



**ArcelorMittal Dofasco / U. S. Steel Canada
Alternative Standard Open House**

**Remarks by Jim Stirling
General Manager, Environment
ArcelorMittal Dofasco**

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CHECK AGAINST DELIVERY

1. IMPORTANT MEETING

This is an important event for ArcelorMittal Dofasco and the community. It comes at a critical time not only for our company and our community, but also for the economy, our local jobs and for the environment.

These are responsibilities we take very seriously.

ArcelorMittal Dofasco's strategy has been to invest in the good times and the bad, to position us and our people to weather the downturns. It has been a successful formula for almost 100 years.

In 2007 and 2008 we announced investments totaling \$180 million to be spent before the end of 2009 in our primary facilities. This is in addition to our ongoing investments in environmental and financial sustainability projects of approximately \$120 million per year. This is how we will protect jobs, generate local prosperity and maintain Hamilton's leadership as an international steel centre.

We want to ensure a new century of steelmaking in Hamilton.

At the same time, we have a responsibility to make our steelmaking as sustainable as possible. ArcelorMittal Dofasco has always adhered to the highest standards of environmental performance, and we will continue to do that.

And now, the bar is getting higher, as it should.

Mindsets are changing. Regulations are changing. And our operations are changing with them. We will strive for continuous improvement and excellence.

Part of that responsibility involves an ongoing process of information and dialogue with the community and our closest neighbours. That is an area where we have not done as well recently, and where we need to improve.

You've told us we need to do better. And we will do better.

It's true that the regulations require that we hold public consultations. But ArcelorMittal Dofasco will go beyond that requirement, to build a strong community information protocol over the coming months, in order to maintain a clear dialogue and strengthen our relationship with the community. Rebuilding this trust is a priority for us.

We began some months ago to meet with local stakeholders, neighbours and interested members of the community. We have toured people through the plant

to explain both the challenges and the actions taken to date. Last Thursday, we met with 8 community members to talk about the Certificate of Approval process for the new Pulverized Coal Injection and Electric Arc Furnace Hot Metal Delivery systems. We had a good exchange, and we are confident that this is the beginning of a mutually beneficial process.

2. Local Visible Emissions – what we’ve done, what we’re doing

Rebuilding trust takes time and commitment and diligence. It means putting your money where your mouth is.

While we’re here to talk tonight about the Alternative Standard and the work we are doing in that regard, I believe it’s also important to talk about local visible emissions. It’s a vital community issue that relates to our air quality performance, and it deserves a few minutes here tonight.

As community members know, the ArcelorMittal Dofasco facility experienced an unusual number of highly visible emission incidents early this year. Simply put, it’s been a bad year.

We have investigated the causes of these incidents, and they can be boiled down to three key factors:

- weather, particularly the frequency and quantity of rain;
- equipment failure at Steelmaking; and, most recently,
- a "slip" in the contents of the #2 Blast Furnace in August, which we have also determined to have been weather-related.

I do want to stress that these are isolated incidents and should not be interpreted as an increasing trend at our plant.

Having said that, we recognize that these incidents affect your lives. You rightfully deserve to know what we are doing to improve the situation and minimize the likelihood of further incidents.

We have implemented a number of measures that have successfully reduced visible emissions from our facilities.

We will continue to keep you informed of developments and initiatives we undertake at our facilities, and look forward to the opportunity to answer any questions you might have.

3. Alternative Standard and our commitment to the process

I'd like to now address Ontario Regulation 419/05 and specifically the Alternative Standard process under that Regulation. That is the process that ArcelorMittal Dofasco and U.S. Steel Canada are involved in.

We've heard this evening from the Ministry of the Environment about the process, but I do want to take a few minutes on this as well, because it's important.

Some have suggested in recent weeks that by availing ourselves of this standard, we are attempting to shirk our responsibilities, to use "delay tactics."

This is absolutely not the case. I want to be very clear on this point. We have always taken our environmental responsibilities very seriously, and innuendo to the contrary is just false.

The Alternative Standard mechanism exists because the government recognized that some facilities would take longer to come into compliance with the new health-based regulations. Complex facilities would not be able to make the necessary changes by 2010.

Regulation 419 sets out the purpose of the Alternative Standard process as being "... *to establish interim site specific standards with the goal of continuous improvement toward achieving the effects-based standards over time.*" Otherwise put, Regulation 419 allows for a longer compliance timeline for those industrial facilities that face technical limitations to meeting the Regulation. While we will likely not meet all of the standards by the 2010 deadline, we will be legally committed to a schedule for closing in on those standards, which could include new equipment, operations and procedures.

ArcelorMittal Dofasco's 750-acre steelmaking complex features state-of-the-art facilities that are among the most efficient, flexible and technologically advanced in North America. As we have continually invested in upgrading our facilities over time, we have already implemented many emission-reduction technologies. Further changes to meet the new air emission limits will take additional time to design and implement once the appropriate technology has been identified.

It is normal practice around the world to prescribe a phase-in period for new compliance regulations like this one. The Alternative Standards process set out in Regulation 419/05 reflects the ministry's recognition that it would take time for industry to respond to these changes.

We can see similar example in jurisdictions as aggressive as California, which has provided an eight year transition period for the implementation of its new greenhouse gas standards.

Without appropriate phase-in periods, industrial activity would be interrupted and there would be far-reaching repercussions. The alternative standard process acknowledges this reality.

ArcelorMittal Dofasco is not alone in this. The MOE has indicated that there are at least eight other facilities across various industrial sectors in Ontario that have or will be making applications for alternative standards. That is precisely why the provision exists.

We have been working on this for a long time. Even before the new standards were introduced, ArcelorMittal Dofasco was working with the Ministry and other stakeholders to address air quality issues, and plan for higher compliance standards.

We will get there. It will just take us a bit longer. And we will do so respecting not only the letter, but also the spirit of the regulations.

4. Where we're at - our model and the information to date

So where are we at in this process and what remains to be done?

On October 31st, we will submit a preliminary emissions model that indicates that the predicted concentration for two compounds may be above the new standards. Those are Total Suspended Particulate or TSP, which is a visibility-based standard, and benzo(a)pyrene or B(a)P which is a health-based guideline.

One additional compound, benzene, is considered a "compound of interest" because of its association with health effects.

I would like to say at this point that the preliminary modeling is conservative and will require significant refining over the next several months. To do that, we have been collecting samples from air monitors located on our property. What we are seeing is that the modeled results are inconsistent with local measured results. The modeled numbers are higher than the actual monitored results, validating that more study is needed to refine the model.

It's important that we get the monitoring and the modeling right -- and the regulation requires us to do so. Following MOE guidance, we will complete our analysis of the combined modeling and monitoring results to refine the emission rates used in the model.

This is an important step when we are talking about health-based standards. We must be as accurate as possible so that controls can be implemented at the right places and that emissions can be reduced. Accurate alignment between modeled and measured numbers is of paramount importance.

We will work towards making the model as reflective of reality as possible by the time we submit our final supporting information in the spring of 2009. I am 100% confident that the refinements will more accurately predict substantially-lower emissions when we have compiled our supplementary information in April.

ArcelorMittal Dofasco is one of the most complex and complicated industrial facilities in Ontario, and so modeling its emission performance is also hugely complicated. To put the size of the model into context for you, it takes a full week just to run it once.

But we are on track and on schedule with the due diligence necessary to complete the air emissions monitoring and modeling, and all other measures required of us.

Technology Benchmarking

As part of the alternative standard process, we are conducting a global technology benchmark study which will enable us to assess best-in-class measures available for curbing our emissions and act as a roadmap for a facility-specific Action Plan.

A draft Technology Benchmark Report has been prepared and submitted to the MOE for review. The report is sector-based for the integrated iron and steel facilities in Ontario.

Copies of the executive summary of the draft report are available at this meeting. If you would like to receive a copy of the complete Technology Benchmarking Report, please indicate that on the feedback form that you leave with us tonight.

Action Plans

Going forward, we are also required to submit a detailed, company-specific Action Plan for reducing our emissions within the appropriate time frames. That Action Plan will be submitted with our final Alternative Standards information submission in the spring of 2009.

The Action Plan will report on our assessment of the options identified in the Technology Benchmarking Report which would result in the lowest emissions concentration from our facility. Some options may be implemented right away while others will take more time to design and implement. The Action Plans will propose deadlines for the identified options.

These action plans will be critical for the community, and I know they will be of great interest to everyone here. When we are further along in the process, we will discuss our plans with the community and our neighbours.

5. Going Forward

There is a panel here that outlines our timelines and next steps, but we are here this evening to discuss our October 31st application for Alternative Standards.

That submission will contain a preliminary Emissions Summary and Dispersion Model that reflects conservative emission factors and likely overestimate our emissions. By final submission in April 2009, we will have refined the model and those numbers will more accurately reflect measured data and will be substantially lower.

For anyone who would like to receive copies of full reports or Executive Summaries, they can be made available upon request. Please complete a feedback form.

6. Conclusion

Our steelmaking processes touch your lives. We know that. We like to talk about the jobs they create, the prosperity they generate and the good works they make possible in the community. And we'll continue to talk about those things, because they are important.

But we also need to talk more about the other ways in which our steelmaking touches your lives, and the things we can do, and are doing, to minimize those impacts. I touched on a few tonight.

We are committed to continuous improvement...

We need to be factual and accurate in the public discussion of our environmental realities. That is certainly our goal. We are committed to an open exchange of information and to doing not only what is required of us, but doing what is right.

In the weeks ahead, we will continue to reach out to our neighbours and interested stakeholders.

Thank you very much for taking the time to be with us here tonight. I encourage you to have another look at the information panels and to fill in the feedback forms. As always, you can email any further questions directly to me or to Andy or to the MOE representatives.

ArcelorMittal Dofasco and U.S. Steel Canada have staff here who can answer any questions you may have, but Andy and I would be pleased to answer any you may have now.

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