ARCELORMITTAL AND CORPORATE SOCIAL RESPONSIBILITY

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Abstract

“This is not about creating a giant. It’s about creating the sustainability of the steel industry.”

- LAKSHMI N MITTAL, CEO, ARCELOR – MITTAL

ARCELOR MITTAL (AM) is the world’s leading steel company having operations in over 60 countries. Formed as a consequence of MITTAL STEEL acquiring ARCELOR in 2006, the company today is the leader in all major steel markets, including automotive, construction, household appliances, and packaging. AM has substantial captive supplies of raw materials (iron ore) and a formidable distribution network.

AM’s commitment to Corporate Social Responsibility is captured by its phrase: “Transforming Tomorrow.” AM has claimed that the merger of ARCELOR and MITTAL did not merely create a leader in the steel industry but more importantly created the opportunity to rethink the role and future of the steel sector, both in terms of the economic model and its social and environmental responsibilities. AM plans to set new standards for sustainability in steel. The strap line ‘Transforming Tomorrow’ has been reinforced with three core values:

- Sustainability
- Quality
- Leadership

AM asserts that a successful business is a responsible business. AM believes that long-term shareholder value creation has to be in harmony with the commitment to the communities in which the Company operates along with creating a worthy workplace and preserving the environment.

This case examines AM’s initiatives for achieving its avowed objectives in Corporate Social Responsibility, provides the Company’s strategic framework for its projects, and summarizes the criticisms made against the enterprise.
THE BUSINESS CASE FOR CSR:

Steel represents the infrastructure backbone of the modern world. As the industry leader, AM has both unique opportunities and unique responsibilities. The sustained success of AM depends at least in part on the freedom and flexibility that the firm can bring to bear on its operations. This requires AM to earn the trust of society and communities in which it operates. Such a trust can only be earned by behaving responsibly. The concept of ‘Transforming Tomorrow’ rests on four pillars:

- Investing in and empowering people
- Developing technologies that can make steel more sustainable
- Partnering with and enriching the communities the firm operates in
- Setting new standards in Transparency and Corporate Governance

Investing in and empowering people have several dimensions:

- Valuing the contribution of each individual
- Ensuring health and safety of all employees at all locations
- Fostering a culture of leadership and accountability
- Recognizing performance through fair and competitive compensation
- Nurturing a collaborative and creative work culture
- Maintaining transparency and honesty in all interactions with people

Developing technologies that can make steel more sustainable requires innovation in terms of cleaner processes and greener products. AM is currently engaged in fine-tuning breakthrough technologies that will redefine the making of steel and make a significant contribution to the challenges of global warming and climate change. AM’s ULCOS (Ultra Low Carbon Di Oxide Steel) program aims to halve the amount of CO₂ emitted in steel production. Europe’s steel industry has already halved CO₂ emissions over the last 40 years. Currently available technologies do not hold out much scope for further reduction. ULCOS is an ambitious EU program coordinated by AM and is comprised of 48 industrial companies – steel makers, energy suppliers, equipment manufacturers for the steel industry, universities and laboratories. The ULCOS committee has selected five breakthrough technologies for a deeper analysis. Similarly, Physical Vapour Deposition (PVD) is a new technique in surface treatment and coating deposition for flat carbon steels and stainless steels. The product applications for PVD span three major areas: Steels with highly reflective, self-cleaning or anti-bacterial properties for use in the lighting industry providing up to 95% of total reflectivity; Steel with aesthetic qualities for use in the construction industry; Steel with magnesium micrometric coating on zinc for corrosion protection in critical automotive components and parts. A start-up ARCEO has been established for commercializing the technology with the support of the Government of Wallonia, Belgium. In addition to developing new technologies that reduce the carbon footprint and enhance the durability of steel, AM is committed to working with its partners in the value chain to help realize their environmental goals.

Partnering with and enriching communities include:

- Developing strong and sustainable local communities wherever in the world that AM operates
- Sensitivity to local needs, priorities and aspirations
- Engaging with communities in an open and straightforward manner
Being realistic in what can be achieved, and focusing on practical and tangible activities that deliver long-lasting change and more sustainable communities.

Working in mature partnerships with NGOs and Self-help groups that may already be operating in the region.

In terms of its Transparent Governance initiatives, AM is committed to:

- Improving the quality of disclosure to investors.
- Enhance the content and quality of Corporate Responsibility reporting.
- Treating all shareholders equally, and communicating with them proactively.
- Implementing sound governance policies and practices throughout the group.
- Integrating Corporate Responsibility principles to all business and management practices.

AM’s geographical spread and presence brings its own set of challenges. Operating in mature and established markets of North America and Europe, as well as in emerging and developing countries, AM’s ability to succeed is considerably enhanced by a reputation for responsible and ethical business practices. AM protects its license to operate in different geographies, cultures and administrative systems by complying with all relevant regulations, maintaining an impeccable record in health and safety, minimizing its environmental impact, and making a measurable contribution to local economic growth.

While steel is one of the world’s most versatile and useful commodities, it must be recognized that different economies will require different types and grades of steel, depending on their stage of development. As an illustration, emerging economies tend to buy more “long” and commodity products, whereas developed countries use more “flat” and finished items. Consequently, AM’s emphasis is on developing lighter and greener steels for the automotive and construction industries, even while ramping up scale economies and energy efficiencies in the emerging economies, both of which are expected to reduce AM’s carbon footprint.

The size and scale of ARCELOR MITTAL provides a window of opportunity to move both up and down the value chain in the steel industry. On the one hand, AM is ever trying to move closer to the customer, paving the way for an agile, adaptive and efficient operator. On the other, AM can secure supplies of low-cost raw materials by owning mining operations. Some of the most important mining sites of AM are located in emerging markets such as Kazakhstan and Liberia. AM’s willingness to engage positively with local communities has brought both direct and indirect benefits. Similarly, AM’s track record on environmental and social issues is a crucial success factor in negotiating new mining licenses.
Within the global framework, each local CEO is accountable for the Corporate Responsibility programs in their area, and is expected to put in place a clear management and governance structure to help them do this.

**CSR IN ACTION – COMMUNITY ENGAGEMENT IN INDIA:**

AM wants to build two steel plants in India. One of the Greenfield project sites is located in the state of Jharkhand, rich in ore but with high rates of illiteracy, poverty and a population that has traditionally depended on agriculture for survival. Investing in a steel plant requires resettlement and rehabilitation of tens of thousands of people. Language itself is a barrier to effective communication as several dialects are spoken in the state. Rumours, suspicion, misinformation and threats converge to make engagement with the local community an uphill task. The lack of basic amenities like electricity, health care and sanitation compound the situation. Reaching out to the community and communicating to them that industrialization can be a win-win situation is difficult and hazardous.

AM identified the problem as the lack of awareness among the local communities about the benefits of industrialization and what it could do to improve the quality of their lives. Due to the problems already cited, conventional methods of communication had to be ruled out.

As a response to the challenge, AM decided to use the radio to reach out to the communities. Naming the initiative “PROJECT RADIO” and partnering with a popular local FM station – RADIO DHOOM – AM took on the ambitious goal of explaining to the locals the impact that industrialization would have on their lives. A widely used local language – NAGPURI – was
chosen as the medium. Designed as a four-step process, and rolled out in October 2008, the initial objective was to create awareness by broadcasting radio spots and “hummable” tunes. This brought in considerable interest and curiosity among the local communities.

As part of step three, a weekly program “We shall all walk together” is aired every Sunday between 5 and 6 PM. People can air their concerns and learn as to what others have to say. They are also told that AM is a global company that is sensitive to the needs and aspirations of the local communities, and is committed to following the Resettlement and Rehabilitation policies of the State Government in letter and spirit. A “listeners’ club” concept has been formed in which 15–20 active listeners participate and answer questions. The ultimate aim is for these listeners to become AM’s ambassadors in the area.

The program has been successful in creating awareness about a global company, its responsibilities to the local community, the commitment for progress and development and a strong pledge to follow the law of the land, along with issues like education, health, safety, female empowerment, sports and youth, and how all these can be integrated through Corporate Responsibility actions. Inspiring stories of people who have succeeded by overcoming adversity are aired every week and at the end of the program, a question is asked relating to the day’s slate of events. Four correct answers are rewarded with gifts. Thus, radio as a mass communication medium has proved to be a powerful tool in creating awareness, allaying some of the fears and creating support for the project. Feedback is taken regularly through open-ended questions, and fine-tuning of the programs is carried out as a response. The program’s success has spurred AM to replicate the model in Liberia.

AM plans to have its Senior Managers appear on the show, provide a brief overview, and answer questions posed by listeners, journalists, and rights activists.

“Considering the low literacy levels in the region, the choice to use radio has obvious benefits such as immediacy, reach and interactivity. It is helping us to inform, educate and communicate with our communities directly through a series of interesting and thematic programs. Project Radio is successfully encouraging people in our project villages to search for avenues to help them upgrade their skills. It is also helping them to prepare mentally to embrace industry-led development by spreading knowledge and awareness.”

VIJAY BHATNAGAR, CEO, AM INDIA

CSR IN ACTION – REBUILDING POST-WAR LIBERIA:

Liberia, located on the west coast of Africa, is home to 3.5 million people. A country with rich natural resources – iron ore, diamonds and gold – Liberia has been devastated by two civil wars between 1989 and 2003. The economy and infrastructure are in shambles. Unemployment is a staggering 85% and over 75% of the people live on less than US$1 per day. As the country struggles to move from dire poverty to a semblance of development, it is very critical to have the right kind of partnerships and invite foreign investment that is responsible and responsive.

AM was the first major investor in Liberia, having been granted a license to mine iron ore. The challenge was stupendous. There were no roads, no infrastructure worth mentioning, and the GDP was less than a billion dollars. At the same time, being the first to invest in the country provided AM with a rare opportunity to showcase its Corporate Responsibility. Here
was a chance to prove that Corporations and Governments could work together to bring the country back on rails, foster mutual understanding thus paving the way for improved stability.

The Government of Liberia and AM successfully concluded in December 2006 the review of a Mining Development Agreement that had been crafted a year earlier. The agreement ensured that Liberia would receive an investment of US$ 1.5 billion. The agreement commits AM to:

- Provide full details of iron ore mined and exported every year
- Construct, Operate and Maintain health facilities in the Mining Area meeting international standards
- Provide technical, administrative and managerial training to Liberian citizens
- Make an annual contribution of US$ 3.0 million every year to be used for the benefit of the people of three counties – NIMBA, BONG and GRAND BASSA – and to be managed by a Committee comprised of Company Representatives and the Government
- Reopen abandoned mines in NIMBA county
- Construct 260 KM of railway
- Conduct its operations in accordance with the Environment Protection and Management law of the Republic
- Conduct regular environment impact assessment and audit

The results have so far been encouraging. The resumption of mining activities has resulted in the creation of over 500 direct jobs and over 2000 indirect jobs (through contractors). Though the mining operations have been slowed down as a consequence of the global economic crisis, the Company operates two hospitals in YEKEPA and BUCHANAN. AM has also kept up its commitment to three counties. It has reopened two elementary schools and a high school in YEKEPA to benefit the children of its employees as well as those from the surrounding areas. A Community Liaison Officer has been appointed to have a regular dialogue with local communities and address their immediate concerns. Since the railway has not been used for 20 years, safety is of paramount importance. Awareness towards safety has been created through street plays and puppet shows. This program covers the entire 260 KM stretch. Liberia is a member of the Extractive Industries Transparency Initiative (EITI). This initiative will ensure that all transactions including revenues earned and expended will be transparent and in the public domain. For AM, LEITI is a key forum for ensuring transparency and accountability. The first EITI report for Liberia was published in February 2009.

The expectations have been high and the results are nowhere near the expectations. And yet it is very important to disseminate information at regular intervals in an objective and transparent manner. For AM, Liberia has been one of the toughest challenges. AM is committed to making the first shipment of iron ore in the third quarter of 2011.

“The private sector holds promise of being a key driver of economic growth and development in post-war Liberia. ARCELOR MITTAL Liberia is pleased to be a part of rebuilding Liberia’s economy. Through our engagement with our communities, we aim to set the pace for future private sector initiatives in community development.”

MARCUS WLEH, Corporate Responsibility Manager, AM Liberia
CSR IN ACTION: BUILDING HOMES FOR THE HOMELESS

It is estimated that one in six people on this planet is living in inadequate housing conditions. One in four households lives in dire poverty. Over 100 million people are homeless. 21 million new households are required each year to accommodate the growth in the number of households (Source: United Nations Centre for Human Settlements). The need for housing is clear. Affordable solutions are not so clear.

HABITAT FOR HUMANITY is an organization dedicated to finding a solution to this critical problem. Working in more than 90 countries, the organization has built 300,000 homes in partnership with people in need of housing. The Organization’s goal is to build “simple, affordable and decent” homes across the world. ARCELOR MITTAL was convinced that it could work with Habitat for Humanity to achieve the goal of simple homes for the homeless.

In 2008, AM started work on developing an affordable solution that would also be durable and environment friendly. Three months of research, trial and error resulted in the “CASA BUNA” prototype (“Good House” in Romanian) – a two floor house for four families that could be built with unskilled or semi-skilled labour and had at least a 20 year life span. The prototype was constructed in AM’s facility Pantelimon, Bucharest. It uses a light steel frame structure, pre-painted steel tile roof system, a steel rainwater extraction system, and a steel cladding made of pre-painted roll-formed parts. The houses are designed for enough living space, are environment friendly, can be de-constructed, and the parts can be recycled indefinitely. The model is earthquake resistant and complies with European standards for fire resistance. The elements can be transported as a “flat pack” and therefore are in alignment with Habitat for Humanity’s goal of providing homes across the world.

The most valuable lesson learned from the project has been the value of innovation. The most vexed problems of the world can probably be solved if we look for solutions that are not at once apparent. AM is in talks with Habitat for Humanity to export the “Casa Buna” homes to Latin America. The goal is to build safe homes in areas that are prone to earthquakes and hurricanes, and also to educate people on issues related to safety.

“The Casa Buna project is a modern concept that meets current housing needs, we have great hopes for this or similar types of steel solutions for the residential housing in Romania.”

MARIAN PIVU, Manager, AM Construction Romania

CSR IN ACTION: STEEL MAKING AS AN INDUSTRY AND AS A CAREER

For 12 years AM’s plants in the Dunkerque area have been running an educational program for schools. As part of science lessons, a case study on steel making has been included followed by explanations of career options in the steel industry. When the initiative was reviewed in 2007, two new opportunities presented themselves. Due to the inclusion of economics and industry in school curricula, awareness had already been created about climate change and environmental sustainability. AM’s plants in France and Germany had already pioneered technologies to reduce emissions and to use emissions to produce energy.
The challenge was to effectively communicate the innovative measures to local communities. The schools program was identified as a medium for disseminating the information.

Over 100 of AM’s managers visit schools and conduct a two-hour workshop on steel making. This is followed by a visit to the plant by 14-year olds in small groups. At that age, most 14-year olds are not fascinated about making a career in steel making. As a response, a new program was developed covering steel making, sustainable development, the environment, innovation, quality, safety, jobs and training. The expertise of AM in all of these areas was transmitted to the students. The exercise has direct relevance to four areas of regular study – physics, chemistry, geography and natural sciences – and affords an opportunity to study optional courses – commerce and industry. A support pack of teaching materials has been produced for the teachers with live examples. Although in place for just over a year, the initiative has received excellent feedback. As an example, studying AM’s locations throughout the world provides the students with opportunities to explore the social, cultural, economic and environmental challenges that industry faces in developed and developing countries. Managers also spend time with students clarifying on their questions and showing the roadmap to technological and managerial careers in the steel industry. The program has given AM an enormous opportunity to change the image of steel, by emphasizing the forward-looking and innovative aspects of the industry.

The most important lesson learned was the value of planning. Developing the teaching materials that could easily be understood by 14-year olds gave valuable insights into developing training materials within the Company. Another lesson learnt was managing teams since few challenges can be greater than getting the attention of young students over technology and sustainability related issues. AM has also realized the need to educate employees on the innovations happening in the group to enable them to spread the word around.

“This program has worked well for everyone involved. It gives our own people the chance to put something back into their local community, and become more active ambassadors for ARCELORMITTAL. And it is clear that the schools really value our input, and the young people find it stimulating to see how a real company works. We’re getting a chance to show them that steel can be exciting, and that ARCELORMITTAL really is committed to ‘transforming tomorrow’. It really opens their eyes.”

NATACHA GRONDIN-CASEL, Communications Manager, AM

HISTORY:

ARCELOR MITTAL is the successor to MITTAL Steel, a business founded in 1989 by LAKSHMI MITTAL, Chairman of the Board of Directors and CEO of AM. The Company has grown steadily through a successful consolidation-based strategy. MITTAL Steel made its first acquisition in 1989 (Iron and Steel Company of Trinidad and Tobago). Some of its main acquisitions since then include THYSSEN DUISBURG (Germany, 1997), Inland Steel (USA, 1998), UNIMETAL (France, 1999), SIDEX (Romania) and ANNALA (Algeria) in 2001, NOVA HUT (Czech Republic, 2003), BH Steel (Bosnia), Balkan Steel (Macedonia), PHS (Poland), and ISCOR (South Africa) in 2004, ISG(USA), Human Valín (China) and Kryvurizhtal (Ukraine) in 2005, three Stelco Subsidaries (Canada) and Arcelor in 2006.
In 2007, AM continued to pursue a disciplined growth strategy, with a total of 35 transactions announced in Argentina, Canada, China, Estonia, France, Germany, Italy, Mexico, Poland, Russia, Slovakia, South Africa, Turkey, UK, Uruguay, the US and Venezuela, a number of which were completed in 2007. During 2007, the Company also announced or completed the buy-out offers for minority interests in certain of its subsidiaries in Argentina, Brazil and Poland. AM also initiated development plans for its Greenfield projects in India, Liberia and Senegal, and announced new prospective development projects in Mauritania, Mozambique, Nigeria, Russia, Saudi Arabia and Turkey.

During the first eight months of 2008, AM continued to make investments worldwide, with significant transactions announced in Australia, Brazil, Canada, Costa Rica, France, Russia, South Africa, Sweden, Turkey, UAE, US and Venezuela, the majority of which have been completed. During the last four months of 2008, AM largely suspended M&A and other investment activities in light of the deteriorating economic and market environment.

AM has been phenomenally successful in acquiring under-performing Companies and turning them around. The Company believes it has integrated its key acquisitions by implementing a “best practice” approach in operations and management to enhance profitability.

Since the acquisition of ARCELOR, a Company of approximately equal size, the Combined Entity has reached significant milestones in its operational integration process ahead of schedule, having consolidated support functions, optimized its supply chain and procurement structure, and leveraged R&D services across a larger base, thereby achieving cost savings and revenue synergies, as well as other synergistic benefits. As of December 31, 2008, AM had fully realized its targeted US$ 1.6 billion synergies from the merger.

CRITICISM:

When a Company of the size and reach of AM indulges in acquisitions at the pace it has, criticisms cannot be far behind. A UK based NGO, GLOBAL WATCH, has raised the following objections to AM’s Mining Development Agreement (MDA) in Liberia:

- AM has control over royalties because the mechanism to set price has not been specified
- The MDA provides sufficient scope for intra-company pricing arrangements
- The tax holiday provided may enable AM to expatriate profits to the detriment of the Liberian economy
- The organizational structure envisaged for the Liberian subsidiary effectively insulates the parent Company from any risk or liability
- AM can alter the financial structure of its Liberian subsidiary (between equity and debt) without consulting the Liberian Government
- The MDA transfers two major Public Assets of Liberia to AM

The Company has also faced criticism for its operations elsewhere:

- AM’s South African Unit faced criticism in August 2010 for seeking political favours by selling a stake in its business to black investors including the son of the South African President and at the same time buying a disputed mine right from its new partners (KUMBA Iron Ore) (Source: BLOOMBERG, August 16, 2010). South Africa’s biggest business newspaper, Johannesburg’s Business Day, described the transaction as “the most cynical empowerment deal ever constructed” in an editorial.
GLOBAL ACTION (NGO) has reported several instances of wrongdoing by AM:

- AM spent US$ 450000 on second-quarter Government lobbying in the USA (August 2010)
- AM was fined for polluting River Bosna in Bosnia – Herzegovina
- The Government of Liberia and AM have been accused of complicity in the misuse of county development funds (Source: Sustainable Development Institute, Liberia) – June 2010
- In October 2009, the European Investment Bank’s Board of Directors approved a loan to AM worth 250 million Euros for a R&D program said to be all about bringing environmental added value to the Company’s operations in Europe. The Bank’s approval met with severe criticism by various action groups including BANKWATCH and CLIENTEARTH. The latter have complained to EIB’s Secretary General questioning the pre-loan assessment.
- In January 2009, AM’s VANDERBIJLPARK plant in South Africa was shortlisted for an anti-green award for being the filthiest plant in South Africa (Source: The Independent, January 24, 2009)
- LAKSHMI MITTAL is reported to have successfully employed MARK DOCHNAL’s consultancy to influence Polish officials in the privatization of Poland’s largest steel maker, PHS. DOCHNAL was later arrested in a separate affair.
- Links between a former UK Prime Minister and AM have been exposed in an affair called “Garbagegate” or Cash for Influence relating to AM’s acquisitions in Romania
- Employees of AM have accused the Company of “Slave Labour” conditions. 23 miners have died in explosions in the Company’s mines in Kazakhstan caused by faulty gas detectors
- The European Union slapped an unprecedented 458 Million Euros in October 2010 on Arcelor Mittal and 16 other companies for alleged cartelization for nearly two decades. ‘It is amazing how such a significant number of companies abused nearly the entire European construction market for such a long time and for such a vital product. This was almost as if they were acting in a planned economy,’ said Joaquin Almunia, Commission Vice-President in charge of Competition

THE FUTURE:

Consolidation in the steel industry is almost finished, apart from China, said LAKSHMI MITTAL, head of the world’s No. 1 steelmaker, ARCELORMITTAL, dampening speculation of an M&A revival in the sector. Despite a pickup in global M&A activity, steel production has seen few large deals since Mittal took over Arcelor in 2006. The fragmented steel industry is in a disadvantageous position in price talks with mine owners, producers of key steelmaking material, as three big miners – Vale, Rio Tinto and BHP Billiton – dominate the market. “It’s almost done” LAKSHMI MITTAL told Reuters last week on the sidelines of the World Steel Association Conference in Tokyo. “There is not much room left for consolidation, except in China,” he said, adding that he was not interested in buying a Japanese steelmaker. South Korea’s POSCO, the world’s third biggest steel producer, has said it would aggressively pursue M&A to drive growth, but Shoji Munueoka, President of the world’s No. 4 Nippon Steel Corporation, recently said that the Company does not see a pressing need for industry realignment.
EXHIBIT I

HISTORY OF MITTAL STEEL

The group was formed when two sister Companies in the MITTAL family, LNM Holdings and ISPAT International were merged to form MITTAL STEEL in 2004.

1989: Acquisition of Iron and Steel Company of Trinidad and Tobago
1992: Acquisition of SIBALSA
1994: Acquisition of SIDBEC – DOSCO
1995: Acquisition of Hamburger Stahlwerke > Ispat International Limited and Ispat Shipping formed > Acquisition of Karmet
1997: Ispat International NV went public
1998: Acquisition of Inland Steel Company
1999: Acquisition of Unimetal
2001: Acquisition of ALFASID and SIDEX
2002: Business assistance agreement reached with ISCOR
2003: Acquisition of NOVA HUT
2004: Acquisition of POLSKI HUTI STALI > Acquisition of BH Steel > Acquisition of Macedonian facilities from Balkan Steel > Creation of MITTAL Steel
2005: Acquisition of a stake in Human Valin > ISG Acquisition completed > Mittal steel made it to the FORTUNE 500 list of Companies > Mining Agreement with Liberian Government > Acquisition of KRYVORIZHTAL > Memorandum of Understanding with the State of Jharkhand India > Acquisition of STELCO > Stake lifted in Mittal Steel Zeneca
2010: Arcelor Mittal acquired a controlling stake in BAFFINLAND, a tier-one iron ore company in Canada.

EXHIBIT II

HISTORY OF ARCELOR

ARCELOR was created through the merger of ARBED (Luxembourg), ACERALIA (Spain) and USINOR (France). The three European groups were determined to mobilize their technical, industrial, and commercial resources in order to create a global leader in the steel industry. The merger was officially announced in February 2001 and the choice of the name ARCELOR was announced on 12 December 2001. The merger became effective 18 February 2002 when ARCELOR shares were listed on several stock exchanges.

ARBED:
1882: Establishment of SOCIETE ANONYME DES HAUTS FOURNEAUX ET FORGE DE DUDELANGE in Luxembourg

1886: Steel making using the Thomas Process began in Luxembourg

1911: The three largest steel makers in Luxembourg, SA DES HAUTS FOURNEAUX, and two connected Companies, merged to form ARBED

1920: Trade ARBED created

1922: CIA SIDERURGICA BELGO – MINEIRA created in Brazil

1962: SIDMAR created in Belgium
1985: Acquired majority shareholding in ALZ through SIDMAR

1992: Control of MAXTUTTE (former East Germany) to form STAHLMERK THURINGEN

1993/97: Conversion to electric arc steel production in Luxembourg

1995: Majority shareholding taken in KLOCKNER STAHL, now STAHLMERKE BREMEN

1997: Strategic partnership with ACERALIA (formerly CSI) in Spain

2000: Shareholding in SAMITRI sold

**ACERALIA:**

1902: ALTOS HORNUS DE VIZCAYA (AHV) created

1950: EMPRESA NACIONAL SIDERURGIN SA (ENSIDESA) created

1973: ENSIDESA took over UNINSA

1991: CORPORACION DE LA SIDERURGIA INTEGRAL established

1994: Successor Company CSI CORPORACION SIDERURGIA was set up

1997: ACERALIA created and strategic alliance with ARBED formed

**USINOR:**

1948: USINOR formed from merger of two existing French steel making groups

1948: SOLLAC created and took over the LORRAINE steel industry

1964: SACILOR created

1987: USINOR and SACILOR became state-owned

1988: USINOR and SACILOR merged

1990: USINOR absorbed SOLLAC

1991: UGINE absorbed

1994: The State set up a special group within the Aster holding Company

1995: USINOR – SACILOR privatized

1997: USINOR – SACILOR became USINOR
1998: USINOR acquired COCKERILL – SAMBRE, owner of EKO STAHL

1999: USINOR group re-organized

EXHIBIT III

THE MERGER PROCESS

January 2006: The year started with the historic launch of the MITTAL Steel offer to the shareholders of ARCELOR to create the world’s first 100 million ton steel producer. The steel industry was in the process of consolidation and the move defined the deal and set the pace for the industry.

February 2006: MITTAL completed the acquisition of three STELCO subsidiaries, the NORAMBAR and STELFIL plants located in Quebec, and the STELWIRE plant in Ontario. STELFIL and STELWIRE added 250,000 tons of steel wire to the Company’s annual capacity, providing a wider product mix to better meet customer needs.

ARCELOR acquired a 38.41% stake in LAIWU Steel Corporation of China, the country’s largest producer of sections and beams. Thanks to the partnership with ARCELOR, operational excellence was sought to be achieved.

April 2006: Out of the devastation of Hurricane Katrina, arose a revitalised Mississippi Youth Baseball field, rebuilt with the help of Mittal Steel USA. ARCELOR provided money towards the purchase of lighting fixtures and steel cross bar support. The latter also arranged for and donated the labour costs for their installation.

Mittal Steel commissioned a new plant in Cleveland to manufacture top-quality galvanized sheet steel to auto makers and other demanding customers. The new facility was designed to produce 630,000 tons of corrosion resistant sheets annually using the hot-dip galvanizing process.

May 2006: Mittal Steel announced US anti-trust clearance for the ARCELOR bid and the approval of the offer document by European regulators. The acceptance period started in Luxembourg, Belgium and France on May 18 2006 (a few days later for Spain and the USA) and lasted until June 29 2006.

ARCELOR contributed to the first anti-seismic school building in IZMUT (Turkey) where a school building had been destroyed by an earthquake in 1999.

June 2006: Mittal Steel and Arcelor reached an agreement to combine the two Companies in a merger of equals to create the world’s largest steel Company. The terms of the transaction were received by the Board of Directors of both Companies and in turn were recommended to the respective shareholders. The combined group domiciled and headquartered in Luxembourg was named ARCELOR MITTAL.

The group demonstrated its commitment to extending its reach to developing markets, through a strategic partnership with SNI (SOCIETE NATIONALE D’INVESTISSEMENT).
The partnership would develop SONASID in the Moroccan market allowing the Company to benefit from the transfer of ARCELORMITTAL’s technologies and skills in the long carbon steel sector.

September 2006: ARCELORMITTAL announced a new dividend policy under which the Company would pay out 30% of net income annually. 93.7% of ARCELOR shareholders tendered their shares to Mittal Steel. ARCELORMITTAL confirmed the value plan up to 2008.

December 2006: AM sold THURINGEN long carbon steel plant to GRUPO ALFONSO GALLARDO for 591 million Euros as part of Mittal Steel’s commitment to the European Union.

AM and the Government of Liberia concluded the review of the Mining Development Agreement. The agreement gave access to iron ore mining to AM up to a capacity of 15 million tons per year. The partnership between the Liberian Government and AM was expected to jumpstart the economic recovery of Liberia. The US 1 billion dollar investment was expected to generate 3500 direct jobs and 15000 indirect jobs.

AM sold the Italian long carbon steel production of TRAVIC PROFILATI DI PALLANZENO and SAN ZENO ACCIAI to DUFERCO for 117 million Euros, as part of Mittal Steel’s commitment to the European Union.

AM acquired SICARSTA, the leading Mexican long carbon steel producer. SICARSTA, a fully integrated producer of long steel with an annual capacity of 2.7 million tons had facilities in Mexico and Texas. The combination of SICARSTA with Mittal Steel Lazaro Cardenas led to the creation of Mexico’s largest steel producer with an annual capacity of 6.7 million tons.

AM signed a Memorandum of Understanding for a Greenfield project in Orissa, India. The aim was to set up an integrated steel plant with a capacity of 12 million tons in the backward state Jharkhand. The facilities planned include captive mining facilities, captive electricity supply, water supply infrastructure and a township for the employees.

AM’s successful restructuring strategy was reflected in the first slab being cast in the new continuous caster in DABROVA, Poland.

**EXHIBIT IV**

**ARCELORMITTAL – 2010 PERFORMANCE HIGHLIGHTS**

- Health and Safety frequency rate improved by 5.3%
- 85 million tons of steel shipped in 2010
- EBITDA of US$ 8.5 billion, 57% higher than 2009
- Cash Flow from operations of US$ 3.3 billion
- Net debt reduced to US$ 19.7 billion, down US$ 2.3 billion from 3Q 2010

- US$ 2.3 billion of annualized sustainable cost reduction achieved in 2010, on track to achieve US$ 5 billion by 2012

- CAPEX plan of US$ 3.3 billion for 2010, up 22% than 2009

Source: Published Statements of ARCELORMITTAL

Note: Professors Baragur Krishnamurthy and Dilshad Jalnawalla have prepared this case from available public sources as a basis for classroom discussion. It is not intended to demonstrate either correct or incorrect ways of managing a business. Quoted instances relating to individuals or entities have been verified for authenticity. It is for students, practitioners, scholars, experts and independent thinkers to arrive at their own conclusions. The objective of highlighting certain aspects is merely to illustrate the complexities involved in managing a large corporation.

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