MITTAL STEEL CO N.V.
Form 20-F
March 31, 2005

==========

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2004

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-14666

MITTAL STEEL COMPANY N.V.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

THE NETHERLANDS
(JURISDICTION OF INCORPORATION OR ORGANIZATION)
15TH FLOOR, HOFPLEIN 20
3032 AC ROTTERDAM
THE NETHERLANDS
(ADDRESS OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
CLASS A COMMON SHARES	EURONEXT AMSTERDAM N.V.
	NEW YORK STOCK EXCHANGE

Securities registered or to be registered pursuant to Section 12(g) of the Act.

(Title of Class)

Securities for which there is reporting obligation pursuant to Section 15(d) of the Act

---

(Title of Class)

Indicate the number of outstanding shares of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

CLASS A COMMON SHARES, PAR VALUE EUR 0.01 PER SHARE..... 194,509,790

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for past 90 days.

Yes [X] No [ ]

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 [ ] Item 18 [X]

==========

TABLE OF CONTENTS

PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

DEFINITIONS

Unless otherwise indicated:

*"Ispat International" refers to Ispat International N.V. and its subsidiaries as they existed prior to the acquisition of LNM Holdings on December 17, 2004 and to their predecessor companies for periods prior to the organization of Ispat International in 1997.

*"LNM Holdings" refers to LNM Holdings N.V. and its subsidiaries as they existed prior to their acquisition by Ispat International on December 17, 2004 and to their predecessor companies for the periods prior to the organization of LNM Holdings. On December 20, 2004, LNM Holdings N.V.'s name was changed to Mittal Steel Holdings N.V.

*"Mittal Steel" refers to (i) with respect to time periods occurring on or after December 17, 2004, Mittal Steel Company N.V., formerly known as Ispat International N.V., and its subsidiaries (which include LNM Holdings and its subsidiaries) and (ii) with respect to time periods occurring before December 17, 2004, Ispat International and its subsidiaries and their predecessors adjusted to give effect to the acquisition of LNM Holdings and its subsidiaries and their predecessors.

Unless the context otherwise requires, the term "Mittal Steel" refers to Mittal Steel Company N.V. and the term "Company", "corporation", "enterprise" or "Mittal" refers to Mittal Steel and its subsidiaries.

In connection with changing its corporate name from Ispat International N.V. to Mittal Steel Company N.V., Mittal Steel is also changing the corporate names of certain of its subsidiaries. Set forth below are certain of Mittal Steel's subsidiaries, listed by jurisdiction of organization, indicating the former name of the subsidiary, the current/contemplated new name of the subsidiary and the abbreviations used herein. Certain of the name changes have not yet been effected, but Mittal Steel anticipates completing this process in the second quarter of 2005. For the purposes of this Annual Report, the new name or abbreviated names will be used where applicable.

COUNTRY	FORMER NAME OF SUBSIDIARY	CURRENT/CONTEMPLATED NEW NAME OF SUBSIDIARY	ABBREVIATI
Algeria	Ispat Annaba Spa ("Ispat Annaba")	Mittal Steel Annaba Spa	Mittal Ste
	Ispat Tebessa Spa ("Ispat Tebessa")	Mittal Steel Tebessa Spa	Mittal Ste
Bosnia	RZR Ljubija a.d.	RZR Ljubija a.d.	RZR Ljubij
	BH Steel	Mittal Steel Zenica a.d.	Mittal Ste
Canada	Ispat Sidbec Inc. ("Ispat Sidbec")	Mittal Canada Inc.	Mittal Can
Czech Republic	Ispat Nova Hut a.s. (Ispat Nova Hut")	Mittal Steel Ostrava a.s.	Mittal Ste
Dubai (United Arab Emirates)	LNM Marketing FZE ("LNM Marketing")	Mittal Steel Marketing FZE	Mittal Ste
France	Ispat Unimetal S.A	Mittal Steel Gandrange S.A.	Mittal Ste

	("Unimetal")		
	Trefileurope S.A.	Trefileurope S.A.	Trefileuro
Germany	Ispat Hamburger Stahlwerke GmbH ("Ispat Hamburg" or "IHSW")	Mittal Steel Hamburg GmbH	Mittal Ste
	Ispat Stahlwerk Ruhrort GmbH ("ISRG")	Mittal Steel Ruhrort GmbH	Mittal Ste
	Ispat Walzdraht Hochfeld GmbH ("IWHG")	Mittal Steel Hochfeld GmbH	Mittal Ste
Kazakhstan	Ispat Karmet OJSC ("Ispat Karmet")	Mittal Steel Temirtau OJSC	Mittal Ste Temirtau

Luxembourg	Ispat Europe Group S.A. ("Ispat Europe Group" or "IEG")	Mittal Steel Europe S.A.	Mittal Ste
Macedonia	RZ Ladna Valavnica a.d. RZ Valavnica za Lenti a.d.	Mittal Steel Skopje (CRM) a.d. Mittal Steel Skopje (HRM) a.d.	Mittal Ste Skopje
Mexico	Ispat Mexicana, S.A. de C.V. ("Ispat Mexicana" or "Imexsa")	Mittal Steel Lazaro Cardenas S.A. de C.V.	Mittal Ste Cardenas
Poland	Ispat Polska S.A. ("Ispat Polska")	Mittal Steel Poland S.A.	Mittal Ste Poland
Romania	Ispat Sidex S.A. ("Ispat Sidex")	Mittal Steel Galati S.A.	Mittal Ste
	Ispat Petrotub S.A. ("Ispat Petrotub")	Mittal Steel Roman S.A.	Mittal Ste
	Ispat Tepro S.A. (Ispat Tepro")	Mittal Steel Iasi S.A.	Mittal Ste
	S.C. Siderurgica S.A	Mittal Steel Hunedoara S.A.	Mittal Ste Hunedoara
South Africa	Ispat Iscor Limited ("Ispat Iscor")	Mittal Steel South Africa Limited	Mittal Ste Africa
Trinidad and Tobago	Caribbean Ispat Limited ("CIL")	Mittal Steel Point Lisas Limited	Mittal Ste
United States of America	Ispat Inland Inc. ("Ispat Inland")	Ispat Inland Inc.	Ispat Inla

All references to "ISG" refer to International Steel Group Inc.

All references to the "controlling shareholder" refer, collectively, to Mr. Lakshmi N. Mittal and his wife, Mrs. Usha Mittal.

All references to "production capacity" mean the annual production capacity of plant and equipment based on existing technical parameters as estimated by management. All references to "steel products" as used herein mean to finished and semi-finished steel products and exclude direct reduced iron ("DRI"). All quantity figures for shipments of our steel products include intercompany sales. All references to "Sales" include shipping and handling fees and costs as per EITF Issue No. 00-10.

The term "tonnes" as used herein means a metric tonne. A metric tonne is equal to 1,000 kilograms or 2,204.62 pounds. The term "ton" or "net ton" as used herein means a short ton. One short ton is equal to 2,000 pounds. All references to iron ore, iron ore pellets, DRI, hot metal, coke, coal, pig iron and scrap are calculated using tonnes, and all references to steel products including liquid steel are calculated using tons.

The term "Articles of Association" refers to the amended and restated articles of association of Mittal Steel, dated December 17, 2004.

FINANCIAL INFORMATION

This Annual Report contains audited consolidated financial statements and notes thereto of the Company at December 31, 2003 and 2004 and for each of the years ended December 31, 2002, 2003 and 2004 (together, the "Consolidated Financial Statements") and selected consolidated financial information of Mittal Steel for the periods presented in the Consolidated Financial Statements and at December 31, 2000, 2001 and 2002 and for the years ended December 31, 2000 and 2001.

On December 17, 2004, Ispat International N.V. completed its acquisition of LNM Holdings N.V. and changed its name to Mittal Steel Company N.V. As Ispat International N.V. and LNM Holdings N.V. are affiliates under common control, the acquisition of LNM Holdings N.V. is accounted for on the basis of common control accounting, which is similar to the method of accounting formerly known as a "pooling-of-interests ".

As a result, these consolidated financial statements and all other financial and operating data contained herein reflect the financial position and results of operations for Mittal Steel as though the former Ispat

International N.V. and the former LNM Holdings N.V., were part of the combined Mittal Steel Company N.V. during all the periods presented herein. Intercompany balances and transactions have been eliminated in consolidation.

The Consolidated Financial Statements, which include the accounts of Mittal Steel and its subsidiaries, all of which are controlled by Mittal Steel, have been prepared in accordance with U.S. Generally Accepted Accounting Principles ("U.S. GAAP") (see also Notes 1 and 2 to the Consolidated Financial Statements) and have been audited by Deloitte Accountants B.V., independent registered public accounting firm. The financial records of each of the operating subsidiaries are maintained in the currency of the country in which such subsidiary is located using the statutory or generally accepted accounting principles of such country. For consolidation purposes, financial statements have been prepared in conformity with U.S. GAAP and expressed in U.S. dollars, the reporting currency.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 based on estimates and assumptions. Forward-looking statements include, among other things, statements concerning the financial condition, results of operations and the business of Mittal Steel, including its recently acquired subsidiary, LNM Holdings and the proposed merger with ISG, and the anticipated financial and other benefits of the recently completed acquisition of LNM Holdings and the proposed merger with ISG. These statements usually contain the words "believes", "plans", "expects", "anticipates", "intends", "estimates" or other similar expressions. For each of these statements, you should be aware that forward-looking statements involve known and unknown risks and uncertainties. Although it is believed that the expectations reflected in these forward-looking statements are reasonable, there is no assurance that the actual results or developments anticipated will be realized or, even if realized, that they will have the expected effects on the business or operations of Mittal Steel. These forward-looking statements speak only as of the date on which the statements were made and no obligation has been undertaken to publicly update or revise any forward-looking statements made in this Annual Report or elsewhere as a result of new information, future events or otherwise, except as required by applicable laws and regulations. In addition to other factors and matters contained in this Annual Report, it is believed the following factors, among others, could cause actual results to differ materially from those discussed in the forward-looking statements:

*cost savings and other benefits expected to result from the recently completed acquisition of LNM Holdings and the proposed merger with ISG may not be fully realized or realized within the expected time frame;

*costs or difficulties related to the integration of the businesses of Mittal Steel, LNM Holdings and ISG may be greater than expected;

*the risk of a significant delay in the completion of the proposed merger with ISG and/or unexpected consequences resulting from the recently completed acquisition of LNM Holdings and the proposed merger with ISG;

*the risk that a government authority may impose unfavorable terms as a condition to the merger with ISG;

*operating results following the recently completed acquisition of LNM Holdings and the proposed merger with ISG may be lower than expected;

*adverse changes in interest rates may reduce interest margins;

*general economic conditions, whether nationally or in the market areas in which Mittal Steel conducts business, may be less favorable than expected;

*the risk of disruption or volatility in the economic, political or social environment in those countries in which Mittal Steel conducts business;

*legislation or regulatory changes may adversely affect the businesses in which Mittal Steel is engaged;

*uncertainty as to the actions of the controlling shareholder of Mittal Steel;

*Mittal Steel's ability to maintain operational flexibility given its high debt level;

*Mittal Steel's ability to attract and retain talented management;

*fluctuations in currency exchange rates;

*Mittal Steel's ability to operate within the limitations imposed by financing arrangements;

*Mittal Steel's ability to obtain financing on acceptable terms to finance its growth;

*the risk of significant supply shortages and increases in the cost of raw materials, energy and transportation;

*the risk of labor disputes;

*the risk of decreasing prices for Mittal Steel's products and other forms of competition in the steel industry;

*increased competition from substitute materials (e.g. aluminum); and

*Mittal Steel's ability to successfully operate within a cyclical industry.

These factors and others that could cause results to differ materially for those discussed in forward-looking statements are discussed in more detail in this Annual Report, including under "Item 3D -- Key Information -- Risk Factors".

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

ITEM 3. KEY INFORMATION

A. SELECTED FINANCIAL DATA

The following table presents selected consolidated financial information of Mittal Steel for the years ended December 31, 2000, 2001, 2002, 2003 and 2004. This selected consolidated financial information should be read in conjunction with the respective audited Consolidated Financial Statements of Mittal Steel, including the notes thereto.

	YEAR ENDED DECEMBER		
	2000	2001	2002
	(all amounts in $ millions except per s		
STATEMENT OF INCOME DATA			
Sales	$ 6,274	$ 5,423	$ 7,080
Cost of sales (exclusive of depreciation)	5,180	4,952	5,752
Gross profit (before deducting depreciation)	1,094	471	1,328

Gross margin as percentage of Sales	17.4%	8.7%	18.8%
Depreciation	240	229	266
Selling, general and administrative expenses	231	204	298
Other operating expenses	--	75	62
Operating income/(loss)	623	(37)	702
Operating margin as percentage of Sales	9.9%	(0.7)%	9.9%
Other income (expense) - net	24	20	32
Income from equity investments	--	--	111
Financing costs:			
Net interest expense	(242)	(235)	(222)
Net gain/(loss) from foreign exchange	(2)	(18)	15
Income/(loss) before taxes, minority interest and cumulative effect of change in accounting principle	403	(270)	638
Net income/(loss)	398	(199)	595
Basic and diluted earnings/(loss) per common share(1)	0.62	(0.31)	0.92

	AT DECEMBER 31,		
	2000	2001	2002
	(all amounts in $ mi		
BALANCE SHEET DATA			
Cash and cash equivalents, including short-term investments and restricted cash	$ 339	$ 225	$ 417
Property, plant and equipment - net	3,914	4,138	4,094
Total assets	6,826	7,161	7,909
Payable to banks and current portion of long-term debt	403	470	546
Long-term debt (including affiliates)	2,187	2,262	2,187
Shareholders' equity	1,530	1,106	1,442
Share capital(2)	535	539	543

	YEAR ENDED DECEMBER		
	2000	2001	2002
	(all amounts in $ millions except q		
OTHER DATA:			
Net cash provided by operating activities	$ 740	$ 237	$ 539
Net cash used in investing activities	(281)	(214)	(360)
Net cash provided by (used in) by financing activities	(408)	(92)	16
Total production of DRI (thousands of tonnes)	6,872	4,918	5,893
Total shipments of steel products (thousands of tons)	20,304	18,634	24,547

(1) Earnings per common share are computed by dividing net income by the

weighted average number of common shares outstanding during the periods presented considering retroactively the shares issued by Mittal Steel in connection with the acquisition of LNM Holdings.

(2) Comprised of common shares and additional paid-in capital less treasury stock.

DIVIDENDS

In 2000, a dividend of $18 million, $0.15 per share was declared by the Company and paid to its then shareholders.

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

- 2003 - dividend of $164 million, $0.33 per LNM Holdings share (which, when recalculated based on the total number of Mittal Steel shares in the consolidated balance sheet of Mittal Steel, works out to $0.25 per Mittal Steel share);

- 2004 - dividend of $2,386 million, or $4.77 per LNM Holdings share, (which, when recalculated based on the total number of Mittal Steel shares in the consolidated balance sheet of Mittal Steel, works out to $3.71 per Mittal Steel share).

The above LNM Holdings dividends were paid (and, to the extent remaining unpaid as of the date of this Annual Report, will be paid) only to the sole shareholder of LNM Holdings prior to its acquisition by the Company.

B. CAPITALIZATION AND INDEBTEDNESS

Not applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not applicable.

D. RISK FACTORS

Our business, financial condition or results of operations could be materially adversely affected by any of the risks and uncertainties described below. Additional risks not presently known to us, or that we currently deem immaterial, may also impair our business operations.

MITTAL STEEL HAS EXPERIENCED RAPID GROWTH THROUGH SUCCESSFUL ACQUISITIONS IN A RELATIVELY SHORT PERIOD OF TIME. MITTAL STEEL MAY NOT HAVE THE MANAGEMENT RESOURCES OR SUFFICIENT LEVELS OF INVESTMENT TO CONTINUE TO MEET ITS STRATEGIC OBJECTIVES.

Mittal Steel has experienced rapid growth and development through successful acquisitions in a relatively short period of time and may continue to pursue acquisitions in order to meet its strategic objectives. Such growth entails significant investment, as well as increased operating costs. Overall growth in Mittal Steel's business also requires greater allocation of management resources from daily operations. In addition, the management of such growth (including management of multiple operating assets) will require, among other things, the continued development of Mittal Steel's financial and information management control systems, the

ability to integrate newly acquired assets with existing operations, the ability to attract and retain sufficient numbers of qualified management and other personnel, the continued training and supervision of such personnel and the ability to manage the risks and liabilities associated with the acquired businesses. Failure to manage such growth, while at the same time maintaining adequate focus on the existing assets of Mittal Steel, could have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects. In addition, although Mittal Steel has grown through successful acquisitions in the past, no assurance can be given that it will be able to identify, acquire and successfully integrate additional companies in the future.

BENEFITS OF THE RECENTLY COMPLETED ACQUISITION OF LNM HOLDINGS AND THE PROPOSED MERGER WITH ISG MAY NOT BE REALIZED.

Assuming Mittal Steel completes the proposed merger with ISG, and taking into account the recent completion of the acquisition of LNM Holdings, Mittal Steel will be integrating three companies that have previously operated independently. Integrating Ispat International's operations and personnel with those of ISG and LNM Holdings will be a complex process. Mittal Steel may not be able to integrate the operations of ISG and LNM Holdings with Ispat International's operations rapidly or without encountering difficulties. The successful integration of Ispat International with ISG and LNM Holdings will require, among other things, integration of ISG's, LNM Holdings' and Ispat International's products, sales and marketing operations, information and software systems, coordination of employee retention, hiring and training operations and coordination of future research and development efforts. The diversion of the attention of the combined company's management to the integration effort and any difficulties encountered in combining operations could adversely affect the combined company's businesses. Further, the process of combining Ispat International, ISG and LNM Holdings could negatively impact employee morale and the ability of Mittal Steel to retain some of Ispat International's, ISG's and LNM Holdings' key personnel after the acquisition of LNM Holdings and the merger with ISG.

STEEL COMPANIES ARE SUSCEPTIBLE TO CHANGES IN GOVERNMENTAL POLICIES AND INTERNATIONAL ECONOMIC CONDITIONS.

Governmental, political and economic developments relating to inflation, interest rates, taxation, currency fluctuations, social or political instability, diplomatic relations, international conflicts and other factors may adversely affect the business, financial condition, results of operations or prospects of international steel companies. Mittal Steel has not, and currently does not intend to obtain, political risk insurance in any country in which it conducts its business.

MITTAL STEEL RELIES ON ECONOMIC GROWTH IN THE COUNTRIES IN WHICH ITS OPERATING SUBSIDIARIES OPERATE, WHICH MAY NOT CONTINUE. A SLOWDOWN IN ECONOMIC GROWTH IN SUCH COUNTRIES MAY HAVE A MATERIAL ADVERSE EFFECT ON MITTAL STEEL'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS.

Mittal Steel's business strategy was developed partly on the assumptions that economic growth in the countries in which it operates and the modernization, restructuring and upgrading of the physical infrastructure in such countries will continue, thus creating an increased demand for its steel products and maintaining a stable level of steel prices in such countries and in other key product markets. While the demand in these countries for steel and steel products has gradually increased, there is no assurance that this trend will continue. Any slowdown in the development of these economies or any reduction in the investment budgets of governmental agencies and companies responsible for the modernization of such physical infrastructure may have a material adverse effect on Mittal Steel's business, financial condition, results

of operations or prospects.

MITTAL STEEL IS SUBJECT TO POLITICAL AND SOCIAL UNCERTAINTIES IN SOME OF THE DEVELOPING COUNTRIES IN WHICH IT OPERATES. ANY DISRUPTION OR VOLATILITY IN THE POLITICAL OR SOCIAL ENVIRONMENT IN THOSE COUNTRIES MAY HAVE A MATERIAL ADVERSE EFFECT ON MITTAL STEEL'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS.

Mittal Steel operates in a number of developing countries. Approximately 71% of the sales of Mittal Steel for the year ended December 31, 2004 originated in developing countries. Some of the developing countries in which Mittal Steel operates have been undergoing substantial political transformations, from centrally controlled command economies to pluralist market-oriented democracies. There can be no assurance that the political and economic reforms necessary to complete such a transformation will continue. In addition, ethnic, religious, historical and other divisions have, on occasion, given rise to tensions and, in certain cases, military conflict. The political systems in these countries may be vulnerable to the populations' dissatisfaction with reforms, social and ethnic unrest and changes in governmental policies, any of which could have a material

adverse effect on Mittal Steel's business, financial condition, results of operations or prospects and its ability to continue to do business in these countries.

MITTAL STEEL IS SUBJECT TO ECONOMIC RISKS AND UNCERTAINTIES IN THE COUNTRIES IN WHICH IT OPERATES. ANY DETERIORATION OR DISRUPTION OF THE ECONOMIC ENVIRONMENT IN THOSE COUNTRIES MAY HAVE A MATERIAL ADVERSE EFFECT ON MITTAL STEEL'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS.

Over the past few years, many of the countries in which Mittal Steel operates have experienced economic growth and improved economic stability in certain sectors. However, there can be no assurance that economic growth will continue in the future, and the legal systems in these countries, in particular with respect to bankruptcy proceedings, remains underdeveloped. Although economic conditions have improved in the last two and a half years, the prospect of widespread bankruptcy, mass unemployment and the deterioration of certain sectors of these economies still exists. No assurance can be given that reform policies will continue to be implemented and, if implemented, will be successful, or that these countries will remain receptive to foreign trade and investment, or that their economies will improve.

MITTAL STEEL HAS MADE SIGNIFICANT CAPITAL EXPENDITURE COMMITMENTS AND OTHER COMMITMENTS IN CONNECTION WITH CERTAIN ACQUISITIONS.

In connection with the acquisition of certain of its operating subsidiaries, Mittal Steel has made significant capital expenditure commitments and other commitments with various governmental bodies over the next few years. Mittal Steel expects to fund such capital expenditure commitments and other commitments primarily through internal sources, but there can be no assurance that Mittal Steel will be able to generate or obtain sufficient funds to meet these requirements in the future or to complete these projects on a timely basis or at all. In addition, completion of these projects may be affected by factors that are beyond the control of Mittal Steel. See "Item 5 -- Operating and Financial Review and Prospects - Liquidity and Capital Resources -- Tabular Disclosure of Contractual Obligations" and Note 18 to the Mittal Steel's Consolidated Financial Statements.

Mittal Steel has also made certain commitments relating to employees at

certain of its operating subsidiaries. In many of these jurisdictions, it has agreed, in connection with the acquisition of interests in these subsidiaries that it will not make collective dismissals for certain periods. These periods generally extend up to 10 years following the date of acquisition. The inability to make such dismissals may affect the ability of Mittal Steel to coordinate its workforce in response to changing market conditions and may have an effect on its business, financial condition, results of operations or prospects.

Although Mittal Steel has remained in compliance with its obligations under the relevant acquisition agreements, Mittal Steel may not be able to remain in compliance with some or all of these requirements in the future. Failure to remain in compliance may result in forfeiture of part of Mittal Steel's investment and/or the loss of certain tax and regulatory benefits and may therefore have an adverse effect on its business, financial condition, results of operations or prospects.

PENSION PLAN UNDER-FUNDING AT SOME OF MITTAL STEEL'S OPERATING SUBSIDIARIES AND THE NEED TO MAKE SUBSTANTIAL CASH CONTRIBUTIONS TO PENSION PLANS, WHICH MAY INCREASE IN THE FUTURE, MAY REDUCE THE CASH AVAILABLE FOR ITS BUSINESS.

Mittal Steel's principal operating subsidiaries in Canada, France, Germany, Trinidad, the United States, South Africa and Kazakhstan provide defined benefit pension plans to their employees. Some of these plans are currently under-funded, in particular the pension plan of Inland, Mittal Steel's U.S. operating subsidiary. At December 31, 2004, the value of Inland's pension plan assets was $1,923 million, while the projected benefit obligation was $2,667 million, resulting in a deficit of $744 million. A large part of Mittal Steel's pension liabilities and funding requirements are at its U.S. operating subsidiary. See Note 14 to the Mittal Steel's Consolidated Financial Statements.

The funded status of Inland's pension plan has been adversely affected in the last few years by a number of factors including low interest rates, which have impacted investment returns and discount rate assumptions and weak equity market performance. This also has had an impact on required future cash funding requirements. In addition to its agreement with the Pension Benefit Guaranty Corporation, or the PBGC, Mittal Steel is also required to make significant cash contributions pursuant to Title I of the Employee Retirement Income Security Act of 1974, as amended, or ERISA. Assuming modestly rising interest rates and reasonable market returns, the total of these contribution requirements (including the contributions required under the

agreement with the PBGC) could exceed $500 million over the next few years and could be significantly higher depending on future asset performance, the levels of interest rates used to determine ERISA minimum funding requirements, actuarial assumptions and experience, union negotiated changes, future government regulations and the terms of the agreement with PBGC. Total cash contributions made to Inland's pension plan were $425 million from 1998 through December 31, 2004. The contribution required and made in 2004 was $112 million. Mittal Steel expects to contribute approximately $175 million to Inland's pension plan in 2005.

Mittal Steel's funding obligations depend upon future asset performance, the level of interest rates used to measure ERISA minimum funding levels, actuarial assumptions and experience, union negotiated changes, future government regulation and the terms of the agreement with PBGC. Due to the large number of variables that determine pension funding requirements, which are difficult to predict, as well as any legislative action, future cash funding requirements for Mittal Steel's pension plans could be significantly higher than amounts currently estimated. These funding requirements could have a material

adverse effect on Mittal Steel's business, financial condition, results of operations or prospects.

THE DEPENDENCE OF CERTAIN OPERATING SUBSIDIARIES OF MITTAL STEEL ON EITHER EXPORT OR DOMESTIC MARKETS MAY LIMIT ITS FLEXIBILITY IN MANAGING ITS BUSINESS.

Some of Mittal Steel's operating subsidiaries are primarily export oriented, as domestic markets are not adequate to support operations, and some of its operating subsidiaries are substantially dependent on the domestic markets of their countries of operation. Any rise in trade barriers or trade related actions in main export markets, or any fall in demand in the export or domestic markets due to weak economic conditions or other reasons, may adversely affect the operations of these subsidiaries and may limit Mittal Steel's flexibility in managing its business. See "Item 4B - Information on the Company -- Business Overview -- Government Regulation" and "Item 8A -- Financial Information -- Legal Proceedings" and Note 19 to the Mittal Steel Consolidated Financial Statements.

MITTAL STEEL MAY ENCOUNTER SUPPLY SHORTAGES AND INCREASES IN THE COST OF RAW MATERIALS, ENERGY AND TRANSPORTATION.

Steel production requires substantial amounts of raw materials and energy, including iron ore fines, iron ore pellets, scrap, electricity, natural gas, coal and coke. Any prolonged interruption in the supply of raw materials or energy, or substantial increases in their costs, could adversely affect the business, financial condition, results of operations or prospects of steel companies. The availability and prices of raw materials may be negatively affected by:

*new laws or regulations;

*suppliers' allocations to other purchasers;

*interruptions in production by suppliers;

*accidents or other similar events at suppliers' premises or along the supply chain;

*changes in exchange rates;

*consolidation in steel-related industries;

*worldwide price fluctuations and other factors; and

*availability and cost of transportation.

In addition, energy costs, including the cost of natural gas and electricity, make up a substantial portion of the cost of goods sold by steel companies. The price of energy has varied significantly in the past and may vary significantly in the future largely as a result of market conditions and other factors beyond the control of steel companies. Because the production of direct reduced iron and steel involves the use of significant amounts of natural gas, steel companies are sensitive to the price of natural gas.

Further, global developments, particularly the dramatic increase in the demand for materials and inputs used in steel manufacturing from China, may cause severe shortages and/or substantial price increases of key

raw materials and ocean transportation capacity. Inability to recoup such cost

increases from increases in the selling prices of steel companies' products, or inability to cater to their customers' demands because of non-availability of key raw materials or other inputs, may have a material adverse effect on the business, financial condition, results of operations or prospects of steel companies.

While Mittal Steel has been able to procure sufficient supplies of raw materials to meet its production needs, there can be no assurance that it will be able to procure adequate supplies in the future. In addition, a substantial portion of Mittal Steel's raw materials are procured under contracts that are either short-term or are subject to periodic price negotiations. Any prolonged interruption, discontinuation or other disruption in the supply of raw materials or energy, or substantial increases in their costs, could adversely affect the business, financial condition, results of operations or prospects of Mittal Steel.

MITTAL STEEL MAY FACE SIGNIFICANT PRICE AND OTHER FORMS OF COMPETITION FROM OTHER STEEL PRODUCERS, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON ITS BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS.

Generally, the markets in which steel companies conduct business are highly competitive. Increased competition could cause Mittal Steel to lose market share, increase expenditures or reduce pricing, any one of which could have a material adverse effect on its business, financial condition, results of operations or prospects. The global steel industry has historically suffered from substantial over-capacity. Excess capacity in some of the products sold by Mittal Steel will intensify price competition for such products. This could require Mittal Steel to reduce the price for its products and, as a result, may have a material adverse effect on its business, financial condition, results of operations or prospects. Mittal Steel competes primarily on the basis of quality and the ability to meet customers' product specifications, delivery schedules and price. Some of the competitors of Mittal Steel may:

*benefit from greater capital resources;

*have different technologies;

*have lower raw material and energy costs; and

*have lower employee post-retirement benefit costs. See "Item 5 -- Operating and Financial Review and Prospects".

In addition, the competitive position of Mittal Steel within the global steel industry may be affected by, among other things:

*the recent trend toward consolidation amongst competitors in the steel industry, particularly in Europe and the United States;

*exchange rate fluctuations that may make the products of Mittal Steel less competitive in relation to the products of steel companies based in other countries; and

*the development of new technologies for the production of steel and steel-related products.

MITTAL STEEL IS SUSCEPTIBLE TO THE CYCLICALITY OF THE STEEL INDUSTRY.

The steel industry is highly cyclical and is affected significantly by general economic conditions and other factors such as worldwide production capacity, fluctuations in steel imports/exports and tariffs. Steel prices are sensitive to a number of supply and demand factors. Steel markets recently have been experiencing larger and more pronounced cyclical fluctuations. This trend,

combined with the upward pressure on costs of key inputs, mainly metallics and energy, presents an increasing challenge for steel producers. The key drivers for maintaining a competitive position and good financial performance in this challenging environment are product differentiation, customer service, cost reduction and cash management.

The volatility and the length and nature of business cycles affecting the steel industry have become increasingly unpredictable, and the recurrence of another major downturn in the industry may have a material adverse effect on the business, financial condition, results of operations or prospects of steel companies, including Mittal Steel.

COMPETITION FROM OTHER MATERIALS MAY HAVE A MATERIAL ADVERSE EFFECT ON MITTAL STEEL'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS.

In many applications, steel competes with other materials, such as aluminum (particularly in the automobile industry), cement, composites, glass, plastic and wood. Additional substitutes for steel products could adversely affect future market prices and demand for steel products.

THE COMPETITIVE POSITION OF MITTAL STEEL DEPENDS ON ITS SENIOR MANAGEMENT TEAM AND THE LOSS OF ANY MEMBER FROM SUCH SENIOR MANAGEMENT TEAM COULD HAVE A MATERIAL ADVERSE EFFECT ON MITTAL STEEL'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS.

The ability of Mittal Steel to maintain a competitive position and to implement its business strategy is dependent to a large degree on the services of its senior management team and particularly Mr. Lakshmi N. Mittal, Chairman of the board of directors and Chief Executive Officer of Mittal Steel. The loss of or any diminution in Mr. Lakshmi N. Mittal's services or those of the members of the senior management team of Mittal Steel or an inability to attract, retain and maintain additional senior management personnel, could have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects. Mittal Steel may not be able to retain its existing senior management personnel or to attract additional qualified senior management personnel in the future. Mittal Steel does not maintain key man life insurance on any members of its senior management.

MITTAL STEEL MAY EXPERIENCE CURRENCY FLUCTUATIONS AND BECOME SUBJECT TO EXCHANGE CONTROLS THAT COULD ADVERSELY AFFECT ITS BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS.

Mittal Steel operates and sells products in a number of countries, and as a result, its business, financial condition, results of operations or prospects could be adversely affected by fluctuations in exchange rates. Major changes in exchange rates, particularly changes in the value of the U.S. dollar against the currencies of countries in which Mittal Steel operates, could have an adverse effect on its business, financial condition, results of operations or prospects.

The imposition of exchange controls or other similar restrictions on currency convertibility in the countries in which Mittal Steel operates could adversely affect its business, financial condition, results of operations or prospects. For example, some operations involving the South African rand and the Kazakh tenge are subject to limitations imposed by the South African Reserve Bank and National Bank of Kazakhstan, respectively. These restrictions have not historically had a material adverse effect on the business, financial condition, results of operations or prospects of Mittal Steel South Africa or Mittal Steel Temirtau, respectively. However, in the future these or other restrictions could

have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects.

MITTAL STEEL COULD EXPERIENCE LABOR DISPUTES THAT COULD DISRUPT OPERATIONS.

A substantial majority of the employees of Mittal Steel are represented by labor unions and are covered by collective bargaining or similar agreements, which are subject to periodic renegotiation. Strikes or work stoppages could occur prior to, or during the negotiations leading to new collective bargaining agreements, during wage and benefits negotiations or, occasionally, during other periods for other reasons. See "Item 8A -- Financial Information -- Legal Proceedings" and Notes 18 and 19 to the Mittal Steel Consolidated Financial Statements.

Any such breakdown leading to work stoppage and disruption of operations could have an adverse effect on the operations and financial results of Mittal Steel. Additionally, many of the contractors working at Mittal Steel's operating subsidiaries' plants employ workers who are represented by various trade unions. Disruptions with these contractors could also have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects.

EQUIPMENT DOWNTIME OR SHUTDOWNS COULD ADVERSELY AFFECT MITTAL STEEL'S BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS OR PROSPECTS.

Steel manufacturing processes are dependent on critical steel-making equipment, such as furnaces, continuous casters, rolling mills and electrical equipment (such as transformers), and these equipments may incur downtime as a result of unanticipated failures or other events, such as fires or furnace breakdowns. Mittal

Steel's manufacturing plants have experienced, and may in the future experience, plant shutdowns or periods of reduced production as a result of such equipment failures or other events. Such disruptions could have an adverse effect on Mittal Steel's operations, customer service levels and financial results.

THE INCOME TAX LIABILITY OF MITTAL STEEL MAY SUBSTANTIALLY INCREASE IF THE TAX LAWS AND REGULATIONS IN COUNTRIES IN WHICH IT OPERATES CHANGE OR BECOME SUBJECT TO VARYING INTERPRETATIONS OR INCONSISTENT ENFORCEMENT OR IF THE OPERATING SUBSIDIARIES OF MITTAL STEEL ARE UNABLE TO UTILIZE CERTAIN TAX BENEFITS.

Taxes payable by companies in many of the countries in which Mittal Steel operates are substantial and include value-added tax, excise duties, profit taxes, payroll-related taxes, property taxes and other taxes.

Tax laws and regulations in some of the countries in which Mittal Steel operates may be subject to frequent change, varying interpretation and inconsistent enforcement. Ineffective tax collection systems and continuing budget requirements may increase the likelihood of the imposition of arbitrary or onerous taxes and penalties in the future, which could have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects. In addition to the usual tax burden imposed on taxpayers, these conditions create uncertainty as to the tax implications of some business decisions. This uncertainty could expose Mittal Steel to significant fines and penalties and to enforcement measures despite its best efforts at compliance, and could result in a greater than expected tax burden. See "Item 4B -- Information on the Company -- Business Overview -- Government Regulation" and "Item 8A -- Financial Information -- Legal Proceedings" and Note 15 to the Mittal Steel Consolidated Financial Statements.

In addition, many of the jurisdictions in which Mittal Steel operates have adopted transfer pricing legislation. While Mittal Steel believes that its operations are conducted in compliance with applicable transfer pricing legislation, if tax authorities impose significant additional tax liabilities as a result of transfer pricing adjustments, it could have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects.

Mittal Steel's operating subsidiaries receive certain tax benefits (such as tax loss carryforwards), which result in temporary reductions or limitations on the total tax liability of the relevant operating subsidiary. The loss of these benefits on their scheduled expiration or as a result of a failure to comply with conditions imposed in connection with the acquisition of the relevant operating subsidiary may cause a corresponding increase in the tax liability associated with these operations.

It is possible that taxing authorities in the countries in which Mittal Steel operates will introduce additional revenue raising measures. Although it is unclear how these provisions would operate, the introduction of any such provisions may affect the overall tax efficiency of Mittal Steel and may result in significant additional taxes becoming payable. Although Mittal Steel will undertake to minimize such exposures, it cannot offer any assurance that additional tax exposure will not arise or that any such additional tax exposure will not have a material adverse effect on its business, financial condition, results of operations or prospects.

Mittal Steel may face a significant increase in its income taxes if tax rates and tax laws and regulations in the jurisdictions and treaties between jurisdictions in which it operates increase and/or are modified by regulatory authorities in an adverse manner. This may adversely affect Mittal Steel's cash flows, liquidity and ability to pay dividends. See "Item 5 -- Operating and Financial Review and Prospects -- Review of Operating Results -- Year Ended December 31, 2004 Compared to Year Ended December 31, 2003 -- Income Tax."

MITTAL STEEL MAY BE UNABLE TO FULLY UTILIZE ITS DEFERRED TAX ASSET.

At December 31, 2004, Mittal Steel had $1,161 million recorded as a deferred tax asset on its balance sheet. This asset can only be utilized if, and to the extent that, Mittal Steel's operating subsidiaries generate adequate levels of taxable income in future periods to set off the tax loss carryforwards and reverse the temporary differences before they expire. Mittal Steel's ability to generate taxable income is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond its control. Consequently, Mittal Steel cannot assure you that it will generate sufficient taxable income to realize its deferred tax asset. If Mittal Steel generates lower taxable income than the amount it has assumed in determining the deferred tax asset, then a valuation reserve will be required, with a corresponding charge against income.

STEEL COMPANIES ARE SUBJECT TO STRINGENT ENVIRONMENTAL REGULATIONS, AND MITTAL STEEL MAY BE REQUIRED TO SPEND CONSIDERABLE AMOUNTS OF MONEY IN ORDER TO COMPLY WITH SUCH REGULATIONS.

Steel companies have spent, and can be expected to spend in the future, substantial amounts to comply with environmental laws and regulations, which, over time, have become more stringent. The operations of steel companies are subject to strict environmental laws and regulations in each of the jurisdictions in which they operate. These laws and regulations govern,

generally, air and water pollution, the management and disposal of hazardous substances and the remediation of contamination. These requirements, or enforcement of these requirements, may become even more stringent in the future. Failure to comply could result in the assessment of civil and criminal penalties, the suspension of operations and lawsuits by private parties.

In addition, EU Directives as well as any new or additional environmental compliance requirements that may arise out of the implementation by different countries of the Kyoto Protocol (United Nations Framework on Climate Change, 1992) may impose new and/or additional rules or more stringent environmental norms that steel companies may have to comply with. Such requirements may require additional capital expenditures or modifications in operating practices, particularly at steel companies operating in countries that have recently joined the European Union or are scheduled to join the European Union in the near future. If any of these new rules, regulations, norms or allocations contain major changes or are introduced very rapidly, there could be a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects. See "Item 4B -- Information on the Company -- Business Overview -- Government Regulation".

Inland is involved in various environmental and other administrative or judicial actions initiated by governmental agencies. In 1990, Inland was a party to a lawsuit filed by the U.S. Environmental Protection Agency, or the EPA, under the Resource Conservation and Recovery Act. In 1993, Inland entered into a consent decree, or the EPA Consent Decree, which, among other things, requires the investigation and remediation of the Indiana Harbor Works. Corrective actions relating to the EPA Consent Decree may require significant expenditures over the next several years. At December 31, 2004 and December 31, 2003, Inland's reserves for environmental liabilities totaled $37 million and $37million, respectively, $22 million and $22 million of which is related to the sediment remediation under the EPA Consent Decree. See "Item 4B -- Information on the Company -- Business Overview -- Government Regulation", "Item 8A -- Financial Information -- Legal Proceedings," and Notes 18 and 19 to the Mittal Steel Consolidated Financial Statements.

In addition, Mittal Steel has agreed to make certain capital expenditures related to environmental matters in connection with its acquisition of certain of its operating subsidiaries. See "Item 4B -- Information on the Company -- Business Overview -- Government Regulation", "Item 8A -- Financial Information -- Legal Proceedings" and Note 18 to the Mittal Steel Consolidated Financial Statements.

FUTURE SALES OF MITTAL STEEL'S COMMON SHARES MAY AFFECT THE MARKET PRICE OF ITS SHARES.

Sales, or the possibility of sales, of substantial numbers of Mittal Steel's common shares in the public markets, including in The Netherlands and the United States, could have an adverse affect on the market price of its common shares. Any subsequent offering of the common shares of Mittal Steel may have rights, preferences or privileges senior to those of the common shares of Mittal Steel currently outstanding.

NATURAL DISASTERS COULD SIGNIFICANTLY DAMAGE MITTAL STEEL'S PRODUCTION FACILITIES.

Natural disasters could significantly damage Mittal Steel's production facilities and general infrastructure. In particular, Mittal Steel Lazaro Cardenas's production facilities are located in Lazaro Cardenas, Michoacan, Mexico and Mittal Steel Temirtau is located in the Karaganda region of the Republic of Kazakhstan, both of which are areas that have historically experienced earthquakes of varying magnitude. Extensive damage to either facility, or any other major production complexes, whether as a result of an

earthquake or other natural disaster, could have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects.

MITTAL STEEL'S INSURANCE POLICIES PROVIDE LIMITED COVERAGE, POTENTIALLY LEAVING IT UNINSURED AGAINST SOME BUSINESS RISKS.

The occurrence of an event that is uninsurable or not fully insured could have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects. Mittal Steel maintains comprehensive insurance on all property and equipment in amounts believed to be consistent with industry practices but it may not be fully insured against some business risks. Mittal Steel's insurance policies cover physical loss or damage to its property and equipment on a reinstatement basis arising from a number of

specified risks and certain consequential losses, including business interruption arising from the occurrence of an insured event under the policies. Under these policies, damages and losses caused by certain natural disasters, such as earthquakes, floods and windstorms, are also covered. Each of the operating subsidiaries of Mittal Steel also maintains various other types of insurance, such as workmen's compensation insurance and marine insurance. Notwithstanding the insurance coverage that Mittal Steel and its subsidiaries carry, the occurrence of an accident that causes losses in excess of limits specified under the policy, or losses arising from events not covered by their insurance policies, could have a material adverse effect on Mittal Steel's business, financial condition, results of operations or prospects.

PRODUCT LIABILITY CLAIMS COULD ADVERSELY AFFECT MITTAL STEEL'S OPERATIONS.

Mittal Steel sells products to major manufacturers who are engaged to sell a wide range of end products. Furthermore, Mittal Steel's products are also sold to, and used in, certain safety-critical applications. If Mittal Steel were to sell steel that is inconsistent with the specifications of the order or the requirements of the application, significant disruptions to the customer's production lines could result. There could also be significant consequential damages resulting from the use of such products. Mittal Steel has a limited amount of product liability insurance coverage and a major claim for damages related to products sold could have a material adverse effect on its business, financial condition, results of operations or prospects.

INTERNATIONAL TRADE ACTIONS OR REGULATIONS AND TRADE-RELATED LEGAL PROCEEDINGS MAY ADVERSELY AFFECT SALES, REVENUES AND BUSINESS IN GENERAL OF STEEL COMPANIES.

Mittal Steel is an international operation with sales spanning many countries, and therefore, its businesses have significant exposure to the effects of trade actions and barriers. In the past, various countries, including the United States, have instituted, or are contemplating the institution of, trade actions and barriers.

Mittal Steel cannot predict the timing and nature of similar or other trade actions by the United States or any other country. Because of the international nature of Mittal Steel's operations it may be affected by any trade actions or restrictions introduced by any country in which it sells, or has the potential to sell, its products. Any such trade actions could adversely affect Mittal Steel's profit margins and, as a result, its business, financial condition, results of operations or prospects and, depending on the timing, nature and jurisdiction of such actions, such adverse effects could be material.

In addition to the more general trade barriers described above, if any

steel company were party to a regulatory or trade-related legal proceeding that was decided adversely to such company, or an operating subsidiary thereof, it could adversely affect the business, financial condition, results of operations or prospects of such company.

See "Item 4B -- Information on the Company -- Business Overview -- Government Regulations".

SIGNIFICANT EXPENDITURES AND SENIOR MANAGEMENT TIME MAY BE REQUIRED WITH RESPECT TO MITTAL STEEL'S INTERNAL CONTROLS TO ENSURE COMPLIANCE WITH THE REQUIREMENTS OF SECTION 404 OF THE SARBANES-OXLEY ACT OF 2002 WHEN THE REGULATIONS OF THE U.S. SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, THEREUNDER COME FULLY INTO EFFECT.

Section 404 of the Sarbanes-Oxley Act and the regulations of the SEC thereunder, upon becoming effective, will require senior executive and senior financial officers of Mittal Steel to assess on a regular basis the internal controls for financial reporting, evaluate the effectiveness of such internal controls and disclose any material weaknesses in such internal controls. Mittal Steel's external auditors will also be required to provide an attestation of management's evaluation. In the event that Mittal Steel senior management or independent auditors determine that Mittal Steel's internal controls over financial reporting are not effective as defined under Section 404, investor perceptions of Mittal Steel may be adversely affected and could cause a decline in the market price of Mittal Steel stock. The rules regarding management's report on internal controls and attestation will apply to Mittal Steel from the fiscal year ending December 31, 2006.

The provisions of Section 404 of the Sarbanes-Oxley Act may also apply to entities acquired by Mittal Steel in the future, some of which may have material control weaknesses. For example, ISG has disclosed in its annual filing on Form-10K for the year ended December 31, 2004 that it had identified three material weaknesses in its internal control over financial reporting, including deficiencies in its policies and procedures relating to the accumulation of certain cost information, computer systems security and fraud risk prevention.

THERE IS NO GUARANTEE THAT THE CONDITIONS TO THE PROPOSED MERGER WITH ISG WILL BE SATISFIED AND THAT THE MERGER WILL BE COMPLETED.

Mittal Steel's proposed merger with ISG is subject to a number of conditions primarily the approval by the requisite majority of shareholders of Mittal Steel and ISG. As a general matter, if the conditions to the merger are not satisfied or, if permissible, waived on or before April 30, 2005, Mittal Steel or ISG may terminate the merger agreement, in which case the merger will not be completed. If the merger is not completed, the anticipated benefits of the merger will not be realized and could impact the stock price of Mittal Steel's class A common shares.

MITTAL STEEL'S CONTROLLING SHAREHOLDER CAN APPOINT ITS DIRECTORS AND DETERMINE THE OUTCOME OF SHAREHOLDER VOTES.

Mr. Lakshmi N. Mittal and his wife, Mrs. Usha Mittal, who together are Mittal Steel's controlling shareholder, have the power to elect the majority of the members of the Mittal Steel board of directors, and to exercise voting control over the decisions adopted at the Mittal Steel general meetings of shareholders, including matters involving mergers or other business combinations, the acquisition or disposition of assets, issuances of equity and the incurrence of indebtedness. In particular, the controlling shareholder has the ability to prevent or cause a change in control of Mittal Steel.

Circumstances may occur in which the interests of Mittal Steel's controlling shareholder could be in conflict with the interests of other shareholders. In addition, Mittal Steel's controlling shareholder may pursue certain transactions that in its view will enhance its equity investment, even though such transactions may not be in the interest of other shareholders.

MITTAL STEEL'S DEBT LEVEL MAY LIMIT ITS FLEXIBILITY IN MANAGING ITS BUSINESS.

At December 31, 2004, Mittal Steel had outstanding $3,630 million in aggregate principal amount of debt consisting of $341 million of short-term indebtedness (including current portion of long-term debt), $1,639 million of long-term indebtedness and $1,650 dividend payable. A portion of Mittal Steel's working capital financing consists of uncommitted lines of credit, which may be cancelled by the lenders in certain circumstances. In addition, on January 25, 2005, Mittal Steel announced that it had arranged commitments, subject to customary conditions, from a group of arrangers for a $3.2 billion unsecured revolving credit facility, the proceeds from which it expects to utilize to finance part of the cash portion of the proposed merger with ISG, to refinance existing indebtedness and for general corporate purposes. The level of debt outstanding could have important adverse consequences to Mittal Steel, including impairing its ability to obtain additional financing for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes, and limiting its flexibility to adjust to changing market conditions or withstand competitive pressures, resulting in greater vulnerability to a downturn in general economic conditions.

MITTAL STEEL HAS GUARANTEED ITS SUBSIDIARIES' DEBT, WHICH MAY LIMIT ITS FLEXIBILITY IN MANAGING ITS BUSINESS.

Mittal Steel has provided guarantees for some of the debt and credit lines of its operating subsidiaries. Out of the total debt of $3,630 million at December 31, 2004 of the operating subsidiaries of Mittal Steel, approximately 31%, or $1,136 million, was guaranteed by Mittal Steel. Some of these guarantees have provisions whereby a default by one operating subsidiary could, under certain circumstances, lead to defaults at other operating subsidiaries.

Any possible invocation of any of these guarantees could cause some or all of the other guaranteed debt to accelerate, creating severe liquidity pressures. Further, it may also limit Mittal Steel's ability to raise additional financing and may limit its flexibility in managing its business.

CREDIT RATING DOWNGRADES OR SIMILAR EVENTS MAY AFFECT MITTAL STEEL'S FLEXIBILITY IN MANAGING ITS BUSINESS.

Although Mittal Steel currently enjoys an investment grade credit rating, it has been in the past subject of credit rating downgrades during periods of cyclical downturns in the steel industry. For example, during the course of 2002 as a result of developments relating to the restructuring of the debt at Mittal Steel Lazaro Cardenas, certain of the credit ratings of Mittal Steel and its subsidiaries were downgraded. Although Mittal Steel does not have negative rating triggers in its debt agreements, any decline in its credit rating will increase Mittal Steel's cost of borrowing. Any of these actions may adversely affect its business, financial condition, results of operations or prospects.

MITTAL STEEL MAY ENCOUNTER DIFFICULTIES IN ENFORCING COURT JUDGMENTS OR ARBITRAL AWARDS IN CERTAIN COUNTRIES IN WHICH IT OPERATES.

Some of the countries in which Mittal Steel operates are not parties to

multilateral or bilateral treaties with western jurisdictions for the mutual enforcement of court judgments. Consequently, should a judgment be obtained from a court in any such jurisdictions it is unlikely to be given direct effect in the courts of these countries. However, all of the countries in which Mittal Steel's operating subsidiaries are located are parties to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Accordingly, most of the agreements to which Mittal Steel's operating subsidiaries in such jurisdictions are party contain provisions allowing for arbitration of disputes. A foreign arbitral award obtained in a state that is party to the 1958 convention should be recognized and enforced by a court in a signatory country (subject to the qualifications provided for in the convention and requirements established by relevant legislation and judicial practice). Reliance upon international treaties may meet with resistance or a lack of understanding on the part of the applicable court or other officials, thereby introducing delay and unpredictability into the process of enforcing any foreign judgment or any foreign arbitral award in these countries.

BECAUSE MITTAL STEEL IS A HOLDING COMPANY WITH NO REVENUE-GENERATING OPERATIONS, IT DEPENDS ON EARNINGS AND CASH FLOWS OF OPERATING SUBSIDIARIES, WHICH MAY NOT BE SUFFICIENT TO MEET FUTURE NEEDS.

Because Mittal Steel is a holding company with no business operations of its own, it is dependent upon the earnings and cash flows of, and dividends and distributions from, operating subsidiaries to pay expenses, meet its debt service obligations, including under its credit facilites, and pay any cash dividends or distributions on its common shares. Some of these operating subsidiaries have debt outstanding or are subject to acquisition agreements that impose restrictions or prohibitions on such operating subsidiaries' ability to pay dividends.

Since Mittal Steel is incorporated under the laws of The Netherlands it can only pay dividends and other distributions to the extent it receives dividends and other distributions from its operating subsidiaries, recognizes gains from the sale of assets or records share premium as a result of the issuance of common shares. See Notes 9 and 11 to the Mittal Steel Consolidated Financial Statements.

ITEM 4. INFORMATION ON THE COMPANY

A. HISTORY AND DEVELOPMENT OF THE COMPANY

MITTAL STEEL OVERVIEW

Mittal Steel Company N.V. is a public limited liability company that was incorporated on May 27, 1997 under the laws of The Netherlands under the name "Ispat International N.V". Mittal Steel completed its initial public offering of its class A common shares in August 1997. On December 17, 2004, Ispat International changed its name to "Mittal Steel Company N.V."

The registered offices of Mittal Steel are located at 15th Floor, Hofplein 20, 3032 AC Rotterdam, The Netherlands. The telephone number of the registered offices is +31 10 217 8800. Mittal Steel is registered at the Commercial Register in Rotterdam under number 24275428.

Mittal Steel is one of the world's largest steel producers(1), with steel-making operations in Algeria, Bosnia, Canada, Czech Republic, France, Germany, Kazakhstan, Mexico, Poland, Romania, South Africa, Trinidad and Tobago, and the United States. In addition it also has steel-rolling facilities in

Luxembourg and Macedonia. Mittal Steel's operating philosophy embraces mini-mill, integrated mini-mill and blast furnace processes for steel-making. Mittal Steel's steel shipments have increased from 1.5 million tons in 1992 to 42.1 million tons in 2004. In 2004, its consolidated sales, operating income and net income were $22,197 million, $6,146 million and $4,701 million, respectively. Mittal Steel has grown through a series of acquisitions and by improving the operating performance of each acquired facility, through focused capital expenditure programs and implementation of improved management practices, resulting in increases in production and shipment of steel products, reduction in cash costs of production and increases in productivity. Mittal Steel's aggregate capital expenditures were approximately $898 million, $421 million and $265 million during 2004, 2003 and 2002, respectively.

Mittal Steel is a holding company with no business operations of its own. All of its significant subsidiaries are wholly or majority owned, directly or indirectly through intermediate holding companies. Since 1992, Mittal Steel has acquired numerous steel-making assets, which currently constitute its major operating subsidiaries. Some of the recent acquisitions/investments are described below:

*In October 2001, Mittal Steel acquired a 70% interest in Mittal Steel Annaba. Mittal Steel Annaba, located in Algeria, is one of the largest steel producers in Northern Africa.

*In October 2001, Mittal Steel acquired a 70% interest in Mittal Steel Tebessa. Mittal Steel Tebessa, located in Algeria, owns iron ore mines.

*In November 2001, Mittal Steel acquired a 91.6% interest, which increased to 99.4% in September 2003, in Mittal Steel Galati. Mittal Steel Galati, located in Romania, is one of the largest single site steel producers in Central and Eastern Europe.

*In November 2001, Mittal Steel concluded a Business Assistance Agreement with Mittal Steel South Africa, pursuant to which it agreed to provide Mittal Steel South Africa with business, technical, purchasing and marketing assistance for a three-year period and also undertook to acquire a strategic shareholding in Mittal Steel South Africa by March 2003. In 2001, Mittal Steel acquired an 8.3% interest, which increased to over 50% during 2004, in Mittal Steel South Africa. Mittal Steel South Africa, located in South Africa, is the largest steel producer in Africa.

*In January 2003, Mittal Steel acquired a 69.7% interest, which increased to approximately 75.7% (the Company also has an option, subject to certain restrictions, for the purchase of an additional 8.6%), in Mittal Steel Ostrava. Mittal Steel Ostrava is the largest steel producer in the Czech Republic.

*In July 2003, Mittal Steel acquired a 70.8% interest in Mittal Steel Iasi. Mittal Steel Iasi, located in Romania, is a downstream steel products manufacturer.

*In December 2003, Mittal Steel acquired a 69.8% interest in Mittal Steel Roman. Mittal Steel Roman, located

---

1 Source: International Iron and Steel Institute Report, "World Steel in Figures 2004."

in Romania, is a downstream steel products manufacturer.

*In January 2004, Mittal Steel announced that it had reached an agreement with the administration of the Yingkou Economic and Technical Development Zone to establish a cold-rolling and coating plant in Yingkou, Liaoning Province, People's Republic of China. The facility, when completed, will have an annual production capacity of approximately 440,000 tons of cold-rolled and coated steel.

*In March 2004, Mittal Steel acquired a 69% interest in Mittal Steel Poland, which increased to 72.4%, and a commitment to purchase a 25% interest by December 2007. Mittal Steel Poland, located in Poland, is one of the largest steel producers in Central and Eastern Europe.

*In April 2004, Mittal Steel acquired an 80.9% interest in Mittal Steel Hunedoara which increased to 86.6% as a result of debt to equity swap. Mittal Steel Hunedoara, located in Romania, is a downstream steel products manufacturer.

*In April 2004, Mittal Steel entered into a joint venture with government of Bosnia and Herzegovina, pursuant to which Mittal Steel acquired a 51% interest in the RZR Ljubija iron ore mines in Bosnia and Herzegovina. These mines have been non-operational since the early 1990s.

*In May 2004, Mittal Steel acquired a 44.5% interest, subsequently increased to a 88.3% interest, in Mittal Steel Skopje (CRM) a.d. Mittal Steel Skopje (CRM) a.d. is located near Skopje, Macedonia.

*In May 2004, Mittal Steel acquired a 56.8% interest, subsequently increased to a 77.3% interest, in Mittal Steel Skopje (HRM) a.d. Mittal Steel Skopje (HRM) a.d. is located near Skopje, Macedonia.

*In December 2004, Mittal Steel acquired a 51% interest in Mittal Steel Zenica in Bosnia from the Government of the Federation of Bosnia and Herzogovina and Kuwait Consulting & Investment Co. ("KCIC"). In conjunction with the acquisition of the controlling interest in Mittal Steel Zenica, the Company irrevocably committed to purchase the additional 49% interest in the total outstanding capital by November 2006. Simultaneously, KCIC, which holds these shares at December 31, 2004, has irrevocably committed to sell this 49% interest in Mittal Steel Zenica to the Company. Because these 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 Zenica was 100%. The results of Mittal Steel Zenica have been included in the Consolidated Financial Statements since December 2004.

OVERVIEW OF PROPOSED ISG MERGER

On October 24, 2004, Mittal Steel and ISG entered into a merger agreement, whereby a wholly-owned subsidiary of Mittal Steel will be merged with ISG. Under the terms of the agreement, ISG shareholders will receive $42 per share, of which 50% will be paid in Mittal Steel class A common shares and 50% will be paid in cash. ISG shareholders will be able to elect between cash and Mittal Steel class A common shares, subject to proration such that 50% of the total consideration will be in cash and 50% will be in Mittal Steel class A common shares.

The merger with ISG is subject to approval by the requisite majority of shareholders of Mittal Steel and ISG, as well as regulatory approvals and satisfaction of other customary closing conditions. Many of the conditions have been met, including regulatory merger approvals. The registration statement on Form F-4 relating to the proposed merger was declared effective by the SEC on March 11, 2005. The shareholder meetings are scheduled to be held on April 12,

2005. Mittal Steel expects the merger to be completed on or around April 15, 2005. As a general matter, if the conditions to the merger are not satisfied or, if permissible, waived on or before April 30, 2005, Mittal Steel or ISG may terminate the merger agreement.

Ispat International Investments, S.L. (an entity owned by the controlling shareholder of Mittal Steel) entered into a parent shareholder support agreement with ISG, which provides, among other things, that Ispat International Investments, S.L. will vote all of its Mittal Steel common shares in favor of the merger. In addition, Mr. Wilbur L. Ross, the Chairman of ISG's board of directors, and certain of his affiliates, and Mr. Rodney B. Mott, ISG's President and Chief Executive Officer and a member of ISG's board of directors, also simultaneously entered into a company shareholder support agreement with Mittal Steel, which provides, among other things, that they will each vote all of their shares of ISG common stock in favor of the merger.

Following the merger, Mr. Wilbur L. Ross is expected to join Mittal Steel's board of directors and Mr. Rodney B. Mott is expected to become the Chief Executive Officer of Mittal Steel's combined U.S. operations.

On October 24, 2004, Mittal Steel, ISG and the United Steelworkers of America ("USWA"), executed a letter of understanding in which the USWA agreed to support the merger and to waive its right of first refusal to acquire ISG under the ISG collective bargaining agreement. The parties also agreed, among other things, that two USWA designees would join the board of directors of the merged company; upon completion of the acquisition of LNM Holdings and the merger with ISG, the ISG collective bargaining agreement with the USWA will be adapted, subject to ratification, to Inland plants and the Inland employees will be covered under the ISG collective bargaining agreement with the USWA, as amended to include the terms agreed to pursuant to such letter of understanding and any other adjustments regarding Inland employees negotiated by the parties and consistent with the principles set forth under ISG's current collective bargaining agreement; and during the term of the collective bargaining agreement, the merged company will maintain substantially all of the current steel-making capacity at Inland Indiana Harbor Works.

OVERVIEW OF ISG'S OPERATIONS

ISG is one of the largest integrated steel producers in North America with annual raw steel production capability of about 23 million net tons. ISG ships a variety of steel products from 13 major steel producing and finishing facilities in eight states. ISG has grown by acquiring out of bankruptcy the steel-making assets of LTV Steel Company Inc., or LTV, Acme Steel Company, or Acme, Bethlehem Steel Corporation, or Bethlehem, Weirton Steel Corporation, or Weirton, and Georgetown Steel Corporation, or Georgetown. ISG operates principally in one segment of business, carbon steel, and substantially all of its operations are in the United States. For the year ended December 31, 2004, ISG generated revenue and net income of $9,016 million and $1,027 million, respectively. In 2004, ISG shipped 15.5 million tons of steel.

ISG's principal products include a broad range of hot-rolled, cold-rolled and coated sheets, tin mill products, carbon and alloy plates, wire rod, rail products and semi-finished shapes to serve the automotive, construction, pipe and tube, appliance, container and machinery markets. For the year ended December 31, 2004, hot-rolled, cold-rolled and coated sheets represented approximately 41%, 19% and 21% of ISG's total products. ISG sells its steel products directly to end-users, third-party processors and service centers primarily located in the Midwest and along the eastern seaboard of the United States. To service its customers, ISG has a dedicated sales force of

approximately 90 employees who are principally aligned with its business units. In 2004, over half of ISG's sales were sold pursuant to long-term customer contracts.

ISG's business depends on continued access to reliable supplies of various raw materials, principally iron ore, coal, coke, scrap, energy and industrial gases. In 2004, ISG consumed approximately 16.5 million net tons of iron ore pellets, 4.1 million tons of iron ore fines and other iron ore materials and 5.9 million dry net tons of coke, 4.2 million net tons of coal, and purchased 4.0 million net tons of scrap. ISG has entered into contracts, or has captive sources for substantially all of its 2005 iron ore supplies. ISG also has contracted a significant portion of its 2005 coke supplies and substantially all of its coal supplies. All of its purchased scrap supplies are purchased on the short-term market. In addition, ISG's steel operations consume large amounts of electricity, natural gas, oxygen and other industrial gases. ISG purchases it electrical power requirements from various suppliers. In addition, ISG operated cogeneration facilities on certain of its sites that utilize waste gases from the blast furnaces to supplement its electrical power requirements and control its energy costs. ISG purchases natural gas under short-term supply contracts with a common group of suppliers. ISG uses financial instruments to hedge such purchases when appropriate. Various service providers provide transportation of natural gas to ISG's facilities. ISG has several long-term contracts to supply its oxygen, hydrogen, argon and nitrogen gas requirements.

PRINCIPAL OPERATING FACILITIES

ISG's steel operations consist of five integrated steel-making plants, one basic oxygen furnace/compact strip mill, three electric arc furnace plants and four finishing plants. ISG also owns interests in various joint ventures that support these facilities, as well as numerous raw material, railroad and transportation assets.

Integrated Steel-making Facilities

Burns Harbor. ISG's Burns Harbor facility is located on approximately 3,300 acres in Indiana on Lake Michigan, about 50 miles southeast of Chicago, Illinois. Burns Harbor is an integrated mill capable of producing

hot-rolled sheet, cold-rolled sheet, hot dip galvanized sheet and steel plate for use in automotive, appliance, service center, construction, and ship building applications. Burns Harbor's iron producing facilities include a sintering plant, two coke oven batteries (one of which is under a capital lease that ISG expects to purchase in 2005) and, two blast furnaces with granularized coal injection capable of producing approximately 4.8 million net tons of hot metal per year. The steel producing shop consists of three basic oxygen furnaces, one degasser, two ladle treatment stations, two continuous slab casters (an 84-inch two strand and a 76-inch two strand) capable of producing approximately 4.7 million net tons of raw steel per year. Finishing facilities include an 80-inch hot-strip mill, two 80-inch continuous pickling lines, an 80-inch five-stand tandem mill, batch annealing facilities, a continuous anneal line, an 80-inch five stand temper mill, a 72-inch hot dip galvanizing line, which is capable of producing both galvanized and galvannealed sheets, and two plate mills (160-inch and 110-inch).

Indiana Harbor. ISG's Indiana Harbor facility is located on approximately 1,200 acres in Indiana, 20 miles southeast of Chicago, Illinois on Lake Michigan. Indiana Harbor is an integrated mill capable of producing hot-rolled sheet, cold-rolled sheet, and hot dip galvanized sheet for use in

automotive, appliance, service center, tubular, strip converters, and contractor applications. Indiana Harbor's iron producing facilities include a sintering plant and two blast furnaces capable of producing approximately 3.6 million net tons of hot metal per year. The steel producing shop consists of two basic oxygen furnaces, 2 ladle metallurgy stations, a vacuum degasser and two continuous slab casters (88-inch one strand and 80-inch one strand) capable of producing 4.0 million net tons of raw steel per year. Finishing facilities include an 84-inch hot-strip mill, a 76-inch pickle line, an 80-inch five-stand tandem mill, batch annealing facilities, a two-stand temper mill, 72-inch and 60-inch hot dip galvanizing lines.

Cleveland. ISG's Cleveland facility is located on approximately 1,200 acres on opposite banks of the Cuyahoga River, near Lake Erie in Cleveland, Ohio. Cleveland is an integrated mill capable of producing hot-rolled sheet, cold-rolled sheet, and electro-galvanized sheet for automotive, strip converter, service center and tubular applications. Its iron producing facilities includes a coke oven battery located in Warren, Ohio and two blast furnaces that are capable of producing approximately 3.1 million net tons of hot metal per year. Cleveland has two steel producing shops. The west side shop consists of two basic oxygen furnaces, a ladle metallurgy station and a 63-inch two strand caster. The east side shop includes two basic oxygen furnaces, a ladle metallurgy station, a degasser and a 73-inch two strand caster. The two shops combined are capable of producing approximately 3.8 million net tons of raw steel per year. Finishing facilities include an 84-inch hot strip mill, an 84-inch continuous pickling line, an 84-inch five stand tandem mill, batch annealing facilities, an 84-inch one stand temper mill and a hot dip galvanize line, currently under construction and scheduled to begin production in late 2005.

Sparrows Point. ISG's Sparrows Point facility is located on approximately 3,100 acres on the Chesapeake Bay near Baltimore, Maryland. Sparrows Point is an integrated mill capable of producing hot-rolled sheet, cold-rolled sheet, galvanized and Galvalume(TM) sheets, and tin plate products for use in the construction, service center, container, and export markets. The iron producing facilities include a sintering plant, a blast furnace with pulverized coal injection capable of producing approximately 4.0 million net tons of hot metal per year. The steel producing shop includes two vessel basic oxygen furnaces, two ladle metallurgy stations and two continuous slab casters (104-inch single strand and 89-inch single strand) capable of producing 3.9 million net tons of raw steel per year. Finishing facilities include a 68-inch hot-strip mill, a 61-inch continuous pickling line, a 67-inch continuous pickling and five stand tandem mill, a 48-inch five strand tin tandem mill, batch annealing facilities, and one continuous anneal line, a 67-inch one stand temper mill, a 48-inch hot dip galvanizing line, two 48-inch galvanize / Galvalume(TM) lines, tin mill facilities (one 48-inch two stand tin temper mill, a 48-inch two stand double cold reducing mill, and three 38-inch electrolytic tin plating lines). Sparrows Point's location on the Chesapeake Bay makes it the only domestic integrated steel mill with direct ocean access and provides us with a deep-water port and the capability to ship products and receive raw materials by ship, thereby reducing ISG's freight costs.

Weirton. ISG's Weirton, West Virginia facility is located on approximately 2,700 acres near the Ohio River. Weirton is an integrated mill capable of producing hot-rolled sheet, cold-rolled sheet, galvanized, electro-galvanized, and tin plate products for use in construction, service center, container and tubular markets. The iron producing shop includes two blast furnaces capable of producing approximately 2.5 million net tons of hot metal per year. The steel producing shop includes two vessel basic oxygen furnaces with two ladle treatment stations and two vacuum degassing facilities, and a 48-inch four strand continuous caster capable of producing approximately 3.0 million tons of raw steel per year. Finishing facilities include a 54-inch hot strip mill, 54-inch and 48-inch continuous picklers, two 48-inch five stand

and one 48-inch four stand tandem cold mills, batch anneal, three continuous anneal lines, three temper mills, (48-inch one stand for sheet products, a 40-inch two

stand and 45-inch two stand for tin products), two double cold reducing mills, two-48 inch and one 42-inch hot dip galvanizing lines, one 38-inch electro-galvanizing line, four tin plate lines.

Riverdale. ISG's Riverdale, Illinois facility is located on 165 acres approximately 14 miles west of our Indiana Harbor facility. Riverdale produces hot rolled sheet for strip converter and service center applications. Hot metal is supplied from our Indiana Harbor and Burns Harbor blast furnaces to Riverdale's basic oxygen furnaces. Principal facilities include a steel producing shop with two basic oxygen furnaces, two ladle metallurgy facilities and a 63-inch one strand continuous slab caster which uses a compact strip process capable of producing approximately 750,000 net tons of raw steel per year. This caster directly feeds a 62-inch wide tunnel furnace and a seven-stand hot-strip rolling mill. The Riverdale compact strip mill incorporates the latest casting and rolling technology designs.

Electric Arc Furnaces

Georgetown. ISG's Georgetown, South Carolina facility is located on 60 acres on Winyah Bay. Georgetown produces wire rod for use by converters and original equipment manufacturers. Steel producing facilities consist of two alternating current electric arc furnaces capable of producing approximately 1.0 million net tons of liquid steel per year, with two ladle metallurgy stations, a six strand continuous billet caster capable of producing approximately 1.0 million net tons of raw steel per year. Finishing operations include a wire rod rolling mill capable of producing 750,000 net tons of wire rod per year. At Georgetown, ISG also has a direct reduced iron plant that is capable of producing about 550,000 metric tons annually. Georgetown's location provides deep water access and the capability to ship products and receive raw materials by ship.

Trinidad and Tobago. In late 2004, ISG restarted a hot briquette iron plant in Trinidad and Tobago capable of producing at least 300,000 metric tons annually.

Coatesville. ISG's Coatesville facility is located in Coatesville, Pennsylvania, about 45 miles west of Philadelphia, Pennsylvania. Coatesville is capable of producing over 450 different chemistries including a wide range of carbon and alloy discreet plate products (including carbon, high-strength, low alloy, commercial alloy, military alloy, flame-cut and clad) for use in infrastructure, chemical process facilities and shipbuilding applications. Steel producing facilities consist of an alternating current electric arc furnace capable of producing approximately 0.9 million tons of liquid steel per year, a vacuum degasser, an ingot teaming facility, and an 85-inch strand slab caster capable of producing approximately 0.8 million net tons of raw steel per year. Finishing facilities include two plate mills (a 140-inch and a 206-inch) and heat-treating facilities. An additional finishing facility in Piedmont, North Carolina provides plasma arc cutting capabilities.

Steelton. ISG's Steelton facility is located in Steelton, Pennsylvania, about 100 miles west of Philadelphia, Pennsylvania. Steelton produces railroad rails, specialty blooms, and flat bars for use in railroad and forging markets. Steelton's steel producing facilities consist of a direct current electric arc furnace capable of producing approximately 1.1 million net tons of liquid steel per year, a ladle arc reheating furnace, a vacuum degasser,

a three strand continuous bloom caster and an ingot teaming facility capable of producing approximately 1.0 million net tons of raw steel per year. Finishing operations include a 44-inch blooming mill, a 28-inch rail mill, in-line rail head-hardening facilities, rail finishing and a 20-inch bar mill.

Rolling and Finishing Facilities

Hennepin. ISG's Hennepin, Illinois finishing facility is located on 861 acres on the Illinois River, about 100 miles west of Chicago, Illinois. Hennepin produces cold rolled sheet and hot dip galvanized sheet for the electrical, appliance, and construction markets. Hot band substrate is supplied from our Burns Harbor and Indiana Harbor facilities. Principal operating facilities include an 84-inch continuous pickling line, an 84 inch five strand tandem mill, batch annealing, an 84-inch temper mill and an 84-inch hot dip galvanizing line. Hennepin's location on the Illinois River makes it capable of shipping and receiving by barge.

Columbus Coatings. ISG's Columbus Coatings facility is located in Columbus, Ohio. Columbus produces hot dip galvanized sheet for the automotive market. Our Burns Harbor facility supplies cold-rolled coils and is responsible for marketing the finished product. The principal operating facility includes a 72-inch hot dip galvanizing line. ISG also operates a steel slitter and warehousing facility at its Columbus facility through Columbus Processing Company.

Conshohocken. ISG's Conshohocken facility is located in Conshohocken, Pennsylvania, about 15 miles north of Philadelphia, Pennsylvania. Conshohocken produces both coil and discreet plate for use in construction

and military applications. Slabs are provided by our Sparrows Point and Coatesville facilities. Principal facilities consist of a 110-inch Steckel mill, and heat facilities.

Lackawanna. ISG's Lackawanna facility is located in Lackawanna, New York, about 5 miles south of Buffalo. Lackawanna produces cold-rolled sheet and hot dip galvanized sheet for use in the automotive and original equipment markets. Hot-band substrate is supplied principally from ISG's Burns Harbor and Cleveland facilities. Principal facilities include a 75-inch continuous pickling, a 75-inch 4-stand tandem mill, batch annealing, a temper mill, and a 72-inch galvanizing line.

RECENT DEVELOPMENTS

On March 11, 2005, Ispat Inland ULC, an indirect wholly owned subsidiary of Mittal Steel, received the consents from the holders of a majority of its outstanding Senior Secured Floating Rate Notes due 2010 and 9.75% Senior Secured Notes due 2014, to amend the terms of the indenture governing the notes to eliminate the requirement that any acquisition of a U.S. steel-making business be made by Mittal Steel through its wholly owned subsidiary Inland or its subsidiaries.

On February 22, 2005, Mittal Steel Ruhrort, signed an agreement, with ThyssenKrupp Stahl AG for the purchase of between 1.3 and 1.5 million tonnes of pig iron each year for a 20-year term commencing October 2007. This agreement replaces an existing supply agreement between the parties under which Mittal Steel Ruhrort agreed to purchase from ThyssenKrupp Stahl AG 1.3 million tonnes of pig iron each year until September 2007.

On February 11, 2005, Fitch Ratings assigned a "BBB" senior

unsecured rating and a "F2" short term rating to Mittal Steel.

On February 10, 2005, Mittal Steel's board of directors approved a dividend policy for fiscal year 2005 of $0.10 per share per quarter (as from the second quarter of 2005), which is subject to approval by Mittal Steel's shareholders.

On February 1, 2005, Moody's Investor Services Ltd. assigned a "Baa3" senior implied rating to Mittal Steel and upgraded Mittal Steel's senior unsecured issuer rating to "Ba1". In addition, Moody's Investor Services Ltd. upgraded the senior notes of Mittal Steel Europe and Inland to "Ba1".

On January 25, 2005, Mittal Steel announced that it had arranged commitments, subject to customary conditions, from a group of arrangers for a $3.2 billion unsecured revolving credit facility, the proceeds from which it expects to utilize to finance part of the cash portion of the merger with ISG, to refinance certain existing indebtedness and for general corporate purposes.

On January 24, 2005, Standard & Poor's Ratings Services raised its long-term corporate credit and senior secured debt ratings on Inland to "BBB-" from "BB-". In addition, Standard & Poor's Ratings Services assigned a "BB+" rating to Inland's senior unsecured debt.

On January 14, 2005, Mittal Steel signed a share purchase agreement with Hunan Valin Iron & Steel Group Co., Ltd., or the Valin Group, to acquire 37.17% of the outstanding shares of Hunan Valin Steel Tube & Wire Co., Ltd., or Valin, a listed subsidiary of the Valin Group. Under the terms of the share purchase agreement, Mittal Steel will acquire 656,250,000 legal person shares from the Valin Group at a price of Renminbi, or RMB, 3.96 per share, for a total consideration of RMB 2,599 million, approximately $314 million. The consideration is subject to adjustment based on the net asset value of Valin at December 31, 2004. Subject to the receipt of all necessary approvals and waivers from the regulatory authorities in the People's Republic of China, the transaction is expected to close in the second quarter of 2005.

B. BUSINESS OVERVIEW

Mittal Steel has a high degree of both product and geographic diversification. It produces a broad range of finished and semi-finished steel products that include hot-rolled sheets, cold-rolled sheets, electro-galvanized and coated steel, bars, wire-rods, wire-products, pipes, billets, blooms and slabs. Mittal Steel's plants manufacture steel products to various specifications, including many difficult and technically sophisticated products; and they sell these products to customers for use in a number of high-end applications. During 2004, Mittal Steel shipped its products to customers in over 90 countries worldwide, with its largest markets in North

America and Europe. See "Item 4B -- Information on the Company -- Business Overview -- Products". Mittal Steel conducts its business through its subsidiaries operating in 14 countries. Most of these operations are strategically located with access to on-site deep water port facilities, which allow for cost-efficient import of raw materials and export of steel products. For the year 2004, the average number of employees for Mittal Steel was approximately 164,000 employees.

See also Note 20 to the Mittal Steel Consolidated Financial Statements.

The following table summarizes certain financial data relating to

our operations in different geographic areas:

	AMERICAS	EUROPE	REST OF WORLD	OTHERS & ELIMINATIONS
	(amounts in $ millions)			
YEAR ENDED DECEMBER 31, 2002				
Sales	$3,796	$2,152	$1,483	$(351)
Operating income	141	64	476	21
Depreciation	162	34	70	-
Capital expenditures	81	54	130	-
Total assets at December 31, 2002 (at year end)	7,029	7,800	2,181	(9,101)
YEAR ENDED DECEMBER 31, 2003				
Sales	$4,072	$3,800	$2,275	$(580)
Operating income	136	317	707	139
Depreciation	165	116	84	(34)
Capital expenditures	142	131	222	(74)
Total assets at December 31, 2003 (at year end)	7,349	9,654	3,225	(10,091)
YEAR ENDED DECEMBER 31, 2004				
Sales	$6,560	$9,905	$7,648	$(1,916)
Operating income	1,583	1,965	2,399	199
Depreciation	185	297	212	(141)
Capital expenditures	130	289	560	(81)
Total assets at December 31, 2004 (at year end)	8,342	17,203	8,707	(15,099)

PRODUCTS

Mittal Steel has a high degree of product diversification. Its plants produce a broad range of finished and semi-finished carbon steel products that include hot-rolled sheets, cold-rolled sheets, plates, electro-galvanized and coated sheets, bars, wire-rods, wire-products, pipes, billets, blooms, slabs, tinplate, structural sections and rails. Its plants manufacture steel products of different specifications, including many difficult and technically sophisticated products, and they sell these products to demanding customers for use in a number of high-end applications.

Mittal Steel's principal products include:

*direct reduced iron;

*semi-finished flat products such as slabs;

*finished flat products such as plates, hot and cold-rolled sheets and hot-dipped and electro-galvanized sheets and tinplate;

*semi-finished long products such as blooms and billets;

*finished long products such as bars, wire-rods, structural sections, rails and wire-products; and

*seamless and welded pipe and tubes.

In 2004, Mittal Steel was one of the world's largest producers of direct reduced iron with total production of 9.7 million tonnes. Direct reduced iron enables it to control the quality and consistency of its metallic input, which is essential to ensure uniform high quality of the finished products. Direct reduced iron has historically given Mittal Steel a cost advantage compared to scrap.

The following table sets forth Mittal Steel's total production of direct reduced iron, and its total shipments of steel products for the year ended December 31, 2004:

	AMERICAS	EUROPE
Direct reduced iron production (thousand tonnes)	7,596	607
Shipments of steel products (thousands tons)	12,115	18,011

STEEL-MAKING PROCESS

Historically, primary steel producers have been divided into "integrated" and "mini-mill" producers. Over the past few decades, a third type of steel producer has emerged that combines the strengths of both the integrated and the mini-mill processes and these producers are referred to as "integrated mini-mill producers".

INTEGRATED STEEL-MAKING

In integrated steel production, coal is converted to coke in a coke oven, and then combined in a blast furnace with iron ore and limestone to produce pig iron, which is subsequently combined with scrap in a converter, which is generally a basic oxygen or tandem furnace, to produce raw or liquid steel. Once produced, the liquid steel is metallurgically refined and then transported to a continuous caster for casting into a slab, which is then further shaped or rolled into its final form. Various finishing or coating processes may follow this casting and rolling. Recent modernization efforts by integrated steel producers have focused on cutting costs through eliminating unnecessary production steps, reducing manning levels through automation, and decreasing waste generated by the process. In recent years, integrated steel production has declined as a proportion of total steel production due to the high costs of building, operating and maintaining integrated steel operations, including lost production time associated with periodic blast furnace relinings. This reduction in integrated production capacity has increased the market share of the remaining producers of the highest value-added products that require the cleanest steel.

MINI-MILLS

A mini-mill employs an electric arc furnace to directly melt scrap and/or scrap substitutes such as direct reduced iron, thus entirely replacing all of the steps up to and including the energy-intensive blast furnace. A mini-mill incorporates the melt shop, ladle metallurgical station, casting, and rolling into a unified continuous flow. Mini-mills are generally characterized by lower costs of production and higher productivity than integrated steel makers. These attributes are due in part to the lower capital costs and lower operating costs resulting from the streamlined melting process and more

efficient plant layouts of mini-mills. The quality of steel produced by mini-mills is primarily limited by the quality of the metallic raw materials used in liquid steel-making, which is affected by the limited availability of high-quality scrap or virgin ore-based metallics for use in the electric arc furnaces. Mini-mills are substantially dependent on scrap, which in recent years has been characterized by price volatility, generally rising prices and limited availability from time to time.

INTEGRATED MINI-MILLS

Integrated mini-mills are mini-mills that produce their own metallic raw materials consisting of high quality scrap substitutes, such as direct reduced iron. Unlike most mini-mills, integrated mini-mills are able to produce steel with the quality of an integrated producer, since scrap substitutes such as direct reduced iron are derived from virgin iron ore, which has fewer impurities. The internal production of scrap substitutes as the

primary metallic feedstock provides integrated mini-mills with a competitive advantage over traditional scrap-based mini-mills by insulating the integrated mini-mills from their dependence on scrap, which is generally more expensive and has been subject to price volatility, generally rising prices and limited availability from time to time. The internal production of metallic feedstock also enables integrated mini-mills to reduce handling and transportation costs. The high percentage use of scrap substitutes such as direct reduced iron also allows the integrated mini-mills to take advantage of periods of low scrap prices by procuring a wide variety of lower-cost scrap grades, which can be blended with the higher-purity direct reduced iron charge. Because the production of direct reduced iron involves the use of significant amounts of natural gas, integrated mini-mills are more sensitive to the price of natural gas than mini-mills using scrap.

KEY PRODUCTS

Steelmakers primarily produce two types of steel products, flat and long. Flat products, such as sheet or plate, are produced from semi-finished slabs. Long products, such as bars, rods and structural shapes, are rolled from blooms and/or billets.

FLAT PRODUCTS

Slab. A slab is a semi-finished steel product obtained by rolling ingots on a rolling mill or processing them through a continuous caster and cutting them into various lengths. A slab has a rectangular cross section and is used as a starting material in the production process of other flat products (e.g., hot rolled sheet).

Hot-Rolled Sheet. Hot-rolled sheet is minimally processed steel that is used in the manufacture of various non-surface critical applications, such as automobile suspension arms, frames, wheels, and other unexposed parts in auto and truck bodies, agricultural equipment, construction products, machinery, tubing, pipe and guard rails. All flat-rolled steel sheet is initially hot-rolled, a process that consists of passing a cast slab through a multi-stand rolling mill to reduce its thickness to less than 12 millimeters. Flat-rolled steel sheet that has been wound is referred to as "coiled".

Cold-Rolled Sheet. Cold-rolled sheet is hot-rolled sheet that has been further processed through a pickle line, which is an acid bath that removes scaling from steel's surface, and then successively passed through a rolling mill without reheating until the desired gauge, or thickness, and other physical

properties have been achieved. Cold-rolling reduces gauge and hardens the steel and, when further processed through an annealing furnace and a temper mill, improves uniformity, ductility and formability. Cold-rolling can also impart various surface finishes and textures. Cold-rolled steel is among other things used in steel applications that demand higher surface quality or finish, such as exposed automobile and appliance panels. As a result, the prices of cold-rolled sheet are higher than the prices of hot-rolled sheet. Typically, cold-rolled sheet is coated or painted prior to sale to an end-user.

Coated Sheet. Coated sheet is generally cold-rolled steel that has been coated with zinc, aluminum or a combination thereof to render it corrosion-resistant and to improve its paintability. Hot-dipped galvanized, electro-galvanized and aluminized products are types of coated sheet. These are also the highest value-added sheet products because they require the greatest degree of processing and tend to have the strictest quality requirements. Coated sheet is used for many applications, often where exposed to the elements, such as automobile exteriors, major household appliances, roofing and siding, heating and air conditioning equipment, air ducts and switch boxes, as well as in certain packaging applications, such as food containers.

Plates. Plates are produced by hot-rolling either reheated slabs or ingots. The principal end uses for plates include various structural products such as for bridge construction, storage vessels, tanks, shipbuilding, line pipe, industrial machinery and equipment.

Tinplate. Tinplate is a light gauge cold rolled, low-carbon steel usually coated with a micro-thin layer of tin. Tinplate is usually between 0.14 millimeters and 0.84 millimeters thick and offers particular advantages for packaging, such as strength, workability, corrosion resistance, weldability and ease in decoration. Food and general line steel containers are made from tinplate.

LONG PRODUCTS

Bars. Bars are long steel products that are rolled from billets. Merchant bar and reinforcing bar (rebar) are two common categories of bars. Merchant bars include rounds, flats, angles, squares, and channels that are

used by fabricators to manufacture a wide variety of products such as furniture, stair railings, and farm equipment. Rebar is used to strengthen concrete in highways, bridges and buildings.

Billets/Blooms. Billets and blooms are semi-finished steel products. Billets generally have square cross sections up to 155 millimeters x 155 millimeters, and blooms have square cross-sections generally greater than 155 millimeters x 155 millimeters. These products are either rolled or continuously cast and are used for further processing by rolling to produce finished products like wire rod, bars and other sections.

Special Bar Quality (SBQ) Steel. SBQ steel is the highest quality steel long product, and is typically used in safety-critical applications by manufacturers of engineered products. SBQ steel must meet specific applications' needs for strength, toughness, fatigue life and other engineering parameters. SBQ steel is the only bar product that typically requires customer qualification, and is generally sold under contract to long-term customers. End-markets are principally the automotive, heavy truck and agricultural sectors, and products made with SBQ steel include axles, crankshafts, transmission gears, bearings and seamless tubes.

Wire Rods. Wire rod is ring-shaped coiled steel with diameters ranging from 5.5 to 42 millimeters. Wire rod is used in the automotive, construction, welding and engineering sectors.

Wire Products. Wire products include a broad range of products produced by cold reducing wire rod through a series of dies to improve surface finish, dimensional accuracy and physical properties. Wire products are used in a variety of applications such as springs, concrete wire, electrical conductors and structural cables.

Seamless Tube. Seamless tubes have outer dimensions of approximately 25 to 508 millimeters. They are produced by piercing solid steel cylinders in a forging operation in which the metal is worked from both the inside as well as the outside. The final product is a tube with uniform properties from the surface through the wall and from one end to the other.

Welded Pipes and Tubes. Welded pipes and tubes are manufactured from steel sheet that is bent into a cylinder and welded either longitudinally or helically.

Structural Sections. Structural sections or shapes is the general term for rolled flanged shapes having at least one dimension of their cross-section as 76 millimeters or greater. They are produced in a rolling mill from reheated blooms or billets. Structural sections include wide-flange beams, bearing piles, channels, angles and tees. They are used mainly in the construction industry and in many other structural applications.

Rails. Rails are hot rolled from a reheated bloom. They are used mainly for railway rails but they also have many industrial applications, for example, rails for construction cranes.

DIRECT REDUCED IRON

Direct reduced iron is iron produced by a direct reduction process that removes the oxygen from the iron ore without melting it. Direct reduced iron is used as feedstock for electric arc furnaces and is a high quality substitute for scrap.

RAW MATERIALS AND ENERGY

Mittal Steel's principal inputs are iron ore, coal, coke, scrap, hot metal, alloys, natural gas and electricity.

Our strategy for the procurement of raw materials comprises:

- Pursuing the lowest prices available and lowest cost of ownership through aggregated purchasing and supply chain optimization;

- Exploiting our global purchasing reach; and

- Leveraging local cost advantages on a global scale.

Mittal Steel secures iron ore supplies from its own mines and through long and short-term purchase agreements with certain iron ore suppliers. Its mines are located in Kazakhstan, the United States, Algeria and

Mexico. Mittal Steel has entered into strategic long-term contracts with certain iron ore mines in South Africa, as well as long-term contracts with iron ore suppliers in the United States. Iron ore from captive mines as well as those on

strategic long-term contracts fulfill a majority of the Company's iron ore requirements.

The remaining quantities of iron ore are procured through other contracts with both international and local suppliers. These contracts generally provide for the purchase prices to be negotiated annually based on market prices. Mittal Steel's principal international suppliers include Companhia Vale do Rio Doce and MineraAoes Brasileiras Reunidas S.A. in Brazil, Shougang Hierro Peru S.A. in Peru, Corporacion Venezolana de Guyana in Venezuela and Quebec Cartier Mining Co. in Canada.

Mittal Steel is self sufficient in its coke requirements. The Company has its own coke-making facilities/subsidiaries in Poland, Kazakhstan, South Africa, Romania and the Czech Republic and through a joint venture agreement between Sun Coal Company and Primary Energy LLC and Inland. Certain of Mittal Steel's operating subsidiaries buy coke from local sources to optimize cost savings from transport efficiencies. Mittal Steel procures the majority of its scrap requirements locally to optimize transport costs. Mittal Steel procures its electricity requirements from local, regulated utility companies at prices fixed by either contract or tariff, except at its locations in the United States where a significant portion of its electricity requirements are purchased from onsite generation owned by third parties.

Mittal Steel procures most of its natural gas requirements from the natural gas spot market or through short-term contracts entered into with local suppliers of natural gas with prices fixed by either contract or tariff based on spot market prices.

MARKETING

Mittal Steel's marketing strategy focuses on optimizing product mix profitability, developing in priority the domestic and natural markets of our business units, and providing reliable quality, delivery and efficient customer service.

With the support of Mittal Steel's research centers we work with our customers on product development to meet their present and future requirements while utilizing Mittal Steel's assets in the most efficient and profitable manner. We focus our efforts on providing solutions to our customers to reduce their costs and becoming their preferred supplier of high quality steel products.

The majority of Mittal Steel's products are sold directly to customers through our own sales force. A portion is sold through intermediate international traders.

SHIPPING

Mittal Shipping Limited is responsible for providing ocean transportation solutions to the company's manufacturing subsidiaries and affiliates, covering both raw materials and finished products. Its location in London, a key hub of the global shipping business, is a strategic advantage. Mittal Shipping arranged transportation for approximately 27 million tonnes of cargo in 2004.

GOVERNMENT REGULATIONS

See "Item 3D -- Key Information -- Risk Factors" and "Item 8 -- Financial Information -- Legal Proceedings".

Mittal Steel's operations are subject to various regulatory regimes in the regions in which it conducts its operations. The following is a

discussion of the principal features of selected regulatory regimes that are or are likely to affect its operations.

ENVIRONMENTAL REGULATION

Mittal Steel is subject to various environmental laws and regulations in the jurisdictions in which it conducts its operations. These regulations include requirements to obtain permits for certain emissions made in the ordinary course of its business and to conduct certain land and soil restoration activities. In connection with some of its acquisitions, Mittal Steel has also committed to make certain investments in pollution control measures and environmental abatement.

EU Directive 2004/35/ EC of April 21, 2004 on Environmental Liability with Regard to the Prevention and Remedy of Environmental Damage, or the Environmental Liability Directive, provides for remedies for damage to the environment. While the manner and impact of the implementation of the Environmental Liability Directive is not yet certain, Mittal Steel is closely monitoring the potential impact on its operations.

EU Directive 2003/87/ EC of October 13, 2003, or the Directive, established a program under which member states are allowed to trade greenhouse gas emission allowances within the European Community, subject to certain conditions. Member states must ensure that, from January 1, 2005, no installation undertakes certain activities specified in the Directive that results in emissions specified in relation to that activity unless its operator holds a permit issued by a competent authority. The Directive also establishes carbon dioxide emission trading starting from January 1, 2005.

The operations of Mittal Steel Temirtau are subject to oversight by the Ministry of Natural Resources and Environmental Protection of Kazakhstan, which establishes pollution limits and quotas. Relevant legislation imposes various fees for discharges of pollutants and other environmental damage and limits for discharges, and entities that emit pollution in excess of these amounts must pay higher rates. According to the terms of its acquisition by Mittal Steel, through 2005 Mittal Steel Temirtau is required to make annual expenditures on pollution control measures of at least KZT 200 million (approximately $1.5 million) and to adhere to environmental regulations in effect as of November 17, 1995.

The operations of Mittal Steel Galati are subject to environmental laws and regulations concerning emissions into air, discharges to ground water and waterways and the generation, handling, labeling, storage, transportation, treatment and disposal of waste material. The Company has undertaken to invest $76 million during the periods 2002-2006 on environmental protection.

The operations of Ispat Inland Inc. are subject to environmental laws and regulations concerning emissions into the air, discharges into ground water and waterways, and the generation, handling, labelling, storage, transportation, treatment and disposal of waste material. These include various United States federal statutes regulating the discharge or release of pollutants to the environment, including the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, or RCRA, Comprehensive Environmental Response, Compensation and Liability Act of 1980, or CERCLA, also known as Superfund, Safe Drinking Water Act and Toxic Substances Control Act, as well as state and local requirements. Violations of these laws and regulations can give rise to a variety of civil, administrative, and, in some cases, criminal actions and could also result in substantial liabilities or require substantial capital expenditures. In addition, under CERCLA the Environmental Protection Agency

("EPA") has authority to impose liability for site remediation on waste generators, past and present site owners and operators, and transporters, regardless of fault or the legality of the original disposal activity. Liability under CERCLA is strict, joint and several.

FOREIGN TRADE

Mittal Steel is an international operation with sales spanning many countries, and therefore, its businesses have significant exposure to the effects of trade actions and barriers. Various countries, including the United States, have previously instituted, or are contemplating the institution of, trade actions and barriers.

Twice in 2000 and 2002, U.S. petitioners sought to have antidumping and countervailing duties assessed against cold rolled imports from 12 countries and 20 countries respectively. On both occasions the U.S. International Trade Commission (the "ITC") issued negative final injury determinations, effectively terminating the investigations. U.S. petitioners appealed the 2000 ITC decision to the U.S. Court of International Trade (the "CIT"), which remanded that decision to the ITC on October 28, 2003. On May 6, 2004, the ITC published its revised findings and affirmed its previous negative injury determinations. The U.S. petitioners also appealed the 2002 ITC decision to the CIT, which the CIT denied on February 19, 2004, affirming the ITC's negative injury findings. In April of 2005, the U.S. Department of Commerce ("Commerce") and the ITC will complete a five-year "sunset" review of existing countervailing duty and antidumping orders against hot-rolled carbon steel flat products from Brazil, Japan and Russia that could result in the termination of such orders. In November of 2005, Commerce and the ITC will begin a similar sunset review of existing antidumping and countervailing duty orders against corrosion-resistant imports from Australia, Canada, France, Germany, Japan and Korea. Actions taken by trade authorities in connection with these matters could result in the assessment of increased levies or customs duties on future export sales into the United States, and/or increase the supplies of steel into the United States, and, in either case, negatively impact future profit margins.

Exports of steel products manufactured by Mittal Steel Temirtau require licenses from the Ministry of Industry and Trade of the Republic of Kazakhstan.

Exports of steel products by Mittal Steel Galati to the European Union require licenses from the Ministry of Industry and Trade of the Republic of Romania.

Mittal Steel Annaba is required to domicile (submit for registration) export contracts with the Central Bank of Algeria.

FOREIGN EXCHANGE

Some operations involving the South African rand are subject to limitations imposed by the South African Reserve Bank. For example, approval of the South African Reserve Bank is required in order to obtain foreign financing, forward exchange controls, hedging arrangements etc. These restrictions have not historically had a material impact on the operations of Mittal Steel South Africa.

The purchase and sale of foreign currency by Kazakh residents (including individuals and legal entities) is restricted by the National Bank of Kazakhstan. Purchases and sales of foreign currency may only be conducted by residents through authorized banks or other authorized organizations. Payments

in "routine currency operations" may be made by residents of Kazakhstan to non-residents through authorized banks without restriction. Such "routine currency operations" include import/export settlements with payment within 180 days; short-term loans with terms of less than 180 days; dividends, interest and other income from deposits, investments, loans and other operations; and non-commercial transactions such as wages, pensions, and alimony. Operations involving the movement of capital from residents to non-residents require a license from the National Bank of Kazakhstan, and transactions involving the movement of capital from non-residents to residents must be registered with the National Bank of Kazakhstan. Licenses are issued on a case-by-case basis, and are valid only for a single transaction. These transactions include payments for exclusive rights to intellectual property; payments for rights to immovable property; settlements for import/export transactions and loans having terms of more than 180 days; and international transfers of pension assets and insurance and re-insurance contracts of an accumulative nature. Most transactions in which Mittal Steel Temirtau engages are not currently subject to licensing or registration requirements from the National Bank of Kazakhstan.

The Algerian foreign currency market is regulated by the Central Bank of Algeria. Exchange control regulations do not permit capital account convertibility with a few exceptions of Algerian companies investing in overseas projects. Currency outflows on current account, while freely permitted for import of goods, are subjected to controls for payments for service contracts. Dividend repatriation is permitted on overseas capital investments. Algerian companies are not permitted to invest their cash surplus overseas. All overseas remittances have to be made through the Central Bank. Exporters are permitted to retain 50% of the proceeds in foreign currency accounts out of which 10% can be utilized freely and the balance with certain restrictions. Hedging of currencies is not permitted.

MANAGEMENT

The Chairman and Chief Executive Officer of Mittal Steel is Mr. Lakshmi N. Mittal. Mr. Mittal's vision and his ability to guide Mittal Steel in its formulation and execution of appropriate business strategies to meet the challenges of an increasingly dynamic industry and business environment, have helped it to emerge as a world leader in the steel industry, with a global manufacturing and marketing presence.

For the purposes of global strategy formulation, planning and central functions, the global operations of Mittal Steel are divided into three regions: the Americas, Europe and Rest of World. Operating subsidiaries in each of the regions have their own manufacturing, engineering and commercial organizations and operate as profit centers within the framework of Mittal Steel's global and regional business strategies.

Within corporate and, where appropriate, regional management there are specialized and experienced executives in fields such as finance, marketing, purchasing, operations, shipping, human resources, communications, internal assurance, strategic planning, and continuous improvement, technology and law.

Knowledge sharing has been an integral part of Mittal Steel's management philosophy and approach since the time of its first acquisition. The Company implements a Knowledge Management Programme

("KMP"), which aims to develop, share and utilize the knowledge and experience of Mittal Steel management and employees in order to accelerate improvement in business performance. This programme covers all key functional areas such as procurement, health and safety, and marketing, as well as the main steel

producing and processing steps. The KMP includes detailed benchmarking, technical meetings, and inter-plant expert and operational support to drive improvement. It allows each business unit to benefit from the scale and reach of Mittal Steel's global presence and to have access to the best practices and expertise in the Company. Mittal Steel believes the KMP provides a differentiating advantage to its performance by contributing to reduced procurement and conversion costs and enhanced productivity and profitability.

BUSINESS STRATEGY

Our strategy is to enhance shareholder value by continuously strengthening our position as a low cost, high quality steel producer and achieving the maximum benefits from our global position. We strive to identify, capture, and create value by formulating and implementing efficient solutions to our procurement, marketing, operating and financial challenges and opportunities.

Our strategy includes the following key elements:

- Leverage our Global Position. Our position as one of the largest and most international steel producers in the world provides opportunities to achieve operational synergies and cost savings. A key element in our strategy is to maximize the realization of these advantages.

- Acquisition Strategy. We continue to look at acquisition opportunities in markets which are strategic to the growth of our business.

- Improve Operating Performance. We continue to examine and pursue opportunities to improve the operating performance of our facilities and enhance our low cost production capabilities. Historically, we have been successful at enhancing our production capabilities at relatively low capital costs per ton.

- Use Technology as a Competitive Tool. We believe the judicious application of technological advances is essential to continued competitiveness. We will continue to invest in incremental technological improvements wherever it is appropriate.

- Remain a Low-Cost Producer. We believe that our efficient use of steel-making facilities and our superior operating practices makes us one of the lowest cost steel producers in each of the markets in which we compete. We seek to further protect and enhance our competitive position through continuous cost reduction programs and through our KMP. We believe that the KMP has already provided significant benefits, including reduced procurement costs of raw materials, consumables and spare parts, as well as increased productivity through the transfer of technological know-how among our operating subsidiaries.

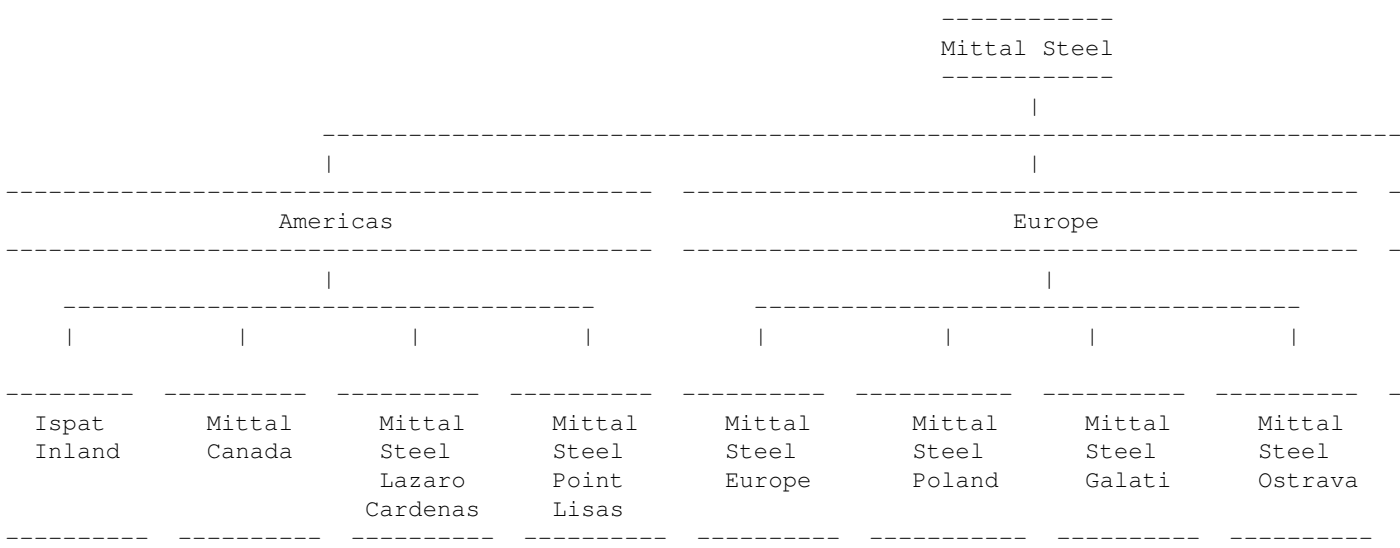
- Strengthen our Leading Market Positions and Reputation for Quality. Over the years, we have built strong customer franchises in a number of markets and products. We are one of the largest producers and consumers of DRI in the world. Our European operations collectively are the largest producers of high-quality wire rod on the continent and Inland is one of the leading suppliers to the automobile and appliance industries in North America and has a leading position with major car manufacturers. In addition, we believe we have established a reputation for producing high-quality steel products, in part due to our tradition of partnering with key customers. We intend to continue such partnering with key customers in research

and development efforts and in assisting them with their product design initiatives. We believe this helps ensure strong, long-term customer relationships and enables us to produce higher quality steel products and create long-term growth opportunities. In the future, we believe we can further enhance our profitability by leveraging these leading market positions to sell a broader range of higher value-added products.

- Maintain a strong financial profile. Our investment grade status provides us access to low cost financing for our operations and for potential acquisitions. We strive to at least maintain this status, through the steel cycle.

C. ORGANIZATIONAL STRUCTURE

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



The following table sets forth the registered office of each significant operating subsidiary of Mittal Steel.

SUBSIDIARY	REGISTERED OFFICE
AMERICAS	
Inland	3210 Watling Street East Chicago, IN 46312 U.S.A.
Mittal Steel Lazaro Cardenas	S.A. de C.V.Fco. J. Mujica No. 1-B

	Apartado Postal No. 19-A Cd. Lazaro Cardenas, Mich C.P. 60950 Mexico
Mittal Canada	4000 route des Acieries Contrecoeur (Quebec) J0L 1C0 Canada
Mittal Steel Point Lisas	Mediterranean Drive Point Lisas Couva Trinidad and Tobago
EUROPE	
Mittal Steel Europe	34-38 Avenue de la Liberte L-1930 Luxembourg Luxembourg
Mittal Steel Poland	Ul Chorzowska 50, 40-121 Katowice, Poland
Mittal Steel Galati	Strada Smardan nr. 1 -- 800.698, Judetul Galati Romania
Mittal Steel Ostrava	Vratimovska 689, Ostrava 7, Ostrava-Kuncice, Czech Republic
REST OF WORLD	
Mittal Steel Temirtau	472319 Termitau City, Lenin Avenue 1, Kazakhstan
Mittal Steel Annaba	Sidi Amar, El-Hadjar Complex B.P. 2055, Annaba 2300, Algeria

MITTAL STEEL SOUTH AFRICA	Delfos Boulevard Vanderbijlpark, 1911 South Africa P.O. Box 2 Vanderbijlpark, 1900 South Africa

D. PROPERTY, PLANTS AND EQUIPMENT

Mittal Steel's principal operating subsidiaries in the Americas are Inland, Mittal Steel Lazaro Cardenas, Mittal Canada and Mittal Steel Point Lisas; in Europe are Mittal Steel Poland, Mittal Steel Galati, Mittal Steel Ostrava and Mittal Steel Europe; and in the Rest of World are Mittal Steel Temirtau, Mittal Steel Annaba and Mittal Steel South Africa. In addition, Mittal Steel conducts operations through other subsidiaries and affiliates. All of its operating subsidiaries are substantially owned by Mittal Steel through

intermediate holding companies.

Certain of Mittal Steel's assets are encumbered in favor of its lenders. See Note 11 to the Mittal Steel's Consolidated Financial Statements.

AMERICAS

INLAND

General

Inland is the fourth largest integrated producer of steel in the United States, with shipments of 5.6 million tons in 2004. Inland was established in 1893, and all raw steel made by Inland is produced at its Indiana Harbor Works located in East Chicago, Indiana. The property on which this plant is located, consisting of approximately 1,900 acres, is held by Inland in fee. The basic production facilities of Inland at its Indiana Harbor Works consist of blast furnaces for making iron; basic oxygen and electric furnaces for making steel; a continuous billet caster, a continuous combination slab/bloom caster and two continuous slab casters; and a variety of rolling mills and processing lines that produce finished steel mill products. A continuous annealing line and slitting equipment are leased by Inland. Inland has granted the PBGC a lien upon the caster facility to secure the payment of future pension funding obligations. Substantially all of the remaining property, plant and equipment at the Indiana Harbor Works, other than the caster facility and leased equipment, is subject to the lien of the First Mortgage of Inland dated April 1, 1928, as amended and supplemented. The Indiana Harbor Works is also subject to a second lien in favor of the USWA to secure a post-retirement health benefit.

I/N Tek, a partnership in which a subsidiary of Inland owns a 60% interest, has constructed a 1.7 million ton annual production capacity cold-rolling mill on approximately 200 acres of land, which it owns in fee, located near New Carlisle, Indiana. Substantially all of the property, plant and equipment owned by I/N Tek is subject to a lien securing related indebtedness. The I/N Tek facility is adequate to serve the present and anticipated needs of Inland planned for such facility.

I/N Kote, a partnership in which a subsidiary of Inland owns a 50% interest, has constructed a one million ton annual production capacity steel galvanizing facility on approximately 25 acres of land, which it owns in fee, located adjacent to the I/N Tek site. Substantially all of the property, plant and equipment owned by I/N Kote is subject to a lien securing related indebtedness. The I/N Kote facility is adequate to serve the present and anticipated needs for galvanized products of Inland planned for such facility.

PCI Associates, or PCI, a partnership in which a subsidiary of Inland owns a 50% interest, has constructed a pulverized coal injection facility on land located within the Indiana Harbor Works. Inland leases PCI Associates the land upon which the facility is located. A 50% undivided interest in substantially all of the property, plant and equipment at the PCI facility is subject to a long-term lease, with the balance of the PCI facility owned by PCI Associates. The PCI facility is adequate to serve the present and anticipated needs of Inland planned for such facility.

Inland owns property at the Indiana Harbor Works used in connection with a joint coke and energy production project with Sun Coal Company and Primary Energy LLC.

A subsidiary of Inland owns a fleet of 321 coal hopper cars (100-ton

capacity each) used in unit trains to move coal and coke to the Indiana Harbor Works. Inland time-charters three vessels for the transportation of iron ore and limestone on the Great Lakes. During 1998, Inland transferred ownership of such vessels to a third party subject to a lien in favor of the PBGC on the vessels to secure the payment of future pension funding obligations. Such equipment is adequate, when combined with purchases of transportation services from independent sources, to meet the present and anticipated transportation needs of Inland.

Inland also owns and maintains research and development laboratories in East Chicago, Indiana. These facilities are adequate to serve its present and anticipated needs.

Production Facilities

The following table sets forth a general description of Inland's principal production units at the Indiana Harbor Works.

FACILITY	PRODUCTION CAPACITY	PRODU
3 blast furnaces	5.7 million tons of hot metal	5.
2 basic oxygen furnaces	5.9 million tons of liquid steel	5.
3 slab and bloom casters	5.6 million tons	5.
80" Hot strip mill	6.0 million tons	5.
Cold-rolling mill:		
2 continuous pickle lines	3.1 million tons	2.
56" and 80" tandem mill	3.7 million tons	2.
Continuous annealing facilities	457,000 tons	
Batch annealing facility	1.7 million tons	1.
3 temper rolling mills	2.9 million tons	2.
5 finishing lines	2.1 million tons	1.
3 coating lines	928,000 tons	
1 electric arc furnace	610,000 tons of liquid steel	
1 continuous billet caster	800,000 tons	
12" bar mill	700,000 tons	

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.

Products

Inland produces and sells a wide range of steel products, largely carbon and high-strength low-alloy steel grades, in flat-rolled and bar forms. Flat products generated 87% of Inland's 2004 revenue. This division manufactures and sells hot-rolled, cold-rolled, coated and galvanized steel sheets used in various applications including automotive, steel service center, appliance, office furniture and electrical motor markets. Inland's flat products division also manages Inland's iron ore and iron-making operations, and produces the major portion of its raw steel requirements. Inland is one of the leading producers in the United States of automotive sheet, the highest value-added flat-rolled carbon steel product, and one of the largest suppliers of steel to the appliance market. Over 80% of Inland's flat-rolled steel revenues are generated by value-added cold-rolled or coated steels. Nearly all of Inland's steel products are made to fill specific orders due to the unique chemistry, surface quality, and width and gauge requirements of our customers.

Inland's bar division generated 13% of Inland's 2004 revenue, and manufactures and sells a variety of bar products, including SBQ to the automotive industry directly, as well as to forgers and cold finishers, heavy equipment manufacturers and steel service centers. SBQ steel is used by our customers in the automotive, agricultural and transportation industries, among others, to manufacture products such as axles and bearings.

MITTAL STEEL LAZARO CARDENAS

General

Mittal Steel Lazaro Cardenas is the largest steel producer in Mexico. Mittal Steel Lazaro Cardenas operates a pelletizer plant, two direct reduced iron plants, an electric arc furnace-based steel-making plant and continuous casting facilities. Mittal Steel Lazaro Cardenas has advanced secondary metallurgical capabilities, including ladle refining, vacuum degassing and calcium silicon injection, which permit it to produce higher quality slabs that are used for specialized steel applications in the automotive, line pipe manufacturing, shipbuilding and appliance industries.

Mittal Steel Lazaro Cardenas's production facilities are located on 1,075 acres adjacent to a major deep water port in Lazaro Cardenas, Michoacan, Mexico, through which most of its slabs are shipped for export and its raw materials are received. The port is the largest bulk material handling port in Mexico and the second largest bulk material handling port in Latin America. The port includes a metals and minerals wharf with three berths, operated by our joint venture, Corporacion del Balsas, S.A. de C.V., or Corporacion del Balsas, under a concession from the Mexican government, which expires in 2014, and a multipurpose terminal berth operated by Mittal Steel Lazaro Cardenas, which currently accepts vessels up to Handymax size. Mittal Steel Lazaro Cardenas operates the multipurpose terminal berth under a concession from the Mexican government, which expires in 2010.

During 2003, Mittal Steel Lazaro Cardenas received re-certification for QS 9000 through 2006 (previously obtained in 1999 and valid through 2003) and holds several certifications for manufacturing customer specific shipbuilding grades of steel. Some of the value-added products developed in 2003 were heat-treatment grades for plate manufacturing, oil country tubular goods, high chromium grade for oil exploration applications and also for the gas transportation industry. As part of moving up the value chain, Mittal Steel Lazaro Cardenas has invested $17.0 million in a Ruhrstahl Heraeus Top Lance, or RHTL, plant. The new plant, which commenced operations in October 2004, will enable it to produce up to 1.0 million tons of ultra low carbon interstitial free steel mainly for the automobile segment. Mittal Steel Lazaro Cardenas (through an affiliate) is also constructing an oxygen gas plant, in which it is investing $13.5 million and which is expected to be operational by the end of March 2005. Since its inception, Mittal Steel Lazaro Cardenas has been an export-focused company. In 2004, approximately 65% of Mittal Steel Lazaro Cardenas's slabs were exported to finished steel product manufacturers in China, Taiwan, Germany, Kazakhstan, France, Thailand and the United States.

In addition to its core steel-making facilities, Mittal Steel Lazaro Cardenas holds a 50% equity interest in Pena Colorada, an iron ore mining and pelletizing company which has the capacity to produce 4.0 million tonnes of pellets, of which Mittal Steel Lazaro Cardenas's share is 50%. Mittal Steel Lazaro Cardenas also has strategic interests in several other ancillary companies, which provide significant benefits. These include:

*a 50% interest in Corporacion del Balsas, which manages captive port facilities for handling raw materials;

*a 50% interest in Servicios Siderurgicos Integrados, S.A. de C.V., which provides various products such as industrial gas and services to Mittal Steel Lazaro Cardenas, at its cost of producing these services; and

*a 50% interest in Cal del Balsas, S.A. de C.V., which produces lime products.

Production Facilities

The following table sets forth a general description of Mittal Steel Lazaro Cardenas's principal production units:

FACILITY	PRODUCTION CAPACITY	PRODU
Pelletizer plant	4.0 million tonnes of pellets	3.6
Direct reduced iron plant - HYL	2.4 million tonnes of DRI	2.4
Direct reduced iron plant - Midrex	1.7 million tonnes of DRI	1.8
4 electric arc furnaces	4.0 million tons of liquid steel	4.

2 continuous casters	3.8 million tons of slabs	3.
Thermal power station	40 megawatts-two 20 megawatt units	83

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.

Products

Mittal Steel Lazaro Cardenas is the world's largest supplier of slabs to the merchant market. Slabs are purchased both by steel manufacturers without primary steel-making facilities and by steel manufacturers with either a temporary or permanent reliance on external sources for a portion or all of their needs. Mittal Steel Lazaro Cardenas's product line mainly caters to high-end applications of its customers.

Mittal Steel Lazaro Cardenas utilizes direct reduced iron as its primary metallic input for virtually all of its production.

MITTAL CANADA

General

Mittal Canada is the fourth largest steelmaker in Canada, based on 2004 shipments of approximately 1.6 million tons of finished steel products. Mittal Canada is currently the only Canadian steelmaker utilizing internally produced direct reduced iron as the primary raw material for steel-making.

Production Facilities

Mittal Canada's facilities are located in the Province of Quebec on approximately 1,050 acres of land in Contrecoeur, 100 acres in Longueuil and 23 acres in Montreal. The following table sets forth a general description of Mittal Canada's principal production facilities.

FACILITY	CAPACITY (PER YEAR)	PRODU
2 direct reduced iron plants	1.5 million tonnes of DRI	1,
2 electric arc furnaces	1.8 million tons of liquid steel	1.
1 continuous slab caster	900,000 tons of slabs	
1 six-strand billet caster	900,000 tons of billets	
Hot strip mill	683,000 tons of hot bands	
Cold-rolling mill:		
Pickling line	470,000 tons	
2 cold-rolling mills	470,000 tons	
19 annealing furnaces	330,000 tons	
1 temper mill	330,000 tons	
2 rod and bar mills	860,000 tons of rods and bars	
1 pipe mill	109,000 tons of pipe	

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.

Products

Mittal Canada manufactures a wide range of steel products, including hot, cold and galvanized sheet, wire rods, bar and pipe products, and markets these products primarily in Canada and the United States.

The Contrecoeur works have direct access to a water terminal, owned by the Port of Montreal, with docks on the south shore of the St. Lawrence River, through which iron ore is received and steel products may be shipped. The St. Lawrence River is accessible by ship for most of the year, although shipping costs rise in the winter months when icebreakers are needed. As a result, during the fall months, iron ore is stockpiled for use during the coldest months of the year. Scrap is shipped by truck or rail. All plants have railway access, with the exception of the Longueuil plant.

MITTAL STEEL POINT LISAS

General

Mittal Steel Point Lisas located in Trinidad and Tobago, is the largest steelmaker in the Caribbean, based on 2004 shipments of 0.8 million tons of steel products. Mittal Steel Point Lisas operates direct reduced iron plants, an electric arc furnace-based steel-making plant, continuous casting facilities and a high-speed rolling mill.

Production Facilities

Mittal Steel Point Lisas facilities are located on approximately 260

acres at the Point Lisas Industrial Complex in Point Lisas, Couva, Trinidad and Tobago. Mittal Steel Point Lisas leases the property on which the facilities are located from the Point Lisas Industrial Port Development Company (the "PLIPDECO"). On February 12, 1996, Mittal Steel Point Lisas and PLIPDECO entered into a lease agreement extending the terms of the lease of such property until April 10, 2038. The following table and discussion set forth a general description of Mittal Steel Point Lisas' principal production facilities.

FACILITY	CAPACITY (PER YEAR)	PRODU
2 Direct reduced iron plants	1.3 million tonnes of DRI	1.0
	1.4 million tonnes of DRI	1.3
2 electric arc furnaces	1.2 million tons of liquid steel	
2 continuous casters	1.1 million tons of billets	
1 rod mill	810,000 tons of wire rods	

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.

Mittal Steel Point Lisas's production facilities are located adjacent to a dedicated deep water dock facility near the waterfront of the Gulf of Paria. Mittal Steel Point Lisas operates the facility, which is leased from National Energy Corporation of Trinidad and Tobago Limited through 2015, for the receipt and dispatch of various raw materials, consumables and finished products. The berth of the dock facility has a service length of about 450 yards and a depth of 45 feet. The primary imported materials received at the dock are iron ore pellets and limestone.

Products

Mittal Steel Point Lisas produces wire rods for use in a wide range of industrial applications, including the manufacture of welding electrodes, cables, chains, springs, fasteners, wire strands and wire ropes, pre-stressed concrete strands, tire beads, as well as in the construction industry. In 2004, substantially all of Mittal Steel Point Lisas's wire rod shipments were exported, primarily to steel fabricators in South and Central America, the Caribbean and the United States. Mittal Steel Point Lisas is also a significant producer, exporter, and user of direct reduced iron.

EUROPE

MITTAL STEEL EUROPE

General

Mittal Steel Europe is the holding company of all our operating subsidiaries in Germany and France. The principal steel-making operations are in Hamburg and Duisburg in Germany, and in Gandrange in France. In addition, it has a number of downstream facilities in Belgium, France, Germany, Italy, Luxembourg and the United Kingdom. The downstream business is one of the largest in Europe.

Production Facilities

The following table sets forth a general description of Mittal Steel Europe's principal production units.

FACILITY	CAPACITY (PER YEAR)	PRODU
1 direct reduced iron plant	600,000 tonnes	6
2 electric arc furnaces	2.8 million tons of liquid steel	2.
2 blast oxygen furnace - converter shops	1.7 million tons of liquid steel	1.
5 continuous casters	4.9 million tons of billets/blooms	3.
2 billet rolling mills	2.0 million tons of billets	1.
4 wire rod mills	3.6 million tons of wire rods	2.

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.

Products

Mittal Steel Europe's principal products are wire rods, bars, billets and blooms, and Mittal Steel Europe's subsidiaries are the largest producers of high quality wire rods in Europe. In addition, Mittal Steel Europe's downstream facilities produce wires for various applications, including springs, elevator ropes, hoisting ropes, wire mesh and bright drawing bars.

More than 85% of Mittal Steel Europe's products are sold in Western European markets, while the remainder is exported primarily to USA and Asia. Mittal Steel Europe ships its products primarily to customers in the construction, engineering and automotive industries.

Mittal Steel Europe meets its iron ore requirements largely from suppliers in Brazil and Canada. It has long-term contracts for pig iron supply to Mittal Steel Ruhrrot and Mittal Steel Gandrange. Mittal Steel Europe sources scrap mainly from the Western European markets.

On February 22, 2005, Mittal Steel Ruhrort signed an agreement, with ThyssenKrupp Stahl AG for the purchase of between 1.3 and 1.5 million tonnes of pig iron each year for a 20-year term commencing October 2007. This agreement replaces an existing supply agreement between the parties under which Mittal Steel Ruhrort, agreed to purchase from ThyssenKrupp Stahl AG 1.3 million tonnes of pig iron each year until September 2007.

MITTAL STEEL POLAND

General

Mittal Steel held a 72.4% interest in Mittal Steel Poland as at December 31, 2004, as well as the irrevocable right, as agreed by Mittal Steel and the Polish state authorities, to purchase an additional 25% interest in Mittal Steel Poland from Polish state authorities.

Mittal Steel Poland, formerly Polski Huty Stali S.A., or PHS, took control of the businesses of four steel companies in 2003: Huta Katowice S.A.,

Huta T. Sendzimira S.A., Huta Florian S.A. and Huta Cedler S.A., all of which were then Polish state-owned enterprises. Mittal Steel Poland is the largest steel producer in Poland, with an annual production capacity of approximately 8.3 million tons of crude steel. The agreement for the acquisition of Mittal Steel Poland by Mittal Steel was concluded in October 2003 and the acquisition was completed in March 2004. The major operations of Mittal Steel Poland are based in Dabrowa Gornicza, Krakow, Sosnowiec and Swietochlowice, Poland.

Mittal Steel Poland produces a wide range of steel products, including both long products (including billets, blooms, sections, rails, and wire-rods and tubes) and flat products (including slabs, hot-rolled products, cold-rolled products and galvanized and coated coils).

The sale of Mittal Steel Poland by the government of Poland was part of its initiative to restructure its national steel industry. Pursuant to the acquisition agreement, Mittal Steel committed to make capital expenditures of Euro 497 million (equivalent to approximately $677 million based on the exchange rate as at December 31, 2004) through December 2009, as well as to comply with the PHS 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.

In connection with the combination of four steel companies into Mittal Steel Poland, Mittal Steel Poland also became the owner of shares in a number of related companies. Some of these subsidiaries operate rolling mills that engage in converting billets, slabs and other semi-finished products into a range of finished products.

Production Facilities

The following are the principal production facilities of Mittal Steel Poland:

FACILITY	CAPACITY (PER YEAR)	PRODU
	(Thousand tons, except as noted)	
13 coke oven batteries(1)	5,375 thousand tonnes	5,235
2 sintering plants	9,800 thousand tonnes	8,585
5 blast furnaces (four operational)	7,385	
2 converter plants with six basic oxygen	8,378	
continuous steel casters (for billets and blooms)	3,307	
1 continuous steel caster (for slabs)	2,205	
Breakdown mill	4,960	
Continuous billet mill	2,205	
Hot-rolling mill	2,315	
Cold-rolling mill	1,488	
Heavy-section mill	1,047	
Medium-section mill	937	
Galvanizing line	551	
Wire rod mill	607	
Tube mill	183	

(1) Includes coke production of Zaklady Koksownicze Zdzieszowice, a subsidiary of Mittal Steel Poland.

(2) Production in excess of the stated capacity is possible by adjusting the facility loading and product mix.
(3) Production facility details include the production numbers for the full year 2004 for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production number will not give the quantity of saleable finished steel products.

Products

Mittal Steel Poland's product range includes slabs, billets, blooms, sections, hot-rolled sheets and strips, cold-rolled sheets and strips, galvanized sheets, welded tubes, wire-rods and other wire products and coated sheets.

More than 50% of Mittal Steel Poland's products are sold in the domestic market, while the remainder are exported, primarily to customers located in other member states of the European Union. Mittal Steel Poland ships its products primarily to customers in the construction, engineering, transport, mining and automotive industries.

MITTAL STEEL GALATI

General

Mittal Steel acquired 91.6% of Combinatul Siderurgic Sidex S.A. Galati, now Mittal Steel Galati, from the Authority for Privatization and Management of State Ownership of Romania in November 2001, and increased its interest to 99.4% in September 2003. Mittal Steel Galati operates the largest integrated steel plant in Romania and is among the largest producers of steel in Central and Eastern Europe.

According to its own estimates, Mittal Steel Galati produces approximately 69% of the total steel consumption in Romania in its product range.

In connection with its acquisition by Mittal Steel, Mittal Steel Galati agreed with the Romanian government to make capital expenditures of approximately $251 million from November 2001 through December 2006, of which $76 million is to be used for environmental projects, as well as a further $100 million in capital expenditures from 2007 through 2011. These investments are secured by a pledge of a portion of Mittal Steel's shares in Mittal Steel Galati.

Mittal Steel has provided employment commitments for a five-year period from the date of its acquisition of Mittal Steel Galati during which it agreed not to engage in any collective dismissals of employees at Mittal Steel Galati. Pursuant to the acquisition agreement, Mittal Steel Galati is also exempt from enforcement of certain Romanian fiscal and environmental laws until such time as Romania joins the European Union.

Production Facilities

Mittal Steel Galati has a total annual production capacity of 6.6 million tons of crude steel. The following table sets forth a general description of Mittal Steel Galati's principal production facilities:

FACILITY	CAPACITY (PER YEAR)	PRODU
	(Thousand tons, except as noted)	
6 coke ovens	2,212 thousand tonnes	1,712
3 sintering plants	8,150 thousand tonnes	5,401
5 blast furnaces	6,944	
6 basic oxygen furnaces	7,055	
4 continuous slab casters	3,913	
5 continuous bloom casters	596	
1 billet mill	661	
2 heavy plate mills	2,315	
1 hot strip mill	3,858	
Cold-rolling mill	1,742	

Hot dip galvanizing line	220
Welded pipe plant	49

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.
(2) Production in excess of the design capacity is achieved by improved control and production parameters.

Products

Mittal Steel Galati produces and markets a large variety of products, including slabs, billets, plates, hot rolled, cold rolled and galvanized sheet and large diameter longitudinally welded pipes. Approximately 35% of its products are sold domestically. Sales outside the domestic market, Europe, North America and South America are made by Mittal Steel Marketing.

MITTAL STEEL OSTRAVA

General

In January 2003, Mittal Steel acquired a 69.7% interest, which increased to approximately 75.7% (the Company also has an option, subject to certain restrictions, for the purchase of an additional 8.6%), voting interest, in Mittal Steel Ostrava, the largest steel producer in the Czech Republic. The sale of Mittal Steel Ostrava by the government of the Czech Republic was part of an initiative to restructure the Czech steel industry. Mittal Steel made capital expenditure commitments totaling $243 million over 10 years, including $135 million from 2003 through 2007 and $20 million for environmental improvements. Upon acquisition, Mittal Steel rescheduled the debt obligations of the Mittal Steel Ostrava with a consortium of Czech and international banks led by the International Finance Corporation.

Mittal Steel Ostrava has an annual production capacity of over 3.6 million tons of crude steel.

In connection with the acquisition, Mittal Steel Ostrava also committed to follow the medium-term restructuring plan approved by the European

Commission. This plan includes certain reductions in capacity and employment levels. Also, Mittal Steel Ostrava has obligations to make contributions for developments in the surrounding region under the Share Purchase Agreement.

Production Facilities

Mittal Steel Ostrava's production facilities are located in Ostrava, Czech Republic. The sinter plant and blast furnaces, although located on the same site as the remainder of the production facilities, are owned and operated by Vysoke Pece Ostrava, a.s., in which Mittal Steel has a total interest of approximately 84%. The following table sets forth a general description of Mittal Steel Ostrava's principal production facilities:

FACILITY	CAPACITY (PER YEAR)	PRODU
		(Thousand tons, except as
3 coke ovens	1,500 thousand tonnes	1,460
2 sinter plants(2)	3,640 thousand tonnes	3,553
4 blast furnaces(2)	3,789	
Steel mill with 4 open hearth tandem furnaces	3,638	
3 continuous casters	3,667	
Hot strip mill	1,217	
2 section mills	1,400	
Wire rod mill	675	
2 seamless tube mills	315	

Spiral welding shop	50	
Power plant	201 MW	

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.
(2) Owned and operated by Vysoke Pece Ostrava, a.s.
(3) Production in excess of the design capacity is achieved by improved control and production parameters.

Mittal Steel Ostrava also has a controlling ownership share in several other small operating companies, including cold-rolling mills, hot-rolling mills and a welded tube manufacturer.

Products

Mittal Steel Ostrava produces mostly long products. Over 44% of Mittal Steel Ostrava's production is sold in the domestic market, and the remainder is sold primarily to customers in other European countries. Mittal Steel Ostrava sells most of its production directly to end users, primarily in the engineering, automotive and construction industries, as well as to "stockists" (small-lot resellers).

REST OF WORLD

MITTAL STEEL ANNABA

General

Mittal Steel Annaba, located in Algeria, is a joint venture entered into in October 2001 between Mittal Steel and Groupe Sider, or Sider, an agency of the government of the Republic of Algeria, pursuant to which Mittal Steel acquired a 70% ownership in Mittal Steel Annaba for a capital contribution of $25 million. Mittal Steel simultaneously acquired a 70% interest in Mittal Steel Tebessa, an iron ore producer that supplies Mittal Steel Annaba, from Enterprise Publique Economique du Fer et du Phosphate, or Ferphos. Mittal Steel also has a right of first refusal on the purchase of the remaining 30% of Mittal Steel Annaba and Mittal Steel Tebessa should either Sider or Ferphos, respectively, sell its remaining interest. Mittal Steel Annaba is the only integrated steel plant in Algeria, with an annual production capacity of approximately 2.0 million tons of crude steel. Mittal Steel Annaba also owns port facilities at Annaba, which is located approximately 17 kilometres away from its steel producing operations, for handling exports of steel products and imports of raw materials.

In connection with its acquisition, Mittal Steel provided capital expenditure commitments for Mittal Steel Annaba of $140 million (of which environmental investment commitments amount to $25 million) over 10 years from the date of acquisition, including minimum investment of $80 million and a minimum shipping level of 1.3 million tons per year by October 2006. Mittal Steel also provided employment commitments extending through October 2005 during which it agreed that it would not undertake any collective dismissals and agreed to provide a working capital facility of $15 million for five years. Mittal Steel also agreed to make capital expenditures of $30 million at Mittal Steel Tebessa, $20 million of which is to be invested through 2006.

Production Facilities

Mittal Steel Annaba's production facilities consist of six basic oxygen furnaces and one electric arc furnace. Mittal Steel Annaba completed the modernization of its hot strip mill in 2002, and completed construction in March 2004 of a new bar mill with an annual production capacity of 400,000 tons.

The following table sets forth a general description Mittal Steel Annaba's principal production facilities:

FACILITY	CAPACITY (PER YEAR)	PRODU
	(Thousand tons, except as noted)	
2 coke making batteries (1 operational)	565 thousand tonnes	585 t
1 sintering plant	3,170 thousand tonnes	1,809

2 blast furnaces	1,896

6 basic oxygen furnaces and one electric arc furnace	1,989
Hot-rolling mill	1,984
Cold-rolling mill	992
2 bar and rod mills	896

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.
(2) Production in excess of capacity is achieved by adjusting the coal blend.
(3) New bar mill completed in March 2004.

Products

Mittal Steel Annaba produces both long and flat products. The flat product range includes slabs, hot rolled and cold-rolled coils and sheets, hot-dipped galvanized products and tin plates, and the long product range includes billets, wire-rods, rebars and seamless tubes. Mittal Steel Annaba supplies products primarily to the construction, housing, engineering, packaging and petrochemical industries.

Approximately 80% of Mittal Steel Annaba's products are sold domestically, with large quantities exported to customers in Europe and the Maghreb region of northern Africa.

Mittal Steel Annaba obtains approximately 76% of its iron ore requirement from Mittal Steel Tebessa, and imports the balance. Mittal Steel Annaba purchases coking coal from various suppliers, including suppliers located in the United States and Australia and fulfills its coke requirements from its own production.

MITTAL STEEL TEMIRTAU

General

Mittal Steel acquired steel manufacturing facilities in the Karaganda region of the Republic of Kazakhstan in November 1995 from the government of the Republic of Kazakhstan. Mittal Steel subsequently acquired a nearby power plant and coal and iron ore mines. These facilities are now all held by Mittal Steel Temirtau and its subsidiaries. Since its acquisition by Mittal Steel, Mittal Steel Temirtau's annual shipments of finished products have increased from the pre-acquisition level of 2.5 million tons to 3.96 million tons in 2004. This increase has been accomplished primarily by investment in Mittal Steel Temirtau's operating equipment and through application of the operating, financial, procurement and marketing strategies and strengths of Mittal Steel. The share of Mittal Steel Temirtau's value-added products, primarily cold-rolled and coated products, in its total output has increased from 6% in 1995 to over 52% in 2004.

In December 2001, Mittal Steel Temirtau signed an investment agreement with the government of the Republic of Kazakhstan, pursuant to which Mittal Steel Temirtau agreed to make capital expenditures of approximately $580 million. Total related capital expenditures through the year ended December 31, 2004 were $450 million. These capital expenditures have included reconstructing blast furnaces, constructing a continuous caster, constructing a coke oven battery, upgrading a tin plate rolling mill and establishing a galvanizing line, and other technological updates of fixed assets. Mittal Steel Temirtau is also constructing twin strand slab casters and conducting a major overhaul of a blast furnace. Mittal Steel Temirtau plans to construct a color coating line, an additional cold-rolling mill, a coke oven battery and a tinning line in 2005 and

2006.

Mittal Steel has also agreed not to undertake collective dismissals with respect to Mittal Steel Temirtau employees. In connection with the acquisition of Mittal Steel Temirtau, Mittal Steel was also exempted from compliance with certain changes in environmental laws for 10 years from the date of acquisition.

Production Facilities

Mittal Steel Temirtau's integrated steel plant consists of three basic oxygen furnaces and four blast furnaces, with a total annual production capacity of 6.6 million tons of crude steel. Mittal Steel Temirtau's rolled steel is shipped to customers in coil, strip or sheet form. In 2002, Mittal Steel Temirtau obtained EN ISO 9001-2000 certification for one of its galvanizing lines and in 2003 it obtained this certification for its rolling mills.

Over 90% of Mittal Steel Temirtau's production is exported, and the production that is sold domestically accounts for a majority of domestic steel consumption.

The following table sets forth a general description of Mittal Steel Temirtau's principal production facilities:

FACILITY	CAPACITY (PER YEAR)	PRODU
		(Thousand tons, except as not
5 coke oven batteries	2,628 thousand tonnes	2,646
1 sintering plant	7,152 thousand tonnes	6,4
4 blast furnaces	4,333	
3 basic oxygen furnaces	5,200	
2 slab mills	6,000	
1 hot strip mill	4,600	
2 cold-rolling mills	2,280	
3 electrolytic tinning lines	375	
2 hot-dip galvanizing and aluminum-zinc coating lines	805	

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next step in the process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.
(2) Production in excess of the stated capacity is possible by adjusting the facility loading and product mix.

Products

Mittal Steel Temirtau's product range of flat steel products includes pig-iron, slabs, hot and cold-rolled coils and sheets, black-plates, covers, tin-plates, hot-dipped galvanized products and pipes.

Mittal Steel Temirtau sells steel products to a range of industries, including the tube and pipe making sectors, and manufacturers of consumer goods

and appliances. Export sales of products manufactured by Mittal Steel Temirtau other than to customers in Europe, the Russian Federation and other CIS countries are conducted by Mittal Steel Marketing.

A significant percentage of Mittal Steel Temirtau's production is exported to China and other countries in West, Central and Southeast Asia.

MITTAL STEEL SOUTH AFRICA

General

Mittal Steel South Africa is the largest steel producer in Africa and has an installed annual production capacity of 8.8 million tons of crude steel. In 2001, Mittal Steel acquired 8.26% of the shares in Mittal Steel South Africa, and increased its interest to 34.8% through additional purchases during 2002. In December 2002, Mittal Steel made an offer to Mittal Steel South Africa shareholders to acquire up to an additional 12.19% of Mittal Steel South Africa's issued share capital. This offer was fully subscribed, and acquisition of these shares was completed in February 2003, as a result of which Mittal Steel's ownership of Mittal Steel South Africa increased to 47%. In return for the offer, the shareholders agreed to waive their right to receive a mandatory offer when Mittal Steel's shareholding in Mittal Steel South Africa exceeded 35%. By December 31, 2003, Mittal Steel had made additional purchases by which it increased its interest in Mittal Steel South Africa to 49.99% and following approval from the South African Competition Tribunal, Mittal Steel acquired a further 2,000 shares in June 2004, increasing its shareholding in Mittal Steel South Africa to slightly over 50%. Mittal Steel South Africa is consolidated into Mittal Steel's financial statements from January 1, 2004.

Approximately 70% of Mittal Steel South Africa's sales in 2004 were of flat products and 30% were of long products. According to its own estimates, Mittal Steel South Africa has an overall domestic market share of approximately 63% in 2004. Mittal Steel South Africa's common shares are listed on the JSE Securities Exchange, South Africa under the symbol "MLA".

Production Facilities

Mittal Steel South Africa operates two integrated steel plants, a facility based on COREX furnaces and direct reduced iron facilities. Mittal Steel South Africa has four production facilities: Vanderbijlpark Steel and Saldanha Steel, which produce flat products, and Newcastle and Vereeniging Steel, which produce long steel products. The production facilities are supported by a metallurgical by products division (Iscor Coke and Chemicals). Mittal Steel South Africa's Vanderbijlpark Steel is located in South Africa's Gauteng Province and has an annual production capacity of 3.4 million tons. Saldanha Steel, based on South Africa's west coast near the deep-sea port of Saldanha, is a technologically modern facility with an annual production capacity of 1.4 million tons. Newcastle Steel, located in the northern part of Kwa-Zulu Natal Province, has an annual production capacity of 2.0 million tons. Vereeniging Steel located in Gauteng province, has an annual production capacity of 0.4 million tons of specialty steel products. The following table sets forth a general description of Mittal Steel South Africa's principal production facilities:

FACILITY	CAPACITY (PER YEAR)	PRODU

(Thousand tons, except as no

10 coke oven batteries	2,853 thousand tonnes	2,341
2 sintering plants	5,206 thousand tonnes	4,420
5 direct reduced iron kilns and one MIDREX(R) converter	1,554 thousand tonnes	1,461
3 blast furnaces	5,500	
1 COREX(R) C2000	865	
5 basic oxygen furnaces	6,301	
5 electric arc furnaces	3,955	
7 ladle furnaces	6,811	
Continuous casting four slab, two bloom and one billet casters	9,067	
2 hot strip mills	4,798	
1 hot plate mill	450	
2 cold-rolling mills with five stand tandem mills	1,654	
Bar, rod and billet mills	3,329	
Galvanizing lines -- two continuous, one electrolytic	645	
2 tinning lines -- one continuous, one for cans	462	
2 continuous pickling lines	2,082	
2 continuous annealing lines	601	
3 tempering mills	733	
1 colour coating line	98	

(1) Production facility details include the production numbers for each step in the steel-making process. Output from one step in the process is used as input in the next process. Hence, the summation of production numbers will not give the quantity of saleable finished steel products.

Business Assistance Agreement

At the time of its initial investment in Mittal Steel South Africa in November 2001, Mittal Steel entered into a Business Assistance Agreement, or the BAA, with Mittal Steel South Africa, which expired on December 31, 2004. Within the framework of the BAA, Mittal Steel undertook to provide Mittal Steel South Africa with business, technical, purchasing and marketing assistance; to assist Mittal Steel South Africa in attaining additional sustainable savings; and to invest a minimum of $75 million in acquiring a strategic shareholding in Mittal Steel South Africa prior to March 2003. The agreement originally provided for Mittal Steel to be allotted a certain percentage of shares in Mittal Steel South Africa through the end of 2004, contingent on the achievement of specified cost savings, but was amended in December 2003 to provide for payment in either shares or cash.

Mittal Steel received $94 million in cash as BAA remuneration in December 2003 for the sustainability period ending June 2003 and $114 million in cash as final remuneration in August 2004 for the sustainability period ending June 2004.

Products

Mittal Steel South Africa's range of products includes hot-rolled sheets, cold-rolled sheet, coated-sheet, wire-rod and forged steel. Most of Mittal Steel South Africa's production is sold domestically. Asia is its largest export market, though significant quantities are also sold to customers in Europe and other parts of Africa. Mittal Steel South Africa's steel products are marketed internationally through Macsteel International Holdings B.V., a joint venture with Macsteel Holdings (Pty) Limited in which Mittal Steel South Africa holds a 50% interest. Macsteel International purchases products from Mittal Steel South Africa, and charges a contractual gross margin for its services with respect to these sales.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The acquisition of LNM Holdings was accounted for as a combination of entities under common control for accounting and financial reporting purposes. Under this method of accounting, recorded assets and liabilities of Ispat International and LNM Holdings are carried forward at their historical amounts, income of Mittal Steel includes income of Ispat International and LNM Holdings for the entire fiscal year in which the acquisition occurred and the reported income of the separate corporations for the prior years are combined. The Consolidated Financial Statements, which include the accounts of Mittal Steel and its subsidiaries, all of which are controlled by Mittal Steel, have been prepared in accordance with U.S. GAAP. Inter-company balances and transactions have been eliminated on consolidation. Total shipments of steel products include intercompany shipments. All references to "Sales" include shipping and handling fees and costs as defined in EITF Issue No. 00-10.

The records of each of Mittal Steel's operating subsidiaries are maintained in the currency of the country in which the operating subsidiary is located, using the statutory or generally accepted accounting principles of such country. For consolidation purposes, the financial statements that result from such records have been translated to conform to U.S. GAAP and converted into U.S. dollars, the reporting currency. The Canadian dollar is the functional currency of Mittal Canada, the Czech koruna is the functional currency of Mittal Steel Ostrava, the Polish zloty is the functional currency of Mittal Steel Poland, the South African rand is the functional currency of Mittal Steel South Africa, the Bosnia and Herzegovina convertible mark is the functional currency of Mittal Steel Zenica, the Romanian lei is the functional currency of Mittal Steel Roman, Mittal Steel Iasi and Mittal Steel Hunedoara, the Euro is the functional currency of Mittal Steel Europe and the U.S. dollar is the functional currency of all other operating subsidiaries. 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 re-measured 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 U.S. dollar are translated into U.S. dollars at weighted average exchange rates in the relevant year and assets and liabilities are translated at year-end exchange rates. Translation adjustments are presented as a separate component of other comprehensive income in the Consolidated Financial Statements and are included in net earnings only upon sale or liquidation of the underlying foreign subsidiary or affiliated company.

RECENT ACQUISITIONS

Mittal Steel completed a number of acquisitions of steel producing assets during 2001, 2002 and 2003. Mittal Steel has completed a number of additional

acquisitions in 2004, as set forth below.

- In December 2004, Mittal Steel acquired LNM Holdings from Mittal Steel S.a.r.l., a wholly owned subsidiary of The Richmond Investment Holdings Limited (an entity controlled by the controlling shareholder of Mittal Steel and, at the time, the sole shareholder of LNM Holdings). Mittal Steel S.a.r.l. received 0.27931958 Mittal Steel class A common shares and 0.77068042 Mittal Steel class B common shares, for each LNM Holdings common share, or, in the aggregate, 139,659,790 Mittal Steel class A common shares and 385,340,210 Mittal Steel class B common shares.

- In December 2004, Mittal Steel acquired a 51% interest in Mittal Steel Zenica in Bosnia from the Government of the Federation of Bosnia and Herzogovina and Kuwait Consulting & Investment Co. ("KCIC"). In conjunction with the acquisition of the controlling interest in Mittal Steel Zenica, the Company irrevocably committed to purchase the additional 49% interest in the total outstanding capital by November 2006. Simultaneously, KCIC, which holds these shares at December 31, 2004, has irrevocably committed to sell this 49% interest in Mittal Steel Zenica 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 Zenica was 100%. The results of Mittal Steel Zenica have been included in the Consolidated Financial Statements since December 2004.

- In June 2004, Mittal Steel purchased 2,000 additional shares in Mittal Steel South Africa, raising its stake in Mittal Steel South Africa to just above 50%.

- In May 2004, Mittal Steel acquired a 44.5% interest, subsequently increased to a 88.3% interest, in Mittal Steel Skopje (CRM) a.d. Mittal Steel Skopje (CRM) a.d. is located near Skopje, Macedonia.

- In May 2004, Mittal Steel acquired a 56.8% interest, subsequently increased to a 77.3% interest, in Mittal Steel Skopje (HRM) a.d. Mittal Steel Skopje (HRM) a.d. is located near Skopje, Macedonia.

- In April 2004, Mittal Steel entered into a joint venture with government of Bosnia and Herzegovina pursuant to which Mittal Steel acquired a 51% interest in the RZR Ljubija iron ore mines in Bosnia and Herzegovina. These mines have been non-operational since the early 1990s.

- In April 2004, Mittal Steel acquired a 80.9% interest in Mittal Steel Hunedoara which increased to 86.6% as a result of debt to equity swap. Mittal Steel Hunedoara, located in Romania, is a downstream steel products manufacturer.

- In March 2004, Mittal Steel acquired a 69% interest in Mittal Steel Poland, which increased to 72.4% as at December 31, 2004, and a commitment to purchase a 25% interest by December 2007. Mittal Steel Poland, located in Poland, is one of the largest steel producers in Central and Eastern Europe.

RECENT DEVELOPMENTS

- On March 11, 2005, Ispat Inland ULC, an indirect wholly owned subsidiary of Mittal Steel, received the consents from the holders of a majority of

its outstanding Senior Secured Floating Rate Notes due 2010 and 9.75% Senior Secured Notes due 2014, to amend the terms of the indenture governing the notes to eliminate the requirement that any acquisition of a U.S. steel-making business be made by Mittal Steel through its wholly owned subsidiary Inland or its subsidiaries.

- On February 22, 2005, Mittal Steel Ruhrort signed an agreement, with ThyssenKrupp Stahl AG for the purchase of between 1.3 and 1.5 million tonnes of pig iron each year for a 20-year term commencing October 2007. This agreement replaces an existing supply agreement between the parties under which Mittal Steel Ruhrort agreed to purchase from ThyssenKrupp Stahl AG 1.3 million tonnes of pig iron each year until September 2007.

- On February 11, 2005, Fitch Ratings assigned a "BBB" senior unsecured rating and a "F2" short term rating to Mittal Steel.

- On February 10, 2005, Mittal Steel's board of directors approved a dividend policy for the fiscal year 2005 of $0.10 per share per quarter (as from the second quarter of 2005), which is subject to approval by Mittal Steel's shareholders.

- On February 1, 2005, Moody's Investor Services Ltd. assigned a "Baa3" senior implied rating to Mittal Steel and upgraded Mittal Steel's senior unsecured issuer rating to "Ba1". In addition, Moody's Investor Services Ltd. upgraded the senior notes of Mittal Steel Europe and Inland to "Ba1".

- On January 25, 2005, Mittal Steel announced that it had arranged commitments, subject to customary conditions, from a group of arrangers for a $3.2 billion unsecured revolving credit facility, the proceeds from which it expects to utilize to finance part of the cash portion of the merger with ISG, to refinance certain existing indebtedness and for general corporate purposes.

- On January 24, 2005, Standard & Poor's Ratings Services raised its long-term corporate credit and senior secured debt ratings on Inland to "BBB-" from "BB-". In addition, Standard & Poor's Ratings Services assigned a "BB+" rating to Inland's senior unsecured debt.

- On January 14, 2005, Mittal Steel signed a share purchase agreement with Hunan Valin Iron & Steel Group Co., Ltd., or the Valin Group, to acquire 37.17% of the outstanding shares of Hunan Valin Steel Tube & Wire Co., Ltd., or Valin, a listed subsidiary of the Valin Group. Under the terms of the share purchase agreement, Mittal Steel will acquire 656,250,000 legal person shares from the Valin Group at a price of RMB 3.96 per share, for a total consideration of RMB 2,599 million, approximately $314 million. The consideration is subject to adjustment based on the net asset value of Valin as at December 31, 2004. Subject to the receipt of all necessary approvals and waivers from the regulatory authorities in the People's Republic of China, the transaction is expected to close in the second quarter of 2005.

FACTORS AFFECTING THE BUSINESS

CYCLICALITY OF THE STEEL INDUSTRY

The steel industry is highly cyclical and is affected significantly by general economic conditions and other factors such as worldwide production capacity, fluctuations in steel imports/exports and tariffs. Steel prices are sensitive to a number of supply and demand factors. Recently, steel markets have

been experiencing larger and more pronounced cyclical fluctuations. This trend, combined with the upward pressure on costs of key inputs, mainly metallics and energy, presents an increasing challenge for steel producers. The key drivers for maintaining a competitive position and good financial performance in this challenging environment are product differentiation, customer service, cost reduction and cash management.

In 2001, the steel industry faced a severe downturn, which gradually reversed in 2002. Section 201 trade rulings in the United States and certain emerging shifts in global supply and demand for steel brought about improvements in both demand for and pricing of steel products.

In 2003, world crude steel production increased by 7%, primarily due to China where production increased by 21%, making it the largest steel producing nation. Further, steel imports into China increased by 53% from 2002 to meet the demand from the automobile, white goods and construction sectors. The strong demand in China increased prices for steel as well as key raw materials such as iron ore, coke, scrap and alloys. To partly mitigate the impact of these input cost increases, steel companies in the United States started applying surcharges.

In the year 2004, world crude steel production increased by 8.8% to 1.05 billion metric tonnes compared to the same period in 2003. The growth in 2004 continues to be led by China, which increased production by 23.2%, while growth in North America was 5% and growth in the European Union (excluding the 10 new member states in 2004) was 7%, largely led by robust growth in industrial production. Costs of key raw materials have continued to increase due to imbalances between demand and supply in certain regions and higher freight costs, leading to higher steel prices. Although steel prices do follow trends in raw material prices, the percentage changes may not be to the same extent. Percent increases in costs of input factors are driven by demand-supply balance, availability and demand from alternative markets. Similarly steel pricing and demand is driven by demand from the end-user segments. Steel price surcharges are often implemented on contracted steel prices to recover increases in input costs. However, spot market steel prices and short-term contracts are driven by market prices.

CONSOLIDATION IN THE STEEL INDUSTRY

Within the past few years, the U.S. steel industry has significantly consolidated, primarily led by ISG, United States Steel Corporation ("US Steel"), Nucor and Steel Dynamics. ISG was formed as a result of the acquisition of LTV, Bethlehem, Acme, Weirton and Georgetown in 2004. US Steel acquired National Steel; Nucor acquired Birmingham Steel and Trico; while Steel Dynamics acquired Qualitech Steel and GalvPro.

In Europe consolidation took place with the formation of Arcelor, which is a combination of Aceralia, Arbed and Usinor, three large European companies. In the recent past, Mittal Steel has acquired several assets primarily in Central and Eastern Europe, namely Romania, Czech Republic, Poland, Macedonia and Bosnia. Consolidation has occurred to achieve greater efficiency and economies of scale, particularly in response to the effective consolidation undertaken by raw material suppliers and consumers of steel products.

GLOBAL STEEL TRADE

Mittal Steel's ability to sell products is influenced by a number of factors including in varying degrees, by trends in global trade for steel products, particularly trends in imports of steel products into its principal markets. In the United States, Section 201 tariffs were in place through most of 2003. U.S. steel imports fell by 29% primarily due to higher demand in China and higher ocean freight costs. In the 2004, high freight costs and continuing

strong demand in China, Asia and Europe protected the U.S. market from cheaper imports. As a result, prices in North America have increased in 2004.

RAW MATERIALS AND OCEAN FREIGHT COSTS

Raw material prices and ocean freight costs have generally continued to increase in 2004. These price increases are mainly due to increased demand of key raw materials and longer voyage timings caused by changes in supply sources, as well as to port congestion, which reduces availability of ships and consequently increases freight rates.

Chinese steel mills, which have usually sourced their iron ore from Australia, had to source a part of their needs of iron ore from as far as Brazil to meet growing demand. Imports of iron ore into China continued to increase through the year 2004 compared to the same period in 2003. China imported 41% more iron ore in 2004 (approximately 200 million tonnes), as demand from steel-makers surged. This demand has increased not just iron ore prices, but also freight costs as demand for Capesize vessels increased in 2004.

Coking coal prices have been increasing over the last two years. Prices increased substantially due to higher demand and supply constraints. Coke export prices have increased in China due to a new value-added tax as well as to the removal of tax credits that were available in 2003. Further, coke exports from China are also affected by transport infrastructure. Overall, prices have increased more than three-fold compared to levels at the beginning of 2003.

Natural gas prices in North America continued to be up to $7 per mmbtu for the year 2004. Demand for natural gas in North America is increasing at around 3% per annum while supplies are increasing by only 1%. Prices did not ease during the summer of 2004 mainly due to higher oil prices, delays in bringing new production to market and sustained demand.

Demand for high-grade scrap continued to be robust in 2004. During 2004, scrap prices in North America continued to increase and touched a high of $400 per long ton for automotive bundles due to a combination of strong demand from the steel industry, transport availability and cost. Scrap prices in Europe continued to increase on the back of export-led demand from Turkey and Asia. Scrap prices have shown a tendency to soften in the early 2005, however, they remain higher than 2003.

Ocean freight rates remained volatile throughout the year 2004, exposing the fragile state of this supply/demand balance. Strong demand in China for metallics has also increased the need for Capesize and Panamex vessels to transport coking coal and ore. Capesize ships are very large bulk carriers with deadweight exceeding 150,000 tons. Such ships are unable to go through the Suez Canal and therefore have to sail round the Cape of Good Hope to and from Europe. Panamax ships are large ships capable of transiting the Panama Canal and have a deadweight of 55,000 tons. In addition, longer voyage times to the Far East and port congestion in Asia, as well as at loading ports, contributed to the shortage of ships in the Western Hemisphere. Given the inelastic nature of shipping capacity in the short term, this has increased freight costs significantly in 2004.

IMPACT OF EXCHANGE RATE MOVEMENTS

Mittal Steel operates in different geographical locations with different functional currencies. The U.S. dollar weakened against the Euro, Algerian dinar, Czech koruna, Kazakh tenge, Polish zloty, Romanian lei, South African rand and the Canadian dollar in the year 2004. These exchange rate movements had

an adverse impact on the costs and competitive position of some of Mittal Steel's subsidiaries, particularly the Canadian, Algerian, Czech, Polish, Romanian, Kazakh and South African operating subsidiaries and had a favorable impact on its operating subsidiaries in the United States. However, the translation impact of the functional currencies into U.S. dollars was favorable for most of Mittal Steel's non-U.S. operating subsidiaries.

Mittal Steel manages this risk through specific hedges to the extent management considers appropriate.

CRITICAL ACCOUNTING POLICIES AND USE OF JUDGMENTS AND ESTIMATES

The information regarding and analysis of Mittal Steel's operational results and financial condition are based on figures contained in the Mittal Steel's Consolidated Financial Statements, which have been prepared in accordance with U.S. GAAP. The preparation of these financial statements requires Mittal Steel's management to make judgments in relation to certain estimates and assumptions used in the application of accounting policies. These judgments and estimates are made on the basis of available facts and are a normal part of the process of preparing financial statements. While the use of different assumptions and estimates could have caused the results to be different from those reported, Mittal Steel believes that the possibility of material differences between two periods is considerably reduced because of the consistency in the application of such judgments.

The accounting policies that Mittal Steel considers critical, in terms of the likelihood of a material impact arising from a change in the assumptions or estimates used in the application of the accounting policy in question, are outlined below.

IMPAIRMENT OF LONG LIVED ASSETS

According to Statement of Financial Accounting Standard ("SFAS") 144, an impairment loss must be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. The carrying amount of a long-lived asset is not recoverable if it exceeds the expected sum of the undiscounted cash flows over its remaining useful life. Additionally, APB Opinion No. 18, "The Equity Method of Accounting For Investment in Common Stock," requires that a loss in value of an equity method investment that is other than a temporary decline should be recognized. Based on these accounting standards, Mittal Steel recognized the following impairments in 2002:

- Impairment of the idled 2A Bloomer and 21" Bar Mill in the Americas region (Inland), resulting in an asset write-off of $23 million, following an assessment that those facilities, which were idled in the fourth quarter of 2001, were unlikely to be restarted; and

- Write-off of the assets associated with the Empire Mine of $39 million in connection with the sale, effective December 31, 2002, of part of Mittal Steel's interest in the Empire Partnership (and the sale of its related fluxing equipment) to a subsidiary of Cleveland-Cliffs Inc., thereby reducing Mittal Steel's interest in the Empire Mine from 40% to 21%.

During 2003 and 2004 there was no material uncertainty relating to the recoverability of long-lived assets. Additionally, there were only temporary declines on equity method investments. Mittal Steel continues to monitor both internal and external factors which could result in an impairment of long-lived assets or a loss in value of an equity method investment.

DEFERRED TAX ASSETS

Mittal Steel charges tax expenses or accounts for tax credits based on the differences between the financial statement amounts and the tax base amounts of assets and liabilities. Deferred tax assets are also recognized for the estimated future effects of tax losses carried forward. Mittal Steel annually reviews the deferred tax assets in the different jurisdictions in which it operates to assess the possibility of realizing such assets based on projected earnings. A valuation allowance is recorded when it is more likely than not, based on these projections, that the deferred tax assets will not be realized. Mittal Steel expects that it is more likely than not that the deferred tax assets of $1,161 million as of December 31, 2004 will be fully realized. The amount of future taxable income required to recover this asset is approximately $4,400 million.

PROVISIONS FOR PENSIONS AND OTHER POST EMPLOYMENT BENEFITS (SFAS 87 AND 106)

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, primarily 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 amortized over future periods and, therefore, will affect recognized expense and the recorded obligation in future periods, particularly in the case of Mittal Steel's U.S. and Canadian subsidiaries. Such accumulated unrecognized costs amounted to $1,074 million for pensions, and $144 million for other post retirement benefits as of December 31, 2004. In addition, there is an unrecognized net gain of $102 million relating to other post retirement benefits.

The decrease in the discount rate from 6.25% to 6.05% in 2004 contributed to the increase in unrecognized prior service costs. These costs are amortized over the estimated average remaining service period of active participants of approximately 11 years.

With respect to our U.S. operating subsidiaries, a 0.50% change in the discount rate would increase or decrease 2004 pension and other post retirement benefits expenses by approximately $11.0 million and increase

or decrease pension and other post retirement benefits liabilities by approximately $184 million. A 0.50 percent change in the assumed rate of return on plan assets would increase or decrease pension cost by $9.7 million.

ENVIRONMENTAL AND OTHER CONTINGENCIES

Mittal Steel is currently engaged in the investigation and remediation of environmental contamination at a number of the facilities through which it operates. Mittal Steel is subject to changing and increasingly stringent environmental laws and regulations concerning air emissions, water discharges and waste disposal, as well as certain remediation activities that involve the clean up of soils and groundwater. Mittal Steel recognizes a liability for environmental remediation when it is likely that such remediation will be required and the amount can be estimated. Environmental liabilities assumed in connection with the acquisition of steel facilities and other assets are recorded at the present value of the estimated future payments. There are numerous uncertainties over both the timing and the ultimate costs that Mittal

Steel expects to incur with respect to this work. Significant judgment is required in making these estimates and it is reasonable that others may come to different conclusions. If, in the future, Mittal Steel is required to investigate and remediate any currently unknown contamination and waste on properties that it owns, Mittal Steel may record significant additional liabilities. Also, if Mittal Steel estimates the cost to remediate currently known contamination and waste change, it will reduce or increase the recorded liabilities through credits or charges in the income statement.

The estimates of loss contingencies for environmental matters are based on various judgments and assumptions. These estimates typically reflect judgments and assumptions relating to the likelihood, nature, magnitude and timing of assessment, remediation and/or monitoring activities and the probable cost of these activities. In some cases, judgments and assumptions are made relating to the obligation or willingness and ability of third parties to bear a proportionate or allocated share of cost of these activities, including third parties who sold Mittal Steel or purchased assets from it subject to environmental liabilities. Mittal Steel also considers, among other things, the activity to date at particular sites, information obtained through consultation with applicable regulatory authorities and third-party consultants and contractors and its historical experience with other circumstances judged to be comparable. Due to the numerous variables associated with these judgments and assumptions, and the effects of changes in governmental regulation and environmental technologies, both the precision and reliability of the resulting estimates of the related contingencies are subject to substantial uncertainties. Mittal Steel regularly monitors environmental matters and estimated exposure to loss contingencies, reporting changes to the appropriate individuals and agencies, and modifying any disclosure of such matters and contingencies.

PURCHASE ACCOUNTING

Accounting for acquisitions requires Mittal Steel to allocate the cost of the enterprise to the specific assets acquired and liabilities assumed based on their estimated fair values at the date of the acquisition. This often results in positive or negative goodwill. Accounting principles allow Mittal Steel up to one year to acquire all necessary valuation information for the allocation. Management often obtains appraisals and actuarial or other valuations in order to aid in determining the estimated fair value of assets acquired and liabilities assumed. In addition, when the fair value of the assets acquired exceeds their costs, Mittal Steel is required to pro rate that excess to reduce noncurrent assets, making the amount initially assigned to all assets and liabilities more important. This application of management judgment and estimates to account for acquisitions could significantly affect the financial statements. In light of this, Mittal Steel considers purchase accounting a critical accounting policy.

A. OPERATING RESULTS

The following review of operating results is based on the Consolidated Financial Statements included herein.

YEAR ENDED DECEMBER 31, 2004 COMPARED TO YEAR ENDED DECEMBER 31, 2003

Summary

The following events, which occurred in 2004, have had a significant effect on Mittal Steel's historical results of operations:

- Mittal Steel's Consolidated Financial Statements for the year ended

December 31, 2004 include the results of the following operations, the results of which were not, or not fully, included in the year ended December 31, 2003:

- The results of Mittal Steel Poland were included from March 5, 2004, the date of its acquisition by Mittal Steel.

- Mittal Steel acquired Mittal Steel Ostrava on January 31, 2003. Therefore the relevant results of operations of Mittal Steel Ostrava for 2003 are included only for the eleven months ended December 31, 2003.

- Mittal Steel acquired controlling interests in Mittal Steel Iasi in July 2003, Mittal Steel Roman in December 2003 and Mittal Steel Hunedoara in April 2004.

- Mittal Steel acquired Mittal Steel Skopje (formerly known as RZ Valavnica Z.A. Lenti a.d. and RZ Ladna Valavnica a.d.) in May 2004.

- Mittal Steel South Africa is being consolidated from January 1, 2004.

In addition, Mittal Steel increased its equity interest in Mittal Steel South Africa from 49.99% to slightly over 50% in 2004, and it consolidated Mittal Steel South Africa's results of operations in its financial statements. Therefore, Mittal Steel's Consolidated Financial Statements for the year ended December 31, 2004 include the results of operations of Mittal Steel South Africa for the entire period. Prior to January 1, 2004 Mittal Steel's investment in Mittal Steel South Africa was accounted for under the equity method, pursuant to which Mittal Steel recorded a percentage of Mittal Steel South Africa's net income equal to its equity interest as "income from equity investment." Although the inclusion of Mittal Steel South Africa's results in the Mittal Steel's Consolidated Financial Statements in the year ended December 31, 2004 resulted in significant increases in Mittal Steel's consolidated figures for, among other things, sales, shipments, operating income, gross profit and selling, general and administrative expenses during that period, the increase in Mittal Steel's equity interest was not large enough to have a material effect on its net income, because its share of net income was always included in prior periods as a line item in the income statement.

Results of Operations

The key performance indicators which Mittal Steel's management uses to analyze operations are sales, average selling price, shipments, cost per ton, gross profit and operating income. Management's analysis of liquidity and capital resources is driven by working capital and operating cash flow. The following analysis presents key performance indicators by each operating segment. The gross profit and operating income analyses are carried out for Mittal Steel as a whole.

Sales, Shipments and Average Selling Prices

During the year ended December 31, 2004, Mittal Steel experienced benefits from the continued increase in the global demand and prices for steel beginning in 2004. Sales of Mittal Steel increased to $22.2 billion for the year ended December 31, 2004, compared to $9.6 billion for the year ended December 31, 2003. The following table gives a summary of sales for each of Mittal Steel's regions:

	SALES FOR THE YEAR ENDED (3)	CHANGE IN

REGION	2004 (in $ millions)	2003 (in $ millions)	SALES (%)	SHIPMENTS (%)	AVERAG SELLING P (%)
Americas	6,560	4,072	61	4	51
Europe (1)	9,905	3,800	161	68	59
Rest of World (2)	7,647	2,275	236	132	52

(1) Includes results of Mittal Steel Ostrava from January 31, 2003 and Mittal Steel Poland from March 5, 2004 and other subsidiaries as discussed above.
(2) Includes results of Mittal Steel South Africa from January 2004.
(3) Figures are prior to intercompany eliminations.

Excluding the effects of the acquisition of Mittal Steel Poland, Mittal Steel Ostrava, Mittal Steel South

Africa and the other subsidiaries acquired during the year ended December 31, 2004, sales increased in Mittal Steel to $12.5 billion for the year ended December 31, 2004 from $8.4 billion for the year ended December 31, 2003.

Average selling prices increased by 54% for the year ended December 31, 2004 compared to the year ended December 31, 2003. Excluding the effects of Mittal Steel Poland, Mittal Steel Ostrava, Mittal Steel South Africa and the other subsidiaries acquired during the year ended December 31, 2004, average selling prices increased by 51% for the year ended December 31, 2004 compared to the same period in 2003. The average price realized improved as a result of strong demand for steel, leading to higher base selling prices, surcharges for the cost of raw materials and a more favorable product mix.

Mittal Steel's shipments increased to 42.1 million tons for the year ended December 31, 2004 compared to 27.4 million tons for the year ended December 31, 2003. Excluding the effects of Mittal Steel Poland, Mittal Steel Ostrava, Mittal Steel South Africa and the other subsidiaries shipments increased to 25.6 million tons in December 31, 2004 from 24.5 million tons as at December 31, 2003. The increase in shipments was due to the strong demand for steel.

Americas

During the year ended December 31, 2004, sales in the Americas region increased to $6,560 million, compared to $4,072 million for the year ended December 31, 2003. This increase was largely due to an increase in selling prices as a result of a strong global demand, better product mix, and the implementation of pricing surcharges designed to offset the increase in key input costs, such as coke, scrap and iron ore. In addition, the strength of the Canadian dollar against the U.S. dollar also resulted in a higher average selling price in U.S. dollars.

The average selling price in the Americas region increased by 51% at December 31, 2004 compared to the similar period in 2003.

Total shipments in the Americas region increased to 12.1 million tons as at December 31, 2004 from 11.6 million tons as at December 31, 2003 largely due to the increase in demand as well as the benefits derived following completion of the reline of Blast Furnace No. 7 at Inland.

Europe

During the year ended December 31, 2004, Mittal Steel completed the acquisition of Mittal Steel Poland. Due to its experience in augmenting its business through strategic acquisitions, Mittal Steel believes that it has been able to successfully manage the integration of Mittal Steel Poland into its business.

For the year ended December 31, 2004, sales in the European region have increased to $9,905 million as compared to $3,800 million for the year ended December 31, 2003.

Excluding the effects of the subsidiaries acquired during the year ended December 31, 2004, for the year ended December 31, 2004, sales in the European region increased to $3,787 million as compared to $2,628 million for the year ended December 31, 2003. The average selling price in the European region increased by 59% at December 31, 2004 compared to the similar period in 2003. Excluding the effect of Mittal Steel Poland, Mittal Steel Ostrava and the other subsidiaries acquired during the year ended December 31, 2004, average selling price in the European region increased by 54% at December 31, 2004 compared to a similar period in 2003 due to increased global demand for steel products and improved product mix. In addition, the strength of the Euro against the U.S. dollar resulted in a higher average selling price in U.S. dollars.

Shipments in the European region increased to 18.0 million tons at December 31, 2004 from 10.7 million tons at December 31, 2003. Excluding the impact of Mittal Steel Poland, Mittal Steel Ostrava and the other subsidiaries acquired during the year ended December 31, 2004, shipments increased to 8.4 million tons at December 31, 2004 from 7.8 million tons at December 31, 2003. Shipments increased across most product lines driven by strong global demand.

Rest of World

Sales in the Rest of World region for the year ended December 31, 2004 increased to $7,647 million compared to $2,275 million for the year ended December 31, 2003. Excluding the effect of the consolidation of

Mittal Steel South Africa in the Rest of World region, for the year ended December 31, 2004, sales increased to $4,046 million from $2,275 million for the year ended December 31, 2003. This was largely due to higher prices. In addition, the strength of the South African rand against the U.S. dollar resulted in a higher average selling price in U.S. dollars.

The average selling price in the Rest of World region increased by 52% at December 31, 2004 compared to the similar period in 2003. Excluding the impact of Mittal Steel South Africa, average selling prices increased by 45% for year ended December 31,2004 as compared to the year ended December 31, 2003.

Shipments in the Rest of World region increased to 11.9 million tons at December 31, 2004 from 5.1 million tons at December 31, 2003. Excluding the impact of the consolidation of Mittal Steel South Africa, shipments in the Rest of World region remained flat at 5.1 million tons between December 31, 2004 and December 31, 2003.

Cost of Sales

Due to the increase in the cost of key inputs, such as iron ore, scrap, electricity, natural gas and transportation, the average cost per ton for Mittal Steel increased by 31% for the year ended December 31, 2004, compared to

the year ended December 31, 2003.

Excluding the effects of cost per ton related to Mittal Steel Poland, Mittal Steel Ostrava, Mittal Steel South Africa, and other subsidiaries acquired during the 2004, Mittal Steel's average cost per ton increased by 30% for the year ended December 31, 2004, compared to the year ended December 31, 2003. This increase in cost was largely due to the higher cost of raw materials and other key inputs driven by an increasingly strong sellers market for these inputs.

Americas

In the Americas region, average cost per ton increased by 22% for the year ended December 31, 2004, compared to the year ended December 31, 2003. This was largely due to an increase in the cost of key inputs, such as coke, coal, scrap and alloys. In addition, at Inland labor costs were higher in 2004 as compared to the 2003 due to increases in employee profit sharing and pension expense. The appreciation of the Canadian dollar against the U.S. dollar also resulted in a higher cost per ton in U.S. dollars.

Europe

Average cost per ton in the European region, increased by 41% for the year ended December 31, 2004, compared to the year ended December 31, 2003. Excluding the effects of subsidiaries acquired during 2004, Mittal Steel's average cost per ton increased by 35% for the year ended December 31, 2004, compared to the year ended December 31, 2003. This increase is primarily due to increases in the cost of key raw material such as scrap, iron ore, coal, coke, energy and ferro alloy prices. In addition, the significant appreciation of the Euro and other relevant currencies against the U.S. dollar resulted in a higher cost in U.S. dollars.

Rest of World

Average cost per ton in the Rest of World region, increased by 87% for the year ended December 31, 2004, compared to the year ended December 31, 2003. Excluding the inclusion of Mittal Steel South Africa, average cost per ton increased by 37% during 2004.

Average cost per ton increased due to increases in the cost of purchased metallics and other raw materials. In addition, the strength of the South African rand against the U.S. dollar also resulted in a higher cost in U.S. dollar.

Gross Profit and Gross Profit Margins

For the year ended December 31, 2004, compared to the year ended December 31, 2003 overall gross profit (sales less cost of sales, excluding depreciation) increased by 142% and gross profit margin (gross profit divided by Sales) increased by 34%.

The following table gives a summary of the gross profit margins of Mittal Steel (including subsidiaries acquired during the year ended December 31, 2004) by region:

	GROSS PROFIT MARGIN YEAR ENDED

REGION	2004 (%)	2003 (%)
Americas	28	9
Europe	29	18
Rest of World	38	43

Americas

In the Americas region, gross profit increased to $1,848 million at December 31, 2004 from $371 million at December 31, 2003. Gross margin in the Americas improved due to higher base prices and implementation of pricing surcharges, favorable U.S. to Canadian dollar exchange rates and an increase in the volume of sales. These favorable trends were offset by higher input costs, higher employee profit shares and pension and