not readily available to the Company, mainly related to insurance deposits, escrow accounts created as a result of acquisitions, and various other deposits or required balance obligations related to letters of credit and credit arrangements. Changes in restricted cash are included within other investing activities (net) in the statement of cash flows.

Trade accounts receivable

Trade accounts receivable are initially recorded at their fair value and do not carry any interest. ArcelorMittal maintains an allowance for doubtful accounts at an amount that it considers to be a sufficient estimate of losses resulting from the inability of its customers to make required payments. In judging the adequacy of the allowance for doubtful accounts, ArcelorMittal considers multiple factors including historical bad debt experience, the current economic environment and the aging of the receivables. Recoveries of trade receivables previously reserved in the allowance for doubtful accounts are recorded as gains in the statement of operations.

ArcelorMittal's policy is to record an allowance and charge to expense when a specific account is deemed uncollectible and to provide for each receivable over 180 days because historical experience is such that receivables that are past due beyond 180 days are generally not recoverable. Trade receivables between 60 days and 180 days are provided for based on estimated unrecoverable amounts from the sale of goods and/or services, determined by reference to past default experience.

Inventories

Inventories are carried at the lower of cost and net realizable value. Cost is determined using the first-in, first-out ("FIFO") method or average cost method. Costs of production in process and finished goods include the purchase costs of raw materials and conversion costs such as direct labor and an allocation of fixed and variable production overheads. Raw materials and spare parts are valued at cost inclusive of freight and shipping and handling costs. Net realizable value represents the estimated selling price at which the inventories can be realized in the normal course of business after allowing for the cost of conversion from their existing state to a finished condition and for the cost of marketing, selling, and distribution. Costs incurred when production levels are abnormally low are capitalized as inventories based on normal capacity with the remaining costs incurred recorded as a component of cost of sales in the statement of operations.

Goodwill and negative goodwill

Goodwill arising on an acquisition is recognized as previously described in business combination.

Goodwill is allocated to those groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose and in all cases is at the operating segment level, which represents the lowest level at which goodwill is monitored for internal management purposes. Goodwill is tested for impairment annually at the level of the groups of cash-generating units, which correspond to the operating segments as of November 30, or whenever changes in circumstances indicate that the carrying amount may not be recoverable. Whenever the cash generating units comprising the operating segments are tested for impairment at the same time as goodwill, the cash generating units are tested first and any impairment of the assets recorded prior to the testing of goodwill. The recoverable amounts of the groups of cash-generating units are determined from the higher of fair value less cost to sell or value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices, shipments and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The growth rates are based on the Company's growth forecasts, which are in line with industry trends. Changes in selling prices, shipments and direct costs are based on historical experience and expectations of future changes in the market.

Cash flow forecasts are derived from the most recent financial forecasts for the next five years. Beyond the specifically forecasted period, the Company extrapolates cash flows for the remaining years based on an estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets. Once recognized, impairment losses recognized for goodwill are not reversed.

ArcelorMittal has historically purchased certain steel assets involved in various privatization programs in former government controlled economies. Businesses with these characteristics typically have been purchased for an amount that does not exceed net asset fair value, thus producing negative goodwill for accounting purposes. In a business combination in which the fair value of the identifiable net assets acquired exceeds the cost of the acquired business, the Company reassesses the fair value of the assets acquired. If, after reassessment, ArcelorMittal's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess (negative goodwill) is recognized immediately in the statement of operations.

Intangible assets

Intangible assets are recognized only when it is probable that the expected future economic benefits attributable to the assets will accrue to the Company and the cost can be reliably measured. Intangible assets acquired separately by ArcelorMittal are initially recorded at cost and those acquired in a business combination are recorded at fair value. These primarily include the cost of technology and licenses purchased from third parties. Intangible assets are amortized on a straight-line basis over their estimated economic useful lives, which typically are not to exceed five years. Amortization is included in the statement of operations as part of depreciation.

Costs incurred on internally developed products are recognized as intangible assets from the date that all of the following conditions are met: (i) completion of the development is considered technically feasible and commercially viable; (ii) it is the intention and ability of the Company to complete the intangible asset and use or sell it; (iii) it is probable that the intangible asset will generate future economic benefits; (iv) adequate technical, financial, and other resources to complete the development and to use or sell the intangible asset are available; and (v) it is possible to reliably measure the expenditure attributable to the intangible asset during its development. The intangible asset capitalized includes the cost of materials, direct labor costs and an appropriate proportion of overheads incurred during its development. Capitalized development expenditures are stated at cost less accumulated amortization and impairment losses. Other development expenditures that do not meet the conditions for recognition as an asset are recognized as an expense as part of operating income in the statement of operations in the period in which it is incurred.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment. Cost includes professional fees and, for assets constructed by the Company, any related works to the extent that these are directly attributable to the acquisition or construction of the asset. Property, plant and equipment except land are depreciated using the straight-line method over the useful lives of the related assets, which are presented in the table below.

Asset Category	Useful Life Range
Land	Not depreciated
Buildings	10 to 50 years
Steel plant equipment	15 to 30 years
Auxiliary facilities	15 to 30 years
Other facilities	5 to 20 years

Major improvements, which add to productive capacity or extend the life of an asset, are capitalized, while repairs and maintenance are charged to expense as incurred. Where a tangible fixed asset comprises major components having different useful lives, these components are accounted for as separate items.

Property, plant and equipment used in mining activities are depreciated over its useful life or over the remaining life of the mine if shorter and if there is no alternative use possible. For the majority of assets used in mining activities, the economic benefits from the asset are consumed in a pattern which is linked to the production level and accordingly, assets used in mining activities are depreciated on a unit of production basis. Unit of production is based on the available estimate of proven and probable reserves.

Pre-production expenditure such as exploration and evaluation assets are capitalized only when the mining entity's management has a high degree of confidence in the project's economic viability and it is probable that future economic benefits will flow to the Company.

The capitalization can be justified through feasibility study, valuation report or similar positive assessment done by an external expert; through business plan, project plan, business forecast or other assessment prepared and validated by the management or; through management's knowledge and expertise derived from similar projects.

Capitalization of pre-production expenditure ceases when the mining property is capable of commercial production as it is intended by the management. General administration costs that are not directly attributable to a specific exploration area are charged to the statement of operations.

Property, plant and equipment under construction are recorded as construction in progress until they are ready for their intended use; thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives. Interest incurred during construction is capitalized. Gains and losses on retirement or disposal of assets are reflected in the statement of operations.

Property, plant and equipment acquired by way of finance leases is stated at an amount equal to the lower of the fair value and the present value of the minimum lease payments at the inception of the lease. Each lease payment is allocated between the finance charges and a reduction of the lease liability. The interest element of the finance cost is charged to the statement of operations over the lease period so as to achieve a constant rate of interest on the remaining balance of the liability.

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date and adjusted if expectations differ from previous estimates. Depreciation methods applied to property, plant and equipment are reviewed at each reporting date and changed if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset.

Investment in associates, joint ventures and other entities

Investments in associates and joint ventures, in which ArcelorMittal has the ability to exercise significant influence, are accounted for under the equity method. The investment is carried at the cost at the date of acquisition, adjusted for ArcelorMittal's equity in undistributed earnings or losses since acquisition, less dividends received and any impairment incurred.

Any excess of the cost of the acquisition over the Company's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities of the associate or joint venture recognized at the date of acquisition is recognized as goodwill. The goodwill is included in the carrying amount of the investment and is evaluated for impairment as part of the investment.

ArcelorMittal reviews all of its investments in associates and joint ventures at each reporting date to determine whether there is an indicator that the investment may be impaired. If objective evidence indicates that the investment is impaired, ArcelorMittal calculates the amount of the impairment of the investments as being the difference between the higher of the fair value less costs to sell or its value in use and its carrying value. The amount of any impairment is included in the overall income from investments in associated companies in the statement of operations.

Investments in other entities, over which the Company and/or its Operating Subsidiaries do not have the ability to exercise significant influence and have a readily determinable fair value, are accounted for at fair value with any resulting gain or loss included in equity. To the extent that these investments do not have a readily determinable fair value, they are accounted for under the cost method.

Assets held for sale and distribution

Non-current assets, and disposal groups, are classified as held for sale and distribution, and are measured at the lower of carrying amount and fair value less costs to sell or to distribute. Assets and disposal groups are classified as held for sale and for distribution if their carrying amount will be recovered through a sale or a distribution transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset, or disposal group, is available for immediate sale or distribution in its present condition and is marketed for sale at a price that is reasonable in relation to its current fair value. Assets held for sale and distribution are presented separately on the statement of financial position and are not depreciated.

Deferred employee benefits

Defined contribution plans are those plans where ArcelorMittal pays fixed contributions to an external life insurance or other funds for certain categories of employees. Contributions are paid in return for services rendered by the employees during the period. They are expensed as they are incurred in line with the treatment of wages and salaries. No provisions are established in respect of defined contribution plans, as they do not generate future commitments for ArcelorMittal.

Defined benefit plans are those plans that provide guaranteed benefits to certain categories of employees, either by way of contractual obligations or through a collective agreement. For defined benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at each statement of financial position date. Actuarial gains and losses that exceed ten per cent of the greater of the present value of the Company's defined benefit obligation and the fair value of plan assets at the end of the prior year are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Voluntary retirement plans primarily correspond to the practical implementation of social plans or are linked to collective agreements signed with certain categories of employees. Early retirement plans are those plans that primarily correspond to terminating an employee's contract before the normal retirement date. Early retirement plans are considered effective when the affected employees have formally been informed and when liabilities have been determined using an appropriate actuarial calculation. Liabilities relating to the early retirement plans are calculated annually on the basis of the effective number of employees likely to take early retirement and are discounted using an interest rate which corresponds to that of highly-rated bonds that have maturity dates similar to the terms of the Company's early retirement obligations. Termination benefits are provided in connection with voluntary separation plans. The Company recognizes a liability and expense when it has a detailed formal plan which is without realistic possibility of withdrawal and the plan has been communicated to employees or their representatives.

Other long-term employee benefits include various plans that depend on the length of service, such as long service and sabbatical awards, disability benefits and long term compensated absences such as sick leave. The amount recognized as a liability is the present value of benefit obligations at the statement of financial position date, and all changes in the provision (including actuarial gains and losses or past service costs) are recognized in the statement of operations.

Provisions and accruals

ArcelorMittal recognizes provisions for liabilities and probable losses that have been incurred when it has a present legal or constructive obligation as a result of past events and it is probable that the Company will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a financing cost. Provisions for onerous contracts are recorded in the statement of operations when it becomes known that the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received.

Provisions for restructuring relate to the estimated costs of initiated reorganizations that have been approved by the Group Management Board "GMB", and which involve the realignment of certain parts of the industrial and commercial organization. When such reorganizations require discontinuance and/or closure of lines or activities, the anticipated costs of closure or discontinuance are included in restructuring provisions. A liability is recognized for those costs only when the Company has a detailed formal plan for the restructuring and has raised a valid expectation with those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Environmental costs

Environmental costs that relate to current operations are expensed or capitalized as appropriate. Environmental costs that relate to an existing condition caused by past operations, and which do not contribute to current or future revenue generation or cost reduction, are expensed. Liabilities are recorded when environmental assessments and/or remedial efforts are probable and the cost can be reasonably estimated based on ongoing engineering studies, discussions with the environmental authorities and other assumptions relevant to the nature and extent of the remediation that may be required. The ultimate cost to ArcelorMittal is dependent upon factors beyond its control such as the scope and methodology of the remedial action requirements to be established by environmental and public health authorities, new laws or government regulations, rapidly changing technology and the outcome of any potential related litigation. Environmental liabilities are discounted if the aggregate amount of the obligation and the amount and timing of the cash payments are fixed or reliably determinable.

Asset retirement obligations

ArcelorMittal records asset retirement obligations ("ARO") initially at the fair value of the legal liability in the period in which it is incurred and capitalizes the ARO by increasing the carrying amount of the related non-current asset. The fair value of the obligation is determined as the discounted value of the expected future cash flows. The liability is accreted to its present value each period and the capitalized cost is depreciated in accordance with the Company's depreciation policies for property, plant and equipment.

Income taxes

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of operations because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted as of the statement of financial position date.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities, in the financial statements and the corresponding tax basis used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences and net operation loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the taxable temporary difference arises from the initial recognition of goodwill or if the differences arise from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the statement of financial position date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Financial instruments

Derivative financial instruments

See the critical accounting judgments section of this note.

Non-derivative financial instruments

Non-derivative financial instruments include cash and cash equivalents, trade and other receivables, investments in equity securities, trade and other payables and debt and other liabilities. These instruments are recognized initially at fair value when the Company becomes a party to the contractual provisions of the instrument. They are derecognized if the Company's contractual rights to the cash flows from the financial instruments expire or if the Company transfers the financial instruments to another party without retaining control or substantially all risks and rewards of the instruments.

The Company classifies its investments in equity securities that have readily determinable fair values as available-for-sale which are recorded at fair value. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale equity securities are reported as a separate component of equity until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a first-in, first-out basis.

Investments in privately held companies that are not considered equity method investments and for which fair value is not readily determinable are carried at cost.

Debt and liabilities, other than provisions, are stated at amortized cost. However, loans that are hedged under a fair value hedge are re-measured for the changes in the fair value that are attributable to the risk that is being hedged.

Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Estimated future cash flows are determined using various assumptions and techniques, including comparisons to published prices in an active market and discounted cash flow projections using projected growth rates, weighted average cost of capital, and inflation rates. In the case of available-for-sale securities, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss measured as the difference between the acquisition cost and the current fair value less any impairment loss on that financial asset previously recognized in the statement of operations is removed from equity and recognized in the statement of operations.

If objective evidence indicates that cost-method investments need to be tested for impairment, calculations are based on information derived from business plans and other information available for estimating their value in use. Any impairment loss is charged to the statement of operations. An impairment loss related to financial assets is reversed if and to the extent there has been a change in the estimates used to determine the recoverable amount. The loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized. Reversals of impairment are recognized in net income except for reversals of impairment of available-for-sale equity securities, which are recognized in equity.

Emission rights

ArcelorMittal's industrial sites which are regulated by the European Directive 2003/87/EC of October 13, 2003 on carbon dioxide ("CO_2") emission rights, effective as of January 1, 2005, are located primarily in Belgium, Czech Republic, France, Germany, Luxembourg, Poland, Romania and Spain. The emission rights allocated to the Company on a no-charge basis pursuant to the annual national allocation plan are recorded on the statement of financial position at nil value and purchased emission rights are recorded at cost. Gains and losses from the sale of excess allowances are recognized in the statement of operations. If at the statement of financial position date the Company is short of emission rights, it will record a provision through the statement of operations.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns and other similar allowances.

Revenue from the sale of goods is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, no longer retains control over the goods sold, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the Company, and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Shipping and handling costs

ArcelorMittal records amounts billed to a customer in a sale transaction for shipping and handling costs as sales and the related shipping and handling costs incurred as cost of sales.

Financing costs

Financing costs include interest income and expense, amortization of discounts or premiums on borrowings, amortization of costs incurred in connection with the arrangement of borrowings and net gain or loss from foreign exchange on translation of long-term debt, net of unrealized gains and losses on foreign exchange contracts.

Earnings per common share

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share is computed by dividing income available to equity holders and assumed conversion by the weighted average number of common shares and potential common shares from outstanding stock options as well as potential common shares from the conversion of certain convertible bonds whenever the conversion results in a dilutive effect. Potential common shares are calculated using the treasury stock method and represent incremental shares issuable upon exercise of the Company's outstanding stock options.

Stock option plan/share-based payments

ArcelorMittal issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a graded vesting basis over the vesting period, based on the Company's estimate of the shares that will eventually vest and adjusted for the effect of non market-based vesting conditions. Fair value is measured using the Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Segment reporting

ArcelorMittal reports its operations in five reportable segments: Flat Carbon Americas, Flat Carbon Europe, Long Carbon Americas and Europe, Asia, Africa and Commonwealth of Independent States ("AACIS") and Distribution Solutions.

Following the approvals by the board of directors of ArcelorMittal on December 7, 2010, to spin off the stainless steel business into a separate company known as Aperam, the results of the stainless steel operations are presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

The Company is organized in seven operating segments, which are components engaged in business activities from which they may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company), for which discrete financial information is available and whose operating results are evaluated regularly by the chief operating decision maker "CODM" to make decisions about resources to be allocated to the segment and assess its performance. ArcelorMittal's CODM is the Group Management Board. Operating segments are aggregated when they have similar economic characteristics (similar long-term average gross margins) and are similar in the nature of products and services, the nature of production processes, customers, the methods used to distribute products or provide services, and the regulatory environment. The Long Carbon Americas, Long Carbon Europe, and Tubular Products operating segments have been aggregated for reporting purposes.

These operating segments include the attributable goodwill, intangible assets, property, plant and equipment, and equity method investments. They do not include cash and short-term deposits, short-term investments, tax assets, and other current financial assets. Attributable liabilities are also those resulting from the normal activities of the segment, excluding tax liabilities and indebtedness but including post retirement obligations where directly attributable to the segment. The treasury function is managed centrally for the Company as a whole and so is not directly attributable to individual operating segments.

Geographical information is separately disclosed and represents ArcelorMittal's most significant regional markets. Attributed assets are operational assets employed in each region and include items such as pension balances that are specific to a country. They do not include goodwill, deferred tax assets, other investments or receivables and other non-current financial assets. Attributed liabilities are those arising within each region, excluding indebtedness. The treasury function is managed centrally for the Company as a whole and so is not directly attributable to individual geographical areas.

Critical accounting judgments

The critical accounting judgments and significant assumptions made by management in the preparation of these financial statements are provided below.

Purchase Accounting

Accounting for acquisitions requires ArcelorMittal to allocate the cost of the enterprise to the specific assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition. In connection with each of its acquisitions, the Company undertakes a process to identify all assets and liabilities acquired, including acquired intangible assets. The judgments made in identifying all acquired assets, determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact results of operations. Estimated fair values are based on information available near the acquisition date and on expectations and assumptions that have been deemed reasonable by management.

There are several methods that can be used to determine the fair value of assets acquired and liabilities assumed. For intangible assets, the Company typically uses the "income method". This method is based on the forecast of the expected future cash flows adjusted to present value by applying an appropriate discount rate that reflects the risk factors associated with the cash flow streams. Some of the more significant estimates and assumptions inherent in the income method or other methods include: the amount and timing of projected future cash flows; the discount rate selected to measure the risks inherent in the future cash flows (weighted average cost of capital); the assessment of the asset's life cycle and the competitive trends impacting the asset, including consideration of any technical, legal, regulatory, or economic barriers to entry.

The most common purchase accounting adjustments relate to the following assets and liabilities:

- The fair value of identifiable intangible assets (generally, patents, customer relationships and favorable and unfavorable contracts) is estimated as described above.
- Property, plant and equipment is recorded at fair value, or, if fair value is not available, depreciated replacement cost.
- The fair value of pension and other post-employment benefits is determined separately for each plan using actuarial assumptions valid as of the acquisition date relating to the population of employees involved and the fair value of plan assets.
- Inventories are estimated based on expected selling prices at the date of acquisition reduced by an estimate of selling expenses and a normal profit margin.
- Adjustments to deferred tax assets and liabilities of the acquiree are recorded to reflect purchase price adjustments, other than goodwill.

Determining the estimated useful lives of tangible and intangible assets acquired requires judgment, as different types of assets will have different useful lives and certain intangible assets may be considered to have indefinite useful lives.

If the fair value of the net assets acquired exceeds their acquisition cost, the excess is recognized as a gain in the statement of operations.

Deferred Tax Assets

ArcelorMittal records deferred tax assets and liabilities based on the differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. Deferred tax assets are also recognized for the estimated future effects of tax losses carried forward. ArcelorMittal reviews the deferred tax assets in the different jurisdictions in which it operates periodically to assess the possibility of realizing such assets based on projected taxable profit, the expected timing of the reversals of existing temporary differences, the carry forward period of temporary differences and tax losses carried forward and the implementation of tax-planning strategies.

Note 19 describes the total deferred tax assets recognized in the consolidated statement of financial positions and the estimated future taxable income required to utilize the recognized deferred tax assets.

Provisions for Pensions and Other Post Employment Benefits

ArcelorMittal's Operating Subsidiaries have different types of pension plans for their employees. Also, some of the Operating Subsidiaries offer other post-employment benefits, principally post-employment medical care. The expense associated with these pension plans and post-employment benefits, as well as the carrying amount of the related liability/asset on the statement of financial position is based on a number of assumptions and factors such as discount rates, expected rate of compensation increase, expected return on plan assets, healthcare cost trend rates, mortality rates, and retirement rates.

- Discount rates. The discount rate is based on several high quality corporate bond indexes in the appropriate jurisdictions (rated AA or higher by a recognized rating agency). Nominal interest rates vary worldwide due to exchange rates and local inflation rates.
- Rate of compensation increase. The rate of compensation increase reflects actual experience and the Company's long-term outlook, including contractually agreed upon wage rate increases for represented hourly employees.
- Expected return on plan assets. The expected return on plan assets is derived from detailed periodic studies, which include a review of asset allocation strategies, anticipated long-term performance of individual asset classes, risks (standard deviations), and correlations of returns among the asset classes that comprise the plans' asset mix.
- Healthcare cost trend rate. The healthcare cost trend rate is based on historical retiree cost data, near-term healthcare outlook, including appropriate cost control measures implemented by the Company, and industry benchmarks and surveys.

- Mortality and retirement rates. Mortality and retirement rates are based on actual and projected plan experience.

In accordance with IFRS, actuarial gains or losses resulting from experience and changes in assumptions are recognized in ArcelorMittal's statement of operations only if the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting period exceeded the greater of 10% of the present value of the defined benefit obligation at that date and 10% of the fair value of any plan asset at that date. The fraction exceeding 10% is then recognized over the expected average remaining working lives of the employees participating in the plans.

Note 23 details the net liabilities of pension plans and other post-employment benefits including a sensitivity analysis illustrating the effects of changes in assumptions.

Environmental and Other Contingencies

ArcelorMittal is subject to changing and increasingly stringent environmental laws and regulations concerning air emissions, water discharges and waste disposal, as well as certain remediation activities that involve the clean-up of soil and groundwater. ArcelorMittal is currently engaged in the investigation and remediation of environmental contamination at a number of its facilities. Most of these are legacy obligations arising from acquisitions. ArcelorMittal recognizes a liability for environmental remediation when it is more likely than not that such remediation will be required and the amount can be estimated.

The estimates of loss contingencies for environmental matters and other contingencies are based on various judgments and assumptions including the likelihood, nature, magnitude and timing of assessment, remediation and/or monitoring activities and the probable cost of these activities. In some cases, judgments and assumptions are made relating to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of cost of these activities, including third parties who sold assets to ArcelorMittal or purchased assets from it subject to environmental liabilities. ArcelorMittal also considers, among other things, the activity to date at particular sites, information obtained through consultation with applicable regulatory authorities and third-party consultants and contractors and its historical experience with other circumstances judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. As estimated costs to remediate change, the Company will reduce or increase the recorded liabilities through credits or charges in the statement of operations. ArcelorMittal does not expect these environmental issues to affect the utilization of its plants, now or in the future.

Impairment of Tangible and Intangible Assets, including Goodwill

At each reporting date, ArcelorMittal reviews the carrying amounts of its tangible and intangible assets (excluding goodwill) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset (or cash generating unit) is reviewed in order to determine the amount of the impairment, if any. The recoverable amount is the higher of its net selling price (fair value reduced by selling costs) and its value in use.

In assessing its value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit). For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets corresponding to operating units that generate cash inflows. If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, an impairment loss is recognized. An impairment loss is recognized as an expense immediately as part of operating income in the statement of operations.

In the case of permanently idled assets, the impairment is measured at the individual asset level. Otherwise, it is not possible to estimate the recoverable amount of the individual asset because the cash flows are not independent from that of the cash generating unit to which it belongs. Accordingly, the Company's assets are measured for impairment at the cash generating unit level. In certain instances, the cash generating unit is an integrated manufacturing facility which may also be an Operating Subsidiary. Further, a manufacturing facility may be operated in concert with another facility with neither facility generating cash flows that are largely independent from the cash flows of the other. In this instance, the two facilities are combined for purposes of testing for impairment. As of December 31, 2010, the Company determined it has 78 cash generating units, excluding discontinued operations.

An impairment loss recognized in prior years is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. However, the increased carrying amount of an asset due to a reversal of an impairment loss will not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately as part of operating income in the statement of operations.

Goodwill has been allocated at the level of the Company's seven operating segments; the lowest level at which goodwill is monitored for internal management purposes. Goodwill is tested for impairment annually at the level of the groups of cash generating units which correspond to the operating segments as of November 30, or whenever changes in circumstances indicate that the carrying amount may not be recoverable. See note 25 to ArcelorMittal's consolidated financial statements for further discussion of the Company's operating segments. Whenever the cash generating units comprising the operating segments are tested for impairment at the same time as goodwill, the cash generating units are tested first and any impairment of the assets is recorded prior to the testing of goodwill.

The recoverable amounts of the groups of cash-generating units are determined from the higher of its net selling price (fair value reduced by selling costs) or its value in use calculations, as described above. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on historical experience and expectations of future changes in the market.

Cash flow forecasts are derived from the most recent financial budgets for the next five years. Beyond the specifically forecasted period, the Company extrapolates cash flows for the remaining years based on an estimated growth rate. This rate does not exceed the average long-term growth rate for the relevant markets. Once recognized, impairment losses recognized for goodwill are not reversed.

Derivative financial instruments

The Company enters into derivative financial instruments principally to manage its exposure to fluctuation in interest rates, exchange rates, prices of raw materials, energy and emission rights allowances. Derivative financial instruments are classified as current assets or liabilities based on their maturity dates and are accounted for at trade date. Embedded derivatives are separated from the host contract and accounted for separately if required by IAS 39, "Financial Instruments: Recognition and Measurement".
The Company measures all derivative financial instruments based on fair values derived from market prices of the instruments or from option pricing models, as appropriate. Gains or losses arising from changes in fair value of derivatives are recognized in the statement of operations, except for derivatives that are highly effective and qualify for cash flow or net investment hedge accounting.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a fair value hedge, along with the gain or loss on the hedged asset, liability, or unrecognized firm commitment of the hedged item that is attributable to the hedged risk, are recorded in the statement of operations.

Changes in the fair value of a derivative that is highly effective and that is designated and qualifies as a cash flow hedge are recorded in other comprehensive income. Amounts deferred in equity are recorded in the statement of operations in the periods when the hedged item is recognized in the statement of operations and within the same line item.

The Company formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When a hedging instrument is sold, terminated, expires or is exercised the cumulated unrealized gain or loss on the hedging instrument is maintained in equity until the forecasted transaction occurs. If the hedged transaction is no longer probable, the cumulative unrealized gain or loss, which had been recognized in equity, is reported immediately in the statement of operations.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly as a separate component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the statement of operations.

Use of estimates

The preparation of financial statements in conformity with IFRS recognition and measurement principles and, in particular, making the aforementioned critical accounting judgments require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on an ongoing basis using currently available information. Changes in facts and circumstances may result in revised estimates, and actual results could differ from those estimates.

Note 3: Acquisitions

Acquisitions have been accounted for using the purchase method of accounting and, accordingly, the assets acquired and liabilities assumed have been recorded at their estimated fair values as of the date of acquisition. Goodwill recognized through the acquisitions discussed below is primarily attributable to potential strategic and financial benefits expected to be realized associated with future revenue growth and access to new markets.

There were no significant acquisitions during the year ended December 31, 2010. Significant acquisitions made during the years ended December 31, 2009 include:

DSTC FZCO

On January 31, 2009, ArcelorMittal completed the acquisition of 60% of DSTC FZCO, a newly incorporated company located in the Dubai free zone which acquired the main business of Dubai Steel Trading Company LLC, a steel distributor in the United Arab Emirates, for a total consideration of 67. An option for an additional 10% stake was available to be exercised between September 1, 2010 and January 31, 2011. This option was not exercised. The acquisition of DSTC FZCO resulted in the consolidation of total assets of 83 and total liabilities of 32. The final goodwill amounted to 36. The net result consolidated since the acquisition date amounted to 1, for the year ended on December 31, 2009.

Noble BV

On May 8, 2009, ArcelorMittal signed a definitive purchase agreement with Noble European Holdings B.V.'s ("Noble BV") parent Noble International, Ltd., which filed for reorganization under the bankruptcy laws of the United States on April 15, 2009. Following the approval from the European Commission on July 8, 2009, the Company completed on July 17, 2009, the acquisition of all the issued and outstanding shares of Noble BV, a Dutch private limited liability company engaged in laser welded blanks operations primarily in Europe.

Total consideration paid was 2 and cash acquired was 15. Total debt assumed amounted to 80. The purchase was made under section 363 of Chapter 11 of the United States Bankruptcy Code by authorization of the United States Bankruptcy Court for the Eastern District of Michigan. The acquisition of Noble BV resulted in the consolidation of total assets of 236 and total liabilities of 195. The final negative goodwill amounted to 39. The net result consolidated since the acquisition date amounted to (8), for the year ended on December 31, 2009.

Notes to Consolidated Financial Statements

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ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

Summary of significant acquisitions

The tables below summarize the estimated fair value of the assets acquired and liabilities assumed for significant acquisitions:

	2009	
	DSTC[1]	Noble[1]
Current assets	56	90
Property, plant and equipment	1	105
Intangible assets	26	—
Other assets	—	26
Total assets acquired	**83**	**221**
Current liabilities	31	100
Long-term debt	—	92
Other long-term liabilities	1	3
Deferred tax liabilities	—	—
Non-controlling interests	—	—
Total liabilities assumed	**32**	**195**
Total net assets	**51**	**26**
Non-controlling interests	**20**	**—**
Net assets acquired	**31**	**26**
Cash paid, net	67	(13)
Debt repayment	—	—
Debt outstanding on acquisition	—	—
Purchase price, net	**67**	**(13)**
Goodwill	**36**	**—**
Negative goodwill		(39)

[1] During 2010, the Company finalized the purchase price allocation for DSTC and Noble. The 2009 information has been adjusted retrospectively as required by IFRS 3.

The total purchase price for the significant acquisitions consists of the following:

	2009	
	DSTC	Noble
Cash paid to stockholders, gross	67	2
Transaction related fees	—	—
Total purchase price	**67**	**2**
Debt repayment	—	—
Cash acquired	—	(15)
Total purchase price, net	**67**	**(13)**

During 2010, the Company finalized the purchase price allocation for DSTC and Noble. The 2009 information has been adjusted retrospectively as required by IFRS 3 as follows:

	Preliminary allocation	Adjustments	Final allocation
Current assets	147	(1)	146
Property, plant & equipment	106	—	106
Intangible assets	26	—	26
Other assets	—	26	26
Total assets acquired	**279**	**25**	**304**
Current liabilities	169	(38)	131
Long-term loan	92	—	92
Other long-term liabilities	4	—	4
Non-controlling interests	10	10	20
Total liabilities assumed	**275**	**(28)**	**247**
Total net assets acquired	**4**	**53**	**57**
Purchase price, net	**54**	**—**	**54**
Goodwill (Negative Goodwill)	**50**	**(53)**	**(3)[1]**

[1] Includes goodwill of 36

As a result of the finalization of the purchase price allocation made in 2009 net income for the year ended December 31, 2009 was increased by 39.

Note 4: Transactions with Non-Controlling Interests

As described below, the Company acquired additional non-controlling interests during 2009 and 2010.

ArcelorMittal Kryviy Rih

The Company's ownership in ArcelorMittal Kryviy Rih increased from 94.66% in 2007 to 95.02% in 2008 and 95.13% in 2009.

In 2009, the reduction in non-controlling interests was 6 and the resulting goodwill amounted to 1.

ArcelorMittal Ostrava

In July 2009, the Company increased its stake in ArcelorMittal Ostrava to 82.55% through the acquisition from the Czech Government of a 10.97% stake represented by 1,359,083 shares. The total acquisition price was 375, of which 55 was paid at closing of the agreement with the remaining 320 to be paid in six annual installments. The resulting negative goodwill amounted to 82.

In January 2010, ArcelorMittal completed the acquisition of an additional ownership interest of 13.88% of ArcelorMittal Ostrava for a total consideration of 373. The Company's stake increased from 82.55% to 96.43%. The transaction resulted in a reduction of non-controlling interests of 436. As required by IFRS 3 (revised) and IAS 27 (revised), the Company recorded an increase of 63 directly in equity.

On July 23, 2010, the Company completed the acquisition of 3.57% of the remaining outstanding shares of ArcelorMittal Ostrava. The Company's stake increased from 96.43% to 100% for a total consideration of 84. The transaction resulted in a reduction of non-controlling interests of 98 and an increase in equity of 14.

Rozak

On February 12, 2010, the non-controlling shareholders of Rozak representing the remaining 30% not held by ArcelorMittal exercised their put option included in the original purchase agreement. The Company had previously recognized the acquisition of these shares and had recorded a liability amounting to 31, which was settled in January 2011.

Zaklady K Zdzieszowice

On September 20, 2010, ArcelorMittal Poland acquired the remaining 8.5% (58,751 shares) of Zaklady K Zdzieszowice ("ZKZ") from the Polish State Treasury for a cash consideration of 130. Following that transaction, ZKZ is a fully owned subsidiary of ArcelorMittal Poland. The net value of interests acquired was 120 and the Company recorded an increase of 10 in equity.

The tables below summarize the acquisition of non-controlling interests:

	2009		
	Ostrava	Others	Total
Non-controlling interests	344	9	353
Cash paid, net	55	11	66
Debt outstanding on acquisition	207	—	207
Purchase price, net	262	11	273
Goodwill	—	2	2
Negative Goodwill	(82)	—	(82)

	2010			
	Ostrava	ZKZ	Others	Total
Non-controlling interests	534	120	91	745
Cash paid, net	457	130	10	597
Debt outstanding on acquisition	—	—	58	58
Purchase price, net	457	130	68	655
Adjustment to equity (in accordance with IAS 27 (2008))	(77)	10	(23)	(90)

Other transactions with non-controlling interests

On December 28, 2009, the Company issued through a wholly-owned subsidiary an unsecured and unsubordinated 750 million bond mandatorily convertible into preferred shares of such subsidiary. The bond was placed privately with a Luxembourg affiliate of Calyon and is not listed. The bond matures on May 25, 2011. The Company has the option to call the mandatorily convertible bond from May 3, 2010 until 10 business days before conversion. The subsidiary invested the proceeds of the bond issuance and an equity contribution by the Company in notes issued by subsidiaries of the Company linked to shares of Erdemir of Turkey and Macarthur Coal Limited of Australia, both of which are publicly listed companies in which such subsidiaries hold a minority stake. In the Company's consolidated financial statements for the year ended December 31, 2010, the mandatory convertible bond is recorded as non-controlling interests of 684 and debt of 15. (See note 15).

Notes to Consolidated Financial Statements

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ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

Note 5: Assets and Liabilities Held for Sale and for Distribution

Assets and liabilities held for sale

On August 30, 2007, the Company acquired a 76.9% stake in the German gas distribution company Saar Ferngas AG ("Saar Ferngas") for total consideration of 542. Following the contribution of the total stake in Saar Ferngas of 540 on January 23, 2009 to an ArcelorMittal associated company Soteg, the stake held by ArcelorMittal in Soteg, a Luxembourg gas and electricity producer and distributor, increased from 20% to 26.15%. This was a non-cash investing activity. On February 16, 2009, ArcelorMittal sold 2.48% of Soteg to the Government of Luxembourg and Société Nationale de Crédit et d'Investissement ("SNCI"), a Luxembourg government controlled investment company for proceeds of 58 and a gain of 3.

On October 9, 2009, the Company signed an agreement to divest its 28.6% stake in Wabush Mines in Canada. Wabush Mines was part of the Flat Carbon Americas reportable segment. Liabilities of 11 were classified as held for sale as of December 31, 2009. The total cash consideration received was 38 and the transaction was completed on February 1, 2010. A gain of 42 was recognized with respect to the disposal of this equity method investment.

On July 5, 2010, the Company completed the disposal of the Anzherskaya coal mine in Russia. The total cash consideration received was nil and the purchaser agreed to assume the liabilities of the mine. In connection with the decision to sell and cease all future use of the tangible assets, an impairment loss of 119 was recognized with respect to goodwill in the amount of 16, and property, plant and equipment in the amount of 103 and included as cost of sales in the statement of operations. Inventories and trade receivables were written down by 3.

Asset and liabilities held for distribution

Following the approvals by ArcelorMittal's board on December 7, 2010, to spin off the stainless steel business into a separate company known as Aperam, the results of the stainless steel operations have been presented as discontinued operations in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". See note 27 for discussion of shareholder approval.

The table below provides details of the amounts presented in the statement of operations with respect to discontinued operations:

	Statement of operations for the year ended December 31, 2009	2010
Sales	4,089	5,418
Cost of sales (including depreciation and impairment of 332 and 929 for 2009 and 2010, respectively)	4,059	5,689
Gross margin	30	(271)
Selling, general and administrative	199	209
Operating income (loss)	(169)	(480)
Income from investments in associates and joint ventures	2	9
Financing costs – net	30	145
Income (loss) before taxes	(137)	(326)
Income tax expense (benefit)	(80)	4
Net income (loss) (including non-controlling interests)	(57)	(330)

The amounts disclosed above represent the operations of the stainless steel business, excluding the effects of any transactions with continuing operations entities such as interest expense or income, management fees, and sales to continuing operations.

In accordance with IFRS 5, the Company remeasured certain assets at their fair value less cost to distribute upon initial classification as assets held for distribution at December 7, 2010. The fair value of these assets has been estimated based on trading multiples of comparable companies. ArcelorMittal compared revenue growth, operating margins and capital expenditures according to the five year business plan defined for the purpose of the spin-off to consensus forecasts of comparable companies. The Company also considered the subsequent initial trading of Aperam and various factors that may influence the trading. As a result of the remeasurement upon initial classification as assets held for distribution, the Company recognized an impairment loss of 750, which was entirely allocated to goodwill. Following the subsequent remeasurement of fair value less cost to distribute at December 31, 2010, the Company recognized an increase in fair value and reduced the impairment loss from 750 to 598, net of tax of nil and nil, respectively.

The measurement of the fair value of the assets and liabilities held for distribution represents a Level 3 fair value measurement. As discussed in note 16, Level 3 measurements are based on inputs that are not based on observable market data and require management assumptions or inputs from unobservable markets. The measurement is most sensitive to changes in the selected trading multiple of comparable companies as well as the projected 2011 earnings before interest, taxes, depreciation and amortization ("EBITDA") of the stainless steel business. A 5% increase or decrease in either the trading multiple of comparable companies or the forecasted 2011 EBITDA, would, holding all other assumptions constant, result in a 270 decrease or increase to the impairment loss recognized within discontinued operations, respectively.

The table below provides details of the amounts presented in the statement of other comprehensive income with respect to discontinued operations:

	Statement of other comprehensive income for the year ended December 31,	
	2009	2010
Net income (loss) (including non-controlling interests)	**(57)**	**(330)**
Available-for-sale investments	12	(1)
Derivative financial instruments:	45	(1)
Exchange differences arising on translation of foreign operations	597	(11)
Total Comprehensive income	**597**	**(343)**

The table below provides details of the assets and liabilities held for distribution after elimination of intra-group balances in the statement of financial position:

	December 31, 2010
ASSETS	
Current assets:	
Cash and cash equivalents	123
Trade accounts receivable and other	387
Inventories	1,520
Prepaid expenses and other current assets	148
Total current assets	2,178
Non-current assets:	
Goodwill and intangible assets	1,360
Property, plant and equipment	3,048
Other investments	183
Deferred tax assets	69
Other assets	80
Total non-current assets	4,740
Total assets	**6,918**

	December 31, 2010
LIABILITIES	
Current liabilities:	
Short-term debt and current portion of long-term debt	66
Trade accounts payable and other	769
Short-term provisions	41
Accrued expenses and other liabilities	365
Income tax liabilities	11
Total current liabilities	1,252
Non-current liabilities:	
Long-term debt, net of current portion	121
Deferred tax liabilities	347
Deferred employee benefits	181
Long-term provisions	126
Other long-term obligations	10
Total non-current liabilities	785
Total liabilities	**2,037**

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Note 6: Trade Accounts Receivable and Other

Trade accounts receivable and allowance for doubtful accounts as of December 31, are as follows:

	2009	2010
Gross amount	6,132	5,994
Allowance for doubtful accounts	(382)	(269)
Total	5,750	5,725

Before accepting any new customer, ArcelorMittal uses an internally developed credit scoring system to assess the potential customer's credit quality and to define credit limits by customer. For all significant customers the credit terms must be approved by the credit committees of each individual segment. Limits and scoring attributed to customers are reviewed periodically. There are no customers who represent more than 5% of the total balance of trade accounts receivable.

Included in ArcelorMittal's trade accounts receivable balance are debtors with a carrying amount of 4,459 and 4,618 as of December 31, 2009 and 2010, respectively, which were not past due at the reporting date.

Exposure to credit risk by reportable segment

The maximum exposure to credit risk for trade accounts receivable by reportable segment at December 31 is as follows:

	2009	2010
Flat Carbon Americas	701	515
Flat Carbon Europe	831	979
Long Carbon Americas and Europe	1,740	2,025
Distribution Solutions	1,412	1,561
AACIS	584	524
Stainless Steel[1]	290	—
Other activities	192	121
Total	**5,750**	**5,725**

[1] *Stainless steel has been presented as discontinued operations as of December 31, 2010. See note 5.*

Exposure to credit risk by geography

The maximum exposure to credit risk for trade accounts receivable by geographical area at December 31 is as follows:

	2009	2010
Europe	3,318	3,421
North America	752	773
South America	1,015	793
Africa and Asia	528	588
Middle East	137	150
Total	**5,750**	**5,725**

Aging of trade accounts receivable

The aging of trade accounts receivable as of December 31 is as follows:

	2009			2010		
	Gross	Allowance	Total	Gross	Allowance	Total
Not past due	4,459	(61)	4,398	4,618	(44)	4,574
Past due 0-30 days	862	(13)	849	745	(11)	734
Past due 31-60 days	237	(19)	218	164	(3)	161
Past due 61-90 days	84	(6)	78	62	(6)	56
Past due 91-180 days	119	(13)	106	116	(11)	105
More than 180 days	371	(270)	101	289	(194)	95
Total	**6,132**	**(382)**	**5,750**	**5,994**	**(269)**	**5,725**

The movement in the allowance for doubtful accounts in respect of trade accounts receivable during the periods presented is as follows:

Balance as of December 31, 2008	Additions	Deductions/ Releases	Others	Balance as of December 31, 2009
371	66	(73)	18	382

Balance as of December 31, 2009	Additions	Deductions/ Releases	Others	Balance as of December 31, 2010
382	47	(122)	(38)*	269

** Includes (15) related to the transfer of doubtful accounts to assets held for sale and distribution*

The Company has established sales without recourse of trade accounts receivable programs with financial institutions for a total amount as of December 31, 2010 of €2,855 million, 750 and CAD 215 million, referred to as True Sale of Receivables ("TSR"). These amounts represent the maximum amounts of unpaid receivables that may be sold and outstanding at any given time. Through the TSR programs, certain operating subsidiaries of ArcelorMittal surrender control, risks and the benefits associated with the accounts receivable sold; therefore, the amount of receivables sold is recorded as a sale of financial assets and the balances are removed from the statement of financial position at the moment of sale. The total amount of receivables sold under TSR programs and derecognized in accordance with IAS 39 for the years ended December 31, 2009 and 2010 were 21,820 and 29,503, respectively, (with amounts of receivables sold in euros and Canadian dollars converted to U.S. dollars at the monthly average exchange rate). Expenses incurred under the TSR programs reflecting the discount granted to the acquirers of the accounts receivable recognized in the statement of operations, excluding amounts presented as discontinued operations, amounted to 102 and 110 in 2009 and 2010, respectively. As a result of the distribution of the stainless business, the euro portion of the program will be reduced by €250 million.

Note 7: Inventories

Inventories, net of allowance for slow-moving inventory, excess of cost over net realizable value and obsolescence of 1,540 and 1,304 as of December 31, 2009 and 2010, respectively, is comprised of the following:

	December 31, 2009	December 31, 2010
Finished products	5,391	6,321
Production in process	3,513	4,038
Raw materials	5,921	7,263
Manufacturing supplies, spare parts and other	2,010	1,961
Total	16,835	19,583

The amount of inventory pledged as collateral was 116 and 44 as of December 31, 2009 and 2010, respectively.

The movement in the allowance for obsolescence is as follows:

Balance as of December 31, 2008	Additions	Deductions/ Releases	Others	Balance as of December 31, 2009
3,519	2,374	(4,405)	52	1,540

Balance as of December 31, 2009	Additions	Deductions/ Releases	Others	Balance as of December 31, 2010
1,540	1,084	(1,096)	(224)*	1,304

** Includes (141) related to the transfer of allowance for obsolescence to assets held for sale and distribution*

Due to the sharp decline in the market prices of raw materials and steel demand in the last quarter of 2008 and continuing through 2010, the Company wrote down its inventory to its net realizable value. The amount of write-down of inventories to net realizable value recognized as an expense was 2,374 and 1,084 in 2009 and 2010, respectively, and was reduced by 4,405 and 1,096 in 2009 and 2010, respectively, due to normal inventory consumption.

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Note 8: Prepaid Expenses and Other Current Assets

Other current assets consist of advance payments to taxing and other public authorities (including value-added tax ("VAT")), income tax receivable, revaluation of derivative financial instruments, and other, which is made up of advances to employees, prepayments, accrued interest, dividends receivable and other miscellaneous receivables.

	December 31, 2009	December 31, 2010
VAT recoverable	1,298	1,694
Income tax receivable	983	434
Revaluation of derivative financial instruments	735	523
Other	1,196	1,509
Total	**4,212**	**4,160**

Note 9: Goodwill and Intangible Assets

Goodwill and intangible assets are summarized as follows:

	Goodwill on acquisitions	Concessions patents and licenses	Favorable contracts	Other	Total
Cost					
At December 31, 2008	15,013	935	1,128	1,819	18,895
Acquisitions	52	32	—	12	96
Disposals	(116)	(12)	(59)	(1)	(188)
Foreign exchange differences	595	77	21	107	800
Transfers and other movements	11	31	(23)	76	95
At December 31, 2009	15,555	1,063	1,067	2,013	19,698
Acquisitions	—	20	—	155	175
Disposals	—	(9)	—	—	(9)
Foreign exchange differences	(427)	(45)	(46)	(90)	(608)
Transferred to asset held for sale and distribution	(1,795)	(105)	—	(270)	(2,170)
Transfers and other movements	(15)	15	(152)	21	(131)
At December 31, 2010	13,318	939	869	1,829	16,955
Accumulated amortization and impairment losses					
At December 31, 2008	837	228	919	275	2,259
Disposals	(116)	(9)	(59)	(1)	(185)
Amortization charge[1]	—	80	128	242	450[1]
Foreign exchange differences	11	46	22	34	113
Transfers and other movements	(5)	40	(10)	2	27
At December 31, 2009	727	385	1,000	552	2,664
Disposals	—	(7)	—	—	(7)
Amortization charge[1]	—	139	34	247	420*
Impairment and reduction of goodwill	16	28	—	—	44
Foreign exchange differences	(14)	(28)	(45)	(37)	(124)
Transferred to asset held for distribution	—	(94)	—	(118)	(212)
Transfers and other movements	—	(55)	(151)	3	(203)
At December 31, 2010	729	368	838	647	2,582
Carrying amount					
At December 31, 2009	14,828	678	67	1,461	17,034
At December 31, 2010	12,589	571	31	1,182	14,373

[1] *Including amortization with respect to discontinued operations of 43 and 29 for the years ended December 31, 2009 and 2010, respectively.*

Goodwill acquired in business combinations and acquisitions of non-controlling interests are as follows for each of the Company's operating segments:

	Net value December 31, 2008	Acquisitions (including non-controlling interests)	Foreign exchange differences and other movements	Impairment and other reductions	Net value December 31, 2009
Flat Carbon Europe	3,005	—	190	—	3,195
Flat Carbon Americas	4,077	—	2	—	4,079
Long Carbon Europe	1,237	—	43	—	1,280
Long Carbon Americas	1,752	—	7	—	1,759
Tubular Products	158	—	—	—	158
AACIS	1,512	1	5	—	1,518
Stainless Steel[1]	1,485	—	303	—	1,788
Distribution Solutions	950	51	50	—	1,051
TOTAL	**14,176**	**52**	**600**	**—**	**14,828**

	Net value December 31, 2009	Acquisitions (including non-controlling interests)	Foreign exchange differences and other movements	Impairment and other reductions	Net value December 31, 2010
Flat Carbon Europe	3,195	—	(173)	—	3,022
Flat Carbon Americas	4,079	—	—	—	4,079
Long Carbon Europe	1,280	—	(92)	—	1,188
Long Carbon Americas	1,759	—	(2)	—	1,757
Tubular Products	158	—	(79)	—	79
AACIS	1,518	—	(3)	(16)	1,499
Stainless Steel[1]	1,788	(1,795)	7	—	—
Distribution Solutions	1,051	—	(71)	(15)	965
TOTAL	**14,828**	**(1,795)**	**(413)**	**(31)**	**12,589**

[1] *See note 5 for discussion of the valuation of the stainless steel business which has been presented as discontinued operations.*

Goodwill acquired in business combinations and the acquisition of non-controlling interests, prior to the adoption of IAS 27 (2008) has been allocated to the Company's operating segments and presented in the table above. This represents the lowest level at which goodwill is monitored for internal management purposes.

Goodwill is tested at the group of cash generating units ("GCGU") level for impairment annually, as of November 30, or whenever changes in circumstances indicate that the carrying amount may not be recoverable. In all cases, the GCGU is at the operating segment level. The recoverable amounts of the GCGUs are determined based on their value in use. The Company determined to calculate value in use for purposes of its impairment testing and, accordingly, did not determine the fair value of the GCGUs as the carrying value of the GCGUs was lower than their value in use. The key assumptions for the value in use calculations are primarily the discount rates, growth rates and expected changes to average selling prices, shipments and direct costs during the period.

The value in use of each GCGU was determined by estimating cash flows for a period of five years. Assumptions for average selling prices and shipments are based on historical experience and expectations of future changes in the market. Cash flow forecasts are derived from the most recent financial plans approved by management.

Beyond the specifically forecasted period of five years, the Company extrapolates cash flows for the remaining years based on an estimated constant growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets.

Management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The rate for each GCGU was estimated from the weighted average cost of capital of producers, which operate a portfolio of assets similar to those of the Company's assets.

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	Flat Carbon Europe	Flat Carbon Americas	Long Carbon Europe	Long Carbon Americas	Tubular Products	AACIS	Stainless Steel	Distribution Solutions
GCGU weighted average pre-tax discount rate used in 2009 (in %)	13.9	13.8	14.1	16.2	20.2	17.6	14.8	13.6
GCGU weighted average pre-tax discount rate used in 2010 (in %)	10.9	12.2	10.5	13.2	14.9	14.4	—[1]	12.1

[1] *See note 5 for discussion of the stainless steel business which has been presented as discontinued operations.*

When estimating average selling price, the Company used a range of assumptions between $640 per tonne and $886 per tonne which remain stable for the next four years depending on the markets in which each GCGU is operating.

The value in use calculated for all GCGUs remained stable in 2010 compared to 2009, except for AACIS whose value in use increased as a result of higher operating results. The results of the Company's goodwill impairment test as of November 30, 2010 for each GCGU did not result in an impairment of goodwill as the value in use exceeded, in each case, the carrying value of the GCGU.

In validating the value in use determined for the GCGU, key assumptions used in the discounted cash-flow model (such as discount rates, average selling prices, shipments and terminal growth rate) were sensitized to test the resilience of value in use in 2010. Management believes that reasonably possible changes in key assumptions would not cause an impairment loss to be recognized in respect of any GCGU.

As required by IAS 36, in connection with its agreement to sell the Anzherskaya mine, the Company allocated a portion of goodwill to the mine and then performed an impairment test which resulted in an impairment of goodwill of 16.

At December 31, 2009 and 2010, the Company had 17,034 and 14,373 of intangible assets, of which 14,828 and 12,589 represented goodwill, respectively. Other intangible assets of 1,461 and 1,182 as of December 31, 2009 and 2010, respectively, were comprised primarily of customer relationships, trademarks and technology, amounting to 1,443 and 1,007 as of December 31, 2009 and 2010, respectively, and have residual useful lives between 5 and 15 years.

Research and development costs not meeting the criteria for capitalization are expensed and included in selling, general and administrative expenses within the statement of operations. These costs amounted to 253 and 322 in the years ended December 31, 2009, and 2010, respectively.

Note 10: Property, Plant and Equipment

Property, plant and equipment are summarized as follows:

	Improvements	Land, buildings and equipment	Machinery and in progress	Construction Total
Cost				
At December 31, 2008	19,219	53,491	4,033	76,743
Additions	119	787	1,656	2,562
Acquisitions through business combinations	58	44	4	106
Foreign exchange differences	1,142	3,770	164	5,076
Disposals	(116)	(729)	(104)	(949)
Other movements	413	2,257	(2,304)	366
At December 31, 2009	20,835	59,620	3,449	83,904
Additions	127	728	2,733	3,588
Foreign exchange differences	(1,015)	(2,835)	(93)	(3,943)
Disposals	(154)	(558)	(8)	(720)
Transfer to assets held for distribution	(1,120)	(2,840)	(125)	(4,085)
Other movements	219	2,035	(2,120)	134
At December 31, 2010	18,892	56,150	3,836	78,878
Accumulated depreciation and impairment				
At December 31, 2008	3,174	13,274	44	16,492
Depreciation charge for the year[1]	677	3,895	—	4,572[1]
Impairment[1]	70	367	127	564[1]
Disposals	(59)	(681)	(42)	(782)
Foreign exchange differences	460	2,173	(1)	2,632
Other movements	95	(42)	(12)	41
At December 31, 2009	4,417	18,986	116	23,519
Depreciation charge for the year[1]	638	3,653	19	4,310[1]
Impairment[1]	303	208	—	511[1]
Disposals	(81)	(497)	(1)	(579)
Foreign exchange differences	(444)	(1,785)	(5)	(2,234)
Transfer to assets held for distribution	(171)	(866)	—	(1,037)
Other movements	(215)	268	(9)	44
At December 31, 2010	4,447	19,967	120	24,534
Carrying amount				
At December 31, 2009	16,418	40,634	3,333	60,385
At December 31, 2010	14,445	36,183	3,716	54,344

[1] *Includes depreciation and impairment with respect to discontinued operations of 272 and 30, respectively, for the year ended December 31, 2010, and 277 and 12, respectively, for the year ended December 31, 2009.*

Other movements predominantly represent transfers between the categories and changes in the consolidation scope.

During the year ended December 31, 2010 and in conjunction with its testing of goodwill for impairment, the Company analyzed the recoverable amount of its property, plant, and equipment. Property, plant, and equipment were tested at the CGU level. In certain instances, the CGU is an integrated manufacturing facility which may also be an Operating Subsidiary. Further, a manufacturing facility may be operated in concert with another facility, with neither facility generating cash flows that are largely independent from the cash flows of the other. In this instance, the two facilities are combined for purposes of testing for impairment. As of December 31, 2010, the Company determined it has 78 CGUs, excluding discontinued operations. The recoverable amounts of the CGUs are determined based on value in use calculation and follow similar assumptions as those used for the test on impairment for goodwill.

Management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The rate for each CGU was estimated from the weighted average cost of capital of producers, which operate a portfolio of assets similar to those of the Company's assets.

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The impairment loss recorded in 2009 of 564, of which 12 relates to discontinued operations, was recognized as an expense as part of operating income (loss) in the statement of operations. An amount of 237 related to various idle assets where a decision was made to cease all future use (including 92 at ArcelorMittal Galati (coke oven batteries) and 65 at ArcelorMittal Las Truchas (primarily an electric arc furnace, rolling mill, oxygen furnace and wire rod mill). ArcelorMittal Galati is part of Flat Carbon Europe and ArcelorMittal Las Truchas is part of Long Carbon Americas & Europe. The remaining impairment of 327 consisted primarily of the following:

Cash-Generating Unit	Reportable Segment	Impairment Recorded	2008 Pre-Tax Discount Rate	2009 Pre-Tax Discount Rate	Carrying Value as of December 31, 2009
ArcelorMittal Tubular Products Roman	Long Carbon Americas & Europe	65	14.9%	16.9%	30
ArcelorMittal Hunedoara SA	Long Carbon Americas & Europe	38	13.9%	14.5%	33
ArcelorMittal Annaba Spa	Long Carbon Americas & Europe	17	13.9%	15.1%	240
ArcelorMittal Tubular Products Marion Inc.	Long Carbon Americas & Europe	16	15.5%	19.0%	6
ArcelorMittal Tubular Products Brampton	Long Carbon Americas & Europe	12	13.4%	16.0%	3
ArcelorMittal Tubular Products Iasi SA	Long Carbon Americas & Europe	12	14.9%	16.9%	13
JSC ArcelorMittal Tubular Products Aktau	Long Carbon Americas & Europe	10	17.7%	17.1%	13
ArcelorMittal Construction	Distribution Solutions	117	12.5%	14.3%	435

The impairment loss recorded in 2010 of 481 was recognized as an expense as part of operating income (loss) in the statement of operations. The impairment of 481 is described below.

In connection with management's annual test for impairment of goodwill as of November 30, 2010, property, plant and equipment was also tested for impairment at that date. Management concluded that the value in use of certain of the Company's property, plant, and equipment was less than its carrying amount due primarily to the economic downturn that began in 2008 which continued to have an impact in 2010. Accordingly, an impairment loss of 285 was recognized. The impairment of 285 consisted primarily of the following:

Cash-Generating Unit	Reportable Segment	Impairment Recorded	2008 Pre-Tax Discount Rate	2009 Pre-Tax Discount Rate	Carrying Value as of December 31, 2010
Ugolnaya Kompaniya "Severniy Kuzbass"	AACIS	166	16.8%	13.7%	239
ArcelorMittal Construction	Distribution Solutions	70	14.3%	12.2%	386
Wire Solutions	Distribution Solutions	43	13.9%	11.9%	312

A decision was made to cease all future use of various idle assets, and accordingly an impairment loss of 93 was recognized (including 35 at ArcelorMittal Belgium S.A. (primarily certain tools linked to a pickling line and a discontinued project) and 21 at ArcelorMittal Poland (primarily certain tools linked to a galvanizing line). ArcelorMittal Belgium S.A. and ArcelorMittal Poland are part of Flat Carbon Europe. The carrying amount of temporarily idle property, plant and equipment, at December 31, 2010 is of 474 (including 268 at Flat Carbon Europe, 174 at Flat Carbon Americas and 32 at Long Carbon Americas & Europe).

In connection with the disposal of the Anzherskaya coal mine in Russia, which was part of the AACIS reportable segment, an impairment loss of 103 was recognized with respect to property, plant and equipment.

The carrying amount of property, plant and equipment includes 499 and 423 of capital leases as of December 31, 2009 and 2010, respectively. The carrying amount of these capital leases is included in machinery and equipment.

The carrying value of property, plant and equipment includes 2,985 and 2,955 of mining activity as of December 31, 2009 and 2010, respectively.

The Company has pledged 750 and 264 in property, plant and equipment as of December 31, 2009 and 2010, respectively, to secure banking facilities granted to the Company. These facilities are further disclosed in note 15.

Note 11: Investments in Associates and Joint Ventures

The Company had the following investments in associates and joint ventures:

Investee	Location	Ownership % at December 31, 2010	Net asset value at December 31, 2009	Net asset value at December 31, 2010
Eregli Demir Ve Celik Fab.T.AS[1]	Turkey	25.76%	1,524	1,596
China Oriental Group Company Ltd[2]	China	47.03%	1,241	1,337
DHS Group	Germany	33.43%	1,320	1,191
Macarthur Coal[3]	Australia	16.21%	716	908
Hunan Valin[4]	China	33.02%	803	686
Enovos[5] International S.A.	Luxembourg	25.29%	643	614
Kalagadi Manganese (Propriety) Limited	South Africa	50%	440	496
Gestamp	Spain	35%	445	468
Gonvarri Industrial Consolidated	Spain	35%	359	385
Other			2,137	2,471
Total			9,628	10,152

[1] *As of December 31, 2009 and 2010, the investment had a market value of 1,203 and 1,317, respectively.*

[2] *On November 8, 2007, ArcelorMittal purchased approximately 820,000,000 China Oriental shares for a total consideration of 644 (HK$ 5.02 billion), or a 28.02% equity interest. On December 13 2007, the Company entered into a shareholder's agreement which enabled it to become the majority shareholder of China Oriental and to raise eventually its equity stake in China Oriental to 73.13%. At the time of the close of its tender offer on February 4, 2008 ArcelorMittal had reached a 47% shareholding in China Oriental. Given the 45.4% shareholding by the founding shareholders, this left a free float of 7.6% against a minimum Hong Kong Stock Exchange ("HKSE") listing requirement of 25%. The measures to restore the minimum free float have been achieved by means of sale of 17.4% stake to ING Bank N.V. ("ING") and Deutsche Bank Aktiengesellschaft ("Deutsche Bank") together with put option agreements. The Company has not derecognized the 17.4% stake as it retained the significant risk and rewards of the investment. As of December 31, 2010, the investment had a market value of 562 (563 in 2009).*

[3] *On May 21, 2008, ArcelorMittal acquired a 14.9% stake in Macarthur Coal Limited. On July 10, 2008, the Company has increased its stake from 14.9% to 19.9%, following the acquisition of 10,607,830 shares from Talbot Group Holdings. The total acquisition price in Macarthur Coal is 812. In the second quarter of 2009, ArcelorMittal did not subscribe to a capital increase in Macarthur Coal Limited and the stake decreased to 16.6%. End of August 2010, ArcelorMittal participated in the institutional placement and purchased an additional 6,332,878 shares. The Company's stake therefore remained at 16.6%. Macarthur Coal Limited established a Share Purchase Plan limited to shareholders with registered address in Australia and New Zealand and a Dividend Reinvestment Plan, which provides the opportunity to shareholders to use their dividends to acquire additional shares in Macarthur Coal Limited without incurring brokerage or transaction fees. ArcelorMittal decided not to participate. These plans resulted in the issuance of new shares bringing the total number of shares to 299.476.903. ArcelorMittal's shareholding decreased from 16.6% to 16.2% corresponding to 48.552.062 shares. As of December 31, 2010, the investment had a market value of 632 (427 in 2009). Through review of its ownership interest, the Company concluded it has significant influence over Macarthur Coal Limited due to the existence of significant coal supply contracts between the Company and this associate and therefore accounts for its investment in Macarthur Coal Limited under the equity method.*

[4] *As of December 31, 2009 and 2010, the investment had a market value of 1,017 and 502, respectively.*

[5] *On January 23, 2009, the Company contributed its 76.9% stake in Saar Ferngas AG to an associated company, Soteg. Following this transaction, ArcelorMittal's stake in Soteg increased from 20% to 26.15%. On February 16, 2009, the Company sold 2.48% of Soteg to the Luxembourg state and SNCI for proceeds of 58 and a gain of 3. In September 2009, the internal restructuring of Enovos (previously called Soteg) was completed with the cancellation of 58,000 treasury shares held by Saar Ferngas and Cegedel in Soteg. The resulting stake held by ArcelorMittal was 25.29%, after internal reorganization. On January 6, 2011, the City of Luxembourg contributed its gas and electricity networks as well as its energy sales activities to two subsidiaries of Enovos International S.A., Creos Luxembourg S.A. and Enovos Luxembourg S.A., respectively. Consequently, the stake held by the Company in Enovos International S.A. decreased from 25.29% to 23.48%.*

Summarized financial information, in the aggregate, for associates and joint ventures is as follows:

	December 31, 2009	December 31, 2010
Condensed statement of operations		
Gross revenue	33,274	43,688
Net income	448	1,535
Condensed statement of financial position		
Total assets	44,507	53,436
Total liabilities	24,268	31,401

The Company assessed the recoverability of its investments accounted for using the equity method. In determining the value in use of its investments, the Company estimated its share in the present value of the projected future cash flows expected to be generated by operations of associates and joint ventures. Based on this analysis, the Company concluded that no impairment was required.

There are no contingent liabilities related to associates and joint ventures for which the Company is severally liable for all or part of the liabilities of the associates nor are there any contingent liabilities incurred jointly with other investors. See note 22 for disclosure of commitments related to associates and joint ventures.

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

Note 12: Other Investments

The Company holds the following other investments:

	December 31, 2009	December 31, 2010
Available-for-sale securities (at fair value)	74	11
Investments accounted for at cost	350	256
Total	**424**	**267**

The change in fair value of available-for-sale securities for the period was recorded directly in equity as an unrealized gain or loss, net of income tax and non-controlling interests, of 48 and 1 for the years ended December 31, 2009, and 2010, respectively.

On December 30, 2010, Gerdau, the controlling shareholder of Villares, in which ArcelorMittal (through its subsidiary ArcelorMittal Inox Brasil) held a 4.41% stake, completed a squeeze-out for the remaining non-controlling interests and absorbed its subsidiary. The investment in Villares was derecognized and the Company recorded an investment in Gerdau. The revaluation reserve relating to Villares and amounting to 120 was recycled to the statement of operations. This gain is included in the net result from discontinued operations. The investment in Gerdau is included in assets held for sale and distribution at December 31, 2010.

Note 13: Other Assets

Other assets consisted of the following:

	December 31, 2009	December 31, 2010
Revaluation of derivative financial instruments	515	74
Assets in pension funds	294	317
Long-term value-added-tax receivables	587	455
Collateral related to the put agreement on China Oriental[1]	381	—
Call options on ArcelorMittal shares[2]	—	841
Other	804	803
Total	**2,581**	**2,490**

[1] On April 30, 2008, in order to restore the public float of China Oriental on the HKSE, the Company entered into a sale and purchase agreement with ING and Deutsche Bank for the sale of 509,780,740 shares representing approximately 17.40% of the issued share capital of China Oriental. The transaction also includes put option agreements entered into with both banks. The consideration for the disposal of the shares was paid to Deutsche Bank and ING as collateral to secure the obligations of the Company under the put agreements. The Company reclassified this collateral to current assets in 2010 as the put agreements will come to maturity on April 30, 2010.

[2] On December 14, 2010, ArcelorMittal acquired euro-denominated call options on 61,728,395 of its own shares with a strike price of €20.25 ($27.21) per share (see note 16).

Note 14: Balances and Transactions with Related Parties

Transactions with related parties, including associates and joint ventures of the Company, were as follows:

	Category	Sales		Trade accounts receivable	
		Year ended December 31, 2009	Year ended December 31, 2010	December 31, 2009	December 31, 2010
Transactions					
Macsteel Int'l Holding & Subsidiaries	Associate	590	931	20	32
I/N Kote	Associate	319	398	—	63
Coils Lamiere Nastri (CLN) SPA	Associate	238	390	31	30
Borcelik Celik Sanayii Ticaret AS	Associate	221	383	41	44
Gonvarri Industrial SA	Associate	223	367	47	18
Gonvarri Brasil SA	Associate	229	314	34	24
Polski Koks	Associate	194	304	56	62
Bamesa Celik Servis Sanayii Ticaret AS	Associate	81	266	18	48
GTC	Associate	6	189	2	85
ArcelorMittal Gonvarri SSC Slovakia	Associate	80	140	6	9
Gouvauto SA	Associate	84	118	8	21
Gestamp Servicios	Associate	82	104	14	8
WDI	Associate	37	86	3	—
Bamesa Otel SA	Associate	—	85	—	21
Stalprofil S.A.	Associate	55	77	3	—
Hierras Aplanaciones SA	Associate	47	77	—	10
Gonvarri Productos Siderurgicos SA	Associate	43	65	—	8
Arcelor SSC Sverige AB	Associate	35	57	4	3
Rogesa GmbH	Associate	69	53	—	28
Noury SA	Associate	38	47	—	3
Westfälische Drahtindustrie	Associate	42	45	3	3
Florin Centrum	Associate	40	37	7	—
Alcat SP	Associate	24	30	3	6
Consolidated Wire Industries Limited	Associate	19	25	—	—
Berg Steel Pipe Corp	Associate	85	23	12	—
Laminés Marchands Européens SA	Associate	5	—	9	4
Zaklad Przetworstwa	Associate	—	—	—	—
Condesa Favril Sa	Associate	—	—	—	—
Steel Mart India Private Limited	Other	7	67	7	—
Noble B.V.	Other	91	—	—	—
Other		185	195	64	86
Transactions with related parties attributable to continuing operations		**3,169**	**4,873**	**392**	**616**
Transactions with related parties attributable to discontinued operations		**1**	**—**	**—**	**—**

During 2008, the Company granted a subordinated loan of 35 to Noble B.V., the subsidiary of Noble International Ltd. This loan is no longer considered to be a related party transaction following the acquisition of Noble B.V. on July 17, 2009 (see note 3).

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

	Category	Purchase of raw materials and others		Trade accounts payable	
		Year ended December 31, 2009	Year ended December 31, 2010	December 31, 2009	December 31, 2010
Transactions					
Polski Koks	Associate	227	434	75	89
Borcelik Celik Sanayiii Ticaret AS	Associate	203	300	37	63
Macarthur Coal LTD	Associate	33	186	19	71
Belgian BunkeringConcidar Trading NV	Associate	54	153	33	—
I/N Tek (Tolling charges)	Associate	84	150	4	4
ArcelorMittal Gonvarri SSC Slovakia	Associate	77	123	7	12
Cia Hispano Brasileira de Pelotizaçao SA	Associate	—	109	—	67
Baycoat LP	Associate	86	99	7	12
Peña Colorada	Associate	63	82	31	35
Enovos	Associate	52	54	16	12
Koksownia Przyjazn Sp.z.o.o.	Associate	—	52	—	3
Eko Recycling GmbH	Associate	15	35	2	2
Forges et Acieries de Dillingen	Associate	161	25	2	1
ATIC Services	Associate	13	16	4	2
SOMEF	Associate	9	11	5	4
E.I.M.P	Joint Venture	443	253	—	—
Noble B.V.	Other	144	—	—	—
Other		278	366	95	88
Transactions with related parties attributable to continuing operations		**1,942**	**2,448**	**337**	**465**
Transactions with related parties attributable to discontinued operations		**3**	**3**	**—**	**—**

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated in consolidation and are not disclosed in this note. Refer to note 26 for disclosure of transactions with key management personnel.

For discussion of transactions with Ispat International Investments S.L., refer to note 17.

The above mentioned transactions between ArcelorMittal and the respective entities were conducted on an arm's length basis.

Note 15: Short-Term and Long-Term Debt

Short-term debt, including the current portion of long-term debt, consisted of the following:

	December 31, 2009	December 31, 2010
Short-term bank loans and other credit facilities including commercial paper	2,744	2,908
Current portion of long-term debt	1,297	3,710
Lease obligations	94	98
Total	**4,135**	**6,716**

Commercial paper

The Company has a commercial paper program enabling borrowings of up to €2,000 (2,672). As of December 31, 2010, the outstanding amount was 2,177.

Long-term debt is comprised of the following as of December 31:

	Year of maturity	Type of Interest	Interest rate[1]	2009	2010
Corporate					
$4.0 billion credit facility	2010	Floating		—	—
€12 billion term loan	2011	Floating	0.86%-1.66%	3,493	3,206
€5 billion revolving credit facility	2012	Floating		—	—
$4.0 billion credit facility	2013	Floating		—	—
600 credit facilities	2013	Floating		—	—
€0.6 billion unsecured bonds	2010	Fixed	5.13%	864	—
€1.5 billion unsecured bonds	2013	Fixed	8.25%	2,146	1,993
$1.5 billion unsecured notes	2013	Fixed	5.38%	1,500	1,500
€1.25 billion convertible bonds	2014	Fixed	7.25%	1,369	1,343
800 convertible senior notes	2014	Fixed	5.00%	617	651
€0.1 billion unsecured bonds	2014	Fixed	5.50%	144	134
€0.5 billion unsecured bonds	2014	Fixed	4.63%	720	668
750 unsecured notes	2015	Fixed	9.00%	740	742
$1.0 billion unsecured bonds	2015	Fixed	3.75%	—	989
€1.0 billion unsecured bonds	2016	Fixed	9.38%	1,426	1,324
€1.0 billion unsecured bonds	2017	Fixed	4.63%	—	1,322
$1.5 billion unsecured notes	2018	Fixed	6.13%	1,500	1,500
$1.5 billion unsecured notes	2019	Fixed	9.85%	1,457	1,460
$1.0 billion unsecured bonds	2020	Fixed	5.25%	—	981
$1.5 billion unsecured bonds	2039	Fixed	7.00%	943	1,463
Other loans	2011-2016	Fixed	2.4% -6.4%	678	605
Other loans	2011-2035	Floating	1.15%-4.78%	1,486	1,196
EBRD loans	2012-2015	Floating	1.16%-1.34%	238	178
Total Corporate				19,321	21,255
Americas					
800 senior secured notes	2014	Fixed	9.75%	420	—
600 senior unsecured notes	2014	Fixed	6.50%	500	500
Other loans	2011-2020	Fixed/ Floating	0.61%-21.74%	1,131	843
Total Americas				2,051	1,343
Europe, Asia & Africa					
Other loans	2011-2018	Fixed/ Floating	1.56%-16%	205	118
Total Europe, Asia & Africa				205	118
Total				**21,577**	**22,716**
Less current portion of long-term debt				1,297	3,710
Total long-term debt (excluding lease obligations)				20,280	19,006
Lease obligations[2]				397	286
Total long-term debt, net of current portion				**20,677**	**19,292**

[1] *Rates applicable to balances outstanding at December 31, 2010.*

[2] *Net of current portion of 94 and 98 in 2009 and 2010, respectively.*

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

Corporate

€17 billion credit facility

On November 30, 2006, the Company entered into a €17 billion credit agreement, comprised of a €12 billion term loan facility and a €5 billion revolving credit facility, with a group of lenders to refinance certain of the Company's existing credit facilities. The maturity of the €5 billion revolving credit facility is November 30, 2012. Of the outstanding amount under the €12 billion term loan of €1.2 billion (1,603) due in May, 2011 and €1.2 billion (1,603) due in November, 2011 have been classified in the current portion of the long-term debt as of December 31, 2010. The €12 billion term loan facility is being repaid in installments. The €5 billion revolving credit facility remains fully available as of December 31, 2010.

$4 billion credit facility

On May 6, 2010, ArcelorMittal entered into a $4 billion three-year revolving credit facility for general corporate purposes which replaces the Company's previous $4 billion revolving credit facility dated May 13, 2008, and the related $3.25 billion forward-start facility dated February 13, 2009. These facilities were cancelled during the first half of 2010. Following this cancellation, none of the forward-start facilities entered into by the Company during the first half of 2009 remain in effect. As of December 31, 2010, the facility remains fully available.

600 credit facilities

On June 30, 2010, ArcelorMittal entered into a bilateral three-year revolving credit facility of 300. On July 12, 2010, ArcelorMittal entered into an additional bilateral three-year revolving credit facility of 300, which was retroactively effective as of June 30, 2010. Each of these facilities may be used for general corporate purposes and matures in 2013. As of December 31, 2010, both facilities were fully available.

Convertible Bonds

On April 1, 2009, the Company issued €1.25 billion (1,662) of unsecured and unsubordinated convertible bonds due April 1, 2014 (the "€1.25 billion convertible bonds"). These bonds bear interest at 7.25% per annum payable semi-annually on April 1 and October 1 of each year commencing on October 1, 2009.

On May 6, 2009, ArcelorMittal issued 800 of unsecured and unsubordinated convertible senior notes (the "800 convertible senior notes") due May 15, 2014. These notes bear interest at 5.00% per annum payable semi-annually on May 15 and November 15 of each year commencing on November 15, 2009. The €1.25 billion convertible bonds and the 800 convertible senior notes are collectively referred to herein as the Convertible Bonds.

The €1.25 billion convertible bonds may be converted by the bondholders from May 11, 2009 until the end of the seventh business day preceding maturity. The 800 convertible senior notes may be converted by the noteholders from May 6, 2009 until the end of the seventh business day preceding maturity.

At inception, the Company had the option to settle the Convertible Bonds for common shares or the cash value of the common shares at the date of settlement as defined in the Convertible Bonds' documentation. The Company determined that the agreements related to the Convertible Bonds were hybrid instruments as the conversion option gave the holders the right to put the Convertible Bonds back to the Company in exchange for common shares or the cash equivalent of the common shares of the Company based upon the Company's share price at the date of settlement. In addition, the Company identified certain components of the agreements to be embedded derivatives. On October 28, 2009, the Company announced that it had decided to irrevocably waive the option to settle the 800 convertible senior notes in cash for the cash value of the common shares at the date of settlement.

At the inception of the Convertible Bonds, the Company determined the fair value of the embedded derivatives using the binomial option valuation methodology and recorded the amounts as financial liabilities in other long-term obligations of 408 and 189 for the €1.25 billion convertible bonds and the 800 convertible senior notes, respectively. As a result of the waiver of the option to settle the 800 convertible senior notes in cash for the cash value of the common shares at the date of settlement, the Company determined that the conversion option was an equity instrument. As a consequence, its fair value of 279 (198 net of tax) at the date of the waiver was transferred to equity.

As of December 31, 2009 and 2010, the fair value of the embedded derivative for the €1.25 billion convertible bonds was 1,249 and 841, respectively. The change in fair value of 897 and 296 (408 including foreign exchange effect), respectively related to the Convertible Bonds was a non-cash activity and was recorded in the statement of operations for the years ended December 31, 2009 and 2010 as financing costs, respectively. Assumptions used in the fair value determination at inception and as of December 31, 2009 and 2010 were as follows:

	€1.25 billion convertible bonds	
	December 31, 2009	December 31, 2010
Spot value of shares	€32.18	€28.38
Quote of convertible bonds	€36.61	€32.56
Credit spread (basis points)	167	188
Dividend per quarter	€0.1309	€0.140

In transactions conducted on December 14, 2010 and December 18, 2010, respectively, ArcelorMittal acquired euro-denominated call options on 61,728,395 of its own shares and US dollar-denominated call options on 26,533,997 of its own shares, with strike prices of €20.25 and $30.15 per share, respectively, allowing it to hedge its obligations arising out of the potential conversion of the Convertible Bonds (see notes 16 and 17).

On December 28, 2010, the Company sent a notice to the holders of the Convertible Bonds that no opinion of an independent investment bank relating to the impact of the spin-off of the stainless steel business of ArcelorMittal on the interests of the Bondholders will be forthcoming. As a result of this announcement, the total amount of U.S. 3,000 dollars plus accrued interests has been repurchased.

Mandatorily convertible bonds

On December 28, 2009, the Company issued through a wholly-owned subsidiary an unsecured and unsubordinated 750 bond mandatorily convertible into preferred shares of such subsidiary. The bond was placed privately with a Luxembourg affiliate of Calyon and is not listed. The bond matures on May 25, 2011. The Company has the option to call the mandatorily convertible bond from May 3, 2010 until ten business days before the maturity date. This call option is carried at fair value and the Company recognized in 2010 a gain of 69 for the change in fair value in the statement of operations. The subsidiary invested the proceeds of the bond issuance and an equity contribution by the Company in notes issued by subsidiaries of the Company linked to shares of Eregli Demir Ve Celik Fab. T.A.S. ("Erdemir") of Turkey and Macarthur Coal Limited of Australia, both of which are publicly-listed companies in which such subsidiaries hold a minority stake. The subsidiary may also, in agreement with Calyon, invest in other financial instruments. This bond bears a floating interest rate based on three months Libor plus a margin payable on each February 25, May 25, August 25 and November 25. The Company determined the bond met the definition of a compound financial instrument in accordance with IFRS. As such, the Company determined the fair value of the financial liability component of the bond was 55 on the date of issuance. As of December 31, 2010, 15 is included in the current portion of long-term debt and carried at amortized cost. The financial liability component is included in the other loans with floating rates in the table on page 103. The value of the equity component of 695 (684 net of tax and fees) was determined based upon the difference of the cash proceeds received from the issuance of the bond and the fair value of the financial liability component on the date of issuance and is included in equity as non-controlling interests.

Bonds

On July 15, 2004, ArcelorMittal Finance issued €100 million principal amount of unsecured and unsubordinated fixed rated notes bearing interest at 5.50% per annum (issued at 101.97%) due July 15, 2014.

On November 7, 2004, ArcelorMittal Finance issued €500 million principal amount of unsecured and unsubordinated fixed rated bonds bearing interest at 4.625% per annum (issued at 99.195%) due November 7, 2014.

On May 27, 2008, the Company issued 3,000 principal amount of unsecured and unsubordinated fixed rated bonds in two tranches. The first tranche of 1,500 bears interest at 5.375% (issued at 99.722%) due June 2013 and the second tranche of 1,500 bears interest at 6.125% (issued at 99.571%) due June 2018.

On May 20, 2009, the Company issued unsecured and unsubordinated notes in two tranches for an aggregate principal amount of 2,250 consisting of 750 (issued at 98.931%) bearing interest at 9% per annum maturing February 15, 2015 and 1,500 (issued at 97.522%) bearing interest at 9.85% per annum maturing June 1, 2019.

On June 3, 2009, the Company issued unsecured and unsubordinated bonds in two tranches for an aggregate principal amount of €2.5 billion (3,560) consisting of €1.5 billion (issued at 99.589%) bearing interest at 8.25% per annum maturing June 3, 2013 and €1 billion (issued at 99.381%) bearing interest at 9.375% per annum maturing June 3, 2016.

On October 1, 2009, the Company issued unsecured and unsubordinated notes for an aggregate principal amount of 1,000 (issued at 95.202%) bearing interest at 7% per annum maturing October 15, 2039.

On August 5, 2010, the Company issued unsecured and unsubordinated bonds in three tranches for an aggregate principal amount of 2,500 consisting of 1,000 (issued at 99.123%) bearing interest at 3.75% per annum maturing August 5, 2015 and 1,000 (issued 98.459%) bearing interest at 5.25% per annum maturing August 5, 2020 and 500 (issued 104.843%) bearing interest at 7.00% per annum maturing October 15, 2039.

On November 18, 2010, the Company issued 4.625% notes due 2017 for €1 billion (1,362), issued under its €3 billion Euro Medium Term Notes Programme.

Bonds and notes denominated in Euros (excluding convertible bonds) amounted to €4.1 billion as of December 31, 2010. Bonds and notes denominated in U.S. dollars (excluding convertible bonds) amounted to 9,250 as of December 31, 2010.

European Bank for Reconstruction and Development ("EBRD") Loans

The Company entered into five separate agreements with the EBRD for on-lending to the following subsidiaries on the following dates: ArcelorMittal Galati on November 18, 2002, ArcelorMittal Kryviy Rih on April 4, 2006, ArcelorMittal Temirtau on June 15, 2007, ArcelorMittal Skopje and ArcelorMittal Zenica on November 10, 2005. The last installment under these agreements is due in January 2015. The outstanding amount in total as of December 31, 2009 and 2010 was 238 and 178, respectively. The agreement related to ArcelorMittal Galati was fully repaid on November 23, 2009.

Other loans

On July 24, 2007, ArcelorMittal Finance, together with a subsidiary, signed a five year €500 million term loan due 2012.

Forward Start facilities

During the first half of 2009, ArcelorMittal entered into facilities totaling approximately 6,000 referred to as "Forward Start" facilities, in order to extend the maturity of various facilities. A Forward Start facility provides a borrower with a committed facility to refinance an existing facility upon its maturity, and therefore certainty as to the availability of funds for that refinancing.

In conjunction with the Company's bonds, convertible bonds and equity issuances in the second quarter of 2009, the commitments under these Forward Start facilities were ratably cancelled, as provided for in the facility. Subsequently, a 3,175 Forward Start facility was reinstated, extending the maturity of part of the $4 billion credit facility (to the extent of 3,175) until 2012. These Forward Start facilities were cancelled during the year 2010.

Americas

Senior Secured Notes

On March 25, 2004, Ispat Inland ULC issued Senior Secured Notes with an aggregate principal amount of 800 of which 150 were floating rate notes bearing interest at LIBOR plus 6.75% due April 1, 2010 and 650 were fixed rate notes bearing interest at 9.75% (issued at 99.212% to yield 9.875%) due April 1, 2014 (the "Senior Secured Notes"). On December 28, 2007, ArcelorMittal Financial Services LLC, a newly formed limited liability company organized under the laws of Delaware, became the Issuer of the Senior Secured Notes, and was substituted for Ispat Inland ULC (the initial issuer of the Senior Secured Notes) for all purposes under the Indenture and Pledge Agreement. On June 13, 2008, ArcelorMittal USA Partnership, a general partnership under the laws of Delaware, became the Issuer of the Senior Secured Notes and was substituted for ArcelorMittal Financial Services LLC for all purposes under the Indenture and Pledge Agreement. The outstanding balance as of December 31, 2009 was 423 (420 net of unamortized discount). The outstanding amount of the Senior Secured Notes was redeemed early on April 1, 2010.

Senior Unsecured Notes

On April 14, 2004, ArcelorMittal USA issued 600 of senior, unsecured debt securities due in 2014. The debt securities bear interest at a rate of 6.5% per annum and were issued at a discount of 5, which is amortized as interest expense over the life of the senior unsecured notes. On July 22, 2005, ArcelorMittal USA repurchased 100 of unsecured notes leaving an outstanding balance of 500. These bonds are fully and unconditionally guaranteed on a joint and several basis by certain 100% owned subsidiaries of ArcelorMittal USA and, as of March 9, 2007, by ArcelorMittal.

Other loans

The other loans relate mainly to loans contracted by ArcelorMittal Brasil with different counterparties.

In 2008, the acquisition of Industrias Unicon included the assumption of a 232 principal amount of loan maturing between 2009 and 2012 of which approximately 17% bear fixed rates of interest and 83% bear floating rates of interest.

Other

Certain debt agreements of the Company or its subsidiaries contain certain restrictive covenants. Among other things, these covenants limit encumbrances on the assets of ArcelorMittal and its subsidiaries, the ability of ArcelorMittal's subsidiaries to incur debt and ArcelorMittal's ability to dispose of assets in certain circumstances. Certain of these agreements also require compliance with financial maintenance tests, including financial ratios and minimum levels of net worth.

The Company's principal credit facilities also include the following financial covenant: the Company must ensure that the ratio of "Consolidated Total Net Borrowings" (consolidated total borrowings less consolidated cash and cash equivalents) to "Consolidated EBITDA" (the consolidated net pre-taxation profits of the Company for a Measurement Period, subject to certain adjustments as defined in the facilities) does not, at the end of each "Measurement Period" (each period of 12 months ending on the last day of a financial half-year or a financial year of the Company), exceed a certain ratio. In 2009, the Company signed agreements with its lenders to amend this ratio (where applicable), referred to as its "Leverage Ratio", from 3.5 to one as originally provided, to 4.5 to one as of December 31, 2009, to 4.0 to one as of June 30, 2010, and reverting to 3.5 to one as of December 31, 2010. The Company also agreed to the imposition of certain additional temporary restrictive covenants on its activities if the Leverage Ratio exceeds 3.5 to one for any Measurement Period. These include restrictions on dividends and share reductions, acquisitions, capital expenditure and the giving of loans and guarantees.

Limitations arising from the restrictive and financial covenants described above could limit the Company's ability to distribute dividends, make capital expenditures or engage in strategic acquisitions or investments. Failure to comply with any covenant would enable the lenders to accelerate the Company's repayment obligations. Moreover, the Company's debt facilities have provisions whereby certain events relating to other borrowers within the Company's subsidiaries could, under certain circumstances, lead to acceleration of debt repayment under such credit facilities. Any invocation of these cross-acceleration or cross-default clauses could cause some or all of the other debt to accelerate. The Company was in compliance with the financial covenants contained within the amended agreements related to all of its borrowings as of December 31, 2010.

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

Scheduled maturities of long-term debt including lease obligations as of December 31, 2010 are as follows:

2011	3,808
2012	1,321
2013	3,955
2014	3,506
2015	2,008
Subsequent years	8,502
Total	**23,100**

The following table presents the structure of the Company's net debt in original currencies:

		In original currency as at December 31, 2010					
	Total USD	EUR	USD	BRL	PLN	CAD	Other (in USD)
Short-term debt including the current portion of long-term debt	6,716	5,051	1,187	142	—	8	328
Long-term debt	19,292	7,925	10,764	391	—	8	204
Cash including restricted cash	6,289	4,304	1,004	149	23	93	716

As a part of the Company's overall risk and cash management strategies, several loan agreements have been swapped from their original currencies to other foreign currencies.

At the reporting date the carrying amount and fair value of the Company's interest-bearing financial instruments is:

	December 31, 2009		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Instruments payable bearing interest at fixed rates	15,596	16,938	17,714	21,337
Instruments payable bearing interest at variable rates	6,472	6,069	5,386	5,378

Note 16: Financial Instruments and Credit Risk

The Company enters into derivative financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and the price of raw materials, energy and emission rights allowances arising from operating, financing and investment activities.

Fair values versus carrying amounts

The estimated fair values of certain financial instruments have been determined using available market information or other valuation methodologies that require considerable judgment in interpreting market data and developing estimates.

Other current assets of 735 and 523 and non-current assets of 515 and 915 correspond to derivative instruments as of December 31, 2009 and 2010, respectively, which are classified as "Financial assets at fair value through profit or loss". Other investments are classified as "Available-for-sale" with gains or losses arising from changes in fair value recognized in equity. Other assets including call options, are classified as "Financial assets at fair value through profit or loss".

Except for derivative financial instruments, amounting to 1,375 and 447 as of December 31, 2009 and 2010, respectively, and for the fair value of the conversion option of the euro convertible bonds which are classified as "Financial liabilities at fair value through profit or loss", financial liabilities are classified as "Financial liabilities measured at amortized cost".

The Company's short and long-term debt consists of debt instruments which bear interest at fixed rates and variable rates tied to market indicators. The fair value of the Company's variable rate debt approximates its carrying amount given its floating interest rates. The fair value of fixed rate debt is based on estimated future cash flows, which are discounted using current market rates for debt with similar remaining maturities and credit spreads.

The following tables summarize the bases used to measure certain assets and liabilities at their fair value. Assets and liabilities carried at fair value have been classified into three levels based upon a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The levels are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities;

Level 2: Significant inputs other than within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data and require management assumptions or inputs from unobservable markets.

	As of December 31, 2009			
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Available-for-sale financial assets	74	—	—	74
Derivative financial current assets	—	735	—	735
Derivative financial non current assets	—	515	—	515
Total assets at fair value	74	1,250	—	1,324
Liabilities at fair value				
Derivative financial liabilities	—	1,375	1,249	2,624
Total liabilities at fair value	—	1,375	1,249	2,624

	As of December 31, 2010			
	Level 1	Level 2	Level 3	Total
Assets at fair value:				
Available-for-sale financial assets	11	—	—	11
Derivative financial current assets	—	454	69	523
Derivative financial non current assets	—	74	841	915
Total assets at fair value	11	528	910	1,449
Liabilities at fair value				
Derivative financial liabilities	—	447	841	1,288
Total liabilities at fair value	—	447	841	1,288

Available for sale financial assets classified as Level 1 refer to listed securities quoted in active markets. The total fair value is either the price of the most recent trade at the time of the market close or the official close price as defined by the exchange on which the asset is most actively traded on the last trading day of the period, multiplied by the number of units held without consideration of transaction costs.

Derivative financial assets and liabilities classified as Level 2 refer to instruments to hedge fluctuations in interest rates, foreign exchange rates, raw materials (base metal), freight, energy and emission rights. The total fair value is based on the price a dealer would pay or receive for the security or similar securities, adjusted for any terms specific to that asset or liability. Market inputs are obtained from well established and recognized vendors of market data and the fair value is calculated using standard industry models based on significant observable market inputs such as foreign exchange rates, commodity prices, swap rates and interest rates.

Derivative financial liabilities classified as Level 3 refer to the conversion option in the €1.25 billion convertible bonds (see note 15). The fair value is derived through the use of a binominal model.

The following table summarizes the reconciliation of the fair value of the conversion option classified as Level 3 with respect to the €1.25 billion convertible bonds and the 800 convertible senior notes for the year ended December 31, 2009 and 2010, respectively, until the waiver of the cash settlement option:

Fair value of conversion option – €1.25 billion convertible bonds

	December 31, 2009	December 31, 2010
	1,249	841

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

On December 14, 2010, ArcelorMittal acquired euro-denominated call options on 61,728,395 of its own shares with a strike price of €20.25 per share and a total amount of €700 (928). The 61.7 million of call options acquired allow ArcelorMittal to hedge its obligations arising primarily out of the potential conversion of the 7.25% bonds convertible into and/or exchangeable for new or existing ArcelorMittal shares due April 1, 2014. These call options were accounted for as derivative financial instruments carried at fair value with changes recognized in the statement of operations as financing costs as they can be settled either through physical delivery of the treasury shares or through cash. The fair value of these call options was 841 as of December 31, 2010 and the change in fair value recorded in the statement of operations was 63. These call options are classified into Level 3.

Portfolio of Derivatives

The Company manages the counter-party risk associated with its instruments by centralizing its commitments and by applying procedures which specify, for each type of transaction and underlying, risk limits and/or the characteristics of the counter-party. The Company does not generally grant to or require from its counter-parties guarantees over the risks incurred. Allowing for exceptions, the Company's counter-parties are part of its financial partners and the related market transactions are governed by framework agreements (mainly of the International Swaps and Derivatives Association agreements which allow netting in case of counter-party default).

The portfolio associated with derivative financial instruments as of December 31, 2009 is as follows:

	Assets			Liabilities		
	Notional Amount	Fair Value	Average Rate*	Notional Amount	FairValue	Average Rate*
Interest rate swaps - fixed rate borrowings/loans	1,085	32	4.11%	288	(9)	3.36%
Other interest rate instruments	140	1			—	
Total interest rate instruments		33			(9)	
Foreign exchange rate instruments						
Forward purchase of contracts	5,362	111		10,145	(957)	
Forward sale of contracts	11,036	962		9,776	(276)	
Exchange option purchases	1,657	23			—	
Exchange options sales		—		1,369	(7)	
Total foreign exchange rate instruments		1,096			(1,240)	
Raw materials (base metal), freight, energy, emission rights						
Term contracts sales	118	20		196	(24)	
Term contracts purchases	698	101		412	(102)	
Swaps using raw materials pricing index	10	—			—	
Options sales/purchases	4	—		4	—	
Total raw materials (base metal), freight, energy, emission rights		121			(126)	
Total		1,250			(1,375)	

The portfolio associated with derivative financial instruments as of December 31, 2010 is as follows:

	Assets			Liabilities		
	Notional Amount	Fair Value	Average Rate*	Notional Amount	FairValue	Average Rate*
Interest rate swaps - fixed rate borrowings/loans	167	12	4.05%	301	(6)	3.19%
Other interest rate instruments	300	1		—	—	
Total interest rate instruments		13			(6)	
Foreign exchange rate instruments						
Forward purchase of contracts	4,796	185		5,280	(149)	
Forward sale of contracts	3,978	109		4,896	(171)	
Exchange option purchases	3,024	68		740	(13)	
Exchange options sales	—	—		610	(11)	
Total foreign exchange rate instruments		362			(344)	
Raw materials (base metal), freight, energy, emission rights						
Term contracts sales	254	49		247	(23)	
Term contracts purchases	751	103		257	(73)	
Swaps using raw materials pricing index	—	—		—	—	
Options sales/purchases	20	1		14	(1)	
Total raw materials (base metal), freight, energy, emission rights		153			(97)	
Total		528			(447)	

** The average rate is determined for fixed rate instruments on the basis of the U.S. dollar and foreign currency rates and for the variable rate instruments generally on the basis of Euribor or Libor.*

Interest rate risk

The Company utilizes certain instruments to manage interest rate risks. Interest rate instruments allow the Company to borrow long-term at fixed or variable rates, and to swap the rate of this debt either at inception or during the lifetime of the loan. The Company and its counter-party exchange, at predefined intervals, the difference between the agreed fixed rate and the variable rate, calculated on the basis of the notional amount of the swap. Similarly, swaps may be used for the exchange of variable rates against other variable rates.

Interest rate derivatives used by the Company to manage changes in the value of fixed rate loans qualify as fair value hedges.

Exchange rate risk

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

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

Following its Treasury and Financial Risk Management Policy, the Company hedges its net exposure to exchange rates through forwards, options and swaps.

ArcelorMittal faces translation risk, which arises when ArcelorMittal translates the statement of operations of its subsidiaries, its corporate net debt and other items denominated in currencies other than the U.S. dollars, for inclusion in the ArcelorMittal Consolidated Financial Statements.

The Company also uses the derivative instruments, described above, at the corporate level to hedge debt recorded in foreign currency other than the functional currency or the balance sheet risk incurred on certain monetary assets denominated in a foreign currency other than the functional currency.

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

Liquidity Risk

ArcelorMittal's principal sources of liquidity are cash generated from its operations, its credit lines at the corporate level and various working capital credit lines at its operating subsidiaries. The Company actively manages its liquidity. Following the Treasury and Financial Risk Management Policy, the levels of cash, credit lines and debt are closely monitored and appropriate actions are taken in order to comply with the covenant ratios, leverage, fixed and floating ratios, maturity profile and currency mix.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	December 31, 2009					
	Carrying amount	Contractual Cash Flow	Less than 1 Year	1-2 Years	2-5 Years	More than 5 Years
Non-derivative financial liabilities						
Convertible Bonds	(2,041)	(4,253)	(204)	(937)	(3,112)	—
Other bonds	(12,363)	(19,517)	(1,782)	(873)	(7,792)	(9,070)
Loans over 100	(6,918)	(7,270)	(1,701)	(3,851)	(1,412)	(306)
Trade and other payables	(10,676)	(10,676)	(10,676)	—	—	—
Other non-derivative financial liabilities	(3,490)	(4,040)	(1,848)	(1,143)	(453)	(596)
Financial guarantees	(3,307)	(3,307)	(1,536)	(283)	(546)	(942)
Total	(38,795)	(49,063)	(17,747)	(7,087)	(13,315)	(10,914)
Derivative financial liabilities						
Interest rate instruments	(9)	(9)	—	—	(9)	—
Foreign exchange contracts	(1,240)	(1,240)	(825)	(407)	(8)	—
Other commodities contracts	(126)	(126)	(80)	(22)	(24)	—
Total	(1,375)	(1,375)	(905)	(429)	(41)	—

	December 31, 2010					
	Carrying amount	Contractual Cash Flow	Less than 1 Year	1-2 Years	2-5 Years	More than 5 Years
Non-derivative financial liabilities						
Convertible Bonds	(2,009)	(3,054)	(181)	(162)	(2,711)	—
Other bonds	(15,259)	(23,605)	(1,113)	(1,258)	(9,191)	(12,043)
Loans over 100	(6,598)	(6,818)	(5,610)	(866)	(163)	(179)
Trade and other payables	(13,256)	(13,256)	(13,256)	—	—	—
Other non-derivative financial liabilities	(2,142)	(2,538)	(1,057)	(451)	(633)	(397)
Financial guarantees	(3,287)	(3,287)	(1,014)	(270)	(36)	(1,967)
Total	(42,551)	(52,558)	(22,231)	(3,007)	(12,734)	(14,586)
Derivative financial liabilities						
Interest rate instruments	(6)	(6)	—	—	(6)	—
Foreign exchange contracts	(344)	(344)	(327)	(4)	(13)	—
Other commodities contracts	(97)	(97)	(75)	(22)	—	—
Total	(447)	(447)	(402)	(26)	(19)	—

Cash flow hedges

The following table presents the periods in which cash flow hedges are expected to mature:

	(liabilities) Carrying amount	3 months and less	3–6 months	6–12 months	1–2 years	More than 2 years
	December 31, 2009					
		(outflows)/inflows				
Commodities	(2)	(6)	1	3	—	—
Emission rights	(48)	—	—	(14)	(13)	(21)
Total	(50)	(6)	1	(11)	(13)	(21)

	(liabilities) Carrying amount	3 months and less	3–6 months	6–12 months	1–2 years	More than 2 years
	December 31, 2010					
		(outflows)/inflows				
Foreign exchange contracts	43	16	6	11	11	(1)
Commodities	24	11	6	7	—	—
Emission rights	(65)	—	—	(25)	(40)	—
Total	2	27	12	(7)	(29)	(1)

The following table presents the periods in which cash flow hedges are expected to impact the statement of operations:

	(liabilities) Carrying amount	3 months and less	3–6 months	6–12 months	1–2 years	More than 2 years
	December 31, 2009					
		(outflows)/inflows				
Commodities	(2)	(7)	—	4	1	—
Emission rights	(48)	—	—	(14)	(13)	(21)
Total	(50)	(7)	—	(10)	(12)	(21)

	(liabilities) Carrying amount	3 months and less	3–6 months	6–12 months	1–2 years	More than 2 years
	December 31, 2010					
		(outflows)/inflows				
Foreign exchange contracts	(61)	(73)	(9)	11	11	(1)
Commodities	24	1	12	8	3	—
Emission rights	(65)	—	—	(25)	(40)	—
Total	(102)	(72)	3	(6)	(26)	(1)

Several forward exchange and options contracts related to the purchase of raw materials denominated in U.S. dollars were unwound during 2008. The effective portion is recorded in equity and represents a deferred gain that will be recycled to the statement of operations when the converted raw materials are sold. In 2008, prior to unwinding the contracts, the ineffective portion of 349 was recorded as operating income. During 2009, 979 was recycled to cost of sale related to the sale of inventory in 2009 and changes in the estimated future raw material purchases expected to occur. As of December 31, 2009 the effective portion deferred in equity was 1,736, excluding deferred tax expense of 503. During 2010, 354 was recycled to cost of sales related to the sale of inventory in 2010. Including the effects of foreign currency fluctuations, the deferred gain was 1,254, excluding deferred tax expense of 364, as of December 31, 2010 and is expected to be recycled to the statement of operations as follows:

Year	Amount
2011	576
2012	544
2013	134
Total	1,254

Notes to Consolidated Financial Statements

continued

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

Raw materials, freight, energy risks and emission rights

The Company uses financial instruments such as forward purchases or sales, options and swaps for certain commodities in order to manage the volatility of prices of certain raw materials, freight and energy. The Company is exposed to risks in fluctuations in prices of raw materials (including base metals such as zinc, nickel, aluminum, tin and copper) freight and energy, both through the purchase of raw materials and through sales contracts.

Fair values of raw material freight, energy and emission rights instruments are as follows:

	December 31, 2009	December 31, 2010
Base metals	32	36
Freight	4	(4)
Energy (oil, gas, electricity)	7	42
Emission rights	(48)	(18)
Total	(5)	56
Assets associated with raw material, energy, freight and emission rights	121	153
Liabilities associated with raw material, energy, freight and emission rights	(126)	(97)
Total	(5)	56

ArcelorMittal consumes large amounts of raw materials (the prices of which are related to the London Metals Exchange price index), ocean freight (the price of which is related to a Baltic Exchange Index), and energy (the prices of which are related to the New York Mercantile Exchange index, the Intercontinental Exchange index and the Powernext index). As a general matter, ArcelorMittal is exposed to price volatility with respect to its purchases in the spot market and under its long-term supply contract. In accordance with its risk management policy, ArcelorMittal hedges a part of its risk exposure to its raw materials procurements.

The fair value of raw material freight, energy and emission rights derivatives liabilities was stable during 2010.

Emission rights

Pursuant to the application of the European Directive 2003/87/EC of October 13, 2003, establishing a scheme for emission allowance trading, the Company enters into certain types of derivatives (cash purchase and sale, forward transactions and options) in order to implement its management policy for associated risks. As of December 31, 2009 and 2010, the Company had a net notional position of 162 with a net fair value of (48) and a net notional position of (40) with a net fair value of (18), respectively.

Credit risk

The Company's treasury department monitors various market data regarding the credit standings and overall reliability of the financial institutions for all countries where the Company's subsidiaries operate. The choice of the financial institution for the financial transactions must be approved by the treasury department. Credit risk related to customers, customer credit terms and receivables is discussed in note 6.

Sensitivity analysis

Foreign currency sensitivity

The following table details the Company's sensitivity as it relates to derivative financial instruments to a 10% strengthening and a 10% weakening in the U.S. dollar against the other currencies to which the Company is exposed. The sensitivity analysis does not include non-derivative foreign currency-denominated monetary items. A positive number indicates an increase in profit or loss and other equity where a negative number indicates a decrease in profit or loss and other equity.

	December 31, 2009		December 31, 2010	
	Income	Other Equity	Income	Other Equity
10% strengthening in U.S. dollar	(655)	—	(275)	321
10% weakening in U.S. dollar	655	—	232	(263)

Cash flow sensitivity analysis for variable rate instruments

The following table details the Company's sensitivity as it relates to variable interest rate instruments. A change of 100 basis points ("bp") in interest rates during the period would have increased (decreased) profit or loss by the amounts presented below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	December 31, 2009		
	Rate Instrument	Interest Rate Swaps/Forward Rate Agreements	Cash Flow Sensitivity (net)
100 bp increase	(29)	(11)	(40)
100 bp decrease	29	11	40

	December 31, 2010		
	Rate Instrument	Interest Rate Swaps/Forward Rate Agreements	Cash Flow Sensitivity (net)
100 bp increase	(19)	(1)	(20)
100 bp decrease	19	(1)	18

Base metals, energy, freight, emissions rights

The following table details the Company's sensitivity to a 10% increase and decrease in the price of the relevant base metals, energy, freight, and emissions rights. The sensitivity analysis includes only outstanding, un-matured base metal derivative instruments both held for trading at fair value through statement of operations and those designated in hedge accounting relationships.

	December 31, 2009		December 31, 2010	
	Income	Other Equity Cash Flow Hedging Reserves	Income	Other Equity Cash Flow Hedging Reserves
+10% in prices				
Base Metals	13	10	15	28
Freights	(3)	—	(1)	—
Emission rights	—	8	(13)	7
Energy	7	2	6	2
-10% in prices				
Base Metals	(13)	(10)	(15)	(28)
Freights	3	—	1	—
Emission rights	—	(8)	13	(7)
Energy	(7)	(2)	(6)	(2)

Note 17: Equity

Authorized shares

On May 13, 2008, at an Extraordinary General Meeting held on May 13, 2008, the shareholders approved an increase of the authorized share capital of ArcelorMittal by €644 million represented by 147 million shares, or approximately 10% of ArcelorMittal's outstanding capital. Following this approval, the total authorized share capital was €7.1 billion represented by 1,617 million shares without nominal value for a period ending on July 14, 2014.

On April 29, 2009, the Company announced an offering of approximately 141 million common shares which was closed on May 6, 2009 (the "Offering"). Pending shareholder approval for authorization to increase issued share capital, the Company entered into a Share Lending Agreement dated April 29, 2009 (the "Agreement"), with Ispat International Investments S.L. ("Ispat"), a company controlled by Mr. Lakshmi and Mrs. Usha Mittal, under which the Company borrowed 98 million shares. The 98 million borrowed shares were accounted for as treasury shares and then issued, along with 29 million other treasury shares, to fulfill all subscriptions to the Offering other than the 14 million shares subscribed by Ispat.

On June 17, 2009, at an Extraordinary General Meeting, the shareholders approved an authorization for the Board of Directors to increase the issued share capital of the Company by a maximum of 168,173,653 shares during a period of five years. On June 22, 2009, the Company issued and returned the 98 million borrowed shares to Ispat and issued to Ispat the 14 million subscribed by it in the Offering. The proceeds from the Offering, net of transaction costs, were 3.2 billion. Under the terms of the Agreement, the Company paid a share lending fee to Ispat of 2.4. As a result of the Offering, the Company realized a loss on the sale of its treasury shares for tax purposes and reversed the deferred tax liability of 682, which was previously recognized in 2008. The deferred tax liability related to the potential future recapture of an impairment expense on treasury shares (see note 19).

Treasury shares and call options on ArcelorMittal shares

On April 28, 2009, ArcelorMittal formally announced the termination of the share buy-back programs under which shares were repurchased until September 5, 2008.

As of December 31, 2009, ArcelorMittal held 51,373,092 treasury shares. The decrease in the number of treasury shares since December 31, 2008 is primarily related to the Offering previously described for 28,794,371 shares, to the transfer to ArcelorMittal USA of 1,119,165 shares in order to meet their pension fund requirements (see note 23) and to the exercise of stock options during the period for 456,251 shares (as described below).

Following the announced reopening of its share buy-back program, on December 14, 2010, ArcelorMittal acquired euro-denominated call options on 61,728,395 of its own shares with a strike price of €20.25 ($27.21) per share. The call options were acquired in order to hedge the Company's obligations arising from the potential conversion of the 7.25% convertible bonds for ArcelorMittal shares due April 1, 2014. In connection with this transaction, the Company sold 26.48 million treasury shares through an over-the-counter block trade for a price of €26.42 ($35.50) per share on December 14, 2010 (see note 16).

On December 18, 2010, ArcelorMittal acquired USD denominated call options on 26,533,997 of its own shares with a strike price of $30.15 per share in order to hedge its obligations arising from the potential conversion of the 5% USD denominated convertible bonds into ArcelorMittal shares due May 15, 2014. These call options were accounted for as an equity instrument as they can be settled only through physical delivery of the treasury shares. The premium paid with respect to these call options was 435 (309 net of tax) and was recorded as a decrease to additional-paid-in-capital. In connection with this transaction, the Company also entered into an agreement on December 18, 2010 to sell 11.5 million treasury shares through an over-the-counter block trade for a price of $37.87 per share, for settlement on December 30, 2010.

As a result of the various transactions described above, at December 31, 2010, ArcelorMittal held 12,352,920 treasury shares.

Following the transactions described above, the issued corporate share capital amounted to €6,837 million (9,950) represented by approximately 1,561 million shares, of which approximately 1,510 million shares and 1,549 million shares were outstanding as of December 31, 2009 and 2010, respectively.

Earnings per common share

The following table provides the numerators and a reconciliation of the denominators used in calculating basic and diluted earnings per common share for the years ended December 31, 2009 and 2010:

	Year ended December 31, 2009	Year ended December 31, 2010
Net income attributable to equity holders of the parent	157	2,916
Weighted average common shares outstanding (in millions) for the purposes of basic earnings per share	1,445	1,512
Incremental shares from assumed conversion of stock options (in millions)	1	—
Incremental shares from assumed conversion of the Convertible Bonds issued in 2009 (in millions)	—	88
Weighted average common shares assuming conversions (in millions) used in the calculation of diluted earnings per share	1,446	1,600

For the purpose of calculating earnings per common share, diluted weighted average common shares outstanding excludes 26 million and 17 million potential common shares from stock options outstanding for the years ended December 31, 2009 and 2010, respectively, because such stock options are anti-dilutive. Diluted weighted average common shares outstanding also excludes 64 million potential common shares from the Convertible Bonds described in note 15 for the year ended December 31, 2009 because the potential common shares are anti-dilutive.

Employee Share Purchase Plan

At the Annual General Shareholders' meeting held on May 11, 2010 the shareholders of ArcelorMittal adopted an Employee Share Purchase Plan ("ESPP") as part of a global employee engagement and participation policy. Similar to the previous ESPP implemented in 2009, and authorized at the Annual General Shareholders' meeting of May 12, 2009, the plan's goal is to strengthen the link between the Company and its employees and to align the interests of ArcelorMittal employees and shareholders. The main features of the 2009 and 2010 plans are the following:

- In 2009, the plan was offered to 204,072 employees in 22 jurisdictions. ArcelorMittal offered a maximum total number of 2,500,000 treasury shares (0.2% of the current issued shares on a fully diluted basis). A total of 392,282 shares were subscribed (of which 1,300 shares by Members of the Group Management Board and the Management Committee of the Company). The subscription price was $36.56 before discounts. The subscription period ran from November 10, 2009 until November 19, 2009 and was settled with treasury shares on January 21, 2010.
- In 2010, the plan was offered to 183,560 employees in 21 jurisdictions. ArcelorMittal offered a maximum total number of 2,500,000 treasury shares (0.2% of the current issued shares on a fully diluted basis). A total of 164,171 shares were subscribed (of which 1,500 shares by Members of the Group Management Board and the Management Committee of the Company). The subscription price was $34.62 before discounts. The subscription period ran from November 16, 2010 until November 25, 2010 and was settled with treasury shares on January 10, 2011.
- Pursuant to the plans, eligible employees could apply to purchase a number of shares not exceeding that number of whole shares equal to the lower of (i) 200 shares and (ii) the number of whole shares that may be purchased for fifteen thousand U.S. dollars (rounded down to the neared whole number of shares).

For 2009 and 2010 plans, the purchase price is equal to the average of the opening and the closing prices of the Company shares trading on the New York Stock Exchange on the exchange day immediately preceding the opening of the relevant subscription period, which is referred to as the "reference price", less a discount equal to:

a) 15% of the reference price for a purchase order not exceeding the lower of (i) 100 shares, and (ii) the immediately lower whole number of shares corresponding to an investment of seven thousand five hundred U.S. dollars, and thereafter;

b) 10% of the reference price for any additional acquisition of shares up to a number of shares (including those in the first cap) not exceeding the lower of (i) 200 shares, and (ii) the immediately lower whole number of shares corresponding to an investment of fifteen thousand U.S. dollars.

All shares purchased under the ESPP are currently held in custody for the benefit of the employees in global accounts opened by BNP Paribas Securities Services, except for shares purchased by Canadian and U.S. employees, which are held in custody in one global account by Mellon Investors LLC Services.

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

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

- the spin-off shall be deemed an early exit event for the participants who will be employees of one of the entities that will be exclusively controlled by Aperam, except in certain jurisdictions where termination of employment is not an early exit event, and
- the Aperam shares to be received by ESPP participants will be blocked in line with the lock-up period applicable to the ArcelorMittal shares in relation to which the Aperam shares are allocated based on a ratio of one Aperam share for 20 ArcelorMittal shares.

Dividends

Calculations to determine the amounts available for dividends are based on ArcelorMittal's Luxembourg statutory accounts which are based on generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg, rather than its consolidated accounts which are based on IFRS. ArcelorMittal has no significant manufacturing operations of its own. Accordingly, it can only pay dividends or distributions to the extent it is entitled to receive cash dividend distributions from its subsidiaries' recognized gains, from the sale of its assets or records share premium from the issuance of common shares. Dividends are declared in U.S. dollars and are payable in either U.S. dollars or in euros.

In light of the adverse economic and market conditions, on February 10, 2009, ArcelorMittal's Board of Directors recommended to reduce the annual dividend in 2009 to $0.75 per share ($0.1875 per quarter). The dividend was approved by the annual general meeting of shareholders on May 12, 2009. The quarterly dividend was paid on March 16, 2009 (interim dividend), June 15, 2009, September 14, 2009 and December 14, 2009. The Company has suspended its previously announced policy to return 30% of net income to shareholders through an annual base dividend supplemented by share buy-backs.

On October 27, 2009, the Board of Directors recommended to maintain the Company's dividend at $0.75 per share for the full year of 2010 ($0.1875 per quarter). The quarterly dividend was paid on March 15, 2010 (interim dividend), June 14, 2010, September 13, 2010 and December 15, 2010.

The Board of Directors will submit to a shareholders' vote at the next annual general meeting, a proposal to maintain the quarterly dividend payment at $0.1875 per share. The dividend payments would occur on a quarterly basis commencing on March 14, 2011 (interim dividend), June 14, 2011, September 12, 2011 and December 12, 2011.

Stock Option Plans

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

On August 4, 2009, ArcelorMittal granted 6,128,900 options under the ArcelorMittal Global Stock Option Plan 2009-2018 to a group of key employees at an exercise price of $38.30. The options expire on August 4, 2019.

On August 3, 2010, ArcelorMittal granted 5,864,300 options under the ArcelorMittal Global Stock Option Plan 2009-2018 to a group of key employees at an exercise price of $32.27. The options expire on August 3, 2020.

ArcelorMittal and Subsidiaries
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The fair values for options and other share-based compensation is recorded as an expense in the consolidated statement of operations over the relevant vesting or service periods, adjusted to reflect actual and expected levels of vesting. The fair value of each option grant to purchase ArcelorMittal common shares is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions (based on year of grant):

	Year of grant	
	2009	2010
Exercise price	$38.30	$32.27
Dividend yield	1.96%	2.32%
Expected annualized volatility	62%	52%
Discount rate—bond equivalent yield	3.69%	2.92%
Weighted average share price	$38.30	$32.27
Expected life in years	6	6
Fair value per option	$19.64	$13.56

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

The compensation expense recognized for stock option plans was 176 and 133 for each of the years ended December 31, 2009, and 2010, respectively.

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

	Number of Options	Range of Exercise Prices (per option)	Weighted Average Exercise Price (per option)
Outstanding, December 31, 2008	19,558,466	2.26 – 82.57	60.01
Granted	6,128,900	38.30	38.30
Exercised	(456,251)	2.26 – 33.76	24.56
Cancelled	(539,023)	33.76 – 82.57	70.02
Expired	(644,712)	2.26 – 82.57	52.20
Outstanding, December 31, 2009	24,047,380	2.26 – 82.57	55.22
Granted	5,864,300	32.27	32.27
Exercised	(371,200)	2.26 – 33.76	21.27
Cancelled	(223,075)	28.75 – 82.57	53.42
Expired	(644,431)	2.26 – 82.57	49.55
Outstanding, December 31, 2010	28,672,974	2.26 – 82.57	50.95
Exercisable, December 31, 2010	16,943,555	2.26 – 82.57	56.59
Exercisable, December 31, 2009	11,777,703	2.26 – 82.57	52.46

The following table summarizes information about total stock options of the Company outstanding as of December 31, 2010:

		Options Outstanding		
Exercise Prices (per option)	Number of options	Weighted average contractual life (in years)	Options exercisable (number of options)	Maturity
82.57	6,645,814	7.60	4,648,764	August 5, 2018
74.54	13,000	6.95	13,000	December 11, 2017
64.30	5,066,070	6.59	5,066,070	August 2, 2017
40.25	1,297,181	2.50	1,297,181	June 30, 2013
38.30	5,978,100	8.60	2,090,394	August 4, 2019
33.76	2,232,037	5.67	2,232,037	September 1, 2016
32.27	5,826,800	9.60	5,000	August 3, 2020
28.75	1,359,834	4.65	1,359,834	August 23, 2015
23.75	32,000	7.96	16,000	December 15, 2018
22.25	20,585	7.87	13,722	November 10, 2018
15.33	17,625	0.50	17,625	June 30, 2011
2.26	183,928	1.26	183,928	April 5, 2012
$2.26 – 82.57	**28,672,974**	**7.47**	**16,943,555**	

Note 18: Financial Income and Expense

Financial income and expense recognized in the years ended December 31, 2009 and 2010 is as follows:

	2009	2010
Recognized in the statement of operations		
Interest expense	(1,675)	(1,578)
Interest income	175	133
Fair value adjustment on Convertible Bonds and call options on ArcelorMittal shares	(897)	427
Net gain (loss) on other derivative instruments	(27)	43
Net foreign exchange result and others[1]	(423)	(1,225)
Total	**(2,847)**	**(2,200)**
Recognized in equity (Company share)[2]		
Net change in fair value of available-for-sale financial assets	48	1
Effective portion of changes in fair value of cash flow hedge	(535)	(585)
Foreign currency translation differences for foreign operations	3,115	(1,726)
Total	**2,628**	**(2,310)**

[1] Net foreign exchange result and others includes the net foreign exchange effects related primarily to financial assets and liabilities, bank fees, interest on defined benefit obligations and impairments of financial instruments.

[2] Includes amounts related to discontinued operations (see note 5).

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Note 19: Income Tax

Income tax expense (benefit)

The components of income tax expense (benefit) for each of the years ended December 31, 2009 and 2010, respectively, is summarized as follows:

	Year ended December 31, 2009	Year ended December 31, 2010
Total current tax expense	381	821
Total deferred tax expense (benefit)	(4,813)	(2,300)
Total income tax expense (benefit)	(4,432)	(1,479)

The following table reconciles the income tax expense (benefit) to the statutory tax expense (benefit) as calculated:

	Year ended December 31, 2009	Year ended December 31, 2010
Net income (including non-controlling interests)	114	3,005
Discontinued operations	57	330
Income from investments in associates and joint ventures	(56)	(451)
Income tax expense (benefit)	(4,432)	(1,479)
Income (loss) before tax and income from investments in associates and joint ventures:	**(4,317)**	**1,405**
Tax expense (benefit) at the statutory rates applicable to profits (losses) in the countries	(2,875)	(1,310)
Permanent items	(1,377)	(293)
Benefit arising from interest in partnership	(19)	—
Rate changes	(13)	(190)
Net change in measurement of deferred tax assets	248	380
Effects of tax holiday	72	28
Effects of foreign currency translation	(521)	(147)
Tax credits	(296)	(141)
Other taxes	289	155
Others	60	39
Income tax expense (benefit)	**(4,432)**	**(1,479)**

ArcelorMittal's income tax expense is based on the income tax laws and regulations in place in the different countries in which ArcelorMittal operates. In addition, the amount of income tax expense depends on the geographical mix of activities, which can vary from year to year. ArcelorMittal has offices in countries with a low corporate income tax rate, which reduce the consolidated effective tax rate to a level below 28.8%, the statutory tax rate as enacted in Luxembourg.

Permanent items

The permanent items consist of:

	Year ended December 31, 2009	Year ended December 31, 2010
Notional Interest Deduction	(931)	(733)
Juros sobre o Capital Próprio ("JSCP")	(193)	(51)
Interest recapture	6	554
Non tax deductible provisions	(131)	—
Tax deductible capital loss	(99)	—
Other permanent items	(29)	(63)
Total permanent items	(1,377)	(293)

Notional Interest Deduction: Corporate taxpayers in Belgium can benefit from a tax deduction corresponding to an amount of interest which is calculated based on their equity as determined in conformity with general accepted accounting principles in Belgium, which differs from IFRS. The applicable interest rate used in calculating this tax deduction is based upon the average rate of interest on 10-year bonds issued by the Belgian State. The rate is revised on an annual basis, but may not vary by more than 1 % from one period to another. A maximum rate of 6.5 % applies.

Juros sobre o Capital Próprio ("JSCP"): Corporate taxpayers in Brazil, who distribute a dividend can benefit from a tax deduction corresponding to an amount of interest calculated as a yield on capital. The deduction is determined as the lower of the interest as calculated by application of the Brazilian long term interest rate on the opening balance of capital and reserves, and 50% of the income for the year or accumulated profits from the previous year. For book purposes, this distribution of interest on capital is regarded as a dividend distribution, while for Brazilian tax purposes it is regarded as tax deductible interest.

Interest recapture: Based on a specific provision in the Luxembourg tax law, interest expenses on loans contracted to acquire a participation ("tainted debt") are not tax deductible when (tax exempt) dividend payments are received and/or capital gains are realized that can be linked to the tainted debt. The interest expenses are only deductible to the extent it exceeds the tax exempt income arising from the participation. In case of tax exempt capital gains, expenses related to the participations and any prior deductible write-downs in the value of the participation which have previously reduced the Luxembourg taxable base, become taxable (claw-back).

Rate changes

The 2010 tax benefit from rate changes of (190) mainly results from the decrease of the substantively enacted corporate income tax rate in Ukraine of (260), partially offset by changes in the substantively enacted corporate income tax rate in Kazakhstan of 30 and Luxembourg of 40.

Net change in measurement of deferred tax assets

The 2009 net change in measurement of deferred tax assets of 248 primarily consists of tax expense of 467 due to not recognizing certain deferred tax assets, partially offset by additional recognition of deferred tax assets for losses of previous years of (143) and tax benefit of (76) relating to other items.

The 2010 net change in measurement of deferred tax assets of 380 primarily consists of tax expense of 504 due to not recognizing and derecognizing certain deferred tax assets, partially offset by additional recognition of deferred tax assets for losses and other temporary differences of previous years of (124).

Effects of tax holiday

Certain agreements, for example tax holidays, relating to acquisitions and capital investments undertaken by the Company, provide reduced tax rates, fixed amounts of tax or in some cases exemption from income tax as in Algeria (expiring in 2011).

Effects of foreign currency translation

The effects of foreign currency translation of (521) and (147) at December 31, 2009 and 2010, respectively, pertain to certain entities with a different functional currency than the currency applied for tax filing purposes.

Tax credits

The tax credits of (296) and (141) in 2009 and 2010 respectively are mainly attributable to our operating subsidiaries in Spain. They relate to credits claimed on research and development, credits on investment and tax sparing credits.

Other taxes

Other taxes include withholding taxes on dividends, services, royalties and interests, as well as Secondary Taxation on Companies ("STC"). It also includes Mining duties in Canada of 22 and 117 and Flat tax in Mexico of 51 and (30) in 2009 and 2010 respectively. The STC is a tax levied on dividends declared by South African companies. STC is not included in the computation of current or deferred tax as these amounts are calculated at the statutory company tax rate on undistributed earnings. On declaration of a dividend, the South African Operating Subsidiary includes the STC tax in its computation of the income tax expense. If the South African Operating Subsidiary distributed all of its undistributed retained earnings of 2,956 and 3,777 in 2009 and 2010 respectively, it would be subject to additional taxes of 269 and 343 respectively. STC on dividends declared in 2009 and 2010 were 17 and 8 respectively.

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Income tax recorded directly in equity

Income tax recognized in equity for the years ended December 31, 2009, 2010 is as follows:

	2009	2010
Current tax expense (benefit)		
Recognized in other comprehensive income on:		
Foreign currency translation adjustments	(18)	49
	(18)	49
Deferred tax expense (benefit)		
Recognized in other comprehensive income on:		
Unrealized gain (loss) on available-for-sale securities	3	(19)
Unrealized gain (loss) on derivative financial instruments	(174)	(122)
Call options on ArcelorMittal shares	—	(126)
Foreign currency translation adjustments	370	74
Recognized in additional paid-in capital on:		
Movements on treasury shares	(682)	(267)
Recognized in retained earnings on:		
Cancellation of cash settlement option on 800 convertible senior notes	81	—
Recognized in non-controlling interests on:		
Issuance of bonds mandatorily convertible in shares of subsidiaries	(4)	—
	(406)	(460)

In 2008, for tax purposes, the Company recognized an impairment as the market value of its treasury shares was lower than the recorded value. The impairment resulted in the recognition of an additional deferred tax asset as the Company had tax losses carried forward in Luxembourg. In addition, the Company recognized a deferred tax liability for the potential future recapture of the recognized impairment. In accordance with IFRS, the corresponding tax benefit and expenses, netting to zero, was recognized in the consolidated statements of changes in equity. As a result of the offering of shares in 2009, the Company realized a loss on the sale of shares for tax purposes and reversed (682) the deferred tax liability previously recognized.

Deferred tax assets and liabilities

The origin of deferred tax assets and liabilities is as follows:

	Assets		Liabilities		Net	
	2009	2010	2009	2010	2009	2010
Intangible assets	167	136	(1,104)	(1,095)	(937)	(959)
Property, plant and equipment	277	263	(9,293)	(8,110)	(9,016)	(7,847)
Inventories	421	427	(425)	(47)	(4)	380
Available-for-sale financial assets	—	—	(12)	(1)	(12)	(1)
Financial instruments	436	294	(92)	(146)	344	148
Other assets	258	415	(665)	(478)	(407)	(63)
Provisions	2,806	2,416	(1,008)	(693)	1,798	1,723
Other liabilities	455	700	(677)	(872)	(222)	(172)
Tax losses carried forward	7,468	8,719	—	—	7,468	8,719
Tax credits	724	712	—	—	724	712
Untaxed reserves	—	—	(42)	(43)	(42)	(43)
Deferred tax assets / (liabilities)	13,012	14,082	(13,318)	(11,485)	(306)	2,597
Deferred tax assets					4,838	6,603
Deferred tax liabilities					(5,144)	(4,006)

Deferred tax assets not recognized by the Company as of December 31, 2009 were as follows:

	Gross amount	Total deferred tax assets	Recognized deferred tax assets	Unrecognized deferred tax assets
Tax losses carried forward	27,315	8,220	7,468	752
Tax credits and other tax benefits carried forward	1,410	844	724	120
Other temporary differences	15,845	4,966	4,820	146
Total		14,030	13,012	1,018

Deferred tax assets not recognized by the Company as of December 31, 2010 were as follows:

	Gross amount	Total deferred tax assets	Recognized deferred tax assets	Unrecognized deferred tax assets
Tax losses carried forward	33,155	9,889	8,719	1,170
Tax credits and other tax benefits carried forward	1,523	967	712	255
Other temporary differences	16,298	4,678	4,651	27
Total		15,534	14,082	1,452

As of December 31, 2010, the majority of the deferred tax assets not recognized relate to tax losses carried forward attributable to various subsidiaries located in different jurisdictions (primarily Belgium, Luxembourg, Canada, Mexico, the Netherlands and the United States) with different statutory tax rates. The amount of the total deferred tax assets is the aggregate amount of the various deferred tax assets recognized and unrecognized at the various subsidiaries and not the result of a computation with a given blended rate. The majority of unrecognized tax losses carried forward have an expiration date. In addition, the utilization of tax losses carried forward is restricted to the taxable income of the subsidiary or tax consolidated group to which it belongs. The utilization of tax losses carried forward also may be restricted by the character of the income.

At December 31, 2010, based upon the level of historical taxable income and projections for future taxable income over the periods in which the deductible temporary differences are anticipated to reverse, management believes it is probable that ArcelorMittal will realize the benefits of the deferred tax assets of 6,603 recognized. The amount of future taxable income required to be generated by ArcelorMittal's subsidiaries to utilize the deferred tax assets is approximately 22,798. Historically, the Company has been able to generate taxable income in sufficient amounts and believes that it will generate sufficient levels of taxable income in upcoming years to permit the Company to utilize tax benefits associated with tax losses carried forward and other deferred tax assets that have been recognized in its consolidated financial statements.

ArcelorMittal has recorded approximately 35 of deferred income tax liabilities on the undistributed earnings of its foreign subsidiaries for income taxes due if these earnings would be distributed. There was no material change to these liabilities as of December 31, 2009 until December 31, 2010. For investments in subsidiaries, branches and associates and investments, that are not expected to reverse in the foreseeable future, the aggregate amount of deferred tax liabilities that is not recognized is approximately 550.

Tax losses carried forward

At December 31, 2010, the Company had total estimated tax losses carried forward of 33,155.

Such amount includes net operating losses of 7,584 primarily related to subsidiaries in Canada, the Netherlands, Poland, Romania, Spain and the United States, which expire as follows:

Year expiring	Amount
2011	27
2012	46
2013	261
2014	657
2015	68
2016 – 2030	6,525
Total	7,584

The remaining tax losses carried forward of 25,571 are indefinite and primarily attributable to the Company's operations in Belgium, Brazil, France, Germany, Luxembourg and Trinidad and Tobago.

Tax losses carried forward are denominated in the currency of the countries in which the respective subsidiaries are located and operate. Fluctuations in currency exchange rates could reduce the U.S. dollar equivalent value of these tax losses carried forward in future years.

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Note 20: Provisions

The movements of provisions were as follows:

	Balance at December 31, 2008	Additions	Deductions/ Payments and other releases	Acquisitions	Effects of Foreign Exchange and other movements	Balance at December 31, 2009
Environmental (see note 24)	769	72	(131)	—	33	743
Asset retirement obligations	278	49	(2)	—	11	336
Restructuring	566	78	(131)	1	(183)	331
Voluntary separation plans[2]	935	280	(685)	—	(218)	312
Litigation (see note 24)	1,601	296	(803)	2	125	1,221
Commercial agreements and onerous contracts	855	471	(1,150)	—	(2)	174
Other[3]	631	266	(321)	3	(142)	437
	5,635	1,512	(3,223)	6	(376)	3,554
Short-term provisions	3,292					1,433
Long-term provisions	2,343					2,121
	5,635					3,554

	Balance at December 31, 2009	Additions	Deductions/ Payments and other releases	Acquisitions	Effects of Foreign Exchange and other movements[1]	Balance at December 31, 2010
Environmental (see note 24)	743	95	(104)	—	(4)	730
Asset retirement obligations	336	24	(30)	—	12	342
Restructuring	331	92	(118)	—	(68)	237
Voluntary separation plans[2]	312	69	(268)	—	(32)	81
Litigation (see note 24)	1,221	327	(280)	—	(197)	1,071
Commercial agreements and onerous contracts	174	240	(221)	—	20	213
Other[3]	437	238	(143)	—	(125)	407
	3,554	1,085	(1,164)	—	(394)	3,081
Short-term provisions	1,433					1,343
Long-term provisions	2,121					1,738
	3,554					3,081

1 A movement of (167) is related to the transfer of provisions to liabilities held for sale and distribution.

2 Voluntary separation plans were announced at the end of 2008 by the Group Management Board and were largely completed in 2009 and 2010. In 2010, new voluntary separation plans were announced in Mexico, Kazakhstan, Ukraine and France. As of December 2010, the outstanding provision relates to remaining plans primarily in USA, France, Poland, Germany, Bosnia, Mexico, Romania and Czech Republic.

3 Other includes provisions for technical warranties, guarantees as well as other disputes.

There are uncertainties regarding the timing and amount of the provisions above. Changes in underlying facts and circumstances for each provision could result in differences in the amounts provided for and the actual outflows. In general, provisions are presented on a non-discounted basis due to the uncertainties regarding the timing or the short period of their expected consumption.

Environmental provisions have been estimated based on internal and third-party estimates of contaminations, available remediation technology, and environmental regulations. Estimates are subject to revision as further information develops or circumstances change. These provisions are expected to be consumed over a period of 20 years.

Restructuring provisions are mainly related to reorganizations in France and are expected to be settled within the next year.

Provisions for litigation related to probable losses that have been incurred due to a present legal or constructive obligation are expected to be settled in a period of one to four years. Discussion regarding legal matters is provided in note 24.

Provisions for onerous contracts related to unavoidable costs of meeting obligations exceeding expected economic benefits under certain contracts.

In addition to existing labor agreements, voluntary separation plans which provide incentives for early retirement or separation from the Company in exchange for cash benefits, were announced at the end of 2008 and were largely completed in 2009. As of December 31, 2010, the outstanding provision relates to remaining plans primarily in France and Belgium which are expected to be settled over a period of one to four years.

Other includes provisions for technical warranties, guarantees as well as other disputes.

Note 21: Accrued Expenses and Other Liabilities

Accrued expenses were comprised of the following as of December 31:

	2009*	2010
Accrued payroll and employee related expenses	1,949	1,933
Other payables	1,810	2,090
Other creditors	1,310	1,526
Revaluation of derivative instruments	905	402
Other amounts due to public authorities	731	828
Unearned revenue and accrued payables	217	121
Total	6,922	6,900

** As required by IFRS 3, the 2009 information has been adjusted retrospectively for the finalization in 2010 of the allocation of purchase price of acquisitions made in 2009 (see note 3).*

Note 22: Commitments

The Company's commitments consist of three main categories:

- non-cancellable operating leases,
- various purchase and capital expenditure commitments,
- pledges, guarantees and other collateral instruments given to secure financial debt and credit lines.

Operating leases

The Company leases various facilities, land and equipment under non-cancellable lease arrangements. Future payments required under operating leases that have initial or remaining non-cancellable terms as of December 31, 2010 according to maturity periods are as follows:

Less than 1 year	465
1-3 years	819
4-5 years	579
More than 5 years	1,081
Total	2,944

The operating leases are mainly related to plant, machinery and equipment (2,267), buildings (546) and lands (57).

Commitments given

	December 31, 2009	December 31, 2010*
Purchase commitments	26,229	21,937
Capital expenditure commitments	1,515	1,660
Guarantees, pledges and other collateral	4,944	3,621
Other commitments	5,895	5,463
Total	38,583	32,681

** Purchase commitments and guarantees, pledges and other collateral include commitments related to joint ventures and associates for 1,317 and 149 at December 31, 2010, respectively.*

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Purchase commitments

Purchase commitments consist primarily of major agreements for procuring iron ore, coking coal, coke and hot metal. The Company also has a number of agreements for electricity, industrial and natural gas, as well as freight contracts.

Guarantees, pledges and other collateral

Pledges mainly relate to mortgages entered into by the Company's Operating Subsidiaries and guarantees issued related to external debt financing.

Guarantees and other collateral consist of guarantees of financial loans and credit lines, documentary credits, letters of credit and sureties.

Other commitments given

Other commitments given comprise commitments incurred for the long-term use of goods belonging to a third party, commitments incurred under operating leases and credit lines confirmed to customers but not drawn, and commitments relating to grants.

Share Retention Agreements

ArcelorMittal Temirtau has entered into share retention agreements with the EBRD and the International Finance Corporation ("IFC"). Until the date on which the EBRD and IFC loans have been repaid in full, ArcelorMittal Temirtau's holding company or its nominee shall not, unless EBRD and IFC otherwise agree in writing, transfer, assign, pledge, dispose or encumber 67% of its share holding in ArcelorMittal Temirtau.

The Company has pledged 37.87% of its shareholding in ArcelorMittal Galati to AVAS (the governmental body in Romania responsible for privatization) in relation to the Company's ten-year capital expenditure commitment at ArcelorMittal Galati which commenced November 2001.

The Company has entered into a share pledge agreement with AVAS for 100% of its shareholding in ArcelorMittal Tubular Products Roman's share capital with respect to its investment commitment from 2003 to February 1, 2014.

The Company has also entered into a share pledge agreement with AVAS for 15.7% of its shareholding in ArcelorMittal Hunedoara's share capital towards its capital expenditure commitments for five years commencing April 2004. This share pledge agreement is still effective on December 31, 2010, as the Company did not receive written confirmation from AVAS on due fulfillment of the investment obligations undertaken for the five investment years.

The Company has entered into a share pledge agreement with AVAS for 52.94% of its shareholding in ArcelorMittal Tubular Products Iasi's share capital towards its capital expenditure commitments for five years commencing in 2004.

Note 23: Deferred Employee Benefits

ArcelorMittal's Operating Subsidiaries have different types of pension plans for their employees. Also, some of the Operating Subsidiaries offer other post-employment benefits, principally healthcare. The expense associated with these pension plans and employee benefits, as well as the carrying amount of the related liability/asset on the statements of financial position are based on a number of assumptions and factors such as the discount rate, expected compensation increases, expected return on plan assets, future healthcare cost trends and market value of the underlying assets. Actual results that differ from these assumptions are accumulated and amortized over future periods and, therefore, will affect the statement of operations and the recorded obligation in future periods. The total accumulated unrecognized actuarial loss amounted to 1,979 for pensions and 1,020 for other post retirement benefits as of December 31, 2010.

The Company agreed in 2008 to transfer to ArcelorMittal USA a number of shares held in treasury equal to a fair value of 130, subject to certain adjustments, in several tranches until the end of 2010 to provide a means for ArcelorMittal USA to meet its cash funding requirements to the ArcelorMittal USA Pension Trust. The first tranche, consisting of 1,121,995 treasury shares, was transferred on December 29, 2008 for consideration of $23.72 per share, the New York Stock Exchange opening price on December 23, 2008. The second tranche, consisting of 119,070 treasury shares, was transferred on June 29, 2009 for consideration of $32.75 per share, the New York Stock Exchange opening price on June 26, 2009. The third tranche, consisting of 1,000,095 treasury shares, was transferred on September 15, 2009, for consideration of $39.00 per share, the New York Stock Exchange opening price on September 14, 2009. There were no transfers in 2010.

Pension Plans

A summary of the significant defined benefit pension plans is as follows:

U.S.

ArcelorMittal USA's Pension Plan and Pension Trust is a non-contributory defined benefit plan covering approximately 24% of its employees. Certain non-represented salaried employees hired before 2003 also receive pension benefits. Benefits for most non-represented employees who receive pension benefits are determined under a "Cash Balance" formula as an account balance which grows as a result of interest credits and of allocations based on a percentage of pay. Benefits for other non-represented salaried employees who receive pension benefits are determined as a monthly benefit at retirement depending on final pay and service. Benefits for wage and salaried employees represented by a union are determined as a monthly benefit at retirement based on fixed rate and service. This plan is closed to new participants. Represented employees hired after November 2005 and for employees at locations which were acquired from International Steel Group Inc. receive pension benefits through a multiemployer pension plan that is accounted for as defined contribution plan.

Canada

The primary pension plans are those of ArcelorMittal Dofasco and ArcelorMittal Mines Canada. The ArcelorMittal Dofasco pension plan is a hybrid plan providing the benefits of both a defined benefit and defined contribution pension plan. The defined contribution component is financed by both employer and employee contributions. The employer also contributes a percentage of profits in the defined contribution plan. The ArcelorMittal Mines Canada defined benefit plan provides salary related benefit for non-union employees and a flat dollar pension depending on an employee's length of service. This plan was closed for new hires on December 31, 2009, and replaced by a defined contribution pension plan with contributions related to age and services. The ArcelorMittal Mines Canada hourly workers' defined benefit plan is a unionized plan and is still open to new hires.

Brazil

The primary defined benefit plans, financed through trust funds, have been closed to new entrants. Brazilian entities have all established defined contribution plans that are financed by employer and employee contributions.

Europe

Certain European Operating Subsidiaries maintain primarily unfunded defined benefit pension plans for a certain number of employees. Benefits are based on such employees' length of service and applicable pension table under the terms of individual agreements. Some of these unfunded plans have been closed to new entrants and replaced by defined contributions pension plans for active members financed by employer and employee contributions.

South Africa

There are two primary defined benefit pension plans. These plans are closed to new entrants. The assets are held in pension funds under the control of the trustees and both funds are wholly funded for qualifying employees. South African entities have also implemented defined contributions pension plans that are financed by employers' and employees' contributions.

Other

A limited number of funded defined benefit plans are in place in countries where funding of multi-employer pension plans is mandatory.

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Plan Assets

The weighted-average asset allocations for the funded defined benefit pension plans by asset category were as follows:

	December 31, 2009					
	U.S.	Canada	Brazil	Europe	South Africa	Others
Equity Securities	55%	57%	9%	10%	34%	28%
Fixed Income (including cash)	25%	41%	89%	79%	48%	72%
Real Estate	4%	—	—	1%	1%	—
Other	16%	2%	2%	10%	17%	—
Total	100%	100%	100%	100%	100%	100%

	December 31, 2010					
	U.S.	Canada	Brazil	Europe	South Africa	Others
Equity Securities	55%	56%	8%	10%	40%	32%
Fixed Income (including cash)	25%	42%	90%	79%	60%	68%
Real Estate	4%	—	—	1%	—	—
Other	16%	2%	2%	10%	—	—
Total	100%	100%	100%	100%	100%	100%

These assets do not include any direct investment in ArcelorMittal or in property or other assets occupied or used by ArcelorMittal except for the transaction explained previously. This does not exclude ArcelorMittal shares included in mutual fund investments. The invested assets produced an actual return of 950 and 699 in 2009 and 2010, respectively.

The Finance and Retirement Committees of the Board of Directors for the respective Operating Subsidiaries have general supervisory authority over the respective trust funds. These committees have established the following asset allocation targets. These targets are considered benchmarks and are not mandatory.

	December 31, 2010					
	U.S.	Canada	Brazil	Europe	South Africa	Others
Equity Securities	62%	59%	11%	10%	48%	35%
Fixed Income (including cash)	24%	41%	84%	79%	52%	65%
Real Estate	5%	—	—	2%	—	—
Other	9%	—	5%	9%	—	—
Total	100%	100%	100%	100%	100%	100%

The following tables detail the reconciliation of defined benefit obligation, plan assets and statement of financial position.

	Year Ended December 31, 2010						
	Total	U.S.	Canada	Brazil	Europe	South Africa	Others
Change in benefit obligation							
Benefit obligation at beginning of the period	9,359	3,281	2,275	550	2,316	743	194
Service cost	160	53	51	10	37	—	9
Interest cost	635	183	168	70	126	71	17
Plan amendments	46	—	6	—	35	—	5
Plan participants' contribution	5	—	1	2	1	—	1
Acquisition	3	—	—	—	3	—	—
Curtailments and settlements	(24)	—	—	(10)	(9)	—	(5)
Actuarial (gain) loss	330	—	168	22	141	(4)	3
Benefits paid	(769)	(247)	(174)	(43)	(188)	(90)	(27)
Foreign currency exchange rate differences and other movements	867	—	393	198	82	190	4
Benefit obligation at end of the period	10,612	3,270	2,888	799	2,544	910	201
Change in plan assets							
Fair value of plan assets at beginning of the period	5,788	1,916	1,786	589	566	826	105
Expected return on plan assets	479	156	140	79	23	71	10
Actuarial gain (loss)	471	265	130	39	42	(4)	(1)
Employer contribution	302	48	202	13	38	—	1
Plan participants' contribution	5	—	1	2	1	—	1
Settlements	(3)	—	—	(9)	6	—	—
Benefits paid	(613)	(244)	(173)	(43)	(55)	(90)	(8)
Foreign currency exchange rate differences and other movements	766	—	310	215	23	218	—
Fair value of plan assets at end of the period	7,195	2,141	2,396	885	644	1,021	108
Present value of the wholly or partly funded obligation	(9,078)	(3,236)	(2,873)	(799)	(1,163)	(910)	(97)
Fair value of plan assets	7,195	2,141	2,396	885	644	1,021	108
Net present value of the wholly or partly funded obligation	(1,883)	(1,095)	(477)	86	(519)	111	11
Present value of the unfunded obligation	(1,534)	(34)	(15)	—	(1,381)	—	(104)
Unrecognized net actuarial loss	1,678	1,242	251	30	127	—	28
Unrecognized past service cost	3	2	—	—	1	—	—
Prepaid due to unrecoverable surpluses	(221)	—	(3)	(104)	(3)	(111)	—
Net amount recognized	(1,957)	115	(244)	12	(1,775)	—	(65)
Net assets related to funded obligations	294	194	65	17	—	—	18
Recognized liabilities	(2,251)	(79)	(309)	(5)	(1,775)	—	(83)
Amount included above related to discontinued operations	(91)	—	—	—	(91)	—	—

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	Year Ended December 31, 2010						
	Total	U.S.	Canada	Brazil	Europe	South Africa	Others
Change in benefit obligation							
Benefit obligation at beginning of the period	10,612	3,270	2,888	799	2,544	910	201
Service cost	158	49	50	11	38	—	10
Interest cost	666	180	182	88	113	83	20
Plan amendments	40	—	15	—	3	—	22
Plan participants' contribution	4	—	1	2	—	—	1
Acquisition	(9)	—	—	—	—	—	(9)
Curtailments and settlements	(9)	—	—	—	2	(3)	(8)
Actuarial (gain) loss	642	261	189	24	5	68	95
Benefits paid	(757)	(241)	(193)	(47)	(172)	(85)	(19)
Foreign currency exchange rate differences and other movements	64	—	129	25	(201)	118	(7)
Benefit obligation at end of the period	11,411	3,519	3,261	902	2,332	1,091	306
Change in plan assets							
Fair value of plan assets at beginning of the period	7,195	2,141	2,396	885	644	1,021	108
Expected return on plan assets	590	178	184	97	23	99	9
Actuarial gain (loss)	109	67	55	6	16	(34)	(1)
Employer contribution	484	166	262	14	41	—	1
Plan participants' contribution	4	—	1	2	—	—	1
Settlements	(3)	—	—	—	—	(3)	—
Benefits paid	(611)	(237)	(192)	(47)	(45)	(85)	(5)
Foreign currency exchange rate differences and other movements	207	—	116	29	(55)	122	(5)
Fair value of plan assets at end of the period	7,975	2,315	2,822	986	624	1,120	108
Present value of the wholly or partly funded obligation	(9,882)	(3,486)	(3,246)	(902)	(1,063)	(1,091)	(94)
Fair value of plan assets	7,975	2,315	2,822	986	624	1,120	108
Net present value of the wholly or partly funded obligation	(1,907)	(1,171)	(424)	84	(439)	29	14
Present value of the unfunded obligation	(1,529)	(33)	(15)	—	(1,269)	—	(212)
Unrecognized net actuarial loss	1,979	1,318	390	45	111	(4)	119
Unrecognized past service cost	5	—	5	—	—	—	—
Prepaid due to unrecoverable surpluses	(148)	—	—	(121)	(2)	(25)	—
Net amount recognized	(1,600)	114	(44)	8	(1,599)	0	(79)
Net assets related to funded obligations	317	186	101	13	—	—	17
Recognized liabilities	(1,917)	(72)	(145)	(5)	(1,599)	—	(96)
Amount included above related to discontinued operations	(83)	—	—	—	(83)	—	—

Asset Ceiling

The amount not recognized in the fair value of plan assets due to the asset ceiling was 221 and 148 at December 31, 2009 and 2010, respectively.

The following tables detail the components of net periodic pension cost:

	Year Ended December 31, 2009						
	Total	U.S.	Canada	Brazil	Europe	South Africa	Others
Net periodic pension cost							
Service cost	160	53	51	10	37	—	9
Interest cost	635	183	168	70	126	71	17
Expected return on plan assets	(479)	(156)	(140)	(79)	(23)	(71)	(10)
Charges due to unrecoverable surpluses	13	—	3	10	—	—	—
Curtailments and settlements	(13)	—	—	1	(11)	—	(3)
Amortization of unrecognized past service cost	72	26	6	—	35	—	5
Amortization of unrecognized actuarial loss	201	184	10	6	—	—	1
Total	589	290	98	18	164	—	19
Amount included above related to discontinued operations	4	—	—	—	4	—	—

	Year Ended December 31, 2010						
	Total	U.S.	Canada	Brazil	Europe	South Africa	Others
Net periodic pension cost							
Service cost	158	49	50	11	38	—	10
Interest cost	666	180	182	88	113	83	20
Expected return on plan assets	(590)	(178)	(184)	(97)	(23)	(99)	(9)
Charges due to unrecoverable surpluses	(79)	—	(3)	14	—	(90)	—
Curtailments and settlements	4	—	—	—	5	—	(1)
Amortization of unrecognized past service cost	37	2	10	—	3	—	22
Amortization of unrecognized actuarial loss	225	118	1	2	(2)	106	—
Total	421	171	56	18	134	—	42
Amount included above related to discontinued operations	4	—	—	—	4	—	—

Other post-employment benefits

ArcelorMittal's principal Operating Subsidiaries in the U.S., Canada and Europe, among certain others, provide other post-employment benefits ("OPEB"), including medical benefits and life insurance benefits, to retirees. Substantially all union-represented ArcelorMittal USA employees are covered under post-employment life insurance and medical benefit plans that require deductible and co-insurance payments from retirees. The post-employment life insurance benefit formula used in the determination of post-employment benefit cost is primarily based on applicable annual earnings at retirement for salaried employees and specific amounts for hourly employees. ArcelorMittal USA does not pre-fund most of these post-employment benefits.

Agreements with the USW capped ArcelorMittal USA's share of healthcare costs for ArcelorMittal USA retirees at 2008 levels for years 2010 and beyond. The VEBA will be responsible for reimbursing ArcelorMittal USA for any costs in excess of the cap for retirees of ArcelorMittal USA. Because the current labor agreement specifies the level of benefits to be provided and ArcelorMittal USA is the only source of funding, the obligation meets the definition of a defined benefit plan.

The current labor agreement between ArcelorMittal USA and the USW, the Company modified payments into an existing Voluntary Employee Beneficiary Association ("VEBA") trust. The VEBA provided limited healthcare benefits to the retirees of certain companies whose assets were acquired (referred to as Legacy Retirees). Contributions into the trust under the old labor agreement were calculated based on quarterly operating income and on certain overtime hours worked. Benefits paid were based on the availability of funds in the VEBA. Under the current agreement, ArcelorMittal USA contributes a fixed amount of 25 per quarter. An agreement with the union allowed ArcelorMittal USA to defer these payments in 2009 and for the first three quarters of 2010. Payments resumed in the fourth quarter of 2010. These deferred contributions must be paid to the fund by August 12, 2012. Before that date, ArcelorMittal USA will make additional quarterly contributions calculated with the reference to its operating income.

The Company has significant assets mostly in the aforementioned VEBA post employment benefit plans. These assets consist of 99% in fixed income and 1% in cash. The total fair value of the assets in the VEBA trust was 467 as of December 31, 2010.

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Summary of changes in the other post employment benefit obligation and changes in plan assets are as follows:

	Year Ended December 31, 2009					
	Total	U.S.	Canada	Brazil	Europe	Others
Change in post-employment benefit obligation						
Benefit obligation at beginning of period	5,254	3,861	667	5	603	118
Service cost	60	26	10	—	19	5
Interest cost	299	217	46	—	29	7
Plan amendment	42	24	—	—	18	—
Actuarial loss (gain)	46	38	(17)	(1)	32	(6)
Benefits paid	(327)	(203)	(36)	—	(68)	(20)
Curtailments and settlements	(70)	—	—	—	(70)	—
Divestitures	(4)	—	—	—	(4)	—
Foreign currency exchange rate changes and other movements	116	—	108	1	5	2
Benefits obligation at end of period	**5,416**	**3,963**	**778**	**5**	**564**	**106**
Present value of the wholly or partly funded obligation	(1,324)	(1,274)	—	—	(50)	—
Fair value of assets	577	559	—	—	18	—
Net present value of the wholly or partly funded obligation	(747)	(715)	—	—	(32)	—
Present value of the unfunded obligation	(4,092)	(2,689)	(778)	(5)	(514)	(106)
Unrecognized net actuarial loss (gain)	401	670	(259)	—	(20)	10
Unrecognized past service cost	131	129	—	—	2	—
Net amount recognized	**(4,307)**	**(2,605)**	**(1,037)**	**(5)**	**(564)**	**(96)**
Amount included above related to discontinued operations	**(62)**	**—**	**—**	**(5)**	**(57)**	**—**

	Year Ended December 31, 2010					
	Total	U.S.	Canada	Brazil	Europe	Others
Change in post-employment benefit obligation						
Benefit obligation at beginning of period	5,416	3,963	778	5	564	106
Service cost	61	24	10	—	21	6
Interest cost	313	226	51	—	29	7
Participants contribution	32	32	—	—	—	—
Plan amendment	82	—	(1)	—	83	—
Actuarial loss (gain)	694	576	47	—	55	16
Benefits paid	(344)	(243)	(40)	(1)	(46)	(14)
Curtailments and settlements	(2)	—	(2)	—	—	—
Foreign currency exchange rate changes and other movements	(6)	(3)	42	(1)	(33)	(11)
Benefits obligation at end of period	**6,246**	**4,575**	**885**	**3**	**673**	**110**
Present value of the wholly or partly funded obligation	(1,392)	(1,302)	—	—	(90)	—
Fair value of plan assets	517	502	—	—	15	—
Net present value of the wholly or partly funded obligation	(875)	(800)	—	—	(75)	—
Present value of the unfunded obligation	(4,854)	(3,273)	(885)	(3)	(583)	(110)
Unrecognized net actuarial loss (gain)	1,020	1,195	(205)	—	7	23
Unrecognized past service cost	128	58	—	—	70	—
Net amount recognized	**(4,581)**	**(2,820)**	**(1,090)**	**(3)**	**(581)**	**(87)**
Amount included above related to discontinued operations	**(58)**	**—**	**—**	**(3)**	**(55)**	**—**

The following tables detail the components of net periodic other post-employment cost:

	Year Ended December 31, 2009					
	Total	U.S.	Canada	Brazil	Europe	Others
Components of net periodic OPEB cost (benefit)						
Service cost	60	26	10	—	19	5
Interest cost	299	217	46	—	29	7
Expected return on plan assets	(39)	(38)	—	—	(1)	—
Curtailments and settlements	(70)	—	—	—	(70)	—
Amortization of unrecognized past service cost	110	92	—	—	18	—
Amortization of unrecognized actuarial (gain) loss	35	32	(16)	(1)	19	1
Total	395	329	40	(1)	14	13
Amount included above related to discontinued operations	**(1)**	**—**	**—**	**(1)**	**—**	**—**

	Year Ended December 31, 2010					
	Total	U.S.	Canada	Brazil	Europe	Others
Components of net periodic OPEB cost (benefit)						
Service cost	61	24	10	—	21	6
Interest cost	313	226	51	—	29	7
Expected return on plan assets	(33)	(32)	—	—	(1)	—
Curtailments and settlements	(3)	—	(3)	—	—	—
Amortization of unrecognized past service cost	79	71	(1)	—	9	—
Amortization of unrecognized actuarial (gain) loss	56	42	(18)	—	30	2
Total	473	331	39	—	88	15
Amount included above related to discontinued operations	**6**	**—**	**—**	**—**	**6**	**—**

Weighted-average assumptions used to determine benefit obligations at each of December 31, 2009 and 2010:

	Pension Plans		Other Post-employment Benefits	
	2009	2010	2009	2010
Discount rate	4.97% – 15%	4.75% – 14.0%	4.5% – 10.77%	4.50% – 10.77%
Rate of compensation increase	1.71% – 14%	2.5% – 13.0%	2% – 7.12%	2.0% – 6.32%
Expected long-term rate of return on plan assets	3.52% – 11.26%	3.5% – 10.78%	4.5% – 6.12%	4.5% – 6.18%

Healthcare Cost Trend Rate

	Pension Plans	
	2009	2010
Healthcare cost trend rate assumed	3.00% – 5.40%	2.00% – 5.18%

Cash Contributions

In 2011, the Company expects its cash contributions to amount to 607 for pension plans, 493 for other post employment benefits plans and 122 for the defined contribution plans. Cash contributions to the defined contribution plans, sponsored by the Company, were 114 in 2010.

Statement of Financial Position

Total deferred employee benefits including pension or other post-employment benefits, are as follows:

	December 31, 2009	December 31, 2010
Pension plan benefits	2,251	1,834
Other post-employment benefits	4,307	4,523
Early retirement benefits	886	761
Other long-term employee benefits	139	62
Total	7,583	7,180

Decrease in the pension liability of 2010 is mainly due to the increase in the plan assets as compared to 2009. Other long-term employee benefits represent liabilities related to multi-employer plans and other long term defined contribution plans.

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Additionally, the long-term employee benefit liabilities held-for distribution amounted to:

	December 31, 2010
Pension plan benefits	83
Other post-employment benefits	58
Early retirement, termination and other benefits	40
Total	181

The fair values of the employee benefit liabilities as of December 31 2010 can be derived from the aforementioned amounts by adding the non recognized actuarial losses and deducting the actuarial gains, deferred in accordance with the "corridor" approach, as described in note 2. Accordingly, the fair value of the employee benefit liability held for distribution was 163 as of December 31, 2010.

Sensitivity analysis

The following information illustrates the sensitivity to a change in certain assumptions related to ArcelorMittal's pension plans (as of December 31, 2010, the defined benefit obligation ("DBO") for pension plans was 11,411):

	Effect on 2011 Pre-Tax Pension Expense (sum of service cost and interest cost)	Effect of December 31, 2010 DBO
Change in assumption		
100 basis point decrease in discount rate	(13)	1,300
100 basis point increase in discount rate	6	(1,113)
100 basis point decrease in rate of compensation	(34)	(273)
100 basis point increase in rate of compensation	40	301
100 basis point decrease in expected return on plan assets	(79)	0
100 basis point increase in expected return on plan assets	79	0

The following table illustrates the sensitivity to a change in the discount rate assumption related to ArcelorMittal's OPEB plans (as of December 31, 2010 the DBO for post-employment benefit plans was 6,246):

	Effect on 2011 Pre-Tax Pension Expense (sum of service cost and interest cost)	Effect of December 31, 2010 DBO
Change in assumption		
100 basis point decrease in discount rate	(13)	770
100 basis point increase in discount rate	9	(640)
100 basis point decrease in healthcare cost trend rate	(39)	(576)
100 basis point increase in healthcare cost trend rate	48	684

The above sensitivities reflect the effect of changing one assumption at a time. Actual economic factors and conditions often affect multiple assumptions simultaneously, and the effects of changes in key assumptions are not necessarily linear.

Experience adjustments

The five year history of the present value of the defined benefit obligations, the fair value of the plan assets and the surplus or the deficit in the pension plans is as follows:

	December 31, 2006[1]	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010
Present value of the defined benefit obligations	(8,592)	(10,512)	(9,359)	(10,612)	(11,411)
Fair value of the plan assets	5,729	8,091	5,788	7,195	7,975
Deficit	(2,863)	(2,421)	(3,571)	(3,417)	(3,436)
Experience adjustments: (increase)/decrease plan liabilities	—	(195)	(122)	(161)	(11)
Experience adjustments: increase/(decrease) plan assets	—	(201)	(1,712)	471	109

This table illustrates the present value of the defined benefit obligations, the fair value of the plan assets and the surplus or the deficit for the OPEB plans:

	December 31, 2006[1]	December 31, 2007	December 31, 2008	December 31, 2009	December 31, 2010
Present value of the defined benefit obligations	(2,614)	(2,805)	(5,254)	(5,416)	(6,246)
Fair value of the plan assets	48	49	635	577	517
Deficit	(2,566)	(2,756)	(4,619)	(4,839)	(5,729)
Experience adjustments: (increase)/decrease plan liabilities	—	(33)	(142)	14	(64)
Experience adjustments: increase/(decrease) plan assets	—	—	(19)	11	9

[1] *Experience adjustments data for 2006 are not available.*

Note 24: Contingencies

ArcelorMittal may be involved in litigation, arbitration or other legal proceedings. Provisions related to legal and arbitration proceedings are recorded in accordance with the principles described in note 2.

Most of these claims involve highly complex issues, actual damages and other matters. Often these issues are subject to substantial uncertainties and, therefore, the probability of loss and an estimation of damages are difficult to ascertain. Consequently, for a large number of these claims, the Company is unable to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceeding. In those cases, the Company has disclosed information with respect to the nature of the contingency. The Company has not accrued a reserve for the potential outcome of these cases.

In the cases in which quantifiable fines and penalties have been assessed, the Company has indicated the amount of such fine or penalty or the amount of provision accrued that is the estimate of the probable loss.

In a limited number of ongoing cases, the Company is able to make a reasonable estimate of the expected loss or range of possible loss and has accrued a provision for such loss, but believe that publication of this information on a case-by-case basis would seriously prejudice the Company's position in the ongoing legal proceedings or in any related settlement discussions. Accordingly, in these cases, the Company has disclosed information with respect to the nature of the contingency, but has not disclosed the estimate of the range of potential loss.

These assessments can involve a series of complex judgments about future events and can rely heavily on estimates and assumptions. These assessments are based on estimates and assumptions that have been deemed reasonable by management. The Company believes that the aggregate provisions recorded for the above matters are adequate based upon currently available information. However, given the inherent uncertainties related to these cases and in estimating contingent liabilities, the Company could, in the future, incur judgments that could have a material adverse effect on its results of operations in any particular period.

Environmental Liabilities

ArcelorMittal's operations are subject to a broad range of laws and regulations relating to the protection of human health and the environment at its multiple locations and operating subsidiaries. As of December 31, 2010, ArcelorMittal had established reserves of 730 for environmental remedial activities and liabilities, including 300 in provisions relating to Europe, 213 in provisions relating to the United States, 185 in provisions relating to South Africa and 26 in provisions relating to Canada. ArcelorMittal and the previous owners of its facilities have expended substantial amounts to achieve or maintain ongoing compliance with applicable environmental laws and regulations. ArcelorMittal expects to continue recording provisions in this respect in the future.

United States

ArcelorMittal's operations in the United States have environmental provisions of 213 essentially at its ArcelorMittal USA subsidiary. They principally relate to investigation, monitoring and remediation of soil and groundwater investigation at its current and former facilities and to removal and disposal of PCBs and asbestos-containing material. The environmental provisions include 2 to address ArcelorMittal USA's potential liability at two Superfund sites. ArcelorMittal USA's largest environmental provisions relate to investigation and remediation at Indiana Harbor East, Lackawanna, and its closed mining operations in southwestern Pennsylvania.

In 1990, ArcelorMittal USA's Indiana Harbor East facility was party to a lawsuit filed by the U.S. Environmental Protection Agency (the "EPA") under the U.S. Resource Conservation and Recovery Act ("RCRA"). In 1993, ArcelorMittal Indiana Harbor East entered into a Consent Decree, which, among other things, requires facility-wide RCRA Corrective Action and sediment assessment and remediation in the adjacent Indiana Harbor Ship Canal. ArcelorMittal USA's provisions for environmental liabilities include approximately 9 for RCRA Corrective Action, and 25 for sediment assessment and remediation at this site. Remediation ultimately may be necessary for other contamination that may be present at Indiana Harbor (East), but the potential costs of any such remediation cannot yet be reasonably estimated.

ArcelorMittal USA's properties in Lackawanna, New York are subject to an Administrative Order on Consent with the EPA requiring facility-wide RCRA Corrective Action. The Administrative Order, entered into in 1990 by the former owner, Bethlehem Steel, requires the Company to perform a Remedial Facilities Investigation ("RFI") and a Corrective Measures Study, to implement appropriate interim and final remedial measures, and to perform required post-remedial closure activities. In 2006, the New York State Department of Environmental Conservation and the EPA conditionally approved the RFI. ArcelorMittal USA has executed Orders on Consent to perform certain interim corrective measures while advancing the Corrective Measures Study. These include installation and operation of a ground water treatment system and dredging of a local waterway known as Smokes Creek. The Company executed a Corrective Measure Order on Consent in 2009 for other site remediation activities. ArcelorMittal USA's provisions for environmental liabilities include approximately 47 for anticipated remediation and post remediation activities at this site. The reserved amount is based on the extent of soil and groundwater contamination identified by the RFI and the remedial measures likely to be required, including excavation and consolidation of containments in an on-site landfill and continuation of groundwater pump and treatment systems.

ArcelorMittal USA is required to prevent acid mine drainage from discharging to surface waters at closed mining operations in southwestern Pennsylvania. In 2003, ArcelorMittal USA entered into a Consent Order and Agreement with the Pennsylvania Department of Environmental Protection (the "PaDEP") requiring submission of an operational improvement plan to improve treatment facility operations and lower long-term wastewater treatment costs. The Consent Order and Agreement also required ArcelorMittal USA to propose a long-term financial assurance mechanism. In 2004, ArcelorMittal USA entered into a revised Consent Order and Agreement outlining a schedule for implementation of capital improvements and requiring the establishment of a treatment trust that the PaDEP has estimated to be the net present value of all future treatment cost. ArcelorMittal USA has been funding the treatment trust and has a period of several years to reach the current target value of approximately 44. This target value is based on average spending over the last three years. The Company currently expect this rate of spending and the target value to decrease once the operational improvement plans are in place. After the treatment trust is fully funded, ArcelorMittal can be reimbursed from the treatment trust fund for the continuing cost of treatment of acid mine drainage. Although remote, ArcelorMittal USA could be required to make up any deficiency in the treatment trust in the future. ArcelorMittal USA's provisions for environmental liabilities include approximately 28 for this matter.

On August 8, 2006, the U.S. EPA Region V issued ArcelorMittal USA's Burns Harbor, Indiana facility a Notice of Violation ("NOV") alleging that in early 1994 the facility (then owned by Bethlehem Steel, from whom the assets were acquired out of bankruptcy) commenced a major modification of its #2 Coke Battery without obtaining a Prevention of Significant Deterioration ("PSD") permit and has continued to operate without the appropriate PSD permit. ArcelorMittal USA has discussed the allegations with the EPA, but to date there have been no further formal proceedings. The U.S. EPA Region V also has conducted a series of inspections and submitted information requests under the U.S. Clean Air Act relating to the Burns Harbor facility and several other ArcelorMittal facilities located in Indiana and Ohio. ArcelorMittal has held discussions with the EPA and state environmental agencies regarding their concerns. During such discussions, in addition to the matters raised in the NOV, EPA alleged that ArcelorMittal's Burns Harbor, Indiana Harbor and Cleveland facilities were non-compliant with certain requirements of the U.S. Clean Air Act. Some of EPA's allegations relate to recent compliance performance and some relate to acts by former facility owners that occurred 15-25 years ago. Preliminary analysis by counsel indicates that the allegations related to the acts of former owners appear to be unsound and that the current operations at the Burns Harbor, Indiana Harbor and Cleveland facilities achieve high rates of compliance with existing or, where applicable, anticipated permits and regulations under the U.S. Clean Air Act. Further discussions with EPA and affected state environmental agencies are planned with regard to EPA's expressed concerns.

Europe

Provisions total 300 and are mainly related to investigation and remediation of environmental contamination at current and former operating sites in France (102), Belgium (83), Luxembourg (78), Poland (15), Czech Republic (12) and Spain (7). This remediation work relates to various elements such as decontamination of water discharges, waste disposal, cleaning water ponds and certain remediation activities that involve the clean-up of soil and groundwater. These reserves are also related to human health protection measures such as fire prevention and additional contamination prevention measures to comply with local health and safety regulations.

France

In France, there is an environmental provision of 102, principally relating to the remediation of former sites, including several coke plants and the capping and monitoring of landfills or basins previously used for residues and secondary materials. The remediation of the coke plants concerns mainly the Thionville, Moyeuvre Grande, Homecourt and Hagondange sites and is related to treatment of soil and groundwater. Douchy's basins will be covered and closed and major treatments will be carried out with respect to the Charleville, Mézières and Biache basins. The Besseges site, an old wiredrawing factory in south of France, also requires environmental remediation such as soil and groundwater treatment, remediation of waste equipment and demolition.

ArcelorMittal Atlantique et Lorraine has an environmental provision that principally relates to the remediation and the improvement of storage of secondary materials and disposal of waste at different ponds and landfills and an action plan for removing asbestos from the installations. Most of the provision relates to the stocking areas at the Dunkirk site that will need to be restored to comply with local law. The environmental provisions also include treatment of slag dumps at Florange and Dunkirk sites as well as removal and disposal of asbestos-containing material at the Dunkirk and Mardyck sites.

Industeel France has an environmental provision that principally relates to ground remediation at Le Creusot site and dump rehabilitation at Châteauneuf site.

Belgium

In Belgium, there is an environmental provision of 83, of which the most significant elements are legal obligations linked to the dismantling of steel making installations and soil treatment. Soil treatment is mainly related to cleaning of the groundwater underneath the coking plant at the ArcelorMittal Gent site and cleaning of the soil at the Cockerill Sambre site. The provisions also concern the external recycling of waste that cannot be recycled internally on the ArcelorMittal Gent site and the removal and disposal of asbestos-containing material.

For Industeel Belgium, there are provisions concerning legal obligations linked to atmospheric emissions, waste water discharge and soil treatment.

Luxembourg

In Luxembourg, there is an environmental provision of 78, which relates to the post-closure monitoring and remediation of former landfill and mining sites.

ArcelorMittal Belval and Differdange has a provision to clean water ponds and historical dumps in order to meet the requirements of the Luxembourg Environment Administration.

In 2007, ArcelorMittal Luxembourg sold the former Ehlerange slag deposit (93 hectares) to the State of Luxembourg. ArcelorMittal Luxembourg is contractually obligated to clean the site and move approximately 530,000 cubic meters of material to other sites.

ArcelorMittal Luxembourg also has a provision to secure, stabilize and conduct waterproofing treatment on mining galleries and entrances and various dumps in Monderçange, Dudelange, Differdange and Dommeldange. Soil and groundwater treatment needs to be performed in Terre-Rouge within the next two years, to eliminate the sludge and clean the soil to accommodate the expansion of the city of Esch-sur-Alzette.

Poland

ArcelorMittal Poland SA's environmental provision of 15 is mainly related to the obligation to reclaim a landfill site and to dispose the residues which can not be internally recycled or externally recovered. The provision also concerns the storage and disposal of iron-bearing sludge which can not be reused in the manufacturing process.

Czech Republic

In the Czech Republic, there is an environmental provision of 12, which essentially relates to the dismantling and remediation of post-closure buildings at the Ostrava site.

Spain

In Spain, ArcelorMittal España has environmental provisions of 7 due to its obligations relating to sealing landfills located in the Asturias site and post-closure care in accordance with national legislation.

South Africa

ArcelorMittal South Africa has environmental provisions of approximately 185 to be used over 20 years, mainly relating to environmental remediation obligations that represent the present value of the costs of remedial action to clean and secure a site. These actions are primarily attributable to historical or legacy waste disposal activities. With subsequent changes in national environmental legislation, the unit has a legal obligation to remediate these facilities.

Approximately 55 relates to the decommissioned Pretoria Works site. This site is in a state of partial decommissioning and rehabilitation with one coke battery and a rolling facility still in operation. ArcelorMittal South Africa is in the process of transforming this old plant into an industrial hub for light industry, a process that commenced in the late 1990s. Particular effort is directed to landfill sites. Remediation actions for these sites are long-term in nature due to a complex legal process that needs to be followed. The Vanderbijlpark Works site, the main flat carbon steel operation of the South Africa unit, has been in operation for more than 67 years, and thus contains a number of legacy facilities and areas requiring retirement and remediation. Approximately 65 of the obligation is allocated to this site. The ground and surface water allocation largely represent the cost of investigatory work. Consequently, the percentage allocation is expected to increase once the investigatory work is complete and final remediation actions are devised. Newcastle Works site is the main long carbon steel operation of the South Africa unit and has been in operation for more than 31 years. Approximately 48 of the obligation is allocated to this site. As with all operating sites of the South African unit the above retirement and remediation actions dovetail with numerous large capital expenditure projects dedicated to environmental management. In the case of the Newcastle site, such dovetailing is currently particularly prevalent with regards to water treatment. The remainder of the obligation of approximately 17 relates to the Vereeniging and Saldanha site.

Canada

In Canada, ArcelorMittal Dofasco has a 18 provision for the expected cost of remediating toxic sediment located in the company's East Boatslip site. Completion of the project is required for Hamilton Harbour to be de-listed as an "Area of Concern" on the Great Lakes. The company has completed preliminary engineering for a containment facility for the material and identified the extent of dredging that will be required. Activities required to secure the necessary environmental approvals for the project are underway, and the company expects the project to be completed by 2014.

Asset Retirement Obligations ("AROs")

AROs arise from legal requirements and represent management's best estimate of the present value of the costs that will be required to retire plant and equipment or to restore a site at the end of its useful life. As of December 31, 2010, ArcelorMittal had established reserves for asset retirement obligations of 140 in provisions relating to Ukraine, 72 in provisions relating to Russia, 38 in provisions relating to Canada, 35 in provisions relating to South Africa, 22 in provisions relating to Europe, 17 in provisions relating to the United States and 11 relating to Brazil.

The AROs in Ukraine are legal obligations for site rehabilitation at the iron ore mining site in Kryviy Rih, upon closure of the mine pursuant to its restoration plan.

The AROs in Russia are related to the rehabilitation of two coal mines operating in the Kuzbass region (i.e., the Berezovskaya and Pervomayskaya mines), upon closure of the mines pursuant to the mining plan. The main areas of environmental remediation are as follows: dismantling of buildings and structures, mined land reclamation, quality control of water pumped out of the mines, monitoring of gas drainage bore-holes, soil and air.

The AROs in Canada are legal obligations for site restoration and dismantling of the facilities near the mining site in Mont-Wright and at the facility of Port-Cartier in Quebec, upon closure of the mine pursuant to the restoring plan of the mine.

The AROs for utilization over 20 years in South Africa are spread evenly between the Pretoria and Vanderbijlpark sites, and relate to the closure and clean-up of the plant associated with decommissioned tank farms, tar plants, chemical stores, railway lines, pipelines and defunct infrastructure.

In Europe, AROs are essentially related to the Hamburg site in Germany, which is operating on leased land with the contractual obligation to remove all buildings and other facilities upon the termination of the lease.

The AROs in the United States principally relate to mine closure costs of Minorca iron ore mine and Princeton coal mines.

In Brazil, the AROs relate to legal obligations to clean and restore the mining areas of Serra Azul and Andrade, both located in the State of Minas Gerais. The related provisions are expected to be settled in 2017 and 2031, respectively.

Legal Claims

ArcelorMittal is a party to various legal actions. The principal legal actions are disclosed below.

Tax Claims

ArcelorMittal is a party to various tax claims. As of December 31 2010, ArcelorMittal has established reserves in the aggregate of approximately 31 for those of the claims disclosed below which met the criteria for provisioning.

Brazil

On December 9, 2010, ArcelorMittal Tubarão Comercial S.A. ("ArcelorMittal Tubarão"), the renamed successor of Companhia Siderurgica de Tubarão ("CST") following CST's spin-off of most of its assets to ArcelorMittal Brasil in 2008, received a tax assessment from the Brazilian Federal Revenue Service relating to sales made by CST to Madeira Island, Portugal and Cayman Island. The tax assessment does not specify an amount. The tax authorities require that the profits of CST's Madeira Island and Cayman Island subsidiaries (in the amount of 138) be added to CST's 2005 tax basis, and also that CST's post-2005 tax basis be recalculated. Although CST did not pay taxes in 2005 due to tax losses, the recalculations required by the tax authorities could result in a payment by ArcelorMittal Tubarão in an amount estimated by the Company at approximately 99. The case is in the first administrative level and the Company presented its defense in January 2011.

The Brazilian social security administration has claimed against ArcelorMittal Brasil amounts for social security contributions not paid by outside civil construction service contractors for the 2001-2007 period. The amount claimed is 63. ArcelorMittal Brasil is defending the case in the first administrative instance.

In 2003, the Brazilian Federal Revenue Service granted ArcelorMittal Brasil (through its predecessor company, then known as CST) a tax benefit for certain investments. ArcelorMittal Brasil had received certificates from SUDENE, the former Agency for the Development of the Northeast Region of Brazil, confirming ArcelorMittal Brasil's entitlement to this benefit. In September 2004, ArcelorMittal Brasil was notified of the annulment of these certificates. ArcelorMittal Brasil has pursued its right to this tax benefit through the courts against both ADENE, the successor to SUDENE, and against the Brazilian Federal Revenue Service. The Brazilian Federal Revenue Service issued a tax assessment in this regard for 451 in December 2007. Taking into account interest and currency fluctuations, this amount totaled 789 at December 31, 2010. In December 2008, the administrative tribunal of first instance upheld the amount of the assessment. ArcelorMittal Brasil has appealed to the administrative tribunal of second instance and is awaiting the decision.

France

Following audits for 2006, 2007 and 2008 of ArcelorMittal France and other French ArcelorMittal entities, URSSAF, the French body responsible for collecting social contributions, commenced formal proceedings for these years alleging that the French ArcelorMittal entities owe €65 million for social contributions on various payments of which the most significant relate to profit sharing schemes, professional fees and stock options. Proceedings were commenced in relation to the 2006 claims in December 2009. Proceedings were commenced in relation to the 2007 and 2008 claims in February and March 2010, respectively.

Italy

In May 2010, the Italian tax authorities began an inquiry relating to ArcelorMittal FCE Luxembourg, claiming that it had a permanent business establishment in Italy and should pay taxes accordingly.

On October 28, 2010, the Italian tax police issued a report for the 2004 fiscal year, in which it concluded that ArcelorMittal FCE Luxembourg had a permanent business establishment in Italy. As a result, the Italian tax authorities may issue assessments in respect of value-added tax (VAT), corporate income tax (CIT) and IRAP, which is a local tax, for the 2004 to 2010 fiscal years. On December 29, 2010 the tax authorities issued a tax claim (avviso di accertamento) for IRAP related to 2004 for a total amount of €96.8 million. The Company does not believe that it has a permanent establishment in Italy, and intends to defend itself fully in this matter.

Spain

Spanish tax authorities have claimed that amortization recorded by the former Siderúrgica del Mediterraneo, S.A. (currently ArcelorMittal Segunto S.L.) in 1995, 1996 and 1997 is non-deductible for corporation tax purposes. Spanish tax authorities seek payment of 56, including the amount of tax, interest and penalties. A first instance judgment dated April 30, 2009 cancelled any liability for 1995 and 1996 and penalties for all three years. The tax liability of ArcelorMittal for 1997 was assessed at 8 (including interest). Both parties are appealing the decision.

Ukraine

In December 2010, the Ukrainian tax authorities issued a tax assessment to ArcelorMittal Kryviy Rih, alleging that it had breached tax law provisions relating to VAT for the December 2009 to October 2010 period. The total amount of the assessment is approximately 57. ArcelorMittal Kryviy Rih disagreed with the assessment, and appealed to a higher division of the tax authorities. The appeal was rejected, and ArcelorMittal Kryviy Rih appealed this decision to the local District Administrative Court in February 2011. ArcelorMittal Kryviy Rih intends to defend itself fully in this matter.

Competition/Antitrust Claims

ArcelorMittal is a party to various competition/antitrust claims. As of December 31, 2010, ArcelorMittal has established reserves of approximately 212 in the aggregate for those of the claims disclosed below which met the criteria for provisioning.

United States

On September 12, 2008, Standard Iron Works filed a purported class action complaint in U.S. District Court in the Northern District of Illinois against ArcelorMittal, ArcelorMittal USA LLC, and other steel manufacturers, alleging that the defendants had conspired since 2005 to restrict the output of steel products in order to fix, raise, stabilize and maintain prices at artificially high levels in violation of U.S. antitrust law. Since the filing of the Standard Iron Works lawsuit, other similar lawsuits, including a putative class action on behalf of indirect purchasers, have been filed in the same court and have been consolidated with the Standard Iron Works lawsuit. In January 2009, ArcelorMittal and the other defendants filed a motion to dismiss the claims. On June 12, 2009, the court denied the motion to dismiss and the litigation is now in the discovery stage. It is too early in the proceedings for ArcelorMittal to determine the amount of its potential liability, if any. ArcelorMittal considers the allegations in the complaint to be entirely unfounded.

Brazil

In September 2000, two construction companies filed a complaint with the Brazilian Economic Law Department against three long steel producers, including ArcelorMittal Brasil. The complaint alleged that these producers colluded to raise prices in the Brazilian rebar market, thereby violating applicable antitrust laws. In September 2005, the Brazilian Antitrust Council (CADE) issued a decision against ArcelorMittal Brasil, requiring it to pay a penalty of 70. ArcelorMittal Brasil appealed the decision to the Brazilian Federal Court. In September 2006, ArcelorMittal Brasil offered a letter guarantee and obtained an injunction to suspend enforcement of this decision pending the court's judgment.

There is also a related class action commenced by the Federal Public Prosecutor of the state of Minas Gerais against ArcelorMittal Brasil for damages based on the alleged violations investigated by CADE.

Europe

In late 2002, three subsidiaries of ArcelorMittal (Tréfileurope, Tréfileurope Italia S.r.l. and Fontainunion S.A.)—now known as ArcelorMittal Wire France, ArcelorMittal Verderio and ArcelorMittal Fontaine—and two former subsidiaries of ArcelorMittal España (Emesa and Galycas), along with other European manufacturers of pre-stressed wire and strands steel products, received notice that the European Commission was conducting an investigation into possible anti-competitive practices by these companies. In 2004, Emesa and Galycas were sold. ArcelorMittal is contractually required to indemnify the present owner of Emesa and Galycas if a fine is imposed on them relating to any matters that occurred while these entities were owned by Arcelor.

ArcelorMittal and its subsidiaries cooperated fully with the European Commission in this investigation. On June 30, 2010, the European Commission imposed fines totalling approximately €317 million on the current and former ArcelorMittal entities. ArcelorMittal Wire France, ArcelorMittal Fontaine, ArcelorMittal Verderio and ArcelorMittal Espana filed an appeal against the June 30 Commission decision in September 2010 before the General Court in Luxembourg. At the same time, ArcelorMittal Wire France, ArcelorMittal Fontaine and ArcelorMittal Verderio filed an application for urgent interim measures before the General Court in Luxembourg. ArcelorMittal Wire France, ArcelorMittal Verderio and ArcelorMittal Fontaine introduced a post-decision "inability to pay" application with the European Commission. On September 30, 2010, the European Commission issued a revised decision in which it corrected certain calculation errors resulting in a total fine lowered by approximately €50 million to approximately €276 million. Following that decision, ArcelorMittal Wire France, ArcelorMittal Verderio, ArcelorMittal Fontaine and ArcelorMittal España updated their appeals and the above-mentioned application for urgent interim relief pending before the General Court. On December 7 and December 8, 2010, both the "inability to pay" application by ArcelorMittal Wire France, ArcelorMittal Fontaine and ArcelorMittal Verderio and their application for interim measures were rejected by the European Commission and the General Court, respectively. On December 17, ArcelorMittal Wire France, ArcelorMittal Fontaine and ArcelorMittal Verderio appealed the decision to reject the application for interim measures before the European Court of Justice and on December 22, the European Commission decided to suspend the implementation of the September 30 decision against the three entities pending the aforementioned appeal before the European Court of Justice. The Court of Justice and the General Court provisionally suspended all pending appeal procedures. On January 5, 2011, ArcelorMittal S.A. and ArcelorMittal España paid their portions of the fine, i.e., €31.68 million and €36.7 million, respectively.

On April 23, 2007, ArcelorMittal received a decision of the Financial Directorate in Ostrava, Czech Republic, which ordered ArcelorMittal Ostrava to pay approximately 120 for allegedly abusing its economic position and, as a result, acquiring unjustified profits in respect of prices of blast furnace coke produced by ArcelorMittal Ostrava and delivered in 2004. The Financial Directorate subsequently ordered ArcelorMittal Ostrava to pay an additional fine of 28 for the period from January to March 2005. After its previous decision in October 2006 was cancelled by the Czech Ministry of Finance, the matter was returned to the Financial Directorate in Ostrava for reexamination. ArcelorMittal Ostrava received notice on June 14, 2007 that the Ministry of Finance had upheld the Financial Directorate of Ostrava's decision. ArcelorMittal Ostrava filed a petition against the decision with the Municipal Court of Prague on June 29, 2007. Filing the petition had the effect of suspending payment of the fines. In April 2010, the Municipal court cancelled the existing fines and sent the case back to the Ministry of Finance. In August 2010, the Ministry of Finance issued two decisions definitively ending both of the administrative proceedings that had been initiated against ArcelorMittal Ostrava.

South Africa

In February 2007, the complaint previously filed with the South African Competition Commission by Barnes Fencing, a South African producer of galvanized wire, alleging that ArcelorMittal South Africa, as a "dominant firm", discriminated in pricing its low carbon wire rod, was referred to the Competition Tribunal. The claimant seeks, among other sanctions, a penalty of 10% of ArcelorMittal South Africa's sales for 2006 in respect of low carbon wire rod and an order that ArcelorMittal South Africa cease its pricing discrimination. In March 2008, the Competition Tribunal accepted the claimants' application for leave to intervene, prohibiting, however, the claimant from seeking as relief the imposition of an administrative penalty. ArcelorMittal is unable to assess the outcome of this proceeding or the amount of ArcelorMittal South Africa's potential liability, if any.

On September 1, 2009, the South African Competition Commission referred a complaint against four producers of long carbon steel in South Africa, including ArcelorMittal South Africa, and the South African Iron and Steel Institute to the Competition Tribunal. The complaint referral followed an investigation into alleged collusion among the producers initiated in April 2008, on-site inspections conducted at the premises of some of the producers and a leniency application by Scaw South Africa, one of the producers under investigation. The Competition Commission recommended that the Competition Tribunal impose an administrative penalty against ArcelorMittal South Africa, Cape Gate and Cape Town Iron Steel Works in the amount of 10% of their annual revenues in South Africa and exports from South Africa for 2008. ArcelorMittal filed an application to access the file of the Competition Commission that was rejected. ArcelorMittal is appealing the decision to reject the application, and has applied for a review of that decision and a suspension of the obligation to respond to the referral on the substance pending final outcome on the access to the documents application. It is too early for ArcelorMittal to assess the potential outcome of the procedure, including the financial impact.

Other Legal Claims

ArcelorMittal is a party to various other legal claims. As of December 31, 2010, ArcelorMittal has established reserves of approximately 325 in the aggregate for those of the claims disclosed below as to which the criteria for provisioning were met.

United States

In July 2004, the Illinois Environmental Protection Agency (the "IEPA") notified Indiana Harbor (East) that it had identified that facility as a potentially responsible party in connection with alleged contamination relating to Hillside Mining Co. ("Hillside"), a company that Indiana Harbor (East) acquired in 1943, operated until the late 1940s and whose assets it sold in the early 1950s, in conjunction with the corporate dissolution of that company. The IEPA has required other potentially responsible parties to conduct an investigation of certain areas of potential contamination and it is likely that ArcelorMittal USA may be required to participate at some level in the future. ArcelorMittal USA intends to defend itself fully in this matter. As of December 31, 2010, ArcelorMittal was not able to reasonably estimate the amount of liabilities relating to this matter, if any.

ArcelorMittal USA LLC ("ArcelorMittal USA") is a party to two arbitrations with the Cleveland Cliffs Iron Company, Cliffs Mining Company and related entities in relation to iron ore purchases under the supply agreements entered into between them. ArcelorMittal USA is seeking a determination in favor of its interpretation of the allocation of required quantities of iron ore purchases among various steelmaking facilities. Cleveland Cliffs is seeking, among other things, to increase the price of certain agreed quantities of iron ore purchases in 2010, which ArcelorMittal USA opposes. Under certain possible scenarios, the outcome of the arbitrations would be a potentially significant retroactive increase in the cost of ArcelorMittal USA's iron ore purchases made in 2010.

On November 20, 2009, Welspun Gujarat Stahl Rohren LTD ("Welspun") filed a third party petition against ArcelorMittal, ArcelorMittal Galati and ArcelorMittal International FZE in the Harris County District Court, Texas, seeking indemnification from the ArcelorMittal companies in respect of the claims made by Kinder Morgan Louisiana Pipeline LLC ("Kinder Morgan") against Welspun, among others, concerning allegedly defective pipes for a natural gas pipeline for which the steel plate was manufactured by ArcelorMittal Galati. The amount claimed against Welspun in Kinder Morgan's claim is 66. In July 2010, Welspun agreed to file an amended third party petition substituting ArcelorMittal International FZE with LNM Marketing FZE. The ArcelorMittal parties are disputing the jurisdiction of the Texas court.

Brazil

PBM, a broker partially controlled by ArcelorMittal Belgo, brought a civil action against Banco Sudameris SA (the "Bank") in 1993 to recover monetary correction (a financial tool created to neutralize the effects of inflation from the value of assets) and capitalized compensatory interest on investments that were frozen during past economic plans of the Brazilian government. PBM has already recovered sizable amounts under similar claims from other banks. However, a further appeal in this case was pending, and because of a recent change in jurisprudence (some precedents have been excluded from the amount due to the value of the compensatory interest, an issue that is being raised in the appeal), if there had been a decision adverse to PBM, it could have led to an order for possible payments by PBM of legal fees to the outside counsel of the Bank (honorários de sucumbência), potentially in a substantial amount. The parties settled the case in October 2010 and the settlement was ratified by the Court in November 2010.

Companhia Vale do Rio Doce ("Vale") has commenced arbitration proceedings against ArcelorMittal España in Brazil, claiming damages arising from allegedly defective rails supplied by ArcelorMittal España to Vale for the Carajas railway in Brazil, which Vale alleges caused a derailment on the railway line. Vale quantifies its claim as 64. Initial submissions were filed by the parties on November 26, 2009 and rebuttals were filed on January 29, 2010. The case is now entering the expert investigation stage. ArcelorMittal España intends to defend itself fully in this matter.

Canada

In 2008, two complaints filed by Canadian Natural Resources Limited ("CNRL") in Calgary, Alberta against ArcelorMittal, ArcelorMittal USA LLC, Mittal Steel North America Inc. and ArcelorMittal Tubular Products Roman S.A were filed. CNRL alleges negligence in both complaints, seeking damages of 50 and 22, respectively. The plaintiff alleges that it purchased a defective pipe manufactured by ArcelorMittal Tubular Products Roman and sold by ArcelorMittal Tubular Products Roman and Mittal Steel North America Inc. In May 2009, in agreement with CNRL, ArcelorMittal and ArcelorMittal USA were dismissed from the cases without prejudice to CNRL's right to reinstate the parties later if justified. ArcelorMittal is unable to reasonably estimate the amount of Mittal Steel North America Inc.'s and ArcelorMittal Tubular Products Roman's liabilities relating to this matter, if any.

Mexico

Sicartsa is involved in a dispute with Ejido Santa Maria of the Municipality of La Union Guerrero over the payment of materials and related damages under a joint venture agreement between the parties. In October 2006, the Agrarian Unity Tribunal entered a judgment ordering Sicartsa to pay the plaintiff damages of 54. After appeal, a final resolution of the Court dated September 6, 2010 stated that the amount to be paid by ArcelorMittal should be three hundred and forty dollars.

South Africa

ArcelorMittal South Africa ("AMSA") received notice from Sishen Iron Ore Company (Proprietary) Limited ("SIOC") on February 5, 2010, asserting that with effect from March 1, 2010, it would no longer supply iron ore to AMSA on a cost plus 3% basis as provided for in the supply agreement entered into between the parties in 2001, on the grounds that AMSA had lost its 21.4% share in the mineral rights at the Sishen mine and that this was a prerequisite for the supply agreement terms. AMSA has rejected this assertion and is of the firm opinion that SIOC is obligated to continue to supply iron ore to AMSA at cost plus 3%. The parties have commenced an arbitration process to resolve this dispute. Pleadings have been served and in November 2010, the arbitral tribunal was fully constituted. On July 22, 2010, AMSA announced that an interim arrangement had been reached with SIOC on pricing for the supply of iron ore to AMSA's production facilities in South Africa during an interim period effective from March 1, 2010 until July 31, 2011. AMSA and SIOC agreed on a fixed price of 50 per metric tonne of iron ore for lump material, which is for delivery to the Saldanha plant, and 70 per metric tonne for both lump and iron ore fine material delivered to AMSA's inland plants. AMSA will continue to purchase annual quantities of 6.25 million metric tonnes of iron ore. There will be no escalation in the prices agreed for the duration of the interim period. Any iron ore in addition to the maximum monthly amount will be purchased by AMSA at the then-prevailing spot prices calculated on an export parity price basis. AMSA initially imposed a surcharge on its domestic sales to compensate for some of the iron ore cost increase. However, in view of the interim agreement, AMSA has, with effect from August 1, 2010, charged a single all-in price reflecting the higher cost of iron ore, rather than the separate surcharge. The interim pricing agreement has no bearing on the arbitration process currently underway or AMSA's conviction that the supply agreement remains legally valid and binding on the parties.

As noted in Item 4 ("Key Transactions and Events in 2010"), ICT acquired in May 2010 the right to prospect for iron ore in a 21.4% share in the Sishen mine and AMSA announced on August 10, 2010 that it had entered into an agreement to acquire ICT. The acquisition, which is subject to certain conditions, has not to date been completed. SIOC brought legal action against the South African government and ICT to challenge the grant of the prospecting right to ICT and, on February 4, 2011, served on AMSA an application to join AMSA in this action. ICT has also made an application to the government for a mining right in respect of the 21.4% share in the Sishen Mine, which SIOC is challenging.

Notes to Consolidated Financial Statements

continued

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

France

In May 2008, the liquidator of SAFET brought an action in the Commercial Court of Nanterre against the Directors of SAFET, including ArcelorMittal Packaging, alleging that the Directors are liable for all of SAFET's debts amounting to 52 due to their mis-management of SAFET's business. ArcelorMittal and the other directors are vigorously defending the action. It is too early in the proceedings for ArcelorMittal to determine the amount of its liability, if any. However, ArcelorMittal considers the allegations against it to be entirely unfounded.

Various retired or present employees of certain French subsidiaries of the former Arcelor have initiated lawsuits to obtain compensation for asbestos exposure in excess of the amounts paid by French social security ("Social Security"). Asbestos claims in France initially are made by way of a declaration of a work-related illness by the claimant to the Social Security authorities resulting in an investigation and a level of compensation paid by Social Security. Once the Social Security authorities recognize the work-related illness, the claimant, depending on the circumstances, can also file an action for inexcusable negligence (faute inexcusable) to obtain additional compensation from the company before a special tribunal. Where procedural errors are made by Social Security, it is required to assume full payment of damages awarded to the claimants. Due to fewer procedural errors and, consequently, fewer rejected cases, ArcelorMittal was required to pay some amounts in damages in 2010.

The number of claims outstanding for asbestos exposure at December 31, 2010 was 397 as compared to 402 at December 31, 2009. The range of amounts claimed for the year ended December 31, 2010 was €7,500 to €751,000 (approximately $10,000 to $1,006,264). The aggregate costs and settlements for the year ended December 31, 2010 were 2.3, of which 0.3 represents legal fees and 2.1 represents damages paid to the claimant. The aggregate costs and settlements for the year ended December 31 2009 were approximately 0.5 and 3, respectively.

in number of cases	2009[1]	2010
Claims unresolved at beginning of period	431	402
Claims filed	103	75
Claims settled, dismissed or otherwise resolved	(132)	(80)
Claims unresolved at December 31,	402	397

[1] *After purchase of a new company, sale of a subsidiary and further verification.*

Minority Shareholder Claims Regarding the Exchange Ratio in the Second-Step Merger of ArcelorMittal into Arcelor

Several former minority shareholders of Arcelor or their representatives have brought legal proceedings relating to the exchange ratio in the second-step merger between ArcelorMittal and Arcelor. In proceedings that remain ongoing following the completion of the merger process that are summarized below, the claimants make the following principal allegations:

- The exchange ratio in the second-step merger should have been the same as that of the secondary exchange offer component of Mittal Steel's June 2006 tender offer for Arcelor (i.e., 11 Mittal Steel shares for seven Arcelor shares), and investors had a legitimate expectation that this would be the case based on Mittal Steel's and Arcelor's disclosure and public statements;
- The exchange ratio applied in the second step merger was unfair to minority shareholders of Arcelor, particularly in light of developments between the June 2006 tender offer and the merger of Mittal Steel into Arcelor;
- Mittal Steel's disclosure regarding the merger of Mittal Steel into Arcelor and specifically the exchange ratio (in the second-step merger) was late, insufficient and misleading;
- The two-step process was detrimental to interests of Arcelor minority shareholders; and
- The second step merger did not comply with certain provisions of Luxembourg company law.

ArcelorMittal believes that the allegations made and claims brought by the minority shareholders regarding the exchange ratio applied in the second step merger and the merger process as a whole are without merit and that such exchange ratio and process complied with the requirements of applicable law, were consistent with previous guidance on the principles that would be used to determine the exchange ratio in the second step merger and that the merger exchange ratio was relevant and reasonable to shareholders of both merged entities.

The following summarizes the current status of proceedings brought by minority shareholders in this regard:

In June and July 2007, two hedge funds that were shareholders of Arcelor wrote to the Netherlands Authority for the Financial Markets (the Stichting Autoriteit Financiële Markten, or the "AFM"), the Dutch securities regulator, requesting it to take various measures against Mittal Steel relating in particular to disclosure regarding the proposed exchange ratio, and making in substance the allegations summarized above. On August 17, 2007 the AFM rejected the claimants' demands.

On September 20, 2007, the claimants filed formal objections with the AFM against the decision of August 17, 2007, asking the AFM to overturn its decision on the same grounds as those presented in support of their initial request. On February 4, 2008, the AFM confirmed its decision of August 17, 2007. On March 13, 2008, the claimants lodged an appeal against the AFM's decision with the Rotterdam Administrative Court. By judgment dated December 10, 2008, the Court nullified the AFM's decision of February 4, 2008, on the grounds that the AFM's limited investigation was an insufficient basis for its decision, and requiring it to conduct a further investigation and issue a new decision. The AFM and ArcelorMittal are both appealing the court's ruling. A hearing on the merits took place on February 15, 2011.

On October 18, 2007 and November 19, 2007, ArcelorMittal (the entity resulting from the first step merger) and Arcelor were notified of an appeal by three former hedge fund shareholders of Arcelor before the administrative court of Luxembourg against the March 2, 2007 decision of the CSSF exempting the Significant shareholder from the obligation (under the Luxembourg law implementing the European Takeover Directive) under specified circumstances to launch a tender offer for all Arcelor shares outstanding after the merger. The CSSF had based its grant of an exemption on the fact that the merger would not result either in an acquisition of shares or in a change of the ultimate control of the company. The hearing took place on July 7, 2008. In its decision of August 26, 2009, the court rejected the appeal. The decision is final and no longer appealable.

On January 8, 2008, ArcelorMittal received a writ of summons on behalf of four hedge fund shareholders of Arcelor to appear before the civil court of Luxembourg. The summons was also served on all natural persons sitting on the Board of Directors of ArcelorMittal at the time of the merger and on the Significant shareholder. The claimants request, among other things (1) the cancellation and the amendment of the corporate decisions relating to the second-step merger in order to reflect an exchange ratio of 11 ArcelorMittal (the entity resulting from the first step merger) shares for seven Arcelor shares (ignoring the impact of the share capital restructuring of Arcelor) accompanied by the allocation by the Significant shareholder or the company of additional shares to the claimants to reflect this revised ratio, and alternatively, (2) the payment of damages by the defendants (jointly and severally or severally, at the court's discretion), in an amount of €180 million. ArcelorMittal submitted its brief in response on October 16, 2008, challenging the validity, the admissibility and the merits of the claims. The claimants filed their conclusions on January 5, 2010. Judgment in the first instance is not expected before the end of 2011.

Note 25: Segment and Geographic Information

ArcelorMittal has a high degree of geographic diversification relative to other steel companies. During 2010, ArcelorMittal shipped its products to customers in approximately 174 countries, with its largest markets in the Flat Carbon Europe, Flat Carbon Americas and Long Carbon Americas and Europe segments. ArcelorMittal conducts its business through its Operating Subsidiaries. Many of these operations are strategically located with access to on-site deep water port facilities, which allow for cost-efficient import of raw materials and export of steel products. As of December 31, 2010, ArcelorMittal employed approximately 274,000 people (including discontinued operations).

The Company adopted IFRS 8, "Operating Segments" on January 1, 2009. As the Company previously defined its operating segments in alignment with the Group Management Board's responsibilities, the adoption of IFRS 8 did not impact the Company's segment presentation. Refer to note 2 for the policy around grouping of operating segments into our reportable segments.

An operating segment is a component of the Company:

- that is engaged in business activities from which it earns revenues and incurs expenses (including revenues and expenses relating to transactions with other components of the Company);
- whose operating results are regularly reviewed by the Company's chief operating decision makers to make decisions about resources to be allocated to the segment and to assess its performance;
- and for which discrete financial information is available.

Reportable segments

ArcelorMittal reports its operations in five segments: Flat Carbon Americas, Flat Carbon Europe, Long Carbon Americas and Europe, AACIS and Distribution Solutions. Following the Company's spin-off of its stainless steel operations into a separately focused company Aperam, Stainless Steel, which produces flat and long stainless steel and alloy products from its plants in Europe and South America, is reported as discontinued operations.

- Flat Carbon Americas represents the flat facilities of the Company located on the American Continent (Canada, Brazil, Mexico, United States). Flat Carbon Americas produces slabs, hot-rolled coil, cold-rolled coil, coated steel and plate. These products are sold primarily to customers in the following industries: distribution and processing, automotive, pipe and tubes, construction, packaging, and appliances;
- Flat Carbon Europe is the largest flat steel producer in Europe, with operations that range from Spain in the west to Romania in the east, and covering the flat carbon steel product portfolio in all major countries and markets. Flat Carbon Europe produces hot-rolled coil, cold-rolled coil, coated products, tinplate, plate and slab. These products are sold primarily to customers in the automotive, general industry and packaging industries;
- Long Carbon Americas and Europe operates in Europe and America. Production consists of sections, wire rod, rebar, billets, blooms and wire drawing, and tubular products;
- AACIS produces a combination of flat and long products and tubular products. Its facilities are located in Asia, Africa and Commonwealth of Independent States; and
- ArcelorMittal Distribution Solutions is primarily an in-house trading and distribution arm of ArcelorMittal. It also provides value-added and customized steel solutions through further steel processing to meet specific customer requirements.

Notes to Consolidated Financial Statements

continued

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

The following table summarizes certain financial data relating to ArcelorMittal's operations in its different reportable segments.

	Flat Carbon Americas	Flat Carbon Europe	Long Carbon Americas & Europe	Asia& Africa & CIS	Distribution Solutions	Others / Elimination*	Total
Year ended December 31, 2009							
Sales to external customers	11,608	16,284	14,836	5,349	12,382	562	61,021
Intersegment sales	1,732	3,697	1,931	2,278	1,142	(10,780)	—
Operating income	(757)	(501)	(29)	265	(286)	(162)	(1,470)
Depreciation	1,129	1,417	1,092	544	215	177	4,574
Impairment	41	88	287	3	141	(8)	552
Capital expenditures	523	937	545	435	131	138	2,709
Year ended December 31, 2010							
Sales to external customers	17,101	20,898	18,218	6,932	14,225	651	78,025
Intersegment sales	2,200	4,652	3,127	2,916	1,519	(14,414)	—
Operating income	2,044	583	1,068	802	164	(1,056)	3,605
Depreciation	916	1,403	1,086	597	176	217	4,395
Impairment	—	77	11	305	113	19	525
Capital expenditures	711	793	704	670	124	306	3,308

** Others / Eliminations includes all other operations than mentioned above, together with inter-segment elimination, and/or non-operational items which are not segmented.*

Effective with the adoption, on January 1, 2010, of the improvements of IFRSs published in April 2009, the requirement to present assets for each reportable segment, if such information is not regularly provided to the CODM, has been removed. As the Company does not regularly provide such information it has not presented assets by segment in the table above. The table which follows presents the reconciliation of segment assets to total assets as required by IFRS 8.

	Year Ended December 31, 2009*	Year Ended December 31, 2010
Assets allocated to segments	107,190	101,510
Cash and cash equivalents, including restricted cash	6,009	6,289
Deferred tax assets	4,838	6,603
Assets held for sale and distribution	1	6,918
Other unallocated assets and eliminations	9,659	9,584
Total assets	**127,697**	**130,904**

** For comparability purposes, and in conformity with its current practice, the Company has revised its disclosures of the assets allocated to segments presented as of December 31, 2009.*

The reconciliation from operating income (loss) to net income is as follows:

	Year Ended December 31, 2009	Year Ended December 31, 2010
Operating income (loss)	(1,470)	3,605
Income from investments in associates and joint ventures	56	451
Financing costs - net	(2,847)	(2,200)
Income (loss) before taxes	(4,261)	1,856
Income tax expense (benefit)	(4,432)	(1,479)
Discontinued operations	(57)	(330)
Net income (including non-controlling interests)	114	3,005

Geographical information

Sales (by destination)

	Year Ended December 31, 2009	Year Ended December 31, 2010
Americas		
United States	9,305	12,920
Canada	2,033	3,163
Brazil	3,887	7,291
Argentina	807	1,054
Others	2,761	3,587
Total Americas	18,793	28,015
Europe		
France	4,973	5,307
Spain	3,905	4,567
Germany	5,709	7,182
Romania	632	837
Poland	2,333	3,191
Belgium	1,093	1,226
Italy	1,874	2,926
United-Kingdom	1,685	1,763
Turkey	1,647	2,441
Czech Republic	982	1,271
Others	6,242	6,735
Total Europe	31,075	37,446
Asia & Africa		
South Africa	2,519	3,256
Others	8,634	9,308
Total Asia & Africa	11,153	12,564
Total	61,021	78,025

Notes to Consolidated Financial Statements

continued

ArcelorMittal and Subsidiaries
(millions of U.S. dollars, except share and per share data)

Non-current assets per significant country:*

	Non-current assets	
	As of December 31, 2009	As of December 31, 2010
Americas		
Brazil	9,081	7,431
United States	6,279	6,118
Canada	4,281	4,314
Mexico	1,614	1,555
Others	1,085	939
Total Americas	22,340	20,357
Europe		
France	7,540	6,178
Luxembourg	2,716	2,792
Belgium	5,414	3,675
Spain	4,520	3,979
Ukraine	4,514	4,508
Poland	3,207	2,803
Germany	3,665	3,273
Czech Republic	995	874
Romania	708	677
Italy	395	307
Others	1,498	1,053
Total Europe	35,172	30,119
Asia & Africa		
South Africa	2,152	2,497
Kazakhstan	1,734	1,804
Liberia	348	487
Others	846	863
Total Africa & Asia	5,080	5,651
Unallocated assets	32,298	32,102
Total	**94,890**	**88,229**

** Non-current assets do not include goodwill (as it is not allocated to the geographic regions), deferred tax assets, other investments or receivables and other non-current financial assets. Such assets are presented under the caption "Unallocated assets".*

Note 26: Employees and Key Management Personnel

The total annual compensation of ArcelorMittal's employees paid in 2009, and 2010 was as follows:

	Year Ended December 31, 2009	Year Ended December 31, 2010
Employee Information		
Wages and salaries	9,167	9,686
Pension cost	579	590
Other staff expenses	1,133	1,575
	10,879	11,851

The total annual compensation of ArcelorMittal's key management personnel, including its Board of Directors, paid in 2009, and 2010 was as follows:

	Year Ended December 31, 2009	Year Ended December 31, 2010
Base salary and/or directors fees	18	20
Short-term performance-related bonus	18	7
Post-employment benefits	1	2
Share based compensation	20	15

The fair value of the stock options granted to the ArcelorMittal's key management personnel is recorded as an expense in the consolidated statement of operations over the relevant vesting periods. The Company determines the fair value of the options at the date of the grant using the Black-Scholes model.

As of December 31, 2009 and 2010, ArcelorMittal did not have outstanding any loans or advances to members of its Board of Directors or key management personnel, and, as of December 31, 2009 and 2010, ArcelorMittal had not given any guarantees for the benefit of any member of its Board of Directors or key management personnel.

Note 27: Subsequent Events

On January 6, 2011, the City of Luxembourg contributed its gas and electricity networks as well as its energy sales activities to two subsidiaries of Enovos International S.A., Creos Luxembourg S.A and Enovos Luxembourg S.A., respectively. Consequently, the stake held by the Company in Enovos International S.A. decreased from 25.29% to 23.48%.

On January 25, 2011, the Extraordinary General Meeting of Shareholders of ArcelorMittal approved the spin-off of the stainless steel business. As a consequence, the Company transferred on that date assets and liabilities to Aperam for a total amount of €3,243 million (4,337) and recognized a reduction in shareholders' equity for the same amount.

On February 18, 2011, ArcelorMittal and Nunavut Iron Ore Acquisition Inc. announced the expiration of their offer for common shares and common share purchase warrants of Baffinland Iron Mines Corporation ("Baffinland"). As a result of the offer, Acquireco, a corporation owned 70% by ArcelorMittal and 30% by Iron Ore Holdings, LP, holds approximately 93% of the outstanding common shares and approximately 76% of the outstanding 2007 Common share purchase warrants. Further, Baffinland and Acquireco have agreed to pursue a court approved plan under which Acquireco will acquire the remaining Baffinland common stock and common stock warrants. As of February 18, 2011, the total consideration paid by the Company under the offer was 386. The Company expects to pay approximately 28 for the acquisition of the remaining common stock and common stock warrants. As the offer has just closed, the Company is unable to further disclose the allocation of purchase price to the acquired business.

On March 7, 2011, the Company issued three series of USD denominated notes, consisting of 500 aggregate principal amount of its 3.75% notes due 2016, 1,500 aggregate principal amount of its 5.50% notes due 2021 and 1,000 aggregate principal amount of its 6.75% notes due 2041.

Auditors' Report on the Consolidated Statements

Report of the Réviseur d'Entreprises Agréé

To the shareholders of
ArcelorMittal, Société Anonyme
19, Avenue de la Liberté
L-2930 Luxembourg
Grand Duchy of Luxembourg

Report on the consolidated financial statements

Following our appointment by the General Meeting of the Shareholders held on May 11, 2010, we have audited the accompanying consolidated financial statements of ArcelorMittal and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the judgement of the *réviseur d'entreprises agréé*, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of ArcelorMittal as of December 31, 2010, and of its financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Report on other legal and regulatory requirements

The consolidated management report, which is the responsibility of the board of directors, is consistent with the consolidated financial statements.

For Deloitte S.A., *Cabinet de révision agréé*
Eric van de Kerkhove, *Réviseur d'entreprises agréé*
Partner

March 11, 2011
560, rue de Neudorf
L-2220 Luxembourg

Balance Sheet

ArcelorMittal, Société Anonyme
(expressed in millions of U.S. dollars)

		December 31, 2010	December 31, 2009
Assets			
B. Start-up expenses	**note 3**	**2**	–
C. Fixed assets		**100,009**	**72,251**
I. Intangible assets	**note 4**	**5**	**64**
2. Concessions, patents, licences, trademarks and similar rights and assets		5	64
II. Tangible assets	**note 5**	**43**	**48**
1. Land and buildings		38	42
3. Other fixtures and fittings, tools and equipment		3	5
4. Payment on account and tangible assets in course of construction		2	1
III. Financial assets	**note 6**	**99,961**	**72,139**
1. Shares in affiliated undertakings		88,105	67,125
2. Loans to affiliated undertakings		9,460	3,972
3. Participating interests		985	985
5. Securities held as fixed assets		1,411	47
6. Other loans		–	10
D. Current assets		**1,594**	**20,453**
II. Debtors becoming due in one year or less		**1,575**	**19,710**
2. Amounts owed by affiliated undertakings	**note 7**	1,458	19,694
4. Other debtors		117	16
Becoming due in one year or less		*117*	*16*
III. Transferable securities	**note 8**	**12**	**742**
2. Treasury shares (368,393 own shares with an accounting par value of USD 6,37)		12	742
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand		**7**	**1**
E. Prepayments and accrued income		**141**	**187**
Total assets		**101,746**	**92,891**

		December 31, 2010	December 31, 2009
Liabilities			
A. Capital and reserves	**note 9**	**71,351**	**57,875**
I. Subscribed capital		**9,950**	**9,950**
II. Share premium account		**19,682**	**19,682**
IV. Reserves		**939**	**1,669**
1. Legal reserve		927	927
2. Reserve for treasury shares		12	742
V. Profit brought forward		**26,145**	**27,081**
VI. Profit/(loss) for the financial year		**14,635**	**(507)**
B. Provisions for liabilities and charges		**60**	**5**
1. Provisions for pensions and similar obligations		5	5
3. Other provisions	**note 10**	55	–
C. Liabilities	**note 11**	**30,335**	**35,011**
1.a Convertible debenture loans	**note 12**	2,506	2,639
Becoming due in one year or less		*36*	*38*
Becoming due in more than one year		*2,470*	*2,601*
1.b Non convertible debenture loans	**note 13**	13,856	10,191
Becoming due in one year or less		*286*	*250*
Becoming due in more than one year		*13,570*	*9,941*
2. Amounts owed to credit institutions	**note 14**	5,785	5,408
Becoming due in one year or less		*5,541*	*1,625*
Becoming due in more than one year		*244*	*3,783*
4. Trade payables becoming due in one year or less		40	47
6. Amounts owed to affiliated undertakings	**note 15**	8,118	16,687
Becoming due in one year or less		*6,293*	*16,658*
Becoming due in more than one year		*1,825*	*29*
9. Other liabilities becoming due in one year or less		30	39
Total liabilities		**101,746**	**92,891**

The accompanying notes are an integral part of these annual accounts.

Profit and Loss Account

ArcelorMittal, Société Anonyme
(expressed in millions of U.S. dollars)

		Year ended December 31, 2010	Year ended December 31, 2009
A. Expenses			
3. Staff costs		71	110
a) wages and salaries		49	85
b) social security costs attributable to wages and salaries		6	8
c) supplementary pensions		10	11
d) other social security costs		6	6
4. a) Value adjustments in respect of formation expenses and tangible and intangible fixed assets	note 4,5	70	7
5. Other operating expenses	note 16	162	227
6. Value adjustments in respect of financial assets and of transferable securities held as current assets	note 6	17,559	80
7. Interest payable and similar expenses	note 17	1,375	3,799
a) in respect of affiliated undertakings		107	128
b) other interest payable and expenses		1,268	3,671
13. Profit/(loss) for the financial year		**14,635**	**(507)**
Total expenses		**33,872**	**3,716**

		Year ended December 31, 2010	Year ended December 31, 2009
B. Income			
4. Other operating income	note 18	119	30
5. Income from participating interests	note 19	32,615	54
a) derived from affiliated undertakings		32,615	54
6. Income from other transferable securities and from loans forming part of the fixed assets		310	2,652
a) derived from affiliated undertakings		310	191
b) other income	note 8	–	2,461
7. Other interest receivable and similar income	note 17	828	980
a) derived from affiliated undertakings		340	382
b) other interest receivable and similar income		488	598
Total income		**33,872**	**3,716**

The accompanying notes are an integral part of these annual accounts.

Notes to the Annual accounts

ArcelorMittal, Société Anonyme
(expressed in millions of U.S. dollars, unless otherwise stated)

Note 1 - General

ArcelorMittal ("the Company") was incorporated as a "Société Anonyme" under Luxembourg law on June 8, 2001 for an unlimited period.

The Company has its registered office in 19 avenue de la Liberté, Luxembourg City and is registered at the Register of Trade and Commerce of Luxembourg under the number B82.454.

The financial year of the Company starts on January 1 and ends on December 31 each year.

The Company's corporate goal is the manufacturing, processing and marketing of steel products and all other metallurgical products; and any other activity directly or indirectly related thereto. The Company realizes its corporate goal either directly or through the creation of companies or the acquisition and holding of interests in companies, partnership, associations, consortia and joint-ventures.

In conformity with the requirements of Luxembourg laws and regulations, the Company publishes consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union.

Note 2 - Summary of Significant Accounting Principles

General principles

These annual accounts corresponding to the standalone financial statements of the parent company, ArcelorMittal, have been prepared in accordance with generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg.

Main valuation rules

Translation of currencies

The Company maintains its accounting records in United States Dollars ("USD") and the annual accounts are prepared in this currency. Unless otherwise stated, all amounts in the annual accounts are stated in millions of USD.

The following principles are applied to items denominated in a currency other than the USD:

- Fixed assets and creditors due after more than one year are translated at historical exchange rates or the current rate if unrealized exchange losses exist. Differences in the exchange rates leading to an unrealized loss are recorded in the profit and loss for the year. A reversal of the unrealized loss is recorded to the extent the factors, which caused its initial recording, have ceased to exist.
- Foreign currency swaps are accounted for at the current rate and unrealized foreign exchange gains and losses are recognized so as to offset unrealized foreign exchange gains and losses with respect to hedged debenture loans and amounts owed to credit institutions.
- Other balance sheet items are translated at the year-end exchange rate and related exchange differences are recorded in the profit and loss for the year.
- Profit and loss items are translated at the exchange rate prevailing at the transaction date.
- Off balance sheet commitments are disclosed based upon the historical exchange rate.

Financial assets

Shares in affiliated undertakings, associates and participating interests are recorded at acquisition cost including related acquisition costs. At the end of each accounting period, shares in affiliated undertakings are subject to an impairment review. Where a permanent diminution in value is identified, this diminution is recorded in the profit and loss account as a value adjustment. A reversal of the value adjustment is recorded to the extent the factors, which caused its initial recording, have ceased to exist.

Loans to affiliated undertakings and other loans are recorded in the balance sheet at their nominal value. At the end of each accounting period value adjustments are recorded on loans which appear to be partly or wholly irrecoverable.

Debtors

Debtors are recorded in the balance sheet at their nominal value. At the end of each accounting period value adjustments are recorded on debtors, which appear to be partly or wholly irrecoverable.

Transferable securities

Transferable securities are valued at the lower of cost or market value. A value adjustment is recorded when the market price is lower than the acquisition price. A reversal of the value adjustment is recorded to the extent the factors, which caused its initial recording, have ceased to exist.

Provisions for liabilities and charges

Provisions for liabilities and charges are recorded to cover all foreseeable liabilities and charges for which there is a legal or constructive obligation as a result of past events as of the balance sheet date. Provisions relating to previous periods are regularly reviewed and released if the reasons for which the provisions were recorded have ceased to apply.

Liabilities

Liabilities are recorded in the balance sheet at their nominal value.

Note 3 – Start Up Expenses

During the year, the Company incurred expenses in relation with the assessment and preparation of the spin-off of the stainless steel business. These expenses were capitalized and included in the assets and liabilities transferred to Aperam at the date of the spin-off on January 25, 2011.

Notes to the Annual accounts

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ArcelorMittal, Société Anonyme
(expressed in millions of U.S. dollars, unless otherwise stated)

Note 4 – Intangible Assets

	Concessions, patents, licences, trademarks and similar rights and assets
Acquisition cost	
Opening balance	66
Additions	4
Closing balance	70
Value adjustment	
Opening balance	(2)
Charge for the year	(63)
Closing balance	(65)
Net book value	
Opening balance	64
Closing balance	5

Note 5 – Tangible Assets

	Land and buidings	Other fixtures, fittings tools and equipment	Payment on account and tangible assets under construction	Total
Acquisition cost				
Opening balance	49	8	1	58
Transfers	1	–	(1)	–
Additions	–	–	2	2
Closing balance	**50**	**8**	**2**	**60**
Value adjustment				
Opening balance	(7)	(3)	–	(10)
Charge for the year	(5)	(2)	–	(7)
Closing balance	**(12)**	**(5)**	**–**	**(17)**
Net book value				
Opening balance	42	5	1	48
Closing balance	**38**	**3**	**2**	**43**

Note 6 – Financial Assets

	Shares in affiliated undertakings	Loans to affiliated undertakings	Participating interests	Securities held as fixed assets	Other loans	Total
Acquisition cost						
Opening balance	67,125	4,022	1,209	47	10	72,413
Additions	72,841	45,253	–	1,364	5	119,463
Disposals	(34,302)	(39,103)	–	–	(15)	(73,420)
Transfer to current assets	–	(532)	–	–	–	(532)
Foreign exchange differences	–	(130)	–	–	–	(130)
Closing balance	**105,664**	**9,510**	**1,209**	**1,411**	**–**	**117,794**
Value adjustment						
Opening balance	–	(50)	(224)	–	–	(274)
Change for the year	(17,559)	–	–	–	–	(17,559)
Closing balance	**(17,559)**	**(50)**	**(224)**	**–**	**–**	**(17,833)**
Net book value						
Opening balance	67,125	3,972	985	47	10	72,139
Closing balance	**88,105**	**9,460**	**985**	**1,411**	**–**	**99,961**

Shares in affiliated undertakings

Name and registered office	Carrying amount	Percentage of Capital held %	Result for 2010*	Capital and reserves (including result for 2010)*
AM Global Holding S.à.r.l., Luxembourg (Luxembourg)	56,875	100	(868)	52,875
Arcelor Investment S.A., Luxembourg (Luxembourg)	20,010	100	369	25,870
ArcelorMittal Finance and Services Belgium S.A., Brussels (Belgium)	5,846	13	1,841	46,385
ArcelorMittal Cyprus Holding Limited, Nicosia (Cyprus)	773	100	3.5	722
ArcelorMittal Luxco S.à.r.l., Luxembourg (Luxembourg)	1,673	100	(2.6)	1,696
AMO Holding Switzerland A.G., Zug (Switzerland)	1,000	100	(2.2)	17,546
ArcelorMittal Canada Holdings Inc., Contrecoeur (Canada)	832	1.19**	470	4,187
Sidarsteel NV, Gent (Belgium)	599	4.71	427	12,903
Hera Ermac S.A., Luxembourg (Luxembourg)	420	100	51	540
Other	77			
TOTAL	**88,105**			

** In accordance with unaudited IFRS reporting packages*

*** 100% of voting rights*

Description of main changes

On November 22, 2010, in the framework of a legal reorganization, the Company received from AMO Holding Switzerland A.G. an extraordinary dividend settled through the distribution in kind of a loan and accrued interests granted to AM Global Holding Bis S.à.r.l. and amounting to EUR 30,763 (41,982). The Company reduced the carrying amount of its investment by EUR 18,603 (25,387) and recognized a dividend income amounting to EUR 12,160 (16,595). The same date, the loan transferred from AMO Holding Switzerland A.G. to the Company was contributed into AM Global Holding S.à.r.l. for the same amount and together with a cash contribution amounting to EUR 6,000 (8,188).

On November 22, 2010, ArcelorMittal Cyprus Holding Limited reduced its share premium by EUR 11,279 (15,392) through a cash settlement to the Company. ArcelorMittal recognized a dividend income for the same amount and recorded a write-down on its investment amounting to 17,559.

On December 20, 2010, the Company contributed into Arcelor Investment S.A. a loan granted to AMO Group Finance (Dubai) Ltd. for a total amount including accrued interests of EUR 12,785 (16,953).

On December 22, 2010, the Company acquired a 7.62% stake in Sidarsteel NV from AMO Holding 16 S.A. for an amount of EUR 708 (953) and sold 2.91% for EUR 275 (360) to ArcelorMittal Luxembourg S.A.

On December 30, 2010, the Company acquired from ArcelorMittal Treasury S.N.C. a 10% stake in Arcelor USA Holding LLC and contributed it immediately together with a 2.38% in Mittal Steel US Investments BV into ArcelorMittal Canada Holdings Inc. for a total amount of 717.

In the framework of the legal reorganization preceding the spin-off of the stainless steel business, all investments in stainless steel entities were directly and indirectly grouped under ArcelorMittal LuxCo S.à.r.l., an entity of which the Company acquired 100% of the shares for EUR 1,272 (1,673) and which was contributed to Aperam on January 25, 2011.

On December 23, 2010, the Company reduced its stake in ArcelorMittal Finance and Services Belgium S.A. from 26.74% to 13.00%. The consideration received amounted to 6,217.

Loans to affiliated undertakings

Additions and disposals of loans to affiliated undertakings include the movements related to the loan granted to AM Global Holding Bis S.à.r.l. for EUR 28,653 (39,103) as described above. This loan was distributed to the Company by AMO Holding Switzerland A.G. and subsequently contributed to AM Global Holding S.à.r.l.

In March 2010, the Company increased from 2,300 to 3,000 the facility granted to ArcelorMittal USA Holdings Inc. and, maturing on June 18, 2014. Total borrowings under the facility as of December 31, 2010 were 2,532 (2009: 1,982).

On December 17, 2010, the Company acquired from ArcelorMittal Long Carbon Europe S.A. a loan granted to Quadra International Services B.V. for an amount of 3,111 including 1,156 of accrued interests.

Notes to the Annual accounts

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ArcelorMittal, Société Anonyme
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On December 22, 2010, in the framework of the legal reorganization preceding the spin-off of the stainless steel business, the Company granted a loan to ArcelorMittal LuxCo S.à.r.l. for a total amount of EUR 1,272 (1,673) and maturing on December 22, 2014.

Participating interests

Name and registered office	Carrying amount	Percentage of Capital held %	Result for 2010*	Capital and reserves (including result for 2010)*
Hunan Valin Steel Co., Ltd Changsha (China)	552	33.02	(431)	1,859
Kalagadi Manganese (Pty) Ltd Rivonia (South Africa)	433	50.00	9	262
TOTAL	**985**			

** In accordance with unaudited IFRS reporting packages*

Securities held as fixed assets

On December 14, 2010, ArcelorMittal acquired EUR denominated call options on 61,728,395 of its own shares with a strike price of 20.25 euros (27.21 U.S. dollars) per share. The call options were acquired in order to hedge the Company's obligations arising from the potential conversion of the 7.25% convertible bonds for ArcelorMittal shares due April 1, 2014. The premium paid amounted to EUR 700 (928).

On December 18, 2010, ArcelorMittal acquired USD denominated call options on 26,533,997 of its own shares with a strike price of 30.15 U.S. dollars per share in order to hedge its obligations arising from the potential conversion of the 5% USD denominated convertible bonds into ArcelorMittal shares due May 15, 2014. The premium paid with respect to these call options was 435.

Note 7 – Amounts Owed by Affiliated Undertakings

Amounts owed by affiliated undertakings decreased by 18,236 in 2010. As described in note 6, this variation is primarily related to the contribution of the loan for EUR 12,785 granted to AMO Group Finance Ltd (Dubai) into Arcelor Investment S.A. The carrying amount of this loan was 18,464 as of December 31, 2009.

Note 8 – Transferable Securities

	Treasury shares
Acquisition cost	
Opening balance	742
Additions	14
Disposals	(744)
Closing balance	**12**
Value adjustments	-
Net book value	
Opening balance	742
Closing balance	**12**

As of December 31, 2010, the Company holds 368,393 (2009: 23,054,885) of treasury shares (shares owned by the Company).

Additions of the year relate to the transfer of 373,413 treasury shares for an amount of 14 from Corea S.A. in connection with the agreement signed in December 2008.

At the Annual General Meeting held on May 12, 2009, the Board of Directors was authorized to renew an Employee Share Purchase Plan ("ESPP") as part of a global employee engagement and participation policy. A total of 392,382 shares were subscribed during the subscription period from November 10, 2009 to November 19, 2009 and settled with treasury shares on January 21, 2010.

On October 18, 2010, the Company sold 16,021,733 treasury shares to ArcelorMittal Flat Carbon Europe S.A. for an amount of 562.

On December 14, 2010 and in connection with the hedge of its obligations arising from the potential conversion of the 7.25% bonds convertible into / or exchangeable into new or existing ArcelorMittal shares due April 1, 2014, the Company sold 6,000,000 of treasury shares through an over-the-counter block sale for a price of EUR 26.4227 per share and a total amount of EUR 158 (211).

In 2009, the Company reversed a value adjustment amounting to 2,461 as a result of the increase of the market value of the treasury shares.

Note 9 – Capital and Reserves

	Number of shares	Subcribed capital	Share premium account	Legal reserve	Reserve for treasury shares	Profit brought forward	Profit / (loss) for the year	Total
Balance as at January 1, 2010	**1,560,914,610**	**9,950**	**19,682**	**927**	**742**	**27,081**	**(507)**	**57,875**
Allocation of net result						(507)	507	–
Profit/(Loss) for the year							14,635	14,635
Directors' fees						(3)		(3)
Dividends paid *						(1,156)		(1,156)
Reserve for treasury shares					(730)	730		–
Balance as at December 31, 2010	**1,560,914,610**	**9,950**	**19,682**	**927**	**12**	**26,145**	**14,635**	**71,351**

** Equivalent to the 2009 Dividend, net of treasury shares held by the Company.*

9.1 – Share capital and share premium account

As of December 31, 2010 and 2009, the subscribed capital comprises 1,560,914,610 ordinary shares, fully paid up and amounting to EUR 6,836,805,992 (9,950). The ordinary shares do not have a nominal value.

On June 17, 2009, at an Extraordinary General Meeting, the shareholders approved an authorization for the Board of Directors to increase the issued share capital of the Company by a maximum of 168,173,653 shares during a period of five years. On June 22, 2009, the Company issued 112,088,263 shares to Ispat as a return of the 98,000,000 borrowed shares and delivery of the 14,088,263 shares subscribed under the Offering for a total amount of EUR 1,907,281,883 of which EUR 490,946,592 (681) allocated to subscribed capital and EUR 1,416,335,291 (1,871) allocated to share premium.

To the knowledge of the Board, the shareholding may be specified as follows:

	December 31,2010
Lumen Investments S.à.r.l.	33.63%
Ispat International Investment S.L.	7.20%
Other shareholders*	59.17%
Total	**100.00%**

** including treasury shares and shares held by affiliated undertakings.*

9.2 – Legal reserve

In accordance with Luxembourg Company Law, the Company is required to transfer a minimum of 5% of its net profits for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the subscribed capital. The legal reserve is not available for distribution to the shareholders. There was no amount transferred to the legal reserve in 2010 as the Company's net result for the year ended December 31, 2009 was a loss.

9.3 – Reserve for treasury shares

The Board of Directors shall request the upcoming General Meeting of Shareholders to approve the release of 730 from the reserve for treasury shares equivalent to the carrying value (note 8) of its treasury shares in accordance with Luxembourg Company Law.
In anticipation of such an approval this has been already reflected in the annual accounts.

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Note 10 - Other Provisions

The Company is jointly and severally liable for the following entities:

- ArcelorMittal Finance S.C.A. (Luxembourg)
- ArcelorMittal Treasury S.N.C. (France)
- Aperam Treasury S.C.A. (ex ArcelorMittal Stainless Treasury S.C.A.)
- Aperam Sourcing S.C.A. (ex ArcelorMittal Stainless Sourcing S.C.A.)

The Company has recorded a provision amounting to 55 in relation with the European Commission's decision on the Pre-Stressed Steel case.

Note 11 – Maturity of Liabilities

	December 31, 2010				December 31, 2009			
	Up to 1 year	From 1 to 5 years	5 years or more	Total	Up to 1 year	From 1 to 5 years	5 years or more	Total
Convertible debenture loans	36	2,470	–	2,506	38	2,601	–	2,639
Non convertible debenture loans	286	5,254	8,316	13,856	250	3,661	6,280	10,191
Amounts owed to credit institutions	5,541	213	31	5,785	1,625	3,742	41	5,408
Trade Payables	40	–	–	40	47	–	–	47
Amounts owed to affiliated undertakings	6,293	1,791	34	8,118	16,658	–	29	16,687
Other liabilities	30	–	–	30	39	–	–	39
Total	**12,226**	**9,728**	**8,381**	**30,335**	**18,657**	**10,004**	**6,350**	**35,011**

Note 12 – Convertible Debenture Loans

On April 1, 2009, the Company issued EUR 1.25 billion (1,662) of unsecured and unsubordinated convertible bonds maturing April 1, 2014. These bonds bear interest at 7.25% per annum payable semi-annually on each April 1 and October 1 of each year commencing on October 1, 2009. As of December 31, 2010, the amount was 1,670.

On May 6, 2009, ArcelorMittal issued 800 of unsecured and unsubordinated convertible senior notes maturing May 15, 2014. These notes bear interest at 5.00% per annum payable semi-annually on each May 15 and November 15 of each year commencing on November 15, 2009.

At inception, the Company had the option to settle the convertible debentures for common shares or the cash value of the common shares upon exercise of the conversion option by the bondholders, as defined in the debentures. On October 28, 2009, the Company announced that it had decided to irrevocably waive the option to settle the 800 convertible senior notes in cash for the cash value of the common shares at the date of the settlement.

The EUR 1.25 billion convertible bonds may be converted by the bondholders from May 11, 2009 until the end of the seventh business day preceding maturity. The 800 convertible senior notes may be converted by the noteholders from May 6, 2009 until the end of the seventh business day preceding maturity

On December 28, 2010, the Company sent a notice to the holders of the convertible bonds that no opinion of an independent investment bank relating to the impact of the spin-off of the stainless steel business of ArcelorMittal on the interests of the bondholders will be forthcoming. As a result of this announcement, the total amount of 3,000 U.S. dollars plus accrued interests has been repurchased.

Note 13 – Non Convertible Debenture Loans

On May 20, 2009, the Company issued unsecured and unsubordinated notes in two tranches for an aggregate principal amount of 2,250 consisting of 750 (issued at 98.391%) maturing February 15, 2015 and 1,500 (issued at 97.522%) maturing June 1, 2019. These notes bear interest at 9.00% per annum payable semi-annually on August 16 and February 16 of each year commencing on August 17, 2009 and 9.85% per annum payable semi-annually on December 1 and June 1 of each year commencing on December 1, 2009, respectively.

On June 3, 2009, the Company issued unsecured and unsubordinated bonds in two tranches for an aggregate principal amount of EUR 2,500 (3,560) consisting of EUR 1,500 (issued at 99.589%) maturing June 3, 2013 and EUR 1 billion (issued at 99.381%) maturing June 3, 2016. These notes bear interest at 8.25% per annum and 9.375% per annum, respectively payable annually on June 3 of each year commencing on June 3, 2009. As of December 31, 2010, the amount outstanding under these bonds was 3,367.

On October 1, 2009, the Company issued unsecured and unsubordinated notes for an aggregate principal amount of 1,000 issued at 95.202% maturing October 15, 2039. These notes bear interest at 7.0% per semi-annum payable annually on April 15 and October 15 of each year commencing on April 15, 2010.

On August 5, 2010, the Company issued unsecured and unsubordinated notes in three tranches for an aggregate principal amount of 2,500 consisting of 1,000 (issued at 99.123%) bearing interest at 3.75% per annum maturing August 5, 2015, 1,000 issued 98.459% bearing interest at 5.25% per annum maturing August 5, 2020 and 500 issued 104.843% bearing interest at 7.00% per annum maturing October 15, 2039, respectively payable annually on February 5 and August 5 of each year commencing on August 5, 2010 and 2039 notes payable annually on April 15 and October 15 commencing on October 15, 2010.

European Medium Term Note programme

On 24 February 2010, the Company established a European Medium Term Note programme ("EMTN"). The EMTN programme will allow the Company to have flexibility in terms of bonds placement in various currencies and with varying maturities on the European bond market. The maximum aggregate principal amount of notes at any one time under the programme will not exceed EUR 3 billion or its equivalent in other currencies.

On November 18, 2010, the Company issued a debenture loan under this programme, for an aggregate principal amount of EUR 1,000 (1,362) issued at 99.317% maturing November 17, 2017. The bond will bear interest from and including November 18, 2010 at a rate of 4.625% payable annually on November 17.

Note 14 - Amounts Owed to Credit Institutions

On November 30, 2006, the Company and ArcelorMittal Finance S.C.A. entered into a EUR 17 billion credit agreement, comprised of a EUR 12 billion term loan facility and a EUR 5 billion revolving credit facility, with a group of lenders to refinance certain of the Company's existing credit facilities. The maturity of the EUR 5 billion revolving credit facility is November 30, 2012. These facilities bear interest at a variable rate. Of the outstanding amount of EUR 2.4 billion under the EUR 12 billion term loan, EUR 1.2 billion (1,603) due in May, 2011 and EUR 1.2 billion (1,603) due in November, 2011 have been classified in the current portion of the long-term debt as of December 31, 2010. The outstanding amount under this contract was 3,493 as of December 31, 2009. The EUR 5 billion revolving credit facility remains fully available as of December 31, 2010.

The Company runs a commercial paper programme enabling borrowing of up to EUR 2 billion. The balance outstanding under this programme as of December 31, 2010 amounts to 2,177 (2009: 1,474).

Note 15 - Amounts Owed to Affiliated Undertakings

The decrease in amounts owed to affiliated undertakings by 8,569 was mainly related to the reduction of the cash pooling liabilities following the cash inflows from the legal reorganizations described in note 6.

Note 16 - Other Operating Expenses

Other operating expenses correspond to expenses incurred to operate the Company net of recharged service fees.

Notes to the Annual accounts

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Note 17 - Interest Receivable / Payable and Similar Income/ (Expenses)

	Year ended December 31, 2010		Year ended December 31,2009	
	expenses	income	expenses	income
Interests in respect of affiliated undertakings	**(107)**	**340**	**(128)**	**382**
Interests in respect of credit institutions	(81)	–	(366)	1
Interests in respect of bonds	(930)	–	(628)	–
Fees	(161)	2	(378)	2
Gain/(loss) on disposal treasury shares	–	53	(2,299)	–
Effects of foreign exchange	(92)	–	–	583
Amounts received in connection with tax consolidation (note 20)	–	433	–	12
Other	(4)	–	–	–
Total similar income (expenses)	**(1,268)**	**488**	**(3,671)**	**598**
Total interest and similar income (expenses)	**(1,375)**	**828**	**(3,799)**	**980**

Interests in respect of credit institutions decreased as a result of the reimbursement of the credit facility amounts granted by credit institutions.

Interests in respect of bonds increased as a result of the issuance of non convertible debenture loans and the EMTN notes.

Note 18 – Other Operating Income

Other operating income corresponds mainly to branding fees and income related to information technology and general services provided to Group companies.

Note 19 - Income from Participating Interests

	Year ended December 31, 2010	Year ended December 31, 2009
Dividends received*	32,562	12
Profit on disposal of financial assets	53	42
Total	**32,615**	**54**

**Dividend received in 2010 included mainly a dividend-in-kind of 16,595 received from AMO Holding Switzerland A.G., a dividend from ArcelorMittal Cyprus Holding Limited amounting to 15,392 as described in note 6 and a dividend received from ArcelorMittal Finance and Services Belgium S.A. for 533.*

Note 20 – Income Tax

The Company is the head of a tax consolidation and is fully liable for the overall tax liability. Each of the entities included in the tax consolidation is charged with the amount of tax that relates to its individual taxable profit.

As a consequence of the net tax losses within the tax consolidation, no income tax is payable in respect of 2010 (2009: nil).

The amount charged to affiliated undertakings amounted to 433 (2009: 12).

Note 21 – Commitments and Contingencies

Commitments given

	Year ended December 31, 2010	Year ended December 31, 2009
Guarantees on debts[1]	500	923
Other commitments[2]	4,834	1,870
Foreign exchange derivative instruments[3]	11,536	22,831
Total	**16,871**	**25,624**

[1] Guarantees on debts correspond to the guarantee related to bonds issued by ArcelorMittal USA and for which the Company is the guarantor. These guarantees decreased by 423 in 2010 as a consequence of the early redemption of the Senior Secured Notes on April 1, 2010. They exclude the debt of ArcelorMittal Finance S.C.A. for which the Company is jointly and severally liable (1,589 and 2,924 for 2010 and 2009 respectively).

[2] Other commitments comprise amounts committed with regard to credit lines and guarantees given on behalf of Group companies. Other commitments comprise mainly commitments incurred under credit lines granted to subsidiaries (1,378), guarantees given to third parties on behalf of the Group (1,448) and commitments incurred under bilateral cash pooling agreement to guarantee the deposits made with ArcelorMittal Treasury S.N.C. by ArcelorMittal Ostrava, ArcelorMittal Tubular Products Ostrava, ArcelorMittal Brasil and ArcelorMittal Inox Brasil for a total amount of 1,554. Additionally, a multicurrency revolving letter of credit facility provided by ING was available for 800 at December 31, 2009 and utilized up to 423. On September 30, 2010, the credit facility was cancelled and replaced by a new multicurrency letter of credit facility of 500, which was utilized for a total amount of 334 as of December 31, 2010.

[3] Foreign exchange derivative instruments mainly consist of EUR/USD currency swaps whose maturity is comprised between January 2010 and November 2011. As of December 31, 2010, a loss amounting to 109 (2009: 246) has been recognized as effects on foreign exchange on these instruments.

With respect to the notes linked to shares of the listed related parties Erdemir (Turkey) and Mac Arthur Coal Ltd (Australia) and issued by its affiliates ArcelorMittal Netherlands BV, Arcelor Investment Services S.A. and Expert Placement Services Ltd, the Company warrants to own directly or indirectly the entire legal and beneficial interest in the share capital of such companies for as long as any notes remain outstanding. ArcelorMittal also undertakes to provide any funding which would be necessary to these affiliates to meet their obligations with respect to the notes.

On April 30, 2008, the Company entered into two put option agreements with ING and Deutsche Bank in connection with the sale of 509,780,740 shares representing approximately 17.40% of the issued share capital of China Oriental. By virtue of these agreements, ING and Deutsche Bank have the right to sell these shares to the Company at the expiring date of the agreement set April 30, 2011.

Corporate guarantee letter

The Company irrevocably and unconditionally guarantees that it will continue to provide such financial support as may be necessary to enable AM Global Holding S.à.r.l., AM Global Holding Bis S.à.r.l. and ArcelorMittal Long Carbon Europe S.A. to meet their obligations with respect to the loans granted by AMO Group Finance (Dubai) Ltd., including repayment of the principal and interest accrued as they fall due and to continue to support the entities to exist as a going concern.

Available lines of credit

The Company has available lines of credit for an aggregate amount of 11,281 as of December 31, 2010 (2009: 11,240).

Contingencies

On January 8, 2008, ArcelorMittal received a writ of summons on behalf of four hedge fund shareholders of Arcelor to appear before the civil court of Luxembourg. The summons was also served on all natural persons sitting on the Board of Directors of ArcelorMittal at the time of the merger and on the Significant shareholder. The claimants request, among other things (1) the cancellation and the amendment of the corporate decisions relating to the second-step merger in order to reflect an exchange ratio of 11 ArcelorMittal (the entity resulting from the first step merger) shares for seven Arcelor shares (ignoring the impact of the share capital restructuring of Arcelor) accompanied by the allocation by the Significant shareholder or the company of additional shares to the claimants to reflect this revised ratio, and alternatively, (2) the payment of damages by the defendants (jointly and severally or severally, at the court's discretion), in an amount of EUR 180 million. ArcelorMittal submitted its brief in response on October 16, 2008, challenging the validity, the admissibility and the merits of the claims. Further briefs have since been submitted by the parties but no hearing on any of these issues has yet taken place.

On September 12, 2008, Standard Iron Works filed a purported class action complaint in U.S. District Court in the Northern District of Illinois against ArcelorMittal, ArcelorMittal USA LLC, and other steel manufacturers, alleging that the defendants had conspired since 2005 to restrict the output of steel products in order to fix, raise, stabilize and maintain prices at artificially high levels in violation of U.S. antitrust law. Since the filing of the Standard Iron Works lawsuit, other similar lawsuits, including a putative class action on behalf of indirect purchasers, have been filed in the same court and have been consolidated with the Standard Iron Works lawsuit. In January 2009, ArcelorMittal and the other defendants filed a motion to dismiss the claims. On June 12, 2009, the court denied the motion to dismiss and the litigation is now in the discovery stage. It is too early in the proceedings for ArcelorMittal to determine the amount of its potential liability, if any. ArcelorMittal considers the allegations in the complaint to be entirely unfounded.

Note 22 – Staff

Average number of staff

	Year ended December 31, 2010	Year ended December 31, 2009
Employees	388	386
Workers	22	20
Total	**410**	**406**

Note 23 – Directors' Remuneration

Members of the Board of Directors are entitled to a total remuneration of 4.1 for the year 2010 (2009: 6.4).

Notes to the Annual accounts

continued

ArcelorMittal, Société Anonyme
(expressed in millions of U.S. dollars, unless otherwise stated)

Note 24 – Stock Option Plan

On August 3, 2010, the Company granted 5,864,300 options under the ArcelorMittal Global Stock Option Plan 2009-2018 to a group of key employees at an exercise price of USD 32.27. These options expire on August 3, 2020.

Allocated share options at December 31, 2010 are as follows:

	Options Outstanding			
Exercise Prices (per option)	Number of options	Weighted average contractual life (in years)	Options exercisable (number of options)	Maturity
82.57	6,645,814	7.60	4,648,764	August 5, 2018
74.54	13,000	6.95	13,000	December 11, 2017
64.30	5,066,070	6.59	5,066,070	August 2, 2017
40.25	1,297,181	2.50	1,297,181	June 30, 2013
38.30	5,978,100	8.60	2,090,394	August 4, 2019
33.76	2,232,037	5.67	2,232,037	September 1, 2016
32.27	5,826,800	9.60	5,000	August 3, 2020
28.75	1,359,834	4.65	1,359,834	August 23, 2015
23.75	32,000	7.96	16,000	December 15, 2018
22.25	20,585	7.87	13,722	November 10, 2018
15.33	17,625	0.50	17,625	June 30, 2011
2.26	183,928	1.26	183,928	April 5, 2012
$2.26 – 82.57	28,672,974	7.47	16,943,555	

The movements in the number of outstanding share options during the year are as follows:

Number of shares options	2010	2009
Options outstanding at the beginning of the year	24,047,380	19,558,466
Options granted during the year	5,864,300	6,128,900
Options cancelled during the year	(223,075)	(539,023)
Options exercised during the year	(371,200)	(456,251)
Options expired during the year	(644,431)	(644,712)
Options outstanding at the end of the year	**28,672,974**	**24,047,380**

Note 25 – Expenses Related to the Reviseur D'Entreprises Agréé

In 2010, expenses related to the réviseur d'entreprises agréé amounted to 8.

Note 26 – Subsequent Events

On January 25, 2011, the Extraordinary General Meeting of Shareholders of ArcelorMittal approved the spin-off of the stainless steel business. As a consequence, the Company transferred on that date assets and liabilities to Aperam for a total amount of EUR 3,243 million (4,337) and recognized a reduction in shareholders' equity for the same amount.

On March 7, 2011, the Company issued three series of USD denominated notes, consisting of 500 aggregate principal amount of its 3.75% notes due 2016, 1,500 aggregate principal amount of its 5.50% notes due 2021 and 1,000 aggregate principal amount of its 6.75% notes due 2041.

Auditors' Report on the Annual Accounts

Report of the Réviseur d'Entreprises Agréé

To the shareholders of
ArcelorMittal, Société Anonyme
19, avenue de la Liberté
L-2930 Luxembourg
Grand Duchy of Luxembourg

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated May 11, 2010, we have audited the accompanying annual accounts of ArcelorMittal, which comprise the balance sheet as at December 31, 2010 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Board of directors' responsibility for the annual accounts

The board of directors is responsible for the preparation and fair presentation of these annual accounts in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual accounts that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Responsibility of the réviseur d'entreprises agréé

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the *Commission de Surveillance du Secteur Financier*. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgement of the *réviseur d'entreprises agréé*, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the *réviseur d'entreprises agréé* considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the annual accounts. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of ArcelorMittal as of December 31, 2010 and of the results of its operations for the year then ended in accordance with the Luxembourg legal and regulatory requirements relating to the preparation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the board of directors, is consistent with the annual accounts.

For Deloitte S.A., *Cabinet de révision agréé*
Eric van de Kerkhove, *Réviseur d'entreprises agréé*
Partner

March 11, 2011
560, rue de Neudorf
L-2220 Luxembourg

Proposed Allocation of Results for 2010

Proposed Allocation of Results for 2010

Proposed allocation of results and determination of dividend

	In U.S. dollars
Profit for the year	14,634,885,951
Profit brought forward (Report à nouveau)	25,414,987,013
Results to be allocated and distributed	**40,049,872,964**
Release of reserve for treasury shares	(729,855,611)
Allocation to the legal reserve	68,074,655
Directors' fees, compensation and attendance fees	1,802,034
Dividend of $0.75 (gross) per share for the 2010 financial year*	1,170,044,963
Profit carried forward**	**39,539,806,923**

**On the basis of 1,560,059,951 in issue at December 31, 2010 net of treasury shares held by the Company. Dividends are paid quarterly, resulting in a total annualized cash dividend per share of $0.75.*

*** As a consequence of the spin-off of the Company's stainless steel business into Aperam on January 25, 2011, profit carried forward was reduced by 2,055,242,886.*

Risks related to the global economy and the steel industry

The sharp downturn in the global economy in 2008 and 2009 caused a sharp reduction in worldwide demand for steel, and the recovery through 2010 has been slow and uncertain. If the global economy or ArcelorMittal's key selling markets endure a protracted period of weak growth or fall back into recession, this would have a material adverse effect on the steel industry and ArcelorMittal.

ArcelorMittal's activities and results are substantially affected by international, national and regional economic conditions. Starting in September 2008 and lasting through much of 2009, a steep downturn in the global economy, sparked by uncertainty in credit markets and deteriorating consumer confidence, sharply reduced demand for steel products worldwide. The crisis has had, and to some extent continues to have, a pronounced negative effect on ArcelorMittal's business and results of operations.

Although the global economy began to recover in the second half of 2009, the recovery has been slow and uncertain. Another recession, an extended period of below-trend growth in developed countries or a slowdown in emerging economies that are substantial consumers of steel (such as China, Brazil, Russia and India, as well as emerging Asian markets, the Middle East and the Commonwealth of Independent States ('CIS') regions) would have a material adverse effect on the steel industry. Renewed weakness in sectors of the economy that are substantial consumers of steel products, such as the automotive industry and the construction industry, would also hurt ArcelorMittal. So far, the recovery from the economic crisis in the United States and Europe, which accounted for 17% and 48% of ArcelorMittal's sales in 2010, has been feeble. An unsustainable or uneven recovery that bypasses such key markets, or a renewed global downturn, would have an adverse effect on ArcelorMittal's results of operations and prospects.

Excess capacity and oversupply in the steel industry globally and particularly in China may hamper the steel industry's recovery.

In addition to economic conditions, the steel industry is affected by global production capacity and fluctuations in steel imports/exports and tariffs. The steel industry has historically suffered from structural over-capacity. The industry is currently characterized by a substantial increase in production capacity in the developing world, particularly in China, and also in India and other emerging markets. China is now the largest global steel producer by a large margin, and the balance between its domestic production and consumption has been an important factor in global steel prices in recent years. Chinese steel exports, or conditions favorable to them (excess steel capacity in China, an undervalued Chinese currency and/or higher market prices for steel in markets outside of China) can have a significant impact on steel prices in other markets, including the U.S. and Europe. Over the short to medium term ArcelorMittal remains exposed to the risk of steel production increases in China and other markets outstripping increases in real demand, which may weigh on price recovery.

Protracted low steel prices would have a material adverse effect on the results of ArcelorMittal, as could price volatility.

Steel prices are volatile, reflecting the highly cyclical nature of the global steel industry. After rising steadily until mid-2008, global steel prices fell sharply during the financial crisis of late 2008. Prices remained depressed for nearly a year, and although a gradual recovery commenced in the second half of 2009, as of December 31, 2010 prices were still generally below their recent peaks (depending on the region). Low steel prices have an adverse effect on steel producers due to lower revenues, margins and possible write-downs of finished steel products and raw material inventories (as experienced by ArcelorMittal in late 2008 and early 2009).

Significant price decreases during periods of economic weakness have historically not been balanced by commensurate price increases during periods of economic recovery. This has once again been the case during the recent cycle. Although prices have stabilized to a certain degree, the timing and extent of the recovery and any potential return to pre-crisis price levels remains uncertain. A sustained price recovery will likely require a broad economic recovery in order to underpin an increase in real demand for steel products by end users.

In addition to macroeconomic trends, steel prices are sensitive to developments in particular industries, such as the automotive, construction, appliance, machinery, equipment, infrastructure and transportation, which are the main markets for ArcelorMittal's products. A resumed downturn in steel prices would materially and adversely affect ArcelorMittal's revenues and profitability, including because of potential further write-downs of steel products and raw materials inventories.

Volatility in the supply and prices of raw materials, energy and transportation, and mismatches with steel price trends, could adversely affect ArcelorMittal's profitability.

Steel production requires substantial amounts of raw materials and energy, including iron ore, coking coal and coke, scrap, electricity and natural gas, which are subject to significant price volatility. In late 2008, the prices of most commodities used in the steelmaking process collapsed as a result of the global economic crisis, before recovering gradually by the end of 2010 to levels near those prevailing before the crisis, albeit with significant increased volatility, due mainly to strong demand from customers in China and other emerging markets and the evolution of raw materials pricing from annual, contract-based prices to quarterly prices linked to spot market references.

Risks related to the global economy and the steel industry

continued

The availability and prices of raw materials may be negatively affected by, among other factors: new laws or regulations; suppliers' allocations to other purchasers; business continuity of suppliers; interruptions in production by suppliers (as occurred, for example, with respect to coal supplies as a result of the major flooding in Queensland, Australia in late 2010); accidents or other similar events at suppliers' premises or along the supply chain; wars, natural disasters and other similar events; fluctuations in exchange rates; consolidation in steel-related industries; the bargaining power of raw material suppliers and the availability and cost of transportation. Although ArcelorMittal has substantial captive sources of iron ore and coal from its own mines and is expanding output at such mines and also has new mines under development, it still obtains a significant portion of its raw materials requirements under long-term supply contracts (for example, from the Brazilian mining company Vale). The raw materials industry is highly concentrated and suppliers in recent years have had significant pricing power. In 2010, iron ore suppliers discarded the long-prevailing industry practice of setting prices annually, which had provided a measure of short-term price stability, in favor of a system where prices are set on a quarterly basis. If suppliers were to move further toward sales based on spot prices, steel producers would face increased exposure to production cost and short-term price volatility. Any prolonged interruption in the supply of raw materials or energy, or increases in costs which ArcelorMittal cannot pass on to its customers, could adversely affect its business, financial condition, results of operations or prospects.

Energy costs, including the cost of electricity and natural gas, also represent a substantial portion of the cost of goods produced by steel companies like ArcelorMittal. Historically, energy prices have varied significantly, and this trend may continue due to market conditions and other factors beyond the control of steel companies. Because the production of direct reduced iron, the production of steel in electric arc furnaces and the re-heating of steel involve the use of significant amounts of energy, steel companies are sensitive to natural gas and electricity prices and are dependent on having access to reliable supplies.

Despite the fact that steel and raw material prices are historically highly correlated (for example, both experienced significant declines during the recent economic crisis), this correlation is not guaranteed. For example, amid the recent slow and uncertain recovery, the price of iron ore – driven mainly by Chinese and international demand in emerging markets – has recovered faster than the price of steel in ArcelorMittal's key markets in Europe and the United States, and ArcelorMittal has been exposed to a price-cost squeeze resulting mainly from high-priced raw materials inventories at certain points during the cycle. Because ArcelorMittal sources a substantial portion of its raw materials through long term contracts with quarterly formula-based prices, it faces the risk of adverse differentials between its own production costs, which are affected by global raw materials prices, and trends for steel prices in regional markets. If raw materials and energy prices rise significantly (either as a result of supply constraints or other reasons) but prices for steel products in ArcelorMittal's markets do not increase commensurately, it would have a negative effect on ArcelorMittal's business, financial condition, results of operations and prospects.

Developments in the competitive environment in the steel industry could have an adverse effect on ArcelorMittal's competitive position and hence its business, financial condition, results of operations or prospects.

The markets in which steel companies operate are highly competitive. Competition – in the form of established producers expanding in new markets, smaller producers increasing production in anticipation of demand increases, amid an incipient recovery, or exporters selling excess capacity from markets such as China – could cause ArcelorMittal to lose market share, increase expenditures or reduce pricing. Any of these developments could have a material adverse effect on its business, financial condition, results of operations or prospects.

Unfair trade practices in ArcelorMittal's home markets could negatively affect steel prices and reduce ArcelorMittal's profitability, while trade restrictions could limit ArcelorMittal's access to key export markets.

ArcelorMittal is exposed to the effects of 'dumping' and other unfair trade and pricing practices by competitors. Moreover, government subsidization of the steel industry remains widespread in certain countries, particularly those with centrally-controlled economies such as China. As a consequence of the recent global economic crisis, there is an increased risk of unfairly-traded steel exports from such countries into various markets including North America and Europe, in which ArcelorMittal produces and sells its products. Such imports could have the effect of reducing prices and demand for ArcelorMittal products.

In addition, ArcelorMittal has significant exposure to the effects of trade actions and barriers due to the global nature of its operations. Various countries have in the past instituted, or are currently contemplating the implementation of, trade actions and barriers, which could materially and adversely affect ArcelorMittal's business by limiting the Company's access to steel markets.

Competition from other materials could reduce market prices and demand for steel products and thereby reduce ArcelorMittal's cash flow and profitability.

In many applications, steel competes with other materials that may be used as substitutes, such as aluminum (particularly in the automobile industry), cement, composites, glass, plastic and wood. Government regulatory initiatives mandating the use of such materials in lieu of steel, whether for environmental or other reasons, as well as the development of other new substitutes for steel products, could significantly reduce market prices and demand for steel products and thereby reduce ArcelorMittal's cash flow and profitability.

ArcelorMittal is subject to strict environmental laws and regulations, including with respect to greenhouse gas emissions, that could give rise to a significant increase in costs and liabilities.

ArcelorMittal is subject to a broad range of environmental laws and regulations in each of the jurisdictions in which it operates. These laws and regulations impose increasingly stringent environmental protection standards regarding, among others, 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. The costs of complying with, and the imposition of liabilities pursuant to, environmental laws and regulations can be significant. Failure to comply can result in civil and/or criminal penalties being imposed, the suspension of permits, requirements to curtail or suspend operations, and lawsuits by third parties. Despite ArcelorMittal's efforts to comply with environmental laws and regulations, environmental incidents or accidents may occur that negatively affect the Company's reputation or the operations of key facilities.

Compliance with new and more stringent environmental obligations – particularly those arising from policies limiting greenhouse gas emissions – may require additional capital expenditures or modifications in operating practices, as well as additional reporting obligations. The integrated steel process involves carbon and creates carbon dioxide (CO_2), which distinguishes integrated steel producers from mini-mills and many other industries where CO_2 generation is primarily linked to energy use. The European Union has established greenhouse gas regulations and many other countries, such as the United States, have debated similar measures and may enact them in the future. Such regulations, whether in the form of a national or international cap-and-trade emissions permit system, a carbon tax, or other regulatory initiative, could have a negative effect on ArcelorMittal's production levels, income and cash flows. Such regulations could also have a negative effect on the Company's suppliers and customers, which could result in higher costs and lower sales.

Moreover, many developing nations, such as China, India and certain others, have not yet instituted significant greenhouse gas regulations. It is possible that any international agreement to regulate emissions may provide exemptions and lesser standards for developing nations. In such case, ArcelorMittal may be at a competitive disadvantage relative to steelmakers having more or all of their production in such countries.

ArcelorMittal also incurs costs and liabilities associated with the assessment and remediation of contaminated sites. In addition to the impact on current facilities and operations, environmental remediation obligations can give rise to substantial liabilities in respect of divested assets and past activities. This may be also the case for acquisitions when liabilities for past acts or omissions are not adequately reflected in the terms and price of the acquisition. ArcelorMittal could become subject to further remediation obligations in the future, as additional contamination is discovered or cleanup standards become more stringent.

Costs and liabilities associated with mining activities include those resulting from tailings and sludge disposal, effluent management, and rehabilitation of land disturbed during mining processes. ArcelorMittal could become subject to unidentified liabilities in the future, such as those relating to uncontrolled tailings breaches or other future events or to underestimated emissions of polluting substances.

ArcelorMittal's operations may be located in areas where individuals or communities may regard its activities as having a detrimental effect on their natural environment and conditions of life. Any actions taken by such individuals or communities in response to such concerns could compromise ArcelorMittal's profitability or, in extreme cases, the viability of an operation or the development of new activities in the relevant region or country.

ArcelorMittal is subject to stringent health and safety laws and regulations that give rise to significant costs and liabilities.

ArcelorMittal is subject to a broad range of health and safety 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 health and safety protection standards. The costs of complying with, and the imposition of liabilities pursuant to, health and safety laws and regulations 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.

Despite ArcelorMittal's efforts to monitor and reduce accidents at its facilities, health and safety incidents do occur, some of which may result in costs and liabilities and negatively impact ArcelorMittal's reputation or the operations of the affected facility. Such accidents could include explosions or gas leaks, fires or collapses in underground mining operations, vehicular accidents, other accidents involving mobile equipment, or exposure to radioactive or other potentially hazardous materials. Some of ArcelorMittal's industrial activities involve the use, storage and transport of dangerous chemicals and toxic substances, and ArcelorMittal is therefore subject to the risk of industrial accidents which could have significant adverse consequences for the Company's workers and facilities, as well as the environment. Such accidents could lead to production stoppages, loss of key personnel, the loss of key assets, or put at risk employees (and those of sub-contractors and suppliers) or persons living near affected sites.

ArcelorMittal may continue to be exposed to increased operational costs due to the costs and lost time associated with the HIV/AIDS and malaria infection rates within our workforce in Africa and other regions. ArcelorMittal may also be affected by potential outbreaks of flu or other viruses or infectious diseases in any of the regions in which it operates.

Risks related to the global economy and the steel industry

continued

Under certain circumstances, authorities could require ArcelorMittal facilities to curtail or suspend operations based on health and safety concerns. For example, following accidents in 2006 and 2007 that resulted in numerous fatalities, the Kazakh government threatened to revoke the operating license of ArcelorMittal Temirtau unless additional safety measures were implemented. Since then, ArcelorMittal has cooperated with authorities to implement these measures or otherwise reach agreement on necessary remedial action. Nevertheless, the episode remains illustrative of risks presented by health and safety issues, from both a reputational and operational standpoint.

Risks related to ArcelorMittal

ArcelorMittal has a substantial amount of indebtedness, which could make it more difficult or expensive to refinance its maturing debt, incur new debt and/or flexibly manage its business.

As of December 31, 2010, ArcelorMittal had total debt outstanding of $26.0 billion, consisting of $6.7 billion of short-term indebtedness (including payables to banks and the current portion of long-term debt) and $19.3 billion of long-term indebtedness. As of December 31, 2010, ArcelorMittal had $6.3 billion of cash and cash equivalents ($6.2 billion) including restricted cash ($0.1 billion), and $11.3 billion available to be drawn under existing credit facilities. Substantial amounts of indebtedness mature in 2011 ($6.7 billion), 2012 ($1.3 billion), 2013 ($4.0 billion) and 2014 ($3.5 billion).

Although the global financial crisis eased during the second half of 2009 and in 2010, conditions in global capital and credit markets generally have remained volatile and uncertain, particularly for companies with high leverage or in sectors that were adversely affected by the global economic downturn, including steel and other basic material producers. Financial markets could conceivably relapse and deteriorate sharply, including in response to significant political or financial news such as large credit losses at a systemically important financial institution, the bankruptcy of a large company or heightened risk of default by a sovereign country in Europe or elsewhere.

In addition, credit rating agencies could downgrade ArcelorMittal's ratings (which are currently just above so-called 'investment grade' levels) either due to factors specific to ArcelorMittal, a prolonged cyclical downturn in the steel industry, or trends in credit and capital markets more generally. Any decline in ArcelorMittal's credit ratings, including a loss of investment grade status, would substantially increase its cost of borrowing and could significantly harm its financial condition, results of operations and profitability, including its ability to refinance its existing indebtedness. Moreover, ArcelorMittal could, in order to increase financial flexibility during a period of reduced availability of credit, implement capital raising measures such as equity offerings or asset disposals, which could in turn create a risk of diluting existing shareholders, the Company receiving relatively low proceeds for the divested assets and/or causing substantial accounting losses (particularly if the divestments are done in difficult market conditions).

ArcelorMittal's principal credit facilities contain restrictive covenants. These covenants limit, inter alia, encumbrances on the assets of ArcelorMittal and its subsidiaries, the ability of ArcelorMittal's subsidiaries to incur debt and the ability of ArcelorMittal and its subsidiaries to dispose of assets in certain circumstances. The Company's principal credit facilities also include the following financial covenant: the Company must ensure that the ratio of 'Consolidated Total Net Borrowings' (consolidated total borrowings less consolidated cash and cash equivalents) to 'Consolidated EBITDA' (the consolidated net pre-taxation profits of the ArcelorMittal Group for a Measurement Period, subject to certain adjustments as defined in the facilities) does not, at the end of each 'Measurement Period' (each period of 12 months ending on the last day of a financial half-year or a financial year of the Company), exceed a ratio of 3.5 to one. As of December 31, 2010, the Leverage Ratio stood at approximately 2.2 to one.

The restrictive and financial covenants could limit ArcelorMittal's operating and financial flexibility, including to distribute dividends, make capital expenditures or engage in strategic acquisitions or investments. Failure to comply with any covenant would enable the lenders to accelerate ArcelorMittal's repayment obligations. Moreover, ArcelorMittal's debt facilities have provisions whereby certain events relating to other borrowers within the ArcelorMittal Group could, under certain circumstances, lead to acceleration of debt repayment under such credit facilities. Any invocation of these cross-acceleration or cross-default clauses could cause some or all of the other debt to accelerate, creating liquidity pressures.

Furthermore, a part of ArcelorMittal's debt is at variable rates of interest and thereby exposes ArcelorMittal to interest rate risk (i.e., if interest rates rise, ArcelorMittal's debt service obligations on its variable rate indebtedness would increase). Depending on market conditions, ArcelorMittal from time to time uses interest-rate swaps or other financial instruments to hedge a portion of its interest rate exposure either from fixed to floating or floating to fixed. After swaps, ArcelorMittal had 69% of its debt at fixed interest rates and 31% at floating rates as of December 31, 2010.

ArcelorMittal's growth strategy includes greenfield and brownfield projects that are inherently subject to completion and financing risks.

As a part of its future growth strategy, the Company plans to expand its steelmaking capacity and raw materials self-sufficiency through a combination of brownfield growth, new greenfield projects and acquisition opportunities, mainly in emerging markets. To the extent that these plans proceed, these projects would require substantial capital expenditures and their timely completion and successful operation may be affected by factors beyond the control of ArcelorMittal. These factors include receiving financing on reasonable terms, obtaining or renewing required regulatory approvals and licenses, securing and maintaining adequate property rights to land and mineral resources (especially in connection with mining projects in certain developing countries in which security of title with respect to mining concessions and property rights remains weak), local opposition to land acquisition or project development (as experienced, for example, in connection with the Company's projects in India), demand for the Company's products and general economic conditions. Any of these factors may cause the Company to delay, modify or forego some or all aspects of its expansion plans. Greenfield projects can also, in addition to general factors, have project-specific factors that increase the level of risk. For example, the Company is in the process (along with a partner) of acquiring Baffinland Iron Mines Corporation in view of developing the Mary River iron ore deposit in the Arctic Circle. The scale of this project and the location of the deposit raise unique challenges, including extremely harsh weather conditions, lack of transportation infrastructure and environmental concerns. The Company cannot guarantee that it will be able to execute this project or other projects, and to the extent that they proceed, that it will be able to complete them on schedule, within budget, or achieve an adequate return on its investment.

ArcelorMittal's mining operations are subject to risks associated with mining activities.

ArcelorMittal operates mines and has substantially increased the scope of its mining activities in recent years. Mining operations are subject to hazards and risks usually 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;
- collapse 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, of which ArcelorMittal has several, include, among others:

- underground fires and explosions, including those caused by flammable gas;
- gas and coal outbursts;
- cave-ins or falls of ground;
- discharges of gases and toxic chemicals;
- flooding;
- sinkhole formation and ground subsidence;
- other accidents and conditions resulting from drilling;
- difficulties associated with mining in extreme weather conditions, such as the Arctic; and
- blasting and removing, and processing material from, an underground mine.

ArcelorMittal is exposed to all of these hazards. Among other accidents experienced over recent years, in January 2008, a methane gas explosion at ArcelorMittal's Abaiskaya underground mine in Kazakhstan resulted in 30 fatalities and a cessation or disruption of operations for six months. On June 2, 2008 a coal and gas explosion caused by an unpredictable geological failure took place at the Tentekskaya mine in Kazakhstan and claimed the lives of five miners. Since then, the development roadway has been recovered and operations have resumed. The reoccurrence of any of these events, or the occurrence of any of those listed above, could delay production, increase production costs and result in death or injury to persons, damage to property and liability for ArcelorMittal, some or all of which may not be covered by insurance, as well as substantially harm ArcelorMittal's reputation as a company focused on ensuring the health and safety of its employees.

ArcelorMittal has grown through acquisitions and will likely continue to do so. Failure to manage external growth and difficulties integrating acquired companies and subsequently implementing steel and mining development projects could harm ArcelorMittal's future results of operations, financial condition and prospects.

ArcelorMittal results from Mittal Steel Company N.V.'s 2006 acquisition of, and 2007 merger with, Arcelor, a company of approximately equivalent size. Arcelor itself resulted from the combination of three steel companies, and Mittal Steel had previously grown through numerous acquisitions over many years. ArcelorMittal made numerous acquisitions in 2007 and 2008 before curtailing large-scale M&A activity in 2009 and in 2010. Its strategy going forward over the medium term includes external growth through acquisitions.

Risks related to the global economy and the steel industry

continued

The Company's past growth through acquisitions has entailed significant investment and increased operating costs, as well as requiring greater allocation of management resources away from daily operations. Managing growth has required the continued development of ArcelorMittal's financial and management information control systems, the integration of acquired assets with existing operations, the adoption of manufacturing best practices, attracting and retaining qualified management and personnel (particularly to work at more remote sites where there is a shortage of skilled personnel) as well as the continued training and supervision of such personnel, and the ability to manage the risks and liabilities associated with the acquired businesses. Failure to continue to manage such growth could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects. In particular, if integration of acquisitions is not successful, ArcelorMittal could lose key personnel and key customers, and may not be able to retain or expand its market position.

Mr. Lakshmi N. Mittal has the ability to exercise significant influence over the outcome of shareholder votes.

As of December 31, 2010, Mr. Lakshmi N. Mittal (along with his wife, Mrs. Usha Mittal) owned 638,004,863 of ArcelorMittal's outstanding common shares, representing approximately 40.87% of ArcelorMittal's outstanding voting shares. Consequently, Mr. Lakshmi N. Mittal has the ability to significantly influence the decisions adopted at the ArcelorMittal 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. Mr. Lakshmi N. Mittal also has the ability to significantly influence a change of control of ArcelorMittal.

The loss or diminution of the services of the Chairman of the Board of Directors and Chief Executive Officer of ArcelorMittal could have a material adverse effect on its business and prospects.

The Chairman of the Board of Directors and Chief Executive Officer of ArcelorMittal, Mr. Lakshmi N. Mittal, has for over a quarter of a century contributed significantly to shaping and implementing the business strategy of Mittal Steel and subsequently ArcelorMittal. 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 of the Board of Directors and Chief Executive Officer could have a material adverse effect on ArcelorMittal's business and prospects. ArcelorMittal does not maintain key man life insurance on its Chairman of the Board of Directors and Chief Executive Officer.

ArcelorMittal is a holding company that depends on the earnings and cash flows of its operating subsidiaries, which may not be sufficient to meet future operational needs or for shareholder distributions.

Because ArcelorMittal is a holding company, it is dependent on the earnings and cash flows of, and dividends and distributions from, its operating subsidiaries to pay expenses, meet its debt service obligations, pay any cash dividends or distributions on its common shares or conduct share buy-backs. Under the laws of Luxembourg, ArcelorMittal will be able to pay dividends or distributions only to the extent that it is entitled to receive cash dividend distributions from its subsidiaries, recognize gains from the sale of its assets or record share premium from the issuance of shares.

If earnings and cash flows of its operating subsidiaries are substantially reduced, ArcelorMittal may not be in a position to meet its operational needs or to make shareholder distributions in line with announced proposals.

Changes in assumptions underlying the carrying value of certain assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill.

At each reporting date, ArcelorMittal reviews the carrying amounts of its tangible and intangible assets (excluding goodwill, which is reviewed annually or whenever changes in circumstances indicate that the carrying amount may not be recoverable) to determine whether there is any indication that the carrying amount of those assets may not be recoverable through continuing use. If any such indication exists, the recoverable amount of the asset (or cash generating unit) is reviewed in order to determine the amount of the impairment, if any. The recoverable amount is the higher of its net selling price (fair value reduced by selling costs) and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or cash generating unit). If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, an impairment loss is recognized. An impairment loss is recognized as an expense immediately as part of operating income in the statement of operations.

Goodwill represents the excess of the amounts ArcelorMittal paid to acquire subsidiaries and other businesses over the fair value of their net assets at the date of acquisition. Goodwill has been allocated at the level of the Company's seven operating segments; the lowest level at which goodwill is monitored for internal management purposes. Goodwill is tested for impairment annually at the levels of the groups of cash generating units which correspond to the operating segments as of November 30, or whether changes in the circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of the groups of cash generating units are determined from the higher of its net selling price (fair value reduced by selling costs) or its value in use calculations, which depend on certain key assumptions. These include assumptions regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market rates for investments of similar risk. The growth rates are based on the Company's growth forecasts, which are in line with industry trends. Changes in selling prices and direct costs are based on historical experience and expectations of future changes in the market. See Notes 2 and 9 to ArcelorMittal's consolidated financial statements.

If management's estimates change, the estimate of the recoverable amount of goodwill could fall significantly and result in impairment. While impairment of goodwill does not affect reported cash flows, it does result in a non-cash charge in the consolidated statement of operations, which could have a material adverse effect on ArcelorMittal's results of operations or financial position. Based on its impairment review in connection with the preparation of its 2010 financial statements, the Company did not record any impairment of goodwill at December 31, 2010. At December 31, 2010, the Company had $12.6 billion of goodwill and $1.8 billion of other intangibles, compared to $14.8 billion of goodwill and $2.2 billion of other intangibles at December 31, 2009. See Note 9 to ArcelorMittal's consolidated financial statements. For the year ended December 31, 2010, the Company recorded an impairment loss related to its manufacturing property, plant and equipment amounting to $525 million.

No assurance can be given as to the absence of significant further impairment charges in future periods, particularly if market conditions deteriorate again as they did in 2008 and 2009.

Capital expenditure commitments and other undertakings arising from acquisitions and investments may limit ArcelorMittal's operational flexibility, add to its financing requirements and adversely affect its results of operations and prospects.

In connection with the acquisition of certain operating subsidiaries and other investments, ArcelorMittal has committed itself to significant capital expenditures and other undertakings. ArcelorMittal expects to fund these commitments primarily through internal sources, which may be limited depending on the Company's results of operations, financing capacity and other uses of cash, such as dividends and maintenance expenditure. As a result, the Company is unable to guarantee that these projects will be completed on time or at all. Failure to comply with commitments in connection with past growth projects may result in forfeiture of a part of ArcelorMittal's investment, the loss of tax and regulatory benefits, and/or contractual disputes that could have a material adverse effect on ArcelorMittal's financial condition or results of operations.

Underfunding of pension and other post-retirement benefit plans at some of ArcelorMittal's operating subsidiaries could require the Company to make substantial cash contributions to pension plans or to pay for employee healthcare, which may reduce the cash available for ArcelorMittal's business.

ArcelorMittal's principal operating subsidiaries in Brazil, Canada, Europe, South Africa and the United States provide defined benefit pension plans to their employees. Some of these plans are currently underfunded. At December 31, 2010, the value of ArcelorMittal USA's pension plan assets was $2.3 billion, while the projected benefit obligation was $3.5 billion, resulting in a deficit of $1.2 billion. At December 31, 2010, the value of the pension plan assets of ArcelorMittal's Canadian subsidiaries was $2.8 billion, while the projected benefit obligation was $3.3 billion, resulting in a deficit of $0.5 billion. At December 31, 2010, the value of the pension plan assets of ArcelorMittal's European subsidiaries was $0.6 billion, while the projected benefit obligation was $2.3 billion, resulting in a deficit of $1.7 billion. ArcelorMittal USA, ArcelorMittal's Canadian subsidiaries, and ArcelorMittal's European subsidiaries also had partially underfunded post-employment benefit obligations relating to life insurance and medical benefits as of December 31, 2010. These obligations totaled $6.2 billion as of December 31, 2010, while underlying plan assets were only $0.5 billion, resulting in a deficit of $5.7 billion. See Note 23 to ArcelorMittal's consolidated financial statements.

ArcelorMittal's funding obligations depend upon future asset performance, the level of interest rates used to discount future liabilities, actuarial assumptions and experience, benefit plan changes and government regulation. Because of 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 ArcelorMittal's pension plans and other post-employment benefit plans could be significantly higher than current estimates. In these circumstances funding requirements could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects.

Risks related to the global economy and the steel industry

continued

ArcelorMittal could experience labor disputes that may disrupt its operations and its relationships with its customers.

A majority of the employees of ArcelorMittal and of its contractors 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 preceding new collective bargaining agreements, during wage and benefits negotiations or during other periods for other reasons. ArcelorMittal periodically experiences strikes and work stoppages at various facilities prolonged strikes or work stoppages, which may increase in their severity and frequency and may have an adverse effect on the operations and financial results of ArcelorMittal.

ArcelorMittal is subject to economic policy risks and political, social and legal uncertainties in certain of the emerging markets in which it operates or proposes to operate, and these uncertainties may have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects.

ArcelorMittal operates, or proposes to operate, in a large number of emerging markets. In recent years, many of these countries have implemented measures aimed at improving the business environment and providing a stable platform for economic development. ArcelorMittal's business strategy has been developed partly on the assumption that this modernization, restructuring and upgrading of the business climate and physical infrastructure will continue, but this cannot be guaranteed. Any slowdown in the development of these economies could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects, as could insufficient investment by government agencies or the private sector in physical infrastructure. For example, the failure of a country to develop reliable electricity and natural gas supplies and networks, and any resulting shortages or rationing, could lead to disruptions in ArcelorMittal's production.

Moreover, some of the countries in which ArcelorMittal operates have been undergoing substantial political transformations from centrally-controlled command economies to market-oriented systems or from authoritarian regimes to democratically-elected governments and vice-versa. Political, economic and legal reforms necessary to complete such transformation may not progress sufficiently. On occasion, ethnic, religious, historical and other divisions have given rise to tensions and, in certain cases, wide-scale civil disturbances and military conflict. The political systems in these countries are vulnerable to their populations' dissatisfaction with their government, reforms or the lack thereof, social and ethnic unrest and changes in governmental policies, any of which could have a material adverse effect on ArcelorMittal's business, financial condition, results of operations or prospects and its ability to continue to do business in these countries.

In addition, the legal systems in some of the countries in which ArcelorMittal operates remain less than fully developed, particularly with respect to property rights, the protection of foreign investment and bankruptcy proceedings, generally resulting in a lower level of legal certainty or security for foreign investment than in more developed countries. ArcelorMittal may encounter difficulties in enforcing court judgments or arbitral awards in some countries in which it operates among other reasons because those countries may not be parties to treaties that recognize the mutual enforcement of court judgments. Assets in certain countries where ArcelorMittal operates could also be at risk of expropriation or nationalization, and compensation for such assets may be below fair value. For example, the Venezuelan government has announced a policy of selective nationalization of companies operating in the country, and has implemented a number of nationalizations to date. Although ArcelorMittal believes that the long-term growth potential in emerging markets is strong, and intends them to be the focus of the majority of its near-term growth capital expenditures, legal obstacles could have a material adverse effect on the implementation of ArcelorMittal's growth plans and its operations in such countries.

ArcelorMittal's results of operations could be affected by fluctuations in foreign exchange rates, particularly the euro to U.S. dollar exchange rate, as well as by exchange controls imposed by governmental authorities in the countries where it operates.

ArcelorMittal operates and sells products globally, and, as a result, its business, financial condition, results of operations or prospects could be adversely affected by fluctuations in exchange rates. A substantial portion of ArcelorMittal's assets, liabilities, operating costs, sales and earnings are denominated in currencies other than the U.S. dollar (ArcelorMittal's reporting currency). Accordingly, fluctuations in exchange rates to the U.S. dollar, could have an adverse effect on its business, financial condition, results of operations or prospects.

ArcelorMittal operates in several countries whose currencies are, or have in the past been, subject to limitations imposed by those countries' central banks, or which have experienced sudden and significant devaluations. Currency devaluations, the imposition of new exchange controls or other similar restrictions on currency convertibility, or the tightening of existing controls, in the countries in which ArcelorMittal operates could adversely affect its business, financial condition, results of operations or prospects.

Disruptions to ArcelorMittal's manufacturing processes could adversely affect its operations, customer service levels and financial results.

Steel manufacturing processes are dependent on critical steelmaking 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. ArcelorMittal'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. To the extent that lost production as a result of such a disruption could not be compensated for by unaffected facilities, such disruptions could have an adverse effect on ArcelorMittal's operations, customer service levels and financial results.

Natural disasters could damage ArcelorMittal's production facilities.

Natural disasters could significantly damage ArcelorMittal's production facilities and general infrastructure. For example, ArcelorMittal Lázaro Cárdenas's production facilities are located in Lázaro Cárdenas, Michoacán, Mexico and ArcelorMittal Temirtau is located in the Karaganda region of the Republic of Kazakhstan, both regions are prone to earthquakes of varying magnitudes. ArcelorMittal Point Lisas is located in Trinidad, which is vulnerable to hurricanes. Extensive damage to these facilities or any other major production complexes and staff casualties whether as a result of floods, earthquakes, hurricanes, tsunamis or other natural disasters, could, to the extent that lost production as a result of such a disaster could not be compensated for by unaffected facilities, severely affect ArcelorMittal's ability to conduct its business operations and, as a result, reduce its future operating results.

ArcelorMittal'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 ArcelorMittal's business, financial condition, results of operations or prospects. ArcelorMittal maintains insurance on property and equipment in amounts believed to be consistent with industry practices but it is not fully insured against all business risks. ArcelorMittal'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. ArcelorMittal also maintains various other types of insurance, such as directors and officers liability insurance, workmen's compensation insurance and marine insurance.

In addition, ArcelorMittal maintains trade credit insurance on receivables from selected customers, subject to limits that it believes are consistent with those in the steel industry, in order to protect it against the risk of non-payment due to customers' insolvency or other causes. Not all of ArcelorMittal's customers are or can be insured, and even when insurance is available, it may not fully cover the exposure.

Notwithstanding the insurance coverage that ArcelorMittal and its subsidiaries carry, the occurrence of an accident that causes losses in excess of limits specified under the relevant policy, or losses arising from events not covered by insurance policies, could materially harm ArcelorMittal's financial condition and future operating results.

Product liability claims could have a significant adverse financial impact on ArcelorMittal.

ArcelorMittal sells products to major manufacturers engaged in manufacturing and selling a wide range of end products. ArcelorMittal also from time to time offers advice to these manufacturers. Furthermore, ArcelorMittal's products are also sold to, and used in, certain safety-critical applications, such as, for example, pipes used in gas or oil pipelines. There could be significant consequential damages resulting from the use of such products. ArcelorMittal has a limited amount of product liability insurance coverage, and a major claim for damages related to ArcelorMittal products sold and, as the case may be, advice given in connection with such products could leave ArcelorMittal uninsured against a portion or the entirety of the award and, as a result, materially harm its financial condition and future operating results.

ArcelorMittal is subject to regulatory risk, and may incur liabilities arising from investigations by governmental authorities, litigation and fines, among others, regarding its pricing and marketing practices or other antitrust matters.

ArcelorMittal is the largest steel producer in the world. As a result of this position, ArcelorMittal may be subject to exacting scrutiny from regulatory authorities and private parties, particularly regarding its trade practices and dealings with customers and counterparties. As a result of its position in the steel markets and its historically acquisitive growth strategy, ArcelorMittal could be the target of governmental investigations and lawsuits based on antitrust laws in particular. These could require significant expenditures and result in liabilities or governmental orders that could have a material adverse effect on ArcelorMittal's business, operating results, financial condition and prospects.

ArcelorMittal and certain of its subsidiaries are currently under investigation by governmental entities in several countries, and are named as defendants in a number of lawsuits relating to various antitrust matters. For example, in September 2008, Standard Iron Works filed a class action complaint in U.S. federal court against ArcelorMittal, ArcelorMittal USA LLC and other steel manufacturers, alleging on behalf of direct purchasers that the defendants conspired since 2005 to restrict the output of steel products in order to affect steel prices. Since the filing of the Standard Iron Works lawsuit, other similar lawsuits, including a lawsuit on behalf of indirect purchasers, have been filed and have been reassigned to the court overseeing this lawsuit. A motion by the defendants in the case to dismiss the complaint was denied in June 2009. The parties are in the process of conducting discovery on class certification issues. These cases remain in the early stages of the litigation. Antitrust proceedings and investigations involving ArcelorMittal subsidiaries are also currently pending in Brazil, Europe and South Africa.

Because of the fact-intensive nature of the issues involved and the inherent uncertainty of such litigation and investigations, negative outcomes are possible. An adverse ruling in the proceedings described above or in other similar proceedings in the future could subject ArcelorMittal to substantial administrative penalties and/or civil damages. In cases relating to other companies, civil damages have ranged as high as hundreds of millions of U.S. dollars in major civil antitrust proceedings during the last decade. With respect to the pending U.S. federal court litigation, ArcelorMittal could be subject to treble damages. Although ArcelorMittal has established reserves for certain antitrust claims, unfavorable outcomes in current and potential future litigation and investigations could reduce ArcelorMittal's liquidity and negatively affect its financial performance and its financial condition.

Risks related to the global economy and the steel industry

continued

ArcelorMittal's governance and compliance processes may fail to prevent regulatory penalties and reputational harm, both at operating subsidiaries and joint ventures.

ArcelorMittal operates in a global environment, and its activities straddle multiple jurisdictions and complex regulatory frameworks, at a time of increased enforcement activity and enforcement initiatives worldwide. ArcelorMittal's governance and compliance processes, which include the review of internal controls over financial reporting, may not prevent breaches of law, accounting or governance standards at the Company or its subsidiaries. Risks of violations are also present at the Company's joint ventures and associates where ArcelorMittal has only a minority stake and does not control accounting and reporting procedures. In addition, ArcelorMittal may be subject to breaches of its Code of Business Conduct, other rules and protocols for the conduct of business, as well as instances of fraudulent behavior and dishonesty by its employees, contractors or other agents. The Company's failure to comply with applicable laws and other standards could subject it to fines, loss of operating licenses and reputational harm.

The income tax liability of ArcelorMittal 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.

Taxes payable by companies in many of the countries in which ArcelorMittal operates are substantial and include value-added tax, excise duties, profit taxes, payroll-related taxes, property taxes and other taxes. Tax laws and regulations in some of these countries may be subject to frequent change, varying interpretation and inconsistent enforcement. Ineffective tax collection systems and national or local government budget requirements may increase the likelihood of the imposition of arbitrary or onerous taxes and penalties, which could have a material adverse effect on ArcelorMittal's financial condition and results of operations. In addition to the usual tax burden imposed on taxpayers, these conditions create uncertainty as to the tax implications of various business decisions. This uncertainty could expose ArcelorMittal 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 19 to ArcelorMittal's consolidated financial statements.

In addition, many of the jurisdictions in which ArcelorMittal operates have adopted transfer pricing legislation. If tax authorities impose significant additional tax liabilities as a result of transfer pricing adjustments, it could have a material adverse effect on ArcelorMittal's financial condition and results of operations.

It is possible that tax authorities in the countries in which ArcelorMittal operates will introduce additional revenue raising measures. The introduction of any such provisions may affect the overall tax efficiency of ArcelorMittal and may result in significant additional taxes becoming payable. Any such additional tax exposure could have a material adverse effect on its financial condition and results of operations.

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

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

At December 31, 2010, ArcelorMittal had $6.6 billion recorded as deferred tax assets on its statement of financial position. These assets can be utilized only if, and only to the extent that, ArcelorMittal's operating subsidiaries generate adequate levels of taxable income in future periods to offset the tax loss carry forwards and reverse the temporary differences prior to expiration.

At December 31, 2010, the amount of future income required to recover ArcelorMittal's deferred tax assets was approximately $22.8 billion at certain operating subsidiaries.

ArcelorMittal's ability to generate taxable income is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. If ArcelorMittal generates lower taxable income than the amount it has assumed in determining its deferred tax assets, then the value of deferred tax assets will be reduced.

U.S. investors and other international investors may have difficulty enforcing civil liabilities against ArcelorMittal and its directors and senior management.

ArcelorMittal is incorporated under the laws of the Grand Duchy of Luxembourg with its principal executive offices and corporate headquarters in Luxembourg. The majority of ArcelorMittal's directors and senior management are residents of jurisdictions outside of the United States, mostly in the European Union. The majority of ArcelorMittal's assets and the assets of these persons are located outside the United States of America. U.S. investors and other international investors may find it difficult to effect service of process within the United States or their own jurisdictions upon ArcelorMittal or these persons or to enforce outside the United States or their own jurisdictions judgments obtained against ArcelorMittal or these persons in U.S. courts or in courts located in their own jurisdiction. Likewise, it may also be difficult for a U.S. investor to enforce in U.S. courts judgments obtained against ArcelorMittal or these persons in the courts of jurisdictions outside the United States. It may also be difficult for a foreign investor to enforce in the courts of his/her jurisdiction judgments obtained against ArcelorMittal or these persons in courts in a different jurisdiction. It may also be difficult for U.S. or international investors to bring an original action in a Luxembourg court based on the civil liability provisions of the U.S. federal securities laws or similar laws of another jurisdiction against ArcelorMittal's directors and senior management and the experts named in this annual report.

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