

Corporate Responsibility Report 2010



U. S. Steel Košice, s.r.o.
A Subsidiary of United States Steel

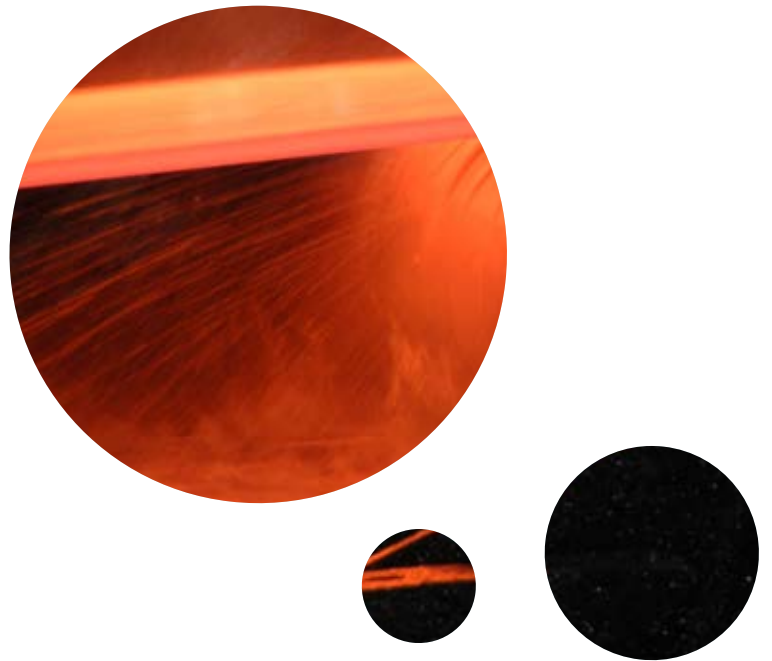
“Our Policy is to distinguish ourselves as the industry leader by building value, being world competitive and providing cost-effective quality products and services”

THE CORPORATE RESPONSIBILITY REPORT 2010 has been prepared in accordance with the Global Reporting Initiative (GRI) sustainable development reporting standards.



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President's foreword

The year 2010, like the preceding year, was a very complicated period with regard to the steel market. We reported lower profits as the price of strategic raw material rose. Utilization of our steelmaking capability improved to 94 percent as we continue the recovery from the global crisis. On the other hand, in cooperation with the trade unions we have invested a great deal of effort into addressing the challenge of that difficult period. Dealing with those problems has brought us closer together, facilitating a bridge to a stronger and more successful future.

The fall of 2010 was marked by the build-up to our celebration of the ten-year anniversary of U. S. Steel's acquisition of the Košice facility. These have been ten years of honest work, overcoming problems and seeking new solutions. We have gained many awards, and in 2010, alone we were presented with a quality certificate by the world-class automobile manufacturer Ford Motor Company, as well as the Slovak National Quality Award, which we won for the second time.

A significant accomplishment is the fact that we have managed to reduce the overall injury rate at our steelworks by almost 90 percent since the establishment

of U. S. Steel Košice. In fact, 2010 was the safest year in our existence so far. It is our top priority that everyone returns home from work safe and sound every day. We must never lose sight of our zero injuries goal, and we must do everything possible to turn our goal into reality.

Environmental quality was markedly improved in 2010 as well. A significant project was the cokery gas desulfurization which was successfully implemented. In the employment area, we continued focusing on improving efficiency through the Optech Hybrid Program. We also recruited a total of 200 new employees, mainly those with special skills and experience, as well as graduates from technical schools.

Taking a responsible approach to our employees, to all of our partners and the community we work in is a fundamental principle of our company. Our key values have not changed; on the contrary, they are the guarantee of long-term success for all of us. I believe we have the focus, leadership, and - most important of all - the skilled and dedicated people to ensure long term success. I am immensely proud of the fact that our employees who work hard and demonstrate their commitment every day also reach out to local communities and charities to do their voluntary part in helping the less fortunate. This is a perfect expression of what is great about our people and our company.

David J. Rintoul
President, U. S. Steel Košice





Corporate Profile

The Košice steelworks was built in the 1960s and gradually grew to rank among the significant steel producers in Central Europe, proving itself in the steel and flat-rolled products market and becoming a member of international associations. In the year 2000, the original East Slovakian Steelworks became part of United States Steel Corporation (hereinafter "U. S. Steel" or "USS"), with which it had formed a joint-venture company to produce steel packaging materials in 1998. U. S. Steel has more than one hundred years' tradition on the American continent, and in addition to Slovakia, it has operating facilities in Serbia.

U. S. Steel Košice, s.r.o. (hereinafter also "the Company", "U. S. Steel Košice" or "USSK") was established on June 7, 2000. Currently it is a modern company merging the great technical skills and experience of Slovak steelmakers with western managerial procedures and

a strong market orientation. Its operations are focused mostly on value-added products for the automotive, packaging, electro-technical, appliance and construction industries.

David John Rintoul was appointed as a statutory representative and President replacing George F. Babcoke effective January 1, 2011. Mgr. Elena Petrášková, LL.M was appointed as a statutory representative and Vice President Management Services and Administration replacing RNDr. Miroslav Kiraľvarga, MBA effective March 1, 2011. John Patrick Coyne assumed the position of a statutory representative and Vice President BSC Administration for USSE and Director - Business Processes and ERP Integration replacing Traci Lynn Vaughan effective May 1, 2011.

STATUTORY REPRESENTATIVES AS OF DECEMBER 31, 2010 WERE AS FOLLOWS:

George F. Babcoke	President
Matthew Todd Lewis	Senior Vice President and Chief Financial Officer
Mark Granville Tabler	Vice President Operations
Robert James Beltz	Vice President Commercial
RNDr. Miroslav Kiraľvarga, MBA	Vice President Management Services and Administration
Joseph Anthony Napoli	General Counsel
Traci Lynn Vaughan	Managing Director Global Project Management & Administration and Vice President BSC - Europe Administration
Ing. Vladimír Jacko PhD., MBA	Vice President Technology
Ing. Martin Pitorák	Vice President Human Resources

Guided by a new vision for its second century of business
MAKING STEEL - WORLD COMPETITIVE - BUILDING VALUES
U. S. Steel remains committed to making steel, which has been
its core focus for more than one hundred years; strengthening
its position in the global marketplace to remain competitive;
and building value for all stakeholders, including employees,
customers, suppliers, shareholders, community and others.



Vision and values

VISION OF U. S. STEEL

The vision of U. S. Steel and its subsidiaries is to be:

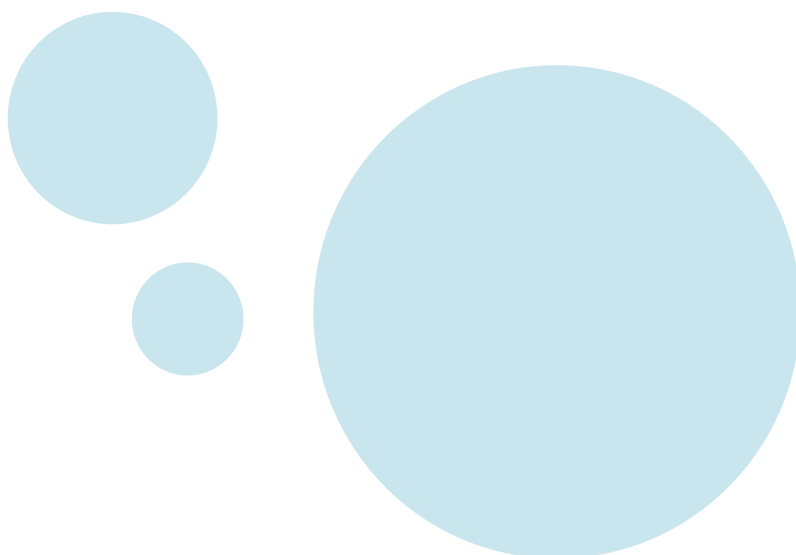
- A profitable steel company that earns adequate returns for its shareholders and provides sufficient capital to assure its long-term success.
- An innovative steel company that clearly distinguishes itself as the significant industry leader in providing superior quality and service to its customers, while continuously reducing costs to achieve the status of a low-cost producer.
- A company that has respect for all employees, creates an atmosphere that motivates employees to fully utilize their talents, encourages all employees to work together, and effectively and promptly recognizes and rewards each employee for contributions to the overall success of the company.
- A company that values diversity in its workforce, fosters a safe and healthy workplace, is environmentally responsible and at all times conducts itself in an ethical manner.
- A company in which each employee takes pride in being an important and contributing member.

BUSINESS DRIVERS

A responsible approach to business has been an inseparable part of all companies and operations of U. S. Steel. Since the beginning of the 20th century when U. S. Steel was established, the first Chairman, Elbert Gary, set the basis for ethical and transparent business by defining and implementing the "Gary Principles" (<http://www.ussteels.com/corpinfo/hist-e.htm>). Their validity has been confirmed over the years and demonstrated by U. S. Steel's success in the global steel industry.

The keys to our recent success are the **six principal business drivers** that are applied in production, commerce, communication with employees and partners at all U. S. Steel operations, and through which the socially responsible approach of USSK is applied:

- **Safety** - protecting the health and welfare of employees, contractors and visitors present on the Company's premises,
- **Environment** - operations which respect the environment and comply with environmental laws and regulations,
- **Quality** - providing high quality products and services,
- **Services** - providing excellent services to customers and business partners,
- **Costs** - providing our products and services at the lowest possible cost,
- **Productivity** - increasing the productivity of the Company's operations.



Impact of the company in the social area

U. S. Steel Košice is the largest private employer in Slovakia and the largest employer in the East Slovakian region with a workforce of more than 13,000 people including the subsidiaries. Since the Company became part of U. S. Steel, all activities in the area of employment are conducted to ensure that the Company is competitive in comparison with other metallurgical companies. The number of employees has been reduced through retirement, voluntary leave or by immediate dismissal for serious violation of the employment rules so that the employment commitment to the Slovak government was fulfilled.

The original agreement with the Slovak Government regarding employment expired in November 2010,

and there has been no consequential impact on the employment rate at U. S. Steel Košice.

The aim of increasing productivity, flexibility and efficiency in the steelmaking process was the basis of the Optech Hybrid Program, which started in the second half of 2009 and continued in the first half of 2010. The positions of maintenance workers and equipment operators were restructured by creating combined positions. The agreement with the trade unions in the addendum to the Collective Agreement also included payment of a single incentive bonus to 192 employees who transferred to the combined positions.



HUMAN RESOURCES DEVELOPMENT AND DIVERSITY

Key training activities in 2010 covered legally required and corporate Safety programs, defensive driving training, vocational training (regular refreshers and basic training related to Optech Hybrid project), and pilot sessions for Managing Team Performance (managerial training for Managers in Operations) and Supervising Crews (focused on shift supervisors). In order to be prepared for the Enterprise Resource Planning (ERP) Project, we provided our IT staff with professional training.

In 2010, we provided our employees with a wide range of training activities, both classroom, hands-on and e-learning. After implementation in 2009, we continued in the use of web-based training for the areas of safety and fire protection, quality management systems and in the development of managerial, communication and presentation skills ("soft skills"). We are proud that our e-learning programs were evaluated as the best on-line courses during the 8th International Conference on Emerging eLearning Technologies and Applications (ICETA) 2010.

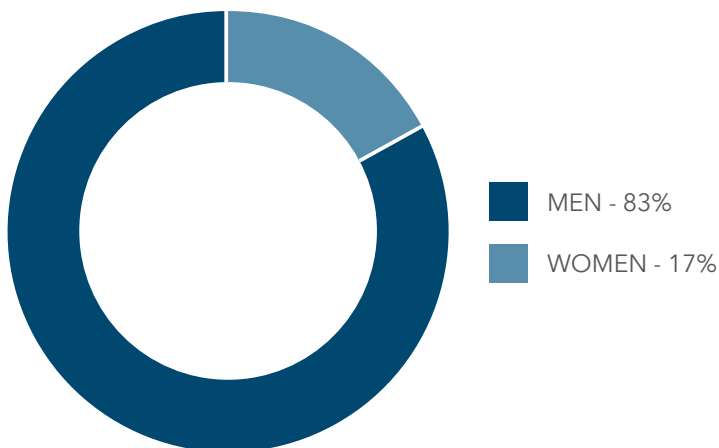
In order to meet the English skills requirements stated within the "English as Business Language" initiative, the extent of English language training for selected employees was increased.

In 2010, we succeeded with an European Union (EU) funds project that covers English training, managerial training for frontline managers and professional IT courses. The contribution from EU funds will be 49 %.

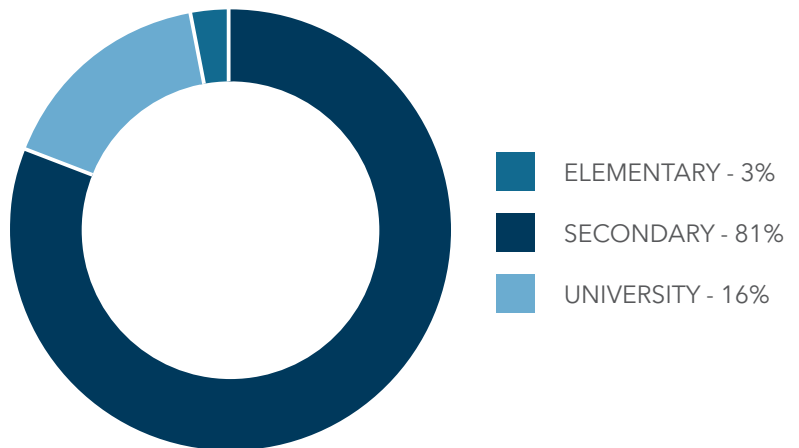
As proposed by the corporate Diversity group, we started communicating Diversity and Inclusion TIPS on a quarterly basis (emails and webcasts) to USSK managers and their staff.

One of the well-used tools for developing the workforce and diversity is the reciprocal occupancy of positions and exchange of employees among the operations in Slovakia, Serbia, Canada and the USA.

DIVERSITY STATUS AS AT DECEMBER 31, 2010



EDUCATION STATUS AS AT DECEMBER 31, 2010



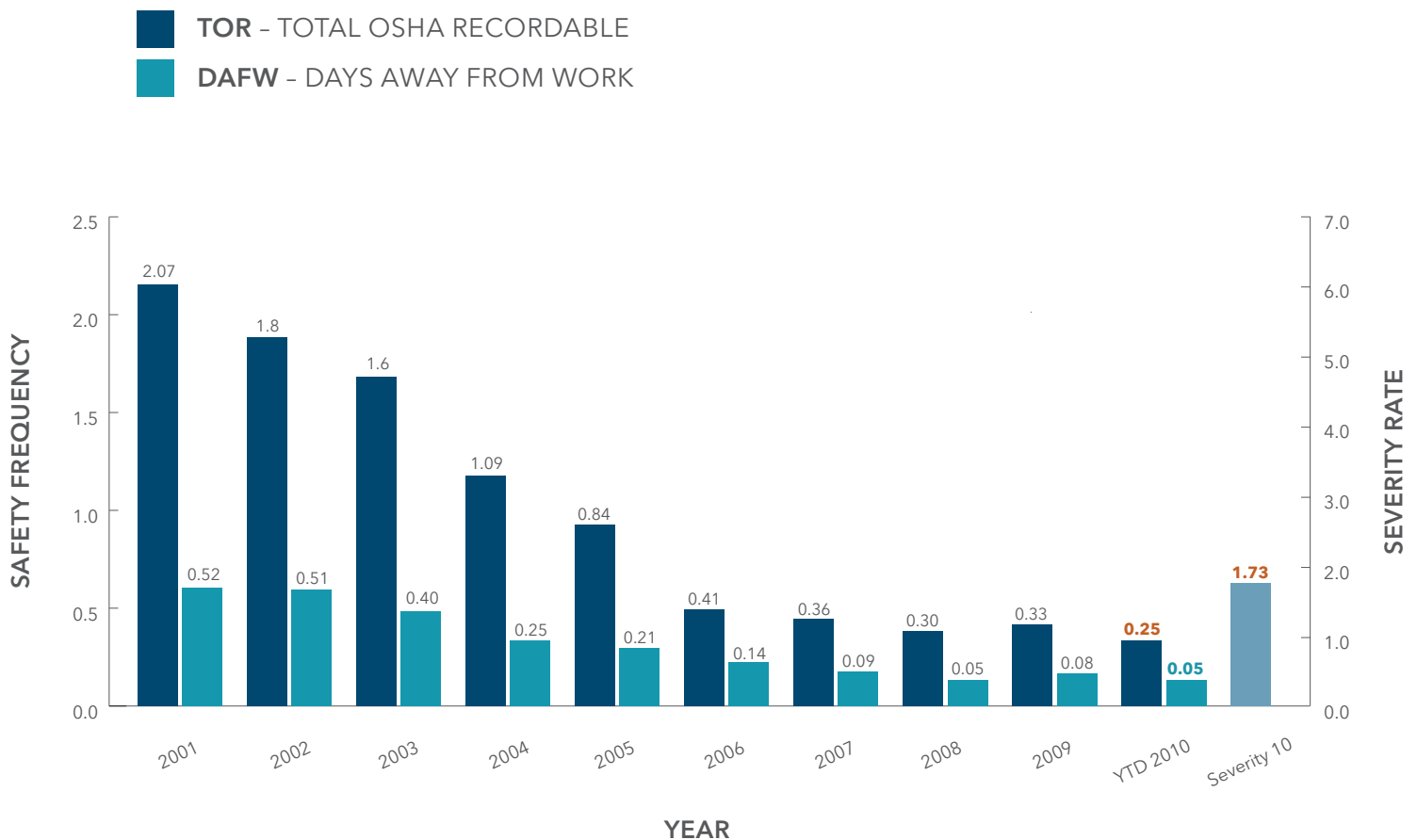
OCCUPATIONAL SAFETY AND HEALTH PROTECTION

Occupational safety and health of the employees, contractors and partners working within the Company premises is the No. 1 priority. The range of our personal protective equipment is improving, covering more areas of specific steelmaking activities, and the cardinal rules are being increasingly embraced by the employees.

Our Cardinal Rules hands-on training center is raising the safety awareness of our employees, where they can try the application of these rules as if in reality. In late 2010, we started a pilot Hands Safety training course with Maintenance employees. Progressively all USSK employees will attend this training. The managers and employees identify the hazards associated with

production procedures, work activities, materials used and other work environment conditions using the Safety Risk Management program. Then they assess the risks with the potential for negative impact on the life and health of our employees.

Due to continuous efforts by all the employees, the injury frequency rate has been dropping for a long time. As shown in the chart, the total number of Occupational Safety and Health Administration (OSHA) recordable injuries **had dropped by 89.8 %** for the year ended December 31, 2010 compared to 2001, and the number of DAFW injuries **had dropped by 92 %**.



“Following Safety procedures and Safety rules contributes to everyone going home happy and safe to their families. Your children are counting on you and are looking forward to seeing you. Do not spoil their joy.”

Chris Petrouski, General Manager Safety and Industrial Hygiene

The year 2010 meant deepening and expanding of safety culture, including more thorough prevention and proactive approach of the employees in the risk and hazard identification process. More safety programs were implemented and existing Life Threatening Programs were revised. The **Safety Conversation** process as one of the most efficient tools revealed many unsafe actions and conditions, and these were corrected immediately thus preventing potential incidents. Safety audits and incidents with/without an injury throughout the Corporation resulted in more than 60 safety surveys, of which 54 were completed. More than 180,000 safety-related items were identified and more than 170,000 were fixed within the preceding few years. **The Safety surveys** eliminated and reduced hazards which the employees are exposed to. For example, Crane Fall Protection focused on all potential fall areas that were safeguarded, molten metal hazard was the focus of ME 200 safety glass windows that are being installed in molten metal areas, the blocking and pinning survey focused on inertial energy control, safety-guarding for belt conveyors was installed, and we identified all pipelines over the roads as to the content and flow direction. One of the significant steps was made in electrical lockout, where chips were totally replaced with locks using various kinds of electrical power isolation and lockout devices.

The result of consistent awareness and commitment to safety resulted in **1 million employee-hours worked without injury**, which in 2010 was subsequently achieved by Power Engineering, Radiators and Pipes,

and Shipping. Power Engineering and the Subsidiary Companies achieved more than 2 million injury-free employee-hours, and the Company Management employees have worked more than 4 million hours without injury.

Extremely high attention is paid to the **safety of our contractors**, for whom we provide safety training courses and regular Safety Meetings, and we also test their safety knowledge. 6,980 contractor employees were tested and 35 did not pass the test. The SteelTrack application provides the contractors with access to USSK safety documentation, safety contacts and flashes, where the contractors are informed of all current safety-related requirements and incidents with/without an injury. Our continuously improving Safety Record Keeping System enables us to track the findings resulting from Safety Conversations, incidents, audits and implementation of the corrective actions within given target periods.

The USSK Works Fire-fighting Unit significantly contributes to the safety and health protection of the employees and equipment at work. Our Fire-fighting Unit is one of the largest and best-equipped in Eastern Slovakia. The USSK fire-fighters provide preventive services during the larger overhauls, provide fire watch for hot work involving fire-risk or entry into confined spaces, if necessary, and respond to incidents not only within the plant premises. Many times, they assist in rescuing people and property outside the Company premises as well.





EMPLOYEE CARE

The Company realizes that its demanding objectives can only be fulfilled through its employees, who are qualified and properly motivated. USSK gives its employees social and economic benefits, good salaries, and conditions to ensure comprehensive personal development.

A specific feature of USSK business culture and communication consists of annual **meetings of all employees with the management of the Company**, which took place in April 2010. The top managers informed the employees about the Company's results and new plans and measures, particularly with regard to the global economic crisis, and responded directly to many questions from the audience. The common tools of internal communication are the intranet and the corporate newspaper "**Oceľ Východu**" with almost 50 years history, which is available to employees free of charge in the Company area. In 2010, this newspaper won two prizes at once: the national Best Corporate Media Award and first place in the regional journalists' competition in the category of local, corporate and internet newspapers.

Rewarding employees who participate in the achievement of excellent results in various areas through the quality of their work, is also part of the Company's culture. This includes regular lunch meetings of the Company's President with employees achieving the best results in the safety, quality or costs-saving areas. The Company also shows its appreciation to its employees who have worked at the steelworks for 30, 35 or 40 years and more. Various events also help to build team spirit and USSK allegiance, including Company summer and winter Olympic Games with several thousand amateur athletes participating. In September 2010, the Company organized the fourth annual event called "**Families Do Sport**", with mixed teams of parents and children competing in soccer, volleyball, table tennis, darts and chess tournaments. During the Košice Day celebrations, the Košice City Prize was awarded to an employee of the Maintenance Division, Jozef Kolbaský, as well as to Július Valenta from the Technology Department. For his special contribution to the development and support of sports in the region, U. S. Steel Košice President George F. Babcoke received the Košice Self-governing Region Award.

U. S. Steel Košice has sophisticated social and health care programs for employees and regularly discusses their modifications with the representatives of two union organizations (OZ Kovo and the Independent Christian Trade Union of Slovakia). The social fund of the Company has been used to provide all full-time employees with non-cash compensation in the form of Relaxpass vouchers, which the employees can use as they wish for cultural or sporting events, relaxation and recuperation stays, recreation activities, or even buying vitamin supplements.

BUSINESS ETHICS

The principles of the **Code of Ethical Business Conduct** that all employees receive when signing their employment contract, are considered to be the foundation of the trust necessary for long-term success of the Company. The Code of Ethical Business Conduct defines acceptable standards of employee conduct

in areas like prevention of discrimination and sexual harassment, unauthorized and unethical practices, protection of economic competition, conflict of interests, and political involvement. USSK is one of the leading companies enforcing business ethics and anti-corruption practices in Slovakia. Through USSK Intranet pages, information campaigns in the corporate newspaper "Oceľ Východu", as well as information leaflets available around the Company premises, USSK employees are regularly informed about the procedure for reporting any form of prohibited or unethical behavior. These kinds of behavior can be reported to a supervisor or by using the U. S. Steel **Ethics Line**, either by telephone, mail or internet. In addition to USSK employees, external persons may also use the U. S. Steel Ethics Line to report unethical or unauthorized practices in relation to USSK. This Ethics Line is operated by an independent company. Every year, the Company provides a wide range of training courses for its employees concerning ethics and ethical behavior (e.g. fraud awareness, preventing



sexual and discriminatory harassment, rules of electronic communications), either in the form of presentations and on-line internet courses or informational e-mails. In 2010, more than 3,200 employees were retrained through presentations, more than 2,200 were retrained in on-line internet courses and several thousand employees through informational e-mails.

The Company requires ethical conduct not only from its employees, but also from its business partners as well. For several years, USSK has used its contractual documents to oblige its business partners entering in the Company's name into relations with authorities and representatives of the state, municipalities and government organizations to respect the anti-corruption principles applied in the SR, EU and USA and the behavior of its business partners is regularly reviewed. Not a single case occurred in 2010 in which corruption or the suspicion of corruption could be the reason for terminating cooperation.

EQUAL OPPORTUNITIES

Since 2002, U. S. Steel Košice has been working in cooperation with the village council of Veľká Ida, the city ward of Šaca (since 2004), and the Romintegra 7777 Civil Association active within the Lunik IX residential area in Košice, running a special project for employing Romas whose unemployment rate used to be almost 100 % due to poor qualifications. The Municipal Authority of the city of Košice took over the responsibilities of Romintegra in 2008. Despite the effects of the economic crisis and cost reduction resulting in USSK seriously limiting the purchasing of services from external suppliers, this project continued due to its social significance.

The selection process of the project participants, who work for the Company on the basis of personnel leasing, is based on personal knowledge of the applicants. The selected ones are those who want to work and change

their way of life, support the education of their children and are interested in improving their qualifications. There is extra motivation in the fact that every year the Company or its subsidiaries hire those project participants who show the best work performance and are willing and able to complete special courses (e.g. flame-cutters, conveyor belt operators), which allow them to do more qualified work in more responsible positions. Educational improvement of Romas and finding ways how to reduce the high level of job turnover will continue to be the dominant elements of this project in the next period.

The Company sees this project as having wider implications. In addition to working with adults, it also focuses on children and young people with the aim of developing their sense of responsibility for themselves and their own education. Through cooperation with local elementary schools and the Salesians of Don Bosco, it involved school students in various projects. Students with good attendance records and study results were given the opportunity of spending a week at a summer camp, taking part in the U. S. Steel Košice 10th Anniversary celebrations or the Wishing Tree Christmas Concert, and in other Company events. The most active students were rewarded with practical gifts as well.

The Company's assistance for marginalized groups living in the vicinity of the steelworks in resolving their problems, which is a model that could be implemented in other regions of Slovakia, has been acknowledged in the past by several institutions.





“Adherence to the Gary Principles must be an inseparable part of our everyday working activities. This type of behavior is essential for all of our fundamental principles and crucial for the fulfillment of our vision: to make steel, to be successful in worldwide competition and to build values. Success in business depends on our doing what is right. Each one of us bears personal responsibility for correct behavior, which apart from respecting laws and regulations also means taking individual responsibility for personal safety and the safety of others, treating others with respect and seriousness, doing business honestly and only for the benefit of the company, and protecting and enhancing company property.”

David J. Rintoul, President

Impact of the company in the economic sphere

U. S. Steel Košice conducts its business primarily in Central and Western Europe. The Company engages in the production and sale of steel products (slabs, hot rolled, cold rolled and coated sheets, tin mill products, spiral welded pipes and heating radiators).

USSK serves several steel consuming sectors such as construction, automobile production, container, transportation, appliance, electrical, oil and gas, and petrochemical industries. The Company also provides transportation services and engineering consultancy services (customer technical services).

In 2010, USSK produced 3.6 million tons of pig iron and 4.3 million tons of steel slabs. After an extremely difficult 2009, the market began to improve during the first quarter 2010 and strengthened into the second quarter. Momentum across all industries increased significantly and industrial output and general economic sentiment improved in the first half of the 2010.

The situation began to deteriorate in the second half of 2010. Increased EU exports helped drive growth in the first half-year, but tapered off as the Euro strengthened

against the US Dollar. We also experienced a strong destocking cycle across the industry forcing volumes and prices down. This turbulent market forced USSK to lower production volumes to reflect new demand levels in the market during the second half of the year.

To address rapid changes in the market and to increase the effectiveness of our commercial strategy we decided to restructure the entire commercial organization, and this was successfully completed in November 2010.

The organization was re-aligned by industry, in contrast to the geographic approach that had been in place for the last eight years. This new structure will better focus our resources on developing cohesive industry-based strategies.

Changes within the commercial organization also included the consolidation of the planning and logistics groups and the implementation of a product applications group. All this should help us to better utilize the new information system being implemented across the company and to more fully capitalize on the production synergies between USS European plants.



This improvement will ultimately allow the Company to improve on customer service and quality, which will help to improve our customer and product mix across all of Europe.

QUALITY AND CUSTOMER SERVICE

Implementation of programs focusing on production quality creates conditions for improving economic efficiency and increasing our ability to compete in domestic and foreign markets. USSK is certificated in accordance with the international EN ISO 9001 and ISO/TS 16949 (automotive industry) standards. Quality management system performance is regularly reviewed twice a year in the report submitted to Company management. Regularly performed internal audits of the system, processes and products, with further proposals for improvement, carried out through the corporate programs CI - Continuous Improvement and CPAR - Corrective/Preventive Action Request represent one particular means of improving the quality management system. Workplace housekeeping audits are another means for improvement.

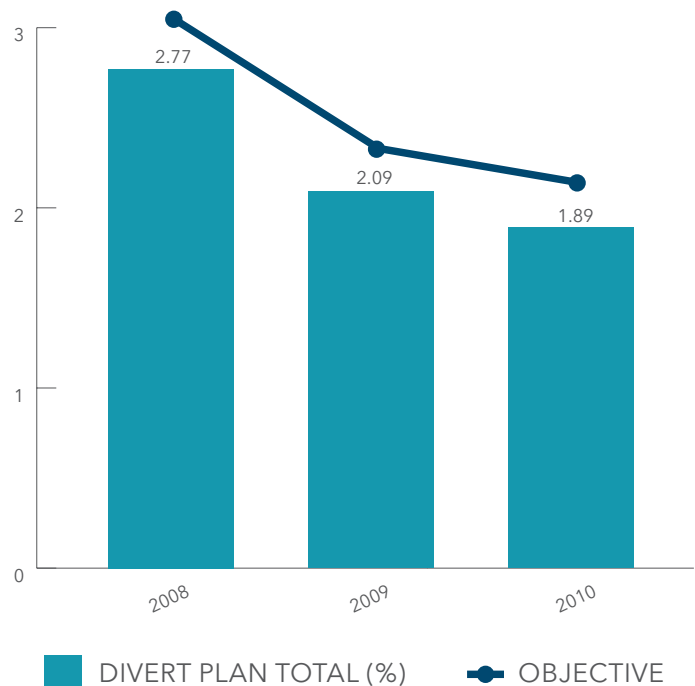
The Hazard Analysis Control Critical Point system has been implemented in the production of tinplate, which is shipped to customers in the food-processing chain. In the area of pipes, the Company has had a certificated system in accordance with American Petroleum Institute Spec. Q1 for many years. An environmental management system complying with the requirements of EN ISO 14001 has also been implemented in the Company. The Company holds several dozen individual product certificates. Several of its laboratories are accredited in compliance with ISO / IEC 17 025.

In 2010, U. S. Steel Košice became the absolute winner of the **National Quality Award of the Slovak Republic**. Our reason for participating in this competition was to present our firm's long-term successful and highly-developed quality management system, verified by practical business results and confirmed through several quality and environmental management system certificates. George F. Babcoke accepted the award from the President of the Slovak Republic Ivan Gašparovič.

Internal quality is one of the six key business drivers defined at USSK, and it significantly influences customer satisfaction and our cost saving. It is monitored and evaluated in the following sections:

- re-classified material (Divert)
- re-conditioned material (Retreat)

Long-term results are developing positively, as shown in the graph below, so our competitiveness on the demanding world steel markets is improving.



Customer Technical Service (CTS) solicits feedback every year from USSK customers regarding quality and service performance. Our customers recognize our service and quality improvements. 2010 was the best year we have ever had regarding the trend in claims. In 2010, the claim rate was 0.33 %, which is an 18 % improvement over 2009. CTS works continuously to improve product quality and technical services to our customers. Significant product quality problems and corrective actions are discussed during monthly quality meetings and trade quality meetings.

The shipments to the automotive industry are a top priority for USSK. The Company responds actively to current trends in this industry with capital expenditure in production, technology and research and development. The main construction material in auto-body production

"A responsible attitude to business has always been a fundamental and constant policy of our firm. We realize that we can only achieve great results as long as we also achieve the maximum satisfaction of our employees, customers, shareholders and all other parties."

George F. Babcoke, President



is galvanized sheet, produced in our modern Hot-dip Galvanizing Line No.3. In 2010, the Company gained a **Q1 certificate of quality from the Ford Motor Company**, thus becoming one of the group of elite suppliers to this world-class automobile manufacturer.

USSK quality policy is an expression of the Company's strategic goal to be the leader in manufacturing and supply of high-quality products through continuous improvement of the production process and customer services. To achieve this goal, the Company pays great attention to the systematic education of all its employees.

Focusing on customer needs and satisfaction is another strategic business drivers of U. S. Steel Košice Manufacturers of automobiles, electric motors,

household appliances, packaging and construction materials have very demanding requirements. Top managers visit important customers personally or attend meetings with them at USSK, when signing sales contracts and cooperation agreements to deal with the customers' specific requirements. Customers are offered the chance of touring our production facilities with expert guides, which contributes to better mutual understanding of needs and technological capabilities. Customer audits carried out at USSK are another area of the customer relationship development. Through these audits, the Company can demonstrate its capability as a supplier, and additionally in the case of long-term partnerships also its improvements in products and processes.

YEAR	NO. OF AUDITS	AVERAGE SCORE	RANKED IN CATEGORY
2005	9	89	B
2006	9	92	A
2007	9	93	A
2008	4	95	A
2009	5	90.4	A
2010	8	94.5	A





In the sales area, partnership with customers is built on mutual advantage principles, dominated by:

- long-term contracts with key customers,
- support for mutual development, technical consultancy, joint development of new steel grades based on customer requirements, and services,
- openness, correctness, corporate culture and ethics as fundamental and self-evident principles of building new partner relationship.

RESEARCH AND DEVELOPMENT

The product range of steels for pipes was extended in 2010 with production of extra high strength steel with yield strength of 555MPa and spiral welded pipes for low temperature service of down to -30°C. Development of these grades enables our customers to reduce pipe weight and/or increase service pressure and transportation capacity of gas. The grades with improved low temperature toughness contribute to safe performance of pipelines. A new hot rolled weathering

grade 10CHSND was developed and its delivery to Tatragonka Poprad for railway cars export to Russia has started.

The new production line for galvanized sheets extended our product range and increased our capacity for supplying sheets for qualitatively more demanding automobile parts. Some part of the production has been delivered for exposed and semi-exposed automotive parts with specified surface microgeometry (roughness and peak counts). To successful production of rephosphorized and ultra deep drawing steels according to specific requirements for the whole range of Skoda models: (Roomster, Fabia, Octavia, Superb and Yeti), we also added the production of hot dip galvanized Dual-Phase grades, Bake Hardenable grades and Extra Deep Drawing quality grades for Ford. Development of new grades with galvanneal coating according to KIA, Toyota and Honda standards continues. Supplies for Fiat 500, Fiat Panda and Ford Ka production (in Poland) were increased by new micro-alloyed grades. We also started

development of uncoated cold rolled IF grade with increased strength for Dacia Renault.

A Single Reduced Continuously Annealed tinplate grade for the final product Easy-Open Ends has been successfully implemented into the common production. The new grade has enabled our customer to reduce the final product thickness while preserving the required product's properties in use. Another two new high-strength tinplate grades (one suitable for producing the more complex, smaller diameter Twist-off bottle caps and another one of 0.13 mm thickness for pet food cans) moved from the development phase into the standard production. Reduction in the steel can wall thickness while preserving the required usage characteristics leads to lower overall can weight, thus less energy is required for transporting the finalized cans.

To be in compliance with REACH legislation, both electrolytic tinning lines were converted from Phenol Sulfonic Acid Based Process to Methane Sulfonic Acid Based Process, which allowed elimination of hazardous phenols from tinning production.

In 2010, research related costs incurred by the Company totaled EUR 3.4 million.

CAPITAL INVESTMENT, PRODUCTIVITY AND COST SAVING

Corporately, U. S. Steel has a strong capital spending plan for infrastructure development and improvements. Large sums of money are spent on safety projects, protecting the environment, improving and upgrading equipment and building new capabilities. **Close to EUR 105 million was spent in Košice in 2010 to meet**



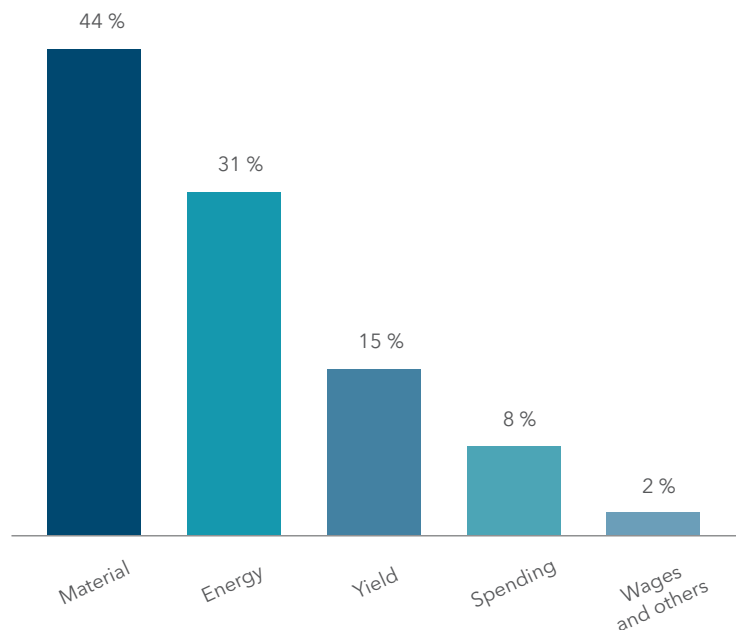
the capital plan. Public safety was improved with the building of a truck staging area with capacity for 52 trucks. Since this facility was built, the state road outside of Gate 4 is clear since drivers can now safely park to check-in, receive security clearance and enter the plant. A road improvement project was also completed at our Dynamo shipping warehouse to increase driver and worker safety. Overhead cranes were installed in the Dynamo lines motor room to allow safer maintenance work and multiple projects were started to eliminate the need for employees to manually handle steel sheet. Environmentally, two major projects were completed in 2010 - Coke Oven Gas Desulfurization and Groundwater Protection. Our infrastructure was improved with gas-burning boiler upgrades and replacement of aged electrical transformers and distribution equipment. U. S. Steel Košice is dedicated to continuing to utilize capital effectively to provide benefit to our employees, the environment, our customers and various stakeholders.

Our **relationship with suppliers** is considered to be crucial, as their products and services directly or indirectly affect the quality of our products, technological devices, or immediately affect the performance of our employees, respectively. Participation of suppliers in significant capital expenditure projects, as well as mutual cost saving projects has been also very important. Relationships with suppliers have been built and developed by respecting the same values in the areas of safety, quality, customer service, productivity and ethics. Our permanent goal to build correct supplier relationships brought benefits especially in 2009, when suppliers shared the economic crisis with us and made their contribution towards eliminating its negative impacts.

Reducing production costs is crucial for success in competitive markets. The Company has succeeded in reducing production costs by introducing efficient management systems at all levels, assisted by the continuous improvement process. Many projects have been implemented, based on proposals submitted by USSK employees and managers, which have saved millions of euros annually. Their significance became particularly evident during the recent crisis period and helped to maintain adequate cash position and sufficient liquidity.

The corporate **Continuous Cost Improvement Program** (CCIP), implemented at USSK in 2008, provides access to all projects running within the whole corporation. In 2010, individual employees and teams at USSK submitted 224 projects focusing on cost reduction, which led to savings of USD 19.41 per ton of steel shipped. Most of them, 44 % of the projects, contributed savings in materials costs, followed by 31 % savings from projects reducing energy costs.

This graph shows the share of savings attributable to each of the CCIP categories





Impact of the company in the environmental area

Environmental protection is one of the Company's principal strategic business drivers, and its main commitments are stated in the Company's Environmental Policy drafted in compliance with the ISO 14001 standard. Concurrently with the incorporation of these standards into the normative system of the Slovak Republic, the Company has progressively implemented an environmental management system (EMS) in all of its division plants. The Cold Rolling Mill Division Plant was the first division plant, which already achieved EMS certificate in 1997. This phase was completed in 2003

with successful EMS certification in accordance with ISO 14001, covering the five finishing plants. In 2009, the international EMS certificate was successfully renewed for the second time, and a new EMS certificate in accordance with ISO 14001 was issued by certifying company TÜV NORD Slovakia, s.r.o., and is valid until November 8, 2012. The strengths of the EMS implemented at USSK are mainly in the Company management's goals broken down into environmental objectives and targets including their implementation, targeted attentiveness to protection of individual components of





the environment, high standard of internal and external communication, especially with the public and the state authorities, cooperation with professional associations, implementation of environmental projects and research involvement, as well as the process of measuring and monitoring environmental impacts. The high level of EMS implementation and the social responsibility of the company for protection of the environment contributed to the win in the competition "National Quality Award of the Slovak Republic in 2010".

PROTECTION OF THE AIR, WATER AND WASTE RECYCLING

Since 2000, the Company has invested more than USD 460 million into dozens of ecological projects. The construction of a cokery gas desulfurizing plant totaling approx. USD 100 million was one of the largest ecological projects in 2010. This included the closure of the ammonia plant and the end of production of ammonium sulfate at the chemicals operation, together with the storage of sulfuric acid. By burning desulfurized cokery gas, which is used in many of the Company's operations, much less sulfur oxide will be emitted into the atmosphere, leading to air quality and the working environment improvement at the Cokery Division Plant, in the steelworks area and its vicinity in general. Significant capital expenditures totaling USD 45 million

with the objective of changing the input fuel for power generating boilers 2 and 3 from coal to gas, were incurred to reduce CO₂ emissions. Another contribution to protect the environment included the installation of a camera system for monitoring gas outlets from the coking batteries, extractor systems for the blast furnaces and steel plants sheds in order to limit the escape of solid pollutants into the atmosphere. These air protection projects has resulted in a reduction of solid pollutant output by more than 85 % per ton of steel produced, as well as a reduction in SO₂ emissions from 17,000 to 8,300 tons annually.

In the area of water protection, we have experienced positive trend in decreasing waste water per ton of steel produced ratio. This has been caused partly by project Ground Water Protection 3, which dealt with improving the capture and isolation of dangerous chemical substances (e.g., hydrochloric acid, ammonia or emulsion oils, etc.) from the Company's operations. The quality of waste water is moreover monitored very responsively by an accredited laboratory within the Company's operations. The increase of waste water released in 2010 was especially caused by heavy rain, increased by more than 25 % in comparison with the year 2009. The Sewerage Rules, updated in 2010, specified the limit values for waste water pollutants and amended procedures for dealing with undesirable events.

For a long time, the USSK waste management section has shown an improving trend in waste processing and reducing the relative share of technological waste per ton of steel produced. The specific amount of produced waste was stabilized in 2010 (the waste amount per production ton).

The construction of the first stage of the New Landfill for Hazardous Wastes, finished in 2010, will provide enough capacity for disposal of USSK hazardous wastes in the coming period. For many years we have been taking care over separation of waste. Bins for paper, plastic bottles and single-cell batteries have been set up at many locations around the Company. In 2010, 510 kilograms of batteries were collected and passed on to an external company for disposal; the total for plastic bottles was much greater, with 40 tons collected. There are more than 310 bins of 240-liter volume and more than 130 containers with 1,100-liter volume for separated waste around the Company.

IMPLEMENTATION OF THE KYOTO PROTOCOL AND REACH

With respect to the Kyoto Protocol commitments for reducing greenhouse gas emissions, in 2005 the CO₂ Emissions Quotas Trading Scheme of the European Union became effective in Slovakia. Following the National Allocation Plan for the years 2008 to 2012 as approved by the European Commission, the Government of the Slovak Republic allocated CO₂ emission allowances to the Company. As part of the Eurofer consortium, USSK participated in review of the trading scheme after 2012 and pointed out that as long as the CO₂ emissions restrictions are applied only within the EU, without involving the wider international community of steel producers, only European companies would incur costs which would result in their competitive disadvantage or their possible relocation to countries without emissions restrictions. Despite our reservations, our specialists from Research and Development unit started working on a project to address how CO₂ can be possibly stored or processed.

Legislation called REACH (1907/2006) (Registration, Evaluation and Authorization of Chemicals) became effective in June 2007, which requires inter alia that every chemical substance manufactured or imported within the European market is to be registered with the European Chemicals Agency. The regulation imposed a duty on us to register by December 1, 2010 the substances produced or imported by U. S. Steel into EU countries at tonnages higher than 1,000 tons per year. We identified and registered 14 substances. USSK became Lead Registrant for two substances, taking over the leading role in preparing the registration and organizing the other registrants and importers. These registrations were submitted in September 2010, but the Lead Registrant role is valid until the end of all registrations, which will be in 2018.

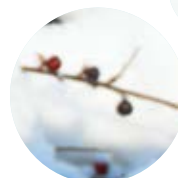
We cooperate with all our suppliers to make sure all substances and mixtures used in our production cycle are registered or pre-registered in the legal timeframes.

For our customers, we regularly issue certificates for all of our steel products confirming that they do not contain "substances of very high concern" from the updated Candidate Lists at values exceeding the limit of 0.1 % as set by European legislation.

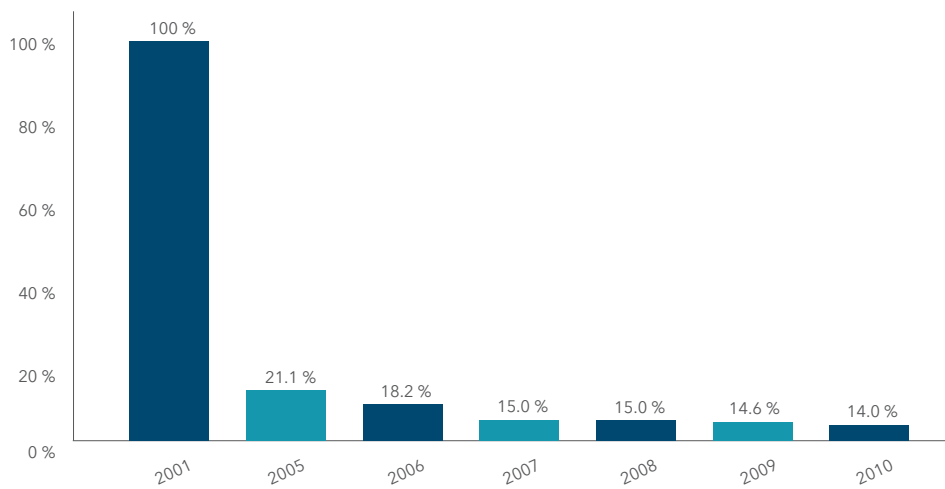
The new classification of substances produced or imported by U. S. Steel into EU countries was notified to European Chemical Agency as required by CLP Regulation (1272/2008 on Classification, Labeling and Packaging of substances and mixtures).

INFORMING AND INVOLVING EMPLOYEES

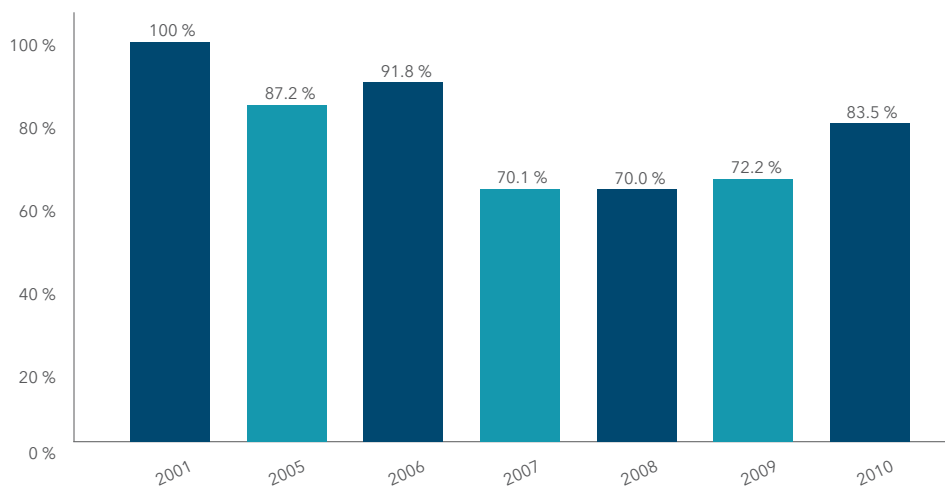
The Company continuously monitors and regularly informs employees, professional and the general public about the volume of emissions and waste water quality in the corporate newspaper Ocel' Východu and on its web site www.us ske.sk.



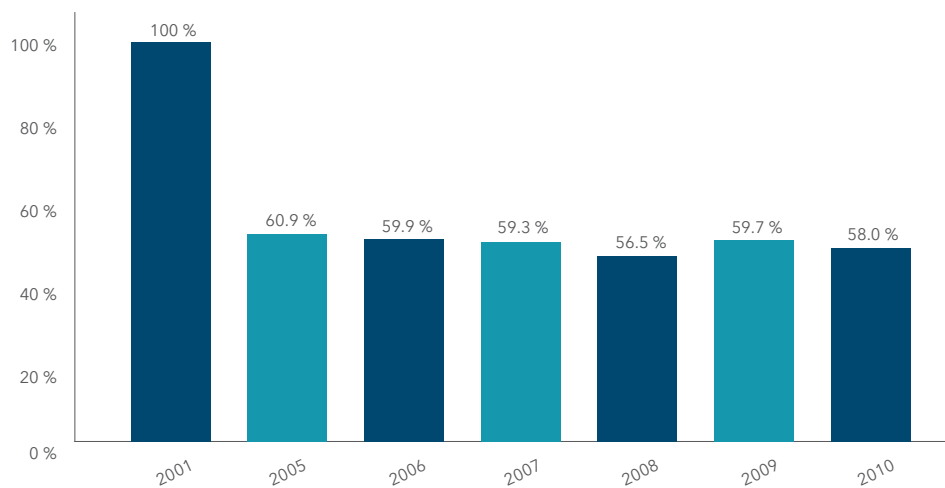
TREND IN AMOUNT OF SOLID POLLUTANTS RELEASED PER PRODUCTION UNIT BETWEEN YEARS 2001 AND 2010 IN PERCENTAGES



TREND IN WASTE WATER PRODUCTION PER PRODUCTION UNIT BETWEEN YEARS 2001 AND 2010 IN PERCENTAGES



TREND IN TECHNOLOGICAL WASTE: BY-PRODUCTS PRODUCTION PER PRODUCTION UNIT BETWEEN YEARS 2001 AND 2010 IN PERCENTAGES





U. S. Steel Košice

KVALITNÁ
OCEĽ BEZPEČNÁ
JAZDA



Impact of the company on the community and the region

U. S. Steel Košice accepts its role as the biggest employer in Eastern Slovakia and behaves as a responsible partner to its employees, customers and suppliers, and the local community. It is a leading contributor to the economic, environmental and social development of Košice and the whole of the East Slovakian region.

The Company has been interested in regional needs for a long time and is engaged in their resolving in compliance with its core values and business principles either directly or through its foundation **U. S. Steel Košice Foundation**, which was established in 2002 to support

public-benefit projects in healthcare and education and to financially support science, culture and charity. The Company's priorities in the area of donations focus primarily on assisting and supporting those who are directly dependent on such support, especially foster homes, crisis centers and disabled people, as well as organizations and clubs involved in social and charity activities. The Company has also become a partner to many non-profit organizations, which are keen on solving problems and provide innovative solutions for community development.



The Company has already gained several awards for its philanthropic activities. In 2010, representatives of the City of Košice and the surrounding villages in particular acknowledged the altruistic material and financial assistance provided by the Company and its employees in building flood-protection levees and clearing up the damage after the destructive floods and landslides during the summer months.

In February 2010, the results of the third round of the **"Together for the Region"** grant program were published, which the Company had announced in cooperation with the Carpathian Foundation. A total of EUR 26,900 was allocated among the 10 winning community projects, which were focused on developing leisure-time activities for children and teenagers, environmental education, safety, sports activities and the preservation of cultural heritage.

COMMUNITY SUPPORT IN EDUCATION

The Company works actively with selected technical secondary schools and colleges in Košice. Long-term systematic cooperation has been developed with the **Secondary Vocational School for Metallurgy in Košice-Šaca**, in the area of preparing pupils for employment in the steel-making industry. Based on an agreement concerning the education and upbringing of pupils in line with the needs of the steelworks, we are cooperating now on modifying the curriculum. During the study, pupils are motivated to achieve better grades by the offer of pocket money and they get bonuses for the time spent in operational practice.

In 2010, the Company continued developing and expanding our model of cooperation with other technical secondary schools. Apart from the Secondary Vocational School for Railroad Transport, a formal cooperation contract has been signed with the Secondary Vocational School for Technology. Thanks to our support, after an interval of more than ten years the Secondary Electrotechnical School has reopened the specialization of Power Engineering. The Company has also been in cooperation for many years with the Secondary Technical School for Metallurgy.

Hundreds of students from these schools tour the Company through work experience courses, which enable them to become familiar not only with its production processes, but also with the safety requirements and the corporate culture as well. Successful graduates of these schools are well set up for recruitment into selected professions, e.g., in September 2010, the Company signed employment contracts with the 16 best students from the fourth year of the Secondary Vocational School for Metallurgy in Košice-Šaca, with one student from the Secondary Vocational School for Railroad Transport and with 2 students from the Secondary Vocational School for Technology ensuring their jobs in the Company after graduation.

In 2010, the Company joined in the program called **"Graduate Practice"** organized by the Department of Employment, Social and Family Affairs, aiming to assist unemployed school graduates by enabling them to acquire work experience and the possibility of gaining permanent employment. Based on positive responses and recommendations, out of the total of 79 graduates

"The relationship between theoretical education and practical experience, diversity, and the linkage of talent with career – all of these are very important for the future success of individual employees and of the Company itself. Learning is a lifelong affair and opportunity."

George F. Babcoke, President

who took part in the project, so far more than 30 of them have been offered permanent employment with our Company.

For several years, U. S. Steel Košice has also supported the educational programs organized by the non-profit organization **Junior Achievement Slovakia** - Applied Economics and Business Activities in Tourism, or the associated competitions named Student Companies, An Idea For My Region or Young Leader. Another of its projects for secondary school students, called the "Global Ethics Program", motivates young people to reflect on and discuss ethical values and behavior. We support these programs financially, but also by sending 10 to 12 USSK specialists every year to work as voluntary consultants and jury members.

In 2004, the USSK Foundation started its own **Scholarship Program** to provide access to higher education for talented students from socially disadvantaged families in the Košice and Prešov regions, and in 2007 this was extended to the children of USSK employees. By the end of the academic year 2009/2010, 202 students had been given the chance to study at Slovak or foreign institutions of higher education, and 37 more students were added in 2010/2011. Every year, dozens more students increase their theoretical knowledge, practical experience, communication and managerial skills during a summer stay called the **Summer Internship Program**. In 2010, 34 students participated in this program, gaining the opportunity to participate in operating and managerial activities in the Company, as well as obtain fundamental leadership skills and knowledge which are not part of the educational program at university. Since its commencement in 2002, a total of 389 university and

college students have participated in this program. In 2010, we took on 12 university graduates who had taken part in the previous year's Summer Internship program.

The Company has also been developing **long-term cooperation with the Technical University of Košice**. It has become the general partner of a special event focusing on promotion of university technical education, the Technical University Open Day, during which the technical classrooms and laboratories with high-tech equipment are presented to potential students and the general public as well. USSK and the university are also jointly involved in other events promoting specialist technical education, such as Job Fair, Pro Educo and Career Days.

Mutually beneficial cooperation has also been developed between the company's Research and Development unit and both the Technical University of Košice and Pavol Jozef Šafárik University in Košice. The main areas of cooperation are primary operations and ecology, power engineering, mathematical modeling, optimization; metallurgy processes control, material properties control, as well as education of new specialists. Research and Development unit supports the universities in practical education by organizing exercises in their laboratories or providing consultancy during preparation of bachelor, masters or PhD theses. Research and Development staff are members of final exam boards and other special committees, as well as co-organizers of science conferences. USSK is also partner of the national environmental competition EKO, organized as a two-year project by the Faculty of Metallurgy at the Technical University of Košice. Our researchers regularly take leading places in the category "company employees".





"I appreciate how well the internship was organized, especially the balanced linkage between practical experience and management training. On the one hand we were drawn into company life, and on the other we could develop our own personalities through the training. This combination makes the summer internship more dynamic."

Andrea Bujňáková, a student at the Faculty of Electrical Engineering and Informatics, Technical University of Košice

“We are convinced that it is important to develop a positive attitude to the environment in school-age children. In the past seven years these pupils have learned a lot and they have improved their own environment through their activities. We believe that this positive attitude has taken root in them, and that they will go on protecting the environment when they are in productive age, either as employees or as company owners.”

Miroslav Kiraľvarga, Vice President Management Services and Administration



COMMUNITY SUPPORT IN ENVIRONMENT

Besides direct investment in environmental protection, the Company stresses the importance of raising employees' environmental awareness through the CITE (Continuous Improvement to the Environment) training program, as well as campaigns about energy saving, waste collection and separation.

U. S. Steel Košice also supports the development of positive attitudes toward environmental protection and improvement through several ecological projects among elementary, secondary school and college students, and believes that the young generation will be the successor of its sustainability approach. **Where and How We Will Live** is a competition focusing on protection of air, water and nature, which USSK has been organizing together with the Sosna Civil Association since the school year of 2003/2004. Students of elementary schools, led by their teachers, participate in preparation and implementation of the projects, which result in the creation of school gardens, eco-classrooms and nature-trails. During the past seven years, the Company has supported environmental protection and development with grants totaling more than **EUR 47,700**.

COMMUNITY SUPPORT IN HEALTH CARE

As the biggest company in Eastern Slovakia, U. S. Steel Košice receives many requests from both hospitals and individuals for support in medical care. USSK supports hospitals by providing new medical equipment which can bring benefits to big number of inhabitants. Not only the Company but also its employees themselves participate in this support, especially during the traditional pre-Christmas fund-raising. In 2010, the employees **contributed voluntarily to the collection for the Ophthalmology Department on Rastislavova Street and the Eye Clinic at the Louis Pasteur University Hospital on SNP Drive in Košice**. The fund-raising proceeds were subsequently trebled, when the sum which was put together by more than seven thousand steelmakers was additionally matched by the Company itself and by the U. S. Steel Foundation. **The combined donation of EUR 79,473 was used to buy a special laser coagulator device and a fundus camera**. USSK is traditionally also one of the active partners of the League Against Cancer, jointly organizing the public fund-raising on **Daffodil Day**, the proceeds from which support education, prevention, research and treatment of cancerous diseases. In 2010, the collection among employees at the Company premises produced EUR 4,022.



COMMUNITY SUPPORT IN SOCIAL CARE

USSK also directs its assistance into the social sphere, especially supporting children's foster homes, social services centers and retirement homes. It provides long-term support to the Autumn of Life Civic Association, whose members are former USSK employees. For many years, the Company has cooperated with the Archdiocesan Charity in Košice, making life easier for people in difficult situations. The Company is a long-term partner of the charity event called "Opatovská Rallye - Living at Max Revs", which brings unforgettable experiences to physically-disabled children at the combined school on Opatovská Street in Košice. USSK managers regularly make up two thirds of the drivers in the cars doing the competition course with the children as passengers. Since 2006, during the Advent Market on the Main Street in Košice, the **USSK Christmas charity hut** has provided space for many non-profit organizations to present their products and services, and supports them by organizing voluntary public fund-raising. The generosity of steelmakers is also manifested in the **Wishing Trees** project, organized at USSK every year since 2005. In their free time, they go to buy gifts that will turn the specific wishes of children into reality - in 2010 these were in **the Elementary Residential School for Visually-disabled Children and the Secondary Specialist Vocational School for Visually-disabled Students in Levoča, and the Foster Home in Spišský Štiavnik.**

COMMUNITY SUPPORT IN CULTURE

The Company is a long-term supporter of important cultural institutions and events. It is a traditional partner of the **State Philharmonic Orchestra and the State Theater in Košice.** It also sponsors the **Košice Golden Treasure** singing competition, organized by the regional

studios of Slovak Radio. Other supported events include the international festival of local television stations with the **Golden Beggar Awards**, the **Višegrad Days** international cultural festival, and the **Festival of Central European Theaters.**

The Company has committed itself to working for the successful implementation of the **European Capital of Culture Košice 2013** project, seeing great potential in this for the city's further development. In 2010, USSK together with several other commercial companies initiated the creation of the Coalition 2013+, which is intended to enable much wider partnership between the private and public sectors in this project, the sharing of financial and human resources, and the continuing sustainability of the project's outcomes beyond the year 2013.

USSK traditionally works together with the City of Košice on preparing and running the **Košice City Days** celebrations, which are held in May every year, as well as the **Košice Christmas festivities.**

COMMUNITY SUPPORT IN SPORTS

Support for sports has focused on traditional sports in the Košice region: ice-hockey, handball, soccer, basketball and figure-skating. For many years, the Company has been a sponsor for local professional sports clubs, traditional sports and community events e.g. **the Košice Peace Marathon**, which is the oldest marathon in Europe. On the occasion of 10th anniversary of U. S. Steel Košice one of the runs, the minimarathon, was named U. S. Steel Family Run and about 2,000 runners took part in it. USSK employee Imrich Pástor became the Slovak Marathon Championship winner for the fourth time in a row.



87. MEDZINÁRODNÝ MARATON

KOŠICE KOŠICE INTERFACE 2013 KOŠICKÝ ÚNIOVÝ ÚSTAV ŠPORTU SLOVENSKEJ REPUBLIKY SLOVENSKÝ ŠPORTOVÝ ÚZEMNÝ SÚBOR AIMS

UgS U. S. Steel Košice

0:00:04

UgS



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SYRI

VÝSEGROD MARATON

VÝSEGROD MARATON

TYRKOŠIN GRAVA

USSK supports children's sports, and either talented or disadvantaged young sportspeople. In 2006, the USSK Foundation came up with its own new program called **"Your Chance to Play"**, to provide equal opportunities for children from socially-disadvantaged families to play ice-hockey, basketball and soccer. USSK supports children who fulfill the program criteria by subsidizing their club membership fees and part of the cost of buying sport equipment. During the 2009/2010 school year the Company supported 17 talented girl basketball-players, 51 young ice-hockey players and two soccer players. In 2010/2011, they were joined by 16 girl basketball players, 37 ice-hockey players and three soccer players. So far the Company has helped 322 young sportspeople.

U. S. Steel Košice traditionally supports **the Košice Summer of Sports** project, which was organized in 2010 for the sixth time during the school summer holidays by Košice-South city ward for children from the suburban residential estates. The sports activities on offer attracted children to the sports-grounds, helping them to improve their fitness, but also acting preventatively against drugs and aimless waste of free time.

VOLUNTARY PROGRAMS SUPPORTING THE COMMUNITY

Not only the Company but also its employees themselves have assisted voluntarily for many years as teachers in educational programs, active collectors and contributors in public fund-raising and clothing and toys donations, as well as organizers of community life in this region. Our largest corporate volunteer event is the **USSK Volunteer Days**, which took place on 14 - 15 May 2010 under the name "U. S. Steel for Košice". During this single weekend, employees of the Company and its subsidiaries helped eight organizations in Košice with public-benefit activities, giving blood in the "Steelmakers' Drop of Blood" drive, collecting used clothing and other requirements for the crisis center, tidying up the premises of schools for disabled children, the geriatric institute, the botanical gardens, the zoo and the animal sanctuary. The whole event was supported by more than 450 volunteers from U. S. Steel Košice, its subsidiaries and partner institutions. In 2010, these events were extended to include voluntary activities coordinated by Košice City Hall, and through the joint project named "Together for Košice" the basis was thus created for other companies and organizations to join in the voluntary programs.



Selected financial information

STATEMENT OF FINANCIAL POSITION

Selected items from statements of financial position for the last three years are:

IN EUR MILLION	31 DEC 2010	31 DEC 2009	31 DEC 2008
Property, Plant and Equipment	945	952	962
Intangible Assets	214	151	190
Other Non-Current Assets	17	46	49
Inventories	392	281	418
Accounts Receivable	530	319	393
Other Current Assets	14	113	122
Total Assets	2,112	1,862	2,134
Equity	1,006	942	1,171
Accounts Payable	613	584	567
Long - term Loans	309	200	202
Other Liabilities	184	136	194
Total Equity and Liabilities	2,112	1,862	2,134

Property, Plant and Equipment slightly decreased in the year 2010 compared to the year 2009 due to annual assets depreciation that was offset by capital expenditures. Increase in Intangible Assets is mainly caused by higher market price of Emission Allowances and spending related to implementation of the new ERP System. Changes in individual items of working capital correspond with higher production levels, increase in raw material prices and selling prices.

Change in 2010 equity is represented by annual profit reduced by dividend declaration. External bank financing was replaced by an intercompany loan from the parent company. Change in Other Liabilities reflects mainly an increase in provision for CO2 emissions resulting from higher production as well as increased market prices of Emission Allowances and loans from fully owned subsidiaries drawn in 2010 as a part of cash pooling strategy.

STATEMENT OF COMPREHENSIVE INCOME

Selected items from statements of comprehensive income for the last three years are:

IN EUR MILLION	2010	2009	2008
Revenues and Other Income	2,621	1,883	3,094
Operating Profit	133	21	383
Profit for the year	96	14	341

Financial results for 2010 reflect improved capacity utilization as we continue to recover from the global finance and economic crisis, still offset by the negative impact of significant rises in strategic raw materials prices.

PROPOSAL FOR 2010 PROFIT DISTRIBUTION

	IN EUR THOUSANDS
Profit for 2010	95,979
Undistributed profit from previous years	6,443
Total undistributed profit before contribution to legal reserve fund and dividends	102,422
Contribution to legal reserve fund	(4,799)
Proposed dividends for U. S. Steel Global Holdings I B.V.	(97,439)
Total undistributed profit after contribution to legal reserve fund and dividends	184

SIGNIFICANT EVENTS AFTER 2010 REPORTING PERIOD AND EXPECTED DEVELOPMENTS IN 2011

Improvement in the still volatile global economic environment and modestly growing demand within steel consuming sectors are expected to continue positively affecting the Company's business in 2011. EU flat rolled steel consumption is expected to rise in general in 2011 but crisis-related risk remains. While we are becoming more optimistic, primarily due to improvements in the economy and the manufacturing sector, we remain cautious in our outlook for end user demand.

Nevertheless, we anticipate that improving business conditions will result in higher capacity utilization of the Company. However, the favorable impact of higher shipments and increased prices is likely to be offset by rising raw material costs. In general, expected high steel market volatility makes 2011 a very challenging year especially from the point of view of the Company's flexibility and effectiveness.







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