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Agenda

- 2012 Steel Market
- 2013 Macro Indicators
- Major steel consuming markets
- Global Outlook
- Risks
- Summary

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Weekly US Raw Steel Production Capacity Utilization

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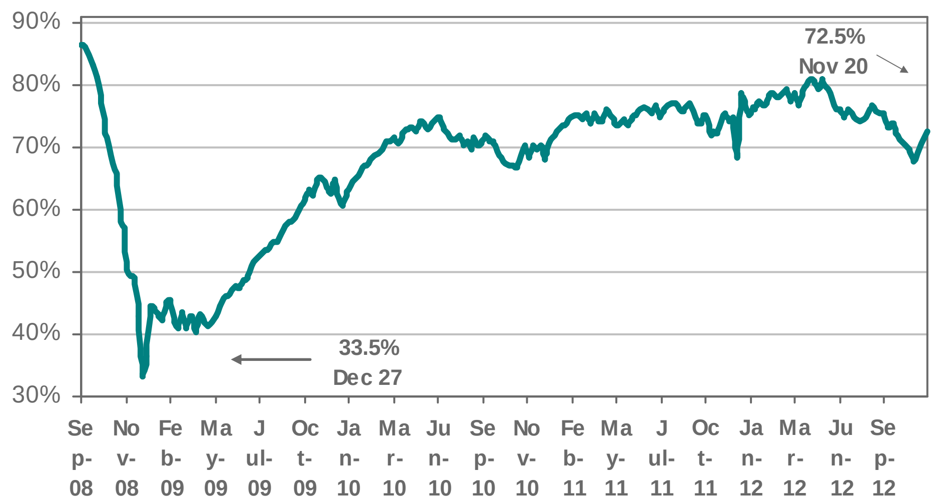

Source: American Iron & Steel Institute

Manufacturing Continues to Lead Economy Out of Recession

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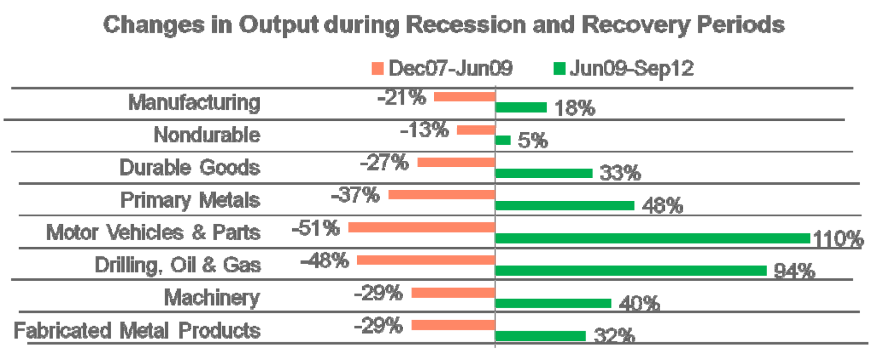

- Steel-consuming sectors impacted more than others during the most recent recession.
- During the recovery, steel-consuming sectors have outperformed total manufacturing growth.
- Some decline in IP has been measured in the past couple months.

Source: Federal Reserve

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GDP Growth at 1.9% in 2013

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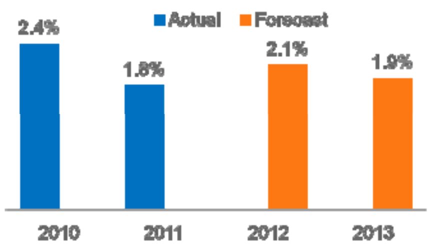

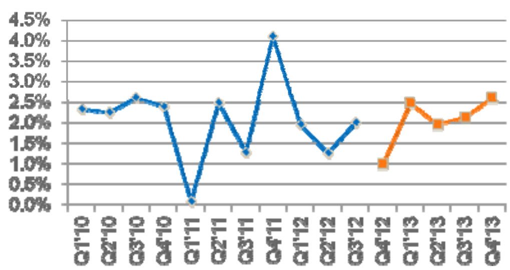

- This is the baseline.
- Deteriorating optimism about 2012 and 2013.
- Uncertainty is high.
- 2013 will be another year of slow growth.
- Risk of recession at 20%.
- Pent up demand still building.

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Sources: Global Insight, Nov 2012

Steel Imports: All Products

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Source: AMM

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Industrial Production

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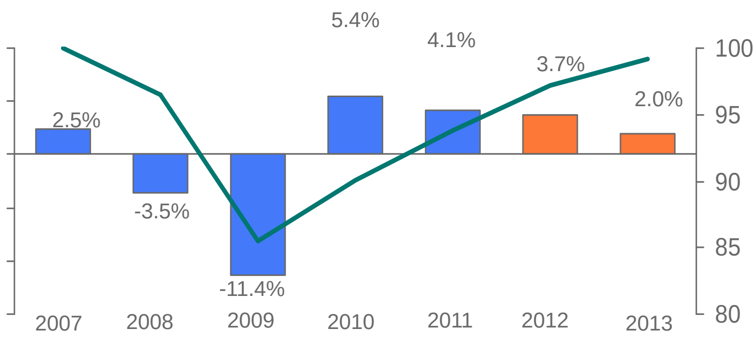

Source: Global Insight

IP Index

y/y change

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Purchasing Managers' Index

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- PMI points to expansion in September and October following 3 months below 50.
- New orders index has rebounded from 47.1 to 54.2 in the past 2 months but further acceleration is needed to ensure health of manufacturing sector as we approach 2013.
- Still expect growth in IP next year but slower.
- Overall, industrial production should return to pre-crisis levels in 2013 but some sectors performing better than others.

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Exports Continue to Grow; Re-shoring Trends Shape Future Outlook

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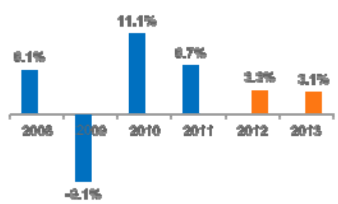
Exports well exceed pre-crisis levels.

- Growth will continue next year but slowdown in global growth will impact potential.

US Exports of Goods/Services



US Exports of Goods Jan 2007-Sep 2012, Not Seasonally Adjusted (In $Millions)

Broad trends are emerging that are making companies reinvest in American manufacturing.

- Contributing Factors:
  - Lower value of USD $ vs. major currencies
  - Wage and benefit increases in developing economies (namely China)
  - High shipping costs
  - Supply chain risks
  - Need to shorten lead-times (price volatility)
  - Low natural gas prices

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Source: Census Bureau; Global Insight, Nov 2012

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Steel Markets

Residential Construction

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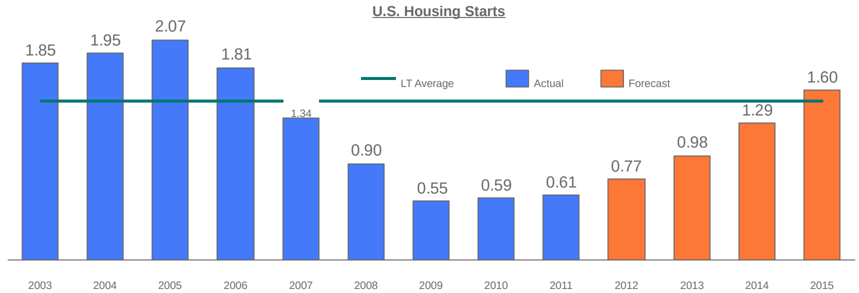

- Housing recovery is gaining traction but market momentum ultimately remains muted due to high unemployment, tight (but easing) credit conditions, and distressed property inventory.
- Forecast shows we will have at least 8 years of housing starts below normal levels.
- Multi-family seeing stronger growth due to rental market.
- Pent up demand is building and will eventually be released once employment sees greater improvement.
- Existing home sales will also grow next year which should boost remodeling spending.

Source: Global Insight, Oct 2012

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Nonresidential Construction

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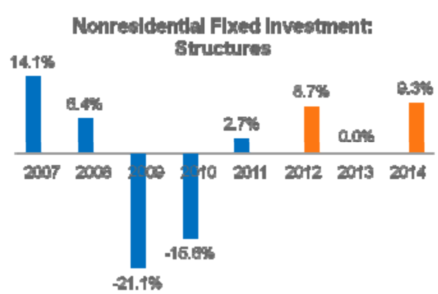

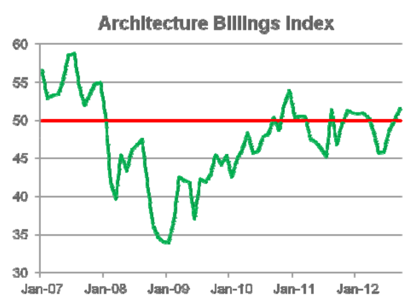

- The nonresidential construction market hit bottom in 2011 but will continue to bounce along the bottom until at least 2014.
- Commercial buildings, the hardest hit segment, has moved off the bottom but has leveled off in the past year with no significant improvement.
- ABI, a leading indicator of nonresidential construction, rose to 51.6 in most recent reading but no assurance of recovery ahead yet.

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Sources: Global Insight, Nov 2012; AIA, FRED

Construction Equipment

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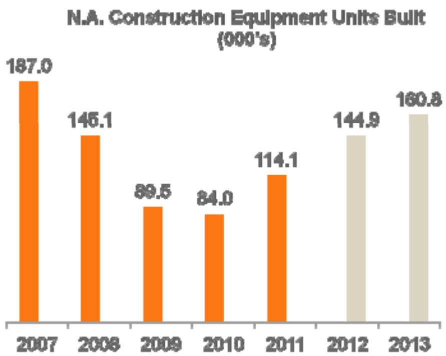

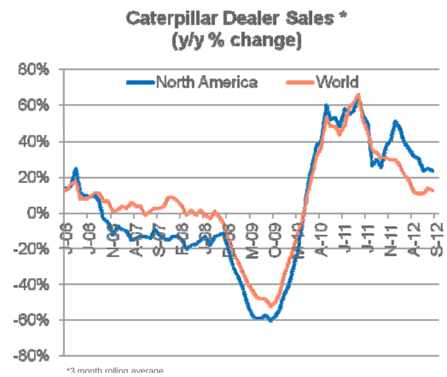

- Pent up demand for housing starts and non-residential construction should boost demand for machinery rentals and replacements.
- Emissions requirements and demand for efficient machinery continue to foster growth.
- However, there is some caution in this forecast as Caterpillar has warned that slow global growth may impact production levels.
- Caterpillar dealer statistics continue to show y/y growth but the rate has slowed considerably.

Sources: Historical -Yengst & Associates 2011; Forecast Goldman Sachs 6/15/12, www.caterpillar.com

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Agriculture Equipment (US & Canada)

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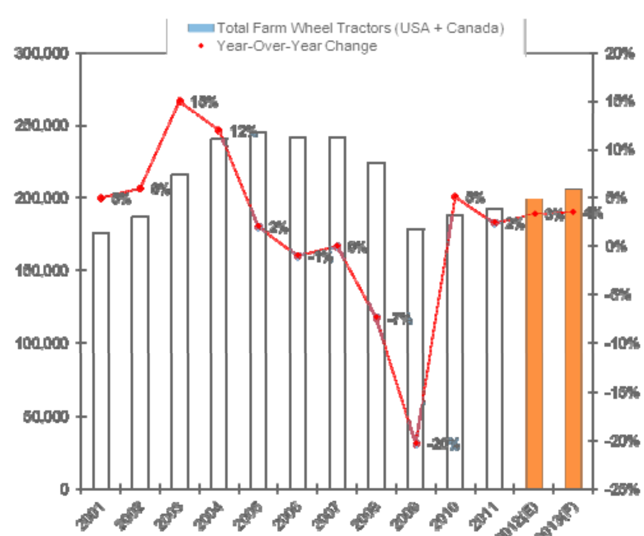
USA & Canada Annual Tractor Retail Sales



- Farm cash receipts in 2011 were $363 Billion, a record high and 14% from 2008. 2012 is expected to set another record
- Price of corn, soybeans, and wheat continues to be strong due to tight supplies and strong global demand
- Farm loans for machinery and equipment have averaged over 30% higher per quarter than last year.
- Deere announced increased capacity at Waterloo Tractor facility. New capacity increases 50% over 2008.
- Tractor sales improve but still below 2003-2008 levels.
- Impact of drought on equipment purchases unknown.

Sources: Assoc of Equipment Manufacturers, Deere Fact Book (Historical), Forecast based on AEM growth estimates.

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Automotive

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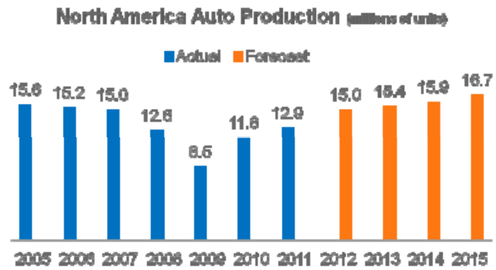

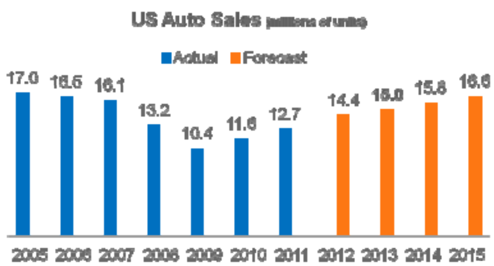

- The US market continues its gradual and steady recovery from the recession of 2009.
- As the economy gradually improves pent-up demand is being released. The average age of vehicles on the road is now over 10.5 years.
- Fleet sales have been low for several years and add to pent up demand.
- Credit markets are improving slowly.
- High gasoline prices have not hurt sales as much as in the past and have changed the fleet mix toward smaller vehicles.
- As gas prices recede this will add to consumer spending power.
- No significant increase in the pace of sales is expected next year.
- As the market recovers to previous levels the YOY pace of improvement is slowing.
- Impact of hurricane sandy on auto sales and production has not been evaluated yet.

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Source: AM USA Marketing

Heavy Duty Trucks

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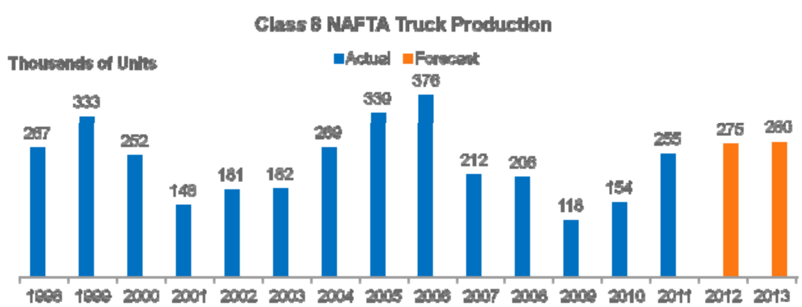

- The imbalance between trucks and freight continues to widen due to increasing freight volumes, productivity sapping regulations, and slower speeds. Capacity shortages are seen through 2014.
- Current fleet is old due to deferred capex; trucks have become very expensive although trucker profitability is good. EPA mandates and rising materials prices have significant impact on new class 8 prices.
- Economic uncertainty makes truckers cautious about new orders. Inventories are high.
- In 2013 a new emissions requirements go into effect. There has been some pull forward due to this and that will soften 2013 sales.

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Source: ACT Research Co. October 2012

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Medium Duty Trucks

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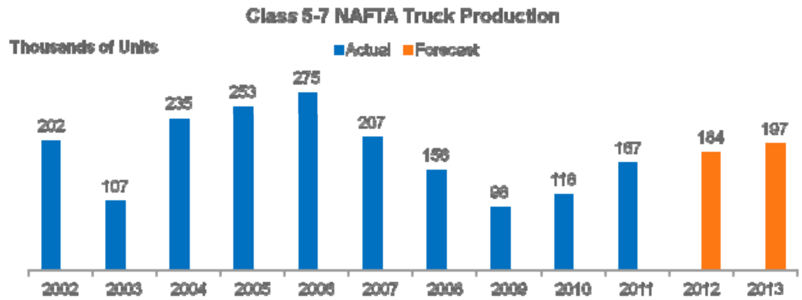

- The forecast is below the replacement level.
- Economic uncertainty and tighter credit weigh more heavily on medium duty buyers than on class 8 buyers.
- Local government budget cuts also restrain medium duty market.
- Medium duty tied more closely to housing market. Slow recovery in housing next year will help sales marginally.
- Capacity shortages are seen through 2014

Source: ACT Research Co. Oct. 2012

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Appliances

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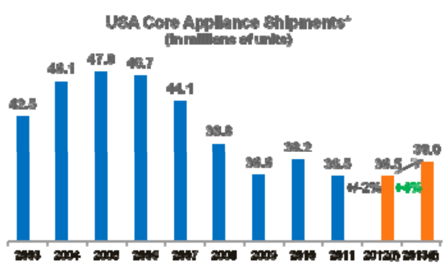
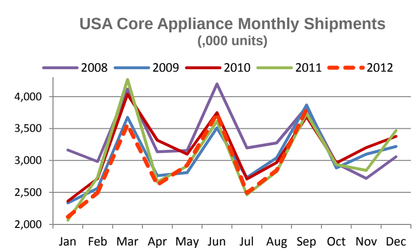


- 2012 YTD appliance shipments are down 2.6% through September; however, the past 5 months have shown YOY improvement setting a better 2H pace in effect balancing out 2012FY demand +/- 2% YOY.
- Major appliance manufacturers have implemented cost-based price increases and identified productivity improvement opportunities helping to offset recessionary shipment levels readying themselves for future demand (e.g., new models, finishes, etc).
- Housing and construction leading indicators are signaling slow recovery despite being well below historically healthy levels.
  - Housing starts and permits continue to grow
  - Retail spend on remodeling projects has increased in 2012 yet consumers continue to hold out for bigger ticket replacement ,limiting spending due to stagnant wages.

- 2013 should see the appliance market experience modest demand improvement compared to the previous 2 years, nearing 2010 levels. Consumer confidence and spending will be important indicators for growth alongside a careful watch on unemployment levels which contribute to delayed replacement. We forecast that US appliance shipments will grow by 4% in 2013. Positive influences in 2013 include:
  - 28% increase in new housing starts
  - 9% increase in existing home sales
  - Continued pent-up demand from delayed replacements
  - Rental market expecting improvement
  - The Housing Market Index (HMI) has been steadily climbing reaching the highest level since June 2006 as builder confidence is gaining some traction



Source: AHAM, Sept 2012, ArcelorMittal forecast, 2013 factors #1-2 from Global Insight, Nov 2012

*Core appliances = washers, dryers, refrigerators, ranges, dishwashers, and freezers

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HVAC and Water Heaters

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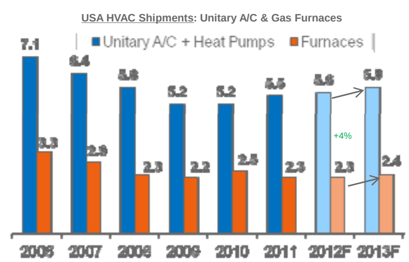
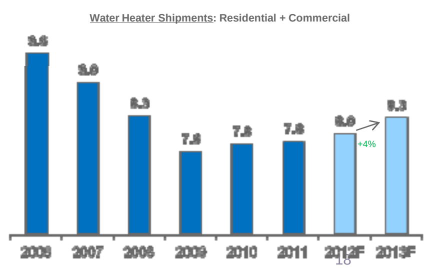
in millions of units



in millions of units



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Source: AHRI, Aug 2012 , ArcelorMittal forecast

- HVAC shipment and distributor trends have rebounded from a slow 1H are now tracking flat growth across the board in 2012. Weather has been favorable in recent months above historical averages which positively affected shipments. 2012FY is forecasted to remain flat or +/- 2% demand.
- Consumer confidence continues to indicate uncertainty although recent surveys have been more positive despite the looming fiscal cliff. Pent-up demand for replacement is still in play, not if but when consumers decide to replace old units. The housing recovery appears to be under way albeit very slowly when compared to historical figures. Improved housing starts and permits will help however residential housing is still showing weak signs and office vacancy rates remain elevated.
- Similar to the appliance market, the replacement market accounts for over 75% of HVAC and water heater sales. Delayed replacements still provides excellent future market potential yet better employment levels are needed for consumers to feel comfortable as they continue to hold onto cash for larger ticket items.
- 2013 demand for the HVAC and water heater markets is forecasted for small growth of 4% above relative flat 2012 levels This is modest growth and slow recovery in a market heavily dependant upon consumer behavior. Economic uncertainty continues to weigh heavily in the short term.

Shipments	2012 v. 2011 (Jan-Aug)	2012 (f)	2013 (f)
Unitary A/C + Heat Pumps	0%	+2%	+4%
Furnaces	0%	0%	+4%
Water Heaters	0%	+2%	+4%

Office Furniture Production

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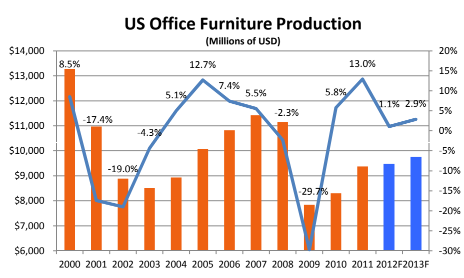
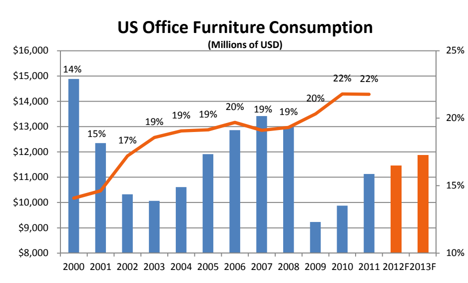


- US production (in USD) expects to grow 1.1% in 2012 and 2.9% in 2013 as the forecast has been scaled back with a slower than projected 2012.
- Steel demand in this market is relatively stable although a concept shift has taken place in some "steel intensive" applications. Filing cabinets and structural stations (office systems, case goods) have scaled back to digital filing and open work spaces in turn lessoning demand. However, alternative solutions to higher cost materials may present steel opportunities to supply higher strength and weight reduction applications.
- New furniture designs have emerged such as healthcare solutions and higher education innovations. The idea of maximizing square footage in office spaces and in general is a focus. Vacancy rates remain elevated however as remodeling projects for existing spaces has become popular as some businesses shift to open work spaces.

- Office furniture as a whole is still down over 10% compared to peaking in 2007. US consumption of the office furniture market (in USD) is forecasted to grow by 2.9% in 2012 to $11.5B and 3.6% in 2013 to $11.9B.
- In 2011, imports represented 22% of the US market; 10 years earlier imports share was 15%. The past decade the US has experienced more pressure from low-cost producers overseas. However, due to increased Chinese wages and manufacturing costs imports are expected to gradually weaken and stabilize in future years.
- Steel will continue its footprint in the future of office furniture but ultimately demand will be driven by consumer appeal, new concepts and changing working environments. Better non-residential fixed investment and government spending would help office furniture gain traction as this was one of the hardest hit markets in 2009.



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Source: BIFMA History and Forecast, Sep 2012

Packaging – Tin Plate & Tin Free

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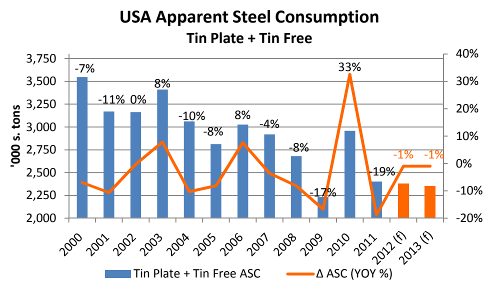

- AMUSA forecasts the tin market to decline 1% annually in 2012 and 2013 in terms of apparent steel consumption. Currently, 2012 domestic shipments are down 2% through YTD July versus the same period of 2011. Imports of tin plate remain elevated as well up 12% YTD.
- NAFTA tin mill capacities remain at close to 4M short tons
- Apparent steel consumption has declined.
- Further, customers consider imports an acceptable supply base; supplier loyalty is low.
- Can manufacturers have consolidated in recent years as the market has shifted.

Tin can market pressures:

- Threat of alternative materials - aluminum, plastics, glass, tetra packs
- Consumer attractiveness at a similar cost – package designs and concepts have changed.
- Environmental awareness - BPA and chrome levels.

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Source: AM USA Marketing

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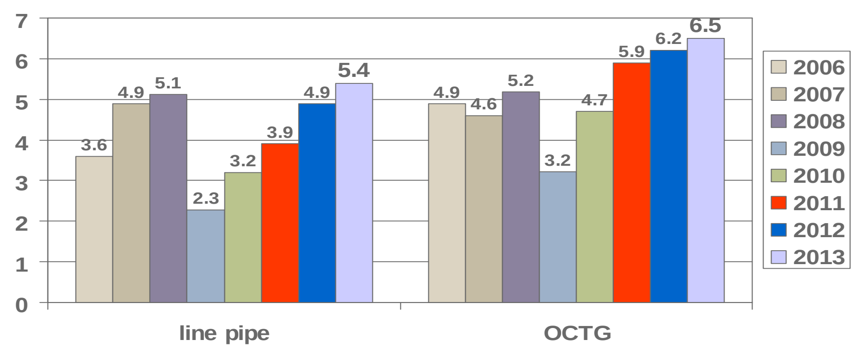
USA Energy Market Steel Demand (millions of tons)

Demand for OCTG moves with drilling activity while line pipe demand lags by approximately 18 months



Source: History and forecast, Preston Pipe & Tube Report, November 2012

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Energy: Wind Power

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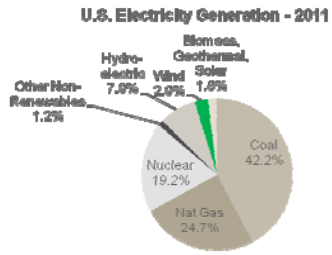
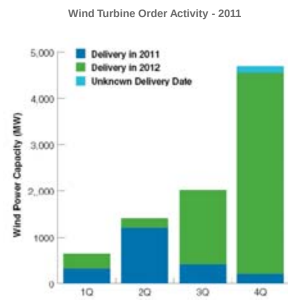
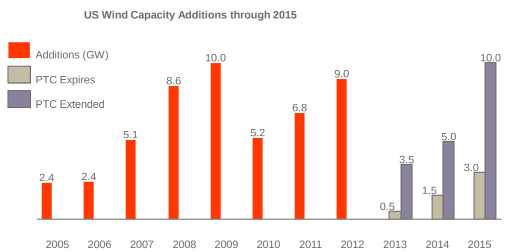
- Wind PTC is set to expire end 2012. At this point, it seems very unlikely that it will be extended for 2013. The market will not return to meaningful levels until another PTC is in place.
- 2013 market will already be down significantly as projects have been put on hold or accelerated into 2H 2012.
  - 75% of orders placed in 2011 were for 2012.
- Wind power provided 2.9% of US electricity generation last year.
- Renewable energy sources, including wind, will continue to be part of US energy strategy but short-term projections are difficult to make.
- Each tower consumes ~150 tons of plate but this is increasing as towers are becoming taller or requiring heavier plates.
- ITC recently ruled against China and Vietnam in trade cases – now subject to duties.







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Sources: AWEA, Bloomberg Finance

Railcars

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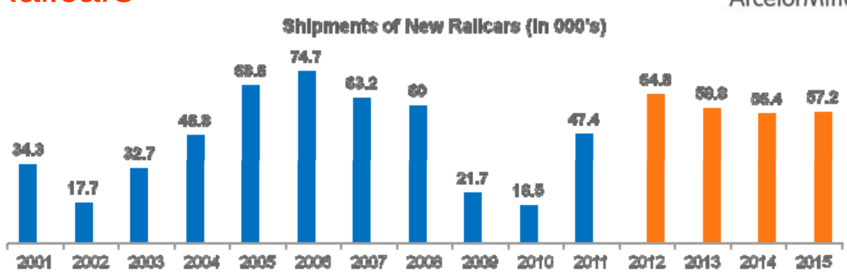
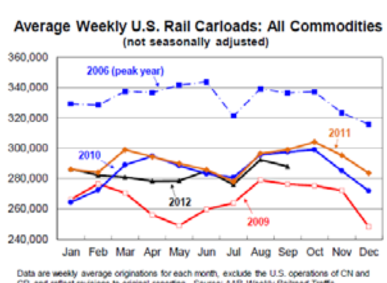


- Total railcar forecast calls for 9% decrease in 2013 following 37% spike in 2012. The rapid rise in small-cube hopper cars seen in 2012 will ease in 2013.
- U.S. carload volume in 2012 through September is down 2.5% from a year ago. Excluding coal and grain, it is up 4.9%. 2012 intermodal volume is up 3.6% YTD and slightly behind 2006's record pace.
- Slow demand for coal and grain cars has bogged down what is otherwise a healthy demand for freight cars.
- Tightness in some components down the supply chain could slow down shipments.
- High expectations for 2012 could carry into 2013 in the form of backlog.



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Sources: FTR Q2 2012, AAR Weekly Railroad Traffic

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Rail Tank Cars

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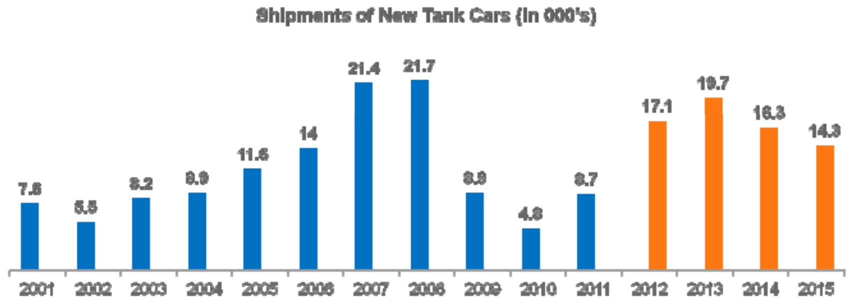

- Shipments of new tanks cars are expected to climb 16% next year following 95% growth this year.
- Drivers include increased demand for oil/gas, increased drilling activity in shale plays and lack of pipeline capacity
- Backlogs in steel plate-intensive tank cars at start of 2Q12 at a level of 32,843 units, almost nine quarters of production at current rates.
- Each tank car built represents approximately 18-22 tons of steel plate

Sources: FTR Q2 2012

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USA Service Center Data:
Carbon Flat Roll
Shipments and Inventory,

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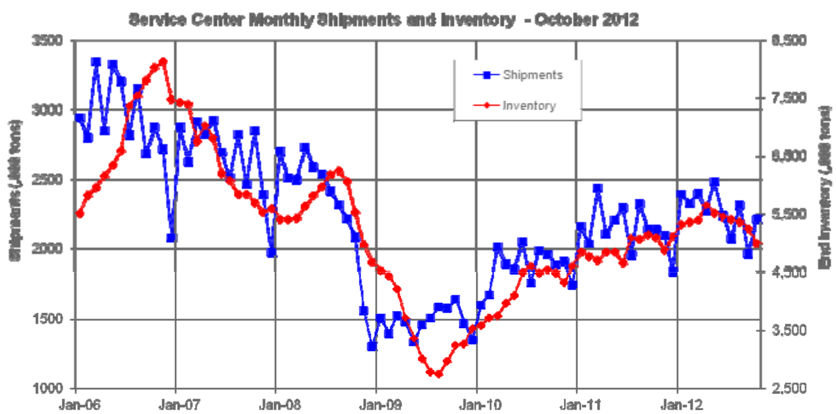

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Source: MSCI

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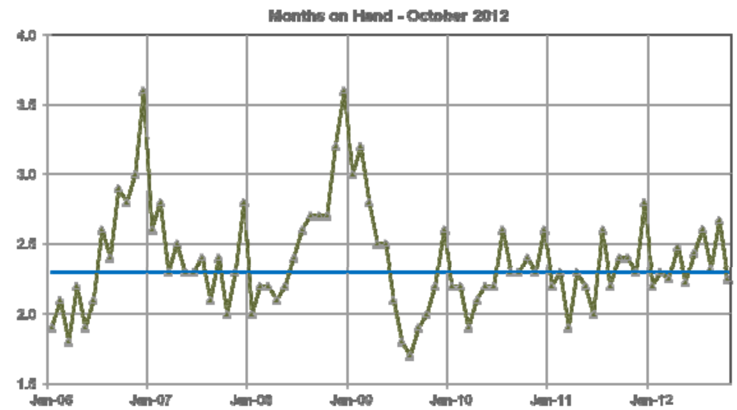
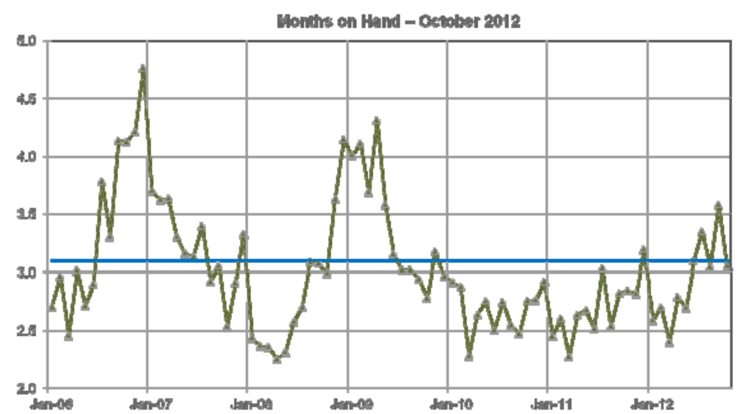
USA Service Center Data:
Carbon Flat Roll
Months-on-Hand



11/28/2012 Source: MSCI 26

USA Service Center Data:
Carbon Plate
Months-on-Hand



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Source: MSCI

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Steel demand change 2013

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Auto	↑
Residential Construction	↑
Non-residential Construction	→
Machinery	↑
Agriculture	↑
Electric motors	↑
Infrastructure	→
Energy	↑
Steel Inventories	→

Most major steel consuming markets will continue to recover over the next 18 months. However the pace of recovery for the US economy is still very slow. Therefore, there is no expectation that we will see robust growth any time soon.

Source: AMUSA analysis

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USA Steel Demand Forecast

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Finished Steel (mmt)	2011	2012	Δ YOY	2013	Δ YOY
Industry Shipments	83.3	88.5	+6%	92.1	+4%
Finished Imports	19.8	22.7	+15%	22.9	1%
Adjustments	1.8	2.0		2.2	
Exports	12.2	12.8	+5%	12.9	+0%
US Apparent Steel Use	**89.1**	**96.5**	**+8%**	**100.0**	**+4%**
Inventory Change	0.6	1.1		0.9	
NAFTA ASC	122	132	8.0%	135	2.5%

This forecast predicts a continuing recovery but, even if these predictions are achieved, 2013 ASU will still be only 85% of the 4-year annual average preceding the 2008-2009 recession.

*ASU = Shipments + finished imports – adjustments – exports.
* *RSU = ASU – net increase in end-user and merchant inventories.

Sources: (listed clockwise)
P2 – U.S. Department of Commerce, U.S. Federal Reserve Board, U.S. Census Bureau, Institute for Supply Management
P3 – U.S. Bureau of Economic Analysis, U.S. Bureau of Economic Analysis, U. of Mich. & Conference Board, U.S. Bureau of Labor Statistics
P4 – U.S. Department of Commerce, U.S. Department of Commerce, Metals Service Center Institute
P5 – Wards Automotive, Wards Automotive, Baker-Hughes, U.S. Department of Energy, McGraw-Hill (Dodge)
P6 – American Iron and Steel Institute, U.S. Census Bureau, American Iron and Steel Institute, U.S. Census Bureau
P7 – American Iron and Steel Institute

2011 89.1 = 98.0
2012 96.5 = 106.1
2013 100.0 = 110.0

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Global Steel Markets

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Europe

- Europe still in recession and uncertainty and risk remain on the downside. Success of ECB scheme depends on countries agreeing to ESM conditions & undertaking structural reforms.
- Companies remain cautious and uncertainty is causing them to scale back capital investment
- 2012 auto demand has grown in all regions except EU27 (-8%) with light vehicle assembly up an estimated 6%, in 2013 EU27 down further (-3%) while global assembly up (+5.5%)
- Construction shows similar weakness in Europe, where indicators and output continue to decline and steel intensity is falling as output is held up by less steel intensive renovation.

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China Overview

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- Inventory at 25 warehouses is seasonal but has recently been declining as lack of available loans increased pressure to sell stock even if realising loss. Inventory now down y-o-y.
- Real demand has increased slowly in Sept/Oct on stronger infrastructure investment and mills were able to cut inventory from >14mt (+60% y-o-y) in July to <11mt in Sept (+6%).
- 2012 ASC forecasts have been revised down from 4.5-5% at budget to ca 2.5% now, due to weaker demand (lower construction starts, slower manufactured exports), and an upward revision to 2011 production.
- Policy has been stimulated (bank reserve requirements and interest rates cut) but less than expected – with people believing that this is due to the leadership changeover .
- While new leaders are likely to continue to stimulate demand in 2013, with emphasis on encouraging urbanization - we doubt that this will be a significantly stronger stimulus as:
  - With wage growth high and food price inflation low there is little urgency to act
  - Local government remains highly indebted and threat to banks asset quality.
  - Housing market controls will remain in place to avoid any new housing bubble.
- This means real steel demand is likely to become stronger during 2013 growing around 4% and as de-stocking continues, 2013 ASC growth may be closer to this than our 3.1% forecast.

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Global ASC Forecast

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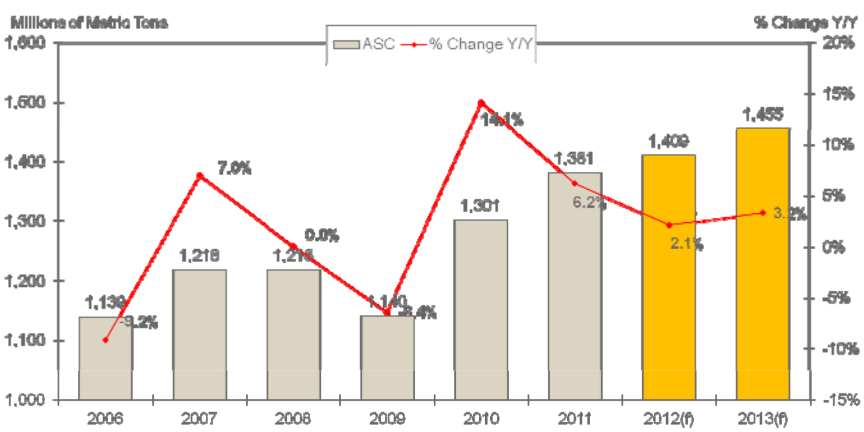

U.S. steel consumption levels are improving but still below pre-recession levels. However, global steel consumption reached a new record in 2010 and continues to set new records each year. Weaker global economic conditions and slower Chinese growth have lowered expectations for 2012 and 2013 but still positive.

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Source: World Steel Association, Oct 2012 short range outlook

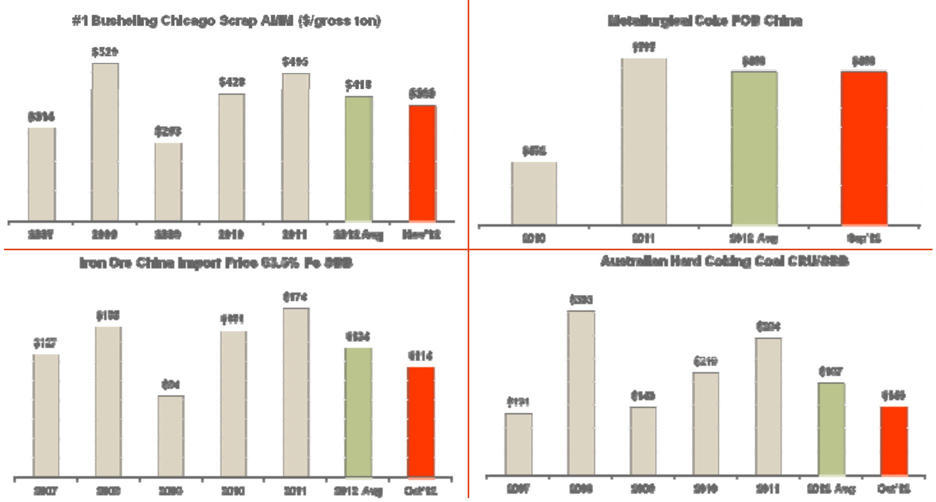
Robert DiCianni, Marketing Manager
ArcelorMittal USA

Steelmaking Raw Material Input Costs

2007-2012 Averages and most recent month

ArcelorMittal

All charts in $ per metric ton except for Scrap



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Raw Materials

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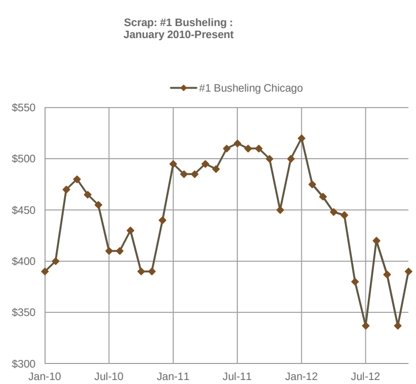

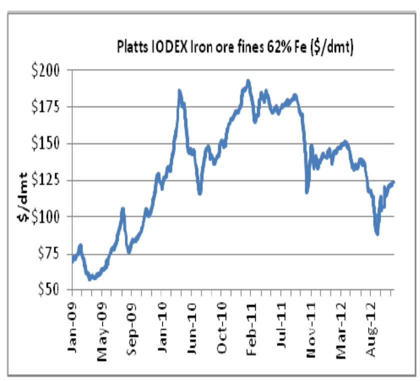

Source: AMM

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Risks

- Fiscal cliff and taxmageddon
- European recession
- European debt crisis
- China's recovery
- Global energy shock

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Summary

- Slow growth continues and the rate of growth is slowing
- Global steel markets will show a lot of volatility and risk
- Cautiously optimistic

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