

Q3 2011 Web Q&A

Operating Results

Q1: How has capacity utilization evolved over the past five quarters?

A: During Q3 2011, our capacity utilization decreased to approximately 71% from 78% in Q2 2011. The past five quarters' capacity utilization by reportable segment is as follows:

Cap Utilization rate (%)	3Q 10	4Q 10	1Q 11	2Q 11	3Q 11
Flat Carbon Europe	68	67	73	75	70
Flat Carbon Americas	72	68	73	76	71
Long Carbon Steel	71	69	78	83	72
Asia, Africa and CIS	78	75	77	80	73
Total continuing operations	71	69	75	78	71

Q2: Why were steel shipments in Q3 2011 lower as compared to Q2 2011?

A: This was largely due to normal seasonal factors but also some 'wait and see' approach towards the end of the quarter. It should also be noted that on a year-on-year basis, shipments were 2.7% higher.

Q3: Can you provide an update on the Asset Optimization Plan?

A: At our investor day in late September, we outlined our Global Asset Optimization Plan, aimed at focusing production at our "core" assets with the lowest cost footprint. We intend to increase productivity at these core facilities with a focus on customers and are targeting no loss of market share. We expect to achieve \$1 billion in sustainable EBITDA improvement (annualized rate) by the end of 2012 through this plan.

The recently announced intention to close down some of our facilities in Liege is part of the Asset Optimization Plan. During the third quarter of 2011, impairment expense associated with the intended closure was \$85 million relating to carrying value of assets. Restoration, site cleaning, voluntary separation scheme (VSS) and other costs will be recorded when social dialogue has sufficiently progressed.

We have also announced the temporary idling of assets in Europe as follows:

- 1 blast furnace (No.1) at Eisenhuttenstadt in Germany
- 2 blast furnaces (No. 5 and No.6) at Florange in France
- 1 blast furnace (No.3) at Dabrowa Gornicza in Poland
- Electric arc furnaces in Sestao, Madrid in Spain and Schiffange in Luxembourg

Some of these have been offset by the restart of a blast furnace at Fos-sur-Mer.

Financial Results

Q4: What was the main reason that you were at the bottom of the guidance range for Q3?

A: Our guidance for Q3 2011 was EBITDA of \$2.4-2.8 billion and we reported \$2.4 billion. As the macroeconomic environment slowed during Q3, customers adopted a “wait and see” approach which impacted volumes. In addition, prices decreased during the quarter.

Q5: You recently increased your CAPEX target to \$5.5 billion, yet now you say you will be below this figure? Please explain.

A: When we reported our Q2 2011 results in late July, we increased our 2011 CAPEX budget by 10% to \$5.5 billion due to investments in the recently announced capacity expansions at the Company’s Canadian mines, investments in energy saving projects (reinvesting the proceeds from the sale of carbon dioxide credits), investments in flat and long facilities in Brazil and expenses related to the study of the Liberia phase 2 expansion.

With the macroeconomic uncertainty, we have undertaken a review of our CAPEX and have taken a decision to defer some investments primarily in steel. We will continue to focus on core CAPEX growth projects, particularly in mining, and now estimate that our full year 2011 CAPEX will be below \$5.5 billion as compared to \$3.3 billion in 2010.

Capital expenditures for the first nine months ended September 30, 2011 totalled \$3.4 billion versus \$1.9 billion for the same period in 2010.

Q6: Why are you postponing the expansions at Monlevade and Vega Do Sul in Brazil?

A: In context of the global slowdown, we will temporarily stop construction of the steel expansion projects in Brazil (Monlevade and Vega Do Sul). This is a temporary measure and the decision will be re-evaluated in due course. Growth in steel demand in Brazil has been lower than initially forecasted, and currently we have sufficient production capacity. We will closely follow the market evolution in order to respond quickly to future customer demand. ArcelorMittal continues to believe in the growth of the country and we have no intention to cancel the projects.

Furthermore, we are on track with the expansion of our Andrade iron ore mine in Brazil to increase iron ore production to 3.5 Mt/year by 2012.

Q7: How much income has been recognized from the DDH in EBITDA in Q3? What is the availability for future years?

A: During the third quarter of 2011, we recognized income of approximately \$129 million as compared to \$189 million in the second quarter of 2011 (YTD 2011 \$437 million) and the balance available for future quarters is approximately \$0.8 billion.

Q8: Why did you impair your investment in Macarthur and how did it impact your results?

Income from equity method investments and other Income include an impairment loss of \$119 million as a result of the Company's intention to withdraw from the joint venture with Peabody Energy to acquire ownership of Macarthur Coal. This charge reflects a higher carrying value of the investment in Macarthur, which included accrued share of net income. After considering dividends received and changes in exchange rate through October 25, 2011 (date of the divestiture announcement) the transaction was essentially cash neutral.

Steel / Raw materials Market

Q9: Can you provide an update on the company's expectations for apparent steel consumption for the full year 2011 and 2012?

A: In 2011 we expect global apparent steel consumption of +7.0% versus 2010. The regional breakdown is as follows: +5.8% developed world, +7.6% emerging markets, +5.3% ex-China and >8.5% for China.

The Company expects global apparent steel consumption growth of approximately 5% in 2012. The base case assumption is low single-digit growth in developed world apparent steel consumption; a consumer-sentiment driven technical recession in EU and US could lead to a low single-digit decline in developed world apparent steel consumption; a deeper Euro-debt crisis with negative year-on-year GDP growth could see low double-digit decline in developed world apparent steel consumption.

Q10: Can you provide an update on inventories in the various regions?

A: Finished steel inventory levels at service centers and distributors in the U.S. and China are at normal levels. Destocking continues in Brazil. While inventories significantly increased in Europe during the third quarter of 2011; there is currently large destock underway. Overall, we believe global destocking capacity is limited.

Recent Developments

Q11: Why did you accept the PEAMCoal offer for Macarthur Coal and terminate the Co-Operation and Contribution Agreement?

A: The right for ArcelorMittal to accept the PEAMCoal offer was included in the Co-Operation and Contribution Agreement between ArcelorMittal and Peabody. Our focus was always on maximizing the value of our existing investment in Macarthur Coal.

Given the unanticipated level of acceptances into the offer, the Company believes that it is more appropriate to focus its capital elsewhere in the business. ArcelorMittal considers that the capital commitment that would be required to retain its Macarthur interest and grow it materially further, exceeds what is appropriate to allocate to a business that it does not fully control.

Q12: Does the acceptance of the PEAMCoal offer signal a change in the Group's raw materials strategy?

A: Absolutely not. The Group continues to be focused on building a world-class mining business by significantly increasing the production of steel-making raw materials. We have significant growth plans to grow our own iron ore production (excluding long-term strategic contracts) to 84 Mt by 2015 and to increase our production of coking coal to 11 Mt by 2015. The majority of our growth CAPEX is allocated towards mining projects.