ArcelorMittal

Annual review 2013

Message from the chairman and CEO

Dear shareholders,

Thank you for taking the time to view ArcelorMittal's 2013 annual review.

In recent years we have adapted our industrial footprint to new demand realities, intensified our efforts to control costs, and focussed on investing in our key franchise businesses. These initiatives addressed profound structural and macroeconomic conditions that were challenging the performance of our company as well as the broader sector.

I am happy to be able to report to you that these considerable efforts are yielding results. 2013 has been a year of progress. We have made strategic progress, we have made progress on profitability, and we have made progress in strengthening the balance sheet.

Looking at financial and operational performance, we set ourselves a number of targets and objectives that we are making good progress in meeting.

Our Ebitda[1] in 2013 was US$6.9 billion - an underlying improvement of 10.7% compared to 2012. Ebitda per tonne reached US$91/t in the fourth quarter – compared with US$78/t in the fourth quarter of 2012. We continue to have a medium-term Ebitda per tonne target of US$150; and whilst there is still a gap to close, we are moving in the right direction.

We reported a net loss for the year of US$2.5 billion, including US$1.5 billion of exceptional items. However in the fourth quarter, stripping out one-time items, we made a small profit. This further cemented our view that the second half of 2012 was the low point of this cycle.

Steel shipments increased by only 0.6% to 84.3 million tonnes due to contraction in our core markets. However we continue to target an increase in shipments to 95 million tonnes over the medium term.

On the mining side of the business, we are on track to reach our 2015 capacity target of 84 million tonnes. We increased capacity by 10 million tonnes in 2013 and market priced iron-ore shipments also increased significantly by 22%. Ebitda was positively impacted by higher marketable volumes and lower costs, primarily at ArcelorMittal Mines Canada following the ramp up to 24 million metric tonnes.

The Phase 2 expansion of the Liberia project to a production capacity of 15 million tonnes per annum sinter feed is underway. The first sinter feed production is expected at the end of 2015, replacing the Phase 1 – 4 million tonnes per annum direct-shipped operation.

Net debt reduction has been an important priority in recent years. We exceeded our target to reach US$17 billion of net debt by the end of the first half 2013, closing the year with net debt of US$16.1 billion, the lowest level since the merger that created ArcelorMittal. Our medium-term net debt target remains unchanged at US$15 billion.

Cash flow from operations improved to US$4.3 billion. After capital expenditure of US$3.5 billion, the business had free cash flow of US$0.8 billion. I want to highlight that even in very challenged markets the company has continued to generate positive free cash flow.

We set ourselves a new management gains target of US$3 billion and are on target to deliver this, achieving US$1.1 billion in annualised management gains over the year. Our management gains are making a positive contribution to Ebitda.

Finally, health and safety remains our highest priority; and here we also continue to make progress. The lost time injury frequent rate (LTIFR), covering our own personnel as well as contractors, once again improved, dropping to 0.8 from 1.0 in 2012. This was ahead of our own internal target. Encouragingly, ArcelorMittal is also one of the better performing companies in the industry; 114 out of 176 of World Steel Association members' sites that have an LTIFR of below 1 belong to ArcelorMittal. A further acknowledgement of the progress we have made was the recognition from the World Steel Association for safety programmes at our plants in Lázaro Cárdenas in Mexico and Unicon in Venezuela.

Despite this encouraging improvement, we know there is more to be done, particularly when it comes to reducing fatalities. Our absolutely priority is to continue to drive further progress in this regard until we reach and sustain our target of zero accidents.

If the period since the onset of the crisis has been marked by adapting to the changed environment and creating a stronger company, now the imperative is to capture the opportunities from a recovery.

We are implementing a strategy that leverages four distinctive and valuable attributes which will enable us to capture leading positions in the most attractive areas of the steel industry value chain, from mining at one end to distribution and first-stage processing at the other.

These attributes are our global scale and scope, our unmatched technical capabilities, our diverse portfolio of businesses, and, last but not least, our financial capability.

Our strategy focusses on three key areas:

- In steel, we aim to be the supplier of choice for customers and to grow in regional and product markets with attractive fundamentals. In commodity products we strive to minimise costs, to reduce risks and to capture the potential of high-demand market conditions.
- In mining, we aim to grow a world-class business by utilising our financial strength and diverse portfolio of assets, including the demand provided by our steel operations. We will invest to expand output at our best mining assets.
- Across all our operations, our aim is to achieve best-in-class competitiveness by leveraging our technical capabilities and our diverse portfolio of assets and businesses, which provide us tremendous opportunities for benchmarking and best-practice sharing.

An excellent example of the implementation of this strategy was our acquisition of ThyssenKrupp's rolling mill in Calvert, Alabama. We agreed with Nippon Steel & Sumitomo Metal Corporation (NSSMC) to acquire 100% of TK USA for a purchase price of US$1,550 million, to be financed by a combination of JV-level debt and equity. This transaction will have a minimal impact on ArcelorMittal's consolidated net debt.

This is one of the highest quality finishing lines in the world, capable of producing the most advanced high strength steels. Calvert is a strategically important and complementary asset for our automotive franchise business. The NAFTA automotive market is expected to grow by 15% over the next ten years, with much of the growth expected to be in the south-eastern US, where Calvert is located.

The acquisition recently closed and we are already working to integrate the plant into our existing supply chain alongside NSSMC, with whom we have an excellent and proven partnership spanning some twenty years. Calvert will enable us to enhance customer service in NAFTA, optimizing our product flows and thus reducing logistics costs.

We are also seeking to capture recovery-related opportunities by restarting selected steel growth projects in our existing steel business. In Brazil, we have re-started the first phase of the project at Monlevade, where during 2015 we expect to commission a new wire rod mill with additional capacity of 1 million tonnes. In a related project, we are also increasing rebar capacity at Juiz de Fora.

At Dofasco in Canada, a key facility for our NAFTA auto franchise, we restarted our project to expand and upgrade galvanising capacity by 2015. And at Acindar, our Argentina long products facility, our project to optimise and expand downstream capacity by 2016 is underway. The new rolling mill there will enable Acindar to optimise production at its special bar quality rolling mill in Villa Constitución, which in the future will only manufacture products for the automotive and mining industries.

Taken together, these projects are expected to generate an average pre-tax return on capital of around 25% and have the potential to increase annual Ebitda by US$150 – 200 million.

We also have two important greenfield steel projects being commissioned.

The first seamless pipe at our new seamless tube mill in Jubail was successfully produced in November 2013, and certification is expected in the second quarter of the year, after which commercial production of API products can start.

Our China automotive steel JV with Hunan Valin, VAMA, is proceeding well and is expected to become operational in the second half of the year. This is an important strategic investment that will produce steel for high-end applications in the

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

Message from the chairman and CEO

continued

automobile industry, supplying international automakers and first-tier Chinese car manufacturers as well as their supplier networks for the rapidly growing Chinese market. VAMA will extend our automotive franchise to this fast-growing and important market.

Even as we are approving investments in our franchise steel businesses, we are also aware of the necessity to improve performance in other steel operations, particularly those in our AACIS segment. Growth is expected in apparent steel consumption in this segment's domestic and export markets, which should support better utilisation rates and lower fixed costs going forward. We have also made some changes to the segment leadership in order to drive this improvement. The team is focussed on world class manufacturing and maintenance transformation to drive improvement, and I am confident we will soon start to see the results.

Turning to mining, the big achievement during the year was the completion of the expansion of ArcelorMittal Mines Canada to 24 million tonnes of annual capacity. Production in 2013 was 18 million tonnes, compared with 15 million tonnes in 2012 - with the 24 million tonne production rate achieved in December 2013. This project was a major contributor to the considerable increase in marketable iron-ore shipped during the year.

Our Liberia project is also delivering good results. Phase One shipments increased by over 150% in 2013 compared with 2012 to over 5 million tonnes, ahead of expectations. Phase Two of the expansion plan is ongoing, with major equipment procurement complete and civil works commenced at the mine and concentrator sites. We expect the expansion to 15 million tonnes sinter feed concentrate to be completed by the end of 2015.

In Baffinland, the Phase 1 early revenue phase is progressing well, and we are on track for a 3.5 million tonne production run-rate in the second half of 2015. We expect the product – which is a high grade direct shipping pellet – to achieve a full premium value in the market.

As these projects indicate, we are very much on track to achieve our production target of 84 million tonnes by 2015. In fact, as we announced at our recent investor day, it has become clear that we have additional stretch potential beyond our current growth plans and at low capital intensity. We have identified additional potential at both ArcelorMittal Mines Canada and in Liberia - both of which are well placed in the lower half of the cost curve - and will be studying these opportunities further.

Underlying all our improvement initiatives is our commitment to technical leadership and innovation. Our R&D operation is vast, with a worldwide network of laboratories; and we have again increased the R&D budget for 2014 to ensure that we maintain our leadership position in the key end markets we serve.

In 2013 we unveiled an innovative, award-winning ultra-lightweight car door that highlighted not only our advanced high strength steels but also our distinctive engineering and design capabilities. More broadly, our global R&D automotive team has demonstrated that currently available advanced high strength steels can provide roughly 25% saving in vehicle weight without compromising safety and structural requirements and at highly competitive costs. By looking ahead to new advanced high strength steels that will come to market over the next few years, there are additional solutions that will deliver even greater weight savings and consumer benefits.

Like our technical capabilities, ArcelorMittal's scale and scope are defining characteristics that give us a competitive advantage and are key enablers of our overall strategy. However, they also introduce complexity and the risks of inefficiency, bureaucracy, and diffuse accountability. To manage these risks, the company favours a structure in which the responsibility for profit and loss is focused on business units aligned with markets.

To this end, in December 2013 we announced the completion of a review of our organisation with the aim of simplifying it. We decided to manage the business according to region while also maintaining the product specialisation within those regions. This will enable these businesses to continue to have their own dedicated strategy and focus while capturing all the synergies within the region. I am confident that the new organisation will add value to the organisation and our ability to move swiftly to capture opportunities. Indeed, I am already seeing such benefits.

Looking ahead, we expect the changes we have made to strengthen our business and improved economic conditions to have a positive impact on performance in 2014. The ArcelorMittal weighted global PMI was at 52.9 in January, supportive of improving industrial demand. In the US, underlying fundamentals continue to be positive. In Europe, the recovery will continue to be slow; but underlying steel demand is rising. In China, steel demand continues to be robust, although we still expect underlying steel demand growth to slow in 2014. Overall, we expect global steel demand growth for the year to be between 3.5% and 4%. Although this is similar to the global growth rate of 2013, the balance of the growth is more favourable for ArcelorMittal, since two thirds of our deliveries are to the developed markets that are showing relative improvement. We have already communicated to the market that we are anticipating Ebitda for the year to improve to approximately US$8 billion.

In order to support our ability to deliver on these expectations we have several key priorities. Safety, of course, comes first, with the focus on fatality reduction the clear priority. I have already addressed this earlier, but we are very clear that the only satisfactory number when it comes to safety incidents is zero. We have a number of sites that are consistently delivering this goal, so we know it is achievable. Now we need to move forward and replicate these success at all our operations.

Our second priority is the effective execution of the specific initiatives I have described and of strategic plans to maximise profitability. These encompass top-line growth, reliability, cost-reduction, and new project ramp-ups.

A third priority is stakeholder engagement. ArcelorMittal has a wide range of stakeholders, and they are a critical factor in our licence to operate. Being trusted by our stakeholders – whether governments, customers, employees, or the communities where we operate – is extremely important to us. And we are working hard to build and maintain that trust.

Our final priority is employee engagement. We employ 232,000 people at our mines and plants as well as a large number of contractors. In order for the company to deliver the optimum results, we need and want our employees to feel motivated and engaged, to understand why we take the decisions we do, and to feel they have the opportunity to learn and progress.

I would like to take this opportunity to thank all of my colleagues at ArcelorMittal who work every day to produce our wonderful products. I greatly appreciate of my colleagues on the board of directors, the Group Management Board, and the management committee for their guidance, support, and leadership. Specifically, I would like to thank Michel Wurth, who in December announced his intention to retire from the company in April 2014. Michel is a much valued and respected colleague, who has a very real and genuine passion and commitment to the steel industry. I am delighted that he will retain his links with the company, as both a member of the ArcelorMittal board of directors, subject to approval at the annual general meeting, and as chairman of ArcelorMittal Luxembourg.

In conclusion, I am very satisfied with the progress we are making. The actions we have taken over the past five years are yielding the right results. We have a competitive cost position in each of the markets we serve and are exposed to the areas with the biggest potential for demand recovery over the next five years. We are investing in our key franchise businesses and are continuing to meet the demands of our customers with the highest quality products.

This is key. ArcelorMittal exists to make a fundamental product that is vital to the world in which we live. We call it 'the fabric of life'. We are proud of the product we make, proud of the role it has in the world, and proud of our employees who make it.

Lakshmi N Mittal

Chairman and chief executive officer

Financial highlights

Sales (US$ million)

2013	79,440
2012 [1]	84,213

Ebitda [2] (US$ million)

2013	6,888
2012 [1]	7,679

Steel shipments (million tonnes)

2013	84.3
2012	83.8

Operating income / (loss) (US$ million)

2013	1,197
2012 [1]	(2,645)

Net (loss) (US$ million)

2013	(2,545)
2012 [1]	(3,352)

Basic (loss) per share (US$)

2013	(1.46)
2012 [1]	(2.17)

2013 steel shipments by geographic location (thousand tonnes) [3]

Segment	Total
Flat Carbon Americas:	**22,341**
North America	18,127
South America	4,214
Flat Carbon Europe:	**27,219**
Europe	27,219
Long Carbon Americas and Europe:	**22,370**
North America	4,661
South America	5,478
Europe	11,247
Other [4]	984
AACIS (Asia, Africa and CIS):	**12,345**
Africa	4,163
Asia, CIS and other	8,182

[1] *On January 1, 2013, in accordance with IFRS as issued by the International Accounting Standards Board ('IASB'), ArcelorMittal mandatorily adopted IFRS 10 ('Consolidated Financial Statements'), IFRS 11 ('Joint Arrangements'), IFRS 12 ('Disclosure of Interests in Other Entities'), IFRS 13 ('Fair Value Measurement'), the revision of IAS 19 ('Employee Benefits') and IFRIC 20 ('Stripping Costs in the Production Phase of a Surface Mine'). Prior period 2012 information has been adjusted retrospectively for the mandatory adoption of these new standards and interpretations except for IFRS 13 which is applied only prospectively. The main effects for ArcelorMittal are related to the revision of IAS 19R which was applied retrospectively. Following the changes, the previously unrecognised actuarial gains and losses on pension liabilities are recorded in the statements of financial position in full against equity. It means that the previously unrecognised actuarial gains and losses are no longer recorded over time against profit and loss following the then allowed 'corridor approach'. All future actuarial gains and losses will also be immediately recognised in other comprehensive income (OCI). In addition, for purposes of measuring the net financial cost on pension liabilities/assets, the expected rate of return on assets must be equal to the discount rate applicable to liabilities.*

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

[3] *Shipments originating from a geographical location.*

[4] *Includes Tubular products business.*

Financial highlights

continued

Number of employees at December 31, 2013 according to segments [5]

Segment	Total	%
Flat Carbon Americas	28,792	12
Flat Carbon Europe	58,726	25
Long Carbon Americas and Europe	42,210	18
AACIS (Asia, Africa and CIS)	50,066	22
Distribution Solutions	13,341	6
Mining	36,775	16
Other activities	2,443	1
Total	232,353	100

[5] Full time equivalent (FTE).

Allocation of employees at December 31, 2013 according to geographical location [5]

Region	Total	%
EU28 [6]	86,242	37
Other European countries [7]	37,131	16
North America	37,023	16
South America	21,093	9
Asia	38,441	17
Middle East and Africa	12,423	5
Total	232,353	100

[5] Full time equivalent (FTE).
[6] EU28 includes Austria, Belgium, Bulgaria, Croatia ,Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.
[7] Other European countries include Bosnia, Macedonia, Norway, Russia, Serbia, Switzerland, Turkey and Ukraine.

Own annual coal production (million tonnes) [8]

2013	8.1
2012	8.2
2011	8.3

[8] Not including supplies under strategic long-term contracts.

Own annual iron ore production (million tonnes) [8]

2013	58.4
2012	55.9
2011	54.1

[8] Not including supplies under strategic long-term contracts.

Steel and raw materials: market analysis

More than four years on from the 2008/9 recession, the global recovery is far from robust with the growth rate still below pre-crisis levels. While global GDP [1] growth improved in the second half of 2013, the weak first half meant that overall 2013 growth slowed to an estimated 2.5%. That compares with 2.6% in 2012. Encouragingly, however, industrial output in the OECD [2] countries expanded by an estimated 1.8% in the second half, having contracted in the first six months, and industrial indicators in the US and EU generally finished the year strongly. Auto sales rose by 7.3% in the US but contracted by 1.7% in Europe over the year.

Despite strong growth in Chinese steel production, lower real demand for steel elsewhere dampened demand for raw materials, pushing prices for iron ore and coal down in the second quarter of 2013. This resulted in de-stocking by end-users and stockists, causing apparent steel consumption in the US and EU to decline by an estimated 5% in the first half. In Europe, this came on top of a 9.5% fall in 2012.

In the second half of 2013, steel demand rebounded in both regions, with strong year-on-year growth supported by steel product re-stocking. For the year as a whole, both the US and Europe experienced a slight decline in demand. In comparison, apparent steel consumption in China accelerated during the first half of the year, to approximately 7% year-on-year. Chinese demand remained strong in the second half but began to weaken in the fourth quarter as lack of finance affected traders' ability to hold inventory and pressure to stem production for environmental reasons.

Steel production

World crude steel production continued to recover in 2013, rising from 1.56 billion tonnes to 1.62 billion tonnes. The increase was almost entirely driven by Chinese growth. Steel output in China set another record, with a rise of 7.5% to 786 million tonnes. China's share of global steel production rose to a record 48.6%.

Global production outside of China grew by just 2 million tonnes, to 830 million tonnes. That was still some way short of the pre-crisis peak of 858 million tonnes recorded in 2007. Among the major producers, Japan and India led the way, with increases of 3.3% and 2.4% respectively. African output was also up, by 4.6%. In the EU, the decline in output slowed in 2013, with a fall of 1.7% to 166 million tonnes. Production in the NAFTA region fell 2% as a result of a similar decline in US production. However, both Europe and the US experienced a strong rebound over the second half of the year.

Steel prices

Steel prices in Europe improved during the first quarter of 2013, with spot hot rolled coil (HRC) reaching €490-€510. In contrast, prices in the US declined in January, reaching US$680 a tonne compared with a peak US$715 in November 2012. In the second quarter, demand remained weak in Europe and the HRC price reached €430-€450 a tonne. In the US, HRC prices also softened, touching a low of US$630 a tonne in May, before recovering sharply in June, to US$680 a tonne.

In the second half, European HRC prices remained generally low as a result of weak buyer sentiment, strong domestic competition and low import prices. They finished the year at around €445-€455. In the US, prices trended upwards in both the third and fourth quarters, with HRC reaching US$740-US$750 a tonne by the year-end.

In China, a strong start to the year saw prices peak in February. They then softened in the second quarter before recovering slightly in the third to reach an August peak of US$500-US$510 a tonne vat excluded. Prices then slipped back in the final quarter to finish the year at US$490-US$495.

For construction-related long products, depressed demand in Europe maintained the downward pressure on prices in the first half of 2013. Rebar prices fell from a January peak of €505-€535 a tonne to a low in July of €445-€455. There was a recovery to €480-€490 a tonne in September and prices remained stable towards the year-end, supported by steady, though not buoyant, demand and firm scrap prices.

Raw material prices

Iron ore prices increased dramatically in the first quarter of the year. The twin drivers for the increase were re-stocking in China before the New Year holiday and seasonally weaker supply following weather-related disruptions in production in Brazil and Australia. Prices then declined significantly in the second quarter as a result of stock cuts stemming from uncertainties over the outlook for China. The spot iron ore price touched a low of US$110 a tonne in May.

Spot prices then recovered, averaging US$132 a tonne over the third quarter, as a result of strong steel production rates in China and re-stocking by Chinese mills through the end of August. Despite substantial new seaborne supply coming on stream from the third quarter onwards, the spot price remained above US$130 a tonne. The market stabilised within the US$130 to US$140 range in the final quarter as increasing supply was met by higher demand for the winter season re-stock.

With plentiful supply and a weak demand outlook, the spot coking coal market remained weak in 2013. Better than average supply conditions during the Australian wet season in early 2013 contributed to a fall in hard coking coal prices over the first half of the year, with the price of premium coking coal reaching a low of US$130 a tonne (FOB Australia) at the end of the second quarter.

Prices picked up in the third quarter on the back of Chinese demand and touched US$152 a tonne in September. However, despite continued strong import demand from China, the seaborne coking coal market weakened again, finishing the year at US$131 a tonne. The softening of price was largely down to weak demand outside of China, improved supplies in Australia and strong domestic production in China.

Outlook for 2014

While there remain risks to the global demand picture, the demand fundamentals in the developed world are expected to be more supportive in 2014. In the US, economic momentum remains positive. With an anticipated improvement in non-residential construction, apparent steel consumption is expected to grow by between 3.5% and 4.5%. This compares with a contraction of 0.7% in 2013.

In Europe, manufacturing output grew steadily over the second half of 2013 and forward indicators in the Eurozone suggest that recovery is set to continue. The outlook for construction is gradually improving, although it remains weak in Southern Europe. Overall, apparent steel consumption in Europe is expected to increase by between 1.5% and 2.5% in 2014.

Chinese industrial output growth stabilised in the fourth quarter of 2013. While the automotive market is expected to remain strong in 2014, alongside an improvement in the machinery and shipbuilding sectors, a slowdown in the real estate market and weaker infrastructure investment growth are likely to lead to slower growth in steel demand.

In global terms, apparent steel consumption is expected to increase in 2014 by between 3.5% and 4%.

[1] *Gross Domestic Product.*
[2] *Organisation for Economic Co-operation and Development.*

Our business

ArcelorMittal is the world's leading steel and mining company, with a presence in more than 60 countries and an industrial footprint in over 20 countries. Guided by a philosophy to produce safe, sustainable steel, we are the leading supplier of quality steel in the major global steel markets including automotive, construction, household appliances and packaging, with world-class research and development and outstanding distribution networks. We are also one of the world's largest producers of iron ore and our mining business is an essential part of our growth strategy. With a geographically diversified portfolio of iron ore and coal assets, we are strategically positioned to serve our network of steel plants and the external global market. We employ around 232,000 people.

Market leader in steel

We are the world's largest steel producer, with annual achievable production capacity of approximately 119 million tonnes of crude steel in 2013. Steel shipments in 2013 totalled 84.3 million tonnes.

We are the largest producer of steel in North and South America and Africa, a significant steel producer in the CIS region, and have a growing presence in Asia, including investments in China and India. We are also the largest steel producer in the EU, with significant operations in France, Germany, Belgium, Spain, Luxembourg, Poland, the Czech Republic and Romania. In addition, many of our operating units have access to developing markets that are expected to experience, over time, above-average growth in steel consumption (such as Central and Eastern Europe, South America, India, Africa, CIS and Southeast Asia).

We have a diversified portfolio of steel products to meet a wide range of customer needs across all steel-consuming industries, including the automotive, appliance, engineering, construction, energy and machinery industries. We sell our products in local markets and through a centralised marketing organisation to customers in over 170 countries. Our diversified product offering, together with our distribution network and research and development (R&D) programmes, enable us to build strong relationships with customers, which include many of the world's major automobile and appliance manufacturers. With approximately 17% of the worldwide market share of flat steel sheets for the automotive industry, we are a strategic partner for the major original equipment manufacturers (OEMs) and have the capability to build long-term contractual relationships with them based on early vendor involvement, contributions to global OEM platforms and common value-creation programmes.

A world-class mining business

We have a global portfolio of 16 operating units with mines in operation and development and are among the largest iron ore producers in the world. In 2013, our mines and strategic contracts produced 70.1 million tonnes of iron ore and met 62% of the company's iron ore requirements. We also produced 8.8 million tonnes of coking coal and PCI, meeting 19 % of the company's PCI and coal requirements.

We currently have iron ore mining activities in Algeria, Brazil, Bosnia, Canada, Kazakhstan, Liberia, Mexico, Ukraine and the US. We have projects under development or prospective development in Canada and India. We currently have coal mining activities in Kazakhstan, Russia and the US. Our main mining products include iron ore lump, fines, concentrate, pellets, sinter feed, coking coal, PCI and thermal coal. As of December 31, 2013, our iron ore reserves are estimated at 4.6 billion tonnes run of mine and our total coking coal reserves are estimated at 318 million tonnes run of mine, or 173 wet recoverable million tonnes.

Our long-life iron ore and coal reserves provide a measure of security of supply and an important natural hedge against raw material volatility and global supply constraints. Since 2011, the mining business has been managed separately as a segment. This enhances the ability to optimise capital allocation and pursue growth plans, which include a material increase in production and sales to third parties at market prices.

Our business

continued

Mining business portfolio

Key assets and projects

1 Mexico Iron Ore Las Truchas & Volcan 100%, Peña Colorada 50%*
2 US Iron Ore Minorca 100%, Hibbing 62.3%*
3 Princeton 100%
4 Canada Iron Ore (Mont-Wright) 85%[1]
5 Canada Iron Ore Baffinland 50%[2]
6 Brazil Iron Ore Serra Azul 100%
7 Brazil Iron Ore Andrade 100%
8 Liberia Iron Ore 85%
9 Algeria Iron Ore 2 mines 70%
10 Bosnia Iron Ore 51%
11 South Africa Iron Ore*
12 South Africa Manganese 50%[3]
13 Coal of Africa 12.03%
14 Ukraine Iron Ore 95.13%
15 Kazakhstan Coal 8 mines 100%
16 Kazakhstan Iron Ore 4 mines 100%
17 Russian Coal 2 mines 98.64%
18 India Iron Ore
19 India Steam Coal

[1] *On January 2, 2013 ArcelorMittal entered into an agreement to sell 15% of its stake in ArcelorMittal Mines Canada to a consortium led by POSCO and China Steel Corporation (CSC).*
[2] *Following an agreement signed off in December 2012, on February 20, 2013, Nunavut Iron Ore subscribed for new shares in Baffinland Iron Mines Corporation which diluted ArcelorMittal's stake to 50%.*
[3] *In November 2012, ArcelorMittal signed a share pruchase agreement with Mrs Mashile-Nkosi providing, subject to various conditions, for the acquisition by her or her nominee of ArcelorMittal's 50% interest in Kalagadl Manganese.*
* *Includes share of production not controlled by ArcelorMittal.*

Diversified and efficient producer

As a global steel manufacturer with a leading position in many markets, we benefit from scale and production cost efficiencies in various markets and a measure of protection against the cyclicality of the steel industry and raw materials prices.

Diversified production process

In 2013, approximately 67.2 million tonnes of crude steel were produced through the basic oxygen furnace route, approximately 20.9 million tonnes through the electric arc furnace route and approximately 3.1 million tonnes through the open hearth furnace route. This gives us greater flexibility in raw material and energy use, and increased ability to meet varying customer requirements in the markets we serve.

Product and geographic diversification

By operating a portfolio of assets that is diversified across product segments and geographic areas, we benefit from a number of natural hedges. As a global steel producer with a broad range of high-quality finished and semi-finished steel products, we are able to meet the needs of diverse markets. Steel consumption and product requirements are different in mature economy markets and developing economy markets. Steel consumption in mature economies is weighted towards flat products and a higher value-added mix, while developing markets utilise a higher proportion of long products and commodity grades. As these economies develop and as market needs evolve, local customers will require increasingly advanced steel products. To meet these diverse needs, we maintain a high degree of product diversification and seek opportunities to increase the proportion of higher value-added products in our product mix.

Upstream integration

We believe that our own raw material production provides a competitive advantage over time. Additionally, we benefit from the ability to optimise the efficient use of raw materials in our steel-making facilities, a global procurement strategy and the implementation of overall company-wide knowledge management practices with respect to raw materials. Certain of our operating units also have access to infrastructure such as deep-water port facilities, railway sidings and engineering workshops that lower transportation and logistics costs.

Downstream integration

Downstream integration through our Distribution Solutions segment enables us to provide customised steel solutions to our customers more directly. Our downstream assets have cut-to-length, slitting and other processing facilities, which provide value additions and help us maximise operational efficiencies.

Our business

continued

2013 highlights

January
ArcelorMittal is declared gold class within the steel sector in the 2013 RobecoSAM Sustainability Yearbook at the World Economic Forum in Davos.

February
ArcelorMittal Florange launches the first line in the world to produce extra-wide Usibor® for the automotive industry.

June
ArcelorMittal unveils new ultra lightweight car door solutions offering up to 34 percent weight savings over existing steel car doors.

July
ArcelorMittal Brazil sites supply half the steel needed for 2014 FIFA World Cup, for a variety of buildings from stadiums, to train stations to giant aquariums.

September
ArcelorMittal maintains membership in Dow Jones Sustainability Index Europe.

ArcelorMittal and Sider finalise a strategic agreement including an investment plan of US$763 million with a project to more than double the plant's production capacity from 1 million to 2.2 million tonnes per year by 2017.

October
The World Steel Association recognises ArcelorMittal's sites in Venezuela and Mexico for excellence in their health and safety programmes.

November
President Obama visits ArcelorMittal Cleveland facilities, where he meets employees at the hot dip galvanising line and gives a speech on the economy.

ArcelorMittal acquires ThyssenKrupp Steel USA with Nippon Steel & Sumitomo Metal Corporation for US$1,550 million. The transaction was completed in February 2014.

December
ArcelorMittal simplifies its organisation. The business will be managed according to regions, while maintaining the product specialisation within those regions, enabling them to have their own dedicated strategy and focus, while capturing synergies.

Michel Wurth notifies his intention to retire from ArcelorMittal in April 2014. He will retain his links with the company as chairman of ArcelorMittal Luxembourg and, subject to approval at the annual general meeting, as a member of the ArcelorMittal board of directors.

The ramp-up of expanded capacity at ArcelorMittal Mines Canada is completed with run-rate of 24 million tonnes.

Our group strategy

ArcelorMittal's success is built on its core values of sustainability, quality and leadership and the entrepreneurial boldness that has empowered its emergence as the first truly global steel and mining company. Acknowledging that a combination of structural issues and macroeconomic conditions will continue to challenge returns in its sector, we have adapted our footprint to the new demand realities, intensified our efforts to control costs and repositioned our operations to outperform our competitors.

Against this backdrop, our strategy is to leverage four distinctive attributes that will enable us to capture leading positions in the most attractive areas of the steel industry value chain, from mining at one end to distribution and first-stage processing at the other:

- Global scale and scope
- Unmatched technical capabilities
- Diverse portfolio of steel and related businesses, particularly mining
- Financial capability.

Three themes

Steel

ArcelorMittal looks to expand its leadership role in attractive markets and segments by leveraging the company's technical capabilities and its global scale and scope. These are critical differentiators for sophisticated customers that value the distinctive technical and service capabilities we offer. Such customers are typically found in the automotive, energy, infrastructure and a number of smaller markets where we are a market leader. In addition, we are present in, and will further develop, attractive steel businesses that benefit from favourable market structures or geographies. In developing attractive steel businesses, ArcelorMittal's goal is to be the supplier of choice by anticipating customers' requirements and exceeding their expectations. We will invest to develop and grow these businesses and enhance our ability to serve our customers. Given the current environment, that investment will be highly disciplined. Commodity steel markets will inevitably remain an important part of our steel portfolio. Here, a lean cost structure should limit the downside in weak markets while allowing us to capture the upside in strong markets.

Mining

We are working to grow our already world-class business. Mining forms part of the steel value chain but typically enjoys a number of structural advantages, such as a steeper cost curve. Our strategy is to create value by expanding our Tier I and Tier II assets, such as our mines in Canada and Liberia; by controlling cost and capital expenditure; and by producing products that are highly valued by steel producers.

Our financial capability has allowed us to continue to invest in key mining assets throughout the crisis, while the diversity of our steel and mining portfolio facilitates the ability of our mining business to optimise the value of our products in the steelmaking process. Our mining business aspires to be the supplier of choice for a balanced mix of both internal and external customers, while at the same time providing a natural hedge against market volatility for our steel operations.

All operations

We strive to achieve best-in-class competitiveness. Operational excellence, including health and safety, the number one priority, is at the core of our strategy in both steel and mining. We steadily optimise our asset base to ensure we are achieving high operating rates at our best assets. Our technical capabilities and the diversity of our portfolio of businesses underpin a strong commitment to institutional learning and continuous improvement through measures such as benchmarking and best-practice sharing. Innovation in products and processes also plays an important role while supporting overall competitiveness.

Five key strategic enablers

Critical to implementing this strategy are five key enablers:

A clear licence to operate

Many of our businesses are located in regions that are in the early stages of economic development. Practically all are resource-intensive. We recognise that we have an obligation to act responsibly towards all stakeholders. Sustainability is a core value that underlies our efforts to be both the world's safest steel and mining company and a responsible environmental steward.

A strong balance sheet

Our balance sheet currently constrains our flexibility for funding organic growth or transformative acquisitions. While good progress has been made in recent years to reduce debt, achieving the medium-term targeted net debt level of US$15 billion remains a critical objective.

A decentralised organisational structure

Our scale and scope are defining characteristics that give us a competitive advantage. They also introduce complexity and the risks of inefficiency, bureaucracy and diffuse accountability. To manage these risks, we favour a structure in which the responsibility for profit and loss is focused on business units aligned with markets.

Active portfolio management

Throughout our history, we have sought to grow and strengthen the business through acquisition. That remains the case. The acquisition of existing assets and businesses is typically seen as a more attractive growth path than greenfield investment. But we are also willing to dispose of businesses that cannot meet our performance standards or that have more value to others.

The best talent

Our success will depend on the quality of our people, and our ability to engage, motivate and reward them. We plan to continuously improve our processes to attract, develop and retain the best talent.

The leader in automotive steels

When automotive manufacturers conceive a new product, they often turn to ArcelorMittal to help them make it a reality. We are not just the world's largest supplier of automotive steels with more than half of all original equipment manufacturers (OEMs) – ranking us number one – we also enjoy close relationships with many of our customers.

Transforming the car of tomorrow, today

Over many years, we have worked closely with OEMs at the vehicle design stage. We were the first steel company in the world to embed our own engineers within an automotive customer to provide engineering support. We begin work with OEMs as much as five years before a vehicle reaches the showroom, providing generic steel solutions, co-engineering, and helping with the industrialisation of the project. Once a vehicle is in production, we may help with quality management or process optimisation.

Today, around 50 of our engineers are either permanently working in customer plants in Europe, the Americas and Asia or providing dedicated stamping and joining support during the industrialisation phase or over the vehicle's life. We were the first steel supplier to move to global customer teams. In the few major markets where we have no steel plants, we have representative offices that act as extensions of our global customer teams, helping with new products and solutions, and assisting customers in their materials trials or tooling tests.

Driving steel solutions around the world

An increasing number of OEMs operate global manufacturing platforms. They want a consistent, global product. Our global model means we produce in multiple regions. Customers have one point of contact with us but know they can get a consistent product delivered almost anywhere. We have a network of coating lines in Europe, Africa and the Americas as well as a joint venture in China, VAMA. And with 20 tailored blanks sites around the world, we can offer the same quality of laser welded blanks wherever a customer may be located.

But it is not just about today's product. The automotive industry faces an immense challenge over the coming few years, and ArcelorMittal is doing everything in its power to help them meet it.

Steel as the most affordable material to save weight

That challenge comes from ever tighter fuel economy targets – which must be met without compromising safety standards and at an affordable cost. In recent years, the EU, US, Canada, China, Japan, South Korea, Brazil and Mexico have all enacted new fuel economy targets of varying severity. Many of these are scheduled to take effect between 2015 and 2020.

In some cases there are still tighter follow-up targets, either proposed or agreed. The EU has recently deferred the full implementation of its 2020 target by a year, but it will still represent the toughest challenge proposed to date. In the US and Canada, the standards will have the effect of doubling the fuel economy of new passenger vehicles by 2025 compared with a 2010 baseline.

Against this backdrop, we have been pioneering new, lightweight solutions using a range of advanced high strength steels (AHSS) which we ourselves developed and patented. These deliver the required weight reduction at a lower cost to the carmaker and consumer and with less environmental impact than alternatives such as aluminium, magnesium or carbon fibre.

Ongoing research and innovation

All are a product of our R&D teams who are located in 11 research laboratories across Europe and North America. Five of those laboratories are devoted solely to developing the next-generation solutions that will help our automotive customers stay ahead of the curve. Our research centre in Maizières-les-Metz in France is the single largest R&D facility in the world for the automotive steel industry.

We have achieved several breakthroughs. In 2010, we unveiled our 'S-in motion' solutions comprising a portfolio of press-hardened and AHSS steels with the potential to deliver up to 20% weight saving for the body-in-white of a C-segment vehicle (such as the Ford Focus or Volkswagen Golf). In June 2013 we unveiled new ultra-lightweight car door solutions offering up to 34% weight savings over existing steel car door solutions. We have continued to develop new steels with still higher tensile strengths and new hot stamping solutions to deliver further weight savings. We are also developing new steel grades for chassis parts.

Opening the door to more weight savings

Our new lightweight steel door ring combines laser welding technology with hot stamping and is stamped as one part as opposed to the four that are usually required. Already in serial production in North America, the new door ring provides a 19.8% saving in weight and has achieved remarkable results in safety tests.

We are not stopping there. A third generation of cold stamping AHSS is being launched and a new grade of AHSS with a tensile strength one third higher than our current offering is under development. These will offer further substantial weight savings.

Electrifying steels for electric and hybrid cars

We have also launched a range of electrical steels for electric/hybrid cars - called iCARe™ - which help OEMs deliver lower CO_2 emissions and ensure the most efficient use of the current coming from the battery providing the highest levels of mechanical power output for a motor or current supply for a generator.

It is this commitment to the future that that has made us a reliable steel solutions provider and has won us a host of awards from OEMs and trade and government bodies. We have a 17% share of the world automotive steel market, and in both North America and Europe, our share of the fast-growing AHSS market is higher than our average auto market share, and we expect that trend to continue. OEMs around the world continue to show faith in us, and we intend to repay that faith in the future.

Corporate responsibility

Our 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, we can better manage social and environmental risk, mitigate the impact of our operations on society, meet local expectations and foster local economic development.

Our CR approach is structured around four areas: making steel more sustainable, investing in our people, enriching our communities and transparent governance. In 2013, we achieved a lost time injury frequency rate of 0.8, exceeding our target and reflecting our best performance to date. We maintained our membership in the DJSI Europe index and were awarded 'gold class' status within the steel sector in the 2013 Sustainability Yearbook produced by RobecoSAM, assessors of the Dow Jones Sustainability Index (DJSI).

Environment

While steel production is resource-intensive, we constantly seek new ways to minimise our environmental impact, driving new efficiencies and focusing our investment where the environmental benefits can be maximised. It is important to note that, in manufacturing steel, we are creating a resource for future generations - one that can be almost infinitely recycled. The environmental impacts of production therefore need to be considered over the entire lifetime of the steel produced. We are committed to having all our steel operations certified to internationally recognised environmental management systems, such as ISO 14001. Nearly all our main sites had been accredited by the end of 2013.

Emissions

We are committed to minimising the environmental impact of our operations on local communities. The heaviest area of related spending is on dust emission reduction. In 2013, two such projects were completed at ArcelorMittal Temirtau in Kazakhstan, and another one is underway. These projects are designed to reduce dust emissions by approximately 2,700 tonnes a year. The total spent to date on these projects amounts to US$147 million. We also monitor air, water, energy and residues data at all production sites and report regularly on our performance.

CO_2

Reducing emissions to tackle climate change is an important challenge for the steel industry. We are targeting a reduction in CO_2 emissions of 170kg per tonne of steel by 2020, equivalent to an 8% reduction in normalised emissions from the 2007 baseline. This will be achieved through improved process management, increased energy efficiency and investment in new technologies. In 2013, we were recognised in the Climate Disclosure Leadership Index Benelux, compiled by CDP, the world's leading climate change data portal. In France, we are leading the Low-Impact Steelmaking (LIS) programme, a private-public collaboration to develop new methods of reducing CO_2 emissions in the steelmaking process.

We also continue to develop new steel solutions that help our customers and end users reduce their CO_2 emissions. As an example, the S-in motion programme helps car makers create lighter, safer, more environmentally-friendly automobiles. A new range of electrical steels, iCARe™, is designed to reduce the weight of electric and hybrid vehicles. We are also piloting a research programme to develop a photo-voltaic steel roof, called Phoster.

Energy

We continuously seek process improvements that will lessen our energy usage, thereby reducing both CO_2 emissions and costs. In the US, we have an initiative in place to reduce energy consumption by 10% and have been honoured with an Energy Star award from the US Environmental Protection Agency for six years in a row. In Flat Carbon Europe, the Energize programme initiated in early 2012 targets a 10% saving in energy costs by the end of 2015.

Recycling

With nearly 23% of crude steel produced in 2013 in electric arc furnaces, which use scrap as a feedstock, we are one of the world's biggest recyclers. To ensure optimal use of scrap, we are participating in a global partnership programme with the World Steel Association to research country-by-country recycling practices.

By-products

To minimise final waste, a dedicated R&D team promotes the internal use of by-products such as basic oxygen furnace (BOF) slag or oily mill sludge wherever possible or their sale for further use in the wider economy. A proprietary tool, ROMEO, has been developed to calculate the value of by-products in any usage scenario.

Water

As a major water user, we act to ensure we preserve local resources for shared use. We measure inlet water by facility and by process to identify opportunities to recycle and reuse water. We also work to maintain the integrity of key water resources. In 2013, ArcelorMittal USA's achievements in respect of the 'Sustain Our Great Lakes' project, a long-term conservation partnership with six U.S. governmental agencies and a non-governmental organisation, were recognised with an 'Excellence in Sustainability' award from the World Steel Association.

Bio-diversity

We seek to protect local biodiversity in the environments where we operate. Wherever we develop a new mine or steel project, we carry out detailed environmental impact assessments so as to establish an environmental management plan covering both the life of the mine and what happens to the land afterwards. At our Liberian iron ore mines, situated close to both mountain and lowland rainforests, we are engaged in major environmental investments to offset the impact of the project. In Baffinland, where we plan to develop a greenfield iron ore project, we have been carefully documenting the biotic and abiotic environment at Mary River.

Employees

A number of programmes ensure the talent within our workforce is harnessed through the development, engagement, inclusion and leadership of all employees, and by building strong leadership for the future.

Diversity

With a presence in 60 countries and employees from many more, the diversity of our workforce is important in bringing fresh perspectives and experiences to the business. Our diversity and inclusion policy reflects an effort to encompass different cultures, generations, genders, ethnic groups, nationalities, abilities and social backgrounds.

There is a particular focus on improving the gender balance within the business and to supporting women leaders. Our Group Management Board is committed to creating and maintaining a more inclusive culture and ensuring that the company becomes an employer of choice for women. It has set a goal of increasing the number of women directors from two to three by the end of 2015, based upon a board size of 11 members. In 2011, a Global Diversity and Inclusion Council (GDIC) was created to define the gender diversity and inclusion strategy, identify the barriers that women face in the business, and establish key performance indicators. With membership including one Group Management Board member and three members of the management committee, the council comprises both men and women. A mentoring programme for women will be launched to support the foundation of an internal network. In 2013, the ArcelorMittal University delivered two sessions of its new 'Women in Leadership' course developed with the Instituto de Empresa business school in Madrid, Spain, and an inaugural 'Women Emerging in Leadership' course aimed at talented women in non-managerial levels. This course will be rolled out to other regions in 2014.

Corporate responsibility

continued

Employee development

Our training and development activities are centred on the ArcelorMittal University, which provides online and classroom training courses and offers a diverse choice of leadership, management, functional, technical and bespoke programmes, encouraging lifelong learning and enabling professional progression. The University achieved a key landmark in February 2013 when it was awarded Corporate Learning Improvement Process (CLIP) accreditation from the European Foundation for Management Development (EFMD). EFMD is recognised as a high-quality accreditation body in the management field and CLIP is a benchmark for quality in the design and functioning of corporate training and educational organisations.

An objective in 2013 was to bring the main campus-delivered programmes to the business units to reduce travel and other costs. This was achieved with the 'Explore' leadership programme in Canada and South Africa and the roll-out of technical programmes in the US and CIS. Approximately 60% of the participants in steel-related training programmes connected remotely from 48 different sites. The Learning Council, an advisory board on group-wide learning policies, organised the first-ever ArcelorMittal Learning Week in September 2013. More than 11,000 employees participated in the various events from approximately 60 locations. Given the success of the event, Learning Week will now be an annual event for all employees.

Employee engagement

We view employee engagement as a combination of alignment (knowing what to do) and engagement (wanting to do it). In all engagement practices, we seek to integrate feedback into action plans to address employees' concerns. The principal vehicle to help the company's management understand and measure employees' opinions, attitudes and satisfaction is the ArcelorMittal Climate Survey. The survey looks at a variety of key dimensions including organisational direction, leadership and professional deployment and development. It allows employees to relay feedback anonymously to the executive leadership.

In 2013, the survey registered the highest ever rate of response, at 75% of the targeted population. The majority of business units showed increased favourability in the way the company engaged with employees. At the group level, favourability increased across all areas. Employees specifically rated health and safety and communications as consistently strong across the organisation. Leaders are encouraged to hold regular, formal face-to-face meetings at the segment, business unit, country and operation level. Other initiatives include 'Lunch & Learn' training sessions which give employees the opportunity to network, improve their understanding of key topics or competencies and develop their knowledge of ArcelorMittal and its strategy.

As part of a move to enhance internal communications and employee engagement, we have launched a global communications cascading process based on internal best practice. It includes a message track of key information to flow throughout all areas of the group and a measurement system to ensure these messages are being received by employees. Data from the measurement system is globally reported to the Group Management Board and management committee.

Building the future

Our management is focused on the development of a strong leadership pipeline. We focus on internal mobility and are keen to develop our people and encourage the sharing of best practices. There are a number of processes that ensure the right skills are in place where and when they are needed:

- Career committees enable the management and development of individuals, raise competency levels across the organisation and ensure a pipeline of talent available for key positions. This process is conducted through periodic meetings at different levels within the company using information collected through the Global Employee Development Programme (GEDP).
- Leadership assessments provide an objective insight into an individual's potential, providing them with an opportunity to accelerate their personal development and effectiveness. The assessment process is now fully integrated with development processes such as selection, nomination, promotion and development.
- Succession management is a key means of ensuring the sustainability of the business and continuity in leadership positions. Every year, senior management dedicate time to reviewing succession plans for around 350 key positions, from general manager to senior executive vice president.
- Strategic workforce planning enables us to plan our long-term workforce requirements to ensure critical jobs are secured; the changing age structure of the workforce is analysed and appropriate actions advised; the organisation is appropriately staffed; and skill shortages in the market are identified and addressed before the organisation is negatively impacted. In 2013, we developed our own proprietary 'Strategic Workforce Planning' tool which is currently being piloted.

Enriching our communities

Wherever we operate, we play an important role in the local market and seek to contribute to the development of strong and sustainable local communities. We pay particular attention to local cultures, issues and priorities, and aim to engage with communities in an open and transparent way, working in partnership with local organisations. The ArcelorMittal Foundation coordinates the company's community investment activities to support long-term social and economic development.

Transparent governance

We believe that good governance is the key to ensuring we operate ethically at all times in all parts of the world. It also supports our commitment to embed the principles of corporate responsibility into our everyday decision-making. Our way of doing business is governed by our code of business conduct. This covers not only employees' legal responsibilities but areas such as potential conflicts of interest, fair dealing with customers and suppliers, data protection and the proper use of company assets.

More detailed policies and procedures are in place to deal with issues such as human rights, anti-trust, anti-corruption, insider dealing, political donations and economic sanctions. We understand the importance of monitoring, managing and being accountable for the impact of our operations. We develop stakeholder engagement plans for all our major operations and aim to communicate with stakeholders on a regular basis. We are continuously developing our disclosures through annual CR reports issued at both the corporate and local level.

For more information on corporate responsibility, please see ArcelorMittal's corporate responsibility report at http://corporate.arcelormittal.com/corporate-responsibility

Health and safety

It is our stated aim to have the best safety record in our sector, producing steel and extracting minerals with no fatalities or lost-time injuries. Our company-wide safety programme, Journey to Zero, is designed to achieve this goal by creating a culture of shared vigilance in which the risks and hazards are understood and monitored, best practice is shared and appropriate action is taken at every level.

Our advanced safety monitoring systems take into account both the physical and human aspects of workplace safety. They include safety leadership and awareness programmes, which are backed up by workshops, training sessions and ongoing communications programmes.

An annual Health and Safety Day provides a focus for best-practice sharing across the group. Safety performance is measured by tracking the number of injuries per million hours worked that result in employees or contractors taking time off work (the lost-time injury frequency rate or LTIFR). We investigate all accidents and designated Group Management Board members review all fatalities to ensure lessons are learned throughout the company. Management accountability for safety is reinforced through a remuneration policy that links an element of executive bonuses to the LTIFR and to the number of fatalities in the relevant area.

In Mining, the Journey to Zero programme is supported by a 'Courageous Leadership' campaign. This aims to ensure that everyone takes responsibility for safety – both their own and that of others.

We work closely with our trade unions to drive safety improvements. A Joint Global Health and Safety Committee at the corporate level is complemented by similar committees at every production unit. We are the only company in our sector to have established such a global partnership.

Journey to Zero has achieved a significant improvement in safety performance. The LTIFR has fallen for six years in a row, from 3.3 incidents per million hours worked in 2007 to 0.8 in 2013. This compares with an average of 1.4 for the steel industry in 2012 (source: World Steel Association), the latest available data. Two ArcelorMittal business units received the World Steel Association Excellence Awards in 2013 for projects that have resulted in major improvements in their safety record.

Nevertheless, our performance in 2013 was marred by 23 fatalities, an unacceptable and deeply saddening outcome. Reinforcing the implementation of our fatality prevention standards, conducting more pro-active assessments of risk and hazards, and intensifying efforts to instil a safety culture among contractors are priorities for 2014. The LTIFR target for 2014 has been reduced to 0.8 from 1.0 in 2013.

As with safety, we take a proactive approach on health. We are a member of the International Occupational Hygiene Association and are building a network of occupational health and hygiene professionals across the group. In 2013, more than 400 sites ran their own health awareness programme, with approximately 135,000 employees participating in the various activities.

Research and development

Research and development (R&D) provides the technical foundation for the sustainability and commercial success of the company by stimulating continuous product and process improvement. With 11 major research centres, we possess a leading R&D capability among steel producers. We also maintain strong academic partnerships with universities and other scientific bodies, while our close customer relationships and well-established design and engineering skills enable us to foster the development of new steel products and solutions that meet our customers' evolving needs. In 2013, our R&D expense was US$270 million.

The main focusses of our R&D are:

Maintaining the competitiveness of steel versus alternative materials, particularly in our unique automotive franchise

R&D has been at the forefront of industry developments to pioneer advanced high-strength steel (AHSS) grades and manufacturing processes that help automotive customers create lighter yet stronger vehicles and meet demanding new targets for fuel economy. These developments are designed to ensure that steel remains the material of choice for the automotive industry of the future, while protecting and expanding our market share in this segment.

The S-in motion® project, introduced in 2010, reduces the body weight of a typical C-segment vehicle by up to 19% and has been widely adopted to differing degrees by automotive producers worldwide. In 2013, Honda launched a new MDX SUV model incorporating our integrated door ring concept, which combines the benefits of laser welding technology with the high performance of press hardened steel (PHS), combining substantial weight savings with a major advance in crash-resistance. A new project on the model of S-in motion® has been launched to offer weight-saving solutions for the light truck market.

A third generation of AHSS is now in development to take the lightweighting process a further step forward. A first steel grade belonging to this family of products was commercialised in 2013. Other grades will be ready for approval in 2014. We also intend to expand our Usibor® range for hot stamping. It will especially progress in the development of Usibor® 2000, which enables another 10% lightweighting compared to the regular Usibor®.

Creating niche products to grow our non-auto segments

In the construction sector, a prime focus for R&D is the development of low-energy buildings. Rather than simply providing steel components, the approach is holistic, encompassing a variety of techniques. These range from new floor systems offering high levels of insulation to photo-voltaic steel roof products, the latter being currently developed in the Phoster project co-financed by the EU Life+ programme.

As the global leader in sheet piles, we continue to broaden and improve our offering. The focus of R&D is on improved installation, new coatings and improved corrosion-resistance. The R&D department has pioneered unique fire-resistance qualities involving new steel coatings and the use of composite materials.

In electrical steels, we launched a new generation of steels for electrical motors in 2013. Aimed at the automotive industry, the iCARe™ products offer a major advance in mechanical performance, combining low core loss with good magnetic permeability. R&D is now working with automotive customers on the application of iCARe™ to their hybrid and electrical vehicles.

In the energy markets, R&D is engaged in a wide range of projects. With respect to American Petroleum Institute (API) products used in the transmission of oil and gas, the R&D team is developing a new generation of higher strength materials designed to perform in conditions of extreme cold and new corrosion-resistant products for the transportation of sour crudes. It is also working with a major oil company to apply AHSS in the manufacture of offshore oil platforms in order to both reduce their CO_2 footprint and to cope with Arctic conditions.

We are a large supplier of steels for wind turbine towers. R&D is currently developing alternative designs and new steels for both on-shore and off-shore towers that will reduce a tower's CO_2 footprint, improve corrosion performance and facilitate installation.

In packaging, a new generation of ultra-thin steels was launched in 2013 and the R&D team will focus on further decreasing the gauge of packaging steels while improving their formability in 2014. The next generation of steels will be uniquely compatible with the new, ecologically friendly coatings required under new EU regulations.

Ensuring a continuing and growing contribution to our management gains programme through research dedicated to improving the company's steelmaking processes

One of the biggest contributors to process savings in 2013 was the roll-out of innovative, research-developed technical solutions. In all, there were 145 instances of new process technology roll-outs in 2013. More than 190 are planned for 2014. R&D also supports our involvement in the Low-Impact Steelmaking (LIS) programme, being led in collaboration with the French government authorities. Launched in April 2013, the LIS programme aims to reduce the level of CO_2 in the steelmaking process through the recycling of blast furnace top gas and the use of captured CO_2.

Our steel and mining operations

The steel industry experienced a difficult first half in 2013 as lower raw material prices followed by customer de-stocking in the second quarter dented demand in both North America and Europe. By contrast, the second half saw a sharp rebound in demand in both regions and much improved pricing in the US. In China, demand was strong for much of the year before weakening in the final quarter. Outside of China, global production was essentially stable.

Our focus in 2013 was on delivering the benefits of our asset optimisation plan, designed to concentrate production on our most competitive sites, and initiating a new management gains programme targeting US$3 billion of savings over three years. We also restarted a limited number of projects that had been put on hold during the crisis and continued to invest in expanding our mining operations.

Safety

In 2013, our safety performance improved significantly, with the lost time injury frequency rate (LTIFR) falling from 1.0 per million hours worked to 0.8. This marks the sixth year in a row that our safety record has improved. A majority of the segments contributed to the improvement, in particular Distribution Solutions, Flat Carbon Americas and Flat Carbon Europe.

Despite this encouraging performance, there is still more work to be done. Our target for 2014 is to ensure an LTIFR no higher than 0.8 while focusing on further reducing the incidence of severe injuries and preventing fatalities.

Performance

In 2013, we produced 91.2 million tonnes of crude steel, up from 88.2 million tonnes in 2012. Our shipments rose marginally, from 83.8 million tonnes to 84.3 million tonnes. Sales decreased by 5.7% to US$79.4 billion, primarily as a result of lower average selling prices. We reported Ebitda of US$6.9 billion, compared with US$7.7 billion in 2012. After US$444 million of impairment charges and US$552 million of restructuring charges, we recorded a net loss of US$2.5 billion (against a net loss of US$3.4 billion in 2012).

All our steel segments had to contend with weak pricing in the first half of the year, and a slowdown in Chinese growth affected international export markets. While the recovery in Europe remained fragile, our European operations reaped the benefits of the decisions taken in 2012 to optimise the steelmaking footprint. In the Americas, domestic markets generally experienced firmer conditions as the year progressed.

- Flat Carbon Americas experienced a challenging first half as de-stocking among customers reduced demand. The second half proved much stronger, with the North American market for flat rolled products returning to levels last seen in 2007. The slab operations in Brazil and Mexico had to contend with depressed export markets. Overall, profitability was marginally lower on the year.
- Flat Carbon Europe lifted its shipments, increasing market share in what was a difficult marketplace for much of the year. With production increasingly centred on its most efficient plants, profitability improved despite lower average selling prices.
- Long Carbon Americas and Europe saw improving demand over the course of the year, despite difficult conditions in Europe in the first half and fierce competition from imports in the US. While average selling prices fell, moves taken to optimise the asset base in the previous year resulted in a significant improvement in margins.
- Asia, Africa and CIS experienced a fall of around 10% in average selling prices in 2013, which it was unable to recoup despite a major cost reduction programme. In addition, Temirtau in Kazakhstan was faced with weaker export markets while the South African operations experienced softer conditions in the local construction market.
- Distribution Solutions experienced weaker demand both within its European service centre network and in ArcelorMittal International, the group's international sales network. It nonetheless achieved significant cost reductions. After allowing for special factors in the previous year's figures, Distribution Solutions achieved an improvement in Ebitda.
- Mining represents an important source of growth for the group. In all cases where its iron ore or coal production is capable of being marketed, it is either transferred to the group's steel operations at market price or sold to third parties through the business's global marketing arm. In 2013, iron ore shipments at market price increased by 22% as production expanded in both Canada and Liberia.

Against the backdrop of a relatively stable iron ore price, Mining lifted both sales and Ebitda in 2013. The expanded capacity at ArcelorMittal Mines Canada reached full ramp-up rate in December, underpinning an anticipated 15% expansion of marketable iron ore in 2014.

Ebitda [1] split by segment

Segment	US$ million
Flat Carbon Americas	1,793
Flat Carbon Europe	1,055
Long Carbon Americas and Europe	1,991
AACIS (Asia, Africa and CIS)	292
Distribution solutions	85
Mining	1,980

[1] *Ebitda is defined as operating income plus depreciation, impairment expenses and exceptional items.*

Our steel and mining operations

continued

Flat Carbon Americas

Flat Carbon Americas operates 19 plants located in Canada, the US, Mexico and Brazil. Offering a complete portfolio of flat products, it is the largest producer of both sheet and plate in North America. It is a major supplier to the automotive industry with a North American market share of over 35% and a share in Mercosul of 24%.

Safety

We achieved further progress in 2013, reducing the lost time injury frequency rate from 1.1 per million hours worked to 0.9 and achieving a particularly good performance in Brazil, Mexico and Canada. Lázaro Cárdenas in Mexico won recognition from the World Steel Association for its work in cutting the incidence of injuries among contractors. Regrettably, there were two fatalities in the US. 'We will continue to put every possible effort into eliminating serious injuries and ensuring that our fatality prevention standards are adhered to by contractors as well as by our own people,' says Lou Schorsch, GMB member responsible for Flat Carbon Americas.

Performance

Flat Carbon Americas experienced challenging conditions in the first half of 2013, with inventory liquidation among customers affecting apparent consumption. The second half proved much stronger, with improving pricing across the region. The automotive market was buoyant throughout NAFTA and in Brazil. The depreciation of the Brazilian Real boosted the competitiveness of Flat Carbon Americas' operations in that country.

'In North America, we are back to where we were in flat rolled products before the crisis,' says Mr Schorsch. 'Brazil is already some way ahead.' Over the year, we lifted crude steel production from 23.9 million tonnes to 24.4 million tonnes. Shipments were marginally up at 22.3 million tonnes. The Canadian operations achieved record production and shipments.

The average selling price, however, fell from US$854 a tonne to US$818. 'Export markets for slab out of Brazil and Mexico were depressed, with intense competition from integrated producers in the CIS countries in particular,' says Mr Schorsch. This had the effect of reducing the value of sales from US$20.2 billion in 2012 to US$19.5 billion in 2013. Ebitda finished the year at US$1.8 billion compared with US$1.9 billion the previous year.

On the product front, we continued to expand our offering in advanced high strength steels (AHSS) and to introduce new weight saving solutions for the automotive market. A recent example is the launch of the industry's first laser-welded, hot-stamped door ring found in the 2014 Acura MDX. Working from Honda's design of the door ring, our Usibor ® steel and laser ablation technology was critical in creating this important body structure component which provides substantial weight savings and increased crash resistance.

Corporate responsibility

Flat Carbon Americas is involved in a wide range of CR programmes. In October 2013, the World Steel Association presented us with its 'Excellence in Sustainability' award for our long-standing involvement in the Sustain Our Great Lakes programme. A public-private partnership, the programme seeks to sustain, restore and protect fish, wildlife and habitat in the US Great Lakes basin. ArcelorMittal is the only private sector participant, working with a group of six Federal agencies.

We work continuously to improve our energy efficiency and reduce the impact of our operations on the environment. In 2013, we received 'The Energy Star' award from the US Environmental Protection Agency and the US Department of Energy for the sixth year in a row. The award recognised our achievement in reducing our energy intensity by 1.9% in 2012. The energy saved was the equivalent of powering 142,000 homes a year.

Our efforts to save energy are good economics: since 2006, Flat Carbon Americas has reduced its energy costs by more than US$165 million through focused improvements and energy management.

We were also recognised in 2013 by the US Department of Energy for our leadership in the Better Buildings, Better Plants programme, which supports the Administration's target of increasing energy efficiency in US commercial and industrial buildings. We joined the programme in August 2013, making a commitment to reduce our energy intensity by 10% across our US plants.

Investments

During the year, we approved two significant projects. We restarted construction of galvanising line no. 6 at Dofasco in Canada, a project that had been put on hold following the crisis. With a capacity of 660,000 tonnes a year, the new line will allow Dofasco to close line no. 2, increase production of galvanised sheet by a net 260,000 tonnes a year, and improve mix and optimise cost. Importantly, it will be capable of producing heavy-gauge, high-strength products, improving Dofasco's ability to serve customers in a number of markets, especially automotive. The project is expected to cost US$43 million to complete, with commissioning scheduled for 2015.

In Brazil, we approved investment of US$15 million to produce Usibor steels at Vega do Sul. This proprietary, high-strength automotive product enjoys growing demand in Brazil, which we have been supporting with imports from Europe. Shortly after the year-end, we approved a US$40 million expansion of the Vega do Sul plant to debottleneck the cold rolling and pickling operations. The project will increase capacity by around 120,000 tonnes a year and materially reduce costs.

In 2014, blast furnace no. 7 at Indiana Harbor, the largest in the western hemisphere, will be shut down temporarily for repair. The work is scheduled to cost approximately US$89 million.

AM/NS Calvert

In November 2013, we entered into a 50/50 joint venture partnership with Nippon Steel & Sumitomo Metal Corporation to acquire ThyssenKrupp Steel USA for an agreed US$1.55 billion. The renamed AM/NS Calvert is one of the most modern steel finishing facilities in the world, with a capacity of 5.3 million tons in Calvert, Alabama. With a state-of-the-art hot-strip mill, the acquisition provides the opportunity for retaining our leadership in the high value end of the growing NAFTA automotive steel market. It also expands our presence in other important markets, notably energy. Significant synergies have been identified. The acquisition was completed in February 2014.

Outlook

Mr Schorsch sees continuing recovery in demand in North America in 2014. 'The inventory liquidation that we saw in 2013 has run its course, so we enter 2014 with a more favourable demand picture,' he says. The scheduled outage of blast furnace no. 7 at Indiana Harbor in the second quarter should have no impact on shipments. 'We have had two years to plan for it and have built up substantial inventories to compensate,' he says.

In Latin America, the picture is also positive. 'Macro-economic growth in Brazil has been somewhat disappointing for the past two years. However, we do expect modest growth in consumption in 2014 while competitiveness will be supported by the depreciation of the Brazilian Real,' he says. As a testament to Flat Carbon Americas' confidence in the future, it will be restarting blast furnace no. 3 at Tubarao in Brazil in the third quarter of 2014. 'This will be the first time since the onset of the crisis that we will have three blast furnaces operating in Brazil', says Mr Schorsch.

Our steel and mining operations

continued

Flat Carbon Europe

Flat Carbon Europe is the largest producer of flat steel in Europe. It operates 14 integrated and mini-mill sites in Belgium, France, Germany, Poland, Romania and Spain, with downstream activities in a further five countries. It produces hot-rolled and cold-rolled coils, coated products, tinplate, laser-welded blanks, plate and slab. It sells to a variety of industries. These include packaging, general industry and, in particular, automotive where its advanced products and steel solutions have contributed to major improvements in crash worthiness and weight reduction.

Health and safety

The major efforts made to implement health and safety actions bore fruit in 2013 with a further reduction in the lost time injury frequency rate, from 1.3 per million hours worked to 1.0. However, Flat Carbon Europe still experienced six fatalities. "This is highly regrettable and completely unacceptable," says Geert Van Poelvoorde, chief executive officer of Flat Carbon Europe. "We will be making another huge effort to ensure the implementation of our fatality prevention standards and taking specific measures relating to contractors and maintenance management. This is a moral obligation towards our workforce."

Performance in 2013

Flat Carbon Europe operated in a fragile European recovery in 2013. The current asset strategy combined with market share recovery resulted in improvement in steel shipments from 26 million tonnes to 27.2 million tonnes and an increase in crude steel production from 27.4 million tonnes to 29.6 million tonnes. Sales decreased from US$27.2 billion to US$26.6 billion impacted by lower selling price but profitability improved with Ebitda up from US$1 billion to US$1.1 billion.

Flat Carbon Europe's operating loss of US$0.9 billion included restructuring costs amounting to US$481 million, of which US$137 million related to the long-term idling of the Florange liquid phase in ArcelorMittal Atlantique et Lorraine and US$354 million, including social and environmental costs, related to the agreed industrial and social plan for the finishing facilities at the Liège site of ArcelorMittal Belgium.

These charges were partially offset by a reversal of provisions of US$38 million in France and Belgium following the revision of certain assumptions. Flat Carbon Europe's operating loss was reduced by a non-cash gain of US$92 million corresponding to the final settlement of income relating to the unwinding of hedges on raw material purchases.

Flat Carbon Europe's operating loss also included impairment charges of US$45 million. Within that figure, there was a US$55 million charge in connection with the long-term idling of the ArcelorMittal Tallinn galvanising line in Estonia, largely offset by the reversal of an impairment loss of US$52 million at the Liège site of ArcelorMittal Belgium following the restart of the hot dip galvanising line HDG5, and US$22 million relating to the closure of the organic coating and tin plate lines at the Florange site of ArcelorMittal Atlantique et Lorraine in France.

Investments

Capital expenditure in 2013 amounted to US$0.6 billion. That compares with US$0.7 billion in 2012. The major areas of investment were:

- Maintenance (47%)
- Health, safety and environment (10%)
- Efficiency improvements (7%)
- Growth projects (4%)

Key projects and programmes included:

- Blast furnace relining project in Poland for the two blast furnaces of Dabrowa;
- Launch of a multi-year plan to upgrades facilities for automotive advanced high strength steels, including construction of a ladle furnace in Gent, Belgium, and reinforcing the hot strip mills in Gent, Dunkerque and Florange (France) and also the development of a new thermal cycle in the continuous annealing line of Kessales in Liège. The programme runs over three years and amounts to US$300 million;
- Repair of coke batteries and modernisation of the coke gas desulphurisation plant in Fos, to reduce emissions;
- Adaptation of coke production capacity and related gas supply in Asturias, Spain;
- Modernisation of a hot metal crane, commissioning of a casting crane and start of works on re-enforcement of the continuous caster moulds in the steelmaking shop in Bremen, Germany;
- Commissioning of a ladle furnace in Bremen for high added value products.

Additionally, some high CAPEX authorisations were granted to sustain future development, such as:

- Blast furnace no. 2 relining in Dunkerque in 2015;
- Modernisation of coke gas desulphurisation in Dunkerque and the reduction of dust emissions in sinter plant no.3 in Dunkerque;
- Modernisation of by-products equipment in the coke plant in Zakłady Koksownicze Zdzieszowice (ZKZ), Poland;
- Modernisation of the power plant in ArcelorMittal Ostrava for reducing SOx and NOx emissions;
- Modernisation of the hot strip mill in Gent with a new walking beam furnace and new basic automation;
- Start of production of the new continuous annealing line of St Chély d'Apcher, France, for electrical steels;
- Optimisation of the logistics for coal and coke transport between Florange and Dunkerque.

Energy saving

As part of ArcelorMittal's commitment to improve energy efficiency and reduce CO_2 emissions, Flat Carbon Europe launched a double initiative:

- The 'Energize' project to boost energy efficiency by sharing best practices. Thanks to 'Energize', we reduced our energy consumption by 3% in 2013.
- The LIS programme ('Low Impact Steelmaking'), exploring emerging technologies for the cheap capture of CO_2 and for the re-use of CO_2 into valuable products. The programme will run until 2017 with a large number of partners, mainly concentrated in France.

Outlook

"We expect a 'cautious recovery' in 2014 for the European market," says Mr Van Poelvoorde. "While real demand for steel should improve, apparent consumption growth is expected to remain moderate." The high load in the plants is expected to contribute to more management gains, and we will move our sales portfolio further toward high-added value products.

Geographic proximity with customers, allowing full focus on service, and the scale of operations guaranteeing security of supply towards our customers will remain the core strength of Flat Carbon Europe.

Our steel and mining operations

continued

Long Carbon Americas and Europe

With 33 mills in 17 countries, Long Carbon is the world's largest producer of steel sections and sheet piles and offers the widest range – from small and medium to jumbo beams. We are a leader in wire rod, rebars, special and merchant bar. Using scrap to produce more than half of our annual production, we are the largest recycler of steel in the world.

We enjoy strong market penetration in Europe, the Americas and North Africa, and are the largest provider of steel to the world's construction industry. We have been involved in many of the world's most challenging construction and infrastructure projects. As world leader in sheet piles, we work closely with engineering services firms and provide technical solutions for some of the most demanding structures.

With strong support from R&D, Long Carbon is continuously adding to the range of higher value-added products. In 2013, good progress was made developing long products to complement the range of automotive solutions offered by the Flat Carbon business and capitalise on its strong presence in this sector.

In 2013, Long Carbon was engaged in a number of landmark projects. In Germany, we provided premium sheet piles for river flood defences and shipped a 60 metre-long bridging beam, the largest jumbo beam to date. Long Carbon Americas supplied weigh rods for the Baluarte Bicentennial Bridge in Mexico, the world's highest cable-stayed bridge, and was the number one supplier of steels for more than 200 projects related to the coming football world cup in Brazil.

Long Carbon has a strong downstream presence in wire drawing and distribution. In 2013, we continued to expand our distribution network throughout Latin America, drawing on strong local connections and partners.

Leveraging a model first developed in Brazil, we offer our customers a wide range of products available on short-notice delivery. In Europe, we co-operate closely with ArcelorMittal's Distribution Solutions segment to ensure prompt availability and high-quality service for our customers.

Safety

Good progress was made in further reducing the lost time injury frequency rate (LTIFR). In Long Carbon Europe the LTIFR improved from 1.6 per million hours worked to 1.3. In Long Carbon America, the LTIFR fell marginally below the target of 1.0.

Despite this progress, Long Carbon still experienced five fatalities – two in Europe and three in the Americas. 'This is not only saddening, but hugely disappointing,' says Michel Wurth, GMB member responsible for Long Carbon. 'For 2014, we have a major focus on reinforcing our fatality prevention standards. Everybody is very motivated to drive home the message and to implement it on the shop floor.'

Performance in 2013

Long Carbon experienced an improvement in demand over the course of 2013. This was despite continuing difficult conditions in Europe in the first half of the year and fierce competition from imports in the US market. Cuts in infrastructure spending reduced demand in Mexico. 'Brazil and Argentina, where we are a strong market leader, both saw much improved demand,' says Mr Wurth.

Overall, Long Carbon, including Tubular products, shipped 22.4 million tonnes of steel in 2013 compared with 22.6 million the previous year. Despite lower average selling prices, Ebitda finished the year at US$1.99 billion, up from US$1.79 billion in 2012. This reflected a substantial improvement in margin, from 8.2% to 9.5%, thanks to many cost initiatives and a richer mix of high added-value products.

Long Carbon Europe shipments fell by around 450,000 tonnes to 11.25 million. There was also some slippage in average selling prices. Despite these two factors, Long Carbon Europe increased Ebitda by more than a quarter, to US$447 million. 'The results demonstrate the effectiveness of the decisions taken in previous years to enrich the product mix and to improve service for our customers, as well as to optimise the footprint,' says Mr Wurth.

Long Carbon Americas lifted its shipments from 9.9 million tonnes to 10.15 million. Ebitda increased from US$1.11 billion to US$1.26 billion on an expansion in margins from 11% to 12.6%.

Tubular Products shipments fell about 80,000 tonnes to 1.4 million. Ebitda decreased by US$34 million to US$285 million.

Investments

In 2013, we took the decision to restart a number of projects that had been on hold since the onset of the crisis. Prime among them was the expansion of Monlevade, Brazil, which is producing at close to full capacity. The expansion programme has several elements. It involves a new wire rod mill to add more than 1 million tonnes of production; an increase in rebar capacity at Juiz de Fora from 50,000 tonnes a year to 400,000 tonnes, coupled with a 200,000 tonnes increase in meltshop capacity and a reduction of wire rod capacity; and debottlenecking at Piracicaba to increase steel capacity by around 100,000 tonnes a year. The full programme, costing US$280 million, is scheduled for completion in 2015.

At Acindar in Argentina, a new rolling mill under construction will increase rebar capacity by around 450,000 tonnes a year and enable Acindar to optimize production at its special bar quality rolling mill in Villa Constitución. In future, this plant will specialise in products for the automotive and mining industries. The cost of the project is around US$100 million. Expected completion is in 2016.

In North America, the DRI plant in Contrecoeur, Quebec, was successfully restarted and both modules will provide 1.5 million tonnes of DRI in a full year. In addition, the go-ahead for a new reheating furnace at Steelton, Pennsylvania, was given in the second half of 2013. The new furnace will offer major improvements in quality, cost and competitiveness at what is one of only three rail producers in the United States.

In January, 2014, we announced the planned reopening of the Harriman, Tennessee long products finishing facility. This is expected to be fully operational by April, 2014. It will receive billets from ArcelorMittal LaPlace, Louisiana, reheat them and roll them into light structural shapes and merchant bars for the construction market. The reopening will add around 100,000 tonnes of capacity and enhance the long product portfolio.

In Europe, a long rail project in Poland was successfully completed at the end of the year. A state-of-the-art facility with the capability to produce 120-metre-long rails, it has received a very positive response from customers. Also in Poland, a new, 85,000 tonnes-a-year service centre for sheet piles was commissioned. It is designed to be complementary with the sheet pile plant in Belval, Luxembourg.

In the Czech Republic, the new round billets continuous caster at Ostrava was successfully commissioned in the second half of the year. It will supply the new pipe and tube mill in the Jubail joint venture in Saudi Arabia.

ArcelorMittal Annaba

In September 2013, ArcelorMittal finalised a strategic agreement with the Algerian state-owned company, Sider, that will see the plant's production capacity more than doubled, from 1 million tonnes to 2.2 million tonnes a year, by 2017. The agreement includes an investment of US$763 million for the steel complex at Annaba and the mines in Ouenza and Boukhadra, funded by low-cost, local bank financing. As part of the agreement, ArcelorMittal's shareholding in both ArcelorMittal Annaba and ArcelorMittal Tebessa has been reduced to 49%, with the state of Algeria holding the remaining share of 51%. ArcelorMittal will continue to be in charge of the operations of the plant.

The plan represents a major step forward for Annaba. The production unit will be modernised

Our steel and mining operations

continued

through the relining of the blast furnace and the modernisation of the sinter plant, steel plant and rolling mills. A new electric steel plant will be built (including an electric arc furnace and continuous casting line). The downstream units will be reinforced with the construction of a new rolling mill for rebar and wire rod with a production capacity of 1 million tonnes.

Outlook

With signs that Europe is emerging from recession and prospects of a revival in industrial activity in the USA, the demand outlook in the developed world is positive. The consequences of currency upheaval among some developing markets are harder to predict.

'What is certain,' says Mr Wurth, 'is that we will see the benefit of all the measures taken to reassess our footprint and of the investment that continues to go into our franchise businesses, such as sheet pile and high quality wire rod. Among other things, we will be modernising our Belval sheet pile mill to further strengthen our worldwide leadership in this area.'

Tubular products

ArcelorMittal is one of the world's leading producers of tubular products, with 23 facilities located mainly in the Americas and Europe (including our greenfield joint venture in Saudi Arabia). The markets we serve include energy, mechanical, construction and automotive. We offer a complete range of products, seamless, spiral welded and longitudinal welded.

We achieved a notable advance in safety in 2013, with a reduction in the LTIFR from 1.1 in 2012 to 0.5. The most marked improvement was in the Venezuelan operation, where a reduction in the LTIFR from 5.4 to 1.6 was recognised in an award from the World Steel Association. Regrettably, there was one fatality. We have redoubled our efforts to reinforce our fatality prevention standards in the year ahead.

A number of factors combined to dampen performance in 2013. A small reduction in average selling prices, lower demand for oil and gas products globally, for mining products in North America and for automotive products in Europe, all combined with a strike in Venezuela to reduce shipments from 1.52 million tonnes in 2012 to 1.44 million in 2013. Ebitda was further impacted by a margin squeeze in the US energy market and finished the year at US$284 million, down from US$317 million the previous year.

Our seamless tube joint venture in Jubail, Saudi Arabia, successfully produced its first saleable pipe on November 30, 2013. The plant has produced some limited ranges of ASTM[1] pipes and is in the process of obtaining American Petroleum Institute (API) certification. This is expected early in the second quarter of 2014, after which commercial production of API products can start, as well as certification from key regional customers (i.e. Aramco). Additional downstream facilities will be completed in 2014. With a total project cost of US$910-950 million (excluding financing), the plant relies on leading-edge furnace and finishing technology. At full production, it will have an installed rolling capacity of more than 600,000 tonnes and produce the highest quality seamless pipes.

[1] *American Society for Testing and Materials.*

Our steel and mining operations

continued

Asia, Africa and CIS (AACIS)

Our Asia, Africa and CIS segment has operations in Ukraine, Kazakhstan and South Africa. Kryviy Rih in Ukraine ranks as the world's largest producer of long products. In 2013, it produced 6.4 million tonnes of crude steel. Temirtau is Kazakhstan's largest integrated steelmaker and produces both flat and long products. Its crude steel production in 2013 was 3.0 million tonnes. Our four plants in South Africa together produced 5 million tonnes, of which around two-thirds was flat products.

Safety

AACIS sustained the progress made in 2012 with another strong performance. The lost time injury frequency rate (LTIFR) was steady at 0.5. This is significantly below the average for the group as a whole. Strenuous efforts to improve safety at the South African operations have resulted in two years without a fatality. Regrettably there were still four fatalities elsewhere in AACIS. Gonzalo Urquijo, GMB member responsible for AACIS in 2013, says: "We are working very hard on this. Our focus is on three areas: working at heights, crushes and improving safety awareness among our contractors."

Performance

A number of factors impacted the results in 2013. The South African operations, which are heavily dependent on the domestic market, were affected by a softer construction market and a fire at the Vanderbijlpark plant. Temirtau in Kazakhstan encountered a reduction in export demand, with weaker markets in the Middle East and China in particular. Kryviy Rih increased its shipments, but, in common with the rest of AACIS, experienced weaker prices.

For the year, average selling prices were around 10% lower than in 2012, falling from around US$660 a tonne at the start of the year to US$590 at the end.

Overall, we lifted crude steel production by around 100,000 tonnes to 14.4 million tonnes in 2013. Shipments fell from 12.8 million tonnes to 12.3 million. "To compensate for the fall in average selling prices, we instituted a major cost reduction programme," says Mr Urquijo. "This was successful in generating cost savings of around US$20/t, though this was still not enough to mitigate the fall in prices." Ebitda finished the year at US$292 million, down from US$337 million (excluding the one-time income from the disposal of Paul Wurth of US$242 million) the previous year. This reflected a decline in the average margin from around US$26 a tonne to US$24.

We achieved a major landmark during the year with the resolution of all of ArcelorMittal South Africa's long-running disputes with Kumba Iron Ore and the establishment of a new long-term supply agreement for up to 6.25 million tonnes of iron ore a year. The new agreement, which takes effect from the beginning of January 2014, ensures a supply of competitively priced iron ore. It offers significant cost benefits compared with the interim supply agreement in place since March 2010 and the excessive costs associated with the Thabazimbi mine, which is approaching the end of its life in its current configuration. ArcelorMittal South Africa will no longer retain an economic interest in Thabazimbi. The new agreement will reduce ArcelorMittal South Africa's cost base and support its competitiveness.

Investments

Our capital expenditure, at US$395 million, was slightly below that of 2012 (US$433 million). It involved a mix of projects aimed at improving reliability, productivity, expanding the product range or addressing safety and environmental issues.

In Ukraine, we invested US$16.2 million to install a fish bone packing line, together with a straightening machine, to supply top-quality bars.

In Kazakhstan, a number of projects were commissioned to reduce dust emissions. The largest of these, costing US$132 million, was for the dedusting of the primary and secondary gas treatment facilities from converters 1 to 3. Bag filters were installed and commissioned to dedust the cold side of the sinter plant at a cost of US$26 million. We invested a further US$9.5 million in dedusting in the lime plant.

In South Africa, we decommissioned one of the coke batteries at Vanderbijlpark, replacing output with full production from the remaining five batteries at the same plant and at other ArcelorMittal South Africa sites. The investment necessary to restore full production following the fire at the plant was undertaken as quickly as possible, at a cost of US$16 million. At the Newcastle plant, a US$42 million project to reduce effluent discharge to zero is close to completion. It will make the plant a world leader in terms of water management.

A few major projects are scheduled for the current year:

- In South Africa, a blast furnace reline at the Newcastle plant;
- At Kryviy Rih, sinter plant strand 6, coke battery 5, PCI injection in blast furnace and blast furnace no. 6 intermediate reline;
- At Temirtau, a reline of blast furnace no.3, steel plant dedusting and widening of cold rolling mill.

Outlook

Mr Urquijo expects the environment to remain challenging in 2014. "While volume and price pressures are unlikely to go away, our focus remains through maintenance transformation and WCM[2] to bring operational reliability and run the assets full with no seasonal adjustments. We expect the macroeconomic parameters to improve, which will help to make our assets more competitive. Our focus remains on productivity, reliability and, importantly, customer service."

In Ukraine, despite the political unrest at the beginning of 2014, operations in Kryviy Rih have continued as normal. The raw materials supplies and rail, road and sea flows are stable. Domestic market demand in first quarter and beginning of the second quarter of 2014 was at a slightly lower level.

[2] *World Class Manufacturing.*

Our steel and mining operations

continued

Distribution Solutions

Operating through a network of around 300 sites (steel service centres and stockholding), Distribution Solutions provides value-added, customised solutions to around 100,000 customers every year. Centred on Europe, Distribution Solutions sells a mix of flat and long products, and has specialist capabilities in wire drawing and metal sheet operations.

Cutting and packaging steels to meet individual customer requirements, Distribution Solutions has a 12% share of the European steel market, with leading positions in France, Belgium, the Netherlands, Spain and Poland. Flat products make up two-thirds of its sales.

Internationally, Distribution Solutions is active in project management. Through ArcelorMittal International, it also acts as the international sales network for the group's mills.

Safety

The major drive on safety training in recent years continued to pay dividends at Distribution Solutions in 2013. We further reduced our lost time injury frequency rate (LTIFR) from 1.6 per million hours worked to 1.2. Tragically, there was one fatality during the year. In 2014, the focus will be on reinforcing the group's fatality prevention standards across Distribution Solutions' diverse network and driving the LTIFR down to the targeted 1 and below.

Performance

In 2013, we shipped 16.1 million tonnes of steel. That compared with 17.7 million in 2012. Sales within our activities in Europe fell from 9.9 million tonnes to 9.0 million. The other 700,000 tonnes of the shortfall was accounted for by ArcelorMittal International, as the slowdown in Chinese consumption put pressure on world export markets.

Sales fell from US$16.3 billion to US$14.1 billion with a reduction in the average selling price from US$886 a tonne to US$850. 'The market was extremely challenging in terms of both volume and price,' says Gonzalo Urquijo, GMB member responsible for Distribution Solutions. Reported Ebitda was US$85 million compared with US$407 million in 2012. However, the prior-year figure included a one-time gain from the disposal of the Skyline steel foundation distribution business. Adjusting for this and other exceptional items, Ebitda increased from US$36 million to US$85 million.

'We made substantial progress in reducing our costs through our asset optimisation programme and reaped the benefits of working closely with both our upstream business and our customers,' says Mr Urquijo. 'There was continued growth in our projects business and in the oil and gas solutions area.' In September, Distribution Solutions' site in Bourg-en-Bresse, France, won a five-year contract to fabricate and supply high-performance steel wires for a major engineering and oil industry project management business, reinforcing its position as a leading provider of high-end technical solutions to the offshore oil and gas market.

Outlook

With modest growth in European manufacturing output over the second half of 2013 and generally positive indicators for 2014, there is cautious optimism within Distribution Solutions for the year ahead. 'The outlook is for some improvement in demand across Europe,' says Mr Urquijo. 'What is certain is that we will continue to grow our projects business.'

Our steel and mining operations

continued

Mining

Mining operates a high quality, geographically diversified portfolio of iron ore and coal assets. An ambitious development programme underway in Canada and Liberia is on track to achieve iron ore production capacity of 84 million tonnes in 2015. With an increasing tonnage of iron ore being marketed externally, Mining represents an important source of growth for the group.

Mining reports as a separate segment. All production that can practically be sold outside the group is either transferred to internal customers at market prices or sold to third parties through the business's global marketing arm. In 2013, iron ore shipments at market price increased by more than a fifth. Where marketing to third parties is constrained by logistics or quality, production is transferred to the group's steel facilities on a cost-plus basis.

Safety

We remain firmly committed to becoming the safest business in the metals and mining industry. With the introduction of our Courageous Leadership programme, we have improved our performance for five years in a row. Courageous Leadership is designed to encourage safety-first thinking at all times and empower people to speak out if they feel anything is wrong. It has now been rolled out in substantially all of our sites.

In 2013, our lost time injury frequency rate once again fell – from 0.7 per million hours worked to 0.6. Despite this improvement, Mining still experienced four fatalities. 'Over the past six years, we have reduced our injury frequency rate by around 80%, but to continue to experience fatalities is just not acceptable,' says Bill Scotting, Mining CEO. 'We will continue to reinforce the Courageous Leadership programme and work on encouraging the right behaviours. This is the number one priority for 2014.'

Performance

Increasing tonnages from both Canada and Liberia drove a rise in iron ore production, excluding long-term contracts, from 55.9 million tonnes in 2012 to 58.4 million tonnes. Including ore sourced from strategic contracts, total production increased from 68.1 million tonnes to 70.1 million. We exceeded our target for marketable shipments, which rose 22% to a record 35.1 million tonnes. There was a progressive increase in marketable shipments over the year, with fourth-quarter shipments some 54% higher than in the comparable period of 2012.

There were two major milestones during the year. We completed the expansion of ArcelorMittal Mines Canada (AMMC) from 16 million tonnes capacity to 24 million tonnes at a cost of US$1.6 billion. This involved the commissioning of a new spirals line and concentrating plant, together with upgrades to the railway and Port-Cartier, now one of Canada's largest private ports with a capacity to handle 160,000-plus tonne ships.

Over the year, production rose from 15 million tonnes to 18 million tonnes. The targeted run-rate of 2 million tonnes a month was hit in December.

In Liberia, 2013 shipments exceeded expectations to hit 5.2 million tonnes, a year-on-year rise of 152%. Current mine capacity is around 4 million tonnes. Shipments in 2013 were entirely made up of direct shipping ore (DSO) and included inventory built up from earlier years. 'This represented an outstanding shipping performance with a full year of offshore Cape-size trans-shipment', says Mr Scotting.

We lifted our sales in 2013 from US$5.5 billion to US$5.8 billion. Ebitda increased from US$1.8 billion to US$2 billion. This was against the backdrop of a relatively strong iron ore price over the year and increasing shipments. The average benchmark iron ore price per tonne in 2013 of US$135.2 CFR China (62% Fe) was 4% higher than in 2012.

Coal production fell marginally in 2013, from 8.2 million tonnes to 8.1 million tonnes. The amount shipped externally and reported at market price was also lower, at 4.8 million tonnes compared with 5.1 million tonnes in 2012. The average benchmark price for hard coking coal FOB Australia in 2013 of US$158.5 per tonne was 24% lower than 2012.

Reserve update

We have a strong reserve and resource base to support continuing growth in iron ore production. In 2013, our reserve estimates increased by 278 million tonnes, taking total iron ore reserves to 4.6 million tonnes run of mine. The increase was principally due to a revision of the life of mine plan of our Canadian operations in Mont-Wright and Fire Lake, together with an update of the mine plan of the Lisakovski open pit operation in Kazakhstan, offset in part by the tonnages mined during the year. The addition of higher grade iron ore reserves in Canada resulted in a 0.8% increase in the average Fe grade.

Our coal reserves remained constant at 318 million tonnes. Annual mining depletion of 16 million tonnes was entirely offset by a re-evaluation of the mine plan at our Kazakhstan operations.

Growth plans

With the expansion of AMMC now complete, the principal focus of our growth plans is on developing the second phase of our Liberian operation and deriving early revenue from the Mary River joint venture project in Baffinland.

Our Phase 2 expansion in Liberia will take production capacity from 4 million tonnes a year to 15 million tonnes while replacing DSO with an enriched, and significantly more marketable, premium sinter feed. All environmental permits for Phase 2 have been received and the major equipment procurement is complete. Civil works have started at the mine, concentrator site and the port of Buchanan. The project involves an investment of around US$1.7 billion and is due to complete in late-2015 with ramp-up to full capacity commencing in 2016.

In Baffinland, work on the planned early revenue phase (ERP) began in the first quarter of 2013. Budgeted to cost about US$730 million, the ERP is designed to enable early mining without the capital investment required for the full project and demonstrate the high quality of the Mary River product. Following upgrades to the roads and port, DSO will be trucked to Milne Inlet throughout the year for shipping during the open water season. We anticipate shipping the first ore in the second half of 2015. At full capacity, production will reach 3.5 million tonnes a year. A second phase, involving the building of a railway, will be considered in the light of market conditions.

In Brazil, we are investing in a high-intensity magnetic separator at our Serra Azul mine. The investment will improve product quality and reduce the cost profile of the mine.

Corporate responsibility

For the Mary River Project, Baffinland Iron Mines Corporation has been collecting environmental baseline information since 2005. The species and habitat information was used to assess and minimize potential impacts to all valued ecological components and their habitat. By way of a thorough environmental assessment process inclusive of the local Inuit communities and all interested government and non-government parties has enabled Baffinland to proceed with the construction of the mine and associated infrastructure while adhering to high standards for environmental protection. Species specific monitoring results will be reviewed with all interested parties to ensure that the Mary River Project is carried out in a sustainable manner acceptable to all stakeholders. Baffinland's Closure and Reclamation Plan will ensure that all government and Inuit mine closure objectives are achieved.

The Liberia corporate responsibility programme in 2013 covered the four pillars of the ArcelorMittal corporate responsibility vision with a renewed emphasis on improving programme quality. Key interventions to improve the

Our steel and mining operations

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working conditions of employees included the equalisation of conditions of service for employees and contractors, increasing the number of training opportunities for employees and promoting a safe working environment for all. The biodiversity programme was hailed as one of the best in the industry following the publication of a landmark report. The proactive stakeholder engagement received special recognition from the United Nations Global Compact in its September 2013 publication, *Responsible Business: Advancing Peace*. As part of the mining development agreement (MDA) agreement all social commitments in 2013 were achieved.

Outlook

Against the backdrop of continuing pricing pressures throughout the mining industry, our focus in the year ahead will be on operational excellence to ensure that our unit costs come down as our production volumes increase. 'Cost control is key,' says Mr Scotting: 'We are working on debottlenecking, on productivity, maintenance and reliability, and benchmarking to ensure we share best practice.'

Similar rigour is being applied in the monitoring of capital investment, with a focus on on-time and on-budget delivery. A central project management office conducts regular project reviews, with standardised project controls to track time or cost divergences and risks.

'Our plans envisage a steady rise in iron ore production and marketable tonnages over the next two to three years. We want to ensure that our mines are positioned low on the cost curve and that our growth is profitable,' says Mr Scotting.

Mining: iron ore and coal reserves and resources

ArcelorMittal's mining segment has production facilities in North and South America, Africa, Europe and CIS. The following table provides an overview by type of facility of ArcelorMittal's principal mining operations:

Unit	Country	Locations	ArcelorMittal interest (%)	Type of mine	Type of product
Iron ore					
ArcelorMittal Mines Canada	Canada	Mont-Wright	85	Iron ore mine (open pit)	Concentrate and pellets
Minorca Mines	USA	Virginia, MN	100	Iron ore mine (open pit)	Pellets
Hibbing Taconite Mines	USA	Hibbing, MN	62.31	Iron ore mine (open pit)	Pellets
ArcelorMittal Lázaro Cárdenas Volcan Mines	Mexico	Sonora	100	Iron ore mine (open pit)	Concentrate
ArcelorMittal Lázaro Cárdenas Peña Colorada	Mexico	Minatitlán	50	Iron ore mine (open pit)	Concentrate and pellets
ArcelorMittal Las Truchas	Mexico	Lázaro Cárdenas	100	Iron ore mine (open pit)	Concentrate, lump and fines
ArcelorMittal Brasil Andrade Mine	Brazil	State of Minas Gerais	100	Iron ore mine (open pit)	Fines
ArcelorMittal Mineração Serra Azul	Brazil	State of Minas Gerais	100	Iron ore mine (open pit)	Lump and fines
ArcelorMittal Tebessa	Algeria	Annaba	70	Iron ore mine (open pit and underground)	Fines
ArcelorMittal Prijedor	Bosnia and Herzegovina	Prijedor	51	Iron ore mine (open pit)	Concentrate and lump
ArcelorMittal Kryviy Rih	Ukraine	Kryviy Rih	95.13	Iron ore mine (open pit and underground)	Concentrate, lump and sinter feed
ArcelorMittal Temirtau	Kazakhstan	Lisakovsk, Kentobe, Atasu, Atansore	100	Iron ore mine (open pit and underground)	Concentrate, lump and fines
ArcelorMittal Liberia	Liberia	Yekapa	85	Iron ore mine (open pit)	Fines
Coal					
ArcelorMittal Princeton	USA	McDowell, WV; Tazewell, VA	100	Coal mine (open pit and underground)	Coking and PCI coal
ArcelorMittal Temirtau	Kazakhstan	Karaganda	100	Coal mine (underground)	Coking coal and thermal coal
ArcelorMittal Kuzbass	Russia	Kemerovo	98.64	Coal mine (underground)	Coking coal

Iron ore

ArcelorMittal Mines Canada

ArcelorMittal Mines Canada is a major North American producer of iron ore concentrate and several types of pellets. It holds mining rights over 74,000 hectares of land in the province of Québec, Canada. ArcelorMittal Mines Canada operates the Mont-Wright Mine and concentrator at Fermont in northeastern Québec. Mont-Wright is located 416 kilometers north of the port of Port-Cartier, the site of the pelletizing plant and shipping terminal on the north shore of the Gulf of St. Lawrence, and approximately 1,000 kilometers northeast of Montreal. A private railway connects the mine and concentrator with Port-Cartier. The railway and the port are owned and operated by ArcelorMittal Mines Canada. The Mont-Wright mine and the town of Fermont are connected by Highway 389 to Baie Comeau on the North Shore of the Gulf of St. Lawrence, a distance of 570 kilometers. The property was first explored in 1947 and the project was constructed by Quebec Cartier Mining ('QCM') between 1970 and 1975 and began operating in 1976. In 2006, QCM was purchased by ArcelorMittal when it acquired control of Dofasco. On December 31, 2012, ArcelorMittal and a consortium led by POSCO and China Steel Corporation ('CSC') and also including certain financial investors, created joint venture partnerships to hold ArcelorMittal's Labrador Trough iron ore mining and infrastructure assets. In the first half of 2013, the consortium completed the acquisition, through two installments, of an aggregate 15% interest in the joint ventures. On March 15, 2013, the consortium acquired an 11.05% interest in the joint ventures, and on May 30, 2013, the consortium purchased a further 3.95% interest in the joint ventures. As part of the transaction, POSCO and CSC entered into long-term iron ore off-take agreements proportionate to their joint venture interests.

ArcelorMittal Mines Canada also owns mining rights to iron ore deposits in Fire Lake and Mont Reed. Fire Lake, located approximately 53 kilometers south of Mont-Wright, previously a seasonal operation from which approximately 2.5 million tonnes of crude ore are transported by rail to the Mont-Wright concentrator annually will as from 2014 operate year-round. The Mont Reed deposit is currently not mined. In addition, ArcelorMittal Mines Canada holds surface rights over the land on which the Mont-Wright and Port Cartier installations are located, with the exception of a small area which remains the property of the Quebec Government but in no way compromises the mining rights.

The expiration dates of the mining leases range from 2015 to 2025. These leases are renewable for three periods of ten years provided the lessee has performed mining operations for at least two years in the previous ten years of the lease.

The Mont-Wright and Fire Lake mines are part of the highly-folded and metamorphosed southwestern branch of the Labrador Trough. The most important rock type in the area is the specular hematite iron formation forming wide massive deposits that often form the crest of high ridges extending for many kilometers in the Quebec-Labrador area.

Mining: iron ore and coal reserves and resources

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The Mont-Wright operation consists of open pit mines and a concentrator. The ore is crushed in two gyratory crushers and the concentrator operates with seven lines of three stage spiral classifiers and horizontal filters. The concentrator has a production capacity of 24 million tonnes of concentrate per annum. The Port-Cartier pellet plant produces acid and flux pellets that operate six ball mills, ten balling discs and two induration machines. The pelletizing plant has a capacity of 9.3 million tonnes of pellets. The mine produced 9.1 million tonnes of pellets and 8.9 million tonnes of concentrate in 2013.

Electric power for Mont-Wright and the town of Fermont is supplied by Hydro-Quebec via a 157 kilometer line. In the event of an emergency, the Hart Jaune Power plant, also connected to the Hydro-Quebec grid, can supply sufficient power to maintain the operations of the essential processing facilities.

ArcelorMittal USA Iron Ore Mines

ArcelorMittal USA operates an iron ore mine through its wholly-owned subsidiary ArcelorMittal Minorca and owns a majority stake in Hibbing Taconite Company, which is managed by Cliffs Natural Resources.

ArcelorMittal Minorca holds mining rights over 13,210 acres and leases an additional 3,350 acres of land to support its operations located approximately three kilometers north of the town of Virginia in the northeast of Minnesota accessible by road and rail. The Minorca operations control all the mineral rights and surface rights needed to mine and process its estimated 2013 iron ore reserves. ArcelorMittal Minorca operates a concentrating and pelletizing facility, along with two open pit iron ore mines – Laurentian and East Pits located 12 kilometers from the processing facilities. The processing operations consist of a crushing facility, a three-line concentration facility and a single-line straight grate pelletizing plant. The Minorca pelletizing facility produced 2.9 million metric tonnes of fluxed pellets in 2013. Pellets are transported by rail to ports on Lake Superior. Lake vessels are used to transport the pellets to Indiana Harbor. The Minorca taconite plant was constructed and operated by Inland Steel between 1977 and 1998 when it was purchased by then ISPAT International, a predecessor company of ArcelorMittal.

The Hibbing Taconite Company holds mining rights over 7,380 acres in 43 contiguous mineral leases, is located six kilometers north of Hibbing in the northeast of Minnesota accessible by road and rail. The Hibbing operations are jointly owned by ArcelorMittal USA (62.3%), Cliffs Natural Resources (23.0%) and U.S. Steel (14.7%), and Cliffs Natural Resources is the operator of the joint venture mine and processing facilities. The Hibbing Taconite Company controls all of the mineral rights and surface rights needed to mine and process its estimated 2013 iron ore reserves. The operations consist of open pit mining, crushing, concentrating and pelletizing. The finished pellets are then transported by rail to the port of Allouez at Superior, Wisconsin, a distance of 130 kilometers and then over the Great Lakes by lake vessels to ArcelorMittal's integrated steelmaking plants, principally Burns Harbor. The Hibbing Taconite Company began operating in the third quarter of 1976. The mine produced 7.7 million metric tonnes of taconite pellets in 2013 (of which 62.3% is ArcelorMittal's share).

Both the Minorca and Hibbing mines are located in the Mesabi iron range where iron ore has been extracted for over 100 years. The ore bodies are within the Biwabik Iron Formation, a series of shallow dipping Precambrian sedimentary rocks known as taconite with a total thickness in excess of 200 meters and running for approximately 200 kilometers. Although the first deposits mined in the Mesabi iron range consisted of oxidized hematite ores, production was shortened in the mid 1950s to low grade magnetic taconite ores. The processing of this ore involves a series of grinding and magnetic separation stages to remove the magnetite from the silica. Electric power constitutes the sole source of energy for both Minorca and Hibbing and is provided from the Minnesota state power grid.

ArcelorMittal Lázaro Cardenas Mining Assets

AMLC operates three iron ore mines in Mexico, the El Volcan and Las Truchas mines and, through a joint ownership with Ternium SA, the Peña Colorada mine.

Peña Colorada

Peña Colorada holds mining rights over 68,209 acres located at about 60 kilometers by highway to the northeast of the port city of Manzanillo, in the province of Minatitlán in the northwestern part of the State of Colima, Mexico. ArcelorMittal owns 50% of Peña Colorada Ltd., and Ternium SA owns the other 50% of the company.

Peña Colorada operates an open pit mine as well as a concentrating facility and a two-line pelletizing facility. The beneficiation plant is located at the mine, whereas the pelletizing plant is located in Manzanillo. Major processing facilities include a primary crusher, a dry cobbing plant, one autogenous mill, horizontal and vertical ball mills and several stages of magnetic separation. The concentrate is sent as a pulp through a pipeline from the mineral processing plant. Peña Colorada has operated since 1974. The Peña Colorada mine receives electrical power from the Comisión Federal de Electricidad (CFE), which is a federal government company that serves the entire country.

Government concessions are granted by the Mexican federal government for a period of 50 years and are renewable. The expiration dates of the current mining concessions range from 2021 to 2061.

The Peña Colorada pelletizing facility produced 3.8 million tonnes of pellets and 0.1 million tonnes of concentrate in 2013 (of which 50% is ArcelorMittal's share). Both magnetite concentrate and iron ore pellets are shipped from Manzanillo to ArcelorMittal Lazaro Cardenas and for export, as well as to Ternium's steel plants, by ship and by rail.

Peña Colorada is a complex polyphase iron ore deposit. The iron mineralization at Peña Colorada consists of banded to massive concentrations of magnetite within breccia zones and results from several magmatic, metamorphic and hydrothermal mineralization stages with associated skarns, dykes and late faults sectioning the entire deposit.

El Volcan

ArcelorMittal holds mining rights over 1,050 hectares to support its El Volcan operations located approximately 68 kilometers northwest of the city of Obregon and 250 kilometers from the Guaymas port facility in the state of Sonora, Mexico. The El Volcan operations control all of the mineral rights and surface rights needed to mine and process its estimated 2013 iron ore reserves. ArcelorMittal operates a concentrating facility along with an open pit mine and a pre-concentration facility at the mine site. The mine site is accessible by a 90-kilometer road from the city of Obregon, where the concentrator is located.

Government concessions are granted by the Mexican federal government for a period of 50 years and are renewable. The expiration dates of the current mining concessions range from 2021 to 2061.

The pre-concentration facilities at the mine include one primary crusher, one secondary crusher, a dry cobbing high intensity magnetic pulley and three tertiary crushers. The concentration plant includes two ball mills on line, a magnetic separation circuit, flotation systems, a belt conveyor filter and a disposal area for tails. The major port installations include a tippler for railroad cars, a conveyor, transfer towers and two ship loading systems. The mine exploitation and crushing operations and all transport activities are performed by contractors. The concentrate and port operations are operated with ArcelorMittal's own resources. The concentrate is transported by rail to the Pacific port of Guaymas and then shipped to the Lázaro Cárdenas steel plant or exported. The mining operation uses two Caterpillar 3516B electric generators in continuous operation, with one generator operating 24 hours per day at an average consumption of 540 kilowatt hours

Mining: iron ore and coal reserves and resources

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while the second generator is on standby. The concentration facility uses electric power from the national grid.

The Volcan mine concession was bought from the Sonora provincial government in 2004, followed by exploration of the property in 2005. The development of the mine started in 2007. Mining operations were halted during the 2008-2009 crisis and on several occasions due to structural problems in the crushing facilities. Operations have resumed without interruption since 2010. The Volcan operations produced 2.2 million tonnes of concentrate in 2013.

The iron mineralization at the El Volcan deposit presents many similarities with Peña Colorada, with magnetite rich skarn associated to the intrusion and extrusion of magmas rich in iron and formed in a volcanic environment. An active exploration program aims to extend the estimated remaining three-year mine life of the current open pit mine both through defining the down-dip extension of the mineralization zone being currently mined and by exploring other regional targets.

Las Truchas

The Las Truchas mine holds mining rights over 14,489 hectares to support its operations located approximately 27 kilometers southeast of the town of Lazaro Cardenas in the State of Michoacán, Mexico. The Las Truchas operations are accessible by public highway and control all the mineral rights and surface rights needed to mine and process its estimated 2013 iron ore reserves.

Government concessions are granted by the Mexican federal government for a period of 50 years and are renewable. The expiration dates of the current mining concessions range from 2021 to 2061.

The Las Truchas mine is an integrated iron ore operation. It began operating in 1976 as a government enterprise (Sicartsa), and its mining activities consist of an open pit mine exploitation, crushing, dry cobbing preconcentrate and concentration plant. The aggregated 2013 production concentrate, lumps and fines totaled 2.6 million tonnes. The concentrator includes one primary crusher, two secondary crushers and three tertiary crushers, one ball mill and one bar mill and two wet magnetic separation circuits. The electrical energy supplier for the Las Truchas mine is a state-owned company, Comisión Federal de Electricidad (CFE). The concentrated ore is pumped from the mine site through a 26-kilometer slurry pipeline to the steel plant facility in Lazaro Cardenas.

The Las Truchas deposits consist of massive concentrations of magnetite of irregular morphology. The main Las Truchas deposits occur along a trend of about seven kilometers long and about two kilometers wide. The Las Truchas mineral deposits have been classified as hydrothermal deposits, which may have originated from injections of late stage-plutonic-activity through older sedimentary rocks. The mineralization of the Las Truchas iron deposits occurs in disseminated and irregular massive concentrations of magnetite within metamorphic rocks and skarns. The mineralization also occurs as fillings of faults, breccia zones, and fractures.

ArcelorMittal Brasil – Andrade Mine

ArcelorMittal Brazil holds mining rights over the central claims of the Andrade deposit over 27,333,100 square meters located approximately 80 kilometers east of Belo Horizonte in the Minas Gerais state of Brazil. ArcelorMittal's operations control all of the mineral rights and surface rights needed to mine and process its estimated 2013 iron ore reserves. ArcelorMittal operates an open pit mine and a crushing facility. The mine site is accessible by 110 kilometers of public highway from Belo Horizonte. Power is mostly generated from hydroelectric power plants and supplied by CEMIG, an open capital company controlled by the Government of the State of Minas Gerais.

The Andrade mine supplies sinter feed to ArcelorMittal Long Carbon – João Monlevade integrated plant through an internal railway of 11 kilometers. Companhia Siderurgica Belgo-Mineira ('CSBM') initiated mining operations at the property in 1944 in order to facilitate the supply of ore to its steel plant in Joao Monlevade. The mine was managed by CSBM until 2000. In 2000, Vale acquired the property, although the mine continued to be operated by CSBM until Vale entered into a 40-year lease for the Andrade mineral rights in 2004 (subject to the condition that the supply to CSBM would be assured). In November 2009, Vale returned the Andrade mine to CSBM, which then transferred it to ArcelorMittal. In 2013, the Andrade mine produced 2.5 million tonnes of sinter feed. An increase of the mine's production capacity to 3.5 million tonnes per year of sinter feed was completed in 2012. In 2013 a cross road was built in order to improve shipments to the local Brazilian market.

ArcelorMittal Mineração Serra Azul

ArcelorMittal Mineração Serra Azul holds mining rights over the central and east claims of the Serra Azul deposit over 6,006,700 square meters, located approximately 50 kilometers southwest of the town of Belo Horizonte in the Minas Gerais state of Brazil. ArcelorMittal's operations control all of the mineral rights and surface rights needed to mine and process its estimated 2013 iron ore reserves. ArcelorMittal operates an open pit mine and a concentrating facility. The mine site is accessible by 80 kilometers of public highway from Belo Horizonte.

In addition to the open pit mine, processing operations consist of a crushing facility and a three-line concentration facility including screening, magnetic separation, spirals separators and jigging. Production is transported either by truck for local clients of lump, or by truck to two railway terminals located 35 and 50 kilometers, respectively, from the mine site for selling to local clients of sinter feed or for export through third-party port facilities located in the Rio de Janeiro State. Sinter feed production is shipped to ArcelorMittal's plants in Europe as well as to the local Brazilian market including the ArcelorMittal Brasil integrated plants. The Companhia Energética de Minas Gerais (CEMIG) supplies power through a 13,800 volt line from Mateus Leme, located 20 kilometers from the mine. The electricity is locally transformed into 380 volts by six transformers spread around the operation. Minas Itatiauçu (MIL) initiated mining operations at the property in 1946. In 2007, London Mining Brazil Mineração Ltda (London Mining) purchased the mineral rights from MIL. Following the acquisition of the property from London Mining, ArcelorMittal has operated the mine since 2008. In 2013, ArcelorMittal Mineração Serra Azul produced 1.4 million tonnes of lumps and sinter fines.

Both the Andrade and Serra Azul mines are located in the Iron Quadrangle (Quadrilátero Ferrifero), a widely-explored and mined region. The mineralization occurs as Itabirites, banded hematite-silica rocks, with varying weathering degrees. While the Serra Azul ore reserve estimates are constituted of rich friable Itabirites requiring some beneficiation, the Andrade ore reserve estimates are dominated by directly shippable hematite ore.

ArcelorMittal Tebessa

ArcelorMittal Tebessa holds mining rights over 14 square kilometers over two main areas to support its iron ore mining operations: the Ouenza open pit mine and the Boukhadra underground mine located 150 and 180 kilometers, respectively, from the Annaba ArcelorMittal steel plant in southeast Algeria near the Tunisian border. Both mines can be accessed by road and by electrified railways that run between the mines and the ArcelorMittal Annaba steel plant.

Processing at the mines is limited to primary crushing. The two mines produced 0.7 million metric tonnes of lumps and sinter fines in 2013. Electric power constitutes the sole source of energy for both mines and the crushing facilities and is provided from the state power grid. In 1913, the Societe de L'Ouenza was created and mining of the ore began in 1921. The mines were nationalized in 1966 following Algeria's independence from France. In 1983, the Ferphos Company was created and, in 1990, it became autonomous from the government. Since October 2001, both the Ouenza mine and the Boukhadra mine have been

Mining: iron ore and coal reserves and resources

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owned by ArcelorMittal (70%) and Ferphos (30%), an Algerian public sector company.

Although both the Ouenza and Boukhadra mines have been producing iron ore for several decades, no iron ore reserves are reported for these mines in 2013 due to material deficiencies in the drilling data recording and archiving process. ArcelorMittal intends to conduct drilling campaigns at the two mines in accordance with industry best practices. The Ouenza and Boukhadra deposits principally consist of hematite that results from the oxidization of siderites and pyrites.

Following the strategic agreement signed on October 5, 2013 between ArcelorMittal and Sider, the Company will sell to Sider a 21% controlling stake in ArcelorMittal Tebessa in 2014 .

ArcelorMittal Prijedor

ArcelorMittal Prijedor, located near Prijedor in the Republic of Srpska in Bosnia and Herzegovina, is an iron ore mining operation that is 51%-owned by ArcelorMittal. ArcelorMittal Prijedor holds mining rights over 2,000 hectares to support ArcelorMittal's steel-making operations located approximately 243 kilometers south of Prijedor in northern Bosnia (Zenica). ArcelorMittal Prijedor has no reason to believe that it will not maintain the operating licenses required to continue operations and process its estimated 2013 iron ore reserves. The operation is in close proximity to long-established public roads. The production process includes crushing, with hydro-cyclones and magnetic separation at the concentration plant. The plant is close to the mine site, and materials are transported through a conveyor. Power is supplied from the national grid through a local power distribution company. In 2013, ArcelorMittal Prijedor produced 2.1 million tonnes of aggregated lumps and fines.

In 1916, Austrian mining companies established the first industrial production of iron ore in the Prijedor area. The mines were nationalized in the 1950s, and were then owned by Iron Mines Luubija Company until Mittal Steel acquired 51% of the company in 2004.

The Omarska deposit is composed of two ore bodies: Jezero and Buvac. The Jezero open pit began operating in 1983 and, following an interruption in production during the Bosnian civil war in the 1990s, production resumed in 2004.

However, since 2011, ore has only been produced at the Buvac pit. The Buvac pit was opened in 2008 and is located within a carboniferous clastic and carbonates sediments containing iron mineralization in the form of beds concordant with host rocks or in the form of massive irregular blocks. The genesis of this deposit is attributed to hydrothermal replacement and syn-sedimentary processes. Buvac ore body is mainly composed of limonite-goethite mineralization, which was formed during weathering oxidization of the primary siderite bodies.

ArcelorMittal Kryviy Rih

ArcelorMittal Kryviy Rih ('AMKR') holds mining and surface rights to support its operations located roughly within the limits of the city of Kryviy Rih, 150 kilometers southwest of Dnepropetrovsk, Ukraine over 4,373 hectares. AMKR's operations control all of the mineral rights and surface rights needed to mine and process its estimated 2013 iron ore reserves. AMKR operates a concentrating facility, along with two open pit and one underground iron ore mines. The iron ore deposits are located within the southern part of the Krivorozhsky iron-ore basin. Access to the mines is via public roads, which are connected by a paved highway to Dnepropetrovsk. The area is well served by rail. Power is supplied by the Ukraine government and is generated from a mix of nuclear, gas and coal-fired power stations. AMKR has two iron ore mines: an open pit mine feeding a concentration plant that produced 10.2 million tonnes of concentrate in 2013, known as the Kryviy Rih open cast, and an underground mine with production of 1 million tonnes of lump and sinter feed in 2013, known as the Kryviy Rih underground mine.

The expiration of the agreements on the subsoil use conditions and the subsoil use permits range from 2016 to 2021, while the land lease agreements expiration range from 2060 to 2061.

The iron ore extracted from the Kryviy Rih open cast is first processed at the mine site through primary crushing. After initial processing, the product is loaded on a rail-loading facility and transported to the crushing plant. The concentrator production process includes crushing, classification, magnetic separation and filtering. The iron ore extracted from the Kryviy Rih's underground mine by a modified sub-level caving method is crushed on surface and transported by rail to the steel plant. The main consumer of the sinter and concentrate products is the ArcelorMittal Kryviy Rih steel plant, with some concentrate being shipped to other ArcelorMittal affiliates in Eastern Europe, as well as to third parties. Operations began at the Kryviy Rih open cast in 1959 and at the Kryviy Rih underground mine in 1933. ArcelorMittal acquired the operations in October 2005 from the State Property Fund of Ukraine.

The iron mineralization is hosted by early Proterozoic rocks containing seven altered ferruginous quartzite strata with shale layers. The major iron ore bearing units in the open pit mines have carbonate-silicate-magnetite composition. In addition, oxidized quartzite is mined simultaneously with primary ore but cannot be processed at present and is stored separately for future possible processing. Only the magnetite mineralization is included in the 2013 open pit iron ore reserve estimates. The underground mine is hosted by a ferruginous quartzite with martite and jaspilite.

Lisakovsk, Kentobe, Atasu, Atansore (Temirtau Iron Ore)

ArcelorMittal Temirtau (formerly known as Ispat Karmet, Kazakhstan) has four iron ore mining operations in Kazakhstan. The mines are Lisakovsk, Kentobe, Atasu and Atansore. The four mines are connected by all-weather roads and railways. Dispatch of ore from these mines to the ArcelorMittal steel plant is by railway. ArcelorMittal Termitau's operations control all of the mineral rights and surface rights needed to mine and process its estimated 2013 iron ore reserves.

Lisakovsk is an open pit operation located in northwest Kazakhstan about 1,100 kilometers from Temirtau, with production of 2.1million tonnes of concentrate in 2013. This mine was initially commissioned in 1976 and was acquired by ArcelorMittal in 1999. The existing subsoil agreement expires in 2020. The production process comprises crushing, screening, grinding, wet jigging and wet magnetic separation. The iron mineralization at Lisakovsk occurs as oolite containing mainly hygoethite and goethite. The phosphorous content in the mineralization limits its utilization in the steel-making process. At Lisakovsk, natural gas is supplied by KazTransGazAimak JSC and transmitted through the local grid. Electric power for the other facilities is supplied by Stroiinvest and Sarbai Interregional.

Kentobe is an open pit operation located about 300 kilometers southeast of Temirtau, initially started in 1994, with production of 0.7 million tonnes of concentrate in 2013. It was acquired by ArcelorMittal in 2001. The existing subsoil agreement expires in 2015. Ore processing is performed by crushing and dry magnetic separation, producing coarse concentrate. The Kentobe mine is located in the Balkhash metallogenic province hosting numerous volcanic, sedimentary and hydrothermal deposits. The mineralization at Kentobe includes two types of iron ore: oxidized and primary magnetite. The magnetite mineralization constitutes the vast majority of the 2013 estimated ore reserves. Electric power is supplied to the Kentobe operations by Karaganda Energosbyt LLP.

Atasu is an underground mine operation located about 400 kilometers south/southwest from Temirtau with production of 0.6 million tonnes of lump and fines in 2013. The mine began operating in 1956 with open pit exploitation of near surface reserves. Surface operations ended in 1980. Underground operations commenced in 1976. ArcelorMittal Temirtau acquired the mine in 2003 and operations continue to consist of underground mining. The existing subsoil agreement expires in 2014, renewal of licence is in progress. Processing comprises of crushing and wet jigging. The Atasu mine is hosted by the West Karazhal deposit, which is a primary magnetite ore with associated

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manganese mineralization. Studies have indicated that the deposit could have a sedimentary-volcanogenic origin caused by underwater hydrothermal activity. The mine receives electric power from the Prometei-2003 grid via NovoKarazhal substation.

Atansore is an open pit operation located about 500 kilometers northeast of Temirtau with production of 0.4 million tonnes of concentrate and fines in 2013. The mining lease was obtained by ArcelorMittal in 2004. The existing subsoil agreement expires in 2029. The Atansor deposit is located within skarn zones related to a volcanic intrusion that can be traced for more than 1.5 kilometers. The mineralization includes both martitic oxidized ore and primary magnetite ore. A new concentrator is processing the magnetite portion of the ore by simple dry crushing and magnetic separation while the low-grade oxidized portion of the ore is sold as fines to a third party for further beneficiation. At the Atansore operations, electric power is provided from the Kokshetauenergo center.

ArcelorMittal Liberia

ArcelorMittal (Liberia) Holdings Limited ('AMLH'), through its agent (and subsidiary) ArcelorMittal Liberia Limited ('AML'), has started to extract 'direct shippable' iron ore from the first of three deposits in the Mt. Tokadeh, Mt. Gangra and Mt. Yuelliton mountain ranges in northern Nimba, Liberia. Mining commenced in June 2011. AML signed a Mineral Development Agreement (MDA) in 2005 with the Government of Liberia ('GOL') that is valid for 25 years and renewable for an additional 25-year period. The MDA covers three deposits to support AML's operations located approximately 300 kilometers northeast of Monrovia, Liberia over 513 square kilometers. These three deposits are grouped under the name 'Western Range Project', which includes the Tokadeh, Gangra and Yuelliton deposits. In addition to the rights to explore and mine iron ore, the GOL has granted the right to develop, use and operate and maintain the Buchanan to Yekepa railroad and Buchanan port. A phased approach has been taken to establish the final project configuration. Currently only high grade ore reserves of oxidized iron ore (direct shipping ore, or DSO) are mined. This ore only requires crushing and screening to make it suitable for export.

The materials-handling operation consists of stockyards at both the mine and port areas, linked by a 250-kilometer single track railway running from Tokadeh to the port of Buchanan. Production in 2013 was at 4.1 million tonnes. The power for the current Liberia DSO operations is obtained from a combination of diesel and electric sources. Planning and construction of the project were commenced in 1960 by a group of Swedish companies, which ultimately became the Liberian American-Swedish Minerals Company (LAMCO), and production commenced on the Nimba deposit in 1963. Production reached a peak of 12 million metric tonnes in 1974 but subsequently declined due to market conditions. Production started at Mt. Tokadeh in 1985 to extend the life of the Nimba ore bodies to 1992 when operations ceased due to the Liberian civil war. In 2005, Mittal Steel won a bid to resume operations and signed the MDA with the GOL. Rehabilitation work on the railway started in 2008 and, in June 2011, ArcelorMittal started mining operations at Tokadeh, followed by a first shipment of iron ore in September 2011.

The Nimba Itabirites is a 250 to 450 meter thick recrystallized iron formation. Although the iron deposits at Tokadeh, Gangra and Yuelliton fit the general definition of Itabirite as laminated metamorphosed oxide-facies iron formation, they are of lower iron grade than the ore previously mined at Mount Nimba. Tropical weathering has caused the decomposition of the rock forming minerals resulting in enrichment in the iron content that is sufficient to support a DSO operation.

Coal

ArcelorMittal Princeton

The ArcelorMittal Princeton ('AMP') properties are located in McDowell County, West Virginia and Tazewell County, Virginia, approximately 30 miles west of the city of Princeton, West Virginia, where AMP's corporate office is located. The properties consist of two operating areas: the Low Vol operations and the Mid Vol operations, which are situated south of U.S. Route 52. High-voltage power lines, typically 12,500 volts, deliver power to work stations where transformers reduce voltage for specific equipment requirements.

The larger Low Vol operations are located in McDowell County, West Virginia, near the communities of Northfork, Keystone, Eckman, Gary, Berwind, and War. The Eckman Plant, Dans Branch Loadout, Eckman 2 and Redhawk 1 surface mines are also located here, as well as the following deep mines: XMV Mine Nos. 32, 35, 37, 39, 40 and 42.

The Mid Vol operations are in southeastern McDowell County, West Virginia and northwestern Tazewell County, Virginia. The nearest communities are Horsepen and Abbs Valley, Virginia as well as Anawalt, West Virginia. The mine operations office is located at Horsepen, Virginia near the Mid Vol operations.

The property has a long history of coal mining, mostly by predecessors in title to AMP. Significant underground mining of some of the deeper coal seams on the properties have occurred, notably the Pocahontas no. 3 and no. 4 seams. In addition, a substantial amount of the thicker coal outcrops have been previously contour mined, providing access for highwall mining and on-bench storage of excess spoil from future, larger-scale surface mining. AMP was created in 2008 when the Mid-Vol Coal Group and the Concept Mining Group were integrated.

The properties are located in the Pocahontas Coalfields of the Central Appalachian Coal Basin. The Carboniferous age coal deposits are situated in the Pottsville Group, New River and Pocahontas Formations. The rock strata, including the coal deposits, are sedimentary rocks formed by alluvial, fluvial, and deltaic sediments deposited in a shallow, subsiding basin. The most common rock types are various types of sandstone and shale. The coal deposits are typically in relatively thin coal beds, one to five feet thick.

The combined production of the mines in 2013 was 2.6 million tonnes of washed and directly shippable coal.

ArcelorMittal Temirtau (Karaganda Coal Mines)

ArcelorMittal Temirtau has eight underground coal mines and two coal preparation plants (CPP "Vostochnaya" and Temirtau Washery-2). The coal mines of ArcelorMittal Temirtau are located in the Karaganda Coal Basin. The basin is more than 3,000 square kilometers and was formed by strata of Upper Devonian and Carbonic ages, Mesozoic and Cainozoic formations. Due to structural peculiarities, the coal basin is divided into three geology-based mining areas: Karagandinskiy, Sherubay-Nurinskiy and Tentekskiy.

The mines are located in an area with well-developed infrastructure around the regional center of Karaganda city. Within a distance of 10 to 60 kilometers are the following satellite towns: Shakhtinsk, Saran and Abay, as well as Shakhan and Aktas. All mines are connected to the main railway, and coal is transported by railway to the coal wash plants and power stations.

The Kostenko mine began operations in 1934 and merged with the neighboring Stakhanovskaya mine in 1998. The field of Kostenko mine falls within the Oktyabrskiy district of Karaganda city.

The Kuzembaeva mine was established in 1998. The nearest communities are Saran, Abay and Shakhtinsk, which are located 18 kilometers to the northeast, 15 kilometers to the southeast and 12 kilometers to the west, respectively. The eastern part of the mine falls within the center of Karaganda City.

The Saranskaya mine began operations in 1955. It merged with the Sokurskaya mine in mid-1997 and the Aktasskaya mine in 1998. The nearest communities are Saran, Abay and Shakhtinsk, which are located 18 kilometers to the northeast, 15 kilometers to the southeast and 12 kilometers to the

Mining: iron ore and coal reserves and resources

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west, respectively. Karaganda City is located approximately 35 kilometers to the northeast.

Kostenko, Kuzembaeva and Saranskaya mines receive energy from public district networks through transforming substations of Karagandaenergo Company.

The Abayskaya mine began operations in 1961. In 1996, it was merged with the Kalinina mine. The nearest communities are Saran, Abay and Shakhtinsk, which are located 18 kilometers to the northeast, 15 kilometers to the southeast and 20 kilometers to the west, respectively. Karaganda City is located approximately 30 kilometers to the northeast.

The Kazakhstanskaya mine began operations in 1969. The nearest community is Shakhtinsk. Karaganda City is located approximately 50 kilometers to the northeast. The railway station at MPS-Karabas is located approximately 35 kilometers to the southeast.

The Lenina mine was put in operation in 1964 and was subsequently merged with Naklonnaya no. 1/2 mine in 1968. The nearest community is Shakhtinsk, located seven kilometers to the southeast, and Karaganda City, is located 50 kilometers to the northeast. The railway station MPS-Karabas is located 35 kilometers to the southeast.

The Shakhtinskaya mine began operations in 1973. The nearest community is Shakhtinsk, which is located ten kilometers to the southeast, and Shakhan, which is located seven kilometers to the north. Saran is located 18 kilometers to the east. Karaganda City is located approximately 35 kilometers to the east.

The Tentekskaya mine began operations in 1979. The nearest community is Shakhtinsk. Karaganda City is located approximately 50 kilometers to the northeast. The railway station MPS-Karabas is located approximately 35 kilometers to the southeast.

Abayskaya, Shakhtinskaya, Lenina, Tentekskaya and Kazakhstanskaya mines receive energy from high-voltage lines of Karaganda.

The subsoil use contract and license (all coal mines in Temirtau) will expire in 2022. Total land area under mining rights is 286 square kilometers.

The mines produce primarily coking coal used in steel-making at ArcelorMittal Temirtau as well as thermal coal for ArcelorMittal Temirtau's power plants. For beneficiation of coking coal, two washeries are operated. Surplus coal is supplied to ArcelorMittal Kryviy Rih in Ukraine, and to external customers in Russia and China. In 2013, the Karaganda Coal Mines produced 4.8 million tonnes of metallurgical coal and approximately 1.6 million tonnes of thermal coal consumed by the Temirtau steel operations.

ArcelorMittal Coal Mines Kuzbass

ArcelorMittal Coal Mines Kuzbass in Siberia, Russia includes the Berezovskaya and Pervomayskaya mines, as well as the Severnaya coal washery. ArcelorMittal holds approximately 98.64% of these mines. Power is supplied to JSC "Ugolnaya kompaniya "Severniy Kuzbass" from the wholesale market by the national grid company FSK (Federal Grid Company) Russia through grids of MRSK (Interregional Distribution Grid Company) Siberia.

The Berezovskaya mine began operations in 1958 and is located in the northeastern part of the Kemerovo district of Kuzbass, 30 kilometers from the city of Kemerovo. The mines' administrative division is located in the town of Berezovsky. There is a well-developed highway system in the region and the Novosibirsk-Achinsk federal highway connects to the mine via an asphalt road approximately 2.5 kilometers from the mine site. The mine is located within the boundaries of the Berezovo-Biryulinsky coal deposit in the Kuznetsk intermountain trough on the eastern side of the Kemerovo syncline.

The Pervomayskaya mine began operations in 1975 and is located in the northern part of the Kemerovo district of Kuzbass, 40 kilometers from the city of Kemerovo. The mine is located in an area that has a well-developed highway system. The Berezovsky – Anzhero-Sudzhensk highway is situated north of the mine.

The Severnaya wash plant is located adjacent to the Berezovskaya mine and began operations in 2006. It processes all of the coal from ArcelorMittal Kuzbass' mines. Coal is transported from the Berezovskaya mine and from the Pervomayskaya mine via rail.

The main consumers of the coking coal produced are some local coke producers and ArcelorMittal Kryviy Rih. In 2013, ArcelorMittal Coal Mines Kuzbass produced 0.7 million tonnes of metallurgical coal.

Capital expenditure projects

The following tables summarise the Company's principal growth and optimization projects involving significant capital expenditure completed in 2013 and those that are currently ongoing.

Completed projects

Segment	Site	Project	Capacity/particulars	Actual completion
Mining	ArcelorMittal Mines Canada	Replacement of spirals for enrichment	Increase iron ore production by 0.8mt/year	1Q 2013
Mining	ArcelorMittal Mines Canada	Expansion project	Increase concentrator capacity by 8mt/year (16 to 24mt/year)	2Q 2013 [1]

Ongoing projects [2]

Segment	Site	Project	Capacity/particulars	Actual completion
Mining	Liberia mines	Phase 2 expansion project	Increase production capacity to 15mt/ year (iron ore premium sinter feed concentrate)	2015 [3]

[1] *Final capex for the ArcelorMittal Mines Canada expansion project was US$1.6 billion. The ramp-up of expanded capacity at ArcelorMittal Mines Canada hit a run-rate of 24mt by year end 2013.*

[2] *Ongoing projects refer to projects for which construction has begun (excluding various projects that are under development), or have been placed on hold pending improved operating conditions.*

[3] *The Phase 2 expansion of the Liberia project to a production capacity of 15 million tonnes per annum sinter feed is underway. The first sinter feed production is expected at the end of 2015, replacing the Phase 1 – 4 million tonnes per annum direct-shipped operation.*

Mining: iron ore and coal reserves and resources

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Reserves and resources (iron ore and coal)

Introduction

ArcelorMittal has both iron ore and metallurgical coal reserves. The Company's iron ore mining operations are located in the United States, Canada, Mexico, Brazil, Liberia, Bosnia, Ukraine, Algeria and Kazakhstan. In Canada, the Company is developing a large greenfield project on Baffin Island. The Company's metallurgical coal mining operations are located in the United States, Kazakhstan and Russia.

The estimates of proven and probable ore reserves and mineral resources at the Company's mines and projects and the estimates of the mine life included in this annual report have been prepared by ArcelorMittal's experienced engineers and geologists. Cardno MM&A prepared the estimates of reserves for the Princeton underground and open pit operations. The reserve calculations were prepared in compliance with the requirements of USA Securities and Exchange Commission's ('SEC') Industry Guide 7 and the mineral resource estimates were prepared in accordance with the requirements of Canadian National Instrument NI 43-101, under which:

- reserves are the part of a mineral deposit that could be economically and legally extracted or produced at the time of the reserve determination.
- proven reserves are reserves for which (a) quantity is computed from dimensions revealed in outcrops, trenches, working or drill holes; grade and/or quality are computed from the results of detailed sampling; and (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.
- probable reserves are reserves for which quantity and grade and/or quality are computed from information similar to that used for proven reserves, but the sites for inspection, sampling and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven reserves, is high enough to assume continuity between points of observation.
- The mineral resource estimates constitute the part of a mineral deposit that have the potential to be economically and legally extracted or produced at the time of the resource determination. The potential for economic viability is established through high level and conceptual engineering studies.
- A 'measured mineral resource' is that part of a mineral resource for which quantity, grade or quality, densities, shape, and physical characteristics are so well established that they can be estimated with confidence sufficient to allow the appropriate application of technical and economic parameters, to support production planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough to confirm both geological and grade continuity.
- An 'indicated mineral resource' is that part of a mineral resource for which quantity, grade or quality, densities, shape and physical characteristics, can be estimated with a level of confidence sufficient to allow the appropriate application of technical and economic parameters, to support mine planning and evaluation of the economic viability of the deposit. The estimate is based on detailed and reliable exploration and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes that are spaced closely enough for geological and grade continuity to be reasonably assumed.
- An 'inferred mineral resource' is that part of a mineral resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

The ore reserve and mineral resource estimates are updated annually in order to reflect new geological information and current mine plan and business strategies. The Company's reserve estimates are of in-place material after adjustments for mining depletion and mining losses and recoveries, with no adjustments made for metal losses due to processing. The mineral resource estimates are of in-situ wet metric tonnage material prior to adjustments for mining recovery and dilution factors and reported exclusive (in addition to ore reserve estimates).

For a description of risks relating to reserves and resource estimates, see the risk factor entitled 'ArcelorMittal's reserve and resource estimates may materially differ from mineral quantities that it may be able to actually recover; ArcelorMittal's estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves uneconomical to mine' (more details page 59).

The demonstration of economic viability is established through the application of a life of mine plan for each operation or project providing a positive net present value on a cash-forward looking basis. Economic viability is demonstrated using forecasts of operating and capital costs based on historical performance, with forward adjustments based on planned process improvements, changes in production volumes and in fixed and variable proportions of costs, and forecasted fluctuations in costs of raw material, supplies, energy and wages. Detailed independent verifications of the methods and procedures used are conducted on a regular basis by external consultants. Sites are reviewed on a rotating basis; all operations with significant ore reserve and mineral resource estimates as of December 31, 2011 were independently audited in 2012 by Roscoe Postle Associates and SRK Consulting (UK) Limited and no material changes to the 2011 year-end iron ore and coal reserve and resource estimates were recommended by them. The year-end 2013 ore reserve and mineral resource estimates were independently estimated by Roscoe Postle Associates for the Baffinland project and by Cardno MM&A for the Princeton coal operations.

ArcelorMittal owns less than 100% of certain mining operations; reserve and resource estimates have not been adjusted to reflect ownership interests and therefore reflect 100% of the reserves and resources of each mine. Please see the table above under "Mining" for the ownership interest of ArcelorMittal in each mine. All of the reserve figures presented represent estimates at December 31, 2013 (unless otherwise stated).

Mine life is derived from the life of mine plans and corresponds to the duration of the mine production scheduled from ore reserve estimates only.

The Company's mineral leases are of sufficient duration (or convey a legal right to renew for sufficient duration) to enable all ore reserves on the leased properties to be mined in accordance with current production schedules. Ore reserves may include areas where some additional approvals remain outstanding but where, based on the technical investigations the Company carries out as part of its mine planning process and its knowledge and experience of the approvals process, the Company expects that such approvals will be obtained as part of the normal course of business and within the timeframe required by the current life of mine schedule.

In eastern Europe (Bosnia) and the Commonwealth of Independent States (CIS), ArcelorMittal has conducted in-house and independent reconciliations of ore reserve and mineral resource estimate classifications based on Industry Guide 7, National Instrument NI 43-101 and standards used by the State Committee on reserves, known as the GKZ in the CIS. The GKZ constitute the legal framework for reserve and resource reporting in several former Soviet Union countries where ArcelorMittal

Mining: iron ore and coal reserves and resources

continued

operates mines. On the basis of these reconciliations, ArcelorMittal's mineral resources have been classified as measured for categories A and B, indicated for category C1 and inferred for category C2. Ore reserves have been estimated by applying mine planning, technical and economic assessments defined as categories A, B and C1 only according to the CIS standards. In general, provided Guide 7's economic criteria for reserves are met (which is the case here), A+B is equivalent to 'proven' and C1 is equivalent to 'probable'.

The reported iron ore and coal reserves contained in this annual report do not exceed the quantities that the Company estimates could be extracted economically if future prices were at similar levels to the average contracted price for the three years ended to December 31, 2013. The average iron ore reference price for the last three years (2011 – 2013) was US$144.8/dmt CFR China duly adjusted for quality, Fe content, logistics and other considerations. For the same period, the average coal reference price was US$218.9/tonne FOB Australia. The Company establishes optimum design and future operating cut-off grade based on its forecast of commodity prices and operating and sustaining capital costs. The cut-off grade varies from operation to operation and during the life of each operation in order to optimize cash flow, return on investments and the sustainability of the mining operations. Sustainability in turn depends on expected future operating and capital costs.

Tonnage and grade estimates are reported as 'Run of Mine'. Tonnage is reported on a wet metric basis.

Iron ore reserve and resource estimates

The tables below detail ArcelorMittal's estimated iron ore reserves and resources as at December 31, 2013. The classification of the iron ore reserve estimates as proven or probable and of the iron ore resource estimates as measured, indicated or inferred reflects the variability in the mineralization at the selected cut-off grade, the mining selectivity and the production rate and ability of the operation to blend the different ore types that may occur within each deposit. Proven iron ore reserve and measured mineral resource estimates are based on drill hole spacing ranging from 25m x 25m to 100m x 100m, and probable iron ore reserve and indicated mineral resource estimates are based on drill hole spacing ranging from 50m x 50m to 300m x 300m. Inferred mineral resource estimates are based on drill hole spacing ranging from 100m x 100m to 500m x 500m.

	As at December 31, 2013						As at December 31, 2012	
	Proven ore reserves		Probable ore reserves		Total ore reserves		Total ore reserves	
Business units	Million tonnes	% Fe	Million tonnes	% Fe	Million tonnes	% Fe	Million tonnes	% Fe
Canada (excluding Baffinland)	2,112	30.3	85	28.8	2,197	30.2	1,952	28.4
Baffinland – Canada	108	65.4	272	66.0	380	65.8	375	64.7
Minorca – USA	139	23.4	4	22.7	143	23.4	151	23.3
Hibbing – USA	282	19.1	21	18.9	303	19.1	321	19.1
Mexico (excluding Peña Colorada)	49	29.0	77	28.0	126	28.4	136	29.8
Peña Colorada – Mexico	120	23.6	131	22.9	251	23.2	259	23.6
Brazil	100	58.9	20	53.2	120	57.9	121	58.2
Liberia	–	–	505	48.5	505	48.5	526	48.4
Bosnia	–	–	29	45.8	29	45.8	32	45.8
Ukraine open pit	222	33	–	–	222	33.0	245	33.0
Ukraine underground	24	55	–	–	24	54.8	24	55.0
Kazakhstan open pit	31	37.0	249	39.7	280	39.4	150	39.4
Kazakhstan underground	–	–	29	45.0	29	45.0	37	42.3
Total					4,609	35.5	4,331	34.7

Mining: iron ore and coal reserves and resources

continued

	As at December 31, 2013				As at December 31, 2012			
	Measured and indicated resources		Inferred resources		Measured and indicated resources		Inferred resources	
Business units	Million tonnes	% Fe	Million tonnes	% Fe	Million tonnes	% Fe	Million tonnes	% Fe
Canada (excluding Baffinland)	3,663	29.6	1,850	29.0	4,931	29.3	1,082	29.1
Baffinland – Canada	55	65.6	545	66.2	41	65.0	444	66.2
Minorca – USA	339	22.3	7	22.2	161	22.7	91	23.2
Hibbing – USA	260	18.2	1	16.2	260	18.2	1	16.2
Mexico (excluding Peña Colorada)	63	28.0	71	27.0	55	28.0	73	27.5
Peña Colorada – Mexico	101	27.3	–	–	90	24.6	5	24.2
Brazil	240	38.5	77	37.4	321	38.0	131	36.0
Liberia	45	43.5	2,206	38.8	39	44.0	1,968	40.0
Algeria	–	–	92	53.0	–	–	93	53.0
Bosnia	2	41.3	–	–	–	–	–	–
Ukraine open pit	507	33.4	–	–	823	37.0	–	–
Ukraine underground	365	36.5	353	32.5	43	55.0	–	–
Kazakhstan open pit	834	34	5	48	1,018	34.7	93	29.0
Kazakhstan underground	448	51.2	30	49.6	437	51.7	30	51.2
Total	6,921	32.0	5,237	37.9	8,219	32.1	4,010	39.3

Supplemental information on iron ore operations

The table below provides supplemental information on the producing mines:

Operations/projects	% ownership	In operation since	2013 run-of-mine production (million tonnes) *	2013 saleable production (million tonnes) [1] *	Estimated mine life (years) [2]
Canada (excluding Baffinland)	85	1976	58.6	18.0	32
Baffinland – Canada	50		Project in development		21
Minorca – USA	100	1977	9.0	2.9	16
Hibbing – USA	62.31	1976	28.1	7.7	10
Mexico (excluding Peña Colorada)	100	1976	8.4	4.8	20
Peña Colorada – Mexico	50	1974	9.5	3.9	18
Brazil	100	1944	5.6	3.9	20
Algeria	70	1921	0.8	0.7	N/A[3]
Liberia	85	2011	3.9	4.1	19
Bosnia	51	2008	2.9	2.1	10
Ukraine open pit	95.13	1959	24.4	10.2	7
Ukraine underground	95.13	1933	1.1	1.0	15
Kazakhstan open pit	100	1976	5.7	3.1	32
Kazakhstan underground	100	1956	1.0	0.6	18

[1] *Saleable production is constituted of a mix of direct shipped ore (DSO), concentrate, pellet feed and pellet products which have an iron content of approximately 65% to 66%. Exceptions in 2013 included the DSO produced in Bosnia, Ukraine underground and the Kazakh mines which have an iron content ranging between 55% to 60% and are solely for internal use at ArcelorMittal's regional steel plants. The DSO produced from Liberia had an average iron content of approximately 60% in 2013 while the sinter fines produced for external customers in Brazil from the Serra Azul operations averaged approximately 62% and the lumps averaged 60.5%.*

[2] *The estimated mine life reported in this table corresponds to the duration of the production file of each operation based on the 2013 year-end iron ore reserve estimates only. The production varies for each operation during the mine life and as a result the mine life is not the total reserve tonnage divided by the 2013 production. ArcelorMittal believes that the life of these operations will be significantly expanded as exploration and engineering studies confirm the economic potential of the additional mineralization already known to exist in the vicinity of these iron ore reserve estimates.*

[3] *Estimated mine life from iron ore reserve estimates is not available by end of 2013 due to deficiencies in the drilling data recording and archiving process.*

* *Represents 100% of production.*

Mining: iron ore and coal reserves and resources

continued

Changes in Iron Ore Reserve Estimates: 2013 versus 2012

The Company's iron ore reserve estimates have increased between December 31, 2012 and 2013 by 278 million metric tonnes of Run of Mine. This increase is mostly due to a revision of the life of mine plan of the Canadian operations in Mt Wright and Fire Lake resulting in the addition of 300 million metric tonnes and an update of the mine plan of the Lisakovski open pit operation in Kazakhstan resulting in the addition of 130 million metric tonnes. This increase was partially offset by approximately 159 million tonnes from the 2013 mining depletion. Other minor re-evaluations of ore reserves totalled a net increase of 7 million tonnes between the 2012 and the 2013 year-end reserve estimates. The average Fe grade increased by 0.8% on an absolute basis essentially due to the addition of higher grade iron ore reserves in Canada.

Changes in iron mineral resource estimates: 2013 versus 2012

Iron measured and indicated mineral resource estimates have decreased between December 31, 2012 and 2013 by 1,298 million metric tonnes of run-of-mine. The reduction of measured and indicated resources is explained mostly through conversion to reserve in Canada and by a reclassification to the inferred category in Canada based on a more prudent approach to geological risks at depth. The more prudent approach to geological uncertainty at depth also explains the decrease observed in Brazil. In Ukraine and Kazakhstan, a portion of the open pit mineral resource estimates were replaced by underground resource estimates resulting in a net increase in Kazahkstan. An increase in measured and indicated resource estimates also occurred at the Minorca mine (USA).

Iron inferred mineral resource estimates have increased between December 31, 2012 and 2013 by 1,227 million tonnes of run-of-mine. This change includes a 768 million tonnes increase in Canada due to reclassification of measured and indicated resources at depth and the addition of 459 million tonnes through additional drilling and re-evaluations in Baffinland, Liberia and at the Ukraine underground operations.

Overall, the increase in inferred resources largely offset the decrease in measured and indicated resources and when the increase in iron reserve estimates is considered, the total resource and reserve estimates have in fact increased between December 31, 2012 and December 31, 2013.

Metallurgical Coal Reserve and resource Estimates

The table below details ArcelorMittal's estimated metallurgical coal reserve and resource estimates as at December 31, 2013. The classification of coal reserve estimates as proven or probable and of coal resource estimates as measured, indicated or inferred reflects the variability in the coal seams thickness and quality, the mining selectivity and the planned production rate for each deposit. Proven coal reserve and measured coal resource estimates are based on drill hole spacing ranging from 50m x 50m to 500m x 500m and Probable coal reserve and indicated coal resource estimates are based on drill hole spacing ranging from 100m x 100m to 1,000m x 1,000m. Measured coal resource estimates are based on drill hole spacing ranging from 200m x 200m to 2,000 x 2,000m.

	As at 31 December 2013									As at 31 December 2012	
	Proven coal reserves		Probable coal reserves		Total coal reserves					Total coal reserves	
	ROM million tonnes	Wet recoverable million tonnes [1]	Million tonnes	Wet recoverable million tonnes [1]	Million tonnes	Wet recoverable million tonnes [1]	Ash (%)	Sulfur (%)	Volatile (%)	Million tonnes	Wet recoverable million tonnes [1]
Princeton-USA	96	58	16	8	112	66	6.5	0.68	17.1	116	69
Karaganda-Kazakhstan	18	9	160	80	178	89	10.5	0.69	27.0	173	83
Kuzbass - Russia	15	10	12	8	27	18	9.8	0.68	24.7	29	19
Total					318	173	8.9	0.69	23.0	318	170

[1] *Washed or directly shipped saleable tonnage. This tonnage does not include the production in Kazakhstan of approximately 2 million tonnes annually and 30 million tonnes for the life of the Kazakhstan mines of Run of Mine high ash coal which is sold internally within ArcelorMittal as thermal coal.*

	As at December 31, 2013				As at December 31, 2012			
	Measured and indicated coal resources		Inferred coal resources		Measured and indicated coal resources		Inferred coal resources	
Business units	ROM million tonnes	Wet recoverable million tonnes	Million tonnes	Wet recoverable million tonnes	Million tonnes	Wet recoverable million tonnes	Million tonnes	Wet recoverable million tonnes
Princeton - USA	96	50	4	2	92	52	4	2
Karaganda - Kazakhstan	566	283	8	4	551	260	8	5
Kuzbass - Russia	60	53	38	32	60	53	38	32
Total	722	386	50	38	703	365	50	39

Mining: iron ore and coal reserves and resources

continued

Supplemental information on metallurgical coal operations

The table below provides supplemental information on the producing mines:

Operations/projects	% ownership	In operation since	2013 run-of-mine production (million tonnes)	2013 wet recoverable production (million tonnes) [1]	Estimated mine life (years) [2]
Princeton – USA	100	1995	4.0	2.6	35
Karaganda – Kazakhstan	100	1934	11.1	4.8	14
Kuzbass – Russia	98.64	1958	1.2	0.7	15

[1] *Washed or directly shipped saleable tonnage. This tonnage does not include the production in Kazakhstan of approximately 2 million tonnes annually and 30 million tonnes for the life of the Kazakhstan mines of Run of Mine high ash coal which is sold internally within ArcelorMittal as thermal coal.*

[2] *The estimated mine life reported in this table corresponds to the duration of the production file of each operation based on the 2013 year-end metallurgical coal reserve estimates only. The production varies for each operation during the mine life and as a result the mine life is not the total reserve tonnage divided by the 2013 production. ArcelorMittal believes that the life of these operations will be significantly expanded as exploration and engineering studies confirm the economic potential of the additional mineralization already known to exist in the vicinity of these estimated coal reserves.*

Changes in Metallurgical Coal Reserve Estimates: 2013 versus 2012

Metallurgical coal reserve estimates have remained essentially unchanged between December 31, 2012 and 2013 as the annual mining depletion of 16.3 million tonnes was entirely offset by a corresponding addition of coal reserves at the Kazakhstan operations through re-evaluation of the mine plan. No other material changes have occurred between the 2012 and the 2013 year-end reserve estimates.

Changes in coal resource estimates: 2013 versus 2012

Iron measured and indicated coal resource estimates have increased between December 31, 2012 and 2013 by 19 million tonnes of run-of-mine due to re-evaluation in Kazakhstan and successful exploration programs in Princeton (USA). There was no change in the run-of-mine coal inferred resource estimates between December 31, 2012 and 2013.

Cautionary note concerning reserve and resource estimates:

With regard to ArcelorMittal's reported resources, investors are cautioned not to assume that any part or all of ArcelorMittal's estimated mineral deposits that constitute either 'measured mineral resources', 'indicated mineral resources' or 'inferred mineral resources' (calculated in accordance with the guidelines set out in Canadian National Instrument 43-101) will ever be converted into reserves. There is a particularly great deal of uncertainty as to the existence of 'inferred mineral resources' as well as with regard to their economic and legal feasibility and it should not be assumed that all or part of an 'inferred mineral resource' will ever be upgraded to a higher category.

Key performance indicators

The key performance indicators that we use to analyse operations are provided below.

Health and safety

(Lost time injury frequency rate for steel and mining)

2013	0.8
2012	1.0
2011	1.4
2010	1.8
2009	1.9

We have a clear and strong health and safety policy aimed at reducing the severity and frequency of accidents on a continuing basis across the entire organisation. The corporate health and safety department defines and follows-up performance targets and monitors results from every business unit and site. We have 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 figures of own personnel plus contractors, lost time injury frequency rate (LTIFR), significantly improved to 0.8 for the year 2013 from 1.0 for the year 2012. In 2013, a majority of the segments contributed to the significant overall improvement, in particular the Distribution Solutions, Flat Carbon Americas and Flat Carbon Europe segments. Despite this encouraging performance in LTIFR, there is still more work to be done; our effort to improve health and safety record will continue.

Sales

(US$ million)

2013	79,440
2012	84,213
2011	93,973
2010	78,025
2009	61,021

The majority of our steel sales are destined for domestic markets; these sales are usually approached as a decentralised activity, 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. In 2013, sales amounted to US$79.4 billion, as compared with 2012 sales of US$84.2 billion. This 6% decrease is primarily due to lower average steel selling prices (-5%), reflecting lower raw material prices, partially offset by improved marketable mining shipments (+22%).

Steel shipments

(Thousand tonnes)

2013	84,275
2012	83,775
2011	85,757
2010 [1]	84,952
2009 [2]	69,624

[1] 2010 steel shipments including discontinued operations amount to 86,681 thousand tonnes.
[2] 2009 steel shipments including discontinued operations amount to 71,071 thousand tonnes.

We had steel shipments of 84.3 million tonnes for 2013, representing a decrease of 1% from steel shipments of 83.8 million tonnes in 2012. Steel shipments increased in the Flat Carbon Europe segment (+5%) and declined in the Long Carbon (-1%), AACIS (-4%) and Distribution Solutions (-9%) segments.

Key performance indicators

continued

Crude steel production

(Liquid steel in thousand tonnes)

2013	91,186
2012	88,231
2011	91,891
2010 [1]	90,582
2009 [2]	71,620

[1] 2010 crude steel production including discontinued operations amounts to 92,629 thousand tonnes.
[2] 2009 crude steel production including discontinued operations amounts to 73,236 thousand tonnes.

In 2013, around 67.2 million tonnes of our crude steel were produced through the basic oxygen furnace route, around 20.9 million tonnes through the electric arc furnace route and around 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 2013, around 38% of our steel was produced in the Americas, 46% in Europe and 16% in other countries, such as Kazakhstan, South Africa and Ukraine.

Ebitda [1]

(US$ million)

2013	6,888
2012	7,679
2011	10,450
2010	8,732
2009	5,600

[1] On January 1, 2013, in accordance with IFRS as issued by the International Accounting Standards Board ('IASB'), ArcelorMittal mandatorily adopted IFRS 10 ('Consolidated Financial Statements'), IFRS 11 ('Joint Arrangements'), IFRS 12 ('Disclosure of Interests in Other Entities'), IFRS 13 ('Fair Value Measurement'), the revision of IAS 19 ('Employee Benefits') and IFRIC 20 ('Stripping Costs in the Production Phase of a Surface Mine'). Prior period 2012 information has been adjusted retrospectively for the mandatory adoption of these new standards and interpretations except for IFRS 13 which is applied only prospectively. The main effects for ArcelorMittal are related to the revision of IAS 19R which was applied retrospectively. Following the changes, the previously unrecognized actuarial gains and losses on pension liabilities are recorded in the statements of financial position in full against equity. It means that the previously unrecognized actuarial gains and losses are no longer recorded over time against profit and loss following the then allowed 'corridor approach'. All future actuarial gains and losses will also be immediately recognized in other comprehensive income (OCI). In addition, for purposes of measuring the net financial cost on pension liabilities/assets, the expected rate of return on assets must be equal to the discount rate applicable to liabilities.

Ebitda is defined as operating income plus depreciation, impairment expenses and exceptional items. We generated Ebitda of US$6.9 billion in 2013, a 10.7% improvement versus 2012 on an underlying basis.

Ebitda in 2013 included the positive impact of a US$47 million fair valuation gain relating to the acquisition of an additional ownership interest in DJ Galvanizing in Canada and US$92 million of DDH income.

Key performance indicators

continued

Average steel selling prices[2]

(US$ a tonne)

Flat Carbon Americas

2013	818
2012	854
2011	892
2010	781
2009	698

Flat Carbon Europe

2013	820
2012	863
2011	982
2010	821
2009	799

Long Carbon Americas and Europe

2013	848
2012	879
2011	937
2010	802
2009	743

Asia, Africa and CIS (AACIS)

2013	609
2012	667
2011	736
2010	608
2009	506

Distribution Solutions

2013	850
2012	886
2011	993
2010	832
2009	767

[2] *Average steel selling prices are calculated as steel sales divided by steel shipments.*

Average steel selling price for 2013 decreased 5% compared to 2012, following continued weakness in demand in Europe, a slight decline of demand in North America combined with increased competition in international markets.

Average steel selling price in the first half of 2013 decreased by 6% from the same period in 2012, while average steel selling price in the second half of the year was down 3% from the same period in 2012.

Key performance indicators

continued

Iron ore production[3]

(Million tonnes)

	Total own mines	Total strategic long-term contracts	Total
2013	58.4	11.7	70.1
2012	55.9	12.3	68.1
2011	54.1	11.1	65.2
2010	48.9	19.6	68.5
2009	37.7	15.0	52.7

[3] *Total of all finished production of fines, concentrate, pellets and lumps.*

We source significant portions of our iron ore needs from our own mines in Kazakhstan, Ukraine, Bosnia, Algeria, Canada, the United States, Mexico, Liberia and Brazil. In 2013, we expanded capacity of existing mines in Canada, started development of an early revenue phase in Baffinland, expanded capacity of our mines in Liberia, and completed the expansion of our mines in Brazil in the fourth quarter of 2012. In addition, we have prospective mining developments in India and Canada. Several of our steel plants also have in place off-take arrangements with mineral suppliers located near our production facilities, some of which supply the relevant plant's iron ore requirements on a cost-plus basis and are considered strategic long-term contracts.

Coal production

(Million tonnes)

	Total own mines	Total strategic long-term contracts	Total
2013	8.1	0.8	8.8
2012	8.2	0.7	8.9
2011	8.3	0.6	8.9
2010	7.0	0.4	7.4
2009	7.1	0.5	7.6

As with iron ore, we source a percentage of our coking coal from our own coal mines in Kazakhstan, Russia and the United States. Our mines in Kazakhstan supply substantially all the requirements for our steelmaking operations at ArcelorMittal Temirtau, while the mines in Russia and the United States supply other steel plants within the group together with external customers.

Operating results

Key indicators

The key performance indicators that ArcelorMittal's management uses to analyze operations are sales revenue, average steel selling prices, steel shipments, iron ore and coal production and operating income. Management's analysis of liquidity and capital resources is driven by operating cash flows.

Year ended December 31, 2013 compared to year ended December 31, 2012

Sales, steel shipments, average steel selling prices and mining production

The following tables provide a summary of ArcelorMittal's sales, steel shipments, changes in average steel selling prices by reportable segment and mining (iron ore and coal) production and shipments for the year ended December 31, 2013 as compared to the year ended December 31, 2012:

	Sales for the year ended December 31 [1]		Steel shipments for the year ended December 31 [2]		Changes in		
Segment	2012 (US$ million)	2013 (US$ million)	2012 (thousand tonnes)	2013 (thousand tonnes)	Sales (%)	Steel shipments (%)	Average steel selling price (%)
Flat Carbon Americas	20,152	19,474	22,291	22,341	(3)	–	(4)
Flat Carbon Europe	27,192	26,647	26,026	27,219	(2)	5	(5)
Long Carbon Americas and Europe	21,882	21,009	22,628	22,370	(4)	(1)	(4)
AACIS	10,051	8,305	12,830	12,345	(17)	(4)	(9)
Distribution Solutions	16,294	14,056	17,693	16,100	(14)	(9)	(4)
Mining	5,493	5,766	N/A	N/A	5	N/A	N/A
Total	84,213	79,440	83,775	84,275	(6)	1	(5)

[1] Amounts are prior to inter-company eliminations (except for total) and sales include non-steel sales.
[2] Amounts are prior to inter-company eliminations and Distribution Solutions shipments are eliminated in consolidation as they primarily represent shipments originating from other ArcelorMittal operating subsidiaries.

Mining shipments (million tonnes) [1]	Year ended December 31, 2012	Year ended December 31, 2013
Total iron ore shipments [2]	54.4	59.6
Iron ore shipped externally and internally and reported at market price [3]	28.8	35.1
Iron ore shipped externally	*10.4*	*11.6*
Iron ore shipped internally and reported at market price [3]	*18.4*	*23.5*
Iron ore shipped internally and reported at cost-plus [3]	25.6	24.4
Total coal shipments [4]	8.2	7.72
Coal shipped externally and internally and reported at market price [3]	5.1	4.84
Coal shipped externally	*3.3*	*3.26*
Coal shipped internally and reported at market price [3]	*1.8*	*1.58*
Coal shipped internally and reported at cost-plus [3]	3.1	2.88

[1] There are three categories of sales: (1) 'External sales': mined product sold to third parties at market price; (2) 'Market prices tonnes': internal sales of mined products to ArcelorMittal facilities reported at prevailing market prices; (3) 'Cost-plus tonnes': internal sales of mined product to ArcelorMittal facilities on a cost-plus basis. The determinant of whether internal sales are reported at market price or reported at cost-plus is whether or not the raw material could practicably be sold to third parties (i.e., there is a potential market for the product and logistics exist to access that market).
[2] Total of all finished products of fines, concentrate, pellets and lumps and includes tonnes shipped externally and internally and reported at market price as well as tonnes shipped internally on a cost-plus basis.
[3] Market-priced tonnes represent amounts of iron ore and coal from ArcelorMittal mines that could practicably be sold to third parties. Market-priced tonnes that are transferred from the Mining segment to the company's steel producing segments are reported at the prevailing market price. Shipments of raw materials that do not constitute market-priced tonnes are transferred internally on a cost-plus basis.
[4] Total of all finished products of coal and includes tonnes shipped externally and internally and reported at market price as well as tonnes shipped internally on a cost-plus basis.

Operating results

continued

Iron ore production (million tonnes) [1]	Type	Product	Year ended December 31, 2012	Year ended December 31, 2013
Own mines				
North America [2]	Open pit	Concentrate, lump, fines and pellets	30.3	32.5
South America	Open pit	Lump and fines	4.1	3.9
Europe	Open pit	Concentrate and lump	2.1	2.1
Africa	Open pit / underground	Fines	4.7	4.8
Asia, CIS and other	Open pit / underground	Concentrate, lump, fines and sinter feed	14.7	15.0
Total own iron ore production			55.9	58.4
Strategic long-term contracts – iron ore				
North America [3]	Open pit	Pellets	7.6	7.0
Africa [4]	Open pit	Lump and fines	4.7	4.7
Total strategic long-term contracts – iron ore			12.3	11.7
Total			68.1	70.1

1 Total of all finished production of fines, concentrate, pellets and lumps.
2 Includes own mines and share of production from Hibbing (United States, 62.30%) and Peña (Mexico, 50%).
3 Consists of a long-term supply contract with Cleveland Cliffs for purchases made at a previously set price, adjusted for changes in certain steel prices and inflation factors.
4 Includes purchases under an interim strategic agreement with Sishen Iron Ore Company (Proprietary) Limited ('SIOC') which was entered into on December 13, 2012 and became effective on January 1, 2013, pursuant to which SIOC supplied a maximum annual volume of 4.8 million tonnes of iron ore at a weighted average price of US$65 per tonne. Since 2010, SIOC and ArcelorMittal have entered into a series of strategic agreements that established interim pricing arrangements for the supply of iron ore to ArcelorMittal on a fixed-cost basis. On November 5, 2013, ArcelorMittal and SIOC entered into an agreement establishing long-term pricing arrangements for the supply of iron ore by SIOC to ArcelorMittal. Pursuant to the terms of the agreement, which became effective on January 1, 2014, ArcelorMittal may purchase from SIOC up to 6.25 million tonnes iron ore per year, complying with agreed specifications and lump-fine ratios. The price of iron ore sold to ArcelorMittal by SIOC is determined by reference to the cost (including capital costs) associated with the production of iron ore from the DMS Plant at the Sishen mine plus a margin of 20%, subject to a ceiling price equal to the Sishen Export Parity Price at the mine gate. While all prices are referenced to Sishen mine costs (plus 20%) from 2016, the parties agreed to a different price for certain pre-determined quantities of iron ore for the first two years of the 2014 Agreement.

Coal production (million tonnes)	Year ended December 31, 2012	Year ended December 31, 2013
Own mines		
North America	2.44	2.62
Asia, CIS and other	5.77	5.43
Total own coal production	8.21	8.05
North America [1]	0.36	0.37
Africa [2]	0.35	0.42
Total strategic long-term contracts – coal	0.72	0.79
Total	8.93	8.84

1 Includes strategic agreement – prices on a fixed price basis.
2 Includes long-term lease – prices on a cost-plus basis.

ArcelorMittal had sales of US$79.4 billion for the year ended December 31, 2013, representing a decrease of 6% from sales of US$84.2 billion for the year ended December 31, 2012, primarily due to lower average steel selling prices (which were down 5%) reflecting lower raw material prices, partially offset by improved marketable mining shipments (which were up 22%). Sales in 2012 also included US$0.9 billion related to the divested operations Paul Wurth and Skyline Steel.
In the first half of 2013, sales of US$39.9 billion represented a 12% decrease from sales of US$45.2 billion in the first half of 2012, primarily due to a drop in average steel prices and lower shipments, resulting from weaker market conditions compared to 2012. Sales for the first half of 2013 did not include any contribution from Paul Wurth and Skyline Steel, which amounted to US$0.7 billion in the first half of 2012. In the second half of 2013, sales of US$39.5 billion represented an increase of 1% from sales of US$39.0 billion in second half of 2012 primarily driven by an increase in steel shipments of 5% offset by a drop in average steel prices of 3%. The latter includes lower average steel prices during the third quarter of 2013 as a result of weaker market conditions in Europe for flat and long products and higher average prices in the fourth quarter of 2013 due in particular to stronger market conditions in the Americas.

ArcelorMittal had steel shipments of 84.3 million tonnes for the year ended December 31, 2013, representing an increase of 1% from steel shipments of 83.8 million tonnes for the year ended December 31, 2012.
Average steel selling price for the year ended December 31, 2013 decreased 5% compared to the year ended December 31, 2012, following continued weakness in demand in Europe, a slight decline of demand in North America combined with increased competition in international markets. Average steel selling price in the first half of 2013 decreased by 6% from the same period in 2012, while average steel selling price in the second half of the year was down 3% from the same period in 2012.

ArcelorMittal had own iron ore production of 58.4 million tonnes for the year ended December 31, 2013, an increase of 4% as compared to 55.9 million tonnes for the year ended December 31, 2012. ArcelorMittal had own coking coal production of 8.1 million tonnes for the year ended December 31, 2013, a decrease of 2% as compared to 8.2 million tonnes for the year ended December 31, 2012.
The increase in iron ore production resulted primarily from expanded operations in Canada.

Operating results

continued

Flat Carbon Americas

Sales in the Flat Carbon Americas segment were US$19.5 billion for the year ended December 31, 2013, representing a decrease of 3% as compared to US$20.2 billion for the year ended December 31, 2012. Sales decreased primarily due to a 4% decrease in average steel selling prices as shipments were relatively flat. Sales in the first half of 2013 were US$9.6 billion, down 9% from the same period in 2012 primarily driven by a 4% decrease in shipments and 7% decrease in average steel selling prices, and in the second half of the year sales were US$9.9 billion, up 3% from the same period in 2012 primarily driven by a 5% increase in shipments along with a 1% decrease in average steel selling prices.

Total steel shipments were 22.3 million tonnes for the year ended December 31, 2013 and remained flat compared to the year ended December 31, 2012. Shipments were 11.0 million tonnes in the first half of 2013, down 4% from the same period in 2012, while shipments in the second half of the year were 11.3 million tonnes, up 5% from the same period in 2012. The decrease in steel shipments in the first half of 2013 reflected lower crude steel production in the United States due to labor issues at Burns Harbor and operational incidents at Indiana Harbor East and West, partially offset by the use of inventory and supplies from other Flat Carbon Americas units. The increase in the second half of the year reflected the resolution of the labor issues and operational incidents that had affected the second quarter of 2013, partially offset by operational issues in Brazil.

Average steel selling price decreased 4% for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Average steel selling price in the first half of 2013 was down 7% from the same period in 2012 (which reflected slightly lower demand and decreasing trend in raw material prices and subdued market sentiment), while average steel selling price in the second half of the year was down 1% from the same period in 2012, although average steel selling pricein the fourth quarter of 2013 was 3% higher as compared to the fourth quarter of 2012.

Flat Carbon Europe

Sales in the Flat Carbon Europe segment were US$26.6 billion for the year ended December 31, 2013, representing a decrease of 2% as compared to US$27.2 billion for the year ended December 31, 2012. The decrease was primarily due to a 5% decrease in average steel selling price while steel shipments increased by 5%. Sales in the first half of 2013 were US$13.7 billion, down 8% from the same period in 2012, and in the second half of the year sales were US$12.9 billion, up 5% from the same period in 2012.

Total steel shipments were 27.2 million tonnes for the year ended December 31, 2013, an increase of 5% from steel shipments for the year ended December 31, 2012. Shipments were 14.0 million tonnes in the first half of 2013, down 2% from the same period in 2012, while shipments in the second half of the year were 13.2 million tonnes, up 12% from the same period in 2012. The decrease in the first half of 2013 was primarily driven by continued decline in demand due to macroeconomic conditions. The increase in the second half of 2013 resulted in particular from recovery in demand following an improvement in market sentiment.

Average steel selling price decreased 5% for the year ended December 31, 2013 as compared to the year ended December 31, 2012. Average steel selling price in the first half of 2013 and in the second half of 2013 were down 5% as compared to the first and second half of 2012, respectively, reflecting weaker buyer sentiment, strong domestic competition and declining raw material prices.

Long Carbon Americas and Europe

In the Long Carbon Americas and Europe segment, sales were US$21.0 billion for the year ended December 31, 2013, representing a decrease of 4% from sales of US$21.9 billion for the year ended December 31, 2012. The decrease was due to a 4% decrease in average steel selling price along with a 1% decrease in steel shipments. Sales in the first half of 2013 were US$10.5 billion, down 8% from the same period in 2012, while sales in the second half of the year were US$10.5 billion, up 1% from the same period in 2012.

Total steel shipments reached 22.4 million tonnes for the year ended December 31, 2013, a decrease of 1% from steel shipments for the year ended December 31, 2012. Shipments were 11.2 million tonnes in the first half of 2013, down 4% from the same period in 2012 (primarily due to lower volumes in Europe following lower demand), while shipments in the second half of the year were 11.2 million tonnes, up 1% from same period in 2012.

Average steel selling price decreased 4% for the year ended December 31, 2013 as compared to the year ended December 31, 2012, primarily due to lower demand in Europe and lower raw material prices. Average steel selling price in the first half of 2013 was down 5% from the same period in 2012; average steel selling price in the second half of the year was down 2% from the same period in 2012 but average steel selling price was up in the fourth quarter of 2013 as compared to the fourth quarter of 2012.

AACIS

In the AACIS segment, sales were US$8.3 billion for the year ended December 31, 2013, representing a decrease of 17% from sales of US$10.0 billion for the year ended December 31, 2012. The decrease was primarily due to a 9% decrease in average selling price with shipments decreasing 4%. Sales for the year ended December 31, 2012 also included a US$0.5 billion contribution from Paul Wurth, which was disposed of in December 2012. Sales in the first half of 2013 were US$4.2 billion, down 22% from the same period in 2012, while sales in the second half of the year were US$4.1 billion, down 11% from the same period in 2012.

Total steel shipments reached 12.3 million tonnes for the year ended December 31, 2013, a decrease of 4% from steel shipments for the year ended December 31, 2012. Shipments were 6.2 million tonnes in the first half of 2013, down 8% from the same period in 2012 (primarily due to lower volumes in South Africa, caused by fire disruption at the Vanderbijlpark site, and Kazakhstan) while shipments in the second half of the year were 6.2 million tonnes and remained flat against the same period in 2012.

Average steel selling price decreased 9% for the year ended December 31, 2013 as compared to the year ended December 31, 2012. This decrease was mainly related to the weakening of local currencies (South African rand and Russian ruble) against US dollar, lower prices in CIS and weak international demand. Average steel selling price in the first half of 2013 was down 11% from the same period in 2012, while average steel selling price in the second half of the year was down 6% from the same period in 2012.

Distribution Solutions

In the Distribution Solutions segment, sales were US$14.1 billion for the year ended December 31, 2013, representing a decrease of 14% from sales of US$16.3 billion for the year ended December 31, 2012. The decrease was primarily due to a 9% decrease in steel shipments while the average steel selling price decreased 4%. Sales for the year ended December 31, 2012 also included a US$0.4 billion contribution from Skyline Steel, which was disposed of in June 2012. Sales in the first half of 2013 were US$7.2 billion, down 18% from the same period in 2012, while sales in the second half of the year were US$6.9 billion, down 9% from the same period in 2012.

Total steel shipments reached 16.1 million tonnes for the year ended December 31, 2013, a decrease of 9% from steel shipments for the year ended December 31, 2012. Shipments were 8.1 million tonnes in the first half of 2013, down 11% from the same period in 2012, while shipments in the second half of the year were 8.0 million tonnes, down 6% from the same period in 2012. The decrease in steel shipments reflected weaker demand in Europe and the reduction of export business in the CIS operations.

Operating results

continued

Average steel selling price decreased 4% for the year ended December 31, 2013 as compared to the year ended December 31, 2012. The decrease in average steel selling prices was mainly related to demand contraction in Europe. Average steel selling price in the first half of 2013 was down 6% from the same period in 2012, while average steel selling price in the second half of the year was down 1% from the same period in 2012.

Mining

In the Mining segment, sales were US$5.8 billion for the year ended December 31, 2013, representing an increase of 5% from sales of US$5.5 billion for the year ended December 31, 2012. The increase was primarily due to higher iron ore selling prices driven by the evolution in international prices and higher iron ore shipments from own mines, partly offset by lower prices for a portion of iron ore shipments priced on a quarterly lagged basis, lower coal prices as a result of evolution in international prices and lower coal shipments from own mines. Sales in the first half of 2013 were US$2.6 billion, down 12% from the same period in 2012, while sales in the second half of the year were US$3.2 billion, up 24% from the same period in 2012. Sales in the second half of 2013 were higher than in the first half primarily due to higher marketable iron ore shipments in the second half of 2013 as compared to the first half following the commissioning of additional capacity in the company's Canadian operations.

Sales to external customers were stable at US$1.7 billion for the year ended December 31, 2013 as compared to US$1.7 billion for the year ended December 31, 2012. Iron ore shipments to external customers increased 12% from 10.4 million tonnes in 2012 to 11.6 million tonnes in 2013 while coal shipments to external customers decreased by 2% from 3.33 million tonnes to 3.26 million tonnes. The increase in the volume of external sales of iron ore was mainly due to the company's increasing marketing efforts in anticipation of increasing mining production. The company expects the trend toward an increase in the external sales as a percentage of overall mining sales to continue in the near to mid-term. In the second half of 2013, iron ore shipments to external customers were 68% higher than in the first half primarily as a result of higher shipments from the company's Canadian operations. With respect to prices, for example, the average benchmark iron ore price per tonne in 2013 of US$135.2 CFR China (62% Fe) and the average benchmark price for hard coking coal FOB Australia in 2013 of US$158.5 per tonne were 4% higher and 24% lower than in 2012, respectively. It should be noted, however, that there may not be a direct correlation between benchmark prices and actual selling prices in various regions at a given time.

Operating income (loss)

The following table provides a summary of operating income (loss) and operating margin of ArcelorMittal for the year ended December 31, 2013, as compared with operating income and operating margin for the year ended December 31, 2012:

	Operating income (loss) for the year ended December 31 [1]		Operating margin	
Segment	2012 (US$ million)	2013 (US$ million)	2012 (%)	2013 (%)
Flat Carbon Americas	1,010	852	5	4
Flat Carbon Europe	(3,720)	(933)	(14)	(4)
Long Carbon Americas and Europe	(514)	1,075	(2)	5
AACIS	(79)	(476)	(1)	(6)
Distribution Solutions	(688)	(132)	(4)	(1)
Mining	1,209	1,176	22	20
Total adjustments to segment operating income and other [2]	137	(365)	–	–
Total consolidated operating income	(2,645)	1,197		

[1] Segment amounts are prior to inter-segment eliminations.
[2] Total adjustments to segment operating income and other reflects certain adjustments made to operating income of the segments to reflect corporate costs, income from non-steel operations (e.g. energy, logistics and shipping services) and the elimination of stock margins between the segments. See table below.

	Year ended December 31, 2012 (US$ million)	Year ended December 31, 2013 (US$ million)
Corporate and shared services [1]	(158)	(200)
Real estate and financial activities	54	(13)
Shipping and logistics	32	(22)
Provisions	47	–
Intragroup stock margin eliminations	218	(75)
Depreciation and impairment	(56)	(55)
Total adjustments to segment operating income and other	137	(365)

[1] Includes primarily staff and other holding costs and results from shared service activities.

Operating results

continued

ArcelorMittal's operating income for the year ended December 31, 2013 was US$1.2 billion, as compared with an operating loss of US$2.6 billion for the year ended December 31, 2012. The operating income in 2013 reflected US$0.4 of fixed asset impairment charges and US$0.6 billion of restructuring charges.

Operating income in the first nine months of 2013 (US$1.2 billion) was lower than in the first nine months of 2012 (when it reached US$2.1 billion), while the operating loss in the fourth quarter of 2013 (US$36 million) was a significant improvement over the operating loss recorded in the fourth quarter of 2012 (US$4.7 billion). The fourth quarter of 2013 was negatively affected by the above-mentioned impairment losses and restructuring charges for US$0.7 billion while the fourth quarter of 2012 was negatively affected by a US$4.3 billion impairment of goodwill and US$1.3 billion of charges related to asset optimization (of which US$0.7 billion of fixed asset impairment charges and US$0.6 billion of restructuring charges).

Cost of sales consists primarily of purchases of raw materials necessary for steel-making (iron ore, coke and coking coal, scrap and alloys), electricity, repair & maintenance costs, as well as direct labor costs, depreciation and impairment. Cost of sales for the year ended December 31, 2013 was US$75.2 billion as compared to US$83.5 billion for the year ended December 31, 2012. Excluding impairment losses of US$0.4 billion and restructuring charges for US$0.6 billion as described below for the year ended December 31, 2013 and US$5.6 billion for the year ended December 31, 2012, cost of sales decreased by 5% as a result of lower raw material prices. Selling, general and administrative expenses ('SG&A') for the year ended December 31, 2013 were US$3.0 billion as compared to US$3.3 billion for the year ended December 31, 2012. SG&A remained relatively stable compared to sales as it represented 3.8% of sales for the year ended December 31, 2013 as compared to 3.9% for the year ended December 31, 2012.

Operating income for the year ended December 31, 2013 included impairment losses of US$444 million, which compared to impairment losses of US$5,035 million for the year ended December 31, 2012. These impairment losses included a charge of US$181 million related to the Thabazimbi mine in ArcelorMittal South Africa (AACIS) following the transfer of the future operating and financial risks of the asset to Kumba as a result of the iron ore supply agreement signed with Sishen on November 5, 2013. ArcelorMittal also recognized impairment charges of US$101 million and US$61 million for the costs associated with the discontinued iron ore projects in Senegal and Mauritania (Mining), respectively. The company recorded an impairment loss of US$55 million in connection with the long-term idling of the ArcelorMittal Tallinn galvanizing line in Estonia (Flat Carbon Europe) and reversed an impairment loss of US$52 million at the Liège site of ArcelorMittal Belgium (Flat Carbon Europe) following the restart of the hot dip galvanizing line HDG5. ArcelorMittal also recognized an impairment charge of US$24 million relating to the closure of the organic coating and tin plate lines at the Florange site of ArcelorMittal Atlantique et Lorraine in France (Flat Carbon Europe). Additionally, in connection with the agreed sale of certain steel cord assets in the US, Europe and Asia (Distribution Solutions) to the joint venture partner Kiswire Ltd, ArcelorMittal recorded an impairment charge of US$41 million with respect to the subsidiaries included in this transaction (see note 5 to ArcelorMittal's consolidated financial statements for a breakdown of the impairment charges with respect to this sale).

Operating income for the year ended December 31, 2013 was positively affected by a non-cash gain of US$92 million corresponding to the final recycling of income relating to unwinding of hedges on raw material purchases (see ' – overview – impact of exchange rate movements') and a US$47 million fair valuation gain relating to DJ Galvanizing in Canada, a joint operation in which the company acquired the remaining 50% interest held by the other joint operator.

Operating income for the year ended December 31, 2013 was negatively affected by restructuring charges totaling US$552 million primarily related to costs incurred for the long-term idling of the Florange liquid phase in ArcelorMittal Atlantique et Lorraine (including voluntary separation scheme costs, site rehabilitation/safeguarding costs and take or pay obligations) and to social and environmental costs as a result of the agreed industrial and social plan for the finishing facilities at the Liège site of ArcelorMittal Belgium.

Operating loss for the year ended December 31, 2012 was negatively impacted by the US$4.3 billion impairment of goodwill in the European businesses and US$1.3 billion charges related to asset optimization (of which US$0.7 billion of fixed asset impairment charges and US$0.6 billion of restructuring charges).

Flat Carbon Americas

Operating income for the Flat Carbon Americas segment amounted to US$0.9 billion for the year ended December 31, 2013, compared to operating income of US$1.0 billion for the year ended December 31, 2012. Operating income for the segment amounted to US$0.6 billion for the second half of the year, compared to operating income of US$0.3 billion in the first half. Operating income in the first half of 2013 was negatively affected by lower shipments following labor issues at Burns Harbor and operational incidents at Indiana Harbor East and West during the second quarter and positively affected by a US$47 million fair valuation gain relating to DJ Galvanizing in Canada, a joint operation in which the company acquired the remaining 50% interest held by the other joint operator. The higher operating income in the second half of 2013 compared to the first half was largely driven by 4% higher volumes partly offset by lower average steel selling prices in particular in the third quarter.

Operating income for the year ended December 31, 2012 was positively affected by the curtailment gain of US$285 million resulting from the changes to the pension plan and health and dental benefits in ArcelorMittal Dofasco in Canada and included a charge of US$72 million corresponding to one-time signing bonus and actuarial losses related to post retirement benefits following the conclusion of the new US labor agreement.

Flat Carbon Europe

Operating loss for the Flat Carbon Europe segment for the year ended December 31, 2013 was US$0.9 billion compared to operating loss of US$3.7 billion for the year ended December 31, 2012. Operating loss for the segment amounted to US$0.6 billion for the second half of the year, compared to operating loss of US$0.3 billion in the first half of the year. Despite a continuous difficult economic environment in Europe reflected in lower average steel selling prices in 2013 compared to 2012 (which represented a decrease of approximately €50/tonne), shipments increased by 5% in 2013 as a result of a mild pick-up in demand particularly in the second half of 2013. Excluding impairment and restructuring charges, gain on sale of carbon dioxide credits and unwinding of hedges on raw material purchases, operating income improved by US$0.8 billion reflecting higher shipment volumes and benefits from management gains and asset optimization.

Flat Carbon Europe's operating loss included restructuring costs amounting to US$481 million, of which US$137 million of costs incurred for the long-term idling of the Florange liquid phase in ArcelorMittal Atlantique et Lorraine (including voluntary separation scheme costs, site rehabilitation/safeguarding costs and take or pay obligations) and US$354 million (including social and environmental costs) as a result of the agreed industrial and social plan for the finishing facilities at the Liège site of ArcelorMittal Belgium. These charges were partially offset by a reversal of provisions of US$38 million in France and Spain following the revision of certain assumptions.

Operating results

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Flat Carbon Europe's operating loss was reduced by a non-cash gain of US$92 million corresponding to the final recycling of income relating to unwinding of hedges on raw material purchases. Flat Carbon Europe's operating loss included also impairment charges of US$45 million, of which US$55 million in connection with the long-term idling of the ArcelorMittal Tallinn galvanizing line in Estonia largely offset by the reversal of an impairment loss of US$52 million at the Liège site of ArcelorMittal Belgium following the restart of the hot dip galvanizing line HDG5 and US$24 million primarily relating to the closure of the organic coating and tin plate lines at the Florange site of ArcelorMittal Atlantique et Lorraine in France.

Flat Carbon Europe's operating loss for the year ended December 31, 2012 mainly resulted from a US$2,493 million impairment charge of goodwill and US$448 million impairment losses related to property, plant and equipment in the framework of asset optimization, of which US$130 million in respect of the long-term idling of the liquid phase at the Florange site of ArcelorMittal Atlantique et Lorraine in France and US$296 million with respect to the intention to permanently close the coke plant and six finishing lines at the Liège site of ArcelorMittal Belgium. In addition, operating loss for the year ended December 31, 2012 was increased by restructuring costs amounting to US$355 million as part of asset optimization, of which US$231 million related to the closure of the primary facilities at the Liège site of ArcelorMittal Belgium and US$64 million associated with separation schemes primarily relating to ArcelorMittal Poland. These charges were partially offset by a gain of US$210 million recorded on the sale of carbon dioxide credits (the proceeds of which will be re-invested in energy saving projects) and a non-cash gain of US$566 million relating to unwinding of hedges on raw material purchases.

Long Carbon Americas and Europe

Operating income for the Long Carbon Americas and Europe segment for the year ended December 31, 2013 was US$1.1 billion compared to operating loss of US$0.5 billion for the year ended December 31, 2012. Operating income for the segment amounted to US$0.6 billion for the second half of the year, compared to operating income of US$0.5 billion in the first half of the year. Excluding impairment and restructuring charges, operating income improved by US$0.2 billion in 2013 as compared to 2012 primarily due to a positive price cost squeeze and improved profitability in South America in particular during the first half of 2013.

Operating loss for the year ended December 31, 2012 (in particular in the second half of 2012) was increased by an impairment charge of goodwill for US$1,010 million and an impairment charge of property, plant and equipment for US$270 million, including US$222 million related to Spanish and North African entities and US$61 million related to the extended idling of the electric arc furnace and continuous caster at the Schifflange site in Luxembourg. In addition, operating loss for the year ended December 31, 2012 was increased by restructuring costs totaling US$98 million associated with asset optimization, primarily in Spanish entities.

AACIS

Operating loss for the AACIS segment for the year ended December 31, 2013 was US$0.5 billion, compared to operating loss of US$0.1 billion for the year ended December 31, 2012. Lower profitability in 2013 was primarily due to a negative price-cost squeeze, lower average steel selling prices, which declined 9% compared to 2012 and lower shipments (down 4% as compared to 2012). Operating loss for the segment amounted to US$326 million for the second half of the year, compared to US$150 million in the first half. Operating loss in the second half included a charge of US$181 million related to the Thabazimbi mine in ArcelorMittal South Africa following the transfer of the operating and financial risks of the asset to Kumba as a result of the iron ore supply agreement signed with Sishen on November 5, 2013. Operating loss for the first half of 2013 was increased by the impact of the fire that occurred in February at the Vanderbijlpark plant in ArcelorMittal South Africa. It caused extensive damage to the steel making facilities resulting in an immediate shutdown of the facilities. No injuries were reported as a result of the incident. Repairs were completed and full operations resumed during the second week of April 2013. An estimated 361,000 tonnes of production volumes was lost as a result of the incident. The resulting operating loss net of insurance indemnification is currently estimated at US$56 million.

Operating loss for the year ended December 31, 2012 included the gain on disposal of Paul Wurth for US$242 million.

Distribution Solutions

Operating loss for the Distribution Solutions segment for the year ended December 31, 2013 was US$0.1 billion, compared to operating loss of US$0.7 billion for the year ended December 31, 2012. Operating loss was increased by an impairment charge of US$41 million with respect to the subsidiaries included in the agreed sale of certain steel cord assets in the US, Europe and Asia to the joint venture partner Kiswire Ltd. Operating loss for the segment amounted to US$104 million for the second half of the year, compared to operating loss of US$28 million in the first half of 2013, primarily as a result of the impairment charge recorded in the second half of 2013. Overall operating performance was affected by lower shipments and average steel selling prices.

Operating loss for the year ended December 31, 2012 was mainly related to an US$805 million goodwill impairment charge. Operating loss for the year ended December 31, 2012 also included restructuring charges of US$127 million relating to asset optimization and the US$331 million gain on disposal of Skyline Steel.

Mining

Operating income for the Mining segment for the year ended December 31, 2013 was stable at US$1.2 billion, compared to operating income of US$1.2 billion for the year ended December 31, 2012. The stability in operating income in 2013 generally reflected slightly improved iron ore prices partly offset by lower coal selling prices. As noted above, the average reference price of iron ore increased from US$130/tonne CFR China for 62% Fe in 2012 to US$135.2/tonne in 2013. Coal prices decreased by US$51/tonne between 2012 and 2013. Iron ore marketable volume for the year ended December 31, 2013 was 35.1 million tonnes, compared to 28.8 million tonnes for the year ended December 31, 2012. Coal marketable volume for the year ended December 31, 2013 was slightly lower at 4.8 million tonnes, compared to 5.1 million tonnes for the year ended December 31, 2012. Operating income for the year ended December 31, 2013 was negatively impacted by impairment charges of US$0.2 billion including US$101 million and US$61 million for the costs associated with the discontinued iron ore projects in Senegal and Mauritania, respectively. The increase in cost of sales from US$4.0 billion in 2012 to US$4.4 billion in 2013 resulted from the US$0.2 billion impairment charge mentioned above and the remaining increase by 5% was primarily related to higher shipments.

Operating income for the segment amounted to US$0.6 billion for the second half of the year, compared to US$0.6 billion in the first half. Operating income for the second half of 2013 was negatively affected by the above mentioned impairment charges.

Operating results

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Income (loss) from associates, joint ventures and other investments

ArcelorMittal recorded a loss of US$442 million from associates, joint ventures and other investments for the year ended December 31, 2013, as compared with income from associates, joint ventures and other investments of US$185 million for the year ended December 31, 2012. Loss for the year ended December 31, 2013 included impairment charges for a total amount of US$422 million, of which US$200 million related to the company's 47% stake in the associate China Oriental as a result of current expectations regarding future performance. In addition, the company recorded an impairment charge of US$111 million relating to the company's 50% interest in the associate Kiswire ArcelorMittal Ltd in the framework of the agreed sale of certain steel cord assets to the joint venture partner Kiswire Ltd (with another impairment charge recorded in cost of sales in the Distribution Solutions segment as described above and in note 5 to ArcelorMittal's consolidated financial statements). Loss for the year ended December 31, 2013 also included an impairment charge of US$111 million relating to the associate Coal of Africa as a result of lower profitability and decline in market value. Loss for the year ended December 31, 2013 included a charge of US$57 million following the disposal of a 6.66% interest in Erdemir shares by way of a single accelerated book built offering to institutional investors.

In addition, loss for the year ended December 31, 2013 included a US$56 million expense for contingent consideration with respect to the Gonvarri Brasil acquisition made in 2008 partly offset by a gain of US$45 million with respect to the sale of a 10% interest in Hunan Valin Steel Tube and Wire Co Ltd ('Hunan Valin') following the exercise of the first and second put options. On February 8, 2014, the company exercised the third put option and decreased its interest in Hunan Valin to 15.05%.

Income from associates, joint ventures and other investments for the year ended December 31, 2012 included a net gain of US$101 million on the disposal of a 6.25% stake in Erdemir and an impairment loss of US$185 million, reflecting the reduction of the carrying amount of the investment in Enovos to the net proceeds from the sale.

Financing costs-net

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 net financing costs (which mainly include bank fees, accretion of defined benefit obligations and other long-term liabilities). Net financing costs were slightly higher for the year ended December 31, 2013, at US$3.1 billion, as compared with US$2.9 billion for the year ended December 31, 2012.

Net interest expense (interest expense less interest income) was US$1.8 billion for the year ended December 31, 2013 as compared to US$1.9 billion for the year ended December 31, 2012. Interest expense was slightly lower for the year ended December 31, 2013 at US$1.9 billion, compared to interest expense of US$2.0 billion for the year ended December 31, 2012, primarily due to the positive effect of lower debt following the tender and repayment of bonds and privately placed notes at the end of June 2013, partly offset by step-ups in the interest rate payable on most of the company's outstanding bonds as a result of the company's rating downgrades in the second half of 2012. Interest income for the year ended December 31, 2013 amounted to US$0.1 billion, compared to US$0.2 billion for the year ended December 31, 2012.

Foreign exchange and other net financing costs (which include bank fees, interest on pensions and fair value adjustments of derivative instruments) increased slightly from US$0.9 billion for the year ended December 31, 2012 to US$1.3 billion for the year ended December 31, 2013. Foreign exchange and other net financing costs for the year ended December 31, 2013 included an expense of US$80 million relating to interest and penalties with respect to the settlement of a tax amnesty program in Brazil.

Income tax expense (benefit)

ArcelorMittal recorded a consolidated income tax expense of US$0.2 billion for the year ended December 31, 2013, as compared to a consolidated income tax benefit of US$1.9 billion for the year ended December 31, 2012. The full year 2013 income tax expense includes an expense of US$222 million related to the settlement of two tax amnesty programs in Brazil. For additional information related to ArcelorMittal's income taxes, see note 21 to ArcelorMittal's consolidated financial statements.

ArcelorMittal's consolidated income tax expense (benefit) is affected by the income tax laws and regulations in effect in the various countries in which it operates and the pre-tax results of its subsidiaries in each of these countries, which can vary from year to year. ArcelorMittal operates in jurisdictions, mainly in Eastern Europe and Asia, which have a structurally lower corporate income tax rate than the statutory tax rate as in effect in Luxembourg (29.22%), as well as in jurisdictions, mainly in Western Europe and the Americas, which have a structurally higher corporate income tax rate.

Operating results

continued

The statutory income tax expense (benefit) and the statutory income tax rates of the countries that most significantly resulted in the tax expense (benefit) at statutory rate for each of the years ended December 31, 2012 and 2013 are as set forth below:

	2012		2013	
	Statutory income tax	Statutory income tax rate	Statutory income tax	Statutory income tax rate
United States	133	35.00%	(120)	35.00%
Argentina	43	35.00%	52	35.00%
France	(312)	34.43%	(224)	34.43%
Brazil	(124)	34.00%	94	34.00%
Belgium	(44)	33.99%	(208)	33.99%
Germany	(225)	30.30%	(138)	30.30%
Spain	(253)	30.00%	(218)	30.00%
Luxembourg	(1,343)	29.22%	203	29.22%
Mexico	71	28.00%	(93)	30.00%
South Africa	(24)	28.00%	(57)	28.00%
Canada	174	26.90%	240	26.90%
Algeria	(21)	25.00%	(26)	25.00%
Russia	18	20.00%	(14)	20.00%
Kazakhstan	13	20.00%	(24)	20.00%
Czech Republic	19	19.00%	(7)	19.00%
Poland	(23)	19.00%	(8)	19.00%
Romania	(4)	16.00%	(29)	16.00%
Ukraine	(58)	16.00%	(32)	16.00%
Dubai	–	0.00%	–	0.00%
Others	(156)		18	
Total	(2,116)		(591)	

Note: The statutory tax rates are the rates enacted or substantively enacted by the end of the respective period.

Non-controlling interests

Net loss attributable to non-controlling interests was US$30 million for the year ended December 31, 2013, as compared with net loss attributable to non-controlling interests of US$117 million for the year ended December 31, 2012. Net loss attributable to non-controlling interests decreased in 2013 primarily as a result of income attributable to non-controlling interests in ArcelorMittal Mines Canada following the sale of a 15% stake in the first half of 2013.

Net loss attributable to equity holders of the parent

ArcelorMittal's net loss attributable to equity holders of the parent for the year ended December 31, 2013 amounted to US$2.5 billion compared to net loss attributable to equity holders of US$3.3 billion for the year ended December 31, 2012, for the reasons discussed above.

Liquidity and capital resources

ArcelorMittal's principal sources of liquidity are cash generated from its operations and its credit facilities at the corporate level.

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. Significant cash or cash equivalent balances may be held from time to time at the company's international operating subsidiaries, including in particular those in France, where the company maintains a cash management system under which most of its cash and cash equivalents are centralized, and in Argentina, Brazil, South Africa, Ukraine and Venezuela. 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. Repatriation of funds from operating subsidiaries may also be affected by tax and foreign exchange policies in place from time to time in the various countries where the company operates, though none of these policies is currently 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, 2013, ArcelorMittal's cash and cash equivalents, including restricted cash, amounted to US$6.2 billion as compared to US$4.5 billion as of December 31, 2012. In addition, ArcelorMittal had available borrowing capacity of US$6.0 billion under its credit facilities as of December 31, 2013 as compared to US$10.0 billion as of December 31, 2012.

As of December 31, 2013, ArcelorMittal's total debt, which includes long-term debt and short-term debt, was US$22.3 billion, compared to US$26.3 billion as of December 31, 2012. Total debt decreased as compared to prior year mainly due to the repayment of €1.5 billion and US$1.2 billion in unsecured bonds and notes upon maturity in June 2013 as well as other privately placed notes. Net debt (defined as long-term debt plus short-term debt, less cash and cash equivalents and restricted cash) was US$16.1 billion as of December 31, 2013, down from US$21.8 billion at December 31, 2012. Net debt decreased as compared to prior period primarily due to improvement in cash from operations, cash proceeds from divestments and the issuance in January 2013 of shares (for gross proceeds of US$1.75 billion) and of Mandatorily Convertible Subordinated Notes due 2016 (for gross proceeds of US$2.25 billion). 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, 2013 was 30% as compared to 43% at December 31, 2012.

The margin under ArcelorMittal's principal credit facilities and certain of its outstanding bonds is subject to adjustment in the event of a change in its long-term credit ratings. Due to, among other things, the weak steel industry outlook and ArcelorMittal's credit metrics and level of debt, Standard & Poor's, Moody's and Fitch downgraded the company's rating to below 'investment grade' in August, November and December 2012, respectively, and Standard & Poor's and Moody's currently have ArcelorMittal's credit rating on negative outlook. These downgrades triggered the interest rate 'step-up' clauses in most of the company's outstanding bonds, resulting in an increased incremental interest expense of US$87 million in 2013 and US$38 million in 2012.

ArcelorMittal's principal credit facilities, which are (i) the syndicated revolving credit facility entered into on March 18, 2011, originally for an amount of US$6 billion, but subsequently reduced by amendment on November 26, 2013 to US$3.6 billion (the 'US$3.6 billion facility') and (ii) the syndicated revolving credit facility entered into on May 6, 2010, originally for an amount of US$4 billion, but subsequently reduced by amendment on November 26, 2013 to US$2.4 billion and extended until November 6, 2018 (the 'US$2.4 billion 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 a financial covenant, as summarized below.

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. The company refers to these ratios as the 'leverage ratios'. Most of ArcelorMittal's credit facilities have a leverage ratio of 3.5 to one. The US$3.6 billion facility and US$2.4 billion facility were recently amended to increase the leverage ratio to 4.25 to one. As of December 31, 2013, the company was in compliance with the leverage ratios.

Non-compliance with the covenants in the company's borrowing agreements would entitle the lenders under such facilities to accelerate the company'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, 2013 and December 31, 2012.

As of December 31, 2013, ArcelorMittal had guaranteed approximately US$0.4 billion of debt of its operating subsidiaries and US$0.6 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.

Liquidity and capital resources

continued

The following table summarizes the repayment schedule of ArcelorMittal's outstanding indebtedness, which includes short-term and long-term debt, as of December 31, 2013.

	Repayment amounts per year (billion US$)						
Type of indebtedness as of December 31, 2013	2015	2016	2017	>2017	2018	>2018	Total
Term loan repayments							
Convertible bonds [1]	2.5	–	–	–	–	–	2.5
Bonds	0.8	2.2	1.9	2.7	2.2	7.6	17.4
Subtotal	3.3	2.2	1.9	2.7	2.2	7.6	19.9
Long-term revolving credit lines	–	–	–	–	–	–	–
US$3.6 billion syndicated credit facility	–	–	–	–	–	–	–
US$2.4 billion syndicated credit facility	–	–	–	–	–	–	–
Commercial paper [2]	–	–	–	–	–	–	–
Other loans	0.8	0.3	0.5	0.2	0.1	0.5	2.4
Total gross debt	US$4.1	US$2.5	US$2.4	US$2.9	US$2.3	US$8.1	US$22.3

[1] *Represents the financial liability component of the approximately US$2.5 billion of convertible bonds issued on April 1, 2009 (euro-denominated 7.25% convertible bonds due 2014 (the 'Euro Convertibles') and May 6, 2009 (US dollar denominated 5% convertible notes due 2014 (the 'USD Convertibles'), respectively.*

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

The following table summarizes the amount of credit available as of December 31, 2013 under ArcelorMittal's principal credit facilities:

Credit lines available	Facility amount	Drawn	Available
US$3.6 billion facility	US$3.6	–	US$3.6
US$2.4 billion facility	US$2.4	–	US$2.4
Total committed lines	US$6.0	–	US$6.0

The average debt maturity of the company was 6.2 years as of December 31, 2013, as compared to 6.1 years as of December 31, 2012.

Further information regarding ArcelorMittal's outstanding long-term indebtedness as of December 31, 2013, including the breakdown between fixed rate and variable rate debt, is set forth in note 17 to the Consolidated Financial Statements. Further information regarding ArcelorMittal's use of financial instruments for hedging purposes is set forth in note 18 to the Consolidated Financial Statements.

Financings

The principal financings of ArcelorMittal and its subsidiaries are summarized below by category. Further information regarding ArcelorMittal's short-term and long-term indebtedness is provided in note 17 to the Consolidated Financial Statements.

Principal credit facilities

On March 18, 2011, ArcelorMittal entered into a US$6 billion facility (now defined herein as the US$3.6 billion facility), a syndicated revolving credit facility which may be utilized for general corporate purposes and which matures in 2016. On November 26, 2013, the facility was amended and reduced to US$3.6 billion. As of December 31, 2013, the US$3.6 billion facility remains fully available.

On May 6, 2010, ArcelorMittal entered into a US$4 billion facility (now defined herein as the US$2.4 billion facility), a syndicated revolving credit facility which may be utilized for general corporate purposes. On November 26, 2013, the facility was amended and reduced to US$2.4 billion and the maturity date extended from May 6, 2015 to November 6, 2018. As of December 31, 2013, the US$2.4 billion facility remains fully available.

On September 30, 2010, ArcelorMittal entered into the US$500 million revolving multi-currency letter of credit facility (the 'Letter of Credit Facility'). The Letter of Credit Facility is used by the company and its subsidiaries for the issuance of letters of credit and other instruments and matures on September 30, 2016. The terms of the letters of credit and other instruments contain certain restrictions as to duration. The Letter of Credit Facility was amended on October 26, 2012 to reduce its amount to US$450 million.

On December 20, 2013, ArcelorMittal entered into a term loan facility in an aggregate amount of US$300 million, maturing on December 20, 2016. The facility may be used by the group for the general corporate purposes. Amounts repaid under this agreement may not be re-borrowed.

2013 capital markets transactions

On January 14, 2013, ArcelorMittal completed an offering of 104,477,612 of its ordinary shares, priced at US$16.75 per share, for a total aggregate amount of US$1.75 billion. As a result of this offering, the aggregate number of ArcelorMittal shares issued and fully paid up increased to 1,665,392,222.

On January 16, 2013, ArcelorMittal issued mandatorily convertible subordinated notes ('MCNs') with net proceeds of US$2,222 million. The notes have a maturity of three years, were issued at 100% of the principal amount and are mandatorily converted into ordinary shares of ArcelorMittal at maturity unless earlier converted at the option of the holders or ArcelorMittal or upon specified events in accordance with the terms of the MCNs. The notes pay a coupon of 6.00% per annum, payable quarterly in arrears. The initial

Liquidity and capital resources

continued

minimum conversion price of the MCNs was equal to US$16.75, corresponding to the placement price of shares in the concurrent ordinary shares offering as described above, and the initial maximum conversion price was set at approximately 125% of the minimum conversion price (corresponding to US$20.94), subject to adjustment upon the occurrence of certain events. The company determined the notes met the definition of a compound financial instrument and as such determined the fair value of the financial liability component of the bond was US$384 million on the date of issuance. The value of the equity component of US$1,838 million 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 recognized in equity.

On June 26, 2013, in connection with a zero premium cash tender offer to purchase any and all of its 4.625% euro-denominated notes due in November 2014, ArcelorMittal purchased €139.5 million principal amount of notes for a total aggregate purchase price (including accrued interest) of €150.1 million. Upon settlement for all of the notes accepted pursuant to the offer, which occurred on July 1, 2013, €360.5 million principal amount of 4.625% euro-denominated notes due in November 2014 remained outstanding.

On June 28, 2013, in connection with the early tender portion of a zero premium cash tender offer to purchase any and all of its 6.5% US dollar denominated notes due in April 2014, ArcelorMittal purchased US$310.7 million principal amount of notes for a total aggregate purchase price (including accrued interest) of US$327.0 million. An additional US$0.8 million principal amount of notes for a total aggregate purchase price (including accrued interest) of US$0.8 million were accepted on the final settlement date of July 16, 2013. Accordingly, a total of US$311.5 million principal amount of notes were accepted for purchase, for a total aggregate purchase price (including accrued interest) of US$327.8 million. Upon settlement for all of the notes accepted pursuant to the offer, US$188.5 million principal amount remained outstanding.

On July 30, 2013, ArcelorMittal repurchased the full amount outstanding in respect of its €125 million 6.2% Fixed Rate Notes due 2016, while on August 29, 2013, ArcelorMittal repurchased the full amount outstanding in respect of its US$120 million 6.38% privately placed Notes due 2015. Total cash spent on the two transactions was approximately US$328.1 million (including interest).

True sale of receivables ('TSR') Programs

The company has established a number of programs for sales without recourse of trade accounts receivable to various financial institutions (referred to as True Sale of Receivables ('TSR')) for an aggregate amount of US$5,624 million as of December 31, 2013. This amount represents the maximum amount of unpaid receivables that may be sold and outstanding at any given time. Of this amount, the company has utilized US$4,424 million and US$5,368 million, as of December 31, 2012 and 2013, respectively. Through the TSR programs, certain operating subsidiaries of ArcelorMittal surrender the control, risks and 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 consolidated statements 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 2011, 2012 and 2013 was US$35.3 billion, US$33.9 billion and US$35.4 billion, respectively (with amounts of receivables sold converted to US 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 consolidated statements of operations for the years ended December 31, 2011, 2012 and 2013 were US$152 million, US$182 million and US$172 million, respectively.

Earnings Distribution

In light of the downturn in global economic conditions that commenced in September 2008, ArcelorMittal's board of directors recommended on February 10, 2009 a reduction of the annual dividend in 2009 to US$0.75 per share (with quarterly dividend payments of US$0.1875) from US$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 in 2010, 2011 and 2012.

In view of the continued challenging global economic conditions affecting the company's business in 2013 and its priority to deleverage, ArcelorMittal's board of directors recommended on May 7, 2013 a further reduction of the annual dividend to US$0.20 per share from US$0.75 per share in 2012. The recommendation was approved by the annual general meeting of shareholders on May 8, 2013, and the dividend was paid in full on July 15, 2013.

On February 7, 2014, ArcelorMittal's board of directors announced a gross dividend payment of US$0.20 per share, subject to the approval of shareholders at the annual general meeting of shareholders to be held on May 8, 2014. The dividend payment calendar is available on www.arcelormittal.com.

ArcelorMittal held 11,792,674 shares in treasury as of December 31, 2013, as compared to 11,807,462 shares as of December 31, 2012. As of December 31, 2013, the number of shares held by the company in treasury represented approximately 0.71% of the company's total issued share capital.

Pension/OPEB liabilities

The net deficit of the obligation for employee benefits decreased by US$2.6 billion from US$11.3 billion as of December 31, 2012 to US$8.7 billion as of December 31, 2013. The main effects for ArcelorMittal are related to the change in financial assumptions such as the increase of discount rates used to calculate the pension, other post-employment benefits ('OPEB') and early retirement obligations, combined with the higher returns on plan assets.

Sources and uses of cash

The following table presents a summary of cash flow of ArcelorMittal:

(US$ million)	Summary of cash flow year ended December 31	
	2012	2013
Net cash provided by operating activities	5,340	4,296
Net cash used in investing activities	(3,730)	(2,877)
Net cash (used in) provided by financing activities	(1,019)	241

Liquidity and capital resources

continued

Net cash provided by operating activities

For the year ended December 31, 2013, net cash provided by operating activities decreased to US$4.3 billion, as compared with US$5.3 billion for the year ended December 31, 2012, mainly because of lower operating working capital release. The net cash provided by operating activities was positively affected by a US$0.8 billion decrease in working capital (consisting of inventories plus trade accounts receivable less trade accounts payable), including a US$0.6 billion increase in inventories, a US$0.1 billion decrease in accounts receivable and a US$1.3 billion increase in accounts payable. Increase in inventories is primarily related to higher levels of steel production compared to 2012 and to a lower extent to slightly higher average number of rotation days of inventories (102 days as compared to 99 days). This increase in inventories affected particularly the second half of 2013 as during the first half of 2013, inventories decreased by US$0.4 billion mainly as a result of lower levels of steel production and lower raw material prices. Accounts payable increased as a result of higher purchases of raw materials and higher iron ore prices. The decrease in net cash provided by operating activities in 2013 as compared to 2012 was due in particular to operating cash flow deployment in the first quarter for US$0.3 billion and in the third quarter for US$0.4 billion, themselves driven by a deployment of working capital for US$0.5 billion and US$0.8 billion, respectively (resulting in turn largely from higher trade receivables and lower payables).

Net cash used in investing activities

Net cash used in investing activities was US$2.9 billion for the year ended December 31, 2013 as compared to US$3.7 billion for the year ended December 31, 2012. This significant decrease is mainly related to capital expenditure which amounted to US$3.5 billion for the year ended December 31, 2013 as compared to US$4.7 billion for the year ended December 31, 2012. Net inflows from other investing activities amounted to US$0.6 billion, including US$139 million related to proceeds received from the reduction in the company's stake in Baffinland and US$267 million from the sale of Erdemir shares.

In 2013, capital expenditure of US$3.5 billion included US$2.4 billion related to maintenance (including health and safety investments) and US$1.1 billion dedicated to growth projects mainly in mining. In 2012, capital expenditure was US$4.7 billion, US$3.2 billion of which was related to steelmaking facilities (including health and safety investments) and US$1.5 billion dedicated to mining projects. In 2014, capital expenditure is expected to increase slightly to approximately US$3.8-4.0 billion. The company continues to focus primarily on core growth capital expenditure in its franchise businesses. While most planned steel investments remain suspended, the company has selectively restarted some of its capital expenditure projects to support the development of franchise steel businesses, in particular Phase 1 of the expansion project in Monlevade (Brazil) focusing on downstream facilities and restarted in the second quarter of 2013. The Phase 2 expansion of the Liberian mining operation involving the construction of a concentrator, among other things, is underway and will be capital-intensive until completion expected by end of 2015.

ArcelorMittal's major capital expenditures in the year ended December 31, 2013 included the following major projects: completion of capacity expansion in ArcelorMittal Mines Canada, Liberia greenfield mining project; capacity expansion in finished products, rebar and meltshop in Monlevade; construction of a new rolling mill in Acindar; construction of a heavy gauge galvanizing line to optimize galvanizing operations in ArcelorMittal Dofasco, capacity expansion plan and replacement of spirals for enrichment in ArcelorMittal Mines in Canada.

Net cash used in financing activities

Net cash provided by financing activities was US$0.2 billion for the year ended December 31, 2013, as compared to net cash used of US$1.0 billion in 2012. The cash inflow from financing activities in 2013 was mainly related to an offering of 104 million of the company's ordinary shares for a total aggregate amount of US$1.75 billion, the issuance of mandatorily convertible subordinated notes with net proceeds of US$2.2 billion, and the receipt of cash proceeds of US$1.1 billion from the disposal of a 15% interest in ArcelorMittal Mines Canada. Net cash from financing activities also included debt repayment of US$3.3 billion, primarily €1.5 billion for the 8.25% bond due 2013 and US$1.2 billion for the 5.375% bond due 2013.
In addition, it included US$0.8 billion following the completion of a cash tender offer to purchase any and all of the company's 6.5% US dollar denominated notes due in April 2014 and the 4.625% euro-denominated notes due in November 2014 as well as to prepay €125 million of 6.2% fixed rates notes maturing in 2016 and US$120 million of 6.38% privately placed notes maturing in 2015.

Dividends paid during the year ended December 31, 2013 were US$0.4 billion, including US$332 million paid to ArcelorMittal shareholders, US$57 million paid to holders of subordinated perpetual capital securities and US$26 million paid to non-controlling shareholders in subsidiaries. Dividends paid in the year ended December 31, 2012 were US$1.2 billion.

Equity

Equity attributable to the equity holders of the parent increased to US$49.8 billion at December 31, 2013, as compared to US$47.0 billion at December 31, 2012, primarily due to share offering for US$1.8 billion, issuance of mandatorily convertible subordinated notes for US$1.8 billion, disposal of 15% interest in ArcelorMittal Mines Canada for US$0.7 billion and recognized actuarial gains and losses for US$2.0 billion. This increase was partly offset by the net loss attributable to the equity holders of the parent of US$2.5 billion and dividend payments of US$0.4 billion. See note 19 to ArcelorMittal's consolidated financial statements for the year ended December 31, 2013.

Disclosures about market risks

ArcelorMittal is exposed to a number of different market risks arising from its normal business activities. Market risk is the possibility that changes in raw materials prices, foreign currency exchange rates, interest rates, base metal prices (zinc, nickel, aluminum and tin) and energy prices (oil, natural gas and power) will adversely affect the value of ArcelorMittal's financial assets, liabilities or expected future cash flows.

The fair value information presented below is based on the information available to management as of the date of the consolidated statements of financial position. Although ArcelorMittal is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of this annual report since that date, and therefore, the current estimates of fair value may differ significantly from the amounts presented below. 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.

Risk management

ArcelorMittal has implemented strict policies and procedures to manage and monitor financial market risks. Organizationally, supervisory functions are separated from operational functions, with proper segregation of duties. Financial market activities are overseen by the CFO, the corporate finance and tax committee and the GMB.

All financial market risks are managed in accordance with the treasury and financial risk management policy. These risks are managed centrally through group treasury by a group specializing in foreign exchange, interest rate, commodity, internal and external funding and cash and liquidity management.

All financial market hedges are governed by ArcelorMittal's treasury and financial risk management policy, which includes a delegated authority and approval framework, sets the boundaries for all hedge activities and dictates the required approvals for all treasury activities. Trading activity and limits are monitored on an ongoing basis. ArcelorMittal enters into transactions with numerous counterparties, mainly banks and financial institutions, as well as brokers, major energy producers and consumers.

As part of its financing and cash management activities, ArcelorMittal uses derivative instruments to manage its exposure to changes in interest rates, foreign exchange rates and commodities prices. These instruments are principally interest rate and currency swaps, spots and forwards. ArcelorMittal may also use futures and options contracts.

Counterparty risk

ArcelorMittal has established detailed counterparty limits to mitigate the risk of default by its counterparties. The limits restrict the exposure ArcelorMittal may have to any single counterparty. Counterparty limits are calculated taking into account a range of factors that govern the approval of all counterparties. The factors include an assessment of the counterparty's financial soundness and its ratings by the major rating agencies, which must be of a high quality. Counterparty limits are monitored on a periodic basis.

All counterparties and their respective limits require the prior approval of the corporate finance and tax committee. Standard agreements, such as those published by the International Swaps and Derivatives Association, Inc. (ISDA) are negotiated with all ArcelorMittal trading counterparties.

Derivative instruments

ArcelorMittal uses derivative instruments to manage its exposure to movements in interest rates, foreign exchange rates and commodity prices. Changes in the fair value of derivative instruments are recognized in the consolidated statements of operations or in equity according to nature and effectiveness of the hedge. For more information, see note 18 of ArcelorMittal's consolidated financial statements.

Derivatives used are conventional exchange-traded instruments such as futures and options, as well as non-exchange traded derivatives such as over-the-counter swaps, options and forward contracts.

Currency exposure

ArcelorMittal seeks to manage each of its entities' exposure to its operating currency. For currency exposure generated by activities, the conversion and hedging of revenues and costs in foreign currencies is typically performed using currency transactions on the spot market and forward market. For some of its business segments, ArcelorMittal hedges future cash flows.

Because a substantial portion of ArcelorMittal's assets, liabilities, sales and earnings are denominated in currencies other than the US dollar (its reporting currency), ArcelorMittal has exposure to fluctuations in the values of these currencies relative to the US dollar. These currency fluctuations, especially the fluctuation of the value of the US dollar relative to the euro, the Canadian dollar, Brazilian real and South African rand, as well as fluctuations in the currencies of the other countries 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-US subsidiaries may purchase raw materials, including iron ore and coking coal, in US dollars, but may sell finished steel products in other currencies. Consequently, an appreciation of the US dollar will increase the cost of raw materials, thereby negatively impacting the company's operating margins.

Disclosures about market risks

continued

Based on estimates for 2013, the table below reflects the impact of a 10% depreciation during 2013 of the functional currency on budgeted cash flows expressed in the respective functional currencies of the various entities:

Entity functional currency	Transaction impact of 10% depreciation of the subsidiaries' functional currency on cash flows
	in US$ equivalent (in millions)
US dollar	(244)
Euro	(609)
Other	15

ArcelorMittal faces translation risk, which arises when ArcelorMittal translates the financial statements of its subsidiaries, denominated in currencies other than the US dollars for inclusion in ArcelorMittal's consolidated financial statements.

The table below, in which it is assumed that there is no indexation between sales prices and exchange rates, illustrates the impact of a depreciation of 10% during 2013 of the US dollar.

Entity functional currency	Translation impact of 10% depreciation of dollar on operating results
	in US$ equivalent (in millions)
Euro	(106)
Other	129

The table below illustrates the impact of exchange rate fluctuations on the conversion of the net debt of ArcelorMittal into US dollars as of December 31, 2013 (sensitivity taking derivative transactions into account):

Currency	Impact of 10% appreciation of the US dollar on net debt translation
	in US$ equivalent (in millions)
Brazilian real	(17)
Canadian dollar	–
Euro	(459)
Other	(16)

Interest rate sensitivity

Short-term interest rate exposure and cash

Cash balances, which are primarily composed of euros and US dollars, are managed according to the short-term (up to one year) guidelines established by senior management on the basis of a daily interest rate benchmark, primarily through short-term interest rate swaps and short-term currency swaps, without modifying the currency exposure.

Interest rate risk on debt

ArcelorMittal's policy consists of incurring debt at fixed and floating interest rates, primarily in US dollars and euros according to general corporate needs. Interest rate and currency swaps are utilized to manage the currency and/or interest rate exposure of the debt.

The estimate fair values of ArcelorMittal's short- and long-term debt are as follows:

	2012		2013	
	Carrying value	Estimated fair value	Carrying value	Estimated fair value
(US$ million)				
Instruments payable bearing interest at variable rates	1,485	1,629	1,015	989
Instruments payable bearing interest at fixed rates	24,096	25,853	20,751	22,875
Long-term debt, including current portion	25,581	27,482	21,766	23,864
Short-term bank loans and other credit facilities including commercial paper	732	893	545	552

Disclosures about market risks

continued

Commodity price sensitivity

ArcelorMittal utilizes a number of exchange-traded commodities in the steel-making process. In certain instances, ArcelorMittal is the leading consumer worldwide of certain commodities. In some businesses and in certain situations, ArcelorMittal is able to pass this exposure on to its customers. The residual exposures are managed as appropriate.

Financial instruments related to commodities (base metals, energy and freight) are utilized to manage ArcelorMittal's exposure to price fluctuations.

Hedges in the form of swaps and options are utilised to manage the exposure to commodity price fluctuations.

The table below reflects commodity price sensitivity during 2013.

Commodities	Impact of 10% move of market prices on operating results at December 31, 2013
	in US$ equivalent (in millions)
Zinc	60
Nickel	3
Tin	13
Aluminium	6
Gas	61
Brent	95
Freight	16

In respect of non-exchange traded commodities, ArcelorMittal is exposed to possible increases in the prices of raw materials such as iron ore (which is generally correlated with steel prices with a time lag) and coking coal. This exposure is almost entirely managed through long-term contracts, however some limited hedging of iron ore exposures is made through derivative contracts.

Risks related to the global economy and the steel industry

ArcelorMittal's business, financial condition, results of operations or prospects could be materially adversely affected by any of the risks and uncertainties described below.

ArcelorMittal's business and results are substantially affected by regional and global macroeconomic conditions. Recessions or prolonged periods of weak growth in the global economy or the economies of ArcelorMittal's key selling markets have in the past had and in the future would be likely to have a material adverse effect on the mining and steel industries and on ArcelorMittal's business, results of operations and financial condition.

The mining and steel industries have historically been highly volatile. This is due largely to the cyclical nature of the business sectors that are the principal consumers of steel and the industrial raw materials produced from mining, namely the automotive, construction, appliance, machinery, equipment, infrastructure and transportation industries. Demand for minerals and metals and steel products thus generally correlates to macroeconomic fluctuations in the global economy. This correlation and the adverse effect of macroeconomic downturns on metal mining companies and steel producers were evidenced in the 2008/2009 financial and subsequent economic crisis. The results of both mining companies and steel producers were substantially affected, with many steel producers (including ArcelorMittal), in particular, recording sharply reduced revenues and operating losses. Recovery from the severe economic downturn of 2008/2009 has been sluggish and uneven across various industries and sectors, and there can be no assurance that such recovery will continue. In 2013, growth slowed although it continued in the emerging economies. Macroeconomic conditions improved in certain developed regions, such as North America, but remained weak in Europe. Growth of the Chinese economy, which in recent years has been one of the main demand drivers in the mining and steel industries, has continued to slow down, along with growth in other emerging economies that are substantial consumers of steel (such as Brazil, Russia, India, and many markets in the Asian, Middle Eastern and CIS regions). A faltering of the recovery in North America, continued stagnation in Europe or a continued slowdown in emerging economies would likely result in continued and prolonged subdued demand for (and hence the price of) steel, while a significant slowing of steel demand in China would likely have a negative impact on mineral prices. Should such events occur, they would likely have a material adverse effect on the mining and steel industries in general and on ArcelorMittal's results of operations and financial condition in particular.

Continued weakness of the eurozone economy may continue to adversely affect the steel industry and ArcelorMittal's business, results of operations and financial condition.

Steel producers with substantial sales in Europe, such as ArcelorMittal, were deeply affected by macroeconomic conditions in Europe over the 2011-2013 period, when the eurozone sovereign debt crisis and resulting austerity measures and other factors led to recession or stagnation in many of the national economies in the eurozone. In 2013, demand for steel in the eurozone declined again, albeit mildly to over 30% below 2007 levels. While macroeconomic conditions in the Eurozone began to stabilize in 2013, growth remains anemic and current expectations are for a continued sluggish recovery in the Eurozone in the near to mid-term, with forecasts of 1.0% and 1.1% of growth in 2014 from the International Monetary Fund (forecast made in October 2013) and the European Central Bank (forecast made in December 2013), respectively. Continued weakness or a renewed deterioration of the eurozone economy would most likely result in continued and prolonged reduced demand for (and hence price of) steel in Europe and have a material adverse effect on the European steel industry in general and on ArcelorMittal's results of operations and financial condition in particular.

Excess capacity and oversupply in the steel industry may weigh on the profitability of steel producers, including ArcelorMittal.

In addition to economic conditions, the steel industry is affected by global and regional production capacity and fluctuations in steel imports/exports and tariffs. The steel industry globally has historically suffered from structural overcapacity, which is amplified during periods of global or regional economic weakness due to weaker global or regional demand. In Europe, structural overcapacity is considerable, with studies indicating that European production capacity may exceed European demand by as much as 40%. In 2013, demand levels in Europe were more than 30% below those of 2007, widely considered to have been a peak in the industry cycle. Reaching equilibrium would therefore require supply-side reductions and/or demand recovery. These are difficult and costly to implement in the European context. Moreover, the supply excess could be exacerbated by an increase in imports from emerging market producers. Outside of Europe, steel production capacity in China and certain other developing economies including Russia, Ukraine and Turkey, has increased substantially in recent years in response to a rapid increase in steel consumption in those markets.

China is the largest global steel producer by a large margin, and the balance between its domestic production and consumption has been an important factor influencing global steel prices in recent years. Steel production capability in China now appears to be well in excess of China's home market demand. This imbalance has been exacerbated by the recent slowdown in China's economic growth rate, which has led to decreased demand for steel products in China. As a result, China has become an increasingly larger net exporter of steel (principally to Asia). Excess capacity from developing countries, such as China, may continue to result in exports of significant amounts of steel and steel products at prices that are at or below their costs of production, putting downward pressure on steel prices in other markets, including the United States and Europe.

Given these structural capacity issues, ArcelorMittal remains exposed to the risk of steel production increases in China and other markets outstripping any increases in real demand. This 'overhang' will likely weigh on steel prices and therefore exacerbate the 'margin squeeze' in the steel industry created by high-cost raw materials, in particular in markets marked by overcapacity such as Europe.

Volatility in the supply and prices of raw materials, energy and transportation, and mismatches with steel price trends, as well as protracted low raw materials prices, could adversely affect ArcelorMittal's results of operations.

Steel production consumes substantial amounts of raw materials including iron ore, coking coal and coke. Because the production of direct reduced iron, the production of steel in electric arc furnaces ('EAFs') and the re-heating of steel involve the use of significant amounts of energy, steel companies are also sensitive to natural gas and electricity prices and dependent on having access to reliable supplies of energy. Any prolonged interruption in the supply of raw materials or energy would adversely affect ArcelorMittal's results of operation and financial condition.

The prices of iron ore, coking coal, coke and scrap are highly volatile (for example in 2013 iron ore spot prices fluctuated between a peak of US$160 per tonne in mid-February and US$110 per tonne at the end of May) and may be affected by, among other factors: industry structural factors (including the oligopolistic nature of the (sea-borne) iron ore industry and the fragmented nature of the steel industry); demand trends in the steel industry itself and particularly from Chinese steel producers (as the largest group of producers); massive stocking and destocking activities (sudden drops in ore

Risks related to the global economy and the steel industry

continued

prices can push end-users to delay orders pushing prices further down); new laws or regulations; suppliers' allocations to other purchasers; business continuity of suppliers; changes in pricing models; expansion projects of suppliers; interruptions in production by suppliers; accidents or other similar events at suppliers' premises or along the supply chain; wars, natural disasters, political disruption and other similar events; fluctuations in exchange rates; the bargaining power of raw material suppliers; and the availability and cost of transportation. Although ArcelorMittal has substantial sources of iron ore and coal from its own mines and strategic long-term contracts (the company's self-sufficiency rates were 62% for iron ore and 19% for pulverized coal injection ('PCI') and coal in 2013) and is both expanding output at such mines and has new mines under development, it nevertheless remains exposed to volatility in the supply and price of iron ore, coking coal and coke given that it obtains a significant portion of such raw materials under supply contracts from third parties. The company is also exposed directly to price volatility in iron ore and coal as it sells such minerals to third parties to an increasing extent. This volatility was reflected directly in the results of the company's mining segment in 2013.

Historically, energy prices have varied significantly, and this trend is expected to continue due to market conditions and other factors beyond the control of steel companies.

Steel and raw material prices have historically been highly correlated. A drop in raw material prices therefore typically triggers a decrease in steel prices. During the 2008/2009 crisis and again in 2012, both steel and raw materials prices dropped sharply. Another risk is embedded in the timing of the production cycle: rapidly falling steel prices can trigger write-downs of raw material inventory purchased when steel prices were higher, as well as of unsold finished steel products. ArcelorMittal recorded substantial write-downs in 2008/2009 as a result of this. Furthermore, a lack of correlation or a time lag in correlation between raw material and steel prices may also occur and result in a 'price-cost squeeze' in the steel industry. ArcelorMittal experienced such a squeeze in late 2011, for example, when iron ore prices fell over 30% in three weeks in October 2011 and quickly resulted in a significant fall in steel prices while lower raw material prices had yet to feed into the company's operating costs and it continued to sell steel products using inventory manufactured with higher priced iron ore. ArcelorMittal experienced similar price-cost squeezes at various points in 2012 and in 2013. Because ArcelorMittal sources a substantial portion of its raw materials through long-term contracts with quarterly (or more frequent) formula-based or negotiated price adjustments and sells a substantial part of its steel products at spot prices, as a steel producer, it faces the risk of adverse differentials between its own production costs, which are affected by global raw materials and scrap prices, on the one hand, and trends for steel prices in regional markets, on the other hand. In addition to the company's exposure as a steelmaker, protracted periods of low prices of iron ore and to a lesser extent coal would weigh on the revenues and profitability of the company's mining business, as occurred in the second half of 2012 and at various points in 2013.

Protracted low iron ore and steel prices would have a material adverse effect on ArcelorMittal's results, as could price volatility.

ArcelorMittal sells both iron ore and steel products. Protracted low iron ore prices have a negative effect on the results of its mining business, as a result of lower sale prices and lower margins on such sales. In addition, as indicated above, iron ore prices and steel prices are generally highly correlated, and a drop in iron ore prices therefore typically triggers a decrease in steel prices.

As indicated above, the prices of iron ore and steel products are influenced by many factors, including demand, worldwide production capacity, capacity-utilization rates, global prices and contract arrangements, steel inventory levels and exchange rates. ArcelorMittal's results have shown the material adverse effect of prolonged periods of low prices. Following an extended period of rising prices, global steel prices fell sharply during the financial and economic crisis of 2008/2009 as a result of the sharp drop in demand exacerbated by massive industry destocking (i.e. customer reductions of steel inventories). This had a material adverse effect on ArcelorMittal and other steel producers, who experienced lower revenues, margins and, as discussed further below, write-downs of finished steel products and raw material inventories. Steel prices gradually recovered in late 2009 and into 2010 while remaining below their pre-financial crisis peaks. Steel prices were highly volatile in both 2011 and 2012, with particularly sharp drops in both steel and iron ore prices occurring during the third quarter of 2012. In 2013, steel prices (as well as iron ore prices) were volatile, and remained subject to the risk of price corrections, in particular to spreads between higher prices in the United States than in China. ArcelorMittal's results will likely continue to be affected by volatility in steel and raw material prices, as well as the ongoing risk of protracted low steel prices as any sustained steel price recovery would likely require raw material price support as well as a broad economic recovery in order to underpin an increase in real demand for steel products by end users.

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 sanctions and barriers due to the global nature of its operations. Various countries have in the past instituted trade sanctions and barriers, a recurrence of which could materially and adversely affect ArcelorMittal's business by limiting the company's access to steel markets.

Risks related to the global economy and the steel industry

continued

ArcelorMittal has incurred and may incur in the future operating costs when production capacity is idled or increased costs to resume production at idled facilities.

ArcelorMittal's decisions about which facilities to operate and at which levels are made based upon customers' orders for products as well as the capabilities and cost performance of the company's facilities. Considering temporary or structural overcapacity in the current market situation, production operations are concentrated at several plant locations and certain facilities are idled in response to customer demand with operating costs still incurred at such idled facilities.

When idled facilities are restarted, ArcelorMittal incurs costs to replenish raw material inventories, prepare the previously idled facilities for operation, perform the required repair and maintenance activities and prepare employees to return to work safely and resume production responsibilities.

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 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, and compliance with new and more stringent obligations may require additional capital expenditures or modifications inoperating practices. 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.

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 also be 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.

Laws and regulations restricting emissions of greenhouse gases could force ArcelorMittal to incur increased capital and operating costs and could have a material adverse effect on ArcelorMittal's results of operations and financial condition.

Compliance with new and more stringent environmental obligations relating to 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 EU has established greenhouse gas regulations and is revising its emission trading system for the period 2013 to 2020 in a manner that may require ArcelorMittal to incur additional costs to acquire emissions allowances. The United States required reporting of greenhouse gas emissions from certain large sources beginning in 2011 and has begun adopting and implementing regulations to restrict emissions of greenhouse gases under existing provisions of the Clean Air Act. Further measures, in the EU, the United States, and many other countries, may be enacted in the future. In particular, an international agreement, the Durban Platform for Enhanced Action, calls for a second phase of the Kyoto Protocol's greenhouse gas emissions restrictions to be effective through 2020 and for a new international treaty to come into effect and be implemented from 2020. Such obligations, whether in the form of a national or international cap-and-trade emissions permit system, a carbon tax, emissions controls, reporting requirements, or other regulatory initiatives, 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 have not yet instituted significant greenhouse gas regulations. It is possible that a future international agreement to regulate emissions may provide exemptions and lower 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.

Risks related to the global economy and the steel industry

continued

ArcelorMittal is subject to stringent health and safety laws and regulations that give rise to significant costs and could give rise to significant 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.

Under certain circumstances, authorities could require ArcelorMittal facilities to curtail or suspend operations based on health and safety concerns. For example, in August 2012 a local court in Italy ordered the partial closure of another company's large steel manufacturing facility, based on concerns that its long lasting air emissions were harming the health of workers and nearby residents. The industry is concerned that the court decision could lead to more stringent permit and other requirements, particularly at the local level, or to other similar local or national court decisions in the EU.

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, 2013, ArcelorMittal had total debt outstanding of US$22.3 billion, consisting of US$4.1 billion of short-term indebtedness (including payables to banks and the current portion of long-term debt) and US$18.2 billion of long-term indebtedness. As of December 31, 2013, ArcelorMittal had US$6.2 billion of cash and cash equivalents, including restricted cash, and US$6.0 billion available to be drawn under existing credit facilities. As of December 31, 2013, substantial amounts of indebtedness mature in 2014 (US$4.1 billion), 2015 (US$2.5 billion), 2016 (US$2.4 billion), 2017 (US$2.9 billion) and 2018 (US$2.3 billion).

If the mining and steel markets were to deteriorate again, consequently reducing operating cash flows, ArcelorMittal's gearing (long-term debt, plus short-term debt, less cash and cash equivalents and restricted cash, divided by total equity) would likely increase, absent sufficient asset disposals and further capital raises. In such a scenario, ArcelorMittal may have difficulty accessing financial markets to refinance maturing debt on acceptable terms or, in extreme scenarios, come under liquidity pressure. ArcelorMittal's access to financial markets for refinancing also depends on conditions in the global capital and credit markets which are volatile. During the 2008/2009 financial and economic crisis and again at the height of the eurozone sovereign debt crisis, access to the financial markets was restricted for many companies and various macroeconomic and financial market factors could cause this to happen again. Under such circumstances, the company could experience difficulties in accessing the financial markets on acceptable terms or at all.

ArcelorMittal's high level of debt outstanding could have adverse consequences more generally, including by impairing its ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes, and limiting its flexibility to adjust to changing market conditions or withstand competitive pressures, resulting in greater vulnerability to a downturn in general economic conditions. While ArcelorMittal is targeting a further reduction in 'net debt' (i.e. long-term debt net of current portion plus payables to banks and current portion of long-term debt, less cash and cash equivalents, restricted cash and short-term investments), there is no assurance that it will succeed.

Moreover, ArcelorMittal could, in order to increase its financial flexibility and strengthen its balance sheet, implement capital raising measures such as equity offerings (as was done in January 2013), which could (depending on how they are structured) dilute the interests of existing shareholders. In addition, ArcelorMittal is pursuing a policy of asset disposals in order to reduce debt. These asset disposals are subject to execution risk and may fail to materialize, and the proceeds received from them may not reflect values that management believes are achievable and/or cause substantial accounting losses (particularly if the disposals are done in difficult market conditions). In addition, to the extent that the asset disposals include the sale of all or part of core assets (including through an increase in the share of minority interests, such as the ArcelorMittal Mines Canada transaction completed in 2013), this could reduce ArcelorMittal's consolidated cash flows and or the economic interest of ArcelorMittal shareholders in such assets, which may be cash-generative and profitable ones.

In addition, credit rating agencies could downgrade ArcelorMittal's ratings either due to factors specific to ArcelorMittal, a prolonged cyclical downturn in the steel industry or macroeconomic trends (such as global or regional recessions) and trends in credit and capital markets more generally. In this respect, Standard & Poor's, Moody's and Fitch downgraded the company's rating to below 'investment grade' in August, November and December 2012, respectively, and Standard & Poor's and Moody's currently have ArcelorMittal's credit rating on negative outlook. The margin under ArcelorMittal's principal credit facilities and certain of its outstanding bonds is subject to adjustment in the event of a change in its long-term credit ratings, and the August, November and December 2012 downgrades resulted in increased interest expense. Any further downgrades in ArcelorMittal's credit ratings would result in a further increase in its cost of borrowing and could significantly harm its financial condition and results of operations as well as hinder its ability to refinance its existing indebtedness on acceptable terms.

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. ArcelorMittal's principal credit facilities also include the following financial covenant: ArcelorMittal must ensure that the 'leverage ratio', being 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), 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 ArcelorMittal), is not greater than a ratio of 4.25 to one or 3.5 to one, depending

Risks related to the global economy and the steel industry

continued

on the facility. As of December 31, 2013, the company was in compliance with the leverage ratios.

The restrictive and financial covenants could limit ArcelorMittal's operating and financial flexibility. 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 clauses could cause some or all of the other debt to accelerate, creating liquidity pressures. In addition, even market perception of a potential breach of any financial covenant could have a negative impact on ArcelorMittal's ability to refinance its indebtedness on acceptable conditions.

Furthermore, some of ArcelorMittal's debt is subject to floating rates of interest and thereby exposes ArcelorMittal to interest rate risk (i.e., if interest rates rise, ArcelorMittal's debt service obligations on its floating 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 taking into account interest-rate derivative financial instruments, ArcelorMittal had exposure to 93% of its debt at fixed interest rates and 7% at floating rates as of December 31, 2013.

Finally, ArcelorMittal has foreign exchange exposure in relation to its debt, approximately 29% of which is denominated in euros as of December 31, 2013, while its financial statements are denominated in US dollars. This creates balance sheet exposure, with a depreciation of the US dollar against the euro leading to an increase in debt (including for covenant compliance measurement purposes).

ArcelorMittal's growth strategy includes greenfield and brownfield projects that are inherently subject to completion and financing risks.

As a part of its growth strategy, the company plans to expand its steel-making capacity and raw materials production through a combination of brownfield growth, new greenfield projects and acquisitions, mainly in emerging markets. To the extent that these plans proceed, these projects would require substantial capital expenditures, including in 2014 and 2015, 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 Keonjhar steel project in India, which resulted in the abandonment of the project), managing relationships with or obtaining consents from other shareholders, revision of economic viability (as experienced, for example, in connection with the termination of the Mauritania iron ore mining project), 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. The company cannot guarantee that it will be able to execute its greenfield or brownfield development 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.

Greenfield projects can also, in addition to general factors, have project-specific factors that increase the level of risk. For example, the company, via Baffinland Iron Mines Corporation ('Baffinland'), a 50/50 joint arrangement, is developing the Mary River iron ore deposit in the northern end of Baffin Island in the Canadian Arctic. The scale of this project, which has been split into several developmental phases, the first of which was commenced in 2013, and the location of the deposit raise unique challenges, including extremely harsh weather conditions, lack of transportation and other infrastructure and environmental concerns. Similar to other greenfield development projects, it is subject to construction and permitting risks, including the risk of significant cost overruns and delays in construction, infrastructure development, start-up and commissioning. The region is known for its harsh and unpredictable weather conditions resulting in periods of limited access and general lack of infrastructure. Other specific risks the project is subject to include, but are not limited to (i) delays in obtaining, or conditions imposed by, regulatory approvals; (ii) risks associated with obtaining amendments to existing regulatory approvals or permits and additional regulatory approvals or permits which will be required; (iii) existing litigation risks; (iv) fluctuations in prices for iron ore affecting the future profitability of the project; and (v) risks associated with the company and its partner being in a position to finance their respective share of project costs and/or obtaining financing on commercially reasonable terms. As a result, there can be no assurance that the Mary River Project will proceed in accordance with current expectations.

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, removing, and processing material from an underground mine.

ArcelorMittal is exposed to all of these hazards. The occurrence of any of the events 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.

Risks related to the global economy and the steel industry

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ArcelorMittal's reserve estimates may materially differ from mineral quantities that it may be able to actually recover; ArcelorMittal's estimates of mine life may prove inaccurate; and market price fluctuations and changes in operating and capital costs may render certain ore reserves uneconomical to mine.

ArcelorMittal's reported reserves are estimated quantities of ore and metallurgical coal that it has determined can be economically mined and processed under present and anticipated conditions to extract their mineral content. There are numerous uncertainties inherent in estimating quantities of reserves and in projecting potential future rates of mineral production, including factors beyond ArcelorMittal's control. Reserve engineering involves estimating deposits of minerals that cannot be measured in an exact manner, and the accuracy of any reserve estimate is a function of the quality of available data and engineering and geological interpretation and judgment. As a result, no assurance can be given that the indicated amount of ore or coal will be recovered or that it will be recovered at the anticipated rates. Estimates may vary, and results of mining and production subsequent to the date of an estimate may lead to revisions of estimates. Reserve estimates and estimates of mine life may require revisions based on actual production experience and other factors. For example, fluctuations in the market prices of minerals and metals, reduced recovery rates or increased operating and capital costs due to inflation, exchange rates, mining duties or other factors may render proven and probable reserves uneconomic to exploit and may ultimately result in a restatement of reserves.

Drilling and production risks could adversely affect the mining process.

Substantial time and expenditures are required to:

- establish mineral reserves through drilling
- determine appropriate mining and metallurgical processes for optimizing the recovery of metal contained in ore and coal
- obtain environmental and other licenses
- construct mining, processing facilities and infrastructure required for greenfield properties; and
- obtain the ore or coal or extract the minerals from the ore or coal.

If a project proves not to be economically feasible by the time ArcelorMittal is able to exploit it, ArcelorMittal may incur substantial losses and be obliged to recognize impairments. In addition, potential changes or complications involving metallurgical and other technological processes arising during the life of a project may result in delays and cost overruns that may render the project not economically feasible.

ArcelorMittal faces rising extraction costs over time as reserves deplete.

Reserves are gradually depleted in the ordinary course of a given mining operation. As mining progresses, distances to the primary crusher and to waste deposits become longer, pits become steeper and underground operations become deeper. As a result, over time, ArcelorMittal usually experiences rising unit extraction costs with respect to each mine.

ArcelorMittal has grown through acquisitions and may 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'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. While the company's large-scale M&A activity has been less extensive since the 2008 financial crisis, it could make substantial acquisitions at any time. For example, in November 2013, the company entered into a 50/50 joint venture partnership with Nippon Steel & Sumitomo Metal Corporation ('NSSMC') to acquire from ThyssenKrupp 100% of ThyssenKrupp Steel USA ('TK Steel USA'), a steel processing plant situated in Calvert, Alabama, for an agreed price of US$1.55 billion. The waiting period under the US Hart-Scott-Rodino Antitrust Improvements Act ('US HSR Act') terminated on January 29, 2014 with respect to this acquisition. The transaction is expected to close during the first quarter of 2014.

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.

A Mittal family trust has the ability to exercise significant influence over the outcome of shareholder votes.

As of December 31, 2013, a trust (HSBC Trust (C.I.) Limited, as trustee), of which Mr Lakshmi N. Mittal, Mrs Usha Mittal and their children are the beneficiaries, beneficially owned (within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934, as amended) shares amounting (when aggregated with ordinary shares of ArcelorMittal and options to acquire ordinary shares held directly by Mr and Mrs Mittal) to 656,031,811 shares, representing 39.39% of ArcelorMittal's outstanding shares. The trust 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.
The trust 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 an 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 30 years 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 an adverse effect on ArcelorMittal's business and prospects. ArcelorMittal does not maintain key person 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 ordinary shares or conduct share buy-backs. Significant cash or cash equivalent balances may be held

Risks related to the global economy and the steel industry

continued

from time to time at the company's international operating subsidiaries, including in particular those in France, where the company maintains a cash management system under which most of its cash and cash equivalents are centralized, and in Argentina, Brazil, South Africa, Ukraine and Venezuela. 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. Repatriation of funds from operating subsidiaries may also be affected by tax and foreign exchange policies in place from time to time in the various countries where the company operates, though none of these policies are currently significant in the context of ArcelorMittal's overall liquidity. 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 consolidated statements 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 eight 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 during the fourth quarter, or when 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 on the basis of value in use calculations, which depend on certain key assumptions. These include assumptions regarding the shipments, 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 10 to ArcelorMittal's consolidated financial statements.

If management's estimates change, the estimate of the recoverable amount of goodwill or the asset could fall significantly and result in impairment. While impairment does not affect reported cash flows, the decrease of the estimated recoverable amount and the related non-cash charge in the consolidated statements of operations could have a material adverse effect on ArcelorMittal's results of operations. For example, in 2012, the company recorded an impairment charge of US$4.3 billion with respect to goodwill in its European businesses (US$2.5 billion, US$1 billion and US$0.8 billion in the Flat Carbon Europe, Long Carbon Europe and Distribution Solutions segments, respectively). Following these impairment charges, substantial amounts of goodwill and other intangible assets remain recorded on its balance sheet (there was US$7.7 billion of goodwill and US$1.0 billion of other intangibles on the balance sheet at December 31, 2013). No assurance can be given as to the absence of significant further impairment losses in future periods, particularly if market conditions continue to deteriorate. In particular, management believes that reasonably possible changes in key assumptions would cause an additional impairment loss to be recognized in respect of the Flat Carbon Europe, Flat Carbon Americas, Long Carbon Europe and AACIS segments, which account for US$5.2 billion of goodwill at December 31, 2013. See note 10 to ArcelorMittal's consolidated financial statements.

The company's investment projects may add to its financing requirements and adversely affect its cash flows and results of operations.

The steelmaking and mining businesses are capital intensive requiring substantial ongoing maintenance capital expenditure. In addition, ArcelorMittal has plans to continue certain investment projects and has certain capital expenditure obligations from transactions entered into in the past. See note 24 to ArcelorMittal's consolidated financial statements. ArcelorMittal expects to fund these capital expenditures primarily through internal sources. Such sources may not suffice, however, depending on the amount of internally generated cash flow and other uses of cash. If not, ArcelorMittal may need to choose between incurring external financing, further increasing the company's level of indebtedness, or foregoing investments in projects targeted for profitable growth.

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, 2013, the value of ArcelorMittal USA's pension plan assets was US$2.9 billion, while the projected benefit obligation was US$3.6 billion, resulting in a deficit of US$0.7 billion. At December 31, 2013, the value of the pension plan assets of ArcelorMittal's Canadian subsidiaries was US$3.2 billion, while the projected benefit obligation was US$3.6 billion, resulting in a deficit of US$0.4 billion. At December 31, 2013, the value of the pension plan assets of ArcelorMittal's European subsidiaries was US$0.8 billion, while the projected benefit obligation was US$2.8 billion, resulting in a deficit of US$2.0 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, 2013. The consolidated obligations totalled US$5.9 billion as of December 31, 2013, while underlying plan assets were only US$0.7 billion, resulting in a deficit of US$5.2 billion. See note 25 to ArcelorMittal's consolidated financial statements.

ArcelorMittal's funding obligations depend upon future asset performance, which is tied to equity markets to a substantial

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continued

extent, 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.

ArcelorMittal could experience labor disputes that may disrupt its operations and its relationships with its customers and its ability to rationalize operations and reduce labor costs in certain markets may be limited in practice or encounter implementation difficulties.

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, in particular in connection with any announced intentions to close certain sites. ArcelorMittal periodically experiences strikes and work stoppages at various facilities. Prolonged strikes or work stoppages, which may increase in their severity and frequency, may have an adverse effect on the operations and financial results of ArcelorMittal.

Faced with temporary or structural overcapacity in various markets, particularly developed ones, ArcelorMittal has in the past sought and may in the future seek to rationalize operations through temporary shutdowns and closures of plants. These initiatives have in the past and may in the future lead to protracted labor disputes and political controversy. For example, in 2012, the announced closure of the liquid phase of ArcelorMittal's plant in Florange, France attracted substantial media and political attention – even at one stage involving the threat of nationalization – and the resolution was negotiated with the government. Such situations carry the risk of delaying or increasing the cost of production rationalization measures, harming ArcelorMittal's reputation and business standing in given markets and even the risk of nationalization.

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. For example, widespread civil unrest in the Ukraine resulted in the removal of the President from office in February 2014 and calls by the country's interim leadership for a presidential election in the coming months. In addition, certain of ArcelorMittal's operations are also located in areas where acute drug-related violence (including executions and kidnappings of non-gang civilians) occurs and the largest drug cartels operate, such as the states of Michoacan, Sinaloa and Sonora in Mexico.

In addition, the legal systems in some of the countries in which ArcelorMittal operates remain less than fully developed, particularly with respect to the independence of the judiciary, 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 implemented a number of selective nationalizations of companies operating in the country 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 US 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 US dollar (ArcelorMittal's reporting currency). Accordingly, fluctuations in exchange rates to the US 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. In Europe, the ongoing weakness raises the risk of a substantial depreciation of the euro against the US dollar. In emerging countries where ArcelorMittal has operations and/or generates substantial revenue, such as Argentina, Brazil, Venezuela and Ukraine, the risk of significant currency devaluation is high. 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.

Risks related to the global economy and the steel industry

continued

Disruptions to ArcelorMittal's manufacturing processes could adversely affect its operations, customer service levels and financial results.

Steel manufacturing processes are dependent on critical steel-making equipment, such as furnaces, continuous casters, rolling mills and electrical equipment (such as transformers), and such equipment may incur downtime as a result of unanticipated failures or other events, such as fires or furnace breakdowns. 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, such as the fire that occurred in February 2013 at the Vanderbijlpark plant of ArcelorMittal South Africa. To the extent that lost production as a result of such a disruption cannot be compensated for by unaffected facilities, such disruptions could have an adverse effect on ArcelorMittal's operations, customer service levels and results of operations.

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 located in Lázaro Cárdenas, Michoacán, Mexico and ArcelorMittal Galati's production facilities in Romania are located in or close to regions prone to earthquakes of varying magnitudes. The Lázaro Cárdenas area has, in addition, been subject to a number of tsunamis in the past. ArcelorMittal Point Lisas is located in Trinidad & Tobago, an area vulnerable to both hurricanes and earthquakes. The ArcelorMittal wire drawing operations in the United States are located in an area subject to tornados. Extensive damage to the foregoing facilities or any of ArcelorMittal's other major production complexes and potential resulting staff casualties, whether as a result of floods, earthquakes, tornados, hurricanes, tsunamis or other natural disasters, could, to the extent that lost production 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 and product liability insurance in amounts believed to be consistent with industry practices but it is not fully insured against all such 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 ArcelorMittal's property and equipment 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 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 event 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 and in automotive applications. There could be significant consequential damages resulting from the use of or defects in 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 subject to 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 US federal court against ArcelorMittal, ArcelorMittal USA and other steel manufacturers, alleging that the defendants had conspired to restrict the output of steel products in order to affect steel prices. Since the filing of the Standard Iron Works lawsuit, other similar direct purchaser lawsuits have been filed in the same court and consolidated with the Standard Iron Works lawsuit. In January 2009, ArcelorMittal and the other defendants filed a motion to dismiss the direct purchaser claims. In June 2009, the court denied the motion to dismiss and the class certification discovery and briefing stage has now closed, though no decision on class certification has been issued by the court yet. The hearing on the pending class certification motion is scheduled for March 2014. Antitrust proceedings, investigations and follow-on claims involving ArcelorMittal subsidiaries are also currently pending in various countries including Brazil, Germany, Romania 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 US dollars in major civil antitrust proceedings during the last decade. With respect to the pending US federal court litigation, ArcelorMittal could be subject to treble damages. 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 is currently and may in the future be subject to legal proceedings, the resolution of which could negatively affect the company's profitability and cash flow in a particular period.

ArcelorMittal's profitability or cash flow in a particular period could be affected by adverse rulings in legal proceeding currently pending or by legal proceedings that may be filed against the company in the future.

ArcelorMittal's business is subject to an extensive, complex and evolving regulatory framework and its governance and compliance processes may fail to prevent regulatory penalties and reputational harm, whether at operating subsidiaries, joint ventures and associates.

ArcelorMittal operates in a global environment, and its business straddles multiple jurisdictions and complex regulatory frameworks, at a time of increased enforcement activity and enforcement initiatives worldwide.
Such regulatory frameworks, including but not limited to the area of economic sanctions, are constantly evolving, and ArcelorMittal may as a result become subject to increasing limitations on its business activities and to the risk of fines or other sanctions for non-compliance. Moreover, 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 non-controlling stake and does not control governance practices or 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, litigation, 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 21 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 and future cash flows could be reduced.

At December 31, 2013, ArcelorMittal had US$8.9 billion recorded as deferred tax assets on its consolidated statements 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, 2013, the amount of future income required to recover ArcelorMittal's deferred tax assets of US$8.9 billion was at least US$32.1 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.
In addition, changes in tax law may result in a reduction in the value of deferred tax assets.

ArcelorMittal's reputation and business could be materially harmed as a result of data breaches, data theft, unauthorized access or successful hacking.

ArcelorMittal's operations depend on the secure and reliable performance of its information technology systems. An increasing number of companies, including ArcelorMittal, have recently experienced intrusion attempts or even breaches of their information technology security, some of which have involved sophisticated and highly targeted attacks on their computer networks. ArcelorMittal's corporate website was the target of a hacking attack in January 2012, which brought the website down for several days. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, the company may be unable to anticipate these techniques or to implement in a timely manner effective and efficient countermeasures.

If unauthorized parties attempt or manage to bring down the company's website or force access to its information technology systems, they may be able to misappropriate confidential information, cause interruptions in the company's operations, damage its computers or otherwise damage its reputation and business. In such circumstances, the company could be held liable or be subject to regulatory or other actions for breaching confidentiality and personal data protection rules. Any compromise of the security of the company's information technology systems could result in a loss of confidence in the company's security measures and subject it to litigation, civil or criminal penalties, and adverse publicity that could adversely affect its reputation, financial condition and results of operations.

Board of directors

We place a strong emphasis on corporate governance. ArcelorMittal has eight independent directors on its 11-member board of directors. The board's audit committee and appointments, remuneration and corporate governance committee (ARCG Committee) are each comprised exclusively of independent directors. In addition, half of the risk management committee is comprised of independent directors.

The annual general meeting of shareholders on May 8, 2013 acknowledged the expiration of the terms of office of Ms Vanisha Mittal Bhatia, Ms Suzanne P Nimocks and Mr Jeannot Krecké. At the same meeting, the shareholders re-elected Ms Bhatia, Ms Nimocks and Mr Krecké for a new term of three years each.

The board of directors is composed of 11 directors, of which 10 are non-executive directors and eight are independent directors. The board is assisted by a company secretary. The company secretary fulfills those tasks and functions that are assigned to him by the board of directors. In particular, the company secretary ensures that all directors are timely and properly informed and receive appropriate documentation for the performance of their tasks. The board of directors comprises only one executive director, Mr Lakshmi N Mittal, the chairman and chief executive officer of ArcelorMittal.

Mr Lewis B Kaden is the lead independent director. Mr Kaden's principal duties and responsibilities as lead independent director are as follows: coordination of activities of the other independent directors; liaison between the chairman and the other independent directors; calling meetings of the independent directors when necessary and appropriate; leading the board of directors' self-evaluation process and such other duties as are assigned from time to time by the board of directors.

No member of the board of directors, including the executive director, has entered into any service contract with ArcelorMittal or any of its subsidiaries providing for benefits upon the end of his or her service on the board. In December 2013, all non-executive directors of the company signed the company's appointment letter, which confirms the conditions of their appointment including compliance with a non-compete provision, the 10 principles of corporate governance of the Luxembourg Stock Exchange and the company's code of business conduct.

Lakshmi N Mittal, 63, is the Chairman and CEO of ArcelorMittal. Mr Mittal founded Mittal Steel (formerly LNM) in 1976, and guided its strategic development, culminating in the merger in 2006 with Arcelor. Mr Mittal is an active philanthropist and a member of various boards and trusts, including chairman of the board of Aperam and the boards of Goldman Sachs and EADS. He is a member of the Indian Prime Minister's Global Advisory Council, the Foreign Investment Council in Kazakhstan, the Ukrainian President's Domestic and Foreign Investors Advisory Council, the World Economic Forum's International Business Council, the World Steel Association's Executive Committee and the Presidential International Advisory Board of Mozambique.

He sits on the advisory board of the Kellogg School of Management in the US and is a member of the board of trustees of Cleveland Clinic. Among his many awards and honours, he was named 'Business Person of 2006' by The Sunday Times, 'International Newsmaker of the Year 2006' by Time magazine and 'Person of the Year 2006' by the Financial Times. He has received the Padma Vibhushan, India's second highest civilian honour, and a Forbes Lifetime Achievement Award. In 2013, he has been awarded with a Doctor Honoris Causa by the AGH University of Science and Technology in Krakow, Poland. Mr Mittal is a citizen of India.

Lewis B Kaden, 71, is the lead independent director of ArcelorMittal. He has around 40 years of experience in corporate governance, financial services, dispute resolution and economic policy. He was vice chairman of Citigroup since between 2005 and 2013. He was previously a partner of the law firm Davis Polk & Wardwell, and served as counsel to the governor of New Jersey, as a professor of law at Columbia University and as director of Columbia University's Centre for Law and Economic Studies.

Mr Kaden has served as a director of Bethlehem Steel Corporation for 10 years and is chairman of the board of trustees of the Markle Foundation and vice chairman of the board of trustees of Asia Society. He is a member of the Council on Foreign Relations and has been a moderator of the Business-Labor Dialogue. Mr Kaden is a US citizen.

Vanisha Mittal Bhatia, 33, was appointed as a member of the LNM Holdings Board of Directors in June 2004. Ms Vanisha Mittal Bhatia was appointed to Mittal Steel's Board of Directors in December 2004.

She has a Bachelor of Arts degree in Business Administration from the European Business School and has worked at Mittal Shipping Ltd, Mittal Steel Hamburg GmbH, an Internet-based venture capital fund, within the procurement department of Mittal Steel, in charge of a cost-cutting project, and is currently head of strategy for Aperam. Ms Bhatia is a citizen of India.

Narayanan Vaghul, 77, has over 50 years of experience in the financial sector and was the Chairman of ICICI Bank between 2002 and April 2009. He was previously chairman of the Industrial Credit and Investment Corporation of India, a long-term credit development bank for 17 years and before that, he was chairman of the Bank of India and Executive Director of the Central Bank of India. Mr Vaghul was also a visiting professor at the Stern Business School at New York University.

Mr Vaghul is chairman of the Indian Institute of Finance Management & Research and is also a board member of Wipro, Mahindra & Mahindra, Piramal Healthcare Limited and Apollo Hospitals. He received a Lifetime Achievement Award from the Economic Times. In 2009, he was awarded the Padma Bhushan, India's third highest civilian honor. Mr Vaghul is a citizen of India.

Wilbur L Ross, Jr, 76, has been the chairman and chief executive officer of WL Ross & Co. LLC, a merchant banking firm, since April 2000. WL Ross & Co is part of Invesco Private Capital, a listed company, of which Mr Ross is chairman. Mr Ross is also the chairman and chief executive officer of several unlisted Invesco portfolio companies. Mr Ross is the chairman of Ohizumi Manufacturing Company in Japan, International Textile Group and Diamond S Shipping, which are unlisted companies, and of the Japan Society and the Economics Studies Council of the Brookings Institution, which are non-profit entities.

Mr Ross is a director of International Automotive Components and Compagnie Européenne de Wagons (Luxembourg), both non-listed companies. He is also a director of the Yale School of Management and the Harvard Business School Dean's Advisory Board. He is on the boards of Air Lease Corp., Assured Guaranty, BankUnited, EXCO Resources and Greenbrier, all NYSE-listed, and of PLASCAR, which is listed in Brazil. Mr Ross is a US citizen.

Board of directors

continued

Jeannot Krecké, 63, was appointed as Luxembourg's Minister of the Economy and Foreign Trade and Minister of Sport in 2004. As of July 2004, he represented the Luxembourg government at the Council of Ministers of the European Union in the internal market and industry sections of its competitiveness configuration as well as in the Economic and Financial Affairs Council and in the energy section of its transport, telecommunications and energy configuration.

On February 1, 2012, Jeannot Krecké retired from government and decided to end his active political career in order to pursue a range of different projects. Mr Krecké is currently the chief executive officer of Key International Strategy Services and a strategic adviser to GENII-Capital. He is on the board of JSFC Sistema, East West United Bank, China Construction Bank Europe, and Calzedonia Finanziara and Novenergia Holding Company. Mr Krecké is a citizen of Luxembourg.

Antoine Spillmann, 50, is CEO and executive partner at the firm Bruellan Wealth Management, an independent asset management company based in Geneva, Switzerland. He is defending the rights of shareholders and investors in quoted companies in Switzerland. He served for five years as vice president of the Swiss Association of Asset Managers and is also a non-independent board member of Bondpartners (BPL), Leclanché and Sibelco Switzerland. BPL is a Swiss financial services company founded in 1972, authorised under the law to trade securities and controlled by the Swiss Financial Market Supervisory Authority. BPL is also a member of the Swiss Bankers Association, of the International Capital Market Association and associated member of the Swiss Stock Exchange; it is quoted on the SIX Stock Exchange. Leclanché is a 100-year-old Swiss company, which develops and produces energy storage systems using large-format lithium-ion-cells, also quoted on the SIX Stock Exchange.

Mr Spillmann previously worked for leading investment banks in London from 1986 to 2000. He studied in Switzerland and London, receiving diplomas from the London Business School in Investment Management and Corporate Finance. Mr Spillmann is a citizen of Switzerland.

HRH Prince Guillaume de Luxembourg, 50, worked for five years 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. He was afterwards appointed Honorary President of the board of directors of Lux-Development. HRH Prince Guillaume de Luxembourg is a citizen of Luxembourg.

Suzanne P Nimocks, 54, was a director (senior partner) with McKinsey & Company from 1999 to 2010 and was with the firm in various other capacities since 1989. She chaired the Environmental Committee of the Greater Houston Partnership, the primary advocate of Houston's business community, until 2010.

Ms Nimocks is currently a board member for Encana Corporation, Rowan Companies and Owens Corning, all listed companies, and Valerus, a private company. In the non-profit sector, she serves on the board of directors of the Houston Zoo and serves as a Trustee of the Texas Children's Hospital. Ms Nimocks is a US citizen.

Bruno Lafont, 57, started his career at Lafarge in 1983. On January 1, 2006, he became chief executive officer and in May 2007, he was appointed chairman and chief executive officer of the group.

Mr Lafont currently chairs the Energy & Climate Change Working Group of the European Roundtable of Industrialists. He is Special Adviser to the Mayor of Chongqing (China) and a Board Member of EDF. Mr Lafont is a citizen of France.

Tye Burt, 56, was appointed president and chief executive officer of Kinross Gold Corporation, a mining company listed in New York and Toronto, in March 2005, and served in this capacity until August 1, 2012. He has been a member of the board of directors of Kinross since joining the company. Prior to joining Kinross, he held the position of Vice Chairman and Executive Director of Corporate Development at Barrick Gold Corporation.

Mr Burt is a board member of Dacha Strategic Metals, a small rare earths trading company based in Canada. He is the Life Sciences Research Campaign Chair of the University of Guelph's Better Planet Project. He is a member of the Duke of Edinburgh's Award Charter for Business Board of Governors. Mr Burt is a citizen of Canada.

Senior management

ArcelorMittal's senior executive management is comprised of the members of the Group Management Board (GMB).

On December 11, 2013 we announced that, following an internal review aimed at simplifying our organisational structure, our business will be managed according to region, while product specialisations will be maintained within each region. This will enable the businesses to continue to have their own dedicated strategy and focus, while capturing all the synergies within the region. These changes took effect as from January 1, 2014.

Additionally, in December 2013, Michel Wurth notified the company of his intention to retire from the company in April 2014 and, accordingly, will no longer be a member of the GMB following his retirement. He will, however, remain chairman of ArcelorMittal Luxembourg and, subject to approval at the ArcelorMittal annual general shareholders' meeting, serve as a member of the ArcelorMittal board of directors.

The GMB has responsibility for, and its remuneration is tied to, the day-to-day management of the business of ArcelorMittal on a global basis. In 2012, the ARCG committee of the board of directors decided to further improve the remuneration disclosure published by the company by focusing on those executive officers whose remuneration is tied to the performance of the entire ArcelorMittal group. Consequently, information regarding the management committee, which is an advisory body to the GMB, is no longer included. The GMB is defined, going forward, as ArcelorMittal's senior management.

Lakshmi N Mittal, 63, is the chairman and CEO of ArcelorMittal. Mr Mittal founded Mittal Steel (formerly LNM) in 1976, and guided its strategic development, culminating in the merger in 2006 with Arcelor.

Mr Mittal is an active philanthropist and a member of various boards and trusts, including chairman of the board of Aperam and the boards of Goldman Sachs and EADS. He is a member of the Indian Prime Minister's Global Advisory Council, the Foreign Investment Council in Kazakhstan, the Ukrainian President's Domestic and Foreign Investors Advisory Council, the World Economic Forum's International Business Council, the World Steel Association's Executive Committee and the Presidential International Advisory Board of Mozambique. He sits on the advisory board of the Kellogg School of Management in the US and is a member of the board of trustees of Cleveland Clinic.

Among his many awards and honours, he was named 'Business Person of 2006' by The Sunday Times, 'International Newsmaker of the Year 2006' by Time magazine and 'Person of the Year 2006' by the Financial Times. He has received the Padma Vibhushan, India's second highest civilian honour, and a Forbes Lifetime Achievement Award. In 2013, he has been awarded with a Doctor Honoris Causa by the AGH University of Science and Technology in Krakow, Poland. Mr Mittal is a citizen of India.

Aditya Mittal, 37, is CFO of ArcelorMittal, CEO of ArcelorMittal Europe, member of the Group Management Board with additional responsibility for investor relations. Prior to this, he was CFO of ArcelorMittal with responsibility for Flat Carbon Europe, investor relations and communications. He joined Mittal Steel in 1997, and was president and CFO of Mittal Steel Company from 2004 to 2006. As CFO of Mittal Steel, he initiated and led Mittal Steel's offer for Arcelor.

In 2008, Mr Aditya Mittal was named 'European Business Leader of the Future' by CNBC Europe. In 2011, he was also ranked fourth in the '40 under 40' list of Fortune magazine. He is a member of the World Economic Forum's Young Global Leaders Forum, the Young President's Organisation and a board member at the Wharton School.

Davinder Chugh, 57, is CEO of ArcelorMittal Africa and CIS, member of the Group Management Board responsible for Algeria, Kazakhstan, South Africa and Ukraine. Davinder Chugh has over three decades of experience in the steel industry in general management, materials purchasing, marketing, logistics, warehousing and shipping. He was previously a senior executive vice president of ArcelorMittal, member of the Group Management Board responsible for shared services until 2013.

Before becoming a senior executive vice president of ArcelorMittal, he served as the CEO of Mittal Steel South Africa until 2006. He worked in South Africa from 2002 as director of commercial and marketing at Mittal Steel South Africa (ISCOR) and upon acquisition by the group in 2004, took over as CEO. He led the turnaround and integration of the South African operation. He was vice president of purchasing in Mittal Steel Europe until 2002, where he consolidated procurement and logistics across plants in Europe. Between 1995, upon joining Mittal Steel and 1999 he worked as general manager purchasing, Hamburg Steel Works and general manager purchasing, Mittal Steel Germany. Prior to joining Mittal Steel, he held senior positions at the Steel Authority India Limited in New Delhi, India.

Sudhir Maheshwari, 50, is member of the Group Management Board, CEO of India and China, head of M&A, finance and risk management; he is also alternate chairman of the corporate finance and tax committee (CFTC) and chairman of the risk management committee. Mr Maheshwari was previously a member of the management committee of ArcelorMittal, responsible for finance and M&A. Before this, he was managing director, business development and treasury at Mittal Steel from 2005 until its merger with Arcelor in 2006 and CFO of LNM Holdings from 2002 until its merger with Ispat International in 2004.

Over his 23-year career with ArcelorMittal, Mr Maheshwari has also held the positions of CFO at Mittal Steel Europe SA, Mittal Steel Germany and Mittal Steel Point Lisas, and director of finance and M&A at Mittal Steel. He serves on the board of various subsidiaries of ArcelorMittal.

Lou Schorsch, 64, is member of the Group Management Board, CEO of ArcelorMittal Americas, responsible for Flat and Long Carbon Americas, with additional oversight of strategy, technology, R&D, global automotive and commercial coordination. Dr Schorsch was previously responsible for these functions for Flat Carbon Americas, while serving as a member of the investment allocation committee.

Prior to joining the Group Management Board in 2011, he was president and CEO of Flat Carbon Americas and a member of the ArcelorMittal management committee. He previously led the US operations of predecessor companies Mittal Steel USA and Ispat Inland. Dr Schorsch spent much of his early career as a partner at McKinsey & Co. and co-leader of its metals practice. He is the author of numerous articles related to the steel sector and co-authored the 1983 book, Steel: Upheaval in a Basic Industry.

Gonzalo Urquijo, 52, is member of the Group Management Board, responsible for tubular products, as well as health and safety and corporate affairs (government affairs, corporate responsibility and communication); he is chairman of the investment allocation committee. Gonzalo Urquijo was previously responsible for AACIS (excluding China and India), Distribution Solutions, Tubular products, corporate responsibility, investment allocation committee chairman. Prior to this he was senior executive vice president and chief financial officer (CFO) of Arcelor.

Before the creation of Arcelor in 2002, when he became executive vice president of the Operational Unit South of the Flat Carbon Steel sector, Mr Urquijo was CFO of Aceralia.

Between 1984 and 1992 he held a variety of positions at Citibank and Crédit Agricole before joining Aristrain in 1992 as CFO, and later co-chief executive officer.

Michel Wurth, 59, is chairman of ArcelorMittal Luxembourg. Michel Wurth was previously responsible for Long Carbon worldwide. Prior to this he was vice president of the group management board of Arcelor and deputy chief executive officer, with responsibility for Flat Carbon Steel Europe and Auto, Flat Carbon Steel Brazil, Coordination Brazil, Coordination Heavy Plate, R&D, and NSC Alliance. Since 2004, Mr Wurth has been chairman of the Luxembourg Chamber of Commerce and of the Union des Entreprises Luxembourgeoises (UEL).

Mr Wurth is also a former senior executive vice president and CFO of Arcelor. Before this he held a variety of positions at steel company Arbed, including head of the Arbed subsidiary Novar, before joining the Arbed group management board and becoming CFO in 1996. He was named executive vice president in 1998.

Operational group structure

ArcelorMittal is a holding company with no business operations of its own. All of ArcelorMittal's significant operating subsidiaries are indirectly owned by ArcelorMittal through intermediate holding companies. The following chart represents the operational structure of the company, including ArcelorMittal's significant operating subsidiaries and not its legal or ownership structure.

Operational group structure

continued

The following table identifies each significant operating subsidiary of ArcelorMittal, including its registered office and ArcelorMittal's percentage ownership thereof.

Flat Carbon Americas		
ArcelorMittal Dofasco Inc	1330 Burlington Street East, PO Box 2460, L8N 3J5 Hamilton, Ontario, Canada	100.00%
ArcelorMittal Lázaro Cárdenas SA de CV	Fco. J. Mujica no. 1-B, 60950, Cd. Lázaro Cárdenas, Michoacán, Mexico	100.00%
ArcelorMittal USA LLC	1, South Dearborn, Chicago, IL 60603, USA	100.00%
ArcelorMittal Brasil SA	1115, avenida Carandai, 24° Andar, 30130-915 Belo Horizonte-MG, Brazil	100.00%

Flat Carbon Europe		
ArcelorMittal Atlantique et Lorraine SAS	Immeuble 'Le Cezanne', 6, rue Andre Campra, 93200, St Denis, France	100.00%
ArcelorMittal Belgium NV	Boulevard de l'Impératrice 66, B-1000 Brussels, Belgium	100.00%
ArcelorMittal España SA	Residencia La Granda, 33418 Gozon, Asturias, Spain	99.85%
ArcelorMittal Flat Carbon Europe SA	Avenue de la Liberté, 19, L-2930 Luxembourg, Luxembourg	100.00%
ArcelorMittal Galati SA	Strada Smardan nr. 1, Galati, Romania	99.70%
ArcelorMittal Poland SA	Al. J. Pilsudskiego 92, 41-308 Dąbrowa Górnicza, Poland	100.00%
Industeel Belgium SA	Rue de Châtelet, 266, 6030 Charleroi, Belgium	100.00%
Industeel France SA	Immeuble 'Le Cezanne', 6, rue Andre Campra, 93200, St Denis, France	100.00%
ArcelorMittal Eisenhüttenstadt GmbH	Werkstr. 1, D-15890 Eisenhüttenstadt, Brandenburg, Germany	100.00%
ArcelorMittal Bremen GmbH	Carl-Benz Str. 30, D-28237 Bremen, Germany	100.00%
ArcelorMittal Méditerranée SAS	Immeuble 'Le Cezanne', 6, rue Andre Campra, 93200, St Denis, France	100.00%

Long Carbon Americas and Europe		
Acindar Industria Argentina de Aceros SA	Leandro N Alem 790 8° floor, Buenos Aires, Argentina	100.00%
ArcelorMittal Belval & Differdange SA	66, rue de Luxembourg, L-4221 Esch sur Alzette, Luxembourg	100.00%
ArcelorMittal Brasil SA	1115, Avenida Carandai, 24° Andar, 30130-915 Belo Horizonte- MG, Brazil	100.00%
ArcelorMittal Hamburg GmbH	Dradenaustrasse 33, D-21129 Hamburg, Germany	100.00%
ArcelorMittal Las Truchas, SA de CV	Francisco J Mujica 1, 60950, Lázaro Cárdenas Michoacán, Mexico	100.00%
ArcelorMittal Montreal Inc	4000, route des Aciéries, J0L 1C0, Contrecoeur, Québec, Canada	100.00%
ArcelorMittal Gipúzkoa SL	Carretera Nacional Madrid-Irun S/N, 20212 Olaberría, Spain	100.00%
ArcelorMittal Ostrava as	Vratimovska Str, 689, CZ-70702 Ostrava-Kunčice, Czech Republic	100.00%
ArcelorMittal Point Lisas Ltd	ISCOTT Complex, Mediterranean Drive, Point Lisas, Couva, Trinidad and Tobago	100.00%
Société Nationale de Sidérurgie SA	Route Nationale no. 2, Km 18, BP 551, Al Aarroui, Morocco	32.43% [1]
ArcelorMittal Duisburg GmbH	Vohwinkelstraße 107, D-47137 Duisburg, Germany	100.00%
ArcelorMittal Warszawa Spzoo	Ul. Kasprowicza 132, 01-949 Warszawa, Poland	100.00%

[1] *Société Nationale de Sidérurgie, SA is controlled by Nouvelles Sidérurgies Industrielles, an entity controlled by ArcelorMittal.*

Operational group structure

continued

AACIS		
ArcelorMittal South Africa Ltd	Main Building, Room N3/5, Delfos Boulevard, 1911, Vanderbijlpark, South Africa	52.02%
JSC ArcelorMittal Temirtau	Republic Ave, 1, 101407, Karaganda Region, Temirtau, Republic of Kazakhstan	100.00%
OJSC ArcelorMittal Kryviy Rih	1 Ordzhonikidze Street, Kryviy Rih, 50095 Dnepropetrovsk Oblast, Ukraine	95.13%

Mining		
ArcelorMittal Mines Canada Inc	1801 McGill College, Suite 1400, Montreal, Québec, Canada H3A2N4	100.00% [2]
Arcelormittal Liberia Ltd	14th Street, Tubman Blvd, Sinkor, Monrovia, Liberia	85.00%
JSC ArcelorMittal Temirtau	Republic Ave, 1, 101407 Temirtau, Karaganda Region, Republic of Kazakhstan	100.00%
OJSC ArcelorMittal Kryviy Rih	1 Ordzhonikidze Street, Kryviy Rih, 50095 Dnepropetrovsk Oblast, Ukraine	95.13%

Distribution Solutions		
ArcelorMittal International Luxembourg SA	19, avenue de la Liberté, L-2930 Luxembourg, Luxembourg	100.00%

[2] ArcelorMittal Mines Canada Inc holds an 85% interest in the joint venture partnerships.

Corporate governance

This section describes the corporate governance practices of ArcelorMittal.

Board practices/ Corporate governance

Board of directors and Group Management Board

ArcelorMittal is governed by a board of directors and managed by a GMB. The GMB is assisted by a management committee.

A number of corporate governance provisions in the articles of association of ArcelorMittal reflect provisions of the Memorandum of Understanding signed on June 25, 2006 (prior to Mittal Steel's merger with Arcelor), amended in April 2008 and which mostly expired on August 1, 2009.

ArcelorMittal fully complies with the 10 principles of corporate governance of the Luxembourg Stock Exchange. This is explained in more detail in ' – other corporate governance practices' below. ArcelorMittal also complies with the New York Stock Exchange Listed Company Manual as applicable to foreign private issuers.

Board of directors

Composition

The board of directors is in charge of the overall governance and direction 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 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.

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 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. 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.

The board of directors has proposed Michel Wurth to serve as a member of the ArcelorMittal board of directors, subject to approval at the ArcelorMittal annual general shareholders' meeting to be held on May 8, 2014.

The board of directors is comprised of 11 members, of which 10 are non-executive directors and one is an executive director. The chief executive officer of ArcelorMittal is the sole executive director.

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. Mr Mittal was re-elected to the board of directors for a three-year term by the annual general meeting of shareholders on May 10, 2011.

Eight of the 11 members of the board of directors are independent. The non-independent directors are the executive director, Ms Vanisha Mittal Bhatia and Mr Jeannot Krecké. A director is considered 'independent' if:

(a) he or she is independent within the meaning of the New York Stock Exchange Listed Company Manual, as applicable to foreign private issuers,

(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 10 Principles of Governance of the Luxembourg Stock Exchange, which constitute ArcelorMittal's domestic corporate governance code, require ArcelorMittal to define the independence criteria that apply to its directors.

Specific characteristics of the director role

The company's articles of association do not require directors to be shareholders of the company. The board of directors nevertheless adopted a share ownership policy on October 30, 2012, considering that it is in the best interests of all shareholders for all non-executive directors to acquire and hold a minimum number of ArcelorMittal ordinary shares in order to better align their long-term interests with those of ArcelorMittal's shareholders. The board of directors believes that this share ownership policy will result in a meaningful holding of ArcelorMittal shares by each non-executive director, while at the same time taking into account the fact that the share ownership requirement should not be excessive in order not to unnecessarily limit the pool of available candidates for appointment to the board. Directly or indirectly, and as sole or joint beneficiary owner (e.g. with a spouse or minor children), within five years of the earlier of October 30, 2012 or the relevant person's election to the board of directors, the lead independent director should own a minimum of 15,000 ordinary shares and each other non-executive director should own a minimum of 10,000 ordinary shares. Each director will hold the shares acquired on the basis of this policy for so long as he or she serves on the board of directors. Directors purchasing shares in compliance with this policy must comply with the ArcelorMittal insider dealing regulations and, in particular, and refrain from trading during any restricted period, including any such period that may apply immediately after the director's departure from the board of directors for any reason.

On October 30, 2012, the board of directors also adopted a policy that places limitations on the terms of independent directors as well as the number of directorships directors may hold in order to align the company's corporate governance practices with best practices in this area. The policy provides that an independent director may not serve on the board of directors for more than 12 consecutive years, although the board of directors may, by way of exception to this rule, make an affirmative determination, on a case-by-case basis, that he or she may continue to serve beyond 12 years in consideration of his or her exceptional contribution to the board. A director will no longer be considered 'independent' as defined in the 10 principles of corporate governance of the Luxembourg Stock Exchange and the New York Stock Exchange Listed Company Manual as applicable to foreign private issuers after he or she has completed 12 years of service on the board.

As membership of the board of directors represents a significant time commitment, the policy requires both executive and non-executive directors to devote sufficient time to the discharge of their duties as a director of ArcelorMittal. Directors are therefore required to consult with the chairman and the lead independent director before accepting any additional commitment that could conflict with or impact the time they can devote to their role as a director of ArcelorMittal. Furthermore, a non-executive director may not serve on the boards of directors of more than four publicly listed companies in addition to the ArcelorMittal board of directors. However, a non-executive director's service on the board of directors of any subsidiary or affiliate of ArcelorMittal or of any non-publically listed company shall not be taken into account for

Corporate governance

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purposes of complying with the foregoing limitation. Directors have a time period of three years from October 30, 2012 to reach the limit of five directorships of public companies.

Although non-executive directors of ArcelorMittal who change their principal occupation or business association are not necessarily required to leave the board of directors, the policy requires each non-executive director, in such circumstances, promptly to inform the board of directors of the action he or she is contemplating. Should the board of directors determine that the contemplated action would generate a conflict of interests, such non-executive director would be asked to tender his or her resignation to the chairman of the board of directors, who would decide to accept the resignation or not.

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 any form of remuneration or for benefits upon the termination of their term. In December 2013, all non-executive directors of the company signed the company's appointment letter, which confirms the conditions of their appointment including compliance with certain non-compete provisions, the 10 principles of corporate governance of the Luxembourg Stock Exchange and the company's code of business conduct.

All members of the board of directors are required to sign the company's code of business conduct upon first joining the board and confirm their adherence thereto on an annual basis thereafter.

The remuneration of the members of the board of directors is determined on a yearly basis by the annual general meeting of shareholders.

Share transactions by management

In compliance with laws prohibiting insider dealing, the board of directors of ArcelorMittal has adopted insider dealing regulations, which apply throughout the ArcelorMittal group. These regulations are designed to ensure that insider information is treated appropriately within the company and avoid insider dealing and market manipulation. Any breach of the rules set out in this procedure may lead to criminal or civil charges against the individuals involved, as well as disciplinary action by the company.

Shareholding requirement for non-executive directors

In consideration of corporate governance trends indicating that a reasonable amount of share ownership helps better align the interests of the directors with those of all shareholders, the board of directors adopted on October 30, 2012 share ownership guidelines for non-executive directors. The directors are required to own 10,000 shares and the lead independent director is required to own 15,000 shares, both within five years of October 30, 2012, or if the director is appointed after October 30, 2012, within five years of his or her appointment.

Operation

General

The board of directors and the board committees may engage the services of external experts or advisers as well as take all actions necessary or useful to implement the company's corporate purpose. The board of directors (including its three committees) has its own budget, which covers functioning costs such as external consultants, continuing education activities for directors and travel expenses.

Meetings

The board of directors meets when convened by the chairman of the board or any 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 and can take decisions by written circulation, provided that all members of the board of directors agree.

The board of directors held eight meetings in 2013. The average attendance rate of the directors at the board of directors' meetings was 94.95%.

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 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.

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:

- coordinate the activities of the independent directors,
- liaise between the chairman of the board of directors and the independent directors,
- lead the board of directors' self-evaluation process,
- call meetings of the independent directors when he or she considers it necessary or 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 and remains lead independent director, having been re-elected as a director for a three-year term on May 10, 2011.

The agenda of each meeting of the board of directors is decided jointly by the chairman of the board of directors and the lead independent director.

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 2013.

Annual self-evaluation

The board of directors decided in 2008 to start conducting 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 includes structured interviews between the lead independent director and each director and covers the overall performance of the board of directors, its relations with senior management, the performance of individual directors, and the performance of the committees. The process is supported by the company secretary under the supervision of the chairman and the lead independent director. The findings of the self-evaluation process are examined by the ARCG committee and presented with recommendations from the ARCG committee to the board of directors for adoption and implementation. Suggestions for improvement of the board of directors' process based on the prior year's performance and functioning are implemented during the following year.

The 2013 board of directors' self-evaluation was completed by the board on February 6, 2014. Directors believe that the quality of discussions within the board of

Corporate governance

continued

directors continued to progress in 2013. Directors also continue to support the governance structure and think it is working well. The previous year's recommendation regarding the balance of the time spent by the board of directors on strategic and other specific issues as compared to time spent on the review of financial and operational results and performance was successfully implemented. The board has also set new priorities for discussion and review and identified a number of topics that it wishes to spend additional time on in 2014.

The board of directors believes that its members have the appropriate range of skills, knowledge and experience, as well as the degree of diversity, necessary to enable it to effectively govern the business. Board composition is reviewed on a regular basis and additional skills and experience are actively searched for in line with the expected development of ArcelorMittal's business as and when appropriate.

Required skills, experience and other personal characteristics
Diverse skills, backgrounds, knowledge, experience, geographic location, nationalities and gender are required in order to effectively govern a global business the size of the company's operations. The board and its committees are therefore required to ensure that the board has the right balance of skills, experience, independence and knowledge necessary to perform its role in accordance with the highest standards of governance.

The company's directors must demonstrate unquestioned honesty and integrity, preparedness to question, challenge and critique constructively, and a willingness to understand and commit to the highest standards of governance. They must be committed to the collective decision-making process of the board and must be able to debate issues openly and constructively, and question or challenge the opinions of others. Directors must also commit themselves to remain actively involved in board decisions and apply strategic thought to matters at issue. They must be clear communicators and good listeners who actively contribute to the board in a collegial manner. Each director must also ensure that no decision or action is taken that places his or her interests in front of the interests of the business. Each director has an obligation to protect and advance the interests of the company and must refrain from any conduct that would harm it.

In order to govern effectively, non-executive directors must have a clear understanding of the company's strategy, and a thorough knowledge of the ArcelorMittal group and the industries in which it operates. Non-executive directors must be sufficiently familiar with the company's core business to effectively contribute to the development of strategy and monitor performance.

With specific regard to the non-executive directors of the company, the composition of the group of non-executive directors should be such that the combination of experience, knowledge and independence of its members allows the board to fulfill its obligations towards the company and other stakeholders in the best possible manner.

The ARCG committee ensures that the board is comprised of high-caliber individuals whose background, skills, experience and personal characteristics enhance the overall profile of the board and meets its needs and diversity aspirations by nominating high quality candidates for election to the board by the general meeting of shareholders.

Board profile
The key skills and experience of the directors, and the extent to which they are represented on the board and its committees, are set out below. In summary, the non-executive directors contribute:

- international and operational experience;
- understanding of the industry sectors in which we operate;
- knowledge of world capital markets and being a company listed in several jurisdictions; and
- an understanding of the health, safety, environmental, political and community challenges that we face.

Each director is required to adhere to the values set out in, and sign, the ArcelorMittal code of business conduct.

Renewal
The board plans for its own succession, with the assistance of the ARCG committee. In doing this, the board:

- considers the skills, backgrounds, knowledge, experience and diversity of geographic location, nationality and gender necessary to allow it to meet the corporate purpose;
- assesses the skills, backgrounds, knowledge, experience and diversity currently represented;
- identifies any inadequate representation of those attributes and agrees the process necessary to ensure a candidate is selected who brings them to the board; and
- reviews how board performance might be enhanced, both at an individual director level and for the board as a whole.

The board believes that orderly succession and renewal is achieved through careful planning and by continuously reviewing the composition of the board.

When considering new appointments to the board, the ARCG committee oversees the preparation of a position specification that is provided to an independent recruitment firm retained to conduct a global search, taking into account, among other factors, geographic location, nationality and gender. In addition to the specific skills, knowledge and experience required of the candidate, the specification contains the criteria set out in the ArcelorMittal board profile.

Diversity
In line with the worldwide effort to increase gender diversity on the boards of directors of listed and unlisted companies, the board has set an aspirational goal of increasing the number of women on the board to at least three by the end of 2015 based upon a board of directors size of 11 members. The ArcelorMittal board's diversity not only relates to gender, but also to the region, background and industry of its members.

Director induction, training and development
The board considers that the development of the directors' knowledge of the company, the steel-making and mining industries, and the markets in which the company operates is an ongoing process. To further bolster the skills and knowledge of directors, the company set up a continuous development program in 2009.

Upon his or her election, each new non-executive director undertakes an induction program specifically tailored to his or her needs and includes ArcelorMittal's long-term vision centered on the concept of 'safe sustainable steel'.

The board's development activities include the provision of regular updates to directors on each of the company's products and markets. Non-executive directors may also participate in training programs designed to maximize the effectiveness of the directors throughout their tenure and link in with their individual performance evaluations. The training and development program may cover not only matters of a business nature, but also matters falling into the environmental, social and governance area.

Structured opportunities are provided to build knowledge through initiatives such as visits to plants and mine sites and business briefings provided at board meetings. Non-executive directors also build their company and industry knowledge through the involvement of the GMB and other senior employees in board meetings. Business briefings, site visits and development sessions underpin and support the board's work in monitoring and overseeing progress towards the corporate purpose of creating long-term shareholder value through the development of our business in steel and mining. We therefore continuously build directors' knowledge to ensure that the board remains up-to-date with developments within our segments, as well as developments in the markets in which we operate.

Corporate governance

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During the year, non-executive directors participated in the following activities:

- comprehensive business briefings intended to provide each director with a deeper understanding of the company's activities, environment, key issues and strategy of our segments. These briefings are provided to the board by senior executives, including GMB members. The briefings provided during the course of 2013 covered health and safety processes, internal assurance, legal, marketing, steel-making, strategy, mining and R&D. Certain business briefings were combined with site visits and thus took place on-site and, in other cases, they took place at board meetings;
- site visits to plants and R&D centers; and
- development sessions on specific topics of relevance, such as climate change, commodity markets, the world economy, changes in corporate governance standards, directors' duties and shareholder feedback.

The ARCG committee oversees director training and development. This approach allows induction and learning opportunities to be tailored to the directors' committee memberships, as well as the board's specific areas of focus. In addition, this approach ensures a coordinated process in relation to succession planning, board renewal, training, development and committee composition, all of which are relevant to the ARCG committee's role in securing the supply of talent to the board.

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 of shareholders. All of the audit committee members must be independent as defined in the Rule 10A-3 of the US 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;
- review major legal and compliance matters and their follow up;
- approve the appointment and fees of the independent auditors; and
- monitor the independence of the independent auditors.

Since May 10, 2011, the audit committee consists of four members: Mr Narayanan Vaghul (chairman), Mr Wilbur L Ross, Mr Antoine Spillmann, and Mr Bruno Lafont, 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.

According to its charter, the audit committee is required to meet at least four times a year. During 2013, the audit committee met six times. The average attendance rate of the directors at the audit committee meetings was 71%.

The audit committee performs its own annual self-evaluation, and completed its 2013 self-evaluation on February 6, 2014.

The charter of the audit committee is available from ArcelorMittal upon request.

Appointments, remuneration and corporate governance committee
The ARCG committee has been comprised since May 10, 2011 of four directors, each of whom is independent under the New York Stock Exchange 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 short and long-term incentives for the chief executive officer, the chief financial officer, the members of the GMB and the members of the management committee;
- review and approve succession and contingency plans for key managerial positions at the level of the GMB and 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-evaluation process; and
- develop, monitor and review corporate governance principles and corporate responsibility policies applicable to ArcelorMittal, as well as their application in practice.

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 four members of the ARCG committee are Mr Lewis B Kaden, HRH Prince Guillaume of Luxembourg, Mr Narayanan Vaghul, and Ms Suzanne P Nimocks, 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 2013, this committee met seven times. The average attendance rate was 96%.

The ARCG committee performs an annual self-evaluation and completed its 2013 self-evaluation on February 6, 2014.

The charter of the ARCG committee is available from ArcelorMittal upon request.

Risk management committee
In June 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 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. At least half of the members of the risk management

Corporate governance

continued

committee must be independent under the New York Stock Exchange standards and the 10 principles of corporate governance of the Luxembourg Stock Exchange. The risk management committee consists of four members: Mr Jeannot Krecké, Mr Antoine Spillmann, Ms Suzanne P. Nimocks and Mr Tye Burt. Mr Sudhir Maheshwari, a member of the GMB who chairs the group risk management committee, is invited permanently to the meetings of the risk management committee.

The members of the risk management committee may decide to appoint a chairman by majority vote. Mr Spillmann currently acts as chairman.

Decisions and recommendations of the risk management committee are adopted by a simple majority. 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 and completed its 2013 self-evaluation on February 6, 2014.

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 making 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 group risk management committee), 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.

To further develop the company's maturity model with respect to risk management, the risk management committee has taken initiatives to benchmark its current risk oversight activities with best practices implemented in comparable companies. These initiatives should result in the creation of a peer group, bringing together insights of leading practitioners in risk management governance and oversight at the board of directors level and will contribute to the further development of our current standards.

The risk management committee held a total of five meetings in 2013. 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 attendance rate in 2013 was 100%.

The charter of the risk management committee is available from ArcelorMittal upon request.

Group management board

The GMB is entrusted with the day-to-day management of the company and the implementation of its strategy. Mr Lakshmi N Mittal, the chief executive officer, chairs the GMB. The members of the GMB are appointed and dismissed by the board of directors. As the GMB is not a corporate body created by Luxembourg law or ArcelorMittal's articles of association, it exercises only the authority granted to it by the board of directors.

On December 11, 2013 ArcelorMittal announced its decision to manage the business according to region, while also maintaining the product specialization within those regions. This will enable the businesses to continue to have their own dedicated strategy and focus, while capturing all the synergies within the region. As a result, there was a change on the responsibilities of the members of the GMB, applicable as of January 1, 2014.

In implementing ArcelorMittal's strategic direction and corporate policies, the chief executive officer is supported by the members of the GMB who have substantial experience in the steel and mining industries worldwide.

The GMB is assisted by a management committee comprised of 30 members. The management committee discusses and prepares decisions to be made by the GMB on matters of group-wide importance, integrates the geographical dimension of the ArcelorMittal 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 management

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 GMB. 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, potential and an assessment of leadership capabilities and their 'years to readiness'. Development needs linked to the succession plans are discussed, after which 'personal development plans' are put in place, to accelerate development and prepare candidates. 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. The responsibility to review and approve succession plans and contingency plans at the highest level rests with the board's ARCG committee.

Other corporate governance practices

ArcelorMittal is committed to adhere to best practices 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 US, EU and Luxembourg legal requirements and best practices in order to make adjustments to its corporate governance controls and procedures when necessary, as evidenced by the new policies adopted by the board of directors in 2012.

ArcelorMittal complies with the 10 principles of corporate governance of the Luxembourg Stock Exchange in all respects. However, in respect of Recommendation 1.3 under the principles, which advocates

Corporate governance

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separating the roles of chairman of the board and the head of the executive management body, the company has made a different choice. This is permitted, however, as, unlike the 10 principles themselves with which ArcelorMittal must comply, the recommendations are subject to a more flexible 'comply or explain' standard.

The nomination of the same person to both positions was approved by the shareholders (with the significant shareholder abstaining) of Mittal Steel, 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. The combination of these roles was revisited at the annual general meeting of shareholders of the company held in May 2011, when Mr Lakshmi N Mittal was reelected to the board of directors for another three year term by a strong majority.

Ethics and conflicts 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. Each employee of ArcelorMittal is required to sign and acknowledge the code of conduct upon joining the company. This also applies to the members of the board of directors of ArcelorMittal, who in December 2013 signed the company's appointment letter in which they acknowledged their duties and obligations.

Employees 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. Employees are prohibited from acquiring 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 on a regular basis in the form of face-to-face trainings, webinars and online trainings. Employees 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.

In addition to the code of business conduct, ArcelorMittal has developed a human rights policy and a number of other compliance policies in more specific areas, such as anti-trust, anti-corruption, economic sanctions and insider dealing. In all these areas, specifically targeted groups of employees are required to undergo specialized compliance training. Furthermore, ArcelorMittal's compliance program also includes a quarterly compliance certification process covering all business segments and entailing reporting to the audit committee.

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 encourage 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. In recent years ArcelorMittal has implemented local whistleblowing facilities, as needed.

During 2013, there were 103 complaints received relating to alleged fraud, which were referred to and duly reviewed by the company's internal assurance department. Following review by the audit committee, 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.

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. The IDR compliance officer maintains a list of insiders as required by the Luxembourg market manipulation (*abus de marché*) law of May 9, 2006, as amended. The IDR 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 IDR 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 deployed across the group in different languages in 2011 through ArcelorMittal's intranet, with the aim to enhance the staff's awareness of the risks of sanctions applicable to insider dealing. The importance of the IDR was again underscored in the group policies and procedures manual in 2013.

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Luxembourg Takeover Law Disclosure

The following disclosure is provided based on article 11 of the Luxembourg law of 19 May 2006 transposing Directive 2004/25/EC of 21 April 2004 on takeover bids (the 'Takeover Law'). The Articles of Association of the company are available on www.arcelormittal.com, under Investors – Corporate Governance.

With regard to articles 11 (1)(a) and (c) of the Takeover Law, the company has issued a single category of shares (ordinary shares), and the company's shareholding structure showing each shareholder owning 2.5% or more of the company's share capital is available elsewhere in this report and on www.arcelormittal.com under Investors – Corporate Governance – Shareholding Structure, where the shareholding structure chart is updated monthly.

With regard to article 11(1)(b) of the Takeover Law, the ordinary shares issued by the company are listed on various stock exchanges including NYSE Euronext and are freely transferable.

With regard to article 11(1)(d), each ordinary share of the company gives right to one vote, as set out in article 13.6 of the Articles of Association, and there are no special control rights attaching to the shares. Article 8 of the Articles of Association provides that the Mittal Shareholder (as defined in the Articles of Association) may, at its discretion, exercise the right of proportional representation and nominate candidates for appointment to the board of directors(defined as 'Mittal Shareholder Nominees'). The Mittal Shareholder has not, to date, exercised that right.

Articles 11(1)(e) and (f) of the Takeover Law are not applicable to the company. However, the sanction of suspension of voting rights automatically applies, subject to limited exceptions set out in the Transparency Law (as defined below), to any shareholder (or group of shareholders) who has (or have) crossed the thresholds set out in article 7 of the Articles of Association and articles 8 to 15 of the Luxembourg law of 11 January 2008 on the transparency requirements regarding issuers of securities (the 'Transparency Law') but have not notified the company accordingly. The sanction of suspension of voting rights will apply until such time as the notification has been properly made by the relevant shareholder(s).

Article 11(1)(g) of the Takeover Law is not applicable to the company.

With regard to article 11(1)(h) of the Law, the Articles of Association provide that the directors are elected by annual general meeting of shareholders for a term that may not exceed three years, and may be re-elected. The rules governing amendments to the Articles of Association are described elsewhere in this report and are set out in article 19 of the Articles of Association.

With regard to article 11(1)(i) of the Takeover Law, the general meeting of shareholders held on May 11, 2010 granted the board of directorsa new share buy-back authorization whereby the board may authorize the acquisition or sale of company shares including, but not limited to, entering into off-market and over-the-counter transactions and the acquisition of shares through derivative financial instruments. Any acquisitions, disposals, exchanges, contributions or transfers of shares by the company or other companies in the ArcelorMittal group must be in accordance with Luxembourg laws transposing Directive 2003/6/EC regarding insider dealing and market manipulation and EC Regulation 2273/2003 regarding exemptions for buy-back programmes and stabilisation of financial instruments and may be carried out by all means, on or off-market, including by a public offer to buy-back shares, or by the use of derivatives or option strategies. The fraction of the capital acquired or transferred in the form of a block of shares may amount to the entire program. Such transactions may be carried out at any time, including during a tender offer period, in accordance with applicable laws and regulations. Any share buy-backs on the New York Stock Exchange must be performed in compliance with Section 10(b) and Section 9(a)(2) of the U.S. Securities Exchange Act of 1934, as amended (the 'Exchange Act'), and Rule 10b-5 promulgated under the Exchange Act. The authorization is valid for a period of five years, i.e., until the annual general meeting of shareholders to be held in May 2015, or until the date of its renewal by a resolution of the general meeting of shareholders if such renewal date is prior to the expiration the five-year period. The maximum number of own shares that the company may hold at any time directly or indirectly may not have the effect of reducing its net assets ('actif net') below the amount mentioned in paragraphs 1 and 2 of Article 72-1 of the Law. The purchase price per share to be paid shall not represent more than 125% of the trading price of the shares on the New York Stock Exchange and on the Euronext markets where the company is listed, the Luxembourg Stock Exchange or the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia, depending on the market on which the purchases are made, and no less than one cent. For off-market transactions, the maximum purchase price shall be 125% of the price on the Euronext markets where the company is listed. The reference price will be deemed to be the average of the final listing prices per share on the relevant stock exchange during 30 consecutive days on which the relevant stock exchange is open for trading preceding the three trading days prior to the date of purchase. In the event of a share capital increase by incorporation of reserves or issue premiums and the free allotment of shares as well as in the event of the division or regrouping of the shares, the purchase price indicated above shall be adjusted by a multiplying coefficient equal to the ratio between the number of shares comprising the issued share capital prior to the transaction and such number following the transaction. The total amount allocated for the company's share repurchase program may not in any event exceed the amount of the company's then available equity.

Articles 11(1)(j) and (k) of the Takeover Law are not applicable to the company.

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Controls and procedures

Disclosure controls and procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports under the Securities Exchange Act of 1934, as amended (the 'Exchange Act') is recorded, processed, summarized and reported within time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures. ArcelorMittal's controls and procedures are designed to provide reasonable assurance of achieving their objectives.

We carried out an evaluation under the supervision, and with the participation of our management, including our chief executive officer and chief financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of December 31, 2013. Based upon that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2013 to provide reasonable assurance that (1) information required to be disclosed by us in the reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (2) that such information is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions regarding required disclosures.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Management's annual report on internal control over financial reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of ArcelorMittal;
- provide reasonable assurance that transactions are recorded, as necessary, to permit preparation of financial statements in accordance with IFRS;
- provide reasonable assurance that receipts and expenditures of ArcelorMittal are made in accordance with authorizations of ArcelorMittal's management and directors; and
- provide reasonable assurance that unauthorized acquisition, use or disposition of ArcelorMittal's assets that could have a material effect on the financial statements would be prevented or detected on a timely basis.

Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of internal control over financial reporting as of December 31, 2013 based upon the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ('COSO'). Based on this assessment, management concluded that ArcelorMittal's internal control over financial reporting was effective as of December 31, 2013.

Changes in internal control over financial reporting

There have been no changes in our internal control over financial reporting that occurred during the year ending December 31, 2013 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

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Compensation

Board of directors

Directors' fees

The ARCG committee of the board of directors prepares proposals on the remuneration to be paid annually to the members of the board of directors.

At the May 8, 2013 annual general meeting of shareholders, the shareholders approved the annual remuneration for non-executive directors for the 2012 financial year at US$1,981,469, based on the following annual fees:

- Basic director's remuneration: €134,000 (US$176,800);
- Lead independent director's remuneration: €189,000 (US$249,367);
- Additional remuneration for the chair of the audit committee: €26,000 (US$34,304);
- Additional remuneration for the other audit committee members: €16,000 (US$21,110);
- Additional remuneration for the chairs of the other committees: €15,000 (US$19,791); and
- Additional remuneration for the members of the other committees: €10,000 (US$13,194).

The total annual remuneration of the members of the board of directors paid in 2012 and 2013 was as follows:

	Year ended December 31,	
(Amounts in US$ thousands except share information)	2012	2013
Base salary [1]	US$1,770	US$1,760
Director fees	US$1,930	US$2,119
Short-term performance-related bonus [1]	US$1,941	US$530
Long-term incentives [1,2]	7,500	150,576

[1] *Chairman and chief executive officer only.*
[2] *PSUs were granted in 2012 and 2013; see ' – Remuneration Framework – Long-Term Incentives: Equity Based Incentives (Share Unit Plans)'.*

The annual remuneration paid for 2012 and 2013 to the current and former members of the board of directors for services in all capacities was as follows:

(Amounts in US$ thousands except share information)	2012 [1]	2013 [1]	2012 Short-term performance related	2013 Short-term performance related	2012 Long-term number of RSUs	2013 Long-term number of PSUs
Lakshmi N Mittal	US$1,770	US$1,760	US$1,941	US$530	7,500	150,576
Vanisha Mittal Bhatia	172	184	—	—	—	—
Narayanan Vaghul	218	233	—	—	—	—
Suzanne P Nimocks	198	206	—	—	—	—
Wilbur L Ross, Jr	193	206	—	—	—	—
Lewis B Kaden	262	280	—	—	—	—
Bruno Lafont	193	206	—	—	—	—
Tye Burt [2]	112	184	—	—	—	—
Antoine Spillmann	212	226	—	—	—	—
HRH Prince Guillaume de Luxembourg	185	197	—	—	—	—
Jeannot Krecké	185	197	—	—	—	—
Total	US$3,700	US$3,879	US$1,941	US$530	7,500	150,576

[1] *Remuneration for non-executive directors with respect to 2012 (paid after shareholder approval at the annual general meeting held on May 8, 2013) is included in the 2012 column. Remuneration for non-executive directors with respect to 2013 (subject to shareholder approval at the annual general meeting to be held on May 8, 2014) will be paid in 2014 and is included in the 2013 column. Slight differences between the amounts previously disclosed and the final approved amounts are possible, due to foreign currency effect.*
[2] *Mr Burt was elected to ArcelorMittal's board of directors effective May 8, 2012.*

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As of December 31, 2012 and 2013, ArcelorMittal did not have any loans or advances outstanding to members of its board of directors and, as of December 31, 2013, ArcelorMittal had not given any guarantees in favor of any member of its board of directors.

None of the members of the board of directors, including the chairman and chief executive officer, benefit from an ArcelorMittal pension plan.

The policy of the company is not to grant any share-based remuneration to members of the board of directors who are not executives of the company.

The following tables provide a summary of the options and the exercise price of options, Restricted Share Units ('RSUs') and Performance Share Units ('PSUs') granted to the chairman and chief executive officer, who is the sole executive director on the board of directors, as of December 31, 2013.

	Options granted in 2005	Options granted in 2006	Options granted in 2007	Options granted in 2008	Options granted in 2009	Options granted in 2010	Options total	Weighted average exercise price of options
Lakshmi N Mittal	100,000	100,000	60,000	60,000	60,000	56,500	436,500	US$41.75
Total	100,000	100,000	60,000	60,000	60,000	56,500	436,500	–
Exercise price [1]	US$27.31	US$32.07	US$61.09	US$78.44	US$36.38	US$30.66	–	US$41.75
Term (in years)	10	10	10	10	10	10	–	–
Expiration date	Aug. 23, 2015	Sep. 1, 2016	Aug. 2, 2017	Aug. 5, 2018	Aug. 4, 2019	Aug. 3, 2020	–	–

[1] *Due to the spin-off of Aperam on January 25, 2011, the strike price of outstanding options was reduced by 5% in line with the spin-off ratio. The table above reflects this adjustment.*

	PSUs granted in 2012	PSUs granted in 2013
Lakshmi N Mittal	7,500	150,576
Total	7,500	150,576
Term (in years)	3	3
Vesting date [1]	Mar. 30, 2015	June 28, 2016

[1] *See 'Remuneration Framework – Long-Term Incentives: Equity Based Incentives (Share Unit Plans)', for vesting conditions.*

Remuneration of senior management

The total remuneration paid in 2013 to members of ArcelorMittal's senior management (including Mr Lakshmi N Mittal in his capacity as chief executive officer) was US$9.8 million in base salary and other benefits paid in cash (such as health insurance, lunch allowances, financial services, gasoline and car allowance) and US$5.9 million in short-term performance-related variable remuneration consisting of a bonus linked to the company's 2012 results.

During 2013, approximately US$800,000 was accrued by ArcelorMittal to provide pension benefits to senior management (other than Mr Mittal).

No loans or advances to ArcelorMittal's senior management were made during 2013, and no such loans or advances were outstanding as of December 31, 2013.

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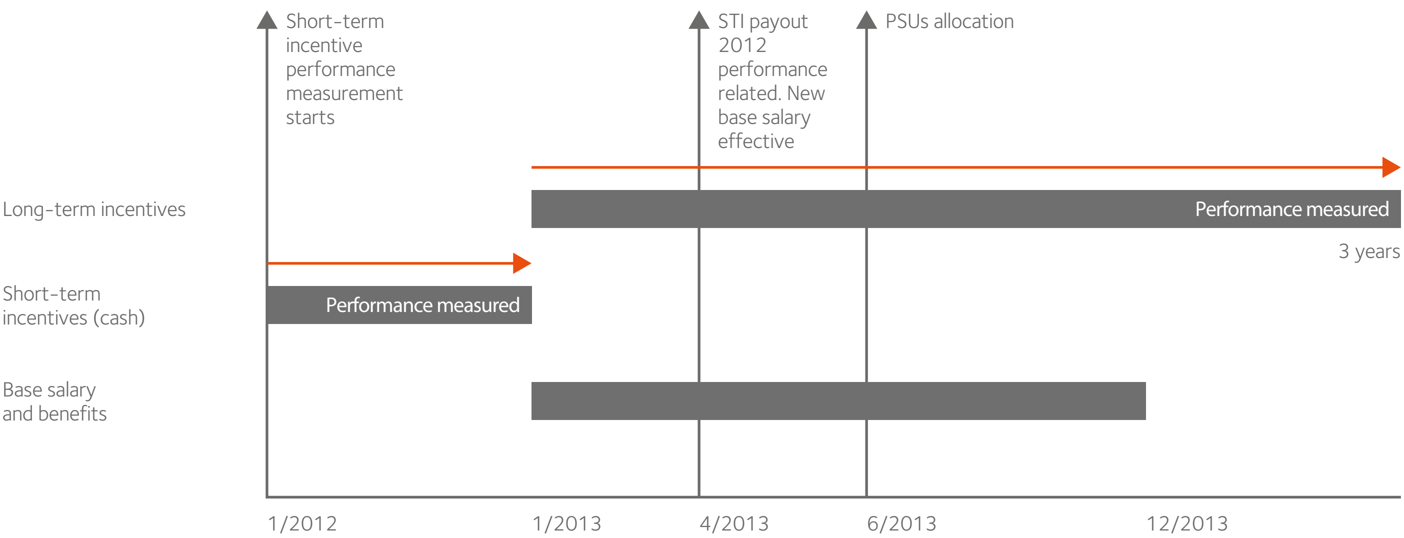
The following table shows the remuneration received by the chief executive officer and the GMB members as determined by the ARCG committee in relation to 2013 and 2012, including all remuneration components.

(Amounts in US$ thousands except for Long-term incentives)		Chief executive officer 2012	Chief executive officer 2013	Other GMB members 2012	Other GMB members 2013[5]
Base salary[1]		1,770	1,760	7,682	7,824
Retirement benefits		–	–	778	780
Other benefits[2]		30	38	153	165
Short-term incentives[3]		1,941	530	8,522	5,328
Long-term incentives	– fair value in US$ thousands[4]	127	2,500	709	7,976
	– number of share units	7,500	150,576	42,000	480,501

[1] *No increase in base salary in 2013 for the chief executive officer. The increase in base salary for the other GMB members in 2013 was 5% on average (effective April 2013), as compared to 2012.*
[2] *Other benefits comprise benefits paid in cash such as health insurance and other insurances, lunch allowances, financial services, gasoline and car allowances. Benefits in kind such as company car (US$105,000 in 2013) and tax returns not included.*
[3] *Short-term incentives are entirely performance-based and are fully paid in cash. The short-term incentive for a given year relates to the company's results in the previous year.*
[4] *Fair value determined at the grant date is recorded as an expense using the straight line method over the vesting period and adjusted for the effect of non-market based vesting conditions. The remuneration expenses recognized for the RSUs/PSUs granted to the chief executive officer and other GMB members was US$0.6 million and US$2.3 million for the years ended December 31, 2012 and 2013, respectively.*
[5] *Mr Peter Kukielski is included until his resignation on August 3, 2013.*

The company allocated 2013 remuneration according to the following timeline:



SOX 304 and clawback policy
Under Section 304 of the Sarbanes-Oxley Act, the SEC may seek to recover remuneration from the chief executive officer and chief financial officer of the company in the event that it is required to restate accounting information due to any material misstatement thereof or as a result of misconduct in respect of a financial reporting requirement under the US securities laws (the 'SOX Clawback').

Under the SOX Clawback, the chief executive officer and the chief financial officer may have to reimburse ArcelorMittal for any bonus or other incentive- or equity-based remuneration received during the 12-month period following the first public issuance or filing with the SEC (whichever occurs first) of the relevant filing, and any profits realized from the sale of ArcelorMittal securities during that 12-month period.

The board of directors, through its ARCG committee, decided in 2012 to adopt its own clawback policy (the 'clawback policy') that applies to the members of the GMB and to the executive vice president of finance, of ArcelorMittal.

The clawback policy comprises cash bonuses and any other incentive-based or equity-based remuneration, as well as profits from the sale of the company's securities received during the 12-month period following the first public issuance or filing with the SEC (whichever first occurs) of the filing that contained the material misstatement of accounting information.

For purposes of determining whether the clawback policy should be applied, the board of directors will evaluate the circumstances giving rise to the restatement (in particular, whether there was any fraud or misconduct), determine when any such misconduct occurred and determine the amount of remuneration that should be recovered by the company. In the event that the board of directors determines that remuneration should be recovered, it may take appropriate action on behalf of the company, including, but not limited to, demanding repayment or cancellation of cash bonuses, incentive-based or equity-based remuneration or any gains realized as the result of options being exercised or awarded or long-term incentives vesting. The board may also choose to reduce future remuneration as a means of recovery.

Remuneration policy

Board oversight
The board is responsible for ensuring that the group's remuneration arrangements are equitable and aligned with the long-term interests of the company and its shareholders. It is therefore critical that the board remain independent of management when making

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decisions affecting remuneration of the chief executive officer and his direct reports.

To this end, the board has established the ARCG committee to assist it in making decisions affecting employee remuneration. All members of the ARCG committee are required to be independent under the company's corporate governance guidelines, 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 members have relevant expertise or experience relating to the purposes of the committee. The ARCG committee makes decisions by a simple majority with no member having a casting vote.

The ARCG committee is chaired by Mr Lewis Kaden, lead independent director.

Appointments, remuneration and corporate governance committee

The primary function of the ARCG committee is to assist the board of directors, among others with respect to the following:

- review and approve corporate goals and objectives relevant to the GMB and other members of executive management as deemed appropriate by the committee regarding their remuneration, and assess performance against goals and objectives;
- make recommendations to the board with respect to incentive remuneration plans and equity-based plans;
- identify candidates qualified to serve as members of the board and the GMB;
- review and evaluate on a yearly basis the performance of the GMB as a whole and its individual members;
- recommend candidates to the board for appointment by the general meeting of shareholders or for appointment by the board to fulfill interim board vacancies;
- develop, monitor and review corporate governance principles applicable to the company;
- facilitate the evaluation of the board;
- review the succession planning and the executive development of GMB members;
- submit proposals to the board on the remuneration of GMB members, and on the appointment of new directors and GMB members;
- make recommendations to the board in respect of the company's framework of remuneration for the members of the GMB and such other members of the executive management as designated by the committee. In making such recommendations, the committee may take into account factors that it deems necessary. This may include a member's total cost of employment (factoring in equity/stock options), any perquisites and benefits in kind and pension contributions.

The ARCG committee met seven times in 2013. Its members comprise Mr Lewis Kaden (chairman), HRH Prince Guillaume de Luxembourg, Mr Narayanan Vaghul and Ms Suzanne Nimocks. Regular invitees include Mr Lakshmi N Mittal (chief executive officer and chairman) and Mr Henri Blaffart (head of group human resources). Mr Henk Scheffer (company secretary) acts as secretary. The relevant persons are not present when their remuneration is discussed by the ARCG committee. The ARCG committee chairman presents its decisions and findings to the board of directors after each committee meeting.

Remuneration strategy

Scope

ArcelorMittal's remuneration philosophy and framework apply to the following group of senior management:

- the chief executive officer; and
- the six other members of the GMB (seven until the resignation of Mr Peter Kukielski in August 2013)

The remuneration philosophy and governing principles also apply, with certain limitations, to a wider group of employees including executive vice presidents, vice presidents, general managers and managers.

Remuneration philosophy

ArcelorMittal's remuneration philosophy for its senior managers is based on the following principles:

- provide total remuneration competitive with executive remuneration levels of a peer group composed of a selection of industrial companies of a similar size and scope;
- encourage and reward performance that will lead to long-term enhancement of shareholder value;
- promote internal pay equity and provide 'market' median (determined by reference to its identified peer group) base pay levels for ArcelorMittal's senior managers with the possibility to move up to the third quartile of the market base pay levels, depending on performance over time; and
- promote internal pay equity and target total direct remuneration (base pay, bonus, and long-term incentives) levels for senior managers at the 75th percentile of the market.

Remuneration framework

The ARCG committee develops proposals on senior management remuneration annually for consideration by the board of directors. Such proposals include the following components:

- fixed annual salary;
- short-term incentives (i.e. performance-based bonuses); and
- long-term incentives (i.e. stock options (prior to May 2011), RSUs (after May 2011) and PSUs (after May 2011).

A decision was taken by the board of directors not to allocate any RSUs and PSUs to the members of GMB between May 2012 and May 2013.

A grant of PSUs to members of the GMB pursuant to the GMB Performance Share Unit Plan ('GMB PSU Plan') approved in the annual general meeting held on May 8, 2013 was made in June 2013.

The company does not have any deferred compensation plans for senior management.

Fixed annual salary

Base salary levels are reviewed annually and compared to the market to ensure that ArcelorMittal remains competitive with market median base pay levels.

Short-term incentives

Annual performance bonus plan

ArcelorMittal has a short-term incentive plan consisting of a performance-based bonus plan. Bonus calculations for each employee reflect the performance of the ArcelorMittal group as a whole and /or the performance of the relevant business units, the achievement of objectives specific to the department and the individual employee's overall performance and potential.

The calculation of ArcelorMittal's 2013 performance bonus is aligned with its strategic objectives of improving health and safety performance and overall competitiveness and the following principles:

- no performance bonus will be triggered if the achievement level of the performance measures is less than the threshold of 80%;
- achievement of 100% of the performance measure yields 100% of the performance bonus pay-out; and
- achievement of more than 100% and up to 120% of the performance measure generates a higher performance bonus pay-out, except as explained below.

The performance bonus for each individual is expressed as a percentage of his or her annual base salary. Performance bonus pay-outs may range from 50% of the target bonus for achievement of performance measures at the threshold (80%), to up to 150% for an achievement at or in excess of the ceiling of 120%. Between the 80% threshold and the 120% ceiling, the performance bonus is calculated on a proportional, straight-line basis.

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For the chief executive officer and the other members of the GMB, the 2013 bonus formula is based on:

- Operating income plus depreciation, impairment expenses and exceptional items ('Ebitda') at the group level: 60% (this acts as 'circuit breaker' with respect to group-level financial performance measures as explained below);
- Free cash flow ('FCF') at the group level: 20%; and
- Health and safety performance at the group level: 20%.

Ebitda operating as a 'circuit breaker' for financial measures means that the 80% threshold described above must be met for Ebitda in order to trigger any bonus payment with respect to the Ebitda and FCF performance measures.

For the chief executive officer, the performance bonus at 100% achievement of performance targets linked to the business plan is equal to 100% of his base salary. For the members of the GMB, the performance bonus at 100% achievement of performance targets linked to the business plan is equal to 80% of the relevant base salary.

The different performance measures are combined through a cumulative system: each measure is calculated separately and is added up for the performance bonus calculation.

Performance below threshold will result in zero performance bonus payout.

The achievement level of performance for performance bonus is summarized as follows:

Functional level	Target achievement threshold @ 80%	Target achievement @ 100%	Target achievement ≥ ceiling @ 120%
Chief executive officer	50% of base pay	100% of base pay	150% of base pay
Other GMB members	40% of base pay	80% of base pay	120% of base pay

Individual performance and potential assessment ratings define the individual bonus multiplier that will be applied to the performance bonus calculated based on actual performance against the performance measures. Those individuals who consistently perform at expected levels will have an individual multiplier of 1. For outstanding performers, an individual multiplier of up to 1.5 may cause the performance bonus pay-out to be higher than 150% of the target bonus, up to 225% of target bonus being the absolute maximum for the chief executive officer. Similarly, a reduction factor will be applied for those at the lower end.

The principles of the performance bonus plan, with different weights for performance measures and different levels of target bonuses, are applicable to approximately 2,000 employees worldwide.

In exceptional cases, there are some entitlements to a retention bonus or a business specific bonus.

At the end of the financial year, achievement against the measures is assessed by the ARCG committee and the board and the short-term incentive award is determined. The achievement of the 2012 Performance Bonus Plan with respect to senior management and paid out in April 2013 was as follows:

2012 Measures	% Weighting for chief executive officer and GMB members	Assessment
Ebitda	60%	No incentive attributable to this metric
FCF	20%	No incentive attributable to this metric
Health and safety	20%	Incentive attributable to this metric as the assessment was at target

Other benefits

In addition to the remuneration described above, other benefits may be provided to members of the GMB and, in certain cases, other employees. These other benefits can include insurance, housing (in cases of international transfers), car allowances and tax assistance.

Long-term incentives: equity-based incentives (share unit plans)

On May 10, 2011, the annual general meeting of shareholders approved the ArcelorMittal equity incentive plan, a new equity-based incentive plan that replaced the Global Stock Option Plan. The ArcelorMittal equity incentive plan is intended to align the interests of the company's shareholders and eligible employees by allowing them to participate in the success of the company. The ArcelorMittal equity incentive plan provides for the grant of RSUs and PSUs to eligible company employees and is designed to incentivize employees, improve the company's long-term performance and retain key employees. On May 8, 2013, the annual general meeting of shareholders approved the GMB PSU Plan, which provides for the grant of PSUs to GMB members. Until the introduction of the GMB PSU Plan in 2013, GMB members were eligible to receive RSUs and PSUs under the ArcelorMittal equity incentive plan.

The maximum number of RSUs and PSUs available for grant during any given year is subject to the prior approval of the company's shareholders at the annual general meeting. The annual shareholders' meeting on May 8, 2013 approved the maximum to be granted until the next annual shareholders' meeting. For the period from the May 2013 annual general shareholders' meeting to the May 2014 annual general shareholders' meeting, a maximum of 3,500,000 RSUs and PSUs may be allocated to eligible employees under the ArcelorMittal equity incentive plan and the GMB PSU plan combined.

ArcelorMittal equity incentive plan

RSUs. RSUs granted under the ArcelorMittal equity incentive plan are designed to provide a retention incentive to eligible employees. RSUs are subject to 'cliff vesting' after three years, with 100% of the grant vesting on the third anniversary of the grant contingent upon the continued active employment of the eligible employee within the group. RSUs are an integral part of the company's remuneration framework. Between 500 and 700 of the group's most senior managers are eligible for RSUs.

In September 2011, the company made a grant of 1,303,515 RSUs to a total of 772 eligible employees; in March 2013, the company made a grant of 1,071,190 RSUs to a total of 681 eligible employees; and in September 2013, the company made a grant of 1,065,415 RSUs to a total of 682 eligible employees.

PSUs. The grant of PSUs under the ArcelorMittal equity incentive plan aims to serve as an effective performance-enhancing scheme based on the employee's contribution to the eligible achievement of the company's strategy. Awards in connection with PSUs are subject to the fulfillment of cumulative

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performance criteria over a three-year period from the date of the PSU grant. The employees eligible to receive PSUs are a sub-set of the group of employees eligible to receive RSUs. The target group for PSU grants initially included the chief executive officer and the other GMB members. However, from 2013 onwards, the chief executive officer and other GMB members receive PSU grants under the GMB PSU Plan instead of the ArcelorMittal equity incentive plan (see ' – GMB PSU Plan').

In March 2012, the company made a grant of 267,165 PSUs to a total of 118 eligible employees; in March 2013, the company made a grant of 182,970 PSUs to a total of 94 eligible employees; and in September 2013, the company made a grant of 504,075 PSUs to a total of 384 eligible employees.

PSUs vest three years after their date of grant subject to the eligible employee's continued employment with the company and the fulfillment of targets related to the following performance measures: return on capital employed (ROCE) and total cost of employment (in US dollars per tonne) for the steel business (TCOE) and the mining volume plan and ROCE for the Mining segment. Each performance measure has a weighting of 50%. In case the level of achievement of both performance targets together is below 80%, there is no vesting, and the rights are automatically forfeited.

GMB PSU Plan

The GMB PSU Plan is designed to enhance the long-term performance of the company and align the members of the GMB to the company's objectives. The GMB PSU Plan complements ArcelorMittal's existing program of annual performance-related bonuses which is the company's reward system for short-term performance and achievements. The main objective of the GMB PSU plan is to be an effective performance-enhancing scheme for GMB members based on the achievement of ArcelorMittal's strategy aimed at creating a measurable long-term shareholder value.

The members of the GMB including the chief executive officer are eligible for PSU grants. The GMB PSU Plan provides for cliff vesting on the third year anniversary of the grant date, under the condition that the relevant GMB member continues to be actively employed by the group on that date. If the GMB member is retired on that date or in case of an early retirement by mutual consent, the relevant GMB member will not automatically forfeit PSUs and pro rata vesting will be considered at the end of the vesting period at the sole discretion of the company, represented by the ARCG committee of the board of directors. Awards under the GMB PSU Plan are subject to the fulfillment of cumulative performance criteria over a three-year period from the date of the PSU grant. The value of the grant at grant date will equal one year of base salary for the chief executive officer and 80% of base salary for the other GMB members. Each PSU may give right to up to two shares of the company.

In June 2013, the company made a grant of 631,077 PSUs under the GMB PSU plan to a total of seven eligible GMB members.

Two sets of performance criteria must be met for vesting of the PSUs. 50% of the criteria is based on the total shareholder return (TSR) defined as the share price at the end of period minus the share price at start of period plus any dividend paid divided by the share price at the start of the period. 'Start of period' and 'end of period' will be defined by the ARCG committee of the board of directors. This will then be compared with a peer group of companies and the S&P 500 index, each counting for half of the weighting. No vesting will take place for performance below 80% of the median compared to the peer group or below 80% of the S&P 500 index measured over three years.

- For 25% of PSUs, performance is compared to the peer group. The percentage of PSUs vesting will be 50% for achieving 80% of the median TSR, 100% for achieving the median TSR, 150% for achieving 120% of the median TSR, and up to a maximum of 200% for an achievement above the upper quartile.
- For 25% of PSUs, performance is compared to the S&P 500 index. The percentage of PSUs vesting will be 50% for achieving performance equal to 80% of the index, 100% for achieving a performance equal to the index, 150% for achieving a performance equal to index plus an outperformance of 2%, and up to a maximum of 200% for achieving a performance equal to index plus an outperformance of 5%.

The other 50% of the criteria to be met to trigger vesting of the PSUs is based on the development of earnings per share (EPS), defined as the amount of earnings per share outstanding compared to a peer group of companies. The percentage of PSUs vesting will be 50% for achievement of 80% of the median EPS, 100% for achieving the median EPS, 150% for achieving 120% of the median EPS, and up to a maximum of 200% for an achievement above the upper quartile.

The allocation of PSUs to eligible GMB members is reviewed by the ARCG committee of the board of directors, which is comprised of four independent directors, and which makes a proposal and recommendation to the full board of directors. The vesting criteria of the PSUs are also monitored by the ARCG committee. The company will report in its annual reports on the progress of meeting the vesting criteria on each grant anniversary date as well as on the applicable peer group.

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The table below lists the applicable peer group of companies for the GMB PSU plan. The peer group consists of 12 steel manufacturers, 5 iron ore miners/producers and 8 other miners/producers. The peer group have been selected by the board of directors based on industry classification, size (limited to companies not smaller than approximately one quarter of ArcelorMittal's market capitalization – except US Steel which has a market capitalization of below 25 % of ArcelorMittal's market capitalization) and on correlation of TSR performance over three years in order to identify whether this peer group of companies is appropriate from a statistical viewpoint.

Company	3 year correlation at 1 January, 2013	Market cap (US$m) at 1 January, 2013	Category
ArcelorMittal	n/a	26,620	Steel producers
Thyssenkrupp	82%	12,040	Steel manufacturers
BHP Billiton	84%	196,814	Iron ore miners/producers
Tenaris	77%	24,250	Steel manufacturers
Anglo American	78%	42,823	Other miners/producers
Xstrata	79%	50,854	Other miners/producers
US Steel	72%	3,441	Steel producers
Antofagasta	75%	21,217	Other miners/producers
Vale PNA	72%	109,339	Iron ore miners/producers
Rio Tinto	81%	110,417	Iron ore miners/producers
SIDER Nacional ON	68%	8,445	Steel producers
Alcoa	73%	9,309	Other miners/producers
Kumba Iron Ore	71%	21,594	Iron ore miners/producers
Southern Copper	68%	32,013	Other miners/producers
Nucor	74%	13,709	Steel manufacturers
GMexico 'B'	68%	28,098	Other miners/producers
Severstal	60%	10,112	Steel producers
Cameco	64%	7,778	Other miners/producers
Novolipetsk Steel	61%	12,007	Steel producers
POSCO	55%	28,442	Steel producers
MMC Norilsk Nickel	55%	34,964	Other miners/producers
China Steel	53%	14,437	Steel producers
Nippon stl. & sumit. mtl.	56%	23,081	Steel manufacturers
Steel authority of India	51%	6,834	Steel producers
Fortescue Metals GP.	59%	15,032	Iron ore miners/producers
Jindal Steel & Power	50%	7,641	Steel manufacturers
JFE Holdings	52%	11,384	Steel manufacturers

Share unit plan activity is summarized below as of and for each year ended December 31, 2012 and 2013:

	Restricted share unit (RSU)		Performance share unit (PSU)	
	Number of shares	Fair value per share	Number of shares	Fair value per share
Outstanding, December 31, 2011	1,303,515	US$14.45	–	–
Granted	–	–	267,165	US$16.87
Exited	(787)	14.45	–	–
Forfeited	(59,975)	14.45	(4,500)	16.87
Outstanding, December 31, 2012	1,242,753	14.45	262,665	16.87
Granted	2,136,605	12.77	1,318,122	14.70
Exited	(14,788)	14.35	–	–
Forfeited	(120,904)	13.92	(53,640)	15.85
Outstanding, December 31, 2013	3,243,666	13.36	1,527,147	15.03

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The following table summarizes information about total share unit plan of the company outstanding as of December 31, 2013:

	Shares units outstanding		
Fair value per share	Number of shares	Shares exercised	Maturity
US$16.87	221,220	–	March 30, 2015
16.60	631,077	–	June 28, 2016
14.45	1,138,577	22,449	September 29, 2014
13.17	504,075	–	September 27, 2016
13.17	1,065,415	–	September 27, 2016
12.37	1,039,674	1,122	March 29, 2016
12.37	170,775	–	March 29, 2016
US$16.87 – 12.37	4,770,813	23,571	

For RSUs and PSUs, the fair value determined at the grant date is recorded as an expense using the straight line method over the vesting period and adjusted for the effect of non-market based vesting conditions.

The remuneration expense recognized for the RSUs granted under the ArcelorMittal equity incentive plan was US$6 million and US$10 million for the years ended December 31, 2012 and 2013, respectively. The remuneration expense recognized for the PSUs granted under the ArcelorMittal equity incentive plan and GMB PSU Plan was US$1 million and US$4 million for the years ended December 31, 2012 and 2013, respectively.

Global stock option plan

Prior to the adoption in 2011 of the ArcelorMittal equity incentive plan described above, ArcelorMittal's equity-based incentive plan took the form of a stock option plan known as the Global 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 ordinary shares to senior management of ArcelorMittal and its associates for up to 100,000,000 ordinary shares. The exercise price of each option equals not less than the fair market value of ArcelorMittal shares on the grant date, with a maximum term of ten years. Options are granted at the discretion of ArcelorMittal's ARCG 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.

With respect to the spin-off of Aperam, the ArcelorMittal Global Stock Option Plan 2009-2018 was amended to reduce by 5% the exercise prices of existing stock options. This change is reflected in the information given below.

Year of grant	Initial exercise prices (per option)	New exercise prices (per option)
August 2008	US$82.57	US$78.44
December 2007	74.54	70.81
August 2007	64.30	61.09
August 2009	38.30	36.38
September 2006	33.76	32.07
August 2010	32.27	30.66
August 2005	28.75	27.31
December 2008	23.75	22.56
November 2008	22.25	21.14

No options have been granted since 2010, although RSUs and PSUs were granted (see 'long-term incentives: equity based incentives (share unit plans)').

The fair values for options and other share-based remuneration are recorded as expenses in the consolidated statements 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-Merton option pricing model.

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.

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The remuneration expense recognized for stock option plans was US$73 million, US$25 million and US$5 million for each of the years ended December 31, 2011, 2012, and 2013, respectively. At the date of the spin-off of Aperam, the fair value of the stock options outstanding were recalculated with the modified inputs of the Black-Scholes-Merton option pricing model, including the weighted average share price, exercise price, expected volatility, expected life, expected dividends, the risk-free interest rate and an additional expense of US$11 million was recognized in the year ended December 31, 2011.

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, 2011, 2012 and 2013:

	Number of options	Range of exercise prices (per option)	Weighted average exercise price (per option)
Outstanding, December 31, 2011	27,670,222	2.15 – 78.44	48.35
Exercised	(154,495)	2.15	2.15
Forfeited	(195,473)	30.66 – 61.09	33.13
Expired	(2,369,935)	2.15 – 78.44	58.23
Outstanding, December 31, 2012	24,950,319	21.14 – 78.44	47.85
Forfeited	(139,993)	30.66 – 78.44	40.54
Expired	(3,246,700)	21.14 – 78.44	45.80
Outstanding, December 31, 2013	21,563,626	21.14 – 78.44	48.31
Exercisable, December 31, 2011	21,946,104	2.15 – 78.44	52.47
Exercisable, December 31, 2012	23,212,008	21.14 – 78.44	49.14
Exercisable, December 31, 2013	21,563,626	21.14 – 78.44	48.31

The following table summarizes certain information regarding total stock options of the company outstanding as of December 31, 2013:

	Options outstanding			
Exercise prices (per option)	Number of options	Weighted average contractual life (in years)	Options exercisable (number of options)	Maturity
US$78.44	5,059,350	4.60	5,059,350	August 5, 2018
70.81	13,000	3.95	13,000	December 11, 2017
61.09	3,665,003	3.59	3,665,003	August 2, 2017
36.38	4,893,900	5.60	4,893,900	August 4, 2019
32.07	1,786,103	2.67	1,786,103	September 1, 2016
30.66	5,047,000	6.60	5,047,000	August 3, 2020
27.31	1,096,685	1.65	1,096,685	August 23, 2015
21.14	2,585	4.87	2,585	November 10, 2018
US$21.14 – 78.44	21,563,626	4.81	21,563,626	

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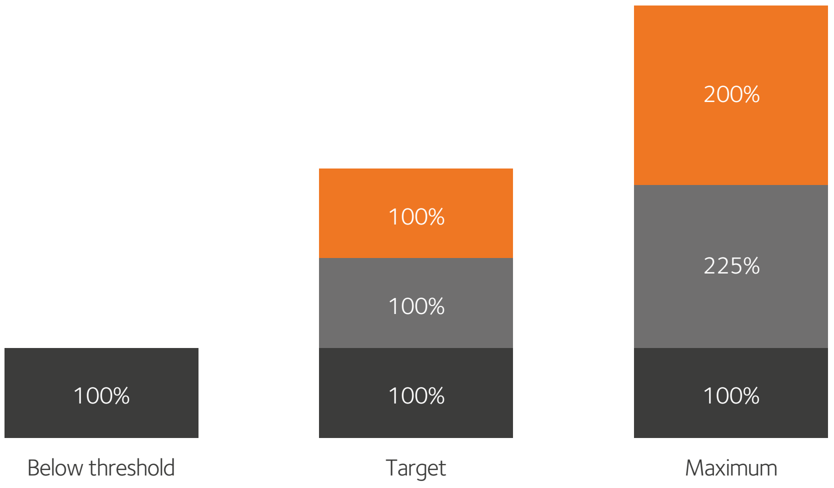
Performance consideration

Remuneration mix

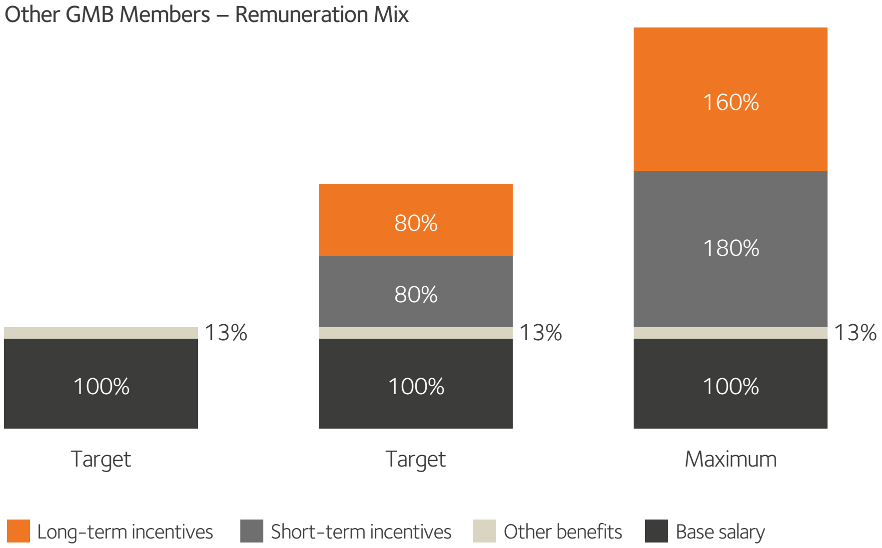
The target total remuneration of the chief executive officer and the GMB is structured to attract and retain executives; the amount of the remuneration actually received is dependent on the achievement of superior business and individual performance and on generating sustained shareholder value from relative performance.

The following remuneration charts, which illustrate the various elements of compensation of the chief executive officer and the GMB, are applicable for 2013. For each of the charts below, the columns on the left, middle and on the right, respectively, reflect the breakdown of compensation if targets are not met, met and exceeded.

CEO Remuneration Mix (No pension contribution)



Other GMB Members – Remuneration Mix



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Share ownership

As of December 31, 2013, the aggregate beneficial share ownership of ArcelorMittal directors and senior management (16 individuals) totaled 1,901,064 ArcelorMittal shares (excluding shares owned by ArcelorMittal's significant shareholder and including options to acquire 1,240,506 ArcelorMittal ordinary shares that are exercisable within 60 days of December 31, 2013), representing 0.11% of the total issued share capital of ArcelorMittal. Excluding options to acquire ArcelorMittal ordinary shares, these 16 individuals beneficially own 660,558 ArcelorMittal ordinary shares. Other than the significant shareholder, each director and member of senior management beneficially owns less than 1% of ArcelorMittal's shares. For purposes of this section, ordinary shares held directly by Mr Lakshmi Mittal and his wife, Mrs Usha Mittal, and options held directly by Mr Lakshmi Mittal are aggregated with those ordinary shares beneficially owned by the significant shareholder.

In 2011, the number of ArcelorMittal RSUs granted to senior management (including the significant shareholder) was 82,500; upon vesting of the RSUs, the corresponding treasury shares or new shares will be transferred to the beneficiaries on September 29, 2014. In 2012, the number of ArcelorMittal PSUs granted to directors and senior management (including the significant shareholder) was 49,500; upon vesting of the PSUs subject to performance conditions, the corresponding treasury shares or new shares will be transferred to the beneficiaries on March 30, 2015. In 2013, the number of PSUs granted to directors and senior management (including the significant shareholder) was 631,077; upon vesting of the PSUs, subject to performance conditions, the corresponding treasury shares or new shares will be transferred to the beneficiaries on June 28, 2016. Neither RSUs nor PSUs were granted to members of the board of directors other than to the chairman in his capacity as chief executive officer.

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, RSUs or PSUs.

The following table summarizes outstanding share options, as of December 31, 2013, granted to the members of the GMB of ArcelorMittal (or its predecessor company Mittal Steel, depending on the year):

	Options granted in 2005	Options granted in 2006	Options granted in 2007	Options granted in 2008	Options granted in 2009	Options granted in 2010	Options total	Weighted average exercise price of options
GMB (including chief executive officer)	198,504	222,002	296,000	326,000	328,000	306,500	1,677,006	
Total	198,504	222,002	296,000	326,000	328,000	306,500	1,677,006	—
Exercise price[1]	US$27.31	US$32.07	US$61.09	US$78.44	US$36.38	US$30.66	—	US$46.23
Term (in years)	10	10	10	10	10	10	—	—
Expiration date	Aug. 23, 2015	Sep. 1, 2016	Aug. 2, 2017	Aug. 5, 2018	Aug. 4, 2019	Aug. 3, 2020	—	—

[1] *Due to the spin-off of Aperam on January 25, 2011, the strike price of outstanding options was reduced by 5% in line with the spin-off ratio. The table above reflects this adjustment.*

The following table summarizes outstanding RSUs and PSUs granted to the members of the GMB of ArcelorMittal in 2012 and 2013.

	PSUs granted in 2012	PSUs granted in 2013
GMB (including chief executive officer)	43,500	631,077
Total	43,500	631,077
Term (in years)	3	3
Vesting date	Mar. 30, 2015	June 28, 2016

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, RSUs or PSUs.

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Employee share purchase plan (ESPP)

The annual general shareholders' meeting held on May 11, 2010 adopted an Employee Share Purchase Plan (the 'ESPP 2010') as part of a global employee engagement and participation policy. As with the previous employee share purchase plans implemented in 2008 and 2009, the ESPP 2010'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 ESPP 2010 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 GMB and the management committee of the company. The subscription price was US$34.62 before discounts.

Pursuant to the ESPP 2010, eligible employees could apply to purchase a number of shares not exceeding that number of whole shares equal to the lower of 200 shares and the number of whole shares that may be purchased for US$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 100 shares and the number of shares (rounded down to the nearest whole number) corresponding to an investment of US$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 200 shares and the number of shares (rounded down to the nearest whole number) corresponding to an investment of US$15,000 (the second cap).

All shares purchased under the ESPP 2008, 2009 and 2010 are held in custody for the benefit of the employees in global accounts with BNP Paribas Securities Services, except for shares purchased by Canadian and US employees, which are held in custody in one global account with Computershare.

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.

In connection with ESPP 2010, employees subscribed for a total of 164,171 ArcelorMittal shares (with a ceiling of up to 200 shares per employee) out of a total of 2,500,000 shares available for subscription. The shares subscribed by employees under the ESPP 2010 program were treasury shares. Due to the low participation level in previous years and the complexity and high cost of setting up an ESPP, management decided not to implement another ESPP in 2011, 2012 and 2013.

Major shareholders and related party transactions

As a result of the company's issuance on January 14, 2013 of 104,477,612 ordinary shares at a price of $16.75 per share, the company's issued share capital was increased to €6,883,209,119.84 represented by 1,665,392,222 ordinary shares and was unchanged at December 31, 2013.

The company's authorized share capital, including the issued share capital, was €7,725,260,599.18, represented by 1,773,091,461 shares, at December 31, 2012 and was increased by the extraordinary general meeting of shareholders held on May 8, 2013 to €8,249,049,316.38, represented by 1,995,857,213 shares and was unchanged at December 31, 2013.

The May 8, 2013 extraordinary general meeting of shareholders approved an increase of the company's authorized share capital by 19.84% of its then issued share capital, i.e., by €6,883,209,119.84, represented by 1,665,392,222 shares without nominal value, resulting in an authorized share capital of €8,249,049,316.38 represented by 1,995,857,213 shares without nominal value. The increase was sought by the company in the wake the company's issuance on January 16, 2013 of $2.25 billion 6% Mandatory Convertible Subordinated Notes due 2016 (the 'MCNs') in order to cover conversions of the 2013 MCNs and other outstanding convertible bonds of the company. The increase would also permit the company to return to the historical level of flexibility of 10% of share capital following the issue of new shares on January 14, 2013.

Following the issue of new shares on January 14, 2013 and subsequent increase in the company's authorized share capital on May 8, 2013, 330,464,991 ordinary shares were available for issuance under the company's authorized share capital as at December 31, 2013.

Major shareholders

The following table sets out information as of December 31, 2013 with respect to the beneficial ownership of ArcelorMittal ordinary 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 ordinary shares [1]	
	Number	%
Significant shareholder [2]	656,031,811	39.39
Treasury shares [3]	10,115,668	0.61
Other public shareholders	999,244,743	60
Total	**1,665,392,222**	**100.00**
Of which: directors and senior management [4]	1,901,064	0.11

[1] For purposes of this table, a person or group of persons is deemed to have beneficial ownership of any ArcelorMittal ordinary 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, 2013 upon exercise of vested portions of stock options. All stock options that have been granted to date by ArcelorMittal have vested.

[2] For purposes of this table, ordinary shares owned directly by Mr Lakshmi Mittal and his wife, Mrs Usha Mittal, and options held directly by Mr Lakshmi Mittal, are aggregated with those ordinary shares beneficially owned by the Significant Shareholder. At December 31, 2013. Mr Lakshmi Mittal and his wife, Mrs Usha Mittal, had direct ownership of ArcelorMittal ordinary shares and indirect ownership, through the Significant Shareholder, of two holding companies that own ArcelorMittal ordinary shares – Nuavam Investments S.à r.l. ('Nuavam') and Lumen Investments S.à r.l. ('Lumen'). Nuavam, a limited liability company organized under the laws of Luxembourg, was the owner of 112,338,263 ArcelorMittal ordinary shares. Lumen, a limited liability company organized under the laws of Luxembourg, was the owner of 542,910,448 ArcelorMittal ordinary shares. Mr Mittal was the direct owner of 301,600 ArcelorMittal ordinary shares and held options to acquire an additional 436,500 ArcelorMittal ordinary shares, all of which are, for the purposes of this table, deemed to be beneficially owned by Mr Mittal due to the fact that these options are exercisable within 60 days. Mrs Mittal was the direct owner of 45,000 ArcelorMittal ordinary shares. Mr Mittal, Mrs Mittal and the Significant Shareholder shared indirect beneficial ownership of 100% of each of Nuavam and Lumen (within the meaning set forth in Rule 13d-3 of the Exchange Act). Accordingly, Mr Mittal was the beneficial owner of 655,986,811 ArcelorMittal ordinary shares, Mrs Mittal was the beneficial owner of 655,293,711 ordinary shares and the Significant Shareholder was the beneficial owner of 656,031,811 ordinary shares. Excluding options, Mr Lakshmi Mittal and Mrs Usha Mittal together beneficially owned 655,595,311 ArcelorMittal ordinary shares at such date.

[3] Represents ArcelorMittal ordinary shares repurchased pursuant to share repurchase programs in prior years, fractional shares returned in various transactions, and the use of treasury shares in various transactions in prior years; excludes (1) 1,240,506 stock options that can be exercised by senior management (other than Mr Mittal) and (2) 436,500 stock options that can be exercised by Mr Mittal, in each case within 60 days of December 31, 2013. Holders of these stock options are deemed to beneficially own ArcelorMittal ordinary shares for the purposes of this table due to the fact that such options are exercisable within 60 days.

[4] Includes shares beneficially owned by directors and members of senior management listed in this annual report; excludes shares beneficially owned by Mr Mittal. Note that (i) stock options included in this item that are exercisable within 60 days are excluded from 'Treasury Shares' above (see also note 3 above) and (ii) ordinary shares included in this item are included in 'Other Public Shareholders' above.

On January 16, 2013, ArcelorMittal issued US$2.25 billion aggregate principal amount of its 6% Mandatorily Convertible Notes due 2016, of which Lumen subscribed for US$300 million in principal amount. Based on the methodology used above, as of December 31, 2013, assuming conversion of all mandatorily convertible notes, the percentage of ordinary shares owned by the significant shareholder would be 37.42% (assuming conversion of all notes at the maximum conversion ratio) or 37.79% (assuming conversion of all notes at the minimum conversion ratio).

The ArcelorMittal ordinary shares may be held in registered form only. Registered shares may consist of:

a. shares traded on the NYSE, or New York Registry 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 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 Registry 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, 2013, 2,545 shareholders other than the significant shareholder, holding an aggregate of 52,836,475 ArcelorMittal ordinary shares were registered in ArcelorMittal's shareholder register, representing approximately 3.17% of the ordinary shares issued (including treasury shares).

Major shareholders and related party transactions

continued

At December 31, 2013, there were 233 shareholders holding an aggregate of 94,308,088 New York Shares, representing approximately 5.66% of the ordinary shares issued (including treasury shares). ArcelorMittal's knowledge of the number of New York Shares held by US holders is based solely on the records of its New York transfer agent regarding registered ArcelorMittal ordinary shares.

At December 31, 2013, 862,998,948 ArcelorMittal ordinary shares were held through the Euroclear/Iberclear clearing system in The Netherlands, France, Luxembourg and Spain.

Related party transactions

ArcelorMittal engages in certain commercial and financial transactions with related parties, including associates and joint ventures of ArcelorMittal. Please refer to note 16 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 sgreement may not be amended, other than for manifest error, except by approval of a majority of ArcelorMittal's shareholders (other than the significant shareholder and certain permitted transferees) at a general shareholders' meeting.

Memorandum of understanding

The memorandum of understanding entered into in connection with the Mittal Steel acquisition of Arcelor, certain provisions of which expired in August 2009 and August 2011 (see Material contracts below).

Acquisition of ordinary shares and mandatorily convertible notes in the January 2013 offering of such securities by ArcelorMittal, and entry into the lock-up letter and share lending agreement in connection therewith

ArcelorMittal issued 104,477,612 ordinary shares in an offering that closed on January 14, 2013 (the 'Share Offering') and issued US$2,250,000,000 aggregate principal amount of 6.00% mandatorily convertible subordinated notes due 2016 (the 'MCNs') in an offering that closed on January 16, 2013. Lumen subscribed for 17,910,448 ordinary shares in the share offering and acquired US$300 million in principal amount of MCNs. The underwriting agreement entered into in connection with such offerings provided as a closing condition that Lumen and Nuavam each execute a lock-up letter whereby they would each agree not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of, directly or indirectly, any ordinary shares, the acquired MCNs or other securities exchangeable for or convertible into ordinary shares owned by them for a period of at least 180 days from January 9, 2013, subject to certain limited exceptions or the prior written consent of the representatives. In connection with the share offering and the offering of the MCNs, ArcelorMittal entered into a share lending agreement with Lumen on January 9, 2013, pursuant to which Lumen agreed to make available for borrowing by ArcelorMittal up to a maximum amount of 48.9 million ordinary shares in exchange for a loan fee of US$0.00046 per lent ordinary share, accruing daily from and including the date on which the loaned ordinary shares were delivered to the borrower to, but excluding, the date of return of the borrowed ordinary shares. Under the share lending agreement, deliveries of the loaned shares by Lumen was to occur on the dates an equal number of ordinary shares were required to be delivered by ArcelorMittal pursuant to the terms of the MCNs. The share lending agreement provided that ArcelorMittal could terminate all or any portion of any loan made there under at any time and that all outstanding loans would terminate on the date which was three business days after the date on which a general meeting of shareholders of ArcelorMittal had approved a resolution approving sufficient authorized share capital and authorizing the board of directors of the company to cancel the preferential subscription right of existing shareholders to allow return to Lumen of all borrowed ordinary shares. Under the share lending agreement, Lumen had no rights (including voting or disposition rights) with respect to any ordinary shares that had been loaned to ArcelorMittal and not yet returned to Lumen. Subject to this condition being met, it was expected that any ordinary shares to be delivered by ArcelorMittal to Lumen upon termination of the loan(s) would be newly issued ordinary shares issued in favor of Lumen (with a cancellation of the shareholders' preferential subscription right). The extraordinary general meeting of shareholders of ArcelorMittal that took place on May 8, 2013 (the 'May 2013 EGM') approved sufficient authorized share capital and authorized the board of directors of the company to cancel the preferential subscription right of existing shareholders to allow return to Lumen of all borrowed ordinary shares. Accordingly, the share lending agreement with Lumen was terminated three business days after the date of the May 2013 EGM.

Agreements with Aperam post-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, 2011, ArcelorMittal entered into several agreements with Aperam. These agreements include a master transitional services agreement dated January 25, 2011 (the 'transitional services agreement') for support for/from corporate activities, a purchasing services agreement for negotiation services from ArcelorMittal Purchasing and a sourcing services agreement for negotiation services from ArcelorMittal Sourcing, 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.

The transitional services agreement between ArcelorMittal and Aperam expired at year-end 2012. The parties agreed to renew a limited number of services where expertise and bargain powers create values for both parties. ArcelorMittal will continue to provide certain services during 2014 relating to certain areas, including environmental and technical support, IT services relating to the global wide area network contract, press clipping communication, ArcelorMittal University training in human resources, maintenance and customization of back office finance software and registered shareholder management.

In the area of research and development, Aperam entered into an arrangement with ArcelorMittal to establish a framework for future cooperation between the two groups in relation to certain ongoing or new research and development programs. Moreover, Aperam and ArcelorMittal are keeping open the possibility to enter into ad hoc cooperation agreements for future research and development purposes.

The purchasing and sourcing of raw materials generally were not covered by the transitional services agreement. Aperam is 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, Aperam still relies 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), operating materials (rolls, electrodes, refractory materials) and industrial products and services. The purchasing services agreement also permits Aperam to avail itself of the services and expertise of ArcelorMittal for certain capital expenditure items. The purchasing services agreement and the

Major shareholders and related party transactions

continued

sourcing services agreement were each entered into for an initial term of two years, which was to expire on January 24, 2013. However, both agreements were extended for an additional year on similar terms. It is expected that the term of the purchasing services agreement will be further extended until the end of January 2015 on similar terms. It is also expected that the term of the sourcing servicing agreement will be extended until the end of January 2015, although its scope will be limited to IT maintenance and support until Aperam switches to its own system.

In connection with the spin-off, management also renegotiated an existing Brazilian cost-sharing agreement between, inter alia, ArcelorMittal Brasil and Aperam Inox América do Sul S.A. (formerly known as ArcelorMittal Inox Brasil), pursuant to which starting as of April 1, 2011, ArcelorMittal Brasil continued to perform only purchasing, insurance and real estate activities for the benefit of certain of Aperam's Brazilian subsidiaries, with costs being shared on the basis of cost allocation parameters agreed between the parties. Since the demerger of ArcelorMittal BioEnergia Ltda in July 2011, its payroll functions have also been handled by ArcelorMittal Brasil. The real estate and insurance activities of Aperam's Brazilian subsidiaries have not been handled by ArcelorMittal Brasil since January 1, 2013 and June 30, 2013, respectively.

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

Material Contracts

Share Lending Agreement

Please refer to Related Party Transactions above.

ArcelorMittal Equity Incentive Plan and GMB PSU Plan

On May 10, 2011, the annual general shareholders' meeting approved the ArcelorMittal Equity Incentive Plan, a new equity-based incentive plan that replaced the Global Stock Option Plan. The ArcelorMittal Equity Incentive Plan provides for the grant of RSUs and PSUs to eligible company employees. On May 8, 2013, the annual general meeting of shareholders approved the GMB PSU Plan, which provides for the grant of PSUs to GMB members. Until the introduction of the GMB PSU Plan in 2013, GMB members were eligible to receive RSUs and PSUs under the ArcelorMittal Equity Incentive Plan. Since 2011, the company has made the following grants to employees under the ArcelorMittal Equity Incentive Plan: a grant of RSUs in September 2011, a grant of PSUs in March 2012, a grant of both RSUs and PSUs in March 2013, and a grant of both RSUs and PSUs in September 2013 (the GMB members were excluded from the afore-mentioned 2013 grants in light of the creation of the GMB PSU Plan). In June 2013, the company made a grant of PSUs under the GMB PSU Plan to the GMB members. For further details, see also "Other benefits" above.

Memorandum of Understanding

On June 25, 2006, Mittal Steel, the Significant Shareholder and Arcelor signed a binding Memorandum of Understanding ("MoU") to combine Mittal Steel and Arcelor in order to create the world's leading steel company. In April 2008, the board of directorsapproved resolutions amending certain provisions of the MoU in order to adapt it to the company's needs in the post-merger and post-integration phase.

On the basis of the MoU, Arcelor's board of directors recommended Mittal Steel's offer for Arcelor and the parties to the MoU agreed to certain corporate governance and other matters relating to the combined ArcelorMittal group. Certain provisions of the MoU relating to corporate governance were incorporated into the Articles of Association of ArcelorMittal at the extraordinary general meeting of the shareholders on November 5, 2007.

Certain additional provisions of the MoU expired effective August 1, 2009 and on August 1, 2011. ArcelorMittal's corporate governance rules will continue to reflect, subject to those provisions of the MoU that have been incorporated into the Articles of Association, the best standards of corporate governance for comparable companies and to conform with the corporate governance aspects of the NYSE listing standards applicable to non-U.S. companies and Ten Principles of Corporate Governance of the Luxembourg Stock Exchange.

The following summarizes the main provisions of the MoU that remain in effect or were in effect in 2013.

Standstill

The Significant Shareholder agreed not to acquire, directly or indirectly, ownership or control of an amount of shares in the capital stock of the company exceeding the percentage of shares in the company that it will own or control following completion of the Offer (as defined in the MoU) for Arcelor and any subsequent offer or compulsory buy-out, except with the prior written consent of a majority of the independent directors on the company's Board of Directors. Any shares acquired in violation of this restriction will be deprived of voting rights and shall be promptly sold by the Significant Shareholder. Notwithstanding the above, if (and whenever) the Significant Shareholder holds, directly and indirectly, less than 45% of the then-issued company shares, the Significant Shareholder may purchase (in the open market or otherwise) company shares up to such 45% limit. In addition, the Significant Shareholder is also permitted to own and vote shares in excess of the threshold mentioned in the immediately preceding paragraph or the 45% limit mentioned above, if such ownership results from (1) subscription for shares or rights in proportion to its existing shareholding in the company where other shareholders have not exercised the entirety of their rights or (2) any passive crossing of this threshold resulting from a reduction of the number of company shares (e.g., through self-tender offers or share buy-backs) if, in respect of (2) only, the decisions to implement such measures were taken at a shareholders' meeting in which the Significant Shareholder did not vote or by the company's board of directors with a majority of independent directors voting in favor.

Once the Significant Shareholder exceeds the threshold mentioned in the first paragraph of this "Standstill" subsection or the 45% limit, as the case may be, as a consequence of any corporate event set forth in (1) or (2) above, it shall not be permitted to increase the percentage of shares it owns or controls in any way except as a result of subsequent occurrences of the corporate events described in (1) or (2) above, or with the prior written consent of a majority of the independent directors on the company's Board of Directors.

If subsequently the Significant Shareholder sells down below the threshold mentioned in the first paragraph of this "Standstill" subsection or the 45% limit, as the case may be, it shall not be permitted to exceed the threshold mentioned in the first paragraph of this "Standstill" subsection or the 45% limit, as the case may be, other than as a result of any corporate event set out in (1) or (2) above or with the prior written consent of a majority of the independent directors.

Finally, the Significant Shareholder is permitted to own and vote shares in excess of the threshold mentioned in the first paragraph of this "Standstill" subsection or the 45% limit mentioned above if it acquires the excess shares in the context of a takeover bid by a third party and (1) a majority of the independent directors of the company's board of directors consents in writing to such acquisition by the Significant Shareholder or (2) the Significant Shareholder acquires such shares in an offer for all of the shares of the company.

Non-compete

For so long as the Significant Shareholder holds and controls at least 15% of the outstanding shares of the company or has representatives on the company's board of directors or GMB, the Significant Shareholder and its affiliates will not be permitted to invest in, or carry on, any business competing with the company, except for PT ISPAT Indo.

Major shareholders and related party transactions

continued

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 plaintiffs alleged in particular that, based on Mittal Steel's and Arcelor's disclosure and public statements, investors had a legitimate expectation that the exchange ratio in the second-step merger would be 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 that the second-step merger did not comply with certain provisions of Luxembourg company law. They claimed, inter alia, the cancellation of certain resolutions (of the board of directors and of the Shareholders meeting) in connection with the merger, the grant of additional shares, or damages in an amount of approximately €180 million. By judgment dated November 30, 2011, the Luxembourg civil court declared all of the plaintiffs' claims inadmissible and dismissed them. The judgment was appealed in May 2012 and the appeal proceedings are ongoing.

On May 15, 2012, ArcelorMittal received a writ of summons on behalf of Association Actionnaires d'Arcelor ("AAA"), a French association of former minority shareholders of Arcelor, to appear before the civil court of Paris. In such writ of summons, AAA claimed (on grounds similar to those in the Luxembourg proceedings summarized above) inter alia damages in a nominal amount and reserved the right to seek additional remedies including the cancellation of the merger. The proceedings before the civil court of Paris have been stayed, pursuant to a ruling of such court on July 4, 2013, pending a preparatory investigation (instruction préparatoire) by a criminal judge magistrate (juge d'instruction) triggered by the complaints (plainte avec constitution de partie civile) of AAA and several hedge funds (who quantified their total alleged damages at €246.5 million), including those who filed the claims before the Luxembourg courts described (and quantified) above.

Additional information about ArcelorMittal

ArcelorMittal produces a range of publications to inform its shareholders. These documents are available in various formats: they can be viewed online, downloaded or obtained on request in paper format. Please refer to www.arcelormittal.com to the Investors menu, under Financial Reports.

Corporate responsibility

ArcelorMittal's corporate responsibility is detailed in a report that will be published during the second quarter of 2014 and will be available on *www.arcelormittal.com* in the Corporate Responsibility menu.

ArcelorMittal as parent company of the ArcelorMittal group

ArcerlorMittal, 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 loss of US$1,603 million in 2013.

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 one other ArcelorMittal group company 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.

Shareholder information

ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MT), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).

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. Recognised for its commitment to Sustainable Development, ArcelorMittal is also a member of the FTSE4Good Index and Dow Jones Sustainability Index.

Share price performance

During 2013 the price of ArcelorMittal shares increased by 2% in US dollar terms, outperforming the Global Metals, Mining & Steel sector which decreased by 9% over the period. Our share price declined from January through April as global markets reacted to a falling iron ore price and its impact on steel prices. As the European economy moved out of recession, our share price recovered in the second half, outperforming the Global Metals, Mining & Steel sector.

Dividend

Considering the challenging global economic conditions, and the company's priority to deleverage, ArcelorMittal's board of directors proposes to maintain the annual dividend payment at US$0.20/ share for 2014. Subject to shareholder approval at the next annual general meeting on May 8, 2014, this dividend will be paid on July 15, 2014.

Once the deleveraging plan is complete and market conditions improve, the board intends to progressively increase the dividend.

The dividend payments will be paid as a single payment in 2014 (see financial calendar below). Dividends are announced in US$ and paid in US$ 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, and Luxembourg).

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 2014. A dedicated toll free number for individual investors is available at +352 4792 3198. Requests for information or meetings on the virtual meeting and conference centre 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
investor.relations@ arcelormittal.com

Socially responsible investors

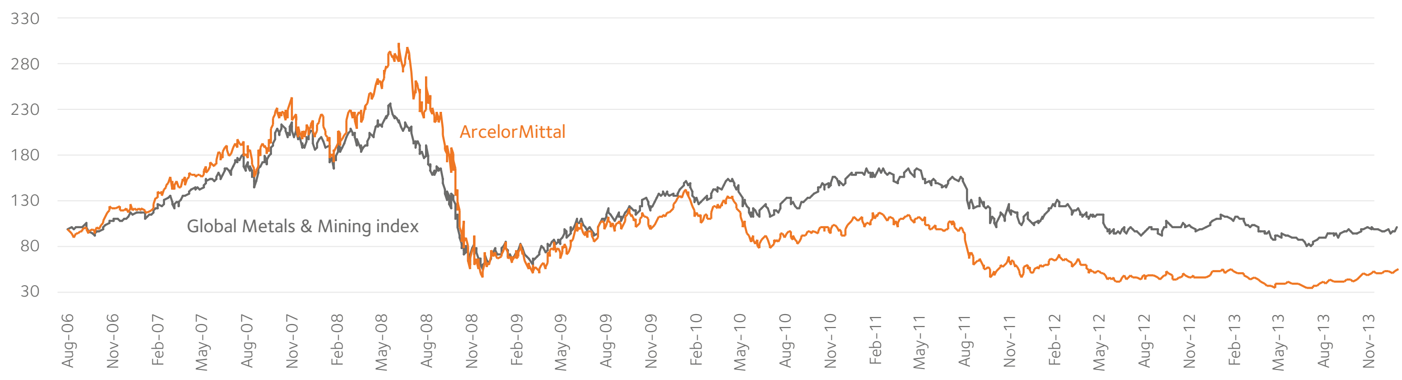
The Investor Relations team is also a source of information for the growing socially responsible investment community. The team organises special events on ArcelorMittal's corporate responsibility strategy and answers all requests for information sent to the group **SRI@arcelormittal.com**

Credit and fixed income investors

Credit, fixed income investors and rating agency are followed by a dedicated team from investor relations:
creditfixedincome@ arcelormittal.com

Share price performance

since 1st August 2006 (USD)



Shareholder information

continued

Financial calendar

The schedule is available on ArcelorMittal's website www.arcelormittal.com under Investors > Equity investors > Dividends

Financial results*

February 7, 2014	Earnings release for 4th quarter 2013 and 12 months 2013
May 9, 2014	Earnings release for 1st quarter 2014
August 1, 2014	Earnings release for 2nd quarter 2014 and 6 months 2014
November 7, 2014	Earnings release for 3rd quarter 2014 and 9 months 2014

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

General meeting of shareholders

May 8, 2014	Ordinary meeting of shareholders in Luxembourg

Institutional investor events

March 10, 2014	Investor day with Group Management Board members

Dividend payment (subject to shareholder approval)

July 15, 2014	Annual payment of base dividend

Contact the investor relations team on the information detailed above or please visit *www.arcelormittal.com/corp/investors/contact*