



ArcelorMittal

ArcelorMittal South Africa Limited

(Incorporated in the Republic of South Africa)
(Registration number 1989/002164/06)
Share code: ACL ISIN: ZAE000103453
("ArcelorMittal" or "the company")

A pro rata buy-back of ArcelorMittal shares from shareholders by way of a scheme of arrangement

1. Introduction

Following the quarterly results announcement released on SENS on 29 April 2009 and the reference therein to ArcelorMittal's intention to use its excess cash to fund a *pro rata* share buy-back of ArcelorMittal ordinary shares ("ArcelorMittal shares"), ArcelorMittal shareholders are hereby advised that, subject to the conditions precedent listed in paragraph 3 below, Vicva Investments and Trading Nine (Proprietary) Limited (the "Acquiror"), a wholly owned subsidiary of ArcelorMittal, will acquire, in terms of section 89 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act"), approximately 10% of the issued ArcelorMittal shares from shareholders on a *pro rata* basis, by way of a scheme of arrangement in terms of section 311 of the Act ("the scheme").

None of ArcelorMittal's subsidiaries currently hold any ArcelorMittal shares.

2. The terms of the scheme

2.1 Basic characteristics

In terms of the scheme, the Acquiror proposes to acquire, in terms of section 89 of the Act, approximately 10% of the issued ArcelorMittal shares from shareholders on a *pro rata* basis, for a consideration of R87.64 per ArcelorMittal share ("the buy-back"). The Acquiror will acquire 9,995% of the shareholding of each shareholder registered as such at the close of business on Friday, 26 June 2009 ("scheme participants"), adjusted by the application of the rounding principle as defined in the document to be posted to shareholders on 8 May 2009, as detailed in paragraph 9 below ("scheme document"), it being recorded that the above percentage has been reduced to below 10% in order to ensure that the rounding principle does not result in the aggregate number of ArcelorMittal shares being acquired exceeding 10% of the number of issued ArcelorMittal shares. The proposed cash consideration of R87.64 per share represents the 5 day volume weighted average price ("VWAP") of an ArcelorMittal share up to the close of trade on Monday, 20 April 2009, being the last practicable date prior to the finalisation of the terms of the buy-back ("last practicable date").

If the scheme is implemented, it is expected that approximately 44 575 213 shares ("scheme shares") will be acquired by the Acquiror for an aggregate consideration of approximately R3 906 571 667. As at the last practicable date, 44 575 213 shares represent 10% of the issued ArcelorMittal shares. Any share transfer tax payable pursuant to the implementation of the scheme will be for the Acquiror's account.

The buy-back will be funded out of existing free cash resources available to ArcelorMittal at the time of the proposal of the scheme.

2.2 Rationale

The directors continually review the balance sheet of ArcelorMittal and its subsidiaries (the "ArcelorMittal Group") with a commitment to maintaining an efficient capital structure. The company currently has excess free cash in relation to its needs and has therefore resolved to acquire ArcelorMittal shares from its shareholders through the scheme.

One of the primary objectives of the company is to ensure that all shareholders are treated equally. After implementation of the scheme, a shareholder's effective percentage holding of ArcelorMittal shares will not be diluted as the buy-back will be implemented on a *pro rata* basis, based on the number of ArcelorMittal shares held by each shareholder.

Given the current share price levels, the buy-back is believed to be an appropriate mechanism to return the excess equity to shareholders without diluting the interests of any individual shareholder. The scheme shares acquired will remain in issue as treasury shares and such shares can possibly be used by ArcelorMittal for future transactions, including inter alia a possible future black empowerment transaction and/or for purposes of the ArcelorMittal Group's share incentive schemes, subject to section 5.75 of the JSE Limited ("JSE") Listings Requirements.

Moreover, the reduction of the number of consolidated ArcelorMittal shares in issue is anticipated to be earnings per share enhancing, as shown in the *pro forma* financial effects set out in paragraph 4 below.

2.3 Order of Court

The High Court of South Africa (South Gauteng High Court, Johannesburg) ("the Court") has ordered that a meeting in terms of section 311(1) of the Act ("the scheme meeting") of ArcelorMittal shareholders recorded in the register at the close of business on Wednesday, 27 May 2009 ("voicing record date") ("scheme members"), be convened for the purpose of considering, and, if deemed fit, approving, with or without modification, the scheme.

Notes

- The "Before" column reflects the earnings and headline earnings per ArcelorMittal share for the year ended 31 December 2008, calculated on the basis of 445 752 132 weighted average number of ArcelorMittal shares in issue throughout the period. The "After" column assumes that the scheme was implemented with effect from 1 January 2008, and is calculated on the basis of 401 176 919 weighted average number of ArcelorMittal shares in issue and assuming interest foregone of R323 million on the interest rate of 8.25%.
- The "Before" column reflects the diluted earnings and diluted headline earnings per ArcelorMittal share for the year ended 31 December 2008, calculated on the basis of 447 433 478 weighted average number of ArcelorMittal shares in issue throughout the period. The "After" column assumes that the scheme was implemented with effect from 1 January 2008, and is calculated on the basis of 402 858 265 weighted average number of ArcelorMittal shares in issue and assuming interest foregone of R323 million on the consideration at an after-tax interest rate of 8.25%.
- The "Before" column reflects the net asset value per ArcelorMittal share and the tangible net asset value per ArcelorMittal share as at 31 December 2008, and is based on 445 752 132 ArcelorMittal shares in issue. The "After" column assumes that the scheme was implemented on 31 December 2008, calculated on the basis of 401 176 919 ArcelorMittal shares in issue. Transactional costs estimated at R4 250 000 and securities transfer tax estimated at R7 500 000 have been taken into account in arriving at the above financial effects.
- A share price of R87.64 per share has been taken into account in arriving at the above financial effects.
- The after-tax interest rate of 8.25% is based on the average of the monthly deposit rates received over the period 1 January 2008 to 31 December 2008.

5. Tax implications for scheme participants

A detailed summary of the potential tax implications for scheme participants is included in the scheme document. Shareholders are however advised to consult their own professional advisors pertaining to the tax consequences of the scheme and their tax positions.

6. Salient dates of the scheme

The salient dates of the scheme have been finalised as follows:

2009

Last day to trade ArcelorMittal shares on the JSE in order to be recorded in the register on the voicing record date (see note 1 below) Wednesday, 20 May

Voting record date for scheme meeting Wednesday, 27 May

Last day to lodge forms of proxy for the scheme meeting (by 10:00) and the general meeting (by 10:30) Thursday, 28 May

Scheme meeting held (at 10:00) Monday, 1 June

General meeting held (at 10:30 or 10 minutes after the conclusion or adjournment of the scheme meeting, whichever is the later) Monday, 1 June

Publish results of the scheme meeting and general meeting on SENS (expected date) Monday, 1 June

Publish results of the scheme meeting and the general meeting in the press (expected date) Tuesday, 2 June

Court hearing to sanction the scheme (at 10:00 or as soon thereafter as Counsel may be heard) Tuesday, 9 June

Publish results of Court hearing on SENS Tuesday, 9 June

Publish results of Court hearing in the press and register Court order with the Registrar Wednesday, 10 June

If the scheme is sanctioned and becomes effective:

Last day to trade ArcelorMittal shares on the JSE in order to be recorded in the register on the record date of the scheme (see note 3 below) Friday, 19 June

ArcelorMittal shares trade "ex" the scheme under the new ISIN ZAE000134961 Monday, 22 June

Record date of the scheme to determine participation in the scheme Friday, 26 June

Operative date of the scheme Monday, 29 June

("scheme members"), be convened for the purpose of considering, and, if deemed fit, approving, with or without modification, the scheme.

3. Conditions precedent

The scheme is subject to the fulfillment of the following conditions precedent before it becomes operative:

- 3.1 the special resolution approving the Acquiror's acquisition of the scheme shares being duly passed at a general meeting of ArcelorMittal shareholders ("general meeting") in accordance with the Act and the JSE Listings Requirements, and such special resolution being registered by the Registrar of Companies ("Registrar");
- 3.2 the scheme being approved at the scheme meeting by a majority representing not less than three-fourths (75%) of the votes exercisable by scheme members present and voting in person or by proxy;
- 3.3 the granting of all necessary regulatory approvals to implement the scheme, including, without limitation, any approvals required from the South African Reserve Bank in terms of the Exchange Control Regulations, if required for the implementation of the scheme, having been duly and unconditionally given, or conditionally given on terms and conditions acceptable to the company;
- 3.4 the Court sanctioning the scheme; and
- 3.5 a certified copy of the Order of Court sanctioning the scheme being registered by the Registrar in terms of the Act.

STANLIB Collective Investments Limited, The Public Investment Corporation Limited, Coronation Asset Management (Proprietary) Limited and ArcelorMittal Holdings AG, which collectively hold approximately 64.3% of the issued ArcelorMittal shares, have irrevocably undertaken to vote in favour of the scheme.

4. Financial effects of the scheme

The table below sets out the unaudited *pro forma* financial effects of the scheme on the audited earnings, headline earnings, diluted earnings and adjusted headline earnings per share of ArcelorMittal for the year ended 31 December 2008 as well as on the net asset value and tangible net asset value per share at that date:

	Before the scheme	After the scheme	% change
Per ArcelorMittal share (cents)			
Earnings (Note 1)	2 105	2 258	7.28
Headline earnings (Note 1)	2 128	2 283	7.32
Diluted earnings (Note 2)	2 097	2 248	7.24
Diluted headline earnings (Note 2)	2 120	2 274	7.28
Net asset value (Note 3)	6 280	6 002	(4.44)
Tangible net asset value (Note 3)	6 264	5 984	(4.48)

The unaudited *pro forma* financial effects have been prepared for illustrative purposes only, in order to provide information on how the scheme might affect the financial results and position of a shareholder and, because of their nature, may not give a true reflection of the financial position, changes in equity, results of operations or cash flows after the scheme. The *pro forma* financial effects have been calculated on the basis set out below. The *pro forma* financial effects are the responsibility of the directors and do not purport to be indicative of what the financial results would have been, had the scheme been implemented on a different date. The *pro forma* financial statements and the report of the independent reporting accountants and auditors are set out in the scheme document.

Record date of the scheme to determine participation in the scheme

Friday, 26 June

Operative date of the scheme

Monday, 29 June

Scheme consideration transferred or posted and new revised ArcelorMittal share certificates reflecting the new ISIN ZAE000134961 posted to scheme participants who hold their ArcelorMittal shares in certificated form (if documents of title are received on or prior to 12:00 on the record date of the scheme) or, failing that, within five business days of receipt of the relevant documents of title by the transfer secretaries

Monday, 29 June

Scheme participants who hold ArcelorMittal shares that have been dematerialised will have the scheme consideration credited to their account held at their Central Securities Depository Participant ("CSDP") or broker

Monday, 29 June

Notes:

1. Shareholders should note that, as ArcelorMittal shares settle in the Strate environment, settlement for trade takes place five business days after trade. Therefore, shareholders who acquire ArcelorMittal shares after Wednesday, 20 May 2009 will not be eligible to vote at the scheme meeting.
2. If a form of proxy for the scheme is not received by the time and date shown above, it may be handed to the chairperson of the scheme meeting by no later than 10 minutes before the scheme meeting is due to commence (or recommence, if adjourned).
3. ArcelorMittal shares may not be dematerialised or rematerialised between Monday, 22 June 2009 and Friday, 26 June 2009, both days inclusive.
4. Any material change to the above dates and times will be subject to JSE approval and communicated to shareholders by notification on SENS and in the press.
5. All times indicated above are South African local times.

7. Opinion and recommendation of the board

The board of directors of ArcelorMittal ("board") has considered the terms and conditions of the scheme and is of the opinion that those terms and conditions are in the best interests of shareholders. Accordingly, the board supports the scheme and recommends that shareholders vote in favour of the scheme and the resolutions to be proposed at the general meeting.

8. Notice of meetings

The scheme meeting has been convened for Monday, 1 June 2009 at 10:00, at the Hilton Sandton, 138 Rivonia Road, Sandton, South Africa. The general meeting is to be held at the same venue at 10:30, on Monday, 1 June 2009, or 10 minutes after the conclusion or adjournment of the scheme meeting, whichever is the later.

9. Documentation

The scheme document, which contains, *inter alia*, the notice of the scheme meeting and the notice of general meeting, will be posted to shareholders on or about 8 May 2009.

Vanderbijlpark
5 May 2009

Merchant bank and transaction sponsor



Sponsor



Legal advisors



Reporting accountants and auditors



Transfer secretaries



INCE