The Orders on Hot-Rolled Steel from Brazil, Japan and Russia Should be Revoked

Brazil and Japan Joint Respondents

Before the U.S. International Trade Commission

April 6, 2011

The Domestic and Global Market Situation is Fundamentally Different from What it Was in 2000 or 2005

- The domestic industry is far stronger than it was in 1999 or 2005
- The industries in the 3 countries subject to the order have neither the ability nor any incentive to return to the US market in a significant way
  - In 1998–1999 the US economy was strong while Asian Economies were suffering
  - Today the US economy is slowly recovering while Asian and Latin American economies are leading the world out of the recession

The Old Paradigm – High Fixed Costs Dictated Capacity Permanence And High Production Rates

{W}here we were years ago . . . you had many more desperate players that were really kind of living hand to mouth, trying to manage for cash and so on . . . .

LOUIS L. SCHORSCH, President and CEO, Flat Products–Americas
Arcelor Mittal, Hot-Rolled Steel Products from Argentina Sunset Hearing, Transcript at 241 (July 31, 2007)

{W}e're having to deal less with the desperate acts of dying men.

KEITH BUSSE, President and CEO, Steel Dynamics, Inc.,
Hot-Rolled Steel Products from Argentina Sunset Hearing, Transcript at 243 (July 31, 2007)

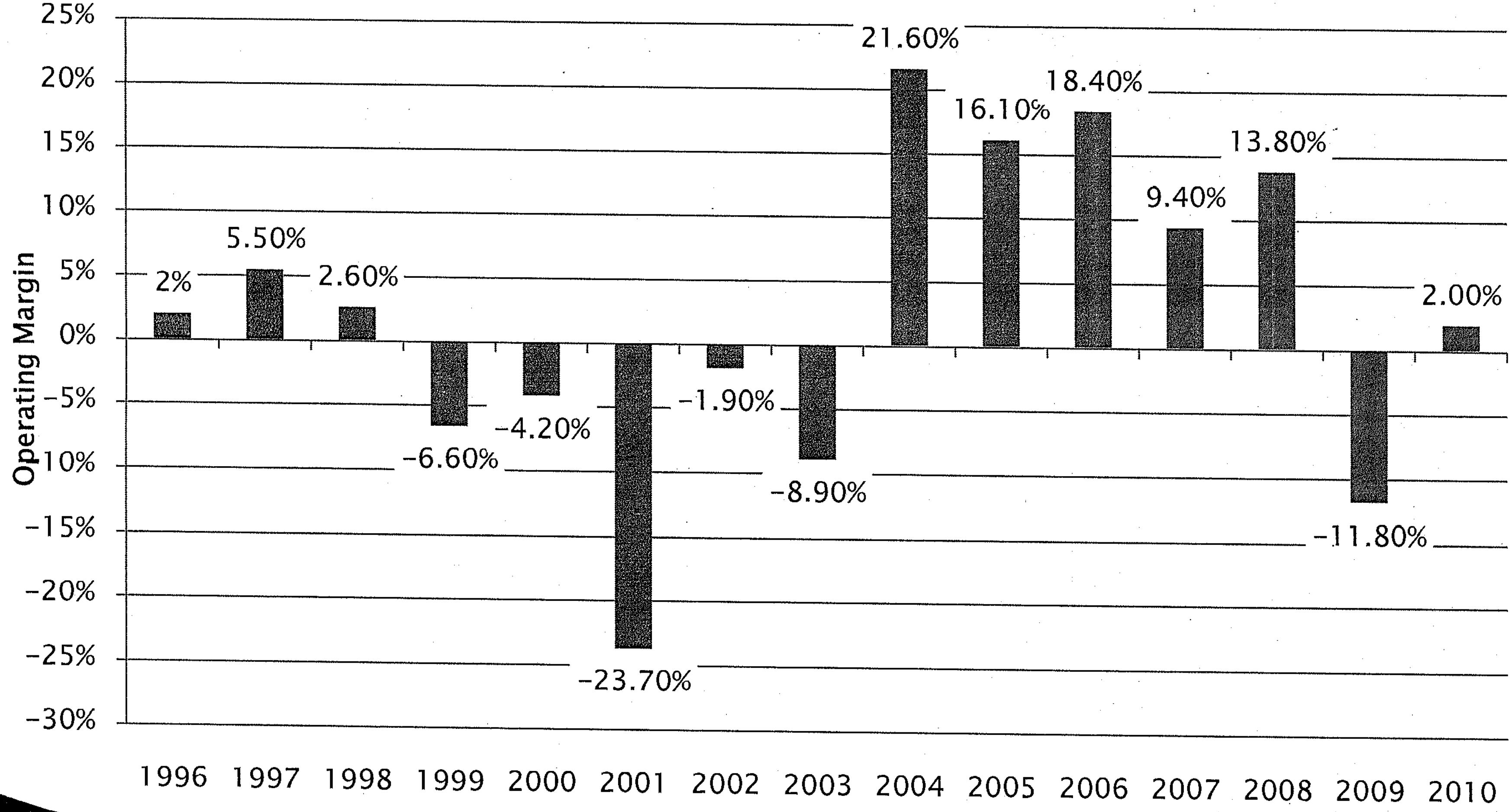
The Integrated Segment Is No Longer Consumed By Fixed Costs

I think it's important also to recognize the cost of the incremental ton today is really different. And based on buy, we would think, you would think, we would all think that the incremental ton would be a more competitive ton from a cost standpoint, because you've covered all your fixed costs. But for us at least, at some point, the incremental ton means we need to buy more coke, and we probably need to buy ferrous material. <u>And in today's world, the incremental ton is often more expensive</u>.

JOHN SURMA, Chairman and CEO, U.S. Steel

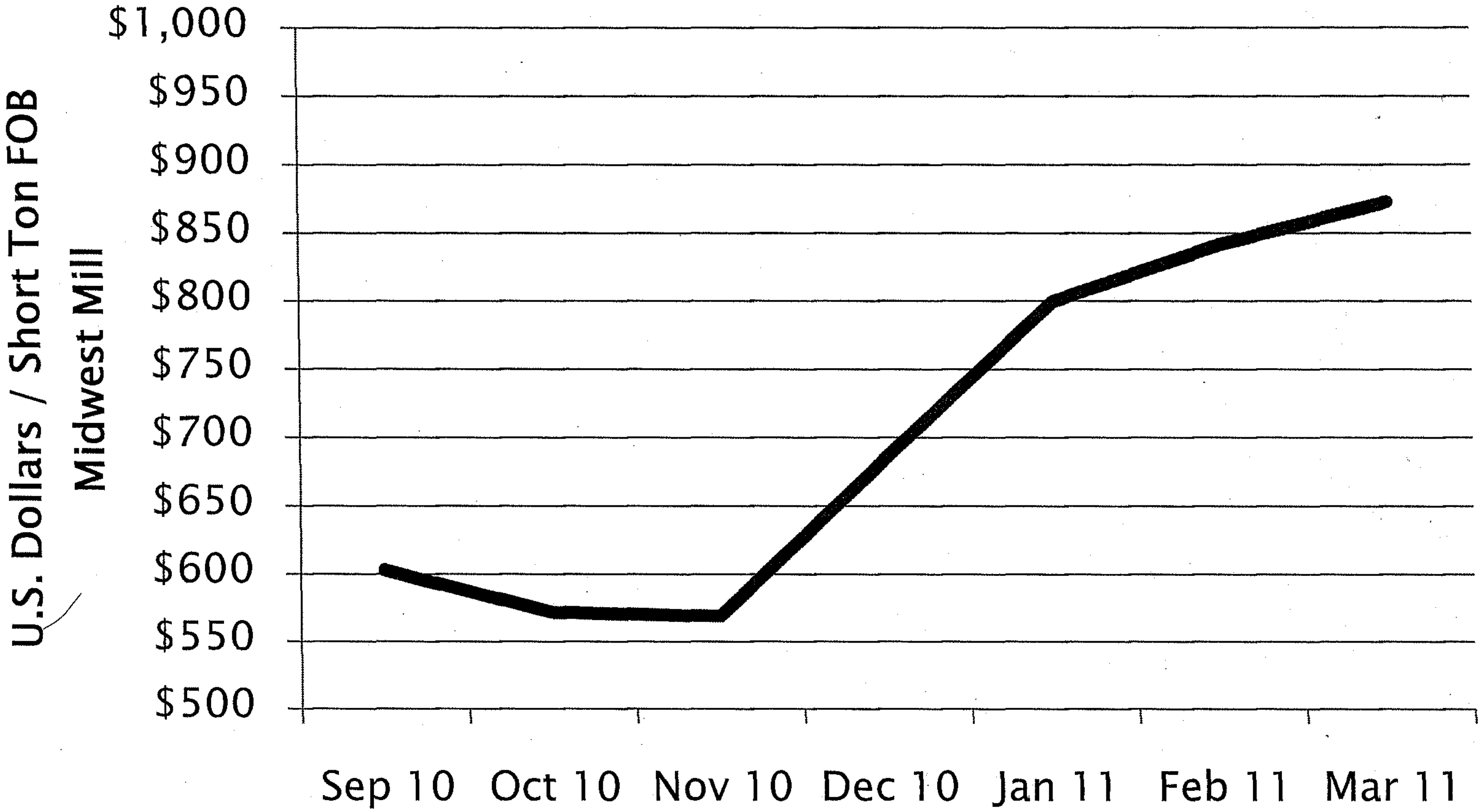
Q4 2011 Earnings Conference Call, January 25, 2011

Fundamental Shift In Profitability After Restructuring



Source: Prehearing Staff Report, Table I-1

U.S. Hot-Rolled Prices



Source: Steel Business Briefing cited at Exhibit 12, Prehearing Brief of Brazilian and Japanese Joint Respondents

Cost Effective Capacity Is Running At A High Utilization Rate

The statistics assume a certain level of capacity. But if you would do a little bit of analysis and try to consider what is actually operating or subject to operating, we know that one of our facilities is not and there are -- I know from reading material that you and others published that several others aren't too . . . . If you take some of the facilities that aren't operating out, you generally yield a much more robust capacity number.

JOHN SURMA, Chairman and CEO, U.S. Steel
Q4 2010 Earnings Conference Call, January 25, 2011

Source: Exhibit 14, Prehearing Brief of Brazilian and Japanese Joint Respondents

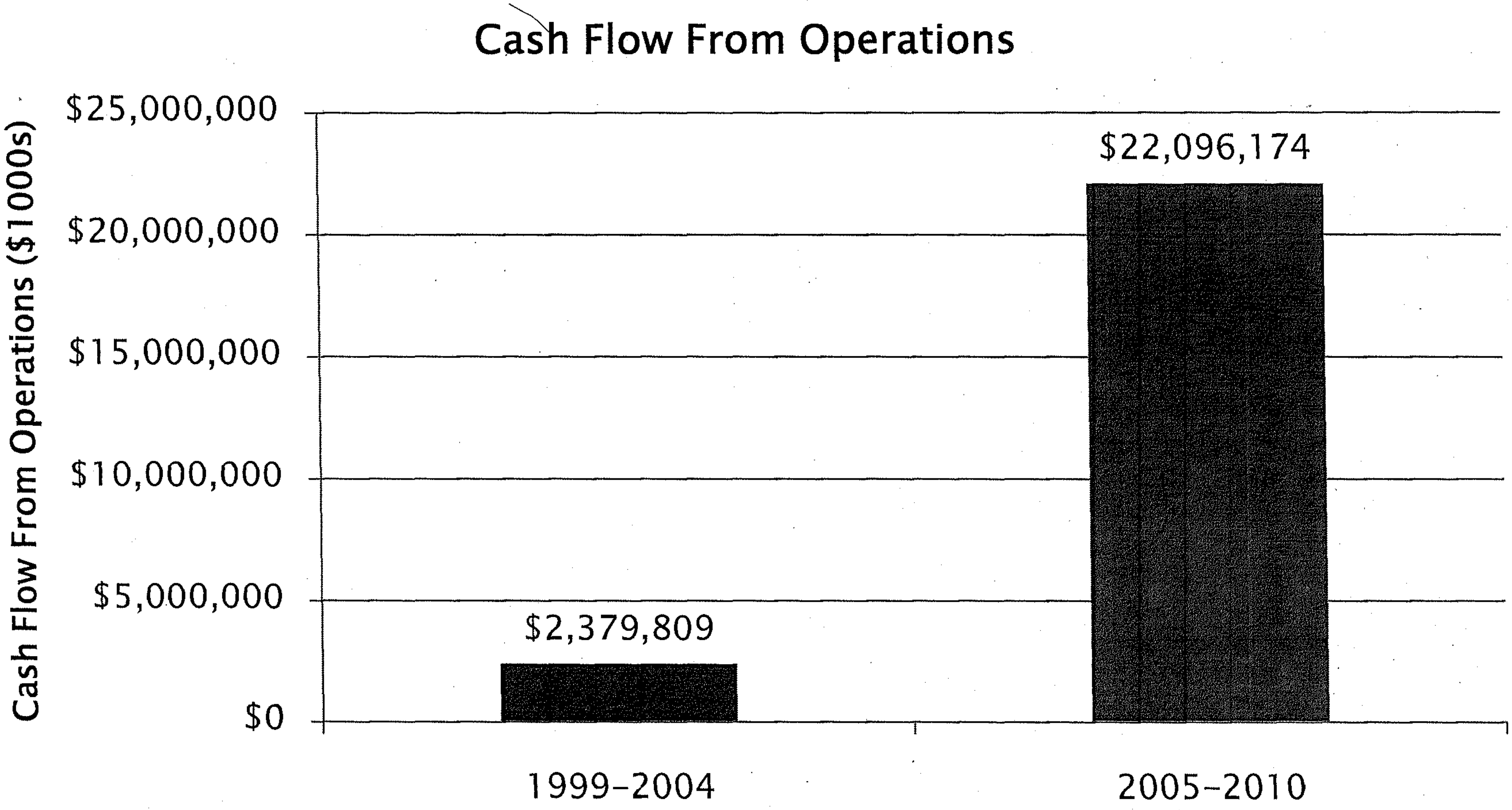
Effective Capacity Utilization Better Than Reported

Well, I only know, about use, but we're essentially sold out through March in North America or as they're filtering in. **But effectively, all of our space is spoken for.**

JOHN SURMA, Chairman and CEO, U.S. Steel
Q4 2010 Earnings Conference Call, January 25, 2011

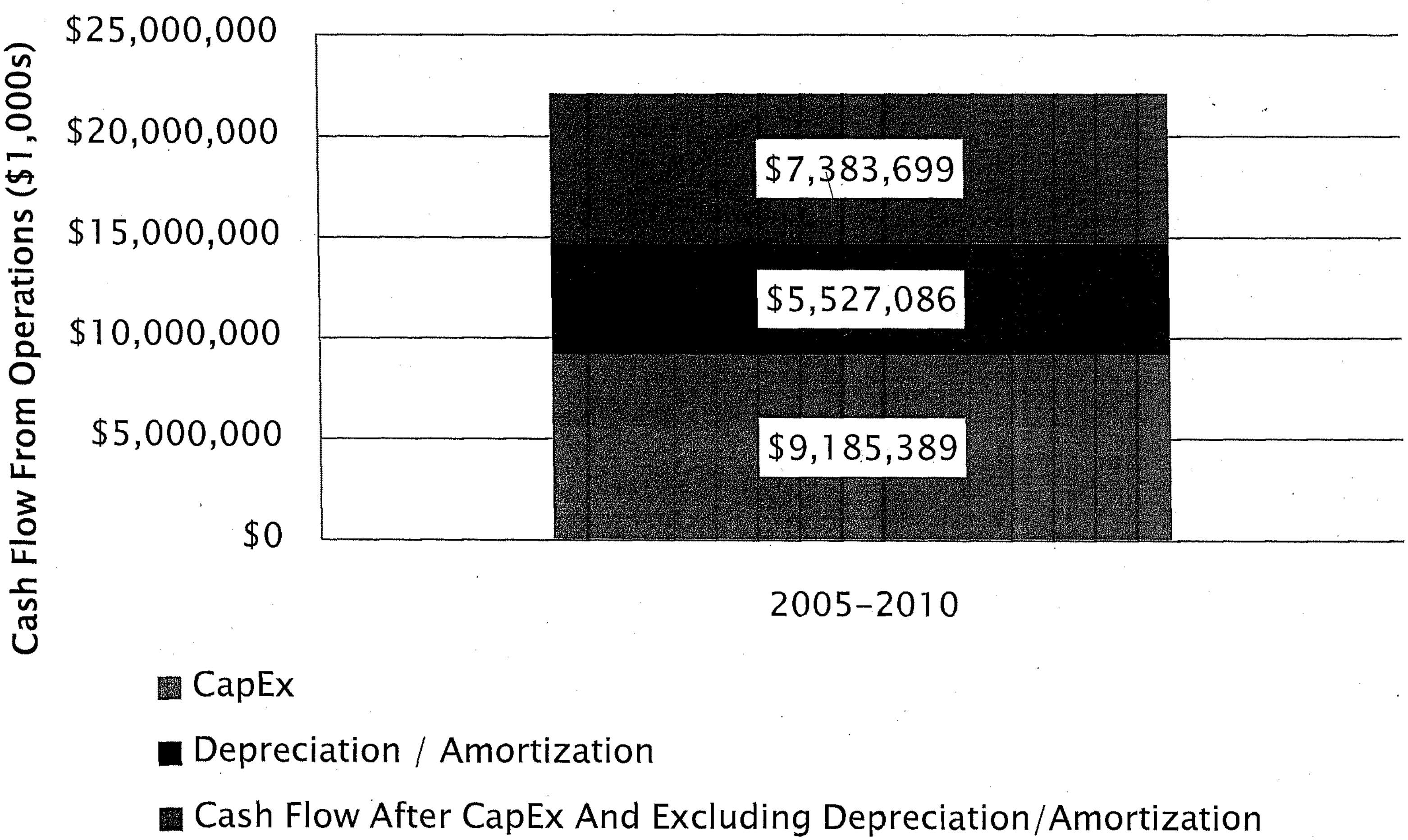
Source: Exhibit 14, Prehearing Brief of Brazilian and Japanese Joint Respondents

Extremely Healthy Cash Flow



Source:
1999-2004 from USITC Pub 3767, Table III-11
2005-10 from Prehearing Staff Report at Table III-10

Extremely Healthy Cash Position After Depreciation And Capital Expenditures



Source: Prehearing Staff Report at Table III-10 and Table C-1