

MVB FINANCIAL CORP  
Form 8-K  
December 26, 2012

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

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Date of Report December 26, 2012**

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**MVB FINANCIAL CORP.**

(Exact name of registrant as specified in its charter)

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WV 000-50567 20-0034461  
(State or Other Jurisdiction (Commission (I.R.S. Employer  
of Incorporation) File Number) Identification No.)  
**301 Virginia Avenue, Fairmont, WV 26554-2777**  
(Address of Principal Executive Offices) (Zip Code)

**304-363-4800**  
(Registrant's telephone number, including area code)

N/A  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

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“Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

“Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

This current report on Form 8-K is being filed in connection with the consummation (the “Closing”) on December 20, 2012 (the “Closing Date”) of the transactions contemplated by that certain Membership Interest Purchase Agreement (the “Purchase Agreement”) by and among MVB Financial Corp (“MVB”), its wholly owned subsidiary, MVB Bank, Inc. (“MVB Bank”), Potomac Mortgage Group, LLC (“PMG”) and the members of PMG (the “Members”). PMG is a mortgage lender based in Fairfax, Virginia, whose principal business consists of the origination and sale of residential mortgage and construction loans.

### **Item 2.01 Completion of Acquisition or Disposition of Assets.**

Pursuant to the Purchase Agreement, the purchase of all of the membership interests of PMG was completed on the Closing Date for \$17 million in cash and 83,333 shares of MVB common stock. This description of the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement, which is attached as Exhibit 2.1 hereto and is incorporated herein by reference.

The assets owned by PMG at the Closing Date were \$66.1 million, of which \$61.2 million were loans held for sale, \$1.3 million in cash and \$3.6 million in accrued interest receivable and other assets. Following completion of the purchase, PMG converted into a corporation and will operate as a wholly owned subsidiary of MVB Bank as Potomac Mortgage Group, Inc.

### **Item 3.02 Unregistered Sales of Equity Securities.**

On the Closing Date, MVB issued 83,333 shares of MVB common stock valued at \$24 per share, totaling \$1,999,992, as partial consideration for the purchase of PMG membership interests pursuant to the Purchase Agreement. The transaction is exempt from registration under Section 4(2) of the Securities Act of 1933, as amended, and under Rule 506 of Regulation D promulgated thereunder. The issuer believes the offering satisfies all terms and conditions of Rule 506 of Regulation D

### **Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

#### *Appointment of Director*

Effective immediately following the Closing, H. Edward Dean, III was appointed to serve as a member of the board of directors MVB and of the executive committee of the board of directors. The appointment of Mr. Dean to the MVB board of directors was pursuant to the employment agreement with MVB and MVB Bank entered into in connection with the Purchase Agreement. The employment agreement became effective immediately following the Closing.

Pursuant to this employment agreement, Mr. Dean will serve as President and Chief Executive Officer of PMG for a term of five years, subject to extensions of up to three additional years at the option of the parties, with a base salary of \$500,000 per year, commission opportunities, an annual bonus of 7.5% of the pre-tax income of PMG, and further bonus amounts equal to specified percentages of the pre-tax net income of PMG in each of the next five years, which are subject to certain thresholds. Mr. Dean will also be granted options to purchase 5,000 shares of MVB common stock, which will vest ratably over five years. If, following the Closing, Mr. Dean is terminated without cause or for good reason, he will be entitled to receive severance equal to 18 months of gross compensation, as specified in the employment agreement. In addition, if Mr. Dean is terminated with cause or without good reason, he will be bound by restrictive covenants for 18 months, including non-competition and employee and customer non-solicitation restrictions. Further, Mr. Dean will be nominated to serve on the MVB board of directors each time his term on the board expires, through the term of the employment agreement. This description of the employment agreement does not purport to be complete and is qualified in its entirety by reference to the employment agreement, which is attached as Exhibit 10.5 hereto and is incorporated herein by reference.

Before the Closing, Mr. Dean owned approximately 61.39% of the membership interests of PMG. Pursuant to the Purchase Agreement, Mr. Dean received purchase consideration for his membership interests of \$9,664,100 in cash and 83,333 shares of MVB common stock. In addition, Frederick E. Brooks, a brother-in-law of Mr. Dean, owned approximately 12.57% of the membership interests of PMG and received purchase consideration for his membership interests of \$2,388,300. Mr. Brooks is also an employee of PMG.

**Item 8.01 Other Events.**

On December 21, 2012, MVB issued a press release announcing the Closing. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(a) Financial Statements of Businesses Acquired.

Financial statements of PMG will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the date of this report.

(b) Pro Forma Financial Information.

Pro forma financial information relating to the purchase of PMG described in Item 2.01 will be filed by amendment to this Current Report on Form 8-K not later than 71 calendar days after the date of this report.

(d) Exhibits.

Exhibit No.	Exhibit Description
2.1	Membership Interest Purchase Agreement, dated as of December 3, 2012, by and among MVB Bank, Inc., MVB Financial Corp., Potomac Mortgage Group, LLC and the Members of Potomac Mortgage Group, LLC (incorporated by reference to Exhibit 2.1 of MVB Financial Corp.'s Current Report on Form 8-K filed on December 3, 2012).



Employment Agreement by and among H. Edward Dean, III, MVB Financial Corp., MVB Bank, Inc. and 10.5Potomac Mortgage Group, LLC, dated as of December 3, 2012 (incorporated by reference to Exhibit 10.5 of MVB Financial Corp.'s Current Report on Form 8-K filed on December 3, 2012).  
99.1 Press Release dated December 21, 2012.

#### Forward-Looking Statements

All statements other than statements of historical fact included in this filing are, or may be deemed to be, forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such information involves risks and uncertainties that could result in MVB Financial Corp's (the "Company's") actual results differing from those projected in the forward-looking statements. Important factors that could cause actual results to differ materially from those discussed in such forward-looking statements include, but are not limited to: (i) the Company may incur loan losses due to negative credit quality trends in the future that may lead to deterioration of asset quality; (ii) the Company may incur increased charge-offs in the future; (iii) the Company could have adverse legal actions of a material nature; (iv) the Company may face competitive loss of customers; (v) the Company may be unable to manage its expense levels; (vi) the Company may have difficulty retaining key employees; (vii) changes in the interest rate environment may have results on the Company's operations materially different from those anticipated by the Company's market risk management functions; (viii) changes in general economic conditions and increased competition could adversely affect the Company's operating results; (ix) changes in other regulations and government policies affecting bank holding companies and their subsidiaries, including changes in monetary policies, may negatively impact the Company's operating results; (x) the effects of the Dodd-Frank Wall Street Reform and Consumer Protection Act may adversely affect the Company; (xi) the risk that the benefits from the acquisition may not be fully realized or may take longer to realize than expected, including as a result of changes in general economic and market conditions, interest and exchange rates, monetary policy, laws and regulations and their enforcement, and the degree of competition in the geographic and business areas in which MVB and PMG operate; (xii) the reaction of the companies' customers, employees and counterparties to the acquisition; (xiii) the integration of the operations of MVB and PMG may be more difficult, costly or time-consuming than expected; (xiv) diversion of management time on acquisition-related issues; and, (xv) other factors which could cause actual results to differ materially from future results expressed or implied by such forward-looking statements.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

MVB Financial Corp

By/s/ Eric L. Tichenor

Eric L. Tichenor

Senior VP, Chief Financial Officer

Date: December 26, 2012

EXHIBIT INDEX

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10.5	Employment Agreement by and among H. Edward Dean, III, MVB Financial Corp., MVB Bank, Inc. and Potomac Mortgage Group, LLC, dated as of December 3, 2012 (incorporated by reference to Exhibit 10.5 of MVB Financial Corp.'s Current Report on Form 8-K filed on December 3, 2012).
99.1	Press Release dated December 21, 2012.

E="1">Full consolidation Italy 100.000000

Arcelor Planos Sagunto SL, Valencia

Full consolidation Spain 99.999999

Arcelor Research SA, Puteaux

Full consolidation France 99.779150

Borcelik Celik Sanyii Ticaret AS, Istanbul

Equity method Turkey 40.466215

Bregal Bremer Galvanisierungs-GmbH, Bremen

Full consolidation Germany 75.050000

Bre.M.A Warmwalz GmbH & Co KG, Bremen

Full consolidation Germany 88.888889

Coils Lamiere Nastri Spa, Caselette, sub-group comprising 20 companies

Equity method Italy 35.000000

Cockerill Mécanique Prestations SA, Seraing

Full consolidation Belgium 100.000000

Cockerill Sambre SA, Seraing

Full consolidation Belgium 100.000000

Comercial de Hojalata y Metales SA, San Adrian

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Equity method Spain 22.999561

Companhia Siderúrgica de Tubarão SA (CST) sub-group comprising the following companies:

Companhia Siderúrgica de Tubarão SA (CST), Serra

Full consolidation Brazil \*73.340000

CST Corporation BV, Rotterdam

Full consolidation The Netherlands 100.000000

CST Overseas Ltd, Grand Cayman

Full consolidation Cayman Islands 100.000000

Skaden SA, Palmela

Full consolidation Portugal 100.000000

Cortes y Aplanados Siderúrgicos SA, Barcelona

Full consolidation Spain 100.000000

Daval SA, Puteaux

Full consolidation France 100.000000

Decosteel NV, Geel

Full consolidation Belgium 100.000000

Decosteel 2 NV, Gent

Full consolidation Belgium 100.000000

Dermach SA, Barcelona

Full consolidation Spain 100.000000

Eko Stahl GmbH, Eisenhüttenstadt

Full consolidation Germany 100.000000

Eurogal SA, Flémalle

Full consolidation Belgium 100.000000

Ewald Giebel-Luxemburg GmbH, Dudelange

Equity method Luxembourg 33.333333

Galtec NV, Gent

Full consolidation Belgium 100.000000

Galvalange SARL, Dudelange

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Full consolidation Luxembourg 100.000000

Gestamp Automocion SL, Abadiano, sub-group comprising  
58 companies

Equity method Spain 35.000000

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\* *Detailed explanation Note 3 Changes in consolidation scope.*

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Company name	Consolidation		Percentage of capital
	method	Country	held control (%)
Gonvarri Industrial SA, Madrid, sub-group comprising 18 companies	Equity method	Spain	35.000000
Groupement de l'Industrie Sidérurgique SA, Puteaux	Full consolidation	France	99.999908
Holding Gonvarri Srl, Bilbao	Equity method	Spain	35.000000
La Magona sub-group comprising the following companies:			
La Magona d'Italia Spa, Firenze	Full consolidation	Italy	99.791940
Centro Acciai Rivestiti Srl, Piombino	Full consolidation	Italy	100.000000
Magona International SA, Luxembourg	Full consolidation	Luxembourg	99.990000
Società Mezzi Portuali Piombino Spa, Piombino	Equity method	Italy	50.000000
Tubisud Srl, Luogosano	Full consolidation	Italy	55.000000
Laminoir de Dudelange SA, Dudelange	Full consolidation	Luxembourg	100.000000
R.Bourgeois SA, Besançon	Equity method	France	29.996667
Siderúrgica del Mediterráneo SA, Puerto Sagunto	Full consolidation	Spain	100.000000
Sidmar NV, Gent	Full consolidation	Belgium	100.000000
Sidstahl NV, Gent	Full consolidation	Belgium	100.000000
Sikel NV, Genk	Full consolidation	Belgium	100.000000
Sol Coqueria Tubarão SA, Serra	Full consolidation	Brazil	99.000000
Solcan Fininvest sub-group comprising the following companies:			
Solcan Fininvest Inc., Westmount	Full consolidation	Canada	100.000000
Dosol Galva Inc., Hamilton	Equity method	Canada	20.000000
Sollac Ambalaj Celigi SA, Levent-Istanbul	Full consolidation	Turkey	74.999931
Sollac Atlantique SA, Puteaux	Full consolidation	France	99.999900
Sollac Lorraine SA, Puteaux	Full consolidation	France	99.999832
Sollac Méditerranée SA, Puteaux	Full consolidation	France	99.999867
Stahlwerke Bremen GmbH, Bremen	Full consolidation	Germany	100.000000
Taylor Steel America Llc, Holt	Full consolidation	United-States	70.602704
Tailored Blank Bremen GmbH & Co.KG, Bremen	Full consolidation	Germany	100.000000
Tailored Blank Eisenhüttenstadt GmbH, Eisenhüttenstadt	Full consolidation	Germany	100.000000
Tailored Blank Genk NV, Genk	Full consolidation	Belgium	100.000000
Tailored Blank Lorraine SA, Uckange	Full consolidation	France	99.992126
Tailored Blank Zaragoza SA, Zaragoza	Full consolidation	Spain	100.000000
Tailored Blanks SA, Liège	Full consolidation	Belgium	100.000000
Toleries Delloye-Matthieu SA, Marchin	Full consolidation	Belgium	99.744737
Usinor Auto SA, Puteaux	Full consolidation	France	99.969510
Vega do Sul SA, Sao Francisco	Full consolidation	Brazil	99.999996
<b>LONG CARBON STEEL SECTOR</b>			
Aceralia Perfiles sub-group comprising the following companies:			
Aceralia Perfiles SL, Madrid	Full consolidation	Spain	100.000000
Aceralia Perfiles Bergara SA, Bergara	Full consolidation	Spain	100.000000
Aceralia Perfiles Madrid SL, Madrid	Full consolidation	Spain	100.000000
Aceralia Perfiles Olaberria SL, Olaberria	Full consolidation	Spain	100.000000
Aceralia Perfiles U.K. Ltd, Rayleigh	Full consolidation	United Kingdom	100.000000
Arcelor Long Commercial Bordeaux SA, Merignac	Full consolidation	France	97.800000
Arcelor Long Commercial Torino Srl, Torino	Full consolidation	Italy	100.000000
Aristrain Hispano Trade GmbH, Düsseldorf	Full consolidation	Germany	100.000000
Fercome Trading SL, Valencia	Full consolidation	Spain	100.000000
Ilsacer 2000 SL, Zaragoza	Equity method	Spain	50.000000
Kramer & Sons Trading Co, Detroit	Equity method	United-States	50.000000
Servicios Complementarios del Norte SL, Bilbao	Equity method	Spain	49.000000
Sociedad Auxiliar del Puerto de Pasajes SA, Renteria	Equity method	Spain	50.000000
Triturados Férricos SL, Madrid	Equity method	Spain	33.300000
Aceralia Redondos sub-group comprising the following companies:			
Aceralia Redondos Comercial SA, Azpeitia	Full consolidation	Spain	100.000000
Arcelor Alambren Zumárraga SA, Zumárraga	Full consolidation	Spain	100.000000
Arcelor Barras Comercial SL, Azpeitia	Full consolidation	Spain	100.000000
Arcelor Corrugados Azpeitia SL, Azpeitia	Full consolidation	Spain	100.000000
Arcelor Corrugados Getafe SL, Getafe	Full consolidation	Spain	100.000000
Arcelor Corrugados Lasao SA, Azpeitia	Full consolidation	Spain	100.000000
Arcelor Laminados Zaragoza SA, Zaragoza	Full consolidation	Spain	100.000000
Société Nationale de Sidérurgie SA, Al Hoceima	Equity method	Marocco	7.500000
Aquarius Holdings SA, Belo Horizonte	Full consolidation	Brazil	50.000000



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Company name	Consolidation		Percentage of capital
	method	Country	held control (%)
Arbed-Finanz Deutschland GmbH, Saarbrücken	Full consolidation	Germany	100.000000
Arcelor Rails, Piles & Special Sections SARL, Esch s/Alzette	Full consolidation	Luxembourg	100.000000
Arcelor Sections Commercial SA, Esch s/Alzette	Full consolidation	Luxembourg	100.000000
Ares SA, Rodange	Full consolidation	Luxembourg	80.467895
Asbm SARL, Luxembourg	Full consolidation	Luxembourg	100.000000
Belgo-Mineira sub-group comprising the following companies:			
Companhia Siderúrgica Belgo-Mineira SA, Belo Horizonte	Full consolidation	Brazil	60.599059
Acindar Industria Argentina de Aceros SA, Buenos Aires	Full consolidation	Argentina	72.680000
Belgo Bekaert Arames SA, Contagem	Full consolidation	Brazil	55.000000
Belgo Bekaert Nordeste SA, Feira de Santana	Full consolidation	Brazil	99.997872
Belgo-Mineira Participação Indústria e Comércio SA, Juiz de Fora	Full consolidation	Brazil	99.984460
Belgo Siderurgia SA, Belo Horizonte	Full consolidation	Brazil	99.997875
Belgo-Mineira Uruguay SA, Montevideo	Full consolidation	Uruguay	100.000000
BelgoPar Ltda, Belo Horizonte	Full consolidation	Brazil	100.000000
Bemex International Ltd, Hamilton	Full consolidation	Bermuda	100.000000
Bmb Belgo-Mineira Bekaert Artefatos de Arame Ltda, Vespasiano	Full consolidation	Brazil	55.499970
Bmf Belgo-Mineira Fomento Mercantil Ltda, Belo Horizonte	Full consolidation	Brazil	100.000000
Caf Santa Bárbara Ltda, Belo Horizonte	Full consolidation	Brazil	100.000000
Cimaf Cabos SA, São Paulo	Equity method	Brazil	50.000000
Procables SA, Lima	Equity method	Peru	47.739239
Productos de Acero SA, Santiago	Equity method	Chili	50.000000
Usina Hidrelétrica Guilman-Amorim SA, Belo Horizonte	Equity method	Brazil	51.000000
Wire Rope Industries SA, Montréal	Equity method	Canada	50.000000
LME Laminés Marchands Européens SA, Trith Saint Léger, sub-group comprising 3 companies			
MecanArbed Dommeldange SARL, Luxembourg	Equity method	France	33.999260
Newco SARL, Luxembourg	Full consolidation	Luxembourg	100.000000
Newco SARL & Cie Secs, Luxembourg	Full consolidation	Luxembourg	100.000000
ProfilArbed SA, Esch s/Alzette	Full consolidation	Luxembourg	100.000000
Redalsa SA, Valladolid	Full consolidation	Luxembourg	100.000000
San zeno acciai Duferco Spa, San Zeno Naviglio	Equity method	Spain	26.000000
Socabel (Groupe Arbed) Senc, Luxembourg	Equity method	Italy	49.900001
Socadi (Groupe Arbed) Senc, Luxembourg	Full consolidation	Luxembourg	100.000000
Société du Train Universel de Longwy SA, Herserange	Full consolidation	Luxembourg	100.000000
Stahlwerk Thüringen GmbH, Unterwellenborn	Full consolidation	France	99.999993
Travi e Profilati di Pallanzeno Spa, Pallanzeno	Full consolidation	Germany	100.000000
TrefilArbed Arkansas Inc, Pine Bluff	Full consolidation	Italy	100.000000
TrefilArbed Bettembourg SA, Dudelange	Full consolidation	United-States	62.962963
TrefilArbed Bissen SA, Bissen	Full consolidation	Luxembourg	100.000000
TrefilArbed Cheb Sro, Jesenice u Chebu	Full consolidation	Luxembourg	100.000000
TrefilArbed Hungary Kft, Szentgotthard	Full consolidation	Czech Republic	80.000000
TrefilArbed Kiswire Ltd, Kyung-Nam	Full consolidation	Hungary	100.000000
TrefilArbed Stahlcord Austria AG, Fürstenfeld	Equity method	South Korea	50.000000
<b>STAINLESS STEEL SECTOR</b>	Full consolidation	Austria	96.502722
Acesita SA, Belo Horizonte sub-group comprising 11 companies			
AL-Fin NV, Genk	Equity method	Brazil	38.938262
Alinox Srl, Aosta	Full consolidation	Belgium	99.996377
Arcelor Stainless International SA, Puteaux	Full consolidation	Italy	100.000000
Haven Genk NV, Genk	Full consolidation	France	99.997909
Imphy Alloys SA, Puteaux	Full consolidation	Belgium	50.000000
Imphy Alloys Nevada sub-group comprising the following companies:	Full consolidation	France	99.999829
Imphy Alloys Nevada Inc., New York	Full consolidation	United-States	100.000000
Hood and Company Inc., Hambourg	Full consolidation	United-States	100.000000
IAI Holding Inc., New York	Full consolidation	United-States	100.000000
Metalimphy Alloys Corp, Colledgeville	Full consolidation	United-States	100.000000
Rahns Speciality Metals Inc., Colledgeville	Full consolidation	United-States	100.000000
Imphy UGINE Précision SA, Puteaux	Full consolidation	United-States	100.000000
Industeel Belgium sub-group comprising the following companies:	Full consolidation	France	99.999916
Industeel Belgium SA, Charleroi	Full consolidation	Belgium	100.000000
Aval Metal Center SA, Charleroi	Full consolidation	Belgium	100.000000
Charleroi Déroulage SA, Charleroi	Full consolidation	Belgium	100.000000



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Company name	Consolidation		Percentage of capital
	method	Country	held control (%)
Industeel France sub-group comprising the following companies:			
Industeel France SA, Puteaux	Full consolidation	France	99.999400
Industeel Creusot Sas, Puteaux	Full consolidation	France	100.000000
Industeel Loire Sas, Puteaux	Full consolidation	France	100.000000
Creusot Métal SA, Puteaux	Full consolidation	France	99.999167
July Products Llc sub-group comprising the following companies:			
July Products Llc, Coraopolis	Full consolidation	United-States	100.000000
J&L Speciality Steel International Sales Corp, Christiansted	Full consolidation	United-States	100.000000
Midland Terminal Company Corp, Midland	Full consolidation	United-States	100.000000
La Meusienne Italia Srl, Milano	Full consolidation	Italy	100.000000
Longtain Aciers Spéciaux et Inoxydables SA, Strepv-Bracquagnies	Full consolidation	Belgium	100.000000
Matthey et Cie SA, Apples	Full consolidation	Switzerland	100.000000
Matthey France Sas, Ancerville	Full consolidation	France	100.000000
Matthey Holding SA, Fribourg	Full consolidation	Switzerland	100.000000
Matthey US Inc., Detroit	Full consolidation	United-States	100.000000
Mecagis SA, Puteaux	Full consolidation	France	100.000000
RCC & Weha sub-group comprising the following companies:			
RCC & Weha GmbH, Erkrath	Full consolidation	Germany	100.000000
UGINE & ALZ Deutschland GmbH, Erkrath	Full consolidation	Germany	100.000000
Société Meusienne de Constructions Mécaniques SA, Ancerville	Full consolidation	France	99.910716
Société Savoisiennne de Métaux SA, Annecy	Full consolidation	France	100.000000
Sprint Metal Edelstahlziehereien GmbH, Hemer	Full consolidation	Germany	100.000000
Techalloy Company Inc., Mahwah	Full consolidation	United-States	100.000000
Trafilerie Bedini Srl, Peschiera Borromeo	Full consolidation	Italy	100.000000
Trefilados Inoxidables de Mexico SA, Huamantla	Full consolidation	Mexico	100.000000
Ugine & Alz SA, Puteaux	Full consolidation	France	99.851852
Ugine & Alz Belgium NV, Genk	Full consolidation	Belgium	100.000000
Ugine & Alz Benelux Service NV, Genk	Full consolidation	Belgium	100.000000
Ugine & Alz Carinox SA, Châtelet	Full consolidation	Belgium	100.000000
Ugine & Alz France SA, Puteaux	Full consolidation	France	99.999978
Ugine & Alz France Service SA, Gonesse	Full consolidation	France	100.000000
Ugine & Alz Iberica SA, Viladecans	Full consolidation	Spain	99.999480
Ugine & Alz Italia Srl, Milano	Full consolidation	Italy	100.000000
Ugine & Alz Luxembourg SA, Rodange	Full consolidation	Luxembourg	100.000000
Ugine Savoie Rostfrei GmbH, Renningen	Full consolidation	Germany	100.000000
Ugine Stainless & Alloys Inc., Doylestown	Full consolidation	United-States	100.000000
Uginox Sanayi ve Ticaret AS, Gebze Kocaeli	Full consolidation	Turkey	65.000000
Ugitech SA, Ugine	Full consolidation	France	99.999948
Usi Holding Inc. Corp, Carson City	Full consolidation	United-States	100.000000
<b>DISTRIBUTION, PROCESSING AND TRADING SECTOR</b>			
Aceralia Construcción Obras Srl, Berrioplano	Full consolidation	Spain	100.000000
Aceralia Distribución sub-group comprising the following companies:			
Aceralia Distribución SL, Madrid	Full consolidation	Spain	100.000000
Arcelor Distribución Valencia SA, Valencia	Full consolidation	Spain	100.000000
Lusitana de Distribuição Siderúrgica Lda, Ribatejo	Full consolidation	Portugal	100.000000
Perfiles Especiales SA, Pamplona	Equity method	Spain	100.000000
Aceralia Transformados sub-group comprising the following companies:			
Aceralia Transformados SA, Pamplona	Full consolidation	Spain	100.000000
Aceralia Color Acero SL, Pamplona	Full consolidation	Spain	100.000000
Ach Paneles AIE, Azuqueca de Henares	Equity method	Spain	40.000000
Arbed Americas sub-group comprising the following companies:			
Arbed Americas Llc, New York	Full consolidation	United-States	100.000000
Arcelor International Mexico SA, Queretaro	Equity method	Mexico	100.000000
Arcelor Tradind USA Llc, New York	Full consolidation	United-States	100.000000
Arbed Damwand België NV, Overpelt	Full consolidation	Belgium	100.000000
Arbed Damwand Nederland BV, Moerdijk	Full consolidation	The Netherlands	100.000000
Arcelor Bauteile GmbH, Kreuztal-Eichen	Full consolidation	Germany	100.000000
Arcelor Construcción España SL, Berrioplano	Full consolidation	Spain	100.000000
Arcelor Construction France SA, Haironville	Full consolidation	France	99.999216
Arcelor International SA, Luxembourg	Full consolidation	Luxembourg	100.000000



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Company name	Consolidation		Percentage of capital
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Arcelor International America Llc, New York	Full consolidation	United-States	100.000000
Arcelor International Antwerp SA, Antwerpen	Full consolidation	Belgium	99.900000
Arcelor International Canada Inc., Westmount	Full consolidation	Canada	100.000000
Arcelor International Export SA, Luxembourg	Full consolidation	Luxembourg	100.000000
Arbed Americas sub-group comprising the following companies:			
Arcelor International Singapore Ltd, Singapore	Full consolidation	Singapore	100.000000
Arcelor International Malaysia Sdn. Bhd., Kuala Lumpur	Full consolidation	Malaysia	100.000000
Arcelor Négoce Distribution Sas, Reims	Full consolidation	France	100.000000
Arcelor Profil SA, Yutz	Full consolidation	France	99.900000
Arcelor Projects SARL, Luxembourg	Full consolidation	Luxembourg	100.000000
Arcelor Projects International BV, Rotterdam	Full consolidation	The Netherlands	100.000000
Arcelor Stahlhandel GmbH, Ratingen	Full consolidation	Germany	100.000000
Arcelor Stahlhandel Holding GmbH, Ratingen	Full consolidation	Germany	100.000000
Ask Mac Gowan Ltd, Halesowen	Full consolidation	United Kingdom	90.000000
Asturiana de Perfiles SA, Langreo	Full consolidation	Spain	67.645946
Avis Steel UK Ltd, Manchester	Full consolidation	United Kingdom	92.500000
Baechler SA, Thionville	Full consolidation	France	100.000000
Berton Sicard Produits Métallurgiques SA, Avignon	Full consolidation	France	100.000000
Chaillous SA, Nantes	Full consolidation	France	100.000000
Cima SA, Bertrichamps	Full consolidation	France	100.000000
Cisatol SA, Montataire	Full consolidation	France	99.999603
Cockerill Stahl Service GmbH, Essen	Full consolidation	Germany	100.000000
Cofrastra SA, Fribourg	Full consolidation	Switzerland	100.000000
Color Profil NV, Geel	Full consolidation	Belgium	100.000000
Comptoir Métallurgique du Littoral SA, Nice	Full consolidation	France	100.000000
Arcelor International Singapore sub-group comprising the following companies:			
Contisteel (Holdings) Ltd, Andover	Full consolidation	United Kingdom	100.000000
Contisteel (Southern) Ltd, Andover	Full consolidation	United Kingdom	100.000000
Contisteel Ltd, Andover	Full consolidation	United Kingdom	
D.T.T. Purchasing Sas, Reims	Full consolidation	France	100.000000
Delta Zinc SA, Saint Jorioz	Full consolidation	France	100.000000
Dikema & Chabot Holding BV, Rotterdam	Full consolidation	The Netherlands	100.000000
Dikema Staal Nederland BV, Rotterdam	Full consolidation	The Netherlands	100.000000
Disteel NV, Machelen	Full consolidation	Belgium	100.000000
Disteel Cold NV, Machelen	Full consolidation	Belgium	100.000000
Europese Staal Prefabricatie NV, Geel	Full consolidation	Belgium	99.999911
Établissement Alfred André SA, Harfleur	Full consolidation	France	100.000000
Établissements Jean Letierce et Cie, Bolbec	Full consolidation	France	100.000000
Etilam SA, Saint-Dizier	Full consolidation	France	99.388333
Eucosider Commercial SA, Pétange	Full consolidation	Luxembourg	100.000000
Eurinter France SA, Reims	Full consolidation	France	100.000000
Eurinter Svenska AB, Karlstad	Full consolidation	Sweden	100.000000
Fermatec SA, Nîmes	Full consolidation	France	100.000000
Ferrometalli-Safem Spa, Milano	Full consolidation	Italy	96.446073
Flachform Stahl GmbH, Schwerte	Full consolidation	Germany	100.000000
Galva Service SA, Douzy	Full consolidation	France	99.998383
Guillot SA, Poitiers	Full consolidation	France	50.000000
Haironville Metal Profil SA, Herstal	Full consolidation	Belgium	100.000000
Haironville Portugal SA, Cartaxo	Full consolidation	Portugal	99.988462
Haironville UK Ltd, St Helens	Full consolidation	United Kingdom	100.000000
Haironville Tac Ltd, St Helens	Full consolidation	United Kingdom	100.000000
Jean Guille SA, Thionville	Full consolidation	France	49.997500
Konti Steel Hellas SA, Magnissia	Full consolidation	Greece	100.000000
Contisteel sub-group comprising the following companies:			
Laminados Velasco SL, Basauri	Full consolidation	Spain	80.002547
Arcelor Distribución Murcia SA, San Ginés	Full consolidation	Spain	100.000000
Arcelor Distribución Valladolid SA, Valladolid	Full consolidation	Spain	100.000000
Arcelor Distribución Vigo SA, Porriño	Full consolidation	Spain	100.000000
Auxiliar Laminadora Alavesa SA, Olaeta	Full consolidation	Spain	100.000000

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Company name	Consolidation	Country	Percentage of capital
	method		held control (%)
Calibrados Pradera SA, Miravalles	Equity method	Spain	50.000000
Cántabra de Laminados Velasco SA, Santander	Full consolidation	Spain	100.000000
Castellana de Laminados Velasco SA, Burgos	Full consolidation	Spain	100.000000
Elaborados y Construcción SA, Getafe	Full consolidation	Spain	100.000000
Ferronía SA, Andoain	Full consolidation	Spain	100.000000
Grupo Velasco Desarrollo SL, Basauri	Full consolidation	Spain	100.000000
Industrias Zarra SA, Galdacano	Equity method	Spain	25.000000
Laminados Canarias SA, Telde	Full consolidation	Spain	100.000000
Laminados Comavesa SA, Getafe	Full consolidation	Spain	100.000000
Laminados Gonvelsa SL, Llanera	Full consolidation	Spain	100.000000
Laminados Siderúrgicos Arbizu SA, Arbizu	Full consolidation	Spain	100.000000
Laminados Siderúrgicos Duero SA, Aranda de Duero	Full consolidation	Spain	90.000000
Laminados Siderúrgicos La Coruña SA, Arteixo	Full consolidation	Spain	100.000000
Laminados Siderúrgicos Miranda SA, Miranda de Ebro	Full consolidation	Spain	100.000000
Laminados Siderúrgicos Orense SA, San Ciprian de Viñas	Full consolidation	Spain	90.000000
Laminados Siderúrgicos Sampol SL, Palma de Mallorca	Full consolidation	Spain	100.000000
Laminados Siderúrgicos Sevilla SA, Alcalá de Guadaira	Full consolidation	Spain	100.000000
Laminados Siderúrgicos Toledo SA, Villaluenga de la Sagra	Full consolidation	Spain	100.000000
Laminados Siderúrgicos Vitoria SA, Vitoria	Full consolidation	Spain	100.000000
SA Productos Empresas Metalúrgicas, Salvatierra	Full consolidation	Spain	100.000000
Servicio del Acero SA, Basauri	Full consolidation	Spain	100.000000
Tremad SA, Icazteguieta	Full consolidation	Spain	100.000000
Tubos y Decapados SA, Basauri	Full consolidation	Spain	100.000000
Laserflash SA, Eupen	Full consolidation	Belgium	100.000000
Lille Aciers SA, Lomme	Full consolidation	France	100.000000
Megaço Jma Comercio Siderúrgico Ltda, Palmela	Equity method	Portugal	38.666500
Mirouze Novacier SA, Toulouse	Full consolidation	France	100.000000
Monteferro Stahl Service GmbH, Leichlingen	Full consolidation	Germany	100.000000
Mosacier SA, Liège	Full consolidation	Belgium	100.000000
Plaques et Découpes France SA, Reims	Full consolidation	France	99.998933
Perry Willenhall Steel Service Centres Ltd, Willenhall	Full consolidation	United Kingdom	100.000000
Produits d Usines Métallurgiques Pum-Station Service Acier SA, Reims	Full consolidation	France	99.983629
Produits Métallurgiques de l Orléanais Sas, Ingre	Full consolidation	France	100.000000
Produits Métallurgiques des Ardennes SA, Donchery	Full consolidation	France	100.000000
Produits Métallurgiques du Sud-Ouest SA, Langon	Full consolidation	France	100.000000
Produits Sidérurgiques de la Moselle SA, Yutz	Full consolidation	France	100.000000
ProfilArbed Distribution SA, Esch s/Alzette	Full consolidation	Luxembourg	100.000000
ProfilArbed Distribution Exploitation Luxembourg SA, Differdange	Full consolidation	Luxembourg	100.000000
ProfilArbed Distribution Luxembourg SA, Pétange	Full consolidation	Luxembourg	100.000000
Laminados Velasco sub-group comprising the following companies:			
ProfilArbed Staalhandel BV, Born	Full consolidation	The Netherlands	100.000000
AND-Steel NV, Schoten	Full consolidation	Belgium	100.000000
Borotrans Born BV, Born	Full consolidation	The Netherlands	100.000000
Bouwstaal Nederland BV, Born	Full consolidation	The Netherlands	100.000000
Demagnet-Cassart Aciers SA, Seneffe	Full consolidation	Belgium	100.000000
Leduc Trading NV, Schoten	Full consolidation	Belgium	100.000000
Limbustaal BV, Meersen	Full consolidation	The Netherlands	100.000000
Lommaert Walsrijprodukten BV, Born	Full consolidation	The Netherlands	100.000000
Lommaert/Montan Wapeningsstaal BV, Nijmegen	Full consolidation	The Netherlands	100.000000
Montan Staal BV, Den Haag	Full consolidation	The Netherlands	100.000000
ProfilArbed Staalhandel Nederland BV, Born	Full consolidation	The Netherlands	100.000000
Steelexpress NV, Schoten	Full consolidation	Belgium	100.000000
Profilsteel SA, Bouffioulx	Full consolidation	Belgium	100.000000
Pum Paris-Normandie SA, Bonneuil sur Marne	Full consolidation	France	100.000000
Pum Sud Est Sas, Lyon	Full consolidation	France	100.000000
Pum Steel Service Centre Sas, Reims	Full consolidation	France	100.000000
Ravené Schäfer GmbH, Halle	Full consolidation	Germany	100.000000
SA Lardier et compagnie, Blois	Full consolidation	France	100.000000
Sar Stahlservice GmbH, Neuwied	Full consolidation	Germany	100.000000

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Company name	Consolidation	Country	Percentage of capital
	method		held control (%)
Savoie Métal SA, Saint Jorioz	Full consolidation	France	100.000000
Sirus Ssc, Saint Ouen l Aumône	Full consolidation	France	100.000000
Skyline Steel sub-group comprising the following companies:			
Skyline Steel Llc, Parsippany	Full consolidation	United-States	100.000000
Arkansas Steel Processing Llc, Armoral	Full consolidation	United-States	100.000000
Arkansas Steel Processing Llc, Bessemer	Full consolidation	United-States	100.000000
Associated Pile and Fitting Llc, Clifton	Full consolidation	United-States	100.000000
Casteel Llc, Belpre	Full consolidation	United-States	100.000000
Midwest Steel & Tube Llc, Chicago	Full consolidation	United-States	100.000000
PA Pipe Llc, Camp Hill	Full consolidation	United-States	100.000000
Sheeting Solutions Llc, Belpre	Full consolidation	United-States	100.000000
Skyline (Php) Canada Ltd, Saint-Bruno	Full consolidation	Canada	100.000000
Skyline Canada Holding Inc., Montréal	Full consolidation	Canada	100.000000
Sipm SA, Saint Ouen l Aumône	Full consolidation	France	100.000000
Société Belge d Oxycoupage SA, Liège	Full consolidation	Belgium	100.000000
Société de transports de produits d usines Métallurgiques SA, Reims	Full consolidation	France	100.000000
Société Industrielle Métallurgique et d entreprise SA, La Chapelle Saint Luc	Full consolidation	France	100.000000
Sotracier SA, Pontcharra	Full consolidation	France	99.997500
Sotracier Pontoise Sas, Saint Ouen l Aumône	Full consolidation	France	100.000000
Sps Altensteig Stahl-Service-Center GmbH, Altensteig-Waldorf	Full consolidation	Germany	100.000000
Sps Lichtenstein Stahl-Service-Center GmbH, Lichtentein	Full consolidation	Germany	100.000000
Srw-Sps Verwaltungs GmbH, Altensteig Waldorf	Full consolidation	Germany	100.000000
Station-service Acier Lopez Sas, Valence	Full consolidation	France	100.000000
Südband Stahl-Service GmbH, Ludwigshafen	Full consolidation	Germany	100.000000
Traxys SA, Bertrange sub-group comprising 14 companies	Equity method	Luxembourg	50.000000
Upac Sas, Saint Ouen l Aumône	Full consolidation	France	100.000000
Usinor Stal Serwis Spzoo, Bytom	Full consolidation	Poland	100.000000
Welbeck Steel Service Centre Ltd, Barking	Full consolidation	United Kingdom	100.000000
<b>OTHER ACTIVITIES SECTOR</b>			
Arcelor SA, Luxembourg		Luxembourg	
Aceralia Constructalia SL, Pamplona	Full consolidation	Spain	100.000000
Aceralia Steel Trading BV, Amsterdam	Full consolidation	The Netherlands	100.000000
Ais Finance (Groupe Arbed) Snc, Luxembourg	Full consolidation	Luxembourg	100.000000
Arbed SA, Luxembourg	Full consolidation	Luxembourg	99.773651
Arbed Investments SA, Luxembourg	Full consolidation	Luxembourg	100.000000
Arbed Investment Services SA, Luxembourg	Full consolidation	Luxembourg	100.000000
Arcelor Finance and Services Belgium SA, Bruxelles	Full consolidation	Belgium	100.000000
Arcelor Finance Sca, Luxembourg	Full consolidation	Luxembourg	99.999998
Arcelor Finanziara Srl, Piombino	Full consolidation	Italy	100.000000
Arcelor Germany Holding GmbH, Düsseldorf	Full consolidation	Germany	100.000000
Arcelor Holding SARL, Luxembourg	Full consolidation	Luxembourg	100.000000
Arcelor Italy Holding Srl, Piombino	Full consolidation	Italy	100.000000
Arcelor Netherlands BV, Amsterdam	Full consolidation	The Netherlands	100.000000
Arcelor Persebras SL, Olaberria	Full consolidation	Spain	100.000000
Arcelor Purchasing Sas, Puteaux	Full consolidation	France	100.000000
Arcelor Spain Holding SA, Barcelona	Full consolidation	Spain	100.000000
Arcelor Treasury Snc, Puteaux	Full consolidation	France	100.000000
Arcelor USA Holding Inc., New York	Full consolidation	United-States	100.000000
Aster SA, Puteaux	Full consolidation	France	100.000000
Atic Services SA, Paris, sub-group comprising 13 companies	Equity method	France	43.461528
Bail Industrie SA, Hayange	Full consolidation	France	99.999646
Cfl Canada Investment Inc., Granby	Full consolidation	Canada	100.000000
Circuit Foil America Secs, Granby	Full consolidation	Canada	100.000000
Circuit Foil Luxembourg SARL, Wiltz	Full consolidation	Luxembourg	76.910010
Circuit Foil Service SA, Weidingen/Wiltz	Equity method	Luxembourg	49.000000
Cockerill Forges and Ringmill SA, Seraing	Full consolidation	Belgium	100.000000
Daf Group NV, Gent	Full consolidation	Belgium	50.000000
Dhs-Dillinger Hütte Saarstahl AG, Dillingen, sub-group comprising 13 companies	Equity method	Germany	51.250000



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<b>Company name</b>	<b>Consolidation</b>		<b>Percentage of capital</b>
	<b>method</b>	<b>Country</b>	<b>held control (%)</b>
Esperbras SL, Olaberria	Full consolidation	Spain	100.000000
Finindus NV, Bruxelles	Full consolidation	Belgium	50.000000
Foil Coatings Luxembourg FCL Gie, Wiltz	Equity method	Luxembourg	100.000000
G.Fer Snc, Puteaux	Full consolidation	France	100.000000
Groupeement Immobilier Scrl, Bruxelles	Full consolidation	Belgium	100.000000
Immobilière Schlassgoart (Groupe Arbed) Senc, Luxembourg	Full consolidation	Luxembourg	100.000000
Imphy SA, Puteaux	Full consolidation	France	99.999702
InvestAR SARL, Luxembourg	Equity method	Luxembourg	50.000000
Paul Wurth SA, Luxembourg	Full consolidation	Luxembourg	48.092003
Seridev SA, Puteaux	Full consolidation	France	99.400000
Sidarfin NV, Gent	Full consolidation	Belgium	99.999979
Sidarsteel NV, Gent	Full consolidation	Belgium	100.000000
Sidmar Finance (Groupe Arbed) SA, Luxembourg	Full consolidation	Luxembourg	100.000000
Sodisid SA, Courbevoie	Full consolidation	France	99.998800
Sofinus SA, Puteaux	Full consolidation	France	99.999856
Sogepass SA, Hayange	Full consolidation	France	99.999745
Sollac Verwaltung GmbH, Stuttgart	Full consolidation	Germany	100.000000
Somef SA, Liège	Full consolidation	Belgium	100.000000
Soteg Société de Transport de Gaz SA, Luxembourg	Equity method	Luxembourg	20.000000
Sotel SC, Esch s/Alzette	Full consolidation	Luxembourg	75.000000
Sotel Réseau et Cie Secs, Esch s/Alzette	Full consolidation	Luxembourg	100.000000
Tixis Sytems Sas, Puteaux	Full consolidation	France	100.000000
Tixis Systems Belgium SA, Flémalle	Full consolidation	Belgium	100.000000
Tixis Technologies Sas, Puteaux	Full consolidation	France	100.000000
USINOR SA, Puteaux	Full consolidation	France	99.625368
Usinor Belgium SA, Seraing	Full consolidation	Belgium	100.000000
Usinor Imports & Trading SA, Puteaux	Full consolidation	France	100.000000
Victoria Bay Overseas Spain SL, Gozón	Full consolidation	Spain	100.000000
Victoria Steel Overseas Ltd, Gozón	Full consolidation	Spain	100.000000

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**Table of Contents****Companies not consolidated**

<b>Company name</b>	<b>Country</b>	<b>Percentage of capital held/control (%)</b>
<b>1) NON-CONSOLIDATED SUBSIDIARIES (356 COMPANIES)</b>		
Abc BV, Nijmegen	The Netherlands	100.000000
Acdo Llc, New York	United-States	100.000000
Aciers Solcan Inc., Burlington	Canada	100.000000
Acindar Belgo-Mineira Exports SA, Buenos Aires	Argentina	100.000000
Acindar do Brasil Ltda, São Paulo	Brazil	100.000000
Acindar Uruguay Indústria Argentina de Aceros SA, Montevideo	Uruguay	100.000000
Agifep, Arbed Group Investors for Electronic Purchasing SA, Luxembourg	Luxembourg	100.000000
Agifesa, Arbed Group Investors for Electronic Sales SA, Luxembourg	Luxembourg	100.000000
Agrinsa Agro Industrial SA, La Rioja	Argentina	100.000000
Airdix SA, Luxembourg	Luxembourg	100.000000
Alpha Profil SA, Paris	France	99.760000
Arbed Building Concepts SA, in process of business discontinuance, Differdange	Luxembourg	100.000000
Arc-Air SA, Luxembourg	Luxembourg	100.000000
Arcelor Acelkereskedelmi Kft, Kecskemét	Hungary	99.967208
Arcelor Assekuranz Vermittlungs-GmbH, in process of business discontinuance, Bremen	Germany	100.000000
Arcelor Auto Argentina SA, Buenos Aires	Argentina	99.996078
Arcelor Auto Brasil Ltda, São Paulo	Brazil	99.999882
Arcelor Consultants SA, Puteaux	France	99.813333
Arcelor Distribuce CZ Sro, Praha	Czech Republic	100.000000
Arcelor Distribúcia Slovensko Sro, Kosice	Slovakia	100.000000
Arcelor Distribucija Doo, Sarajevo	Croatia	100.000000
Arcelor Distribucija Doo, Beograd	Serbia & Montenegro	100.000000
Arcelor Distribucion Barcelona SL, Parets del Valles	Spain	100.000000
Arcelor Distributie Srl, Pantelimon	Romania	100.000000
Arcelor Distribution Bulgaria Eood, Sofia	Bulgaria	100.000000
Arcelor Dystrybucja Polska Spzoo, Katowice	Poland	100.000000
Arcelor FCS Celik Ticaret AS, Istanbul	Turkey	99.998400
Arcelor FCS Commercial Austria GmbH, Steyr	Austria	100.000000
Arcelor FCS Commercial Belgium SA, Bruxelles	Belgium	99.960000
Arcelor FCS Commercial Central and Eastern Europe GmbH, Berlin	Germany	100.000000
Arcelor FCS Commercial CZ Sro, Praha	Czech Republic	100.000000
Arcelor FCS Commercial Denmark A/S, Kobenhavn	Denmark	100.000000
Arcelor FCS Commercial Finland OY, Helsinki	Finland	100.000000
Arcelor FCS Commercial France SA, Puteaux	France	99.949999
Arcelor FCS Commercial Greece Llc, Kifissia	Greece	99.666667
Arcelor FCS Commercial Hungary Kft, Budapest	Hungary	100.000000
Arcelor FCS Commercial Iberica SL, Madrid	Spain	99.999999
Arcelor FCS Commercial Italia Srl, Milano	Italy	100.000000
Arcelor FCS Commercial Luxembourg SA, Dudelange	Luxembourg	100.000000
Arcelor FCS Commercial Netherlands BV, Rotterdam	The Netherlands	100.000000
Arcelor FCS Commercial Norway AS, Oslo	Norway	100.000000
Arcelor FCS Commercial Poland Spzoo, Poznan	Poland	100.000000
Arcelor FCS Commercial Portugal SL, Cascais	Portugal	100.000000
Arcelor FCS Commercial Schweiz AG, Zürich	Switzerland	99.950000
Arcelor FCS Commercial Sweden AK, Goteborg	Sweden	100.000000
Arcelor FCS Commercial UK Ltd, Birmingham	United Kingdom	100.000000
Arcelor Germany Services GmbH, Berlin	Germany	100.000000
Arcelor Grundstücksverwaltung Thüringen GmbH, Ratingen	Germany	100.000000
Arcelor Inoxidables de Mexico SA, Mexico DF	Mexico	99.999971
Arcelor Insurance Belgium NV, Gent	Belgium	100.000000
Arcelor Insurance Consultants SA, Luxembourg	Luxembourg	100.000000
Arcelor International Africa SA, Casablanca	Marocco	99.966102
Arcelor International Baltics OÜ, Tallinn	Estonia	100.000000
Arcelor International Celik Dis Ticaret AS, Istanbul	Turkey	99.753086
Arcelor International Norway AS, Oslo	Norway	100.000000



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<b>Company name</b>	<b>Country</b>	<b>Percentage of capital heldcontrol (%)</b>
Arcelor International (Proprietary) Ltd, Sandton	South Africa	100.000000
Arcelor Long Commercial Austria GmbH, Salzburg	Austria	100.000000
Arcelor Long Commercial Benelux BV, Rotterdam	The Netherlands	100.000000
Arcelor Long Commercial Denmark AS, Kobenhavn	Denmark	100.000000
Arcelor Long Commercial Norway AS, Oslo	Norway	100.000000
Arcelor Long Commercial Polska Spzoo, Katowice	Poland	100.000000
Arcelor Long Commercial Schweiz AG, Basel	Switzerland	100.000000
Arcelor Long Commercial Sweden AB, Stockholm	Sweden	100.000000
Arcelor Metal Endüstri Ve Ticaret AS, Istanbul	Turkey	100.000000
Arcelor Négoce Distribution Europe Est SA, Luxembourg	Luxembourg	100.000000
Arcelor Négoce Distribution China Holding Ltd, Wanchai	China	100.000000
Arcelor Packaging International Belgium SA, Sint-Niklaas	Belgium	100.000000
Arcelor Projects Pte Ltd, Singapore	Singapore	90.000000
Arcelor Rebar Commercial Deutschland GmbH, Waldems-Bermbach	Germany	100.000000
Arcelor Rebar Commercial SA, Differdange	Luxembourg	100.000000
Arcelor RPS Italia Srl, Torino	Italy	100.000000
Arcelor RPS UK Ltd, Solihull	United Kingdom	100.000000
Arcelor Salesco SARL, Luxembourg	Luxembourg	100.000000
Arcelor Sections Commercial Austria GmbH, Salzburg	Austria	100.000000
Arcelor Sections Commercial Deutschland GmbH, Köln	Germany	100.000000
Arcelor Sections Commercial France SA, Puteaux	France	99.990000
Arcelor Sections Commercial Italia Srl, Torino	Italy	100.000000
Arcelor Sections Commercial UK Ltd, Birmingham	United Kingdom	100.000000
Arcelor Slovakia Ssc, Bratislava	Slovakia	100.000000
Arcelor Stainless (China) Company Ltd, Tsim Sha Tsui	China	99.900000
Arcelor Stainless Australia Pty Ltd, Southport	Australia	100.000000
Arcelor Stainless Canada Inc., Westmount	Canada	100.000000
Arcelor Stainless Processing Llc, Troy	United-States	100.000000
Arcelor Stainless Singapore Pte Ltd, Singapore	Singapore	100.000000
Arcelor Stainless USA Inc., New York	United-States	100.000000
Arcelor Trading Luxembourg SA, Luxembourg	Luxembourg	100.000000
Arceo SA, Flémalle	Belgium	65.163934
Arceval SA, Bruxelles	Belgium	100.000000
Armar Prestação de Servicos Ltda, São Paulo	Brazil	99.999996
Armasteel SA, Wavre	Belgium	100.000000
Armatures SA, Pontpierre	Luxembourg	100.000000
A.S. Build SA, Liège	Belgium	100.000000
A.S.C.Praha Spo.r.o., Praha	Czech Republic	100.000000
Association Coopérative Zélandaise de Carbonisation BV, in liquidation, Terneuzen	The Netherlands	100.000000
Assuraciens Snc, Puteaux	France	100.000000
Aster Finances Snc, Puteaux	France	100.000000
A Tol Sas, La Ravoire	France	100.000000
Belegings-Maatschappij Almafund BV, Rotterdam	The Netherlands	100.000000
Belgo Trade SA, Luxembourg	Luxembourg	100.000000
Bemex Belgo-Mineira Comercial Exportadora SA, Belo Horizonte	Brazil	100.000000
Berry Fer Sas, Vierzon	France	100.000000
Betonijzer Buigcentrale Limburg BV, Born	The Netherlands	100.000000
Blahove BV, Amsterdam	The Netherlands	97.500000
Bme Belgo-Mineira Engenharia Ltda, Belo Horizonte	Brazil	100.000000
Bms Belgo-Mineira Sistemas SA, Belo Horizonte	Brazil	100.000000
Bometal NV, Mechelen	Belgium	100.000000
Bre.M.A Warmwalz GmbH, Bremen	Germany	100.000000
C3S SARL, Puteaux	France	100.000000
C.S.T.R. Sas, Reims	France	100.000000
Caen Métaux Sas, Mondeville	France	100.000000
Calimco BV, Born	The Netherlands	100.000000
Central Pedro de Mendoza SA, in liquidation, Buenos Aires	Argentina	86.399990
Centre Auvergne Pliage Sas, Saint-Étienne	France	100.000000
Cepi Services SA, Flémalle	Belgium	100.000000
Cfa Management Inc., Montréal	Canada	100.000000

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<b>Company name</b>	<b>Country</b>	<b>Percentage of capital heldcontrol (%)</b>
Changzhou Uginox Products Company Ltd, Jiang Su	China	90.000000
Circuit Foil Asia Pacific (Hongkong) Ltd, Kwai Chung	China	75.000000
Circuit Foil Engineering SARL, Weidingen/Wiltz	Luxembourg	100.000000
Circuit Foil Trading USA Inc., Glenside	United-States	100.000000
Circuit Foil UK Ltd, Silloth Carlisle	United Kingdom	100.000000
Cofralux SA, Differdange	Luxembourg	100.000000
Cogeaf NV, Schoten	Belgium	95.930000
Color Profil GmbH, Munchen	Germany	100.000000
Comercial Bagual Ltda, Santiago	Chili	100.000000
Considar do Brasil Ltda, Belo Horizonte	Brazil	100.000000
Considar Far East Ltd, in liquidation, Hong Kong	China	50.000000
Cordelia SA, Puteaux	France	99.998000
Corea SA, Senningerberg	Luxembourg	100.000000
Corporations Efficency Growth Through Information Systems Scrl, Ougrée	Belgium	88.744589
Crois-sens Scrl, Ougrée	Belgium	99.733333
Csn Chrome SA, Liège	Belgium	100.000000
Daficus SA, Puteaux	France	99.760000
Danderaus SA, Puteaux	France	99.842932
Dania Grundstückverwaltungs-GmbH, Köln	Germany	100.000000
Daval Nederland BV, Amsterdam	The Netherlands	100.000000
Dilling-GTS Ventes France SA, Puteaux	France	99.990000
e-Arbed Distribution SA, Esch s/Alzette	Luxembourg	100.000000
Ebt Electron Beam Technology GmbH, Bremen	Germany	100.000000
Efoam SA, Luxembourg	Luxembourg	100.000000
Eisen. Schlackenaufbereitungund Umwelttechnik GmbH, in liquidation, Eisenhüttenstadt	Germany	100.000000
Eko Feinblechhandel GmbH, Eisenhüttenstadt	Germany	100.000000
Eko Ferrit GmbH, Eisenhüttenstadt	Germany	100.000000
Eko Handelsunion GmbH, in liquidation, Eisenhüttenstadt	Germany	100.000000
Eko Nederland BV, Bennebroek	The Netherlands	100.000000
Eko Recycling GmbH, Eisenhüttenstadt	Germany	100.000000
Eko Stahl Recycling Cottbus GmbH, Eisenhüttenstadt	Germany	75.000000
Eko Stahl Spzoo, Slubice	Poland	100.000000
Eko Transportgesellschaft mbH, Eisenhüttenstadt	Germany	100.000000
Ekosto NV, Sint Gillis Waas	Belgium	75.676114
Electro Holding Company SA, Luxembourg	Luxembourg	100.000000
Esp Vertrieb Deutschland GmbH, Köln	Germany	100.000000
Estate Wire Ltd, Sheffield	United Kingdom	100.000000
Eurinbel SA, Liège	Belgium	100.000000
Fabest Sas, Ludres	France	100.000000
Fbh Eko Feinblechhandel GmbH, Burbach	Germany	100.000000
Ferrometalli Taglio e Lamiera Srl, Calderara di Reno	Italy	100.000000
Ferropol SA, Luxembourg	Luxembourg	100.000000
Fers et Maintenance Industriels SARL, Pont sur Sambre	France	100.000000
Fersthal Sagl, Lugano	Switzerland	99.000000
Fi 2000 Sas, Limas	France	75.000000
Finansider SA, Puteaux	France	99.999004
Forschungs-und Qualitätszentrum Brandenburg GmbH, Eisenhüttenstadt	Germany	100.000000
Frecolux SA, Luxembourg	Luxembourg	99.999915
Frère Bourgeois UK Ltd, Hatfield	United Kingdom	99.991000
Galva Service Réunion SA, Saint Paul	France	100.000000
Geco Srl, Milano	Italy	100.000000
Gecs SA, Puteaux	France	99.940000
Geopar SA, in liquidation, Couillet	Belgium	50.950604
Gepor Sas, Illange	France	100.000000
Gie pour la realization d actifs immobiliers du groupe Arbed, Luxembourg	Luxembourg	100.000000
Gie Primus®fonte, Luxembourg	Luxembourg	80.000000
Groupement des Industries Sidérurgiques Luxembourgeoises SC, Luxembourg	Luxembourg	94.782609
H & E SA, Puteaux	France	100.000000
Haidon Hubin SA, Liège	Belgium	100.000000

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<b>Company name</b>	<b>Country</b>	<b>Percentage of capital heldcontrol (%)</b>
Haironville Sas, Haironville	France	100.000000
Haironville Austria GmbH, Neuhofen	Austria	99.997500
Haironville Bohemia SARL, Ceske Budejovice	Czech Republic	99.000000
Haironville Danmark AS, Rodovre	Denmark	100.000000
Haironville do Brasil Industria e Comercio Lta, Lorena	Brazil	100.000000
Haironville Guyane Sas, Cayenne	France	100.000000
Haironville Hungaria Kft, Budapest	Hungary	100.000000
Haironville Nederland BV, Tiel	The Netherlands	100.000000
Haironville Norge AS, Vestby	Norway	100.000000
Haironville Polska Spzoo, Poznan	Poland	100.000000
Haironville Slovensko Sro, Bratislava	Slovakia	100.000000
Haironville Sverige AB, Karlstad	Sweden	100.000000
Hathersage Metals Ltd, in process of business discontinuance, Chippenham	United Kingdom	100.000000
Hein, Lehmann Montage GmbH, Köln	Germany	100.000000
Homburger Rohrenwerk GmbH, Homburg	Germany	100.000000
Hughes and Spencer Steel Ltd, Willenhall	United Kingdom	99.992672
I.T.S. Inox Tubi Sicilia Srl, Priolo Gargallo	Italy	100.000000
Imhua Special Metal Co. Ltd, Foshan	China	65.000000
Impeco SA, San Luis	Argentina	100.000000
Imphy Deutschland GmbH, Erkrath	Germany	100.000000
Imphy Far East Co. Ltd, Kowloon	China	99.993103
Imphy Italiana Srl, Torino	Italy	100.000000
Imphy Service SA, Puteaux	France	100.000000
Imphy Ugine Precision BV, Amsterdam	The Netherlands	100.000000
Imphy Espana, SA, Barcelona	Spain	100.000000
Imphy Ugine Precision Switzerland SA, Préverenges	Switzerland	94.000000
Imphy Ugine Precision UK Ltd, Buckinghamshire	United Kingdom	100.000000
Industeel Deutschland GmbH, Grevenbroich	Germany	100.000000
Industeel Italia Srl, Milano	Italy	100.000000
Industeel UK Ltd, Worcester	United Kingdom	100.000000
Inspection, Protective Survey and Certification Bureau Insurec SA, Bruxelles	Belgium	99.900000
Intersteel BV, Rotterdam	The Netherlands	100.000000
Isc Holdings Inc., New York	United-States	100.000000
Isoform Snc, Puteaux	France	100.000000
Itaúna Siderúrgica Ltda, Itaúna	Brazil	100.000000
JH Group Sci, Yutz	France	100.000000
K.I.V. I NV, Genk	Belgium	99.998951
Kempes & Koolen Bouwsystemen BV, Tiel	The Netherlands	100.000000
Kielco Nederland BV, Born	The Netherlands	100.000000
Kontiom Trade Srl, Bucarest	Romania	99.999642
Krisper Doo, Kranj	Slovénia	100.000000
Lasram Technology Kft, Szentendre	Hungary	78.461538
Le Fer à Béton SA, Yutz	France	100.000000
L équipement par l acier inoxydable SA, Puteaux	France	99.833000
Luxembourg Steel (Si Chuan) Co. Ltd, Chengdu	China	100.000000
Luxembourg Steel Trading Shanghai Co. Ltd, Shanghai	China	100.000000
Luxembourg Steel Wuhan Co. Ltd, Wuhan	China	100.000000
Maison Mathieu Romania SARL, Bucarest	Romania	100.000000
Marocacier SA, Luxembourg	Luxembourg	80.000000
Marona SA, Buenos Aires	Argentina	100.000000
Matthey & Pum SA, Reims	France	99.720000
Matthey Deutschland GmbH, Landau	Germany	100.000000
Matthey Iberica SL, Madrid	Spain	100.000000
Matthey Sro, Praha	Czech Republic	100.000000
Matthey UK Ltd, Dudley	United Kingdom	100.000000
Mecachim SA, Lusignan	France	99.833333
Memnous SA, Puteaux	France	99.842932
Metaalletterij de Betuwe BV, Tiel	The Netherlands	100.000000
Metal Presse SARL, Puteaux	France	99.800000
Midi Aciers Profils Génie Civil SA, Beauzelle	France	99.995872

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<b>Company name</b>	<b>Country</b>	<b>Percentage of capital heldcontrol (%)</b>
Montan SARL, Luxembourg	Luxembourg	90.000000
Nango SA, Puteaux	France	99.842932
Norsteel Corp., New York	United-States	100.000000
Ocas GmbH, Bremen	Germany	100.000000
Olis Sas, Puteaux	France	100.000000
Osirus SA, Puteaux	France	99.760000
Pab Sas, Onnaing	France	100.000000
Pab Sud Sas, Hagetmau	France	100.000000
Palfroid SA, Carignan	France	99.995103
Panneaux Frigorifiques Français Sas, Val d Ize	France	100.000000
Panneaux Sandwich Guadeloupe SA, Baie Mahault	France	99.993750
Parements Métalliques d Architecture SA, Cerons	France	99.988000
Parrec SA, Audun le Tiche	France	85.250000
Profistahl-Centrum Thüringen GmbH, Saalfeld	Germany	100.000000
Perry Investments Ltd, Willenhall	United Kingdom	100.000000
Philaeus SA, Puteaux	France	99.842932
Pliage Midi Pyrénées SAS, Saint-Jory	France	100.000000
Plima Sas, Mallemort	France	100.000000
Plon Pliage Service SAS, Vitrolles	France	100.000000
Pre-Finished Steels Ltd, Willenhall	United Kingdom	100.000000
Prekon Spzoo, Starachowice	Poland	100.000000
Profil du futur SAS, Horbourg Wihr	France	100.000000
Profilage de Guadeloupe SAS, Baie Mahault	France	100.000000
Profilage de la Martinique Sas, Fort-de-France	France	100.000000
Profilage de La Réunion SA, Le Port	France	94.203612
Profilage de Saint-Martin SA, Saint Martin	France	99.983333
Profilage Dominicana SA, San Domingo	Dominican Republic	87.025547
Promo Pum Sas, Reims	France	100.000000
Qualifizierungszentrum der Wirtschaft GmbH, Eisenhüttenstadt	Germany	100.000000
Rbm Rohr Beschichtung Muldenstein GmbH, Muldenstein	Germany	100.000000
Recherche et Développement du groupe Cockerill Sambre Scrl, Liège	Belgium	96.000000
Retrimense Scrl, Seraing	Belgium	76.000000
Riss Transport SA, Puteaux	France	99.935135
Robert Smith Steels Ltd, Mersyiside	United Kingdom	100.000000
Rodange Finance SA, Rodange	Luxembourg	100.000000
Rwm Rohrwerke Muldenstein GmbH, en faillite, Muldenstein	Germany	100.000000
Safem Distribuzione Srl, Tavagnacco	Italy	100.000000
Safem Raccordi Spa, Padova	Italy	100.000000
SARL Balleux Lardier, Blois	France	100.000000
Sci des 1 et 3 de la place Max-Rousseaux, Reims	France	100.000000
Sci Espace Saint-Léonard, Nantes	France	100.000000
Sfif SA, Puteaux	France	100.000000
Sibral Participações Ltda, Belo Horizonte	Brazil	100.000000
Sidlease NV, Gent	Belgium	100.000000
Sitek Srl, Torino	Italy	95.000000
Slici Société Luxbg.de Comm.International SA, Bertrange	Luxembourg	100.000000
SLPM Atlantique SAS, Reims	France	100.000000
Snst Scories France SA, Puteaux	France	99.963934
Sobesteel SA, Wavre	Belgium	100.000000
Société Carolorégienne de Cokéfaction SA, in liquidation, Liège	Belgium	85.785133
Société Civile Immobilière du 3, rue de l Industrie à Basse-Yutz, Reims	France	100.000000
Société de Gestion pour la Protection Sociale SA, Puteaux	France	99.840000
Société des Mines de Sacilor SA, in liquidation, Puteaux	France	100.000000
Société des Mines d Ottange II SARL, in process of business discontinuance, Yutz	France	99.966667
Société d Intéressement et de Participation SA, Puteaux	France	99.997521
Société Havraise de représentation Industrielle Sas, Le Havre	France	100.000000
Société Immobilière Audunoise SA, Audun le Tiche	France	99.955057
Société Nouvelle de Participation dans les Produits Plats SA, Puteaux	France	99.800000
Société pour la Distribution de Produits Sidérurgiques SA, Vitry sur Seine	France	99.750000
Société pour la Réalisation d Etudes Techn. et Econom. en Sidérurgie SA, Puteaux	France	76.300000

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<b>Company name</b>	<b>Country</b>	<b>Percentage of capital heldcontrol (%)</b>
Sollac Acos SA, Lisboa	Portugal	99.200000
Solvi Sas, Puteaux	France	100.000000
Stahlhandel Burg GmbH, Burg	Germany	100.000000
Steel Finance Center NV, Geel	Belgium	100.000000
Steelhold Plc, St Albans	United Kingdom	100.000000
Steelinter (UK) Ltd, St Albans	United Kingdom	100.000000
Sunbrite NV, in liquidation, Genk	Belgium	100.000000
Tabare Regent SARL, La Chapelle Saint Luc	France	100.000000
Tailor Steel Deutschland GmbH, Bremen	Germany	100.000000
Tixis Technologies Belgium SA, Flémalle	Belgium	100.000000
Tixis Technologies Italia Srl, Piombino	Italy	100.000000
TradeArbed Deutschland GmbH, Köln	Germany	100.000000
TradeArbed España SA, Madrid	Spain	100.000000
TradeArbed France SA, Paris	France	99.900000
Trans Ocean Logistics NV, Antwerpen	Belgium	99.999999
Trans Ocean Logistics BV, IJssel	The Netherlands	100.000000
TrefilArbed Benelux BV, s Hertogenbosch	The Netherlands	100.000000
TrefilArbed CR Sro, Cheb	Czech Republic	80.000000
TrefilArbed Deutschland GmbH, Köln	Germany	100.000000
TrefilArbed France SA, Vincennes	France	99.828571
TrefilArbed Greenhouse SA, Bissen	Luxembourg	80.000000
TrefilArbed Grembergen SA, in process of business discontinuance	Luxembourg	100.000000
TrefilArbed Italia Srl, in liquidation, Milano	Italy	100.000000
TrefilArbed (UK) Ltd, Nantwich	United Kingdom	100.000000
TrefilArbed Sales Holding SARL, Bissen	Luxembourg	100.000000
TrefilArbed Solarhouse Kft, Kecskemet	Hungary	53.333333
TrefilArbed Welding NV, en faillite, Gent	Belgium	100.000000
Tuberie de Differdange SA, Differdange	Luxembourg	100.000000
Tubes & Formes SA, Puteaux	France	99.800000
Tubeurop Deutschland GmbH, Homburg	Germany	100.000000
Uci SA, Fleurus	Belgium	70.000000
Ugine & Alz Switzerland SA, Niederhasli	Switzerland	100.000000
Ugine & Alz Nordic AB, Eskilstuna	Sweden	100.000000
Ugine & Alz Polska Spzoo, Poczta Bytom	Poland	100.000000
Ugine & Alz Praha Sro, Praha	Czech Republic	100.000000
Ugine & Alz (UK) Ltd, Nottingham	United Kingdom	100.000000
Ugine Nederland BV, Amsterdam	The Netherlands	100.000000
Ugine Portugal Spq, Lisboa	Portugal	98.000000
Ugine Savoie Italia Srl, Peschiera Borromeo	Italy	100.000000
Ugitech Iberica SA, Barcelona	Spain	100.000000
Ugitech Switzerland SA, Bevilard	Switzerland	99.998519
Ugitech UK Ltd, Birmingham	United Kingdom	99.999960
Uniba SA, Puteaux	France	64.000000
Unikonti Llc, Beograde	Serbia & Montenegro	51.000000
Union des Consommateurs de Ferrailles de France SA, Puteaux	France	99.960000
Usb Unterwellenborner Schneidbetrieb GmbH, Saalfeld	Germany	100.000000
Usinor Achats Snc, Puteaux	France	100.000000
Usinor Industeel (Iberica) SA, Barcelona	Spain	100.000000
Usinor Industeel Nordic AB, Vastra Frolunda	Sweden	100.000000
Usinor Tubes SA, Puteaux	France	99.760000
Usinor Uk Ltd, St Albans	United Kingdom	100.000000
Valacier SARL, Reims	France	100.000000
Verwaltungsgesellschaft RAG-Beteiligung mbH, Essen	Germany	65.000000
Vikam Praha AS, Praha	Czech Republic	100.000000
Vulcain Holding SA, Couillet	Belgium	100.000000
Vulkan Energiewirtschaft Oderbrücke GmbH, Eisenhüttenstadt	Germany	51.000000
Weha Edelstahl Handels-GmbH, Ansfelden	Austria	100.000000
Wellstead Ltd, Dublin	Ireland	100.000000
Willenhall Steel Stockholders Ltd, Willenhall	United Kingdom	100.000000
Wolmet Ltd, in liquidation, Chippenham	United Kingdom	99.999966
Ymos Belgium SA, Couillet	Belgium	100.000000
Zeeland Participatie BV, Terneuzen	The Netherlands	100.000000



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<b>Company name</b>	<b>Country</b>	<b>Percentage of capital held/control (%)</b>
<b>2) ASSOCIATED COMPANIES NOT CONSOLIDATED (77 COMPANIES)</b>		
Arcelor Construction Magreb SA, Ben Arous	Tunisia	49.998000
Arcelor Stainless India Private Ltd, Mumbai	India	48.979592
Bamesa Celik Servis Sanayii Ticaret AS, Sanayii Ticaret	Turkey	39.990081
Belgian Bunkering Considar Trading NV, Bruxelles	Belgium	50.000000
Brema Warmwalz GmbH, Bremen	Germany	50.000000
Cjsc «Severgal» Ltd, Cherepovets	Russian Federation	25.010000
CoalArbed Internat.Trading Partnership Co, Baltimore	United-States	50.000000
Compagnie des Fers SARL, Lyon	France	50.000000
Comptoir Belge des Cokes Scrl, in liquidation, Bruxelles	Belgium	20.130000
Dcfr Sas, Puteaux	France	35.000000
Dh Sollac Beteiligung GmbH, Stuttgart	Germany	47.000000
Dikema Steel Sdn Bhd, Kuala Lumpur	Malaysia	30.000000
Enersid SA, Paris	France	49.800000
Erzkontor Ruhr GmbH, Essen	Germany	33.333023
Euratool SA, Raismes	France	24.901639
Europerfil SA, L Hospitalet	Spain	50.000000
Fafer Orient Pte Ltd, in liquidation, Singapore	Singapore	33.332667
Forges Profil AG, Kirchdorf	Switzerland	25.000000
Forschungs und Qualitätszentrum Oderbrücke GmbH, Eisenhüttenstadt	Germany	24.000000
Fortunato Bonelli y Cia SA, Buenos Aires	Argentina	49.000000
Fti Faserbetontechnik GmbH, St. Florian s/Inn	Austria	33.333333
Gie pour l étude de la reconversion des sites sidérurgiques au Luxembourg, in liquidation, Luxembourg	Luxembourg	50.000000
Groupe Alliance Métal SA, Arnas	France	34.018280
I.P.H. S.A.I.C.F. SA, Buenos Aires	Argentina	33.000000
Icpe Immob.du Centre Polyv. de l enfance SARL, Luxembourg	Luxembourg	20.000000
Immobilière Contourdiff SARL, Luxembourg	Luxembourg	25.000000
Kanzen Stainless Processors Sdn Bhd Llc, Kuala-Lumpur	Malaysia	30.000000
Kr Wertstoffaufbereitungs-GmbH, Bremen	Germany	25.100000
Kwaliteitsbeheer voor Stortplaatsen NV, Gent	Belgium	50.000000
La Filière Bois Scrl, Ougrée	Belgium	33.333333
La Revue de Métallurgie SA, Puteaux	France	43.044000
Laser Welded Blanks Ltd, Londres	United Kingdom	50.000000
Les Hautes Trixhes Scrl, Flémalle	Belgium	22.860838
Luxcontrol SA, Esch s/Alzette	Luxembourg	22.000000
Mathieu (Thailand) Co Ltd, Bangkok	Thailand	48.548387
Mathieu Malaysia SA, Kuala-Lumpur	Malaysia	25.410448
Matthey India Private Ltd, New Delhi	India	50.000000
Nord-Chrome Snc, Grande Synthe	France	50.000000
Ocas Onderzoekscentrum voor Aanwending van Staal NV, Zelzate	Belgium	49.223008
Oriental Sheet Piling Pte Ltd, Singapore	Singapore	49.000000
Oriental Sheet Piling Sdn Bhd, Petaling Jaya	Malaysia	25.000000
Pbm Picchioni BM Distr. de Tít. e Val. Mobil. SA, Belo Horizonte	Brazil	48.999991
Perville SA, Lorena	Brazil	38.395115
Phenix Rousies SA, Rousies	France	25.565161
Portal NV, in liquidation, Bruxelles	Belgium	39.999988
Primorec SA, Differdange	Luxembourg	39.000000
Profilage Océan Indien SA, Riche Terre	Mauritius	49.000000
Promopanel Srl, Piombino	Italy	50.000000
Retrival Scrl à finalité sociale, Couillet	Belgium	33.311111
Rolanfer Recyclage SA, Woippy	France	40.000000
Sci Kuntzig, Thionville	France	50.000000
Shanghai BAostael & Arcelor Tailor Metal Co. Ltd, Shanghai	China	25.000000
Sidergal SA, Paris	France	29.999500
Sci et Industrielle de l arrondissement de Valenciennes, in liquidation, Valenciennes	France	41.250000
Société de développement AGORA SARL, Esch s/Alzette	Luxembourg	50.000000
Société de développement AGORA SARL et Cie, Esch s/Alzette	Luxembourg	49.964589
Société de Pose Armatures Travaux Publics SARL, Marignane	France	37.500000
Société des Arquebusiers de la Ville de Luxembourg SA, in liquidation, Luxembourg	Luxembourg	33.391710

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<b>Company name</b>	<b>Country</b>	<b>Percentage of capital heldcontrol (%)</b>
Société de Canal des Mines de Fer de la Moselle SA, Metz	France	25.913498
Société du Port Fluvial de Mertert SA, Mertert	Luxembourg	40.000000
Société du Train à Fil de Schifflange SA, Esch s/Alzette	Luxembourg	25.000000
Société Immobilière du Fort Thüngen SARL, Luxembourg	Luxembourg	20.000000
Sodie SA, Courbevoie	France	44.999333
Sorealor SARL, Saint-Laurent-du-Var	France	33.333333
Sorepark SA, Hagondange	France	26.295794
Steel24-7 NV, Bruxelles	Belgium	50.000000
Steeltrack SA, Puteaux	France	33.296296
Taymacolor SA, Madrid	Spain	35.000000
Telindus SA, Strassen	Luxembourg	35.307000
TradeArbed Mexico SA, Mexico DF	Mexico	49.000000
Tramway SARL, Saint Julien lès Metz	France	22.857143
Union pour la promotion des industries de l'Appertisé SARL, Paris	France	33.333333
Union pour le service de l'électricité SA, in liquidation, Briey	France	43.266667
United Continental Steels Ltd, Hatfield	United Kingdom	50.000000
United Slitting Services Ltd, Halesowen	United Kingdom	39.000000
Weserport GmbH, Bremen	Germany	23.900000
WSA Warehouses Service Agency SARL, Sanem	Luxembourg	25.000000

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### **2005 Report on Risk Management**

#### **Risks related to Arcelor Group activities**

##### *General legal risks related to Arcelor Group activities*

The Group is not exposed to any major legal risk as a result of its steelmaking activities. The Group's production plants are operated in full compliance with all relevant regulations.

The conditions under which the Arcelor group markets and delivers its products are subject to commercial negotiation. Delivery conditions may specify that courts sitting in the purchaser's country will be competent to rule in the event of dispute. Furthermore, legislative or regulatory instability in some of the countries where the Arcelor Group operates (e.g. through joint ventures) may pose a general legal risk that may lead to exposure through the conduct of its activities. The Group has a number of decentralized legal teams in its main non-European locations. Where it is not financially feasible to maintain its own legal resources, the Group engages the services of internationally recognized and reputable law firms.

In some instances, the Arcelor group may have no alternative but to insist on its rights and safeguard its interests in the context of its business activities, especially where technical or commercial disputes are concerned (for more information on this point, please refer to the *Litigation*, *Sales Barriers* and *Anti-dumping and anti-subsidy practices* chapters).

Standard legal risks relating to the Group's activities and operations are managed by the Group's Legal Affairs Department. This department is subject to internal control by Internal Audit (see Chairman's Report on corporate governance and internal control).

It should be noted that identified legal risks have been covered by provisions within the relevant Arcelor Group subsidiaries in accordance with the appropriate accounting standards.

The Arcelor group no longer has any ore extraction or coal mining activities in Europe.

##### *Industrial risks*

#### The various stages of steel production

Liquid steel is produced either from ore (smelting accounting for 70% of Arcelor's production) or from scrap metal (electric-arc furnace production representing 30% of Group output). The liquid steel is then solidified by casting in a continuous flow machine. This results in semi-finished products in the form of rectangular section bars (slabs) or square section bars (blooms or billets), which are the feedstock for the final production form. This feedstock is converted into finished products by rolling, with some products undergoing additional heat treatment. Over half the hot-rolled sheet produced is later cold-rolled, and may be coated with anti-corrosion protection.

#### Type of risk

Accidental fire and explosion are the major operational risks in the various types of steel producing plants, which include coking plants, sintering plants, blast furnaces and electric-arc furnaces.

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The main causes of these risks include the production of gas (in coking plants and blast furnaces), the high combustibility of the coals used and contact between cooling water and molten metal.

The electrical equipment and reheating furnaces used in hot and cold rolling mills and coating plants represent the main fire flash-points. The lubricants and hydraulic fluids used are highly flammable.

Steel production requires the use of scrap metal, whether for converting hot metal into steel in a converter or directly in an electric-arc furnace. Arcelor applies stringent internal controls to protect itself against the risk of radioactive scrap iron entering its furnaces.

### Risk assessment: impact and probability

Industrial safety is a strategic issue for Arcelor. Each site applies the Group safety policy, with adaptations to comply with local legislation. This policy contains all the organizational and material provisions required to prevent industrial accidents or incidents wherever possible and to limit their consequences for people, facilities and property.

The general objectives and management responsibilities are set down in writing, and practical action plans are drawn up to address the differences between practice and those fixed objectives.

Industrial risks are analyzed at the design stage and preventive measures are put in place in accordance with the Arcelor Loss Prevention Guide. Sites are subject to internal and external audits at a predefined frequency reflecting the degree of individual risk. These audits are followed up with a risk assessment report, setting out preventive actions involving the workforce and plant equipment. Sites subject to Seveso II regulations have been subject to special audits conducted by internal experts, in accordance with the Arcelor DCO-18001 reference procedure. These audits were extended to other Group sites during 2005, and this will continue in 2006.

### Risk monitoring and measurement procedures

Ever since the company was first created, Arcelor has operated an industrial safety committee as part of its Health & Safety Department. The committee is made up of industrial and engineering safety representatives at the Group's business units. Its mission is to define and propose safety initiatives to the Management Board. The committee is responsible for implementing the Arcelor Loss Prevention Guide which measures industrial safety levels and ensures that those levels are consistent across all Group sites. It has also set up a network of industrial safety specialists, responsible for day-to-day management, plant compliance and adherence to regulations.

Every year, a priority investment plan is put in place to implement practical recommendations. This plan is then supervised by the Arcelor Health & Safety Department's industrial safety committee.

### *Environmental risks*

Environmental risk management identifies known and estimated impacts, which are covered by balance sheet provisions. It also identifies any future internal or external events (with varying degrees of probability) liable to prevent Arcelor from attaining its environmental targets and that could, from an accounting point of view, lead to the recognition an off-balance sheet commitment (corresponding to an estimated future expense which is possible, but not certain) or, alternatively, an investment.

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Internal events may occur mainly as a result of failures in the production process or the procedures involved in treating industrial waste and residues. These failures could jeopardize Arcelor's ability to attain its target of complying with current legislation and ensuring a continual reduction in the volumes of waste and non-recyclable materials produced.

Arcelor has developed four types of controls to address these risks:

**Directive:** every production site is required to obtain ISO 14001 certification and a Group-wide environmental policy is implemented.

**Preventive:** the Environment Department is systematically involved in major investment projects, in order to build installations that respect the environment and that limit noise and visual pollution from heavy industrial activity as much as possible. Environmental managers are involved in the due diligence procedures that precede all acquisitions.

**Detection-based:** waste monitoring scorecards are used for all Group subsidiaries. In addition, the Environment Department has set up a process for auditing compliance with legislation and the Group's environmental policy.

**Corrective:** a Group-level organization stimulates synergies and encourages sharing of environmental best practice.

External events relate mainly to the growing demands imposed by environmental laws and regulations. This legislative pressure concerns four issues primarily:

CO<sub>2</sub> emissions, with the European directive concerning the trading of CO<sub>2</sub> emissions rights, whose initial phase began on 01/01/2005 and will continue until 31/12/2007. The operational phase is scheduled for 2008-2012, after which the directive specifies 5-year emission reduction cycles.

Processing of waste generated by sintering plants, principally due to the implementation of the European IPPC (Integrated Pollution Prevention and Control) and NEC (National Emission Ceilings) directives.

Increased restrictions and taxation on the storage and elimination of industrial residues.

Soil clean-up operations on defunct sites. This presents a major challenge to the Group, since the cost involved can only partially be offset by reallocating land for new activities.

Constant changes to the legislative framework cause the target for regulatory compliance to shift constantly. This plays a direct role in increasing the future operating costs of steelmaking plants, with those in Europe being most affected.

To manage the risks arising from the introduction of the European directive on CO<sub>2</sub> emissions and to take advantage of any opportunities, Arcelor manages its quotas centrally via a CO<sub>2</sub> co-ordination committee. Decisions to buy or sell quotas are taken by the Management Board depending on allocations, future emissions forecasts and past emissions data. Trading of quotas is assigned to Arcelor Treasury, which handles the Group's central cash management.

Without waiting for the Kyoto protocol to come into force, Arcelor is constantly enhancing its production process to reduce CO<sub>2</sub> emissions as far as possible. For example, it is converting some of its



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plants to electric-arc furnaces making steel from scrap metal instead of iron ore. Arcelor is also co-ordinating the ambitious ULCOS<sub>1</sub> research programme, which involves other European steelmakers, gas producers and research institutes, and has the objective of reducing CO<sub>2</sub> emissions per tonne of steel produced by 50-75% by 2050. In its first phase (2005-2009), ULCOS has a budget of 45m, of which 50% comes from the EU and 2.3m from Arcelor. During this phase, all possible ways of reducing CO<sub>2</sub> emissions will be explored. These include capturing and storing CO<sub>2</sub> in impermeable geological layers, replacing carbon with methane in blast furnaces, using new types of furnace, using biomass and recovering CO<sub>2</sub> produced in the steel production process.

Another initiative already underway is to play a major role in renewable energy and biomass, in which CO<sub>2</sub> is fixed by growing vegetation. Two of Arcelor's Brazilian subsidiaries, CAF Santa Barbara and Acesita Energética, are cultivating more than 180,000 hectares of eucalyptus plantations. CAF has Forest Stewardship Council certification, while Acesita Energética is in the process of obtaining this certification.

Arcelor is convinced that cutting CO<sub>2</sub> emissions is an absolute necessity. However, it does not agree with the principles set out in the European directive, because of the distortions it creates as regards steel producers outside Europe and organic materials that only produce emissions at the end of their life cycle and which are therefore not covered by restrictions. In addition, there is uncertainty about how regulations will develop during the 2008-2012 period and beyond 2012. This does not tally with the long-term perspective that determines heavy industrial investments. Finally, in its current version, the directive does not allow the recovery of quotas of sites due for closure. As a result, Arcelor has decided to file a complaint with the European Court of Justice against the directive itself and its transposition into national legislations.

Risks relating to the storage of waste are managed through the by-product recovery policy, as described in the Arcelor's third sustainable development principle (page 81).

*(1) ULCOS = Ultra Low CO<sub>2</sub> Steelmaking  
Working conditions and Human resource management*

**Human rights and working conditions**

Arcelor already operates in a large number of countries, and its international expansion is set to accelerate further. Working cultures vary widely between regions of the world. Arcelor does not wish to impose a single model, and respects the cultures of its subsidiaries. However, in accordance with the Worldwide Agreement on Principles of Corporate Social Responsibility, the Group does not tolerate any infringement of the fundamental rights of workers at its sites, whether they are employed by Arcelor or by sub-contractors.

Arcelor has enshrined these principles in its Code of Ethics and Principles of Responsibility, with which each Arcelor employee is required to comply.

To ensure effective compliance with these principles, internal audits are carried out at the operational level, in conjunction with independent experts. The European Works Council and the committee for monitoring the Worldwide Agreement on Principles of Corporate Social Responsibility are informed of the audits' conclusions and any measures taken.

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### Worker health and safety

Arcelor takes a safety-first approach to the steel industry's inherent risks. The safety of its workers is Arcelor's prime concern. Accidents are becoming less and less frequent, and Arcelor has a zero accident target. Although the Group experiences accidents every year, it is reasonable to say that accident risks are under control within Arcelor. For more information on accident risk management, see the Sustainable Development chapter (page 77).

The Group's senior management is also concerned about risks to employees' health, awareness of which has been increased in the last few years. Courts are putting increasing emphasis on the employer's liability in occupational illness cases. The concept of employer liability appears to have reached an extreme level in asbestos lawsuits in France. Law firms have made claiming asbestos damages a speciality, and the legal system does not seek to reconcile the consequences of asbestos (lung cancer) with employees' working conditions and contact with asbestos, or with employees' lifestyles, particularly their tobacco consumption. Risks resulting from handling products that may have an impact on workers' health are taken into account by the product safety department, which identifies them, proposes risk-reduction measures and monitors implementation of these measures.

### Age structure, succession planning and skills development

The average age of Arcelor's employees is around 45. However, the age structure varies between sites and functions. To prevent skills shortages in key positions, human resources teams co-ordinate business-line and career committees, which draw up inventories of existing and required human resources, taking into account mobility. Depending on requirements, succession plans are drawn up, and training and recruitment plans are put forward. Additional information on skills development can be found under Principle 5 of the Sustainable Development chapter (page 89).

### Employee-relations risks relating to restructuring decisions

The Group operates in a fast-changing global environment, and must evolve permanently in order to anticipate change while preserving its advantages. Strategic decisions involve industrial developments at Arcelor sites and the reorganization of cross-discipline functions.

This results in employee-relations risks for Arcelor. Strikes may occur during the negotiation of restructuring-related assistance measures. Strike action may interrupt the activity of certain Group sites for an indeterminate length of time. Since many sub-contractors work on Arcelor sites, sites may be affected by strike action unrelated to Group decisions.

Arcelor takes a responsible approach to its employees and partners, and acts early to facilitate the industrial changes arising from restructuring decisions. Announcements are made several years in advance if possible. Planning ahead in this way allows in-depth talks with organizations that represent staff, with the public authorities and with all other entities concerned. These talks are aimed at handling the social consequences of industrial changes in an optimal fashion. Arcelor also offers practical assistance with the economic redeployment of the affected employment pools. As a result of its firm commitment to social dialogue, the Group set up a European Works Council as soon as it was formed. The EWC is the focal point for collaboration and discussions between Arcelor's management and staff representatives.

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However, labour disputes, while unpleasant and unfortunate, are sometimes inevitable. To limit the impact of such disputes on its clients, Arcelor uses its scale and the geographical spread of its plants to guarantee supplies in the event that production at one of its sites is stopped.

### *Ethics, anti-fraud measures and legal compliance*

Recent financial scandals have received extensive media coverage and have raised questions about business ethics. In response, the Group has introduced systems to prevent such occurrences within Arcelor. Arcelor wants to set the standard in the steel industry, not only in terms of profitability but also business conduct.

The factors leading to fraud can be described as the Fraud Triangle . Employees who commit fraud generally are able to do so because there is opportunity, pressure, and rationalization. Fraud can be classified in three categories: corruption, misappropriation of assets and falsification of financial statements or performance indicators. Each category is covered by different control resources (prevention, detection and correction).

Preventive controls are based mainly on the Code of Ethics and its implementation. As regards financial reporting, the head of each Group entity is required to send a letter to Arcelor's CFO stating that the entity's financial statements comply with the Group's accounting rules and procedures. To prevent the misappropriation of assets through claims of unjustified business expenses, Arcelor has a single policy on travel and entertainment expenses, which is implemented through site-specific procedures.

Detecting fraud is very difficult. Employees who have ethics-related questions may contact the Ethics Compliance Officer confidentially to discuss their concerns or to provide information. Since 2005, the Business Risk Control function (part of Internal Audit) has had a fraud team whose responsibilities include training internal auditors in fraud detection. In addition, the statutory auditors are required by the ISA 240 standard to show professional scepticism during their work on financial statements and to inform the audit committee of any problems.

If, despite prevention efforts, fraud takes place, line managers initially decided what action to take. Employees that infringe the Code of Ethics have no place at Arcelor. The Audit Committee is informed of any problems that may arise.

More generally, the Board of Directors, the Management Board and the management teams of Group entities, with the support of the BRC function and the Ethics Compliance Officer, ensure strict compliance with the laws and regulations of countries in which the Group operates.

### *Risks arising from new chemical product regulations in the European Union (REACH<sup>1</sup>) and worldwide (GHS<sup>2</sup>)*

Both the European Union and United Nations aim to ensure a high level of protection for human health and the environment with respect to the production and use of chemicals.

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<sup>1</sup> REACH = *Registration, Evaluation and Authorization of Chemicals*.

<sup>2</sup> GHS (Globally Harmonized System) = *the standardized system for classifying and labelling chemical products, established under the oversight of the United Nations*.

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Arcelor views this globally-shared intention as an opportunity rather than a threat, since it corresponds with Arcelor's commitment to making products that are safe for customers and consumers through its sustainable development objectives.

At the European Union level, the European Commission has published a draft regulation for the registration, evaluation and authorization of chemicals (REACH), along with restrictions applicable to these substances, and has set up a European Chemicals Agency.

REACH focuses on the 30,000 substances introduced into the market before 1981 and manufactured or imported in quantities of more than one tonne per year, on which hazard information has not been sufficiently well examined by the current system.

The final decision on REACH should be taken by the European Parliament and the Council of Ministers in the autumn of 2006. The Commission expects the regulation to be published in the spring of 2007 and to come into force in the fourth quarter of 2008.

In the rest of the world, the United Nations Economic and Social Council has developed a Globally Harmonized System for producing labels and safety datasheets for chemical products. The GHS was published in July 2003 and will allow the same chemical product to carry the same labelling in all countries.

This system will apply worldwide and will be implemented in the European Union as part of the REACH programme.

Outside the European Union, GHS is likely to be relatively undemanding in terms of administration. As part of the EU REACH programme, though, it will lead to high administration costs. This will distort competition to the detriment of products made in the EU.

Although steel is usually sold in massive form, its production falls within the scope of REACH. GHS as implemented within REACH will cover the toxicological or ecotoxicological classification of steel ingredients and their use by the client, particularly in welding operations.

Arcelor is preparing for these new regulations through its Product Safety Committee, which brings together specialists from the Health & Safety, Environment, Innovation-R&D and International Affairs departments, and from the Group's various Sectors and Sales Departments. This Committee also coordinates the lobbying of European authorities via professional organizations such as Eurofer and Unice.

*Market risks (liquidity, interest rate risk, exchange rate risk and risk on securities held)*

See note 25 to the consolidated financial statements (page 188).

*Insurance and risk coverage*

Arcelor's policy is to arrange worldwide Group insurance to cover catastrophic risks. These policies are arranged only with insurers that have the highest level of solvency. Local insurance policies cover risks that must be covered under local legislation. The amounts insured reflect financial risks arising from catastrophe scenarios and the products offered in the insurance market.

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For all insurable risks, the Group prefers to self-insure low-frequency risks that can be borne by individual business units. As a result, excesses are tailored to suit the financial resources of individual units, with the aim of raising awareness of risk prevention.

Arcelor's captive reinsurance company covers medium-level risks as a way of optimizing and smoothing the cost of insurance at Group level. Its risk exposure is limited through reinsurance.

In 2005, in the context of industrial safety, Arcelor allocated 30m over and above the normal business unit risk-prevention budget to protect its industrial units. Arcelor's commitment to improving protection of its industrial units has a dual positive impact: the Group has since 2004 maintained a very low annual level of claims relative to other steel producers, and is continuing to reduce its insurance premiums.

To reduce risks even further the Group:

carries out internal training, designed to raise awareness of risk issues among employees at all levels

trains staff in the appropriate industrial safety techniques.  
There is no two-tier safety system.

In terms of preventing damage and the subsequent loss of production, the Group

hires external consultants to conduct engineering audits on fire safety systems and machinery breakdown risks in every facility where the insured asset value exceeds 50m. All such installations have now been audited. The recommendations made as a result of these audits form the basis of decisions to allocate additional budgets to fund preventive measures.

examines the major loss scenarios and predicts the possible effects on personnel, the environment and facilities.

strengthens resources designed to limit the probability of catastrophic damage and its consequences.

formalizes existing intra-group breakdown resources to limit consequential loss of production.

transfers any residual catastrophic risk in excess of 20m per claim to the insurance market. Amounts insured depend on the business sector and the products available in the insurance market.

In terms of civil liability cover, the amounts insured reflect the products available on the market and the amounts insured by other industrial groups of comparable size and activity. In meeting specific local needs, the Group arranges local Group policies for each country. To harmonize civil liability cover at the Group level especially in terms of delivered products it also has a worldwide Group policy to complement the local policies mentioned above.

When customers task the Group with transporting products by ship, the ships used must:

be classified by a classification society belonging to the International Association of Classification Societies (IACS)

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be covered by a P&I Club with the highest level of solvency

hold an International Safety Management (ISM) certificate and an International Ship & Port facility Security (ISPS) certificate, both valid for the full period of the voyage

be less than 21 years old, whenever possible

If Arcelor charters ships, it must be notified:

of the results of the latest inspections made by port authorities

of the existence of any major event affecting the ship in the previous 12 months The full insured amount corresponds to the maximum potential risk per event.

*Procurement and dependency risk*

## **Raw materials**

The Arcelor Group is a major purchaser of raw materials, particularly iron ore and coal. It bought more than 50 million tonnes of iron ore in 2005, mainly sourced from Brazil, Mauritania and Australia, but also Sweden, Venezuela, Canada, South Africa, India and Russia. The Group purchased 24.5 million tonnes of coal during 2005, most of which came from Australia, the USA, Canada and Russia.

Arcelor sourced 288,000 tonnes of zinc, 422,000 tonnes of chromium, 78,000 tonnes of nickel and 548,000 tonnes of stainless (nickel) scrap during the year. The Group initiated a policy to diversify its procurement sources in 2005.

## **Energy**

Despite generating around one-third of its own requirements, Arcelor is one of the largest energy consumers in many European countries. In order to reduce its exposure to electricity, Arcelor is pursuing initiatives to generate electricity from gas produced in the steelmaking process. It has projects in various locations, including Fos (scheduled to come into service in 2008) and Dunkirk (April 2005) in France, as well as Ghent (2010) in Belgium. Arcelor is also committed to developing long-term contracts as part of industrial partnerships with electricity producers.

Natural gas purchasing contracts are pooled for each country, in order to take full advantage of market deregulation. However, underlying exposure to Brent crude oil prices was a major risk factor when oil prices rose in 2005.

## **Group purchasing performance**

The Group's purchasing process has ISO 9001/V2000 certification and TS 16949 accreditation. The development of e-purchasing further enhances the effectiveness of initiatives already implemented. In organizational terms, a dedicated team has been set up to support the Group's global business development through the strengthening of partnerships with existing suppliers and the ongoing assessment of new procurement opportunities.

The 2006 development plan aims to maintain the progress already achieved. It includes initiatives relating to anticipation of market developments and risk management, compliance with Arcelor's Code of Ethics in purchasing, the safety of all subcontractors working on Arcelor sites and cross-disciplinary co-operation between all those involved in the procurement process.

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**Press release announcing Arcelor's agreement to merge with Severstal (released May 26, 2006)**

[Arcelor Logo] [Severstal Logo]

*Arcelor to merge with Severstal*

**Transaction will create the world's steel champion and the most profitable steel company**

**Arcelor Valued At EUR 44 Per Share (excluding dividend)**

*Luxembourg and Moscow May 26, 2006* Arcelor, the world's number one steel company, and Severstal, the largest Russian steel company, announced today that they have agreed to merge, creating the world's steel champion and most profitable steel company. The combined company will rank amongst the world's most competitive steelmaking and resource assets in both developed and emerging markets, and will be the only one with leading positions in Brazil and Russia.

***Transaction highlights***

The transaction values Arcelor at EUR44 per share, excluding EUR 1.85 dividend, representing a premium of 100% over Arcelor's closing price on January 26, 2006, the day before Mittal Steel announced its hostile offer, and 36.6% over Arcelor's closing price ex-dividend on May 25, 2006.

In addition, up to EUR7.6 billion cash will be returned to shareholders, including via dividends and OPRA (self tender).

The combination of Arcelor and Severstal will be the Number 1 steel company in the world with EUR 46 billion in sales, EUR 9 billion in EBITDA and 70 million tonnes of production, based on each company's pro forma 2005 results.

Under the definitive agreements signed by the parties,

Alexey A. Mordashov, Severstal's controlling shareholder, will contribute all of his economic interests in Severstal's steel business (including Severstal North America), as well as Severstal-Resource (iron ore and coal assets) and his ownership interest in Italian steelmaker Lucchini, to Arcelor.

Mr. Mordashov will also contribute a cash payment of EUR1.25 billion to Arcelor in exchange for shares at a price of EUR44 per share.

In total, Mr. Mordashov will receive 295 million newly issued Arcelor shares at a price of EUR44 per share, representing approximately 32% of the enlarged Arcelor.

Arcelor's existing shareholders will retain approximately 68% of the enlarged Arcelor.

***Creating a Global Steel Champion***

The combined entity will consolidate Arcelor's technology leadership and experience and will be the undisputed world leader in all product segments including flat carbon steel, long carbon steel and distribution. The combination will strengthen Arcelor's Number 1 global position in the automotive steel segment (with Number 1 positions worldwide with a global market share over 20% more than double that of its nearest competitor).



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The combined company will offer an exceptional, balanced geographic presence with leadership both in developed and emerging markets and in particular will:

Be Number 1 in Europe, Russia and South America

Take advantage of its leading position in North America

Further grow strong industrial presence and partnerships globally  
With geographically balanced contributions, over 40% of 2005 pro forma EBITDA generated in Brazil and Russia.

The two companies have a longstanding relationship and know each other well from their Russian joint-ventures which include the Severgal galvanizing plant in Cherepovets, wire drawing operations in Orël and various industrial cooperation projects.

The combination of high value-added products, low-cost operations and ownership of key raw materials will result in a combined company with one of the highest profit margins in the industry, generating a 2005 pro forma EBITDA per tonne of EUR130. The combined company will have outstanding resilience through the steel cycle.

### ***Compelling Value Creation for Shareholders***

Targeted normalized EBITDA of EUR10 billion

Accretive on earnings as early as 2006, before synergies

Synergies of EUR590 million and potentially more from capital expenditures

ROCE above Arcelor's current 15% target

Strong balance sheet allowing financial flexibility for growth and consolidation

Up to EUR7.6 billion cash to be returned to shareholders including dividends and OPRA (self tender)

### ***Continuation of Arcelor's Best Practice Corporate Governance Model***

1 share, 1 vote

All board members are non-executive

18 board members, at least 9 being independent

3 board committees (Audit, Nomination and Remuneration, Strategy)

All Audit Committee Members independent

New Strategic Committee to be chaired by Mr. Mordashov

Independent Chairman of the Nomination and Remuneration Committee

Mr. Joseph Kinsch and Mr. Guy Dollé will continue to serve as Arcelor's Chairman of the Board of Directors and Chief Executive Officer, respectively, and Arcelor's executive management will remain in place, supplemented by Severstal executives.

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Mr. Mordashov will become non-executive President of the Arcelor Board of Directors. He will have the right to nominate 6 out of 18 directors on the Arcelor Board of Directors. Mr. Mordashov has agreed to vote his shares in accordance with the recommendations of the Board of Directors. In addition, he has committed to a standstill on Arcelor shares for 4 years and to a lock-up for 5 years. The transaction is subject to antitrust approvals, which the parties expect will be obtained shortly. The transaction is expected to close in July 2006, subject to obtaining regulatory approvals.

Arcelor shareholders will have the opportunity to express their choice about this transaction at a shareholders meeting. Unless more than 50% of the currently outstanding shares opposes this transaction, the transaction will go forward and is expected to be finalized by the end of July.

Arcelor's Board of Directors was given a presentation by the advisors of the company and also received a fairness opinion from its own financial advisor in connection with the Arcelor/Severstal transaction.

Mr. Joseph Kinsch, Chairman of Arcelor's Board of Directors, said: *Arcelor's Board of Directors believes that the merger with Severstal fully recognizes the value inherent in Arcelor, and offers Arcelor shareholders superior industrial logic, greater value and the highest standards of corporate governance compared to Mittal Steel's offer. Therefore we believe this deal is in the best interests of Arcelor's shareholders.*

Mr. Alexey A. Mordashov, Severstal's Chairman and controlling shareholder, said: *I am delighted about our merger with Arcelor. Arcelor is a superb company with highly successful management, world-class assets that produces extremely high quality products. Severstal's top management team, highly profitable assets and low cost operations, together with Arcelor's attributes, will position the combined company to lead the way in the consolidation of the steel industry.*

Mr. Guy Dollé, Chief Executive Officer of Arcelor said: *The merger with Severstal represents a breakthrough transaction for Arcelor that positions the combined company in the forefront of the international steel industry. The transaction is consistent with Arcelor's strategy of value before volume, and was negotiated in the best interest of both groups. The merger is consistent with Arcelor's growth strategy in the BRIC markets. We are creating a truly extraordinary growth platform for investors and a much better choice for our shareholders. We are confident that they will support the Arcelor way.* He added: *Long-lasting relationships, existing successful partnerships and a friendly approach guarantee limited risks of execution and therefore increase the chances to make this merger a massive success.*

## **About Arcelor**

Arcelor is the number one steel company in the world with a turnover of 32.6 billion euros in 2005. The company holds leadership positions in its main markets: automotive, construction, household appliances and packaging as well as general industry. The company number one steel producer in Europe and Latin America ambitions to further expand internationally in order to capture the growth potential of developing economies and offer technologically advanced steel solutions to its global customers. In 2006, Arcelor employs 110,000 associates in over 60 countries. The company places its commitment to sustainable development at the heart of its strategy and ambitions to be a benchmark for economic performance, labour relations and social responsibility.

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**About Severstal**

Severstal is the largest Russian steel producer, with 2005 annual steel production of 17.1 million tonnes. It is the second largest flat steel producer in Russia with annual steel production of 10.9 million tonnes. In addition, Severstal owns Severstal North America, the fifth largest integrated steel maker in the U.S. with 2005 production of 2.7 million tonnes, and Lucchini, Italy's second largest steel group with 2005 production of 3.5 million tonnes. Severstal is one of the world's lowest cost and most profitable steel producers, with 2005 EBITDA per tonne of approximately 150 euros per tonne.

Severstal-Resource owns 70 years of iron ore reserves and 84 years of coal reserves. 2005 revenue and EBITDA were approximately EUR1.12 billion and EUR506 million, respectively. Severstal-Resource produces coking coal, thermal coal, iron ore pellets and iron ore concentrate.

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