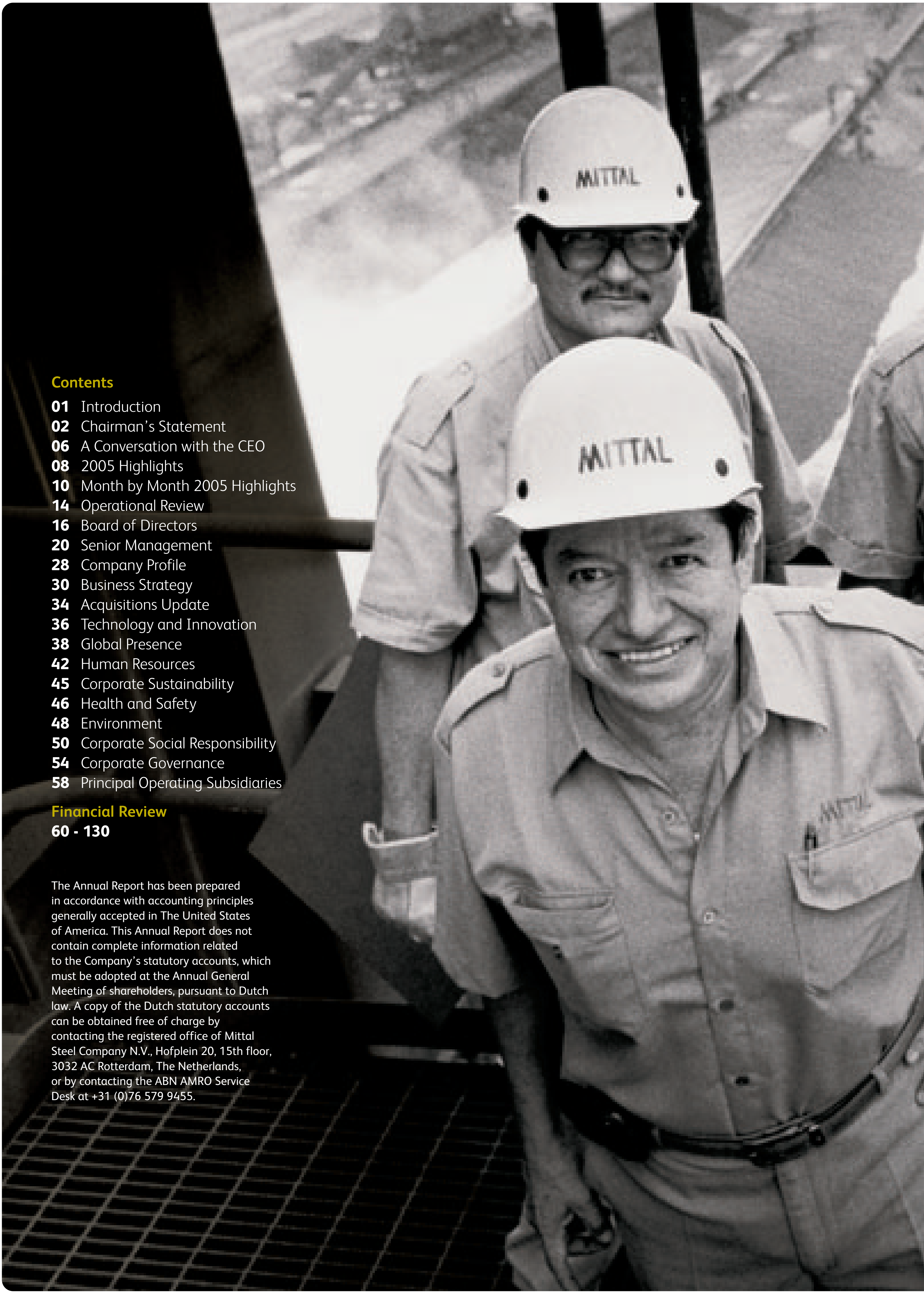
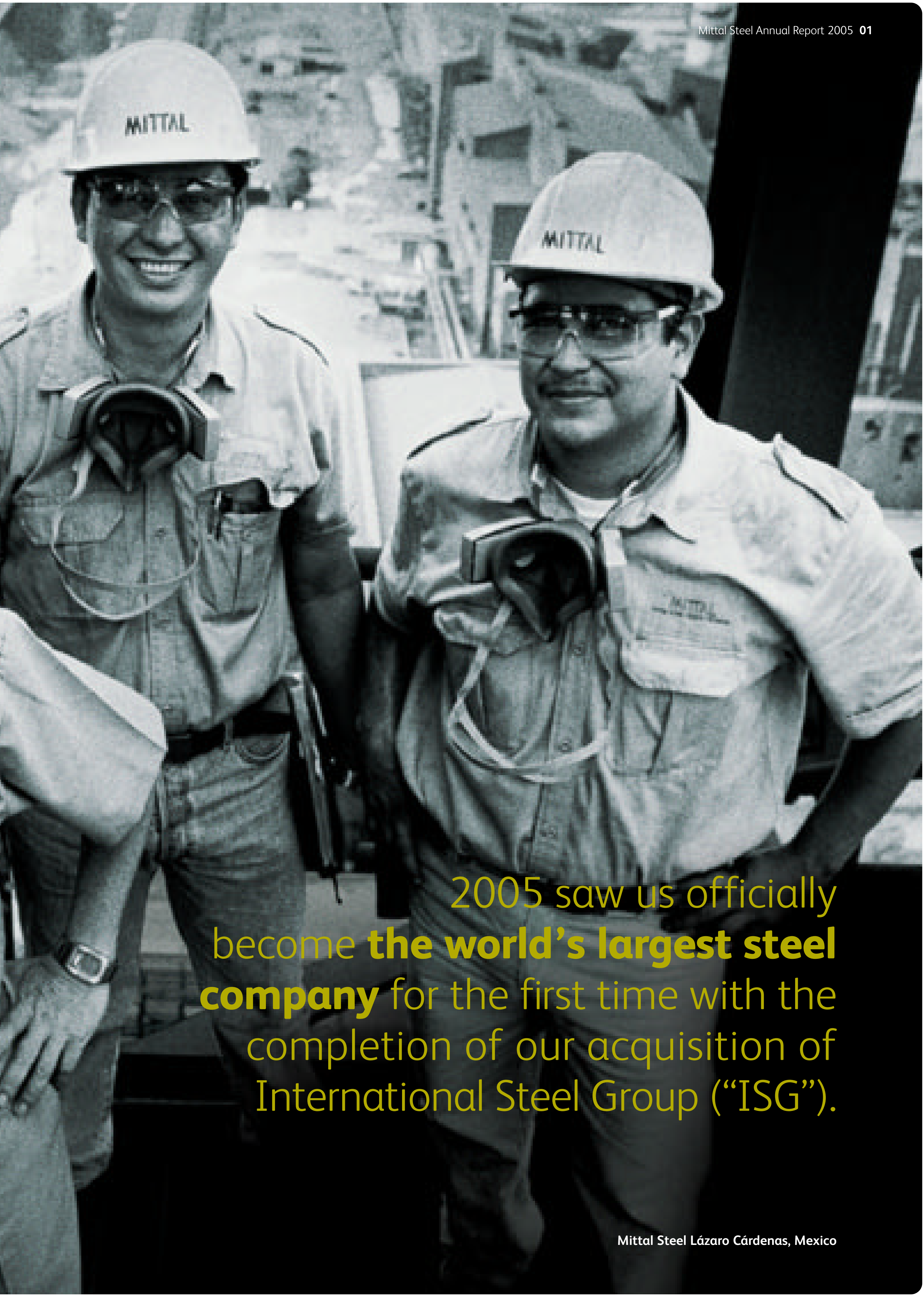
Shaping the future of steel

Annual Report 2005



Contents

The Annual Report has been prepared in accordance with accounting principles generally accepted in The United States of America. This Annual Report does not contain complete information related to the Company's statutory accounts, which must be adopted at the Annual General Meeting of shareholders, pursuant to Dutch law. A copy of the Dutch statutory accounts can be obtained free of charge by contacting the registered office of Mittal Steel Company N.V., Hofplein 20, 15th floor, 3032 AC Rotterdam, The Netherlands, or by contacting the ABN AMRO Service Desk at +31 (0)76 579 9455.



2005 saw us officially become **the world's largest steel company** for the first time with the completion of our acquisition of International Steel Group ("ISG").

Mittal Steel Lázaro Cárdenas, Mexico

Chairman's Statement

2005 was another important year for Mittal Steel, which saw the Company achieve a number of our strategic goals and make considerable progress towards our vision of becoming the world's most admired steel institution. Against the backdrop of a more challenging operating environment, the Company reported solid financials and announced a number of important transactions into new markets including China, India and the Ukraine, and most importantly completed the acquisition of ISG. We also continued to pursue organic growth opportunities aimed at improving performance and product-mix at our existing facilities. Importantly it also saw the steel markets stabilising after an inventory build-up in the first half of the year.

2005 saw us officially become the world's largest steel company for the first time with the completion of our acquisition of International Steel Group ("ISG"). At the time of the acquisition we highlighted considerable synergy opportunities between ISG and our existing US operation, Inland. Excellent progress has been made in this regard and we have successfully captured the numerous synergies identified. I would like to take the opportunity to thank the United Steelworkers Union, and the Independent Steel Workers Union, whom we have worked closely with to ensure that the integration of ISG has been achieved as smoothly as possible. The acquisition of ISG was another important step forward in the consolidation of the global steel industry.

2005 also marked the Company's landmark move into China with the acquisition of a stake in Hunan Valin Steel Tube & Wire Company, one of China's top ten steelmakers. This move is of key strategic importance. As a global Company, it is imperative to have a production base in the world's largest and fastest growing steel market. To date we are the only foreign steelmaker which has completed such a transaction. We intend to use this as a platform for further growth in China, where per capita consumption of steel is still only half that of Western Europe and less than a third of Japan.

2005 also saw Mittal Steel announce its first project in one of the world's other large, fast developing countries – India. In October we signed a Memorandum of Understanding with the State of Jharkhand to construct what will ultimately be a 12 million tonne vertically integrated steel plant.

Also in October, we were the winner in the auction to acquire 93.02% of Ukraine's leading steelmaker, Kryvorizhstal. Kryvorizhstal (since renamed Mittal Steel Kryviy Rih) has liquid steel production capacity in excess of 8 million tons. It is a high-quality steel and mining asset and we are confident we can help the Company expand further by providing our marketing, procurement and technical knowledge and expertise. The acquisition of this plant provides us with a large, low-cost production platform in Eastern Europe, complementing our existing market leading position in this region. Strategically, the acquisition also contributes significant iron ore resources and is virtually self-sufficient in coke.

Mittal Steel's strategy to increase its self-sufficiency in raw materials was further enhanced through a number of initiatives undertaken in 2005. We are increasing iron ore production in Mexico, including exploration of several new sites, and stepping up production in existing mines in Kazakhstan, Bosnia and the Ukraine. Perhaps the most significant development in this area is our mining development agreement with the Liberian Government, which should ultimately add 15 million tonnes of iron ore production on an annual basis. The combination of these initiatives should add approximately 28 million tonnes of annual iron ore production in the long-term, making the Company over 80% self-sufficient at current levels of steel production. Against a background of increasing external costs, our integrated position continues to give us a key competitive advantage.

Mittal Steel will continue to look for strategic acquisition opportunities both in developed and developing markets as I continue to believe that consolidation is crucial in terms of creating stability and sustainability in the steel industry.

From an operational perspective, 2005 has demonstrated for the first time the tangible benefits that consolidation can bring. We faced increases in input prices against a backdrop of a softening steel market, brought on by an inventory overhang from 2004. For the first time we saw producers temporarily cut back production in line with current market demand. Since the beginning of 2006 prices strengthened as inventory build-up was eroded.

It is this Company's ambition to become the **world's most admired steel institution,** demonstrating excellence across every aspect of our business operations.

Chairman's Statement

Apart from consolidation through acquisitions, we also continue to evaluate opportunities for organic growth, both through our philosophy of Continuous Improvement and our Capital Expenditure Programme. The Company-wide improvement programme focuses on monitoring operational performance across all aspects of our business and identifying ways in which to enhance performance and productivity leading to operational excellence. We continue to invest significantly to improve product quality and product mix. Capital expenditure is expected to increase significantly in 2006 encompassing a range of strategic improvements, which will enable us to move further up the value chain.

In what was a challenging year for the industry, the strength of our financial performance also highlights the benefits consolidation can yield. Mittal Steel reported sales of US$28.1 billion, operating income of US$4.7 billion and net income of US$3.4 billion. I am sure that our shareholders will appreciate the robustness of this performance and our ability to generate strong cash flow in light of the underlying market conditions and despite undertaking significant acquisitions. The fact that we still compare favourably in terms of margins and ROCE reflect the success of management's commitment to being a low-cost producer through all aspects of the cycle.

The Company's balance sheet is robust and reflects management's determination to maintain Mittal Steel's investment grade standing in the years ahead. Liquidity is strong and significantly our credit rating has also been upgraded by the three leading credit rating agencies.

As I have often stated, it is this Company's ambition to become the world's most admired steel institution, demonstrating excellence across every aspect of our business operations. I have previously highlighted that we were implementing new policies for human resources, the environment and health and safety, and we are making excellent progress in each of these key areas. Group-level functions have been created to co-ordinate an integrated approach to corporate sustainability, which encompasses the areas of health and safety, the environment and Corporate Social Responsibility.

A new Group Health and Safety policy has been drafted, with aggressive targets set for further reducing the number of accidents. Health and safety performance will not only be benchmarked against steel industry standards, but against all leading global companies.

Regarding the environment, we are committed to minimising the impact of our operations on the environment and using energy in an efficient manner. By 2007 we are expecting over 90% of our business units to be accredited to ISO 14001.

A new Group-level CSR function has also been established, building on the extensive range of social investment activities already undertaken at the business unit level. We aim to integrate CSR into mainstream business processes as a way of helping manage risk and maximise opportunities, develop strategic social investment programmes and build engagement throughout the Group. We are now developing reporting procedures in line with international best practice, including the Global Reporting Initiative standards and the UN Global Compact.

In today's environment, innovation and technical quality become increasingly important and engaging with our customers to provide them with the quality and standards they demand must be a priority at all times. Mittal Steel's Research and Development facilities continue to focus on leading the way in technical innovation and product development and it is gratifying to see a number of our researchers being recognised for their work in this field.

I continue to believe that consolidation is crucial in terms of **creating stability and sustainability** in the steel industry.

There is a growing recognition in the industry that the dynamics of the industry have changed dramatically. The unprecedented market conditions have led on one hand to a revival in the steel pricing environment and on the other to shortages and spiralling costs of essential raw materials. These fundamental changes have created a new model for the industry, one that is focused on providing sustainable shareholder value. The challenge now is to demonstrate that the industry has reached sufficient maturity to sustain itself through the cycles. It is my belief that the consolidation process will continue giving the industry much needed impetus to respond to the challenge posed by the environment.

In terms of global steel market dynamics, we expect a stable supply and demand environment in 2006. There is set to be continued pressure on costs from rising input prices but this should be appropriately reflected in selling prices. Operating profit margins should improve due to the various initiatives undertaken in 2005. In all, I expect the Group's global strategy and the diversity of the markets it serves to continue to yield substantial benefits in the year ahead.

To conclude, I would like to extend my appreciation to all our board members, for their support and guidance, and to all our employees for their continued hard work and commitment towards making Mittal Steel the world's most admired steel company. I would also like to thank the many trade unions with whom we partner around the world to ensure the smooth running of our operations and the satisfaction of our employees.

2005 was a year of great progress and I am very excited about the future outlook and prospects for the Group.

Sincerely,

Lakshmi N. Mittal,
Chairman and Chief Executive Officer

A Conversation with the CEO

2005 was not as good a year for the steel industry as 2004. Why was this and do you expect this trend to continue going forward?

Although 2005 proved to be a challenging year for the steel industry, Mittal Steel still produced a strong set of financial results, which reflects in part the positive effect that consolidation has brought to the industry. 2005 began with significant inventory overhang in all major steel consuming markets as a result of global over production in 2004. We saw major players in both North America and Europe reducing production to address the challenges presented by the market. These actions contributed to reducing the inventory overhang, resulting in a price recovery in the latter part of 2005, a trend that has continued into this year. We see outlook for the Group and the broader industry to be positive going forward.

Why were the 2005 results substantially down on 2004?

The inventory overhang and subsequent production cutbacks we made played a part, along with a major rise in the price of raw materials. We also faced rising US gas prices which impacted our American operations. Finally, we faced exposure to a softening spot market, which accounts for approximately three-quarters of our business. Despite all these factors, we were still able to produce a solid set of financial results. Our ROIC was 24% for 2005 and our operating margin was 17%.

You continued to consolidate in 2005, most notably with completion and integration of your acquisition of International Steel Group. What evidence is there that consolidation is bringing tangible benefits to the industry?

Quite simply, results achieved in 2005 by steel companies worldwide provide overwhelming evidence that consolidation is having a desired effect and helping to create a more sustainable industry. The steel industry has been, and to a certain extent will always be cyclical but after the peak of 2004, and judging by past performance, we should theoretically have expected to see a severe decline in performance in 2005. This did not occur because of the effects of consolidation and we are now some way towards elongating and softening the business cycles and creating a more sustainable return on investment for our shareholders.

How much more consolidation in the industry do you expect there to be?

Much has been achieved but the industry still has a long way to go if it is to be considered truly sustainable and capable of providing consistent returns for investors and other stakeholders over the long-term. I have said previously that I expect to see a handful of global players each with production capacities of 100 million tonnes or more so it is clear that a significant amount of further consolidation is required.

Where do you expect this consolidation to take place?

There has been good progress in certain markets, such as North America and Europe, but further consolidation is still necessary. However, the region where I expect to see most movement in the near future is Asia. The Asian steel industry, with the exclusion of Japan and Korea, remains highly fragmented and is ripe for consolidation. In particular the Chinese market still has far too many small, inefficient producers. The government recently announced reforms that will help the industry restructure, allowing foreign steel companies partial ownership for the first time, and encouraging Chinese producers to merge, forming larger enterprises, and eliminating smaller, unviable producers. China's importance in the global steel industry is without question and these reforms are both necessary and in the broader interests of the global steel industry.

Quite simply, results achieved in 2005 by steel companies worldwide provide overwhelming evidence that **consolidation is having a desired effect** and helping to create a more sustainable industry.

You have recently announced your first steps into markets including China and India. How important is building a presence in these countries?

Mittal Steel's business model has been built on building a presence in both the developed and developing world. It is imperative to be present in emerging markets in order to take advantage of the high growth potential that these markets offer. From 2001 onwards, we acquired numerous facilities in Central and Eastern Europe where we are now the region's largest steel producer. More recently we have announced our first moves into other developing markets such as China, where we are the first foreign steel producer to take a strategic stake in a Chinese company, and India, where we have signed a MoU with the government of Jharkhand to build a 12 million tonne steelmaking and mining facility. Our presence in these markets is vital if we are to take advantage of forecast per capita steel consumption growth and we continue to actively search for further acquisition opportunities in order to gain greater access to these markets.

Do you expect steel production to migrate to these more developing countries and if yes, what does this mean for production in the developed world?

Demand for steel in the developed world has remained stable in recent times and looks set to continue to grow but at lower growth rates. The developing world has cost advantages and as previously mentioned high growth potential, so it is clear that production will increase in these markets to meet demand. However, this will not necessarily mean a reduction in steel production in the developed world, where there is a larger proportion of higher value-added products made to meet those markets' more sophisticated demands, but developed world producers will have to be wary of the threat posed from cheaper imports from developing world countries. A company with a balanced portfolio of developed and developing markets would be ideally suited to these conditions.

You continued to expand your mining operations in 2005. Why is this important and is this an area you will continue to focus on?

This remains a key part of our business strategy as owning raw material assets not only guarantees supplies but also protects our margins. We are already the world's fifth largest iron ore producer being over 50% self-sufficient, over 40% self-sufficient in coal and over 80% self-sufficient in coke. Mining is a key area for us and we have various initiatives underway to further increase iron ore production in coming years to provide us with a position of 80% self-sufficiency, and are still actively looking for further opportunities, as is demonstrated by our recent Mining Development Agreement in Liberia and our MoU in Senegal.

Where do you expect Mittal Steel to be in ten years time?

We have led the consolidation and globalisation process in the steel industry in recent years and are now the world's largest and most global steel producer. We fully intend to maintain our position at the forefront of this process and cement our position as the world's leading steel producer. At our current growth rate I expect that we would have production capacities approaching 200 million tonnes within the next 5-10 years and an even greater footprint across all major steel consuming markets. It is Mittal Steel's ambition to become the world's most admired steel company and I certainly hope that we will have achieved this status well within the decade.

2005 Highlights

Shipments (tons thousands)

2005
49,178

2004 42,071
2003 27,446

Operating Income (US$ billions)

2005
4.7

2004 6.1
2003 1.3

Sales (US$ billions)

2005
28.1

2004 22.2
2003 9.6

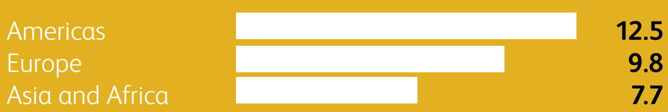
Basic Earnings per share (US$ per share)

2005
4.90

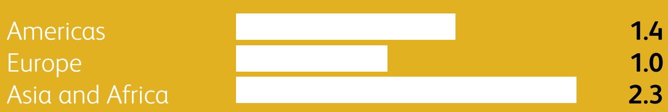
2004 7.31
2003 1.83

Regional Highlights

Sales 2005* (US$ billions)



Operating Income 2005* (US$ billions)



* Excluding eliminations

2005 was a challenging year for the industry. **The strength of our financial performance** also highlights benefits consolidation can yield.

Month by Month 2005 Highlights

January

Share purchase agreement to acquire strategic shareholding of Hunan Valin Steel Tube & Wire, one of China's top ten steelmakers with annual capacity of 8.5 million tons. The landmark move marks Mittal Steel's entry into the Chinese steel industry, making the Company the first foreign steelmaker to have a production presence in this market.

February

Mittal Steel announces record annual results for 2004 with revenues of US$22.2 billion, net income of US$4.7 billion, shipments of 42.1 million tons and an operating margin of 27.7%.

April

Merger with International Steel Group of the USA is completed. Standard & Poor's, the ratings agency, raises Mittal Steel's long-term credit rating.

Reorganisation of Mittal Steel's Central, Eastern and Western European operations to form one unified European business structure.

June

First steel company to announce production cutbacks, of one million tons, for third-quarter 2005, maintaining reduced production levels from the second-quarter. Production cutbacks made to help reduce inventory build up and restore equilibrium to the global supply and demand equation.

2005 was another important year for Mittal Steel, which saw the Company achieve a number of our strategic goals and make considerable progress towards our vision of becoming **the world's most admired steel insitution.**

July

Mittal Steel is included for the first time in Fortune Magazine's Global 500 List ranking the world's largest corporations. The Company is ranked 253rd in terms of revenues but 55th in terms of profit.

August

Mining Development Agreement signed with the Government of Liberia, giving Mittal Steel access to about one billion tonnes of iron ore resources in the west of the country. The Company envisages spending US$900 million over the 25 year lifetime of the agreement and to be ultimately producing 15 million tonnes of iron ore a year. Agreement officially ratified by the Liberian Senate in September.

September

Acquisition of stake in Hunan Valin completed at a cost of US$338 million.

Three-year Rand 8 billion Capital Expenditure Programme announced by Mittal Steel South Africa.

Acquisition of a majority stake in Romportmet, a port facility in Galati, Romania, at a cost of US$47 million.

October

Acquisition of Kryvorizhstal for US$4.9 billion following a public auction in Kiev. Kryvorizhstal is Ukraine's leading steelmaker with annual steel production capacities of over 8 million tons and more than one billion tonnes of iron ore resources. Company subsequently renamed Mittal Steel Kryviy Rih.

Memorandum of Understanding signed with the State of Jharkand, India. Mittal Steel expects to establish mining and steelmaking operations in the state, with production capacity of 12 million tonnes. Construction is expected to start in two years, following the agreement of a Detailed Project Report (DPR) to identify location of the steel plant, iron ore and coal mines and water sources. The Project would be developed in two Phases of 6 million metric tonnes each. It is expected that the first phase would be completed within 48 months after agreement of the DPR and the second phase within a further 54 months after completion of Phase 1.

Mittal Steel USA 'adopted' the town of Long Beach, Mississippi shortly after it was devastated by Hurricane Katrina. The company donated an initial financial contribution of US$1 million and has committed people, skills and resources on the ground to provide reconstruction support for as long as necessary. This is in addition to a dollar-for-dollar matching programme to support employee contributions to the general hurricane relief effort which raised US$500,000 for the Red Cross and Salvation Army.

Donation of US$5 million to the Central South University in Changsha, Hunan Province, China. US$4 million will go towards the construction of a Mittal Research Institute for Metals and a further US$1 million to establish a scholarship programme, offering two awards to students – The Mittal Excellent Scholar Award and the Mittal Innovation Award.

November

Establishment of programme with Kellogg School of Management providing scholarships to students from various countries globally.

Mittal Canada enters into definitive agreement for the acquisition of Norambar Inc., Stelfil Ltée and Stelwire Ltd. from Stelco Inc. Transaction completed in February 2006 at a cost of C$30 million and the assumption of C$28 million in debt.

December

Stake in Bosnia's Mittal Steel Zenica lifted to 92% following the US$98 million purchase of a further 41% from the Kuwaiti Investment Agency.

Mittal Steel enjoys a unique industrial and market position as a low-cost, high added value producer – one that generates **strong returns supported by a solid balance sheet.**

Operational Review
by Malay Mukherjee, Chief Operating Officer

2005 posed a challenging operating environment that required a new balance to be struck between output and demand. Nevertheless, **Mittal Steel achieved the successful integration of both International Steel Group and Kryvorizhstal** (now Mittal Steel Kryviy Rih) while successfully investing a record US$1.2 billion in capital projects.

49.2

million tons total steel shipments

US$1.2

billion capital investment in 2005

US$28.1

billion sales made in 2005.

The early months of 2005 were marked by a sharp rise in inventories throughout the supply chain following the very high levels of production and shipments seen in 2004. The effect of that inventory build-up was a downturn in demand from the second-quarter of the year and a softening of spot steel prices in all three regions in which Mittal Steel operates.

In view of these conditions, the Company advanced scheduled plant maintenance in Europe and the US, the two regions most severely affected, focused production on its most productive assets and engaged in a major cost reduction programme – particularly in its European steelworks. A more satisfactory balance between production, pricing and costs prevailed by the end of the third-quarter and was reflected in materially better fourth-quarter results when the Company was able to respond to stronger demand in the Americas and some recovery in Europe.

For the year as a whole, total steel shipments rose from 42.1 million tons to 49.2 million tons, reflecting the inclusion of acquisitions. This increase is not withstanding the reduction (more than four million tons), resulting from the measures noted above and a fire at Mittal Steel Temirtau which reduced production by more than 500,000 tons. The Temirtau mill returned to full production in the fourth-quarter.

The Group's European operations were reorganised in April to bring those in Central and Eastern Europe (CEE) and Western Europe under one management structure and create the second largest European steel producer. The new structure is helping to accelerate the unification of the CEE operations acquired in recent years. The creation of common marketing and procurement teams is already delivering substantial benefits.

The integration of International Steel Group, acquired in April 2005, proceeded smoothly despite the difficult market backdrop. The realignment of personnel, the integration of key services and the fusion of ISG's technical and commercial culture with that of Mittal Steel USA were all successfully achieved. ISG brought in products new to the Group in plate and tinplate which were successfully introduced into Mittal Steel's worldwide marketing programme. Integration of the two companies' IT systems is due to complete this year.

The Company responded to customer concerns over the increased levels of supplier dependency implied by the merger by investing still further in product quality and customer service. Overall, customer retention was excellent and Mittal Steel USA increased its share of US customers' spend during the year.

Mittal Steel exceeded its target for year one synergies resulting from the merger. During 2005, it captured approximately US$100 million of synergies through purchase price reductions and the use of best practice for refractory, scraps and rolls. A US$20 million saving was achieved in manufacturing through the use of best practices in combining operations at closely located plants.

In addition, there was a one-time cash saving of US$60 million from inventory reductions in scrap. A saving of US$100 million from combining iron ore inventories is expected in 2006. Overall, the Group now expects to achieve merger synergies of US$250 million by 2007, compared with an initial target of US$200 million.

Substantial progress was also made in integrating Mittal Steel Kryviy Rih, acquired in late November 2005. Higher than targeted price improvements were achieved in the final quarter of the year as sales channels were reorganised. The Company is targeting over US$200 million of integration synergies by the end of 2006, relating primarily to sales, marketing and procurement. Changes in the fuel mix have already halved consumption of gas. A number of capital projects were underway at the date of acquisition. These include the construction of two new coke oven batteries (one of which is now complete), the refurbishment of the No 8 blast furnace and the progressive upgrading of all sinter plants. Major investment is also planned in the iron ore mines to expand production.

The mining development agreement signed with the Government of Liberia in August 2005 and the Mittal Steel Kryviy Rih acquisition added substantial iron ore resources. The first phase in the expansion of iron ore capacity in Bosnia was realised in 2005 and an expansion in Mexican iron ore production is also now underway.

Capital investment hit a new peak of US$1.2 billion in 2005. The largest project in the Group, a US$350 million investment in a continuous caster at Mittal Steel Temirtau, was completed during the year. A new colour coating line was also finished. Work on three other major projects, including the development of the Atansore iron ore mine, is ongoing.

In the CEE, Mittal Steel is engaged in a US$1 billion investment programme aimed at enhancing product quality and mix, and improving efficiency and productivity. A number of large projects were undertaken at Mittal Steel Galati: a blast furnace reline and the installation of new coke oven batteries were completed during the year. In Poland, work began on four major projects to respond to new demand from the automotive industry amongst others. These involve the modernisation of wire rod mill capacity, the installation of a new colour coating line, the building of a continuous caster and the installation of a new hot strip mill.

Other major projects included the introduction of an RH degasser at Mittal Steel Lázaro Cárdenas, which was completed during the year, and the rebuilding of coke oven batteries at Mittal Steel South Africa.

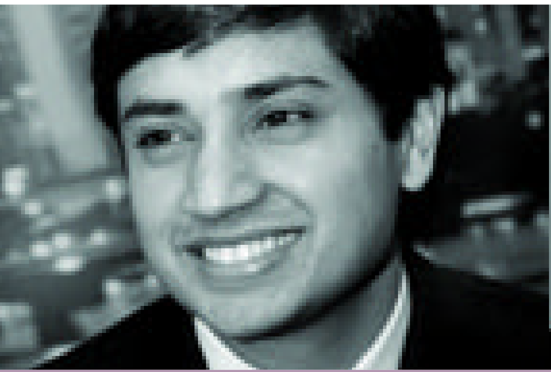
In 2006, capital investment is planned to rise again – to around US$1.7 billion. It includes continued investment in Central and Eastern Europe aimed at generating sales and product mix improvements and improving productivity and efficiency and the planned investment to expand iron ore production in Liberia and Mexico. Further iron ore mining projects – in Bosnia, Kazakhstan, Mexico and Ukraine – are planned to commence the following year as the Group takes further strides towards its goal of achieving self-sufficiency in this important raw material.

Board of Directors

Mittal Steel's Board of Directors has **an international composition and a majority of independent directors**. The board consists of nine members from four nationalities.

Lakshmi N. Mittal,
Chief Executive Officer and Chairman of the Board of Directors

Mr. Lakshmi Mittal is the Chairman of the Board of Directors and Chief Executive Officer of Mittal Steel. He is the founder of Mittal Steel and has been responsible for the strategic direction and development of the Company. He is also a non-executive director of Mittal Steel South Africa, an executive committee member of the International Iron and Steel Institute, a member of the Foreign Investment Council in Kazakhstan, the International Investment Council in South Africa, the World Economic Forum's International Business Council, a director of ICICI Bank Ltd. and is on the Advisory Board of the Kellogg School of Management in the US. Mr. Mittal was awarded Fortune magazine's 'European Businessman of the Year 2004' and was named 'Entrepreneur of the Year' by The Wall Street Journal. He was previously named 'Steel Maker of the Year' in 1996 by New Steel, a leading industry publication and was awarded the 8th honorary Willy Korf Steel Vision Award, the highest recognition for worldwide achievement in the steel industry. The award was presented by American Metal Market and World Steel Dynamics. Mr. Mittal has been chosen for the 2007 Dwight D. Eisenhower Global Leadership Award.



Aditya Mittal,
President and Group Chief Financial Officer and Member of the Board of Directors

Mr. Aditya Mittal is President and Chief Financial Officer of Mittal Steel. He joined the Company in January 1997 and has held various finance and management roles within the Company. In addition to these responsibilities Aditya was appointed Head of Mergers and Acquisitions for the Company in 1999. In this role, he led the Company's acquisition strategy, resulting in Mittal Steel's expansion into Central Europe, Africa and most recently the United States. This led to Mittal Steel emerging as the world's largest and most global steel producer, growing its steelmaking capacities fourfold. These acquisitions included Polskie Huty Stali in Poland, Nova Hut in Czech Republic, Sidex in Romania, Annaba in Algeria, Iscor in South Africa, and International Steel Group in the US. Prior to his Mergers and Acquistions responsibilities, in 1997, Aditya managed the Initial Public Offering (''IPO'') for Ispat International NV. Aditya is also an active participant in various charitable organisations, most notably the National Society for the Prevention of Cruelty to Children (''NSPCC'') in the United Kingdom and in 2005 was selected as one of the World Economic Forum's Young Global Leaders. He holds a Bachelor's Degree of Science in Economics from the Wharton School in Pennsylvania with concentrations in Strategic Management and Corporate Finance. He is the son of Mr. Lakshmi N. Mittal.

Lewis B. Kaden,
Member of the Board of Directors

Mr. Kaden has approximately 38 years of experience in corporate governance, dispute mediation, labour and employment law, and economic policy. He is currently Vice Chairman and Chief Administrative Officer of Citigroup Inc. Prior to that, he was a partner at the law firm of Davis Polk & Wardwell, and served as Counsel to the Governor of New Jersey, as a Professor of Law at Columbia University and as director of Columbia's Center for Law and Economic Studies. He served as a director of Bethlehem Steel Corporation for ten years and is currently Chairman of the Board of Directors of the Markle Foundation. He is a member of the Council on Foreign Relations and the moderator of the Business-Labour Dialogue. Mr. Kaden is a magna cum laude graduate of Harvard College and of Harvard Law School.

René Lopez,
Member of the Board of Directors

Mr. Lopez has approximately 37 years of experience in international finance, manufacturing and marketing with multinational corporations including Alcatel-Alsthom, Cegelec and GEC Alsthom, where he has worked since 1966. He was President and General Manager of Alcatel-Alsthom, Cegelec Industries and GEC Alsthom Canada. During this time he held various directorships, notably at the Canadian Standard Association and the University of Quebec in Montreal. He received the Commemorative Medal for the 125th Anniversary of the Confederation of Canada. Currently Mr. Lopez is owner and President of Gesterel Inc. in Canada, a consultancy services boutique specialising in mergers and acquisitions, finance and technology transfer management as well as coaching for growing industrial firms.

Board of Directors (continued)

Vanisha Mittal Bhatia,
Member of the Board of Directors

Mrs. Vanisha Mittal Bhatia was appointed as a member of the LNM Holdings' Board of Directors in June 2004 and to Mittal Steel's Board of Directors in December 2004. She has a Bachelor of Arts degree in Business Administration from the European Business School, and has completed corporate internships at Mittal Shipping Limited, Mittal Steel Hamburg Gmbh and with an internet based venture capital fund. She is the daughter of Mr. Lakshmi N. Mittal.

Muni Krishna T. Reddy,
Member of the Board of Directors

Mr. Reddy has over 35 years of experience in financial services and he is presently the Chairman of State Bank of Mauritius Group (SBM Group), Chairman of Bank SBM Madagascar, Chairman of SBM Nedbank International Ltd and Deputy Chairman of Global Financial Services PLC Malta. He holds the following directorships: Director on the Boards of British American (Holdings) Ltd; British American International Corporation Ltd; India Growth Fund Inc, New York; Intercommercial Bank Ltd, Trinidad; Intercommercial Trust & Merchant Bank Ltd; Mauritius Telecom Ltd; Overseas Telecommunications Services Ltd, South East Asia Regional Fund. Mr. Reddy took over as Chairman of the SBM Group in October 2003, after having been the Chief Executive Officer for SBM Group for more than 16 years. Prior to taking over as Chief Executive Officer of SBM Group in 1987, Mr. Reddy worked in Singapore and India. Mr. Reddy was conferred in 1993 with the title ''Grand Officer of the Order of the Star and Key of the Indian Ocean'' (GOSK) by the Government of the Republic of Mauritius for distinguished services in Banking. Mr. Reddy also serves as a director of a number of subsidiaries of the Company.

Wilbur L. Ross,
Member of the Board of Directors

Prior to the merger between Mittal Steel and ISG, Mr. Ross served as the Chairman of the ISG Board of Directors since ISG's inception. Mr. Ross is the Chairman and Chief Executive Officer of WL Ross & Co. LLC, a merchant banking firm, a position he has held since April 2000. Mr. Ross is also the Chairman and Chief Executive Officer of WLR Recovery Fund L.P., WLR Recovery Fund II L.P., Asia Recovery Fund, Asia Recovery Fund Co-Investment, Nippon Investment Partners and Absolute Recovery Hedge Fund. Mr. Ross is also the general partner of WLR Recovery Fund L.P., WLR Recovery Fund II L.P., Asia Recovery Fund, and Absolute Recovery Hedge Fund. Mr. Ross is also Chairman of Ohizumi Manufacturing Company in Japan, International Textile Group, International Coal Group and of Marquis Who's Who, Inc. in the United States, and Insuratex, Ltd. in Bermuda. Mr. Ross is a board member of the Turnaround Management Association, Nikko Electric Co. in Japan, Tong Yang Life Insurance Co. in Korea, and of Syms Corp., Clarent Hospital Corp. and News Communications Inc. in the United States. He is also Director of IAC Acquisition Corporation, Ltd. (UK) and of Compagnie Européenne de Wagons SARL (Luxembourg), Oxford Automotive (Denmark) and Safety Components International (US). He is Director of the Japan Society and of the Yale School of Management. Mr. Ross is also a member of the Business Roundtable. Previously, Mr. Ross served as the Executive Managing Director at Rothschild Inc., an investment banking firm, from October 1974 to March 2000. Mr. Ross was also formerly Chairman of the Smithsonian Institution National Board.

Ambassador Andrés Rozental,
Member of the Board of Directors

Ambassador Rozental has a long and distinguished career in the Mexican Diplomatic Service. Over the past 36 years, he has held various senior government and diplomatic posts including Ambassador of Mexico to the United Kingdom, Ambassador of Mexico to the Kingdom of Sweden, Ambassador, Permanent Representative to the United Nations in Geneva, as well as Deputy Foreign Minister of Mexico. From December 2000 to January 2002, he was Ambassador-at-Large and Special Presidential Envoy for President Fox of Mexico. Ambassador Rozental has received several awards, including the Grand Cross of the Polar Star (Sweden) and the Grand Cross of the Civil Merit Order (Spain). He is also an officer of the National Order of Merit (France). Ambassador Rozental is currently a member of the board of managing directors of New India Investment Trust Ltd., Aeroplazas de Mexico and Inmobiliaria Fumisa. He is Chairman of the Board of Latinoamericana de Duty Free and the President of his own consulting firm, Rozental & Asociados in Mexico City. He is President of the Mexican Council on Foreign Relations and a trustee of the Universidad de las Americas and a Board member of the Latin American Advisor and the Pacific Council of International Policy.

Narayanan Vaghul,
Member of the Board of Directors

Mr. Vaghul has 49 years of experience in the financial sector and has been the Chairman of Industrial Credit and Investment Corporation of India Limited for 16 years and of ICICI Bank for the last two years. Prior to this, he was Chairman of the Bank of India and Executive Director of the Central Bank of India. He was chosen as the Businessman of the Year in 1992 by Business India, a leading Indian publication, and has served as a consultant to the World Bank, the International Finance Corporation and the Asian Development Bank. Mr. Vaghul was also a visiting Professor at the Stern Business School at New York University. Mr. Vaghul is Chairman of the Indian Institute of Finance Management & Research and is also a board member of various other companies, including Wipro Limited, Mahindra & Mahindra Limited, Nicholas Piramal India Limited, Apollo Hospitals Limited and Himatsingka Seide Limited.

Senior Management

Bhikam C. Agarwal,
Managing Director,
Controlling, Mittal Steel

Mr. Agarwal is the Managing Director, Controlling of Mittal Steel and has over 29 years of experience in steel and related industries. He has held various senior executive positions within Mittal Steel and was previously Chief Financial Officer since its formation as Ispat International. He has been responsible for the financial strategy of Mittal Steel and has been a co-ordinator of its prior activities in the capital markets, two of which received "Deal of the Year" awards from International Financing Review, a leading global financial publication. Mr. Agarwal has also led the finance and accounting functions of Ispat International across all its operating subsidiaries.

Ashok Aranha,
Director, Materials, Mittal Steel

Mr. Aranha is the Director, Materials of Mittal Steel and joined the Company in 1991 and is responsible for the development and implementation of the Company's purchasing strategy and the implementation of most global purchases for the Company. He has over 35 years of experience in materials and procurement management. Mr. Aranha was the Head of Materials at Ispat Hamburger Stahlwerke (now Mittal Steel Hamburg) and at Caribbean Ispat Limited (now Mittal Steel Point Lisas) prior to this position. He holds an MBA from XLRI, Jamshedpur, India.

Roeland Baan,
Chief Executive Officer,
Mittal Steel Europe

Mr. Baan was appointed Chief Executive Officer for Mittal Steel Europe in April 2005. Prior to the merging of Mittal Steel's Central and Eastern European operations with its Western operations in April 2005, Mr. Baan was the Chief Executive Officer for Mittal Steel Central and Eastern Europe since August 2004. He joined Mittal Steel from the global conglomerate SHV Holdings, which lists metals recycling amongst its non-core activities. He spent eight years as a member of the Energy Divisions Executive Committee and was responsible for developing and executing strategy across a number of key regions including Europe, South America and the Mediterranean rim. Prior to this, Mr. Baan spent 16 years with Shell, where he held a number of positions worldwide. He holds a Masters Degree in Economics from Vrije Universiteit in Amsterdam.

Vijay Bhatnagar,
Chief Executive Officer,
Mittal Steel Poland

Mr. Bhatnagar was appointed the Chief Executive Officer of Mittal Steel Poland in June 2005. Mr. Bhatnagar was previously the Chief Operating Officer of Mittal Steel Temirtau and prior to that he was the Managing Director of Mittal Steel Lázaro Cárdenas a post he held from October 2002. He has over 34 years of experience in the aluminium and electronics industries. Mr. Bhatnagar worked in various line and staff positions at INDAL in India for over 31 years. He later became the Joint Managing Director and then the Managing Director of AT&S Indian operations (a subsidiary of AT&S AG Austria) and worked in these positions from 1999 until 2002. Mr. Bhatnagar is a metallurgical engineer and has a bachelor's degree in Engineering (Metallurgy) from Regional Institute of Technology, Jamshedpur, India.

William A. Brake Jnr.,
Executive Vice President Operations,
Mittal Steel USA

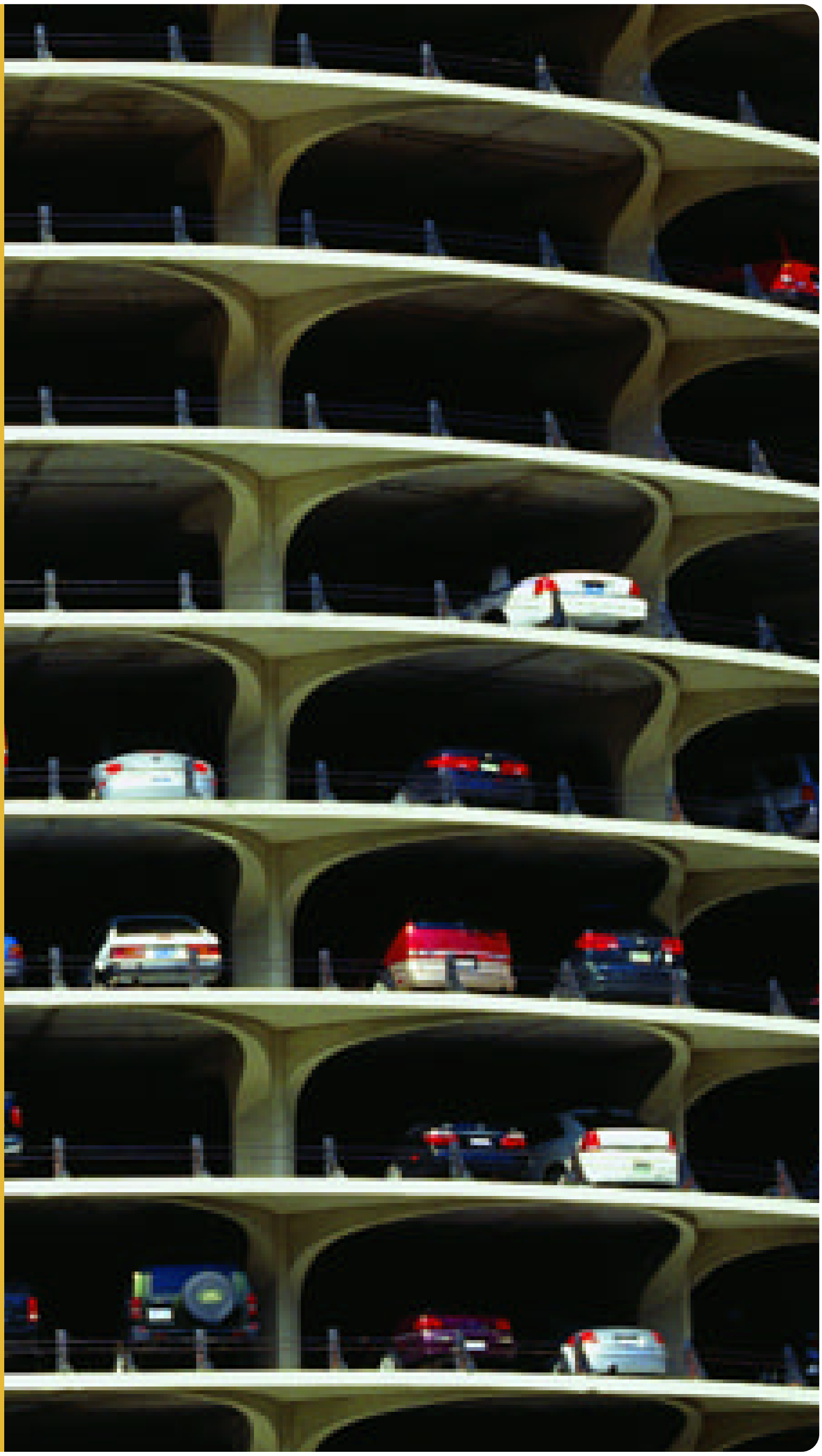
Mr. Brake is the Executive Vice President, Operations of Mittal Steel USA. He joined the Company in April 2005 as the Executive Vice President, Eastern Operations. Previously Mr. Brake worked for International Steel Group Inc. and then prior to that LTV, for a combined work history of over 17 years holding various positions of increasing responsibility, with a consistent record of success over the years. He holds a bachelor's degree in electrical engineering and a master's degree in business administration from Case Western Reserve University, Cleveland.

Narendra Chaudhary,
Chief Executive Officer,
Mittal Steel Kryviy Rih

Mr. Chaudhary is the Chief Executive Officer of Mittal Steel Kryviy Rih. Mr. Chaudhary was previously Director, Operations and Maintenance, of Mittal Steel and before that the Chief Executive Officer of Mittal Steel Galati, a position he held from December 2001 until April 2005. Prior to joining Mittal Steel Galati, he was Chief Executive Officer of Mittal Steel Temirtau. Mr. Chaudhary possesses over 39 years of experience in a variety of technical and managerial functions in the steel industry.
Mr. Chaudhary joined Mittal Steel Lázaro Cárdenas in Mexico, in 1993 as Director, Operations, and became Executive Director in 1996. He worked at various Steel Authority of India Limited, or SAIL, plants in various capacities for 28 years. Mr. Chaudhary has a bachelor's degree in Engineering from Bihar Institute of Technology, India.

Arvind Chopra,
Director, Internal Assurance,
Mittal Steel

Mr. Chopra is the Director, Internal Assurance of Mittal Steel and joined the Company in April 2000 and is responsible for the facilitation of management's performance of risk assessments and for the evaluation of internal controls. He is also in charge of the Company's internal auditing function. Formerly a partner with KPMG, Mr. Chopra has over 20 years of experience in internal auditing, risk management, internal control evaluations and corporate governance related matters. He has also held positions at Arthur Andersen, Nestlé and Price Waterhouse.
Mr. Chopra is a member of Institute of Chartered Accountants of India and the Institute of Internal Auditors.



Senior Management

Nawal Kishore Choudhary,
General Director and Chief Executive Officer, Mittal Steel Temirtau

Mr. Choudhary is the General Director and Chief Executive Officer of Mittal Steel Temirtau, a position he has held since January 2002. Dr. Choudhary started his career as a mining engineer in the Bhilai Steel Plant, India, in 1964. In 1984 he moved to India's largest public sector aluminium company, National Aluminium Company Ltd (Nalco). In 1992 he joined Indian Aluminium Company Ltd, or INDAL, as Chief Engineer–New Projects, to lead the Utkal Alumina Project, a world class mega project. From 1992 to 1998 he worked in various senior positions like the Director and Chief Executive of Utkal Alumina India Ltd and Director and Group President–Smelter, Chemicals & Power. In December 1997 Dr. Choudhary was appointed as a Director of the INDAL Board and Chief Operating Officer of INDAL. In October 1998 he assumed the position of Managing Director–Operations of INDAL. In April 1999 Dr. Choudhary was also appointed as independent Chairman of the Board of Directors of Utkal Alumina International Limited – a joint venture project undertaken by INDAL, Norsk Hydro of Norway and Alcan Aluminium of Canada.

Davinder Chugh,
Chief Executive Officer, Mittal Steel South Africa

Mr. Chugh is the Chief Executive Officer of Mittal Steel South Africa and has over 25 years' experience in the steel industry, in particular in materials purchasing, logistics, warehousing and shipping. Prior to being appointed Chief Executive Officer, Mr. Chugh held the position of Commercial Director at Mittal Steel South Africa since May 2002. Before joining Mittal Steel South Africa he was vice president of purchasing at Mittal Steel Europe S.A. Mr. Chugh has been with Mittal Steel since 1995 and successfully integrated the materials management functions at newly acquired Mittal Steel plants in Hamburg, Duisburg, France, Romania and Algeria. Prior to this, he held several senior positions at the Steel Authority India Limited in New Delhi, India. He holds degrees in science and law and has a master's degree in business administration.

Simon Evans,
General Counsel, Mittal Steel

Mr. Evans joined Mittal Steel in September 2001 as General Counsel. He has over 17 years of experience in corporate and commercial law in both industry and private practice. Formerly, Mr. Evans was European Counsel at Rohm and Haas Company and prior to that he worked at the law firm Taylor Joynson Garrett (renamed Taylor Wessing), London. Mr. Evans is a graduate of Oxford University in Oxford, England and the College of Law, Guildford in Surrey, England.

Carlos Hernandez,
General Counsel and Company Secretary, Mittal Steel USA

Mr. Hernandez is General Counsel and Secretary of Mittal Steel USA. He has served in that capacity since the acquisition of ISG by Mittal Steel on April 15, 2005. Prior to that date, he served as General Counsel and Secretary of ISG. He joined ISG in 2004 after serving as Executive Vice President, General Counsel and Secretary of a Fortune 500 distribution company in Dallas, Texas. During the previous 19 years, Mr. Hernandez served in various capacities in the law department of Armco Inc. He began his law career with a law firm in Miami, Florida. He has Bachelors of Science in Civil Engineering and Juris Doctor degrees.

Richard Leblanc,
President and Chief Executive Officer, Mittal Canada

Mr. Leblanc is the Chief Executive Officer Long Products for Mittal Steel North America and the President and Chief Executive Officer of Mittal Canada, and has approximately 36 years of experience in the steel industry. Mr. Leblanc spent 18 years in various senior management positions at Stelco Inc. before joining Mittal Canada in 1987 as Vice-President, Production. He became President and Chief Executive Officer in 1996. Mr. Leblanc is a Director of the American Iron and Steel Institute and the Canadian Steel Producers Association. He holds a bachelor's degree in electrical engineering from Laval University in Quebec, Canada.

Greg Ludkovsky,
Chief Technology Officer, Mittal Steel

Mr. Ludkovsky is Chief Technology Officer of the Company, as well as Vice President Research and Development and Chief Technology Officer of Mittal Steel USA. Mr. Ludkovsky joined Inland Steel in 1979 and advanced through a number of positions in steel products research prior to becoming Vice President, Research and Development of Inland Steel in 1995. Dr. Ludkovsky has a Ph.D. in Metallurgical Engineering.

Sudhir Maheshwari,
Managing Director, Business Development and Treasury, Mittal Steel

Mr. Maheshwari is the Managing Director, Business Development and Treasury of Mittal Steel and has over 19 years of experience in steel and related industries. He was previously the Chief Financial Officer of LNM Holdings since January 2002 until its merger with Ispat International in December 2004. He has played an integral and key role in all the recent acquisitions by Mittal Steel. He has also played a key role in various corporate finance and capital market projects including the initial public offering in 1997. Mr. Maheshwari has worked for Mittal Steel for over 17 years. He held the positions of Chief Financial Officer at Mittal Steel Europe S.A., Mittal Steel Germany and Mittal Steel Point Lisas, and Director of Finance and Mergers & Acquisitions at Mittal Steel. Mr. Maheswari also serves on the Board of various subsidiaries of Mittal Steel. Mr. Maheshwari is an Honours Graduate in Accounting and Commerce and a member of The Institute of Chartered Accountants and The Institute of Company Secretaries in India.

Malay Mukherjee,
Chief Operating Officer, Mittal Steel

Mr. Mukherjee is the Chief Operating Officer of Mittal Steel and has over 33 years of experience in a range of technical, commercial and general management roles in the steel industry. Mr. Mukherjee has held various senior management positions within Mittal Steel, including Managing Director of Mittal Steel Lázaro Cárdenas and President and Chief Executive Officer of Mittal Steel Europe S.A. He has also served as Managing Director of Mittal Steel Temirtau.

Gregor Munstermann,
Chief Executive Officer, Mittal Steel Ostrava

Mr. Munstermann is the Chief Executive Officer of Mittal Steel Ostrava. Prior to this he was Chief Executive Officer at Mittal Steel Hamburg, a position he held since March 2001. He has over 16 years experience in the steel industry. His previous positions include General Manager of the Steel Plant and the Direct Reduction Plant. Mr. Munstermann holds a Diploma at University Clausthal-Zellerfeld.

Gerhard Renz,
Chief Operating Officer, Mittal Steel Europe

Mr. Renz is the President and Chief Operating Officer of Mittal Steel Europe and has over 30 years of experience in the steel industry. Mr. Renz formerly worked as Managing Director of Mittal Steel Hamburg, Mittal Steel Duisburg and Mittal Steel Germany. Mr. Renz is a board member of Verein Deutsche Eisenhuttenleute, Wirtschaftsvereinigung Stahl and the European Iron and Steel Institute (taken over by Eurofer). He holds a German (bachelor's) degree in engineering.

Michael G. Rippey,
Executive Vice President Sales and Marketing, Mittal Steel USA

Mr. Rippey is the Executive Vice President Sales and Marketing of Mittal Steel USA. Prior to his current position, Mr. Rippey was executive vice president, commercial, and chief financial officer at Ispat Inland. Mr. Rippey joined Inland Steel in 1984 and has had a career of increasingly responsible assignments becoming an officer in 1998 with responsibilities for sales, finance, human resources, law and purchasing. He has a bachelor's degree in marketing from Indiana University; a master's degree in banking and finance from Loyola University; and a master of business administration degree from the University of Chicago.

Senior Management

David Sadler,
Director, Health, Safety and Environment, Mittal Steel

Mr. Sadler joined Mittal Steel in October 2005 as Director Health, Safety and Environment. In this role he is responsible for implementing a unified code across these areas, ensuring that all Mittal Steel units work to the same common standards of excellence. Mr. Sadler has a wealth of experience in the international mining industry, in numerous roles where he was responsible for both operational and health, safety and environmental performance. He joined Mittal Steel from the world mining giant Rio Tinto, where he was Head of Safety Improvement since April 2004. Mr. Sadler holds a first class degree in Metallurgy, a Masters degree in Metallurgical Quality Control and a Certificate in Education from Garnett College, London. He has completed various management courses including the Advanced Management Programme and the International Manufacturing Programme, both at INSEAD, France.

Henk Scheffer,
Company Secretary, Mittal Steel

Mr. Scheffer joined Mittal Steel in March 2003 as Company Secretary and is responsible for compliance with corporate legal requirements and supporting and facilitating Mittal Steel's Board of Directors. Previously, Mr. Scheffer worked at Canon for 13 years in various legal and general management positions. Mr. Scheffer holds a law degree from Rijks Universiteit Groningen (RUG). In August 2005 Mr. Scheffer was re-admitted as an attorney to the Rotterdam Bar. He was previously admitted to the Amsterdam Bar.

Louis Schorsch,
President and Chief Executive Officer, Mittal Steel USA

Mr. Schorsch was appointed President and Chief Executive Officer of Mittal Steel USA in April 2005. Prior to this, Dr. Schorsch was the President and Chief Executive Officer of Ispat Inland. He has over 26 years of experience in consulting and managerial roles predominantly relating to the steel industry. Prior to joining Ispat Inland in October 2003, Dr. Schorsch held various senior positions in the consulting and e-commerce sectors. His immediate previous assignments have been as President and Chief Executive Officer of GSX.Com Inc. and Principal at McKinsey & Company, where he worked from 1985 until 2000. While at McKinsey, he was a co-leader of the form's metals practice. Dr. Schorsch has published numerous articles in such publications as Business Week and Challenge and has also co-authored a book on steel titled "Upheaval in a Basic Industry".

Leon V. Schumacher,
Chief Information Officer, Mittal Steel

Mr. Schumacher joined the Group in September 2003 to lead the Group's Information Technology activities. He joined Mittal Steel from the management board of Arcelor International, where he was responsible for logistics, marketing and IT. Mr. Schumacher has 12 years of experience in the steel industry in information technology, operations and financial roles. He has also held positions at GSX.Com, TradeARBED and ProfilARBED and worked for many years in the United States. Mr. Schumacher holds a Master's Degree in Electrical Engineering from Ecole Polytechnique Federale (EPF) in Zurich, Switzerland and a Master's Degree in Management from HEC Business School in Paris, France.

William A. Scotting,
Director, Continuous Improvement, Mittal Steel

Mr. Scotting joined the Mittal Steel in September 2002 to lead the Company's Continuous Improvement activities. Mr. Scotting has 20 years experience in the steel industry in technical, operations management and consulting roles. Formerly an Associate Principal at McKinsey & Company, he has also held positions at BHP Steel, Pioneer Concrete (UK), Mascott Partnership and CRU International. Mr. Scotting holds a Bachelor of Science (Metallurgy) degree from the University of Newcastle in Australia, where he was awarded the Australasian Institute of Metallurgy Prize for Metallurgy, and an MBA (with distinction) from Warwick Business School in the UK. Mr. Scotting is a member of the Board of Directors of Mittal Steel Galati S.A., and JSC Mittal Steel Temirtau, and a member of the Supervisory Board of Mittal Steel Hamburg GmbH.

Kumar Arun Prasad Singh,
Chief Executive Officer, Mittal Steel Galati

Mr. Singh is the Chief Executive Officer of Mittal Steel Galati. Prior to the merging of Mittal Steel's Central and Eastern European operations with its Western operations, Mr. Singh was the Chief Operating Officer of Mittal Steel Ostrava. With over 40 years experience in the steel industry, Mr. Singh joined Mittal Steel Lázaro Cárdenas in 1999 as Executive Director, Operations and was elevated to Chief Executive Officer in 2001. He moved to Mittal Steel Ostrava in 2002 as Chief Operating Officer and a member of its Management Board to oversee all operational aspects of the business. Mr. Singh was also appointed Chief Operating Officer of Mittal Steel Poland in 2004.

Mahendra Pratap Singh,
Director, Mining, Mittal Steel

Mr. Singh joined the Company in 1995. Currently as Director, Mining, Mr. Singh is responsible for expanding the mining base of the Company through acquisitions of additional mining resources and through capacity expansion of existing mining resources. Prior to his current position, Mr. Singh was Director Mining at Mittal Steel Temirtau. Mr. Singh has over 37 years experience in management, control and supervision of large sized coal, iron ore and limestone mines. Besides holding the Bachelor's Degree in Mining Engineering, Mr. Singh is an Associate of the Indian School of Mines and holder of a First Class Mines' Manager certificate of competency.

Pakkam S. Venkataramanan,
Chief Executive Officer, Mittal Steel Lázaro Cárdenas

Mr. Venkataramanan has worked for Mittal Steel since 1993, when he joined Mittal Steel Lázaro Cárdenas as Manager, Sales and Marketing. He spent eleven years in Mexico, rising to Director, Marketing, where he was responsible for overseeing and implementing the Company's sales strategy and building long-term relationships with customers. Having successfully developed Lázaro Cárdenas Sales and Marketing strategy, Mr. Venkataramanan then took up the position as Vice President, Sales and Marketing at Mittal Canada in 2004. Prior to joining Mittal Steel, he worked for the Steel Authority of India for 14 years in various sales and marketing positions. He holds post-graduate degrees in Geology and Public Administration, from India. He was appointed as the Chief Executive Officer of Mittal Steel Lázaro Cárdenas in May 2005.

Viral C. Vora,
Director, Shipping, Mittal Steel

Mr. Vora joined the Company in 1989. As Director, Shipping, Mr. Vora is responsible for the implementation of transportation strategy and policy for the Company's raw materials and finished products. He is also responsible for the operation, chartering and management of Company owned/chartered ships. He has over 31 years of experience in the shipping industry and has worked in the areas of chartering, operations and insurance. Mr. Vora was formerly General Manager, Shipping at Caribbean Ispat Limited (now Mittal Steel Point Lisas). Mr. Vora has a degree in statistics and mathematics.

Inder Walia,
Director, Human Resources, Mittal Steel

Mr. Walia is Director, Human Resources of Mittal Steel and joined the Company in 2000 and is responsible for the development and implementation of human resources strategies for the Company. He has 24 years of experience in human resources positions. He has a post-graduate degree in Human Resources from Tata Institute of Social Sciences, Mumbai, India. He is also an active member of various human resource committees. Mr. Walia has held various positions in human resources at Modi Corp. and HCL Hewlett Packard.

Burns Harbor, Mittal Steel USA

For the second year running, Ford Motor Company rated Mittal Steel USA as number one for technology. Mittal Steel was also named a General Motors Global Supplier of the Year in 2005.

Company Profile

The world's only truly global steel business, spanning both developed and developing markets, Mittal Steel has the scale, diversity and product quality to meet its customers' requirements whatever and wherever they may be.

Mittal Steel is the world's number one steelmaker. It is also the most global and the most successful, with operations spanning 16 countries across four continents. It has led the way in the consolidation of the world steel industry, firm in the belief that size and scale, product diversity and quality are the keys to success in a world where customers are increasingly operating as global entities. It has invested heavily in the plants it has acquired, modernising facilities, expanding capacity and improving product mix. It has a presence in every market segment and enjoys a reputation for product quality and innovation.

The Company's strategy has been to develop a strong presence in both developed and developing countries. That mix of operations has proved its worth. In developed markets – where Mittal Steel produced approximately 26 million tons of steel (pro-forma ISG) last year – the Company enjoys the benefits of stable economic growth, state-of-the-art product technology and substantial long-term contract business. In developing markets – where it produced around 34 million tons in 2005 – it enjoys the benefits of a dynamic, yet low-cost, environment and the prospect of dramatic growth in per capita steel consumption in the coming decades.

Mittal Steel's geographic diversity delivers it substantial competitive advantage, allowing it to:

- Serve a global customer base, delivering consistent quality and customer service standards worldwide
- Access new markets and acquisition opportunities
- Optimise its product and supply logistics
- Leverage its purchasing power to source raw materials at advantageous prices and access alternative sources of supply

All operations gain access to world markets through a global sales and marketing network.

Geographic diversity is mirrored by product diversity. The product portfolio comprises a complete range of both flat and long products. In long products, Mittal Steel produces everything from automotive forgings to bright drawn free machining bars. It produces a wide range of wire rod. In flat products, it produces hot and cold rolled, galvanised, exposed quality automotive, plates, pipes and tubes. The diversity of that product portfolio ensures a breadth of customer mix.

One of the most efficient steel producers in the world, Mittal Steel operates both integrated and mini-mill facilities. It has led the way in the production and use of direct reduced iron (DRI), which has contributed to the flexibility of its costs base and the quality of its product mix. Today, it has over 11 million tonnes of DRI production capacity.

In parallel with its investment in DRI capacity, Mittal Steel has invested heavily in iron ore and coal resources, giving it a captive raw material base that is unique among steel producers. It is today the world's fifth largest iron ore producer. That raw material base is complemented by an extensive infrastructure of deepwater ports, railways sidings and engineering workshops.

Mittal Steel's operations support one another by generating inter-company supplies and product synergies. A Knowledge Sharing Programme in place since the mid-1990s speeds the flow of best practice and techniques around the Company. It has been a major contributor to the success Mittal Steel has achieved in turning around acquisitions. It is supported by a Continuous Improvement Programme – driven from corporate office – and a culture of learning that is built on encouragement of talent at every level.

The Company's continual investment in product technology has cemented its leadership in key markets. It is, for instance, the uncontested technological leader in the US steel industry, where it is the number one supplier to both the automotive and white goods sectors. With two state-of-the-art research facilities, it has developed the most comprehensive portfolio of advanced high-strength steels, including sophisticated martensitic grades and safety-critical parts. It was rated number one technically by Ford in 2004 and 2005.

As one of the first steelmakers to participate in the customer product design process, it continues to lead the way in helping customers reduce costs, improve product performance and meet new environmental and safety standards. On repeated occasions, Mittal Steel scientists have received worldwide recognition for their work.

Mittal Steel has led the way in forging a new future for the world steel industry. It enjoys a unique industrial and market position as a low-cost, high added value producer – one that generates strong returns supported by a solid balance sheet. It continues to invest heavily in improved processes, increased productivity and product quality and mix. It has a clear vision of what is required of a 21st century steelmaker and is intent on making that vision reality.

Mittal Steel is the world's number one steelmaker. It is also the most global and the most successful, with **operations spanning 16 countries** across four continents.

Mittal Steel Vanderbijlpark, South Africa

Business Strategy

Mittal Steel's success has been built on a consistent strategy that emphasises size and scale, vertical integration, product diversity and continuous growth in higher value products, and a strong customer focus.

This strategy has allowed Mittal Steel to become one of the lowest cost and highest margin producers in the industry, serving many of the world's most demanding customers.

Mittal Steel intends to continue to play a leading role in the consolidation of the global steel industry and be the clear global leader in the steel industry. Key elements of our strategy are to:

Consolidate our leadership position in high-end segments onto a global customer platform.

We have established a reputation for producing high-quality steel products for the most demanding applications. We intend to continue to partner with our key customers in Research and Development activities and in assisting them in their product design initiatives, to ensure that we remain a supplier of preference for them.

Customers for high-end applications, which are today primarily based in the mature economies, are becoming increasingly global and expanding their capacities in developing countries to serve rising local demand. These globalising customers value suppliers' ability to deliver the same products everywhere. We will continue to invest in our assets and capabilities in emerging economies in order to meet their developing needs. In regions where we have a relatively limited presence (e.g. China, South America and India), we will look at acquisition opportunities, or Greenfield possibilities to complete our global footprint.

Mittal Steel's success has been built on **a consistent strategy** that emphasises size and scale, vertical integration, product diversity and continuous growth in higher value products, and a strong customer focus.

Utilise our existing geographic diversification and strong position in high-end products in mature economies to capture future growth in BRICET countries.

Worldwide, steel demand is driven by growth in developing economies, namely BRICET countries. Mittal Steel's acquisition strategy over recent years has given us a leading position in Africa, Central and Eastern Europe and Central Asia to benefit from this growth. We have also commenced to build our presence in China and India. As these economies develop, local customers will require increasingly advanced steel products as the market needs change. Mittal Steel will continue to transfer capability for higher-end products from our developed world operations to our operations in the developing markets to enable us to grow with these changing needs.

Maintain a high degree of product diversification.

A global steel producer must be able to meet the local needs of different markets. Steel consumption and product requirements clearly differ between mature economy and developing economy markets. Steel consumption in the mature economies is weighted towards flat products and higher value-added mix, whereas in developing markets there is a higher proportion of long products and commodity grades. To meet these diverse needs of customers in both the mature and developing markets, we will maintain a high degree of product diversification. We will also continually seek opportunities to grow the value-added proportion of our product mix over time.

Achieve cost leadership and operational excellence across the product range.

Cost leadership is essential in the steel industry. To maintain this we will utilise our scale and global presence to achieve greater production efficiencies, operational synergies and cost savings across the business. Specifically, we aim to:

- Develop and maintain a cost competitive supply base. Our size and geographic scope give us access to local, regional and global suppliers and enable us to continue to develop and secure high-quality and cost-competitive supplies. We aim to pursue these opportunities by adopting global and regional commercial procurement strategies and by executing these on either a local or centralised basis as appropriate.
- Maximise the operational efficiency and effectiveness of our plants. We continue to invest in technology and process development to lower production costs and improve performance. We utilise and adapt a wide range of steelmaking technologies, dependent upon local conditions for raw material and energy supplies. In addition, we seek to protect and enhance our competitiveness through our Knowledge Management and Continuous Improvement Programmes and by looking for opportunities for facility optimisation and specialisation on a product basis.
- Practice good capital management discipline. The steel industry is relatively capital intensive and we therefore promote capital management discipline to improve our capital efficiency. We will continue to focus our Capital Expenditure Programmes on elimination of production bottlenecks and to improve product capabilities to meet the requirements for higher value-added products. Where appropriate we utilise our in-house design, engineering and fabrication capabilities to reduce the capital cost of projects.
- Continue to invest in low-cost slab capacity. Mittal Steel has some of the most cost competitive steelmaking operations in the world at its facilities in South Africa, Ukraine and Kazakhstan. We intend to grow capacity at these facilities, which can advantageously supply slabs to downstream facilities in the developed world.

Maintain a high level of vertical integration to hedge against raw materials price fluctuations.

Upstream integration allows steel companies to hedge against supply side constraints and price fluctuations for key raw materials. We will selectively increase our access to and ownership of low-cost raw material supplies, particularly in locations adjacent to or accessible to our steel plant operations.

Enhance our Research and Development leadership to drive innovation and growth.

We will continue to invest in our R&D capabilities to ensure we can develop and deliver the high-end products that our key customers require. As we grow, the investment in our R&D activities is leveraged over a larger asset base. This will allow further investment in order to accelerate innovation. As part of our R&D strategy, we will continue to promote and develop our relationships with public research institutes and universities.

Business Strategy

Own and manage distribution channels in key geographies.

Downstream integration is a key element of our strategy to build a global customer franchise. In high value products, downstream integration allows steel companies to be closer to the customer and capture a greater share of value-added activities. As our key customers globalise, we intend to invest in downstream operations, such as steel service centres providing value-added operations. In addition, we intend to continue to develop our distribution network in selected geographies. These downstream and distribution activities will allow us to benefit from better market intelligence and better manage inventories in the supply chain to reduce volatility and improve working capital management.

Build a world-class organisation to implement the strategy.

We aim to build the world's most admired steel institution with leading management, social, human resources and corporate sustainability policies. In doing so, we will attract, develop and retain the best possible management talent. We will maintain an open and performance oriented culture designed to encourage managers at all levels to act like entrepreneurs, to assume accountability, to make decisions in the best interest of the company, and to support one another in all efforts to continuously improve.

KEY STRATEGIC INITIATIVES

Capturing Market Growth Potential in Central and Eastern Europe

Mittal Steel plans to leverage its asset base in Central and Eastern Europe to capture the growth potential of these markets. As with most of the emerging economies, these countries are experiencing strong growth. In addition, as their economies develop, their market needs are becoming increasingly sophisticated due to the demand of the growing automotive and white goods sectors. As an example, the shift in auto manufacturing from Western to Eastern Europe is expected to result in a substantial increase by 2010 over the current combined demand for automotive flat products from countries such as Poland, Czech Republic, Romania and Slovakia. Hence, the objective of Mittal Steel's US$1 billion investment plan currently underway in the Central and Eastern Europe is to enhance product quality and mix, and improve efficiency and productivity. Our investments in Poland in a new slab caster, a hot strip mill, upgrade of a wire rod mill and construction of a new colour coating line would open further opportunities in the growing markets of Central and Eastern Europe.

Expansion of the recently acquired Kryviy Rih operation

Mittal Steel's recently acquired Kryviy Rih operation in the Ukraine has the potential to become one of the most profitable steel plants in the world. It is the second largest steel plant in the European region and has structural cost advantages in being located adjacent to a large, captive iron ore deposit and benefiting from lower labour costs than in the developed world. We plan to expand both the mines and steel plant operations to capture the full potential of these assets. In doing this we will enhance the value-added mix of the operation, diversify its product range into flat products, and grow the market share in the Ukraine, CIS and Eastern European region.

With suitable investment there is potential to increase production from the captive iron ore mines by up to 13 million tonnes of raw iron ore by 2010. Since this will be in addition to the current output of about 17 million tonnes, incremental investment required will not be as significant as that for developing a new mine. The increase in output will meet all the concentrate requirements of the expanded steel plant operations and enable supply to other group companies as well. Capital investment in the steel plant will significantly increase finished steel shipments by 2010 from 6.7 million tons in 2005. Capital repairs on the coke batteries will make the plant self-sufficient in coke supply and reduce its dependency on purchased natural gas. Restarting an additional blast furnace and investment in steelmaking and slab casting would enable production of up to approximately 4.0 million tons of flat products by 2010. The remaining liquid steel will continue for long products production, for which improvements to the meltshop and wire rod mill will allow higher value market segments to be served.

Expansion of our low-cost facilities in South Africa and Kazakhstan

Mittal Steel has some of the most cost competitive steelmaking operations in the world at its facilities in South Africa and Kazakhstan, which have contributed to significantly to an average operating profitability of approximately US$220 per tonne in our Asia-Africa operations over the last two years. We intend to grow capacity at these facilities. For example, in South Africa, the hot metal capacity is planned to be increased by over 1 million tonnes by rebuilding Blast Furnace N5 and Sinter Plant and enhancing productivity of Blast Furnace D during its relining. In addition, the construction of new DRI facilities will enable volume growth, enhanced quality of feed material and better costs. Such investment in steelmaking expansion will allow us to continue to benefit from expansion of low-cost iron ore mines in South Africa through our contractual arrangements at Sishen. Similarly, our investments in Kazakhstan, such as the reconstruction of Blast Furnaces 3 & 4 and addition of Coke Battery 7 are directed at de-bottlenecking the operation, enabling us to gain maximum benefit from our adjacent captive ore and coal mines. Suitable capital investments in these two facilities offer the potential to increase their combined output by approximately 4.0 million tons, a significant portion of which would be high-quality grades.

Capturing productivity improvement

Mittal Steel operations in Western Europe and USA are amongst the most productive in the steel industry. The average shipments of our operations in these developed countries is about 730 tons per employee and we intend to extend this performance to a number of our more recently acquired operations which have significant potential to improve. Combined with selective investments to improve productivity, efficiency improvements across the Group will result in headcount reduction of around 40,000 employees over a period of 5 years. This employee reduction will be done by capturing attrition and a voluntary retirement scheme. Thereby we will be able to achieve within a span of 5 years a significant increase in productivity, primarily through improvements at our operations in emerging economies. During 2005, the Group has been able to reduce approximately 11,000 employees through such a voluntary process.

Expansion of mining assets

To hedge against the supply side constraints and disproportionate negotiating power of key raw material suppliers, the Group continues to invest in expanding its mining operations. In the next 5 years, the objective is to move from 56% self-sufficiency in iron ore to 80% at current levels of steel production, driven by a mixture of acquisitions and capacity expansions. The increases in iron ore production by approximately 28 million tonnes would come from restarting production in Liberian iron ore mines under our management in 2007, increasing the open pit mining in Ukraine to increase raw ore production, similarly expanding our Bosnian mine, commissioning a pioneering project for dephosphorisation of iron ore concentrate in Temirtau, Kazakhstan, and investment in new mines in Mexico. In addition, we may see additional supply coming from a new mine in Senegal, if the feasibility study demonstrates the viability of the project.

Capturing the benefits of our global scale and scope

Through our ongoing Continuous Improvement and Knowledge Management Programmes, we will continue to drive improvement in overall business performance. These processes will allow us to accelerate integration of recent acquisitions and to capture global synergies in marketing, product development and procurement.

For example, we expect to capture identified synergies of US$250 million per annum from the ISG acquisition in the United States through best practice sharing, further optimisation of the product-plant configuration and procurement scale and scope. Elsewhere our continuous improvement and technical experts are supporting efforts to de-bottleneck operations in high growth areas such as Algeria, South Africa and Central & Eastern Europe, as well as supporting management teams in North America and Western Europe to improve processes and capture value-added opportunities.

In addition, we have launched a Group-wide initiative to implement "total cost of ownership" approaches to the procurement and use of key materials, including iron ore, scrap, refractory materials and ferro alloys, amongst others. Group-wide initiativesare also underway to improve yields and optimise energy consumption across the Group.

Our global marketing Knowledge Management Programme is driving improvements to our marketing and sales processes. Our sales teams continue to look for opportunities to promote cross selling of products across our businesses, and joint efforts of marketing, R&D and local operations management enable product transfers between our business units in order to capture market growth opportunities.

The detailed benchmarking, regular management meetings, inter-plant visits of technical and functional experts, and sharing of information at the corporate, regional and operating level, allow each business to benefit from the scale and reach of our global presence and to have access to the best practices and experience within our company. We believe these processes will continue to provide a differentiating advantage to our business performance by continuously contributing to reduced procurement and conversion costs, and enhanced productivity and profitability.

Acquisitions Update
by Aditya Mittal, President and Group Chief Financial Officer

Mittal Steel has again been **at the forefront of driving the consolidation process** in 2005 and has actively pursued its policy of further developing its integrated business strategy.

There is still further scope for consolidation and this is necessary to ensure future industry sustainability.

In a year of strong corporate activity, Mittal Steel completed two of the largest takeovers ever witnessed in the steel industry and made landmark moves into two new markets – China and India.

Mittal Steel has long advocated consolidation among steelmakers in order to build a strong, competitive industry capable of weathering the inevitable demand cycles and serving an increasingly multinational customer base – thereby delivering sustainable returns for its shareholders.

In April 2005, it completed the largest merger the steel industry had then witnessed when it acquired International Steel Group (ISG).

The US$4 billion acquisition of ISG transformed the steelmaking landscape in the US, bringing together many of the oldest names in the US steel industry such as LTV Steel, Acme Steel, Bethlehem Steel, Weirton Steel and Georgetown Steel with Mittal Steel's existing US operation, Ispat Inland. Overnight, Mittal Steel became the largest producer in North America and the leading maker of value-added steels. The combined operations of Mittal Steel USA have many competitive strengths including significant production flexibility, diversified market and product mix, a strong customer franchise and significantly enhanced Research and Development capabilities.

The integration of the two US companies has been effected in a genuinely co-operative spirit and with the support of the unions involved. A one-company culture is rapidly being instilled and customer retention has been very high. Mittal Steel is targeting US$250 million of merger synergies by 2007. By the end of 2005, it had realised around US$120 million of that total.

2005 also saw the Company make a landmark move into China with the US$338 million acquisition of a strategic stake in Hunan Valin Steel Tube & Wire, one of China's top ten steelmakers. The deal, which is a joint venture with Valin Group, was completed in September.

The move is of key strategic importance. As a global steelmaker, Mittal Steel has long viewed it as imperative to acquire a production base in what is the world's fastest growing steel market. To date, Mittal Steel remains the only foreign steelmaker to have taken advantage of regulatory reforms in China that permit overseas entities to acquire minority stakes in Chinese steelmakers. It intends to use Hunan Valin as a platform for future growth in the Chinese market where per capita consumption of steel is still only half that of Western Europe and less than a third of Japan.

Located in the Hunan province in central China and listed on the Shenzhen Stock Exchange, Hunan Valin has a steelmaking capacity of 8.5 million tons a year and employs 24,000 people. Its range of products spans bar, wire rod, hot rolled sheet, seamless pipe, section steel, and copper and aluminium tube coil. Around 10% of output is exported. Mittal Steel has already been able to transfer some of its product and process know-how to help Hunan Valin improve its performance and competitiveness.

Mittal Steel also took the first steps towards establishing a major presence in one of the world's other large and fast developing markets – India. In October it signed a Memorandum of Understanding with the State of Jharkhand, in eastern India, to construct what is envisaged will be one of the world's largest steel plants. The investment will be in two phases over four-and-a-half years. When complete, the plant will be capable of producing 12 million tonnes of steel a year.

The decision to invest in a Greenfield operation was taken after a careful analysis of future demand. With a current steel consumption of just 35 kilograms – (a figure that compares with approximately 400kg in the EU, over 600kg in Japan, and nearly 1000kg in Korea, the world's leading per capita consumer of steel), the Indian market has enormous growth potential. Jharkhand offers ready availability of raw materials and good infrastructure. The Company has pledged a variety of community and social support to the Jharkhand region as part of its investment programme.

In October 2005, Mittal Steel won a highly competitive auction to acquire 93.02% of Ukraine's leading steelmaker, Kryvorizhstal (since renamed Mittal Steel Kryviy Rih). A highly controversial state sale of Kryvorizhstal in 2004 to a consortium had been annulled following the country's 'Orange Revolution' and a new tender process put in place in 2005. The auction was televised live to demonstrate the openness of the sale process.

The US$4.9 billion acquisition marks a major milestone in Mittal Steel's expansion in Eastern Europe, adding over 8 million tons to the Group's crude steel capacity and providing a large, low-cost production platform in a strategic location at the heart of a strong growth market. Mittal Steel Kryviy Rih has been successfully integrated into the Mittal Steel organisation. The transaction also advances the Group's vertical integration strategy, aimed at lifting levels of raw material self-sufficiency with the Group in the face of rising prices. Mittal Steel Kryviy Rih brings in substantial resources of iron ore. In addition, it is almost self-sufficient in coke.

The drive to access new sources of raw materials took another major step forward with the signing of a mining development agreement with the Liberian Government. In addition to development of the mines, the agreement also covers infrastructure development, specifically for related railway and port infrastructure, and community development. However, the existing infrastructure is far more developed than initially anticipated. The agreement gives Mittal Steel access to iron ore resources from which it expects to produce approximately 15 million tonnes of iron ore a year. Taken together with other mining projects currently underway, this is expected to lift the tonnage of iron ore produced from captive sources to around 80% of the Group's requirements.

Mittal Steel has again been at the forefront of the consolidation process in 2005 and has actively pursued its policy of further developing its integrated business strategy. However, there is still further scope for consolidation and this is necessary to ensure future industry sustainability. As such, Mittal Steel continues to look at further acquisition opportunities that will bring additional value to the Group.

Technology and Innovation

Mittal Steel's two primary Research and Development facilities are located in East Chicago, USA and Gandrange, France. They are supported by a specialised coal and coke laboratory in the Czech Republic. All have a dual function – to develop new product and process knowledge and to spread this knowledge and best practices across the Group.

The major operational development of the year was the relocation of the former ISG's Homer research facilities from Bethlehem, Pennsylvania to Mittal Steel USA's East Chicago Research Center. The research centre, which concentrates on steel processes and products, has a particular focus on flat products. The move brought in a wealth of specialised equipment and new know-how in steel plate, tin plate, corrosion and other areas of research. Accompanied by the hiring of a substantial number of additional technical personnel, the move marked a major expansion in the centre's capabilities.

Mittal Steel has been among the leaders of the steel industry in the development of a new generation of advanced high-strength steels for the automotive industry and innovative products for the appliance and electric motor industries, among others. It has demonstrated its ability to serve the most sophisticated of customers through the development of steels ranging from the very softest to the very strongest.

Mittal Steel's Research and Development facilities continue to focus on **leading the way in technical innovation** and product development.

In the course of 2005, Mittal Steel engineers supported 20 new US automotive launches. For the second year running, Ford Motor Company rated Mittal Steel USA as number one for technology. Mittal Steel was also named a General Motors Global Supplier of the Year in 2005. As a measure of the Group's success in the automotive field, its dual phase and martinsitic ultra high-strength materials, now are used in more than half of all bumper reinforcement beams produced by the US auto industry.

Product development continued at a rapid pace in 2005. Among the new steel grades to complete their commercialisation was a high-strength dual phase steel with a tensile strength of 590 MPa. The new product was adopted by GM, Honda, Toyota and Nissan. To offer a replacement for high-priced molybdenum, a new galvannealed 590 MPa tensile strength dual phase product was launched for structural and body panel applications. The new steel has already been adopted by DaimlerChrysler and Honda.

The East Chicago facility works closely with the automotive industry in order to develop applications for advanced high-strength steels in order to make an end-product that is lighter, but also stronger and safer. Stronger steels, however, pose production challenges in the form of 'spring back' – the tendency for the panels to lose their shape after removal from the stamping die. In 2005, Mittal Steel developed new stretch flanging guidelines for the forming of these steels. The new applications were adopted by GM, DaimlerChrysler and Ford.

The Gandrange facility in northern France continued to advance its reputation in long products, collaborating closely with customers in the development of new products.

In 2005, it was engaged in no fewer than 34 different R&D projects, 12 of which were completed by year-end.

It developed seven new products during the year:

- A micro-alloyed steel grade for truck crankshafts
- 0.7 % C steel cord
- A new 2100 MPa silicon chromium steel grade for valve springs
- Low lead-bismuth free-cutting steel
- Freeform IT with improved toughness for cold forging
- Freeform DQ for forged and quenched parts
- Micro-alloyed BNb medium-carbon wire for armouring optical cables.

Mittal Steel's central R&D teams were involved in knowledge transfer projects throughout the Group in 2005. These included major blast furnace refurbishment and repair projects at Mittal Steel Galati, Mittal Steel Poland and the newly acquired Mittal Steel Kryviy Rih in the Ukraine, a PCI improvement project in Poland, and the introduction of computerised steelmaking modules in Mittal Steel Poland.

Numerous problem-solving projects were undertaken. These included:

- The elimination of strip breaks in hot and cold rolled products and zinc flaking on galvanized products at Mittal Steel Galati.
- A 10 % increase in output of DRI at Mittal Steel Lázaro Cárdenas' Midrex plants through a change in the gas top pressure as an alternative to major capital spending.
- Changes to the rolling and cooling rate at Mittal Steel Gandrange's Schifflange plant to avoid black scale on steel cord.
- The optimisation of patenting of high-carbon wire for cables at Tréfileurope's Bourg-en-Bresse plant.

New tools were developed during the year to facilitate decision-making and improved production control:

- A value-in-use model for determining the costs/benefits of using different raw materials at changing price levels is now being introduced into all of Mittal Steel's DRI/EAF operations. The new model ensures optimum output at the lowest achievable cost.
- New equipment was developed for metallurgical use, including an infra-red camera to detect slag in the converter tapping operations.
- A smart shape display was developed for Mittal Steel USA's Sparrow's Point, Maryland plant which allows coil to be viewed as it emerges from the mill, enabling operators to take corrective action on the spot. The sensors are connected to a reporting system to allow for proper disposition of coils.
- A tomography gauge was developed for the Group's hot rolling mills to measure strip width, shape and gauge.
- A burden distribution model developed for the No. 7 blast furnace at Mittal Steel USA's East Chicago steelworks helped to make it the most productive in the Group.

In 2006, Mittal Steel will continue to invest strongly in people and facilities to further solidify its leadership position in product development, not only in advanced high-strength steels but in innovative products for the appliance and electric motor industries, among others.

Global Presence

Locations in **16 countries** across 4 continents

Over **49 million tons** of annual steel shipments

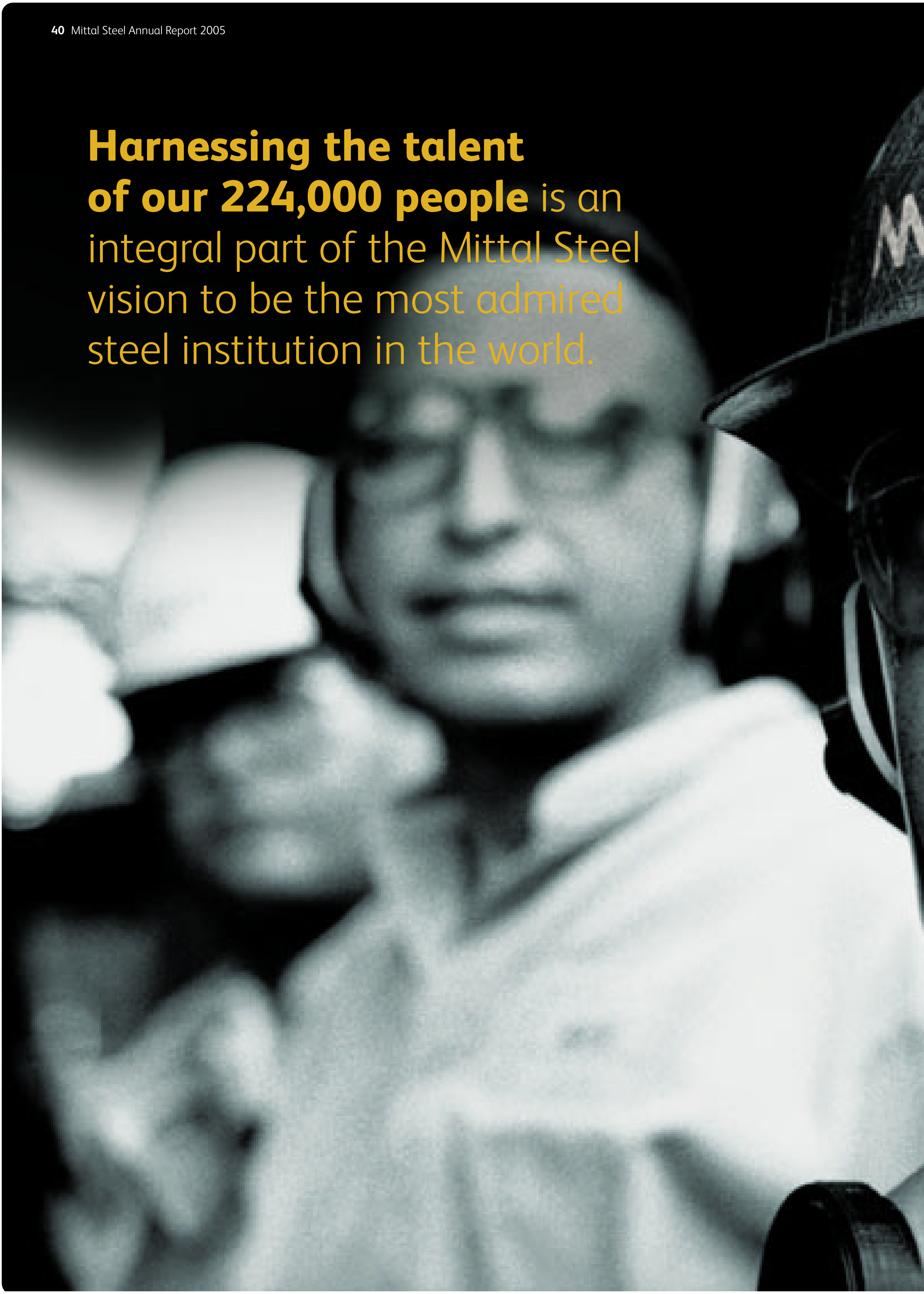
5,000 customers in 150 countries

224,000 employees from over 49 nationalities

We look at **opportunities in both developed and developing markets.**

Mittal Steel has established itself as a unique global player with **operations on four continents.**

Harnessing the talent of our 224,000 people is an integral part of the Mittal Steel vision to be the most admired steel institution in the world.




MITTAL

Human Resources

Harnessing the talent of our 224,000 people is an integral part of the Mittal Steel vision to be the most admired steel institution in the world.

Mittal Steel believes that benchmarking, sharing and teamwork – clear, simple and effective – are the keys to enabling employees at all levels to contribute to the best of their ability. All performance is benchmarked, with best practice taken not only from within the Group but beyond the world of steel. The Company has a straightforward style of sharing information with all stakeholders, including its unions. Its approach to teamwork stresses the need to work across cultures to harness the collective talents of 49 different nationalities.

2005 was a year of huge consolidation, involving the integration of new acquisitions in the US and Ukraine. To support the Group's global reach, Mittal Steel has established a new integration model. It involves strong teams of managers capable of moving swiftly and bringing together best practice in every aspect of the Group's operations. More than 250 internationally mobile managers now work across Group locations. All have opportunities to gain new experience and grow with the business – something that has never before been possible in the steel industry.

The movement of employees between operating units is a core part of the Group's approach and key in developing a long-term pool of talent. That talent pool is multinational in character. The core team of 100 people in the Group's European Corporate Office in Rotterdam comprises 22 different nationalities. Some 11 nationalities are represented among the 51 people in Mittal Steel's London Office. Expatriates are used to supplement needs in the operating units and to create the opportunity for further transfers of best practice. The Company hires and trains young managers at the operating units, supplementing the resource pool with external hires from other industries to bring in alternative skills and expertise. Mittal Steel continues to recruit talent from premier international business schools and local universities.

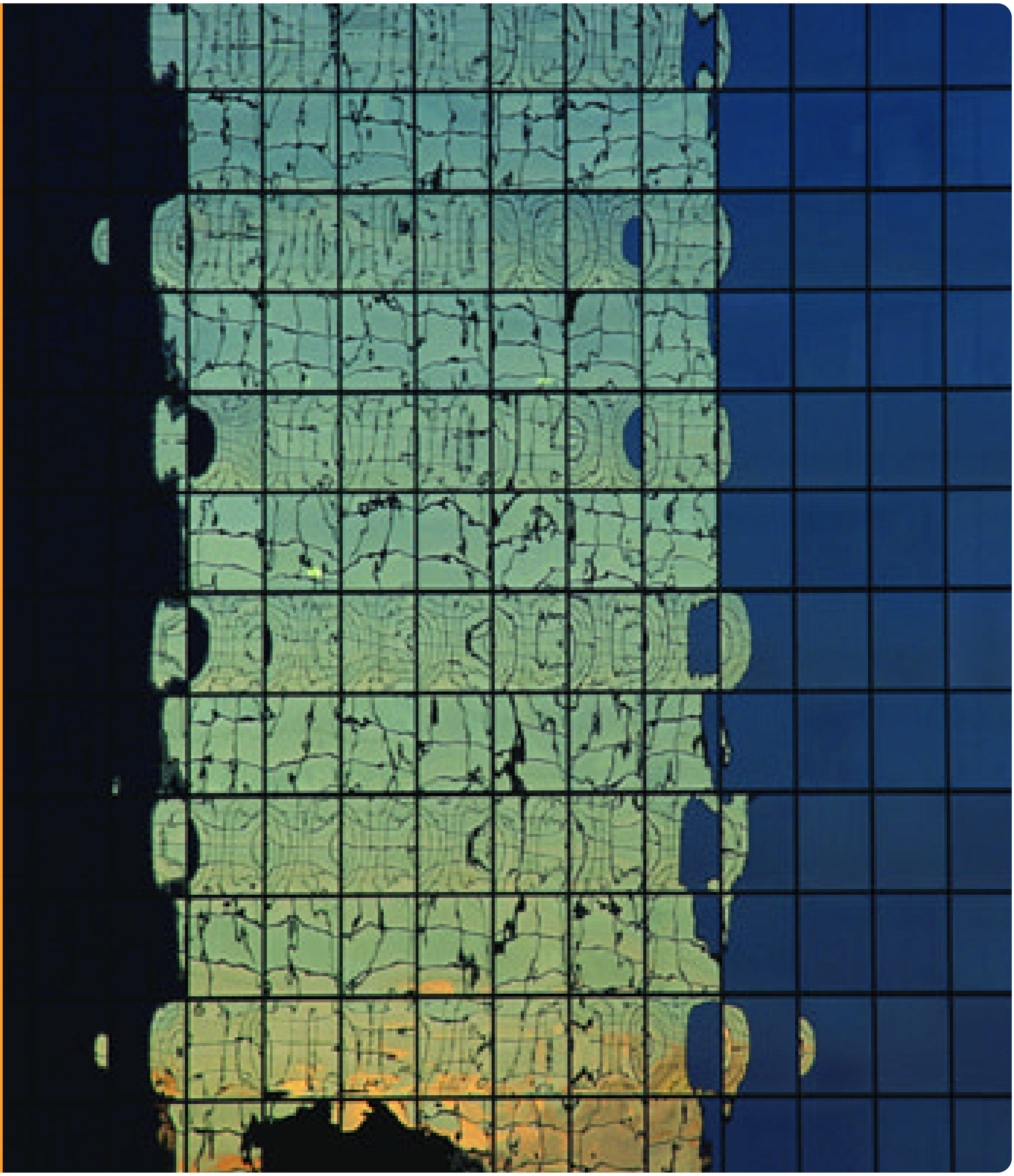
Leadership and Development

Leadership is a key requirement for any large organisation and Mittal Steel has been concentrating on developing its Global Executive Development Process (GEDP), established in 1999. The process assesses the quality of leadership within all business units and functions, identifies the potential leaders of tomorrow and ensures the Company has the capacity to support business growth. More than 1,050 managers were reviewed at global level in 2005.

As part of the GEDP, Mittal Steel's executive team nurtures young talent, assessing, coaching, mentoring and grooming people for higher roles. In 2005, 76 managers were nominated to attend management and leadership programmes at six leading business schools in the US and in Europe. In 2006, the number will increase to around 150. Specialist development has continued across functional areas along with participation in International Iron & Steel Institute (IISI) young managers programmes.

In 2006, the Group will launch the Mittal Steel University. A corporate university, it will offer a range of programmes for training executives at various levels, providing an integrated approach to employee development. Mittal Steel University will operate in conjunction with accredited educational institutions, as well as providing in-house programmes and distance-learning opportunities to create a continuous learning environment. Employees will be able to access the University's facilities – which will include a range of self-directed learning materials and online courses, as well as registration for seminars and workshops – online.

In 2006, the Group will launch **the Mittal Steel University**. A corporate university providing an integrated approach to employee development.



Human Resources

Mittal Steel has also committed to provide scholarships for 20 students a year to attend the Masters of Business Administration (MBA) and Executive MBA (EMBA) courses at Chicago's Kellogg School of Management, one of the world's premier business schools. The initiative, which will run for three years, will focus on global candidates with a specific emphasis on emerging markets. The Group has committed an initial US$3 million to the initiative, to be called the "Mittal Scholars Programme". This initiative will start with Kellogg's new MBA intake in the autumn of 2006.

In recognition of the need to expand the functional expertise at the corporate centre in line with the continued expansion of the organisation, new posts have been created in the Human Resources area. These include a new Head of Leadership Development, a new Head of Organisational Capability and a General Manager of HR for Europe.

Partnership with Employees and their Representatives

In 2005, Mittal Steel further consolidated its partnership approach with Trade Unions and employee representatives. Typical of the Group's partnership approach was the move by the new CEO at Mittal Steel Kryviy Rih, the recent acquisition in Ukraine, to invite the Chairman of the Trade Union to participate in the daily business review meetings.

In the Collective Bargaining Agreement signed with the United Steel Workers of America last year, Mittal Steel negotiated more flexible working arrangements at its former Ispat Inland plant, taking best practice from the former International Steel Group plants. The new agreement reduces the number of job classifications from 35 to five, creates greater flexibility and empowerment, provides for multi-skilling and significantly reduces hierarchy.

Mittal Steel has continued to be successful in renewing Collective Labour Agreements within the normal negotiating framework. Recently, Collective Labour Agreements were concluded in the Czech Republic and Romania.

Mittal Steel has been operating a European Works Council since 2003. Currently, membership of the Council is drawn from the German and French companies. Negotiations are underway to include representatives from the operating units in Poland and the Czech Republic.

Voluntary Retirement/Separation Schemes

Efficiency improvements are a constant focus of management. Where this involves a reduction in employee numbers, the focus is on carefully structured voluntary retirement/separation schemes, developed in a socially responsible manner and in dialogue with Trade Unions. In 2005, 11,000 employees left the organisation through voluntary redundancy/seperation schemes. All such initiatives are undertaken sensitively, taking into account the social environment at the operating units.

Mittal Steel also works closely with stakeholders on training programmes, health and safety initiatives and general work environment issues to ensure sustainable productivity improvement.

Long-term Incentive Plan

Mittal Steel has a Stock Option Plan in place for its senior mangers. Last year, access to the plan was expanded to a wider managerial base – with 475 active participants in the 2005 grant. Ensuring that the leadership of the organisation remains focused on the long-term sustainability of the Company remains a key part of the Mittal Steel reward strategy.

Corporate Sustainability

Mittal Steel's business units all undertake social development activities at the local level. But the Group also recognises that **corporate sustainability is about more than social investment.**

It is a central tenet of the Mittal Steel management approach that successful communities go hand-in-hand with a successful business. Mittal Steel operates in a number of developing and emerging countries, and in many it is the largest foreign investor. As such, it has long recognised its responsibility to support local development.

All business units are responsive to local stakeholder concerns and work in partnership with local organisations to help build the skills base and foster economic development. In many remote parts of the world, Mittal Steel has co-ordinated its own infrastructure needs with those of local communities to maximise the benefit for local people.

Mittal Steel's business units all undertake social development activities at the local level. But the Group also recognises that corporate sustainability is about more than social investment. It encompasses the areas of health, safety and environmental management – as well as those activities undertaken as part of the Group Corporate Social Responsibility (CSR) programmes. Only by establishing a truly world-class performance in each of these areas can Mittal Steel achieve its stated goal of becoming the most admired steel institution in the world.

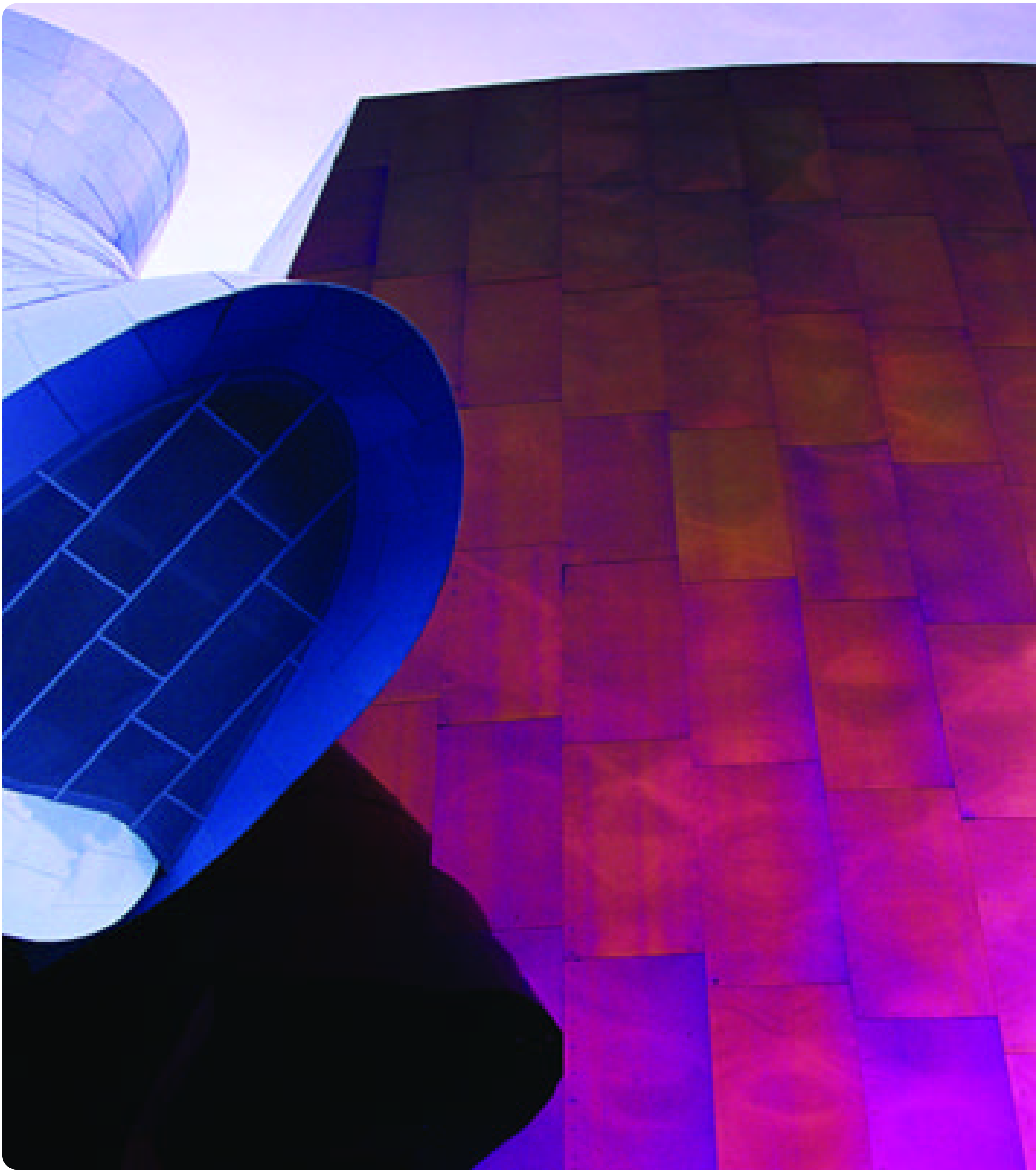
In 2005, Mittal Steel strengthened its commitment to these three areas by creating Group-level functions to co-ordinate an integrated approach to corporate sustainability, instil a common culture and lift involvement and engagement throughout the business.

To that end a new strategy has been adopted that is consistent with the drive to achieve operational excellence throughout Mittal Steel. It seeks to ensure:

- Excellent leadership that is accountable for performance
- Care for people and the environment
- The elimination of waste
- The involvement of all Mittal Steel people and other stakeholders
- Active partnership with unions and other organisations such as NGOs
- The creation of common standards that go beyond legal compliance in a 'one Mittal' approach
- Continuous improvement

Mittal Steel will continue to work to protect and create shareholder value through an approach that delivers positive outcomes for society. It is committed to open and transparent dialogue with all its stakeholders. In 2006, the focus of Mittal Steel's work in this area will be to drive consistent performance standards in health, safety, the environment and social investment throughout the Group.

Management at every level is being encouraged to provide behavioural leadership in their plants and **instilling a safety-first culture** among their teams.



Health & Safety Policy

In 2005, a new Group Health and Safety Policy was drafted following consultation with the senior management and safety professionals of all business units. Previously, each Group company had managed health and safety at a local level, ensuring compliance with local country standards and requirements. While the introduction of Group-wide best practice was invariably instrumental in achieving a rapid improvement in health and safety standards at newly acquired companies, there was no common policy applicable to all business units. Now, all Mittal Steel operations will work to a single, codified Health and Safety policy.

Importantly, health and safety performance will not be benchmarked against steel industry standards. Instead, the new policy seeks to place Mittal Steel in the front rank of global companies. It stresses that all injuries and occupational illnesses are preventable and targets a zero incidence rate (see 'Health and Safety Policy').

Injury rates have improved by approximately 15% in 2005 as compared to 2004. Aggressive targets have been set for reducing the number of injuries further in 2006.

A health and safety audit of every Group operation will be undertaken over the course of the coming year. At each plant it will be undertaken by safety professionals from other business units to ensure impartiality and encourage the spread of best practice around the Group. All audit reports will be logged centrally together with commendations and recommendations for change.

Management at every level is being encouraged to provide behavioural leadership in their plants and instilling a safety-first culture among their teams. It is the Group's objective to work in partnership with trade union representatives in all units to help in the drive for an improved safety performance.

Health & Safety Policy

At Mittal Steel our vision is to be the world's most admired steel institution. The way in which we manage the health and safety of people that work for us is a key element in achieving this vision.

We believe that all injuries and occupational illnesses are preventable. Our goal is to reduce incidences to zero. We also believe that we will strengthen our business by making health and safety an integral part of all business activities.

We want to ensure that no one comes to any harm while working for or visiting Mittal Steel Group Companies and that they return home as healthy as when they arrived.

To achieve this, each Group Company will:

- *Maintain an effective health and safety management system*
- *Provide every one with relevant training and ensure they have appropriate personal protective equipment*
- *Investigate all injuries and incidences in order to prevent a recurrence*
- *Ensure that hazards are identified and managed*
- *Ensure that equipment can be operated safely at all times*
- *Identify line leadership as directly accountable for safety in their areas*
- *Require all leaders to be visible in the workplace supporting good safety practices*
- *Not condone any breach of safety standard or procedure*
- *Establish measurable objectives and targets to ensure continued improvement*
- *Comply with all relevant legislation*
- *Establish and maintain appropriate controls, including audit, to ensure adherence to this policy*

Employees and contractors also have a responsibility to work safely and each one is required to:

- *Come to work in a fit and healthy state*
- *Follow all safety standards and procedures*
- *Wear all personal protective equipment as prescribed*
- *Help identify hazards and be involved in the development of improved safety procedures*
- *Look out for and assist fellow employees at all times*
- *Stop a job, or do not commence, if it is unsafe*
- *Report all incidences and injuries at once*

This policy will be reviewed regularly to ensure that it is up-to-date.

Environment

Mittal Steel is committed to minimising the impact of its operations on the environment and using energy in an efficient manner. All Group operations comply with local legal and regulatory requirements and every effort is made to anticipate new legislation by investing ahead of its implementation. Any breaches are recorded diligently and dealt with promptly. Many operations are accredited to ISO 14001. By 2007, over 90% of the Group's business units will have this important environmental accreditation.

Mittal Steel is an active participant in the European Carbon Trading Scheme and in 2005 performed beyond set criteria. Consequently Mittal Steel has generated surplus carbon credits and in 2006 will continue in our efforts to further reduce our green house gas emissions through Group-wide initiatives.

In 2005, more than US$120 million was invested in environmental projects around the Group, many of which are ongoing. Some of the most noteworthy projects are:

- At Newcastle Steel, a project currently underway will allow effluent from the plant to be treated by a process of reverse osmosis, thereby enabling it to be reused. Expected to be complete by the end of May next year, the new water treatment plant will make Newcastle Steel compliant with the country's new Zero Effluent Discharge (ZED) regulations and reduce raw water intake from the nearby river.
- Other ZED-related projects are underway at Vanderbijlpark. In addition, Mittal Steel South Africa is engaged in a Research and Development project to reduce emissions from the Vanderbijlpark plant through a novel gas cleaning concept developed locally.
- Around US$30 million was spent in Mittal Steel USA during the year to comply with Iron and Steel Maximum Available Control Technology (MACT) requirements for emission controls in sinter plants, blast furnaces and the BOF shops. This is part of a larger programme to install the necessary controls that will cover all facilities at a total capital cost of around US$120 million.
- Various projects around the Group were initiated in 2005 that will reduce dust emissions, notably in Trinidad with the port DRI loading facility and in Galati with dedusting capabilities being installed into blast furnaces and electrostatic precipitation at the coke oven batteries and new dust collection hoods at the melt shop at Lázaro Cárdenas.
- Several energy reduction projects were also initiated in Germany (ladle preheating) and in Ostrava (boiler upgrades and reconstruction that also reduces SO2 emissions) and carbon dust injection and energy efficient furnace in the rod mill in Poland.

A new central management function was created in 2005 to drive a unified approach to environmental issues, and an energy and environment policy document is in the course of preparation. The new policy will drive consistent standards throughout Mittal Steel and serve to lift the performance of all business units to a level where they match those of the very best in the Group.

In 2005, more than **US$120 million was invested in environmental projects** around the Group, many of which are ongoing.

We are committed to minimising the impact of our operations on the environment and **using energy in an efficient manner**.

Corporate Social Responsibility (CSR)

Mittal Steel is the world's largest steel company. We have operations in 16 countries around the world and employ 224,000 people spanning 49 different nationalities. We recognise that our actions impact the people we employ, the communities and countries within which we work and society as a whole. It is our responsibility to ensure that we develop and enhance our positive impacts and minimise or eliminate our negative impacts. Our goal is to not just develop policies and systems to address these needs, but to be the leader in our industry in sustainable development through the integration of responsible practices with our core business strategy and everyday operations. We seek to ensure that all major business decisions are driven as much by social considerations as by economic ones.

As a company and a responsible member of society, we need to recognise where we have room for improvement. We have well developed systems and policies for the safety and well-being of our employees and protecting the environment in and around our operations. A key challenge is to now develop our social responsibility to integrate with our environmental, human resources and health and safety management.

Our vision is to be the most admired steel company in the world. To guide our work in meeting this challenge, we have adopted the following principles of social responsibility:

- We will work to protect and create shareholder value through an approach that also delivers better outcomes for society at a local and international level.
- By aligning Mittal Steel with society's well-being, we will help to secure our Company's social licence to operate.
- We will motivate and engage employees, driving a high performance culture.

Our goal is to become the leader in our industry in sustainable developement through the integration of responsible practices with our core business strategy and everyday operations.

Corporate Social Responsibility (CSR)

Our CSR Progress

Mittal Steel is building on the extensive range of social investment activities undertaken at business unit level to develop a consistent approach to stakeholder projects and integrate CSR more closely into the business decision-making process. A new Group CSR policy is being developed internally and will be completed with feedback from key stakeholders.

All Mittal Steel business units have developed strong links with the communities in which they operate. We recognise that local needs and priorities differ and that local business units must be free to respond in an appropriate manner. The future focus of the Group's CSR effort will be to continue to work in partnership with organisations to deliver maximum benefit for all stakeholders while scaling up the impact at an international level to focus on flagship projects and issues where Mittal Steel can make a positive difference – such as education and the encouragement of enterprise.

Our CSR team is working closely with the human resources team to ensure all managers have knowledge of, and become accountable for, CSR issues. CSR is part of Mittal Steel's internal Knowledge Management Programme (KMP) and the Group's CSR strategy ensures senior managers are exposed to, and transfer, current best practice approaches through visits, auditing, training and KMP meetings.

In 2005, Mittal Steel companies engaged in a number of highly effective social projects around the world:

- Mittal Steel USA 'adopted' the town of Long Beach, Mississippi shortly after it was devastated by Hurricane Katrina and is now helping to put the town, home to 17,000 inhabitants when the hurricane struck, back on its feet. Following an initial up-front donation of US$1 million, Mittal Steel USA is committing people, skills and resources on the ground and will provide reconstruction support for as long as necessary. This is in addition to a dollar-for-dollar matching programme to support employee contributions to the general hurricane relief effort which raised US$500,000 for the Red Cross and Salvation Army.
- Mittal Steel South Africa continued its joint venture initiative with Nampak, Collect-a-can, to facilitate the recovery of used beverage cans for recycling. Collect-a-can, a world class example of sustainable development, was established in 1993 and has previously gained international recognition from the World Business Council for Sustainable Development for its contribution towards sustainable livelihoods. Not only has it provided environmental benefits through the recycling of steel (beverage cans contributed 8% of total litter in South Africa prior to the inception of Collect-a-can – this figure has since been reduced to less than 1%) but additionally it has created significant employment with over 37,000 people directly involved in the sale of cans to Collect-a-can. The project is also involved in environmental education with an on-going schools competition where South African youngsters are educated about environmental welfare and rewarded for recovery operations, with over Rand 2 million having been paid in prize money to date.

The future focus of the Group's CSR effort will be to **continue to work in partnership with organisations** to deliver maximum benefit for all stakeholders.

- In China, Mittal Steel donated US$5 million to the Central South University in Changsha, Hunan Province. US$4 million will go towards the construction of a Mittal Research Institute for Metals at CSU, Changsha. The comprehensive metal industry research institute will help develop local skills in six main research disciplines: geology, mining, minerals processing, metallurgy, material sciences and strategic management of mining and metal resources. A further US$1 million was donated to establish a scholarship programme. As part of the programme, two awards will be offered to students. The Mittal Excellent Scholar Award will support 80 scholars per year during the undergraduate and post-graduate programmes and the Mittal Innovation Award will go to support 40 scholars studying for doctoral and post-doctoral research. The scholarships will be managed by the Mittal Scholarship Council and aim to promote and develop creativity and innovation among students. Students will be awarded a scholarship based on a combination of their capability, integrity and enterprising spirit.
- In Kazakhstan, Mittal Steel Temirtau has continued its partnership with the International Finance Corporation, an offshoot of the World Bank, to encourage the development of more small and medium-sized businesses. This initiative is unique in Kazakhstan and has generated significant employment for the local Temirtau community since its launch.
- In the Czech Republic, Mittal Steel Ostrava has contributed a total of CZK 200 million (approximately US$9 million) to the Moravian Silesian regional development fund. The funding has been used for various purposes including supporting a programme to advise small towns and villages on means of utilising European Union funding and supporting numerous science, research and educational programmes in the region.

In addition, we continued to support a range of local projects and activities identified by our stakeholders and in line with our commitment to helping to support thriving and sustainable communities. This included sponsorship of local cultural and sporting activities in Poland and Algeria; support for arts activities with local schools in Mexico and community fundraising initiatives in Trinidad.

In 2006, the Group will also extend the employee volunteering programmes that exist in its US business units throughout the Group. A pilot scheme to encourage employees that wish to step up their level of engagement, by for instance mentoring small companies, will be set up in the course of the year.

Looking Forward

Over the next year and into the future, we will continue to develop broad, constructive engagement with our stakeholders to understand how our activities can make a real difference. Additionally, our local managers will continue to foster strong relationships and partnerships at the business unit level to ensure we are responsive to local needs and issues.

Corporate Governance

Objectives of Mittal Steel's Corporate Governance

In June 2001, Mittal Steel adopted corporate governance guidelines in line with best practices on corporate governance.

Besides adopting best practices in corporate governance, Mittal Steel is also required by the regulations in the various jurisdictions in which it is listed to comply with specific regulatory requirements. Mittal Steel's corporate governance is therefore primarily affected by –

- US SEC Regulations
- NYSE Listing Rules
- The Dutch Corporate Governance Code

Mittal Steel is committed to meeting the corporate governance mandates and requirements under applicable current and proposed SEC and NYSE listing standards and the law of The Netherlands.

There are no significant differences between Mittal Steel's current corporate governance practices and those currently required to be followed by US domestic companies under the NYSE listing standards.

Principles of Organisation

Mittal Steel is a company incorporated in The Netherlands and is governed by the Dutch Civil Code (Book II – Legal Entities). Its shares are listed on NYSE and the company is therefore also subject to US SEC and NYSE regulations.

Mittal Steel's business is conducted through operating subsidiaries, which are managed by their Board of Directors and headed by the subsidiary's CEO/President. Mittal Steel's Board of Directors and the senior corporate management provide the necessary oversight to the operations of subsidiaries to enhance the value to the stakeholders.

Mittal Steel has combined the roles of the Chairman and the Chief Executive Officer in Mr. Lakshmi N. Mittal. Mittal Steel differs from the Dutch Corporate Governance Code in this regard and this exception was approved by the shareholders in their annual general meeting in 2004.

Mittal Steel Board of Directors

Mittal Steel's Board of Directors has an international composition and a majority of independent directors. The board consists of nine members from four nationalities of which five are independent under Mittal Steel's independence criteria.

Directors' Qualifications

Mittal Steel's Directors should:

- Possess highest personal and professional ethics and integrity;
- Be committed to representing the interests of the stakeholders; and
- Have experience in managing large companies and have proven expertise in their respective fields.

Director's Independence

Mittal Steel has a majority of independent directors and expects all directors to bring an independent judgment to bear on issues of strategy, performance, resources and standards of conduct. Mittal Steel's independence criteria are in conformity with that of the NYSE listing rules and the Dutch Corporate Governance Code. Directors are considered independent if –

- They do not hold executive position within the Company
- They are not related to any member of Executive Management
- They do not serve as an Executive Officer of any organisation which draws more than 1% of its annual revenue from Mittal Steel

The following directors are "independent" under Mittal Steel's independence criteria –

1. Mr. Lewis Kaden
2. Mr. René Lopez
3. Mr. Muni Krishna T. Reddy
4. Mr. Narayanan Vaghul
5. Ambassador Andrés Rozental

Mr. Wilbur Ross is also considered independent under the Company's criteria and the Dutch Corporate Governance Code. He, however, is not currently independent under NYSE listing rules.

Mittal Steel's Board of Directors and its committees, which consist exclusively of independent directors, have the powers to seek independent external advice at the Company's expense as they deem necessary.

The independent and non-executive directors of Mittal Steel regularly schedule meetings without the presence of the executive directors. During 2005, the independent and non-executive directors of Mittal Steel held four such meetings. The presiding independent director for each of these meetings was chosen at the meeting.

With effect from 2004, in accordance with the Dutch Corporate Governance Code, independent directors of Mittal Steel's Board of Directors do not receive any stock options.

Size of the Board of Directors

Mittal Steel's Board of Directors currently consists of nine members. The board has an international composition with four nationalities represented on the board. All members of Mittal Steel's Board of Directors, except for Messrs. Lakshmi N. Mittal, Aditya Mittal and Mrs. Vanisha Mittal Bhatia (who as class A directors are appointed for renewable four-year terms) are appointed for renewable one year terms.

Agenda

Mittal Steel's Corporate Governance guidelines state that the Board of Directors are responsible for the stewardship of Mittal Steel and assumes responsibility for the –

- Strategic plans of Mittal Steel;
- Annual operating plans, budgets and any updates;
- Capital budgets and any updates;
- Quarterly results for Mittal Steel and its strategic business units;
- Reports from Audit Committee and other committee meetings and any relevant action;
- Environment, health and safety related matters;
- Risk management policy of the Group;
- Succession planning including appointing, training and monitoring of senior management personnel;
- Oversight of investor relations programme for Mittal Steel;
- Ensuring the integrity of Mittal Steel's internal control and
- All other matters considered important for the oversight of Mittal Steel's Board of Directors.

Boards' and its Committees' attendance	*Number of meetings in 2005*	*2005 average attendance (%)*
Board of Directors	9	96
Audit Committee	8	96
Remuneration Committee	4	100
Nomination Committee	4	100

Committees of the Board of Directors

The Board of Directors has constituted the following committees to strengthen its effectiveness and governance –

- Audit Committee
- Remuneration Committee
- Nomination Committee

Each of these committees is constituted exclusively of independent directors.

Audit Committee

The functions of the audit committee are to serve as an independent and objective party to monitor Mittal Steel's financial reporting process and internal controls system; review and appraise the audit efforts of Mittal Steel's independent accountants and internal auditing department; provide an open avenue of communication among the independent accountants, financial and senior management, the internal auditing department and Mittal Steel's Board of Directors; approve the appointment and fees of the independent auditors and monitor the independence of the external auditors

The primary function of the Mittal Steel Audit Committee is to assist Mittal Steel's Board of Directors in fulfilling its oversight responsibilities by reviewing –

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

The Audit Committee consists of three independent directors –

- Mr. Narayanan Vaghul (Chairman);
- Mr. Muni Krishna T. Reddy; and
- Ambassador Andrés Rozental

All members are independent under Mittal Steel's Corporate Governance guidelines, the NYSE standards as well as the Dutch Corporate Governance Code.

The Chairman of the Audit Committee is Mr. Narayanan Vaghul, who with his significant experience and financial expertise is the designated financial expert of the committee as defined in US SEC Sarbanes-Oxley legislation.

Mittal Steel's Audit Committee charter is available on Mittal Steel's website at http://www.mittalsteel.com. The Audit Committee, which is required to meet at least four times a year, met eight times during 2005 with an average attendance of 96%. Of these meetings, six were physical meetings and two were teleconference meetings.

Corporate Governance

Remuneration Committee

Mittal Steel's Board of Directors has established the Remuneration Committee to determine on their behalf and on behalf of the shareholders Mittal Steel's framework of remuneration and compensation, including stock options for executive members of Mittal Steel's Board of Directors, the Chief Financial Officers, and the Chief Executive Officers of operating subsidiaries and designated senior management at the corporate level. The Remuneration Committee recommends to the Board of Directors the compensation of the executive members of the Board for its approval.

The Mittal Steel Remuneration Committee is comprised of four independent directors –

- Ambassador Andrés Rozental (Chairman);
- Mr. Narayanan Vaghul;
- Mr. Lewis Kaden; and
- Mr. René Lopez

The purpose of having a Remuneration Committee consisting exclusively of directors who are independent of management is to have members who are free of any business or other relationship, which could interfere with the exercise of their independent judgment.

The charter of the Remuneration Committee is available on Mittal Steel's website at http://www.mittalsteel.com. The Remuneration Committee is required to meet at least twice a year and met four times in 2005 with a 100% attendance.

Nomination Committee

The Nomination Committee will at the request of Mittal Steel's Board of Directors –

- Consider any appointment or reappointment to Mittal Steel's Board of Directors;
- Provide advice and recommendations on board appointments and
- Develop, monitor and review Corporate Governance principles applicable to Mittal Steel.

The Nomination Committee is comprised of three independent directors –

- Ambassador Andrés Rozental (Chairman);
- Mr. Narayanan Vaghul; and
- Mr. Muni Krishna T. Reddy

The charter of the Nomination Committee is available on Mittal Steel's website at http://www.mittalsteel.com. The Nomination Committee is required to meet at least twice a year and met four times in 2005 with a 100% attendance.

Accountability and Audit

External Auditors' Independence

The appointment and determination of fees of the external auditors is the direct responsibility of the Audit Committee. The Audit Committee is further responsible for obtaining annually a written statement from the external auditors that their independence has not been impaired. The Audit Committee has obtained confirmation from the principal external auditors that their independence is not impaired and that none of their former employees are in a position with Mittal Steel that could impair the auditors' independence.

Internal Assurance

Mittal Steel has an Internal Assurance function. The function is under the responsibility of the Director – Internal Assurance, who reports to the Audit Committee. The function is staffed by full time professional staff located at each of the principal operating subsidiaries and at the corporate level.

Internal Assurance develops an audit plan based on a detailed "inventory of risks" covering all the business processes at the operating units and at the corporate level. The risks thus identified are prioritised and are covered in the audit plan that is reviewed and approved by the Audit Committee.

The annual audit plan is dynamic and can undergo change in light of audit findings; changes in risk assessment/business environment and/or specific requests from management. All changes are reviewed and approved by the Audit Committee.

Recommendations and matters relating to internal control and processes are made by the Internal Assurance function, and their implementation is regularly reviewed by the Audit Committee in its quarterly meetings.

Internal Control and Risk Management Process

The management is responsible for internal control in the Company and it has implemented a risk management and control system, which is designed to ensure that significant risks are identified, monitored and controlled. Furthermore the system is designed to ensure compliance with relevant laws and regulations.

The Company has mapped its internal control system in accordance with the recommendations of the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The Company is in the process of complying with the requirements of Sarbanes Oxley section 404 on financial disclosures and controls which become applicable to it at the end of 2006.

The Company's risk management and internal control system is designed to determine risks in relation to the achievement of business objectives and appropriate risk responses.

Remuneration Principles

The Mittal Steel Remuneration Committee's principal responsibility in compensating executives is to encourage and reward performance that will lead to long-term enhancement of shareholder value. None of the members of Mittal Steel's Board of Directors currently has entered into any contracts with Mittal Steel or any of its subsidiaries that provide benefits upon termination of employment. The Remuneration Committee reviews the remuneration of executive members of Mittal Steel's Board of Directors, the Chief Financial Officers, and the Chief Executive Officers of operating subsidiaries and designated senior management at the corporate level.

By a resolution passed on May 26, 2005, the shareholders of Mittal Steel adopted a policy regarding the remuneration of the members of the Board of Directors. The remuneration of the members of the Board of Directors will, with due observance of such policy, be determined by the Board of Directors upon a proposal of the Mittal Steel Remuneration Committee. The Board of Directors will submit for approval by the general meeting of shareholders a proposal regarding the policy for the remuneration in the form of shares or rights to acquire shares.

Components of Executive Remuneration

The remuneration for the executive members of Mittal Steel's Board of Directors consists of a base salary, a short-term performance related bonus scheme and a stock option plan. In addition certain allowances and fringe benefits are also paid, similar to many other employees at Mittal Steel. Mittal Steel does not have written contracts with the executive members of its Board of Directors.

- Base Salary - The base salary for the executive members of Mittal Steel's Board of Directors is set typically at a market competitive level. Where executive members of Mittal Steel's Board of Directors reside outside the Netherlands, benchmark salaries are referenced to the market situation of their country of residence.
- Variable Pay – Variable pay is an important part of the remuneration package for the executive members of Mittal Steel's Board of Directors. They participate in a company-wide bonus scheme for all senior employees of Mittal Steel, but they can earn a higher percentage of variable pay compared to base salary. The criteria used are Company performance compared to business plan, EBITDA (earnings before interest, income taxes and depreciation) of the Company, prime billings / shipment and operating cost per ton. The bonus scheme has been approved by the Remuneration Committee of the board.
- Stock Option Plan – Options were granted to executive members of Mittal Steel's Board of Directors and senior management for 2005 in accordance with the Mittal Steel Global Stock Option Plan ("MittalShares") as approved by the shareholders. Options granted under MittalShares vest ratably upon each of the first three anniversaries of the grant date, or, in total, upon death, disability or retirement of the participant.
- Pension and Pre-Pension Provision – The executive members of the Board of Directors can participate in a defined contribution Pension Plan with an identified Service Provider similar to other employees.
- Personal loans – The Company does not grant personal loans or guarantees to members of the Board of Directors.

Components of Non-Executive Compensation

- Non-Executive Directors compensation is based upon remuneration paid to similar Non-Executive Directors in other public companies and is benchmarked with comparable organisations in The Netherlands and the US.
- With effect from 2005, in accordance with the Dutch Corporate Governance Code, independent directors of Mittal Steel's Board of Directors do not receive any stock options.

Code of Conduct, Whistle-blowing and Communication with the Board

Ethics and Conflict of Interest

Ethics and conflicts of interest are governed by the Code of Business Conduct adopted by Mittal Steel. The Code of Business Conduct sets out standards for ethical behaviour, which are to be followed by all employees and directors of Mittal Steel in the discharge of their duties. They must always act in the best interests of Mittal Steel and must avoid any situation where their personal interests conflict, or could conflict with their obligations toward Mittal Steel. As employees, they must not acquire any financial or other interest in any business or participate in any activity that could deprive Mittal Steel of the time or the attention that they need to devote to the performance of their duties. Any behavior that deviates from Mittal Steel's Code of Business Conduct is to be reported to the employee's supervisor, a member of the management, the head of the legal department or the head of the internal audit/internal assurance department.

Mittal Steel's Code of Business Conduct is available on Mittal Steel's website at http://www.mittalsteel.com.

Communications with the Board

Mittal Steel's Board of Directors has established a process through Mittal Steel's website at http://www.mittalsteel.com by which a shareholder or any other person may send communications directly to the Board of Directors.

Process for Handling Complaints about Accounting Matters

As part of the procedures of Mittal Steel's Board of Directors for receiving and handling complaints or concerns about Mittal Steel's financial accounting, internal controls and auditing issues, Mittal Steel's Code of Business Conduct encourages all employees to bring such issues to the Audit Committee's attention. Concerns relating to accounting or auditing matters may be communicated through the Mittal Steel website at http://www.mittalsteel.com. Employees reported no significant complaints of this nature during 2005.

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“At our current growth rate I expect that we would have production capacities approaching **200 million tonnes** within the next 5-10 years”

Lakshmi N. Mittal, Chairman and CEO

Mittal Steel Termirtau, Kazakhstan

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Mittal Steel Company N.V. Rotterdam,
The Netherlands

We have audited the accompanying consolidated balance sheets of Mittal Steel Company N.V. (formerly Ispat International N.V.) and subsidiaries (the "Company") as of December 31, 2004 and 2005, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Consolidated Financial Statements give retroactive effect to the merger of the Ispat International N.V. and Mittal Steel Holdings A.G. (formerly Mittal Steel Holdings N.V., formerly LNM Holdings N.V., a consolidated subsidiary), which has been accounted for on the basis of common control accounting as described in Note 1 to the Consolidated Financial Statements. We did not audit the financial statements of Mittal Steel Holdings A.G. (except for Mittal Steel Poland, S.A. (formerly Ispat Polska, S.A.), a consolidated subsidiary of Mittal Steel Holdings A.G., whose Consolidated Financial Statements for the year ended December 31, 2004 were audited by us) for the years ended December 31, 2003 and 2004, which statements reflect total assets constituting 45% and 45% for the years ended December 31, 2003 and 2004, respectively, and total revenues constituting 44% and 46% for the years ended December 31, 2003 and 2004, respectively, of the related consolidated totals for that year. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mittal Steel Holdings A.G. for the year ended December 31, 2003 and 2004, is based solely on the report of such other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, such Consolidated Financial Statements present fairly, in all material respects, the financial position of Mittal Steel Company N.V. and subsidiaries at December 31, 2004 and 2005, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2005, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE ACCOUNTANTS B.V.
/s/ Deloitte Accountants B.V.

Rotterdam, The Netherlands
March 17, 2006

Report of Independent Registered Public Accounting Firm

The Audit Committee of the Board of Directors of Mittal Steel Company N.V.:

We have audited the consolidated balance sheet of Mittal Steel Holdings N.V. (formerly LNM Holdings N.V.) and subsidiaries as of December 31, 2004, and the related consolidated statements of income, comprehensive income, shareholder's equity, and cash flows for each of the two years in the period ended December 31, 2004 (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the Consolidated Financial Statements of Ispat Iscor Limited (formerly Iscor Ltd.) and subsidiaries as of and for the year ended December 31, 2004, a consolidated subsidiary at December 31, 2004, which statements reflect total assets and revenues constituting 29% and 26%, respectively, of the related consolidated totals. We also did not audit the consolidated income statement of Ispat Iscor Limited and subsidiaries for the year ended December 31, 2003, a corporation in which the Company has a 49.9% interest at December 31, 2003. In the Consolidated Financial Statements, the Company's equity in the net income of Ispat Iscor Limited and subsidiaries is stated at $195 million for the year ended December 31, 2003. These Consolidated Financial Statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Ispat Iscor Limited and subsidiaries, is based solely on the reports of the other auditors.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mittal Steel Holdings N.V. and subsidiaries at December 31, 2004, and the consolidated results of their operations and their cash flows for each of the two years in the period ended December 31, 2004, in conformity with US generally accepted accounting principles.

ERNST & YOUNG ACCOUNTANTS
/s/ Ernst & Young Accountants

Rotterdam, The Netherlands
February 9, 2005

Report of The Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Ispat Iscor Limited

We have audited the Consolidated Balance Sheet of Ispat Iscor Limited and subsidiaries as at December 31, 2004 and the related Consolidated Income Statement, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Consolidated Statement of Comprehensive Income for the year ended December 31, 2004. These Consolidated Financial Statements are the responsibility of the management and directors of Ispat Iscor Limited. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the financial position of Ispat Iscor Limited and subsidiaries at December 31, 2004 and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG INC.
/s/ KPMG Inc.

Registered Accountants and Auditors
Pretoria, South Africa
February 8, 2005

Report of The Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Iscor Limited

We have audited the Consolidated Balance Sheets of Iscor Ltd and subsidiaries (the "Group") as at December 31, 2003 and 2002 and the related Consolidated Income Statements, Consolidated Statements of Changes in Equity and Consolidated Cash Flow Statements for each of the years in the two year period ended December 31, 2003. These Consolidated Financial Statements are the responsibility of the management and directors of Iscor Ltd. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the aforementioned Consolidated Financial Statements present fairly, in all material respects, the financial position of the Group as at December 31, 2003 and 2002 and the results of their operations and their cash flows for each of the years in the two year period ended December 31, 2003 in conformity with International Financial Reporting Standards.

As described in note 1, Basis of Preparation, the Company has restated its 2002 and 2003 financial statements for the treatment of negative goodwill.

International Financial Reporting Standards vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences, as restated, is presented in Note 31 to the Consolidated Financial Statements.

KPMG INC.
/s/ KPMG Inc.

Registered Accountants and Auditors
Pretoria, South Africa
October 28, 2004 except for Note 1, Basis of Presentation
November 26, 2004

Mittal Steel Company N.V. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2004	December 31, 2005
	(Millions of US Dollars, except share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	$2,495	$2,035
Restricted cash	138	100
Short-term investments	1	14
Trade accounts receivable, net of allowance for doubtful accounts of $267 at December 31, 2004 and $241 at December 31, 2005	2,006	2,287
Inventories (note 4)	4,013	6,036
Prepaid expenses and other current assets	666	1,040
Deferred tax assets (note 13)	306	200
Total Current Assets	9,625	11,712
Property, plant and equipment—net (note 5)	7,562	15,539
Investments in affiliates and joint ventures (note 6)	667	1,187
Deferred tax assets (note 13)	855	785
Goodwill and intangible assets (note 3)	106	1,439
Other assets	338	380
Total Assets	**$19,153**	**$31,042**

See notes to the Consolidated Financial Statements

Mittal Steel Company N.V. and Subsidiaries
Consolidated Balance Sheets

	December 31, 2004	December 31, 2005
	(Millions of US Dollars, except share data)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities:		
Payable to banks and current portion of long-term debt (note 8)	$341	$334
Trade accounts payable	1,899	2,504
Dividend payable	1,650	—
Accrued expenses and other liabilities (note 15)	2,307	2,661
Deferred tax liabilities (note 13)	33	116
Total Current Liabilities	6,230	5,615
Long-term debt, net of current portion (notes 9 and 10)	1,639	7,974
Deferred tax liabilities (note 13)	955	1,602
Deferred employee benefits (note 12)	1,931	2,506
Other long-term obligations	809	1,361
Total Liabilities	**11,564**	**19,058**
Minority interest	1,743	1,834
Commitments and Contingencies (notes 16 and 17)		
Shareholders' Equity (note 11)		
Common Shares:		
Class A Shares, (EURO 0.01 par value per share, 5,000,000,000 shares authorised, shares issued and outstanding: 194,509,790 at December 31, 2004 and 255,401,673 at December 31, 2005) Class B Shares, (EURO 0.10 par value per share, 721,500,000 shares authorised, 457,490,210 shares issued and outstanding)	59	60
Treasury Stock (9,225,140 class A shares at December 31, 2004 and 8,828,784 class A shares at December 31, 2005, at cost)	(123)	(111)
Additional Paid-in Capital	552	2,456
Retained Earnings	4,739	7,891
Accumulated Other Comprehensive Income (Loss)	619	(146)
Total Shareholders' Equity	**5,846**	**10,150**
Total Liabilities and Shareholders' Equity	**$19,153**	**$31,042**

See notes to the Consolidated Financial Statements

Mittal Steel Company N.V. and Subsidiaries
Consolidated Statements of Income

	Year Ended December 31,		
	2003	2004	2005
	(Millions of US Dollars, except share and per share data)		
Sales			
(Including $561 in 2003, $2,235 in 2004 and $2,339 in 2005 of sales to related parties.)	**$9,567**	**$22,197**	**$28,132**
Costs and expenses:			
Cost of sales (Including $431 in 2003, $1,021 in 2004 and $914 in 2005 of purchases from related parties and exclusive of depreciation shown separately below.)	7,568	14,694	21,495
Depreciation	331	553	829
Selling, general and administrative	369	804	1,062
	8,268	16,051	23,386
Operating income	1,299	6,146	4,746
Other income-net	70	128	77
Income from equity method investments	162	66	69
Financing costs:			
Interest expense-net of capitalised interest of $8 in 2003, $3 in 2004 and $4 in 2005.	(200)	(265)	(339)
Interest income	25	78	110
Net gain (loss) from foreign exchange transactions	44	(20)	40
	(131)	(207)	(189)
Income before taxes, minority interest and cumulative effect of change in accounting principle	1,400	6,133	4,703
Income tax expense: (note 13)			
Current	43	731	663
Deferred	141	86	155
	184	817	818
Income before minority interest and cumulative effect of change in accounting principle (net of tax)	1,216	5,316	3,885
Minority interest	(35)	(615)	(520)
Income from continuing operations	1,181	4,701	3,365
Cumulative effect of change in accounting principle	1	—	—
Net income	$1,182	$4,701	$3,365
Basic earnings per common share before cumulative effect of change in accounting principle	$1.83	$7.31	$4.90
Cumulative effect of change in accounting principle (net of tax)	—	—	—
Basic earnings per common share	1.83	7.31	4.90
Diluted earnings per common share	1.83	7.31	4.89
Basic weighted average common shares outstanding (in millions)	647	643	687
Diluted weighted average common shares (in millions)	647	643	689

See notes to the Consolidated Financial Statements

Mittal Steel Company N.V. and Subsidiaries
Consolidated Statements of Comprehensive Income

	Year Ended December 31, 2003	2004 (Millions of US Dollars)	2005
Net income	$1,182	$4,701	$3,365
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustment—net of income taxes of $1 in 2003, $1 in 2004 and $1 in 2005	113	929	(749)
Minimum pension liability adjustment—net of income taxes of $46 in 2003, $38 in 2004 and $55 in 2005	(79)	15	(93)
Unrealised gain on available for sale security—net of income taxes of $nil	69	66	87
Unrealised gain (loss) on derivative financial instruments—net of income taxes of $4 in 2003, $7 in 2004 and $nil in 2005	6	4	(10)
	109	1,014	(765)
Comprehensive income	$1,291	$5,715	$2,600

See notes to the Consolidated Financial Statements

Mittal Steel Company N.V. and Subsidiaries
Consolidated Statements of Changes in Shareholders' Equity
In millions

	Common Shares					Accumulated Other Comprehensive Income				
	Shares	Amount	Treasury Stock	Additional Paid-in Capital	Retained Earnings	Foreign Currency Translation Adjustments	Minimum Pension Liability	Unrealised Gains (Losses) on Derivative Financial Instruments	Unrealised Gains on Available for Sale Securities	Shareholders' Equity
Balance at December 31, 2002	649	$59	$(103)	$585	$1,405	$22	$(522)	$(4)	$—	$1,442
Net Income	—	—	—	—	1,182	—	—	—	—	1,182
Other Comprehensive Income (loss)	—	—	—	—	—	113	(79)	6	69	109
Treasury Stock (note 11)	(2)	—	(7)	(1)	—	—	—	—	—	(8)
Dividends	—	—	—	—	(164)	—	—	—	—	(164)
Balance at December 31, 2003	647	59	(110)	584	2,423	135	(601)	2	69	2,561
Net Income	—	—	—	—	4,701	—	—	—	—	4,701
Other Comprehensive Income (loss)	—	—	—	—	—	929	15	4	66	1,014
Treasury Stock (note 11)	(4)	—	(13)	(32)	—	—	—	—	—	(45)
Dividends	—	—	—	—	(2,385)	—	—	—	—	(2,385)
Balance at December 31, 2004	643	59	(123)	552	4,739	1,064	(586)	6	135	5,846
Net Income	—	—	—	—	3,365	—	—	—	—	3,365
Other Comprehensive Income (loss)	—	—	—	—	—	(749)	(93)	(10)	87	(765)
Treasury Stock (note 11)	—	—	12	(9)	—	—	—	—	—	3
Dividends	—	—	—	—	(213)	—	—	—	—	(213)
Stock based employee compensation expense	—	—	—	3	—	—	—	—	—	3
Issuance of shares in connection with ISG acquisition (net of capital duty of $11)	61	1	—	1,910	—	—	—	—	—	1,911
Balance at December 31, 2005	704	$60	$(111)	$2,456	$7,891	$315	$(679)	$(4)	$222	$10,150

See notes to the Consolidated Financial Statements

Mittal Steel Company N.V. and Subsidiaries
Consolidated Statements of Cash Flows

	2003	Year Ended December 31, 2004 (Millions of US Dollars)	2005
Operating activities:			
Net income	$1,182	$4,701	$3,365
Adjustments to reconcile net income to net cash provided by operations:			
Depreciation	331	553	829
Net accretion of purchased intangibles	—	—	(139)
Net foreign exchange loss (gain)	(32)	28	(30)
Deferred income tax expense	141	86	155
Gain from early extinguishment of debt	—	22	—
Income from equity method investment	(140)	(138)	(65)
Distribution from equity method investment	48	—	—
Gain on sale of property, plant & equipment	—	(19)	(28)
Minority interest	35	615	520
Other non-cash operating expenses (net)	15	(8)	(113)
Changes in operating assets and liabilities, net of effects from acquisitions:			
Trade accounts receivable	—	(386)	406
Inventories	(18)	(1,374)	40
Prepaid expenses and other	(87)	(160)	(192)
Trade accounts payable	(51)	160	15
Accrued expenses and other liabilities	181	587	(656)
Deferred employee benefit costs	(167)	(56)	(133)
Net cash provided by operating activities	1,438	4,611	3,974
Investing activities:			
Purchase of property, plant and equipment	(421)	(898)	(1,181)
Proceeds from sale of assets and investments including affiliates and joint ventures	26	83	59
Investments in affiliates and joint ventures	(280)	34	(300)
Acquisition of net assets of subsidiaries, net of cash acquired	(21)	(19)	(6,220)
Restricted cash	(118)	2	38
Other investing activities (net)	—	(3)	(8)
Net cash used in investing activities	(814)	(801)	(7,612)
Financing activities:			
Proceeds from payable to banks	3,646	2,258	1,678
Proceeds from long-term debt	52	1,185	8,328
Debt issuance cost	—	—	(10)
Proceeds from long-term debt from an affiliate	94	76	—
Payments of payable to banks	(3,636)	(2,738)	(1,807)
Payments of long-term debt	(226)	(2,127)	(2,740)
Payments of long-term debt to an affiliate	(40)	(175)	—
Purchase of treasury stock	(8)	(54)	—
Sale of treasury stock for stock option exercises	—	9	3
Dividends (includes $27 and $229 of dividends paid to minority shareholders in 2004 and 2005, respectively)	(164)	(763)	(2,092)
Other financing activities (net)	—	—	(11)
Net cash provided by (used in) financing activities	(282)	(2,329)	3,349
Net increase in cash and cash equivalents	342	1,481	(289)
Effect of exchange rate changes on cash	23	254	(171)
Cash and cash equivalents:			
At the beginning of the year	395	760	2,495
At the end of the year	$760	$2,495	$2,035

See notes to the Consolidated Financial Statements

Mittal Steel Company N.V. and Subsidiaries
Consolidated Statements of Cash Flows continued

	Year Ended December 31,		
	2003	2004 (Millions of US Dollars)	2005
Supplemental disclosures of cash flow information			
Cash paid during the year for:			
Interest-net of amounts capitalised	$201	$253	$242
Income taxes	30	454	892
Non-cash activity:			
Deferred taxes related to comprehensive income items	51	46	56
Issuance of common shares in connection with the acquisition of ISG, net of capital duty of $11	—	—	1,911

See notes to the Consolidated Financial Statements

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements
(Millions of US Dollars, except share data and per share data)

NOTE 1: NATURE OF BUSINESS AND BASIS OF CONSOLIDATION

Nature of business

Mittal Steel Company N.V. ("Mittal Steel") or ("Company"), formerly Ispat International N.V., together with its subsidiaries, is a manufacturer of steel and steel related products. Mittal Steel owns and operates manufacturing facilities in the United States of America ("US"), Mexico, Canada, Trinidad and Tobago ("Trinidad"), Germany, France, Kazakhstan, Algeria, Romania, Czech Republic, Poland, South Africa, Ukraine, Macedonia and Bosnia and Herzegovina.

These manufacturing facilities, each of which includes its respective subsidiaries, are referred to herein as the "Operating Subsidiaries".

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

Organisation

Mittal Steel is formed and organised under the laws of the Netherlands to hold directly or indirectly certain subsidiaries involved in the steel manufacturing activities described above. Mittal Steel has no manufacturing operations of its own and its major assets are interests in the common and preferred stock of the Operating Subsidiaries.

Basis of consolidation

The Consolidated Financial Statements, which include the accounts of Mittal Steel and its Operating Subsidiaries, all of which are controlled by Mittal Steel, have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). Intercompany balances and transactions have been eliminated in consolidation.

Foreign currency translation and translation of financial statements

The functional currency of each of the Operating Subsidiaries is the US Dollar, except for Mittal Canada, Mittal Steel Ostrava, Mittal Steel South Africa, Mittal Steel Poland, Mittal Steel Iasi, Mittal Steel Hunedoara, Mittal Steel Roman, Mittal Steel Europe SA, the Operating Subsidiaries in France, Germany, Macedonia and Bosnia and Herzegovina whose functional currency is the local currency. Prior to October 1, 2004 the Romanian economy was considered highly inflationary. The records of Mittal Steel Iasi, Mittal Steel Hunedoara and Mittal Steel Roman were remeasured as if their functional currency was the reporting currency for periods prior to October 1, 2004.

Transactions in currencies other than the functional currency of a subsidiary are recorded at the rates of exchange prevailing at the date of the transaction. Monetary assets and liabilities in currencies other than the functional currency are remeasured at the rates of exchange prevailing at the balance sheet date and the related transaction gains and losses are reported in the statements of income.

Upon consolidation, the results of operations of Mittal Steel's subsidiaries and affiliates whose functional currency is other than the US Dollar are translated into US Dollars at average exchange rates for the year and assets and liabilities are translated at year-end exchange rates. Translation adjustments are presented as a separate component of other comprehensive income ("OCI") in the Consolidated Financial Statements and are included in net earnings only upon sale or liquidation of the underlying foreign subsidiary or affiliated company.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Conformation of accounting policy

Following the merger of Ispat Inland Inc. ("Ispat Inland") and Mittal Steel USA ISG Inc. into Mittal Steel USA Inc., Mittal Steel USA Inc. conformed to Mittal Steel USA ISG Inc.'s accounting policies. Mittal Steel USA ISG Inc. followed the last-in, first-out ("LIFO") method for valuing inventories, while Ispat Inland Inc. followed the first-in, first-out ("FIFO") method. Mittal Steel accounted for this change in accounting method under Accounting Principles Board Opinion ("APB") 20, "Accounting Changes". APB 20 prohibits retroactively applying a change from FIFO to LIFO, therefore only the 2005 financial statements present amounts determined under LIFO. As a result, 2005 operating income, as reported under LIFO, was $52 lower then would have been reported if Ispat Inland's inventories had been valued on FIFO.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

Cash and cash equivalents

Cash equivalents represent short-term highly liquid investments that are readily convertible to cash with original maturities of three months or less.

Restricted cash

Restricted cash represents the required collateral with various banks as margin for revolving letters of credit and guarantees.

Allowance for doubtful accounts

The Company maintains an allowance for doubtful accounts at an amount it considers to be a sufficient estimate of losses resulting from the inability of its customers to make required payments. An allowance is recorded and charged to expense when an account is deemed to be uncollectible. In judging the adequacy of the allowance for doubtful accounts, the Company considers multiple factors including historical bad debt experience, the current economic environment and the aging of the receivables. Recoveries of trade receivable previously reserved in the allowance are credited to income.

Inventories

Inventories are carried at the lower of cost or market value. Cost is determined using the first-in, first-out ("FIFO") method and average cost method, which approximates FIFO. The US Operating Subsidiary uses the last-in, first-out ("LIFO") method. Costs of production in process and finished goods include the purchase costs of raw materials and conversion costs such as direct labour and an allocation of fixed and variable production overheads. Raw materials and spare parts are valued at cost inclusive of freight, shipping and handling costs.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. All property, plant and equipment except land are depreciated using the straight line method over the useful lives of the related assets, ranging from 10 to 50 years for buildings and improvements and 2 to 45 years for machinery and equipment. Major improvements, which add to productive capacity or extend the life of an asset, are capitalised, while repairs and maintenance are charged to expense as incurred.

The cost of mining production assets is depreciated on a unit-of-production basis. The rate of depreciation is determined based on the rate of depletion of the proven developed reserves in the coal deposits mined. Proven developed reserves are defined as the estimated quantity of product which can be expected to be profitably extracted, processed and used in the production of steel under current and foreseeable economic conditions. Depletion of mineral properties is based on rates which are expected to amortise cost of the estimated tonnage of minerals to be removed.

Property, plant and equipment under construction are recorded as construction in progress until they are ready for their intended use; thereafter they are transferred to the related category of property, plant and equipment and depreciated over their estimated useful lives. Interest during construction is capitalised to property, plant and equipment under construction until the assets are ready for their intended use.

Gains and losses on retirement or disposal of assets are determined as the difference between net disposal proceeds and carrying amount and are reflected in the statement of operations.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Goodwill

Goodwill represents the residual of the purchase consideration over the fair value of the assets and liabilities acquired. Goodwill is reviewed for impairment annually at the reporting unit level or whenever changes in circumstances indicate that the carrying amount may not be recoverable. First, the fair value of the reporting unit including goodwill is compared to its carrying amount. If the fair value of the reporting unit is less than the carrying amount, goodwill would be considered to be impaired. Subsequently, the goodwill impairment is measured as the excess of the carrying amount of goodwill over its implied fair value. The impairment analysis is principally based on an estimate of discounted future cash flows at the operating unit level.

Negative goodwill

The Company has historically purchased under-performing steel assets, principally those involved in various privatisation programmes in former government controlled economies. Businesses with these characteristics typically have been purchased for an amount that does not exceed net asset fair value, thus producing negative goodwill for accounting purposes. In a business combination in which the fair value of the identifiable net assets acquired exceeds the cost of the acquired business, the excess over cost (i.e., negative goodwill) reduces, on a pro rata basis, amounts assigned to acquired non-current assets, with certain exceptions. Any excess negative goodwill remaining after reducing the amounts assigned to the assets acquired to zero would be recognised as an extraordinary gain.

Impairment of long-lived assets

Long-lived assets held and used by Mittal Steel are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For purposes of evaluating the recoverability of long-lived assets, the recoverability test is performed using undiscounted future net cash flows of assets grouped at the lowest level for which there are identifiable cash flows that are largely independent of the cash flows of other groups of assets. If the undiscounted future net cash flows are less than the carrying amount of the asset, the asset is deemed impaired. The amount of the impairment is measured as the difference between the carrying value and the fair value of the asset.

Investment in affiliates and joint ventures

Investments in majority owned affiliates and joint ventures, where control does not exist and 20% to 50% owned affiliates and joint ventures in which Mittal Steel has the ability to exercise significant influence, are accounted for under the equity method of accounting whereby the investment is carried at cost of acquisition, plus Mittal Steel's equity in undistributed earnings or losses since acquisition, less dividends received.

Investment in affiliates and others, over which the Company and/or its subsidiaries do not have the ability to exercise significant influence and have a readily determinable fair value, are accounted for at fair value with any realised gain or loss included in other comprehensive income. To the extent that these investments do not have a readily determinable fair value, they are accounted for under the cost method.

Mittal Steel periodically reviews all of its investments in affiliates and joint ventures for which fair value is less than cost to determine if the decline in value is other than temporary. If the decline in value is judged to be other than temporary, the cost basis of the investment is written down to fair value. The amount of any write-down is included in operating expenses.

Debt issuance costs

Debt issuance costs, which are included in other assets, are stated at cost and amortised over the life of the related debt using the effective interest method. Amortisation of debt issuance costs is included in interest expense, which is a component of financing costs, or alternatively, capitalised as borrowing costs on qualifying assets where applicable.

Dividend payable

Dividends payable are recorded as a liability and reduction of retained earnings when declared.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Retirement benefits

The measurement of pension and post-employment benefit liabilities is based upon the projected unit credit method. Changes in the amount of either the projected benefit obligation (for pensions plans), the accumulated benefit obligation (for other post-employment plans) or differences between actual and expected return on plan assets and from changes in assumptions, can result in gains and losses not yet recognised in the Company's Consolidated Financial Statements.

The expected return on the plan assets is determined based on the expected long- term rate of return on plan assets and the fair value or market related value of that plan's assets. Amortisation of an unrecognised net gain or loss is included as a component of the Company's net periodic benefit plan cost for a year if, as of the beginning of the year, that unrecognised net gain or loss exceeds 10 percent of the greater of (1) the projected benefit obligation (for pension plans) or the accumulated post-retirement benefit obligation (for other post-retirement plans) or (2) the fair value or market-related value of that plan's assets. In such case the amount of amortisation recognised by the Company is the resulting excess divided by the average remaining service period of active employees expected to receive benefits under the plan.

The Company elected retroactive application as of January 1, 2004 to account for subsidies provided under the Medicare Prescription Drug, Improvement and Modernisation Act of 2003 ("Medicare Act"). Under certain conditions, the Medicare Act provides for subsidies related to post-retirement healthcare benefits that reduce the accumulated post-employment benefit obligation ("APBO") of companies in the United States.

Revenue recognition

Revenues are recognised when persuasive evidence of an arrangement exists, delivery has occurred to customers, the sales price is fixed and determinable, collectibility is reasonably assured, and title and risks of ownership have passed to the buyer. The Company deems delivery to have occurred upon shipment or upon delivery, depending upon shipping terms of the transaction.

Shipping and handling costs

Mittal Steel classifies all amounts billed to a customer in a sale transaction related to shipping and handling costs as sales and all other shipping and handling costs as cost of sales.

Financing costs

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

Environmental costs

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

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Asset retirement obligations

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

Income taxes

The provision for income taxes includes income taxes currently payable or receivable and those deferred. Deferred tax assets and liabilities are recognised for the future tax consequences of temporary differences between the financial statement carrying amounts of assets and liabilities and their respective tax bases. Deferred tax assets are also recognised for the estimated future effects of tax loss carryforwards. Deferred tax assets and liabilities are measured using enacted statutory tax rates in effect for the year in which the differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of changes in tax rates is recognised in the statement of operations in the period in which the changes are enacted. Deferred tax assets are reduced through the establishment of a valuation allowance at such time as, based on available evidence, it is more likely than not that the deferred tax assets will not be realised.

Derivative financial instruments

Derivative instruments are utilised by Mittal Steel to manage its exposure to commodity prices, fluctuations in foreign exchange rates, and interest rates. Mittal Steel has established a control environment, which includes policies and procedures for risk assessment and the approval and monitoring of derivative instrument activities. Mittal Steel does not enter into foreign currency hedging contracts related to its investment in affiliated companies. The Company and its subsidiaries selectively use various financial instruments, primarily forward exchange contracts, interest rate swaps and commodity future contracts, to manage exposure to price fluctuations.

All derivatives, whether designated in hedging relationships or not, are recorded on the balance sheet at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and the hedged item are recognised in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in OCI and are recognised in the statements of income when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognised in earnings. The fair value gains or losses as a result of the change in fair value of derivatives that do not qualify for hedge accounting are recognised in cost of sales or other operating expenses.

Gains and losses related to financial instruments that are utilised to manage exposures to fluctuations in the cost of energy and raw materials used in the production process are recognised as a part of the cost of the underlying product when the contracts are closed.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Earnings per common share

The Company follows the provisions of SFAS 128, "Earnings Per Share," which requires companies to report both basic and diluted per share data for all periods for which a statement of income is presented. Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing income available to shareholders and assumed conversion by the weighted average number of common shares and potential common shares from convertible debt and outstanding stock options. Potential common shares are calculated using the treasury stock method and represent incremental shares issuable upon exercise of the Company's outstanding stock options. The following table provides a reconciliation of the denominators used in calculating basic and diluted net income per share for the years ended December 31, 2003, 2004 and 2005:

	Year Ended December 31,		
	2003	2004	2005
Net income	$1,182	$4,701	$3,365
Plus: Interest on PBGC note, net of tax	—	—	1
Income available to shareholders and assumed conversion	1,182	4,701	3,366
Weighted average common shares outstanding (in millions)	647	643	687
Plus: Incremental shares from assumed conversions			
Stock options (in millions)	—	—	1
6% PBGC note (in millions)	—	—	1
Weighted average common shares assuming conversions (in millions)	647	643	689

Diluted weighted average shares outstanding excludes 3,704,940 potential common shares from stock options outstanding for the years ended December 31, 2005 because the exercise prices of such stock options were higher than the average closing price of the Company's common stock as quoted on the NYSE during the periods stated and, accordingly, their effect would be anti-dilutive.

Stock Option Plan

In 1999, the Company established the Ispat International N.V. Global Stock Option Plan (the "Mittal Shares"), which is described more fully in note 11.

Effective January 1, 2003, the Company adopted the fair value recognition provisions of Statement of Financial Accounting Standards (SFAS) 123, "Accounting for Stock-Based Compensation", prospectively to all employee awards granted, modified, or settled after January 1, 2003. Prior to 2003 the Company applied APB 25 "Accounting for Stock Options Issued to Employees". The amounts that would have been included in the statements of income of the periods presented, if the Company had continued to use APB 25 are not material.

Under SFAS 123, the fair value of options granted to employees as compensation is recognised as an expense. The Company calculates the fair value of the options at the grant date using the Black-Scholes model. The amounts for options and other share-based compensation are charged to income over the relevant vesting or service periods, adjusted to reflect actual and expected levels of vesting.

Segment reporting

Mittal Steel operates in a single business segment, which is composed of the manufacturing of semi-finished and finished steel products.

Reclassifications

Certain prior year's amounts have been reclassified to conform to the current year's presentation.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Recent accounting pronouncements

SFAS 151

In November 2004, the Financial Accounting Standards Board ("FASB") issued SFAS 151, "Inventory Costs". This Statement amends the guidance in Accounting Research Bulletin ("ARB") 43, Chapter 4, "Inventory Pricing", to clarify the accounting for abnormal amounts of idle facility expense, freight handling costs, and wasted material (spoilage). SFAS 151 requires that those items be recognised as current-period charges. In addition, this Statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facilities. The provisions of SFAS 151 are effective for inventory costs incurred in fiscal years beginning after June 15, 2005. The Company believes that the adoption of SFAS 151 will not have a material effect on its Consolidated Financial Statements.

SFAS 153

In November 2004, the FASB issued SFAS 153 "Exchange of Non-monetary Assets—An Amendment of APB Opinion 29". The provisions of this statement are effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. This statement eliminates the exception to fair value for exchanges of similar productive assets and replaces it with a general exception for exchange transactions that do not have commercial substance—that is, transactions that are not expected to result in significant changes in the cash flows of the reporting entity. The Company believes that the adoption of SFAS 153 will not have a material effect on its Consolidated Financial Statements.

SFAS 123R

In December 2004, the FASB issued SFAS 123R "Share-Based Payment", which replaces SFAS 123, and supersedes APB 25. SFAS 123R requires all share-based payments to employees, including grants of employee stock options, to be recognised in the financial statements based on their fair values beginning with the first interim or annual period after June 15, 2005, with early adoption encouraged. In April 2005, the SEC postponed the effective date of SFAS 123R until the issuer's first fiscal year beginning after June 15, 2005. Under the current rules, the Company will be required to adopt SFAS 123R in the first quarter of 2006. In March 2005, the SEC issued Staff Accounting Bulletin ("SAB") 107, "Share-Based Payment" regarding the SEC's interpretation of SFAS 123R and the valuation of share-based payments for public companies. The Company started expensing stock options from 2003 using the prospective method. The Company believes that the adoption of SFAS 123R will not have a material effect on its Consolidated Financial Statements.

FIN 47

In March 2005, the FASB issued FASB Interpretation ("FIN") 47, "Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143", which requires an entity to recognise a liability for the fair value of a conditional asset retirement obligation when incurred if the liability's fair value can be reasonably estimated. FIN 47 is effective for fiscal years ending after December 15, 2005. The adoption of FIN 47 did not have a material effect on the Company's Consolidated Financial Statements.

SFAS 154

In May 2005, the FASB issued SFAS 154, "Accounting Changes and Error Corrections" which replaces both APB 20 "Accounting Changes" and SFAS 3, "Reporting Accounting Changes in Interim Financial Statements—An Amendment of APB Opinion 28." SFAS 154 provides guidance on the accounting for and reporting of accounting changes and error corrections. It establishes retrospective application, or the latest practicable date, as the required method for reporting a change in accounting principle and the reporting of a correction of an error. SFAS 154 is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 and is required to be adopted by the Company in the first quarter of 2006.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 3: ACQUISITIONS

MITTAL STEEL OSTRAVA

On January 31, 2003, the Company acquired 7,710,973 existing shares and 924,384 newly issued shares of Mittal Steel Ostrava (formerly Ispat Nova Hut), representing 69.7% of the total issued share capital of Mittal Steel Ostrava, as well as certain of its debts for $52 under an agreement with Fond narodniho majetku Ceske republiky ("FNM"). Mittal Steel Ostrava, operating in the Czech Republic, is in the business of production and sale of steel products and also owns various ancillary businesses to support the steel business. The Company acquired a further 573,294 shares of Mittal Steel Ostrava, representing 4.6% of the total issued share capital of Mittal Steel Ostrava, under a public offer, on November 21, 2003 for $6. The minority interest and negative goodwill has been adjusted accordingly. Subsequent share purchases were accounted for as step acquisitions under the purchase method. The results of Mittal Steel Ostrava have been included in the Consolidated Financial Statements since January 31, 2003.

During 2004, the Company acquired an additional 1.4% of the outstanding shares of Mittal Steel Ostrava. The purchase price of these shares was $11. The excess of the acquisition cost over the fair value of the net assets purchased was $4. As of December 31, 2004, the Company had an option, subject to certain restrictions for the purchase of 8.6% of the outstanding share capital of Mittal Steel Ostrava. On May 3, 2005 the Company exercised the option for a purchase price of $152 and also acquired an additional 1.1%. The valuation of acquired assets and liabilities has been completed and such amounts are reflected in the Consolidated Financial Statements.

MITTAL STEEL POLAND

On March 5, 2004, the Company acquired a 69% interest in the total issued capital of Mittal Steel Poland (formerly Polskie Huty Stali Spoka Akcyjna ("PHS")), a steel manufacturing company in the Republic of Poland, from the State Treasury of the Republic of Poland. In conjunction with the acquisition of the controlling interest in Mittal Steel Poland, the Company irrevocably committed to purchase an additional 25% interest by December 2007. Simultaneously, the Polish state authorities, who currently hold these shares, have irrevocably committed to sell this additional 25% interest in Mittal Steel Poland to the Company. Because the irrevocable commitments transfer operational and economic control of these remaining shares, it has been accounted for as an acquisition of the remaining shares, with a liability recorded equal to the fair value of the guaranteed payments. As of the acquisition date, the Company's total effective ownership percentage in Mittal Steel Poland was 94.0%.
The total purchase price for Mittal Steel Poland, including acquisition costs, was $519, which was funded though a combination of cash, debt and the liabilities recorded under the acquisition agreement. The results of Mittal Steel Poland have been included in the Consolidated Financial Statements since March 2004. The Company has also committed to make capital expenditures of €497 million ($587) over a period ending by December 2009. The Company increased its ownership percentage to approximately 99% at December 31, 2004 through the purchase of additional shares held by current and former employees for cash consideration of $37. The acquisition of the minority interest was accounted for under the purchase method of accounting. Mittal Steel Poland, one of the largest steel producers in Central and Eastern Europe, produces a wide range of steel products and owns various ancillary businesses to support the steel business. The Company has completed its valuation of the acquired assets and liabilities during 2004.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 3: ACQUISITIONS CONTINUED

MITTAL STEEL SOUTH AFRICA

On June 9, 2004 after obtaining the necessary shareholder and the Republic of South Africa Competition Tribunal approvals, the Company purchased an additional 2,000 shares in Mittal Steel South Africa (formerly Iscor Limited) on the open market. This purchase increased the Company's 49.99% ownership in the outstanding share capital of Mittal Steel South Africa at December 31, 2003 to greater than 50%, and provided the Company with effective control over Mittal Steel South Africa's operations. The Company had historically accounted for Mittal Steel South Africa under the equity method of accounting. A publicly traded company whose shares trade on the JSE Securities Exchange, South Africa, Mittal Steel South Africa is an integrated steel producer in the Republic of South Africa and is comprised of four steel plants and a metallurgical by-products processing division. The Company has included the results of operations of Mittal Steel South Africa in its Consolidated Statements of Income for the year-ended December 31, 2004 as though it had been acquired at the beginning of the year and deducted the pre-acquisition earnings as part of the Company's minority interest.

The Company's investment in Mittal Steel South Africa was accounted for under the equity method of accounting from 2001 through 2003, and each of the Company's investments in the outstanding shares of Mittal Steel South Africa were accounted for as a step acquisition under the purchase method of accounting. During 2001, the Company made an initial 8.26% investment in the outstanding shares of Mittal Steel South Africa, increasing its ownership percentage in both 2002 and 2003 through additional share purchases on the open market and as part of a rights issue by Mittal Steel South Africa.

The allocation of the total purchase price of Mittal Steel South Africa resulted in the consolidation of total assets of $2,296 and total liabilities of $866. Total assets are comprised of $835 in current assets, $1,220 in property, plant and equipment and other non-current assets, including goodwill, of $241. Total liabilities include $498 in current liabilities and $368 in non-current liabilities. The negative goodwill amounts from each of the step acquisitions reduced the value, on a pro-rata basis, of non-current assets acquired, primarily property, plant and equipment. On November 30, 2005, the Company increased its shareholding in Mittal Steel South Africa to 52% by acquiring an additional 2% interest for a total consideration of $78.

MITTAL STEEL ZENICA

On December 10, 2004, the Company acquired a 51% interest in Mittal Steel Zenica (formerly BH Steel Zeljezara Zenica LLC), a steel manufacturing company located in Bosnia and Herzegovina, for $80 from the Government of the Federation of Bosnia-Herzegovina and subsequently in December 2005 the company acquired a further 41% from the Kuwait Consulting & Investment Co. ("KCIC") for $98. In conjunction with the acquisition of the controlling interest in Mittal Steel Zenica, the Company irrevocably committed to purchase the additional 8% interest in the total outstanding capital no later than December 2009. Because the irrevocable commitments transferred operational and economic control of these remaining shares in December 2004, it was accounted for as an acquisition of the remaining shares, with a liability recorded equal to the fair value of the guaranteed payments. As of the acquisition date, the Company's total effective ownership percentage in Mittal Steel Zenica was 100%. The results of Mittal Steel Zenica have been included in the Consolidated Financial Statements since December 2004. In connection with the acquisition, the Company has committed to make capital expenditures of $135 over a 10 year period. The Company has completed its valuation of the assets acquired and liabilities assumed during 2005.

INTERNATIONAL STEEL GROUP ("ISG")

On April 15, 2005, Mittal Steel acquired 100% of the outstanding common shares of International Steel Group Inc. ("ISG") (renamed Mittal Steel USA ISG Inc.). Mittal Steel USA ISG is one of the largest steelproducers in North America, shipping a variety of steel products from 13 major steel producing and finishing facilities in 8 states. As a result of the acquisition Mittal Steel is the leading steel provider in North America.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 3: ACQUISITIONS CONTINUED

The aggregate purchase price of approximately $4,046 including cash of $2,072 ($1,472 net of cash acquired and $52 of acquisition cost) and Class A common Shares valued at $1,922. The fair value of the 60,891,883 Class A common shares was determined based on the market-price of Mittal Steel's Class A common shares over the 20- trading day period ending on (and including) the trading day that is two days before the effective date of the merger. As of December 31, 2005 the allocation of the purchase price to assets acquired and liabilities assumed are preliminary and subject to revision. The Company has not received all information to determine the final values to be assigned. Appraisals of property, plant and equipment and intangible assets are currently underway. An evaluation of information relating to certain recorded liabilities is also underway. Intangible assets identified as a result of purchase accounting relate to $4 assigned to patents and $499 assigned to favorable supply and sales contracts that are being amortised over the term of the associated contracts ranging from one to six years or 2 years on a weighted average basis. Intangible liabilities consist of $1,060 assigned to unfavorable supply and sales contracts that are being amortised over the term of the associated contracts ranging from one to 15 years or 3.2 years on a weighted average basis. The Company recognised $139 of income during the period related to the net amortisation of these intangibles.

The results of Mittal Steel USA ISG's operations have been included in the Consolidated Financial Statements since April 15, 2005.

ROMPORTMET

During 2005, Mittal Steel increased its share in the outstanding share capital in the Romportmet, port facility in Romania, to 94.5% for a consideration of $47 in cash. In accordance with the current legal framework, Mittal Steel will acquire the remaining minority shares through a mandatory public offer.

KRYVORIZSTAL

On November 25, 2005, the Company acquired 93.02% of the outstanding common stock of OJSC Krivorizky Ore Mining Company and Steel Works Kryvorizstal (renamed Mittal Steel Kryviy Rih) from the governmentally run State Property Fund of Ukraine. Mittal Steel Kryviy Rih is the largest producer of carbon steel long products in the Ukraine and the nearby region. As a result of the acquisition, the Company is the leading provider of steel products in the region. The Company also expects to achieve synergies and increase productivity through integration with its operations. Mittal Steel Kryviy Rih was acquired for $4,908 in cash ($4,632 net of cash acquired). In connection with the acquisition, the Company has committed to make capital expenditures of $500 until 2010.

Based on our preliminary purchase price allocation for Kryviy Rih, we have identified approximately $1,233 of excess purchase price over the fair value of the assets acquired. The allocation is subject to further refinement as additional information becomes available.

As of December 31, 2005 the allocation of the purchase price to assets acquired and liabilities assumed are preliminary and subject to revision. The results of Mittal Steel Kryviy Rih have been included in the Consolidated Financial Statements since November 26, 2005.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 3: ACQUISITIONS CONTINUED

With respect to the above acquisitions for 2004 and 2005, the table presented below, summarises the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition.

	2004 Acquisitions		2005 Acquisitions	
	Mittal Steel Poland	Mittal Steel Zenica*	Mittal Steel USA ISG	Mittal Steel Kryviy Rih
Current assets	$864	$127	$3,024	$332
Property, plant & equipment	1,758	169	4,066	4,177
Other assets	52	1	598	—
Total assets acquired	2,674	297	7,688	4,509
Current liabilities	669	31	1,613	125
Long-term loan	48	38	844	—
Other long-term liabilities	337	12	1,660	151
Deferred tax liabilities	90	—	125	807
Minority interest	34	—	—	—
Total liabilities assumed	1,178	81	4,242	1,083
Total net assets	1,496	216	3,446	3,426
Minority interest	91	—	—	27
Net assets acquired	1,405	216	3,446	3,399
Shares issued	—	—	1,922	—
Cash paid, net	519	178	1,524	4,632
Purchase price	519	178	3,446	4,632
(Negative) goodwill	$(886)	$(38)	$—	$1,233

* During 2005, the Company adjusted the purchase price allocation for Mittal Steel Zenica, with respect to the fair value of the plant, property and equipment acquired.

Unaudited pro forma results

The following unaudited pro forma financial information presents the combined results of operations of Mittal Steel for 2005, with Mittal Steel USA ISG and Mittal Steel Kryviy Rih as if the acquisitions had occurred as of the beginning of the periods presented. The 2004 pro forma information also includes the results of operations of Mittal Steel Poland and Mittal Steel Zenica on the same basis. The unaudited pro forma financial information is not indicative of what our consolidated results of operations actually would have been had we completed the acquisition at the dates indicated. In addition, the unaudited pro forma financial information does not purport to project the future results of operations of the combined company.

	For the year ended December 31, 2004 Pro Forma	2005 Pro Forma
Sales	$34,195	$33,028
Net income	6,613	3,659
Per share amounts:		
Basic earnings per common share	$10.28	$5.33
Diluted earnings per common share	10.28	5.31

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 4: INVENTORIES

Inventory, net of allowance for slow moving or obsolete inventory of $244 and $269 at December 31, 2004, and December 31, 2005, respectively, is comprised of the following:

	December 31, 2004	December 31, 2005
Finished products	$1,095	$2,005
Production in process	996	1,138
Raw materials	1,423	2,321
Manufacturing supplies, spare parts and other	499	579
LIFO reserve	—	(7)
	$4,013	$6,036

NOTE 5: PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are summarised as follows:

	Land	Buildings and improvements	Machinery and equipment	Construction in process	Mining production assets	Total
Balance at December 31, 2004						
Gross value	$202	$1,917	$8,577	$458	$234	$11,388
Accumulated depreciation	—	(636)	(3,039)	—	(151)	(3,826)
Net carrying value	$202	$1,281	$5,538	$458	$83	$7,562
Balance at December 31, 2005						
Gross value	$409	$2,063	$15,198	$772	$1,134	$19,576
Accumulated depreciation	(5)	(688)	(3,171)	—	(173)	(4,037)
Net carrying value	$404	$1,375	$12,027	$772	$961	$15,539

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 6: INVESTMENTS IN AFFILIATES AND JOINT VENTURES

The Company's investments in affiliates and joint ventures, which include joint ventures accounted for using the equity method, are as follows:

Investee	Operating activity	Ownership percentages at December 31 2005	Type of ownership	December 31 2004	December 31 2005
Equity method investments:					
Located in US					
PCI Associates	Pulverized coal	50%	Partnership	$22	$23
I/N Tek [1]	Cold rolling	60%	Partnership	62	74
I/N Kote [2]	Galvanizing	50%	Partnership	146	150
Located in Mexico					
Consorcio Minero Benito Juárez Peña Colorada S.A. de C.V. ("Peña Colorada")	Mining and palletizing plant	50%	Common stock	13	22
Servicios Siderúrgicos Integrados, S.A. de C.V. ("Sersiin")	Port operations, lime, industrial gases and engineering	50%	Common stock	8	7
Located in Canada					
Sorevco	Galvanizing plant	50%	Limited partnership	7	7
Delta Tube	Tubes	40%	Limited partnership	1	1
Located in Germany					
Westfälische Drahtindustrie GmbH ("WDI")	Wire drawing	33.3%	Common stock	15	20
Located in South Africa					
Macsteel International Holdings B.V. [3]	Trading activities	50%	Partnership	93	130
Located in Poland					
Zaklad Przetworstwa Hutniczego	Steel products	33%	Common stock	32	40
Located in China					
Hunan Valin [4]	Steel products	31.43%	Common stock	—	344
Other equity method investment		—	—	54	89
				453	907
Available for sale security [5]:					
Equity security				55	55
Unrealised gain				135	222
Fair value				190	277
Other investments				24	3
				$667	$1,187

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 6: INVESTMENTS IN AFFILIATES AND JOINT VENTURES CONTINUED

(1) I/N Tek, a general partnership formed for a joint venture between the Company and Nippon Steel Corporation ("NSC"), owns and operates a cold-rolling facility. I/N Tek is 60% owned by a wholly owned subsidiary of the Company and 40% owned by an indirect wholly owned subsidiary of NSC. The Company does not exercise control over I/N Tek as all significant management decisions of the joint venture require agreement by both the partners. Due to this lack of control by the Company, the Company accounts for its investment in I/N Tek under the equity method. The Company has rights to the productive capacity of the I/N Tek facility, except in certain limited circumstances and, under a tolling arrangement, has an obligation to use the facility for the production of cold rolled steel. Under the tolling arrangement, the Company was charged $137, $149 and $144 for the years ended December 31, 2003, 2004 and 2005, respectively, and the payable with I/N Tek was $1 at December 31, 2005.

(2) Mittal Steel USA and NSC own and operate another joint venture which consists of a 500,000 ton electro galvanizing line and a 500,000 ton hot-dip galvanizing line adjacent to the I/N Tek facility. I/N Kote, the general partnership formed for this joint venture, is owned 50% by a wholly owned subsidiary of Mittal Steel USA and 50% by an indirect wholly owned subsidiary of NSC. Mittal Steel USA and NSC each have guaranteed the share of long-term financing attributable to their respective subsidiary's interest in the partnership. The I/N Kote joint venture is required to buy all of its cold rolled steel from the Company. Sales to I/N Kote were $343, $323 and $361 for the years ended December 31, 2003, 2004 and 2005, respectively. The Company's receivable with I/N Kote was $4 at December 31, 2005.

(3) Macsteel International Holdings B.V. ("Macsteel") is an equity method investment owned by Mittal Steel South Africa. Mittal Steel South Africa's steel products are marketed internationally through Macsteel, a joint venture in which the Mittal Steel South Africa's holds a non-controlling 50% interest. The Company recognised $42 in equity income from Macsteel in 2005 ($51 in 2004).

(4) On September 28, 2005, following the required approvals by various institutions of the Chinese Government and minor adjustments to the share purchase agreement signed on January 14, 2005, Mittal Steel completed the acquisition of 36,67% of the outstanding shares of Hunan Valin Steel Tube and Wire Co., Ltd ("Hunan Valin"), for a total consideration of $338 (excluding expenses of $6). As a consequence of publicly held outstanding convertible bonds being converted into shares, the shareholdings of Mittal Steel in Hunan Valin was diluted to 31.43% at of December 31, 2005. During January, 2006, the conversion of all remaining convertible bonds occurred and, as a result, the shareholdings of Mittal decreased to 29.49%. The acquisition has been accounted for as an equity investment. As of December 31, 2005 the investment had a market value of $391. Also see subsequent events in note 21.

(5) At December 31, 2004 and 2005, the Company owned approximately 8.6% of the outstanding shares of Eregli Denirve Fabrikal ("Eregli"), with a market value of $190 and $277 as of December 31, 2004 and 2005, respectively. Eregli is the largest iron and steel producer in the Republic of Turkey. Eregli is publicly traded on the Istanbul Stock Exchange.

Summary condensed information, in the aggregate, of the Company's investments accounted for using the equity method is disclosed as follows:

	Year ended December 31,		
	2003	2004	2005
Condensed Statement of Income Data*			
Gross revenue	$3,734	$2,128	$3,446
Net income	297	90	118

	At December 31,	
	2004	2005
Condensed Balance Sheet Data		
Current assets	$559	$957
Total assets	1,565	2,487
Current liabilities	606	1,030
Total liabilities	1,078	1,583
Net assets	487	904

* Includes Hunan Valin as from September 28, 2005

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
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NOTE 7: BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties were as follows:

	Year ended December 31,			At December 31,	
	2003	2004 Sales	2005	2004 Receivables	2005
Transactions:					
Macsteel International Holdings BV	$—	$1,047	$1,369	$62	$51
WDI	115	195	153	34	20
Sorevco	43	—	63	—	—
I/N Kote	343	323	361	33	4
P.T. Ispat Indo/Glacier Trade Centre	20	1	6	3	—
Alpos	12	18	12	7	3
M.G. Odra Gas	6	7	8	—	3
Topham Eisen-und Stahlhandelsges	22	45	30	1	4
Polish Steel Products	—	9	15	—	2
TEGA	—	6	8	1	1
Polski Koks	—	325	77	50	45
Zaklad	—	86	70	10	13
Alkat	—	21	22	—	2
Krakodlew	—	14	11	—	—
Stalprofil	—	90	68	13	6
Valcovnia Plecku	—	8	—	—	—
Consolidated Wire Industries (Pty) Ltd.	—	26	24	—	3
Florin Centrum	—	—	23	—	4
Florin Podkarpacie SA	—	—	9	—	2
Other	—	14	10	11	5
Total	$561	$2,235	$2,339	$225	$168

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 7: BALANCES AND TRANSACTIONS WITH RELATED PARTIES CONTINUED

	Year ended December 31,			At December 31,	
	2003	2004	2005	2004	2005
	Purchases of raw material & others			Payables	
Transactions					
Peña Colorada	$44	$34	$53	$16	$27
Sersiin	12	9	11	22	18
E.I.M.P	101	153	188	—	—
PCI Associates (Tolling fee)	32	57	54	15	(5)
Orind Refractories	33	46	66	14	5
Cal. del. Balsas	—	16	17	2	2
I/N Tek (Tolling charges)	137	149	144	(16)	1
Lindsay International Pvt Ltd	32	40	57	4	6
M.G. Odra Gas	9	9	12	2	2
Corp. del. Balsas	2	5	5	3	2
Thyssen Trade Praha	21	6	—	—	—
Polski Koks	—	372	217	58	50
Zaklad Przetworstwa Hutniczego	—	40	—	3	—
Alkat	—	26	30	—	—
Krakodlew	—	18	12	2	2
Stalprofil	—	12	3	—	—
Przedsibiorsti	—	6	—	—	—
Prezerobu Ziomu Ziomex	—	—	19	—	—
HK Zaklad Transportu Samochodowego	—	—	6	—	3
Bulk Lehar	—	—	—	2	6
Other	8	23	20	10	6
Total	$431	$1,021	$914	$137	$125

NOTE 8: PAYABLE TO BANKS AND CURRENT PORTION OF LONG-TERM DEBT

Payable to banks and current portion of long-term debt consist of the following:

	At December 31,	
	2004	2005
Letter of credit, revolving and other credit facilities including bank overdrafts	$237	$144
Current portion of long-term debt and lease obligations (see note 9)	104	190
	$341	$334

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 8: PAYABLE TO BANKS AND CURRENT PORTION OF LONG-TERM DEBT CONTINUED

Multi-currency Letter of credit facility

On December 30, 2005 the Company entered into a multi-currency revolving letter of credit facility in an aggregate amount equal to $800 with a consortium of lenders. This facility is to be used by the Company and its subsidiaries for the issuance of letters of credit and financial guarantees. The terms of the letter of credit and financial guarantees carry certain restrictions as to duration. There were no utilisations under this facility as of and for the year ended December 31, 2005.

Revolving credit facility

The Canadian Operating Subsidiary has a revolving term credit facility of C$147 million ($125) bearing interest at the US prime base or the Canadian prime rate maturing in July 2009 and collateralised by the Canadian Operating Subsidiary's accounts receivable and inventories to an amount of $268. As of December 31, 2005, C$ nil ($ nil) was outstanding under this facility. Under the conditions of the revolving term credit facility, the Canadian Operating Subsidiary must satisfy certain restrictive covenants as to minimum financial ratios, acquisition of fixed assets and payments of dividends or other distributions of equity.

Other credit facilities

Other credit facilities provide for borrowing at various interest rates and support letters of credit in addition to providing borrowings to fund local working capital requirements at certain Operating Subsidiaries. Weighted-average interest rates on the bank lines, working capital facilities and temporary overdrafts ranged from 2.0% to 8.7% in 2004 and 2.0% to 7.65% in 2005.

Certain of the credit facilities contain restrictive covenants that (i) require the Company's subsidiaries to comply with certain financial maintenance tests including the ratio of current assets to current liabilities and the ratio of total liabilities to total capital; (ii) require the maintenance of specified levels of net worth; (iii) prohibit subsidiaries from entering into agreements that restrict their ability to pay dividends and (iv) limit the payment of dividends (see note 11).

Certain of the lines of credit are collateralised by current assets and property, plant and equipment with a net carrying value of $258 and $292 at December 31, 2004 and 2005, respectively.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 9: LONG-TERM DEBT

Long-term debt denominated in US dollars unless otherwise noted, is comprised of the following as of December 31:

	Year of maturity	Type of Interest	2004	2005
			US Dollar Equivalent (millions)	
Corporate				
$3.2 billion Credit Facility	2010	Floating	$—	$2,750
$3.5 billion Bridge Finance Facility	2007 - 2008	Floating	—	3,500
IFA	2030 - 2035	Floating	—	51
EBRD	2009	Floating	83	67
Other Loans (denominated in euro)	2009	Fixed	—	16
Others			268	—
Total Corporate			351	6,384
America				
Senior secured notes	2010	Floating	150	150
Senior secured notes	2014	Fixed	420	420
Senior unsecured notes	2014	Fixed	—	500
PBGC convertible notes	2007	Fixed	—	35
Asset acquisition loans	2015	Fixed	—	152
Other loans	2007 - 2014	Fixed	312	119
Total Americas			882	1,376
Europe				
Secured notes (denominated in euro)	2006	Fixed	95	82
Other loans	2006 - 2011	Floating	101	35
Other loans	2007 - 2013	Fixed	97	42
Total Europe			293	159
Asia & Africa				
Government Loan	2011	Fixed	150	150
Other loans	2013	Fixed	17	17
Other loans	2012	Floating	50	36
Total Asia & Africa			217	203
Total			**1,743**	**8,122**
Less current portion of long-term debt			104	180
Total long-term debt (excluding lease obligations)			1,639	7,942
Lease obligations (net of $10 of current portion)			—	32
Total long-term debt, net of current portion			**$1,639**	**$7,974**

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 9: LONG-TERM DEBT CONTINUED

CORPORATE

$3.2 Billion Credit Facility

On April 7, 2005, Mittal Steel and certain subsidiaries signed a $3,200 credit facility ("2005 Credit Facility") with a consortium of banks. The five-year facility is divided into a term loan tranche and a revolver tranche. The $1,700 term loan tranche was used to finance the cash portion of the consideration payable in connection with the acquisition of International Steel Group Inc. The $1,500 revolver tranche was made available to refinance certain existing indebtedness of Mittal Steel and its subsidiaries and for general corporate purposes. At December 31, 2005, $2,750 was outstanding under the facility. Both tranches pay interest at a rate of LIBOR plus a margin based on a rating grid. The average interest rate for 2005 was 4.16%.

$3.5 Billion Bridge Finance Facility

On October 19, 2005, the Company signed a $3,000 loan agreement with Citigroup ("2005 Bridge Facility"). The facility was subsequently increased by $500 to $3,500 and has terms similar to the $3,200 credit facility. The Company used the proceeds of this facility to partially fund the acquisition of a 93.02% stake in the capital of Mittal Steel Kryviy Rih. The 2005 Bridge Facility pays interest at a rate of LIBOR plus a margin based on a rating grid. The average interest rate for 2005 was 4.47%. As defined in the 2005 Bridge Facility, the Company has an obligation to repay this facility upon entering into new significant borrowing arrangements (See also note 21).

IFA

On November 22, 2005, the Company entered into an agreement with the Indiana Finance Authority to issue Environmental Improvement Revenue Refunding Bonds, Series 2005 in an amount of approximately $51. The Company used the proceeds to redeem two outstanding bonds at Mittal Steel USA Inc (series 1993 and 1995) in 2005 and to redeem series 1977 in February 2006. Interest is paid on a floating rate basis. The average interest rate for 2005 was 3.13%.

EBRD loan

The secured loan is for capital expenditure and working capital requirement at Mittal Steel Galati. The loan is guaranteed by the Company and certain of its subsidiaries and is secured by a pledge of certain assets of Mittal Steel Galati. The average interest rate for 2005 was 6.22%.

AMERICAS

Senior Secured Notes

On March 25, 2004, Ispat Inland ULC issued $800 principal amount of senior secured notes: $150 of floating rate notes bearing interest at LIBOR plus 6.75% due April 1, 2010 and $650 of fixed rate notes bearing interest at 9.75% (issued at 99.212% to yield 9.875%) due April 1, 2014 (the "Senior Secured Notes"), of which $150 and $420 (net of $3 of discount) are outstanding as of December 31, 2005.

The Senior Secured Notes are secured by First Mortgage Bonds (relating to certain assets of the former Ispat Inland Inc.) totalling $800 and by a second position lien on the inventory of Mittal Steel USA. As further credit enhancement, the Senior Secured Notes are fully and unconditionally guaranteed by Mittal Steel USA, certain of its subsidiaries as well as by Mittal Steel and certain other affiliates.

The terms of the Senior Secured Notes place certain limitations on the ability of Mittal Steel USA and its subsidiaries to incur additional indebtedness, pay dividends or make other distributions and various other activities. The indenture also contains limited covenants that are applicable to Mittal Steel. These limitations are subject to a number of exceptions and qualifications. Mittal Steel USA was in compliance with all covenants on December 31, 2005. The restrictions in the indenture for the Senior Secured Notes on paying dividends or making other distributions to shareholders and the repurchase or redemption of stock limited such payments to $503.

The Senior Secured Notes became investment grade rated as of January 19, 2006. As a result, many of the above limitations were suspended.

Senior unsecured notes

On April 14, 2004, Mittal Steel USA ISG Inc. issued $600 of senior, unsecured debt securities due 2014. The debt securities bear interest at a rate of 6.5% and were sold at an original issue discount of $5, which is amortised as interest expense over the life of the senior unsecured notes. These debt securities have a principal at maturity of $600 and an effective annual interest rate of 6.625%. Certain of the wholly owned subsidiaries of Mittal Steel USA guarantee these notes on a full, unconditional and joint and several basis. On July 22, 2005, Mittal Steel USA ISG Inc. repurchased $100 of bonds leaving an outstanding balance of $500.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 9: LONG-TERM DEBT CONTINUED

PBGC note

The Pension Benefit Guaranty Corporation ("PBGC") convertible note bears interest at 6.0% and the principal is due in full on May 6, 2007. The note is subordinated to all of Mittal Steel USA's senior indebtedness. The PBGC note is convertible, at the PBGC's option, into 35,597.45 shares of the Company's common stock for each $1 in principal and interest outstanding at any time.

Asset acquisition loans

In May 2005, Mittal Steel USA ISG Inc. took ownership of a coke oven battery at Burns Harbor that was previously leased under a capital lease. The related loan amounts to $147 as of December 31, 2005. Payments to the lender are minimum monthly payments totalling $6 per year with additional payments based on coke production through 2015. The coke oven battery is collateral for the loan.

In connection with ISG's acquisition of Weirton, ISG issued a $5 promissory note due 2019. The note bears interest at 5.0% per annum and annual principal and interest payments began in May 2005.

Other loans

The other loans relate to fixed rate bonds bearing interest at 5.75%-7.25%.

Redemptions

2005

Other loans

On October 5, 2005, Ispat Inland redeemed the $28 principal amount of its outstanding First Mortgage 7.9% Bonds, Series R, due January 15, 2007 at par.

On December 28, 2005, Ispat Inland redeemed the $23 principal amount of its outstanding City of East Chicago, Indiana Pollution Control Refunding Revenue Bonds (Inland Steel Company Project No. 10) Series 1993 at par and the $12 principal amount of its outstanding Indiana Development Finance Authority Pollution Control Refunding Revenue Bonds (Inland Steel Company Project No. 12) Series 1995 at 102%. On February 1, 2006, Mittal Steel USA redeemed the $17 principal amount of its outstanding City of East Chicago, Indiana Pollution Control Revenue Bonds (Inland Steel Company Project No. 5) Series 1977 at par.

2004

Senior Secured Notes

On December 30, 2004, Ispat Inland (through an affiliate) redeemed $228 principal amount of its 9.75% Senior Secured Notes due 2014, at a redemption price equal to 109.75% for which Ispat Inland recognised a $22 loss in other expenses.

2003

Industrial Development Revenue Bonds

During 2003, Mittal Steel purchased $29 principal amounts of bonds at face value. As a result of the early redemption a gain of $14 was recognised.

Contingent Liability

In 1998, Ispat Inland entered into an agreement with the PBGC to provide certain financial assurances with respect to its Pension Plan. Under the terms of this agreement, the PBGC was granted a first priority lien on certain assets and Ispat Inland was required to make certain contributions to its Pension Plan. In 2003, the agreement was amended and under the amended terms, Ispat Inland contributed $175 in 2005, $83 in 2004, and $50 in 2003 and pledged $160 of non-interest bearing First Mortgage Bonds. The agreement terminates upon the earlier of either being fully funded under Employee Retirement Income Security Act ("ERISA") or Mittal Steel USA meeting certain financial measures. The Company believes the financial measures tests have been met as of December 31, 2005 and, as such, the agreement has terminated, eliminating its contribution requirements in 2006 and beyond and also eliminating the collateral requirements. The PBGC has yet to review the 2005 financial statements and acknowledge the termination of the agreement in connection with the satisfaction of the financial measures.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 9: LONG-TERM DEBT CONTINUED

EUROPE

Senior Secured Notes Denominated in Euro

On February 1, 2001, Mittal Steel Europe Group SA, issued €150 million Senior Secured Notes ("Bonds"), with a mature of February 1, 2011. These Bonds are secured by mortgage over the property plant and equipment of the German Operating Subsidiaries and an indirect pledge on the shares of the French Operating Subsidiary. The interest rate is fixed at 11.875% per annum and payable semi-annually.

Redemption

In 2004, Mittal Steel Europe Group SA purchased €39 million ($48) Bonds at an average purchase price of 111.6%. As of December 31, 2004 and 2005, the par value of the outstanding Bonds was €70 million. These Bonds were called on December 19, 2005 and repaid on February 1, 2006 at 105.938% of par value. Penalties of $8 arising from the early retirement of these Bonds were accrued in 2005.

Other loans

The European floating rate loans bear interest at Libor/ Warsaw Interbank Offering rate ("Wibor") + 0% - 6%.

The fixed rated loans bear interest at 5.5% - 7.5%.

Loans for the Operating Subsidiaries in Macedonia, Bosnia and Herzegovina, Romania and Poland are secured by property, plant and equipment.

ASIA & AFRICA

Mittal Steel Annaba has a $150 ten-year term loan agreement with the Government of Algeria. The loan matures in October 2011 and bears interest at 5% per annum (payable annually) from October 2004, which is after a moratorium period of three years. The Company has guaranteed the payment of the principal and interest payable under this loan.

The floating rate loans bear interest at Libor + 3.5%.

Loans at the Operating Subsidiaries in Kazakhstan and Algeria, with amounts outstanding as of December 31, 2005 of $36 are secured by property, plant and equipment to an amount of $20.

OTHER

Certain debt agreements of the Company or its subsidiaries provide for various covenants requiring certain consent from lenders in specified circumstances, to declare or pay any dividends, make certain restricted payments, incur additional indebtedness, make certain investments, create liens, guarantee indebtedness, sell or acquire assets with certain exceptions, enter into any merger or consolidation or reorganisation, as well as require compliance with other financial maintenance tests, which includes financial ratios and minimum levels of net worth. The Company is in compliance with the financial covenants contained within the amended agreements related to all of its non-current borrowings.

Maturities of long-term debt including lease obligations at December 31, 2005 are as follows:

Year ended December 31,	
2006	$190
2007	1,876
2008	1,808
2009	52
2010	2,931
Subsequent years	1,307
Total	$8,164

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 10: FINANCIAL INSTRUMENTS AND CREDIT RISK

Fair Value of Financial Instruments

The estimated fair values of certain financial instruments have been determined using available market information or other valuation methodologies that require considerable judgment in interpreting market data and developing estimates. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realise in a current market exchange. The use of different assumptions and/or estimation methodologies may have a material effect on the estimated fair values.

The carrying amounts of the Company's cash and cash equivalents, accounts receivable and accounts payable approximate their fair values due to the short-term nature of these instruments.

The Company's short and long-term debt consists of debt instruments which bear interest at fixed rates and variable rates tied to market indicators. The fair value of the Company's variable rate debt approximates its carrying amount given the floating rate nature of the debt at prevailing market rates. The fair value of fixed rate debt is based on estimated future cash flows discounted using the current market rates for debt of the same remaining maturities and credit risk.

The estimated fair values of the Company's short and long-term debt are as follows:

	December 31, 2004		December 31, 2005	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Falue
Instruments payable bearing interest at variable rates	$751	$764	$6,589	$6,594
Instruments payable bearing interest at fixed rates	992	1,041	1,575	1,649
Long-term debt, including current portion	1,743	1,805	8,164	8,243
Payable to banks	237	237	144	144

Derivative financial instruments

The Company uses foreign currency exchange contracts to manage the risk of foreign currency fluctuations on projected cash flows relating to purchase and sales contracts.

In the Americas, subsidiaries use futures and swap contracts to manage fluctuations in the cost of natural gas and certain non-ferrous metals, primarily zinc, which is used in the coating of steel. Timing of these transactions corresponds to the expected need for the underlying physical commodity and is intended as a hedge.

The Company had one long running interest rate swap which ended in January 2006.

The effective portion of the fair value gains or losses on these cash flow hedges are recorded in other comprehensive income and recorded in the income statement as per the realisation of the cashflows if they meet the criteria of SFAS 133. Any ineffective portions of the gains or losses on all cashflow foreign exchange contracts, swaps or options designated as hedges were recognised currently in earnings.

The amounts of gains or losses reclassified from unrealised in other comprehensive income to realised in earnings as a result of the discontinuance of cash flow hedges were not material.

The fair value gains or losses from foreign currency derivatives and commodity swaps and options that do not qualify for hedge accounting are recognised in cost of sales or other operating expenses.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 10: FINANCIAL INSTRUMENTS AND CREDIT RISK CONTINUED

Credit Risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted and from movements in interest rates and foreign exchange rates. The Company does not anticipate non-performance by counterparties. The Company generally does not require collateral or other security to support financial instruments with credit risk. Concentrations of credit risk (whether on or off balance sheet) that arise from financial instruments exist for groups of customers or counterparties when they have similar economic characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Financial instruments that potentially subject the Company to credit risk primarily consist of trade accounts receivable and derivative contracts.

The Company considers its credit risk associated with trade accounts receivable to be limited due to a large number of customers comprising the Company's customer base and their geographic dispersion. The Company sells a significant amount of products pursuant to orders throughout its main markets. The Company grants credit based on evaluations of its customers' financial situation, in certain cases, without requiring guarantees or letters of credit, and monitors the exposure of potential losses from granting credit. To reduce risk the Company routinely assesses the financial strength of its customers and as a consequence, believes that its accounts receivable credit risk exposure is limited. In addition, the Company has entered into insurance policies in a number of subsidiaries.

The counterparties to derivative contracts are generally major financial institutions and credit risk is generally limited to the unrealised gains and losses on such contracts should the counterparties fail to perform as contracted. Additionally, the Company utilises a portfolio of highly rated financial institutions either headquartered or operating in the same countries in which the Company conducts its business. The credit exposure to each counterparty is capped in function of its credit rating and our business volume. As a result, the Company considers the risk of counterparty default to be minimal.

NOTE 11: SHAREHOLDERS' EQUITY

As of December 31, 2005, the authorised common shares of Mittal Steel consisted of 5,000,000,000 class A common shares, par value of EUR0.01 per share, and 721,500,000 class B common shares, par value of EUR0.10 per share. At December 31, 2005, 255,401,673 (2004: 194,509,790) class A common shares and 457,490,210 (2004: 457,490,210) class B common shares were issued and 246,572,889 (2004: 185,284,650) class A common shares (excluding treasury shares) and 457,490,210 (2004: 457,490,210) class B common shares were outstanding.

The preference and relative rights of the Mittal Steel class A common shares and Mittal Steel class B common shares are substantially identical except for disparity in voting power and conversion rights. Holders of Mittal Steel class A common shares are entitled to one vote per share and holders of Mittal Steel class B common shares are entitled to 10 votes per share on all matters submitted to a vote of shareholders. Each Mittal Steel class B common share is convertible, at the option of the holder, into one Mittal Steel class A common share.

On April 15, 2005 Mittal Steel issued 60,891,883 class A common shares to the former ISG stockholders in exchange for their shares of ISG common stock.

At December 31, 2005, the Company had 8,828,784 of its own Class A shares which it purchased on the open market for a net consideration of $111 (at December 31, 2004—9,225,140 at a consideration of $123). In 2005 the Company received $3 upon the exercise of options.

In 2004 Company bought back 5,300,000 of its shares from the open market during the year at a consideration of $54 under a share buy-back programme announced by the Company. These shares have been acquired for the purpose of the Company's employee stock option plan.

All calculations to determine the amounts available for dividends are based on Mittal Steel's Dutch statutory accounts, which, as a holding company, are different from its consolidated accounts.

Mittal Steel has no manufacturing operations of its own. Accordingly, it can only pay dividends or distributions to the extent it is entitled to receive cash dividend distributions from its subsidiaries, recognises gains from the sale of its assets or records share premium from the issuance of (new) common shares. Certain of the Company's Operating Subsidiaries are subject to restrictions under the terms of their debt agreements for paying dividends. As a result, subsidiaries of Mittal Steel had $6,386 in retained earnings which are free of restriction for the payment of dividend at December 31, 2005. Dividends are payable by Mittal Steel in either US Dollars or in Euros.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 11: SHAREHOLDERS' EQUITY CONTINUED

Dividends

2005

The dividend for the year amounts to $213 and was paid during the year.

2004

The following dividends were declared by LNM Holdings N.V. to its sole shareholder before it was acquired by the Company:

- 2003—Dividend of $164.
- 2004—Dividend of $2,385.

Share Retention Agreements

Mittal Steel Temirtau has entered into share retention agreements with the European Bank for Reconstruction and Development ("EBRD") and International Finance Corporation ("IFC"), whereby until the date on which the EBRD and IFC loans have been repaid in full, Mittal Steel Temirtau's holding company or its nominee shall not, unless EBRD and IFC otherwise agree in writing, transfer, assign, pledge, dispose or encumber 67% of the share holding in Mittal Steel Temirtau.

The Company has pledged 20% of the outstanding shares of Mittal Steel Galati towards its commitment to pay the remaining purchase price owed to APAPS relating to the Company's acquisition of Mittal Steel Galati. Further, the Company has also pledged 50% of the outstanding shares of Mittal Steel Galati towards the Company's ten-year capital expenditure commitment at Mittal Steel Galati which commenced November 2001.

The Company has pledged 44.8% of the outstanding shares of Mittal Steel Iasi towards its commitment to pay the remaining purchase price owed to APAPS relating to the Company's acquisition of Mittal Steel Iasi.

The Company has entered into a share pledge agreement with APAPS for 51.1% of its share holding in Mittal Steel Roman's share capital towards its commitment to pay the purchase price for Mittal Steel Roman. The Company has also entered into a share pledge agreement with APAPS for 49.9% of its share holding in Mittal Steel Roman's share capital towards its capital expenditure commitment for five years commencing December 2003.

The Company has entered into a share pledge agreement with APAPS for 1.4% of its share holding in Mittal Steel Hunedoara's share capital towards its commitment to pay the purchase price for Mittal Steel Hunedoara. The Company has also entered into a share pledge agreement with APAPS for 51.7% of its share holding in Mittal Steel Hunedoara's share capital towards its capital expenditure commitment for five years commencing April 2004.

The Company has entered into a share retention agreement with IFC to retain at least 51% of the registered share holding in Mittal Steel Annaba towards the commitment for repayment of loans to IFC by Mittal Steel Annaba.

The Company is obliged to establish a registered pledge in favor of the State Treasury of Poland over such number of the Company's shares of Mittal Steel Poland which is equal to the difference between: (i) the number of shares in the Company held by Mittal Steel Holdings and (ii) 50% of the Company's shares plus one share. As a result, the number of the shares to be pledged equals to 32,440,972 shares, which constitutes about 12.17% of the entire Company's share capital and about 19.58% of all shares/capital held by the Company.

Stock Option Plan

In 1999, the Company established the Mittal Steel Global Stock Option Plan ("MittalShares"). Under the terms of MittalShares, the Company may grant options to purchase common shares to senior management of Mittal Steel and its affiliates for up to 10,000,000 shares of common shares. The exercise price of each option equals not less than the fair market value of Company stock on the date of grant, with a maximum term of 10 years. Options are granted at the discretion of the Company's Board of Directors' Remuneration Committee or its delegate. The options vest either ratably upon each of the first three anniversaries of the grant date, or, in total, upon the death, disability or retirement of the participant.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 11: SHAREHOLDERS' EQUITY CONTINUED

The fair value of each option grant to purchase Mittal Steel common shares is estimated on the date of grant using Black-Scholes option pricing model with the following weighted-average assumptions:

	Year of grant 2005
Dividend yield	1.44%
Expected annualised volatility	52%
Discount rate-Bond equivalent yield	4.50%
Expected life in years	6

The status of the Mittal Shares is summarised below at December 31, 2005:

	Number of Shares	Range of Exercise Prices	Weighted Average Exercise Price per share
Outstanding, December 31, 2002	3,391,500	$2.26 - 11.94	$7.13
Exercised	(91,166)	2.26	2.26
(Forfeitures)/restoration	39,000	2.26 - 11.94	11.72
Outstanding, December 31, 2003	3,339,334	2.26 - 11.94	7.32
Exercised	(1,384,118)	2.26 - 11.94	7.76
(Forfeitures)	(244,000)	2.26 - 11.94	9.07
Outstanding, December 31, 2004	1,711,216	2.26 - 11.94	6.72
Granted	3,908,773	28.75	28.75
Exercised	(351,850)	2.26 - 11,94	5.87
(Forfeitures)	(210,833)	2.26 - 28.75	27.87
Outstanding, December 31, 2005	5,057,306	2.26 - 28.75	22.92
Exercisable, December 31, 2005	1,352,366	$2.26 - $28.75	$6.96
Exercisable, December 31, 2004	1,321,721	$2.26 - $11.94	$8.03
Exercisable, December 31, 2003	2,542,542	$2.26 - $11.94	$8.62

Options granted during 2005 had a fair value of $13 per share.

The following table summarises information about stock options at December 31, 2005:

	Options Outstanding		
Exercise Prices	Number of Shares	Weighted Average Contractual Life (in years)	Options Exercisable Number Of Shares
$11.94	409,499	3.71	409,499
8.57	379,050	4.42	379,050
2.26	563,817	6.27	563,817
28.75	3,704,940	9.65	—
$2.26 - 28.75	5,057,306	8.40	1,352,366

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
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NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS

Mittal Steel's Operating Subsidiaries have different types of pension plans for their employees. Also, most of the subsidiaries in the Americas region offer post-employment benefits, including post-employment health care. The expense associated with these pension plans and employee benefits, as well as the carrying amount of the related liability/asset on the balance sheet is based on a number of assumptions and factors such as the discount rate, expected wage increases, expected return on plan assets, future health care cost trends and market value of the underlying assets. Actual results that differ from these assumptions are accumulated and amortised over future periods and, therefore, will affect recognised expense and the recorded obligation in future periods, particularly in the case of Mittal Steel's US and Canadian subsidiaries. The total accumulated unrecognised losses amounted to $1,103 for pensions and $180 for other post-retirement benefits as of December 31, 2005.

A summary of the defined benefit plans is as follows:

AMERICAS

US and Canadian Plans

Mittal Steel USA's Pension Plan and Pension Trust is a non-contributory defined benefit plan covering approximately 40% of its employees. Benefits for most non-represented employees are determined under a "Cash Balance" formula as an account balance which grows as a result of interest credits and of allocations based on a percentage of pay. Benefits for other non-represented salaried employees are determined as a monthly benefit at retirement depending on final pay and service. Benefits for wage and salaried employees represented by the United Steelworkers of America are determined as a monthly benefit at retirement based on fixed rate and service.

The Company also has established defined contribution benefit trusts to fund pensions and retiree medical and death benefits as well as qualified savings plans. Compensation expense related to this savings plan amounted to $4, $4 and $123 for the years ended December 31, 2003, 2004, and 2005 respectively.

The Canadian Operating Subsidiary offers contributory and non-contributory defined benefit pension plans for substantially all of its employees. Benefits for the non-contributory plans are generally calculated based on the number of years of service of the unionised employees and based on actuarial computations. Benefits for the contributory plans are generally calculated based on the number of years of service and the maximum average eligible earnings of each employee during any period of five consecutive years.

The Canadian Operating Subsidiary provides certain post-employment and post-employment medical benefits and life insurance for certain groups of retired employees. The Company is accruing the cost of these benefits for current and future retirees using the projected unit credit actuarial method.

Trinidad Plan

The Company's Operating Subsidiary in Trinidad maintains a contributory defined benefit pension plan for substantially all of its employees, the benefits of which are based on the employees' length of service.

Mexican Plan

The Mexican Operating Subsidiary provides for seniority premiums to its employees, which consists of a one-time payment of 12 days wages for each year worked, calculated on the basis of employees' most recent salary. The maximum salary used in this calculation is limited to double the legal minimum wage. The liabilities and net periodic cost related to these retirement benefits are calculated by independent actuaries using the projected unit credit method.

The Mexican Operating Subsidiary also provides seniority premium benefits, which are mandated by Mexican law, to employees upon unjustified dismissal, after 15 years of service or to the employee's beneficiary upon death. Net periodic cost related to such obligation was not material for the years ended December 31, 2004 and 2005. The related accrued liability of $3 and $6 as of December 31, 2004 and 2005, respectively, is classified in the consolidated balance sheets as other long-term liabilities.

Europe

Some European Operating Subsidiaries maintain mainly unfunded defined pension plans for a certain number of employees the benefits of which are based on such employees' length of service and applicable pension table under the terms of individual agreements.

Other plans have an obligation to pay lump sum retirement indemnities to employees' calculated bases on the length of service and compensation at retirement.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS CONTINUED

ASIA & AFRICA

South African Plan

The South African Operating Subsidiary contributes to defined contribution savings plans. Contributions amounted to $17 in 2004 and 2005.

Additionally certain employees at the South African Operating Subsidiary are covered by multi-employer pension plans. Company contributions to these plans were not material in 2004 and 2005.

Plan Assets

The weighted-average asset allocations for the Funded Pension Plans at December 31, 2004, and 2005, by asset category are as follows(1):

	December 31, 2004			December 31, 2005		
	US	CANADA	TRINIDAD	US	CANADA	TRINIDAD
Equity Securities	64%	61%	55%	62%	60%	49%
Fixed Income (including cash)	18%	39%	38%	17%	40%	38%
Real Estate	6%	—	—	21%	—	—
Other	12%	—	7%	—	—	13%
Total	100%	100%	100%	100%	100%	100%

(1) US Pension plans weighted asset allocation measured at November 30, 2004 and November 30, 2005 respectively.

The respective Finance and Retirement Committees of the Board of Directors in the US, Canada and Trinidad have general supervisory authority over the respective trust funds. These committees have established the following asset allocation targets:

	December 31, 2005		
	US	CANADA	TRINIDAD
Equity Securities	63%	60%	50%
Fixed Income (including cash)	23%	40%	40%
Real Estate	5%	—	—
Other	9%	—	10%
Total	100%	100%	100%

US Plan Assets

The investment objectives for the US Pension Plan are defined in the Statement of Investment Policy dated December 1, 2000. The objectives stated therein are as follows:

A. Investments of the Trust Fund are made solely in the interest of the participants and beneficiaries and for the exclusive purposes of providing benefits to such participants and their beneficiaries and defraying the reasonable expenses of administering the Plans and the Trust.

B. The investment objectives shall be to: 1) provide long-term growth (in the form of income and/or capital appreciation) in Trust assets so as to maximise the amounts available to provide benefits to Plan participants and their beneficiaries and 2) maintain adequate liquidity in the Trust's assets to permit timely payment of all benefits to such participants and their beneficiaries. In carrying out these objectives, short-term fluctuations in the value of the Trust's assets shall be considered secondary to long-term investment results.

C. The Trust Fund shall be invested with the care, skill, prudence and diligence under the circumstances prevailing from time to time that a prudent man acting in a like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.

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NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS CONTINUED

D. The investments of the Trust Fund shall be diversified so as to minimise the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

The Policy provides for broad ranges around these targets to reduce rebalancing trading cost and facilitate the management of the Trust Fund. Investment risk is monitored by the Company on an ongoing basis, in part through the use of quarterly investment portfolio reviews, compliance reporting by investment managers, and periodic asset/liability studies and reviews of the Plan's funded status.

The Company uses a long-term rate of return assumption of 9.5%. This assumption is viewed in a long-term context and is evaluated annually. The expected return assumption is supported by the asset allocation of the Trust and the historical long-term return on Trust assets.

Trinidad Plan Assets

The Plan's assets are held in trust and invested on a long-term basis. Investment strategy is largely dictated by local investment restrictions (maximum of 50% in equities and 20% overseas) and asset availability since the local equity market is small and there is little secondary market activity in debt securities. The Plan is not permitted to invest in assets of the company.

Canada Plan Assets

Asset allocation is established according to the objectives of the Pension Fund. This is based on the risk/return trade-off defined by the Committee in view of the long-term outlook for financial markets and by taking into account the Plan benefits, its commitments and financial situation after considering all the factors that could affect the provisioning, solvency and capacity of the Plan to meet its obligations.

Summary of changes in the benefit obligation and of the change in plan assets:

	At December 31, 2004			
	TOTAL	US & CANADIAN	TRINIDAD	EUROPE
Change in benefit obligation				
Benefit obligation at beginning of the period	$3,074	$2,963	$53	$58
Service cost	51	46	3	2
Interest cost	186	180	3	3
Plan participants' contribution	2	1	1	—
Actuarial losses	142	138	3	1
Benefits paid	(230)	(227)	(1)	(2)
Foreign currency exchange rate differences	43	34	—	9
Benefit obligation at end of the period	**3,268**	**3,135**	**62**	**71**
Change in plan assets				
Fair value of plan assets at beginning of the period	2,109	2,032	77	—
Actual return on plan assets	301	279	22	—
Employer contribution	121	120	1	—
Plan participants' contribution	2	1	1	—
Benefits paid	(228)	(227)	(1)	—
Foreign currency exchange rate differences	22	22	—	—
Fair value of plan assets at end of the period	**2,327**	**2,227**	**100**	**—**
(Unfunded) funded status of the plans	(941)	(908)	38	(71)
Unrecognised net actuarial loss (gain)	939	967	(28)	—
Unrecognised transition asset	3	5	(2)	—
Unrecognised prior service cost	115	106	9	—
Net amount recognised	**$116**	**$170**	**$17**	**$(71)**
Accrued benefit cost	$(947)	$(876)	$—	$(71)
Prepaid benefit cost	17	—	17	—
Intangible asset	106	106	—	—
Accumulated other comprehensive income	940	940	—	—
Net amount recognised	**$116**	**$170**	**$17**	**$(71)**

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS CONTINUED

	At December 31, 2005			
	TOTAL	US & CANADIAN	TRINIDAD	EUROPE
Change in benefit obligation				
Benefit obligation at beginning of the period	$3,268	$3,135	$62	$71
Acquisition	134	134	—	—
Service cost	52	47	3	2
Interest cost	195	188	4	3
Plan participants' contribution	2	1	1	—
Actuarial loss	246	241	—	5
Benefits paid	(243)	(239)	(2)	(2)
Foreign currency exchange rate differences	9	19	—	(10)
Benefit obligation at end of the period	**3,663**	**3,526**	**68**	**69**
Change in plan assets				
Fair value of plan assets at beginning of the period	2,327	2,227	100	—
Acquistion	69	69	—	—
Actual return on plan assets	244	241	3	—
Employer contribution	200	199	1	—
Plan participants' contribution	2	1	1	—
Benefits paid	(241)	(239)	(2)	—
Foreign currency exchange rate differences	11	11	—	—
Fair value of plan assets at end of the period	**2,612**	**2,509**	**103**	**—**
(Unfunded) funded status of the plans	(1,051)	(1,017)	35	(69)
Unrecognised net actuarial loss (gain)	1,103	1,125	(22)	—
Unrecognised transition asset	(1)	—	(1)	—
Unrecognised prior service cost	131	123	8	—
Net amount recognised	**$182**	**$231**	**$20**	**$(69)**
Accrued benefit cost	$(1,064)	$(995)	$—	$(69)
Prepaid benefit cost	20	—	20	—
Intangible asset	123	123	—	—
Accumulated other comprehensive income	1,103	1,103	—	—
Net amount recognised	**$182**	**$231**	**$20**	**$(69)**

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS CONTINUED

Accumulated Benefit Obligation

The accumulated benefit obligation for all defined benefit pension plans was $3,336 and $3,584 at December 31, 2004 and 2005, respectively

Information for pension plans with accumulated benefit obligations in excess of plan assets:

	At December 31, 2004		
	TOTAL	US & CANADIAN	EUROPE
Projected benefit obligation	$3,191	$3,120	$71
Accumulated benefit obligation	3,195	3,108	87
Fair value of plan assets	2,212	2,212	—

	At December 31, 2005		
	TOTAL	US & CANADIAN	EUROPE
Projected benefit obligation	$3,595	$3,527	$68
Accumulated benefit obligation	3,584	3,501	83
Fair value of plan assets	2,509	2,509	—

The following table details the components of net periodic pension cost

	December 31, 2003			
	TOTAL	US & CANADIAN	TRINIDAD	EUROPE
Components of net periodic cost (benefit)				
Service cost	$44	$40	$2	$2
Interest cost	189	183	3	3
Expected return on plan assets	(208)	(202)	(6)	—
Amortisation of prior service cost	13	13	—	—
Amortisation of net (gain) loss	12	12	—	—
Net periodic cost (benefit)	**$50**	**$46**	**$(1)**	**$5**

	December 31, 2004			
	TOTAL	US & CANADIAN	TRINIDAD	EUROPE
Components of net periodic cost (benefit)				
Service cost	$51	$46	$3	$2
Interest cost	186	180	3	3
Expected return on plan assets	(210)	(204)	(6)	—
Amortisation of prior service cost	13	13	—	—
Amortisation of net (gain) loss	41	41	—	—
Net periodic cost (benefit)	**$81**	**$76**	**$—**	**$5**

Mittal Steel Company N.V. and Subsidiaries
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NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS CONTINUED

	December 31, 2005			
	TOTAL	US & CANADIAN	TRINIDAD	EUROPE
Components of net periodic cost (benefit)				
Service cost	$51	$47	$3	$1
Interest cost	195	188	4	3
Expected return on plan assets	(212)	(204)	(8)	—
Amortisation of prior service cost	14	14	—	—
Amortisation of net (gain) loss	52	56	(1)	(3)
Net periodic cost (benefit)	**$100**	**$101**	**$(2)**	**$1**

Post-employment benefits

Mittal Steel's Operating Subsidiaries in the US, Canada and France provide post-employment benefits, including medical benefits and life insurance benefits to retirees.

Substantially all of the US Operating Subsidiary's employees are covered under post-employment life insurance and medical benefit plans that require deductible and co-insurance payments from retirees. The post-employment life insurance benefit formula used in the determination of post- employment benefit cost is primarily based on applicable annual earnings at retirement for salaried employees and specific amounts for hourly employees. The US Operating Subsidiary does not pre-fund most of these post- employment benefits. Effective January 1, 1994, a Voluntary Employee Benefit Association Trust was established for payment of health care benefits to United Steel Workers of America. Funding of the Trust is made as claims are submitted for payment.

Summary of changes in the post-employment benefit obligation and the change in plan assets:

	At December 31, 2004			
	TOTAL	US & CANADIAN	EUROPE	OTHER
Change in post-employment benefit obligation				
Benefit obligation at beginning of period	$954	$929	$25	$—
Acquisitions	4	—	—	4
Service cost	9	9	—	—
Interest cost	54	52	1	1
Actuarial loss (gain)	(14)	(12)	(1)	(1)
Benefits paid	(75)	(73)	(1)	(1)
Foreign currency exchange rate changes	5	2	2	1
Benefits obligation at end of period	**937**	**907**	**26**	**4**
Fair value of assets	—	—	—	—
Funded (unfunded) status of the plans	**(937)**	**(907)**	**(26)**	**(4)**
Unrecognised net loss	102	102	—	—
Unrecognised prior service cost (benefit)	(144)	(144)	—	—
Net amount recognised	**$(979)**	**$(949)**	**$(26)**	**$(4)**

Mittal Steel Company N.V. and Subsidiaries
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NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS CONTINUED

	At December 31, 2005			
	TOTAL	US & CANADIAN	OTHER	EUROPE
Change in post-employment benefit obligation				
Benefit obligation at beginning of period	$937	$907	$26	$4
Acquisitions	315	315	—	—
Service cost	12	12	—	—
Interest cost	66	65	1	—
Plan amendment	(279)	(279)	—	—
Actuarial loss (gain)	57	60	(1)	(2)
Benefits paid	(78)	(77)	(1)	—
Foreign currency exchange rate changes	(2)	1	(3)	—
Benefits obligation at end of period	**1,028**	**1,004**	**22**	**2**
Fair value of assets (from acquisition)	23	23	—	—
Funded (unfunded) status of the plans	**(1,005)**	**(981)**	**(22)**	**(2)**
Unrecognised net loss	180	180	—	—
Unrecognised prior service cost (benefit)	(404)	(404)	—	—
Net amount recognised	**$(1,229)**	**$(1,205)**	**$(22)**	**$(2)**

The net periodic post-employment cost:

	At December 31, 2003			
	TOTAL	US & CANADIAN	OTHER	EUROPE
Components of net periodic cost (benefit)				
Service cost	$11	$10	$1	$—
Interest cost	60	59	1	—
Amortisation of prior service cost	(20)	(20)	—	—
Net periodic benefit cost	**$51**	**$49**	**$2**	**$—**

	At December 31, 2004			
	TOTAL	US & CANADIAN	OTHER	EUROPE
Components of net periodic cost (benefit)				
Service cost	$9	$9	$—	$—
Interest cost	54	52	1	1
Amortisation of prior service cost	(29)	(29)	—	—
Amortisation of net (gain)	(1)	—	—	(1)
Net periodic benefit cost	**$33**	**$32**	**$1**	**$—**

	At December 31, 2005			
	TOTAL	US & CANADIAN	OTHER	EUROPE
Components of net periodic cost (benefit)				
Service cost	$12	$12	$—	$—
Interest cost	66	65	1	—
Expected return on plan assets	(1)	(1)	—	—
Amortisation of prior service cost	(38)	(38)	—	—
Amortisation of net (gain)	(1)	1	(1)	(1)
Net periodic benefit cost	**$38**	**$39**	**$—**	**$(1)**

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS CONTINUED

Weighted-average assumptions used to determine benefit obligations at December 31,

	Pension Benefits			Other Benefits		
	2003	2004	2005	2003	2004	2005
Discount rate	5%-10%	4.75%-10%	4.25%-7.75%	6.25%-6.5%	4.75%-10%	4.25%-7.25%
Rate of compensation increase	3%-7%	3%-18%	2%-8%	3%-5.28%	3%-5.28%	2%-8%

Weighted-average assumptions used to determine net periodic benefit cost for years ended December 31,

	Pension Benefits			Other Benefits		
	2003	2004	2005	2003	2004	2005
Discount rate	5%-10%	4.75%-10%	4.25%-7.75%	5%-10%	5%-10%	4.25%-7.75%
Rate of compensation increase	3%-7%	3%-18%	2%-8%	4%-7%	4%-8%	2%-8%
Expected long-term rate of return on plan assets	3%-8%	5.28%-9.5%	6.5%-9.5%	5%-9.5%	4.75%-9.5%	6.5%-9.5%

Health Care Cost trend

	December 31,		
	2003	2004	2005
Health Care Cost Trend rate assumed for next year	4.50%-9.20%	4.50%-8.6%	4.5%-11.2%

An increase of 1% in the Health Care Cost Trend rate of Mittal Steel USA would increase the post-employment benefit obligation by $102 and the annual net periodic cost by $11. A 1% decrease would reduce the post-employment benefit obligation by $90 and the annual net periodic cost by $9.

At the Canadian Operating Subsidiary, for evaluation purposes, the annual growth rate assumption for the cost of health care for each participant was decreased to 8% in 2005 (from 8.6% in 2004). The rate is expected to gradually decline to 3.6% in 2010 and remain at this level thereafter. A 1% change would have an effect of $3 on the post-employment benefit obligation.

CASH FLOWS

Contributions

The Company expects to contribute $300 to the US Trust in 2006. There are no PBGC or ERISA minimum funding requirements due in 2006.

The Company expects to contribute $4 to the Trinidad Trust in 2006, which is equal to its minimum statutory regular contributions.

The Company expects to contribute $30 to the Canadian Trust in 2005.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

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NOTE 12: PENSIONS AND OTHER POST-EMPLOYMENT PLANS CONTINUED

Estimated Future Pension and Post-Employment Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Year ended December 31			
Expected benefit payments	TOTAL	US & CANADIAN	TRINIDAD	EUROPE
2006	$324	$318	$1	$5
2007	337	330	1	6
2008	350	343	1	6
2009	364	356	2	6
2010	375	367	2	6
Thereafter	1,882	1,840	11	31

Total long-term employee benefits

Together with plans and obligations that do not constitute pension or other post-employment benefits the total long-term employee benefits are as follows:

	At December 31	
	2004	2005
Pension obligation	$947	$1,064
Included in accrued expenses	(175)	—
Other post-employment benefit obligation	979	1,229
Other long-term employee benefits (jubilee, leave, compensation)	180	213
	$1,931	$2,506

NOTE 13: INCOME TAX EXPENSE

The breakdown of the income tax expense(benefit) is as follows:

	Year Ended December 31,		
	2003	2004	2005
Current:			
Americas	$14	$41	$7
Europe	5	330	279
Asia & Africa	24	360	377
Total current income tax expense	**43**	**731**	**663**
Deferred:			
Americas	(40)	279	28
Europe	32	(150)	(15)
Asia & Africa	149	(43)	142
Total deferred tax expense	141	86	155
Total income tax expense	$184	$817	$818

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
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NOTE 13: INCOME TAX EXPENSE CONTINUED

The following table reconciles the income tax expense (benefit) calculated at the statutory rate of each tax jurisdiction to the corresponding amounts as reported:

	Year ended December 31, 2003			
	Americas	Europe	Asia & Africa	Total
Statutory tax expense	$4	$97	$155	$256
Increase (decrease) resulting from:				
Permanent items	(16)	—	15	(1)
Benefit arising from interest in partnership	(15)	—	—	(15)
Rate change	—	(11)	—	(11)
Change in valuation allowance	12	8	—	20
Benefit of tax holiday	—	(48)	—	(48)
Effects of foreign currency translation	(14)	—	—	(14)
Others	3	(9)	3	(3)
Income tax expense (benefit)	$(26)	$37	$173	$184

	Year ended December 31, 2004			
	Americas	Europe	Asia & Africa	Total
Statutory tax expense	$341	$537	$494	$1,372
Increase (decrease) resulting from:				
Permanent items	—	1	(27)	(26)
Benefit arising from interest in partnership	(19)	—	—	(19)
Rate change	(22)	73	—	51
Change in valuation allowance	(14)	(253)	(207)	(474)
Benefit of tax holiday	—	(190)	(45)	(235)
Effects on foreign currency translation	4	(20)	39	23
Other taxes	9	—	43	52
Others	21	32	20	73
Income tax expense	$320	$180	$317	$817

	Year ended December 31, 2005			
	Americas	Europe	Asia & Africa	Total
Statutory tax expense	$295	$228	$432	$955
Increase (decrease) resulting from:				
Permanent items	(21)	55	92	126
Benefit arising from interest in partnership	(39)	—	—	(39)
Rate change	(16)	(1)	(5)	(22)
Change in valuation allowance	11	(39)	—	(28)
Re-characterisation of capital loss to ordinary loss	(226)	—	—	(226)
Benefit of tax holiday	—	—	(21)	(21)
Effects on foreign currency translation	7	3	—	10
Other taxes	17	4	33	54
Others	7	14	(12)	9
Income tax expense	$35	$264	$519	$818

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

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NOTE 13: INCOME TAX EXPENSE CONTINUED

Re-characterisation of Capital Loss to Ordinary Loss

During 2004, the Mexican Operating Subsidiary, in two separate transactions, transferred shares of two of its subsidiaries and realised capital losses for tax purposes of approximately $755 and $668, respectively. At December 31, 2004, no deferred tax asset was recognised related to these losses as there were no existing temporary differences that would result in future capital gains nor were there any capital gains expected to occur.

In 2005, the Mexican federal court approved the Mexican Operating Subsidiary's petition to utilise the $755 capital loss against operating income. Accordingly, a tax benefit of $226 million was recognised. The petition related to the loss of $668 has not been approved by the Mexican authorities, and accordingly, a deferred tax asset of $187 has not been recognised.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

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NOTE 13: INCOME TAX EXPENSE CONTINUED

Deferred Income Tax

Deferred tax assets and (liabilities) at December 31, 2004 and 2005 are summarised as follows:

		Year Ended December 31,	
		2004	2005
Current net deferred tax assets consist of the following:			
Facilities relocation restructuring	Americas	$22	$—
Accrued vacation	Americas	12	—
Property, plant and equipment	Americas	40	—
Research and development	Americas	2	—
Other	Americas	(6)	2
Property, plant and equipment	Europe	15	25
Net operating loss carryforward	Europe	35	14
Restructuring	Europe	16	12
Reserves	Europe	—	54
Other	Europe	26	22
Valuation allowance	Europe	(11)	(2)
Net operating loss carryforward	Asia & Africa	104	51
Reserves	Asia & Africa	28	14
Other	Asia & Africa	23	8
Total net current deferred tax assets		**306**	**200**
Non-current deferred tax assets consist of the following:			
Employee benefit costs	Americas	326	434
Minimum pension liabilities	Americas	384	387
Net operating losses and alternative minimum tax	Americas	260	624
Property, plant and equipment	Americas	(562)	(1,360)
Net unfavorable contracts	Americas	—	163
Facilities relocation restructuring	Americas	—	106
Other	Americas	(69)	(24)
Valuation allowance	Americas	—	(48)
Net operating loss carryforward	Europe	118	106
Property, plant and equipment	Europe	431	486
Employee benefit costs	Europe	20	12
Reserves	Europe	9	3
Other	Europe	18	9
Valuation allowance	Europe	(168)	(113)
Property, plant and equipment	Asia & Africa	82	—
Other	Asia & Africa	6	—
Total net non-current deferred tax assets		855	785
Total net deferred tax assets		$1,161	$985

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Notes to the Consolidated Financial Statements continued

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NOTE 13: INCOME TAX EXPENSE CONTINUED

		Year Ended December 31, 2004	2005
Current net deferred tax liabilities consists of the following:			
Inventories	Americas	$(16)	$(236)
Accrued expenses	Americas	11	16
Employee benefit costs	Americas	—	9
Accrued vacation	Americas	—	41
Facilities relocation restructuring	Americas	—	44
Other	Americas	—	12
Reserves	Europe	(3)	(1)
Other	Europe	(25)	(1)
Total net current deferred tax liabilities		**(33)**	**(116)**
Non-current net deferred tax liabilities consists of the following:			
Property, plant and equipment	Americas	(179)	(71)
Net operating loss carryforward	Americas	54	48
Inventories	Americas	(18)	—
Employee benefit costs	Americas	—	(5)
Other	Americas	11	—
Valuation allowance	Americas	(24)	—
Property, plant and equipment	Europe	(243)	(1,092)
Employee benefit costs	Europe	19	27
Reserves	Europe	(8)	3
Other	Europe	(23)	(12)
Property, plant and equipment	Asia & Africa	(661)	(573)
Net operating loss carryforward	Asia & Africa	97	70
Employee benefit costs	Asia & Africa	18	6
Reserves	Asia & Africa	2	(3)
Total net non-current deferred tax liabilities		(955)	(1,602)
Total net deferred tax liabilities		$(988)	$(1,718)

At December 31, 2005, Mittal Steel had a valuation allowance of $163 ($203 as of December 31, 2004) to reduce its deferred tax assets to estimated realisable value. The valuation allowance relates to the deferred tax assets arising from tax loss carryforwards and capital loss carryforwards in France and US as well as other temporary differences. In France, tax loss carryforwards and capital loss carryforwards have no expiration date. In addition, capital loss carryforwards can only be offset against capital gains. In the US, tax loss carryforwards expire in varying amounts from 2006 through 2023. The utilisation of tax loss carryforwards is, however, restricted to the taxable income of the subsidiary generating the losses.

At December 31, 2005, based upon the level of historical taxable income and projections for future taxable income over the periods in which the temporary timing differences are anticipated to reverse, management believes it is more likely than not that Mittal Steel will realise the benefits of these deductible differences, net of the valuation allowances. However, the amount of the deferred tax asset considered realisable could be adjusted in the future if estimates of taxable income are revised.

Mittal Steel has not provided any deferred income taxes on the undistributed earnings of its foreign subsidiaries based upon its determination that such earnings will be indefinitely reinvested. If such earnings were not considered indefinitely reinvested, deferred foreign income taxes would have been provided, after consideration of estimated foreign tax credits. However, determination of the amount of deferred foreign income taxes on reinvested earnings is not practicable.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 13: INCOME TAX EXPENSE CONTINUED

Secondary Taxation on Companies ("STC") is a tax levied on South African companies at a rate of 12.5% of dividends distributed. STC is not included in the computation of current or deferred tax as these amounts are calculated at the statutory company tax rate on undistributed earnings. On declaration of a dividend, the South African Operating Subsidiary includes the tax of 12.5% in its computation of the income tax expense. If the South African Operating Subsidiary distributed all of its undistributed retained earnings, of which $1,337 and $1,954 in 2004 and 2005, respectively, would be subject to STC, additional taxes of $149 and $217 in 2004 and 2005, respectively, would be owed. STC on dividends declared in 2004 and 2005 were $29.7 and $29.8, respectively and are included in "Other Taxes" in the effective rate reconciliation.

As provided in certain agreements related to acquisitions and capital investments undertaken by the Company, income from operating activities in certain countries is subject to reduced tax rates, or, in some cases is wholly exempt from taxes. Such arrangements expire over various fiscal years through 2011.

The Kazakhstan Operating Subsidiary and the Government of Kazakhstan signed an agreement that fixed its corporate income tax payments for the years 2005 through 2009. The fixed corporate income tax payments are dependent upon the Kazakhstan Operating Subsidiary's completion of required capital investments by December 31, 2004, which was subsequently extended to December 31, 2006. As of December 31, 2005, the Company has incurred approximately $526 of the total $580 required capital investments.

The Algerian Operating Subsidiaries are exempt from corporate tax for a period of 10 years commencing from October 2001 provided certain commitments are met as specified in note 16.

Tax Loss Carryforwards

At December 31, 2005, the Company had total estimated net tax loss carryforwards of $2,382 which includes tax loss carryforwards of our US Operating Subsidiary net of limitation imposed by IRC Section 382.

Such amount includes net operating losses of $1,674 primarily related to the US and the Mexican Operating Subsidiaries which expire as follows:

Year Expiring	
2006	$50
2007	63
2008	80
2009	51
2010	82
2011	42
2012	38
2013	44
2014	400
2015	38
2016	38
2017	38
2018	38
2019	38
2020	73
2021	298
2022	38
2023	225

The remaining tax loss carryforwards of $708 are indefinite lived and are attributable to the Company's operations in France, Trinidad and Tobago and South Africa.

Tax loss carryforwards are denominated in the currency of the countries in which the respective subsidiaries are located and operate. Fluctuations in currency exchange rates could reduce the US Dollar equivalent value of these tax loss carryforwards in future years.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 14: PROVISIONS AND ALLOWANCES

Provisions for environmental liabilities, asset retirement obligations and restructuring

	Balance at December 31, 2004	Additions charged to Income	Deductions/ Release	Acquisitions	Foreign currency exchange difference	Balance at December 31, 2005
Environmental (see note 17)	$199	$41	$(23)	$232	$(18)	$431
Asset retirement obligation	114	5	(13)	100	(8)	198
Restructuring	119	30	(56)	—	(8)	85
Total	$432	$76	$(92)	$332	$(34)	$714
Long-term liabilities	273					577
Current liabilities	159					137
	$432					$714

	Balance at December 31, 2003	Additions charged to Income	Deductions/ Release	Acquisitions	Foreign currency exchange difference	Balance at December 31, 2004
Environmental (see note 17)	$37	$9	$(2)	$150	$5	$199
Asset retirement obligation	47	8	—	59	—	114
Restructuring	1	12	(16)	96	26	119
Total	$85	$29	$(18)	$305	$31	$432

Employee termination cost

Included in restructuring above is a liability for employee termination cost with regard to the Polish Operating Subsidiary. Prior to the acquisition of the controlling interest in Mittal Steel Poland, this company entered into a head-count reduction plan in order to comply with the Act on Restructuring of Polish Steel Industry dated August 12, 2001 and Protocol 8 of the Republic of Poland Accession Treaty to the European Union. As part of the acquisition of the controlling interest in Mittal Steel Poland, the Company agreed to provide certain entitlements for personnel whose employment with the Company will be terminated in conjunction with required restructuring plans. In total, the Company plans on terminating approximately 3,500 employees under the head-count reduction plan. The total cost expected to be incurred relating to this head-count reduction plan has been recorded at its present value as part of the Company's initial purchase price allocation of its acquisition of Mittal Steel Poland.

The components of the accrued employee termination cost, of which $46 is included in accrued expenses and other liabilities and $26 (expected payment in 2007) is included in other long-term obligations, are as follows:

	2004	2005
Beginning balance at December 31	$84	$106
Cash payments	(12)	(52)
Reassessment	8	26
Foreign currency exchange	26	(8)
Balance at December 31	$106	$72

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 14: PROVISIONS AND ALLOWANCES CONTINUED

Valuation and Qualifying Accounts

	Balance at December 31, 2004	Additions charged to Income	Deductions/ Release	Acquisitions	Balance at December 31, 2005
Allowance for doubtful accounts	$267	$23	$(105)	$56	$241
Inventory obsolescence	244	58	(33)	—	269
Deferred tax valuation allowances	203	11	(71)	20	163

	Balance at December 31, 2003	Additions charged to Income	Deductions/ Release	Acquisitions	Balance at December 31, 2004
Allowance for doubtful accounts	$119	$13	$(24)	$159	$267
Inventory obsolescence	146	47	(15)	66	244
Deferred tax valuation allowances	470	—	(474)	207	203

NOTE 15: ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses were comprised of the following at December 31:

	December 31, 2004	2005
Accrued taxes payable	$598	$488
Accrued payroll and employee related expenses	447	471
Interest	54	89
Due to affiliates	121	121
Advances from customers	98	140
Operating costs	117	518
Others	872	834
Total	$2,307	$2,661

NOTE 16: COMMITMENTS

Commitments

Mittal Steel leases various facilities, land and equipment under non-cancellable lease arrangements. In most cases, management expects that in the normal course of business, leases that expire will be renewed or replaced by other leases.

Future minimum lease payments required under operating leases that have initial or remaining non-cancellable terms in excess of one year are as follows:

Year ending	
2006	$51
2007	39
2008	34
2009	32
2010	25
Thereafter	100
Total minimum lease payments	$281

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 16: COMMITMENTS CONTINUED

Rent expense amounted to $27, $30 and $82 for the years ended December 31, 2003, 2004 and 2005, respectively.

In the ordinary course of its business, the Company has guaranteed certain debts of its subsidiaries totalling $910. The Company has external guarantees to an amount of $260, which includes guarantees with respect to debts of joint ventures, I/N Kote and I/N Tek. At December 31, 2004 and 2005, Ispat Inland (now Mittal Steel USA) guaranteed $41 and $26, respectively, of long-term debt attributable to I/N Kote, one of its equity investments. Since Mittal Steel USA accounts for its investment in I/N Kote under the equity method, the debt, which matures on January 12, 2007, is not recorded in Mittal Steel USA's consolidated balance sheet. Mittal Steel USA's guarantee could be invoked in an event of defaults as defined in the provisions of the I/N Kote loan agreement. In addition to its 50% share of the remaining principal balance, Mittal Steel USA also guarantees any outstanding interest due, both of which bear interest at a rate equal to the higher of (1) the prescribed borrowing rate on the loan, or (2) the Bank's (Mizuho Corporate Bank Limited) prime rate, plus 2%. If Mittal Steel USA performed on its guarantee, it would continue to own its share of I/N Kote, subject to the security interest of the Bank in the assets of I/N Kote. The terms of the guarantee require Mittal Steel USA to maintain a minimum tangible net worth (as defined). Mittal Steel USA was in compliance with this test as of December 31, 2005. Mittal Steel Company N.V. has guaranteed 60% of the debt of I/N Tek (guaranteed amount of $72 at December 31, 2004 and $50 million at December 31, 2005).

In the normal course of business, Mittal Steel enters into various long-term raw material supply contracts, which generally provide for the purchase prices to be negotiated annually based on market prices.

On September 12, 2005, the Company announced that the Liberian Senate ratified the Mining Development Agreement the Company entered into with the Government of Liberia. Under this agreement, the Company expects to have access to iron ore reserves in Western Liberia and anticipates the project to cost approximately $900 for the development of the mines, related railway and port infrastructure, as well as community development. The Company expects shipments of iron ore to commence in 2007.

Mittal Steel USA

In 1998, Mittal Steel USA entered into an agreement (the "Agreement") with the PBGC to provide certain financial assurances with respect to the Company's Pension Plan. The Company granted the PBGC a first priority lien on selected assets in the year 2003. Mittal Steel USA agreed to make contributions to its Pension Plan of $160 over the next two years and 50% of excess cash flows ($147 for 2004 was paid in 2005) as defined in the Agreement. Under the Agreement, Ispat Inland contributed $50 in 2003, $83 in 2004, $28 in 2005, and has no required contributions for 2006. Additionally, the Company pledged $160 of non-interest bearing First Mortgage Bonds to the PBGC as security until the remaining $110 has been contributed to the Pension Plan and certain tests have been met. This commitment is since fulfilled.

In 1993, Mittal Steel USA established a partnership, PCI Associates, with a subsidiary of NiSource Inc. to lease from General Electric Capital Corporation equipment located at Indiana Harbor East for the injection of pulverized coal into the blast furnaces. The lease runs until 2011. In 2003, NiSource sold its portion of PCI Associates to Primary Energy Steel LLC. Mittal Steel USA has certain responsibilities upon the failure of PCI Associates to pay certain amounts due, to perform certain duties under the PCI lease, or the insolvency of Primary Energy Steel LLC. So long as Mittal Steel USA is the operator of the facility, it is required to reimburse the lessor for certain amounts due or to perform such actions under the lease relating to its operations. The guaranteed amounts and duties do not pertain to the base rents due under the lease, which are the responsibility of Primary Energy Steel LLC. Mittal Steel USA could be responsible for the percentage of the liabilities, costs or expenses associated with specified misrepresentations or covenant breaches, discounted at 10%, but it cannot reasonably estimate the amounts which could be due under this guarantee. However, it is not likely that resulting payment obligations in connection with any such arrangements could materially affect our financial position or results of operations. Mittal Steel USA has not recognised any liability associated with this guarantee.

Cleveland-Cliffs Inc. has a contract to supply Mittal Steel USA's requirements for iron ore pellets through 2016 for its Cleveland and Indiana Harbor West facilities. This agreement will renew on an annual basis after 2016, unless either party gives at least two years' advance notice of termination. The agreement specifies product quality requirements and provides Mittal Steel USA with the right to negotiate price adjustments or to refuse to accept shipments of products in some circumstances. The prices paid for iron ore pellets under the agreement is subject to annual adjustments for changes in certain price indices and selling prices for certain steel products. With ISG's acquisition of Weirton, Mittal Steel USA assumed Weirton's agreement with Cleveland-Cliffs Inc. and agreed to certain amendments as part of the assignment. Cleveland-Cliffs Inc. supplied a portion of Weirton's pellet requirements in 2004 and 2005 and for the period 2006 to 2018 the contract provides that Cleveland-Cliffs Inc. will supply a tonnage amount equal to total annual iron ore pellet tonnage requirements, with a minimum annual purchase obligation of 2 million tons per year required for consumption in Weirton's iron and steel making facilities in any year. The other terms of the agreement are generally similar to other iron ore pellet contracts with Cleveland-Cliffs Inc. but only require a one year advance notice of termination. United States Steel Corporation also supplied a portion of the requirements for iron ore pellets at the Weirton facility in 2004 and 2005.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 16: COMMITMENTS CONTINUED

Late in 2005, Mittal Steel announced the indefinite idling of the blast furnaces at the Weirton facility and also entered into discussions with Cleveland-Cliffs about the Weirton arrangement and significant volume and pricing issues under all of its contracts with Cleveland-Cliffs. Mittal Steel cannot determine at this time whether these discussions will result in a negotiated resolution of the issues.

Mittal Steel USA has purchase commitments for gas and other minerals to an amount of $7,168, with firm commitments of between $600 and $1,100 per year through 2034.

Mittal Steel Point Lisas

Mittal Steel Point Lisas has purchase commitments for gas and other minerals of $539.

Pursuant to its agreement with ISCOTT and the Government of Trinidad and Tobago made on December 30, 1994, the Company was required to offer new shares representing 40% of Mittal Steel Point Lisas' total issued share capital in a public offering to Trinidad and Tobago nationals and locally controlled corporations by June 30, 1998. The agreement also provides that such offering must be made at a fair price and on such other terms to be negotiated, and in default of agreement, by the Trinidad and Tobago Stock Exchange (TTSE). The Government extended the deadline to make the offering in the second half of 2000 and has also agreed in principle, as an alternative arrangement, to allow the shares of Mittal Steel to be listed and offered on the TTSE. The Company is currently working with the Government to resolve the requirement.

Mittal Canada

Mittal Canada has purchase commitments for gas and other minerals of $232.

Mittal Steel Poland

Mittal Steel Poland has commitments towards the purchase of coal of $596.

Mittal Steel Duisburg

In February 2005 Mittal Steel Duisburg signed an agreement with ThyssenKrupp Stahl AG for the purchase of between 1.3 - 1.5 million tonnes of pig iron each year for a 20 year term commencing October 2007.

Mittal Steel Annaba and Mittal Steel Tebessa

The Company has committed to invest $140 at Mittal Steel Annaba over a ten year period commencing October 2001 of which $80 shall be invested in the first five years of operations to attain shipping levels of 1.2 million metric tons per year. Mittal Steel Annaba has spent $72 through December 31, 2005. Mittal Steel Annaba has committed to complete and realise the industrial pollution control programme estimated to cost up to $25 over a ten-year period commencing October 2001 for which Mittal Steel Annaba has spent $4 through December 31, 2005.
The Company also committed to invest $30 at Mittal Steel Tebessa over a ten-year period commencing October 2001, $20 of which is to be invested in the first five years of operations. The Company has spent $16 through December 31, 2005 towards this commitment.

Mittal Steel Galati

The Company has committed to invest $175 (including $25 for environmental protection) to finance part of the total capital expenditure commitment of $351 (including $76 for environmental protection) at Mittal Steel Galati over a ten year period ending in 2011. The amount committed to be spent is $55 and $44 for the years ending December 31, 2005 and 2006, respectively and thereafter $20 every year from sixth to tenth year. Mittal Steel Galati has spent $366 and the Company has invested $60 in Mittal Steel Galati through December 31, 2005.
The Company is committed to spend $34 towards the environmental obligations as December 31, 2005. Mittal Steel Galati is committed to contributing $5 per year to provide certain employees' facilities.

Mittal Steel Hunedoara, Mittal Steel Iasi and Mittal Steel Roman

The Company has committed to spend $57 in aggregate on capital expenditures, of which $53 remains outstanding as of December 31, 2005.

Mittal Steel Ostrava

Mittal Steel Ostrava has committed to invest $243, including $20 for environmental investment, from 2003 to 2012. The majority of the investments are required to be made by 2007. Mittal Steel Ostrava has spent $103 up to December 31, 2005 towards this commitment.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 16: COMMITMENTS CONTINUED

Mittal Steel Poland

The sale of Mittal Steel Poland by the government of Poland was part of an initiative to restructure the Polish steel industry. Pursuant to the acquisition agreement, the Company committed to make capital expenditures of $587 through December 2009, as well as to comply with the restructuring plan that the government of Poland agreed with the European Commission as part of the European Union accession process, including the shutdown of some rolling and finishing facilities and minimum employment levels. Through December 31, 2005, Mittal Steel Poland has spent $91 towards this commitment.

Mittal Steel Poland's Krakow unit (previously an independent legal entity owned by the State Treasury of Poland) entered into a composition agreement with its trade creditors (approved by the court in 2002). Outstanding balances are to be paid in installments without interest and 40% of the liability to be waived upon completion of all payments. The last installment is due in 2007. If Mittal Steel Poland fails to pay installments according to the agreed schedule, the portion waived ($82) would become due with interest for the period from the date the composition agreement was approved through the date of payment. Mittal Steel Poland was in compliance with these repayment obligations as of December 31, 2005.

Mittal Steel Poland applied to the Polish government for restructuring of public debts due to various government institutions. The agreement was made according to specified government aid programmes for the steel industry and other entities important for the labour market in Poland. According to the agreement, outstanding balances due were to be paid in installments without interest. The last installment is due in 2010. If Mittal Steel Poland fails to pay installments according to agreed schedules, interest for the entire period following approval of the agreement would become due. Mittal Steel Poland was in compliance with these repayment obligations as of December 31, 2005.

Mittal Steel Zenica

The Company has committed to invest $135 (including environmental protection) at Mittal Steel Zenica over a ten-year period ending in 2014. The amount committed to be spent is $65 over the first three years, $35 over the next three years and $35 over the final four years. Mittal Steel Zenica has spent $nil through December 31, 2005.

Mittal Steel Temirtau

On December 26, 2001, Mittal Steel Temirtau had signed a contract with the Committee on Investments of the Ministry of Foreign Affairs of the Republic of Kazakhstan. Under this contract the Company, subject to market conditions, is required to invest in projects totalling $580 through 2006. The Company has invested $526 through December 31, 2005. Other capital commitments outstanding against major contracts as of December 31, 2005 totalled $28.

Mittal Steel South Africa

Mittal Steel South Africa has capital equipment purchase commitments for amounts authorised and orders placed of $116 as of December 31, 2005.

Mittal Steel Kryviy Rih

The Company has committed to fulfill the privatisation plan and the Post-Privatisation Development Concept of Mittal Steel Kryviy Rih. Mittal Steel Kryviy Rih has committed to invest $500 from 2006 to 2010.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 17: CONTINGENCIES

The Company is party to a number of legal proceedings arising in the ordinary course of business. The Company does not believe that the adverse determination of any such pending litigation, either individually or in the aggregate, will have a material adverse effect on its business, financial condition, results of operations, or cash flows. Where these actions are being contested their outcome is not predictable with assurance.

Environmental Liabilities

The Company's operations are subject to a broad range of laws and regulations relating to the protection of human health and the environment at its multiple locations and Operating Subsidiaries. Previous owners of the Company's facilities expended in the past, and the Company expects to expend in the future, substantial amounts to achieve or maintain ongoing compliance with applicable environmental laws and regulations. The Company believes that these environmental expenditures are not projected to have a material adverse effect on the Company's consolidated financial position or on the Company's competitive position with respect to other steelmakers subject to the same environmental requirements.

Mittal Steel USA

Under the Resource Conservation and Recovery Act (RCRA) and similar US state programmes, the owners of certain facilities that manage hazardous wastes are required to investigate and, if appropriate, remediate historic environmental contamination found at such facilities. All of Mittal Steel USA's major operating and inactive facilities are or may be subject to a corrective action programme or other laws and regulations relating to environmental remediation, including projects relating to the reclamation of industrial properties, also known as Brownfield Projects.

The US Comprehensive Environmental Response, Compensation, and Liability Act, also known as Superfund, and analogous state laws can impose liability for the entire cost of cleanup at a site upon current or former site owners or operators or parties who sent hazardous materials to the site, regardless of fault or the lawfulness of the activity that caused the contamination. Mittal Steel USA is a potentially responsible party at several state and federal Superfund sites. Mittal Steel USA could incur additional costs or liabilities at these sites based on new information, if additional cleanup is required, private parties sue for personal injury or property damage, or other responsible parties sue for reimbursement of costs incurred to clean up sites. Mittal Steel USA could also be named a potentially responsible party at other sites if its hazardous materials or those of its predecessor were disposed of at a site that later becomes a Superfund site.

In 1990, Mittal Steel USA's Indiana Harbor (East) facility was party to a lawsuit filed by the EPA under the RCRA. In 1993, Mittal Steel USA entered into the EPA Consent Decree, which, among other things, requires facility wide RCRA corrective action and Indiana Harbor Ship Canal sediment assessment and remediation. At December 31, 2005, Mittal Steel USA's reserves for environmental liabilities included $16 for RCRA Corrective Action, and $23 for sediment remediation. As of December 31, 2005, it is not possible to accurately predict, beyond the currently established reserve, the amount of potential environmental liabilities for Mittal Steel USA's Indiana Harbor (East) facility.

Mittal Steel USA's properties in Lackawanna, New York are subject to an Administrative Order on Consent with the EPA requiring facility wide RCRA Corrective Action. The Order, entered into by former owner Bethlehem Steel in 1990, requires Mittal Steel USA to perform a Remedial Facilities Investigation (RFI), Corrective Measures Study, complete Corrective Measures and perform any required Post Remedial Activities. As required by the order, the RFI was completed and submitted to EPA, and the New York State Department of Environmental Conservation (NYDEC), for approval on December 17, 2004. In addition, NYDEC and Mittal Steel USA executed an Order on Consent on November 26, 2004 to perform Interim Corrective Measures at a former benzol storage tank area. Mittal Steel USA has reserved approximately $66 for the undiscounted future cost of performing anticipated remediation and post remediation activities over a period of 15 years or more. The estimate is based on the extent of soil and groundwater contamination identified by the RFI and likely remedial alternative, including excavation and consolidation of containments in an on-site landfill and continuation of a benzol groundwater pump and treat system.

Mittal Steel USA's Sparrow Point, Maryland facility, former owner Bethlehem Steel, the EPA and the Maryland Department of the Environment agreed to a phased RFI as part of a comprehensive multimedia pollution Consent Decree. The Consent Decree was entered by the US District Court for Maryland on October 8, 1997. Mittal Steel USA has assumed Bethlehem's ongoing obligations under the Consent Decree. The Consent Decree requires Mittal Steel USA to address compliance, closure and postclosure care matters and implement corrective measures associated with two onsite landfills, performa site-wide investigation required by Section 3008(h) of RCRA, continue the operation and maintenance of a remediation system at an idle rod and wire mill, and address several pollution prevention items. The potential costs, as well as the time frame for the complete implementation of possible remediation activities at Sparrows Point, cannot be reasonably estimated until more of the investigations required by the decree have been completed and the data analysed. Notwithstanding the above, it is probable, based on currently available data, that remediation will be required at the former coke plant. In addition, pursuant to the order of the US District Court for Maryland, Mittal Steel USA must also implement corrective measures at the Gray's Landfill and Coke Point Landfill and post-closure care at the former Rod and Wire Mill Area. The total undiscounted environmental reserve for these related matters is approximately $42 and has been recorded in the consolidated balance sheet at December 31, 2005.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
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NOTE 17: CONTINGENCIES CONTINUED

Mittal Steel USA is required to prevent acid mine drainage from discharging to surface waters at closed mining operations in southwestern Pennsylvania. Mittal Steel USA entered into a Consent Order and Agreement with the Pennsylvania Department of Environmental Protection (PaDEP) in May 2003 addressing the transfer of required permits from Bethlehem to Mittal Steel USA and providing financial assurance for long-term operation and maintenance of the wastewater treatment facilities associated with these mines. As required by this Consent Order and Agreement, Mittal Steel USA submitted an Operational Improvement Plan to improve treatment facility operations and lower long-term wastewater treatment costs. The Consent Order and Agreement also required Mittal Steel USA to propose a long-term financial assurance mechanism. PaDEP approved cost reduction plan. On May 9, 2004, Mittal Steel USA entered into a revised Consent Order and Agreement outlining a schedule for implementation of capital improvements and requiring the establishment of a treatment trust that the PaDEP has estimated to be the net present value of all future treatment cost. Mittal Steel USA expects to fund the treatment trust over a period of up to ten years at a current target value of about $20, until the improvements are made and the treatment trust is fully funded. Mittal Steel USA accrued $20 and we expect to spend about $1 to $2 per year for the operation of treatment plants for acid mine drainage from these closed mines. After the treatment trust is fully funded, the treatment trust will then be utilised to fund the cost of treatment of acid mine drainage. Although remote, Mittal Steel USA could be required to make up any deficiency in the treatment trust in the future.

Mittal Steel USA is subject to a variety of permitting requirements under the Clean Air Act that restricts the type and amount of air pollutants that may be emitted from regulated emission sources. On February 28, 2003, the US EPA issued a final rule to reduce hazardous air pollutant (HAP) emissions from integrated iron and steel manufacturing facilities. The final rule will require affected facilities to meet standards reflecting the application of maximum achievable control technology (MACT) standards. Many of Mittal Steel USA's facilities are subject to the new MACT standards, and compliance with such standards will be required starting in May 20, 2006. Mittal Steel USA anticipates installing controls at facilities to comply with the new MACT standards with capital expenditures of about $145 through 2007.

Mittal Steel USA's facilities are also subject to a variety of permitting requirements under the Clean Water Act, which restricts the type and amount of pollutants that may be discharged from regulatory sources into receiving bodies of waters, such as rivers, lakes and oceans. On October 17, 2002, the US EPA issued regulations that require existing wastewater dischargers to comply with new effluent limitations. Several of Mittal Steel USA's facilities are subject to the new regulations, and compliance with such regulations will be required as new discharge permits are issued for continued operation.

Mittal Steel USA anticipates spending approximately $110 over the next 40 years, including $11 during 2006, to address the removal and disposal of PCB equipment and asbestos material encountered during the operation of our facilities.

Mittal Steel USA expects to spend about $60 in 2006 and an average of about $40 per year for capital expenditures from 2007 through 2010 to meet environmental standards.

OTHER SUBSIDIARIES

Environmental remediation for periods prior to the privatisations of the Company's Operating Subsidiaries in the Czech Republic, Romania and Algeria are borne by the local governments in those countries. Environmental remediation relating to periods subsequent to the privatisations has been complied with, and accordingly there are no remediation liabilities for which the Company is responsible at December 31, 2005. The liability primarily relates to environmental remediation costs recognised (a) fully in terms of decommissioned facilities, and (b) pro-rated costs for facilities to be decommissioned in the future in terms of site-specific holistic environmental master plans developed in consultation with external consultants taking into consideration the appropriate statutory regulations.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
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NOTE 17: CONTINGENCIES CONTINUED

Legal Claims

MITTAL STEEL USA

In January 2005, Indiana Harbor (East) received a third party complaint by Alcoa Incorporated alleging that Indiana Harbor (East) is liable as successor to the interests of Hillside Mining Co., or Hillside, a company that Indiana Harbor (East) acquired in 1943, operated until the late 1940s and then sold the assets of in the early 1950s. It is alleged in the complaint that since Hillside was operating in the area at the same time as Alcoa, if Alcoa is found to be liable in the original suit that was filed against it by approximately 340 individuals who live in the Rosiclare area of southern Illinois, then Indiana Harbor (East) should also be found liable, and there should be an allocation to Indiana Harbor (East) of the amount that would be owed to the original plaintiffs. Those original plaintiffs are alleging that the mining and processing operations allowed the release of fluorspar, manganese, lead and other heavy metal contaminants, causing unspecified personal injury and property damage. Indiana Harbor (East) has also been identified as a potentially responsible party by the Illinois Environmental Protection Agency in connection with this matter, which is currently requesting that Indiana Harbor (East) and other potentially responsible parties conduct Site Investigations of certain Areas of Concern. Until such time as this matter is further developed, management is not able to estimate reasonably possible losses, or a range of such losses, the amounts of which may be material in relation to Mittal Steel's financial position, results of operations and cash flows. Indiana Harbor (East) intends to defend itself fully in these matters.

Mittal Steel USA and an independent, unaffiliated producer of raw materials are parties to a long-term supply agreement under which Ispat Inland was obligated to fund an escrow account to indemnify said producer of raw materials for the continuing availability of certain tax credits, which credits extend until January 1, 2008. No contributions to the escrow account are required at this time as Mittal Steel USA believes the likelihood of the specific contingency occurring is remote. If there is any loss, disallowance or reduction in the allowable tax credits applicable to the raw materials previously sold to Ispat Inland, Mittal Steel USA will be required to repay the producer the amount by which the cost of the raw materials was decreased as a result of such tax credits, subject to certain adjustments, plus interest. As of December 31, 2005, the cumulative cost reduction due to such tax credits totalled $213.

MITTAL CANADA

In March 2004, a group of residents in Nova Scotia brought a potential class action in the Supreme Court of Nova Scotia against various parties, including Mittal Canada, alleging various torts for damage allegedly caused by the steel plant and coke ovens formerly owned and occupied by Dominion Steel and Coal Corporation from 1927 to 1967. Mittal Steel acquired Mittal Canada in 1994 and the plaintiffs are attempting to establish that Mittal Canada thereby assumed the liabilities of the former occupiers. The plaintiffs are now seeking to have the claim approved as a class action, though the court has not yet issued a decision on this matter. Mittal Canada intends to file preliminary motions to set aside this claim at an early stage. Mittal Steel is currently unable to assess the outcome of these proceedings or the amount of Mittal Canada's potential liability, if any.

TRÉFILEUROPE

In late 2002, three subsidiaries of Mittal Steel (Tréfileurope, Tréfileurope Italia S.R.L. and Fontainunion S.A.), along with other European manufacturers of pre-stressed wire and strands steel products, received notice from the European Commission that it was conducting an investigation into possible anti-competitive practices by these companies. Mittal Steel and its subsidiaries are co-operating fully with the European Commission in this investigation. The European Commission can impose fines (up to a maximum of 10% of annual revenues) for breaches of EU competition law. Mittal Steel is currently unable to assess the ultimate outcome of the proceedings before the European Commission or the amount of any fines that may result. As the alleged anti-competitive activities would have taken place in large part prior to the acquisition of the subsidiaries, Mittal Steel has notified the previous owners that it will seek indemnification for costs resulting from the investigation.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 17: CONTINGENCIES CONTINUED

MITTAL STEEL GALATI

Sidex International Plc. ("SIP"), a joint venture that Mittal Steel Galati formed in 1997 with Balli Steel Plc, in 2002 raised a claim of approximately $48 for alleged non-delivery of steel by Mittal Steel Galati from 1998 onwards as well as interest, damages and costs. Mittal Steel Galati disputed this claim and brought a counterclaim for non-payment by SIP plus damages, interest and costs, in total exceeding the amount of the claim raised by SIP. An arbitration tribunal made an award in favor of SIP for $25 plus interest in September 2005. In February 2006 the sum of $37, including accrued interest, was paid in full. Mittal Steel has an indemnity from a third party in this matter.

The Competition Council of Romania has commenced investigations against Mittal Steel Galati on certain commercial practices. The Company is co-operating fully with the authorities but cannot at present determine the outcome or estimate the amount or range of a potential fine that may be imposed on Mittal Steel Galati. No amount has been provided as of December 31, 2005.

MITTAL STEEL ROMAN & MITTAL STEEL IASI

In June 2005 the Competition Council of Romania had begun an investigation concerning state aid received by Mittal Steel Roman and Mittal Steel Iasi in connection with their respective privatisations. Since the Company cannot determine the outcome of this investigation or estimate the amount or range of a potential recovery order that may be imposed, no amount has been provided as of December 31, 2005.

MITTAL STEEL OSTRAVA

Since 2001, Mittal Steel Ostrava (MSO) has been involved in a dispute with Kaiser Netherlands B.V. ("Kaiser"), the contractor for phase 1 of a mini-mill works project (rolling mill P1500), and its parent company, Kaiser Group International. Under the terms of the turn-key engineering and construction contract, a maximum of three performance tests were required to ensure that the mini-mill met contract mandated quality and quantity standards. Although the mini-mill failed the first performance tests, Kaiser contends MSO owes various costs incurred by Kaiser in relation to the construction of the mini-mill. The dispute has not been resolved and Kaiser has commenced legal action against MSO. Until recently, the primary legal venue for this matter has been the United States Bankruptcy Court for the District of Delaware, where Kaiser Group International is currently going through bankruptcy reorganisation.

The Delaware bankruptcy court has previously ruled that Kaiser Group International, as opposed to Kaiser, could proceed with prosecution of its specific claims against MSO in the Delaware bankruptcy court venue. MSO appealed this ruling, and during the first quarter of 2004, the Delaware bankruptcy court's decision was overturned by the United States District Court for the District of Delaware, which ruled that the proceedings should be stayed pending the completion of international arbitration proceedings. On January 6, 2004, Kaiser filed arbitration claims against MSO in the amount of $51 with the International Court of Arbitration in Paris. The sum claimed was revised to $67 in November 2004 to include interest and additional costs.

The Company vigorously disputes this claim and has submitted a $50 counterclaim against Kaiser in these same arbitration proceedings. At December 31, 2005, the Company has provided for a reserve of $31 with respect to this matter, a sum equal to the amount MSO withdrew from the performance letter of credit posted by Kaiser as well as retention fee payments claimed by Kaiser. As the Company cannot estimate the amount or range of any additional potential loss that may be incurred by MSO, no additional amount has been provided as of December 31, 2005.

MITTAL STEEL SOUTH AFRICA

Mittal Steel South Africa is involved in a dispute with Harmony Gold, Cadac (Pty) Ltd., Barnes Group of Companies and others alleging that Mittal Steel South Africa is in violation of the Competition Act. Any adverse decision by the Competition Commission or Competition Tribunal in the Republic of South Africa would impact the pricing formulas used by Mittal Steel South Africa and may result in a fine not exceeding 10% of sales of Mittal Steel South Africa. A trial date has been fixed for March 2006. As the Company cannot determine the outcome of this matter or estimate the amount of potential loss that may be incurred by Mittal Steel South Africa, no amount has been provided as of December 31, 2005.

Mittal Steel South Africa is involved in a dispute with the South African Revenue Services in respect of the tax treatment of the first Business Assistance Agreement (BAA) payments of $97 in 2003 and $116 in 2004. An independent legal opinion has been obtained supporting the Companies taxation treatment of the payments. As the Companies cannot determine the outcome of this matter or estimate the amount or range of potential loss that may be incurred by Mittal Steel South Africa, no amount has been provided as of December 31, 2005.

OTHER CONTINGENCIES

Other contingent liabilities arise periodically in the normal course of business. In the opinion of management, any such unrecognised matters that are reasonably possible at December 31, 2005, would not have a material effect on our financial position, results of operations or cash flows.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 18: SEGMENT AND GEOGRAPHIC INFORMATION

The management considers the Company's steel operation to be a single business segment.

As the Company has no operations in its home country of the Netherlands, all of its sales are considered to be foreign sales. Annual sales to any individual customer did not exceed 10% of total sales in any of the periods presented.

Information with respect to the Company's operations in different geographic areas is as follows:

	Americas	Europe	Asia & Africa	Others & eliminations	Consolidated
December 31, 2003					
Sales	$4,072	$3,800	$2,275	$(580)	$9,567
Operating income	136	317	707	139	1,299
Depreciation	165	116	84	(34)	331
Capital expenditures	142	131	222	(74)	421
Total assets as of December 31, 2003	5,264	4,185	3,173	(2,485)	10,137
December 31, 2004					
Sales	6,560	9,905	7,648	(1,916)	22,197
Operating income	1,583	1,965	2,399	199	6,146
Depreciation	185	297	212	(141)	553
Capital expenditures	130	289	560	(81)	898
Total assets as of December 31, 2004	6,479	11,247	7,246	(5,819)	19,153
December 31, 2005					
Sales	12,467	9,762	7,683	(1,780)	28,132
Operating income	1,423	976	2,265	82	4,746
Depreciation	341	260	228	—	829
Capital expenditures	335	390	456	—	1,181
Total assets as of December 31, 2005	12,716	16,648	7,339	(5,661)	31, 042

Information concerning certain countries was as follows

	Sales for the Year Ended December 31			Long-lived Assets[1] as of December 31	
	2003	2004	2005	2004	2005
Americas					
United States	$2,223	$3,158	$9,186	$1,689	5,780
Mexico	872	1,509	1,551	472	472
Other	977	1,893	1,730	630	599
Total Americas	**4,072**	**6,560**	**12,467**	**2,791**	**6,851**
Europe					
Romania	1,216	2,087	2,192	360	427
Czech Republic	1,162	2,070	1,913	873	742
Poland	—	3,563	3,118	2,237	2,025
Other	1,422	2,185	2,539	724	4,764
Total Europe	**3,800**	**9,905**	**9,762**	**4,194**	**7,958**
Asia & Africa					
Kazakhstan	1,189	1,381	1,405	1,018	1,136
South Africa	—	3,602	3,794	1,860	1,706
Other	1,086	2,665	2,484	330	282
Total Asia & Africa	**2,275**	**7,648**	**7,683**	**3,208**	**3,124**
Eliminations [2]	(580)	(1,916)	(1,780)	(2,631)	(2,394)
Total	**$9,567**	**$22,197**	**$28,132**	**$7,562**	**$15,539**

(1) Consists of property, plant and equipment, net of accumulated depreciation.

(2) Eliminations relate to inter-region.

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 19: FINANCIAL INFORMATION FOR ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES

On March 9, 2004, Ispat Inland ULC, a wholly owned limited purpose finance subsidiary issued Senior Secured Notes (see note 9). The notes are secured by a pledge of $800 of Mittal Steel USA's First Mortgage Bonds, and are jointly, severally, fully and unconditionally guaranteed by Mittal Steel and certain of its existing and future subsidiaries.

Presented below is condensed consolidating financial information as required by Rule 3-10 of Regulation S-X related to these notes for the following:

- Mittal Steel on a parent company only basis;
- Ispat Inland ULC, the issuer;
- Mittal Steel's guarantor subsidiaries on a combined basis;
- Mittal Steel's non-guarantor subsidiaries on a combined basis;
- Mittal Steel consolidating adjustments; and
- Mittal Steel and subsidiaries consolidated.

Condensed consolidating statements of income for the year ended December 31, 2003

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary [1]	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Sales	$—	$—	$2,107	$8,289	$(829)	$9,567
Costs and expenses:						
Cost of sales (exclusive of depreciation shown separately below)	—	—	2,092	6,273	(797)	7,568
Depreciation	—	—	97	234	—	331
Selling, general and administrative	14	—	32	355	(32)	369
Operating income (loss)	(14)	—	(114)	1,427	—	1,299
Other income (expense)—net	18	—	8	65	(21)	70
Income from equity method investments	1,188	—	—	162	(1,188)	162
Financing costs:						
Net interest income (expense)	(10)	—	(61)	(104)	—	(175)
Net gain (loss) from foreign exchange	—	—	—	97	(53)	44
Income (loss) before taxes	1,182	—	(167)	1,647	(1,262)	1,400
Income tax (benefit) expense:						
Current	—	—	8	35	—	43
Deferred	—	—	(41)	199	(17)	141
Net income (loss) before minority interest and cumulative effect of change in accounting principle	1,182	—	(134)	1,413	(1,245)	1,216
Minority interest	—	—	—	(35)	—	(35)
Cumulative effect of change in accounting principle	—	—	(2)	3	—	1
Net income (loss)	$1,182	$—	$(136)	$1,381	$(1,245)	$1,182

[1] No results appear for Ispat Inland ULC for the year ended December 31, 2003 as it was incorporated during 2004 for the purpose of issuing the $800 senior secured notes

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 19: FINANCIAL INFORMATION FOR ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES CONTINUED

Condensed consolidating statements of comprehensive income for the year ended December 31, 2003

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary (1)	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Net income	$1,182	$—	$(136)	$1,381	$(1,245)	$1,182
Other comprehensive income (loss)	109	—	(79)	206	(127)	109
Comprehensive income	$1,291	$—	$(215)	$1,587	$(1,372)	$1,291

(1) No results appear for Ispat Inland ULC for the year ended December 31, 2003 as it was incorporated during 2004 for the purpose of issuing the $800 senior secured notes

Condensed consolidating statements of cash flows for the year ended December 31, 2003

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary (1)	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Net cash provided by operating activities	$1,054	$—	$74	$1,522	$(1,212)	$1,438
Investing activities:						
Purchases of property, plant and equipment	—	—	(111)	(310)	—	(421)
Proceeds from sale of assets and investment including affiliates and joint ventures	—	—	—	5	—	5
Investment in affiliates and joint ventures	(1,116)	—	(98)	(170)	1,104	(280)
Restricted cash	—	—	—	(118)	—	(118)
Net cash provided by (used in) investing activities	**(1,116)**	**—**	**(209)**	**(593)**	**1,104**	**(814)**
Financing activities:						
Proceeds from payable to banks	—	—	973	2,658	15	3,646
Proceeds from long-term debt	71	—	25	66	(110)	52
Proceeds from long-term debt payable to affiliated	—	—	61	(149)	182	94
Payments of payable to banks	—	—	(886)	(2,750)	—	(3,636)
Payments of long-term debt payable to unrelated parties	—	—	(13)	(208)	(5)	(226)
Payments of long-term debt payable to affiliated	—	—	(10)	(43)	13	(40)
Purchase of treasury stock	(8)	—	—	—	—	(8)
Capital contribution	—	—	—	(4)	4	—
Dividends	—	—	(16)	(187)	39	(164)
Issue of share capital-net	—	—	—	28	(28)	—
Net cash provided by (used in) financing activities	63	—	134	(589)	110	(282)
Net increase (decrease) in cash and cash equivalents	1	—	(1)	340	2	342
Effect of exchange rate changes on cash	—	—	—	23	—	23
Cash and cash equivalents:						
At the beginning of the year	—	—	3	392	—	395
At the end of the year	$1	$—	$2	$755	$2	$760

(1) No results appear for Ispat Inland ULC for the year ended December 31, 2003 as it was incorporated during 2004 for the purpose of issuing the $800 senior secured notes

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 19: FINANCIAL INFORMATION FOR ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES CONTINUED

Condensed consolidating statements of income for the year ended December 31, 2004

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Sales	$—	$—	$3,158	$19,292	$(253)	$22,197
Costs and expenses:						
Cost of sales (exclusive of depreciation shown separately below)	—	—	2,563	12,341	(210)	14,694
Depreciation	—	3	108	442	—	553
Selling, general and administrative	38	—	39	767	(40)	804
Operating income	(38)	(3)	448	5,742	(3)	6,146
Other income (expense)-net	24	(22)	6	434	(314)	128
Income form equity method investments	4,720	—	2	64	(4,720)	66
Financing costs:						
Net interest income (expense)	(5)	(3)	(98)	(81)	—	(187)
Net gain (loss) from foreign exchange	—	—	—	(40)	20	(20)
Income before taxes	4,701	(28)	358	6,119	(5,017)	6,133
Income tax (benefit) expense:						
Current	—	—	—	731	—	731
Deferred	—	—	148	(65)	3	86
Net income (loss) before minority interest	4,701	(28)	210	5,453	(5,020)	5,316
Minority interest	—	—	—	(615)	—	(615)
Net income (loss)	$4,701	$(28)	$210	$4,838	$(5,020)	$4,701

Condensed consolidating statements of comprehensive income for the year ended December 31, 2004

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Net income	$4,701	$(28)	$210	$4,838	$(5,020)	$4,701
Other comprehensive income (loss)	1,014	—	12	1,068	(1,080)	1,014
Comprehensive income	$5,715	$(28)	$222	$5,906	$(6,100)	$5,715

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 19: FINANCIAL INFORMATION FOR ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES CONTINUED

Condensed consolidating balance sheets as of December 31, 2004

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$12	$—	$42	$2,437	$4	$2,495
Restricted cash	—	—	—	138	—	138
Short-term investments	—	—	—	1	—	1
Trade accounts receivable	—	—	77	1,934	(5)	2,006
Inventories	—	—	602	3,455	(44)	4,013
Other current assets	408	—	86	1,840	(1,362)	972
Total current assets	420	—	807	9,805	(1,407)	9,625
Property, plant and equipment—net	—	—	1,689	5,873	—	7,562
Investments in affiliates	6,248	—	454	11,708	(17,743)	667
Other assets	143	564	385	1,541	(1,334)	1,299
Total assets	**$6,811**	**$564**	**$3,335**	**$28,927**	**$(20,484)**	**$19,153**
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Payable to banks and current portion of long-term debt	$—	$—	$—	$341	$—	$341
Trade accounts payable	—	—	202	1,697	—	1,899
Accrued expenses and other current liabilities	965	23	376	3,988	(1,362)	3,990
Total current liabilities	965	23	578	6,026	(1,362)	6,230
Long-term debt	—	569	1,013	1,001	(944)	1,639
Deferred employee benefits	—	—	1,508	423	—	1,931
Other long-term obligations	—	—	56	1,708	—	1,764
Total liabilities	965	592	3,155	9,158	(2,306)	11,564
Minority interest	—	—	—	1,743	—	1,743
Shareholders' equity	5,846	(28)	180	18,026	(18,178)	5,846
Total liabilities and shareholders' equity	**$6,811**	**$564**	**$3,335**	**$28,927**	**$(20,484)**	**$19,153**

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 19: FINANCIAL INFORMATION FOR ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES CONTINUED

Condensed consolidating statements of cash flows for the year ended December 31, 2004

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Net cash provided by operating activities	$232	$(23)	$60	$5,255	$(913)	$4,611
Investing activities:						
Purchases of property, plant and equipment	—	—	(40)	(858)	—	(898)
Proceeds from sale of assets and investment including affiliates and joint ventures	—	—	1	82	—	83
Investment in affiliates and joint ventures	(93)	—	36	(4,723)	4,814	34
Restricted cash	—	—	—	2	—	2
Other investing activities	—	(545)	(23)	60	486	(22)
Net cash provided by (used in) investing activities	(93)	(545)	(26)	(5,437)	5,300	(801)
Financing activities:						
Proceeds from payable to banks	—	—	397	1,861	—	2,258
Proceeds from long-term debt	—	795	—	390	—	1,185
Proceeds from long-term debt payable to affiliated	30	—	—	142	(96)	76
Payments of payable to banks	—	—	(485)	(2,253)	—	(2,738)
Payments of long-term debt payable to unrelated parties	—	(227)	(15)	(1,885)	—	(2,127)
Payments of long-term debt payable to affiliated	(113)	—	(116)	269	(215)	(175)
Purchase of treasury stock	(54)	—	—	—	—	(54)
Sale of treasury stock	9	—	—	—	—	9
Capital contribution	—	—	256	4,122	(4,378)	—
Dividends	—	—	(31)	(1,036)	304	(763)
Net cash provided by (used in) financing activities	(128)	568	6	1,610	(4,385)	(2,329)
Net increase (decrease) in cash and cash equivalents	11	—	40	1,428	2	1,481
Effect of exchange rate changes on cash	—	—	—	254	—	254
Cash and cash equivalents:						
At the beginning of the year	1	—	2	755	2	760
At the end of the year	$12	$—	$42	$2,437	$4	$2,495

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued
(Millions of US Dollars, except share data and per share data)

NOTE 19: FINANCIAL INFORMATION FOR ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES CONTINUED

Condensed consolidating statements of income for the year ended December 31, 2005

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Sales	$—	$—	$9,087	$19,179	$(134)	$28,132
Costs and expenses:						
Cost of sales (exclusive of depreciation shown separately below)	—	—	8,007	13,592	(104)	21,495
Depreciation	—	2	253	574	—	829
Selling, general and administrative	84	—	208	821	(51)	1,062
Operating income (loss)	(84)	(2)	619	4,192	21	4,746
Other income (expense)-net	44	—	(14)	77	(30)	77
Income from equity method investments	3,381	—	48	21	(3,381)	69
Financing costs:						
Net interest income (expense)	26	1	(155)	(101)	—	(229)
Net gain (loss) from foreign exchange	(1)	—	—	41	—	40
Income before taxes	3,366	(1)	498	4,230	(3,390)	4,703
Income tax (benefit) expense:						
Current	1	—	—	662	—	663
Deferred	—	—	170	(15)	—	155
Net income (loss) before minority interest	3,365	(1)	328	3,583	(3,390)	3,885
Minority interest	—	—	—	(520)	—	(520)
Net income (loss)	$3,365	$(1)	$328	$3,063	$(3,390)	$3,365

Condensed consolidating statements of comprehensive income for the year ended December 31, 2005

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Net income	$3,365	$(1)	$328	$3,063	$(3,390)	$3,365
Other comprehensive income (loss)	(765)	—	(58)	(698)	756	(765)
Comprehensive income	$2,600	$(1)	$270	$2,365	$(2,634)	$2,600

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 19: FINANCIAL INFORMATION FOR ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES CONTINUED

Condensed consolidating balance sheets as of December 31, 2005

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
ASSETS						
Current assets:						
Cash and cash equivalents	$50	$—	$9	$1,976	$—	$2,035
Restricted cash	—	—	8	92	—	100
Short-term investments	—	—	—	14	—	14
Trade accounts receivable	—	—	768	1,519	—	2,287
Inventories	—	—	2,495	3,549	(8)	6,036
Other current assets	836	—	131	1,587	(1,314)	1,240
Total current assets	886	—	3,411	8,737	(1,322)	11,712
Property, plant and equipment-net	—	—	5,743	9,796	—	15,539
Investments in affiliates	11,613	—	488	36,747	(47,661)	1,187
Other assets	2,972	564	578	4,166	(5,676)	2,604
Total assets	$15,471	$564	$10,220	$59,446	(54,659)	$31,042
LIABILITIES AND SHAREHOLDERS' EQUITY						
Current liabilities:						
Payable to banks and current portion of long-term debt	$—	$—	$42	$292	—	$334
Trade accounts payable	—	—	997	1,507	—	2,504
Accrued expenses and other current liabilities	720	25	1,142	2,204	(1,314)	2,777
Total current liabilities	720	25	2,181	4,003	(1,314)	5,615
Long-term debt	4,601	569	3,091	5,280	(5,567)	7,974
Deferred employee benefits	—	—	1,975	531	—	2,506
Other long-term obligations	—	—	685	2,388	(110)	2,963
Total liabilities	**5,321**	**594**	**7,932**	**12,202**	**(6,991)**	**19,058**
Minority interest	—	—	—	1,834	—	1,834
Shareholders equity	10,150	(30)	2,288	45,410	(47,668)	10,150
Total liabilities and shareholders' equity	**$15,471**	**$564**	**$10,220**	**$59,446**	**$(54,659)**	**$31,042**

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 19: FINANCIAL INFORMATION FOR ISSUER, GUARANTOR SUBSIDIARIES AND NON-GUARANTOR SUBSIDIARIES CONTINUED

Condensed consolidating statements of cash flows for the year ended as of December 31, 2005

	Mittal Steel-Parent Company	Ispat Inland ULC-Issuer Subsidiary	Mittal Steel-Guarantor Subsidiaries	Mittal Steel-Non-guarantor Subsidiaries	Mittal Steel-Consolidating Adjustments	Mittal Steel-Consolidated
Net cash provided by operating activities	$(2,042)	$(1)	$503	$5,501	$13	$3,974
Investing activities:						
Purchases of property, plant and equipment	—	—	(271)	(910)	—	(1,181)
Proceeds from sale of assets and investments including affiliates and joint ventures	—	—	15	44	—	59
Restricted cash	—	—	(7)	45	—	38
Investment in affiliates and joint ventures	(4,186)	—	—	(6,177)	3,843	(6,520)
Other investing activities	—	—	(1,472)	1,463	1	(8)
Net cash provided by (used in)investing activities	(4,186)	—	(1,735)	(5,535)	3,844	(7,612)
Financing activities:						
Proceeds from payable to banks	6,611	—	375	(5,308)	—	1,678
Proceeds from long-term debt	—	—	—	8,328	—	8,328
Proceeds from long-term debt payable to affiliated	—	1	1,979	—	(1,980)	—
Debt issuance cost	—	—	—	(10)	—	(10)
Payments of payable to banks	—	—	(360)	(1,447)	—	(1,807)
Payments of long-term debt payable to unrelated parties	(2,010)	—	(183)	(547)	—	(2,740)
Payments of long-term debt payable to affiliated	—	—	(612)	612	—	—
Capital contribution	1,885	—	—	—	(1,885)	—
Sale of treasury stock	6	—	—	(3)	—	3
Dividends	(212)	—	—	(1,880)	—	(2,092)
Others	(14)	—	—	3	—	(11)
Net cash provided by (used in) financing activities	6,266	1	1,199	(252)	(3,865)	3,349
Net increase (decrease) in cash and cash equivalents	38	—	(33)	(286)	(8)	(289)
Effect of exchange rate changes on cash	—	—	—	(175)	4	(171)
Cash and cash equivalents:						
At the beginning of the year	12	—	42	2,437	4	2,495
At the end of the year	$50	$—	$9	$1,976	$—	$2,035

Mittal Steel Company N.V. and Subsidiaries
Notes to the Consolidated Financial Statements continued

(Millions of US Dollars, except share data and per share data)

NOTE 20: FACTORING OF RECEIVABLES

Additionally, some of our subsidiaries have entered into Factoring Agreements with certain banks/financial institutions under which they are entitled to sell eligible accounts receivables from the customers up to an agreed limit. The bank/financial institution buys these receivables without recourse to the seller. Payments for sale of these receivables are received in two installments. The first installment ranging between 90% to 95% of the receivables sold (up to a maximum of $284) is made available immediately on sale of the receivables. The deferred proceeds outstanding and availability amounted to $167 and $220 at December 31, 2004 and 2005 respectively. The balance portion of the purchase price is held back towards factoring commission, interest charges and any possible bonus or discounts till the receivables are collected from the customer by the Factoring agent. The proceeds from the sale of trade accounts receivables are included in the cash flows from operating activities in the Consolidated Statements of Cash Flows.

The receivables are sold at a discount that is included in selling, general and administrative expenses in the consolidated statements of income and amounted $5, $7 and $6 for 2003, 2004 and 2005 respectively.

Factoring

	2003	2004	2005
Proceeds from trade receivables sold under Factoring Agreement	$943	$1,236	$1,554
Nominal of trade receivables sold under Factoring Agreement	982	1,376	1,605
Discounts incurred	5	7	6
Deferred payments on balance sheet	34	167	220

NOTE 21: SUBSEQUENT EVENTS

On February 24, 2006, The Company issued a notice of redemption for all $150 outstanding principal amount of its Senior Secured Floating Rate Notes due 2010 at redemption price equal to 103% of the outstanding principal amount, plus accrued interest to, but excluding, April 1, 2006. The bonds will be redeemed on April 1, 2006.

On February 14, 2006, the Company's Board of Directors declared an interim dividend of $0.125 per share payable on March 15, 2006 and decided to propose to the general meeting of shareholders to amend the dividend policy going forward to a quarterly dividend of $0.125 per share. This dividend has since been paid.

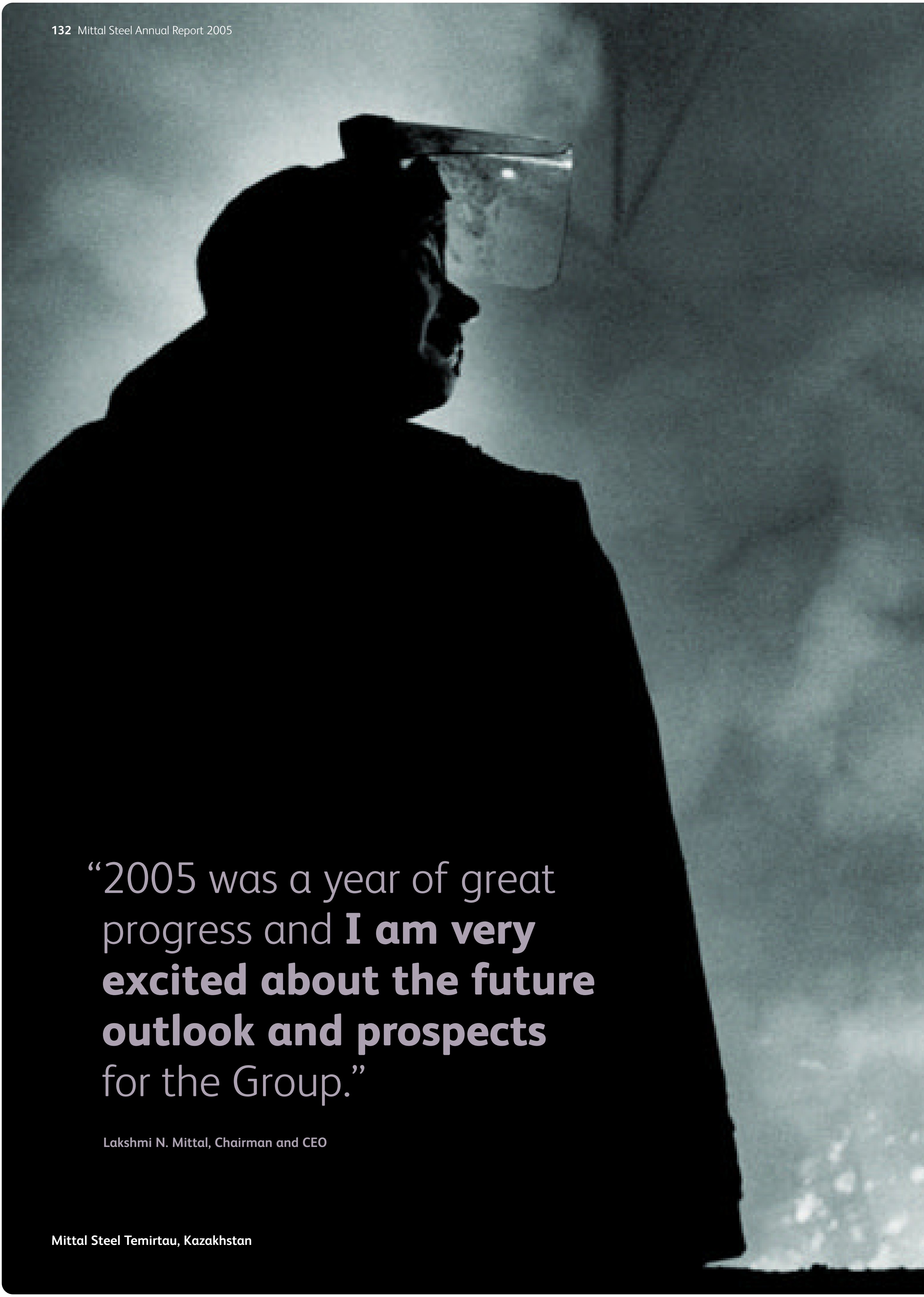
On February 1, Mittal Canada, a Canadian subsidiary of the Company, completed the acquisition of three subsidiary companies of Stelco Inc ("Stelco"). The Norambar Inc and Stelfil Ltée plants located in Quebec and the Stelwire Ltd. Plant in Ontario were acquired at a cost of C$30 million (approximately $25). Mittal Canada has also assumed C$28 million (approximately $23) in debt.

On January 30, 2006, the Company entered into a €5,000 million (approximately $6,041) credit agreement with a group of lenders ("the Acquisition Facility") to finance the cash portion of the offer for Arcelor along with related transaction costs. Should the Company borrow amounts under the Acquisition Facility it would be required to repay the borrowings under the 2005 Bridge Facility. Accordingly, concurrent with entering into the Acquisition Facility, the Company entered into a €3,000 million (approximately $3,625) credit agreement (the "Refinancing Facility") for the refinancing of the 2005 Bridge Facility. The Acquisition Facility and the Refinancing Facility bear interest at EURIBOR plus a margin based on a rating grid and are repayable from 2008 to 2011.

On January 27, 2006 the Company announced that it had launched an offer to the shareholders of Arcelor SA ("Arcelor"). Under the terms of the primary offer, Arcelor shareholders will receive four Mittal Steel shares and €35.25 (approximately $43.05) cash for every 5 Arcelor shares (equivalent to 0.8 Mittal Steel shares plus €7.05 (approximately $8.61) cash for each Arcelor share). In addition to or instead of the primary offer, Arcelor shareholders will have the right to receive in secondary offers a specified mix of cash or stock, provided that 25% of the aggregate consideration paid to Arcelor shareholders is paid in cash and 75% in stock.

On January 23, 2006 the Company announced that its shareholding in Hunan Valin Steel Tube & Wire Company Limited ("Hunan Valin") was diluted to 29.49% as a result of publicly outstanding convertible bonds being converted into shares.

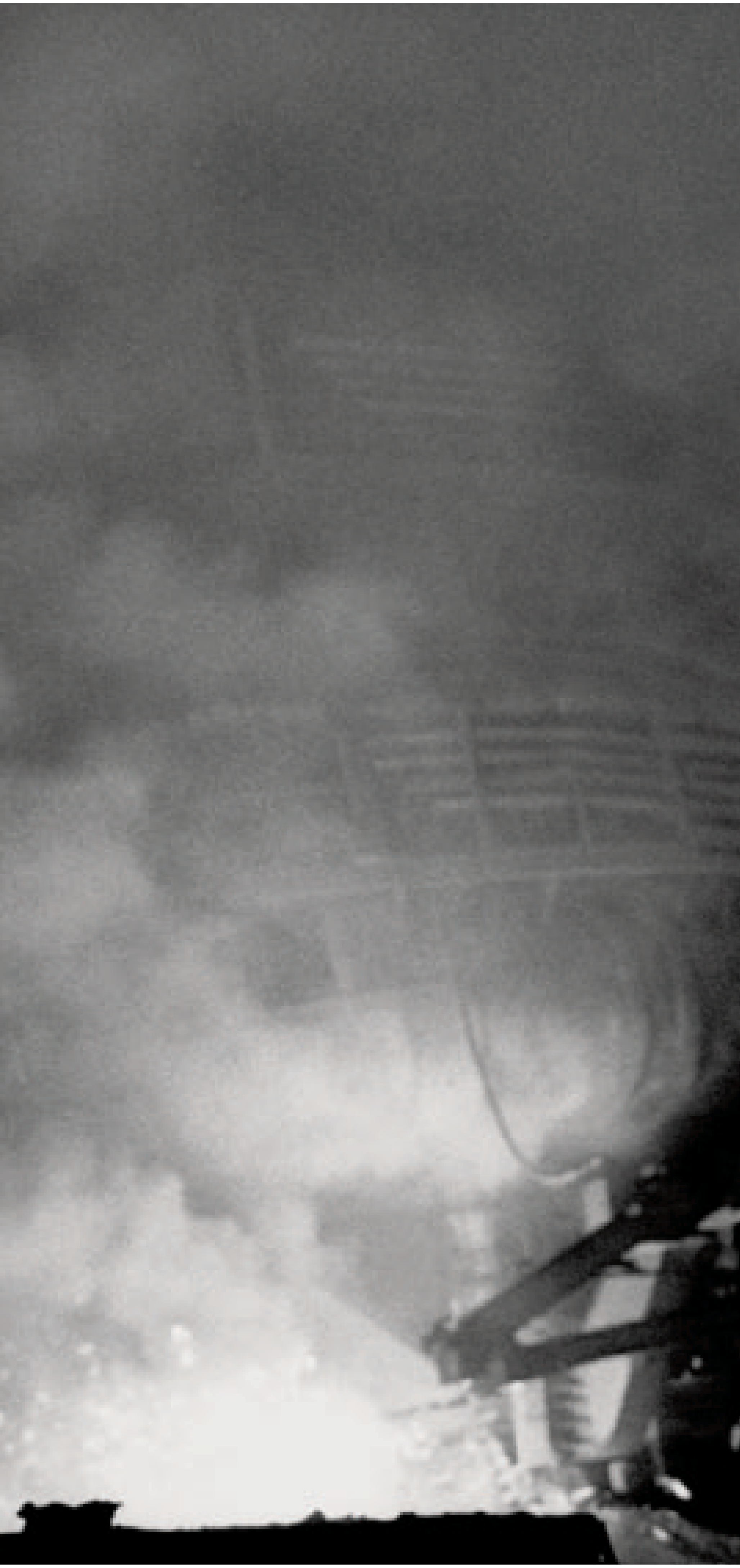
Notes



"2005 was a year of great progress and **I am very excited about the future outlook and prospects** for the Group."

Lakshmi N. Mittal, Chairman and CEO

Mittal Steel Temirtau, Kazakhstan



Safe Harbour Statement

The Company has made, and may continue to make, various forward-looking statements with respect to its financial position, business strategy, projected costs, projected savings, and plans and objectives of management. Such forward-looking statements are identified by the use of the forward-looking words or phrases such as “anticipates”, “intends”, “expects”, “plans”, “believes”, “estimates”, or words or phrases of similar import. These forward-looking statements are subject to numerous assumptions, risks, and uncertainties and the statements looking forward beyond 2005 are subject to greater uncertainty because of the increased likelihood of changes in underlying factors and assumptions. Actual results could differ materially from those anticipated by the forward-looking statements.

Shareholder Information Relating to the Company’s Dutch Annual Accounts

The Annual Report does not contain complete information related to the Company’s statutory accounts, which must be adopted at the Annual General Meeting of shareholders, pursuant to Dutch law. A copy of the Dutch statutory accounts can be obtained free of charge by contacting the registered office of Mittal Steel Company N.V., Hofplein 20, 15th Floor, 3032 AC Rotterdam, The Netherlands, or by contacting the ABN AMRO Service Desk at +31 (0)76 579 9455.

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