



ArcelorMittal

2008 Corporate responsibility report

ArcelorMittal Ostrava





Trade name:
ArcelorMittal Ostrava a.s.

Registered office:
Ostrava, Kunčice, Vratimovská 689,
Post code 707 02
Czech Republic
IČ: 45193258
DIČ: CZ45193258

Company registration number:
45193258
Tax identification number:
CZ45193258
Date of incorporation:
January 22, 1992

(by transformation from state owned company Nová Huť, which was founded in 1951)

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We would like to know your opinion on our Corporate Responsibility performance and on this Report.

Please send us your comments to:
ArcelorMittal Ostrava a.s.
Firemní odpovědnost
Vratimovská 689
707 02 Ostrava 7

Or email us at:
cr.ostrava@arcelormittal.com

We are fully aware of our responsibility towards the region in which we operate as well as towards the people who live in this region, including our employees. Simply saying, corporate responsibility *is the way we do what we do.*

Our target is to become an admired company. In order to achieve this we have created a vision of the corporate responsibility.

We would like to become a company that is recognized and admired within the region as well as in the entire country. We want to become an employer with the most satisfied employees. A neighbour who can listen and who keeps promises and the greenest company in the Czech Republic.



ArcelorMittal is the world's leading steel company, with operations in more than 60 countries.

ArcelorMittal is the leader in all major global steel markets, including automotive, construction, household appliances and packaging, with leading R&D and technology, as well as sizeable captive supplies of raw materials and outstanding distribution networks. With an industrial presence in over 20 countries spanning four continents, the Company covers all of the key steel markets, from emerging to mature.

Through its core values of sustainability, quality and leadership, ArcelorMittal commits to operating in a responsible way with respect to the health, safety and wellbeing of its employees, contractors and the communities in which it operates. It is also committed to the sustainable management of the environment and of finite resources. ArcelorMittal recognizes that it has a significant responsibility to tackle the global climate change challenge; it takes a leading role in the industry's efforts to develop breakthrough steelmaking technologies and is actively researching and developing steel-based technologies and solutions that contribute to combat climate change.

In 2008, ArcelorMittal had revenues of \$124.9 billion and crude steel production of 103.3 million tonnes, representing approximately 10 per cent of world steel output.

ArcelorMittal is listed on the stock exchanges of New York (MT), Amsterdam (MT), Paris (MT), Brussels (MT), Luxembourg (MT) and on the Spanish stock exchanges of Barcelona, Bilbao, Madrid and Valencia (MTS).

ArcelorMittal group is not only the leader in the steel industry: we want to "transform tomorrow" through Corporate Responsibility. It's a key part of our corporate values, our brand promise, and helps to define our position in the world, and our role in society – put simply, corporate responsibility is the way we do what we do.

We know we are on a journey where Corporate Responsibility is concerned – our focus today is on risk management, but over time we will increasingly be able to create value for the business. We'll do this by creating a safer and healthier workplace, making our workforce feel more valued, developing greener processes and products, and contributing to the development of sustainable communities.

We are encouraged to see how quickly and effectively ArcelorMittal Ostrava has engaged with local community representatives, which in turn has informed our business decisions going forward.

Rémi Boyer
Vice President Corporate Responsibility
ArcelorMittal

Sustainability Quality Leadership

We know that our position in the steel industry brings unique responsibilities. We are committed to setting globally recognised standards with the needs of future generations in mind.

Our goal is to provide the leadership that will transform tomorrow's steel industry. We have a clear vision of the future, underpinned by a consistent set of values.



Sustainability

We are guiding the evolution of steel to secure the best future for the industry and for the generations to come...

Our commitment to the world around us goes beyond basic aspects and takes into consideration the needs of the people in which we invest and the communities that we support and in which we operate. This long-term approach is the central pillar of our business philosophy.

Quality

We look beyond today to envision the steel of tomorrow...

Because quality outcomes depend on quality people, we seek to attract and nurture the best people to deliver superior solutions to our customers.

Leadership

We are visionary thinkers, creating opportunities every day...

This entrepreneurial spirit brought us to the forefront of the steel industry. Now, we are moving beyond what the world expects of steel.



ArcelorMittal Ostrava a.s.

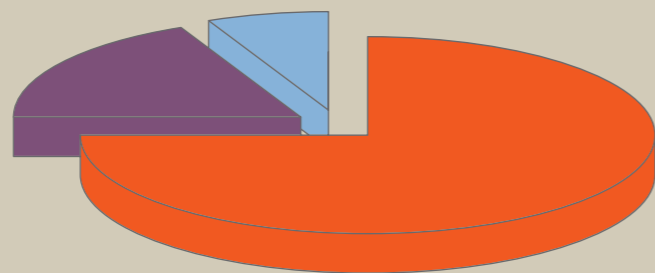
Is the largest steelmaking company in the Czech Republic.
 It is part of the ArcelorMittal group that is the largest steelmaking company in the world.
 It is one of the biggest tax payers in the Czech Republic.
 It is one of the biggest exporters of steel from the Czech Republic.
 It is one of the biggest investors in the Czech Republic.
 It is one of the best steel companies in the area of work safety.
 It is one of the largest employers not only in the Moravian and Silesian Region.
 It is one of the employers who pay the highest average wages in the Moravian and Silesian Region to its employees.
 Our main activity is the production and processing of steel. In 2008 it produced 2, 62 million tonnes of steel. Our production primarily comprises hot-rolled long and flat products. Engineering production is mainly represented by mine support a road barriers. Service and maintenance are mostly provided by our own service plants.

Our goal

To deliver to our customers steel products and semiproducts of a high utility value produced by use of environmentally friendly and safe procedures, and to render related services.

AMO (without subs.) as per CAS in	MCZK
Net Sales	47,169
EBITDA	8,390
EBIT/Operational profit	6,064
CAPEX Gross	2,745
Final headcount	7,460
Average headcount	7,498
Taxes (current+deferred)	3,265
Donations	28
COS fixed	5,716
Assets	67,470
Shareholder's equity	52,883
Liabilities	14,587

The major shareholders are MITTAL STEEL HOLDINGS A. G. (71.579 %), Harvton Investment Ltd. (13.881 %) and the Ministry of Finance (10.969 %).



■ Mittal Steel Holdings AG ■ HARVTON INVESTMENTS LIMITED ■ Czech Republic - Ministry of Finance CR

SUBSIDIARY COMPANIES Controlling influence		31 Dec 2008	
ArcelorMittal Ostrava a.s.			
Name of company:	Share of ArcelorMittal Ostrava Inc.		Basic capital
	(%)	(in CZK th)	(in CZK th)
NOVÁ HUŤ - Projekce, Ltd.	100	100	100
NOVÁ HUŤ - OSTRAHA, Ltd.	100	100	100
Hoteltrans Ltd.	100	114,814	114,814
ArcelorMittal Frýdek-Místek Inc.	100	688,241	688,241
ArcelorMittal Tubular Products Karviná Inc.	100	602,000	602,000
ArcelorMittal Tubular Products Ostrava Inc.	100	7,496,000	7,496,000
NOVÁ HUŤ HUNGÁRIA Rt.	60	1,213	2,022
Subtotal		8,902,469	8,903,277

A word from the CEO



This is the very first publication of a Corporate Responsibility report and we are proud to make the first tangible steps towards our ability to demonstrate we are indeed a responsible corporate citizen.

We strongly believe that we are in the business of manufacturing Safe and Sustainable steel. Sustainability has three clear dimensions: Health and Safety, Environmental Responsibility, and Engagement with Stakeholders. These dimensions are the sum total of what corporate responsibility means to us.

Health and Safety

Our accident frequency record has shown remarkable improvements. The number of lost-time injuries has fallen by 50 per cent year-on-year between 2004 and 2007 and we have launched a very ambitious programme Journey to Zero, which aims at zero lost-time injuries. Unfortunately, our industry is not yet fatality free: In 2008 we had 1 fatal accident as against nil in 2007. Therefore, our very first objective is to have an operation with zero fatalities and zero severe injuries. Health and Safety is our number one priority, which is recognized in our organizational structure as well. Our Chief Health and Safety Officer reports directly to the CEO and is sufficiently empowered to intervene in any activity he considers unsafe. In 2008 we started an intensive programme to increase the safety awareness among our external contractors. We also launched a system of identifying newcomers in the company by providing them with orange - coloured helmets - an indication that would automatically ensure a high level of support and supervision from colleagues on the shop-floor.

Environmental Responsibility

We are fully aware of our environmental footprint and our responsibility for creating conditions that would provide cleaner air to the communities around us. Our organizational commitment towards the environment is demonstrated through the creation of the position of the Chief Green Officer with unqualified intervention powers to ensure full environmental compliance. We believe we are among the few companies in the Czech Republic and perhaps the only in the Moravian-Silesian region who have given the environment such a position in the company's hierarchy. During 2008 we also implemented a non-stop toll-free green line, which provides access to citizens to share their concerns with us, with an assured response time of three working days.

We have launched several long-term and short-term projects that will contribute to the reduction of dust and CO₂ emissions. Our environmental footprint reduction initiatives stretch into areas even outside our manufacturing facilities: We promised to plant 1111 trees - as a commitment made at the Colours of Ostrava music festival in 2008. By the end of 2008 we managed to plant as many as 680 trees, and we completed this commitment in May 2009, ahead of schedule.

Stakeholder Engagement

2008 was a landmark for us in terms of raising the intensity and quality of communication and live engagement with our stakeholders. In the course of the year we set up quarterly meetings with the mayors of the

surrounding communities, participation in their assembly meetings, and the publication of a CR newsletter to keep our stakeholders fully updated with our activities. We also started a practice of inviting citizens, representatives of regional authorities, and other interested stakeholders to visit our plant for a first-hand overview of our sustainable initiatives. We are a very willing partner in the promotion of cultural events strongly linked to the rich tradition of the Moravian-Silesian region. We are keen to engage ourselves actively in projects related to education, children, and the handicapped. Our CR website was launched during the year under review and we welcome suggestions to make it as user-friendly as possible.

Vision for 2009

The global economic crisis poses a big challenge towards our sustainability actions. Although we are forced to reprioritize our investment programmes, we continue to spend scarce resources on the critical projects linked to the areas of Health and Safety and the Environment. ArcelorMittal Ostrava is committed to become the best in the metallurgical sector in the Czech Republic. During 2008 we engaged an independent party, PriceWaterhouseCoopers, to conduct a systematic appraisal of the gap between our sustainability ambitions and the perception of our stakeholders. The recommendations of the study are under implementation in 2009. Employee motivation and "Valuing people" is an integral part of our organizational vision. In 2008 we conducted an engagement survey led by the Hewitt Associates consultants. Based on the survey we are initiating appropriate action which is expected to improve our employees' engagement.

We are committed to ensuring a high level of transparency and corporate governance. This inaugural Corporate Responsibility report is a significant step towards a transparent communication process. Our sustainability programme is supervised by a CR Committee comprising Senior Management, Trade Union leaders, and an independent stakeholder. The CR Committee submits its report to the Board of Directors which, in turn, keeps the Supervisory Board of the Company fully informed. Sustainability is a never-ending journey. We will continue to share with you, our progress during this journey, and meanwhile we encourage you to provide us with your opinions on our action in this field.

Sanjay Samaddar

CEO and Chairman of the Board of Directors
 ArcelorMittal Ostrava

ArcelorMittal Ostrava is the largest steel producer in the Czech Republic.

ArcelorMittal is the largest supplier of a wide range of products, which satisfy the needs of many end customers. Its annual production is more than 3 million tons of steel and approximately 60 % of its production is exported to more than 80 countries of the world. Our customers are especially firms active in construction industry, mining industry, engineering industry, transport, power industry and media transportation by pipelines.

Flat products

- hot-rolled coils, strips and sheets
- cold-rolled sections

Application: yellow goods (excavators, bulldozers, manipulators), welded pipes for water, gas and crude oil distribution; crash barriers, steel structures, cut shapes of plate. After further processing in the cold-rolling mill: electrotechnical sheets, household appliances (washing machine and refrigerator casing), components for the automobile industry (small components and accessories).

Long products

- beams, bars, rebars, wire rod

Application: steel structures, overhead beams, transmission towers, manufacture of meshes and fittings for the reinforcement of concrete, manufacture of drawn wire, nails, connecting parts. After cold-drawing: shopping trolleys, fencing, netting, binding wire.

Engineering products

- castings, steel mining support, crash barriers, special light rails

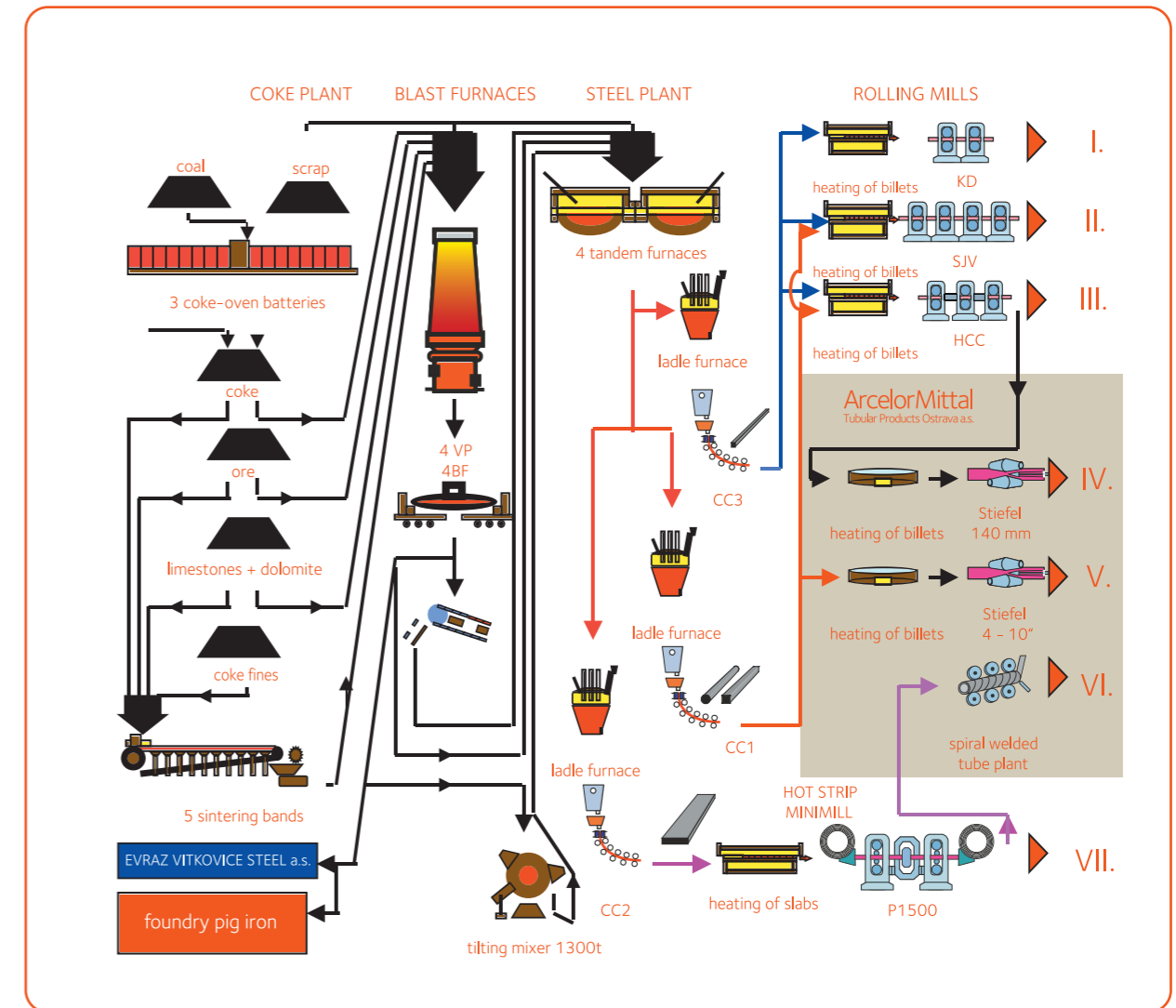
Application: the engineering industry, tunnel support, gallery support for underground mining, safety retaining systems for roads, motorways and bridges, light crane tracks, tramroads.



Other products

- Cokeacoal-tar - It is produced during high-temperature black coal distillation. It is used in the chemical industry for the production of final products.
- Liquid sulphur - It is used in the chemical and paper industries.
- Pure technical CO-gas - It is destined for internal use by ArcelorMittal Ostrava.
- Crude coke benzol - It is obtained from the CO-gas by cleaning with wash oil from which crude benzol is separated by distillation.

Production cycle Our priorities



The production programme of the ArcelorMittal Ostrava a.s. company includes hot rolled products: long products, flat products and steel tubes (see I. to VII. of the Legend).

Legend:

- CC = continuous casting,
- KD = continuous wire rod mill,
- SJV = medium-light section mill,
- HCC = heavy section mill,
- P 1500 = Steckel hot strip mill,
- Stiefel 140 mm, Stiefel 4 - 10" = Stiefel mills for seamless tubes rolling

- I. = wire rod in coils,
- II., III. = sections and plain bars,
- IV., V. = seamless tubes,
- VI. = spiral welded tubes,
- VII. = strip in coils, sheets.



Our priorities

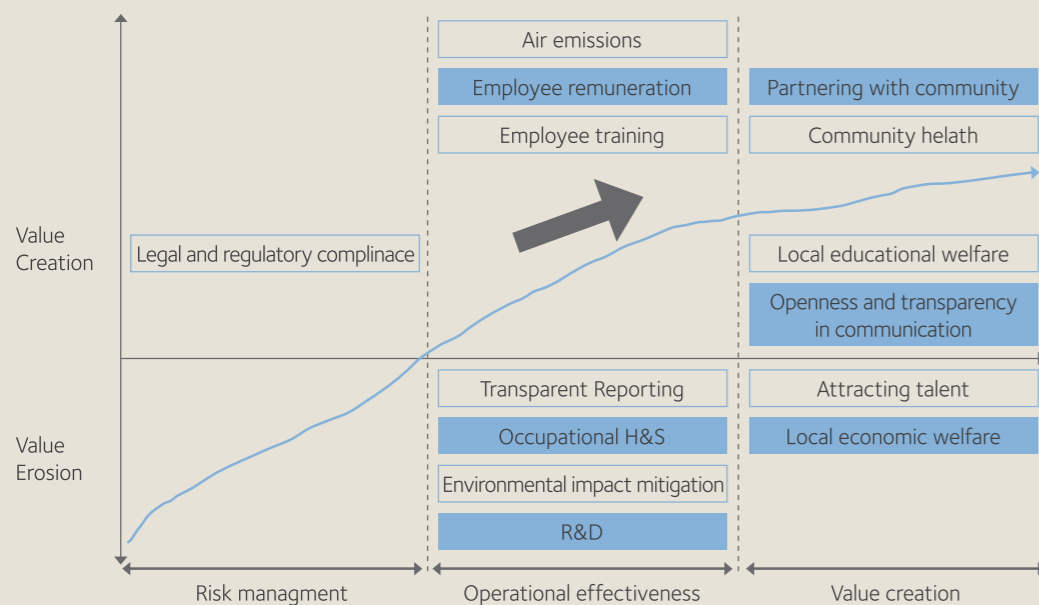
The fact that the Company's strategic goals have been extended proves that the business of ArcelorMittal Ostrava and its responsible behaviour are closely linked. Besides the conventional economic goals, the Company's present priorities also include goals benefiting the whole society: maximum environmental protection, social usefulness and contributing to steady development of the community. In this way the Company's vision is being implemented, under which short-term goals and a maximum profit are far less important than the fulfilment of long-term goals, maintaining optimum profitability.

In autumn 2008 ArcelorMittal Ostrava decided to analyze its corporate responsibility activities and asked PricewaterhouseCoopers together with Technical University of Ostrava for assistance. These subjects contributed by

their experience and knowledge of local environment in conducting a high-quality and engaging study of ArcelorMittal Ostrava corporate responsibility. The workshop, which took place in presence of top management, brought forward a

remarkable insight into company's corporate responsibility and resulted in setting a long term strategy, priorities and company goals. This study has also helped identify and prioritise stakeholders with regard to the individual areas the company focuses on.

Corporate Responsibility with a clear direction to create value for the business



Not only do companies create business relations, but they also influence their environs through their activities (the environment, community, social condition of their employees etc.) and, vice versa, the environs significantly influence the Company's success. Thus, ArcelorMittal Ostrava's operation is not based merely on the quality production and on satisfying customers' needs: great emphasis is also laid on its role of a good and responsible neighbour respected by others. A long-term goal of the Company is that the Company's presence in the Ostrava district should be beneficial for all stakeholders – i.e. shareholders, business partners, employees, adjacent municipalities, local associations and institutions, the region and the Czech Republic alike.

All corporate responsibility activities of ArcelorMittal Ostrava can be divided into four basic categories. These focus on meeting the goals related to employees, the environment and communities. It is then all

supported by the fourth, transparent governance. Hence, ArcelorMittal Ostrava's strategy is to maximize the benefit its activities bring to the society as a whole while minimizing their adverse effects.

ArcelorMittal will transform tomorrow by

Investing in our people

Making each and every person working on our behalf feel valued.

Investing in environmental solutions

Using our expertise in steel to develop cleaner processes and greener products.

Enriching our communities

Our presence plays an important role in all the communities where we operate.

This is all underpinned by transparent governance.

Transparent Governance

Transparency is an integral part of corporate responsibility of our company because it is a significant part of the dialogues and in building of trust among shareholders and target groups. We believe in transparency that is based on understanding and comprehension of reality of business. In order to enhance the importance of social responsibility in ArcelorMittal Ostrava, the Company decided to change the organizational structure of the bodies in charge of this field with effect from 2008. Who manages the corporate responsibility policy at ArcelorMittal Ostrava?

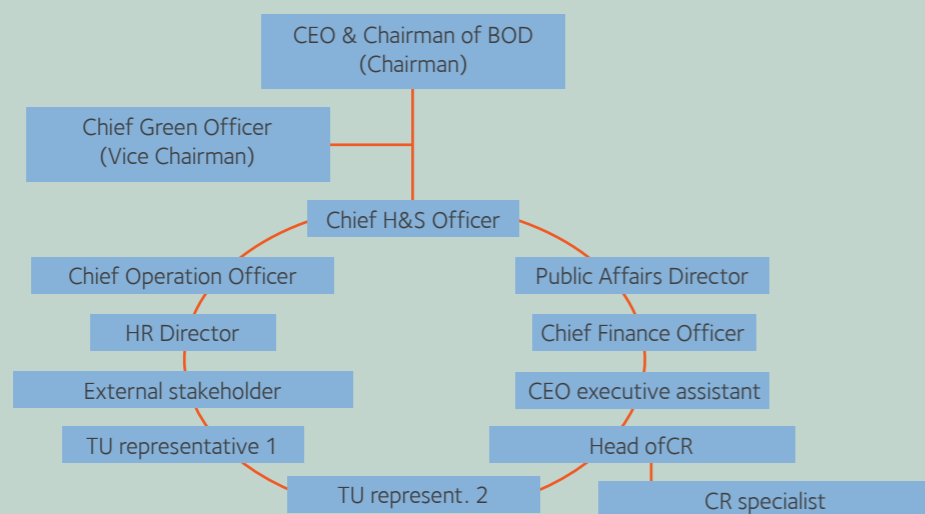
Board of Directors CR Committee

The corporate responsibility policy of ArcelorMittal Ostrava is in full compliance with the corporate responsibility policy of the whole ArcelorMittal Group. In compliance with the priorities and goals of the Group, the Board determines basic visions and sets long-term goals of the Company. It continuously monitors their implementation and is responsible for their fulfilment.

The main objective of the Committee is to develop the basic corporate responsibility visions and goals set by the Board into specific tasks in individual areas. Subsequently, the members of the Committee are responsible for the fulfilment of the specific tasks related to their field of responsibility. Apart from the Management representatives and representatives of the Company's employees, its members are also managers active in the fields of the Environment, Financing, Health & Safety, Human Resources, Communications and Endowment. The Committee contributes to the creation of the Company's image and is engaged in ensuring that all employees are provided with information about corporate responsibility activities of ArcelorMittal Ostrava. The Committee offers guidance to the Company's Board of Directors.

The Committee's core objective is to pursue the goal of ArcelorMittal Ostrava to produce "Safe & Sustainable Steel"

Corporate responsibility Committee



Environmental protection



Ing. Petr Baranek,
Chief Green Officer

„Our target is to produce steel in a sustainable way. In order to achieve this goal we implement all the best techniques available in those areas in which they are not operated yet. We believe that we will achieve the target status within five years at the latest“.

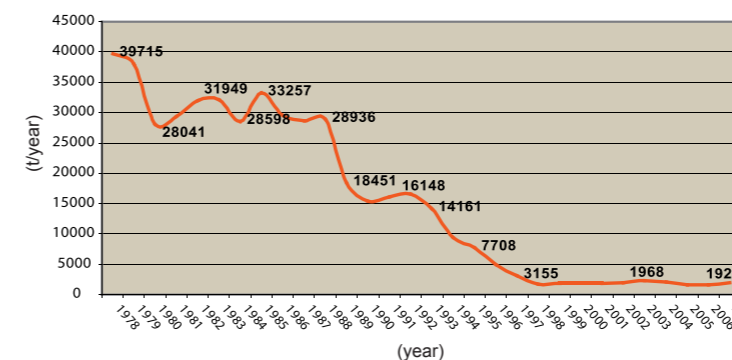
For easy communication with citizens the company established a toll free Green line

800 100 648

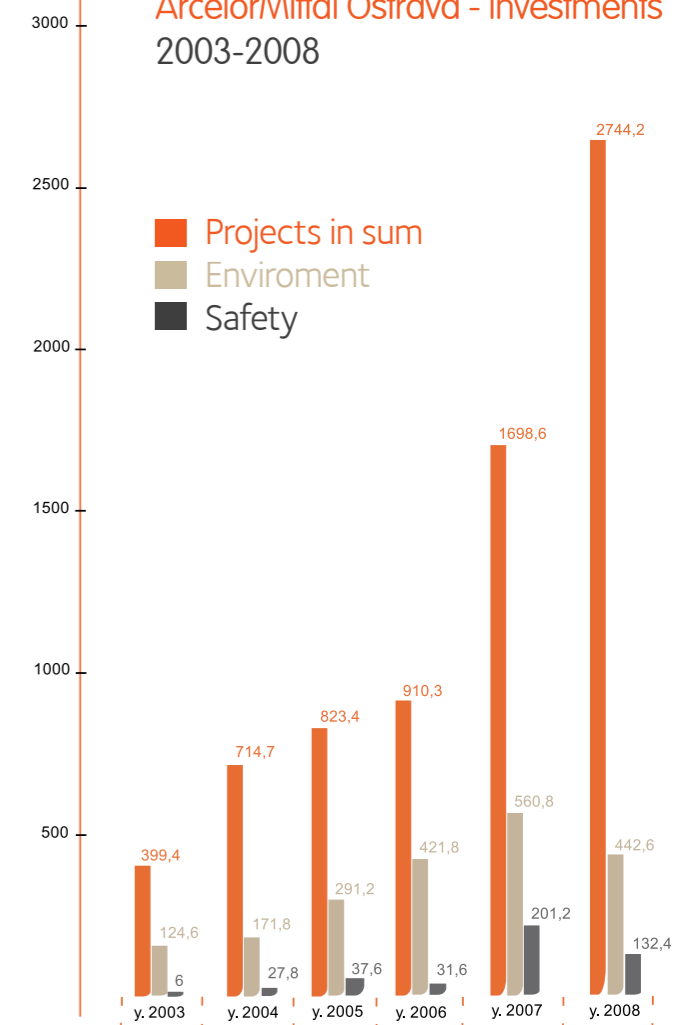
Environment - introduction and basic principles

ArcelorMittal Ostrava considers environmental protection its topmost priority. Since 1990 the Company has invested over CZK six billion in environmental projects, out of which almost 1 billion over the last two years. In the early 1990s, the investments in the environment amounted to 30 per cent of all investments. The investments helped reduce the volume of dust emissions more than five times between 1992 and 1997. Nowadays, the dust emissions account for 2 per cent of the volume in the early 1960s.

Unfortunately, the steel industry is inherently among the biggest polluters of the environment. To reduce all the related effects, ArcelorMittal Ostrava makes investments to achieve the best available technological solutions. The Company's long-term goal is to minimize the impact of its activities on the environment it operates in.



ArcelorMittal Ostrava - Investments 2003-2008



14 001 Certification

Any ArcelorMittal Ostrava's environment-related decisions are taken in compliance with the laws and regulations applicable both in the Czech Republic and the EU. The Company also abides by the rules set out in ISO 14001, an internationally recognized standard on environmental management systems, which prescribes regular checks of the conformity to the specified requirements by an independent auditing body. By now, all ArcelorMittal Ostrava's production facilities have been ISO 14001 certified.

ArcelorMittal Environmental Policy

1. Implementation of the Environmental Management System, including the ISO 14001 certificate for all production assets;
2. Compliance with all relevant environmental acts and regulations, and other obligations of the company;
3. Continuous improvement in the area of environment, use of systematic monitoring and focusing on prevention of pollution;
4. Development, improvement and use of environment friendly production methods with low impact on the environment with utilization of locally available raw materials;
5. Effective use of natural resources, energy and land;
6. Management and reduction of CO₂ from production of steel wherever it is technologically and economically possible;
7. Commitment and responsibility of employees in the area of environmental protection;
8. Awareness and respect of suppliers in relation to the environmental policy of ArcelorMittal;
9. Open communication and dialogue with all stakeholders affected by the activities of ArcelorMittal.

Air protection

The biggest issue of the Ostrava district is the dust emissions. Even though ArcelorMittal Ostrava has reduced its emissions of these harmful substances to less than one tenth compared to 1990, the permitted dust limits are still being exceeded, partly because of the massive concentration of industry in the region. The Company is fully aware of its share in this condition and of the related responsibility. Therefore, ArcelorMittal Ostrava's goal is to continue to reduce significantly the volume of polluting emissions. With respect to the fact that the main source of solid pollutants is the sinter plant, the modernization will be focused on this area. After the implementation of the planned capex projects the annual volume of emissions of solid pollutants released to the air should be reduced to 1300 tons, which is with standard production less than 70 percent of the current situation.

The most important environmental projects

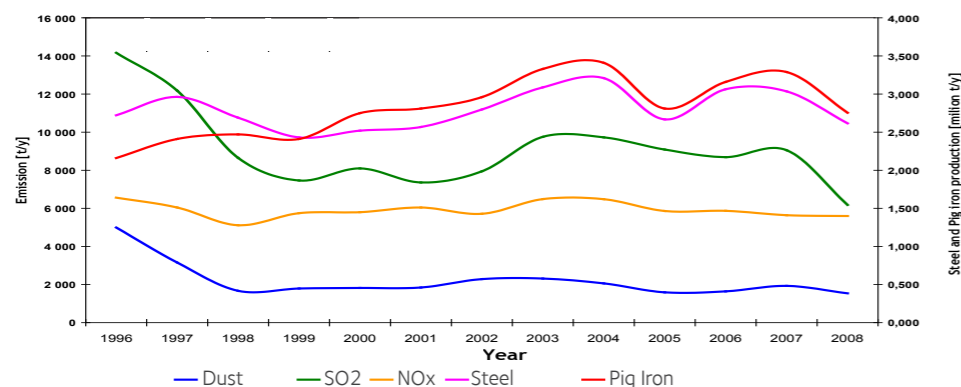
ArcelorMittal is fully aware of its responsibility towards its neighbourhood and that is why it increased the road and facility cleaning frequency. Moreover it took measures that substantially reduce fugitive emissions.

Reconstruction of the existing dedusting system of sintering bands

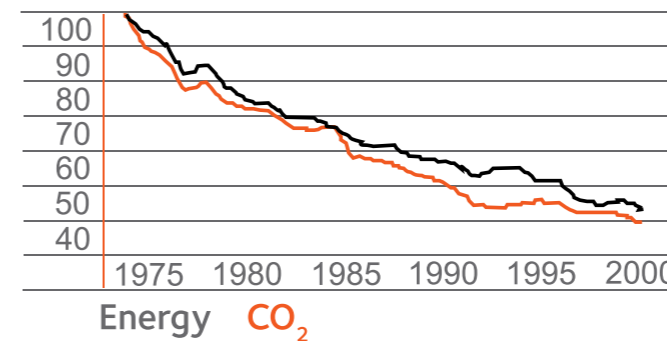
The project will be completed by 2011

The main goal of the investment project is to minimize dust emissions generated during the production of sinter. The measures taken will ensure that ArcelorMittal Ostrava will be well below the emission limits set by the state.

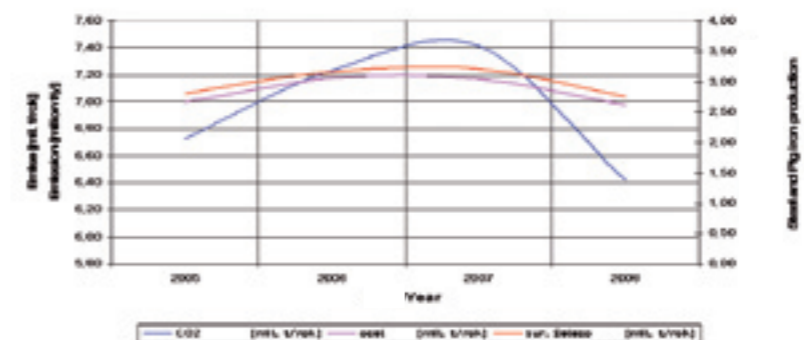
Emission development of Dust, SO₂ and NO_x between 1996-2009



Energy consumption and CO₂ emission per tonne of finished product in the EU steel industry (1975-2000)



Emission development of CO₂ in the years 2006 to 2008



Greenhouse gases – CO₂ emissions

Despite the state-of-the-art technologies, the industry is inherently one of the most energy-intensive and polluting industries. The pressing issue that steelworks all over the world are facing is CO₂ emissions. These are considered to be one of the possible causes of the climate changes.

Significant reduction in the CO₂ production per finished product has been achieved by reducing energy consumption, increasing the steel recycling, and efficient use of material. Nevertheless, the production of each new tonne of steel generates two tonnes of CO₂ emissions, despite the use of the state-of-the-art technologies. According to many experts, any further reduction of emissions from the status quo (nearly a theoretical minimum) will only be possible by developing new recycling systems or by comprehensive technological changes.

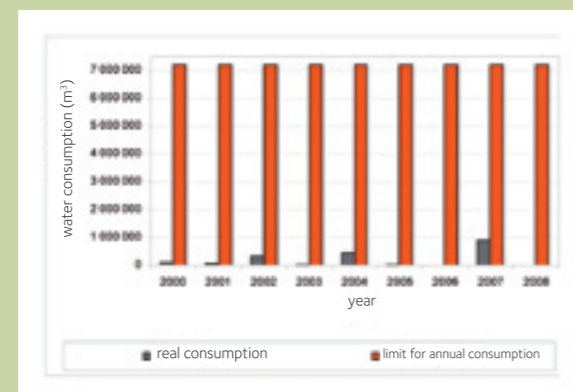
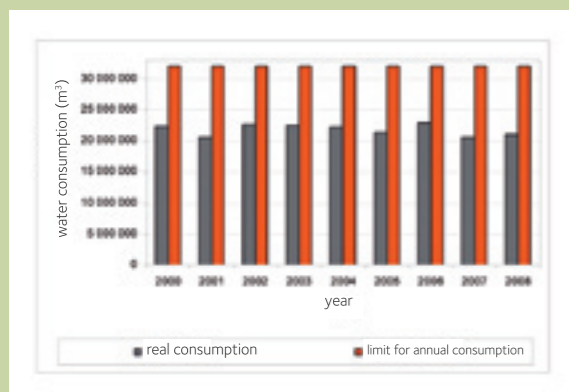
The Management of the ArcelorMittal Group considers the reduction of the emission of greenhouse gases one of its priorities and invests billions to achieve improvement. One of the pilot projects ArcelorMittal Ostrava participates in is the measuring of and comparing the amount of emissions generated by individual units of the Group. This enables detecting any shortcomings following the best practices.



Surface and ground water protection

An integrated steel company, such as ArcelorMittal Ostrava, is a significant consumer of water. In 2008 the Company consumed 21.76 mill. m³ of water in total, out of which 21.04 mill. m³ was from the Žermanice hydroelectric dam, 0.02 mill. m³ from the Ostravice river and 0.70 mill. m³ of potable water was from the public water main. In water management ArcelorMittal Ostrava abides by the prescribed basic environmental approach, i.e. the prevention and minimization rules.

It seeks to reduce the consumption of water from external sources and to use the water recycled on site to the maximum extent possible. The highest rate of recycling, 90 per cent, is achieved with cooling water. The Company also modifies technological processes during the production so that the amount of water required for operating individual facilities is reduced.



ArcelorMittal Ostrava purifies its waste water before it is discharged. An exception is leakage water from Lihovarská pile. This water is used for blast furnaces slag granulation and only the overflow is being discharged to Lučina river. This represents less than 1% of total wastewater discharged. All waste water – industrial, sewage and rain water, except for phenolated and ammonia water, is drained through the integrated sewage system to two chemical and mechanical waste water treatment plants Lučina and Ostravice. After purification, almost 20 % of the waste water is reused.

Phenolated and ammonia water is a coke production by-product. The water is purified in a biological sewage plant and conducted separately to the Central sewage plant in Ostrava-Přívov. One of the Company's goals is to eliminate the contamination of ground water. ArcelorMittal Ostrava does not consume ground water. Activities of the company in this are focused on protection of ground water against contamination by harmful substances and on rehabilitation of all environmental burdens.

Investments aimed at water quality improvement

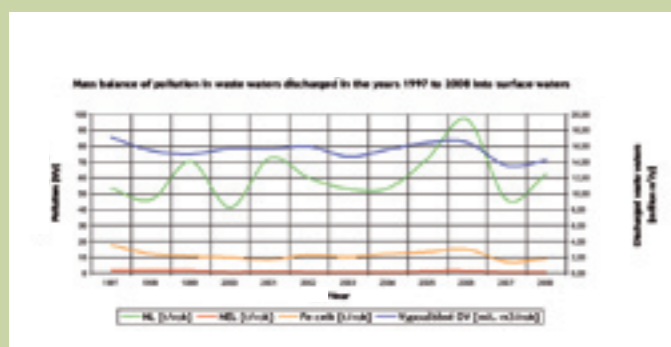
ArcelorMittal Ostrava invests substantial amounts of money into water management. The crucial constructions have been already built over the last few years. At present the company focuses on modernization of the technologies that will have a direct impact on the ground water quality improvement. By 2010 the Company plans to invest in these technologies more than CZK 81 million.

Reconstruction of condensation no. 4

The investment project will be completed by 2010

Securing of the benzol plant against harmful substances

The investment project will be completed by 2010



Waste

Steel is an ideal product

Contrary to other materials, steel has an indisputable advantage: it can be 100 per cent recycled. Every month ArcelorMittal Ostrava processes more than 76 kilotons of scrap iron, which constitutes approximately 30 per cent of its output. Reprocessing has another positive feature – it is much less energy-intensive than the primary production of steel.

Waste disposal

On a long-term basis, ArcelorMittal Ostrava has been striving for the reduction of the volume of waste that has to be incinerated or deposited at waste dumps. Therefore, great attention is paid to prevention of waste production and to maximum recycling.

The Company is very efficient in finding ways how to reutilize the waste generated during the production of steel. That is reflected by the fact that if in 2000 it generated 800 th. tonnes of waste while producing 2.5 mill. tonnes of steel, then in 2008, with the steel production of 2,6 mill. tons, it generated less than 270 th. tonnes of waste, i.e. less than one third of the earlier quantity.

In accordance with legal regulations of the Czech Republic, all waste produced by ArcelorMittal Ostrava is delivered to predetermined entities for further processing or storage. The Company produces the following basic types of bulk waste:

Fly ash from coal combustion

Fly ash is produced during steam and electric power generation. It is a solid substance

trapped by the filters of dust-control systems of individual heating plant boilers of Plant 4 – the Power Plant. Annual production of steam at the heating plant is about 20 mill. GJ. This amount entails 131 th. tonnes of fly ash. A significant part of fly ash is used in the building industry and in land reclamation.

Scoria, slag and braze

This type of waste is a residue from combustion in the heating plant boilers. Annually, Company produces about 8 th. tonnes of this type of waste.

Sludge from gas cleaning

Sludge is produced during the wet cleaning of combustion products at the Steel Plant's tandem furnaces. Production of 2,6 mill. tonnes of pig iron entails about 20 th. tonnes of sludge. It is used especially for land reclamation.

Blast-furnace slag produced during pig iron production

By means of treatment, the waste is transformed into aggregate and granulated slag. The Company produces about 0,054 mill. tonnes of granulated slag and 49 th. tonnes of aggregate annually.

Untreated slag

This type of slag is produced during the steel homogenization in ladle furnaces of Plant 13 – Steel Plant. A part of the 74 th. tonnes of this type of slag is used in earthwork.

Lining and refractory material

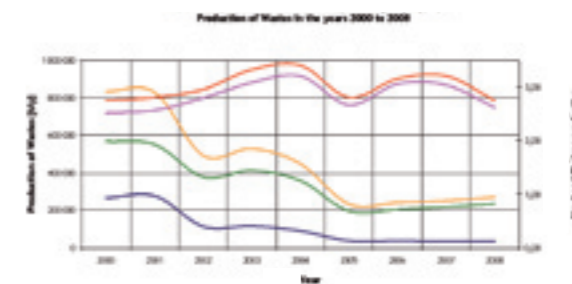
This type of waste is used lining and material from overhauled production facilities. Annually, the Company produces about 80 th. tonnes of such material. About 10 per cent of this type of waste produced is recycled and reused for repairs of the production facilities. The remaining amount is used in the building industry.

Sludge from industrial waste water treatment

The waste treatment sludge is produced in the Lučina and Ostravice waste water treatment plants. Waste treatment sludge is sediments of the purified water in the sludge bed. The Company produces about 14 th. tonnes of this type of sludge annually.

Waste sand

It is produced during the production of castings at the foundry. The Company produces about 10 th. tonnes of waste sand annually. The whole amount is used in the construction industry.



Investments related to waste disposal

Facility for deoiling of scales and scale sludge falls among one the most important measures related to waste recycling taken by the Company.

Facility for deoiling of scales and scale sludge

The use of scales and scale sludge in steel mills used to be limited, because these metallic materials (wastes) contain oil. For this reason ArcelorMittal Ostrava in cooperation with VÚCHZ-Research Institute of Chemical Equipment started working on this environmental problem. In 1999 the companies developed and implemented a special technological facility that was based on a low temperature desorption (LTD). Since then the scales and scale sludge is treated in this facility so that the final content of oil is less than 0.1 % of the weight without generating any liquid or solid waste. This means that harmful waste is processed into a raw material for production of

hot metal while respecting all environmental requirements, which is reflected by the obtained integrated permit. From the beginning until 2008 the newly built LTD work site, which is located at the area of the former pit furnaces, processed more than 145,737 t of scales from ArcelorMittal Ostrava as well as from other suppliers (e.g. Třinec, Kladno, Vítkovice) for whom we have processed 67,921 t of waste since 2001. Just for illustration, this represents a train fully loaded with scales of the same length as the road from Ostrava to Hranice (about 60 km).



The most important project, which is being prepared in this field, is the replacement of the existing Delor transformers at the Medium Section Rolling Mill. The purpose of the investment is to put out of operation the equipment with PCB contents. The 43 transformers will be gradually replaced by 2010.



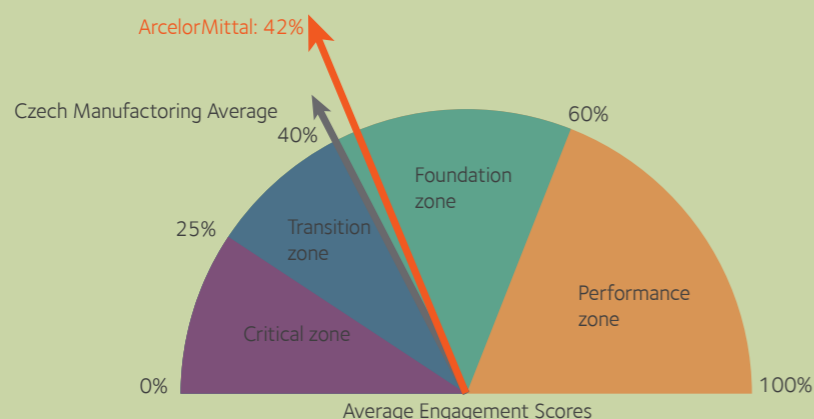


Investing in our people

We are fully aware that investment in education offers high potential which bolsters success and competitive strength of any company. For this reason our company pays due attention to this area. We make every effort so that each employee in our company feels appreciated. We do it because our employees help us transform tomorrow. For this reason we treat them with respect, we invest in their development and we provide a safe and healthy workplace for them.

The Hewitt Associates engagement and satisfaction survey.

Last year, for the first time in the history of ArcelorMittal Ostrava, the company in cooperation with Hewitt Associates conducted an engagement and satisfaction survey Results: engagement of employees is 42%, which is 2% above the average of production companies in the Czech Republic.



Education

The qualified staff is a prerequisite for any company's success. That is why educational activities are among ArcelorMittal Ostrava's priorities. Each employee is given the opportunity to develop their knowledge and skills. As the Company is a part of the largest steel Group, it is able to offer numerous interesting internships, training programmes and various courses; both in the Czech Republic and abroad. Special programmes are also organized for students and graduates. ArcelorMittal Ostrava has been collaborating with the local university on a long-term basis. It seeks to attract the most talented graduates to join its ranks.

Last year, our company spent more than CZK 25 million on education. In total, 11,764 people were trained in 160 training programs. Besides the standard training, employees could use the Global English e-learning program.

In 2008, we also organized training programs in cooperation with ArcelorMittal University. ArcelorMittal Ostrava employees also participated in the Steel Academy education programs and in the Pipeline program. There were also training programs for management to develop soft skills.

Other areas of training: H&S, Industrial Transport, PC Courses, Welding Courses, training in the area of designated technical equipment, Special-purpose and specialized courses, Quality courses, Language courses.

Fair-play

It goes without saying that ArcelorMittal Ostrava respects human rights unconditionally. The Company employees always act in compliance with the legislation in force as well as with the Company Code of Conduct whose regulation of relationships is even more specific than that of legal regulations.

The Company undertakes to:

- to ensure that each employee is treated with fairness and dignity
- not tolerate any discriminatory practice based on race, colour, sex, age, religion, ethnic or national origin, disability or any other unlawful basis

- to provide all employees with equal opportunities
- to distinguish between employees based on the aptitudes or qualifications
- to ensure working environment with no sexual or any other harassment

Code of Conduct and Anti-Trust training has been organized in our company since 2006. This training is repeated periodically every 3 years. The company Code of Conduct training is compulsory for each employee of our company, including subsidiaries.

Hay Group survey: frame or not at all

Compared with the market of manufacturing companies, ArcelorMittal Ostrava is fully competitive. In some areas of compensations and benefits our company is among the leading employers in the Czech Republic.

Benefits like company catering, 5 extra days of paid leave or training courses are provided by most Czech employers. On the other hand, interest-free housing loans are offered by 11% of Czech companies only, contribution for wellness programs, medical spa stays for selected groups of employees or contributions for children are offered by 12% of Czech companies only. Also legal consultations for employees, contribution for child birth or death of an employee are completely rare in the Czech Republic. And last but not least, the most frequently used benefit in our company is the pension plan rider. Here we provide up to 800 CZK, which is by 200 CZK more than is common on the Czech market.



Cooperation with Trade Unions

The constructive dialogue with the Trade Union is a prerequisite for smooth operation and prosperity of the Company. The Trade Unions associate 64 per cent of employees. Their representatives are also active members of the European Works Council. For many years the Company has maintained partnership with the KOVO Trade Union both at the top level and at the individual unit level.



Roman Bečica,
a representative of the ArcelorMittal Ostrava
Trade Union organizations says

“With the new CEO the approach, sharing information and the social dialogue with the Trade Union organisations changed for the better. However, we still have to actively focus on improvement of social conditions and the approach to employees as individuals in our company. There is still quite substantial room for improvement in these areas.”

In 2008, ArcelorMittal Ostrava spent CZK 159 million on employee benefits in total, which is CZK 21,300 per employee.

Perquisites

The basis of ArcelorMittal Ostrava's success is a satisfied, motivated and loyal employee. To achieve this target, the Company offers a range of perquisites that are not a part of the wages.

The perquisites include:

- Contribution to the pension plan, which more than 79 per cent of employees obtained in 2008
- Interest-free loans, last year in total of CZK 7 million.
- Contribution for company meals. The Company houses three canteens and 19 buffets some of which are open round the clock. (In 2008 – CZK 41.7 mil.).
- Contribution for blood donors. More than 20 per cent of employees are blood donors. Many of them have been awarded top awards for blood donors e.g. the Janský Golden Plaque or the Golden Cross.
- Contribution for wellness programmes of employees' children (Obtained by more than 1,000 employees annually. During winter or summer holidays the Company organizes recreational, wellness programmes for at least 300 children).
- Childbirth contribution – upon a childbirth or irrevocable adoption, a lump-sum contribution of CZK 10,000.
- one extra week of holiday, in addition to the 20 days prescribed by the law.

Health care

ArcelorMittal Ostrava's employees are provided with proper health care through a network of outpatients' GP and specialist departments. Non-stop first aid services are provided, too. Within its health support scheme, the Company also offers its employees a wide range of other activities which are aimed at the reduction of absence from work on account of illnesses or accidents, the improvement of prevention, and the elimination of the negative impacts of working and living conditions and life style on employees' health.

These activities include e.g.:

- fortnight's medical and rehabilitation programs (for employees working under higher physical and mental stress)
- fitness programmes supporting the care of the locomotive organs and the respiratory system (sauna in the Company premises, outpatient rehab programs, salt cave for the respiratory system treatment)
- vitamin programmes to improve the immunity system (in winter each employee will receive a health packet – vitamins and other medical products)
- wholesome food programme (catering companies at ArcelorMittal Ostrava include low-fat dishes on their menu.)
- proper drinking regimen for employees at risk-prone workplaces (employees working at risk-prone workplaces are provided with free mineral water)

Health & Safety



The ArcelorMittal Group is doing its best to become the safest steel company in the world. In Ostrava, too, health and safety are among the topmost priorities. Last year the Company invested over CZK 130 million in this area and wants to continue to make similar investments in the future as well. 2,682 employees received training in H&S in 2008.

Health and safety policy



Last year ArcelorMittal Ostrava continued implementing an important H&S project “Consciousness Management Process” to improve health and safety protection at work. This project includes:

- Minutes for Safety
- 4 Case Method
- Behaviour-based audits
- The successful “Consciousness Management” project, which continues at ArcelorMittal Ostrava through 2009 now also includes programmes focusing on the risk identification by all employees and overall improvement in safety awareness as well as improvement in the contractor safety management.
- Obtained Certificate BS OHSAS 18001
- To intensify and extend the „Journey To Zero”
- To minimize the number of occupational injuries and diseases
- To improve risk analysis and take steps to decrease working hazards

ISO BS OHSAS 18001: 2007:



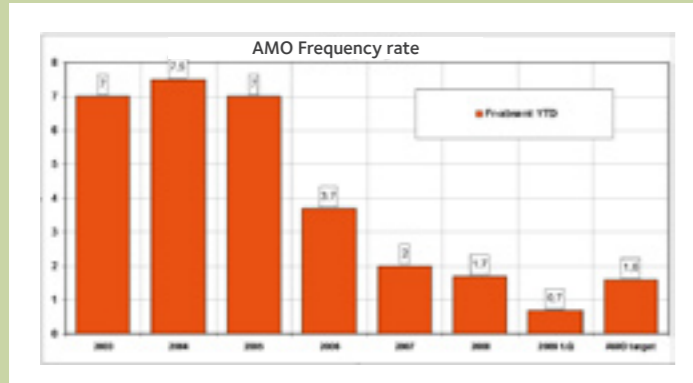
This Occupational Health and Safety Assessment series (OHSAS) Standard specifies requirements for occupational health and safety (OH&S) management system, to enable an organization to control its OH&S risks and improve its OH&S performance. It does not state specific OH&S performance criteria, nor does it give detailed specifications for the design of a management system.



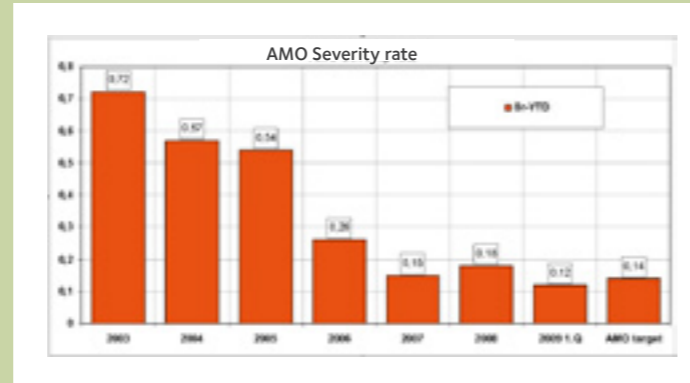
Certificates & recognition:

On May 13th, 2008 our company received Certificate for “Safe enterprise” from State Labour Inspection Office. On November 28th ArcelorMittal Ostrava and ArcelorMittal Tubular Products Ostrava received Certificate in BS OHSAS 18001.

Frequency rate



Frequency rate in ArcelorMittal Ostrava was reduced to 1.7 (from 2 in 2007 and 3.7 in 2006) injuries per 1 million worked hours.



Severity rate in 2008 was raised to 0.18 (from 0.15 in 2007) lost days per 1 thousand worked hours.



2008 projects

In 2008 ArcelorMittal Ostrava launched project „Increasing consciousness about safety risks“ in a steel making company which included:

- Every employee – biker received a bike helmet and a reflective safety vest
- Shooting films about work injuries at ArcelorMittal Ostrava

Health and Safety Day, 6th March 2008

For the second time ArcelorMittal Ostrava got engaged in a “Health & Safety Day”, a worldwide event organized across the whole ArcelorMittal Group. **Mr. Josef Buryan, Chief Operating Officer and Vice Chairman of the BOD of ArcelorMittal Ostrava** added: “Safety is priority, which must hold true at all times. In this process it is useful to devote one day of the year to safety in order to remind ourselves that health and safety is a matter for all of us. This second Health and Safety Day is also an excellent opportunity for us to collect new ideas from our whole company and to share the best practices with our colleagues from all over the world.”

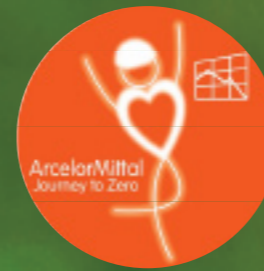
A number of interesting lectures, trainings, demonstrations and other activities were organized on that day, such as:

- Health and Safety Conference with the participation of the representatives of the local municipal authorities and local government officials
- Behavioural Audits and Minutes For Safety at workplaces – isolation risks, confined spaces, working at heights and railway safety
- Film showing impact of alcohol on the job – risks and consequences
- Lectures on the alcohol and drug addiction, the ways of their detection in the human body (for employees and apprenticeship trainees)
- Launching an on-site transport safety program
- Moderated Risk analysis
- Spot checks of bikers, drivers and pedestrians (80 guards for 20 places)
- Crash simulator
- Healthy lifestyle (Healthy dishes during the whole week including salad or fruits as per own choice provided free of charge)
- Demonstration of rehab exercises with use of physiotherapeutic tools
- Presentation of new types of Personal Protection Equipment
- Survey and solution of the employees’ request for hand and respiratory system protection

- Fire brigade’s open day
- Health and Safety drawing contest for children
- Evaluation of best Health and Safety improvements



ArcelorMittal and Safety in 2009



Journey to Zero

Our goal is to achieve zero level of serious and fatal accidents and to eliminate other work injuries altogether or to minimize them. All employees are involved in this process. We trade on experience from previous years as well as our new tools such as:

- Implementation of ArcelorMittal norms
- layered order assessment
- laying down Health & Safety „Golden Rules“
- measures preventing repetition of accidents
- defining responsibilities on different levels of management
- certification according to OHSAS 18001
- work rules for subcontractors etc.

Enriching our community

Our presence plays an important role in all communities where we operate. We would like to contribute to the development of strong and sustainable local communities, that is why we are sensitive to local needs and priorities and work in active partnership with local organizations and government.

The ArcelorMittal Foundation was established in May 2007 in Luxembourg. It is a non-profit organisation, focused on formalising and developing ArcelorMittal's Social Responsibility towards outside communities.

The Foundation focuses on the communities in the vicinity of the Group units, makes efforts to better identify the specific priority needs at every place where ArcelorMittal operates. Through Education, Health, Safety and Social Promotion, the Foundation strives to ensure the economic wellbeing of these communities. It favours projects that become self-sustainable after initial support, in order to reach a maximum number of beneficiaries.

The social strategy of the Foundation aims at developing projects

that maximise the potential of each community, respect their specific needs and support local resources. The Foundation promotes entrepreneurship in the communities by helping people develop their own talents. This is the surest way how to enhance quality of life and how to contribute to sustainability.

In 2008 ArcelorMittal Ostrava facilitated 56 projects in total value of CZK 32.9 mil.

Facilitated areas in 2008

- 20 Educational Institutions including Private Schools
- 38 NGOs or Associations
- 6 Children and Youth Sports Clubs
- 10 Significant Cultural Events and Festivals
- 6 Health Institutions
- 8 Significant Environmental projects

Area	2008
Education	8,600
Environment	6,900
Social and charitable projects	1,300
Art & Culture	5,100
Health & Science	1,000
Sports	4,600
Events for employees	5,500



Especially in the Moravian – Silesian Region the Company supports a wide range of activities, such as sports, cultural, educational, or environmental projects. The areas of ArcelorMittal Ostrava's traditional support are as follows:

1. Education

Development of the educational infrastructure is a targeted support of local community. Financing language or PC classrooms equipment at some schools has been a part of a long term project, which is focused on student language and technical skills development.

Cooperation with Technical University of Ostrava

The dynamic development of new technologies in the sector over the last few years has resulted in a close cooperation with Technical University of Ostrava. In 2008 one of the most significant investments was a contribution for Technological Pavilion construction which serves as a base for entrepreneurial incubator with innovative potential and as a base for Regional centre for

transfer of technologies. Students visit Company premises where they can get acquainted with the technology of steel making in detail. Upon agreement with the University ArcelorMittal Ostrava offers topics for theses as well as assistance in the preparation of theses and many other common activities take place.

Junior Achievement

In 2008 ArcelorMittal Foundation established cooperation with International educational NGO Junior Achievement and together prepared a two day educational project for 90 students of several secondary schools. Students in teams tried to solve a Health and Safety issue - „How to motivate employees to wear personal protective equipment“. The students had an opportunity to consult this topic with specialists from ArcelorMittal Ostrava and at the same time tried teamwork and presentation of their ideas in front of an expert committee. The project is intended to support student technical and communication skills development.



2. Health and Science

Promotion of healthy lifestyle, donating medicines or medical equipment and apparatuses are the main focus areas.

Moravian-Silesian Ambulance Service

On the occasion of Health Days in ArcelorMittal Ostrava we presented a financial contribution to the Moravian-Silesian Ambulance Service. This contribution will enable to equip an ambulance service helicopter as well as ambulance vehicle with a fibroscope for artificial lung ventilation and intubation. The lung ventilator is a device that will enable the staff to give artificial respiration to patients ranging from new-born babies to adults.

Drop of Hope Foundation

Our very first project in 2008 became the financial contribution for the Infant Ward in Havířov Municipal Hospital. By means of the Drop of Hope Foundation we facilitated a purchase of a new incubator.

3. Social and Charitable Projects

We contribute to sports tools for disabled people. (In 2008 we bought specially adjusted wheel chairs for rugby players of SK Ostrava club).

Every Czech Reads to Kids

We all want our children to grow up to become good, wise, and happy people.

But how to achieve it?
Read aloud to children!

ArcelorMittal Ostrava has been actively involved in the campaign Every Czech Reads to Kids since 2007. The objective of this project is, through the use of educational, organisational, and promotional activities, to support the emotional health of children and youth. Let us invest at least twenty minutes a day to read aloud—for and with our children—and let us raise them to become percipient readers. As part of the cooperation on this project ArcelorMittal employees visit children in the hospitals, schools and kindergartens and read aloud to them.

Kiwanis

For more than 5 years ArcelorMittal Ostrava has been an active partner of Kiwanis Club. A small rag doll, which is made by prisoners of Ostrava Penitentiary, plays an essential part during children's stay in the hospital. Doctors can easily explain to children what treatment they will undergo and children, on the other hand, are able to show on the doll what ails them. ArcelorMittal Ostrava in cooperation with Kiwanis also organizes various activities in Ostrava and surrounding hospitals on the occasion of the International Children's Day or St. Nicholas Day.



4. Environment

We keep our promise

The major community project for environmental impact reduction was „You throw away a plastic cup, we will plant a tree”, which is related to the International Music Festival - Colours of Ostrava. The company made a promise to plant a tree for every one hundred plastic cups which will be collected throughout the music event. All together 1111 trees will be planted out along the high streets in Ostrava and neighbouring towns



International Festival of Films on Sustainable Development – TUR Ostrava

ArcelorMittal Ostrava became the main partner of the Festival on sustainable development which presents short documentary films on life style and health, media and environment, green planet and human being and society. Part of the festival was an ArcelorMittal Ostrava competition for secondary school students which was related to the environmental issues.

Red panda

In 2008 we facilitated a project with the ZOO of Ostrava. Thanks to ArcelorMittal the Red panda, one of the rarest animals kept in the ZOO, has got a new home. As part of the opening ceremony ArcelorMittal Ostrava prepared for pupils of several elementary schools in Ostrava many attractions and prize competitions in the ZOO.

5. Sports

We support projects the main objective of which is to make sports activities available for children from socially underprivileged families (assistance in organizing football tournaments or Olympics). On a long term basis we have been cooperating with TJ Mittal Ostrava, which associates more than 12 sports clubs in Ostrava.

Even when handicapped, you can work and do sports successfully

Stanislav Loska is one of the 101 handicapped people working for Arcelor Mittal Ostrava. He is a Service Plant technologist in charge of furnace lining. Today Stanislav Loska ranks among the best handicapped skiers in the world. In 1992 he won a bronze medal at the Winter Paralympic Games in Lillehammer in Norway and has participated in many European and World Championships and Paralympics in alpine skiing. His excellent achievements at the European and World level brought him the Best Czech Handicapped Sportsman award in 1994.



“I am happy that despite my handicap I have a good job and maximum support from my employer in my sports activities. Without my family, friends and colleagues helping me I would not be able to get ahead,” says Stanislav Loska, who has been working for the Company for more than 20 years and is one of its best employees. ArcelorMittal Ostrava has been supporting him through its sponsorship scheme for a long time.

6. Art and Culture

ArcelorMittal supports cultural events, e.g. exhibitions and concerts. The Company regularly sponsors e.g. the International Music Festivals of Janáček Hukvaldy and Janáček May, or the exhibition Ostrava Art, International Music Festivals Colours Of Ostrava and Consonance.



Volunteering Day

In 2008 a new project of employee volunteering was launched in cooperation with the International humanitarian organization ADRA. The company offered its employees a possibility to help at NGO's of their preference within one working day. The expenses of “the volunteering day” were fully covered by the company. More than 400 employees of ArcelroMittal and its subsidiaries engaged in the voluntary help at as many as 34 non-gain organizations. This activity has been very well received and supported within the whole company from the Trade Union leaders to Senior Management. ArcelorMittal plans to continue in this activity in the years to come as well.



Corporate Communication

The corporate communication is divided into two basic spheres: internal communications the objective of which is to provide effectively information within the Company, and external communications through which we try to communicate with our surrounding, notably the public.

As for the internal communications, ArcelorMittal Ostrava communicates with its employees to the maximum extent possible. The Company makes use of every opportunity that is available.

The employee – employer relationship is not based on directive management only, but also on listening to opinions and needs. That results in a highly motivating environment that strengthens team work, loyalty and satisfaction.

In external communications the Company seeks to be as open and transparent as possible too. ArcelorMittal Ostrava strives to build positive image of its brand, the precondition for which is to be a transparent and open company.

The most important tools of corporate communications:

- Corporate e-mail
- Regular communication meetings
- Notice boards
- Intranet
- Internet www.arcelormittal.com/ostrava
- TV1 – Newly launched TV channel for employees
- Press releases
- Advertising. The Company uses commercials in electronic and printed media to inform the public
- Regular meetings with the representatives of the state and the region. The purpose of the meetings is to keep the officials informed about the Company activities.
- Support of non-profit organizations and regional projects. Not only does ArcelorMittal Ostrava wish to help people in need, but also to raise awareness of the Company and increase interest in its internal events and activities.
- ArcelorMittal Ostrava magazine. The Company magazine is one of the traditional information tools. It is issued once a month and has 12 pages devoted to recent events, news, coverage, interviews, and important announcements. It is destined for all the Company staff including the subsidiaries. It is also sent to important trade partners, libraries, public sector bodies, local governments, regional media and cooperating companies.



www.arcelormittal.com/ostrava



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