

Exhibit 2



**U.S. Department of Justice
Assistant Attorney General
Environment and Natural Resources Division**

***United States and Allegheny County Health Department v.
United States Steel Corporation, D.J. Ref. No. 90-5-2-1-12083***

**Notice of Lodging of Proposed Consent Decree
Under The Clean Air Act**

**87 Fed. Reg. 31,582 (May 24, 2022),
<https://www.federalregister.gov/documents/2022/05/24/2022-11114/notice-of-lodging-of-proposed-consent-decree-under-the-clean-air-act>**

June 23, 2022

Written Comments by Clean Air Council

Via email: pubcomment-ees.enrd@usdoj.gov

Clean Air Council (“the Council”) appreciates the opportunity to submit these comments regarding the proposed consent decree in *United States v. United States Steel Corporation*, Civil No. 2:22-cv-00729-CRE (W.D. Pa. 2022), to the United States Department of Justice and the Allegheny County Health Department (collectively “government plaintiffs”). The proposed consent decree arises out of a number of alleged violations of the Clean Air Act, stemming from a Notice of Violation issued on November 9, 2017. The underlying complaint alleges four claims for violations of the Title V permit and county air pollution regulations.

The Council is a non-profit environmental health organization headquartered at 135 South 19th Street, Suite 300, Philadelphia, Pennsylvania, 19103. The Council maintains an office in Pittsburgh. The Council has been working to protect everyone’s right to a clean environment for over 50 years. The Council has members throughout the Commonwealth who support its mission, including members in Allegheny County.

On May 24, 2022 the Department of Justice published notice of a proposed consent decree, establishing a 30-day public comment period concluding on Thursday, June 23, 2022.

Index to Comments

1. The proposed civil penalty of \$1.5 million is inappropriate, improper and inadequate.
 - a. The government plaintiffs should make available calculations showing how it arrived at the proposed civil penalty of \$1.5 million.
 - b. The government plaintiffs should explain how the civil penalty would recoup the economic benefit of noncompliance.
 - c. A civil penalty of \$1.5 million would not deter a defendant that has been assessed over \$11,000,000 in civil penalties during the past fifteen years, and regularly violates the law.
 - d. The proposed consent decree unlawfully diverts a civil penalty that would otherwise have to go into the Clean Air Fund under the regulations of the Allegheny County Health Department.
2. Studies and reports to be prepared by the defendant's consultant under the proposed consent decree should be made available to the public and posted on the website of the Allegheny County Health Department.
3. Monitoring requirements should be strengthened by allowing video cameras and digital images to be used to determine compliance and for enforcement purposes, and by not limiting public access to such records.
 - a. Under federal regulations, the proposed videos qualify as "any credible evidence" for determining a violation of opacity requirements under Method 9 of part 60.
 - b. The proposed consent decree should consider the use of digital camera images under Method Alt-082, approved as an alternative method to Method 9 for measuring opacity.
 - c. The proposed consent decree inappropriately limits availability and access to video images and recordings.
4. Inspection requirements should be strengthened by requiring more frequent and unscheduled inspections, as well as inspections that occur at various times of operation, including night shifts.

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Attachment 1	Excerpts from Amended Complaint, October 4, 2017, <i>Vrakas v. United States Steel Corporation</i> , Civil Action No. 17-579 (CB) (consolidated case); Document 55
Attachment 2	Excerpts from Complaint, April 24, 2019, <i>Bieryla v. United States Steel Corporation</i> , Civil Action No. 19-468 (CB); Document 1
Attachment 3	August 7, 2014 consent order and agreement (\$300,000.00), https://pacokeyovens.org/wp-content/uploads/2016/08/7-August-2014-US-Steel-COA.pdf (consent order and agreement)
Attachment 4	March 24, 2016 (complaint and consent judgment (Memorializing \$3,948,000 in civil penalties since 2008 and assessing an additional penalty of \$25,000.00) https://gasp-pgh.org/wp-content/uploads/0052cd2016-03-24-complaint-in-equity.pdf (complaint)
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Attachment 6	Enforcement Order # 180601 (June 28, 2018) (seeking \$1,091,950), https://pacokeyovens.org/wp-content/uploads/2019/06/2018-06-28-Enforcement-Order-180601.pdf
Attachment 7	Administrative Order, Violation No. 181002 Revised (October 31, 2018) (seeking \$613,716), https://pacokeyovens.org/wp-content/uploads/2019/06/2018-10-31-Administrative-Order-181002-Revised.pdf
Attachment 8	Enforcement Order # 190305 (March 29, 2019) (seeking \$707,568), https://pacokeyovens.org/wp-content/uploads/2019/06/2019-04-25-Notice-of-Appeal-190305.pdf (attached to notice of appeal)
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Attachment 10	Enforcement Order, Violation No. 191201 (December 20, 2019) (seeking \$10,560), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/12202019-USS-Clairton-191201.pdf
Attachment 11	Demand for Stipulated Penalties under Settlement Agreement and Order #190604 (January 14, 2020) (seeking \$743,625), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/2020-01-14-USSteel-Clairton.pdf
Attachment 12	Enforcement Order, Violation No. 200202 (February 21, 2020) (seeking \$13,200), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/2020-02-21-USSteel-Clairton.pdf
Attachment 13	Demand for Stipulated Penalties under Settlement Agreement and Order #190604 (May 28, 2020) (seeking \$361,400), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/USSteel-Stipulated-Penalty-Demand-Letter-Q4-2019-Q1-2020.pdf
Attachment 14	Enforcement Order, Violation No. 210101 (January 25, 2021) (seeking \$8,800), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/Clairton%201.25.21.pdf
Attachment 15	Enforcement Order, Violation No. 210201 (February 19, 2021) (seeking \$4,165), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/Clairton%202.19.2021.pdf
Attachment 16	Demand for Stipulated Penalties under Settlement Agreement and Order #190604 (March 12, 2021) (seeking \$383,450), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/2_3_4Q%202020%20Demand%20Letter.pdf

Attachment 17	Notice of Violation #210302 (April 1, 2021) (seeking unspecified damages), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/USS%20Clairton%20NOV%20H2S.pdf
Attachment 18	Demand for Stipulated Penalties under Settlement Agreement and Order #190604 (June 4, 2021) (seeking \$201,500), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/USSteel-0052c2021-06-04ref190604-stipulated-penalties.pdf
Attachment 19	Enforcement Order, Violation No. 210801 (August 27, 2021) (seeking \$5,500), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement/USSteel-Clairton-Enforcement-Ltr-0052ord2021-08-27ref210801.pdf
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Attachment 21	Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 (March 2, 2022) (seeking \$859,300), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Demand%20Letter%202,3,4%20Q%202021.pdf
Attachment 22	Enforcement Order, Violation No. 220302 (March 7, 2022) (seeking \$1,842,530), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/Enforcement%20Order%20220302%20USS%20-%20H2S.pdf
Attachment 23	U.S. Environmental Protection Agency, Letter to Colonel Patrick C. Higby, Commander, Hill Air Force Base, Utah , May 15, 2012 (EPA Approval for use of ASTM D7520-09 Standard Test Method for Determining the Opacity of a Plume in the Outdoor Ambient Atmosphere)

Summary of Comments

The Department of Justice should withdraw its consent to the proposed judgment because it is inappropriate, improper and inadequate, *See* [40 CFR § 50.7](#) (Consent judgments in actions to enjoin discharges of pollutants) (“Department shall reserve the right (1) to withdraw or withhold its consent to the proposed judgment if the comments, views and allegations concerning the judgment disclose facts or considerations which indicate that the proposed judgment is inappropriate, improper or inadequate”). The Court should not ratify this consent decree if the Department of Justice does not withdraw its consent. Instead, the proposed consent decree should be revised to address its shortcomings.

The government plaintiffs have not provided calculations substantiating how a \$1.5 million penalty is appropriate, proper, or adequate for the defendant – a longstanding polluter at its facilities in the Mon Valley.

The government plaintiffs have provided no evidence they are recouping the economic benefit of noncompliance from upgrades that could and should have been made years ago.

The civil penalty is inappropriate because the government plaintiffs have provided no evidence that this penalty will deter the defendant from additional violations of law, where the defendant has been routinely assessed civil penalties for the Clairton Coke Works (a related facility in the Mon Valley Works), with assessments totaling at least \$11,452,434 since 2008.

The proposed consent decree is inappropriate and improper because it would cause a violation of the regulations of the Allegheny County Health Department. Those regulations require that civil penalties from consent decrees go into the county’s Clean Air Fund for air quality improvement projects and other projects relating to air pollution. Instead, the proposed consent decree directs that the civil penalty go into a separate pocket of the Allegheny County Health Department.

Much of the proposed consent decree involves studies and plans to be prepared in the future, creating uncertainty regarding how effective they will be in addressing the problems giving rise to the violations. The Allegheny County Health Department should post studies and reports to be prepared by the defendant’s consultant on a dedicated website, rather than waiting for people in the community to make records requests under federal and state freedom of information and right-to-know laws.

The proposed consent decree inappropriately and improperly provides that videos are not to be used to determine compliance. This is contrary to the Environmental Protection Agency’s “any credible evidence” rule, which has been on the books since 1997. This is applicable to Method 9 for opacity under part 60. In addition, since 2012 there has been an alternative method that contemplates the use of digital camera images for measuring opacity (Method Alt-082). It would be wasteful not to take advantage of existing law and developments in technology, to assist in gathering evidence to determine compliance. Provisions on access and availability of video records should be revised so that the end result is not a spotty and incomplete record for determining compliance.

The government plaintiffs should strengthen inspections requirements by requiring more frequent and unscheduled inspections, as well as inspections that occur at various times of operation, including night shifts.

Comments

1. The proposed civil penalty of \$1.5 million is inappropriate, improper and inadequate.

- a. The government plaintiffs should make available calculations showing how it arrived at the proposed civil penalty of \$1.5 million.

The text of the Clean Air Act requires the Court to take into consideration a number of factors in determining an appropriate civil penalty:

(e) Penalty assessment criteria

(1) In determining the amount of any penalty to be assessed under this section or section 7604(a) of this title, the Administrator or the court, as appropriate, shall take into consideration (in addition to such other factors as justice may require) the size of the business, the economic impact of the penalty on the business, the violator's full compliance history and good faith efforts to comply, the duration of the violation as established by any credible evidence (including evidence other than the applicable test method), payment by the violator of penalties previously assessed for the same violation, the economic benefit of noncompliance, and the seriousness of the violation. The court shall not assess penalties for noncompliance with administrative subpoenas under section 7607(a) of this title, or actions under section 7414 of this title, where the violator had sufficient cause to violate or fail or refuse to comply with such subpoena or action.

(2) A penalty may be assessed for each day of violation. For purposes of determining the number of days of violation for which a penalty may be assessed under subsection (b) or (d)(1) of this section, or section 7604(a) of this title, or an assessment may be made under section 7420 of this title, where the Administrator or an air pollution control agency has notified the source of the violation, and the plaintiff makes a prima facie showing that the conduct or events giving rise to the violation are likely to have continued or recurred past the date of notice, the days of violation shall be presumed to include the date of such notice and each and every day thereafter until the violator establishes that continuous compliance has been achieved, except to the extent that the violator can prove by a preponderance of the evidence that there were intervening days during which no violation occurred or that the violation was not continuing in nature.

See Section 113(f) of the Clean Air Act, 42 U.S.C. 7413(f), <https://uscode.house.gov/view.xhtml?req=granuleid:USC-prelim-title42-section7413&num=0&edition=prelim>. These factors are repeated in both the Environmental Protection Agency's civil penalty policy and the Allegheny County Health Department's civil penalty policy. See U.S. Environmental Protection Agency, Clean Air Act Stationary Source Civil Penalty Policy (October 25, 1991), <https://www.epa.gov/sites/default/files/documents/penpol.pdf>; see also Allegheny County Health Department, Civil Penalty Policy (January 9, 2018), https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Programs/Air_Quality/HPA-363-Civil-Penalty-Policy.pdf.

But the government plaintiffs have not offered calculations showing how they arrived at a civil penalty of \$1.5 million. They should do this.

- b. The government plaintiffs should explain how the civil penalty would recoup the economic benefit of noncompliance.

Among the statutory factors is the economic benefit of noncompliance. See Section 113(f) of the Clean Air Act, 42 U.S.C. 7413(f). As part of a civil penalty, it is the policy of the Environmental Protection Agency to recover the economic benefit of noncompliance:

1. Benefit from delayed costs

In many instances, the economic advantage to be derived from noncompliance is the ability to delay making the expenditures necessary to achieve compliance. For example, a facility which

fails to install a scrubber will eventually have to spend the money needed to install the scrubber in order to achieve compliance. But, by deferring these capital costs until EPA or a State takes an enforcement action, that facility has achieved an economic benefit. Among the types of violations which may result in savings from deferred cost are the following:

- Failure to install equipment needed to meet emission control standards.
- Failure to effect process changes needed to reduce pollution.
- Failure to test where the test still must be performed.
- Failure to install required monitoring equipment.

The economic benefit of delayed compliance should be computed using the "Methodology for Computing the Economic Benefit of Noncompliance," which is Technical Appendix A of the BEN User's Manual. This document provides a method for computing the economic benefit of noncompliance based on a detailed economic analysis. The method is a refined version of the method used in the previous Civil Penalty Policy issued July 8, 1980, for the Clean Water Act and the Clean Air Act. BEN is a computer program available to the Regions for performing the analysis. Questions concerning the BEN model should be directed to the Program Development and Training Branch in the Office of Enforcement, FTS 475-6777.

See U.S. EPA, Clean Air Act Stationary Source Civil Penalty Policy, pages 5-6.

This is particularly important here because of recent efforts by the defendant to prioritize profits over maintenance activities at the Mon Valley Works. In an effort to challenge this practice under federal securities, at least two class action lawsuits have been filed and consolidated. In *Vrakas v. United States Steel Corporation*, Civil Action No. 17-579 (CB), plaintiffs allege that the defendant focused on ruthless cost-cutting rather than maintenance activities for equipment:

V. U.S. STEEL ABANDONS THE EMPLOYEE ENGAGEMENT AND RELIABILITY CENTERED MAINTENANCE CARNEGIE WAY INITIATIVES AND FOCUSES SOLELY ON RUTHLESS COST-CUTTING TO SALVAGE THE BOTTOM LINE	34
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See Attachment 1 – Amended Class Action Complaint for Violations of the Federal Securities Laws, dated October 4, 2017, Document 55 (175 pages), paragraphs 102-149. Plaintiffs allege that the defendant deferred important maintenance and repairs:

VIII. THE INDIVIDUAL DEFENDANTS WERE AWARE THAT U.S. STEEL WAS DEFERRING IMPORTANT MAINTENANCE AND REPAIRS THROUGH THE DAILY REPORT OF OPERATIONS AND OPERATING EFFICIENCY REPORT	63
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See id., Section VIII, paragraphs 177-187. Plaintiffs allege that the defendant was not investing in and maintaining its facilities:

IX. U.S. STEEL PROVIDES SWORN TESTIMONY CORROBORATING THE DRO AND OER REPORTS THAT, CONTRARY TO THE INDIVIDUAL DEFENDANTS' PUBLIC STATEMENTS, U.S. STEEL IS NOT INVESTING IN, AND MAINTAINING ITS FACILITIES	65
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See id., Section IX, paragraphs 188-194. A second class action was filed in 2019, reiterating these allegations. *See* Attachment 2 – Class Action Complaint for Violations of the Federal Securities Laws, dated April 24, 2019, in *Bieryla v. United States Steel Corporation*, Civil Action No. 19-468 (CB), Document 1 (160 pages).

These allegations should be kept in mind in evaluating the economic benefit of noncompliance.

The remedial measures of the defendant to date are set forth in Section 14(a)-(k) of the proposed consent decree. Five of those measures involve upgrades of various emissions units:

V. COMPLIANCE REQUIREMENTS

14. Pre-Settlement Remedial Measures Completed Since EPA Issued the NOV: As of the date of lodging of this Consent Decree, U. S. Steel has performed certain actions to address the violations alleged in the Complaint, including, but not limited to:

- a. Blast Furnace Casthouse Baghouse upgrades included replacement of the cleaning air system, baghouse filter bags with new membrane-style bags, cages, access doors, rotary valves, motors and fan sheaves;
- b. BOP Shop Fugitive Baghouse upgrades included replacement of the cleaning air system, baghouse filter bags with new membrane-style bags, cages, access doors, and rotary valves;
- c. BOP Shop Mixer Baghouse upgrades included replacement/repair of the cleaning air system, baghouse filter bags, and access doors;
- d. BOP Shop Ladle Metallurgy Furnace Baghouse upgrades included replacement of the cleaning air system and baghouse filter bags;

See Proposed Consent Decree, Section 14(a)-(d). These would have involved capital expenditures that could have been made a long time ago, but which were not. If they purport to address the alleged violations underlying the complaint, they should have been undertaken years ago.

Given the time value of money, the defendant has enjoyed an economic benefit from the delayed performance of upgrades to these emissions units, over the course of years. It is not clear whether the value of this economic benefit is less than or greater than the total amount of the proposed penalty (\$1.5 million).

Accordingly, when the government plaintiffs provide calculations of how the civil penalty was calculated, they should establish that the civil penalty imposed actually results in the recoupment of this economic benefit. These calculations should include spreadsheets.

- c. A civil penalty of \$1.5 million would not deter a defendant that has been assessed over \$11,000,000 in civil penalties during the past fifteen years, and regularly violates the law.

Among the statutory factors are the size of the business, the economic impact of the penalty on the business, and the violator's full compliance history. *See* Section 113(f) of the Clean Air Act, 42 U.S.C. 7413(f). Considering these factors, the amount of the proposed civil penalty is insufficient.

In determining a proper civil penalty, the government plaintiffs should consider the past actions of the defendant with respect to all three facilities in the Mon Valley Works in the Mon Valley. This is a vertically-integrated operation by which coke produced at the Clairton Coke Works is used as raw materials in the blast furnace process at the Edgar Thomson facility. Steel is then finished at the Irvin facility. The defendant is the owner and operator of all three facilities.

In addition, these three facilities are physically connected by a pipeline conveying coke oven gas generated at the Clairton Coke Works. What happens at one facility can affect what happens at another facility. For example, if coke oven gas is not subject to proper controls at the Clairton Coke Works, this may cause exceedances of emissions limitation for air pollutants at the two other facilities, including the Edgar Thomson facility.

Of the three facilities, the Clairton Coke Works has experienced the most well-known problems with violations of the law. Despite the assessment of over \$11,000,000 in fines and penalties since 2008, the applicant has not come into compliance with the law. *See Attachments 3-22.* Obviously, the assessment of millions of dollars in penalties has not been sufficient to encourage the applicant to come into compliance with the law.

The noncompliance forming the basis for this action was not an isolated event. The defendant has had a long history of noncompliance with air permitting requirements. It is a well-known story. The defendant violates the law. The defendant pays a fine that does not deter noncompliance. Noncompliance continues. This is evidenced by the litany of enforcement actions brought by the Allegheny County Health Department over the years alleging various air violations. The following chart provides a lengthy list of enforcement actions brought by the Allegheny County Health Department against the defendant for noncompliance with air requirements for the Clairton Coke Works between August 2014 and March 2022:

Date	Enforcement Action	Civil Penalty Sought	Nature of Noncompliance
August 7, 2014	https://pacokeyovens.org/wp-content/uploads/2016/08/7-August-2014-US-Steel-COA.pdf (consent order and agreement) Attachment 3	\$300,000.00	<p>“ACHD alleges that U.S. Steel has failed to perform the emissions testing of the C Battery Underfire Combustion Stack as required by Conditions IV .13.a, V .A.2.r, V.A.2.s, and V .A.2.t, and is not in compliance with the limits as set forth in Conditions V.A.l.i.l, and V.A.l.ee.l; Table 1 of Condition V.A.l.hh in IP 11; and Article XXI, § 2102.04.b.6.”</p> <p>page 2, paragraph 7.</p>
March 24, 2016	https://gasp-pgh.org/wp-content/uploads/0052cd2016-03-24-complaint-in-equity.pdf (complaint) https://gasp-pgh.org/wp-content/uploads/0052cd2016-03-24-consent-judgement.pdf (consent judgment)) Attachment 4 Attachment 5	Memorializing \$3,948,000.00 in civil penalties since 2008 and assessing an additional penalty of \$25,000.00	<p>asserting 15 counts, including violations of opacity limitations, emissions limitations for sulfur dioxide, carbon disulfide, and total reduced sulfur from C battery quench tower and C battery PEC system, visible emissions from offtake piping and charging ports (lids, including aggregate charging) and doors, and opacity limitations for soaking</p> <p>(complaint)</p>
June 28, 2018	Order # 180601, https://pacokeyovens.org/wp-content/uploads/2019/06/2018-06-28-Enforcement-Order-180601.pdf Attachment 6	\$1,091,950	<p>asserting violations of air permit requirements during the third and fourth quarters of 2017 and the first quarter of 2018</p> <p>(door area emissions, high opacity door area emissions, charging ports emissions, pushing emissions, soaking emissions, and</p>

			sulfur dioxide emissions, and sulfur dioxide hourly limit for C Battery Quench Tower)
October 31, 2018	Administrative Order #181002 Revised, https://pacokeyovens.org/wp-content/uploads/2019/06/2018-10-31-Administrative-Order-181002-Revised.pdf Attachment 7	\$613,716	asserting violations of air permit requirements during the second quarter of 2018 (excessive visible emissions from charging of coke ovens, door areas, charging ports, offtake piping, and soaking)
March 29, 2019	Enforcement Order # 190305 Attachment 8	\$707,568	asserting violations during the third quarter and fourth quarter of 2018
May 10, 2019	Enforcement Order #190501, https://pacokeyovens.org/wp-content/uploads/2019/06/2019-05-10-Enforcement-Order-190501.pdf Attachment 9	\$337,670	asserting violations during the first quarter of 2019 (excessive visible emissions from charging of coke ovens, door areas, charging ports, offtake piping, and soaking)
December 20, 2019	Order # 191201, https://www.allegheynycounty.us/uploadedFiles/AlleghenyHome/Health_Department/Programs/Air_Quality/12202019-USS-Clairton-191201.pdf Attachment 10	\$10,560	asserting failed Battery 13 Combustion Stack Test PM (November 2018 and April 2019) Department assesses an upward penalty adjustment of \$4,800 to reflect “8 Issued violations in last 2 years”
January 14, 2020	https://www.allegheynycounty.us/upload	\$743,625	Demand for Stipulated Penalties Under Settlement Agreement and

	edFiles/Allegheny Home/Health Department/Programs/Air Quality/Enforcement/2020-01-14-USSteel-Clairton.pdf Attachment 11		<p>Order #190604 Section IX. Stipulated Penalties - second and third quarters of 2019</p> <p>(asserting violations of emissions limitations for charging, doors, offtakes, lids, pushing, travel, and soaking)</p>
February 21, 2020	<p>Violation No. 200202, https://www.alleghe nycounty.us/upload edFiles/Allegheny Home/Health Department/Programs/Air Quality/Enforcement/2020-02-21-USSteel-Clairton.pdf</p> <p>Attachment 12</p>	\$13,200	<p>asserting failed C Battery PEC System test (December 2019)</p> <p>Department assesses an upward penalty adjustment of \$6,000 to reflect “8 Issued violations in last 2 years”</p>
May 28, 2020	<p>https://www.alleghe nycounty.us/upload edFiles/Allegheny Home/Health Department/Programs/Air Quality/Enforcement/USSteel-Stipulated-Penalty-Demand-Letter-Q4-2019-Q1-2020.pdf</p> <p>Attachment 13</p>	\$361,400	<p>Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 (October 1, 2019 through March 31, 2020) (4th and 1st Quarters)</p> <p>(asserting violations of emissions limitations for charging, doors, lids, offtakes, travel, pushing, soaking, and COMS)</p>
January 25, 2021	<p>Violation No. 210101, https://www.alleghe nycounty.us/upload edFiles/Allegheny Home/Health Department/Programs/Air Quality/Enforcement/Clairton%201.2</p>	\$8,800	<p>asserting failed C Battery Comb Stack Test PM (October 22, 2019 and February 27, 2020)</p> <p>Department assesses an upward penalty adjustment of \$4,000 to reflect “8 Issued violations in last 2 years”</p>

	5.21.pdf Attachment 14		
February 19, 2021	Violation No. 210201, https://www.alleghenycounty.us/uploadedFiles/AlleghenyHome/Health_Department/Programs/Air_Quality/Enforcement/Clairton%202.19.2021.pdf Attachment 15	\$4,165	Release of anhydrous ammonia and failure to timely submit breakdown report (May 2020)
March 12, 2021	https://www.alleghenycounty.us/uploadedFiles/AlleghenyHome/Health_Department/Programs/Air_Quality/Enforcement/2_3_4Q%202020%20Demand%20Letter.pdf Attachment 16	\$383,450	Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 Section IX. Stipulated Penalties - April 1, 2020 through December 31, 2020 (2nd, 3rd, and 4th Quarters) asserting violations of emissions limitations for charging, doors, lids, offtakes, travel, pushing, soaking
April 1, 2021	Notice of Violation #210302, https://www.alleghenycounty.us/uploadedFiles/AlleghenyHome/Health_Department/Programs/Air_Quality/Enforcement/USS%20Clairton%20NOV%20H2S.pdf Attachment 17	unspecified	exceedances of the hydrogen sulfide (H ₂ S) ambient air quality standards
June 24, 2021	https://www.alleghenycounty.us/uploadedFiles/Allegheny	\$201,500	Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 Section IX.

	Home/Health Department/Programs/Air Quality/Enforcement/USSteel-0052c2021-06-04ref190604-stipulated-penalties.pdf Attachment 18		<p>Stipulated Penalties - January 1, 2021 through March 31, 2021 (1st Quarter)</p> <p>asserting violations of emissions limitations for charging, doors, lids, offtakes, travel, pushing, soaking</p>
August 27, 2021	<p>Violation No. 210801, https://www.allegHENYcounty.us/uploadedFiles/AlleghenyHome/Health Department/Programs/Air Quality/Enforcement/USSteel-Clairton-Enforcement-Ltr-0052ord2021-08-27ref210801.pdf</p> <p>Attachment 19</p>	\$5,500	<p>Release of approximately 8,449 pounds of anhydrous ammonia to the atmosphere from 11:30 to 11:45 am on June 1, 2021</p> <p>Department assesses an upward penalty adjustment of \$2,500 to account for “Compliance History”</p>
December 15, 2021	<p>Violation No. 211207, https://www.allegHENYcounty.us/uploadedFiles/AlleghenyHome/Health Department/Programs/Air Quality/Enforcement/USSteel-Clairton-Enforcement-Ltr-0052ord2021-08-27ref210801.pdf</p> <p>Attachment 20</p>	\$5,500	<p>Release of air emissions resulting from standpipe obstruction on August 27, 2021, lid leaks on August 27, 2021 from oven C21 at C Battery</p>
March 2, 2022	<p>Demand Letter, https://www.allegHENYcounty.us/uploadedFiles/AlleghenyHome/Health Department/Programs/Air Quality/Enforcement/USSteel-Clairton-Enforcement-Ltr-0052ord2021-08-27ref210801.pdf</p>	\$859,300	<p>Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 Section IX.</p>

	edFiles/Allegheny Home/Health Department/Programs/Air Quality/Demand %20Letter%202,3,4 %20Q%202021.pdf Attachment 21		Stipulated Penalties - April 1, 2021 through December 31, 2021 (2nd, 3rd, and 4th Quarters) (Method 303 inspections, ACHD inspections, USS inspections, and COMS)
March 7, 2022	Violation No. 220302, https://www.alleghe nycounty.us/upload edFiles/Allegheny Home/Health Department/Programs/Air Quality/Enforcement%20Order%2022 0302%20USS%20-%20H2S.pdf Attachment 22	\$1,842,530	153 violations of the hydrogen sulfide ambient air concentration standard of 0.005 ppm, calculated as a 24-hour rolling average 46 exceedances in 2020 94 exceedances in 2021 13 exceedances in 2022 (through March 1, 2022)

Source: Allegheny County Health Department, Air Quality Enforcement Actions, <https://www.alleghe nycounty.us/Health-Department/Programs/Air-Quality/Enforcement-Actions.aspx> (for enforcement actions from 2020 to the present).

These assessments total at least \$11,452,434 since 2008. But the enforcement actions keep coming. The proposed civil penalty of \$1.5 million is inadequate.

- d. The proposed consent decree unlawfully diverts a civil penalty that would otherwise have to go into the Clean Air Fund under the regulations of the Allegheny County Health Department.

The proposed civil penalty is improper because it violates the regulations of the Allegheny County Health Department governing the disposition of civil penalties received under consent decrees. Those regulations require the money to go into a Clean Air Fund, which is earmarked for air quality improvement projects and other projects relating to air quality. It does not contemplate the county appropriating the money for another use through another department of the county.

The county regulations require that “all penalties” that are “received by the County under this Article as a result of ... consent orders, noncompliance penalties, civil penalty actions, consent decrees, [and] civil penalties” go into the Clean Air Fund:

§2109.09 ALLEGHENY COUNTY CLEAN AIR FUND {Paragraphs c & d amended July 16, 2009, effective July 26, 2009}

- a. **Purpose.** The purpose of the "Allegheny County Clean Air Fund" is to receive and disburse all penalties, fines, and interest received by the County under this Article as a result of applications, permits, licenses, consent orders, noncompliance penalties, civil penalty actions, consent decrees, civil penalties, or summary proceedings, other than any fees, related interest, and other related funds. The Clean Air Fund is specifically for the disbursement of such funds solely to support activities related to the improvement of air quality within Allegheny County and to support activities which will increase or improve knowledge concerning air pollution, its causes, its effects, and the control thereof.

See Allegheny County Health Department, Air Pollution Control Regulations, Section 2109.09.a, https://www.alleghenycounty.us/uploadedFiles/Allegheny_Home/Health_Department/Article-21-Air-Pollution-Control.pdf (emphasis added).

The proposed consent decree ignores this regulation. It carves out one-half of the total amount as a civil penalty for the Allegheny County Health Department (\$750,000), but attempts to call it a “supplemental environmental project” even while insisting it is still a civil penalty:

12. U. S. Steel shall pay a civil penalty of \$750,000 to ACHD. In lieu of receiving payment, ACHD agrees that U. S. Steel shall satisfy the ACHD civil penalty by providing funding in the amount of \$750,000 to the Allegheny County Department of Economic Development, which ACHD has approved as a Supplemental Environmental Project (“ACHD-Only SEP”). The ACHD-Only SEP is described in Appendix A.

See Proposed Consent Decree, Section 12 (emphasis added). The only alleged distinction being drawn is that the defendant will be writing a check to the Allegheny County Department of Economic Development, rather than to the Clean Air Fund. *See id.* That is a distinction that does not legitimize this transaction. It is simply a matter of Allegheny County putting the money into one pocket (the Department of Economic Development) instead of the appropriate pocket (the Clean Air Fund of the Allegheny County Health Department).

This is a violation of the county regulations.

2. Studies and reports to be prepared by the defendant's consultant under the proposed consent decree should be made available to the public and posted on the website of the Allegheny County Health Department.

While acknowledging work that has been done by the defendant so far to address the problems identified in the notice of violation (see Section 14), the rest of the proposed consent decree involves commitments by the defendant to undertake studies and prepare reports in the future, rather than to undertake specific actions right now to reduce air emissions. To illustrate, the following are some future studies and reports to be performed:

- Paragraph 17 (requiring submission of a plan to conduct the Casthouse Baghouse System Study, within 30 days of the effective date);
- Paragraph 19 (requiring submission of the Casthouse Baghouse System Study along with a report for approval, within 90 days of its completion);
- Paragraph 21 (requiring submission of a notice of completion within 30 days after completion of the approved action);
- Paragraph 24 (requiring submission of a plan to conduct the BOP Shop Roof Ventilation Study, within 30 days of the effective date);
- Paragraph 26 (requiring submission of the BOP Shop Roof Ventilation Study, along with a report for approval, within 90 days of its completion);
- Paragraph 28 (requiring submission of a notice of completion within 30 days after completion of the approved action);
- Paragraph 31 (requiring submission of a plan to conduct the BOP Shop Scrubber System Study, within 60 days of the effective date);
- Paragraph 33 (requiring submission of the BOP Shop Scrubber System Study, along with a report for approval, within 90 days of its completion);
- Paragraph 35 (requiring submission of a notice of completion within 30 days after completion of the approved action); and
- Paragraph 42 (requiring reports for each Method 9 reading pursuant to the consent decree)

See Proposed Consent Decree. Pursuant to the Freedom of Information Act and Pennsylvania's Right-to-Know Law, these records should be made available to the public. *See generally* Freedom of Information Act, 5 U.S. Code § 551 *et seq.*; *see generally* Pennsylvania Right-to-Know Law, Section 101 *et seq.*

Given the longstanding air pollution problems caused by the defendant, the community has a great interest in having easy access to these records. Therefore, these records should be posted on the website of the Allegheny County Health Department, on a dedicated webpage.

In addition, the government plaintiffs should conduct multiple community meetings to discuss progress on addressing the air pollution problems forming the basis for this action. The studies are to be prepared and submitted by the defendant's consultant in the future, which creates uncertainty regarding what will be in them and how they will lead to specific actions that may result in reductions of air emissions. Because they will be technical in nature, the government plaintiffs should discuss them in public by way of multiple community meetings.

There is factual precedent for doing this. For a period of over three months in 2019, the defendant operated its Clairton Coke Works without proper controls for sulfur dioxide and other air pollutants, causing violations of its Title V permits for all three facilities. This followed a catastrophic fire on Christmas Eve on December 24, 2018. During this longstanding period of noncompliance with the law, a number of public hearings were held by different governmental agencies, to discuss the problem. *See e.g.,* Oliver Morrison, PublicSource, *Residents, officials push for answers from U.S. Steel and Allegheny County about response to Clairton Coke Works fire* (January 24, 2019), <https://www.publicsource.org/residents-officials-push-for-answers-from-u-s-steel-and-allegheny-county-about-response-to-clairton-coke-works-fire/> (report on the press conference of residents of Clairton and the Mon Valley).

In addition, in an unrelated matter by a different party in another part of the Commonwealth of Pennsylvania, the responsible party performing the remedial investigation of contaminated soil and groundwater at the former Philadelphia refinery has been conducting public meetings to discuss technical reports being prepared for the Pennsylvania Department of Environmental Protection, the supervising agency. *See* Philadelphia Refinery Legacy Remediation: Public Involvement, <https://phillyrefinerycleanup.info/public-involvement/> (providing links to presentations at various public meetings).

The government plaintiffs should conduct similar public meetings to discuss technical reports as they are prepared and submitted.

3. Monitoring requirements should be strengthened by allowing video cameras and digital images to be used to determine compliance and for enforcement purposes, and by not limiting public access to such records.

The proposed consent decree inappropriately limits the utility of video cameras by stating that “the cameras were not installed to determine compliance or noncompliance with Article XXI §2104.01”:

39. U. S. Steel shall use the video camera system as a tool to minimize emissions by ensuring that processes are optimized and allowing its operators to monitor the applicable areas so as to recognize and react to potentially non-compliant Visible Emissions by taking corrective actions to minimize or eliminate any such emissions as expeditiously as possible. The parties agree that the cameras were not installed to determine compliance or noncompliance with Article XXI § 2104.01 because the video cameras (and any still shots taken therefrom) do not meet the criteria to determine opacity as required by EPA Method 9 or other approved EPA methods. Within 120 Days after the installation of the video camera system required by Paragraph 37, U. S. Steel shall have incorporated the use of the video cameras into a standard operating procedure. The standard operating procedure shall provide for continuous operation of the cameras during all daylight hours to the extent technically practicable and consistent with manufacturer maintenance recommendations. U. S. Steel shall also train its operators on use of the video camera system using the standard operating procedure and any applicable provisions of the Facility’s Operation and Maintenance Plan within 120 Days of installation of the video camera system required by Paragraph 37.

See Consent Decree, paragraph 39. This assertion is based on the misplaced premise that the videos “do not meet the criteria to determine opacity as required by EPA Method 9.” *See id.*

In fact, the Environmental Protection Agency already has a rule allowing the use of “any credible evidence or information” to determine compliance with Methods for part 60, including Method 9. In addition, the Environmental Protection Agency has sanctioned an alternative method for digital imaging for Method 9, which can and should be used to supplement the proposed videos under the proposed consent decree. Finally, the proposed consent does not go far enough in making such records accessible and available to the public.

- a. Under federal regulations, the proposed videos qualify as “any credible evidence” for determining a violation of opacity requirements under Method 9 of part 60.

Method 9 is located in an appendix to part 60, which relates to new source performance standards. *See* [40 CFR part 60, Appendix A-4, Method 9](#) (Visual Determination of the Opacity of Emissions from Stationary Sources). In 1997, the Environmental Protection Agency

promulgated the “any credible evidence” rule, which allows the use of “any credible evidence or information” to determine compliance with the requirements of part 60. It is located in the following regulation:

(g) For the purpose of submitting compliance certifications or establishing whether or not a person has violated or is in violation of any standard in this part, nothing in this part shall preclude the use, including the exclusive use, of any credible evidence or information, relevant to whether a source would have been in compliance with applicable requirements if the appropriate performance or compliance test or procedure had been performed.

See 40 C.F.R. §60.11(g). The “applicable requirements” of part 60 for the Edgar Thomson facility include opacity measurements dependent upon Method 9. *See* Title V Operating Permit for the Edgar Thomson facility, dated April 13, 2016, Section V.A.2.m.1 (blast furnace casthouses, page 40), Section V.D.2.l.1 (basic oxygen process shop, page 63), <https://gasp-pgh.org/wp-content/uploads/uss-et-tvop.pdf>.

Because videos constitute “any credible evidence or information” that may be used to determine compliance with opacity requirements under Method 9 under the federal regulations, it is inappropriate for the proposed consent decree to specifically provide otherwise.

- b. The proposed consent decree should consider the use of digital camera images under Method Alt-082, approved as an alternative method to Method 9 for measuring opacity.

In addition, it is inappropriate for the proposed consent decree not to require cameras and digital technology that are consistent with the Environmental Protection Agency’s Method Alt-082, which would facilitate use of videos to determine compliance or for enforcement purposes. This is an alternative method to Method 9, and it has been available for some time to measure opacity through digital camera images.

Ten years ago, it was approved by EPA for demonstration of federal opacity limits. *See* Attachment 23 – U.S. Environmental Protection Agency, [Letter to Colonel Patrick C. Higby, Commander, Hill Air Force Base, Utah](#), May 15, 2012, (EPA Approval for use of ASTM D7520-09 Standard Test Method for Determining the Opacity of a Plume in the Outdoor Ambient Atmosphere, in lieu of Method 9); *see also* 77 Fed. Reg. 8865, 8866 (February 15, 2012) (Table 1 - Approved Alternative Test Methods and Modifications includes ALT-082), <https://www.govinfo.gov/content/pkg/FR-2012-02-15/pdf/2012-3581.pdf>. Therefore, this is not a new idea.

The method involves a technology known as “Digital Camera Opacity Technique,” or DCOT. Such technology has been used by the Environmental Protection Agency for measuring opacity under the National Emission Standards for Hazardous Air Pollutants (NESHAP) for

facilities in ferroalloy production. *See* U.S. Environmental Protection Agency, [Final Rule: Notice of Final Action on Reconsideration](#), 82 Fed. Reg. 5401, 5404-5405, 5409 (col. 2) (January 18, 2017) (retaining requirement to use DCOT to determine compliance with opacity requirement, in response to petition for reconsideration). In doing so, the Environmental Protection Agency remarked favorably on the advantage of DCOT over Method 9:

The DCOT provides a photographic record of each of the opacity readings. In addition, the photographs are evaluated by a third party and the opacity is determined by the degree the plume reduces the transmitted light and obscures the background. While we believe, based on validation studies, that EPA Method 9 and DCOT provide comparable opacity results, the DCOT provides better documentation, including a permanent re-analyzable photographic record of the opacity determinations, which we believe will be beneficial to both the industry and the public. There is an advantage of having better documentation in this specific case where fugitive emissions are driving the risk from the Ferroalloys Production source category. In addition,

....

See id., pages 5404 (col 3) - 5405 (col. 1).

Given the availability of DCOT technology, it is appropriate to require cameras and digital image technology for measuring opacity at the Edgar Thomson facility, and memorialize this in the proposed consent decree. Although regulations of the Environmental Protection Agency already allow “any credible evidence or information” to determine compliance, it also makes sense to install technology that meets the conditions in Method Alt-082, set forth in the letter to Colonel Higby in Attachment 23.

It is inappropriate and wasteful for the proposed consent decree to state that videos cannot be used to determine compliance, given advances of technology. DCOT is an important advance over Method 9, and it is not a new idea. The consent decree should incorporate EPA Method Alt-082 and DCOT to determine compliance with opacity standards.

- c. The proposed consent decree inappropriately limits availability and access to video images and recordings.

The proposed consent decree inappropriately imposes restrictions that may lead to gaps and delays in reviewing and processing information from video images and recordings, by the Allegheny County Health Department or the public. This may impact the ability to assess the

effectiveness of measures taken by the defendant to address air emissions problems, and may result in the loss of data or unidentified non-compliance.

Camera images and recordings are inappropriately required to be stored only on a 30-day rolling basis, after which they would presumably be deleted if not requested by the Allegheny County Health Department. This would inappropriately develop an incomplete compliance history, and would allow recordings to slip through the cracks if not immediately requested by the government.

Such a short window of availability is inappropriate, and is an exception to the general rule that the defendant is required to maintain records for five years under the proposed consent decree:

100. Until five years after the termination of this Consent Decree, U. S. Steel shall retain, and shall instruct its contractors and agents to preserve, all non-identical copies of all documents, records, or other information (including documents, records, or other information in electronic form) in its or its contractors' or agents' possession or control, or that come into its or its contractors' or agents' possession or control, and that relate in any manner to U. S. Steel's performance of its obligations under this Consent Decree. This information-retention requirement shall apply regardless of any contrary corporate or institutional policies or procedures. At any time during this information-retention period, upon request by the United States or ACHD, U. S. Steel shall provide copies of any documents, records, or other information required to be maintained under this Paragraph.

See Proposed Consent Decree, paragraph 100 (emphasis added). Five years is the general record retention period under the Title V permit;

14. Retention of Records (§2103.12.j.2)

The permittee shall retain records of all required monitoring data and support information for a period of at least five (5) years from the date of the monitoring sample, measurement, report, or application. Support information includes all calibration and maintenance records and all original strip-chart recordings for continuous monitoring instrumentation, and copies of all reports required by this permit.

See generally Title V Operating Permit for the Edgar Thomson facility, dated April 13, 2016, page 18, <https://gasp-pgh.org/wp-content/uploads/uss-et-tvop.pdf> (emphasis added).

Although video file sizes can be large, it is also true that digital storage and compression have become significantly less expensive over time, and the defendant should be capable of bearing the cost of such storage for a much longer period than 30 days.

There is no compelling reason for the Allegheny County Health Department to maintain anything less than continuous video records of emissions in its own files. Otherwise, public records will be incomplete.

The Allegheny County Health Department should assure community members that if they observe a pollution event from this facility and ask the Allegheny County Health

Department to make a request for video files, the Allegheny County Health Department will request video files from the defendant and share the video files with the community. The Allegheny County Health Department should also voluntarily communicate with the community when an air pollution event at the facility takes place, and it should make footage available to the public on its website, rather than putting them to the task of submitting a right-to-know request.

4. Inspection requirements should be strengthened by requiring more frequent and unscheduled inspections, as well as inspections that occur at various times of operation, including night shifts.

There is an important question about whether inspections required under the proposed consent decree will be conducted under appropriate conditions. The frequency and timing of inspections is important because there are a number of inspection requirements set up for the purpose of evaluating compliance, throughout the proposed consent decree:

1. paragraph 17(b) (requiring “inspection and evaluation of the Casthouse Baghouse and emissions capture effectiveness between the furnace shells and Casthouse structures (including sheeting) at the hoods on the Number 1 and 3 Casthouses”)
2. paragraph 24(a) (requiring “inspection and evaluation of the BOP Shop Fugitive Baghouse and emissions capture effectiveness within the BOP Shop”)
3. paragraph 31(a) (requiring “inspection and evaluation of the BOP Shop Scrubber System”)
4. paragraph 103 (recognizing “any right of entry and inspection” under laws, regulations, and permits).

See Proposed Consent Decree. In addition, there are a number of inspection requirements under the Operation and Maintenance Plan/Site-Specific Monitoring Plan (March 20, 2022), attached to the proposed consent decree. *See e.g., id.*, Part II.B, Section 1.2.2, page B-5 (identifying monthly inspections to be performed for capture systems for #1 and #3 Blast Furnace Baghouse) (PDF pages 81-82 of 154), Part II.B, Section 1.3.4, page B-7 (identifying daily, weekly, monthly, and quarterly inspections to be performed for inspections specific to baghouses) (PDF page 86 of 154), Part II.C, Section 1.2.2, pages C-2 to C-3 (identifying daily and monthly inspections to be performed for equipment inspection of capture systems for “F” and “R” Vessel emission capture systems) (PDF pages 100-101 of 154).

There is also a concern that the defendant will be determining the times for undertaking inspections, in the case of the pre-study Visible Emissions Observations for the blast furnace casthouses and the basic oxygen process shop:

40. Pre-Study VEOs for Blast Furnace Casthouses and BOP Shop. Within 30 Days after the Effective Date, U. S. Steel shall ensure that a third-party observer, trained and certified in accordance with EPA Method 9, conducts Visible Emissions readings covering the Casthouse Roof Monitors, BOP Shop Roof Monitor, and BOP Shop Scrubber Stacks in accordance with the procedures in the Facility's Title V Permit and EPA Method 9, as provided in this Paragraph.

a. For any Week in which there are no planned or unplanned outages, the

Method 9 Visible Emissions observations shall be completed as provided below:

Source	Per Week
Blast Furnace No. 1 Casthouse Roof Monitor, that includes at least one cast cycle (from tap to plug) per observation	Two Days
Blast Furnace No. 3 Casthouse Roof Monitor, that includes at least one cast cycle (from tap to plug) per observation	Two Days
BOP Shop Roof Monitor—Minimum of a two-hour observation that includes at least one Steel Production Cycle	Two Days
BOP Shop Scrubber Stacks—Minimum of a two-hour observation that includes at least one Steel Production Cycle	Two Days

b. No later than Thursday of each Week, U. S. Steel shall provide ACHD with a schedule of the Days Method 9 Visible Emission readings will be taken at the Facility during the following Week, to allow ACHD staff or an ACHD contractor to be present for the readings and, as necessary, perform ACHD's own observations to verify compliance. U. S. Steel shall notify ACHD of any planned outage that will affect the above schedule in the weekly notice of planned Method 9 Visibility Emissions observations.

See Proposed Consent Decree, paragraph 40(a)-(b). This is also the case for post-study Visible Emissions Observations:

41. Post-Study VEOs for Blast Furnace Casthouses and BOP Shop. Within 30 Days after U. S. Steel submits the notices of completion required by Paragraphs 21, 28, and 35, and continuing for at least the first four months after the submittal of such notices of completion, U. S. Steel shall ensure that a third-party observer, trained and certified in accordance with EPA Method 9, conducts Visible Emissions readings covering the Casthouse Roof Monitors, BOP Shop Roof Monitor, and BOP Shop Scrubber Stacks in accordance with the procedures in the Facility's Title V Permit and EPA Method 9, as provided in this Paragraph.

a. For any Week in which there are no planned or unplanned outages, the Method 9 Visible Emissions observations shall be completed as provided below:

Source	Per Week
Blast Furnace No. 1 Casthouse Roof Monitor, that includes at least one cast cycle (from tap to plug) per observation	Four Days
Blast Furnace No. 3 Casthouse Roof Monitor, that includes at least one cast cycle (from tap to plug) per observation	Four Days
BOP Shop Roof Monitor—Minimum of a two-hour observation that includes at least one Steel Production Cycle	Four Days
BOP Shop Scrubber Stacks—Minimum of a two-hour observation that includes at least one Steel Production Cycle	Four Days

- b. No later than Thursday of each Week, U. S. Steel shall provide ACHD with a schedule of the Days Method 9 Visible Emission readings will be taken at the Facility during the following Week, to allow ACHD staff or an ACHD contractor to be present for the readings and, as necessary, perform ACHD's own observations to verify compliance. U. S. Steel shall notify ACHD of any planned outage that will affect the above schedule in the weekly notice of planned Method 9 Visibility Emissions observations

See Proposed Consent Decree, paragraph 41(a)-(b).

If inspections are all conducted during normal business hours, they would not pick up bad air pollution events occurring at night. It has been observed that air quality in the Mon Valley can be bad at night. In addition, air quality has been observed to be particularly bad on weekends late at night and in early morning hours. The inspection schedules in the proposed consent decree do not expressly contemplate inspections at such hours, and it is uncertain whether inspections would in fact be performed during such hours.

Inspection schedules should reflect a broader schedule encompassing when these bad air pollution events tend to occur. In addition, unannounced inspections by the government would help to improve the efficacy of the inspection requirements under the proposed consent decree.

Thank you for your consideration of these comments.

Sincerely,



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[REDACTED]
[REDACTED]
[REDACTED]

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA**

CHRISTAKIS VRAKAS, Individually and on
Behalf of All Others Similarly Situated,

Plaintiff,

VS.

UNITED STATES STEEL CORPORATION,
MARIO LONGHI, DAVID B. BURRITT, DAN
LESNAK, J.P. MORGAN SECURITIES LLC,
GOLDMAN SACHS & CO., BARCLAYS
CAPITAL INC., WELLS FARGO SECURITIES,
LLC, CREDIT SUISSE SECURITIES (USA)
LLC, MORGAN STANLEY & CO. LLC,
MERRILL LYNCH, PIERCE, FENNER &
SMITH INCORPORATED, PNC CAPITAL
MARKETS LLC, SCOTIA CAPITAL (USA)
INC., CITIZENS CAPITAL MARKETS, INC.,
SUNTRUST ROBINSON HUMPHREY, INC.,
BNY MELLON CAPITAL MARKETS, LLC,
CITIGROUP CAPITAL MARKETS, INC.,
COMMERZ MARKETS LLC, THE
HUNTINGTON INVESTMENT COMPANY, SG
AMERICAS SECURITIES LLC, THE
WILLIAMS CAPITAL GROUP L.P., AND ING
FINANCIAL MARKETS LLC,

Defendants

Civil Action No. 17-579

Judge Cathy Bissoon

**AMENDED CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

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Court-appointed Lead Plaintiff Christakis Vrakas and plaintiffs Leeann Reed and Robert Myer (“Plaintiffs”) bring this action pursuant to §§ 11 and 15 of the Securities Acts of 1933 (the “Securities Act”) and §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b-5 promulgated thereunder (17 C.F.R. §240.10b-5), on behalf of themselves and all persons other than Defendants (defined *infra*, at 11-19) who purchased or otherwise acquired United States Steel Corporation (“U.S. Steel” or the “Company”) securities between January 27, 2016 and April 25, 2017, inclusive (the “Class Period”), or otherwise acquired shares pursuant to and/or traceable to the August 15, 2016 Secondary Public Offering (“SPO” or “Secondary Public Offering”).

Plaintiffs allege the following based upon personal knowledge as to themselves and their own acts, and upon information and belief as to all other matters. Plaintiffs’ information and belief is based on the investigation of their undersigned Lead Counsel, which included, among other things, review and analysis of (i) U.S. Steel’s public filings with the U.S. Securities and Exchange Commission (“SEC”); (ii) U.S. Steel’s other public statements, including press releases; (iii) discussions with industry experts; (iv) interviews with individuals who are former employees of U.S. Steel; (v) reports of securities and financial analysts, news articles, and other commentary and analysis concerning U.S. Steel and the industry in which it operates; and (vi) review of pertinent court filings. Lead Counsel’s investigation into the matters alleged herein is continuing, and many relevant facts are known only to, or are exclusively within, the custody or control of the Defendants. Plaintiffs believe that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

SUMMARY OF THE ACTION

1. U.S. Steel, headquartered in Pittsburgh, Pennsylvania, is an integrated steel producer of flat-rolled and tubular products with major production operations in North America and Europe. The flat-rolled segment accounts for approximately 70% of the Company's net sales. U.S. Steel supplies customers throughout the world, primarily in the automotive, consumer, industrial, and oil country tubular goods markets. The Company has an annual raw steel production capability of 22 million net tons (17 tons in the United States and 5 million tons in Europe).

2. After several unprofitable years, in 2014, Defendant Mario Longhi hired his long-time trusted advisor, McKinsey & Company ("McKinsey"), to implement a purported "transformational process" designed to make the Company profitable again. This process was referred to as the "Carnegie Way," named after U.S. Steel co-founder Andrew Carnegie. The Carnegie Way purportedly consisted of three elements: (1) Employee Engagement, which was intended to get personnel interested in and engaged with the Carnegie Way program; (2) Reliability Centered Maintenance ("RCM"), which was purportedly focused on making proactive improvements to U.S. Steel's manufacturing operations and facilities; and (3) Operational Excellence, which was related to process improvements that could save the Company money (*e.g.*, cutting costs).

3. According to confidential witnesses, the Carnegie Way was a sham. Although the Carnegie Way purportedly consisted of three elements, it was widely known throughout the Company that the only element actually implemented was Operational Excellence which, according to Plaintiffs' confidential sources, was "*all about cost cutting [] at the expense of operations.*" Indeed, the U.S. Steel Defendants severely curtailed the maintenance initiative

because that would cost money. According to confidential sources, U.S. Steel adopted a motto of “don’t buy, get by” in which plant managers were only allowed to purchase parts when absolutely necessary and were required to “jury-rig” machines to keep them operating, rather than making the necessary repairs. Thus, U.S. Steel employees characterized the Reliability and Employee Engagement elements as “a joke” and “a load of crap” because the Company was not committed to them.

4. In 2015, as the steel market deteriorated, the U.S. Steel Defendants implemented extreme cost-cutting measures under the guise of the Carnegie Way in an attempt to improve the bottom line. These extreme cost-cutting measures focused on massive layoffs and deferring desperately-needed maintenance and repairs. These measures left U.S. Steel with a skeleton crew of inexperienced plant employees who did not know how to maintain or repair the equipment, were required to work long hours of up to ninety hours per week, and which resulted in severe unplanned outages (*e.g.*, downtime resulting in lost production), production delays and at least a 20% decline in production output due to U.S. Steel’s equipment breaking down and becoming inoperable. These unplanned outages occurred “quarter after quarter” and could last as long as nine months. The U.S. Steel Defendants also decreased overall capital spending and spending for the flat-rolled segment in 2016 ***by approximately 39% and 60%***, respectively.

5. The U.S. Steel Defendants’ decision to defer maintenance, repairs and capital spending proved costly, resulting in “thousands of tons of missed steel production” during the Class Period, or about 20% of production capacity, as a result of increasing unplanned outages and repairs. Accordingly, the Company’s capability utilization (the amount of steel tons actually produced as a percentage of total production capacity) fell as low as 57%, as compared to the

industry average of 80%. One confidential witness stated that the loss in production in 2016 was the most this witness had ever seen during this witness' more than twenty years with U.S. Steel.

6. The Individual Defendants were aware that U.S. Steel was experiencing significant and costly unplanned outages and massive delays in production throughout the Class Period through a Daily Report of Operations (the "DRO") and an Operating Efficiency Report ("OER"). According to confidential sources, the DRO was "well accessible" and "used widely" by those within the Company, including the Individual Defendants, who could access both the DRO and OER at the click of a button on U.S. Steel's internal website. The DRO and OER reported aggregated operational data and metrics from all of U.S. Steel's plants and included key metrics such as tons produced, tons shipped, production delay, and tons per turn. These metrics showed that, throughout the Class Period, U.S. Steel was experiencing production delays of as much as 50% and actual production was "not even close" to planned production as a result of unplanned interruptions.

7. Yet throughout the Class Period, the U.S. Steel Defendants repeatedly assured investors that U.S. Steel was implementing the RCM initiative:

We continue to implement our reliability centered maintenance process across all of our facilities. We are starting to see the benefits as we have experienced fewer unplanned outages and lower maintenance costs, and are allowing for a more efficient allocation of our maintenance labor force. We are creating a more reliable and agile operating base that lowers our break-even point, with a key focus on lowering our hot-rolled band costs through operating and process efficiencies.

(Emphasis added). The U.S. Steel Defendants also falsely claimed that the Carnegie Way was "much more than a cost cutting initiative" and that U.S. Steel was actively investing in RCM:

[The Carnegie Way] is *much more than a cost cutting initiative*, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support. Carnegie Way is our culture and the way we run the business. . . We have achieved *sustainable cost improvements*

through process efficiencies and our investments in reliability centered maintenance (RCM), and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.

(Emphasis added).

8. According to confidential sources, in reality, extreme cost-cutting was the *only* Carnegie Way initiative the U.S. Steel Defendants were implementing.

9. While the global steel economy improved throughout 2016, U.S. Steel was unable to capitalize on these more favorable market conditions as a result of mounting repair costs and unplanned outages.

10. On August 15, 2016, just two months before U.S. Steel provided the first inkling that it was experiencing unplanned outages in the third quarter of 2016 as a result of “operating challenges,” the Company conducted a well-timed secondary offering of 21.7 million shares sold to unsuspecting investors, raising proceeds of \$482 million. At the time of the offering, Defendants claimed that the proceeds would be used for “financial flexibility, capital expenditures and other general corporate purposes.” As the U.S. Steel Defendants would ultimately admit, however, “[w]e issued equity last August to give us the financial strength and liquidity *to position us to establish an asset revitalization plan large enough to resolve our issues*, and to see that plan through to completion.” (Emphasis added). In other words, the U.S. Steel Defendants were admittedly aware back in August 2016 that U.S. Steel would need to undertake a “large,” multi-year “asset-revitalization” in order to fix the Company’s problems – a known fact that was not disclosed to investors until the last day of the Class Period.

11. On November 1, 2016, U.S. Steel issued a press release reporting the Company’s third quarter 2016 financial results. For the first time, the U.S. Steel Defendants acknowledged that U.S. Steel had been experiencing “unplanned outages in the third quarter [of 2016],” which

negatively impacted the Flat-Rolled segment's shipments to the tune of 125,000 tons, or around 5% of the Company's third quarter shipments in this segment.

12. During a November 2, 2016 analyst call the following day, Defendant Longhi flatly denied that the unplanned outages were the result of under-investing and assured investors that U.S. Steel was "doing all of the right things:"

And *I would offer that, no, we have not been under-spending*. What we've been doing is, we've only been able to accomplish what we've accomplished and gotten to the position that we are, because *we've been investing appropriately in making sure that everything that we know is being addressed and moving to minimize the conditions that we experienced in the past quarter, which is unplanned events. So we've been able to get to this point, because we've been doing all of the right things*.

(Emphasis added).

13. However, the U.S. Steel Defendants' sworn testimony before the International Trade Commission ("ITC") in 2015 and early 2016 painted a very different picture. Behind closed doors before the ITC, the U.S. Steel Defendants admitted that: "investments that we *need* to make are being – *we're not able to make them right now*;" and that, while "U.S. Steel had an opportunity to grow its business to reinvest in technology . . . subject *imports deprived U.S. Steel . . . of this opportunity*; and U.S. Steel's financial results were "*nowhere near* where they need to be for us to invest in our future." (Emphasis added),

14. While concealing the true state of U.S. Steel's business from the market, beginning on November 23, 2016, Defendants Longhi and David Burritt dumped *approximately 57% and 64% of their personal holdings of U.S. Steel stock, respectively, collectively selling 699,671 shares for proceeds of approximately \$25 million over eight trading days*. Prior to this, neither Longhi nor Burritt had sold a single share of their U.S. Steel stock.

15. As market conditions continued to improve in 2017, U.S. Steel assured investors that the worst was behind the Company and U.S. Steel was “continuing to improve” and was “positioned for success in a market recovery.”

16. Then, on April 25, 2017, after the market closed, U.S. Steel shocked the market when the Company announced its first quarter 2017 results. While the market was expecting the Company to turn a strong profit, the U.S. Steel Defendants announced a “surprise” net loss of \$180 million, or \$1.03 per diluted share. Commenting on results, U.S. Steel Chief Executive Officer Mario Longhi said, “While our segment results improved by over \$200 million compared with the first quarter of 2016, *operating challenges at our Flat-Rolled facilities prevented us from benefiting fully from improved market conditions.*” (Emphasis added).

17. Upon the news, the price of U.S. Steel common stock declined from a closing share price of \$31.11 on April 25, 2017 to close at \$22.78 per share on April 26, 2017, *a loss of 27% or over \$2 billion in market value, on extremely heavy trading volume*, representing the steepest drop in price since 1991.

18. Analysts responded negatively to this news. In an April 26, 2017 research note, Analyst Gordon Johnson II of Axiom Capital Management characterized the Company’s “surprise” \$180 million loss as “all the more troubling given that it occurred in a market where U.S. steel prices are high versus previous years and given that the industry has enjoyed significant protection from imports from both the Obama and Trump administrations.” Gordon went on to state “[i]f things are so bad during good times (the remainder of the year) looks set to resemble a ‘Nightmare on Elm Street.’” (Emphasis added).

19. KeyBanc analysts stated that U.S. Steel’s results were not an indictment on the steel industry’s fundamentals but, rather, appeared to be *Company-specific*.

20. Analyst Chuck Bradford of Bradford Research Inc. stated in an interview with American Metal Market that, in his view, “Longhi spent too much time lobbying for trade relief in Washington and not enough time focusing on fixing the company’s mills.”

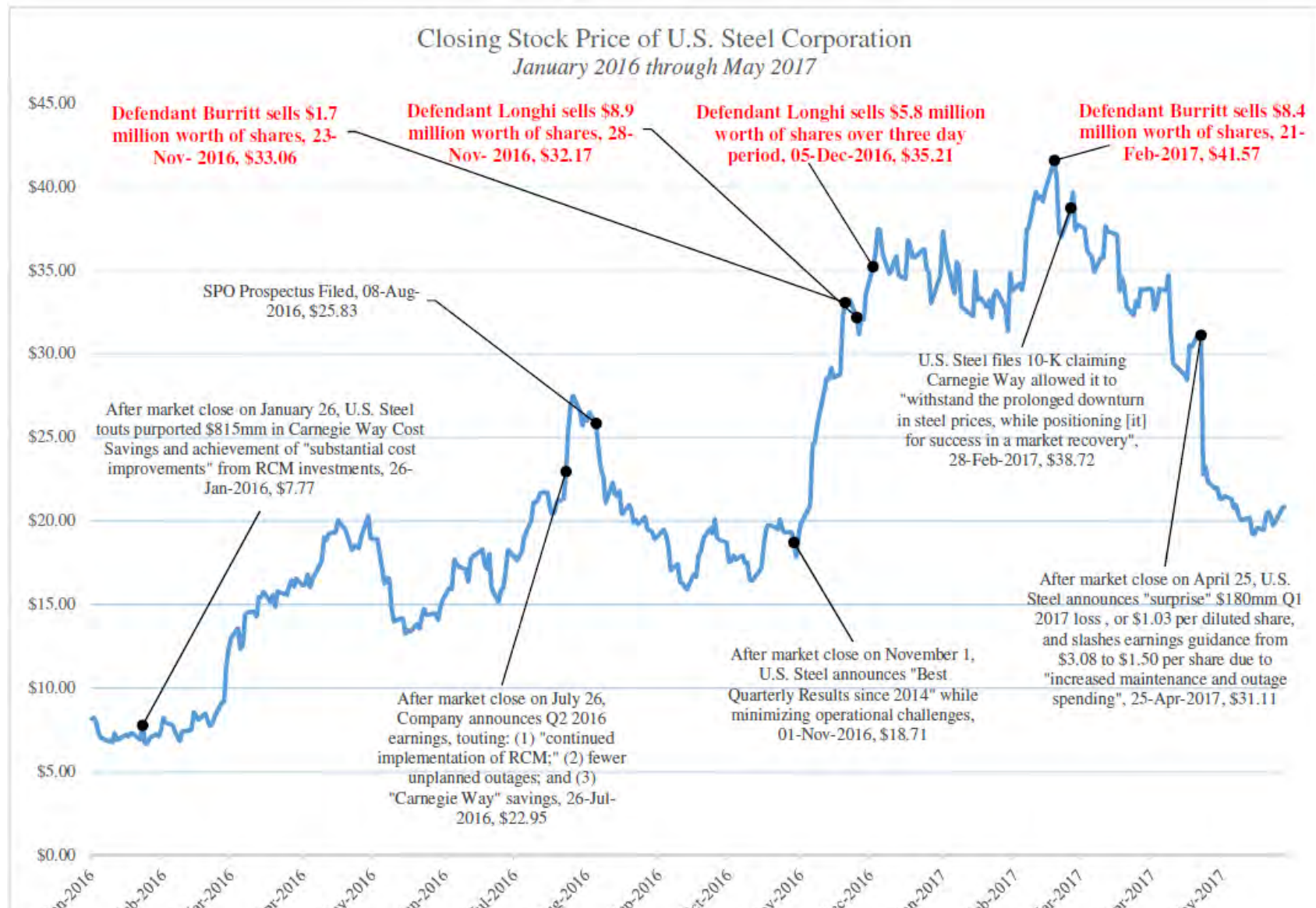
21. Another analyst noted that the Carnegie Way initiative “cut too deep” and criticized U.S. Steel for its lack of transparency to investors:

U.S. Steel blamed the loss on production problems at its North American flat-rolled mills. Those problems appear to be centered around the company’s rolling operations, although it’s hard to say that with certainty *because investors have been kept largely in the dark These issues that they’ve had last year and into this year have not been clearly described.* (Emphasis added).

22. As a result of years of under-investment and under performance, on May 10, 2017, U.S. Steel announced the purported “retirement” of Defendant Longhi, who was replaced as CEO by Defendant Burritt. Despite layoffs, plant closures, lack of profit, under-invested facilities and equipment, and a reported net loss for the 2016 fiscal year of \$440 million, Longhi received a \$4.35 million bonus for the 2016 fiscal year– his largest bonus ever.

23. Through this action, Plaintiffs seek to recoup billions of dollars of losses that he and other U.S. Steel shareholders suffered as a result of the fraud alleged herein.

24. As demonstrated in the stock chart below, Defendants Longhi and Burritt sold more than half of their personal holdings of U.S. Steel common stock at a time when they could take advantage of improving market conditions but, as a result of their decision to slash maintenance and capital spending, U.S. Steel could not.



JURISDICTION AND VENUE

25. The federal law claims asserted herein arise under §§ 11 and 15 of the Securities Act, 15 U.S.C. §§77k, 77(o), §§ 10(b) and 20(a) of the Exchange Act, 15 U.S.C. § 78j(b) and § 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

26. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331, § 27 of the Exchange Act, 15 U.S.C. §78aa, and § 22 of the Securities Act, 15 U.S.C. §77v. In connection with the acts, conduct and other wrongs alleged herein, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the U.S. mail, interstate telephone communications and the facilities of the national securities exchange. U.S. Steel trades in an efficient market on the New York Stock Exchange (“NYSE”).

27. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b), § 27 of the Exchange Act, and § 22 of the Securities Act because many of the false and misleading statements were made in or issued from this District. Defendants conduct business and maintain offices in this Judicial District, and U.S. Steel is headquartered in this Judicial District, with its principal place of business located at 600 Grant Street, Pittsburgh, Pennsylvania 15219-2800.

THE PARTIES

I. PLAINTIFFS

28. Lead Plaintiff Christakis Vrakas, as previously set forth in his certification supporting his motion for appointment as Lead Plaintiff, incorporated by reference herein, purchased U.S. Steel securities at artificially inflated prices during the Class Period and has been damaged upon the revelation of the alleged corrective disclosures.

29. Plaintiff Leeann Reed, as set forth in the attached certification, incorporated by reference herein, purchased U.S. Steel securities pursuant to and/or traceable to the Company's secondary public offering and during the Class Period at artificially inflated prices, and has been damaged thereby.

30. Plaintiff Robert Myer, as set forth in the attached certification, incorporated by reference herein, purchased U.S. Steel securities pursuant to and/or traceable to the Company's secondary public offering and during the Class Period at artificially inflated prices, and has been damaged thereby.

II. DEFENDANTS

A. U.S. Steel Corp.

31. U.S. Steel is a corporation organized and existing under the laws of the State of Delaware with its principal place of business located in Pittsburgh, Pennsylvania. The Company's common stock trades on the NYSE under the symbol "X." U.S. Steel, an integrated steel producer of flat-rolled and tubular products with major production operations in North America and Europe, supplies customers throughout the world primarily in the automotive, consumer, industrial, and oil country tubular goods markets. In 2014, U.S. Steel was the world's 15th largest steel producer by volume of steel production, producing 19.7 million tons of steel. This figure dropped dramatically by 2016 to 14.2 million tons of steel, making U.S. Steel the 24th largest steel producer in the world.

B. The Individual Defendants

1. Mario Longhi

32. Individual Defendant Mario Longhi ("Longhi") was U.S. Steel's Chief Executive Officer ("CEO") from June 2013 to May 8, 2017, and was a member of the Board of Directors (the "Board") from September 2013 to June 30, 2017. Longhi was also the Company's President

and performed the role of Chief Operating Officer from June 2013 to February 2017. U.S. Steel emphasized the critical role of Longhi as the Company's President and CEO in Company SEC filings and press releases filed or issued throughout the Class Period. For example, the Company's Schedule 14A Proxy Statement, filed with the SEC on March 14, 2017 ("2017 Proxy Statement") stated:

As the Chief Executive Officer, ***Mr. Longhi is responsible for all of the business and corporate affairs of U. S. Steel. His diverse experience and deep knowledge of the steel industry is crucial to the Corporation's strategic planning and operational success.*** As the only employee-director on the Board, Mr. Longhi is able to provide the Board with an "insider's view" of what is happening in all facets of the Corporation. He shares not only his vision for the Corporation, but also ***his hands-on experience as a result of his daily management of the Corporation and constant communication with employees at all levels.*** His insider's perspective provides the Board with invaluable information necessary to direct the business and affairs of the Corporation.

(Emphasis added).

33. Defendant Longhi, therefore, admittedly participated in the management and day-to-day operations of the Company and had actual knowledge of confidential proprietary information concerning U.S. Steel and its business, operations, growth, financial statements, and financial condition. Moreover, because of his position of control and authority, his ability to exercise power and influence with respect to U.S. Steel's course of conduct, and his access to material inside information about U.S. Steel during the Class Period, at all material times, Individual Defendant Longhi was a controlling person of U.S. Steel within the meaning of § 20(a) of the Exchange Act and § 15 of the Securities Act.

34. On February 28, 2017, U.S. Steel announced that Individual Defendant David Burritt ("Burritt") had been elected President and Chief Operating Officer and would assume Defendant Longhi's responsibilities for all aspects of the Company's day-to-day business in the United States and Central Europe, effective immediately. On May 10, 2017, U.S. Steel

announced Defendant Longhi was retiring as CEO, effective immediately, and would be succeeded by Defendant Burritt.

35. Defendant Longhi's "retirement" came only two weeks after the Company's April 25, 2017 announcement revealing dismal first quarter 2017 financial results, despite improved market conditions. Despite these weak financial figures, just prior to his retirement, Longhi received a \$4.53 million bonus for the 2016 fiscal year – his largest bonus ever – while the Company reported net loss for the 2016 fiscal year of \$440 million.

2. David Burritt

36. Defendant Burritt has been U.S. Steel's President and CEO and a member of the Board since May 2017. From February 2017 to May 2017, Burritt was the Company's President and Chief Operating Officer, with executive responsibility for all aspects of the Company's day-to-day operations. From September 2013 to February 2017, Burritt was the Company's Executive Vice President and Chief Financial Officer ("CFO"). U.S. Steel emphasized the critical role of Burritt as the Company's CFO, and later COO and CEO, in SEC filings and press releases filed or issued throughout the Class Period. For example, the Company's 2017 Proxy Statement acknowledged that, among other purported achievements: "Burritt set rigorous processes and protocols to not only support high integrity financial reporting, but also to drive Carnegie Way benefits and make timely and effective decisions around cost, revenue and staffing to achieve timeless improvements on structural and operating costs."

37. Defendant Burritt, therefore, directly participated in the management and day-to-day operations of the Company and had actual knowledge of confidential proprietary information concerning U.S. Steel and its business, operations, growth, financial statements, and financial condition. Moreover, because of his position of control and authority, his ability to exercise power and influence with respect to U.S. Steel's course of conduct, and his access to material

inside information about U.S. Steel during the Class Period, at all material times, Individual Burritt was a controlling person of U.S. Steel within the meaning of § 20(a) of the Exchange Act and § 15 of the Securities Act.

3. Dan Lesnak

38. Individual Defendant Dan Lesnak (“Lesnak”) has been U.S. Steel’s General Manager of Investor Relations at all times relevant to this lawsuit, with management responsibility over securities law compliance and communication with the market. Lesnak has hosted and been an active participant in the Company’s earnings calls and has spoken at length regarding various aspects of U.S. Steel’s business, including matters relevant to the allegations contained herein.

39. Defendant Lesnak, therefore, directly participated in the management and day-to-day operations of the Company and had actual knowledge of confidential proprietary information concerning U.S. Steel and its business, operations, growth, financial statements, and financial condition. Moreover, because of his position of control and authority, his ability to exercise power and influence with respect to U.S. Steel’s course of conduct, and his access to material inside information about U.S. Steel during the Class Period, at all material times, Individual Defendant Lesnak was a controlling person of U.S. Steel within the meaning of § 20(a) of the Exchange Act and § 15 of the Securities Act.

40. Longhi, Burritt, and Lesnak are collectively referred to herein as the “Individual Defendants.” U.S. Steel and the Individual Defendants are collectively referred to herein as the “U.S. Steel Defendants.”

C. The Underwriter Defendants

41. Each of the Defendants listed below in paragraphs 44-61 are collectively referred to herein as the “Underwriter Defendants” and, with the U.S. Steel Defendants, the

“Defendants.” The Underwriter Defendants provided underwriting services to U.S. Steel for the SPO. The SPO was comprised of an initial offering of: (i) 18.9 million shares; and (ii) an exercised underwriter’s option of an additional 2.835 million shares for a total of 21.735 million shares of common stock at \$23.00 per share. The Underwriter Defendants collectively received at least \$21 million in underwriting fees and commissions for services provided in connection with the SPO.

42. The Underwriter Defendants exercised their option to purchase an additional 2,835,000 shares on August 10, 2016. The option was to be purchased and distributed in approximately the same proportion as the original 18,900,000 shares. As a result, the numbers alleged below are approximate.

43. As underwriters, the Underwriter Defendants, collectively and individually, are liable for material omissions and misstatements contained in the Secondary Public Offering documents, unless they can prove that they conducted, prior to the SPO, a reasonable investigation of the Company to ensure that the statements included in such documents contained no material misstatements or omissions of material fact. The Underwriter Defendants failed to fulfill their duty to the investing public in this regard and cannot meet their burden to show adequate investigation under the circumstances.

44. Defendant J.P. Morgan Securities LLC (“J.P. Morgan”) is a financial firm with offices around the country, including New York, NY. J.P. Morgan was a joint book-runner for the SPO. Pursuant to the SPO, J.P. Morgan sold and distributed approximately 7,380,723 shares of U.S. Steel common stock to the investing public. J.P. Morgan was paid over \$5 million for its underwriting services in connection with the SPO.

45. Defendant Goldman Sachs & Co. (“Goldman Sachs”) is an investment bank with offices in New York, NY. Goldman Sachs was a joint book-runner for the SPO. Pursuant to the SPO, Goldman Sachs sold and distributed approximately 6,150,556 shares of U.S. Steel common stock to the investing public. Goldman Sachs was paid over \$4 million for its underwriting services in connection with the SPO.

46. Defendant Barclays Capital Inc. (“Barclays”) is an investment bank with its headquarters in London, U.K. and offices in New York, NY. Barclays was a joint book-runner for the SPO. Pursuant to the SPO, Barclays sold and distributed approximately 1,559,000 shares of U.S. Steel common stock to the investing public. Barclays was paid over \$1 million for its underwriting services in connection with the SPO.

47. Defendant Wells Fargo Securities, LLC (“Wells Fargo”) is an investment bank with offices in New York, NY and San Francisco, CA. Wells Fargo was a joint book-runner for the SPO. Pursuant to the SPO, Wells Fargo sold and distributed approximately 1,559,000 shares of U.S. Steel common stock to the investing public. Wells Fargo was paid over \$1 million for its underwriting services in connection with the SPO.

48. Defendant Credit Suisse Securities (USA) LLC (“Credit Suisse”) is an investment bank with offices in New York, NY. Credit Suisse was a joint book-runner for the SPO. Pursuant to the SPO, Credit Suisse sold and distributed approximately 719,561 shares of U.S. Steel common stock to the investing public. Credit Suisse was paid over \$500,000 for its underwriting services in connection with the SPO.

49. Defendant Morgan Stanley & Co. LLC (“Morgan Stanley”) is an investment banking firm with offices in New York, NY. Morgan Stanley was a joint book-runner for the SPO. Pursuant to the SPO, Morgan Stanley sold and distributed approximately 719,561 shares of

U.S. Steel common stock to the investing public. Morgan Stanley was paid over \$500,000 for its underwriting services in connection with the SPO.

50. Merrill Lynch, Pierce, Fenner & Smith Incorporated (“Merrill Lynch”) is a dually-registered broker-dealer and investment adviser with offices in New York, NY. Merrill Lynch was a co-manager for the SPO. Pursuant to the SPO, Merrill Lynch sold and distributed approximately 834,317 shares of U.S. Steel common stock to the investing public. Merrill Lynch was paid over \$600,000 for its underwriting services in connection with the SPO.

51. PNC Capital Markets LLC (“PNC”) is a capital market company offering investment banking and advisory services with offices in New York, NY. PNC was a co-manager for the SPO. Pursuant to the SPO, PNC sold and distributed approximately 395,084 shares of U.S. Steel common stock to the investing public. PNC was paid over \$300,000 for its underwriting services in connection with the SPO.

52. Scotia Capital (USA) Inc. (“Scotia Capital”) is an investment bank with offices in New York, NY. Scotia Capital was a co-manager for the SPO. Pursuant to the SPO, Scotia Capital sold and distributed approximately 395,084 shares of U.S. Steel common stock to the investing public. Scotia Capital was paid over \$300,000 for its underwriting services in connection with the SPO.

53. Citizens Capital Markets, Inc. (“Citizens Capital”) is a capital market company specializing in buying and selling securities with offices in Boston, MA. Citizens Capital was a co-manager for the SPO. Pursuant to the SPO, Citizens Capital sold and distributed approximately 263,484 shares of U.S. Steel common stock to the investing public. Citizens Capital was paid over \$200,000 for its underwriting services in connection with the SPO.

54. SunTrust Robinson Humphrey, Inc. (“SunTrust”) is an investment bank with offices in New York, NY. SunTrust was a co-manager for the SPO. Pursuant to the SPO, SunTrust sold and distributed approximately 263,484 shares of U.S. Steel common stock to the investing public. SunTrust was paid over \$200,000 for its underwriting services in connection with the SPO.

55. BNY Mellon Capital Markets, LLC (“BNY”) is an investment bank with offices in New York, NY. BNY was a co-manager for the SPO. Pursuant to the SPO, BNY sold and distributed approximately 219,617 shares of U.S. Steel common stock to the investing public. BNY was paid over \$100,000 for its underwriting services in connection with the SPO.

56. Citigroup Capital Markets, Inc. (“Citigroup”) is a capital market company with offices in New York, NY. Citigroup was co-manager for the SPO. Pursuant to the SPO, Citigroup sold and distributed approximately 219,617 shares of U.S. Steel common stock to the investing public. Citigroup was paid over \$100,000 for its underwriting services in connection with the SPO.

57. Commerz Markets LLC (“Commerz”) is a registered broker-dealer with offices in New York, NY. Commerz was a co-manager for the SPO. Pursuant to the SPO, Commerz sold and distributed approximately 219,617 shares of U.S. Steel common stock to the investing public. Commerz was paid over \$100,000 for its underwriting services in connection with the SPO.

58. The Huntington Investment Company (“Huntington Investment”) is a registered broker-dealer and registered investment advisor with offices in Columbus, OH. Huntington Investment was a co-manager for the SPO. Pursuant to the SPO, Huntington Investment sold and distributed approximately 219,617 shares of U.S. Steel common stock to the investing public.

Huntington Investment was paid over \$100,000 for its underwriting services in connection with the SPO.

59. SG Americas Securities, LLC (“SG Americas”) is an investment bank and a wholly-owned subsidiary of Société Générale S.A. that provides underwriting services with offices in New York, NY. SG Americas was a co-manager for the SPO. Pursuant to the SPO, SG Americas sold and distributed approximately 219,617 shares of U.S. Steel common stock to the investing public. SG Americas was paid over \$100,000 for its underwriting services in connection with the SPO.

60. The Williams Capital Group L.P. (“Williams”) is an investment bank with offices in New York, NY. Williams was a co-manager for the SPO. Pursuant to the SPO, Williams sold and distributed approximately 219,617 shares of U.S. Steel common stock to the investing public. Williams was paid over \$100,000 for its underwriting services in connection with the SPO.

61. ING Financial Markets LLC (“ING”) is an investment bank with offices in New York, NY. ING was a co-manager for the SPO. Pursuant to the SPO, ING sold and distributed approximately 175,468 shares of U.S. Steel common stock to the investing public. ING was paid over \$100,000 for its underwriting services in connection with the SPO.

RELEVANT NON-PARTIES

62. CW#1 was a former Division Administrative Assistant at the Company’s Gary Works facility from January 2013 to May 2016 and an Organizational Change & Transformation Facilitator from February 2014 to May 2016. Prior to these positions, CW#1 was a contracted administrative assistant with U.S. Steel since 2011. CW#1 was also a Carnegie Way team member during the Class Period, which meant that CW#1 participated in training U.S. Steel

personnel about the Carnegie Way. This included training employees about the “data driven” methodology of the program, how to implement the Carnegie Way, and how to undertake “project charters.” CW#1 reported to the Director of Change Transformation, Robert Lange, who reported to the Gary Works Plant Managers and Defendant Burritt.

63. CW#2 was a former Lean Six Sigma Black Belt Focused on Transformation from April 2016 to March 2017 and a Process Excellence Specialist from January 2015 to April 2016. As a Lean Six Sigma Black Belt, CW#2 was involved in the Carnegie Way initiative. CW#2’s role as a Carnegie Way team member was to impart training and information to Company employees regarding the methodologies associated with the Carnegie Way. The training consisted of three separate steps. While the first step consisted of a two-day training, the last step was a week-long training class for the “best of the best employees.” During this last training session, Defendant Burritt or Defendant Longhi would speak to the students for approximately 60-90 minutes.

64. CW#3 worked at U.S. Steel for twenty-two years as a technician and manager, including as a Plant Manager at Gary Works. In February 2014 CW#3 became the General Manager (“GM”) of Transformation and remained in this position until April 2016. As the GM of Transformation, CW#3 oversaw the launching of the Carnegie Way initiative across all plants, which involved lean six sigma concepts and statistical analyses. CW#3 had a “coaching” role where CW#3 both developed training and trained employees on the Carnegie Way. CW#3 also set up “war rooms” across the Company and oversaw a group of Lean Six Sigma Master Black Belts who would assist the plants with the “tougher” projects.

65. CW#4 was a former Reliability Engineer at Fairfield Works from 2014 to March 2016, responsible for implementing a Reliability Centered Maintenance Organization at Fairfield

Works, including building, training, coordinating and supervising a new team of planners/schedulers and reliability engineers. CW#4 held various other positions with the Company starting in 2004.

66. CW#5 was a former U.S. Steel Director of Reliability Centered Maintenance at Great Lakes Works from March 2016 to July 2016 and Director of Reliability Assurance North American Flat-Rolled in Pittsburgh from August 2012 to March 2016. As Director of Reliability Centered Maintenance, CW#5 was responsible for reviewing the state of the equipment at the U.S. Steel facilities to determine what was affecting the Company's production and ability to meet customer demand and making appropriate recommendations. Prior to that, CW#5 was General Manager of Great Lakes Works from January 2011 to August 2012, and General Manager of Minnesota Ore Operations from January 2007 until December 31, 2010.

67. CW#6 was a former Mechanical Repairman and Team Leader who worked at the Clairton Coke Plant at U.S. Steel's Mon Valley facility for nearly forty years until he retired in January 2017. CW#6 was responsible for running the "shop," procuring parts to repair the coke oven doors, and overseeing all repairs for the coke doors. Part of CW#6's job responsibilities included working with U.S. Steel's vendors to obtain parts.

68. CW#7 was a former U.S. Steel Buyer/Purchasing Specialist from September 2014 to April 2016, whose primary job responsibility was to order machinery parts for all of U.S. Steel's plants in the United States.

69. CW#8 was a former Operations & Manufacturing Manager for Pickle Line/Cold Mill Operations-Irvin Works from June 2013 to August 2016, responsible for overseeing all union employees that worked on the pickle line. CW#8 was also a Management Associate Engineer for the same facility from June 2012 to May 2013.

70. CW#9 was a former U.S. Steel Financial Analyst from January 2015 to October 2016. As a Financial Analyst, CW#9 was responsible for capital spending for all of U.S. Steel's business lines and was liaison between the Company's Financial Planning & Analysis ("FP&A") and Engineering groups. CW#9 participated in capital budget meetings, which included various Company executives, including defendant Burritt, the head of engineering and various directors.

71. CW#10 was a former Area Manager for Blast Furnace Maintenance and Services and Subject Matter Expert ("SME") regarding blast furnaces and reliability preventative maintenance from November 2014 until May 2015. In this witnesses' role as an SME, CW#10 was responsible for the Company's preventative maintenance program.

72. CW#11 formerly worked at U.S. Steel in a variety of positions since 1998, most recently as a Senior Manager, Global Financial Planning & Analysis from March 2016 until December 2016. CW#11's position covered two broad areas, including: (i) Operations Planning, which looked at scheduling steel production at all of U.S. Steel's domestic facilities for all product categories; and (ii) Analytics, which dealt with variable costs of revenue to determine the optimal (i.e. most profitable) mixes of products.

STATEMENT OF FACTS

III. COMPANY BACKGROUND

A. U.S. Steel's Core Business Products

73. U.S. Steel was founded in 1901 by J.P. Morgan and Elbert H. Gary, who combined Andrew Carnegie's Carnegie Steel Company with the Federal Steel Company and the National Steel Company. At one time, the Company was the largest corporation in the world, and the largest steel producer. Today, U.S. Steel is an integrated steel producer of flat-rolled and tubular products with major production operations in North America and Europe. U.S. Steel

supplies customers throughout the world, primarily in the automotive, consumer, industrial, and oil country tubular goods markets. The Company boasts an annual raw steel production capability of approximately 22 million net tons (17 million tons in the United States and 5 million tons in Europe).

74. U.S. Steel divides its operations into three primary segments: (i) Flat-Rolled; (ii) U.S. Steel European (“USSE”); and (iii) Tubular. The Flat-Rolled segment includes U.S. Steel’s integrated steel plants in the United States involved in the production of slabs, rounds, strip mill plates, sheets and tin mill products, as well as all iron ore and coke production facilities. The USSE segment includes U. S. Steel Kosice (USSK), an integrated steel plant and coke production facility in Slovakia. The Tubular segment includes the Company’s tubular production facilities, primarily in the United States, which produce metal products with a hollow tubular cross section in many different forms, including pipe, rectangular shaped, and D-shaped.

1. The Flat-Rolled Segment

75. Flat-rolled steel is a type of steel sheet that is manufactured by rolling, with the starting and ending material having a rectangular cross-section. The material is fed between two rollers, called working rolls, which rotate in opposite directions. The final product is either a sheet or plate, with the former being less than 6 mm (0.24 in) thick and the latter being greater than that.

76. U.S. Steel’s Flat-Rolled segment accounts for 67-70% of the Company’s total steel shipments in tons and 67-74% of the Company’s net sales:

STEEL SHIPMENTS					
<i>*in thousands of tons</i>	Flat-Rolled	USSE	Tubular	Total	% Flat-Rolled
2016	10,094	4,496	400	14,990	67%

2015	10,595	4,357	593	15,545	68%
2014	13,908	4,179	1,744	19,831	70%
NET SALES					
*in millions	Flat-Rolled	USSE	Tubular	Total¹	% Flat-Rolled
2016	\$7,507	\$2,243	\$449	\$10,261	74%
2015	\$8,293	\$2,323	\$898	\$11,574	72%
2014	\$11,708	\$2,891	\$2,772	\$17,507	67%

77. Within its Flat-Rolled segment, U.S. Steel produces three primary products: (i) hot rolled steel; (ii) cold rolled steel; and (iii) coated sheets. Hot rolling is a mill process which involves rolling the steel at a high temperature above steel's recrystallization temperature, allowing the steel to be shaped and formed easily. When the steel cools it will shrink slightly, affording less control over the size and shape of the finished product when compared to cold rolled. Hot rolled products are used in the welding and construction trades to make railroad tracks and I-beams, and other situations where precise shapes and tolerances are not required. Hot rolled steel is typically cheaper than cold rolled steel partly because reheating of the steel is not required (as it is with cold rolled).

78. Cold rolled steel, in turn, is essentially hot rolled steel that has had further processing in cold reduction mills where the material is cooled followed by annealing and/or tempers rolling. This process will produce steel with a superior surface finish, and superior tolerance, concentricity, and straightness when compared to hot rolled steel. Cold rolled products are used in all areas of manufacturing of durable goods, such as appliances or automobiles, or any other project where tolerances, surface condition, concentricity, and straightness are the

¹ Total includes the "Other Business" Segment.

major factors. Coated sheets are hot or cold rolled steel products coated with differing types of metallic to provide improvements in corrosion.

79. As set forth in the chart below, the U.S. Flat-Rolled Segment accounted for 17 million of the Company's 22 million tons, or 77%, of its net ton production capability (excluding the Fairfield Works facility, which was permanently shut down in 2015):

FLAT-ROLLED FACILITIES			
Facility	Location	Raw Steel Production Capacity <i>*in millions of tons</i>	Status During Class Period
Gary Works	Indiana	7.5	<ul style="list-style-type: none"> Producing hot-rolled, cold-rolled and coated sheets. In May 2015, U.S. steel permanently shut down its last remaining coke making facility.
Great Lakes Works	Michigan	3.8	<ul style="list-style-type: none"> Producing hot-rolled, cold-rolled, and coated sheets
Mon Valley Works	Pennsylvania	2.9	<ul style="list-style-type: none"> Producing hot-rolled, cold-rolled, and coated sheets, as well as coke and coke by-products
Granite City Works	Illinois	2.8	<ul style="list-style-type: none"> Producing hot-rolled and coated sheets. During December 2015, the Granite

			City Works steelmaking operations and hot strip mill were temporarily idled. U.S. Steel partially restarted operations in February 2017.
Fairfield Works	Alabama	2.4	<ul style="list-style-type: none"> During 2015, the steelmaking operations at the Fairfield Works facility were shut down permanently.

80. Thus, U.S. Steel’s Flat-Rolled segment and facilities was a highly material aspect of the Company’s business operations and its “core” business.

81. Prior to and throughout the Class Period, Defendants consistently stressed the importance of continued innovation and investment in U.S. Steel’s steel technology, and in particular, the Company’s Flat-Rolled facilities stating, for example, that the Company is “committed to investing in technologies,” “have investigated, created and implemented innovative, best practice solutions throughout U.S. Steel,” is “position[ed] to be best-in-class in innovation,” and is “focused on the investments that we need.”

2. The Tubular Segment

82. Tubular is a type of metal profile with a hollow tubular cross section. U.S. Steel’s Tubular segment includes the operating results of U.S. Steel’s tubular production facilities, primarily in the United States, and equity investees in the United States and Brazil. These operations produce and sell seamless and electric resistance welded (ERW) steel casing and tubing, standard and line pipe and mechanical tubing and primarily serve customers in the oil, gas and petrochemical markets.

83. The Tubular segment’s annual production capability is 2.8 million tons. During 2014 to 2016, U.S. Steel’s Tubular segment accounted for 2.7-8.8% of the Company’s total steel shipments in tons and 4.4-15.8% of the Company’s net sales. *See supra* Statement of Facts (“SOF”), III.A.1.

3. The European Segment

84. U.S. Steel’s USSE segment includes U.S. Steel Kosice (USSK), an integrated steel plant and coke production facility in Slovakia. USSE primarily serves customers in the European construction, service center, conversion, container, transportation (including automotive), appliance and electrical, and oil, gas and petrochemical markets. During 2014 to 2016, U.S. Steel’s USSE segment accounted for 21-30% of the Company’s total steel shipments in tons and 16.5-22% of the Company’s net sales. *See supra* Statement of Facts, III.A.1.

85. According to Defendants, USSK has an annual raw steel production capability of 5.0 million tons, and principally produces hot-rolled steel, cold-rolled steel and coated sheets, tin mill products and spiral welded pipe. USSK also has facilities for manufacturing heating radiators and refractory ceramic materials. This facility has two coke batteries, four sintering strands, three blast furnaces, four steelmaking vessels, a vacuum degassing unit, two dual strand casters, a hot strip mill, two pickling lines, two cold reduction mills, three annealing facilities, a temper mill, a temper/double cold reduction mill, three hot dip galvanizing lines, two tin coating lines, three dynamo lines, a color coating line and two spiral welded pipe mills.

B. After Years of Consecutive Losses, the U.S. Steel Defendants Implement the “Carnegie Way” Initiative

86. By 2014, U.S. Steel had experienced years of consecutive losses culminating in a 90 percent drop in the Company’s stock price and the bankruptcy of its Canadian subsidiary. Defendant Longhi then hired McKinsey, with which he had a long-standing prior relationship

through his previous employment at Alcoa, to launch a purported “transformational process” called the “Carnegie Way.” The Carnegie Way, named after U.S. Steel co-founder and famous industrialist Andrew Carnegie, was purportedly designed to drive and sustain profitable growth. The U.S. Steel Defendants repeatedly told the market that the Carnegie Way initiative was “much more than a cost cutting initiative, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.”

87. The U.S. Steel Defendants described the Carnegie Way as a purported “strategic, disciplined approach to transforming the Company to address the new realities of the marketplace.” The Carnegie Way consisted of three elements: (1) Employee Engagement, which was intended to get personnel interested in and engaged with the Carnegie Way program; (2) RCM, which was purportedly focused on making proactive improvements to U.S. Steel’s manufacturing operations and facilities; and (3) Operational Excellence, which was related to process improvements that could save the Company money.

88. According to CWs#1 and 3, Carnegie Way projects had to follow a six sigma methodology. Six Sigma methodology, which was originally introduced by engineers of Motorola back in 1986, is a set of techniques and tools for process improvement to improve the quality of the output of a process. The Six Sigma methodology at U.S. Steel was known as “DMAIC,” which stood for Define, Measure, Analyze, Implement, and Control. Each element was assigned a “D-Gate” level, 1-5, depending on the progress of a project.

89. According to CW#3, the first stage is the Define stage, which included creating a charter and identifying a leader or sponsor for the project. The second stage, Measure, involved measuring the “current state” of something at the Company, which became the “baseline.” The Analyze stage involved looking at how far the Company was from the benchmark (i.e. where it

wanted to be) and demonstrating that it had an “idea” of what was “missing.” Next, the Implement stage involved implementing the project. Lastly, the Control stage involved establishing a new “benchmark” and keeping the Company from “slipping back.” The value, or cost savings, was recognized only when the project reached D-5 Control, meaning the project had been fully implemented.

90. All five stages were tracked in the Company’s “Wave” system. Savings were measured as the “shift” from the “baseline,” or the “gap” between the baseline and the “new performance” (*e.g.*, the difference between what was being spent after the project was completed and what had previously been spent).

91. As discussed below (Statement of Facts, Section III, *infra*), while the Carnegie Way was initially created to address three elements – Employee Engagement, RCM and Operational Excellence – in 2015, after market conditions became drastically worse, the U.S. Steel Defendants abandoned Employee Engagement and RCM and focused solely on “Operational Excellence,” which meant ruthlessly cutting costs in order to improve the Company’s bottom line.

IV. THE U.S. STEEL MARKET DRASTICALLY DETERIORATES DURING 2015

A. Market Factors Resulting in the Deterioration of the Steel Market in 2015

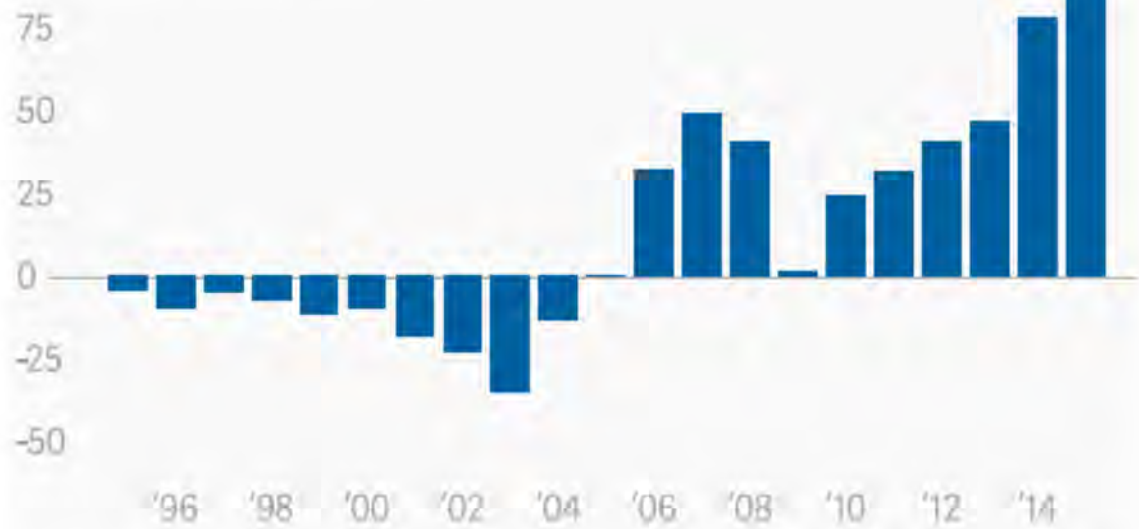
92. In 2015, the global demand for steel declined. The Organization for Economic Co-Operation and Development (“OECD”) in its Q4 2015 document, *Steel Market Developments*, attributed this weakness to slowing world economic growth reflecting slowdowns and recessions in some major emerging market economies. China’s economic growth was among those countries observed as its Gross Domestic Product growth slowed due to a reduction in its demand for buildings and equipment.

93. The impact of this decline in demand on the health of the global steel industry was exacerbated by a sharp increase in Chinese steel production capacity that had been taking place over the prior decade. Based on OECD data, between 2000 and 2016, Chinese steel capacity increased 678%. China went from having 149.6 million metric tons of steel capacity, slightly above the 116 million metric ton annual steelmaking capacity in the United States in 2000, to 1.16 billion tons of capacity in 2016, or ten times that of the U.S. in 2016.

94. While some of this increased steel production could be used in China's own expanding economy, it became a net exporter of steel to other countries in 2006. As global demand slowed in 2015, Chinese production and exports put downward pressure on global steel prices, adversely impacting steel companies around the world.²

China's net exports of steel

100 million metric tons



² As the anti-dumping and countervailing duty trade actions in the U.S. went into effect against certain flat-rolled steel products from China in 2016, U.S. imports of those products from China drastically declined.

95. Over the course of 2015, prices of some steelmaking raw materials also declined. As of November 2015, the spot price of iron ore was \$48 per ton (cost and freight to China), equaling a 29% decline from January 2015, and a 63% fall from January 2014. This drastic decrease in price was the result of oversupply of iron ore, as steel demand weakened and supply increased, particularly from Australia. The coking coal and scrap metal markets also fell sharply throughout 2015. In November 2015, the coking coal and scrap prices (spot) were down by 30% and 43%, respectively, relative to their January 2015 levels. While this helped reduce some of the input costs to steelmaking production, it also contributed to the downward pressure on finished steel prices.

96. The combined effect of weakening global steel demand, growing Chinese production, and decreases in steelmaking costs led to a very sharp decline in world steel prices, as well as U.S. prices. For example, according to *American Metal Market*, the quarterly average price of U.S. cold-rolled coil declined from \$32.90 per hundredweight in Q1 2015 to \$25.54 per hundredweight in Q4 2015 (a decline of 22%). These price declines exacerbated the already small operating margins that steel companies command and the reduction in raw materials prices was not enough to overcome that impact. Integrated steel manufacturers, such as U.S. Steel, were particularly vulnerable, because blast furnace operators are subject to significantly higher operating leverage than electric arc furnace operators and once a blast furnace is started it will typically run for years at a time. The average pre-tax operating margin of 757 publically traded steel companies from October 2013 to September 2014 was 5.99%, well below the 9.3% average operating margin for the world's 42,410 publicly traded firms. Globally, steel's average operating margin was ranked 79th out of 96 listed industries, and in the United States it was

84th. If only manufacturing firms are included, steel is ranked amongst the very least profitable industries.

B. The Deterioration of the Steel Market Forces U.S. Steel to the Brink of Bankruptcy

97. The deterioration of the steel industry over the course of 2015 had a nearly disastrous effect on U.S. Steel's financial performance, resulting in record year-over-year losses and a stunning year-end 2015 loss of \$1.5 billion, marking the Company's failure to turn a profit in *six of the last seven years*:

U.S. Steel's Financial Performance Declines Dramatically Over 2015				
Quarter	Reported Figures		Year-Over-Year Change	
	Earnings *in millions	EBIT *in millions	Earnings	EBIT
Q1 2014	\$52 M	\$154 M	(44.68%)	310.90%
Q2 2014	(\$18 M)	\$132 M	76.92%	180.85%
Q3 2014	(\$207)	\$479 M	88.44%	323.89%
Q4 2014	\$275 M	\$420 M	(7.40%)	187.60%
FY 2014	\$102 M	\$1.185 B	106.20%	196.20%
Q1 2015	(\$75) M	(\$21 M)	(244.23%)	(113.63%)
Q2 2015	(\$261) M	(\$104 M)	(1350.00%)	(178.78%)
Q3 2015	(\$173) M	(\$40 M)	16.42%	(108.30%)
Q4 2015	(\$999) M	(\$137) M	(463.27%)	(132.61%)
FY 2015	(\$1.5) billion	(\$302) M	(1370.50%)	(125.48%)

98. As detailed further *infra* SOF at VII, these financial losses forced U.S. Steel management to shut down various facilities in 2015, prompting industry analysts to speculate as to whether the Company was headed for bankruptcy. For example, during a conference call discussing the Company's Q4 results for 2015 held on January 27, 2016, David Gagliano, an

analyst with BMO Capital Markets, questioned whether temporary facility shutdowns would be enough to save the Company in the long term, stating:

But really what I am getting at is contingency planning beyond that [asset closures]. In case this environment somehow magically stays in place beyond the next 12 months, I think the working capital improvements may potentially fade. There is risk if that cash burn potentially increases significantly and then there is concern about liquidity, in my opinion. And so I am just wondering what the timing is when those contingency plans start to take effect.

99. In response, Defendant Burritt reassured analysts and investors that, while “everything is on the table:”

We are managing cash extraordinarily closely. We look at it daily. We have rolling forecasts. We are on it, we got this. We are going to adapt to whatever the economic circumstances are and we will have the trigger points that will tell us what we need to do. *We are still in great cash position...[s]o we feel extraordinary comfortable where we are today...*[w]e are not going to tell you what the next steps are but you can understand that we are on it and we got it.

(Emphasis added).

100. In the same January 27 conference call, Matt Vittorioso, an analyst with Barclays, questioned what would happen when the Company reduced its working capital and inventory. In November 2015, Vittorioso had stated to *Bloomberg* that, “[f]olks are beginning to question the viability of the business, just given how weak steel fundamentals are.”

101. This industry sentiment continued into 2016. For instance, by year-end 2016, U.S. Steel was projecting full-year 2016 Adjusted EBITDA that would be “near breakeven,” and \$500 million cash benefits from working capital improvements. Gordon Johnson of Axiom Capital was skeptical of these metrics, noting several reasons in an interview with *Benzinga*.³ Of particular note, Johnson was skeptical of the fact that the Company had suddenly switched from

³ Joel Elonin, *Gordon Johnson of Axiom Capital Not a Believer in U.S. Steel Rally*, BEZINGA at <https://www.benzinga.com/general/movers-shakers/15/01/5187737/gordon-johnson-of-axiom-capital-not-a-believer-in-u-s-steel-ral> (accessed Sept. 12, 2017).

providing quarterly guidance to yearly guidance. This deviated from U.S. Steel's long-standing policy and, according to Johnson, could have been done to mask weakness in the second half of the year.

V. U.S. STEEL ABANDONS THE EMPLOYEE ENGAGEMENT AND RELIABILITY CENTERED MAINTENANCE CARNEGIE WAY INITIATIVES AND FOCUSES SOLELY ON RUTHLESS COST-CUTTING TO SALVAGE THE BOTTOM LINE

102. In 2015, as market conditions severely deteriorated and U.S. Steel struggled to stay afloat, the Individual Defendants embraced a "tone at the top," which required U.S. Steel employees to abandon the Employee Engagement and RCM elements of Carnegie Way and engage in ruthless cost-cutting measures to improve the bottom line. The Individual Defendants also slashed capital spending for the same reason.

A. Defendants Abandoned Employee Engagement

103. According to CW#2, it was generally recognized throughout the Company that the primary focus of Carnegie Way was on the Operational Excellence cost savings element. As a member of the Carnegie Way initiative, CW#2 was aware of the projects going on at different facilities despite not being directly involved with them.

104. CW#2 explained that, unlike Operational Excellence, the RCM and Employee Engagement elements were recognized by U.S. Steel personnel as "a joke" and "a load of crap" because the Company was not committed to them and "no one was doing anything" related to them. CW#1 corroborated CW2's account. CW#1 explained that although U.S. Steel personnel were told the Carnegie Way was intended to improve U.S. Steel overall without needing to eliminate personnel, in actuality, there was very little commitment to Employee Engagement.

105. CW#1 stated that when this witness became a Carnegie Way team member, CW#1 trained U.S. Steel personnel about the Carnegie Way, including on the "data driven"

methodology of the program, how to implement the Carnegie Way, and how to undertake “project charters” as part of the program. CW#1 wanted to focus on the Employee Engagement element, but various managers at U.S. Steel told CW#1 that Employee Engagement did not matter compared to Operational Excellence. CW#1 said that the directive from the corporate office in Pittsburgh to the plants was to get as much cost savings as possible, while only pretending to care about employee engagement. Thus, CW#1 stated the focus was solely on the money savings and “how to get velocity” even as Employee Engagement was “wiped out.”

B. Defendants Abandoned Reliability Centered Maintenance

106. According to CW#4, RCM was a corporate-wide program purportedly intended to improve overall maintenance planning and scheduling throughout the Company. CW#4 stated that RCM was intended to improve overall maintenance planning and scheduling throughout U.S. Steel through “predictive maintenance” in which the Company took a “proactive,” rather than a “reactive” approach and ordered parts to be replaced before they wore out. This included efforts to implement and follow-up on preventative maintenance in order to stop the Company’s equipment and infrastructure from breaking. By replacing parts before they wore out, downtime would be reduced and, thus, production delays would be decreased. According to CW#4, U.S. Steel used a program called Oracle during the Class Period as its Computerized Maintenance Management Software (“CMMS”). Oracle CMMS tracked parts and maintenance requirements. According to CW#4, this information was available on the Company’s network so that personnel in Pittsburgh, including the Individual Defendants, could access it.

107. As part of the RCM initiative, previous existing maintenance groups within U.S. Steel, including the Reliability Assurance group and Risk Assessment group, became rolled up under the Carnegie Way and, in some instances, were eliminated altogether. Specifically,

according to CW#5, U.S. Steel had created a Reliability Assurance team in 2012 to improve U.S. Steel's product delivery times, product quality, and safety. CW#5 stated the group was primarily created because most of the Company's facilities had been built before 1970 so they had old equipment without much automation. CW#5 explained that U.S. Steel wanted to become a more global company, but had recognized that it was "behind the game" with regard to up-to-date controls and equipment, which was affecting the Company's ability to deliver quality products to its customers on time and in a safe manner. According to CW#5, some employees tried to convince the executives to create a team to address these issues and eventually the executives "halfheartedly" allowed the creation of the Reliability Assurance team.

108. According to CW#5, at the time the Reliability Assurance team was created, U.S. Steel employees knew that something had to be done about the Company's facilities, but Reliability Assurance was just a "buzz word" that no one knew much about. CW#5 explained that the team, eventually consisting of five employees and a secretary, was tasked with the responsibility of looking at the equipment at U.S. Steel's facilities and determining what was affecting the Company's ability to service their customers. The team would also make presentations to various plants, such as Gary Works and Great Lakes, to teach employees about reliability assurance and maintenance. CW#5 said the team had trouble "gaining traction," but eventually made some progress. Once the Carnegie Way was implemented, however, the Reliability Assurance team was "indirect[ly] control[ed]" under the RCM element of the Carnegie Way. As explained below, this meant nothing was done to improve or maintain U.S. Steel's facilities.

109. The second group to be taken over by the Carnegie Way philosophy was the Risk Assessment group. According to CW#5, the Risk Assessment Group, which was at U.S. Steel

since this witness began employment, traveled to the Company's various facilities to create a "critical spare list." CW#5 stated that the group would analyze what parts were available at each facility and what the impact would be if any parts broke. For example, according to CW#5, the Risk Assessment group would analyze things such as: If a motor went out on the cold mill, did the plant have a spare motor? If not, were there spare motors available? What would be the impact if the motor went out?

110. According to CW#5, however, once the Carnegie Way was implemented in 2014, the Risk Assessment group essentially became "wiped out." CW#5 explained that this was because money was not allowed to be spent on necessary spare parts. CW#5 provided one example in 2016 where U.S. Steel refused to buy a spare motor because the motor was too expensive, even though not having a spare motor would have been risky since the motors that were being used at the time were forty or fifty years old and if a motor broke, the facility would be down and U.S. Steel would lose revenue.

111. CW#6 corroborated CW#5's account that the Company stopped keeping spare parts on hand at its steel mills in order to cut costs. Instead, employees were made to wait until parts broke. At that point, it became a fire drill and employees would wind up calling vendors in the middle of the night to obtain a needed part. This practice was particularly problematic because some of the replacement parts took as long as 14-16 weeks to receive according to CW#6.

112. CW#1 recounted similar details about how the RCM program was ignored. Specifically, according to CW#1, the general consensus of U.S. Steel employees was that the RCM was a "waste of time" since management was not committed to it. In fact, CW#1 explained that the training CW#1 received regarding RCM did not even make it clear what RCM meant.

According to CW#1, RCM initiatives were never implemented at the Gary Works facility because there was no dollar value to be achieved by implementing them. Thus, managers would not spend money on tools because doing so would not “make money” as the Operational Excellence projects would. CW#1 commented that if the RCM element was meant to engage preventative maintenance to avoid equipment and infrastructure from breaking, “nothing was really done” at Gary Works because the equipment and infrastructure there kept breaking.

113. For example, CW#1 explained that Blast Furnace 14, the biggest furnace at Gary Works, went “completely down” at some point between January 2016 and May 2016 for two weeks because the wiring for the furnace had flooded. According to CW#1, this would not have occurred with adequate maintenance.

114. Likewise, CW#6 stated that during 2015 and 2016, U.S. Steel allowed the steel making machinery and equipment to run until it broke, rather than providing preventative maintenance and timely repairs. Moreover, according to CW#6, U.S. Steel abandoned any training in order to save money. Thus, the employees operating the coke ovens were “busting parts left and right” during 2015 and 2016 due to lack of proper training, causing more frequently needed repairs. CW#6 believed that many of the unplanned outages in 2015 and 2016 were the direct result of the Company’s failure to properly maintain and repair its equipment because U.S. Steel let “things go a little too far.”

115. Thus, contrary to Defendants’ public statements that U.S. Steel was “*continu[ing] to implement our reliability centered maintenance process across all of our facilities*” and, thus, was “starting to see the benefits as we have experienced *fewer unplanned outages and lower maintenance costs*,” in reality, U.S. Steel was performing little maintenance, resulting in costly repairs and outages. *See* Section SOF VII *infra*.

C. The U.S. Steel Defendants Implement Extreme Cost-Cutting Measures Under the Operational Excellence Carnegie Way Initiative to Save the Bottom Line

116. To offset years of losses and avoid bankruptcy, Defendants Longhi and Burritt doubled down on the purported Carnegie Way “transformation” by implementing extreme cost-cutting measures in the form of: (1) massive layoffs; (2) deferring maintenance and repairs; and (3) drastic reductions in capital expenditures.

1. U.S. Steel’s Massive Layoffs Result in Safety Violations

117. Throughout the Class Period, U.S. Steel laid off thousands of employees, leaving the Company with few individuals possessing the knowledge or experience to adequately maintain its facilities. As a result, machines were not maintained, became dangerously unsafe, and caused numerous injuries, even death.

118. Beginning in 2015, U.S. Steel was forced to idle facilities due to decreased market demand, including Gary Works and Fairfield Works. For example, on February 26, 2015, U.S. Steel closed down its Gary Works coke plant in Gary, Indiana, signaling the first in a long line of plant shutdowns and employee layoffs. On August 17, 2015, U.S. Steel announced that it was permanently closing its Fairfield Works blast furnace located in Birmingham, Alabama on November 17, 2015. The shutdown of Fairfield Works resulted in over 1,100 employees losing their jobs. Contemporaneously, on November 23, 2015, U.S. Steel closed its Granite Mill in Granite City, Illinois in order to save on operation costs, and laid off about 2,000 employees. Granite Mill remained closed until a small portion of the facility was reopened in February 2017.

119. As a result, the Company laid off thousands of employees, exacerbating understaffing and maintenance issues already plaguing the Gary Works facility. Critically, according to the United Steelworkers Union and public reports, *these layoffs centered on*

maintenance employees.⁴ Indeed, in April 2016, the Company announced it was laying off one quarter (25%) of its salaried workforce. Shortly after these April layoffs, in June 2016, a U.S. Steel employee, Charles Kremke, 67, was killed from accidental electrocution while working at the Company's Gary Works facilities.⁵ The Indiana Occupational Safety and Health Administration found U.S. Steel committed four serious safety violations resulting in the death and fined the Company \$28,000 for the lapses in safety that contributed to the death. U.S. Steel also exercised its right for an informal settlement meeting and IOSHA is in the process of working out a settlement agreement, an IOSHA spokeswoman reported.

120. By August 2016 – the same month as the Company's secondary public offering – the United Steelworkers Union had filed a grievance alleging U.S. Steel's layoff of about 75 employees at Gary Works and demotions of an additional 200 to work gangs raised serious safety concerns. According to Union District 7 Director Mike Millsap ("Millsap"), U.S. Steel had replaced full-time maintenance workers with independent contractors at Gary Works, resulting in "hundreds of work orders [] going unfilled, and *no preventative maintenance [] getting done at the sprawling plant on Lake Michigan*."⁶ Millsap elaborated:

Every workplace has work hazards that the employers and employees must be aware of. At any given time a workplace accident can happen that can result in very serious injuries and sometimes fatalities. It is the obligation and responsibility of the company to minimize these hazards a[s] much as possible to

⁴ Joseph S. Pete, *U.S. Steel Lays Off More Workers at Gary Works*, NWI.COM at http://www.nwitimes.com/business/steel/u-s-steel-lays-off-more-workers-at-gary-works/article_5b5725f5-25b2-5982-8c5a-88b4067e2a5d.html (accessed Aug. 12, 2016).

⁵ Joseph S. Pete, *U.S. Steel Fined \$28,000 for Death at Gary Works*, NWI.COM at http://www.nwitimes.com/business/steel/u-s-steel-fined-for-death-at-gary-works/article_a75223e1-d957-5580-8e1c-25f741bc48cc.html (accessed Sept. 11, 2017).

⁶ Joseph S. Pete, *USW says U.S. Steel Layoffs Jeopardize Safety*, NWI.COM at http://www.nwitimes.com/business/steel/usw-says-u-s-steel-layoffs-jeopardize-safety/article_2d1ce954-2716-56f6-b1d3-274042615903.html?utm_medium=social&utm_source=email&utm_campaign=user-share (accessed Sept. 11, 2017).

make the workplace safe. In this steel plant, those risks are much greater. The risk is greater for the employees.

This union is prepared to bargain over the layoffs McKinsey says need to happen. ***How will the maintenance work get done? That's our question.*** Specifically, the safety work.

(Emphasis added).

121. Meanwhile, state investigators faulted U.S. Steel for not de-energizing live parts before an employee worked on them, for not training an employee to be able to distinguish live parts from other electrical equipment, for not testing that circuit elements and electric equipment parts were de-energized before going in to do work, and for not providing a worker with protective shields or barriers to prevent inadvertent contact with an electrical current while working in a confined space. Union officials publicly announced that U.S. Steel had made the mill less safe by cutting maintenance workers and rushing roving labor gangs through a backlog of jobs. The Union had appealed the layoffs, filing a grievance with a third-party arbiter, and argued the layoffs threatened workplace safety by running understaffed, under-maintained facilities.

122. Around the time of these additional layoffs, the understaffing and decreased maintenance resulted in a second tragic death of a U.S. Steel employee on September 29, 2016 at the Company's Gary Works facility. As reported, U.S. Steel electrician and maintenance worker Jonathan Arizzola, 30, was killed in the U.S. Steel Slab Storage Yard just weeks after Union employees had held demonstrations to protest that U.S. Steel was making the mill less safe by laying off and demoting maintenance workers. The United Steelworkers Union had filed an

appeal to arbitrate the mass layoffs, arguing *the cuts were putting workers at risk by putting off preventative maintenance and causing work orders to pile up.*⁷

123. Arizzola had been employed at the mill for about four years, and was killed in an accident while working in a four-man crew assigned to troubleshoot a crane at the U.S. Steel slab storage yard in Gary. In the wake of his death, his widow reported that Arizzola had frequently expressed concern regarding the deterioration of working conditions at the mill in Gary, and had even suffered an electric shock in a separate accident at Gary Works the week before his death, elaborating: “He was constantly complaining about McKinsey group cutting back workers. There was always some kind of close call with someone he worked with...[a]ll they care about is making money...They keep cutting when they should have a safer environment for people. It shouldn’t be all about the money.”⁸

124. Also in response to his death, United Steelworkers Union Local 1014 President Rodney Lewis said in a Facebook post to steelworkers that bare-bones crews at Gary Works put steelworkers at risk for more accidents:

Our company has decided that, to save a dollar, they’ll farm people out all over this mill which only increases the chances for accidents like these happening. They should instead be asking themselves if it’s high time they started listening to what we’ve been saying all along. Moving people all around a mill like chess pieces only promises to result in something tragic. Shutting down training when you need it the most is just bad business when you consider that we are ‘the company’s most important asset.’

(Emphasis added).

125. In May 2017, the Indiana Department of Labor found U.S. Steel committed two serious safety violations at Gary Works after investigating Arizzola’s death and fined U.S. Steel

⁷ Joseph S. Pete, *Steelworker Who Died Told Wife Mill Was Getting Less Safe*, NWI.COM at http://www.nwitimes.com/business/steel/steelworker-who-died-told-wife-mill-was-getting-less-safe/article_92ddbe7d-6133-5ee8-9002-42ec48aa5a37.html (accessed Sept. 11, 2017).

⁸ *Id.*

\$14,000 total, or \$7,000 for each violation, the amount is prescribed by statute.⁹ The Indiana Department of Labor found U.S. Steel failed to provide safety training and protections against live electrical equipment. United Steelworker Union officials tied his death and the June 2016 electrocution death of 67-year-old Charles Kremke at Gary Works *to cutbacks in maintenance staffing* that they said posed safety hazards and that have since been reversed. Additionally, an Occupational Safety and Health Administration investigation found that maintenance employees were performing repairs to the 501 crane in the slab yard while three collector rails were live, exposing the workers to electrical hazards.

126. Confidential sources confirmed that massive layoffs resulted in understaffing with inexperienced employees with little to no training. For instance, according to CW#9, the Company cut back on its personnel to such an extent that it often was left with people who CW#9 understood lacked the skills to perform maintenance or work on capital projects. This was extremely detrimental because U.S. Steel's maintenance of its facilities just "fell by the wayside." CW#5 confirmed that the Company was laying off the longer-term, more expensive personnel with the most "experience" and "institutional knowledge," while keeping on the less experienced personnel who were less expensive to employ. In fact, prior to CW#9's departure, CW#9 did not train the new individuals who replaced this witness and, to this day, CW#9 still receives calls from the Company asking for advice and assistance with different matters, further evidencing the lack of experience and knowledge of those personnel remaining.

127. Moreover, CW#9 explained that even those personnel who were qualified to perform maintenance were unable to do so because they were tasked with working on other projects.

⁹ *Id.*

128. CW#1 offered a similar account, stating that personnel were being transferred to other roles and/or being laid off, which resulted in many projects being neglected. CW#5 also had similar observations, noting that if an employee was highly paid and had been with U.S. Steel for many years, the Company would find a way to “get rid” of them. CW#10 similarly recounted that the Company had a practice of getting rid of experienced, highly paid personnel and replacing them with inexperienced workers. According to CW#10, this left a number of employees who did not know enough about equipment or the necessary maintenance required and resulted in “haphazard” maintenance.

129. Similarly, as discussed above, CW#6 recounted that the Company abandoned job training and filled positions with inexperienced employees that did not know how to operate the equipment and machinery.

2. The U.S. Steel Defendants Instruct Plant Managers “Don’t Buy, Get By” and Forces them to “Jury Rig” Broken Machinery

130. According to confidential witnesses, U.S. Steel repeatedly canceled purchase orders for parts needed to keep facilities running and used cheaper, less durable materials to operate machinery. Rather than invest in its equipment, U.S. Steel plant managers would deny maintenance requests and tell employees to “jury rig” the machines and operate by the motto, “Don’t Buy, Get By.” U.S. Steel also repeatedly deferred maintenance projects and once the Company’s machines inevitably broke, the Company suffered millions in losses as a result.

131. Specifically, CW#7 explained that U.S. Steel began cancelling purchase orders for parts that were necessary to keep its facilities running. CW#7’s primary job responsibility was to order machinery parts for all of U.S. Steel’s plants in the United States. CW#7 stated that the Company’s cost cutting measures were so extreme that it began cancelling hundreds of orders. CW#7 recalled that in one day, alone, this witness worked on 30 to 40 cancellations.

According to CW#7, this cost saving technique was a directive from the Vice President of Purchasing in the Pittsburgh corporate office and started occurring during the last several months leading up to CW#7's departure in April 2016.

132. U.S. Steel also deferred maintenance and repairs spending at all costs. According to CW#7, the process for ordering machinery parts was as follows: (1) planners at U.S. Steel plants determine what needs to be ordered; (2) a "Min-Max report" is run to determine the maximum number of units the planners can buy; (3) a "requisition" was submitted through the Company's Oracle program; and (4) depending on the cost of the item, multiple layers of approval may be needed. According to CW#7, starting in September or November of 2015, this process was altered so that some requisitions required approval of a "control tower," which consisted of McKinsey and the Plant Manager. The control tower was part of the Company's Carnegie Way cost cutting efforts and would determine whether the plants could "get by" without the requested parts. The implementation of the control tower resulted in a significant reduction of requisition approvals.

133. CW#7 recounted that when CW#7 first started working at U.S. Steel, this witness worked on 60-70 requisitions per day. By the time CW#7 left the Company in 2016, this number dropped 95% to about two or three per day. CW#7 explained that the requisition denials led to a decrease in submissions as the Company had *a philosophy of "don't buy, get by"* and placed a lot of "pressure" on plant employees to not buy anything if the machines were running. Unless a machine was not working, workers were expected to "*jury rig*" the machines to keep them running rather than order new parts. By way of example, CW#7 explained that while some parts are supposed to be replaced every six months to one year and receive regular maintenance, workers would jury rig the machine when it broke until it got to the point where the machine

kept breaking and could no longer be fixed without a new part. CW#7 stated that the machines would essentially “sit and rot” because of this philosophy.

134. In addition, CW#7 explained that spare parts were not kept at U.S. Steel’s facilities and if a machine was down, the workers would “clear out” that section of the plant and “work around” the broken part if they could by using another section of the plant. According to one employee, workers were also being ordered to use cheaper materials which inevitably led to machines breaking down sooner.¹⁰ For instance, one former operations and maintenance employee said “purchasing managers in Pittsburgh had ordered his mill to use cheaper oils to lubricate bearings. That caused the bearings to wear out more quickly, resulting in extra costs and longer down time.”¹¹

135. CW#5 corroborated U.S. Steel’s refusal to implement necessary maintenance. According to CW#5, U.S. Steel began deferring numerous projects, some of which included structural integrity issues that absolutely needed to be done or it would cost a lot of money. As CW#5 explained, spending on plant structural maintenance drastically decreased since 2010 at Great Lakes Works. Specifically, in 2010, U.S. Steel spent approximately \$29 million on structural maintenance. This amount decreased every year with U.S. Steel spending the following: 2011 - \$14 million; 2012 - \$9 million; 2013 - \$7 million; 2014 - \$6 million and 2015 - \$3 million.

¹⁰ Len Boselovic, “Analysts Say U.S. Steel Cost-Cutting Hurting Operations, Safety,” Pittsburgh Post-Gazette, November 3, 2016 (last accessed Sept. 19, 2017), *available at* <http://www.post-gazette.com/business/pittsburgh-company-news/2016/11/02/U-S-Steel-shares-dip-in-early-trading-Pittsburgh-steelmaker/stories/201611020168>.

¹¹ Len Boselovic, “Analysts Say U.S. Steel Cost-Cutting Hurting Operations, Safety,” Pittsburgh Post-Gazette, November 3, 2016 (last accessed Sept. 19, 2017), *available at* <http://www.post-gazette.com/business/pittsburgh-company-news/2016/11/02/U-S-Steel-shares-dip-in-early-trading-Pittsburgh-steelmaker/stories/201611020168>.

136. According to CW#5, maintenance spending was determined based upon a Business Plan, which contained the budget for repair and maintenance costs, capital spending, production costs and other items. The Business Plan for a given year was created in the fall before. CW#5 recalled meeting with McKinsey and the Great Lakes Plant Manager, among others, in the fall of 2015 to discuss the proposed 2016 Business Plan. According to CW#5, after he met with McKinsey, McKinsey then took the Business Plan to Longhi, Burritt and other executives in Pittsburgh for approval. CW#5 recalled that the 2016 Business Plan went through numerous iterations because McKinsey and Defendants kept cutting the repair and maintenance budget. CW#5 eventually obtained an acceptable budget number for repairs and maintenance from Defendants and “backed into” the number for purposes of creating the Business Plan. CW#5 described the process as “insanity.” CW#5 stated that this process was the same for the other U.S. Steel Flat-Rolled facilities, including Gary Works and Fairfield Works.

137. CW#5 explained that maintenance projects at U.S. Steel were coded accordance to priority. Projects coded as “S-1,” meant those projects needed repair immediately or the Company would risk disruption in operations and/or employee injury. CW#5 stated that as of July 25, 2016, at Great Lakes there was a “significant amount of work to be done” with a backlog of 253 projects categorized as “S-1” projects that should have been completed years ago. CW#5 stated the cost to complete all 253 projects would have be “astronomical” and estimated it in the tens of millions of dollars, “if not more.” According to CW#5, the Individual Defendants and McKinsey did not “want to hear” about the critical structural maintenance and repairs that needed to be done because it cost money. This caused the Company to get even further behind on maintenance.

138. CW#5 recalled several examples of equipment and facilities in need of repairs that the Individual Defendants refused to make. For example, according to CW#5, the cranes at Great Lakes were installed between 1958 and 1964 and, not surprisingly, their parts were wearing out at an accelerated pace. Although they were “almost unsafe to operate,” they were never replaced during CW#5’s employment because it would have cost U.S. Steel millions of dollars to fix them. In another example, CW#5 recalled a building that housed the product going into the pickle line that had “many issues” relating to needed repairs and maintenance. Despite asking “over and over,” the repairs were never done. CW#5 also recalled another example of a motor rotor that broke in 2015 or 2016, which caused the motor to go down for five days while the rotor was being repaired.

139. According to CW#5, all of U.S. Steel’s Flat-Rolled facilities faced similar spending cuts and were unable to make necessary repairs.

140. CW#9 confirmed other witness accounts. According to CW#9, as a result of U.S. Steel’s drastic cost cutting measures, CW#9 understood that machines had to be replaced sooner than they otherwise would have had the proper repair and maintenance occurred. Rather than perform maintenance, however, CW#9 reported that the Company, instead, “put a patch” on the issue. CW#9 stated one example related to the Mon Valley plant, which had two electrical generators that were over 70 years old. During 2015, the first machine kept breaking and after employing “every band-aide” and “bubble gum-aide” possible, it was decided that the generator had to be replaced. However, it took *nine months* to customize a generator for U.S. Steel which resulted in a loss of \$1 million per month since U.S. Steel had to procure electricity from an alternate source. This increased the overall cost per ton. While CW#9 recommended that the Company procure a spare generator before the second generator broke and the Company suffered

another \$9 million loss, this proposal was rejected. As predicted, the second generator failed right before CW#9 left the Company in the fourth quarter of 2016.

141. CW#8 also confirmed U.S. Steel's lack of preventative maintenance and use of cheap substitutes for parts. CW#8 explained, for example, that the first two sets of rollers that steel goes through have chrome plates, which are expensive but cost effective in the long term because they last longer. When U.S. Steel started cutting costs in "every way possible," the Company stopped purchasing chrome plates. As a result, CW#8 stated that the rollers failed sooner and only ended up lasting a few weeks, whereas chrome rollers lasted three times as long.

142. According to CW#1, the cost cuts were so bad that union personnel frequently complained that they could not get the right tools they needed, even at a minimal cost, and even as the Company was purportedly spending millions on the Carnegie Way. While CW#1 would report these issues to the plant and division managers, such matters fell on "deaf ears" because managers did not want to spend money on tools unless they were going to "make money."

143. Thus, while the Carnegie Way measures were billed to investors as "not just a cost cutting initiative," in reality, the Carnegie Way had become an extreme cost cutting measure designed to salvage the Company's short-term bottom-line at any means necessary, including through the U.S. Steel Defendants' top-down consistent refusal and failure to invest in critically necessary new technology or maintain U.S. Steel's Flat-Rolled facilities.

D. U.S. Steel Slashes Capital Spending

144. According to Goodish, U.S. Steel's former COO from June 2005 to December 2010, during his employment at U.S. Steel, the Company created its capital expenditure forecasts on a five-year, plant by plant basis. CW#9 and CW#8 confirmed that the Company forecasted

capital expenditures on a plant by plant basis over a five-year future period during their employment at the Company.

145. Goodish explained that the capital expenditures were calculated based on revenue projects and plant managers' requests for repairs and upgrades. CW#9 corroborated Goodish's account that the Company created an annual capital budget and further explained that the annual budget was approved by the U.S. Steel Board. CW#9 personally participated in the creation of the annual capital budget and reviewed the capital projects proposed by the plant engineers that were ultimately submitted to the Board for approval. According to CW#9, the 2016 capital budget was submitted to the Board in November 2015 and approved by January 2016 of the applicable year.

146. As reflected in the chart below, not only was U.S. Steel not reinvesting or maintaining its facilities, but it had slashed its capital expenditure investments throughout 2015 and 2016 by a total of 44.9% in total year-over-year. With respect to capital expenditures in the Company's Flat-Rolled facilities, in particular, Defendants slashed the Company's capital expenditures by a remarkable 66.9% year-over-year.

Quarter	Capital Expenditure		Percentage Change	
	Total	Flat-Rolled	Total	Flat-Rolled
Q1 2015	\$109 M	\$69 M	-	-
Q2 2015	\$104 M	\$56 M	-4.5%	-18.8%
Q3 2015	\$142 M	\$72 M	36.5%	28.6%
Q4 2015	\$146 M	\$84 M	2.8%	16.67%
FY 2015	\$500 M	\$280 M	-	-
Q1 2016	\$148 M	\$46 M	1.4%	-45.2%
Q2 2016	\$69 M	\$28 M	-53.4%	-39.1%
Q3 2016	\$51 M	\$23 M	-26.1%	-17.9%
Q4 2016	\$38 M	\$14 M	-25.5%	-39.1%
FY 2016	\$306 M	\$111 M	-44.9%	-66.9%

147. CW#10, stated that “*everybody* knows that” the Company was under-investing. It was “common knowledge” within U.S. Steel. According to CW#10, one example of Defendants’ cut of the capital budget involved the Edgar Thomson plant. CW#10 explained that the Edgar plant was allocated money for capital improvement projects each year. However, invariably when the capital improvement projects were presented for approval, the same response was always received - the capital improvement money was being cut and allocated elsewhere, usually because something had broken that needed immediate attention. CW#10 informed the manager at Edgar Thomson of all the issues concerning under-investing but U.S. Steel kept running its equipment “into the ground.”

148. In another instance, CW#1 stated that in the last year of CW#1’s employment there was supposed to be money allocated to blast furnaces but the blast furnace projects could not have been getting done since Blast Furnace 14 at Gary Works ended up going “completely down” at some point between January 2016 and May 2016.

149. According to CW#9 a lot of capital projects were being paused or cancelled outright, including the Electric Arc Furnace proposed for the Alabama facility.

VI. CARNEGIE WAY PURPORTED COST SAVINGS WERE A SHAM

150. According to several CWs, the Carnegie Way program was a sham because many of the purported savings were not real or the projects had actually not been completed or even implemented yet and, thus, were not “realized.” For example, CW#7 explained that during the end of 2015 and during 2016, U.S. Steel began extending payment terms to vendors from 30 days to 60 days and eventually 120 days. U.S. Steel then attributed purported cost savings to paying vendors late as a Carnegie Way benefit. CW#7 stated that the vendor payment terms were changed by the General Manager of Purchasing in the Pittsburgh corporate office and seemed to

be part of the Company's cost cutting efforts. Extending payment terms to vendors did not save the Company money because vendors would become angry and stop selling parts and supplies to the Company.

151. In another example, Goodish described a sham cost-cutting benefit that he learned about in 2016 from a current U.S. Steel employee who worked in purchasing at U.S. Steel. This employee described to Goodish that U.S. Steel obtained three price quotes from vendors for every purchase and then, after selecting the lowest bid, reported the difference in price between the highest and lowest bid as a Carnegie Way benefit.

152. In addition, throughout 2015 until this witness left the Company in 2016, CW#1 attended weekly "war room" meetings where new and existing projects were discussed, including the nature of the project, potential cost savings, plans for implementing the projects and other details. At these "war room" meetings, CW#1 observed that projects designated as being at the D-Gate1 (Define) phase on Monday would miraculously be at the D-Gate 5 (Control) phase by Friday of the same week. CW#1 was baffled as to how these projects could move so quickly on the scale, especially considering the extreme age of Gary Works since older infrastructures cannot be changed that quickly. CW#1 was further baffled as to how purported cost savings (which could be as much as \$4-5 million in claimed savings per project) could be reported for these projects because they *had not yet been implemented*.

153. In addition, CW#1 observed that in some instances, projects that would take a long time to complete, would miraculously be at D-Gate 5 by the end of the week. CW#1 commented that individuals responsible for each project just had to call this witness' boss, Robert Lange, the Director of Change Transformation, and request that he advance a project and Lange would do so regardless of whether the project had actually been implemented.

154. According to CW#1, this witness observed **multiple projects per week** that moved through the D-Gate scale from Monday to Friday, just a five-day period, that could not possibly have been completed in that short of a timeframe. CW#1 also observed that there was a general increase in this activity towards the end of quarters, which reflected a need “to get the numbers in” before the end of a period so that purported Carnegie Way cost savings could be reported in U.S. Steel’s quarterly reports to the market. With all the layoffs, CW#1 commented that people were afraid their jobs would “be on the chopping block” if they did not “produce value” by having their projects advance through the D-Gate system.

155. CW#1 was not the only one who noticed that the reported Carnegie Way savings were overstated. According to CW#8, charts showing the Carnegie Way savings were distributed internally throughout the Company. CW#8 recalled these charts would show savings that had supposedly been achieved by certain projects, although some of the projects **had not yet been implemented**. For instance, CW#8 recalled seeing a project on the reports relating to the delivery end of the cold mill at Irvin Works that was shown to be saving the Company money in 2016, yet in actuality, the project had not been implemented yet.

156. Despite the truth – that Carnegie Way was a sham -- Defendants consistently assured investors throughout the Class Period that U.S. Steel was investing in new technologies and maintaining its facilities pursuant to Carnegie Way, stating for example:

- The Carnegie Way “[i]s **much more than a cost cutting initiative**, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support. Carnegie Way is our culture and the way we run the business. We focus on our strengths and how we can create the most value for our stockholders and best serve our customers. **We have achieved sustainable cost improvements through process efficiencies and investments in reliability centered maintenance (RCM), and we will continue to find more cost improvements.**” (November 4, 2015 Q&A Packet; January 27, 2016 Q&A Packet; July 26, 2016 Q&A Packet).

- “Contract pricing resets had an immediate impact on our results, while our cost reduction efforts progressed as planned and will continue to grow throughout the year. We took significant actions to align our overhead costs with our operations, ***contributing \$100 million to our Carnegie Way benefits*** for this year. We remain focused on reducing our costs, ***improving the quality and reliability of our operations, and working with our customers*** to deliver differentiated solutions that will improve our market position and create value for all of our stakeholders.” (April 26, 2016 Press Release).
- “We ***continue to implement our reliability centered maintenance process across all of our facilities. We are starting to see the benefits as we have experienced fewer unplanned outages and lower maintenance costs***, and are allowing for a more efficient allocation of our maintenance labor force. We are creating a more reliable and agile operating base that lowers our break-even point, with a key focus on lowering our hot-rolled band costs through operating and process efficiencies. We are improving our ability to adapt quickly to changing market conditions, while striving to provide superior quality and delivery performance for our customers.” (July 26, 2016 Earnings Presentation).
- “With our very strong cash and liquidity position, we remain focused on the investments that we need to continue to make to revitalize our facilities and deliver value enhancing solutions for our customers. (November 1, 2016 Press Release). ***We have been investing in revitalizing our facilities*** but, based on the operating challenges we faced in the third quarter, we are accelerating the pace of our efforts. The projects we are pursuing cover all aspects of our operations, and are focused on addressing the assets most critical to our success.” (November 1, 2016 Earnings Presentation).
- “We entered 2016 facing very challenging market conditions, but remained focused on our Carnegie Way transformation efforts. Despite lower average realized prices and shipments in 2016, ***our results are better as we continued to improve our product mix and cost structure. Our focus on cash, including better working capital management and opportunistic capital markets transactions, resulted in an improved debt maturity profile and stronger cash and liquidity. We are well positioned to accelerate the revitalization of our assets to improve our operating reliability and efficiency***, and deliver value-enhancing solutions to our customers.” (January 31, 2017).

(Emphasis added).

157. As discussed below (SOF VII, *infra*), while deferring maintenance, repairs and asset upgrades may have saved money in the short-term, these decisions often ended up costing U.S. Steel more money in the long run.

VII. THE U.S. STEEL DEFENDANTS’ DECISION TO DEFER MAINTENANCE AND CAPITAL INVESTMENTS RESULTS IN COSTLY, UNPLANNED OUTAGES, LOWER UTILIZATION RATES, AND LOWER CAPACITY AT U.S. STEEL FACILITIES

158. It is commonly known within the steel industry that “[s]teel mills can be more prone to [unplanned] outage[s] as a result of increasingly deferred maintenance.” Michelle Applebaum, *The Misconceptions and Realities of Today’s Steel Market*, AMERICAN METAL MARKET (Oct. 31, 2013).

159. According to CW#11, the “vast majority” of equipment at U.S. Steel facilities was made between 1930 and 1960 and, consequently, required “a lot more repair and maintenance” than contemporary equipment. In fact, prior to and throughout the Class Period, U.S. Steel faced a higher degree of operating leverage compared to the industry cost curve because it produced steel exclusively through the use of blast furnaces, which are older, less efficient, and produce greater fluctuations in capability utilization than electric arc furnaces which were used, at least in part, by the majority of U.S. Steel’s competitors.

160. As detailed *infra* SOF at IX, Defendant Longhi and other U.S. Steel executives admitted under oath in their testimony before the U.S. International Trade Commission,¹² *inter alia* that “[u]nfortunately, those investments that we need to make are being -- *we’re not able to*

¹² Defendants’ testimony before the ITC was not contained, cited or referenced in any of Defendants’ public statements, analyst reports or any other media sources.

make them right now,”¹³ “[t]he situation we face is very grave,”¹⁴ and the Company’s financials “are nowhere near where they need to be for us to invest in our future.”¹⁵

161. As a result of the U.S. Steel Defendants’ decisions to idle and close mills and “swing facilities,” its draconian cuts in capital investment and deferral of maintenance and repairs, as well as its massive layoffs of maintenance employees, the Company was required to operate flawlessly at nearly peak capacity all of the time – an impossible task given the age of U.S. Steel’s outdated furnaces. CW#11 explained that swing facilities were U.S. Steel facilities that were available to absorb production if and when a plant suffered an unplanned outage. Because every facility was operating at max capacity due to the shutdowns, however, there were no swing facilities available to divert production when a plant outage occurred. According to CW#11, inevitably, the Company’s infrastructure could not sustain such production without regular maintenance and repairs and, thus, fell into disrepair beginning in 2015, before the beginning of the Class Period and only continued to worsen throughout the Class Period.

162. For example, according to CW#10, the Edgar Thomson “melt shop” contained cooling towers that had not been maintained in “years.” At some point during 2015, a new tower was put in. However, according to CW#10, the new tower was not maintained correctly and, in late 2016, all of the “cooling media” ended up melting. CW#10 estimated that this error resulted in significant costs of as much as \$500,000-\$750,000. The cooling tower was eventually repaired in the first quarter of 2017 by CW#10’s current employer.

¹³ August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

¹⁴ *Id.*

¹⁵ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

163. Also in 2015, the Company suffered \$9 million in losses as a result of an electrical generator breaking at U. S. Steel's Mon Valley facility. Specifically, CW#9 explained that the Mon Valley plant had two electrical generators that were over 70 years old and would repeatedly break. After the "band-aid" could no longer revive one of the electrical generators, the Company was forced to obtain electricity elsewhere. This turned out to be extremely costly, as it took nine months to obtain a new generator and it cost the Company \$1 million per month to obtain electricity from another source.

164. Thereafter, beginning at least by the second quarter of 2016, the Company's Gary Works plant – which Defendant Longhi described during the Company's April 26, 2017 earnings call as "one of our most critical assets" – suffered a cascade of undisclosed **unplanned** outages throughout the year.

165. According to CW#1, it was sometime during January and May 2016 that the wiring for Blast Furnace 14, one of the biggest at the Gary Works facility, was flooded, causing the entire furnace to shut down "for upwards of two weeks."

166. Soon after that, in May 2016, U.S. Steel also suffered unplanned outages at its Great Lakes Works facility **that it did not disclose in its quarterly filings**. After being sent a violation notice from the Michigan Department of Environmental Quality regarding the facility's D4 and B2 blast furnaces, U.S. Steel responded by way of a letter dated May 11, 2016, which was signed by Jon Olszewski, the Primary Plant Manager for Great Lakes Works, and Alexis Piscitelli, the Director of Environmental Control at Great Lakes Works. A carbon copy of the letter was sent to Dave Hacker, U.S. Steel's General Attorney. In the May 11, 2016 letter the

Company averred that on, “Monday April 4th, 2016, United States Steel Great Lakes Works D4 Blast Furnace *was in recovery state from a process malfunction.*”¹⁶

167. CW#11 stated that the unplanned outages in 2016 occurred “quarter after quarter” and resulted in “thousands of tons of missed steel production” and “hundreds of millions of missed revenue.” CW#11 further explained that unplanned outages could not be predicted and, without swing plants available to divert production during these unplanned outages, production had to be halted. When production is halted or delayed, then the delivery of a customer order is halted or delayed as well, resulting in lost revenue.

168. According to CW#11, production shortfalls in 2016 were “a good bit short” and more than CW#11 had ever seen, estimating that they were likely as much as 20% short in 2016. CW#11 was able to make such an estimate because CW#11’s position required CW#11 to know manufacturing capacity verses the actual production in order to create a production plan. CW#11 stated that this witness further knew this information because he reviewed daily reports in the Company’s Oracle system, which were closely scrutinized by the Company, and which tracked the actual production verses anticipated production goals. Based on these reports, CW#11 said it was easy to see that actual production was “not even close” to the planned production amount. This was a “painful lesson” for U.S. Steel because “no one wants to give up revenue.”

169. CW#11 believed U.S. Steel’s apparent strategy of underinvesting to be “pennywise/pound foolish” because the corporate office decided to build up the Company’s cash position by cutting back on maintenance, which came at the cost of being unable to meet customer needs and resulted in U.S. Steel losing revenue when it could not fulfill customer orders.

¹⁶ See http://www.deq.state.mi.us/aps/downloads/SRN/A7809/A7809_RVN_20160511.pdf, last visited September 18, 2017.

<p>U.S. Steel Unplanned Outages</p>

170. As demonstrated in the chart below, contrary to the U.S. Steel Defendants’ contemporaneous Class Period public statements claiming U.S. Steel was experiencing “fewer unplanned outages,” such unplanned outages were significantly increasing during the Class Period as a result of the U.S. Steel Defendants’ decision to forego needed maintenance and capital spending:

Date	Facility	Length of Outage	Cost	Source
Q1 2014	Great Lakes Works - Steel shop went “offline”	Half of the second quarter 2014	Unknown	Michael Cowden, <i>No Summer Doldrums For Flat Steels: Longhi</i> , AMERICAN METAL MARKET (July 30, 2014)
2015	Mon Valley - Electrical Generator broke down	Nine months	\$9 million	CW#9 – cost \$1 million per month
November 2015	Great Lakes Works - two blast furnaces not running	Unknown	Estimated at \$1 million per day per CW#9	Michael Cowden, <i>USS Restarts Second Great Lakes Works BF</i> , American Metal Market (Nov. 25, 2015)
April 2, 2016	Gary Works - Blast Furnace 14 underwent “unscheduled maintenance”	Two to three days	\$2-\$3 million	Thorsten Schier, <i>U.S. Steel Slates Gary Works Furnace Outage</i> , AMERICAN METAL MARKET (Apr. 7, 2016)
April 4, 2016	Great Lakes Works - D4 Blast Furnace was in “recovery state from a process malfunction”	Unknown	Unknown	May 11, 2016 Letter to State of Michigan, Department of Environmental Quality
April 2016	Gary Works - Blast Furnace 14 flooded	Upwards of two weeks	\$14 million	CW#1 Michael Cowden, <i>USS Restarts Gary Works’ No. 14 BF</i> , AMERICAN METAL MARKET (Apr. 26, 2016)
Third Quarter 2016	“Several . . . steelmaking and finishing facilities” experienced unplanned outages Loss of 125,000 tons of production at flat-rolled operations	Last half of the third quarter	Unknown	U.S. Steel November 1, 2016 Press Release
Around October 2016	Mon Valley - Electrical Generator broke	Unknown	Unknown	CW#9
Fourth Quarter	Edgar Thomson - “cooling media” in the	U.S. Steel Q1 2017	\$2 million	CW#10;

2016	Cooling Towers melted (¶ 162)	Presentation states repair made in first quarter 2017		U.S. Steel Q1 2017 Presentations disclosed this was repaired in Q1 2017
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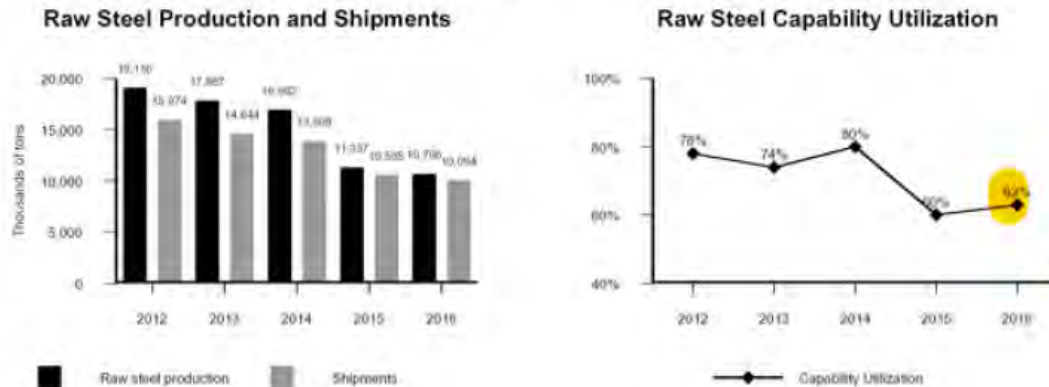
171. Although these unplanned outages occurred in 2015 and throughout 2016, including before and after the Secondary Public Offering, the U.S. Steel Defendants failed to disclose to investors important details, including the nature of the outages, the length of them, the cost to the Company or that such unplanned outages ever occurred.

172. The parade of unplanned outages throughout 2016 wreaked havoc on the Company's capability utilization, which equals the raw steel tonnage produced divided by the tonnage capability of the Company to produce raw steel for a sustained full order book. During the Company's February 1, 2017 earnings call, Defendant Longhi admitted that "[t]he capacity utilization for the finishing last year was pretty tight, and this was the reason why Dan [Lesnak] was saying that some of the investments that we are going to be making, they are going to be given as a capability to do better products, but also to be able to push [capability utilization] up a little bit."

173. As reflected in the charts set forth below, the Company's capability utilization in its flat-rolled segment shrunk, bottoming out at 57% as compared to the industry average of 80%:

Period	Utilization %
Three Months Ended March 31, 2015	60%
Three Months Ended June 30, 2015	58%
Three Months Ended September 30, 2015	66%
Three Months Ended December 31, 2015	57%
Three Months Ended March 31, 2016	66%
Three Months Ended June 30, 2016	65%
Three Months Ended September 30, 2016	64%
Three Months-ended December 31, 2016	57%
Three Months Ended March 31, 2017	65%

Segment results for Flat-Rolled
(Excludes the results of USSC beginning September 16, 2014)



174. These utilization rates are problematic. As Longhi admits, “Blast furnaces are untamable beasts when it comes to flexibility. You have to operate at very high utilization. If you don’t, the level of instability you create sometimes is untenable.” Michael Cowden, *USS Aims to Be Iconic Again Despite Downturn*, AMERICAN METAL MARKET (Oct. 15, 2015).

175. Further, as demonstrated in the chart below, these unplanned outages also resulted in declining steel shipments in the Flat-Rolled Segment:

Period	Shipments (thousands of net tons)
Full Year 2014	13,908
Full Year 2015	10,595
Full Year 2016	10,094

176. Despite that U.S. Steel was experiencing costly, unplanned outages and a drastic decrease in capability utilization resulting in as much as 20% less tons of steel produced and, thus, correspondingly less revenue, Defendants falsely represented that the Company was continuing to invest in its facilities and the RCM Carnegie Way initiative.

VIII. THE INDIVIDUAL DEFENDANTS WERE AWARE THAT U.S. STEEL WAS DEFERRING IMPORTANT MAINTENANCE AND REPAIRS THROUGH THE DAILY REPORT OF OPERATIONS AND OPERATING EFFICIENCY REPORT

177. According to Goodish, during his employment he created and implemented a Daily Report of Operations to assist in reviewing and analyzing the Company's daily operational performance. Goodish stated that the DRO was published every morning at approximately 5:30 a.m. and was widely available throughout U.S. Steel. All executives, including Burritt, Longhi and Lesnak, could access the DRO from their desktop by clicking on an icon linked to the Company's internal website.

178. Goodish reviewed the DRO report every morning "because that was [his] job." As COO, Goodish explained that he was responsible for overseeing the operations of the Company, including designing and implementing business processes, establishing policies and overseeing executives. CW#5 similarly stated that CW#5 reviewed the DROs every day throughout this witness' employment as a Plant Manager at Great Lakes and Director of RCM at U.S. Steel. CW#5 described the DRO as the "Bible" and "number 1 report" to review for those employees who worked in operations and needed to know how facilities were performing.

179. CW#5 confirmed that the DRO was "well accessible," "used widely" and "anyone" at U.S. Steel could access the reports on the Company's internal website. CW#11 similarly confirmed that planned tons per turn and actual production achieved for all facilities were recorded in Oracle, which was closely scrutinized by the Company.

180. According to Goodish and CW#5, the DRO Report contained various operational data, metrics and statistics reported internally from each plant (*e.g.*, Gary Works, Granite City, etc.). Among the most important metrics were: (1) tons produced; (2) tons shipped; (3) scheduled tons for the day, week, and month-to-date; and (4) tons per scheduled turn. CW#11

explained that capacity was measured by how many tons of steel could be produced by a facility “per turn” and there were three turns per day.

181. CW#5 also reviewed an Operating Efficiency Report (“OER”), which was prepared monthly and contained information by facility (*e.g.*, Great Lakes) and by unit (*e.g.*, Blast Furnace #14). The OER contained metrics such as delay rate/percentage (indicating downtime from repairs and/or outages), production tons, variable and fixed costs, yield, man hours per ton and utilization, among other metrics, for the prior five years and monthly for the current year. According to CW#5, the OER was available from the Pittsburgh headquarters website and, thus, the Individual Defendants had access to the OER.

182. CW#5 stated that this witness knew the Individual Defendants reviewed the OER because they discussed information contained in the reports at quarterly meetings for operations managers. CW#5 recalled the quarterly meetings primarily took place in Pittsburgh and were attended by approximately 120 managers and included Defendants Longhi and Burritt wherein U.S. Steel’s financial performance, capital spending and other issues were discussed.

183. According to Goodish, one key metric in the DRO from his view was the delay percentage. The delay percentage was calculated as the tons per scheduled turn compared with actual tons produced. A delay percentage of greater than 15% indicated an operational issue that needed immediate attention. CW#11 confirmed that if the stated capacity of a given facility was, for example, 6,000 tons but the actual production was 4,000 tons (*e.g.*, a 33.33% delay), this would be a “red flag.”

184. CW#5 stated that if there was a “big issue,” such as a blast furnace that produced significantly less than it was supposed to produce because of an issue such as an unplanned outage, everyone at the Company could tell “right away” because this was reflected in the DRO.

CW#5 also commented that when a blast furnace went down, it cost U.S. Steel approximately \$1 million per day.

185. Recently, within the last couple of months, a current employee of U.S. Steel told Goodish that delay rates on the Hot Strip Mills at Gary Works and Mon Valley were between 35 and 50%, significantly above normal rates of 15%. Delay rates above 15% indicate significant operational problems.

186. The above confidential source accounts are corroborated by the decline in steel shipments, unplanned outages and decreased capital and maintenance spending, among other facts alleged herein, that occurred prior to and throughout the Class Period. *See* Sections IV, V.D, and VII.

187. As discussed above, as a result of unplanned outages and costly repairs from Defendants' failure to invest in and maintain its assets, U.S. Steel's facilities had been "across the board falling short" on production by "thousands of tons of missed steel production" amounting to approximately 20% of total missed production and resulting in "hundreds of millions of dollars of missed revenue." This information would have been reported in the DRO and/or OER reports that Defendants reviewed, and therefore knew about or recklessly ignored.

IX. U.S. STEEL PROVIDES SWORN TESTIMONY CORROBORATING THE DRO AND OER REPORTS THAT, CONTRARY TO THE INDIVIDUAL DEFENDANTS' PUBLIC STATEMENTS, U.S. STEEL IS NOT INVESTING IN, AND MAINTAINING ITS FACILITIES

188. As detailed further *infra* pp. 78-118, prior to and throughout the Class Period, the U.S. Steel Defendants assured investors that U.S. Steel was investing in its assets and maintaining its facilities, stating for example that:

We continue to implement our reliability centered maintenance process across all of our facilities. We are starting to see the benefits as we have experienced fewer unplanned outages and lower maintenance costs, and are allowing for a

more efficient allocation of our maintenance labor force. ***We are creating a more reliable and agile operating base*** that lowers our break-even point, with a key focus on lowering our hot-rolled band costs through operating and process efficiencies.

See, e.g., July 26, 2016 Earnings Presentation. (Emphasis added).

189. Yet in direct contradiction to these statements, the U.S. Steel Defendants and other U.S. Steel executives were testifying under oath before the U.S. International Trade Commission that the Company was not reinvesting in its technology or undertaking necessary capital expenditures to sufficiently maintain its facilities, stating for example: “investments that we need to make are being – ***we’re not able to make them right now.***” *See* Robert Kofpf, U.S. Steel, August 18, 2015 Transcript in *Cold-Rolled Steel Flat Products from Brazil, China, India, Japan Korea, Russia and the United Kingdom* (Investigation Nos. 701-TA-540-544 and 731-TA-1283-1290) (Emphasis added).

190. Specifically, throughout 2015 and 2016, U.S. Steel and several other domestic steel producers filed complaints with the U.S. International Trade Commission to initiate investigations under Title VII of the Tariff Act of 1930 to determine if China and certain other countries were involved in dumping steel in U.S. markets or were subsidizing steel sold in U.S. Markets. U.S. Steel also filed a complaint to initiate an investigation under Section 337 of the Tariff Act of 1930 against the largest Chinese steel producers and their distributors, as well as other foreign steel producers. The Section 337 complaint alleged illegal unfair methods of competition and sought the exclusion of all unfairly traded Chinese steel products from the U.S. market.

191. In testimony under oath before the ITC in the anti-dumping investigations, the U.S. Steel Defendants and other U.S. Steel executives admitted that the Company was not investing in, or maintaining, its assets, which directly contradicted their public statements to

investors. For example, the U.S. Steel Defendants made the following contradictory statements to the ITC, under oath:

Date	Speaker	Statement
August 18, 2015	Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions	As the U.S. grew out of the recent economic crisis and demand for cold-rolled steel increased, <i>U.S. Steel had an opportunity to grow its business to reinvest in technology</i> , and its workers and undertake useful capital expenditures. <i>However, subject imports deprived U.S. Steel and other U.S. producers of this opportunity.</i>
August 18, 2015	Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions	"Let me be clear, the current situation is not sustainable. We cannot afford cold-rolled steel at such low prices. <i>We cannot afford to keep operating at such low levels of capacity utilization.</i> If these conditions continue, <i>there is no question that there will be further shutdowns and layoffs</i> throughout the industry."
August 18, 2015	Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions	<i>The situation we face is very grave.</i> Only yesterday we were forced to announce the shutdown of all steel making and rolling operations at our facility in Fairfield, Alabama. A decision which was really hard....
August 18, 2015	Rob Kopf, US Steel's General Manager	<i>So we're having to spend enormous amounts of money to put together alternatives for our customers, to still buy steel. Unfortunately, those investments that we need to make are being -- we're not able to make them right now</i> , given the fact that these people are coming in and taking \$750 million of revenue that this industry should have used to invest in further products.
September 29, 2015	Robert B. Schagrin, Counsel for Domestic Steel Industry	And when you go through periods in which competition gets tougher, and pricing gets worse, and <i>you've got a mill that has been under-invested, that's going to close. And one of the things that shocks me, and it came about as I was, you know, listening in a recent case about the closure of most of U.S. Steel Fairfield, I was saying, wow, that was, you know, trumpet is such a great new state-of-the-art mill, and then I was thinking, yeah, that's when I started doing this in the early '80s, you know?...Because even a super duper brand new mill in an area like steel, if you under-invest</i>

		<i>for 10 years, all of a sudden you're not going to be competitive anymore.</i>
May 24, 2016	Mario Longhi, U.S. Steel Chief Executive Officer	More than half of the Domestic Producers reported operating at a net loss in 2015. <i>At the risk of stating the obvious, these results do not even come close to representing a sufficient return for a capital-intensive industry like ours.</i> <i>I'm choosing my words carefully when I say that for an industry that must invest and innovate to survive, these results occurring in a period of excellent demand are simply catastrophic...</i>
May 24, 2016	Mario Longhi, U.S. Steel Chief Executive Officer	"The last two years should have been banner years for American cold-rolled steel producers. We should have been able to increase our sales, operate our plants on maximum capacity utilization levels, hire more workers, <i>make badly needed profits and re-invest some of those profits into new technologies and new products,</i> "
May 24, 2016	Mario Longhi, U.S. Steel Chief Executive Officer	<i>[O]ur company and our industry have experienced dramatic declines in production, sales and capacity utilization. The effects have been disastrous. In cold-rolled steel, the American industry's operating income and operating margins have been low and continue to decline. In fact, they are nowhere near where they need to be for us to invest in our future,</i> to compete at home and abroad and to comply with all the environmental and regulatory requirements that we face.
June 24, 2017	Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions	Demand for corrosion resistant steel is the strongest since 2007 and yet U.S. Steel has not had a fair chance to take full advantage of this demand because of unfairly traded imports. <i>We will never know the new products that we could have invested in,</i> or the number of new workers that could have been hired.

192. In addition to this testimony, U.S. Steel was required to fill out confidential questionnaires in connection with each antidumping and countervailing duty complaint filed with the ITC, which detailed the Company's capital expenditures and effects on investments, amongst other information. Based on a blank questionnaire, issued in the corrosion-resistant steel

investigation (final), page 7, for example, U.S. Steel was required to detail any changes in its facility operations such as prolonged shutdowns, disruptions, or production curtailments. The questionnaire, at pages 11-12, also required U.S. Steel to report its average production capacity versus actual production.

193. In testimony before the ITC on May 26, 2016 in *Certain Corrosion-Resistant Steel Products from China, India, Italy, Korea, and Taiwan* (Investigation Nos. 701-TA-534-538 and 731-TA-1274-1278), expert Jim Dougan of Economic Consulting Services, LLC testified on behalf of respondents, stating:

In presenting its case, the domestic industry points to an increase in subject import volume, a decline in market share and allegedly inadequate profits, but without acknowledging some of the basic realities of the marketplace.

To begin, there were *no adverse volume effects by reason of subject imports*. First, subject imports' volume increased only in 2014 when the Commission found no reasonable indication of current material injury. As shown in prehearing report Table C-1, during 2014, the industry's production and capacity utilization increased and were at their highest levels of the POI.

The industry's reported capacity utilization in both 2014 and 2015 would undoubtedly been higher if not for the effect of supply disruptions that limited the practical capacity of many domestic producers and drew both subject and non subject imports into the market.

Interestingly, in presenting their injury case, petitioners made no mention of these well-documented supply disruptions. Instead, they blamed subject imports for their decrease in market share, making no mention of the impact of 2014's cold winter on their operations. But in addition to the bad weather events of 2014, **the domestic industry undertook extended maintenance outages and closed inefficient and outdated equipment lines in 2014, 2015 and 2016, none of which are attributable to subject imports.**

There are a myriad of contemporaneous press articles that document these disruptions, attached to respondents' prehearing brief. And much of that information is public, so I'll be happy to expand on that later if you like.

U.S. Purchaser's Questionnaires in the final phase confirmed these supply disruptions. Sixteen of forty-two purchasers reported supply constraints, and

fourteen of them, which represent a very significant percent of purchases, their allegations repeated at prehearing brief for our Korean respondents, Pages 29 to 31.

These were not fictional supply constraints. They were real and they were significant. In the case of U.S. Steel alone, one article noted that they lost 400,000 tons of production in 2014.

The key employment indicators all rose from 2013 to 2015, and absent one producer, the sales volume of the rest of the industry increased. *Additionally, although the domestic industry's market share declined, as we discussed in the prehearing briefs, it was attributable to significant supply disruptions in 2014 and 2015, the effects of which continue into the current year.*

So, you know, there is a number of these things that -- this isn't limited to January through March of 2014. ***This recurred again and again and again and it may have been most severe -- I mean the US Steel, 400,000 tons, 400,000 tons in 2014. That's a big number. And that was the most significant,*** which is why you hear the most about it. But these things did not stop them.

(Emphasis added).

194. Thus, while Defendant Longhi was assuring investors throughout the Class Period that, *inter alia*, “[w]e are starting to see the benefits as ***we have experienced fewer unplanned outages and lower maintenance costs,***” “there has been and will be sustainable cost improvements through process efficiency and ***investments in reliability centered maintenance,***” and “***no, we have not been under-spending,***” (emphasis added), he was contemporaneously pleading with the ITC that “those investments that we need to make are being – ***we’re not able to make them right now,***” “[t]he situation we face is very grave,” and the Company’s financials “***are nowhere near where they need to be for us to invest in our future.***” (Emphasis added).

X. U.S. STEEL LAUNCHES STRATEGICALLY TIMED SECONDARY OFFERING

195. As discussed *supra* SOF at VII, the Company’s failure to engage in preventative maintenance and timely repairs resulted in numerous unplanned outages, which cost the Company as much as \$1 million per day. As the number of outages and plant shutdowns

increased in 2016, the Company was in desperate need of cash to continue its operations and repair its facilities. Accordingly, the U.S. Steel Defendants discretely engaged in a secondary offering in August of 2016. At the time of the SPO, the Company stated it intended to “use the net proceeds from the offering for financial flexibility, capital expenditures and other general corporate purposes.” However, on April 25, 2017, Defendant Longhi admitted that the true reason the SPO was conducted was “to give us the financial strength and liquidity *to position us to establish an asset revitalization plan large enough to resolve our issues* and to see that plan through to completion.” (Emphasis added).

196. Specifically, on August 8, 2016, Defendants filed a preliminary prospectus supplement (the “SPO Prospectus”) with the SEC indicating the Company would be offering 17 million shares of common stock for sale. The SPO Prospectus also granted the underwriters an option to purchase up to an additional 2.55 million shares of common stock. The underwriters for the SPO include J.P Morgan Securities LLC, Goldman Sachs & Co., Barclays Capital Inc., Wells Fargo Securities, LLC, Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Inc., PNC Capital Markets LLC, Scotia Capital (USA) Inc., Citizens Capital Markets, Inc., SunTrust Robinson Humphrey, Inc., BNY Mellon Capital Markets, LLC, Citigroup Global Markets, LLC, Commerz Markets LLC, The Huntington Investment Company, SG America Securities, LLC, The Williams Capital Group, L.P., and ING Financial Markets LLC.

197. A few days later, on August 11, 2016, the Company filed a prospectus supplement (the “Expanded SPO Prospectus”) announcing that the size of the SPO was being expanded to 18.9 million shares of common stock. The Expanded SPO Prospectus reiterated that the SPO was being conducted for “financial flexibility, capital expenditures and other general corporate

purposes.” The Expanded SPO Prospectus also granted the Underwriter Defendants an option to purchase an additional 2.835 million shares of common stock.

198. The SPO was a firm commitment underwriting meaning the Underwriter Defendants agreed to purchase all of the shares in the offering and sell them to the investing public. Accordingly, pursuant to the Underwriting Agreement between U.S. Steel and the Underwriter Defendants, each Underwriter Defendant was obligated to purchase the following number of shares:

Underwriter	Number of shares
J.P Morgan Securities LLC	6,418,240
Goldman Sachs & Co.	5,348,534
Barclays Capital Inc.	1,355,730
Wells Fargo Securities, LLC	1,355,730
Credit Suisse Securities (USA) LLC	625,722
Morgan Stanley & Co. LLC	625,722
Merrill Lynch, Pierce, Fenner & Smith Inc.	725,736
PNC Capital Markets LLC	343,770
Scotia Capital (USA) Inc.	343,770
Citizens Capital Markets, Inc.	229,180
SunTrust Robinson Humphrey, Inc.	229,180
BNY Mellon Capital Markets, LLC	190,983
Citigroup Global Markets, LLC	190,983
Commerz Markets LLC	190,983
The Huntington Investment Company	190,983
SG America Securities, LLC	190,983
The Williams Capital Group, L.P.	190,983
ING Financial Markets LLC	152,788
Total:	18,900,000

199. The Company estimated such expenses, excluding underwriting discounts and commissions, would be approximately \$500,000. The Underwriters received a total of \$15.2 million in underwriting discounts and commissions.

200. In total, U.S. Steel issued 21.735 million shares of common stock in the SPO at a price of \$23.00 per share, netting proceeds of approximately \$482 million.

201. Meanwhile, unbeknownst to U.S. Steel investors, and as later admitted on April 25, 2017 by Defendant Longhi, these funds were expected to be used for a much needed asset revitalization program to make up for the fact the RCM program was never implemented. Defendant Longhi's April 25, 2017 admission leaves no doubt as to the reason for the SPO, when he unequivocally stated that "[w]e issued equity last August to give us the financial strength and liquidity *to position us to establish an asset revitalization plan large enough to resolve our issues*, and to see that plan through to completion." (Emphasis added).

202. Accordingly, the SPO was conducted to provide funds for immediate and costly updates as a result of the increased unplanned outages and other operational challenges faced by U.S. Steel, and was not conducted for "financial flexibility" as originally represented to investors.

XI. WITH THE "WRITING ON THE WALL," DEFENDANTS LONGHI AND BURRITT QUICKLY SELL THE MAJORITY OF THEIR PERSONAL HOLDINGS OF U.S. STEEL STOCK

203. While Defendants were fully aware that U.S. Steel's Flat-Rolled facilities were experiencing increased unplanned outages and other operational challenges that necessitated immediate costly updates and improvements, the Individual Defendants unloaded their holdings of U.S. Steel stock at inflated prices. These sales began immediately after U.S. Steel's November 2016 announcement that the Company had faced "some operational challenges," including "unplanned outages in the third quarter [2016]," but while U.S. Steel's stock price was still artificially inflated by the SPO and Defendant Longhi's tempering, unequivocal assertion on a November 2, 2016 conference call, that:

And I would offer that, no, we have not been under-spending. What we've been doing is, we've only been able to accomplish what we've accomplished and gotten to the position that we are, because we've been investing appropriately in making sure that everything that we know is being addressed and moving to

minimize the conditions that we experienced in the past quarter, which is unplanned events. So we've been able to get to this point, because we've been doing all of the right things.

(Emphasis added).

204. As detailed further *infra* pp.137-140, the Individual Defendants sold approximately \$25 million of personally held common stock over an abbreviated timeframe, under circumstances that were extremely suspicious in timing and amount. Specifically, neither Defendant Longhi nor Burritt had sold a single share of common stock before the start of the Class Period. Then, beginning just after U.S. Steel's partial disclosure of "*some* operational issues" and "unplanned outages" at its Flat-Rolled facilities on November 1, 2016 (and simultaneous representation by Defendant Longhi that "we have not been under-spending" and that "we've been investing appropriately"), they collectively sold or determined to sell 699,671 shares of U.S. Steel common stock over the course of only eight trading days, for total proceeds of \$24,980,414.46.

205. These sales began with Defendant Burritt's transaction on November 23, 2016 – just weeks after the Company's tempered partial disclosure of "some operational issues" and "unplanned outages" – where he sold \$1,686,315 worth of common stock. Only two trading days later, on November 28, 2016, Defendant Longhi followed suit and sold shares for proceeds of \$8,938,688 worth of common stock. Over the next seven trading days, between December 5 and 7, 2016, Longhi sold \$5,775,142 worth of common stock. On February 21, 2017, Defendant Burritt sold shares of common stock for proceeds of \$8.4 million. Thus, in effect, U.S. Steel's two primary executives sold or determined to sell, in parallel, \$25 million of personally held common stock over the course of only two weeks, immediately following their partial disclosure of "some operational issues," and "unplanned outages."

206. These sales often correlated with market moving news days and/or days in which the Individual Defendants were in possession of material non-public information. For example, the executives' trades began shortly after the Company's August 2016 SPO, which was later disclosed to have been conducted to fund the Company's critically necessary asset revitalization process as U.S. Steel's Flat-Rolled facilities were experiencing severe operational issues and outages. Indeed, Defendant Longhi subsequently admitted on the last day of the Class Period – after he and Defendant Burritt had successfully sold approximately 57% and 64%, respectively, of their personal holdings – that the SPO had been conducted to “establish an asset revitalization plan *large enough* to resolve our issues.” (Emphasis added). Further, Burritt sold approximately \$8,363,327 in common stock on February 21, 2017, only eight days before he took over day-to-day control of the Company.

207. In total, Defendant Longhi sold 443,250 shares over eight trading days for total proceeds of \$14,930,871.40 representing 57% percent of his holdings and has not transacted since, while Defendant Burritt sold or determined to sell 256,421 shares over five trading days for total proceeds of \$10,049,543.06 representing 64% percent of his holdings and has not sold a single share of U.S. Steel stock since.

XII. U.S. STEEL'S DECREASED PRODUCTION AND CAPACITY UTILIZATION CAUSE THE COMPANY TO LOSE SIGNIFICANT MARKET SHARE

208. As a result of the U.S. Steel Defendants' decisions to defer maintenance and facility upgrades, U.S. Steel was unable to contend with competitors who maintained and repaired their modern equipment (such as mini mills using electric arc furnaces), which they use rather than older blast furnaces used in integrated steel production – which U.S. Steel uses exclusively.

209. Mini-mills can more easily adjust production volume in response to changes in demand, and the steel market improved over the course of 2016, making it much easier for competitors to adjust to this demand with their electric furnaces. By deferring maintenance and upgrades, U.S. Steel was unable to increase shipments and capacity utilization as nimbly as competitors such as Nucor Corporation, AK Steel Holding Corporation, and Steel Dynamics, Inc. In fact, Defendants' decisions exacerbated the situation by causing outages and missed shipments which affirmatively reduced U.S. Steel's market share.

210. The disparity between Defendants' capital spending and its peer group is illustrated in the chart below, which shows that while steel companies, such as Nucor Corporation, were increasing capital expenditures and investing in the future, U.S. Steel was doing the complete opposite and continuously decreasing its spending and focusing on near term cost cutting:



211. Indeed, as May 4, 2017 article from The Motley Fool, entitled “*United States Steel Corporation Stock Plunged 34% in April: What Now?*”, the author noted [w]hile Nucor turned the downturn into an opportunity by acquiring businesses and keeping its existing facilities in shape, U.S. Steel is upgrading its core facilities and fixing up inefficiencies now, at a time when it should be improving operational rates.”

212. As demonstrated in the chart below, based upon data from the 2016 Form 10-K and the 2016 Annual Statistical Report produced by the American Iron and Steel Institute,¹⁷ U.S. Steel’s market share shrunk year-over-year between 2014 and 2016 in every product category except coated steel, which remained approximately level between 2015 and 2016:

U.S. Steel Shipments Compared with American Iron and Steel Institute Net Shipments by Domestic Producers¹⁸			
	(in thousands of tons)		
	2014	2015	2016
Hot Rolled Sheets			
- U.S. Steel	4,909	3,283	2,784
- AISI Hot Rolled Sheets	22,739	20,578	21,161
U.S. Steel Share of AISI	21.59%	15.95%	13.16%
Total			

¹⁷ The American Iron and Steel Institute is a trade association of North American steel producers, including U.S. Steel, which was founded in 1908 by Elbert H. Gary who was U.S. Steel’s chairman at the time.

¹⁸ American Iron and Steel Institute (“AISI”) data are from its 2016 Annual Statistical Report. AISI states “[g]ross shipments represent aggregate tonnage shipped by reporting companies including steel consumed by the companies in their own construction, maintenance, repair and operations, as well as in their own manufacture of fabricated products. Net shipments eliminate tonnage duplication by deducting from the gross total those shipments from one reporting company to another reporting company for conversion, further processing or resale.”

Cold Rolled Sheets			
- U.S. Steel	4,207	3,507	3,775
- AISI Cold Rolled Sheets	11,248	10,038	10,972
U.S. Steel Share of AISI	37.4%	34.9%	34.4%
Total			
Coated Sheets			
- U.S. Steel	3,316	2,511	2,655
- AISI Hot Dipped, Electrolytic, all other metallic coated sheets and strips	18,199	17,674	18,316
U.S. Steel Share of AISI	18.2%	14.2%	14.5%
Total			
Tubular			
- U.S. Steel	1,622	593	400
- AISI Standard Pipe, OCTG, line pipe	4,400	2,229	2,070
U.S. Steel Share of AISI	36.9%	26.6%	19.3%
Total			

213. At the same time the U.S. Steel Defendants ultimately announced a net loss of \$180 million in the First Quarter of 2017, its competitors all announced profits. For example, on April 20, 2017, Nucor Corporation announced consolidated net earnings of \$356.9 million, or \$1.11 per diluted share, for the first quarter of 2017. On April 25, 2017, AK Steel reported net income of \$62.5 million, or \$0.19 per diluted share of common stock, for the first quarter of

2017, compared to a net loss of \$13.6 million, or \$0.08 per diluted share, for the first quarter of 2016. On April 19, 2017, Steel Dynamics, Inc. reported first quarter 2017 net income of \$201 million, or \$0.82 per diluted share, with net sales of \$2.4 billion.

214. U.S. Steel continues to significantly underperform its competitors.

XIII. THE FAILURE OF “CARNEGIE WAY” RESULTS IN DEFENDANT LONGHI BEING PHASED OUT AS CEO

215. On February 28, 2017, U.S. Steel announced that Defendant Burritt had been elected to the positions of President and Chief Operating Officer of the Company, and would assume all responsibility for the day-to-day operations of U.S. Steel in the United States and Central Europe. This announcement signaled the first step in the transition of power from Longhi to Burritt and the Company’s abandonment of the botched Carnegie Way initiative.

216. Then, on May 10, 2017, U.S. Steel announced that Defendant Longhi was retiring as CEO, effective immediately, and that Burritt would assume the role in place of Longhi. Conspicuously, Defendant Longhi’s retirement came *merely two weeks* after the Company had announced its dreadful first quarter 2017 results, which reflected deteriorating financial results despite improved market conditions due to the Company’s operational challenges.

217. Despite layoffs, plant closures, lack of profit, under-invested facilities and equipment, and a reported net loss for the 2016 fiscal year of \$440 million, Longhi received a \$4.35 million bonus for the 2016 fiscal year— his largest bonus ever.

DEFENDANTS’ MATERIALLY FALSE AND MISLEADING CLASS PERIOD STATEMENTS AND OMISSIONS

218. In order to conceal the Company’s true condition from investors throughout the Class Period, Defendants issued a series of pervasive and material misstatements and omitted material facts in the Company’s public filings, press releases, conference calls, investor

presentations and other documents. These material misstatements and omissions created the false impression that U.S. Steel was not experiencing severe unplanned outages and operational issues at its Flat-Rolled facilities, and that the Company was actually investing in and maintaining its facilities. Indeed, Defendants were fully aware in 2015 that U.S. Steel's Flat-Rolled facilities were experiencing increased unplanned outages and other operational challenges that necessitated immediate costly updates and improvements.

219. This false impression caused the Company's stock price to be artificially inflated throughout the Class Period and, among other things, facilitated the Individual Defendants' massive insider sales.

A. False and Misleading Statements in the January 2016 Press Release and Presentations

220. On January 26, 2016 after the market closed, U.S. Steel issued a press release, entitled *United States Steel Corporation Reports 2015 Fourth Quarter and Full Year Results with Strong Liquidity and Positive Operating Cash Flow Under Challenging Market Conditions*, announcing the Company's fourth quarter 2015 and annual 2015 financial results (the "2015 Press Release"). In the 2015 Press Release, the Company reported an annual net loss and adjusted net loss of \$1.5 billion, or \$10.32 per diluted share, and \$262 million, or \$1.79 per diluted share, respectively. U.S. Steel also reported revenue of \$11.6 billion, down \$5.9 billion from \$17.5 billion in 2014.

221. With respect to the Flat-Rolled segment, the Company reported an EBIT loss for 2015 of \$237 million, down from positive EBIT in 2014 of \$709 million. In explaining the decline in the Company's fourth quarter and annual 2015 financial results for its Flat-Rolled segment, Defendants blamed it all on the "challenging" market conditions causing a "decrease in average realized prices:"

Fourth quarter results for our Flat-Rolled segment declined as compared to the third quarter primarily due to a decrease in average realized prices. Imported flat-rolled products, much of which we believe are dumped and/or subsidized, continued to harm the domestic market, as they did for all of 2015, placing downward pressure on both our spot and our contract prices. Our average realized prices declined during the fourth quarter by approximately \$30 per ton, while fourth quarter shipments were comparable to third quarter. Full-year Flat-Rolled segment results for 2015 declined from 2014 driven by lower shipments and average realized prices due primarily to the negative impact of imports, as described above, and high supply chain inventories

222. In the 2015 Press Release, Defendant Longhi praised the purported benefit of the Carnegie Way initiative, falsely assuring investors that U.S. Steel was experiencing “real” and “significant progress:”

The *\$815 million of Carnegie Way benefits we realized* in 2015 show that we continue to make *significant progress* on our journey toward our goal of achieving economic profit across the business cycle. *Our progress is real and it is substantial*, but our fourth quarter and full-year results show that it is not yet enough to fully overcome some of the worst market and business conditions we have seen.

(Emphasis added).

223. Despite the U.S. Steel Defendants’ undisclosed decision to defer spending on desperately needed maintenance and upgrades to its manufacturing facilities and infrastructure, they applauded the Company’s “positive operating cash flow of \$359 million for the year ended December 31, 2015,” with \$755 million in reported cash.

224. Commenting on U.S. Steel’s 2016 Outlook, Defendant Longhi assured investors that U.S. Steel was successfully “positioned to respond to improving market conditions” and expected 2016 adjusted EBITDA to “be near breakeven” under current market conditions:

We have a strong and growing pipeline of Carnegie Way projects that will provide benefits in our operating segments and all other areas of our company. The substantive changes and improvements we are making continue to increase our earnings power. We are working hard every day to serve our customers and are *well positioned to respond to improving market conditions*.

(Emphasis added).

225. In connection with the January 2016 Press Release, U.S. Steel also provided a Fourth Quarter and Full Year 2015 Earnings Conference Call and Webcast Presentation (the “2015 Earnings Presentation”) and a Fourth Quarter 2015 Questions and Answers Presentation (the “Q4 2015 Q&A Packet”) posted on the Company’s website.

226. The 2015 Earnings Presentation falsely reported a “realized” Carnegie Way benefit of \$815 million, attributing \$647 million to the Flat-Rolled Segment.

227. The Q4 2015 Q&A Packet falsely stated that:

- Carnegie Way was “*much more than a cost cutting initiative*, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.”
- U.S. Steel had: “*achieved sustainable cost improvements through process efficiencies and our investments in reliability centered maintenance (RCM)*, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.”

(Emphasis added).

228. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$815 million was materially overstated because the U.S. Steel Defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) Defendant Longhi and

other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; (vii) U.S. Steel’s purported positive operating cash flow was at the expense of the U.S. Steel Defendants’ decision to defer desperately needed maintenance and capital spending; and, thus (viii) U.S. Steel’s business and prospects were far worse than represented.

B. False and Misleading Statements on the January 27, 2016 Investor Conference Call

229. On January 27, 2016, the Individual Defendants held an investor conference call with analysts to discuss the Company’s fourth quarter and full year 2015 financial results (the “January 2016 Call”). During the January 2016 Call, Defendant Burritt falsely claimed that U.S. Steel was making investments to achieve its “long-term strategy:”

[W]e know we are managing our business to maintain a strong cash position and to be prepared to respond quickly when the recovery begins. We said last quarter that we will be disciplined on our capital allocation strategies and decisions and *will continue to make the investments that support our long-term strategy* but we will do so in a manner and at a pace that is appropriate based on our ability to generate cash.

(Emphasis added). According to the U.S. Steel Defendants, the Company’s long-term strategy under the Carnegie Way program was to, among other things, improve the “reliability of our operations.”

230. Defendant Burritt further assured investors that U.S. Steel was “deeply focused” on the manufacturing processes and “creating a more reliable and agile operating base that

lowers [the Company's] breakeven point and improves [its] ability to adapt quickly to changing market conditions while providing superior quality and delivery performance for [U.S. Steel's] customers.”

231. Remarkably, Longhi stated that the Company was “realizing [operating efficiencies] from higher utilization rates” and that “if you look at the improvements that are being put in place, it’s not going to require us to go back to the full volume to deliver even better results.” Longhi further stated “[w]e can go to higher utilization rates at our current facilities. We’re not required to go back to full volume in order to produce better results.”

232. The above statements were materially false and misleading when made because: (i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iii) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (iv) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); and, thus, (v) U.S. Steel’s business and prospects were far worse than represented.

C. False and Misleading Statements in the 2015 Form 10-K

233. On February 29, 2016, U.S. Steel filed its Annual Report on Form 10-K with the SEC for the year-ended December 31, 2015 (the “2015 Form 10-K”), which was signed by defendants Longhi and Burritt.

234. The 2015 Form 10-K contained essentially the same false and misleading statements as the 2015 Press Release. In the 2015 Form 10-K, the U.S. Steel Defendants also made material misstatements concerning U.S. Steel’s: (1) Carnegie Way benefits and results; (2) declining financial results as being attributable primarily to market factors; and (3) outlook and financial forecasts.

235. Specifically, in the 2015 Form 10-K, the U.S. Steel Defendants falsely represented with respect to the Carnegie Way initiative that U.S. Steel’s “*progress is real and it is substantial.*” (Emphasis added).

236. The Company also reported \$815 million of purported Carnegie Way benefits realized in 2015.

237. With respect to the substantial decrease in net sales, the U.S. Steel Defendants blamed it primarily on unfavorable market conditions without any mention of the Company’s failure to properly invest and maintain its asset base:

Decrease in net sales in 2015 is primarily due to decreased shipment volumes and lower average realized prices as a result of challenging market conditions, including high import levels, much of which we believe are unfairly traded, which have served to reduce shipment volumes and drastically depress both spot and contract prices.

* * *

The decrease in sales for the Flat-Rolled segment primarily reflected a decrease in shipments (decrease of 3,313 thousand net tons), which includes the deconsolidation of USSC (represents 1,532 thousand net tons, or 46%, of the total volume decrease) and lower average realized prices (decrease of \$77 per net ton) *as a result of market conditions, including high import levels, which has served to reduce shipment volumes* and drastically depress both spot and contract prices. . . The decrease in sales for the Tubular segment primarily reflected lower

shipments (decrease of 1,151 thousand net tons) as a result of decreased drilling activity and continued high import levels and lower average realized prices (decrease of \$74 per net ton).

(Emphasis added).

238. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$815 million was materially overstated because the U.S. Steel Defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); (v) as a result of (iii) and (iv) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; and, thus (vi) U.S. Steel’s business and prospects were far worse than represented.

239. In response to the above material misstatements, U.S. Steel’s stock price increased 24.5% from \$9.12 per share on February 29, 2016 to \$11.35 per share on March 2, 2016.

D. False and Misleading Statements in the April 26, 2016 Press Release and Presentations

240. On April 26, 2016, U.S. Steel issued a press release, entitled “*United States Steel Corporation Reports 2016 First Quarter Results with Strong Liquidity and Positive Operating Cash Flow Under Challenging Market Conditions*,” announcing the Company’s first quarter 2016 financial results (the “April 2016 Press Release”). In the April 2016 Press Release, the Company reported a first quarter net loss of \$340 million, or \$2.32 per diluted share. U.S. Steel’s reported revenues decreased by \$231 million and \$931 million as compared to \$2.6 billion in the fourth quarter 2015 and \$3.3 billion in the first quarter of 2015, respectively.

241. In particular, for the Flat-Rolled segment, the Company reported an EBIT loss for the first quarter 2016 of \$188 million, as compared to an \$88 million EBIT loss in the fourth quarter 2015 and \$67 EBIT loss for the first quarter 2015. In the accompanying Segment and Financial Operating Data Presentation, U.S. Steel reported tons shipped for the first quarter 2016 of 2,498 thousand as compared to 2,617 thousand tons for the first quarter of 2015 and 2,591 thousand tons for the fourth quarter 2015.

242. Commenting on U.S. Steel’s first quarter 2016 results, Defendant Longhi claimed Carnegie Way benefits realized for the first quarter 2016 of \$100 million and falsely assured investors:

We took significant actions to align our overhead costs with our operations, contributing \$100 million to our Carnegie Way benefits for this year. We remain focused on reducing our costs, ***improving the quality and reliability of our operations***, and working with our customers to deliver differentiated solutions that will improve our market position and create value for all of our stakeholders. ***We are well-positioned to benefit from currently improving market conditions for our Flat-Rolled*** and European segments.

(Emphasis added).

243. In explaining the decline in the Company’s first quarter 2016 results for its Flat-Rolled segment, the U.S. Steel Defendants, again, blamed it primarily on poor market conditions

and did not attribute any of the Company's declining sales or inability to take advantage of improving raw material and energy prices to U.S. Steel's outdated and poorly maintained infrastructure that was significantly affecting production:

First quarter results for our Flat-Rolled segment declined as compared to the fourth quarter primarily due to decreases in average realized prices for our contract business and slightly lower average spot prices compared to the fourth quarter. Seasonally lower results from our mining operations and a \$50 million unfavorable effect from planned liquidations of inventory costed using the last-in-first-out (LIFO) method related to our targeted working capital reductions in 2016 contributed to the decline in results in the first quarter. The favorable impacts of lower raw materials and energy prices, lower spending and overhead costs, and increased operating efficiencies from our current operating configuration only partially offset the unfavorable items

244. Moreover, despite the Individual Defendants' undisclosed decision to defer spending on desperately needed maintenance and upgrades to its manufacturing facilities and infrastructure, U.S. Steel highlighted its "positive operating cash flow" of \$113 million for the first quarter 2016 with \$705 million in reported cash.

245. Commenting on U.S. Steel's 2016 Outlook, Defendant Longhi told investors that "recent increases in prices for flat-rolled products will begin to be reflected in [U.S. Steel's] results in the second quarter" and the Company would "benefit from the improving market conditions."

246. U.S. Steel also increased the Company's 2016 forecast from "breakeven" to "2016 adjusted EBITDA [of] near \$400 million" and projected Flat-Rolled segment results to be "higher than" 2015 results.

247. In connection with the April 2016 Press Release, U.S. Steel also provided a First Quarter 2016 Earnings Presentations (the "Q1 2016 Earnings Presentation") and a First Quarter 2016 Questions and Answers Presentation (the "Q1 2016 Q&A Packet") posted on the Company's website.

248. The Q1 2016 Earnings Presentation contained similar false and misleading statements concerning the purported benefits of the Carnegie Way initiative and that the Company was positioned to take advantage of positive changes to market conditions:

- “Including the benefits from projects we implemented during the first quarter, our new total for the ***full year impact from Carnegie Way benefits in 2016 is \$600 million*** as compared to 2015 as the base year. These benefits resulted from the ***completion of almost 500 projects*** in the first quarter. . . particularly in the areas of manufacturing and supply chain, where we have our greatest opportunities for improvement.
- We ***continue to implement our reliability centered maintenance process across all of our facilities. The benefits are starting to be reflected in fewer unplanned outages and lower maintenance costs and are allowing for a more efficient allocation of to be reflected in fewer unplanned outages and lower maintenance costs***, and are allowing for a more efficient allocation of our maintenance labor force.”
- “The Company is undertaking “***operating updates***” at “Steelmaking facilities[,] Flat-Rolled finishing facilities[,] . . . Tubular facilities [and] U.S. Steel Europe.”
- “The Carnegie Way methodology remains a powerful driver of new value creating projects . . . Our pace of progress on the Carnegie Way transformation continues to exceed our expectations. The continuing benefits ***are*** improving our capability to earn the right to grow and then ***drive sustainable profitable growth*** over the long-term

(Emphasis added).

249. Similarly, the Q1 2016 Q&A Packet falsely stated that:

- Carnegie Way was “***much more than a cost cutting initiative***, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.”
- U.S. Steel had “achieved sustainable cost improvements through process efficiencies ***and our investments in reliability centered maintenance*** (RCM), and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.”

(Emphasis added).

250. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$100 million was materially overstated because the U.S. Steel Defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; (vii) U.S. Steel’s purported positive operating cash flow was at the expense of Defendants’ decision to defer desperately needed maintenance and capital spending; and, thus (viii) U.S. Steel’s business and prospects were far worse than represented.

251. On this news Macquarie Capital, Inc., downgraded the Company’s stock to “Underperform,” noting in its April 28, 2016 article that “[w]e expect a stronger [second half of

2016] based on improving pricing, but [X's] volume is not expected to rise much and the high fixed cost base should limit X's ability to meet its EBITDA goal."

E. False and Misleading Statements in the April 27, 2016 Investor Conference Call

252. On April 27, 2016, the Individual Defendants held an investor call to discuss the Company's first quarter 2016 financial results (the "April 2016 Call"). When asked about recent undisclosed unplanned outages, defendant Burritt minimized the outages stating:

Operations are normal, they are stable. Europe has concluded a couple of planned maintenance that they needed to do. We had a little bit of an issue, Gary over back, but all furnaces are back and running and the downstream lines are shape. Everything is going okay.

(Emphasis added).

253. Defendant Longhi downplayed the outages, characterizing them as "minor repairs."

254. When asked by analyst Anthony Rizzuto of Cowen & Co. LLC about U.S. Steel's ability to increase shipment volumes to increase market share, Defendant Burritt assured investors that the Company was ready, willing and able to meet market demands as they increase:

Q: Tony Rizzuto: You're welcome. Thank you. The shipment volumes, I have a question about that, with your current configuration the flat-rolled segment and imports declining. Do you expect you'll be able to regain some market share?

A: David Burritt: Well, we have been supplying the customers with whatever they needed and we have re-positioned the footprint in order to better acclimate to the current market conditions. But *we remain also ready to increase our supply and sooner the market from a volume perspective demonstrate some real sustainability*. We are not going to hastily moving to bring in more capacity on line unless you see that there is real sustainable increase in the market demand.

(Emphasis added).

255. The above statements were materially false and misleading when made because:

(i) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (ii) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (iii) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); (iv) the unplanned outages and increased repairs were the direct result of the Individual Defendants’ decision not to invest in U.S. Steel’s infrastructure; and, thus (v) U.S. Steel’s business and prospects were far worse than represented.

F. False and Misleading Statements in the April 27, 2016 Form 10-Q

256. On April 27, 2016, the U.S. Steel filed its quarterly report on Form 10-Q for the period-ended March 31, 2016 (the “First Quarter 2016 Form 10-Q”) with the SEC, which was signed by Defendants Longhi and Burritt. The First Quarter 2016 Form 10-Q contained nearly identical false and misleading statements as the April 2016 Press Release and April 2016 Call.

257. In addition, the First Quarter 2016 Form 10-Q, the U.S. Steel Defendants blamed the decline in results for the Flat-Rolled segment solely to market factors:

The decrease in Flat-Rolled results for the three months ended March 31, 2016 compared to the same period in 2015 resulted from lower average realized prices (approximately \$395 million) as a result of challenging market conditions, including high import levels, which have served to drastically depress both spot

and contract prices and lower steel substrate sales to our Tubular segment (approximately \$20 million).

258. With respect to the Company's 2016 Outlook, the U.S. Steel Defendants stated that U.S. Steel would achieve adjusted EBITDA of \$400 million if market conditions remained the same.

259. The above statements were materially false and misleading when made because: (i) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company's infrastructure, resulting in "thousands of tons of missed steel production" of at least 20% of total capacity; (ii) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that "those investments that we need to make are being – *we're not able to make them right now*," that "subject imports deprived U.S. Steel" of "an opportunity to grow its business to reinvest in technology," and the situation was "grave"; (iii) U.S. Steel was experiencing unplanned outages "quarter after quarter" in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); (iv) the unplanned outages and increased repairs were the direct result of the Individual Defendants' decision not to invest in U.S. Steel's infrastructure; and, thus (v) U.S. Steel's business and prospects were far worse than represented.

G. False and Misleading Statements in the July 26, 2016 Press Release and Presentations

260. On July 26, 2016, U.S. Steel issued a press release, entitled "*United States Steel Corporation Reports Improved Second Quarter Results and Stronger Cash and Liquidity Position*," announcing the Company's second quarter 2016 financial results (the "July 2016 Press Release"). In the July 2016 Press Release, the Company reported essentially flat sales with

a negligible increase of \$243 million for the second quarter 2016 as compared to the first quarter 2016 and a decrease of \$316 million as compared to the same quarter of 2015.

261. The U.S. Steel Defendants reported EBIT for the Flat-Rolled segment of just \$6 million for the second quarter 2016. In the accompanying Segment and Financial Operating Data Presentation, U.S. Steel reported tons shipped for the second quarter 2016 of 2,692 thousand as compared to 2,712 thousand tons in the second quarter of 2015.

262. Despite the Individual Defendants’ undisclosed decision to defer spending on desperately needed maintenance and upgrades to its manufacturing facilities and infrastructure, U.S. Steel highlighted its “positive operating cash flow” of \$313 million for the six months ended June 30, 2016 with \$820 million in reported cash.

263. Commenting on U.S. Steel’s 2016 Outlook, Defendant Longhi assured investors that U.S. Steel’s financial performance would continue to improve as a result of Carnegie Way benefits, which had paved the way for the Company to take advantage of improving market conditions:

The significant improvements we have made to our earnings power through our Carnegie Way transformation will become more apparent as market prices recover from the very low levels at the end of 2015. While we began to realize some benefit from recent price increases in the second quarter, we will see better average realized prices, primarily in our Flat-Rolled and European segments, in the second half of the year. . . *Our Carnegie Way journey continues to create improvements in our business model that will enable us to be profitable* across the business cycle

(Emphasis added).

264. U.S. Steel also increased the Company’s 2016 forecast from “2016 adjusted EBITDA [of] near \$400 million” to adjusted EBITDA of \$850 million and net earnings to \$50 million, or \$0.34 per share, and reaffirmed that the Flat-Rolled segment results would be “higher than” 2015 results. The Individual Defendants further promised investors that the Company

would be “cash positive for the year, including approximately \$400 million of cash benefits from working capital improvements in 2016, *primarily related to better inventory management, driven by improved sales and operations planning practices*, helping to offset growing accounts receivables balances.” (Emphasis added).

265. In conjunction with the July 2016 Press Release, U.S. Steel provided a Second Quarter 2016 Earnings Presentation (the “Q2 2016 Earnings Presentation”) and a Second Quarter 2016 Questions and Answers Presentation (the “Q2 2016 Q&A Packet”) posted on the Company’s website.

266. The Q2 2016 Earnings Presentation reported purported realized Carnegie Way benefits of \$115 million and falsely claimed U.S. Steel was implementing its RCM Carnegie Way initiative and observing “fewer unplanned outages:”

- Including the benefits from projects we implemented during the second quarter, our new total for *the full year impact from Carnegie Way benefits in 2016 is \$645 million* as compared to 2015 as the base year. These benefits resulted from the *completion of almost 400 projects* in the second quarter . . . particularly in the areas of manufacturing and supply chain, where we have our greatest opportunities for improvement.
- “We *continue to implement our reliability centered maintenance process across all of our facilities*. We are *starting to see the benefits as we have experienced fewer unplanned outages and lower maintenance costs*, and are allowing for a more efficient allocation of our maintenance labor force.”
- “The Carnegie Way methodology remains a powerful driver of new value creating projects. . . .”

(Emphasis added).

267. Similarly, the Q2 2016 Q&A Packet contained the following material misstatements:

[The Carnegie Way] is much more than a cost cutting initiative, improving all our core business processes, including commercial, manufacturing, supply chain,

procurement, innovation, and functional support. Carnegie Way is our culture and the way we run the business. . . We ***have achieved sustainable cost improvements through process efficiencies and our investments in reliability centered maintenance (RCM)***, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.

(Emphasis added).

268. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$115 million was materially overstated because the U.S. Steel Defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – ***we’re not able to make them right now,***” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first and second quarters of 2016 (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; (vii) U.S. Steel’s purported positive operating cash flow was at the expense of Defendants’ decision to

defer desperately needed maintenance and capital spending; and, thus (viii) U.S. Steel's business and prospects were far worse than represented.

H. False and Misleading Statements in the July 27, 2016 Conference Call

269. On July 27, 2016, the U.S. Steel Defendants held a conference call with analysts to discuss the Company's second quarter 2016 financial results (the "July 2016 Call"). Despite reporting a net loss of \$46 million, or \$0.32 per share, Defendant Longhi claimed U.S. Steel was successfully implementing the Carnegie Way, which had "greatly enhanced [the Company's] earnings power" and, thus, U.S. Steel was "*well-positioned to deliver strong results under current market conditions.*" (Emphasis added).

270. When asked by analyst David Gagliano of BMO Capital Markets about the Company's "volume expectations over the next couple of quarters," Defendant Longhi assured investors that U.S. Steel was making investments in its assets and growing:

Well, we do have certainly several projects that we're contemplating going forward. But we haven't quite stopped doing it. *There are so many investments that we're making*, that are making us so much better, and there's still opportunity for improvement within what we have. *So, the opportunity for growth is real, it is happening.* And what we are considering, it's really more value rather than just volume. And you're seeing that, as I referred to my initial remarks here, we continue to evolve into that chain. We're doing well, and that's sort of an important feature as we think about how we go forward.

(Emphasis added).

271. In response to a question from analyst Michael F. Gambardella of JPMorgan Securities LLC during the July 2016 Call about whether U.S. Steel had a sufficient supply of hot-rolled steel if needed, Defendant Longhi responded "*we certainly are capable of supplying – we still have capacity available. So, the answer would be, yes, I mean, we're still ready to support the market.*" (Emphasis added).

272. Finally, when asked by analyst Jorge M. Beristain of Deutsche Bank Securities about maintenance and outages in the flat-rolled segment in the second quarter, Defendant Lesnak minimized the outages claiming they were “not ...material.”

Jorge M. Beristain - Deutsche Bank Securities, Inc.

Hey, guys. Good morning and congrats on the results. My question just is, what were specifically the maintenance and outage costs in the second quarter for Flat-Rolled?

Dan Lesnak - General Manager-Investor Relations

All right. So we would just point out they were higher in the prior, but *they were not – we’d say material*. They were not – it was a normal planned blast furnace outage that we had. It wasn’t a reline; so was the maintenance outage. So, I mean, it’s just a change quarter-over-quarter, but it’s starting on an unusual spend for us. It’s just really – you can’t really smooth it out across the quarter. It just gets lumpy. That’s why we tend to call it out when there’s a change quarter-to-quarter.

(Emphasis added).

273. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iii) U.S. Steel was not making “so many” investments, it was making no investments; (iv) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first and

second quarters of 2016 (*see* SOF at VII *supra*); (vi) as a result of (ii) through (v) above, U.S. Steel’s was not “well-positioned to deliver strong results under current market conditions because the Company lacked the capacity to meet market demand due to underinvesting and failing to maintain its facilities.

I. False and Misleading Statements in the July 27, 2016 Form 10-Q

274. On July 27, 2016, U.S. Steel filed its quarterly report on Form 10-Q for the period-ended June 30, 2016 (the “Second Quarter 2016 Form 10-Q”) with the SEC, which was signed by Defendants Longhi and Burritt. The Second Quarter 2016 Form 10-Q contained nearly identical false and misleading statements as the July 2016 Press Release and July 2016 Call.

275. Specifically, in the Second Quarter 2016 Form 10-Q, the U.S. Steel Defendants blamed the decline in results for the Flat-Rolled segment primarily to market factors:

The decrease in sales for the Flat-Rolled segment primarily reflected lower average realized prices (decrease of \$53 per net ton) due to lower average contract prices year over year on both fixed price and quarterly adjustable contracts, that do not yet reflect the recent price increases resulting from the more balanced supply and demand relationship in the North American flat-rolled market.

276. With respect to the Company’s 2016 Outlook, Defendants stated that U.S. Steel would achieve net earnings of \$50 million, or \$0.34 per share, and adjusted EBITDA of \$850 million if market conditions remained the same.

277. The above statements were materially false and misleading when made because: (i) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (ii) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that

we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (iii) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first and second quarters of 2016 (*see* SOF at VII, *supra*); (iv) the unplanned outages and increased repairs were the direct result of the Individual Defendants’ decision not to invest in U.S. Steel’s infrastructure; and, thus (v) U.S. Steel’s business and prospects were far worse than represented.

278. In response to the above material misstatements, U.S. Steel’s stock price increased 29% from \$21.31 per share on July 25, 2016 to \$27.49 per share on July 29, 2016.

J. False and Misleading Statements in the August 8, 2016 Press Release

279. On August 8, 2016, U.S. Steel issued a press release entitled “*United States Steel Corporation Announces Proposed Common Stock Offering*,” announcing that the Company had commenced an underwritten public offering of 17 million shares of common stock, which granted the underwriters a 30-day option to purchase up to 2,550,000 additional shares.

280. According to the release, U.S. Steel “intends to use the net proceeds from the offering for financial flexibility, capital expenditures and other general corporate purposes.”

281. The above statement was materially false and misleading when made because: (i) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; and (ii) as Defendants would later admit in April 2017, “[w]e issued equity last August to give us the financial strength and liquidity *to position us to establish an asset revitalization plan large enough to resolve our issues*, and to see that plan through to completion.” (Emphasis added). In other words, Defendants’ were admittedly aware

back in August 2016 that U.S. Steel would need to undertake a “large,” multi-year “asset-revitalization” in order to fix the Company’s problems, yet failed to disclose these facts.

K. False and Misleading Statements Contained in the August 8, 2016 Preliminary Prospectus

282. On August 8, 2016 Defendants announced a Secondary Public Offering of 17,000,000 shares of common stock and filed a preliminary prospectus supplement (the “SPO Prospectus”) and an accompanying prospectus pursuant to the Securities Act of 1933, as amended.

283. In the SPO Prospectus, Defendants incorporated by reference all of the statements contained in the 2015 Form 10-K, the Q1 2016 Earnings Presentation, the First Quarter 2016 Form 10-Q, the Q2 2016 Earnings Presentation, and the Second Quarter 2016 Form 10-Q, as follows:

The SEC allows us to ‘incorporate by reference’ into this prospectus supplement the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement, and later information that we file with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 . . . :

- (a) Annual Report on Form 10-K for the year ended December 31, 2015;
- (b) Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016;
- (c) Current Reports on Form 8-K filed on April 26, 2016 (solely with respect to Items 8.01 and 9.01 thereof), . . . July 26, 2016 (solely with respect to Items 8.01 and 9.01 thereof)

284. Accordingly, by incorporating such statements by reference, and therefore, making such statements a part of the SPO Prospectus, the SPO Prospectus was materially false and misleading in the same manner and for the same reasons as all of the statements enumerated above that are contained in the 2015 Form 10-K (§§233-239), the Q1 2016 Earnings Presentation

(¶¶247-250), the First Quarter 2016 Form 10-Q (¶¶256-259), the Q2 2016 Earnings Presentation (¶¶265-268), and the Second Quarter 2016 Form 10-Q (¶¶274-278).

L. False and Misleading Statements Contained in the August 11, 2016 Preliminary Prospectus

285. On August 11, 2016 Defendants announced that they were expanding the size of the Secondary Public Offering to 18,900,000 shares of common stock and filed a preliminary prospectus supplement (the “Expanded SPO Prospectus”) and an accompanying prospectus pursuant to the Securities Act of 1933, as amended.

286. In the Expanded SPO Prospectus, Defendants incorporated by reference all of the statements contained in the 2015 Form 10-K, the Q1 2016 Earnings Presentation, the First Quarter 2016 Form 10-Q, the Q2 2016 Earnings Presentation, and the Second Quarter 2016 Form 10-Q, as follows:

“The SEC allows us to ‘incorporate by reference’ into this prospectus supplement the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement, and later information that we file with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 . . . :

- (d) Annual Report on Form 10-K for the year ended December 31, 2015;
- (e) Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016;
- (f) Current Reports on Form 8-K filed on April 26, 2016 (solely with respect to Items 8.01 and 9.01 thereof), . . . July 26, 2016 (solely with respect to Items 8.01 and 9.01 thereof)”

287. Accordingly, by incorporating such statements by reference, and therefore, making such statements a part of the Expanded SPO Prospectus, the Expanded SPO Prospectus was materially false and misleading in the same manner and for the same reasons as all of the statements enumerated above that are contained in the 2015 Form 10-K (¶¶233-239), the Q1

2016 Earnings Presentation (¶¶247-250), the First Quarter 2016 Form 10-Q (¶¶256-259), the Q2 2016 Earnings Presentation (¶¶265-268), and the Second Quarter 2016 Form 10-Q (¶¶274-278).

M. False and Misleading Statements in the November 1, 2016 Press Release

288. On November 1, 2016, U.S. Steel issued a press release, entitled “*United States Steel Corporation Reports Best Quarterly Results Since 2014*,” announcing the Company’s third quarter 2016 financial results (the “November 2016 Press Release”). In the November 2016 Press Release, the Company, again, reported essentially flat sales of \$2.7 billion for the third quarter 2016 as compared to \$2.6 billion in the second quarter 2016 and a decrease of \$144 million as compared to the same quarter of 2015.

289. Defendants reported EBIT for the Flat-Rolled segment of \$114 million as compared to \$6 million for the second quarter of 2016 and an EBIT loss of \$18 million for the third quarter of 2015. In the accompanying segment presentation, Defendants reported total shipments for the third quarter 2016 of 2,535 thousand tons as compared to 2,692 thousand tons in second quarter of 2016 and 2,676 thousand tons in the third quarter of 2015.

290. In the November 2016 Press Release, Defendant Longhi touted the Company’s results as having improved “significantly” from the second quarter, minimized the unplanned outages that occurred in the third quarter, and falsely claimed that U.S. Steel and been investing in its assets all along stating:

Our third quarter results improved significantly from the second quarter as each of our segments improved, resulting in our highest quarterly segment income since the fourth quarter of 2014. *We faced some operational challenges that limited our ability to realize the full benefits of an improved pricing environment, but we continued to make progress in our Carnegie Way transformation efforts. With our very strong cash and liquidity position, we remain focused on the investments that we need to continue to make* to revitalize our facilities and deliver value-enhancing solutions for our customers.

(Emphasis added).

291. Despite the unplanned outages in the Flat-Rolled Segment, the U.S. Steel Defendants claimed results for that segment had “improved”

Third quarter results for our Flat-Rolled segment *improved* from the second quarter as both spot and contract prices increased, and benefits from an improving product mix and our Carnegie Way initiatives continued to grow. ***Operational issues adversely impacted shipments from our Flat-Rolled facilities. In the last half of the third quarter, we experienced unplanned outages at several of our steelmaking and finishing facilities. Our third quarter shipments were negatively impacted by approximately 125,000 tons as a result of unplanned outages,*** as our streamlined plant operating configuration extends the time it takes to recover volumes from unplanned outages. A planned outage and lower operating rates at our mining operations also negatively impacted our results.

(Emphasis added).

292. Moreover, despite the Individual Defendants’ undisclosed decision to defer spending on desperately needed maintenance and upgrades to its manufacturing facilities and infrastructure, U.S. Steel applauded its “positive operating cash flow” of \$577 million for the nine months ended September 30, 2016 with \$1.4 billion in reported cash.

293. With respect to the 2016 outlook, while the U.S. Steel Defendants reduced U.S. Steel’s guidance for 2016 to a net loss of \$355 million and adjusted EBITDA of \$475 million, down from the previous adjusted EBITDA guidance of \$850 million, Defendant Longhi falsely assured investors:

As we move through the rest of 2016, operational issues remain a headwind for us, as we continue to recover from unplanned outages in the third quarter, while also completing our planned maintenance outages. ***We have identified the critical assets that require additional capital investment and increased maintenance spending in order to improve our reliability and quality and to lower our costs. We plan to use our strong cash and liquidity position to expedite the revitalization of our facilities*** and to fund additional growth projects. This will enhance the ongoing development of the differentiated solutions that make us a strategic business partner for our customers. We continue to make progress on our Carnegie Way transformation, and we have many opportunities ahead of us.

(Emphasis added).

294. The U.S. Steel Defendants, however, made no mention of the fact that the Flat-Rolled Segment facilities required far more extensive and expensive repairs, upgrades and maintenance than Defendants disclosed.

295. In connection with the November 2016 Press Release, U.S. Steel also provided a Third Quarter 2016 Earnings Presentation (the “Q3 2016 Earnings Presentation”) and a Third Quarter 2016 Questions and Answers Presentation (the “Q3 2016 Q&A Packet”) posted on the Company’s website.

296. The Q3 2016 Earnings Presentation falsely reported \$60 million in purported realized Carnegie Way benefits and claimed that:

- Including the benefits from projects we implemented during the third quarter, our new total for the *full year impact from Carnegie Way benefits in 2016 is \$705 million* as compared to 2015 as the base year. These benefits resulted from the *completion of 370 projects in the third quarter . . .* particularly in the areas of manufacturing and supply chain, where we have our greatest opportunities for improvement.
- “*We are continuing to implement RCM at all of our facilities* and have *seen the benefits of improved maintenance capabilities* raise our facilities up to higher performance standards. While RCM improves maintenance efficiency, the revitalization of our assets will increase our production.”

(Emphasis added).

297. Similarly, the Q3 2016 Q&A Packet falsely stated that

- Carnegie Way was “*much more than a cost cutting initiative*, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.”
- U.S. Steel had “achieved sustainable cost improvements through process efficiencies *and our investments in reliability centered maintenance (RCM)*, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.”

(Emphasis added).

298. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$60 million in the third quarter 2016 and \$705 million year-to-date were materially overstated because the U.S. Steel Defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first three quarters of 2016 (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; (vii) the “additional capital investment” was the culmination of years’ worth of cost-cutting and insufficient or non-existent capital investment and maintenance and, thus, U.S. Steel’s assets and infrastructure were in far worse condition than disclosed; (viii) U.S. Steel’s purported positive operating cash flow was at the expense of

Defendants’ decision to defer desperately needed maintenance and capital spending; and, thus (ix) U.S. Steel’s business and prospects were far worse than represented.

N. False and Misleading Statements in the November 2, 2016 Conference Call

299. On November 2, 2016, the Individual Defendants held a conference call with analysts to discuss the Company’s third quarter 2016 financial results (the “November 2016 Call”). In his opening remarks on the November 2016 Call, Defendant Longhi referred to the acceleration of investments in the Company’s manufacturing facilities in order to *improve* operating and reliability – initiatives that Defendants had previously claimed the Company was already doing:

We continue to make significant progress on improving our business model, lowering our breakeven point, improving our already industry-leading safety performance, and strengthening our balance sheet. We have faced and continue to face many challenges, some at the Company level and some at the industry level. At the Company level, we have streamlined our operating configuration, including the temporary idling of facilities to create greater production efficiencies under today’s market conditions and have made many hard decisions to permanently address unprofitable businesses and facilities with a final resolution of our former operations.

* * *

We are accelerating our investments in our facilities to achieve sustainability better and more consistent operating performance including improved reliability, quality, delivery, and customer service. Innovation in both products and processes is the foundation for our future success.

(Emphasis added).

300. When asked for more detail about the nature of the unplanned outage that occurred in the third quarter of 2016, Defendant Longhi, again, minimized the impact of the outages and falsely claimed that conditions had actually “improved.”

Anthony B. Rizzuto - Cowen and Company, LLC

Hey, Mario. Can you provide more color on the nature of the unplanned outages

and the operational headwinds that you face? And specifically, for one question just part of it, the facilities and the equipment that was affected directly in the quarter?

Mario Longhi Filho - United States Steel Corp.

There was not any single major event that impacted the output, Tony. It was a convergence of several things that happened in sequence. And in an operation like ours with the improved streamlined footprint that we have, when you have a half a day of an issue here, another half a day of an issue there, and it begins to compound, and it makes it more difficult with the absence of slacking the system to be able to recover more quickly. That is the nature of what happened.

301. When pressed about whether U.S. Steel had been under-investing in its facilities, Longhi flatly denied that U.S. Steel had under-invested and affirmatively claimed, instead, that the Company had “*been investing appropriately*:”

Anthony B. Rizzuto - Cowen and Company, LLC

Okay. And when you talk about the need for revitalization, obviously, this has been a transformation process, a journey as you have referred to Carnegie Way. As you're going through this process, are you finding now that maybe you've under-spent on the capital side and is this something that's coming? I mean just by looking at the language you used in the release, it seemed that way to us. And I just want to make sure – what – if that's the case, what kind of magnitude of capital spending might we see that gravitate towards from the roughly \$350 million that you've kind of targeted? Is this – could you just delve into that a little bit for us?

Mario Longhi Filho - United States Steel Corp.

Sure, first and foremost, thanks for describing the nature of what we're doing here as a journey, because it truly is. And *I would offer that, no, we have not been under-spending*. What we've been doing is, we've only been able to accomplish what we've accomplished and gotten to the position that we are, because *we've been investing appropriately in making sure that everything that we know is being addressed and moving to minimize the conditions that we experienced in the past quarter, which is unplanned events*. So we've been able to get to this point, because *we've been doing all of the right things*.

(Emphasis added).

302. In response to a question from analyst Evan Kurtz of Morgan Stanley about U.S. Steel's plans for an electric arc furnace (EAF), Longhi assured investors that the Company regularly updates its capex analysis and blamed the delay of putting in an EAF entirely on the market:

Evan L. Kurtz - Morgan Stanley & Co. LLC

So I have a similar question just about next year's capital spend. I know you had talked before in the past about maybe doing some EAF work at some of the other facilities outside of Fairfield, and I'm wondering – some of these furnaces and some of the equipment that you have is a little bit older at some of the other plants. Is something that you're evaluating now, some sort of an EAF solution that maybe would replace some of the older technology that you might have in place? Is that something that we could see for next year?

Mario Longhi Filho - United States Steel Corp.

Well, *the analysis has been updated on a regular basis*, and I would go back to when we started this, which led us to make the decision on the first EAF. It's just unfortunately that we faced this terrible energy market, and we were forced into a position of stalling it for a little bit.

(Emphasis added).

303. With respect to the unplanned outages in the third quarter of 2016, Defendant Lesnak claimed that, although “[m]aintenance was up quarter-over-quarter,” the decrease in production was mainly related to “the volume and the operating efficiency” and assured investors that U.S. Steel would “make some better improvements to the facilities” in the fourth quarter of 2016.

304. A November 2, 2016 American Metal Market article discussed Defendant Lesnak criticizing the notion that U.S. Steel might be spending less on maintenance this year than it had in the past and quoted Lesnak as stating “we have a lot less facilities than we did last year. So, . .

. if you think of maintenance on a per ton of capacity that's running, we're actually spending more on the facilities this year than we did last year.”¹⁹

305. During the November 2016 Call, Defendant Longhi confirmed that U.S. Steel had realized “very significant levels of improvement” from the Carnegie Way program, while downplaying any operational issues:

Mario Longhi Filho - United States Steel Corp.

Well, we've had a quarter where some of the efforts had to be diverted a little bit to make sure we addressed the unforeseen challenges that came our way. But in spite of that, we still – I think we ended the quarter with more than 300 new initiatives being completed. And I think going into the next quarter, there are probably another 500 slated to be pursued. So in the pipeline it's even much greater than that. So I wouldn't focus so much on the actual dollars that you saw coming out of this quarter. I think there is more to come. Eventually, these things will begin to taper off, as we get closer to the point of – that we can achieve an incredibly higher level of competitive base from a cost perspective and that is the ultimate goal of what we're relentlessly pursuing.

On the other hand, the Carnegie Way also encompasses very significant levels of improvement. On the overall value chain, you look at the amount of cash that we've been able to generate both from operations as well as the value chain and the logistics side of things. We're talking here about some different types of innovations and we just mentioned a couple of them here on packaging and automotive. So this whole context is what the Carnegie Way encompasses. It's not just the cost and I think we're going to continue to show interesting results in both fronts.

(Emphasis added).

306. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company's infrastructure,

¹⁹ Michael Cowden, *USS Flat-Rolled Outages to Persist In 4th Qtr.*, AMERICAN METAL MARKET (Nov. 2, 2016).

resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iii) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (iv) the accelerated asset revitalization was, actually, the culmination of years’ worth of cost-cutting and insufficient or non-existent capital investment and maintenance and, thus, U.S. Steel’s assets and infrastructure were in far worse condition than disclosed; (v) as a result of the above, U.S. Steel had not “been doing all the right things” and, was “under-spending” for years; thus (vi) U.S. Steel’s business and prospects were far worse than represented.

O. False and Misleading Statements in the November 2, 2016 Form 10-Q

307. On November 2, 2016, the U.S. Steel filed its quarterly report on Form 10-Q for the period-ended September 30, 2016 (the “Third Quarter 2016 Form 10-Q”) with the SEC, which was signed by Defendants Longhi and Burritt. The Third Quarter 2016 Form 10-Q contained nearly identical false and misleading statements as the November 2016 Press Release and November 2016 Call. The Third Quarter 2016 Form 10-Q also stated in relevant part:

Net sales were \$2,686 million in the three months ended September 30, 2016, compared with \$2,830 million in the same period last year. *The decrease in sales for the Flat-Rolled segment primarily reflected decreased shipments (decrease of 141 thousand net tons) due to operational issues across our Flat-Rolled facilities. In the last half of the third quarter of 2016 we experienced unplanned outages at several of our steelmaking and finishing facilities* and our current operating configuration in 2016 extends the time it takes to recover volumes from unplanned outages. Additionally, sales in our Flat-Rolled segment decreased due to reduced coke and iron ore pellet sales to U. S. Steel Canada Inc. These decreases were partially offset by higher average realized prices (increase of \$44 per net ton) due to improved spot market prices.

(Emphasis added).

308. With respect to the Company's 2016 Outlook, the U.S. Steel Defendants stated that U.S. Steel would achieve a net loss of \$355 million, or \$2.26 per share, and adjusted EBITDA of \$475 million if market conditions remained the same.

309. The above statements were materially false and misleading when made because: (i) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company's infrastructure, resulting in "thousands of tons of missed steel production" of at least 20% of total capacity; (ii) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that "those investments that we need to make are being – *we're not able to make them right now,*" that "subject imports deprived U.S. Steel" of "an opportunity to grow its business to reinvest in technology," and operating margins "are nowhere near where they need to be for us to invest in our future;" (iii) U.S. Steel was experiencing unplanned outages "quarter after quarter" in several of its facilities, as well as costly repairs (*see* SOF at VII, *supra*); and, thus, (iv) U.S. Steels business and prospects were far worse than represented.

310. In response to the above material misstatements, U.S. Steel's stock price increased \$2.04 per share, or 11.4% from \$17.82 per share on November 2, 2016 to \$19.86 per share on November 4, 2016.

P. False and Misleading Statements in the January 31, 2017 Press Release and Presentations

311. On January 31, 2017, U.S. Steel issued a press release, entitled "*United States Steel Corporation Reports Improved 2016 Results with Operating Cash Flow and Stronger Cash and Liquidity,*" announcing the Company's fourth quarter and full year 2016 financial results (the "January 2017 Press Release"). In the January 2017 Press Release, the Company reported

an annual and quarterly net loss of \$440 million, or \$2.32 per diluted share, and \$105 million, or \$0.61 per diluted share, respectively. U.S. Steel's reported revenues decreased by \$1.3 billion from \$11.6 billion in 2015 to \$10.3 billion in 2016.

312. The Company also reported a fourth quarter 2016 decrease in EBIT for the Flat-Rolled Segment of \$65 million as compared to EBIT of \$114 million for the third quarter 2016. In the accompanying Segment and Financial Operating Data Presentation, U.S. Steel reported steel shipments of 2,369 thousand tons as compared to 2,535 thousand tons in the third quarter 2016 and 2,591 thousand tons in the fourth quarter 2015.

313. In addition, U.S. Steel reported Carnegie Way benefits realized of \$745 million for 2016, as compared to \$815 million in 2015.

314. Commenting on the decline in the Company's financial performance, Defendant Longhi blamed "very challenging market conditions," resulting in lower prices and shipments and assured investors that U.S. Steel was poised to benefit from improved market conditions and its Carnegie Way transformation efforts:

We entered 2016 facing very challenging market conditions, but remained focused on our Carnegie Way transformation efforts. Despite lower average realized prices and shipments in 2016, ***our results are better as we continued to improve our product mix and cost structure.*** Our focus on cash, including better working capital management and opportunistic capital markets transactions, resulted in an improved debt maturity profile and stronger cash and liquidity. ***We are well positioned to accelerate the revitalization of our assets to improve our operating reliability and efficiency,*** and deliver value-enhancing solutions to our customers.

* * *

We are starting 2017 with much better market conditions than we faced at the beginning of 2016. ***Our Carnegie Way transformation efforts over the last three years have improved our cost structure,*** streamlined our operating footprint and increased our customer focus. These substantive changes and improvements have ***increased our earnings power.*** While we will benefit from improved market conditions, they continue to be volatile and we must remain focused on improving

the things that we can control. Pursuing our safety objective of zero injuries, improving our assets and operating performance, and driving innovation that creates differentiated solutions for our customers remain our top priorities

(Emphasis added).

315. With respect to the Flat-Rolled segment, the U.S. Steel Defendants blamed continued worsening results on lower prices, fewer shipments and an increase in “planned” outages spending, yet failed to make any mention of the numerous, costly **unplanned** outages that resulted from U.S. Steel’s failure to properly invest in its facilities:

Fourth quarter results for our Flat-Rolled segment declined as compared with the third quarter primarily due to a decrease in average realized prices, fewer shipments, as well as increased outage spending. Planned outages as part of our previously announced asset revitalization process limited the amount of tons we could ship in the quarter. Full-year Flat-Rolled segment results for 2016 improved from 2015 largely due to lower raw material costs, lower spending, and benefits provided by our Carnegie Way efforts. These improvements were partially offset by lower average realized prices and shipments.

316. In the January 2017 Press Release, Defendant Longhi also falsely assured investors that U.S. Steel was “**well positioned** to accelerate the revitalization of [the Company’s] assets to improve [its] operating reliability and efficiency, and deliver value-enhancing solutions to our customers.” (Emphasis added).

317. U.S. Steel further highlighted its “positive operating cash flow of \$727 million for the year ended December 31, 2016” with \$1.5 billion in reported cash.

318. The U.S. Steel Defendants also projected 2017 net earnings of \$535 million, or \$3.08 per share, EBITDA of \$1.3 billion and results from the Flat-Rolled segment to be “higher than 2016.”

319. In a Fourth Quarter and Full-Year 2016 Earnings Presentation (the “Q4 Earnings Presentation”), the U.S. Steel Defendants reported \$745 million of “realized” Carnegie Way benefits.” The Q4 Earnings Presentation also falsely represented:

Our pace of progress on The Carnegie Way transformation continues to exceed our expectations. The *continuing benefits are improving our ability to earn the right to grow and then drive sustainable profitable growth over* the long-term as we deal with the cyclicity and volatility of the global steel industry. With over long 4,000 active projects, we have many opportunities ahead of us.

(Emphasis added).

320. Similarly, the Q4 2016 Q&A Packet falsely stated that:

- Carnegie Way “is ***much more than a cost cutting initiative***, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.
- U.S. Steel had “achieved sustainable cost improvements through process efficiencies and ***our investments in reliability centered maintenance (RCM)***, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.”

(Emphasis added).

321. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$745 million was materially overstated because the U.S. Steel Defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – ***we’re not able to make them right now***,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to

reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; (vii) the U.S. Steel Defendants’ purported positive operating cash flow was at the expense of Defendants’ decision to defer desperately needed maintenance and capital spending; and, thus (viii) U.S. Steel’s business and prospects were far worse than represented.

Q. False and Misleading Statements in the February 1, 2017 Conference Call

322. On February 1, 2017, the Initial Defendants held a conference call with analysts to discuss the Company’s third quarter 2016 financial results (the “February 2017 Call”). In his opening remarks, Defendant Longhi continued to hype the progress and positive impact of the Carnegie Way program:

We have now completed the third year of our transformation and our progress continues to exceed our expectations. The hard and competent work of the Carnegie Way transformation is translating into stronger financial results and better performance for our investors, customers and employees.

As we have demonstrated over the last couple of years, we have a robust process in place that has consistently generated benefits even during times of difficult market conditions.

323. Longhi also reiterated his prior false assurances that U.S. Steel had been properly investing in its assets, despite contradictory testimony before the U.S. International Trade Commission, among other evidence discussed above:

We have given you regular updates on the significant progress we have made on improving our cost structure. And our increased focus on our customers through our commercial entities, which has resulted in the continuing improvement and our value added product mix. *We have also been investing in our facilities*, and

as we indicated last quarter, increasing both the pace and magnitude of our efforts in this area is a priority for this year.

These substantive changes and improvements have increased our earnings power and while *we will benefit from improved market conditions* they continue to be volatile, and we must remain focused on improving the things that we can control. As I mentioned earlier, accelerating our efforts to revitalize our assets is a priority for 2017. . . We face structured and flexible plans based on the completion of a large number of smaller and less complex projects to reduce execution risk, and it is *adaptable in both its scale and the pace of its implementation to changing business conditions*.

We will be implementing this plan over the next 3 to 4 years in order to minimize disruptions to our operations and to ensure we continue to support our customers throughout this process. Our asset revitalization plan is not just sustaining capital and maintenance spending. These projects will deliver both operational and commercial benefits.

(Emphasis added).

324. Longhi also began to concede that U.S. Steel had not been properly investing in its facilities and needed the asset revitalization to “improve[] reliability:”

After we complete our asset revitalization plan we *will have well-maintained facilities* with a strong core infrastructure, strong reliability centered maintenance organizations and we will deliver products to our customers *with improved reliability and quality*. Executing this plan is a critical milestone in the Carnegie Way journey to take us from earning the right to grow to driving and sustaining profitable growth.

(Emphasis added).

325. When asked by analyst Timna Tanners of Bank of America about the volume of steel the Company would produce from its Flat-Rolled segment in 2017, Defendant Longhi stated that U.S. Steel was already positioned to supply “whatever additional” steel needed:

Timna Tanners

[W]hat kind of volume might we expect into 2017, where can you flex from 2016 levels that at least started out pretty strong if we have a decent demand environment into your imports in 2017?

Mario Longhi Filho

Well, our blast furnace capacity is going to be capable of supplying whatever additional alternatives that we're going to find out there Timna. So, from blast furnace capacity, we're not anticipating bringing any of that online. What we do anticipate is to being more reliable than we were, so that we can benefit from being able to roll more of that.

326. When asked by another analyst about the Company's potential capital projects, Longhi maintained that U.S. Steel had, all along, been adequately investing in its facilities:

I think that -- we see there is a lot of value in *continuing to invest in our facilities* invest in our innovation. . . .It's a myriad of projects we have under the [Carnegie Way] concept and it's not in the 100 [hundreds] it's been many cases in the thousands.

(Emphasis added).

327. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company's infrastructure, resulting in "thousands of tons of missed steel production" of at least 20% of total capacity; (iii) Defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that "those investments that we need to make are being – *we're not able to make them right now*," that "subject imports deprived U.S. Steel" of "an opportunity to grow its business to reinvest in technology," and operating margins "are nowhere near where they need to be for us to invest in our future;" (iv) U.S. Steel was experiencing unplanned outages "quarter after quarter" in several of its facilities, as well as costly repairs (*see* SOF at VII, *supra*); and, thus (v) U.S. Steel's business and prospects were far worse than represented..

328. In response to the above material misstatements, U.S. Steel’s stock price increased 11.2% from a closing stock price of \$31.33 per share on February 1, 2017 to \$34.85 per share on February 2, 2017.

329. On these results, analysts noted the gulf between U.S. Steel and its competitors. Specifically, on February 6, 2017, Barclays reported that “[i]n simple terms, we see [Nucor Corporation] as better positioned to drive additional growth while X must now turn its focus to the recapitalization of its existing asset base: We’ve written on this theme before – NUE has been aggressive in acquiring businesses . . . that expand its product and geographical diversity. . . .

R. False and Misleading Statements in the 2016 Form 10-K

330. On February 28, 2017, U.S. filed U.S. Steel’s Annual Report on Form 10-K for the year-ended December 31, 2016 with the SEC (the “2016 Form 10-K”), which was signed by Defendants Longhi and Burritt.

331. In the 2016 Form 10-K, Defendants made material misstatements concerning U.S. Steel’s: (1) Carnegie Way benefits and results; (2) U.S. Steel’s financial results; and (3) outlook and financial forecasts.

332. Specifically, in the 2016 Form 10-K, Defendants falsely represented that, as a result of the Carnegie Way initiative, U.S. Steel was able to withstand negative market factors and, thus, was positioned to take advantage of favorable market conditions:

Carnegie Way has already driven a shift in the Company that *has enabled us to withstand the prolonged downturn in steel prices while positioning us for success in a market recovery.*

(Emphasis added).

333. The Company also reported \$745 million of purported Carnegie Way benefits realized in 2016.

334. Defendants also attributed the fact that U.S. Steel did not turn a profit despite improving market conditions to “higher levels of imports” and “lower average realized prices,” without any mention of the costly unplanned outages the Company sustained in 2016 as a result of years’ worth of under-investment:

The increase in Flat-Rolled results for 2016 compared to 2015 resulted from lower raw materials costs (approximately \$275 million), reduced losses in 2016 after the shutdown of the blast furnace and associated steel making assets and most of the finishing operations at Fairfield Works in the third quarter of 2015 (approximately \$145 million), decreased spending for repairs and maintenance and other operating costs (approximately \$145 million), reduced costs associated with lower operating rates at our mining operations (approximately \$70 million) and lower energy costs, primarily natural gas costs (approximately \$55 million). These changes were partially offset by lower average realized prices (approximately \$390 million) as a result of market conditions and higher levels of imports and higher costs for profit based payments (approximately \$75 million).

335. Finally, with respect to U.S. Steel’s outlook for 2017, Defendants forecasted net earnings of \$535 million, or \$3.08 per share and, again, claimed that U.S. Steel was poised to take advantage of favorable changes in market conditions:

Outlook for 2017

If market conditions, which include spot prices, raw material costs, customer demand, import volumes, supply chain inventories, rig counts and energy prices, remain at their current levels, we expect:

- 2017 net earnings of approximately \$535 million, or \$3.08 per share, and EBITDA of approximately \$1.3 billion;
- Results for our Flat-Rolled, European, and Tubular segments to be higher than 2016;
- To be cash positive for the year, primarily due to improved cash from operations; and
- Other Businesses to be comparable to 2016 and approximately \$50 million of postretirement benefit expense.

The outlook for 2017 is based on market conditions as of February 22, 2017. We believe market conditions will change, and as changes occur during the balance of

2017, our net earnings and EBITDA should change consistent with the pace and magnitude of changes in market conditions.

336. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$745 million was materially overstated because the U.S. Steel Defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) the U.S. Steel Defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity and, thus, U.S. Steel was no positioned to recover in a more favorable market; and (iv) U.S. Steel’s business and prospects were far worse than represented.

THE TRUTH IS REVEALED

337. On April 25, 2017, after the market closed, U.S. Steel shocked the market when it issued a press release, entitled “*United States Steel Corporation Reports First Quarter 2017 Results*,” announcing the Company’s first quarter 2017 financial results (the “April 2017 Press Release”). While investors were expecting the Company to turn a profit based on its prior false and misleading statements, the U.S. Steel Defendants announced a net loss of \$180 million, or \$1.03 per diluted share. The April 2017 Press Release also revealed: (i) an “unfavorable adjustment” to earnings of \$35 million or \$0.20 per diluted share due to the “loss on the shutdown of certain tubular assets”; (ii) a negative operating cash flow of \$135 million; (iii) a \$155 million decline in flat-roll earnings as compared to the previous quarter; (iv) downgraded

2017 EBITDA guidance from \$1.3 billion to \$1.1 billion; and (v) downgraded earnings guidance from \$3.08 to \$1.50 per share.

338. The April 2017 Press Release further revealed, for the first time, that U.S. Steel actually conducted the Secondary Public Offering in August 2016 to fund the Company's asset revitalization plan in the face of increased unplanned outages and operational issues, with Defendant Longhi admitting in the April 2017 Press Release that the outages existed at the time of the SPO, stating unequivocally: ***“[w]e issued equity last August to give us the financial strength and liquidity to position us to establish an asset revitalization plan large enough to resolve our issues, and to see that plan through to completion.”*** (Emphasis added). This disclosure was in direct contradiction to the Company's representations at the time of the SPO that it intended to “use the net proceeds from the offering for financial flexibility, capital expenditures and other general corporate purposes” and – just three weeks before the SPO – that ***“we have experienced fewer unplanned outages and lower maintenance costs...We are creating a more reliable and agile operating base.”*** (Emphasis added).

339. The results reflected in the April 2017 Press Release were caused by U.S. Steel's extreme cost-cutting measures under the purported Carnegie Way initiative which resulted in the U.S. Steel Defendants' top-down refusal and failure to invest in critically necessary new technology or maintain U.S. Steel's Flat-Rolled facilities, contrary to their contemporaneous representations, and rendered U.S. Steel incapable of taking advantage of an aggressive upswing in the domestic steel market. The press release stated in relevant part:

PITTSBURGH, April 25, 2017 – United States Steel Corporation (NYSE: X) reported a first quarter 2017 net loss of \$180 million, or \$1.03 per diluted share, which included an unfavorable adjustment of \$35 million, or \$0.20 per diluted share, associated with the loss on the shutdown of certain tubular assets. This compared to a first quarter 2016 net loss of \$340 million, or \$2.32 per diluted

share, and a fourth quarter 2016 net loss of \$105 million, or \$0.61 per diluted share.

For a description of the non-generally accepted accounting principles (non-GAAP) measures and a reconciliation from net earnings (loss) attributable to U. S. Steel, see the non-GAAP Financial Measures section.

Commenting on results, U. S. Steel Chief Executive Officer Mario Longhi said, “While our segment results improved by over \$200 million compared with the first quarter of 2016, ***operating challenges at our Flat-Rolled facilities prevented us from benefiting fully from improved market conditions.*** However, we continue to be encouraged by the strength of our European business and we are also seeing improving energy markets. Overall, improved commercial conditions more than offset higher raw materials and energy costs and ***increased maintenance and outage spending driven by our asset revitalization efforts.*** The execution of our asset revitalization program and the continued implementation of reliability centered maintenance practices are critical to achieving sustainable improvements in our operating performance and costs. We have built the financial strength and resources to move forward more aggressively on these initiatives, and remain focused on providing the service and solutions that will create value for our stockholders, customers, employees, and other stakeholders.”

.....

2017 Outlook

Commenting on U. S. Steel’s Outlook for 2017, Longhi said, “Market conditions have continued to improve, and we will realize greater benefits as these improved conditions are recognized more fully in our future results. We are focused on long-term and sustainable improvements in our business model that will position us to continue to be a strong business partner that creates value for our customers. This remains a cyclical industry and ***we will not let favorable near-term business conditions distract us from taking the outages we need to revitalize our assets in order to achieve more reliable and consistent operations, improve quality and cost performance,*** and generate more consistent financial results. We issued equity last August to give us the financial strength and liquidity to position us to establish an asset revitalization plan large enough to resolve our issues, and to see that plan through to completion. As we get deeper into our asset revitalization efforts, we are seeing opportunities for greater efficiency in implementing our plan. ***We believe we can create more long-term and sustainable value by moving faster now.*** We have made the strategic decision to ***accelerate our efforts to resolve the issues that challenge our ability to achieve sustainable long-term profitability.*** We believe our objective to achieve economic profit across the business cycle will result in true value creation for all of our stakeholders over the long-term.”

If market conditions, which include spot prices, raw material costs, customer demand, import volumes, supply chain inventories, rig counts and energy prices, remain at their current levels, we expect:

- 2017 net earnings of approximately \$260 million, or \$1.50 per share, and adjusted EBITDA of approximately \$1.1 billion;
- Results for our Flat-Rolled, European, and Tubular segments to be higher than 2016; and
- Other Businesses to be comparable to 2016 and approximately \$50 million of postretirement benefit expense.

We believe market conditions will change, and as changes occur during the balance of 2017, we expect these changes to be reflected in our net earnings and adjusted EBITDA.

(Emphasis added).

340. Although Longhi alluded to taking outages, he failed to mention where the production problems were centered and which plants might require maintenance outages. Investors were further left in the dark regarding the precise figures or costs that the repairs would be and what they related to. In an email to AMM, U.S. Steel spokeswoman stated: “[w]e do not provide that level of detail on outages.” Michael Cowden, *USS Shares Plunge; Billion-Dollar Repairs Needed*, AMERICAN METAL MARKET (Apr. 26, 2017).

341. On April 26, 2017, Defendants held an investor earnings call (the “April 2017 Call”). During the April 2017 Call, Individual Defendants Longhi and Burritt further explained the implications of the previously undisclosed information concerning the Company’s capital assets.

342. Longhi stated that a new multi-year revitalization plan (“Revitalization Plan”) was being implemented in order for U.S. Steel to remedy the problems and inefficiencies it had experienced. Longhi stated that the Revitalization Plan will take “three to four years” and will “address some of the issues” in order to achieve “sustainable long-term profitability.” Defendant Longhi described the plan as an “acceleration” which was expected to result in: (i) \$300 million

in increased investment costs per year of implementation; (ii) “more downtime” at facilities; and (iii) limiting of “steel production volumes.” Longhi stated that the newly implemented acceleration program could be “safely, efficiently, and effectively” implemented even at the accelerated pace.

343. As a result of the dissemination of this previously undisclosed information, the price of U.S. Steel common stock declined from a closing share price of \$31.11 on April 25, 2017 to close at \$22.78 per share on April 26, 2017, ***a loss of 27% or over \$2 billion in market value, on extremely heavy trading volume***, representing the steepest drop in price since 1991.

344. Market analysts, even those who had previously been skeptical about U.S. Steel’s maintenance and capital expenditures, were surprised at just how badly the U.S. Steel Defendants’ underinvestment impacted the Company’s performance.

345. On April 26, 2017, Morningstar reported that “[a]lthough we have long-maintained a negative outlook on U.S. Steel, the magnitude of the Company’s earnings miss took us very much by surprise. . . . U.S. Steel’s asset base is considerably older than the assets used by many of its competitors and, accordingly, it will continue to require sizable reinvestment.”

346. On May 3, 2017 Jefferies admitted “[w]e were wrong. We underestimated elevated risks inherent with X’s ‘revitalization’ efforts as well as cost headwinds in 1Q17” Seth Rosenfeld of Jefferies noted that these repairs and maintenance “may also be an increasingly necessary step following years of underspending the disruption caused by these efforts will ultimately cap (U.S. Steel’s) ability to participate in currently favorable markets.”

347. Moreover, analysts recognized that the U.S. Steel’s new guidance for 2017 was an admission by the Company that its own actions had affected capacity such that it was unable to take advantage of a rising steel market. On April 26, 2017 Credit Suisse reported that “X also

noted it was effectively volume constrained despite having significant latent capacity and restarting the Granite City hot rolling facility, which was done to limit the volume impact from the planned outages outlined last quarter. The ability of the US operations to run at consistently higher levels of productivity and volume is now called into question and therefore so is its future earnings power.”

348. This information was even more of a shock considering U.S. Steel’s competitors had not reported similar losses. Rather, “U.S. Steel’s triple-digit loss is all the more notable because its competitors - Charlotte N.C.-based Nucor Corp.; Fort Wayne Ind.-based Steel Dynamics Inc. (SDI); and West Chester, Ohio-based AK Steel Corp - have all recorded big first-quarter profits.” Michael Cowden, *USS’ 1st-Qtr. Loss at \$180M On Flat-Rolled Woes*, AMERICAN METAL MARKET (Apr. 25, 2017). Not only did they record profits, but as one article noted, “AK Steel Corp. swung to a profit on higher steel prices in its best first quarter since 2008.” Michael Cowden, *The Week That Was: Strong Earnings, Except One*, AMERICAN METAL MARKET (May 1, 2017).

349. John Tumazos, president of Holmdel, N.J.-based Very Independent Research LLC told AMM that “It’s not fun when you lose \$180 million . . . It’s even less fun to lose \$180 million when everyone else is swimming in cash.” The Chairman, CEO and President of Cliffs Natural Resources also remarked that “[r]ecent weaknesses . . . by a few companies are not an indication of any underlying problem with the steel business in the United States. These weaknesses are actually *company specific*.” AMM Staff, *The Week That Was: Strong Earnings, Except One*, AMERICAN METAL MARKET (May 1, 2017) (Emphasis added).

350. In a May 10, 2017 article in the Post-Gazette, Goodish was quoted criticizing Longhi and Burritt stating “to have an upturn and not be able to harvest the market is irresponsible. None of the top executives have a passion for the company and their jobs.”

POST CLASS PERIOD EVENTS

351. On May 10, 2017, U.S. Steel announced Defendant Longhi was retiring from the CEO position, effective immediately, and would be replaced by Defendant Burritt.

352. According to industry analysts, “[a] new CEO also won’t change the fact that the Pittsburgh-based steel maker faces the daunting task of overhauling its dated operations at the same time that competitors are bringing new equipment to the market in both the flat-rolled and pipe-and-tube areas.” Michael Cowden, *USS Needs More Than New CEO: Analysts*, AMERICAN METAL MARKET (May 11, 2017).

353. Analyst Chuck Bradford of Bradford Research Inc. stated that “Longhi spent too much time lobbying for trade relief in Washington and not enough time focusing on fixing the company’s mills.” Other analysts noted that the Carnegie Way initiative “cut too deep” and criticized U.S. Steel for its lack of transparency to investors. Michael Cowden, *USS Needs More Than New CEO: Analysts*, AMERICAN METAL MARKET (May 11, 2017).

354. One analyst commented that “U.S. Steel blamed the loss on production problems at its North American flat-rolled mills. Those problems appear to be centered around the company’s rolling operations, although it’s hard to say that with certainly *because investors have been kept largely in the dark.*’ . . . *These issues that they’ve had last year and into this year have not been clearly described.*” Michael Cowden, *USS Needs More Than New CEO: Analysts*, AMERICAN METAL MARKET (May 11, 2017) (Emphasis added) (quoting John Tumazos, president of Very Independent Research LLC)

355. On July 25, 2017, U.S. Steel reported its second quarter 2017 results. In the July 25, 2017 Press Release, the Company reported essentially flat sales with a negligible increase of \$419 million in net sales for the second quarter 2017 as compared to the first quarter 2017. Despite the Company's purported asset revitalization program, the Company reported flat-rolled shipments of 2,497 thousand tons for the second quarter, as compared to 2,404 thousand tons the previous quarter, representing a mere difference of 93 thousand tons. Defendant Burritt stated, in part: "Our investment in our facilities and our people continues to increase. These strategic investments, combined with our focus on achieving operational excellence, will deliver continuous improvements in safety, quality, delivery and costs that will position us to succeed through business cycles, and support future growth initiatives."

356. The Company also released a July 25, 2017 Earnings Presentation, which reported, for the *first time*, annual maintenance and outage expenses for 2015-2017. While annual maintenance and outage expense in 2015 and 2016 were \$964 million and \$950 million, respectively, 2017 is forecasted to incur **\$1.3 billion in expenses**. In fact, as of July 25, 2017, U.S. Steel has already spent \$640 million on maintenance and outage expenses, which is over 67% of the total expenses in 2015 and 2016.

357. The July 25, 2017 Earnings Presentation further recounted a number of "project updates," including a \$2 million investment in a Mon Valley Works BOP Cooling Tower, which was anticipated as being completed in the first quarter 2017. This is the same tower that CW#10 reported had went down in October of 2016. The Earnings Presentation also reported that the Mon Valley Works #2 Generator Replacement and Turbine Rebuild would be completed in the third quarter 2017 for \$9 million. According to CW#9, the second generator at Mon Valley

broke in the fourth quarter 2016. Thus, this generator will have been inoperable for approximately one year, assuming it is in fact repaired by the third quarter 2017.

358. Despite the Company's July 25, 2017 promise to improve safety, on August 1, 2017, the Company announced an incident at its Great Lakes Works facility in Ecorse and River Rouge, Michigan involving injuries to five employees. The press release stated, in part:

Earlier today there was an incident at U.S. Steel's Great Lakes Works in the facility's Hot Strip Mill.

Five employees were transported to local hospitals for treatment. Two remain hospitalized at this time. One employee was treated and released at the plant's onsite medical care facility. Due to privacy laws, we cannot provide any additional information about the employees who were injured or their conditions.

359. Great Lakes is the same facility that CW#5 stated had cranes dating back to 1958 which were "almost unsafe to operate," and which received a violation notice from the Department of Environmental Quality back in April 2016 regarding its use of blast furnaces.

360. Indeed, analysts commented that while U.S. Steel temporarily benefitted from increased imports and steel prices as a result of Hurricane Harvey in August 2017, the Company would not benefit in the long term due to the massive underspending and lack of maintenance it performed in the years prior:

While [management upgrading its earnings outlook] that's encouraging, ***relying on steel prices isn't enough to sustain momentum as U.S. Steel continues to face the humongous challenge of fixing operational inefficiencies and upgrading its core facilities on time to ride an upturn.***

It'll come at a cost, too, which means the steelmaker will have to grow its earnings at a much faster clip to be able to compete with rivals that are already positioned for growth. As an investor, I'd prefer staying on the sidelines until U.S. Steel's efforts start showing up in its numbers than bet my money on one strong quarter.

(Emphasis added).²⁰

361. Another Motley Fool article commented that the Company “appears to be poorly positioned for the future,” explaining:

The reason for that is management's decision to pull back on the spending that would have prepared the steel mill for the current upturn. It has plans to fix that, but *those plans are too late* to allow U.S. Steel to fully benefit from the steel rebound. [I]nvestors would be better off investing in a company like Nucor, where management didn't sacrifice the future to save some money in the present.

(Emphasis added).²¹

362. Accordingly, U.S. Steel’s lack of maintenance and attention to repairs continues to have grave repercussions to this day and will continue to cause unplanned outages and safety issues in future.

ADDITIONAL SCIENTER ALLEGATIONS

363. As alleged herein, each of the Individual Defendants acted with scienter in that they knew or recklessly disregarded that the public statements and documents issued and disseminated in the name of the Company were materially false and misleading, knew or acted with deliberate recklessness in disregarding that such statements and documents would be issued and disseminated to the investing public, and knowingly and substantially participated and/or acquiesced in the issuance or dissemination of such statements and documents as primary violators of the federal securities laws.

364. The Individual Defendants had the opportunity to commit and participate in the wrongful conduct complained of herein. Each was a senior executive officer and/or director of U.S. Steel and, thus, controlled the information disseminated to the investing public in the

²⁰ Neha Chamaria, *What Drove United States Steel Corporation Stock Up 17.1% in August*, The Motley Fool (Sept. 9, 2017)

²¹ Reuben Gregg Brewer, *Is Management Really to Blame for United State Steel Corp.’s Woes?* The Motley Fool (Aug. 10, 2017).

Company's press releases, investor conference calls and SEC filings. As a result, each could falsify the information that reached the public about the Company's business and performance.

365. Throughout the Class Period, each of the Individual Defendants acted intentionally or recklessly and participated in and orchestrated the fraudulent schemes herein to inflate the Company's stock price and profit from insider sales of large blocks of their personal holdings of U.S. Steel stock. The Individual Defendants' scienter may be imputed to U.S. Steel as the Individual Defendants were among the Company's most senior management and were acting within the scope of their employment.

I. THE INDIVIDUAL DEFENDANTS KNOWINGLY AND/OR RECKLESSLY MADE MATERIAL MISSTATEMENTS AND/OR OMITTED MATERIAL FACTS

366. As discussed below, the Individual Defendants knew that U.S. Steel was not maintaining, repairing and investing in the Company's assets, particularly as it related to the Flat-Rolled Segment, resulting in numerous costly unplanned outages and repairs, decreased production and capacity utilization and a substantial loss of revenue and profits because: (A) they admitted such in their testimony before the ITC; (B) DRO and OER reports to which they had access and would have reviewed as part of their job responsibilities, reported declining production, delayed production and repairs, among other things, prior to and throughout the Class Period; (C) they admitted the Secondary Public Offering was conducted because the Company had insufficient funds to fix the massive asset revitalization needed to upgrade and repair its assets; (D) they reviewed and approved the capital and maintenance budgets; (E) Defendant Longhi was forced to retire once the truth was revealed; and (F) the Flat-Rolled Segment was U.S. Steel's "core" business.

A. The Individual Defendants Admitted in Sworn Testimony Before the International Trade Commission Before and During the Class Period that U.S. Steel Was Not Investing in Technology or Maintaining its Facilities

367. As alleged herein, the Individual Defendants admitted during their sworn testimony before the ITC that, contrary to their public statements, U.S. Steel was not maintaining or investing in its assets prior to and during the Class Period. The Individual Defendants further admitted that, as a consequence of the Company's actions, U.S. Steel was experiencing numerous unplanned outages, causing a significant decline in steel shipments and revenue. Defendants' ITC testimony demonstrates that they knew by at least mid-2015 that the resulting impact on U.S. Steel was "catastrophic," "not sustainable," and would inevitably lead to additional plant closures.

368. For instance, U.S. Steel's General Manager, Rob Kopf, admitted during the August 18, 2015 ITC hearing that: "[U.S. Steel was] having to spend enormous amounts of money to put together alternatives for our customers, to still buy steel. Unfortunately, *those investments that we need to make are being -- we're not able to make them right now.*"²² (Emphasis added). During the same August 18, 2015 ITC hearing, Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions, similarly admitted that the Company failed to invest in its facilities, stating: "As the U.S. grew out of the recent economic crisis and demand for cold-rolled steel increased, *U.S. Steel had an opportunity to grow its business to reinvest in technology*, and its workers and undertake useful capital expenditures. *However, subject imports deprived U.S. Steel and other U.S. producers of this opportunity.*"²³ (Emphasis added).

²² August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

²³ August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM

369. Defendant Longhi also confirmed that, as a result of the unplanned outages and repairs, the Company had experienced drastic declines in production, sales and capacity utilization. Specifically, during the May 24, 2016 ITC hearing, Defendant Longhi stated that “[t]he last two years should have been banner years for American cold-rolled steel producers. We should have been able to increase our sales, operate our plants on maximum capacity utilization levels, hire more workers, *make badly needed profits and re-invest some of those profits into new technologies and new products*,” yet this was not what occurred.²⁴ Longhi confessed that, “[i]nstead, [U.S. Steel] *experienced dramatic declines in production, sales and capacity utilization*.”²⁵ As a result, Longhi revealed the Company could not invest in its assets: “In cold-rolled steel, the American industry’s operating income and operating margins have been low and continue to decline. *In fact, they are nowhere near where they need to be for us to invest in our future*, to compete at home and abroad and to comply with all the environmental and regulatory requirements that we face.”²⁶ (Emphasis added).

370. Further, during Doug Matthews’ August 18, 2015 testimony, he explained that “[o]nly yesterday we were forced to announce the shutdown of all steel making and rolling operations at our facility in Fairfield, Alabama.”²⁷ Doug Matthews was well aware that this shutdown, as well as others, severely impacted the Company, pleading: “Let me be clear, the current situation is not sustainable. We cannot afford cold-rolled steel at such low prices. *We cannot afford to keep operating at such low levels of capacity utilization*. If these conditions

²⁴ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

²⁵ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

²⁶ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

²⁷ August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM

continue, *there is no question that there will be further shutdowns and layoffs* throughout the industry.” (Emphasis added).²⁸

371. Accordingly, the Defendants admitted, as early as 2015 – well before the Class Period even began – that they were well aware that the Company was not maintaining or investing in its assets, that U.S. Steel would continue to shut down facilities as a result, and ultimately the impact on the Company was and would continue to be devastating.

B. The Individual Defendants Were Aware that U.S. Steel Was Under-Investing and Deferring Desperately Needed Maintenance and Repairs Through the Daily Report of Operations and Operating Efficiency Report

372. The Individual Defendants were aware or recklessly disregarded that U.S. Steel was experiencing significant and costly unplanned outages and massive delays in production throughout the Class Period from data provided in the DROs and OERs, which accumulated and aggregated data from all of U.S. Steel’s facilities, including: production delays, tons per turn, planned tons and actual tons, among other information. The Individual Defendants had direct access to the DROs and OERs, which were available on U.S. Steel’s internal website, through the click of a button on their desktop computers, and would have reviewed them as part of their job responsibilities.

373. According to CW#11, the DROs showed a significant decline in production volume (by as much as 20%) as a result of unplanned outages and production delays from damaged equipment and repairs. CW#11 further stated that actual production was often “not even close” to planned production throughout 2016 and the Company was missing production goals by “thousands of tons of missed steel production,” which occurred “quarter after quarter.” Another witness, CW#5, stated that the delays caused from planned and unplanned outages

²⁸ August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM

would be captured in the DROs, which captured the time a piece of equipment was not in operation.

374. Defendant Longhi, as the CEO of U.S. Steel responsible for day-to-day management decisions and for implementing the Company's long and short term plans, and Defendant Burritt, who served as President and CFO throughout the majority of the Class Period and who both spoke directly about these issues in Company press releases and during investor calls, had access to and would have reviewed the DROs and OERs, particularly in light of the representations made during testimony to the International Trade Commission.

C. The Individual Defendants Belatedly Admitted U.S. Steel's Facilities Were Underperforming and Failing at the time of the Secondary Public Offering

375. On August 15, 2016, the Company conducted a Secondary Public Offering of 21.7 million shares of U.S. Steel common stock at a price of \$23.00 per share, raising proceeds of approximately \$482 million. The Secondary Public Offering was conducted for one reason only: U.S. Steel needed money to invest in its outdated equipment. Badly. Indeed, on April 25, 2017, *nearly nine months after the Secondary Public Offering*, Defendant Longhi came clean, admitting in a press release that “[U.S. Steel] issued equity last August to give us the financial strength and liquidity to position us to *establish an asset revitalization plan large enough to resolve our issues*, and to see that plan through to completion.” (Emphasis added). Accordingly, the Secondary Public Offering was not for “financial flexibility” as investors were originally led to believe, but, rather, it was to fund the desperately needed maintenance and replacement of the Company’s deteriorating assets.

376. Defendant Longhi’s admission during the ITC proceedings further lends support to the fact the Company was relying on the Secondary Public Offering to keep the Company afloat. For instance, just three months prior to the Secondary Public Offering, Defendant Longhi

had testified that the Company’s “operating income and operating margins have been low and continue to decline” and were “nowhere near where they need to be for [U.S. Steel] to invest in the future.”²⁹ Longhi cautioned that “these results do not even come close to representing a sufficient return for a capital-intensive industry like ours.”³⁰

377. Accordingly, the Individual Defendants’ express (albeit belated) admission that the Secondary Public Offering was conducted to “establish an asset revitalization plan large enough to resolve our issues,” as well as the Defendants’ ITC testimony in the months and year prior, unequivocally demonstrates that the Individual Defendants knew the Company suffered from numerous operational issues by August 2016 and earlier.

D. The Individual Defendants Were Aware That U.S. Steel Was Slashing Its Capital Expenditures and Maintenance Because They Reviewed and Approved the Maintenance and Capital Budgets

378. Following U.S. Steel’s tremendous \$1.5 billion full-year 2015 loss – with only \$755 million left in cash on hand and bankruptcy on the brink – Defendants Longhi and Burritt doubled down on the purported Carnegie Way “transformation” by implementing extreme cost-cutting measures in the form of mass layoffs, closure of swing and operating facilities, and drastic reductions in capital expenditures. While these measures were billed to investors as part of Carnegie Way and “not just a cost cutting initiative,” in reality, Carnegie Way had become an extreme cost cutting measure designed to salvage the Company’s bottom-line at any means necessary, including through the Defendants’ top-down refusal and failure to invest in critically necessary new technology or maintain U.S. Steel’s Flat-Rolled facilities.

²⁹ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

³⁰ May 26, 2016, CERTAIN CORROSION-RESISTANT STEEL PRODUCTS FROM CHINA, INDIA, ITALY, KOREA, AND TAIWAN

379. According to CW#9, the U.S. Steel Board, upon which Defendant Longhi sat, approved the annual capital budget. Moreover, CW#9 stated that Defendant Burritt routinely participated in capital budgeting meetings with CW#9 and other members of the Company, including the Head of Engineering and various Directors, wherein capital budgets and spending were discussed. Thus, Defendants Longhi and Burritt knew that U.S. Steel had slashed its capital expenditures in 2016.

380. CW#5 corroborated CW#9's account. CW#5 explained that maintenance spending was determined based upon a Business Plan, which contained the budget for repair and maintenance costs, capital spending, production costs and other items. According to CW#5, after he met with McKinsey, the Plant Manager and others in the fall of 2015 about the 2016 Business Plan, McKinsey then took the Business Plan to Longhi, Burritt and other executives in Pittsburgh for approval. CW#5 recalled going through numerous iterations of the 2016 Business Plan for Great Lakes Works because McKinsey and Longhi and Burritt kept decreasing the maintenance budgets. CW#5 believes the other flat-rolled facilities experienced the same cutting process as CW#5 did.

381. Simultaneously, U.S. Steel also idled some operating facilities and closed its "swing" facilities, *i.e.* those that are designed to absorb production capacity when U.S. Steel's primary facilities experience outages. This reduction in operations was striking – the facilities idled or permanently closed by U.S. Steel during the Class Period accounted for well over two-thirds of U.S. Steel's entire production capacity.

382. Accordingly, as the Individuals Defendants eventually conceded, the decision to drastically reduce capital expenditures and maintenance spending, at least in part, prevented the Company from investing in its facilities or conducting proper maintenance, which exacerbated

the financial impact of the unplanned outages produced by such under-maintained facilities. Yet inexplicably, the Individual Defendants falsely assured investors throughout the Class Period that “[w]e have achieved *sustainable cost improvements* through process efficiencies and *investments in reliability centered maintenance* (RCM), and we will continue to find more cost improvements,” without any basis. (Emphasis added).

E. The Retirement of CEO Longhi Supports an Inference of Scienter

383. As U.S. Steel continued to experience severe unplanned outages and operational issues, on February 28, 2017, the Company announced that Defendant Burritt – then the CFO – had been elected President and Chief Operating Officer and would assume all responsibility from Defendant Longhi for the day-to-day operations of U.S. Steel in the United States and Central Europe.

384. Shortly thereafter, on May 10, 2017, U.S. Steel announced that Defendant Longhi was retiring from the position of CEO, effective immediately, and that Defendant Burritt would assume the role in place of Longhi. While Longhi commented that his retirement was part of a pre-planned tenure, stating that he had envisioned a “five-year tenure” upon his hiring, the Employment Letter entered into between Longhi and the Company was silent as to a five-year tenure and was entered into on June 28, 2012—meaning there was *nearly two months* of tenure from his retirement date.

385. Defendant Longhi, of course, had been the brainchild behind the dismally failing Carnegie Way initiative at the time of his loss of day-to-day control of the Company and subsequent “retirement.” Indeed, his purported retirement came just two weeks after U.S. Steel’s dismal first quarter 2017 financial results – due to increased unplanned outages and operational issues, produced by the extreme cost cutting measures implemented by Defendant Longhi under the Carnegie Way initiative. Given the conspicuous timing and the fact that the success of

Longhi's tenure at U.S. Steel was synonymous with the success of Carnegie way, his phasing out beginning in February 2017 and subsequent departure are probative of scienter.

F. The Individual Defendants Knew that U.S. Steel's Facilities Were Underperforming or Experiencing Unplanned Outages Because U.S. Steel's Flat-Rolled Segment and Facilities was a Highly Material Aspect of the Company's Business Operations and its "Core" Business

386. As alleged herein, during the Class Period, U.S. Steel's Flat-Rolled segment accounted for 67-70% of the Company's total steel shipments in tons and 67-73% of the Company's year-end net sales making the segment – by far, the Company's most important business segment.

387. As a result, U.S. Steel's Flat-Rolled segment constituted the Company's "core business operations" and a "vital corporate function" that U.S. Steel's most senior executives are rightly presumed to have knowledge of its performance as a matter of law. Indeed, the implementation of the Carnegie Way initiative was expressly designed to invest in and maintain U.S. Steel's Flat-Rolled facilities and, thus, knowledge of the severe unplanned outages and operational issues at the Flat-Rolled Segment facilities is virtually inexplicable absent fraud.

II. THE INDIVIDUAL DEFENDANTS HAD MOTIVE TO MAKE MATERIAL MISSTATEMENTS AND/OR OMIT MATERIAL FACTS

A. The Individual Defendants Profited From Their Fraud by Making Millions of Dollars From Selling Off Large Blocks of Their Personal Holdings of U.S. Steel Common Stock at Inflated Prices

388. The Individual Defendants were motivated to engage in the alleged fraudulent scheme and issue materially false and misleading statements and/or omit material facts in order to inflate U.S. Steel's common stock price and maximize their individual profits through insider trading. Defendants Longhi and Burritt's trading patterns before, during, and after the Class Period show that their trades were anything but routine and instead were directly motivated by a

desire to profit from a fraudulent scheme designed to mask the problems experienced by U.S. Steel's deteriorating infrastructure and equipment.

389. As detailed below, Defendants Longhi and Burritt collectively sold **699,671** shares of U.S. Steel common stock over the course of only ***eight trading days*** during the Class Period for collective proceeds of ***\$24,980,414.46***. These sales began immediately after U.S. Steel's November 2016 announcement that the Company had faced "some operational challenges," including "unplanned outages in the third quarter [2016]," but while U.S. Steel's stock price was still artificially inflated by the Secondary Public Offering and Defendant Longhi's tempering, unequivocal assertion on a November 2, 2016 conference call that: "***no, we have not been under-spending...we've been investing appropriately [and] moving to minimize the conditions that we experienced in the past quarter, which is unplanned events.***" (Emphasis added). Defendants have not sold a single share of U.S. Steel common stock before or after the Class Period.

390. These trades throughout the Class Period were highly unusual in both timing and amount, and correlated with market moving events or dates on which Defendants Longhi and Burritt would likely be in possession of material non-public information. Longhi and Burritt also traded, in parallel, approximately \$25 million of personally held common stock over the course of only two weeks, immediately following their partial disclosure of "operational issues," and "unplanned outages." Further, Burritt sold approximately \$8,363,327 of common stock on February 21, 2017, only eight days before he took over day-to-day control of the Company.

1. Individual Defendant Longhi's Insider Sales

391. During the Class Period and in the span of five total sales over only eight trading days, Individual Defendant Longhi sold 443,250 shares of U.S. Steel common stock,

representing fifty-seven percent (57%) of his holdings for total proceeds of \$14,930,871.40, all while in the possession of material non-public information and while the price of U.S. Steel's common stock was artificially inflated as a result of the U.S. Steel Defendants' materially false and misleading statements. Individual Defendant Longhi's Class Period sales are reflected in the following table:

DATE	NO. SHARES	PRICE	PROCEEDS	10B5-1 PLAN	CORRELATING EVENT
November 28, 2016	176,040	\$32.25	\$5,677,290	No.	The Company's first tempered, partial disclosure of "operational challenges" and "unplanned outages," occurred on November 1, 2016.
November 28, 2016	101,160	\$32.24	\$3,261,398	No.	Same as above.
December 5, 2016	54,500	\$35.00	\$1,907,500	No.	Same as above.
December 7, 2016	53,450	\$36.18	\$1,933,821	No.	Same as above.
December 7, 2016	58,100	\$37.02	\$2,150,862	No.	Same as above.

392. Individual Defendant Longhi was appointed CEO of U.S. Steel in September 2013, and *did not sell a single share* of U.S. Steel common stock until he sold 443,250 shares over the course of five transactions, during eight trading days, all while the price of U.S. Steel was artificially inflated by his own false and misleading statements. Defendant Longhi *has not sold a single share* of U.S. Steel common stock since the truth regarding U.S. Steel's business was disclosed in April 2017.

393. On May 8, 2017, U.S. Steel announced that Longhi would be retiring as CEO, effective immediately.

2. Individual Defendant Burritt's Insider Sales

394. During the Class Period and in the span of just four total sales, over only eight trading days, Individual Defendant Burritt sold 256,421 shares of U.S. Steel common stock,

representing sixty-four percent (64%) of his holdings for total proceeds of \$10,049,543.06, all while he was in possession of material non-public information and while the price of U.S. Steel's common stock was artificially inflated as a result of Defendants' materially false and misleading statements. Individual Defendant Burritt's Class Period sales are reflected in the following table:

DATE	NO. SHARES	PRICE	PROCEEDS	10b5-1 PLAN	CORRELATING EVENT
November 23, 2016	51,791	\$32.56	\$1,686,315	No.	<ul style="list-style-type: none"> The Company's first tempered, partial disclosure of "operational challenges" and "unplanned outages," occurred just weeks earlier, on November 1, 2016.
November 29, 2016	10b5-1 Trading Plan Established for February 21, 2017.				
February 21, 2017	152,810	\$40.87	\$6,245,344	Yes.	<ul style="list-style-type: none"> Specifics regarding asset revitalization plan first disclosed in January 2017 While the trade occurs in February 2017, the plan was adopted at the time of the same above suspicious circumstances. Burritt assumes day to day control of the Company on February 28, 2017.
February 21, 2017	33,560	\$40.87	\$1,371,597	Yes.	<ul style="list-style-type: none"> Same as above.
February 21, 2017	18,260	\$40.87	\$746,383	Yes.	<ul style="list-style-type: none"> Same as above.

395. Individual Defendant Burritt was appointed CFO of U.S. Steel in September 2013, and *did not sell a single share* of U.S. Steel common stock until he sold 256,421 shares over the course of four transactions, over only eight trading days, all while the price of U.S. Steel stock was artificially inflated by his own false and misleading statements. Defendant Burritt *has not sold a single share* of U.S. Steel common stock since the truth regarding U.S. Steel's business was disclosed in April 2017.

396. For those stock sales on February 21, 2017 that Burritt made pursuant to a 10b5-1 plan established on November 29, 2017, the circumstances under which the plans were created belies any inference that it was established in good faith. The plan in question was entered into during the Class Period, shortly after U.S. Steel's November 2016 announcement that the Company had faced "some operational challenges," including "unplanned outages in the third quarter [2016]."

397. Moreover, Defendant Burritt's 10b5-1 trades were highly irregular in terms of the number of shares sold in that they all occurred on one day. Sales pursuant to a trading plan should occur with a prescribed, regular pattern of stock sales, such as 500 shares a month on the 10th day of the month. This was not the case here. As reflected in the chart above, Defendant Burritt's trades all occurred on one day – seven days before Burritt was appointed COO and took control of day-to-day management of U.S. Steel – and thus, these trades are inherently suspicious.

B. The Individual Defendants Had Motive to Inflate the Desperately Needed Proceeds from the Secondary Public Offering

398. The Individual Defendants were further motivated to engage in the fraudulent course of conduct alleged herein in order to complete the Secondary Public Offering on August 15, 2016, at the artificially inflated price of \$23.00 per share, raising net proceeds of \$482 million. Immediately prior to the Secondary Public Offering, the Individual Defendants or U.S. Steel expressly assured investors that: (i) "there has been and *will be* sustainable cost improvements through efficiency and investments in reliability centered maintenance." See July 29, 2015 Q&A Packet (Emphasis added); and (ii) "*we have experienced fewer unplanned outages and lower maintenance costs*...We are creating a more reliable and agile operating base." See July 26, 2016 Earnings Presentation (Emphasis added).

399. Yet simultaneously, while testifying before the International Trade Commission, the U.S. Steel Defendants also expressly acknowledged that “the investments that we need to make are being – *we’re not able to make them right now.*”³¹ (Emphasis added). In November of 2016, while announcing the third quarter 2016 results, the U.S. Steel Defendants revealed that the Company had experienced “operational challenges,” including “unplanned outages in the third quarter [2016],” meaning during the time of the August 2016 SPO. To make matters worse, when marketing the Secondary Public Offering to shareholders, the Company stated that it intended to “use the net proceeds from the offering for financial flexibility,” yet Defendant Longhi belatedly revealed that U.S. Steel actually conducted the SPO to fund “an asset revitalization plan large enough to resolve our issues,” thus admitting undisclosed operational issues existed at the time of the SPO, while the Company was trumpeting U.S. Steel’s “*fewer unplanned outages and lower maintenance costs....[and] more reliable and agile operating base.*” See July 26, 2016 Earnings Presentation (Emphasis added).

400. Without the U.S. Steel Defendants’ misrepresentations, the Secondary Public Offering would have been significantly less successful given the true nature of the Company’s assets and equipment. Indeed, the U.S. Steel Defendants purposefully masked the true condition of its assets to investors while misrepresenting the purpose of the SPO—in order to remedy the very same problems that U.S. Steel faced.

C. The Individual Defendants Had Motive to Satisfy U.S. Steel’s Obligations Under the Credit Facility

401. Defendants also had motive to mispresent the Company’s financial and operational position in order to maintain its credit facilities as the Company continued to

³¹ See Robert Kopf, U.S. Steel, August 18, 2015 Transcript in Cold-Rolled Steel Flat Products from Brazil, China, India, Japan Korea, Russia and the United Kingdom (Investigation Nos. 701-TA-540-544 and 731-TA-1283-1290).

experience “negligible free cash flow,” record year-over-year losses, and a stunning year-end 2015 loss of \$1.5 billion, marking the Company’s failure to turn a profit in the last *six out of seven years*. During the Class Period, U.S. Steel’s liquidity included cash and cash equivalents, amounts available under a \$1.5 Billion Credit Facility, and amounts available under USSK credit facilities. For the 2016 fiscal year, approximately 48% of U.S. Steel’s purported \$2.9 billion in liquidity was attributable to the credit facilities.

402. As may be expected, these credit facilities came with strings attached – namely, that in order to draw on the credit facilities, U.S. Steel had to maintain certain financial covenants or risk reduction of the available credit. And in fact, due to the Company’s poor financial performance over the 2015 and 2016 fiscal years, U.S. Steel had repeatedly failed to meet the financial covenants required to draw on its credit facilities, reducing the overall liquidity available to the Company. For instance, the U.S. Steel Defendants admitted in the 2016 Annual Report:

[S]ince the value of our inventory and trade accounts receivable less specified reserves calculated in accordance with the Third Amended and Restated Credit Agreement do not support the full amount of the facility at December 31, 2016, the amount available to the Company under this facility was reduced by \$227 million. Additionally, U. S. Steel must maintain a fixed charge coverage ratio of at least 1.00 to 1.00 for the most recent four consecutive quarters when availability under the Third Amended and Restated Credit Agreement is less than the greater of 10 percent of the total aggregate commitments and \$150 million. ***Based on the most recent four quarters as of December 31, 2016, we would not meet this covenant. So long as we continue to not meet this covenant, the amount available to the Company under this facility is effectively reduced by \$150 million.***

(Emphasis added).

403. The Third Amended and Restated Credit Agreement, dated July 27, 2015, governing the \$1.5 Billion Credit Facility also stipulated, among other things, that U.S. Steel

must provide materially accurate financial information (Section 5.01) and maintain all material properties in good working order or risk default and termination of the facility (Section 5.04).

404. Given U.S. Steel's increasingly precarious financial condition by the end of 2015, Defendants had every motive to make the false assurances relating to its financial and operational condition and keep U.S. Steel out of bankruptcy in the face of a remarkable \$1.5 billion year-end 2015 loss.

D. The Individual Defendants Had Motive to Preserve Their Excessive Compensation

405. The Individual Defendants were motivated to engage in the alleged fraudulent scheme and issue materially false and misleading statements and/or omit material facts in order to maximize their individual profits through executive compensation that was, as described in the Company's 2017 Definitive 14A Proxy Statement filed with the SEC on March 14, 2017 ("2017 Proxy Statement"), "designed to attract, reward and retain executives who make significant contributions through operational and financial achievements aligned with the goals and philosophy of our Carnegie Way transformation," as part of U.S. Steel's "strong pay-for-performance compensation culture."

406. Throughout the Class Period, in addition to their substantial, guaranteed salaries and considerable perquisites, Defendants Longhi and Burritt were granted excessive equity awards and other compensation that was ostensibly based on performance—all while ensuring the public did not understand or appreciate their failure to invest in necessary capital expenditures and maintenance needs that would have allowed U.S. Steel to realize the upside of the turnaround in the steel market the way the Company's competitors did.

407. In particular, the Individual Defendants reaped millions of dollars from incentive-based compensation tied to the Company's performance and certain performance metrics,

including total shareholder return (“TSR”), which is derived from stock price appreciation and dividends paid. As disclosed in the 2017 Proxy Statement, a corporate governance highlight is that “Executive Compensation [Is] Driven by Pay-For-Performance Philosophy” pursuant to which the U.S. Steel’s named executive officers, including Longhi and Burritt, were eligible to receive cash and equity grants that were based on certain metrics, including TSR, as well as grants of restricted stock units linked to stock price performance and stock options measured relative to appreciation in stock price. According to the 2017 Proxy Statement, the Individual Defendants’ compensation is determined by means of “a strong pay-for-performance approach that links financial performance to the incentive opportunities realized by our executives.”

408. Payment of performance compensation was purportedly justified by certain “highlights and accomplishments from 2016” identified in the 2017 Proxy, including:

- *Our stock price increased by more than 300%*, reflecting strong execution on our strategy and improved market conditions
- *Realized \$745 million of additional Carnegie Way benefits in 2016*, building upon the \$575 million and \$815 million in Carnegie Way benefits realized in 2014 and 2015, respectively, *underscoring the success of this transformational process*
- Ended 2016 with positive operating cash flow of \$727 million and adjusted EBITDA of \$510 million, despite beginning the year at historically low steel prices and facing the lowest full year average realized prices since 2004
- Strong year-end liquidity of approximately \$2.9 billion, including cash on hand of \$1.5 billion, which supports our goal of maintaining a healthy balance sheet
- Reduced long-term debt by over \$100 million in 2016 which contributed to the reduction of net debt by more than 50% since 2013
- Successfully completed a \$980 million debt offering and a \$500 million equity offering, which provide for future financial flexibility
- Improved working capital by nearly \$600 million, and over \$1 billion over the last two years.
- Continued to aggressively address unfair trade practices through landmark legal action, including leading industry efforts to clarify and enforce existing laws.
- Out-performed the BLS and AISI industry safety benchmarks in both OSHA Recordable Days and Days Away From Work.

(Emphasis added).

409. Nevertheless, the Company saw fit to link some compensation to so-called “negative benchmarks,” whereby executives would still hit their targets even if the Company lost millions. As reported by Bloomberg in an article entitled “How to Lose Millions and Still Get Your Bonus,” the lax performance targets resulted in fat payouts:

Senior Vice Presidents Douglas Matthews and James E. Bruno would be awarded 100 percent bonus payouts if the company’s flat-rolled division, its largest operating segment, lost \$15 million in 2016. That reflected the bad year the unit had in 2015, when it lost \$237 million.

But as it happened, the steel market rebounded and the flat-rolled unit made \$345 million before interest and taxes. Their cash payments as a result hit 175 percent of targets. *Chief Executive Officer Mario Longhi got a \$4.53 million bonus, his biggest ever, reflecting total company net income that was more than double the target.*

“In sectors like steel, your compensation program can be completely wrong just a couple of months later,” said Brent Longnecker, CEO of compensation advisory firm Longnecker & Associates. “It’s so fluid that you have to watch it constantly.”

(Emphasis added).

410. Separate and apart from the fact that Defendants Longhi and Burritt received excessive compensation that was partially linked to the artificially inflated price of the Company’s stock during the Class Period, the compensation and bonuses received by the Individual Defendants was materially excessive when compared to compensation opportunities available to the highest paid executives and board members at U.S. Steel’s self-identified peers.

411. For 2016, Defendant Longhi received a \$1.5 million salary, in addition to stock awards worth \$2,837,507, option awards worth \$1,425,049, non-equity incentive plan compensation worth \$4,528,125, and other compensation worth \$632,670, for a total compensation package worth \$10,923,351. As seen below, this compensation package was larger

than that paid to any CEO of a comparably-sized company in U.S. Steel's *self-selected* peer group.

412. Indeed, Longhi made approximately 2.67 times as much as the CEO of Alcoa Inc., which is roughly 2.38 times the size of U.S. Steel:

2016 CEO Compensation		
Company	Market Capitalization (09 13 17)	CEO Compensation \$
The Goodyear Tire & Rubber Company	8.13B	19,798,104
Deere & Company	37.73B	18,642,871
Ingersoll-Rand Plc	22.92B	16,372,314
Whirlpool Corp.	12.83B	16,148,142
Freeport-McMoRan Copper & Gold Inc.	20.16B	15,982,666
Illinois Tool Works Inc.	49.22B	14,839,529
Lear Corp.	10.7B	14,443,535
Cummins Inc.	27.81B	13,419,856
International Paper Company	23.19B	13,300,308
Eaton Corporation plc	33.32B	13,037,109
Textron Inc.	13.86B	12,672,171
PPG Industries Inc.	26.95B	12,468,674
Eastman Chemical Co.	12.4B	11,398,067
<i>US Steel Corporation (Longhi)</i>	<i>4.66B</i>	<i>10,923,351</i>
Parker-Hannifin Corporation	22.36B	10,786,328
Nucor Corporation	17.121B	10,627,499
Weyerhaeuser Co.	24.93B	10,338,963
Reliance Steel & Aluminum Co.	5.38B	10,281,585
Terex Corp.	3.82B	9,970,048
Masco Corporation	11.95B	9,765,728
Cliffs Natural Resources Inc.	2.19B	9,536,481
PACCAR Inc.	24.29B	7,666,020
Commercial Metals Company	2.07B	7,243,610
Schnitzer Steel Industries, Inc.*	702.88M	7,070,553
Steel Dynamics Inc.	8.12B	6,563,182
AK Steel Holding Corporation	1.81B	5,944,407
Navistar International Corporation	3.81B	4,895,853
Allegheny Technologies Inc.	2.46B	4,870,954
TimkenSteel Corporation*	635.28M	4,467,849
Worthington Industries, Inc.*	3.2B	4,152,472
Alcoa Inc.	11.13B	4,085,956
Carpenter Technology Corporation*	1.9B	3,236,919
Olympic Steel Inc.*	204.328M	953,984

* denotes a company included in U.S. Steel's performance pay group, but not its compensation pay group. Peer Johnson Controls Inc. is excluded because it is no longer publicly traded.

413. Defendant Burritt was similarly overcompensated in 2016, a year in which he drew an \$800,000 salary and received stock awards worth \$891,720, option awards worth \$447,864, non-equity incentive compensation worth \$1,820,000, and other compensation worth \$116,000, for a total compensation package worth \$4,075,589:

2016 CFO Compensation		
Company	Market Capitalization (09 13 17)	CFO Compensation \$
Eaton Corporation plc	33.32B	8,673,939
Freeport-McMoRan Copper & Gold Inc.	20.16B	8,309,573
The Goodyear Tire & Rubber Company	8.13B	5,105,271
International Paper Company	23.19B	4,874,850
Textron Inc.	13.86B	4,728,559
Lear Corp.	10.7B	4,497,603
Cummins Inc.	27.81B	4,445,105
Parker-Hannifin Corporation	22.36B	4,394,354
PACCAR Inc.	24.29B	4,307,479
Weyerhaeuser Co.	24.93B	4,295,920
Illinois Tool Works Inc.	49.22B	4,256,700
Deere & Company	37.73B	4,106,705
<i>US Steel Corporation</i>	<i>4.66B</i>	<i>4,075,589</i>
Ingersoll-Rand Plc	22.92B	3,999,933
Eastman Chemical Co.	12.4B	3,823,324
Alcoa Inc.	11.13B	3,643,612
Masco Corporation	11.95B	3,503,171
PPG Industries Inc.	26.95B	3,496,428
Reliance Steel & Aluminum Co.	5.38B	3,398,997
Steel Dynamics Inc.	8.12B	3,398,514
Whirlpool Corp.	12.83B	3,358,503
Nucor Corporation	17.121B	3,268,262
Terex Corp.	3.82B	2,519,193
Worthington Industries, Inc.*	3.2B	2,411,187
Cliffs Natural Resources Inc.	2.19B	2,174,187
Schnitzer Steel Industries, Inc.*	702.88M	2,059,967
AK Steel Holding Corporation	1.81B	1,923,618
Navistar International Corporation	3.81B	1,740,121
Allegheny Technologies Inc.	2.46B	1,600,146
Commercial Metals Company	2.07B	1,481,785
TimkenSteel Corporation*	635.28M	864,197

Carpenter Technology Corporation*	1.9B	772,017
Olympic Steel Inc.*	204.328M	608,717

* denotes a company included in U.S. Steel's performance pay group, but not its compensation pay group. Peer Johnson Controls Inc. is excluded because it is no longer publicly traded.

414. As with Longhi, Burritt also received more compensation than any CFO of a company similarly situated in terms of market capitalization. Indeed, Burritt earned just \$30,000 less than the CFO of Deere & Company, a company more than eight times the size of U.S. Steel.

415. As such, the Individual Defendants had a considerable incentive to take steps to see that the stock price remained high, including their abject failure to properly invest in the Company so that its performance could improve concomitant with steel prices. It was only when U.S. Steel's abysmal earnings came out that the truth could no longer be concealed, and Defendants Longhi and Burritt began to reveal the truth of the dire situation, safeguarding their cash cow as long as possible.

LOSS CAUSATION

416. During the Class Period, the Individual Defendants materially misled the investing public, thereby inflating the price of U.S. Steel's common stock, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make their own statements, as set forth herein, not false and/or misleading. Said statements and omissions were materially false and/or misleading in that they failed to disclose material adverse information and/or misrepresented the truth about U.S. Steel's business, operations, and prospects as alleged herein.

417. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, the Defendants named in this Action made or caused to be made a series of

materially false and/or misleading statements concerning U.S. Steel's Carnegie Way initiative, maintenance spending, capital investments, plant outages and business prospects. The Individual Defendants' statements were false and misleading in that the Company was deferring needed maintenance and facility upgrades in order to improve its bottom line and financial performance and was not "positioned" to perform adequately under the demand of improved market conditions. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its well-being and prospects, thus causing the Company's stock to be overvalued and artificially inflated at all relevant times. The materially false and/or misleading statements made by Defendants during the Class Period resulted in Plaintiffs and other members of the Class purchasing the Company's stock at artificially inflated prices, thus causing the damages complained of herein. For example:

- On April 26, 2016, the Company issued the April 2016 Press Release, in which Defendants falsely stated that U.S. Steel was improving the "reliability of [its] operations" and that the Company was "well-positioned to benefit from currently improving market conditions." In connection with the April 2016 Press Release the Company also released the Q1 2016 Earnings Presentation in which Defendants falsely stated that "benefits are starting to be reflected in fewer unplanned outages and lower maintenance costs" and that U.S. Steel was undertaking "operating updates" at steelmaking facilities, flat-rolled facilities, tubular facilities, and U.S. Steel Europe. In response to these misrepresentations the Company's stock price increased approximately 10% from a closing price of \$18.49 per share on April 26, 2016 to \$20.30 on May 2, 2016.
- In response to the July 2016 Press Release, in which Defendants falsely stated that the Carnegie Way had resulted in "significant improvements" to U.S. Steel's earning power and that the Company would be able to take advantage of an increasing market in that "[U.S. Steel's] net earnings and adjusted EBITDA" will stay consistent with "changes in market conditions," the Company's stock price increased 19.78% from a closing price of \$22.95 per share on July 26, 2016 to \$27.49 per share on July 29, 2016.
- In response to the November 2016 Call, in which Defendant Longhi falsely stated that the Company had "not been under-spending" and that U.S. Steel was "investing appropriately in making sure that everything that we know is being addressed and moving to minimize...unplanned events," the Company's stock

price increased 15.77% from a closing price of \$17.82 per share on November 2, 2016 to \$20.63 per share on November 7, 2016.

418. During the Class Period, as detailed herein, the Individual Defendants engaged in a scheme to deceive the market and perpetuate a course of conduct that caused the price of U.S. Steel shares to be artificially inflated by failing to disclose and/or misrepresenting the adverse facts detailed herein. As the U.S. Steel Defendants’ misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the artificial inflation in the price of U.S. Steel shares was removed, and the price of U.S. Steel shares fell. For example:

- In response to the April 24, 2017 Press Release, disclosing abysmal financial results of a net loss of \$180 million, or \$1.03 per diluted share due to, in part, “operating challenges at [the Company’s] Flat-Rolled facilities” preventing U.S. Steel from benefiting from improved market conditions, the Company’s stock price decreased a tremendous 38.38% from \$31.11 per share on April 25, 2017 to a low of \$19.17 per share on May 18, 2017. Additionally, the loss in the price of U.S. Steel common stock from a closing price of \$31.11 on April 25, 2017 to \$22.78 on April 26, 2017 represented the steepest drop in price since 1991.

419. As a result of their purchases of U.S. Steel stock during the Class Period at artificially inflated prices, Plaintiffs, and the other Class members suffered economic loss, i.e., damages, under the federal securities laws. The timing and magnitude of the price decline in U.S. Steel shares negate any inference that the loss suffered by Plaintiffs and the other Class members was caused by changed market conditions, macroeconomic or industry factors, or Company-specific facts unrelated to the Defendants’ fraudulent conduct.

CLASS ACTION ALLEGATIONS

420. Plaintiffs bring this action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class of all persons or entities that purchased or otherwise acquired U.S. Steel publicly traded securities between January 27, 2016 and April 25, 2017, inclusive, seeking to pursue remedies under the Securities Act and the Exchange Act (the “Class”). Excluded from

the Class are U.S. Steel and its subsidiaries and affiliates, and their respective officers and directors at all relevant times, and any of their immediate families, legal representatives, heirs, successors, or assigns, and any entity in which any Defendant has or had a controlling interest.

421. Because U.S. Steel securities were actively traded on the NYSE, the members of the Class are so numerous that joinder of all Class members is impracticable. While the exact number of Class members is unknown at this time and can only be ascertained through discovery, Plaintiffs believe that there are hundreds or thousands of Class members. As of February 23, 2017, there were 174,290,761 shares of U.S. Steel common stock outstanding. Members of the Class may be identified from records maintained by U.S. Steel or its transfer agent and may be notified of the pendency of this action by mail, using forms of notice customarily used in securities class actions.

422. Plaintiffs' claims are typical of those of the members of the Class, as all Class members have been similarly affected by Defendants' wrongful conduct as alleged herein. Moreover, Plaintiffs will fairly and adequately protect the interests of the Class and have retained counsel competent and experienced in class action and securities litigation.

423. Common questions of law and fact exist as to all Class members and predominate over any questions solely affecting individual Class members. These common questions include:

- a. Whether Defendants violated the federal securities laws as alleged herein;
- b. Whether Defendants' statements to the investing public during the Class Period misrepresented material facts about U.S. Steel's business and operations;
- c. Whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;

- d. Whether the Individual Defendants caused U.S. Steel to issue false and misleading SEC filings and public statements during the Class Period;
- e. Whether the Secondary Public Offering materials contained materially false and misleading statements and omissions;
- f. Whether the U.S. Steel Defendants acted knowingly or recklessly in issuing false and misleading SEC filings and public statements during the Class Period;
- g. Whether the prices of U.S. Steel securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- h. Whether the members of the Class have sustained damages and, if so, the proper measure of damages.

424. A class action is superior to all other available methods for the fair and efficient adjudication of this matter as joinder of all Class members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for Class members to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

NO STATUTORY SAFE HARBOR

425. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Amended Class Action Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly

forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of U.S. Steel who knew that the statement was false when made.

APPLICABILITY OF FRAUD ON THE MARKET DOCTRINE

426. The market for U.S. Steel securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, U.S. Steel securities traded at artificially inflated prices during the Class Period. Plaintiffs and other members of the Class purchased or otherwise acquired the Company's stock relying upon the integrity of the market price of U.S. Steel and market information relating to the Company, and have been damaged thereby.

427. During the Class Period, the artificial inflation of U.S. Steel securities was caused by the material misrepresentations and/or omissions particularized in this Amended Class Action Complaint causing the damages sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, the Defendants named in this Action made or caused to be made a series of materially false and/or misleading statements about U.S. Steel's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of U.S. Steel and its business, operations, and prospects, thus causing the price of the Company's stock to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. The Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiffs and other members of

the Class purchasing the Company's stock at such artificially inflated prices, and each of them has been damaged as a result.

428. At all relevant times, the market for U.S. Steel securities was an efficient market for the following reasons:

- a. U.S. Steel common stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
- b. As a regulated issuer, U.S. Steel filed periodic public reports with the SEC and the NYSE;
- c. U.S. Steel communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- d. During the Class Period, on average, over tens of millions of U.S. Steel shares were traded on a weekly basis. On news days, the Company's trading volume increased into the hundreds of millions, reflecting an active trading market for U.S. Steel common stock and investors' expectations being impounded into the stock price; and
- e. The proportion of statistically significant stock price movement days for U.S. Steel common stock on news days is significantly over the proportion of non-news days and, thus, U.S. Steel common stock is more likely to have a statistically significant return on a day with news than no-news, consistent with an informationally efficient market.

COUNT I

**For Violations of Section 10(b) of the Exchange Act and Rule 10b-5
Against U.S. Steel and the Individual Defendants**

429. Plaintiffs reallege each allegation as if fully set forth herein.

430. This claim is brought under §10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5, against U.S. Steel, Longhi, Burritt, and Lesnak (the “Count I Defendants”).

431. The Count I Defendants: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material fact and/or omitted material facts necessary to make the statements made not misleading; and (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon Plaintiffs and the Class, in violation of §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

432. The Count I Defendants individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or the mails, engaged and participated in a continuous course of conduct to conceal non-public, adverse material information about the Company’s outlook and condition, as reflected in the misrepresentations and omissions set forth above.

433. The Count I Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company’s allegedly

materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

434. Individual Defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiffs and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them, or other personnel of the Company to members of the investing public, including Plaintiffs and the Class.

435. As a result of the foregoing, the market price of U.S. Steel securities was artificially inflated during the Class Period. In ignorance of the falsity of the Company's and the Individual Defendants' statements, Plaintiffs and the other members of the Class relied on the statements described above and/or the integrity of the market price of U.S. Steel securities during the Class Period in purchasing U.S. Steel securities at prices that were artificially inflated as a result of the Company's and the Individual Defendants' false and misleading statements.

436. Had Plaintiffs and the other members of the Class been aware that the market price of U.S. Steel securities had been artificially and falsely inflated by the Company's and the Individual Defendants' misleading statements and by the material adverse information which the Company's and the Individual Defendants did not disclose, they would not have purchased U.S. Steel securities at the artificially inflated prices that they did, or at all.

437. As a result of the wrongful conduct alleged herein, Plaintiffs and the other members of the Class have suffered damages in an amount to be established at trial.

438. By reason of the foregoing, the Company and the Individual Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the Plaintiffs and the other members of the Class for substantial damages which they suffered in connection with their purchases of U.S. Steel securities during the Class Period.

COUNT II

For Violations of Section 20(a) of the Exchange Act Against U.S. Steel and the Individual Defendants

439. Plaintiffs reallege each allegation as if fully set forth herein.

440. This claim is brought under §20(a) of the Exchange Act, 15 U.S.C. § 78t, against U.S. Steel, Longhi, Burritt, and Lesnak (the “Count II Defendants”).

441. Each of the Count II Defendants, by reason of their status as senior executive officers and/or directors of U.S. Steel, directly or indirectly, controlled the conduct of the Company’s business and its representations to Plaintiffs and the Class, within the meaning of §20(a) of the Exchange Act. The Count II Defendants directly or indirectly controlled the content of the Company’s SEC statements and press releases related to Plaintiffs and the Class’ investments in U.S. Steel securities within the meaning of §20(a) of the Exchange Act. Therefore, the Count II Defendants are jointly and severally liable for the Company’s fraud, as alleged herein.

442. The Count II Defendants controlled and had the authority to control the content of the Company’s SEC statements and press releases. Because of their close involvement in the everyday activities of the Company, and because of their wide-ranging supervisory authority, the Count II Defendants reviewed or had the opportunity to review these documents prior to their issuance, or could have prevented their issuance or caused them to be corrected.

443. The Count II Defendants knew or recklessly disregarded the fact that U.S. Steel's representations were materially false and misleading and/or omitted material facts when made. In so doing, the Count II Defendants did not act in good faith.

444. By virtue of their high-level positions and their participation in and awareness of U.S. Steel's operations and public statements, the Count II Defendants were able to and did influence and control U.S. Steel's decision-making, including controlling the content and dissemination of the documents that Plaintiffs and the Class contend contained materially false and misleading information and on which Plaintiffs and the Class relied.

445. The Count II Defendants had the power to control or influence the statements made giving rise to the securities violations alleged herein, and as set forth more fully above.

446. As set forth herein, the Count II Defendants each violated §10(b) of the Exchange Act and Rule 10b-5, thereunder, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, the Count II Defendants are also liable pursuant to §20(a) of the Exchange Act.

447. As a direct and proximate result of the Count II Defendants' wrongful conduct, Plaintiffs and the Class suffered damages in connection with their purchase of U.S. Steel securities.

COUNT III

For Violations of Section 11 of the Securities Act Against U.S. Steel, the Individual Defendants and the Underwriter Defendants

448. Plaintiffs reallege each allegation as if fully set forth herein. For the purposes of this claim, Plaintiffs assert only strict liability and negligence claims and expressly disclaim any claim of fraud or intentional misconduct.

449. This claim is brought on behalf of plaintiffs Leeann Reed and Robert Myer pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, against U.S. Steel, Longhi, Burritt, Lesnak, and the Underwriter Defendants (the “Count III Defendants”).

450. On August 15, 2016, the Company conducted its Secondary Public Offering of 21.7 million shares of U.S. Steel common stock at a price of \$23.00 per share, resulting in proceeds of approximately \$482 million.

451. The registered common stock was issued and sold pursuant to the Form S-3 Registration Statement, filed with the SEC on March 3, 2016 which incorporated by reference the 2015 Form 10-K. In connection with the SPO, the Company filed the SPO Prospectus on August 8, 2016 which incorporated by reference: (i) the 2015 Form 10-K; (ii) the First Quarter 2016 Form 10-Q and Q1 2016 Earnings Presentation; and (iii) the Second Quarter 2016 Form 10-Q and the Q2 Earnings Presentation. Also in connection with the SPO, the Company filed the Expanded SPO Prospectus which incorporated by reference: (i) the 2015 Form 10-K; (ii) the First Quarter 2016 Form 10-Q and Q1 2016 Earnings Presentation; and (iii) the Second Quarter 2016 Form 10-Q and Q2 2015 Earnings Presentation. The Registration Statement (and all incorporated documents), the SPO Prospectus (and all incorporated documents), and the Expanded SPO Prospectus (and all incorporated documents) are collectively referred to herein as the Secondary Public Offering Documents.

452. The Secondary Public Offering Documents were inaccurate and contained untrue statements of material fact, omitted to state facts necessary to make the statements made therein not inaccurate, and omitted to state material facts required to be stated therein. U.S. Steel was the registrant for the SPO. As the issuer of common stock, U.S. Steel is strictly liable to Plaintiffs and the Class for the materially inaccurate statements in the Secondary Public Offering

Documents and the failure of the Secondary Public Offering Documents to be complete and disclose the material information required pursuant to the regulations governing its preparation.

453. Longhi and Burritt signed the Secondary Public Offering Documents and caused their issuance. These Defendants each had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Secondary Public Offering Documents. Longhi and Burritt had a duty to ensure that such statements were true and accurate and that there were no omissions of material facts that would make the statements in the Second Public Offering Documents inaccurate. By virtue of Longhi and Burritt's failure to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Second Public Offering Documents, the Second Public Offering Documents contained inaccurate misrepresentations and/or omissions of material fact. As such, Longhi and Burritt are strictly liable to Plaintiffs and the Class.

454. The Underwriter Defendants were underwriters for the registered U.S. Steel common stock. As alleged above, the Underwriter Defendants purchased, sold, and distributed shares of U.S. Steel to the investing public. As such, the Underwriter Defendants are statutory underwriters pursuant to 15 U.S.C. 77b(a)(11).

455. Pursuant to the Secondary Public Offering and the Secondary Public Offering Documents, the Company issued and sold a total of 21.735 million shares of U.S. Steel common stock via an underwriting syndicate composed of the Underwriter Defendants. In exchange, the Underwriter Defendants collectively received at least \$21 million in underwriting fees and

commissions. The number of shares sold by each Underwriter Defendant and their resulting discounts and commissions are set forth in the chart below.³²

Underwriter	Number of Shares	Commissions and Fees
J.P. Morgan	7,380,723	\$5,941,481.61
Goldman Sachs	6,150,556	\$4,951,197.18
Barclays	1,559,000	\$1,254,994.60
Wells Fargo	1,559,000	\$1,254,994.60
Credit Suisse	719,561	\$579,246.20
Morgan Stanley	719,561	\$579,246.20
Merrill Lynch	834,317	\$671,624.78
PNC	395,084	\$318,042.22
Scotia Capital	395,084	\$318,042.22
Citizens Capital	263,484	\$212,104.22
SunTrust	263,484	\$212,104.22
BNY	219,617	\$176,791.28
Citigroup	219,617	\$176,791.28
Commerz	219,617	\$176,791.28
Huntington Investment	219,617	\$176,791.28
SG Americas	219,617	\$176,791.28
Williams	219,617	\$176,791.28
ING	175,468	\$141,251.74

456. The Count III Defendants were collectively responsible for the contents and dissemination of the Secondary Public Offering Documents. None of them made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Secondary Public Offering Documents were true, accurate and without omissions of any material facts. The Count III Defendants, individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or the mails, engaged and participated in a continuous course of conduct to conceal non-public, adverse material information about the Company's financial condition as reflected in the misrepresentations and omissions set forth above.

³² The numbers in the chart reflect the Underwriter Defendants' total shares sold and total fees and commissions, including the executed option.

457. At the time of the Count III Defendants' false statements, misrepresentations, and omissions in the Secondary Public Offering Documents, Plaintiffs Reed and Myer and the Class were unaware of their falsity and believed them to be true. Plaintiffs Reed and Myer and the Class would not otherwise have purchased U.S. Steel common stock in the SPO had they known the truth about the matters discussed above.

458. By virtue of the foregoing, the Count III Defendants have violated Section 11 of the Securities Act and Plaintiffs Reed and Myer and the Class suffered damages in connection with their purchase of U.S. Steel securities.

459. Plaintiffs Reed and Myer and the Class acquired their U.S. Steel stock pursuant to, traceable to, and in reliance upon the Secondary Public Offering Documents, without knowledge concerning the misstatements alleged herein and could not have reasonably discovered these facts on their own. The value of U.S. Steel stock sold in the SPO has declined substantially subsequent to and due to Defendants' violations of Section 11 of the Securities Act.

460. This claim was brought within one year after Plaintiffs Reed and Myer discovered or reasonably could have discovered the untrue statements and omissions in the Secondary Public Offering Documents that should have been made and/or corrected through the exercise of reasonable diligence, and within three years of the effective date of the Secondary Public Offering.

461. By reason of the foregoing, the Count III Defendants are liable to plaintiffs Leeann Reed and Robert Myer and members of the Class for violations of Section 11 of the Securities Act.

COUNT IV

For Violations of Section 15 of the Securities Act Against the Individual Defendants

462. Plaintiffs Leeann Reed and Robert Myer reallege each allegation as if fully set forth herein.

463. This claim is brought under §15 of the Securities Act, 15 U.S.C. § 77o, against Longhi, Burritt, and Lesnak (the “Count IV Defendants”).

464. Each of the Count IV Defendants, by reason of their status as senior executive officers and/or directors of U.S. Steel, directly or indirectly, controlled the conduct of the Company’s business and its representations to Plaintiffs and the Class, within the meaning of §15 of the Securities Act. The Count IV Defendants directly or indirectly controlled the content of the Company’s SEC statements and press releases related to Plaintiffs’ and the Class’ investments in U.S. Steel within the meaning of §15 of the Securities Act. Therefore, the Count IV Defendants are jointly and severally liable for the Company’s fraud, as alleged herein.

465. At all relevant times herein, the Count IV Defendants were controlling persons of U.S. Steel within the meaning of §15 of the Securities Act. Both before and after the SPO, the Count IV Defendants were executive officers of U.S. Steel and participated in the day-to-day operations of U.S. Steel’s business affairs. The Count IV Defendants had the power to influence, and did so influence, U.S. Steel’s unlawful actions in connection with the SPO alleged herein.

466. For these reasons, each of the Count IV Defendants controlled and had the authority to control the content of the Company’s SEC statements and press releases. Because of their close involvement in the everyday activities of the Company, and because of their wide ranging supervisory authority, the Count IV Defendants reviewed or had the opportunity to review these documents prior to their issuance, or could have prevented their issuance or caused

them to be corrected. The Count IV Defendants had the power to control or influence the statements made giving rise to the securities violations alleged herein, and as set forth more fully above.

467. As set forth herein, the Defendants each violated §11 of the Securities Act by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, the Count IV Defendants are also liable pursuant to §15 of the Securities Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief and judgment, as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying the Plaintiffs as the Class representatives;
- B. Requiring Defendants to pay damages sustained by Plaintiffs and the Class by reason of the acts and transactions alleged herein;
- C. Awarding Plaintiffs and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other relief as the Court may deem just and proper.

JURY DEMAND

In accordance with Fed. R. Civ. P. 38(b), Plaintiffs demand a jury trial of all issues involved, now, or in the future, in this action.

Dated: October 2, 2017

LEVI & KORSINSKY LLP
Shannon L. Hopkins

Respectfully Submitted,

/s/Vincent Coppola
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CERTIFICATE OF SERVICE

I, Shannon L. Hopkins, hereby certify that this document filed through the CM/ECF system will be sent electronically to the registered participants as identified on the Notice of Electronic Filing (NEF) on this 2nd day of October.

/s/Vincent Coppola

Vincent Coppola

**UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA**

HENRY BIERLYLA, on Behalf of Himself and
All Others Similarly Situated,

Plaintiffs,

vs.

UNITED STATES STEEL CORPORATION,
MARIO LONGHI, DAVID B. BURRITT,
AND DAN LESNAK,

Defendants.

Civil Action No. 19 -

JURY TRIAL DEMANDED

**CLASS ACTION COMPLAINT
FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS**

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Plaintiff Henry G. Bieryla brings this action pursuant to §§ 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, 17 C.F.R. § 240.10b-5, on behalf of himself and all persons other than Defendants (defined *infra*, at 29-38) who purchased or otherwise acquired United States Steel Corporation securities between January 27, 2016 and April 25, 2017, inclusive (the “Class Period”).

The plaintiff files this complaint to preserve his individual claims and his ability to serve as a class representative, if necessary. *See* 28 U.S.C. Code § 1658(b)(1) (setting statute of limitations for Exchange Act claims involving fraud at “2 years after the discovery of the facts constituting the violation.”)

The plaintiff alleges the following based upon personal knowledge as to himself and his own acts, and upon information and belief as to all other matters. Plaintiff’s information and belief is based on the investigation of his undersigned lead counsel. Such investigation included, among other things, review and analysis of (i) U.S. Steel’s public filings with the U.S. Securities and Exchange Commission; (ii) U.S. Steel’s other public statements, including press releases; (iii) discussions with industry experts; (iv) interviews with individuals who are former employees of U.S. Steel; (v) reports of securities and financial analysts, news articles, and other commentary and analysis concerning U.S. Steel and the industry in which it operates; and (vi) review of pertinent court filings.

Lead counsel’s investigation into the matters alleged herein is continuing, and many relevant facts are known only to, or are exclusively within, the custody or control of the defendants. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

SUMMARY OF THE ACTION

1. U.S. Steel is an integrated steel producer of flat-rolled and tubular products headquartered in Pittsburgh, Pennsylvania with major production operations in North America and Europe. The Company's flat-rolled segment accounted for approximately 70% of its net sales at the time defendants' fraud came to light. U.S. Steel supplies customers throughout the world, primarily in the automotive, consumer, industrial, and oil country tubular goods markets. The Company has an annual raw steel production capability of 22 million net tons (17 tons in the United States and 5 million tons in Europe).

2. After several unprofitable years, defendant Mario Longhi hired his long- time trusted advisor, McKinsey & Company, in 2014 to implement a purported "transformational process" designed to make the Company profitable again. This process was referred to as the "Carnegie Way," named after U.S. Steel co-founder Andrew Carnegie. The Carnegie Way purportedly consisted of three elements: (1) Employee Engagement, which was intended to get personnel interested in and engaged with the Carnegie Way program; (2) Reliability Centered Maintenance ("RCM"), which was purportedly focused on making proactive improvements to U.S. Steel's manufacturing operations and facilities; and (3) Operational Excellence, which was related to process improvements that could save the Company money (*e.g.*, cutting costs).

3. According to confidential witnesses, the Carnegie Way was a sham. Although the Carnegie Way purportedly consisted of three elements, it was widely known throughout the Company that the only element actually implemented was Operational Excellence which, according to plaintiff's confidential sources, was "all about cost cutting [] at the expense of operations." Indeed, the defendants severely curtailed the maintenance initiative because that

would cost money. According to confidential sources, U.S. Steel adopted a motto of “don’t buy, get by” in which plant managers were allowed only to purchase parts when absolutely necessary and were required to “jury-rig” machines to keep them operating, rather than to make the necessary repairs. U.S. Steel employees thus characterized the Reliability and Employee Engagement elements as “a joke” and “a load of crap” because the Company was not committed to them.

4. As the steel market deteriorated in 2015, the defendants implemented extreme cost-cutting measures under the guise of the Carnegie Way in an attempt to improve the bottom line. These extreme cost-cutting measures focused on massive layoffs and deferred desperately-needed maintenance and repairs. These measures left U.S. Steel with a skeleton crew of inexperienced plant employees who did not know how to maintain or repair the equipment, and who were required to work long hours of up to ninety hours per week. This practice resulted in severe unplanned outages (e.g., downtime resulting in lost production), production delays, and at least a 20% decline in production output due to inoperable equipment that resulted from equipment malfunction. These unplanned outages occurred “quarter after quarter,” and could last as long as nine months. Defendants also decreased overall capital spending and spending for the flat-rolled segment in 2016 by approximately 39% and 60%, respectively.

5. The U.S. Steel defendants’ decision to defer maintenance, repairs and capital spending proved costly, resulting in “thousands of tons of missed steel production” during the Class Period (or about 20% of production capacity) as a result of increasing unplanned outages and repairs. Accordingly, the Company’s capability utilization (the amount of steel tons actually produced as a percentage of total production capacity) fell as low as 57%, as compared to the industry average of 80%. One confidential witness stated that the loss in production in 2016 was the most this witness had ever seen during this witness’s more than twenty years with U.S. Steel.

6. The individual defendants were aware that U.S. Steel was experiencing significant and costly unplanned outages and massive delays in production throughout the Class Period through a Daily Report of Operations (the “DRO”) and an Operating Efficiency Report (“OER”). According to confidential sources, the DRO was “well accessible” and “used widely” by those within the Company, to include the individual defendants, who could access both the DRO and OER at the click of a button on U.S. Steel’s internal website. The DRO and OER reported aggregated operational data and metrics from every U.S. Steel plant, and included key metrics such as tons produced, tons shipped, production delay, and tons per turn. These metrics showed that throughout the Class Period U.S. Steel experienced production delays of as much of 50% and that actual production was “not even close” to planned production as a result of unanticipated interruptions.

7. Yet the defendants repeatedly assured investors throughout the Class Period that U.S. Steel was implementing the RCM initiative (bold emphasis supplied throughout):

We continue to implement our reliability centered maintenance process across all of our facilities. We are starting to see the benefits as we have experienced fewer unplanned outages and lower maintenance costs, and are allowing for a more efficient allocation of our maintenance labor force. We are creating a more reliable and agile operating base that lowers our break-even point, with a key focus on lowering our hot-rolled band costs through operating and process efficiencies.

Defendants also falsely claimed that the Carnegie Way was “much more than a cost cutting initiative” and that U.S. Steel was actively investing in RCM:

[The Carnegie Way] is *much more than a cost cutting initiative*, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support. Carnegie Way is our culture and the way we run the business. . . We have achieved *sustainable cost improvements through process efficiencies and our investments in reliability centered maintenance (RCM)*, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.

8. According to confidential sources, extreme cost-cutting was in reality the only Carnegie Way initiative that the defendants implemented.

9. Although the global steel economy improved throughout 2016, U.S. Steel was unable to capitalize on these more favorable market conditions as a result of mounting repair costs and unplanned outages.

10. On August 15, 2016 - just two months before U.S. Steel provided the first inkling that it was experiencing unplanned outages in the third quarter of 2016 as a result of “operating challenges” - the Company conducted a well-timed secondary offering of 21.7 million shares sold to unsuspecting investors that raised \$482 million. Defendants claimed at the time of the offering that the proceeds would be used for “financial flexibility, capital expenditures and other general corporate purposes.” As defendants would ultimately admit, however, “[w]e issued equity last August to give us the financial strength and liquidity to position us to establish an asset revitalization plan large enough to resolve our issues, and to see that plan through to completion” (emphasis added). In other words, the defendants were admittedly aware back in August 2016 that U.S. Steel would need to undertake a “large,” multi-year “asset-revitalization” in order to fix the Company’s problems – a known fact that was not disclosed to investors until the last day of the Class Period.

11. U.S. Steel issued a press release on November 1, 2016 that reported the Company’s third quarter 2016 financial results. Defendants acknowledged therein for the first time that U.S. Steel had been experiencing “unplanned outages in the third quarter [of 2016]” that negatively impacted the Flat-Rolled segment’s shipments to the tune of 125,000 tons, or around 5% of the Company’s third quarter shipments in this segment.

12. Defendant Longhi flatly denied during a November 2, 2016 analyst call the following day that the unplanned outages were the result of under-investing, and assured investors that U.S. Steel was “doing all of the right things”:

And I would offer that, no, we have not been under-spending. What we’ve been doing is, we’ve only been able to accomplish what we’ve accomplished and gotten to the position that we are, because we’ve been investing appropriately in making sure that everything that we know is being addressed and moving to minimize the conditions that we experienced in the past quarter, which is unplanned events. So we’ve been able to get to this point, because we’ve been doing all of the right things.

13. Defendants’ sworn testimony before the International Trade Commission (“ITC”) in 2015 and early 2016, however, painted a very different picture. The defendants admitted behind closed doors before the ITC that “investments that we need to make are being – we’re not able to make them right now;” and that, while “U.S. Steel had an opportunity to grow its business to reinvest in technology . . . subject imports deprived U.S. Steel . . . of this opportunity; and U.S. Steel’s financial results were “nowhere near where they need to be for us to invest in our future” (emphasis added).

14. While concealing the true state of U.S. Steel’s business from the market, defendants Longhi and David Burritt began on November 23, 2016 to dump approximately 57% and 64% of their personal holdings of U.S. Steel stock, respectively. These defendants collectively sold 699,671 shares for proceeds of approximately \$25 million over eight trading days. Prior to this neither Longhi nor Burritt had sold a single share of their U.S. Steel stock.

15. As market conditions continued to improve in 2017, U.S. Steel assured investors that the worst was behind the Company and U.S. Steel was “continuing to improve” and was “positioned for success in a market recovery.”

16. Then, on April 25, 2017 – only *after* the market closed - U.S. Steel shocked the market when the Company announced its first quarter 2017 results. While the market was expecting the Company to turn a strong profit, the defendants announced a “surprise” net loss of \$180 million, or \$1.03 per diluted share. Commenting on results, U.S. Steel Chief Executive Officer Mario Longhi said, “[w]hile our segment results improved by over \$200 million compared with the first quarter of 2016, operating challenges at our Flat-Rolled facilities prevented us from benefiting fully from improved market conditions” (emphasis added).

17. Upon the news, the price of U.S. Steel common stock declined from a closing share price of \$31.11 on April 25, 2017 to close at \$22.78 per share on April 26, 2017, a loss of 27% or over \$2 billion in market value, on extremely heavy trading volume. This drop represented the steepest drop in price since 1991.

18. Analysts responded negatively to this news. In an April 26, 2017 research note, Analyst Gordon Johnson II of Axiom Capital Management characterized the Company’s “surprise” \$180 million loss as “all the more troubling given that it occurred in a market where U.S. steel prices are high versus previous years and given that the industry has enjoyed significant protection from imports from both the Obama and Trump administrations.” Gordon went on to state “[i]f things are so bad during good times (*the remainder of the year*) looks set to resemble a ‘*Nightmare on Elm Street*’.”

19. KeyBanc analysts stated that U.S. Steel’s results were not an indictment on the steel industry’s fundamentals but, rather, appeared to be Company-specific.

20. Analyst Chuck Bradford of Bradford Research Inc. stated in an interview with American Metal Market that in his view, “Longhi spent too much time lobbying for trade relief in Washington and not enough time focusing on fixing the company’s mills.”

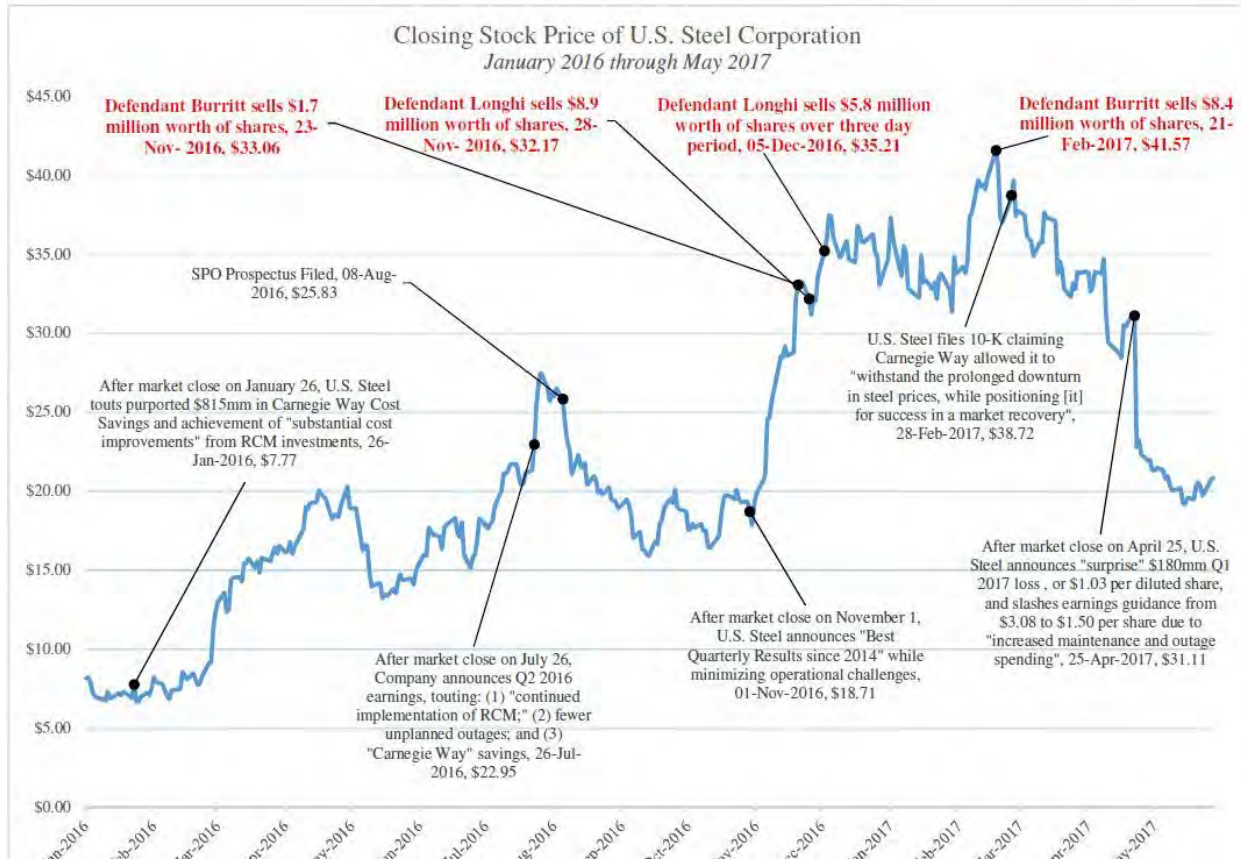
21. Another analyst noted that the Carnegie Way initiative “cut too deep” and criticized U.S. Steel for its lack of transparency to investors:

U.S. Steel blamed the loss on production problems at its North American flat- rolled mills. Those problems appear to be centered around the company’s rolling operations, although it’s hard to say that with certainty *because investors have been kept largely in the dark These issues that they’ve had last year and into this year have not been clearly described.*

22. As a result of years of under-investment and under performance, U.S.Steel announced on May 10, 2017 the purported “retirement” of Defendant Longhi. Defendant Burritt replaced Mr. Longhi as CEO. Defendant Longhi nevertheless received a \$4.35 million bonus for the 2016 fiscal year – his largest bonus ever - despite layoffs, plant closures, lack of profit, under-invested facilities and equipment, and a reported net loss for the 2016 fiscal year of \$440 million.

23. The plaintiff seek through this action to recoup billions of dollars of losses that he and other U.S. Steel shareholders suffered as a result of the fraud alleged herein.

24. As demonstrated in the stock chart below, defendants Longhi and Burritt sold more than half their personal holdings of U.S. Steel common stock at a time when they could take advantage of improving market conditions but, as a result of their decision to slash maintenance and capital spending, U.S. Steel could not.



JURISDICTION AND VENUE

25. The federal law claims asserted herein arise under §§ 10(b) and 20(a) of the Exchange Act, 15 U.S.C. § 78j(b) and § 78t(a), and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5.

26. This Court has subject matter jurisdiction over this action pursuant to 28 U.S.C. § 1331, § 27 of the Exchange Act, 15 U.S.C. § 78aa. In connection with the acts, conduct and other wrongs alleged herein, defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the U.S. mail, interstate telephone communications and the facilities of the national securities exchange. U.S. Steel trades in an efficient market on the New York Stock Exchange ("NYSE").

27. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) and § 27 of the Exchange Act because many of the false and misleading statements were made in or issued from this District. The defendants conduct business and maintain offices in this judicial district. U.S. Steel is headquartered in this judicial district, and maintains its principal place of business at 600 Grant Street, Pittsburgh, Pennsylvania.

THE PARTIES

I. PLAINTIFF

28. Plaintiff Henry Bieryla purchased U.S. Steel securities during the Class Period at artificially inflated prices as set forth in the attached certification, incorporated by reference herein. Mr. Bieryla has thus been damaged thereby.

II. DEFENDANTS

A. U.S. Steel Corp.

29. U.S. Steel is a corporation organized and existing under the laws of the State of Delaware with its principal place of business located in Pittsburgh, Pennsylvania. The Company's common stock trades on the NYSE under the symbol "X." U.S. Steel, an integrated steel producer of flat-rolled and tubular products with major production operations in North America and Europe, supplies customers throughout the world primarily in the automotive, consumer, industrial, and oil country tubular goods markets. U.S. Steel was the world's 15th largest steel producer by volume of steel production in 2014, producing 19.7 million tons of steel. This figure dropped dramatically by 2016 to 14.2 million tons of steel, making U.S. Steel the 24th largest steel producer in the world.

B. The Individual Defendants

1. Mario Longhi

30. Individual defendant Mario Longhi was U.S. Steel's Chief Executive Officer from June 2013 to May 8, 2017. Mr. Longhi was a member of the Board of Directors from September 2013 to June 30, 2017. Mr. Longhi was also the Company's president and performed the role of Chief Operating Officer from June 2013 to February 2017. U.S. Steel emphasized Mr. Longhi's critical role as the Company's president and CEO in Company SEC filings and press releases filed or issued throughout the Class Period. For example, the Company's Schedule 14A Proxy Statement, filed with the SEC on March 14, 2017 ("2017 Proxy Statement"), stated:

As the Chief Executive Officer, ***Mr. Longhi is responsible for all of the business and corporate affairs of U. S. Steel. His diverse experience and deep knowledge of the steel industry is crucial to the Corporation's strategic planning and operational success.*** As the only employee-director on the Board, Mr. Longhi is able to provide the Board with an "insider's view" of what is happening in all facets of the Corporation. He shares not only his vision for the Corporation, but also ***his hands-on experience as a result of his daily management of the Corporation and constant communication with employees at all levels.*** His insider's perspective provides the Board with invaluable information necessary to direct the business and affairs of the Corporation.

31. Defendant Longhi thus admittedly participated in the management and day-to-day operations of the Company, and had actual knowledge of confidential proprietary information concerning U.S. Steel and its business, operations, growth, financial statements, and financial condition. Moreover, because of his position of control and authority, his ability to exercise power and influence with respect to U.S. Steel's course of conduct, and his access to material inside information about U.S. Steel during the Class Period, at all material times, individual defendant Longhi was a controlling person of U.S. Steel within the meaning of § 20(a) of the Exchange Act.

32. U.S. Steel announced on February 28, 2017 that defendant David Burritt had been elected president and Chief Operating Officer and would assume defendant Longhi's responsibilities for all aspects of the Company's day-to-day business in the United States and Central Europe, effective immediately. U.S. Steel announced on May 10, 2017 that defendant Longhi was retiring as CEO, effective immediately, and would be succeeded by defendant Burritt.

33. Defendant Longhi's "retirement" came only two weeks following the Company's April 25, 2017 announcement in which it revealed dismal first quarter 2017 financial results despite improved market conditions. Despite these weak financial figures (and just prior to his retirement), Longhi received a \$4.53 million bonus for the 2016 fiscal year – his largest bonus ever – while the Company reported net loss for the 2016 fiscal year of \$440 million.

2. David Burritt

34. Defendant Burritt has been U.S. Steel's President and CEO and a member of the Board since May 2017. Mr. Burritt was the Company's president and Chief Operating Officer from February 2017 to May 2017 with executive responsibility for all aspects of the Company's day-to-day operations. Mr. Burritt was also the Company's executive vice president and Chief Financial Officer from September 2013 to February 2017. U.S. Steel emphasized the critical role of defendant Burritt as the Company's CFO (and later COO and CEO), in SEC filings and press releases filed or issued throughout the Class Period. For example, the Company's 2017 Proxy Statement acknowledged that, among other purported achievements: "Burritt set rigorous processes and protocols to not only support high integrity financial reporting, but also to drive Carnegie Way benefits and make timely and effective decisions around cost, revenue and staffing to achieve timeless improvements on structural and operating costs."

35. Defendant Burritt thus directly participated in the management and day-to-day operations of the Company, and had actual knowledge of confidential proprietary information concerning U.S. Steel and its business, operations, growth, financial statements, and financial condition. Moreover, because of his position of control and authority, his ability to exercise power and influence with respect to U.S. Steel’s course of conduct, and his access to material inside information about U.S. Steel during the Class Period, at all material times, defendant Burritt was a controlling person of U.S. Steel within the meaning of § 20(a) of the Exchange Act.

3. Dan Lesnak

36. Individual defendant Dan Lesnak has been U.S. Steel’s General Manager of Investor Relations at all times relevant to this lawsuit, with management responsibility over securities law compliance and communication with the market. Mr. Lesnak has hosted and been an active participant in the Company’s earnings calls and has spoken at length regarding various aspects of U.S. Steel’s business, to include matters relevant to the allegations contained herein.

37. Defendant Lesnak thus directly participated in the management and day-to-day operations of the Company, and had actual knowledge of confidential proprietary information concerning U.S. Steel and its business, operations, growth, financial statements, and financial condition. Moreover, because of his position of control and authority, his ability to exercise power and influence with respect to U.S. Steel’s course of conduct, and his access to material inside information about U.S. Steel during the Class Period, at all material times, defendant Lesnak was a controlling person of U.S. Steel within the meaning of § 20(a) of the Exchange Act.

38. Longhi, Burritt, and Lesnak are collectively referred to herein as the “individual defendants.” U.S. Steel and the individual defendants are collectively referred to herein as the “U.S. Steel defendants.”

RELEVANT NON-PARTIES

39. CW#1 was a former Division Administrative Assistant at the Company's Gary Works facility from January 2013 to May 2016, and an Organizational Change & Transformation Facilitator from February 2014 to May 2016. Prior to these positions, CW#1 was a contracted administrative assistant with U.S. Steel since 2011. CW#1 was also a Carnegie Way team member during the Class Period, which meant that CW#1 participated in training U.S. Steel personnel about the Carnegie Way. This included training employees about the "data driven" methodology of the program, how to implement the Carnegie Way, and how to undertake "project charters." CW#1 reported to the Director of Change Transformation, Robert Lange, who reported to the Gary Works Plant Managers and defendant Burritt.

40. CW#2 was a former Lean Six Sigma Black Belt Focused on Transformation from April 2016 to March 2017 and a Process Excellence Specialist from January 2015 to April 2016. As a Lean Six Sigma Black Belt, CW#2 was involved in the Carnegie Way initiative. CW#2's role as a Carnegie Way team member was to impart training and information to Company employees as to the methodologies associated with the Carnegie Way. The training consisted of three separate steps. While the first step consisted of a two-day training, the last step was a week-long training class for the "best of the best employees." During this last training session, defendant Burritt or defendant Longhi would speak to the students for approximately 60-90 minutes.

41. CW#3 worked at U.S. Steel for twenty-two years as a technician and manager, including as a plant manager at Gary Works. CW#3 became the general manager ("GM") of Transformation in February 2014, and remained in this position until April 2016. As the GM of Transformation, CW#3 oversaw the launching of the Carnegie Way initiative across all plants, which involved lean six sigma concepts and statistical analyses. CW#3 had a "coaching" role

where CW#3 both developed training and trained employees on the Carnegie Way. CW#3 also set up “war rooms” across the Company and oversaw a group of Lean Six Sigma Master Black Belts who would assist the plants with the “tougher” projects.

42. CW#4 was a former Reliability Engineer at Fairfield Works from 2014 to March 2016, responsible for implementing a Reliability Centered Maintenance Organization at Fairfield Works, to include building, training, coordinating and supervising a new team of planners/schedulers and reliability engineers. CW#4 held various other positions with the Company starting in 2004.

43. CW#5 was a former U.S. Steel Director of Reliability Centered Maintenance at Great Lakes Works from March 2016 to July 2016, and Director of Reliability Assurance North American Flat-Rolled in Pittsburgh from August 2012 to March 2016. As Director of Reliability Centered Maintenance, CW#5 was responsible for reviewing the state of the equipment at the U.S. Steel facilities to determine what was affecting the Company’s production and ability to meet customer demand and making appropriate recommendations. Prior to that, CW#5 was General Manager of Great Lakes Works from January 2011 to August 2012, and General Manager of Minnesota Ore Operations from January 2007 until December 31, 2010.

44. CW#6 was a former Mechanical Repairman and Team Leader who worked at the Clairton Coke Plant at U.S. Steel’s Mon Valley facility for nearly forty years until he retired in January 2017. CW#6 was responsible for running the “shop,” procuring parts to repair the coke oven doors, and overseeing all repairs for the coke doors. Part of CW#6’s job responsibilities included working with U.S. Steel’s vendors to obtain parts.

45. CW#7 was a former U.S. Steel Buyer/Purchasing Specialist from September 2014 to April 2016, whose primary job responsibility was to order machinery parts for all of U.S. Steel's plants in the United States.

46. CW#8 was a former Operations & Manufacturing Manager for Pickle Line/Cold Mill Operations-Irvin Works from June 2013 to August 2016, responsible for overseeing all union employees that worked on the pickle line. CW#8 was also a Management Associate Engineer for the same facility from June 2012 to May 2013.

47. CW#9 was a former U.S. Steel Financial Analyst from January 2015 to October 2016. As a Financial Analyst, CW#9 was responsible for capital spending for all of U.S. Steel's business lines and was liaison between the Company's Financial Planning & Analysis ("FP&A") and Engineering groups. CW#9 participated in capital budget meetings, which included various Company executives, including defendant Burritt, the head of engineering and various directors.

48. CW#10 was a former Area Manager for Blast Furnace Maintenance and Services and Subject Matter Expert ("SME") regarding blast furnaces and reliability preventative maintenance from November 2014 until May 2015. In this witnesses' role as an SME, CW#10 was responsible for the Company's preventative maintenance program.

49. CW#11 formerly worked at U.S. Steel in a variety of positions since 1998, most recently as a Senior Manager, Global Financial Planning & Analysis from March 2016 until December 2016. CW#11's position covered two broad areas, including: (i) Operations Planning, which looked at scheduling steel production at all of U.S. Steel's domestic facilities for all product categories; and (ii) Analytics, which dealt with variable costs of revenue to determine the optimal (i.e. most profitable) mixes of products.

STATEMENT OF FACTS

I. COMPANY BACKGROUND

A. U.S. Steel's Core Business Products

50. U.S. Steel was founded in 1901 by J.P. Morgan and Elbert H. Gary, who combined Andrew Carnegie's Carnegie Steel Company with the Federal Steel Company and the National Steel Company. At one time, the Company was the largest corporation in the world, and the largest steel producer. Today, U.S. Steel is an integrated steel producer of flat-rolled and tubular products with major production operations in North America and Europe. U.S. Steel supplies customers throughout the world, primarily in the automotive, consumer, industrial, and oil country tubular goods markets. The Company boasts an annual raw steel production capability of approximately 22 million net tons (17 million tons in the United States and 5 million tons in Europe).

51. U.S. Steel divides its operations into three primary segments: (i) Flat-Rolled; (ii) Steel European ("USSE"); and (iii) Tubular. The Flat-Rolled segment includes U.S. Steel's integrated steel plants in the United States involved in the production of slabs, rounds, strip mill plates, sheets and tin mill products, as well as all iron ore and coke production facilities. The USSE segment includes U. S. Steel Kosice (USSK), an integrated steel plant and coke production facility in Slovakia. The Tubular segment includes the Company's tubular production facilities, primarily in the United States, which produce metal products with a hollow tubular cross section in many different forms, including pipe, rectangular shaped, and D-shaped.

1. The Flat-Rolled Segment

52. Flat-rolled steel is a type of steel sheet that is manufactured by rolling, with the starting and ending material having a rectangular cross-section. The material is fed between two rollers, called working rolls, which rotate in opposite directions. The final product is either a sheet

or plate, with the former being less than 6 mm (0.24 in) thick and the latter being greater than that.

53. U.S. Steel's Flat-Rolled segment accounts for 67-70% of the Company's total steel shipments in tons and 67-74% of the Company's net sales:

STEEL SHIPMENTS					
<i>*in thousands of tons</i>	Flat-Rolled	USSE	Tubular	Total	% Flat-Rolled
2016	10,094	4,496	400	14,990	67%
2015	10,595	4,357	593	15,545	68%
2014	13,908	4,179	1,744	19,831	70%
NET SALES					
<i>*in millions</i>	Flat-Rolled	USSE	Tubular	Total¹	% Flat-Rolled
2016	\$7,507	\$2,243	\$449	\$10,261	74%
2015	\$8,293	\$2,323	\$898	\$11,574	72%
2014	\$11,708	\$2,891	\$2,772	\$17,507	67%

54. Within its Flat-Rolled segment, U.S. Steel produces three primary products: (i) hot rolled steel; (ii) cold rolled steel; and (iii) coated sheets. Hot rolling is a mill process which involves rolling the steel at a high temperature above steel's recrystallization temperature, allowing the steel to be shaped and formed easily. When the steel cools it will shrink slightly, affording less control over the size and shape of the finished product when compared to cold rolled. Hot rolled products are used in the welding and construction trades to make railroad tracks and I-beams, and other situations where precise shapes and tolerances are not required. Hot rolled steel is typically cheaper than cold rolled steel partly because reheating of the steel is not required (as it is with cold rolled).

55. Cold rolled steel, in turn, is essentially hot rolled steel that has had further processing in cold reduction mills where the material is cooled followed by annealing and/or tempers rolling. This process will produce steel with a superior surface finish, and superior tolerance, concentricity, and straightness when compared to hot rolled steel. Cold rolled products are used in all areas of manufacturing of durable goods, such as appliances or automobiles, or any other project where tolerances, surface condition, concentricity, and straightness are the major factors. Coated sheets are hot or cold rolled steel products coated with differing types of metallic to provide improvements in corrosion.

56. As set forth in the chart below, the U.S. Flat-Rolled Segment accounted for 17 million of the Company's 22 million tons, or 77%, of its net ton production capability (excluding the Fairfield Works facility, which was permanently shut down in 2015):

FLAT-ROLLED FACILITIES			
Facility	Location	Raw Steel Production Capacity <i>*in millions of tons</i>	Status During Class Period
Gary Works	Indiana	7.5	<ul style="list-style-type: none"> Producing hot-rolled, cold-rolled and coated sheets. In May 2015, U.S. steel permanently shut down its last remaining coke making facility.
Great Lakes Works	Michigan	3.8	<ul style="list-style-type: none"> Producing hot-rolled, cold-rolled, and coated sheets
Mon Valley Works	Pennsylvania	2.9	<ul style="list-style-type: none"> Producing hot-rolled, cold-rolled, and coated sheets, as well as coke and coke by-products

Granite City Works	Illinois	2.8	<ul style="list-style-type: none">• Producing hot-rolled and coated sheets.• During December 2015, the Granite
			City Works steelmaking operations and hot strip mill were temporarily idled. U.S. Steel partially restarted operations in February 2017.
Fairfield Works	Alabama	2.4	<ul style="list-style-type: none">• During 2015, the steelmaking operations at the Fairfield Works facility were shut down permanently.

57. Thus, U.S. Steel's Flat-Rolled segment and facilities was a highly material aspect of the Company's business operations and its "core" business.

58. Prior to and throughout the Class Period, Defendants consistently stressed the importance of continued innovation and investment in U.S. Steel's steel technology, and in particular, the Company's Flat-Rolled facilities stating, for example, that the Company is "committed to investing in technologies," "have investigated, created and implemented innovative, best practice solutions throughout U.S. Steel," is "position[ed] to be best-in-class in innovation," and is "focused on the investments that we need."

2. The Tubular Segment

59. Tubular is a type of metal profile with a hollow tubular cross section. U.S. Steel's Tubular segment includes the operating results of U.S. Steel's tubular production facilities, primarily in the United States, and equity investees in the United States and Brazil. These

operations produce and sell seamless and electric resistance welded (ERW) steel casing and tubing, standard and line pipe and mechanical tubing and primarily serve customers in the oil, gas and petrochemical markets.

60. The Tubular segment's annual production capability is 2.8 million tons. During 2014 to 2016, U.S. Steel's Tubular segment accounted for 2.7-8.8% of the Company's total steel shipments in tons and 4.4-15.8% of the Company's net sales. *See supra* Statement of Facts ("SOF"), III.A.1.

3. The European Segment

61. U.S. Steel's USSE segment includes U.S. Steel Kosice (USSK), an integrated steel plant and coke production facility in Slovakia. USSE primarily serves customers in the European construction, service center, conversion, container, transportation (including automotive), appliance and electrical, and oil, gas and petrochemical markets. During 2014 to 2016, U.S. Steel's USSE segment accounted for 21-30% of the Company's total steel shipments in tons and 16.5-22% of the Company's net sales. *See supra* Statement of Facts, III.A.1.

62. According to the defendants, USSK has an annual raw steel production capability of 5.0 million tons, and principally produces hot-rolled steel, cold-rolled steel and coated sheets, tin mill products and spiral welded pipe. USSK also has facilities for manufacturing heating radiators and refractory ceramic materials. This facility has two coke batteries, four sintering strands, three blast furnaces, four steelmaking vessels, a vacuum degassing unit, two dual strand casters, a hot strip mill, two pickling lines, two cold reduction mills, three annealing facilities, a temper mill, a temper/double cold reduction mill, three hot dip galvanizing lines, two tin coating lines, three dynamo lines, a color coating line and two spiral welded pipe mills.

B. After Years of Consecutive Losses, Defendants Implement the “Carnegie Way” Initiative

63. By 2014, U.S. Steel had experienced years of consecutive losses culminating in a 90 percent drop in the Company’s stock price and the bankruptcy of its Canadian subsidiary. Defendant Longhi then hired McKinsey, with which he had a long-standing prior relationship through his previous employment at Alcoa, to launch a purported “transformational process” called the “Carnegie Way.” The Carnegie Way, named after U.S. Steel co-founder and famous industrialist Andrew Carnegie, was purportedly designed to drive and sustain profitable growth. The defendants repeatedly told the market that the Carnegie Way initiative was “much more than a cost cutting initiative, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.”

64. Defendants described the Carnegie Way as a purported “strategic, disciplined approach to transforming the Company to address the new realities of the marketplace.” The Carnegie Way consisted of three elements: (1) Employee Engagement, which was intended to get personnel interested in and engaged with the Carnegie Way program; (2) RCM, which was purportedly focused on making proactive improvements to U.S. Steel’s manufacturing operations and facilities; and (3) Operational Excellence, which was related to process improvements that could save the Company money.

65. According to CWs#1 and 3, Carnegie Way projects had to follow a six sigma methodology. Six Sigma methodology, which was originally introduced by engineers of Motorola back in 1986, is a set of techniques and tools for process improvement to improve the quality of the output of a process. The Six Sigma methodology at U.S. Steel was known as “DMAIC,” which stood for Define, Measure, Analyze, Implement, and Control. Each element was assigned a “D-Gate” level, 1-5, depending on the progress of a project.

66. According to CW#3, the first stage is the Define stage, which included creating a charter and identifying a leader or sponsor for the project. The second stage, Measure, involved measuring the “current state” of something at the Company, which became the “baseline.” The Analyze stage involved looking at how far the Company was from the benchmark (i.e. where it wanted to be) and demonstrating that it had an “idea” of what was “missing.” Next, the Implement stage involved implementing the project. Lastly, the Control stage involved establishing a new “benchmark” and keeping the Company from “slipping back.” The value, or cost savings, was recognized only when the project reached D-5 Control, meaning the project had been fully implemented.

67. All five stages were tracked in the Company’s “Wave” system. Savings were measured as the “shift” from the “baseline,” or the “gap” between the baseline and the “new performance” (e.g., the difference between what was being spent after the project was completed and what had previously been spent).

68. As discussed below (Statement of Facts, Section III, *infra*), while the Carnegie Way was initially created to address three elements – Employee Engagement, RCM and Operational Excellence – in 2015, after market conditions became drastically worse, the Defendants abandoned Employee Engagement and RCM and focused solely on “Operational Excellence,” which meant ruthlessly cutting costs in order to improve the Company’s bottom line.

II. THE U.S. STEEL MARKET DRASTICALLY DETERIORATES DURING 2015

A. Market Factors Resulting in the Deterioration of the Steel Market in 2015

69. In 2015, the global demand for steel declined. The Organization for Economic Co-Operation and Development (“OECD”) in its Q4 2015 document, *Steel Market Developments*, attributed this weakness to slowing world economic growth reflecting slowdowns and recessions

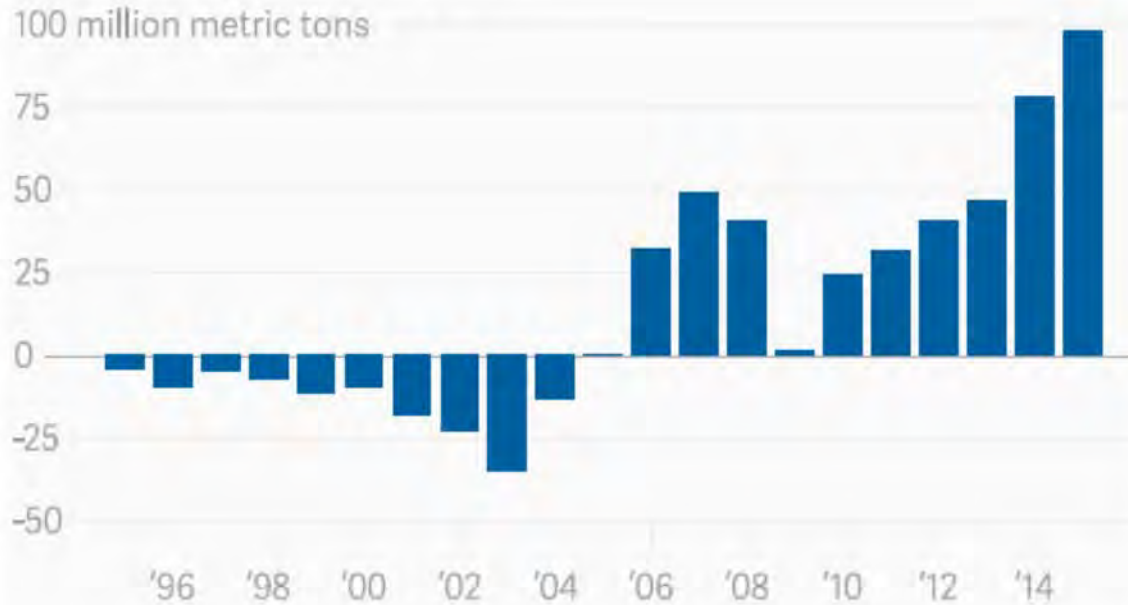
in some major emerging market economies. China's economic growth was among those countries observed as its Gross Domestic Product growth slowed due to a reduction in its demand for buildings and equipment.

70. The impact of this decline in demand on the health of the global steel industry was exacerbated by a sharp increase in Chinese steel production capacity that had been taking place over the prior decade. Based on OECD data, between 2000 and 2016, Chinese steel capacity increased 678%. China went from having 149.6 million metric tons of steel capacity, slightly above the 116 million metric ton annual steelmaking capacity in the United States in 2000, to 1.16 billion tons of capacity in 2016, or ten times that of the U.S. in 2016.

71. While some of this increased steel production could be used in China's own expanding economy, it became a net exporter of steel to other countries in 2006. As global demand slowed in 2015, Chinese production and exports put downward pressure on global steel prices, adversely impacting steel companies around the world.¹

¹ As the anti-dumping and countervailing duty trade actions in the U.S. went into effect against certain flat-rolled steel products from China in 2016, U.S. imports of those products from China drastically declined.

China's net exports of steel



72. Over the course of 2015, prices of some steelmaking raw materials also declined.

73. As of November 2015, the spot price of iron ore was \$48 per ton (cost and freight to China), equaling a 29% decline from January 2015, and a 63% fall from January 2014. This drastic decrease in price was the result of oversupply of iron ore, as steel demand weakened and supply increased, particularly from Australia. The coking coal and scrap metal markets also fell sharply throughout 2015. In November 2015, the coking coal and scrap prices (spot) were down by 30% and 43%, respectively, relative to their January 2015 levels. While this helped reduce some of the input costs to steelmaking production, it also contributed to the downward pressure on finished steel prices.

74. The combined effect of weakening global steel demand, growing Chinese production, and decreases in steelmaking costs led to a very sharp decline in world steel prices, as well as U.S. prices. For example, according to American Metal Market, the quarterly average price of U.S. cold-rolled coil declined from \$32.90 per hundredweight in Q1 2015 to \$25.54 per

hundredweight in Q4 2015 (a decline of 22%). These price declines exacerbated the already small operating margins that steel companies command and the reduction in raw materials prices was not enough to overcome that impact. Integrated steel manufacturers, such as U.S. Steel, were particularly vulnerable, because blast furnace operators are subject to significantly higher operating leverage than electric arc furnace operators and once a blast furnace is started it will typically run for years at a time. The average pre-tax operating margin of 757 publically traded steel companies from October 2013 to September 2014 was 5.99%, well below the 9.3% average operating margin for the world's 42,410 publicly traded firms. Globally, steel's average operating margin was ranked 79th out of 96 listed industries, and in the United States it was 84th. If only manufacturing firms are included, steel is ranked amongst the very least profitable industries.

B. The Deterioration of the Steel Market Forces U.S. Steel to the Brink of Bankruptcy

75. The deterioration of the steel industry over the course of 2015 had a nearly disastrous effect on U.S. Steel's financial performance, resulting in record year-over-year losses and a stunning year-end 2015 loss of \$1.5 billion, marking the Company's failure to turn a profit in *six of the last seven years*:

U.S. Steel's Financial Performance Declines Dramatically Over 2015				
Quarter	Reported Figures		Year-Over-Year Change	
	Earnings *in millions	EBIT *in millions	Earnings	EBIT
Q1 2014	\$52 M	\$154 M	(44.68%)	310.90%
Q2 2014	(\$18 M)	\$132 M	76.92%	180.85%
Q3 2014	(\$207)	\$479 M	88.44%	323.89%
Q4 2014	\$275 M	\$420 M	(7.40%)	187.60%
FY 2014	\$102 M	\$1.185 B	106.20%	196.20%
Q1 2015	(\$75) M	(\$21 M)	(244.23%)	(113.63%)
Q2 2015	(\$261) M	(\$104 M)	(1350.00%)	(178.78%)
Q3 2015	(\$173) M	(\$40 M)	16.42%	(108.30%)
Q4 2015	(\$999) M	(\$137) M	(463.27%)	(132.61%)

FY 2015	(\$1.5) billion	(\$302) M	(1370.50%)	(125.48%)
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76. As detailed further *infra* SOF at VII, these financial losses forced U.S. Steel management to shut down various facilities in 2015, prompting industry analysts to speculate as to whether the Company was headed for bankruptcy. For example, during a conference call discussing the Company's Q4 results for 2015 held on January 27, 2016, David Gagliano, an analyst with BMO Capital Markets, questioned whether temporary facility shutdowns would be enough to save the Company in the long term, stating:

But really what I am getting at is contingency planning beyond that [asset closures]. In case this environment somehow magically stays in place beyond the next 12 months, I think the working capital improvements may potentially fade. There is risk if that cash burn potentially increases significantly and then there is concern about liquidity, in my opinion. And so I am just wondering what the timing is when those contingency plans start to take effect.

77. In response, Defendant Burritt reassured analysts and investors that, while “everything is on the table:”

We are managing cash extraordinarily closely. We look at it daily. We have rolling forecasts. We are on it, we got this. We are going to adapt to whatever the economic circumstances are and we will have the trigger points that will tell us what we need to do. ***We are still in great cash position...[s]o we feel extraordinary comfortable where we are today...***[w]e are not going to tell you what the next steps are but you can understand that we are on it and we got it.

78. In the same January 27 conference call, Matt Vittorioso, an analyst with Barclays, questioned what would happen when the Company reduced its working capital and inventory. In November 2015, Vittorioso had stated to Bloomberg that, “[f]olks are beginning to question the viability of the business, just given how weak steel fundamentals are.”

79. This industry sentiment continued into 2016. For instance, by year-end 2016, U.S. Steel was projecting full-year 2016 Adjusted EBITDA that would be “near breakeven,” and \$500 million cash benefits from working capital improvements. Gordon Johnson of Axiom Capital was skeptical of these metrics, noting several reasons in an interview with *Benzinga*.² Of particular note, Johnson was skeptical of the fact that the Company had suddenly switched from providing quarterly guidance to yearly guidance. This deviated from U.S. Steel’s long-standing policy and, according to Johnson, could have been done to mask weakness in the second half of the year.

III. U.S. STEEL ABANDONS THE EMPLOYEE ENGAGEMENT AND RELIABILITY CENTERED MAINTENANCE CARNEGIE WAY INITIATIVES AND FOCUSES SOLELY ON RUTHLESS COST-CUTTING TO SALVAGE THE BOTTOM LINE

80. In 2015, as market conditions severely deteriorated and U.S. Steel struggled to stay afloat, the individual defendants embraced a “tone at the top,” which required U.S. Steel employees to abandon the Employee Engagement and RCM elements of Carnegie Way and engage in ruthless cost-cutting measures to improve the bottom line. The Individual Defendants also slashed capital spending for the same reason.

A. Defendants Abandoned Employee Engagement

81. According to CW#2, it was generally recognized throughout the Company that the primary focus of Carnegie Way was on the Operational Excellence cost savings element. As a member of the Carnegie Way initiative, CW#2 was aware of the projects going on at different facilities despite not being directly involved with them.

² Joel Elonin, *Gordon Johnson of Axiom Capital Not a Believer in U.S. Steel Rally*, BEZINGA at <https://www.benzinga.com/general/movers-shakers/15/01/5187737/gordon-johnson-of-axiom-capital-not-a-believer-in-u-s-steel-ral> (accessed Sept. 12, 2017).

82. CW#2 explained that, unlike Operational Excellence, the RCM and Employee Engagement elements were recognized by U.S. Steel personnel as “a joke” and “a load of crap” because the Company was not committed to them and “no one was doing anything” related to them. CW#1 corroborated CW2’s account. CW#1 explained that although U.S. Steel personnel were told the Carnegie Way was intended to improve U.S. Steel overall without needing to eliminate personnel, in actuality, there was very little commitment to Employee Engagement.

83. CW#1 stated that when this witness became a Carnegie Way team member, CW#1 trained U.S. Steel personnel about the Carnegie Way, including on the “data driven” methodology of the program, how to implement the Carnegie Way, and how to undertake “project charters” as part of the program. CW#1 wanted to focus on the Employee Engagement element, but various managers at U.S. Steel told CW#1 that Employee Engagement did not matter compared to Operational Excellence. CW#1 said that the directive from the corporate office in Pittsburgh to the plants was to get as much cost savings as possible, while only pretending to care about employee engagement. Thus, CW#1 stated the focus was solely on the money savings and “how to get velocity” even as Employee Engagement was “wiped out.”

B. Defendants Abandoned Reliability Centered Maintenance

84. According to CW#4, RCM was a corporate-wide program purportedly intended to improve overall maintenance planning and scheduling throughout the Company. CW#4 stated that RCM was intended to improve overall maintenance planning and scheduling throughout U.S. Steel through “predictive maintenance” in which the Company took a “proactive,” rather than a “reactive” approach and ordered parts to be replaced before they wore out. This included efforts to implement and follow-up on preventative maintenance in order to stop the Company’s equipment and infrastructure from breaking. By replacing parts before they wore out, downtime

would be reduced and, thus, production delays would be decreased. According to CW#4, U.S. Steel used a program called Oracle during the Class Period as its Computerized Maintenance Management Software (“CMMS”). Oracle CMMS tracked parts and maintenance requirements. According to CW#4, this information was available on the Company’s network so that personnel in Pittsburgh, including the Individual Defendants, could access it.

85. As part of the RCM initiative, previous existing maintenance groups within U.S. Steel, including the Reliability Assurance group and Risk Assessment group, became rolled up under the Carnegie Way and, in some instances, were eliminated altogether. Specifically, according to CW#5, U.S. Steel had created a Reliability Assurance team in 2012 to improve U.S. Steel’s product delivery times, product quality, and safety. CW#5 stated the group was primarily created because most of the Company’s facilities had been built before 1970 so they had old equipment without much automation. CW#5 explained that U.S. Steel wanted to become a more global company, but had recognized that it was “behind the game” with regard to up-to-date controls and equipment, which was affecting the Company’s ability to deliver quality products to its customers on time and in a safe manner. According to CW#5, some employees tried to convince the executives to create a team to address these issues and eventually the executives “halfheartedly” allowed the creation of the Reliability Assurance team.

86. According to CW#5, at the time the Reliability Assurance team was created, U.S. Steel employees knew that something had to be done about the Company’s facilities, but Reliability Assurance was just a “buzz word” that no one knew much about. CW#5 explained that the team, eventually consisting of five employees and a secretary, was tasked with the responsibility of looking at the equipment at U.S. Steel’s facilities and determining what was affecting the Company’s ability to service their customers. The team would also make

presentations to various plants, such as Gary Works and Great Lakes, to teach employees about reliability assurance and maintenance. CW#5 said the team had trouble “gaining traction,” but eventually made some progress. Once the Carnegie Way was implemented, however, the Reliability Assurance team was “indirect[ly] control[ed]” under the RCM element of the Carnegie Way. As explained below, this meant nothing was done to improve or maintain U.S. Steel’s facilities.

87. The second group to be taken over by the Carnegie Way philosophy was the Risk Assessment group. According to CW#5, the Risk Assessment Group, which was at U.S. Steel since this witness began employment, traveled to the Company’s various facilities to create a “critical spare list.” CW#5 stated that the group would analyze what parts were available at each facility and what the impact would be if any parts broke. For example, according to CW#5, the Risk Assessment group would analyze things such as: If a motor went out on the cold mill, did the plant have a spare motor? If not, were there spare motors available? What would be the impact if the motor went out?

88. According to CW#5, however, once the Carnegie Way was implemented in 2014, the Risk Assessment group essentially became “wiped out.” CW#5 explained that this was because money was not allowed to be spent on necessary spare parts. CW#5 provided one example in 2016 where U.S. Steel refused to buy a spare motor because the motor was too expensive, even though not having a spare motor would have been risky since the motors that were being used at the time were forty or fifty years old and if a motor broke, the facility would be down and U.S. Steel would lose revenue.

89. CW#6 corroborated CW#5's account that the Company stopped keeping spare parts on hand at its steel mills in order to cut costs. Instead, employees were made to wait until parts broke. At that point, it became a fire drill and employees would wind up calling vendors in the middle of the night to obtain a needed part. This practice was particularly problematic because some of the replacement parts took as long as 14-16 weeks to receive according to CW#6.

90. CW#1 recounted similar details about how the RCM program was ignored. Specifically, according to CW#1, the general consensus of U.S. Steel employees was that the RCM was a "waste of time" since management was not committed to it. In fact, CW#1 explained that the training CW#1 received regarding RCM did not even make it clear what RCM meant. According to CW#1, RCM initiatives were never implemented at the Gary Works facility because there was no dollar value to be achieved by implementing them. Thus, managers would not spend money on tools because doing so would not "make money" as the Operational Excellence projects would. CW#1 commented that if the RCM element was meant to engage preventative maintenance to avoid equipment and infrastructure from breaking, "nothing was really done" at Gary Works because the equipment and infrastructure there kept breaking.

91. For example, CW#1 explained that Blast Furnace 14, the biggest furnace at Gary Works, went "completely down" at some point between January 2016 and May 2016 for two weeks because the wiring for the furnace had flooded. According to CW#1, this would not have occurred with adequate maintenance.

92. Likewise, CW#6 stated that during 2015 and 2016, U.S. Steel allowed the steel making machinery and equipment to run until it broke, rather than providing preventative maintenance and timely repairs. Moreover, according to CW#6, U.S. Steel abandoned any training in order to save money. Thus, the employees operating the coke ovens were "busting parts left and

right” during 2015 and 2016 due to lack of proper training, causing more frequently needed repairs. CW#6 believed that many of the unplanned outages in 2015 and 2016 were the direct result of the Company’s failure to properly maintain and repair its equipment because U.S. Steel let “things go a little too far.”

93. Thus, contrary to Defendants’ public statements that U.S. Steel was “continu[ing] to implement our reliability *centered maintenance process across all of our facilities*” and, thus, was “starting to see the benefits as we have experienced *fewer unplanned outages and lower maintenance costs*,” in reality, U.S. Steel was performing little maintenance, resulting in costly repairs and outages. *See* Section SOF VII *infra*.

C. Defendants Implement Extreme Cost-Cutting Measures Under the Operational Excellence Carnegie Way Initiative to Save the Bottom Line

94. To offset years of losses and avoid bankruptcy, defendants Longhi and Burritt doubled down on the purported Carnegie Way “transformation” by implementing extreme cost-*cutting* measures in the form of: (1) massive layoffs; (2) deferring maintenance and repairs; and drastic reductions in capital expenditures.

1. U.S. Steel’s Massive Layoffs Result in Safety Violations

95. Throughout the Class Period, U.S. Steel laid off thousands of employees, leaving the Company with few individuals possessing the knowledge or experience to adequately maintain its facilities. As a result, machines were not maintained, became dangerously unsafe, and caused numerous injuries, even death.

96. Beginning in 2015, U.S. Steel was forced to idle facilities due to decreased market demand, including Gary Works and Fairfield Works. For example, on February 26, 2015, U.S. Steel closed down its Gary Works coke plant in Gary, Indiana, signaling the first in a long line of plant shutdowns and employee layoffs. U.S. Steel announced on August 17, 2015 that it was

permanently closing its Fairfield Works blast furnace located in Birmingham, Alabama on November 17, 2015. The shutdown of Fairfield Works resulted in over 1,100 employees losing their jobs. Contemporaneously, on November 23, 2015, U.S. Steel closed its Granite Mill in Granite City, Illinois in order to save on operation costs, and laid off about 2,000 employees. Granite Mill remained closed until a small portion of the facility was reopened in February 2017.

97. As a result, the Company laid off thousands of employees, exacerbating understaffing and maintenance issues already plaguing the Gary Works facility. Critically, according to the United Steelworkers Union and public reports, these layoffs centered on maintenance employees.³ Indeed, in April 2016, the Company announced it was laying off one quarter (25%) of its salaried workforce. Shortly after these April layoffs, in June 2016, a U.S. Steel employee, Charles Kremke, 67, was killed from accidental electrocution while working at the Company's Gary Works facilities.⁴ The Indiana Occupational Safety and Health Administration found U.S. Steel committed four serious safety violations resulting in the death and fined the Company \$28,000 for the lapses in safety that contributed to the death. U.S. Steel also exercised its right for an informal settlement meeting and IOSHA is in the process of working out a settlement agreement, an IOSHA spokeswoman reported.

98. By August 2016 the United Steelworkers Union had filed a grievance alleging U.S. Steel's layoff of about 75 employees at Gary Works and demotions of an additional 200 to work gangs raised serious safety concerns. According to Union District 7 Director Mike Millsap ("Millsap"), U.S. Steel had replaced full-time maintenance workers with independent contractors

³ Joseph S. Pete, *U.S. Steel Lays Off More Workers at Gary Works*, NWI.COM at http://www.nwitimes.com/business/steel/u-s-steel-lays-off-more-workers-at-gary-works/article_5b5725f5-25b2-5982-8c5a-88b4067e2a5d.html (accessed Aug. 12, 2016).

⁴ Joseph S. Pete, *U.S. Steel Fined \$28,000 for Death at Gary Works*, NWI.COM at http://www.nwitimes.com/business/steel/u-s-steel-fined-for-death-at-gary-works/article_a75223e1-d957-5580-8e1c-25f741bc48cc.html (accessed Sept. 11, 2017).

at Gary Works, resulting in “hundreds of work orders [] going unfilled, and ***no preventative maintenance [] getting done at the sprawling plant on Lake Michigan.***”⁵ Millsap elaborated:

Every workplace has work hazards that the employers and employees must be aware of. At any given time a workplace accident can happen that can result in very serious injuries and sometimes fatalities. It is the obligation and responsibility of the company to minimize these hazards a[s] much as possible to make the workplace safe. In this steel plant, those risks are much greater. The risk is greater for the employees.

This union is prepared to bargain over the layoffs McKinsey says need to happen. ***How will the maintenance work get done? That’s our question.*** Specifically, the safety work.

99. Meanwhile, state investigators faulted U.S. Steel for not de-energizing live parts before an employee worked on them, for not training an employee to be able to distinguish live parts from other electrical equipment, for not testing that circuit elements and electric equipment parts were de-energized before going in to do work, and for not providing a worker with protective shields or barriers to prevent inadvertent contact with an electrical current while working in a confined space. Union officials publicly announced that U.S. Steel had made the mill less safe by cutting maintenance workers and rushing roving labor gangs through a backlog of jobs. The Union had appealed the layoffs, filing a grievance with a third-party arbiter, and argued the layoffs threatened workplace safety by running understaffed, under-maintained facilities.

⁵ Joseph S. Pete, *USW says U.S. Steel Layoffs Jeopardize Safety*, NWI.COM at http://www.nwitimes.com/business/steel/usw-says-u-s-steel-layoffs-jeopardize-safety/article_2d1ce954-2716-56f6-b1d3-274042615903.html?utm_medium=social&utm_source=email&utm_campaign=user-share (accessed Sept. 11, 2017).

100. Around the time of these additional layoffs, the understaffing and decreased maintenance resulted in a second tragic death of a U.S. Steel employee on September 29, 2016 at the Company's Gary Works facility. As reported, U.S. Steel electrician and maintenance worker Jonathan Arizzola, 30, was killed in the U.S. Steel Slab Storage Yard just weeks after Union employees had held demonstrations to protest that U.S. Steel was making the mill less safe by laying off and demoting maintenance workers. The United Steelworkers Union had filed an appeal to arbitrate the mass layoffs, arguing the cuts were putting workers at risk by putting off preventative maintenance and causing work orders to pile up.⁶

101. Arizzola had been employed at the mill for about four years, and was killed in an accident while working in a four-man crew assigned to troubleshoot a crane at the U.S. Steel slab storage yard in Gary. In the wake of his death, his widow reported that Arizzola had frequently expressed concern regarding the deterioration of working conditions at the mill in Gary, and had even suffered an electric shock in a separate accident at Gary Works the week before his death, elaborating: "He was constantly complaining about McKinsey group cutting back workers. There was always some kind of close call with someone he worked with...[a]ll they care about is making money...They keep cutting when they should have a safer environment for people. It shouldn't be all about the money."⁷

102. Also in response to his death, United Steelworkers Union Local 1014 President Rodney Lewis said in a Facebook post to steelworkers that bare-bones crews at Gary Works put steelworkers at risk for more accidents:

Our company has decided that, to save a dollar, they'll farm people out all over this mill which only increases the chances for accidents like these happening.

⁶ Joseph S. Pete, *Steelworker Who Died Told Wife Mill Was Getting Less Safe*, NWI.com at http://www.nwitimes.com/business/steel/steelworker-who-died-told-wife-mill-was-getting-less-safe/article_92ddb7d-6133-5ee8-9002-42ec48aa5a37.html (accessed Sept. 11, 2017).

⁷ *Id.*

They should instead be asking themselves if it's high time they started listening to *what* we've been saying all along. Moving people all around a mill like chess pieces only promises to result in something tragic. Shutting down training when you need it the most is just bad business when you consider that we are 'the company's most important asset.'

103. In May 2017, the Indiana Department of Labor found U.S. Steel committed two serious safety violations at Gary Works after investigating Arizzola's death and fined U.S. Steel \$14,000 total, or \$7,000 for each violation, the amount is prescribed by statute.⁸ The Indiana Department of Labor found U.S. Steel failed to provide safety training and protections against live electrical equipment. United Steelworker Union officials tied his death and the June 2016 electrocution death of 67-year-old Charles Kremke at Gary Works *to cutbacks in maintenance staffing* that they said posed safety hazards and that have since been reversed. Additionally, an Occupational Safety and Health Administration investigation found that maintenance employees were performing repairs to the 501 crane in the slab yard while three collector rails were live, exposing the workers to electrical hazards.

104. Confidential sources confirmed that massive layoffs resulted in understaffing with inexperienced employees with little to no training. For instance, according to CW#9, the Company cut back on its personnel to such an extent that it often was left with people who CW#9 understood lacked the skills to perform maintenance or work on capital projects. This was extremely detrimental because U.S. Steel's maintenance of its facilities just "fell by the wayside." CW#5 confirmed that the Company was laying off the longer-term, more expensive personnel with the most "experience" and "institutional knowledge," while keeping on the less experienced personnel who were less expensive to employ. In fact, prior to CW#9's departure, CW#9 did not train the new individuals who replaced this witness and, to this day, CW#9 still receives calls from the

⁸ *Id.*

Company asking for advice and assistance with different matters, further evidencing the lack of experience and knowledge of those personnel remaining.

105. Moreover, CW#9 explained that even those personnel who were qualified to perform maintenance were unable to do so because they were tasked with working on other projects.

106. CW#1 offered a similar account, stating that personnel were being transferred to other roles and/or being laid off, which resulted in many projects being neglected. CW#5 also had similar observations, noting that if an employee was highly paid and had been with U.S. Steel for many years, the Company would find a way to “get rid” of them. CW#10 similarly recounted that the Company had a practice of getting rid of experienced, highly paid personnel and replacing them with inexperienced workers. According to CW#10, this left a number of employees who did not know enough about equipment or the necessary maintenance required and resulted in “haphazard” maintenance.

107. Similarly, as discussed above, CW#6 recounted that the Company abandoned job training and filled positions with inexperienced employees that did not know how to operate the equipment and machinery.

2. Defendants Instruct Plant Managers “Don’t Buy, Get By” and Forces them to “Jury Rig” Broken Machinery

108. According to confidential witnesses, U.S. Steel repeatedly canceled purchase orders for parts needed to keep facilities running and used cheaper, less durable materials to operate machinery. Rather than invest in its equipment, U.S. Steel plant managers would deny maintenance requests and tell employees to “jury rig” the machines and operate by the motto, “Don’t Buy, Get By.” U.S. Steel also repeatedly deferred maintenance projects and once the Company’s machines inevitably broke, the Company suffered millions in losses as a result.

109. Specifically, CW#7 explained that U.S. Steel began cancelling purchase orders for parts that were necessary to keep its facilities running. CW#7's primary job responsibility was to order machinery parts for all of U.S. Steel's plants in the United States. CW#7 stated that the Company's cost cutting measures were so extreme that it began cancelling hundreds of orders. CW#7 recalled that in one day, alone, this witness worked on 30 to 40 cancellations. According to CW#7, this cost saving technique was a directive from the Vice President of Purchasing in the Pittsburgh corporate office and started occurring during the last several months leading up to CW#7's departure in April 2016.

110. U.S. Steel also deferred maintenance and repairs spending at all costs. According to CW#7, the process for ordering machinery parts was as follows: (1) planners at U.S. Steel plants determine what needs to be ordered; (2) a "Min-Max report" is run to determine the maximum number of units the planners can buy; (3) a "requisition" was submitted through the Company's Oracle program; and (4) depending on the cost of the item, multiple layers of approval may be needed. According to CW#7, starting in September or November of 2015, this process was altered so that some requisitions required approval of a "control tower," which consisted of McKinsey and the Plant Manager. The control tower was part of the Company's Carnegie Way cost cutting efforts and would determine whether the plants could "get by" without the requested parts. The implementation of the control tower resulted in a significant reduction of requisition approvals.

111. CW#7 recounted that when CW#7 first started working at U.S. Steel, this witness worked on 60-70 requisitions per day. By the time CW#7 left the Company in 2016, this number dropped 95% to about two or three per day. CW#7 explained that the requisition denials led to a decrease in submissions as the Company had a philosophy of "don't buy, get by" and placed a lot of "pressure" on plant employees to not buy anything if the machines were running. Unless a

machine was not working, workers were expected to “jury rig” the machines to keep them running rather than order new parts. By way of example, CW#7 explained that while some parts are supposed to be replaced every six months to one year and receive regular maintenance, workers would jury rig the machine when it broke until it got to the point where the machine kept breaking and could no longer be fixed without a new part. CW#7 stated that the machines would essentially “sit and rot” because of this philosophy.

112. In addition, CW#7 explained that spare parts were not kept at U.S. Steel’s facilities and if a machine was down, the workers would “clear out” that section of the plant and “work around” the broken part if they could by using another section of the plant. According to one employee, workers were also being ordered to use cheaper materials which inevitably led to machines breaking down sooner.⁹ For instance, one former operations and maintenance employee said “purchasing managers in Pittsburgh had ordered his mill to use cheaper oils to lubricate bearings. That caused the bearings to wear out more quickly, resulting in extra costs and longer down time.”¹⁰

113. CW#5 corroborated U.S. Steel’s refusal to implement necessary maintenance. According to CW#5, U.S. Steel began deferring numerous projects, some of which included structural integrity issues that absolutely needed to be done or it would cost a lot of money. As CW#5 explained, spending on plant structural maintenance drastically decreased since 2010 at Great Lakes Works. Specifically, in 2010, U.S. Steel spent approximately \$29 million on structural maintenance. This amount decreased every year with U.S. Steel spending the following: 2011 -

⁹ Len Boselovic, “Analysts Say U.S. Steel Cost-Cutting Hurting Operations, Safety,” Pittsburgh Post-Gazette, November 3, 2016 (last accessed Sept. 19, 2017), available at <http://www.post-gazette.com/business/pittsburgh-company-news/2016/11/02/U-S-Steel-shares-dip-in-early-trading-Pittsburgh-steelmaker/stories/201611020168>.

¹⁰ Len Boselovic, “Analysts Say U.S. Steel Cost-Cutting Hurting Operations, Safety,” Pittsburgh Post-Gazette, November 3, 2016 (last accessed Sept. 19, 2017), available at <http://www.post-gazette.com/business/pittsburgh-company-news/2016/11/02/U-S-Steel-shares-dip-in-early-trading-Pittsburgh-steelmaker/stories/201611020168>.

\$14 million; 2012 - \$9 million; 2013 - \$7 million; 2014 - \$6 million and 2015 - \$3 million.

114. According to CW#5, maintenance spending was determined based upon a Business Plan, which contained the budget for repair and maintenance costs, capital spending, production costs and other items. The Business Plan for a given year was created in the fall before. CW#5 recalled meeting with McKinsey and the Great Lakes Plant Manager, among others, in the fall of 2015 to discuss the proposed 2016 Business Plan. According to CW#5, after he met with McKinsey, McKinsey then took the Business Plan to Longhi, Burritt and other executives in Pittsburgh for approval. CW#5 recalled that the 2016 Business Plan went through numerous iterations because McKinsey and Defendants kept cutting the repair and maintenance budget. CW#5 eventually obtained an acceptable budget number for repairs and maintenance from Defendants and “backed into” the number for purposes of creating the Business Plan. CW#5 described the process as “insanity.” CW#5 stated that this process was the same for the other U.S. Steel Flat-Rolled facilities, including Gary Works and Fairfield Works.

115. CW#5 explained that maintenance projects at U.S. Steel were coded accordance to priority. Projects coded as “S-1,” meant those projects needed repair immediately or the Company would risk disruption in operations and/or employee injury. CW#5 stated that as of July 25, 2016, at Great Lakes there was a “significant amount of work to be done” with a backlog of 253 projects categorized as “S-1” projects that should have been completed years ago. CW#5 stated the cost to complete all 253 projects would have be “astronomical” and estimated it in the tens of millions of dollars, “if not more.” According to CW#5, the Individual Defendants and McKinsey did not “want to hear” about the critical structural maintenance and repairs that needed to be done because it cost money. This caused the Company to get even further behind on maintenance.

116. CW#5 recalled several examples of equipment and facilities in need of repairs that the individual defendants refused to make. For example, according to CW#5, the cranes at Great Lakes were installed between 1958 and 1964 and, not surprisingly, their parts were wearing out at an accelerated pace. Although they were “almost unsafe to operate,” they were never replaced during CW#5’s employment because it would have cost U.S. Steel millions of dollars to fix them. In another example, CW#5 recalled a building that housed the product going into the pickle line that had “many issues” relating to needed repairs and maintenance. Despite asking “over and over,” the repairs were never done. CW#5 also recalled another example of a motor rotor that broke in 2015 or 2016, which caused the motor to go down for five days while the rotor was being repaired.

117. According to CW#5, all of U.S. Steel’s Flat-Rolled facilities faced similar spending cuts and were unable to make necessary repairs.

118. CW#9 confirmed other witness accounts. According to CW#9, as a result of U.S. Steel’s drastic cost cutting measures, CW#9 understood that machines had to be replaced sooner than they otherwise would have had the proper repair and maintenance occurred. Rather than perform maintenance, however, CW#9 reported that the Company, instead, “put a patch” on the issue. CW#9 stated one example related to the Mon Valley plant, which had two electrical generators that were over 70 years old. During 2015, the first machine kept breaking and after employing “every band-aide” and “bubble gum-aide” possible, it was decided that the generator had to be replaced. However, it took nine months to customize a generator for U.S. Steel which resulted in a loss of \$1 million per month since U.S. Steel had to procure electricity from an alternate source. This increased the overall cost per ton. While CW#9 recommended that the Company procure a spare generator before the second generator broke and the Company suffered another \$9 million loss, this proposal was rejected. As predicted, the second generator failed right

before CW#9 left the Company in the fourth quarter of 2016.

119. CW#8 also confirmed U.S. Steel's lack of preventative maintenance and use of cheap substitutes for parts. CW#8 explained, for example, that the first two sets of rollers that steel goes through have chrome plates, which are expensive but cost effective in the long term because they last longer. When U.S. Steel started cutting costs in "every way possible," the Company stopped purchasing chrome plates. As a result, CW#8 stated that the rollers failed sooner and only ended up lasting a few weeks, whereas chrome rollers lasted three times as long.

120. According to CW#1, the cost cuts were so bad that union personnel frequently complained that they could not get the right tools they needed, even at a minimal cost, and even as the Company was purportedly spending millions on the Carnegie Way. While CW#1 would report these issues to the plant and division managers, such matters fell on "deaf ears" because managers did not want to spend money on tools unless they were going to "make money."

121. Thus, while the Carnegie Way measures were billed to investors as "not just a cost cutting initiative," in reality, the Carnegie Way had become an extreme cost cutting measure designed to salvage the Company's short-term bottom-line at any means necessary, including through the U.S. Steel Defendants' top-down consistent refusal and failure to invest in critically necessary new technology or maintain U.S. Steel's Flat-Rolled facilities.

D. U.S. Steel Slashes Capital Spending

122. According to Goodish, U.S. Steel's former COO from June 2005 to December 2010, during his employment at U.S. Steel, the Company created its capital expenditure forecasts on a five-year, plant by plant basis. CW#9 and CW#8 confirmed that the Company forecasted capital expenditures on a plant by plant basis over a five-year future period during their employment at the Company.

123. Goodish explained that the capital expenditures were calculated based on revenue projects and plant managers' requests for repairs and upgrades. CW#9 corroborated Goodish's account that the Company created an annual capital budget and further explained that the annual budget was approved by the U.S. Steel Board. CW#9 personally participated in the creation of the annual capital budget and reviewed the capital projects proposed by the plant engineers that were ultimately submitted to the Board for approval. According to CW#9, the 2016 capital budget was submitted to the Board in November 2015 and approved by January 2016 of the applicable year.

124. As reflected in the chart below, not only was U.S. Steel not reinvesting or maintaining its facilities, but it had slashed its capital expenditure investments throughout 2015 and 2016 by a total of 44.9% in total year-over-year. With respect to capital expenditures in the Company's Flat-Rolled facilities, in particular, Defendants slashed the Company's capital expenditures by a remarkable 66.9% year-over-year.

Quarter	Capital Expenditure		Percentage Change	
	Total	Flat-Rolled	Total	Flat-Rolled
Q1 2015	\$109 M	\$69 M	-	-
Q2 2015	\$104 M	\$56 M	-4.5%	-18.8%
Q3 2015	\$142 M	\$72 M	36.5%	28.6%
Q4 2015	\$146 M	\$84 M	2.8%	16.67%
FY 2015	\$500 M	\$280 M	-	-
Q1 2016	\$148 M	\$46 M	1.4%	-45.2%
Q2 2016	\$69 M	\$28 M	-53.4%	-39.1%
Q3 2016	\$51 M	\$23 M	-26.1%	-17.9%
Q4 2016	\$38 M	\$14 M	-25.5%	-39.1%
FY 2016	\$306 M	\$111 M	-44.9%	-66.9%

125. CW#10, stated that "*everybody* knows that" the Company was under-investing. It was "common knowledge" within U.S. Steel. According to CW#10, one example of defendants' cut of the capital budget involved the Edgar Thomson plant. CW#10 explained that the Edgar plant was allocated money for capital improvement projects each year. However, invariably when the

capital improvement projects were presented for approval, the same response was always received - the capital improvement money was being cut and allocated elsewhere, usually because something had broken that needed immediate attention. CW#10 informed the manager at Edgar Thomson of all the issues concerning under-investing but U.S. Steel kept running its equipment “into the ground.”

126. In another instance, CW#1 stated that in the last year of CW#1’s employment there was supposed to be money allocated to blast furnaces but the blast furnace projects could not have been getting done since Blast Furnace 14 at Gary Works ended up going “completely down” at some point between January 2016 and May 2016.

127. According to CW#9 a lot of capital projects were being paused or cancelled outright, including the Electric Arc Furnace proposed for the Alabama facility.

IV. CARNEGIE WAY PURPORTED COST SAVINGS WERE A SHAM

128. According to several CWs, the Carnegie Way program was a sham because many of the purported savings were not real or the projects had actually not been completed or even implemented yet and, thus, were not “realized.” For example, CW#7 explained that during the end of 2015 and during 2016, U.S. Steel began extending payment terms to vendors from 30 days to 60 days and eventually 120 days. U.S. Steel then attributed purported cost savings to paying vendors late as a Carnegie Way benefit. CW#7 stated that the vendor payment terms were changed by the General Manager of Purchasing in the Pittsburgh corporate office and seemed to be part of the Company’s cost cutting efforts. Extending payment terms to vendors did not save the Company money because vendors would become angry and stop selling parts and supplies to the Company.

129. In another example, Goodish described a sham cost-cutting benefit that he learned about in 2016 from a current U.S. Steel employee who worked in purchasing at U.S. Steel. This employee described to Goodish that U.S. Steel obtained three price quotes from vendors for every purchase and then, after selecting the lowest bid, reported the difference in price between the highest and lowest bid as a Carnegie Way benefit.

130. In addition, throughout 2015 until this witness left the Company in 2016, CW#1 attended weekly “war room” meetings where new and existing projects were discussed, including the nature of the project, potential cost savings, plans for implementing the projects and other details. At these “war room” meetings, CW#1 observed that projects designated as being at the D-Gate1 (Define) phase on Monday would miraculously be at the D-Gate 5 (Control) phase by Friday of the same week. CW#1 was baffled as to how these projects could move so quickly on the scale, especially considering the extreme age of Gary Works since older infrastructures cannot be changed that quickly. CW#1 was further baffled as to how purported cost savings (which could be as much as \$4-5 million in claimed savings per project) could be reported for these projects because they had not yet been implemented.

131. In addition, CW#1 observed that in some instances, projects that would take a long time to complete, would miraculously be at D-Gate 5 by the end of the week. CW#1 commented that individuals responsible for each project just had to call this witness’ boss, Robert Lange, the Director of Change Transformation, and request that he advance a project and Lange would do so regardless of whether the project had actually been implemented.

132. According to CW#1, this witness observed multiple projects per week that moved through the D-Gate scale from Monday to Friday, just a five-day period, that could not possibly have been completed in that short of a timeframe. CW#1 also observed that there was a general

increase in this activity towards the end of quarters, which reflected a need “to get the numbers in” before the end of a period so that purported Carnegie Way cost savings could be reported in

133. U.S. Steel’s quarterly reports to the market. With all the layoffs, CW#1 commented that people were afraid their jobs would “be on the chopping block” if they did not “produce value” by having their projects advance through the D-Gate system.

134. CW#1 was not the only one who noticed that the reported Carnegie Way savings were overstated. According to CW#8, charts showing the Carnegie Way savings were distributed internally throughout the Company. CW#8 recalled these charts would show savings that had supposedly been achieved by certain projects, although some of the projects had not yet been implemented. For instance, CW#8 recalled seeing a project on the reports relating to the delivery end of the cold mill at Irvin Works that was shown to be saving the Company money in 2016, yet in actuality, the project had not been implemented yet.

135. Despite the truth – that Carnegie Way was a sham -- Defendants consistently assured investors throughout the Class Period that U.S. Steel was investing in new technologies and maintaining its facilities pursuant to Carnegie Way, stating for example:

- The Carnegie Way “[i]s ***much more than a cost cutting initiative***, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support. Carnegie Way is our culture and the way we run the business. We focus on our strengths and how we can create the most value for our stockholders and best serve our customers. ***We have achieved sustainable cost improvements through process efficiencies and investments in reliability centered maintenance (RCM), and we will continue to find more cost improvements.***” (November 4, 2015 Q&A Packet; January 27, 2016 Q&A Packet; July 26, 2016 Q&A Packet).
- “Contract pricing resets had an immediate impact on our results, while our cost reduction efforts progressed as planned and will continue to grow throughout the year. We took significant actions to align our overhead costs with our operations, ***contributing \$100 million to our Carnegie Way benefits*** for this year. We remain focused on reducing our costs, ***improving the quality and reliability of our operations, and working with our customers*** to deliver

differentiated solutions that will improve our market position and create value for all of our stakeholders.” (April 26, 2016 Press Release).

- “We *continue to implement our reliability centered maintenance process across all of our facilities. We are starting to see the benefits as we have experienced fewer unplanned outages and lower maintenance costs*, and are allowing for a more efficient allocation of our maintenance labor force. We are creating a more reliable and agile operating base that lowers our break-even point, with a key focus on lowering our hot-rolled band costs through operating and process efficiencies. We are improving our ability to adapt quickly to changing market conditions, while striving to provide superior quality and delivery performance for our customers.” (July 26, 2016 Earnings Presentation).
- “With our very strong cash and liquidity position, we remain focused on the investments that we need to continue to make to revitalize our facilities and deliver value enhancing solutions for our customers. (November 1, 2016 Press Release). We have been investing in revitalizing our facilities but, based on the operating challenges we faced in the third quarter, we are accelerating the pace of our efforts. The projects we are pursuing cover all aspects of our operations, and are focused on addressing the assets most critical to our success.” (November 1, 2016 Earnings Presentation).
- “We entered 2016 facing very challenging market conditions, but remained focused on our Carnegie Way transformation efforts. Despite lower average realized prices and shipments in 2016, our results are better as we continued to improve our product mix and cost structure. Our focus on cash, including better working capital management and opportunistic capital markets transactions, resulted in an improved debt maturity profile and stronger cash and liquidity. We are well positioned to accelerate the revitalization of our assets *to improve our operating reliability and efficiency*, and deliver value-enhancing solutions to our customers.” (January 31, 2017)

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136. As discussed below (SOF VII, *infra*), while deferring maintenance, repairs and asset upgrades may have saved money in the short-term, these decisions often ended up costing U.S. Steel more money in the long run.

V. THE U.S. STEEL DEFENDANTS' DECISION TO DEFER MAINTENANCE AND CAPITAL INVESTMENTS RESULTS IN COSTLY, UNPLANNED OUTAGES, LOWER UTILIZATION RATES, AND LOWER CAPACITY AT U.S. STEEL FACILITIES

137. It is commonly known within the steel industry that “[s]teel mills can be more prone to [unplanned] outage[s] as a result of increasingly deferred maintenance.” Michelle Applebaum, *The Misconceptions and Realities of Today’s Steel Market*, AMERICAN METAL MARKET (Oct. 31, 2013).

138. According to CW#11, the “vast majority” of equipment at U.S. Steel facilities was made between 1930 and 1960 and, consequently, required “a lot more repair and maintenance” than contemporary equipment. In fact, prior to and throughout the Class Period,

139. U.S. Steel faced a higher degree of operating leverage compared to the industry cost curve because it produced steel exclusively through the use of blast furnaces, which are older, less efficient, and produce greater fluctuations in capability utilization than electric arc furnaces which were used, at least in part, by the majority of U.S. Steel’s competitors.

140. As detailed *infra* SOF at IX, defendant Longhi and other U.S. Steel executives admitted under oath in their testimony before the U.S. International Trade Commission,¹¹ *inter alia* that “[u]nfortunately, those investments that we need to make are being -- ***we’re not able to make them right now***,”¹² “[t]he situation we face is very grave,”¹³ and the Company’s financials “are nowhere near where they need to be for us to invest in our future.”¹⁴

¹¹ Defendants’ testimony before the ITC was not contained, cited or referenced in any of Defendants’ public statements, analyst reports or any other media sources.

¹² August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

¹³ *Id.*

¹⁴ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

141. As a result of the U.S. Steel defendants’ decisions to idle and close mills and “swing facilities,” its draconian cuts in capital investment and deferral of maintenance and repairs, as well as its massive layoffs of maintenance employees, the Company was required to operate flawlessly at nearly peak capacity all of the time – an impossible task given the age of the equipment, etc.

142. U.S. Steel’s outdated furnaces. CW#11 explained that swing facilities were U.S. Steel facilities that were available to absorb production if and when a plant suffered an unplanned outage. Because every facility was operating at max capacity due to the shutdowns, however, there were no swing facilities available to divert production when a plant outage occurred. According to CW#11, inevitably, the Company’s infrastructure could not sustain such production without regular maintenance and repairs and, thus, fell into disrepair beginning in 2015, before the beginning of the Class Period and only continued to worsen throughout the Class Period.

143. For example, according to CW#10, the Edgar Thomson “melt shop” contained cooling towers that had not been maintained in “years.” At some point during 2015, a new tower was put in. However, according to CW#10, the new tower was not maintained correctly and, in late 2016, all of the “cooling media” ended up melting. CW#10 estimated that this error resulted in significant costs of as much as \$500,000-\$750,000. The cooling tower was eventually repaired in the first quarter of 2017 by CW#10’s current employer.

144. Also in 2015, the Company suffered \$9 million in losses as a result of an electrical generator breaking at U. S. Steel’s Mon Valley facility. Specifically, CW#9 explained that the Mon Valley plant had two electrical generators that were over 70 years old and would repeatedly break. After the “band-aid” could no longer revive one of the electrical generators, the Company was forced to obtain electricity elsewhere. This turned out to be extremely costly, as it took nine months to obtain a new generator and it cost the Company \$1 million per month to obtain

electricity from another source.

145. Thereafter, beginning at least by the second quarter of 2016, the Company’s Gary Works plant – which defendant Longhi described during the Company’s April 26, 2017 earnings call as “one of our most critical assets” – suffered a cascade of undisclosed unplanned outages throughout the year.

146. According to CW#1, it was sometime during January and May 2016 that the wiring for Blast Furnace 14, one of the biggest at the Gary Works facility, was flooded, causing the entire furnace to shut down “for upwards of two weeks.”

147. Soon after that, in May 2016, U.S. Steel also suffered unplanned outages at its Great Lakes Works facility that it did not disclose in its quarterly filings. After being sent a violation notice from the Michigan Department of Environmental Quality regarding the facility’s D4 and B2 blast furnaces, U.S. Steel responded by way of a letter dated May 11, 2016, which was signed by Jon Olszewski, the Primary Plant Manager for Great Lakes Works, and Alexis Piscitelli, the Director of Environmental Control at Great Lakes Works. A carbon copy of the letter was sent to Dave Hacker, U.S. Steel’s General Attorney. In the May 11, 2016 letter the Company averred that on, “Monday April 4th, 2016, United States Steel Great Lakes Works D4 Blast Furnace was in recovery state from a process malfunction.”¹⁵

148. CW#11 stated that the unplanned outages in 2016 occurred “quarter after quarter” and resulted in “thousands of tons of missed steel production” and “hundreds of millions of missed revenue.” CW#11 further explained that unplanned outages could not be predicted and, without swing plants available to divert production during these unplanned outages, production had to be halted. When production is halted or delayed, then the delivery of a customer order is halted or

¹⁵ See http://www.deq.state.mi.us/aps/downloads/SRN/A7809/A7809_RVN_20160511.pdf, last visited September 18, 2017

delayed as well, resulting in lost revenue.

149. According to CW#11, production shortfalls in 2016 were “a good bit short” and more than CW#11 had ever seen, estimating that they were likely as much as 20% short in 2016. CW#11 was able to make such an estimate because CW#11’s position required CW#11 to know manufacturing capacity verses the actual production in order to create a production plan. CW#11 stated that this witness further knew this information because he reviewed daily reports in the Company’s Oracle system, which were closely scrutinized by the Company, and which tracked the actual production verses anticipated production goals. Based on these reports, CW#11 said it was easy to see that actual production was “not even close” to the planned production amount. This was a “painful lesson” for U.S. Steel because “no one wants to give up revenue.”

150. CW#11 believed U.S. Steel’s apparent strategy of underinvesting to be “pennywise/pound foolish” because the corporate office decided to build up the Company’s cash position by cutting back on maintenance, which came at the cost of being unable to meet customer needs and resulted in U.S. Steel losing revenue when it could not fulfill customer orders.

151. As demonstrated in the chart below, contrary to the U.S. Steel defendants’ contemporaneous Class Period public statements claiming U.S. Steel was experiencing “fewer unplanned outages,” such unplanned outages were significantly increasing during the Class Period as a result of the U.S. Steel Defendants’ decision to forego needed maintenance and capital spending:

U.S. Steel Unplanned Outages				
Date	Facility	Length of Outage	Cost	Source
Q1 2014	Great Lakes Works - Steel shop went “offline”	Half of the second quarter 2014	Unknown	Michael Cowden, <i>No Summer Doldrums For Flat Steels: Longhi,</i>

				AMERICAN METAL MARKET (July 30, 2014)
2015	Mon Valley - Electrical Generator broke down	Nine months	\$9 million	CW#9 – cost \$1 million per month
November 2015	Great Lakes Works - two blast furnaces not running	Unknown	Estimated at \$1 million per day per CW#9	Michael Cowden, <i>USS Restarts Second Great Lakes Works BF</i> , AMERICAN METAL MARKET (Nov. 25, 2015)
April 2, 2016	Gary Works - Blast Furnace 14 underwent “unscheduled maintenance”	Two to three days	\$2-\$3 million	Thorsten Schier, <i>U.S. Steel Slates Gary Works Furnace Outage</i> , AMERICAN METAL MARKET (Apr. 7, 2016)
April 4, 2016	Great Lakes Works - D4 Blast Furnace was in “recovery state from a process malfunction”	Unknown	Unknown	May 11, 2016 Letter to State of Michigan, Department of Environmental Quality
April 2016	Gary Works - Blast Furnace 14 flooded	Upwards of two weeks	\$14 million	CW#1 Michael Cowden, <i>USS Restarts Gary Works’ No. 14 BF</i> , AMERICAN METAL MARKET (Apr. 26, 2016)
Third Quarter 2016	“Several . . . steelmaking and finishing facilities” experienced unplanned outages Loss of 125,000 tons of production at flat-rolled operations	Last half of the third quarter	Unknown	U.S. Steel November 1, 2016 Press Release
Around October 2016	Mon Valley - Electrical Generator broke	Unknown	Unknown	CW#9
Fourth Quarter 2016	Edgar Thomson - “cooling media” in the Cooling Towers melted (¶ 144)	U.S. Steel Q1 2017 Presentation states repair made in first	\$2 million	CW#10; U.S. Steel Q1 2017 Presentations disclosed this was repaired in Q1 2017

		quarter 2017		
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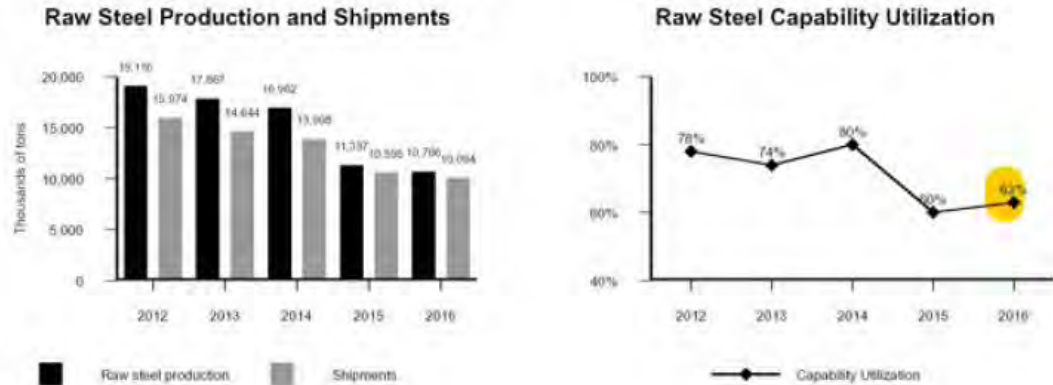
152. Although these unplanned outages occurred in 2015 and throughout 2016, the defendants failed to disclose to investors important details, including the nature of the outages, the length of them, the cost to the Company or that such unplanned outages ever occurred.

153. The parade of unplanned outages throughout 2016 wreaked havoc on the Company's capability utilization, which equals the raw steel tonnage produced divided by the tonnage capability of the Company to produce raw steel for a sustained full order book. During the Company's February 1, 2017 earnings call, defendant Longhi admitted that "[t]he capacity utilization for the finishing last year was pretty tight, and this was the reason why Dan [Lesnak] was saying that some of the investments that we are going to be making, they are going to be given as a capability to do better products, but also to be able to push [capability utilization] up a little bit."

154. As reflected in the charts set forth below, the Company's capability utilization in its flat-rolled segment shrunk, bottoming out at 57% as compared to the industry average of 80%:

Period	Utilization %
Three Months Ended March 31, 2015	60%
Three Months Ended June 30, 2015	58%
Three Months Ended September 30, 2015	66%
Three Months Ended December 31, 2015	57%
Three Months Ended March 31, 2016	66%
Three Months Ended June 30, 2016	65%
Three Months Ended September 30, 2016	64%
Three Months-ended December 31, 2016	57%
Three Months Ended March 31, 2017	65%

Segment results for Flat-Rolled
(Excludes the results of USSC beginning September 16, 2014)



155. These utilization rates are problematic. As Defendant Longhi admits, “Blast furnaces are untamable beasts when it comes to flexibility. You have to operate at very high utilization. If you don’t, the level of instability you create sometimes is untenable.” Michael Cowden, USS Aims to Be Iconic Again Despite Downturn, AMERICAN METAL MARKET (Oct. 15, 2015).

156. Further, as demonstrated in the chart below, these unplanned outages also resulted in declining steel shipments in the Flat-Rolled Segment:

Period	Shipments (thousands of net tons)
Full Year 2014	13,908
Full Year 2015	10,595
Full Year 2016	10,094

157. Despite that U.S. Steel was experiencing costly, unplanned outages and a drastic decrease in capability utilization resulting in as much as 20% less tons of steel produced and, thus, correspondingly less revenue, Defendants falsely represented that the Company was continuing to invest in its facilities and the RCM Carnegie Way initiative.

VI. THE INDIVIDUAL DEFENDANTS WERE AWARE THAT U.S. STEEL WAS DEFERRING IMPORTANT MAINTENANCE AND REPAIRS THROUGH THE DAILY REPORT OF OPERATIONS AND OPERATING EFFICIENCY REPORT

158. According to Goodish, during his employment he created and implemented a Daily Report of Operations to assist in reviewing and analyzing the Company's daily operational performance. Goodish stated that the DRO was published every morning at approximately 5:30 a.m. and was widely available throughout U.S. Steel. All executives, including Burritt, Longhi and Lesnak, could access the DRO from their desktop by clicking on an icon linked to the Company's internal website.

159. Goodish reviewed the DRO report every morning "because that was [his] job." As COO, Goodish explained that he was responsible for overseeing the operations of the Company, including designing and implementing business processes, establishing policies and overseeing executives. CW#5 similarly stated that CW#5 reviewed the DROs every day throughout this witness' employment as a Plant Manager at Great Lakes and Director of RCM at U.S. Steel. CW#5 described the DRO as the "Bible" and "number 1 report" to review for those employees who worked in operations and needed to know how facilities were performing.

160. CW#5 confirmed that the DRO was "well accessible," "used widely" and "anyone" at U.S. Steel could access the reports on the Company's internal website. CW#11 similarly confirmed that planned tons per turn and actual production achieved for all facilities were recorded in Oracle, which was closely scrutinized by the Company.

161. According to Goodish and CW#5, the DRO Report contained various operational data, metrics and statistics reported internally from each plant (*e.g.*, Gary Works, Granite City, etc.). Among the most important metrics were: (1) tons produced; (2) tons shipped; (3) scheduled tons for the day, week, and month-to-date; and (4) tons per scheduled turn. CW#11 explained that

capacity was measured by how many tons of steel could be produced by a facility “per turn” and there were three turns per day.

162. CW#5 also reviewed an Operating Efficiency Report (“OER”), which was prepared monthly and contained information by facility (e.g., Great Lakes) and by unit (e.g., Blast Furnace #14). The OER contained metrics such as delay rate/percentage (indicating downtime from repairs and/or outages), production tons, variable and fixed costs, yield, man hours per ton and utilization, among other metrics, for the prior five years and monthly for the current year. According to CW#5, the OER was available from the Pittsburgh headquarters website and, thus, the individual defendants had access to the OER.

163. CW#5 stated that this witness knew the Individual Defendants reviewed the OER because they discussed information contained in the reports at quarterly meetings for operations managers. CW#5 recalled the quarterly meetings primarily took place in Pittsburgh and were attended by approximately 120 managers and included defendants Longhi and Burritt wherein U.S. Steel’s financial performance, capital spending and other issues were discussed.

164. According to Goodish, one key metric in the DRO from his view was the delay percentage. The delay percentage was calculated as the tons per scheduled turn compared with actual tons produced. A delay percentage of greater than 15% indicated an operational issue that needed immediate attention. CW#11 confirmed that if the stated capacity of a given facility was, for example, 6,000 tons but the actual production was 4,000 tons (e.g., a 33.33% delay), this would be a “red flag.”

165. CW#5 stated that if there was a “big issue,” such as a blast furnace that produced significantly less than it was supposed to produce because of an issue such as an unplanned outage, everyone at the Company could tell “right away” because this was reflected in the DRO. CW#5

also commented that when a blast furnace went down, it cost U.S. Steel approximately \$1 million per day.

166. Recently, within the last couple of months, a current employee of U.S. Steel told Goodish that delay rates on the Hot Strip Mills at Gary Works and Mon Valley were between 35 and 50%, significantly above normal rates of 15%. Delay rates above 15% indicate significant operational problems.

167. The above confidential source accounts are corroborated by the decline in steel shipments, unplanned outages and decreased capital and maintenance spending, among other facts alleged herein, that occurred prior to and throughout the Class Period. *See* Sections IV, V.D, and VII.

168. As discussed above, as a result of unplanned outages and costly repairs from defendants’ failure to invest in and maintain its assets, U.S. Steel’s facilities had been “across the board falling short” on production by “thousands of tons of missed steel production” amounting to approximately 20% of total missed production and resulting in “hundreds of millions of dollars of missed revenue.” This information would have been reported in the DRO and/or OER reports that Defendants reviewed, and therefore knew about or recklessly ignored.

VII. U.S. STEEL PROVIDES SWORN TESTIMONY CORROBORATING THE DRO AND OER REPORTS THAT, CONTRARY TO THE INDIVIDUAL DEFENDANTS’ PUBLIC STATEMENTS, U.S. STEEL IS NOT INVESTING IN, AND MAINTAINING ITS FACILITIES

169. As detailed further *infra* pp. 78-118, prior to and throughout the Class Period, defendants assured investors that U.S. Steel was investing in its assets and maintaining its facilities, stating for example that:

We continue to implement our reliability centered maintenance process across all of our facilities. We are starting to see the benefits as we have experienced fewer unplanned outages and lower maintenance costs, and are allowing for a

more efficient allocation of our maintenance labor force. ***We are creating a more reliable and agile operating base*** that lowers our break-even point, with a key focus on lowering our hot-rolled band costs through operating and process efficiencies.

See, e.g., July 26, 2016 Earnings Presentation.

170. Yet in direct contradiction to these statements, the defendants and other U.S. Steel executives were testifying under oath before the U.S. International Trade Commission that the Company was not reinvesting in its technology or undertaking necessary capital expenditures to sufficiently maintain its facilities, stating for example: “investments that we need to make are being – we’re not able to make them right now.” *See* Robert Kopf, U.S. Steel, August 18, 2015 Transcript in Cold-Rolled Steel Flat Products from Brazil, China, India, Japan Korea, Russia and the United Kingdom (Investigation Nos. 701-TA-540-544 and 731-TA- 1283-1290) (Emphasis added).

171. Specifically, throughout 2015 and 2016, U.S. Steel and several other domestic steel producers filed complaints with the U.S. International Trade Commission to initiate investigations under Title VII of the Tariff Act of 1930 to determine if China and certain other countries were involved in dumping steel in U.S. markets or were subsidizing steel sold in U.S. Markets. U.S. Steel also filed a complaint to initiate an investigation under Section 337 of the Tariff Act of 1930 against the largest Chinese steel producers and their distributors, as well as other foreign steel producers. The Section 337 complaint alleged illegal unfair methods of competition and sought the exclusion of all unfairly traded Chinese steel products from the U.S. market.

172. In testimony under oath before the ITC in the anti-dumping investigations, the Defendants and other U.S. Steel executives admitted that the Company was not investing in, or maintaining, its assets, which directly contradicted their public statements to investors. For example, defendants made the following contradictory statements to the ITC, under oath:

Date	Speaker	Statement
August 18, 2015	Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions	As the U.S. grew out of the recent economic crisis and demand for cold-rolled steel increased, <i>U.S. Steel had an opportunity to grow its business to reinvest in technology</i> , and its workers and undertake useful capital expenditures. <i>However, subject imports deprived U.S. Steel and other U.S. producers of this opportunity.</i>
August 18, 2015	Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions	"Let me be clear, the current situation is not sustainable. We cannot afford cold-rolled steel at such low prices. <i>We cannot afford to keep operating at such low levels of capacity utilization.</i> If these conditions continue, <i>there is no question that there will be further shutdowns and layoffs throughout the industry.</i> "
August 18, 2015	Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions	<i>The situation we face is very grave.</i> Only yesterday we were forced to announce the shutdown of all steel making and rolling operations at our facility in Fairfield, Alabama. A decision which was really hard....
August 18, 2015	Rob Kopf, US Steel's General Manager	<i>So we're having to spend enormous amounts of money to put together alternatives for our customers, to still buy steel. Unfortunately, those investments that we need to make are being -- we're not able to make them right now,</i> given the fact that these people are coming in and taking \$750 million of revenue that this industry should have used to invest in further products.
September 29, 2015	Robert B. Schagrin, Counsel for Domestic Steel Industry	And when you go through periods in which competition gets tougher, and pricing gets worse, and <i>you've got a mill that has been under-invested, that's going to close. And one of the things that shocks me, and it came about as I was, you know, listening in a recent case about the closure of most of U.S. Steel Fairfield, I was saying, wow, that was, you know, trumpet is such a great new state-of-the-art mill, and then I was thinking, yeah, that's when I started doing this in the early '80s, you know?...Because even a super duper brand new mill in an area like steel, if you under-invest for 10 years, all of a sudden you're not going to be competitive anymore.</i>

May 24, 2016	Mario Longhi, U.S. Steel Chief Executive Officer	More than half of the Domestic Producers reported operating at a net loss in 2015. <i>At the risk of stating the obvious, these results do not even come close to representing a sufficient return for a capital-intensive industry like ours.</i> <i>I'm choosing my words carefully when I say that for an industry that must invest and innovate to survive, these results occurring in a period of excellent demand are simply catastrophic...</i>
May 24, 2016	Mario Longhi, U.S. Steel Chief Executive Officer	"The last two years should have been banner years for American cold-rolled steel producers. We should have been able to increase our sales, operate our plants on maximum capacity utilization levels, hire more workers, <i>make badly needed profits and re-invest some of those profits into new technologies and new products,</i> "
May 24, 2016	Mario Longhi, U.S. Steel Chief Executive Officer	<i>[O]ur company and our industry have experienced dramatic declines in production, sales and capacity utilization. The effects have been disastrous. In cold-rolled steel, the American industry's operating income and operating margins have been low and continue to decline. <u>In fact, they are nowhere near where they need to be for us to invest in our future,</u> to compete at home and abroad and to comply with all the environmental and regulatory requirements that we face.</i>
June 24, 2017	Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions	Demand for corrosion resistant steel is the strongest since 2007 and yet U.S. Steel has not had a fair chance to take full advantage of this demand because of unfairly traded imports. <i>We will never know the new products that we could have invested in,</i> or the number of new workers that could have been hired.

173. In addition to this testimony, U.S. Steel was required to fill out confidential questionnaires in connection with each antidumping and countervailing duty complaint filed with the ITC, which detailed the Company's capital expenditures and effects on investments, amongst other information. Based on a blank questionnaire, issued in the corrosion-resistant steel

investigation (final), page 7, for example, U.S. Steel was required to detail any changes in its facility operations such as prolonged shutdowns, disruptions, or production curtailments. The questionnaire, at pages 11-12, also required U.S. Steel to report its average production capacity versus actual production.

174. In testimony before the ITC on May 26, 2016 in *Certain Corrosion-Resistant Steel Products from China, India, Italy, Korea, and Taiwan* (Investigation Nos. 701-TA-534-538 and 731-TA-1274-1278), expert Jim Dougan of Economic Consulting Services, LLC testified on behalf of respondents, stating:

In presenting its case, the domestic industry points to an increase in subject import volume, a decline in market share and allegedly inadequate profits, but without acknowledging some of the basic realities of the marketplace.

To begin, there were *no adverse volume effects by reason of subject imports*. First, subject imports' volume increased only in 2014 when the Commission found no reasonable indication of current material injury. As shown in prehearing report Table C-1, during 2014, the industry's production and capacity utilization increased and were at their highest levels of the POI.

The industry's reported capacity utilization in both 2014 and 2015 would undoubtedly been higher if not for the effect of supply disruptions that limited the practical capacity of many domestic producers and drew both subject and non subject imports into the market.

Interestingly, in presenting their injury case, petitioners made no mention of these well-documented supply disruptions. Instead, they blamed subject imports for their decrease in market share, making no mention of the impact of 2014's cold winter on their operations. But in addition to the bad weather events of 2014, **the domestic industry undertook extended maintenance outages and closed inefficient and outdated equipment lines in 2014, 2015 and 2016, none of which are attributable to subject imports.**

There are a myriad of contemporaneous press articles that document these disruptions, attached to respondents' prehearing brief. And much of that information is public, so I'll be happy to expand on that later if you like.

U.S. Purchaser's Questionnaires in the final phase confirmed these supply disruptions. Sixteen of forty-two purchasers reported supply constraints, and

fourteen of them, which represent a very significant percent of purchases, their allegations repeated at prehearing brief for our Korean respondents, Pages 29 to 31. *These were not fictional supply constraints. They were real and they were significant. In the case of U.S. Steel alone, one article noted that they lost 400,000 tons of production in 2014.*

The key employment indicators all rose from 2013 to 2015, and absent one producer, the sales volume of the rest of the industry increased. *Additionally, although the domestic industry's market share declined, as we discussed in the prehearing briefs, it was attributable to significant supply disruptions in 2014 and 2015, the effects of which continue into the current year.*

So, you know, there is a number of these things that -- this isn't limited to January through March of 2014. *This recurred again and again and again and it may have been most severe -- I mean the US Steel, 400,000 tons, 400,000 tons in 2014. That's a big number. And that was the most significant,* which is why you hear the most about it. But these things did not stop them.

175. Thus, while defendant Longhi was assuring investors throughout the Class Period that, *inter alia*, “[w]e are starting to see the benefits as ***we have experienced fewer unplanned outages and lower maintenance costs,***” “there has been and will be sustainable cost improvements through process efficiency and ***investments in reliability centered maintenance,***” and “***no, we have not been under-spending,***” he was contemporaneously pleading with the ITC that “those investments that we need to make are being – ***we’re not able to make them right now,***” “[t]he situation we face is very grave,” and the Company’s financials “***are nowhere near where they need to be for us to invest in our future.***”

VIII. U.S. STEEL LAUNCHES STRATEGICALLY TIMED SECONDARY OFFERING

176. As discussed *supra* SOF at VII, the Company's failure to engage in preventative maintenance and timely repairs resulted in numerous unplanned outages, which cost the Company as much as \$1 million per day. As the number of outages and plant shutdowns increased in 2016, the Company was in desperate need of cash to continue its operations and repair its facilities. Accordingly, the defendants discretely engaged in a secondary offering in August of 2016. At the time of the SPO, the Company stated it intended to "use the net proceeds from the offering for financial flexibility, capital expenditures and other general corporate purposes." However, on April 25, 2017, defendant Longhi admitted that the true reason the SPO was conducted was "to give us the financial strength and liquidity *to position us to establish an asset revitalization plan large enough to resolve our issues* and to see that plan through to completion."

177. Specifically, on August 8, 2016, the defendants filed a preliminary prospectus supplement (the "SPO Prospectus") with the SEC indicating the Company would be offering 17 million shares of common stock for sale. The SPO Prospectus also granted the underwriters an option to purchase up to an additional 2.55 million shares of common stock. The underwriters for the SPO include J.P Morgan Securities LLC, Goldman Sachs & Co., Barclays Capital Inc., Wells Fargo Securities, LLC, Credit Suisse Securities (USA) LLC, Morgan Stanley & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Inc., PNC Capital Markets LLC, Scotia Capital (USA) Inc., Citizens Capital Markets, Inc., SunTrust Robinson Humphrey, Inc., BNY Mellon Capital Markets, LLC, Citigroup Global Markets, LLC, Commerz Markets LLC, The Huntington Investment Company, SG America Securities, LLC, The Williams Capital Group, L.P., and ING Financial Markets LLC.

178. A few days later, on August 11, 2016, the Company filed a prospectus supplement (the “Expanded SPO Prospectus”) announcing that the size of the SPO was being expanded to 18.9 million shares of common stock. The Expanded SPO Prospectus reiterated that the SPO was being conducted for “financial flexibility, capital expenditures and other general corporate purposes.” The Expanded SPO Prospectus also granted the underwriters an option to purchase an additional 2.835 million shares of common stock.

179. The SPO was a firm commitment underwriting meaning the underwriters agreed to purchase all of the shares in the offering and sell them to the investing public. Accordingly, pursuant to the Underwriting Agreement between U.S. Steel and the underwriters, each underwriter was obligated to purchase the following number of shares:

Underwriter	Number of shares
J.P Morgan Securities LLC	6,418,240
Goldman Sachs & Co.	5,348,534
Barclays Capital Inc.	1,355,730
Wells Fargo Securities, LLC	1,355,730
Credit Suisse Securities (USA) LLC	625,722
Morgan Stanley & Co. LLC	625,722
Merrill Lynch, Pierce, Fenner & Smith Inc.	725,736
PNC Capital Markets LLC	343,770
Scotia Capital (USA) Inc.	343,770
Citizens Capital Markets, Inc.	229,180
SunTrust Robinson Humphrey, Inc.	229,180
BNY Mellon Capital Markets, LLC	190,983
Citigroup Global Markets, LLC	190,983
Commerz Markets LLC	190,983
The Huntington Investment Company	190,983
SG America Securities, LLC	190,983
The Williams Capital Group, L.P.	190,983
ING Financial Markets LLC	152,788
Total:	18,900,000

180. The Company estimated such expenses, excluding underwriting discounts and commissions, would be approximately \$500,000. The underwriters received a total of \$15.2 million in underwriting discounts and commissions.

181. In total, U.S. Steel issued 21.735 million shares of common stock in the SPO at a price of \$23.00 per share, netting proceeds of approximately \$482 million.

182. Meanwhile, unbeknownst to U.S. Steel investors, and as later admitted on April 25, 2017 by defendant Longhi, these funds were expected to be used for a much needed asset revitalization program to make up for the fact the RCM program was never implemented. Defendant Longhi's April 25, 2017 admission leaves no doubt as to the reason for the SPO, when he unequivocally stated that "[w]e issued equity last August to give us the financial strength and liquidity to position us to establish an asset revitalization plan large enough to resolve our issues, and to see that plan through to completion." (Emphasis added).

183. Accordingly, the SPO was conducted to provide funds for immediate and costly updates as a result of the increased unplanned outages and other operational challenges faced by U.S. Steel, and was not conducted for "financial flexibility" as originally represented to investors.

IX. WITH THE "WRITING ON THE WALL," DEFENDANTS LONGHI AND BURRITT QUICKLY SELL THE MAJORITY OF THEIR PERSONAL HOLDINGS OF U.S. STEEL STOCK

184. While defendants were fully aware that U.S. Steel's Flat-Rolled facilities were experiencing increased unplanned outages and other operational challenges that necessitated immediate costly updates and improvements, the Individual Defendants unloaded their holdings of U.S. Steel stock at inflated prices. These sales began immediately after U.S. Steel's November 2016 announcement that the Company had faced "some operational challenges," including "unplanned outages in the third quarter [2016]," but while U.S. Steel's stock price was still

artificially inflated by the SPO and defendant Longhi's tempering, unequivocal assertion on a November 2, 2016 conference call, that:

And ***I would offer that, no, we have not been under-spending.*** What we've been doing is, we've only been able to accomplish what we've accomplished and gotten to the position that we are, because ***we've been investing appropriately in making sure that everything that we know is being addressed and moving to*** minimize the conditions that we experienced in the past quarter, which is unplanned events. So we've been able to get to this point, because we've been doing all of the right things.

185. As detailed further *infra* pp.137-140, the individual defendants sold approximately \$25 million of personally held common stock over an abbreviated timeframe, under circumstances that were extremely suspicious in timing and amount. Specifically, neither defendant Longhi nor Burritt had sold a single share of common stock before the start of the Class Period. Then, beginning just after U.S. Steel's partial disclosure of "some operational issues" and "unplanned outages" at its Flat-Rolled facilities on November 1, 2016 (and simultaneous representation by defendant Longhi that "we have not been under-spending" and that "we've been investing appropriately"), they collectively sold or determined to sell 699,671 shares of U.S. Steel common stock over the course of only eight trading days, for total proceeds of \$24,980,414.46.

186. These sales began with defendant Burritt's transaction on November 23, 2016 – just weeks after the Company's tempered partial disclosure of "some operational issues" and "unplanned outages" – where he sold \$1,686,315 worth of common stock. Only two trading days later, on November 28, 2016, defendant Longhi followed suit and sold shares for proceeds of \$8,938,688 worth of common stock. Defendant Longhi sold \$5,775,142 worth of common stock over the next seven trading days, between December 5 and 7, 2016. Defendant Burritt sold shares of common stock for proceeds of \$8.4 million on February 21, 2017. Thus, in effect, U.S. Steel's two primary executives sold or determined to sell, in parallel, \$25 million of personally held

common stock over the course of only two weeks, immediately following their partial disclosure of “some operational issues,” and “unplanned outages.”

187. These sales often correlated with market moving news days and/or days in which the individual defendants were in possession of material non-public information. For example, the executives’ trades began shortly after the Company’s August 2016 SPO, which was later disclosed to have been conducted to fund the Company’s critically necessary asset revitalization process as U.S. Steel’s Flat-Rolled facilities were experiencing severe operational issues and outages. Indeed, defendant Longhi subsequently admitted on the last day of the Class Period – after he and defendant Burritt had successfully sold approximately 57% and 64%, respectively, of their personal holdings – that the SPO had been conducted to “establish an asset revitalization plan large enough to resolve our issues” (emphasis added). Further, defendant Burritt sold approximately \$8,363,327 in common stock on February 21, 2017, only eight days before he took over day-to-day control of the Company.

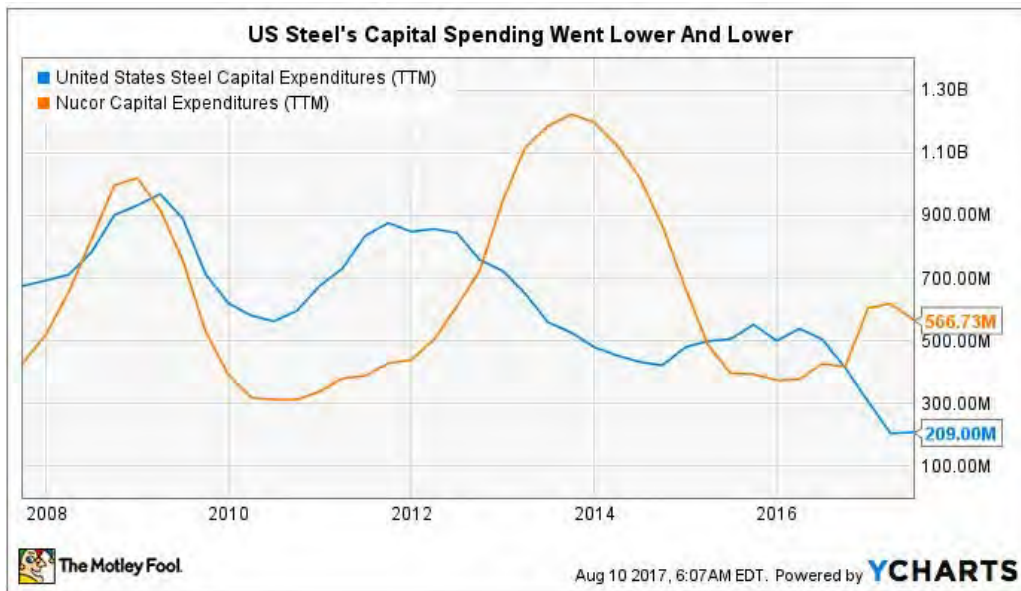
188. In total, defendant Longhi sold 443,250 shares over eight trading days for total proceeds of \$14,930,871.40 representing 57% percent of his holdings and has not transacted since, while defendant Burritt sold or determined to sell 256,421 shares over five trading days for total proceeds of \$10,049,543.06 representing 64% percent of his holdings and has not sold a sing share of U.S. Steel stock since.

X. U.S. STEEL’S DECREASED PRODUCTION AND CAPACITY UTILIZATION CAUSE THE COMPANY TO LOSE SIGNIFICANT MARKET SHARE

189. As a result of the U.S. Steel defendants’ decisions to defer maintenance and facility upgrades, U.S. Steel was unable to contend with competitors who maintained and repaired their modern equipment (such as mini mills using electric arc furnaces), which they use rather than older blast furnaces used in integrated steel production – which U.S. Steel uses exclusively.

190. Mini-mills can more easily adjust production volume in response to changes in demand, and the steel market improved over the course of 2016, making it much easier for competitors to adjust to this demand with their electric furnaces. By deferring maintenance and upgrades, U.S. Steel was unable to increase shipments and capacity utilization as nimbly as competitors such as Nucor Corporation, AK Steel Holding Corporation, and Steel Dynamics, Inc. In fact, defendants' decisions exacerbated the situation by causing outages and missed shipments which affirmatively reduced U.S. Steel's market share.

191. The disparity between defendants' capital spending and its peer group is illustrated in the chart below, which shows that while steel companies, such as Nucor Corporation, were increasing capital expenditures and investing in the future, U.S. Steel was doing the complete opposite and continuously decreasing its spending and focusing on near term cost cutting:



192. Indeed, as May 4, 2017 article from The Motley Fool, entitled “*United States Steel Corporation Stock Plunged 34% in April: What Now?*”, the author noted [w]hile Nucor turned the downturn into an opportunity by acquiring businesses and keeping its existing facilities in shape, U.S. Steel is upgrading its core facilities and fixing up inefficiencies now, at a time when it should

be improving operational rates.”

193. As demonstrated in the chart below, based upon data from the 2016 Form 10-K and the 2016 Annual Statistical Report produced by the American Iron and Steel Institute,¹⁶ U.S. Steel’s market share shrunk year-over-year between 2014 and 2016 in every product category except coated steel, which remained approximately level between 2015 and 2016:

U.S. Steel Shipments Compared with American Iron and Steel Institute Net Shipments by Domestic Producers¹⁷			
(in thousands of tons)			
	2014	2015	2016
Hot Rolled Sheets			
- U.S. Steel	4,909	3,283	2,784
- AISI Hot Rolled Sheets	22,739	20,578	21,161
U.S. Steel Share of AISI Total	21.59%	15.95%	13.16%
Cold Rolled Sheets			
- U.S. Steel	4,207	3,507	3,775
- AISI Cold Rolled Sheets	11,248	10,038	10,972
U.S. Steel Share of AISI Total	37.4%	34.9%	34.4%

¹⁶ The American Iron and Steel Institute is a trade association of North American steel producers, including U.S. Steel, which was founded in 1908 by Elbert H. Gary who was U.S. Steel’s chairman at the time.

¹⁷ American Iron and Steel Institute (“AISI”) data are from its 2016 Annual Statistical Report. AISI states “[g]ross shipments represent aggregate tonnage shipped by reporting companies including steel consumed by the companies in their own construction, maintenance, repair and operations, as well as in their own manufacture of fabricated products. Net shipments eliminate tonnage duplication by deducting from the gross total those shipments from one reporting company to another reporting company for conversion, further processing or resale.”

Coated Sheets			
- U.S. Steel	3,316	2,511	2,655
- AISI Hot Dipped, Electrolytic, all other metallic coated sheets and strips	18,199	17,674	18,316
U.S. Steel Share of AISI Total	18.2%	14.2%	14.5%
Tubular			
- U.S. Steel	1,622	593	400
- AISI Standard Pipe, OCTG, line pipe	4,400	2,229	2,070
U.S. Steel Share of AISI Total	36.9%	26.6%	19.3%

194. At the same time the defendants ultimately announced a net loss of \$180 million in the First Quarter of 2017, its competitors all announced profits. For example, on April 20, 2017, Nucor Corporation announced consolidated net earnings of \$356.9 million, or \$1.11 per diluted share, for the first quarter of 2017. On April 25, 2017, AK Steel reported net income of \$62.5 million, or \$0.19 per diluted share of common stock, for the first quarter of 2017, compared to a net loss of \$13.6 million, or \$0.08 per diluted share, for the first quarter of 2016. On April 19, 2017, Steel Dynamics, Inc. reported first quarter 2017 net income of \$201 million, or \$0.82 per diluted share, with net sales of \$2.4 billion.

195. U.S. Steel continues to significantly underperform its competitors

XI. THE FAILURE OF “CARNEGIE WAY” RESULTS IN DEFENDANT LONGHI BEING PHASED OUT AS CEO

196. On February 28, 2017, U.S. Steel announced that defendant Burritt had been elected to the positions of President and Chief Operating Officer of the Company, and would assume all responsibility for the day-to-day operations of U.S. Steel in the United States and Central Europe. This announcement signaled the first step in the transition of power from Longhi to Burritt and the Company’s abandonment of the botched Carnegie Way initiative.

197. Then, on May 10, 2017, U.S. Steel announced that \defendant Longhi was retiring as CEO, effective immediately, and that Burritt would assume the role in place of Longhi. Conspicuously, defendant Longhi’s retirement came merely two weeks after the Company had announced its dreadful first quarter 2017 results, which reflected deteriorating financial results despite improved market conditions due to the Company’s operational challenges.

198. Despite layoffs, plant closures, lack of profit, under-invested facilities and equipment, and a reported net loss for the 2016 fiscal year of \$440 million, defendant Longhi received a \$4.35 million bonus for the 2016 fiscal year– his largest bonus ever.

DEFENDANTS’ MATERIALLY FALSE AND MISLEADING CLASS PERIOD STATEMENTS AND OMISSIONS

199. In order to conceal the Company’s true condition from investors throughout the Class Period, defendants issued a series of pervasive and material misstatements and omitted material facts in the Company’s public filings, press releases, conference calls, investor presentations and other documents. These material misstatements and omissions created the false impression that U.S. Steel was not experiencing severe unplanned outages and operational issues at its Flat-Rolled facilities, and that the Company was actually investing in and maintaining its facilities. Indeed, defendants were fully aware in 2015 that U.S. Steel’s Flat-Rolled facilities were

experiencing increased unplanned outages and other operational challenges that necessitated immediate costly updates and improvements.

200. This false impression caused the Company's stock price to be artificially inflated throughout the Class Period and, among other things, facilitated the individual defendants' massive insider sales.

I. FALSE AND MISLEADING STATEMENTS IN THE JANUARY 2016 PRESS RELEASE AND PRESENTATIONS

201. On January 26, 2016 after the market closed, U.S. Steel issued a press release, entitled *United States Steel Corporation Reports 2015 Fourth Quarter and Full Year Results with Strong Liquidity and Positive Operating Cash Flow Under Challenging Market Conditions*, announcing the Company's fourth quarter 2015 and annual 2015 financial results (the "2015 Press Release"). In the 2015 Press Release, the Company reported an annual net loss and adjusted net loss of \$1.5 billion, or \$10.32 per diluted share, and \$262 million, or \$1.79 per diluted share, respectively. U.S. Steel also reported revenue of \$11.6 billion, down \$5.9 billion from \$17.5 billion in 2014.

202. With respect to the Flat-Rolled segment, the Company reported an EBIT loss for 2015 of \$237 million, down from positive EBIT in 2014 of \$709 million. In explaining the decline in the Company's fourth quarter and annual 2015 financial results for its Flat-Rolled segment, Defendants blamed it all on the "challenging" market conditions causing a "decrease in average realized prices:"

Fourth quarter results for our Flat-Rolled segment declined as compared to the third quarter primarily due to a decrease in average realized prices. Imported flat- rolled products, much of which we believe are dumped and/or subsidized, continued to harm the domestic market, as they did for all of 2015, placing downward pressure on both our spot and our contract prices. Our average realized prices declined during the fourth quarter by approximately \$30 per ton, while fourth quarter shipments were comparable to third quarter. Full-year Flat-Rolled segment results

for 2015 declined from 2014 driven by lower shipments and average realized prices due primarily to the negative impact of imports, as described above, and high supply chain inventories

203. In the 2015 Press Release, defendant Longhi praised the purported benefit of the Carnegie Way initiative, falsely assuring investors that U.S. Steel was experiencing “real” and “significant progress”:

The **\$815 million of Carnegie Way benefits we realized** in 2015 show that we continue to make **significant progress** on our journey toward our goal of achieving economic profit across the business cycle. **Our progress is real** and **it is substantial**, but our fourth quarter and full-year results show that it is not yet enough to fully overcome some of the worst market and business conditions we have seen.

204. Despite the U.S. Steel Defendants’ undisclosed decision to defer spending on desperately needed maintenance and upgrades to its manufacturing facilities and infrastructure, they applauded the Company’s “positive operating cash flow of \$359 million for the year ended December 31, 2015,” with \$755 million in reported cash.

205. Commenting on U.S. Steel’s 2016 Outlook, defendant Longhi assured investors that U.S. Steel was successfully “positioned to respond to improving market conditions” and expected 2016 adjusted EBITDA to “be near breakeven” under current market conditions:

We have a strong and growing pipeline of Carnegie Way projects that will provide benefits in our operating segments and all other areas of our company. The substantive changes and improvements we are making continue to increase our earnings power. We are working hard every day to serve our customers and are **well positioned to respond to improving market conditions**.

206. In connection with the January 2016 Press Release, U.S. Steel also provided a Fourth Quarter and Full Year 2015 Earnings Conference Call and Webcast Presentation (the “2015 Earnings Presentation”) and a Fourth Quarter 2015 Questions and Answers Presentation (the “Q4 2015 Q&A Packet”) posted on the Company’s website.

207. The 2015 Earnings Presentation falsely reported a “realized” Carnegie Way benefit of \$815 million, attributing \$647 million to the Flat-Rolled Segment.

208. The Q4 2015 Q&A Packet falsely stated that:

- Carnegie Way was “*much more than a cost cutting initiative*, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.”
- U.S. Steel had: “*achieved sustainable cost improvements through process efficiencies and our investments in reliability centered maintenance (RCM)*, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.”

209. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$815 million was materially overstated because the defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but,

instead, was Company-specific; (vii) U.S. Steel’s purported positive operating cash flow was at the expense of the U.S. Steel defendants’ decision to defer desperately needed maintenance and capital spending; and, thus (viii) U.S. Steel’s business and prospects were far worse than represented.

II. FALSE AND MISLEADING STATEMENTS ON THE JANUARY 27, 2016 INVESTOR CONFERENCE CALL

210. On January 27, 2016, the individual defendants held an investor conference call with analysts to discuss the Company’s fourth quarter and full year 2015 financial results (the “January 2016 Call”). During the January 2016 Call, defendant Burritt falsely claimed that U.S. Steel was making investments to achieve its “long-term strategy”:

[W]e know we are managing our business to maintain a strong cash position and to be prepared to respond quickly when the recovery begins. We said last quarter that we will be disciplined on our capital allocation strategies and decisions and ***will continue to make the investments that support our long-term strategy*** but we will do so in a manner and at a pace that is appropriate based on our ability to generate cash.

According to the U.S. Steel defendants, the Company’s long-term strategy under the Carnegie Way program was to, among other things, improve the “reliability of our operations.”

211. Defendant Burritt further assured investors that U.S. Steel was “deeply focused” on the manufacturing processes and “creating a more reliable and agile operating base that lowers [the Company’s] breakeven point and improves [its] ability to adapt quickly to changing market conditions while providing superior quality and delivery performance for [U.S. Steel’s] customers.”

212. Remarkably, Defendant Longhi stated that the Company was “realizing [operating efficiencies] from higher utilization rates” and that “if you look at the improvements that are being put in place, it’s not going to require us to go back to the full volume to deliver even better results.”

Mr. Longhi further stated “[w]e can go to higher utilization rates at our current facilities. We’re not required to go back to full volume in order to produce better results.”

213. The above statements were materially false and misleading when made because: (i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iii) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (iv) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); and, thus, (v) U.S. Steel’s business and prospects were far worse than represented.

III. FALSE AND MISLEADING STATEMENTS IN THE 2015 FORM 10-K

214. On February 29, 2016, U.S. Steel filed its Annual Report on Form 10-K with the SEC for the year-ended December 31, 2015 (the “2015 Form 10-K”), which was signed by defendants Longhi and Burritt.

215. The 2015 Form 10-K contained essentially the same false and misleading statements as the 2015 Press Release. The defendants also made material misstatements in the 2015 Form 10-K concerning U.S. Steel’s: (1) Carnegie Way benefits and results; (2) declining financial results as attributable primarily to market factors; and (3) outlook and financial forecasts.

216. Specifically, in the 2015 Form 10-K, the defendants falsely represented with respect to the Carnegie Way initiative that U.S. Steel’s “progress is real and it is substantial.” (Emphasis added).

217. The Company also reported \$815 million of purported Carnegie Way benefits realized in 2015.

218. With respect to the substantial decrease in net sales, Defendants blamed it primarily on unfavorable market conditions without any mention of the Company’s failure to properly invest and maintain its asset base (emphasis supplied):

Decrease in net sales in 2015 is primarily due to decreased shipment volumes and lower average realized prices as a result of challenging market conditions, including high import levels, much of which we believe are unfairly traded, which have served to reduce shipment volumes and drastically depress both spot and contract prices.

* * *

The decrease in sales for the Flat-Rolled segment primarily reflected a decrease in shipments (decrease of 3,313 thousand net tons), which includes the deconsolidation of USSC (represents 1,532 thousand net tons, or 46%, of the total volume decrease) and lower average realized prices (decrease of \$77 per net ton) ***as a result of market conditions, including high import levels, which has served to reduce shipment volumes*** and drastically depress both spot and contract prices. . . The decrease in sales for the Tubular segment primarily reflected lower shipments (decrease of 1,151 thousand net tons) as a result of decreased drilling activity and continued high import levels and lower average realized prices (decrease of \$74 per net ton).

219. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$815 million was materially overstated because defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) the

defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company's infrastructure, resulting in "thousands of tons of missed steel production" of at least 20% of total capacity; (iv) U.S. Steel was experiencing unplanned outages "quarter after quarter" in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (see SOF at VII, *supra*); (v) as a result of (iii) and (iv) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; and, thus (vi) U.S. Steel's business and prospects were far worse than represented.

220. In response to the above material misstatements, U.S. Steel's stock price increased 24.5% from \$9.12 per share on February 29, 2016 to \$11.35 per share on March 2, 2016.

IV. FALSE AND MISLEADING STATEMENTS IN THE APRIL 26, 2016 PRESS RELEASE AND PRESENTATIONS

221. On April 26, 2016, U.S. Steel issued a press release, entitled "*United States Steel Corporation Reports 2016 First Quarter Results with Strong Liquidity and Positive Operating Cash Flow Under Challenging Market Conditions*," announcing the Company's first quarter 2016 financial results (the "April 2016 Press Release"). In the April 2016 Press Release, the Company reported a first quarter net loss of \$340 million, or \$2.32 per diluted share. U.S. Steel's reported revenues decreased by \$231 million and \$931 million as compared to \$2.6 billion in the fourth quarter 2015 and \$3.3 billion in the first quarter of 2015, respectively.

222. In particular, for the Flat-Rolled segment, the Company reported an EBIT loss for the first quarter 2016 of \$188 million, as compared to an \$88 million EBIT loss in the fourth quarter 2015 and \$67 EBIT loss for the first quarter 2015. In the accompanying Segment and Financial Operating Data Presentation, U.S. Steel reported tons shipped for the first quarter 2016 of 2,498 thousand as compared to 2,617 thousand tons for the first quarter of 2015 and 2,591 thousand tons for the fourth quarter 2015.

223. Commenting on U.S. Steel’s first quarter 2016 results, defendant Longhi claimed Carnegie Way benefits realized for the first quarter 2016 of \$100 million and falsely assured investors:

We took significant actions to align our overhead costs with our operations, contributing \$100 million to our Carnegie Way benefits for this year. We remain focused on reducing our costs, *improving the quality and reliability of our operations*, and working with our customers to deliver differentiated solutions that will improve our market position and create value for all of our stakeholders. We *are well-positioned to benefit from currently improving market conditions for our Flat-Rolled* and European segments.

224. In explaining the decline in the Company’s first quarter 2016 results for its Flat-Rolled segment, the U.S. Steel defendants, again, blamed it primarily on poor market conditions and did not attribute any of the Company’s declining sales or inability to take advantage of improving raw material and energy prices to U.S. Steel’s outdated and poorly maintained infrastructure that was significantly affecting production:

First quarter results for our Flat-Rolled segment declined as compared to the fourth quarter primarily due to decreases in average realized prices for our contract business and slightly lower average spot prices compared to the fourth quarter. Seasonally lower results from our mining operations and a \$50 million unfavorable effect from planned liquidations of inventory costed using the last-in- first-out (LIFO) method related to our targeted working capital reductions in 2016 contributed to the decline in results in the first quarter. The favorable impacts of lower raw materials and energy prices, lower spending and overhead costs, and increased operating efficiencies from our current operating configuration only partially offset the unfavorable items

225. Moreover, despite the individual defendants’ undisclosed decision to defer spending on desperately needed maintenance and upgrades to its manufacturing facilities and infrastructure, U.S. Steel highlighted its “positive operating cash flow” of \$113 million for the first quarter 2016 with \$705 million in reported cash.

226. Commenting on U.S. Steel’s 2016 Outlook, defendant Longhi told investors that “recent increases in prices for flat-rolled products will begin to be reflected in [U.S. Steel’s] results in the second quarter” and the Company would “benefit from the improving market conditions.”

227. U.S. Steel also increased the Company’s 2016 forecast from “breakeven” to “2016 adjusted EBITDA [of] near \$400 million” and projected Flat-Rolled segment results to be “higher than” 2015 results.

228. In connection with the April 2016 Press Release, U.S. Steel also provided a First Quarter 2016 Earnings Presentations (the “Q1 2016 Earnings Presentation”) and a First Quarter 2016 Questions and Answers Presentation (the “Q1 2016 Q&A Packet”) posted on the Company’s website.

229. The Q1 2016 Earnings Presentation contained similar false and misleading statements concerning the purported benefits of the Carnegie Way initiative and that the Company was positioned to take advantage of positive changes to market conditions:

- “Including the benefits from projects we implemented during the first quarter, our new total for the *full year impact from Carnegie Way benefits in 2016 is \$600 million* as compared to 2015 as the base year. These benefits resulted from the *completion of almost 500 projects* in the first quarter. . . particularly in the areas of manufacturing and supply chain, where we have our greatest opportunities for improvement.
- We *continue to implement our reliability centered maintenance process across all of our facilities. The benefits are starting to be reflected in fewer unplanned outages and lower maintenance costs and are allowing for a more efficient allocation of to be reflected in fewer unplanned outages and lower maintenance costs*, and are allowing for a more efficient allocation of our maintenance labor force.”
- “The Company is undertaking “*operating updates*” at “Steelmaking facilities[,] Flat-Rolled finishing facilities[,] . . . Tubular facilities [and] U.S. Steel Europe.”
- “The Carnegie Way methodology remains a powerful driver of new value creating projects . . . Our pace of progress on the Carnegie Way transformation continues to exceed our expectations. The continuing benefits are improving

our capability to earn the right to grow and then ***drive sustainable profitable growth*** over the long-term

230. Similarly, the Q1 2016 Q&A Packet falsely stated that:

- Carnegie Way was “***much more than a cost cutting initiative***, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.”
- U.S. Steel had “achieved sustainable cost improvements through process efficiencies ***and our investments in reliability centered maintenance*** (RCM), and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.”

231. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$100 million was materially overstated because the defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – we’re not able to make them right now,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (see SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but,

instead, was Company-specific; (vii) U.S. Steel's purported positive operating cash flow was at the expense of defendants' decision to defer desperately needed maintenance and capital spending; and, thus (viii) U.S. Steel's business and prospects were far worse than represented.

232. On this news Macquarie Capital, Inc., downgraded the Company's stock to "Underperform," noting in its April 28, 2016 article that "[w]e expect a stronger [second half of 2016] based on improving pricing, but [X's] volume is not expected to rise much and the high fixed cost base should limit X's ability to meet its EBITDA goal."

V. FALSE AND MISLEADING STATEMENTS IN THE APRIL 27, 2016 INVESTOR CONFERENCE CALL

233. On April 27, 2016, the individual defendants held an investor call to discuss the Company's first quarter 2016 financial results (the "April 2016 Call"). When asked about recent undisclosed unplanned outages, defendant Burritt minimized the outages stating:

Operations are normal, they are stable. Europe has concluded a couple of planned maintenance that they needed to do. We had a little bit of an issue, Gary over back, but all furnaces are back and running and the downstream lines are shape. Everything is going okay.

234. Defendant Longhi downplayed the outages, characterizing them as "minor repairs."

235. When asked by analyst Anthony Rizzuto of Cowen & Co. LLC about U.S. Steel's ability to increase shipment volumes to increase market share, defendant Burritt assured investors that the Company was ready, willing and able to meet market demands as they increase:

Q: Tony Rizzuto: You're welcome. Thank you. The shipment volumes, I have a question about that, with your current configuration the flat-rolled segment and imports declining. Do you expect you'll be able to regain some market share?

A: David Burritt: Well, we have been supplying the customers with whatever they needed and we have re-positioned the footprint in order to better acclimate to the current market conditions. But *we remain also ready to increase our supply and sooner the market from a volume perspective demonstrate some real sustainability*. We are not going to hastily moving to bring in more capacity on line unless you see that there is real sustainable increase in the market demand.

236. The above statements were materially false and misleading when made because:

(i) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company's infrastructure, resulting in "thousands of tons of missed steel production" of at least 20% of total capacity; (ii) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that "those investments that we need to make are being – *we're not able to make them right now*," that "subject imports deprived U.S. Steel" of "an opportunity to grow its business to reinvest in technology," and the situation was "grave"; (iii) U.S. Steel was experiencing unplanned outages "quarter after quarter" in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); (iv) the unplanned outages and increased repairs were the direct result of the individual defendants' decision not to invest in U.S. Steel's infrastructure; and, thus (v) U.S. Steel's business and prospects were far worse than represented.

VI. FALSE AND MISLEADING STATEMENTS IN THE APRIL 27, 2016 FORM 10-Q

237. On April 27, 2016, the U.S. Steel filed its quarterly report on Form 10-Q for the period-ended March 31, 2016 (the "First Quarter 2016 Form 10-Q") with the SEC, which was signed by defendants Longhi and Burritt. The First Quarter 2016 Form 10-Q contained nearly identical false and misleading statements as the April 2016 Press Release and April 2016 Call.

238. In addition, the First Quarter 2016 Form 10-Q, Defendants blamed the decline in results for the Flat-Rolled segment solely to market factors:

The decrease in Flat-Rolled results for the three months ended March 31, 2016 compared to the same period in 2015 resulted from lower average realized prices (approximately \$395 million) as a result of challenging market conditions, including high import levels, which have served to drastically depress both spot and contract prices and lower steel substrate sales to our Tubular segment (approximately \$20 million).

239. With respect to the Company’s 2016 Outlook, defendants stated that U.S. Steel would achieve adjusted EBITDA of \$400 million if market conditions remained the same.

240. The above statements were materially false and misleading when made because: (i) the defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (ii) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (iii) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first quarter of 2016 (*see* SOF at VII, *supra*); (iv) the unplanned outages and increased repairs were the direct result of the Individual Defendants’ decision not to invest in U.S. Steel’s infrastructure; and, thus (v) U.S. Steel’s business and prospects were far worse than represented.

VII. FALSE AND MISLEADING STATEMENTS IN THE JULY 26, 2016 PRESS RELEASE AND PRESENTATIONS

241. On July 26, 2016, U.S. Steel issued a press release, entitled “United States Steel Corporation Reports Improved Second Quarter Results and Stronger Cash and Liquidity Position,” announcing the Company’s second quarter 2016 financial results (the “July 2016 Press Release”). In the July 2016 Press Release, the Company reported essentially flat sales with a negligible increase of \$243 million for the second quarter 2016 as compared to the first quarter 2016 and a decrease of \$316 million as compared to the same quarter of 2015.

242. Defendants reported EBIT for the Flat-Rolled segment of just \$6 million for the second quarter 2016. In the accompanying Segment and Financial Operating Data Presentation, U.S. Steel reported tons shipped for the second quarter 2016 of 2,692 thousand as compared to 2,712 thousand tons in the second quarter of 2015.

243. Despite the individual defendants' undisclosed decision to defer spending on desperately needed maintenance and upgrades to its manufacturing facilities and infrastructure, U.S. Steel highlighted its "positive operating cash flow" of \$313 million for the six months ended June 30, 2016 with \$820 million in reported cash.

244. Commenting on U.S. Steel's 2016 Outlook, defendant Longhi assured investors that U.S. Steel's financial performance would continue to improve as a result of Carnegie Way benefits, which had paved the way for the Company to take advantage of improving market conditions:

The significant improvements we have made to our earnings power through our Carnegie Way transformation will become more apparent as market prices recover from the very low levels at the end of 2015. While we began to realize some benefit from recent price increases in the second quarter, we will see better average realized prices, primarily in our Flat-Rolled and European segments, in the second half of the year. . . *Our Carnegie Way journey continues to create improvements in our business model that will enable us to be profitable* across the business cycle.

245. U.S. Steel also increased the Company's 2016 forecast from "2016 adjusted EBITDA [of] near \$400 million" to adjusted EBITDA of \$850 million and net earnings to \$50 million, or \$0.34 per share, and reaffirmed that the Flat-Rolled segment results would be "higher than" 2015 results. The individual defendants further promised investors that the Company would be "cash positive for the year, including approximately \$400 million of cash benefits from working capital improvements in 2016, *primarily related to better inventory management, driven by improved sales and operations planning practices*, helping to offset growing accounts

receivables balances.”

246. In conjunction with the July 2016 Press Release, U.S. Steel provided a Second Quarter 2016 Earnings Presentation (the “Q2 2016 Earnings Presentation”) and a Second Quarter 2016 Questions and Answers Presentation (the “Q2 2016 Q&A Packet”) posted on the Company’s website.

247. The Q2 2016 Earnings Presentation reported purported realized Carnegie Way benefits of \$115 million and falsely claimed U.S. Steel was implementing its RCM Carnegie Way initiative and observing “fewer unplanned outages”:

- Including the benefits from projects we implemented during the second quarter, our new total for *the full year impact from Carnegie Way benefits in 2016 is \$645 million* as compared to 2015 as the base year. These benefits resulted from the *completion of almost 400 projects* in the second quarter . . . particularly in the areas of manufacturing and supply chain, where we have our greatest opportunities for improvement.
- “We *continue to implement our reliability centered maintenance process across all of our facilities*. We are *starting to see the benefits as we have experienced fewer unplanned outages and lower maintenance costs*, and are allowing for a more efficient allocation of our maintenance labor force.”
- “The Carnegie Way methodology remains a powerful driver of new value creating projects”

248. Similarly, the Q2 2016 Q&A Packet contained the following material misstatements:

[The Carnegie Way] is much more than a cost cutting initiative, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support. Carnegie Way is our culture and the way we run the business. . . We *have achieved sustainable cost improvements through process efficiencies and our investments in reliability centered maintenance (RCM)*, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.

249. The above statements were materially false and misleading when made because: (i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$115 million was materially overstated because the defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first and second quarters of 2016 (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; (vii) U.S. Steel’s purported positive operating cash flow was at the expense of defendants’ decision to defer desperately needed maintenance and capital spending; and, thus (viii) U.S. Steel’s business and prospects were far worse than represented.

VIII. FALSE AND MISLEADING STATEMENTS IN THE JULY 27, 2016 CONFERENCE CALL

250. On July 27, 2016, defendants held a conference call with analysts to discuss the Company’s second quarter 2016 financial results (the “July 2016 Call”). Despite reporting a net loss of \$46 million, or \$0.32 per share, defendant Longhi claimed U.S. Steel was successfully implementing the Carnegie Way, which had “greatly enhanced [the Company’s] earnings power” and, thus, U.S. Steel was “*well-positioned to deliver strong results under current market conditions.*”

251. When asked by analyst David Gagliano of BMO Capital Markets about the Company’s “volume expectations over the next couple of quarters,” defendant Longhi assured investors that U.S. Steel was making investments in its assets and growing:

Well, we do have certainly several projects that we’re contemplating going forward. But we haven’t quite stopped doing it. *There are so many investments that we’re making*, that are making us so much better, and there’s still opportunity for improvement within what we have. *So, the opportunity for growth is real, it is happening.* And what we are considering, it’s really more value rather than just volume. And you’re seeing that, as I referred to my initial remarks here, we continue to evolve into that chain. We’re doing well, and that’s sort of an important feature as we think about how we go forward.

252. In response to a question from analyst Michael F. Gambardella of JPMorgan Securities LLC during the July 2016 Call about whether U.S. Steel had a sufficient supply of hot-rolled steel if needed, defendant Longhi responded “*we certainly are capable of supplying – we still have capacity available. So, the answer would be, yes, I mean, we’re still ready to support the market.*”

253. Finally, when asked by analyst Jorge M. Beristain of Deutsche Bank Securities about maintenance and outages in the flat-rolled segment in the second quarter, defendant Lesnak minimized the outages claiming they were “not ...material.”

Jorge M. Beristain - Deutsche Bank Securities, Inc.

Hey, guys. Good morning and congrats on the results. My question just is, what were specifically the maintenance and outage costs in the second quarter for Flat-Rolled?

Dan Lesnak - General Manager-Investor Relations

All right. So we would just point out they were higher in the prior, but *they were not – we’d say material*. They were not – it was a normal planned blast furnace outage that we had. It wasn’t a reline; so was the maintenance outage. So, I mean, it’s just a change quarter-over-quarter, but it’s starting on an unusual spend for us. It’s just really – you can’t really smooth it out across the quarter. It just gets lumpy. That’s why we tend to call it out when there’s a change quarter-to-quarter.

254. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iii) Steel was not making “so many” investments, it was making no investments; (iv) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first and second quarters of 2016 (*see* SOF at VII *supra*); (vi) as a result of (ii) through (v) above, U.S. Steel’s was not “well-positioned to deliver strong results under current market conditions because the Company lacked the capacity to meet market demand due to underinvesting and failing to maintain its facilities.

IX. FALSE AND MISLEADING STATEMENTS IN JULY 27, 2016 FORM 10-Q

255. On July 27, 2016, U.S. Steel filed its quarterly report on Form 10-Q for the period-ended June 30, 2016 (the “Second Quarter 2016 Form 10-Q”) with the SEC, which was signed by defendants Longhi and Burritt. The Second Quarter 2016 Form 10-Q contained nearly identical false and misleading statements as the July 2016 Press Release and July 2016 Call.

256. Specifically, in the Second Quarter 2016 Form 10-Q, the defendants blamed the decline in results for the Flat-Rolled segment primarily to market factors:

The decrease in sales for the Flat-Rolled segment primarily reflected lower average realized prices (decrease of \$53 per net ton) due to lower average contract prices year over year on both fixed price and quarterly adjustable contracts, that do not yet reflect the recent price increases resulting from the more balanced supply and demand relationship in the North American flat-rolled market.

257. With respect to the Company’s 2016 Outlook, defendants stated that U.S. Steel would achieve net earnings of \$50 million, or \$0.34 per share, and adjusted EBITDA of \$850 million if market conditions remained the same.

258. The above statements were materially false and misleading when made because: (i) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (ii) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and the situation was “grave”; (iii) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first and second quarters of 2016 (*see* SOF at VII, *supra*); (iv) the unplanned outages and increased repairs were the direct result of the Individual Defendants’ decision not to invest in U.S. Steel’s infrastructure; and, thus (v) U.S. Steel’s business

and prospects were far worse than represented.

259. In response to the above material misstatements, U.S. Steel’s stock price increased 29% from \$21.31 per share on July 25, 2016 to \$27.49 per share on July 29, 2016.

X. FALSE AND MISLEADING STATEMENTS IN THE AUGUST 8, 2016 PRESS RELEASE

260. On August 8, 2016, U.S. Steel issued a press release entitled “*United States Steel Corporation Announces Proposed Common Stock Offering*,” announcing that the Company had commenced an underwritten public offering of 17 million shares of common stock, which granted the underwriters a 30-day option to purchase up to 2,550,000 additional shares.

261. According to the release, U.S. Steel “intends to use the net proceeds from the offering for financial flexibility, capital expenditures and other general corporate purposes.”

262. The above statement was materially false and misleading when made because: (i) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; and (ii) as defendants would later admit in April 2017, “[w]e issued equity last August to give us the financial strength and liquidity to position us to establish an asset revitalization plan large enough to resolve our issues, and to see that plan through to completion.”

263. In other words, defendants’ were admittedly aware back in August 2016 that U.S. Steel would need to undertake a “large,” multi-year “asset- revitalization” in order to fix the Company’s problems, yet failed to disclose these facts.

XI. FALSE AND MISLEADING STATEMENTS CONTAINED IN THE AUGUST 8, 2016 PRELIMINARY PROSPECTUS

264. On August 8, 2016 defendants announced a Secondary Public Offering of 17,000,000 shares of common stock and filed a preliminary prospectus supplement (the “SPO Prospectus”) and an accompanying prospectus pursuant to the Securities Act of 1933, as amended.

265. In the SPO Prospectus, defendants incorporated by reference all of the statements contained in the 2015 Form 10-K, the Q1 2016 Earnings Presentation, the First Quarter 2016 Form 10-Q, the Q2 2016 Earnings Presentation, and the Second Quarter 2016 Form 10-Q, as follows:

The SEC allows us to ‘incorporate by reference’ into this prospectus supplement the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement, and later information that we file with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 . . . :

- a) Annual Report on Form 10-K for the year ended December 31, 2015;
- b) Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016;
- c) Current Reports on Form 8-K filed on April 26, 2016 (solely with respect to Items 8.01 and 9.01 thereof), . . . July 26, 2016 (solely with respect to Items 8.01 and 9.01 thereof)

266. Accordingly, by incorporating such statements by reference, and therefore, making such statements a part of the SPO Prospectus, the SPO Prospectus was materially false and misleading in the same manner and for the same reasons as all of the statements enumerated above that are contained in the 2015 Form 10-K (¶¶214-220), the Q1 2016 Earnings Presentation (¶¶228-232), the First Quarter 2016 Form 10-Q (¶¶237-240), the Q2 2016 Earnings Presentation (¶¶246-249), and the Second Quarter 2016 Form 10-Q (¶¶255-258).

XII. FALSE AND MISLEADING STATEMENTS CONTAINED IN THE AUGUST 11, 2016 PRELIMINARY PROSPECTUS

267. On August 11, 2016 defendants announced that they were expanding the size of the Secondary Public Offering to 18,900,000 shares of common stock and filed a preliminary prospectus supplement (the “Expanded SPO Prospectus”) and an accompanying prospectus pursuant to the Securities Act of 1933, as amended.

268. In the Expanded SPO Prospectus, defendants incorporated by reference all of the statements contained in the 2015 Form 10-K, the Q1 2016 Earnings Presentation, the First Quarter 2016 Form 10-Q, the Q2 2016 Earnings Presentation, and the Second Quarter 2016 Form 10-Q, as follows:

“The SEC allows us to ‘incorporate by reference’ into this prospectus supplement the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement, and later information that we file with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 . . . :

- a) Annual Report on Form 10-K for the year ended December 31, 2015;
- b) Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016 and June 30, 2016;
- c) Current Reports on Form 8-K filed on April 26, 2016 (solely with respect to Items 8.01 and 9.01 thereof), . . . July 26, 2016 (solely with respect to Items 8.01 and 9.01 thereof)”

269. Accordingly, by incorporating such statements by reference, and therefore, making such statements a part of the Expanded SPO Prospectus, the Expanded SPO Prospectus was materially false and misleading in the same manner and for the same reasons as all of the statements enumerated above that are contained in the 2015 Form 10-K (§§214-220), the Q1 2016 Earnings Presentation (§§228-232), the First Quarter 2016 Form 10-Q (§§237-240), the Q2 2016 Earnings Presentation (§§246-249), and the Second Quarter 2016 Form 10-Q (§§255-258).

XIII. FALSE AND MISLEADING STATEMENTS IN THE NOVEMBER 1, 2016 PRESS RELEASE

270. On November 1, 2016, U.S. Steel issued a press release, entitled “*United States Steel Corporation Reports Best Quarterly Results Since 2014*,” announcing the Company’s third quarter 2016 financial results (the “November 2016 Press Release”). In the November 2016 Press Release, the Company, again, reported essentially flat sales of \$2.7 billion for the third quarter 2016 as compared to \$2.6 billion in the second quarter 2016 and a decrease of \$144 million as compared to the same quarter of 2015.

271. Defendants reported EBIT for the Flat-Rolled segment of \$114 million as compared to \$6 million for the second quarter of 2016 and an EBIT loss of \$18 million for the third quarter of 2015. In the accompanying segment presentation, defendants reported total shipments for the third quarter 2016 of 2,535 thousand tons as compared to 2,692 thousand tons in second quarter of 2016 and 2,676 thousand tons in the third quarter of 2015.

272. In the November 2016 Press Release, defendant Longhi touted the Company’s results as having improved “significantly” from the second quarter, minimized the unplanned outages that occurred in the third quarter, and falsely claimed that U.S. Steel had been investing in its assets all along stating:

Our third quarter results improved significantly from the second quarter as each of our segments improved, resulting in our highest quarterly segment income since the fourth quarter of 2014. *We faced some operational challenges that limited our ability to realize the full benefits of an improved pricing environment, but we continued to make progress in our Carnegie Way transformation efforts. With our very strong cash and liquidity position, we remain focused on the investments that we need to continue to make* to revitalize our facilities and deliver value-enhancing solutions for our customers.

273. Despite the unplanned outages in the Flat-Rolled Segment, the Defendants claimed results for that segment had “improved”:

Third quarter results for our Flat-Rolled segment *improved* from the second quarter as both spot and contract prices increased, and benefits from an improving product mix and our Carnegie Way initiatives continued to grow. ***Operational issues adversely impacted shipments from our Flat-Rolled facilities. In the last half of the third quarter, we experienced unplanned outages at several of our steelmaking and finishing facilities. Our third quarter shipments were negatively impacted by approximately 125,000 tons as a result of unplanned outages,*** as our streamlined plant operating configuration extends the time it takes to recover volumes from unplanned outages. A planned outage and lower operating rates at our mining operations also negatively impacted our results.

274. Moreover, despite the individual defendants’ undisclosed decision to defer spending on desperately needed maintenance and upgrades to its manufacturing facilities and infrastructure, U.S. Steel applauded its “positive operating cash flow” of \$577 million for the nine months ended September 30, 2016 with \$1.4 billion in reported cash.

275. With respect to the 2016 outlook, while the defendants reduced U.S. Steel’s guidance for 2016 to a net loss of \$355 million and adjusted EBITDA of \$475 million, down from the previous adjusted EBITDA guidance of \$850 million, defendant Longhi falsely assured investors:

As we move through the rest of 2016, operational issues remain a headwind for us, as we continue to recover from unplanned outages in the third quarter, while also completing our planned maintenance outages. ***We have identified the critical assets that require additional capital investment and increased maintenance spending in order to improve our reliability and quality and to lower our costs. We plan to use our strong cash and liquidity position to expedite the revitalization of our facilities*** and to fund additional growth projects. This will enhance the ongoing development of the differentiated solutions that make us a strategic business partner for our customers. We continue to make progress on our Carnegie Way transformation, and we have many opportunities ahead of us.

276. The U.S. Steel defendants, however, made no mention of the fact that the Flat-Rolled Segment facilities required far more extensive and expensive repairs, upgrades and maintenance than defendants disclosed.

277. In connection with the November 2016 Press Release, U.S. Steel also provided a Third Quarter 2016 Earnings Presentation (the “Q3 2016 Earnings Presentation”) and a Third Quarter 2016 Questions and Answers Presentation (the “Q3 2016 Q&A Packet”) posted on the Company’s website.

278. The Q3 2016 Earnings Presentation falsely reported \$60 million in purported realized Carnegie Way benefits and claimed that:

- Including the benefits from projects we implemented during the third quarter, our new total for the ***full year impact from Carnegie Way benefits in 2016 is \$705 million*** as compared to 2015 as the base year. These benefits resulted from the ***completion of 370 projects in the third quarter*** . . . particularly in the areas of manufacturing and supply chain, where we have our greatest opportunities for improvement.
- “***We are continuing to implement RCM at all of our facilities*** and have ***seen the benefits of improved maintenance capabilities*** raise our facilities up to higher performance standards. While RCM improves maintenance efficiency, the revitalization of our assets will increase our production.”

279. Similarly, the Q3 2016 Q&A Packet falsely stated that (emphasis added):

- Carnegie Way was “***much more than a cost cutting initiative***, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.”
- U.S. Steel had “achieved sustainable cost improvements through process efficiencies ***and our investments in reliability centered maintenance (RCM)***, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.”

280. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$60 million in the third quarter 2016 and \$705 million year-to-date were materially overstated because the defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now,*” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs in late 2015 and the first three quarters of 2016 (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; (vii) the “additional capital investment” was the culmination of years’ worth of cost-cutting and insufficient or non-existent capital investment and maintenance and, thus, U.S. Steel’s assets and infrastructure were in far worse condition than disclosed; (viii) U.S. Steel’s purported positive operating cash flow was at the expense of defendants’ decision to defer desperately needed maintenance and capital spending; and, thus (ix) U.S. Steel’s business and prospects were far worse than represented.

XIV. FALSE AND MISLEADING STATEMENTS IN THE NOVEMBER 2, 2016 CONFERENCE CALL

281. On November 2, 2016, the individual defendants held a conference call with analysts to discuss the Company's third quarter 2016 financial results (the "November 2016 Call"). In his opening remarks on the November 2016 Call, defendant Longhi referred to the acceleration of investments in the Company's manufacturing facilities in order to *improve* operating and reliability – initiatives that defendants had previously claimed the Company was already doing:

We continue to make significant progress on improving our business model, lowering our breakeven point, improving our already industry-leading safety performance, and strengthening our balance sheet. We have faced and continue to face many challenges, some at the Company level and some at the industry level. At the Company level, we have streamlined our operating configuration, including the temporary idling of facilities to create greater production efficiencies under today's market conditions and have made many hard decisions to permanently address unprofitable businesses and facilities with a final resolution of our former operations.

* * *

We are accelerating our investments in our facilities to achieve sustainability better and more consistent operating performance including improved reliability, quality, delivery, and customer service. Innovation in both products and processes is the foundation for our future success.

282. When asked for more detail about the nature of the unplanned outage that occurred in the third quarter of 2016, defendant Longhi, again, minimized the impact of the outages and falsely claimed that conditions had actually "improved:"

Anthony B. Rizzuto - Cowen and Company, LLC

Hey, Mario. Can you provide more color on the nature of the unplanned outages and the operational headwinds that you face? And specifically, for one question just part of it, the facilities and the equipment that was affected directly in the quarter?

Mario Longhi Filho - United States Steel Corp.

There was not any single major event that impacted the output, Tony. It was a convergence of several things that happened in sequence. And in an operation like ours with the improved streamlined footprint that we have, when you have a half a

day of an issue here, another half a day of an issue there, and it begins to compound, and it makes it more difficult with the absence of slacking the system to be able to recover more quickly. That is the nature of what happened.

283. When pressed about whether U.S. Steel had been under-investing in its facilities, defendant Longhi flatly denied that U.S. Steel had under-invested and affirmatively claimed, instead, that the Company had “*been investing appropriately.*”

Anthony B. Rizzuto - Cowen and Company, LLC

Okay. And when you talk about the need for revitalization, obviously, this has been a transformation process, a journey as you have referred to Carnegie Way. As you’re going through this process, are you finding now that maybe you’ve under-spent on the capital side and is this something that’s coming? I mean just by looking at the language you used in the release, it seemed that way to us. And I just want to make sure – what – if that’s the case, what kind of magnitude of capital spending might we see that gravitate towards from the roughly \$350 million that you’ve kind of targeted? Is this – could you just delve into that a little bit for us?

Mario Longhi Filho - United States Steel Corp.

Sure, first and foremost, thanks for describing the nature of what we’re doing here as a journey, because it truly is. And ***I would offer that, no, we have not been under-spending.*** What we’ve been doing is, we’ve only been able to accomplish what we’ve accomplished and gotten to the position that we are, because ***we’ve been investing appropriately in making sure that everything that we know is being addressed and moving to minimize the conditions that we experienced in the past quarter, which is unplanned events.*** So we’ve been able to get to this point, because ***we’ve been doing all of the right things.***

284. In response to a question from analyst Evan Kurtz of Morgan Stanley about U.S. Steel’s plans for an electric arc furnace (EAF), defendant Longhi assured investors that the Company regularly updates its capex analysis and blamed the delay of putting in an EAF entirely on the market:

Evan L. Kurtz - Morgan Stanley & Co. LLC

So I have a similar question just about next year’s capital spend. I know you had talked before in the past about maybe doing some EAF work at some of the other facilities outside of Fairfield, and I’m wondering – some of these furnaces and some of the equipment that you have is a little bit older at some of the other plants. Is

something that you're evaluating now, some sort of an EAF solution that maybe would replace some of the older technology that you might have in place? Is that something that we could see for next year?

Mario Longhi Filho - United States Steel Corp.

Well, *the analysis has been updated on a regular basis*, and I would go back to when we started this, which led us to make the decision on the first EAF. It's just unfortunately that we faced this terrible energy market, and we were forced into a position of stalling it for a little bit.

285. With respect to the unplanned outages in the third quarter of 2016, defendant Lesnak claimed that, although “[m]aintenance was up quarter-over-quarter,” the decrease in production was mainly related to “the volume and the operating efficiency” and assured investors that U.S. Steel would “make some better improvements to the facilities” in the fourth quarter of 2016.

286. A November 2, 2016 American Metal Market article discussed defendant Lesnak criticizing the notion that U.S. Steel might be spending less on maintenance this year than it had in the past and quoted Mr. Lesnak as stating “we have a lot less facilities than we did last year. So, ... if you think of maintenance on a per ton of capacity that's running, we're actually spending more on the facilities this year than we did last year.”¹⁸

287. During the November 2016 Call, defendant Longhi confirmed that U.S. Steel had realized “very significant levels of improvement” from the Carnegie Way program, while downplaying any operational issues:

Mario Longhi Filho - United States Steel Corp.

Well, we've had a quarter where some of the efforts had to be diverted a little bit to make sure we addressed the unforeseen challenges that came our way. But in spite of that, we still – I think we ended the quarter with more than 300 new initiatives being completed. And I think going into the next quarter, there are probably another 500 slated to be pursued. So in the pipeline it's even much greater than that. So I wouldn't focus so much on the actual dollars that you saw coming

¹⁸ Michael Cowden, *USS Flat-Rolled Outages to Persist In 4th Qtr.*, AMERICAN METAL MARKET (Nov. 2, 2016).

out of this quarter. I think there is more to come. Eventually, these things will begin to taper off, as we get closer to the point of – that we can achieve an incredibly higher level of competitive base from a cost perspective and that is the ultimate goal of what we’re relentlessly pursuing.

On the other hand, the Carnegie Way also encompasses very significant levels of improvement. On the overall value chain, you look at the amount of cash that we’ve been able to generate both from operations as well as the value chain and the logistics side of things. We’re talking here about some different types of innovations and we just mentioned a couple of them here on packaging and automotive. So this whole context is what the Carnegie Way encompasses. It’s not just the cost and I think we’re going to continue to show interesting results in both fronts.

288. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iii) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – ***we’re not able to make them right now,***” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (iv) the accelerated asset revitalization was, actually, the culmination of years’ worth of cost-cutting and insufficient or non-existent capital investment and maintenance and, thus, U.S. Steel’s assets and infrastructure were in far worse condition than disclosed; (v) as a result of the above, U.S. Steel had not “been doing all the right things” and, was “under-spending” for years; thus (vi) U.S. Steel’s business and prospects were far worse than represented.

XV. FALSE AND MISLEADING STATEMENTS IN THE NOVEMBER 2, 2016 FORM 10-Q

289. On November 2, 2016, the U.S. Steel filed its quarterly report on Form 10-Q for the period-ended September 30, 2016 (the “Third Quarter 2016 Form 10-Q”) with the SEC, which was signed by defendants Longhi and Burritt. The Third Quarter 2016 Form 10-Q contained nearly identical false and misleading statements as the November 2016 Press Release and November 2016 Call. The Third Quarter 2016 Form 10-Q also stated in relevant part:

Net sales were \$2,686 million in the three months ended September 30, 2016, compared with \$2,830 million in the same period last year. *The decrease in sales for the Flat-Rolled segment primarily reflected decreased shipments (decrease of 141 thousand net tons) due to operational issues across our Flat-Rolled facilities. In the last half of the third quarter of 2016 we experienced unplanned outages at several of our steelmaking and finishing facilities* and our current operating configuration in 2016 extends the time it takes to recover volumes from unplanned outages. Additionally, sales in our Flat-Rolled segment decreased due to reduced coke and iron ore pellet sales to U. S. Steel Canada Inc. These decreases were partially offset by higher average realized prices (increase of \$44 per net ton) due to improved spot market prices.

290. With respect to the Company’s 2016 Outlook, the defendants stated that U.S. Steel would achieve a net loss of \$355 million, or \$2.26 per share, and adjusted EBITDA of \$475 million if market conditions remained the same.

291. The above statements were materially false and misleading when made because: (i) the defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (ii) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (iii)

U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs (*see* SOF at VII, *supra*); and, thus, (iv) U.S. Steels business and prospects were far worse than represented.

292. In response to the above material misstatements, U.S. Steel’s stock price increased \$2.04 per share, or 11.4% from \$17.82 per share on November 2, 2016 to \$19.86 per share on November 4, 2016.

XVI. FALSE AND MISLEADING STATEMENTS IN THE JANUARY 31, 2017 PRESS RELEASE AND PRESENTATIONS

293. On January 31, 2017, U.S. Steel issued a press release, entitled “*United States Steel Corporation Reports Improved 2016 Results with Operating Cash Flow and Stronger Cash and Liquidity*,” announcing the Company’s fourth quarter and full year 2016 financial results (the “January 2017 Press Release”). In the January 2017 Press Release, the Company reported an annual and quarterly net loss of \$440 million, or \$2.32 per diluted share, and \$105 million, or \$0.61 per diluted share, respectively. U.S. Steel’s reported revenues decreased by \$1.3 billion from \$11.6 billion in 2015 to \$10.3 billion in 2016.

294. The Company also reported a fourth quarter 2016 decrease in EBIT for the Flat-Rolled Segment of \$65 million as compared to EBIT of \$114 million for the third quarter 2016. In the accompanying Segment and Financial Operating Data Presentation, U.S. Steel reported steel shipments of 2,369 thousand tons as compared to 2,535 thousand tons in the third quarter 2016 and 2,591 thousand tons in the fourth quarter 2015.

295. In addition, U.S. Steel reported Carnegie Way benefits realized of \$745 million for 2016, as compared to \$815 million in 2015.

296. Commenting on the decline in the Company's financial performance, defendant Longhi blamed "very challenging market conditions," resulting in lower prices and shipments and assured investors that U.S. Steel was poised to benefit from improved market conditions and its Carnegie Way transformation efforts:

We entered 2016 facing very challenging market conditions, but remained focused on our Carnegie Way transformation efforts. Despite lower average realized prices and shipments in 2016, ***our results are better as we continued to improve our product mix and cost structure.*** Our focus on cash, including better working capital management and opportunistic capital markets transactions, resulted in an improved debt maturity profile and stronger cash and liquidity. ***We are well positioned to accelerate the revitalization of our assets to improve our operating reliability and efficiency,*** and deliver value-enhancing solutions to our customers.

* * *

We are starting 2017 with much better market conditions than we faced at the beginning of 2016. ***Our Carnegie Way transformation efforts over the last three years have improved our cost structure,*** streamlined our operating footprint and increased our customer focus. These substantive changes and improvements have ***increased our earnings power.*** While we will benefit from improved market conditions, they continue to be volatile and we must remain focused on improving the things that we can control. Pursuing our safety objective of zero injuries, improving our assets and operating performance, and driving innovation that creates differentiated solutions for our customers remain our top priorities.

297. With respect to the Flat-Rolled segment, the defendants blamed continued worsening results on lower prices, fewer shipments and an increase in "planned" outages spending, yet failed to make any mention of the numerous, costly ***unplanned*** outages that resulted from U.S. Steel's failure to properly invest in its facilities:

Fourth quarter results for our Flat-Rolled segment declined as compared with the third quarter primarily due to a decrease in average realized prices, fewer shipments, as well as increased outage spending. Planned outages as part of our previously announced asset revitalization process limited the amount of tons we could ship in the quarter. Full-year Flat-Rolled segment results for 2016 improved from 2015 largely due to lower raw material costs, lower spending, and benefits provided by our Carnegie Way efforts. These improvements were partially offset by lower average realized prices and shipments.

298. In the January 2017 Press Release, defendant Longhi also falsely assured investors that U.S. Steel was “**well positioned** to accelerate the revitalization of [the Company’s] assets to improve [its] operating reliability and efficiency, and deliver value-enhancing solutions to our customers.”

299. U.S. Steel further highlighted its “positive operating cash flow of \$727 million for the year ended December 31, 2016” with \$1.5 billion in reported cash.

300. The defendants also projected 2017 net earnings of \$535 million, or \$3.08 per share, EBITDA of \$1.3 billion and results from the Flat-Rolled segment to be “higher than 2016.”

301. In a Fourth Quarter and Full-Year 2016 Earnings Presentation (the “Q4 Earnings Presentation”), defendants reported \$745 million of “realized” Carnegie Way benefits.” The Q4 Earnings Presentation also falsely represented:

Our pace of progress on The Carnegie Way transformation continues to exceed our expectations. The **continuing benefits are improving our ability to earn the right to grow and then drive sustainable profitable growth over** the long-term as we deal with the cyclical and volatility of the global steel industry. With over long 4,000 active projects, we have many opportunities ahead of us.

302. Similarly, the Q4 2016 Q&A Packet falsely stated that:

- Carnegie Way “is ***much more than a cost cutting initiative***, improving all our core business processes, including commercial, manufacturing, supply chain, procurement, innovation, and functional support.
- U.S. Steel had “achieved sustainable cost improvements through process efficiencies and ***our investments in reliability centered maintenance (RCM)***, and we will continue to find process improvements that enable us to better serve our customers and reward our stakeholders.”

303. The above statements were materially false and misleading when made because: (i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$745

million was materially overstated because the defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iv) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (v) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs (*see* SOF at VII, *supra*); (vi) as a result of (iii) through (v) above, the decrease in sales and shipments was not attributable to market factors but, instead, was Company-specific; (vii) the U.S. Steel Defendants’ purported positive operating cash flow was at the expense of defendants’ decision to defer desperately needed maintenance and capital spending; and, thus (viii) U.S. Steel’s business and prospects were far worse than represented.

XVII. FALSE AND MISLEADING STATEMENTS IN THE FEBRUARY 1, 2017 CONFERENCE CALL

304. On February 1, 2017, the initial defendants held a conference call with analysts to discuss the Company’s third quarter 2016 financial results (the “February 2017 Call”). In his opening remarks, defendant Longhi continued to hype the progress and positive impact of the Carnegie Way program:

We have now completed the third year of our transformation and our progress continues to exceed our expectations. The hard and competent work of the Carnegie Way transformation is translating into stronger financial results and better performance for our investors, customers and employees.

As we have demonstrated over the last couple of years, we have a robust process in place that has consistently generated benefits even during times of difficult market conditions.

305. Defendant Longhi also reiterated his prior false assurances that U.S. Steel had been properly investing in its assets, despite contradictory testimony before the U.S. International Trade Commission, among other evidence discussed above:

We have given you regular updates on the significant progress we have made on improving our cost structure. And our increased focus on our customers through our commercial entities, which has resulted in the continuing improvement and our value added product mix. ***We have also been investing in our facilities***, and as we indicated last quarter, increasing both the pace and magnitude of our efforts in this area is a priority for this year.

These substantive changes and improvements have increased our earnings power and while ***we will benefit from improved market conditions*** they continue to be volatile, and we must remain focused on improving the things that we can control. As I mentioned earlier, accelerating our efforts to revitalize our assets is a priority for 2017. . . We face structured and flexible plans based on the completion of a large number of smaller and less complex projects to reduce execution risk, and it is ***adaptable in both its scale and the pace of its implementation to changing business conditions***.

We will be implementing this plan over the next 3 to 4 years in order to minimize disruptions to our operations and to ensure we continue to support our customers throughout this process. Our asset revitalization plan is not just sustaining capital and maintenance spending. These projects will deliver both operational and commercial benefits.

306. Defendant Longhi also began to concede that U.S. Steel had not been properly investing in its facilities and needed the asset revitalization to “improve[] reliability:”

After we complete our asset revitalization plan we ***will have well-maintained facilities*** with a strong core infrastructure, strong reliability centered maintenance organizations and we will deliver products to our customers ***with improved reliability and quality***. Executing this plan is a critical milestone in the Carnegie Way journey to take us from earning the right to grow to driving and sustaining profitable growth.

307. When asked by analyst Timna Tanners of Bank of America about the volume of steel the Company would produce from its Flat-Rolled segment in 2017, defendant Longhi stated that U.S. Steel was already positioned to supply “whatever additional” steel needed:

Timna Tanners

[W]hat kind of volume might we expect into 2017, where can you flex from 2016 levels that at least started out pretty strong if we have a decent demand environment into your imports in 2017?

Mario Longhi Filho

Well, our blast furnace capacity is going to be capable of supplying whatever additional alternatives that we’re going to find out there Timna. So, from blast furnace capacity, we’re not anticipating bringing any of that online. What we do anticipate is to being more reliable than we were, so that we can benefit from being able to roll more of that.

308. When asked by another analyst about the Company’s potential capital projects, Longhi maintained that U.S. Steel had, all along, been adequately investing in its facilities:

I think that -- we see there is a lot of value in *continuing to invest in our facilities* invest in our innovation. . . .It’s a myriad of projects we have under the [Carnegie Way] concept and it’s not in the 100 [hundreds] it’s been many cases in the thousands.

309. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity; (iii) defendant Longhi and other Company executives testified under oath before the ITC on August 18, 2015 and May 24, 2016 that “those investments that we need to make are being – *we’re not able to make them right now*,” that “subject imports deprived U.S. Steel” of “an opportunity to grow its business

to reinvest in technology,” and operating margins “are nowhere near where they need to be for us to invest in our future;” (iv) U.S. Steel was experiencing unplanned outages “quarter after quarter” in several of its facilities, as well as costly repairs (*see* SOF at VII, *supra*); and, thus (v) U.S. Steel’s business and prospects were far worse than represented.

310. In response to the above material misstatements, U.S. Steel’s stock price increased 11.2% from a closing stock price of \$31.33 per share on February 1, 2017 to \$34.85 per share on February 2, 2017.

311. On these results, analysts noted the gulf between U.S. Steel and its competitors. Specifically, on February 6, 2017, Barclays reported that “[i]n simple terms, we see [Nucor Corporation] as better positioned to drive additional growth while X must now turn its focus to the recapitalization of its existing asset base: We’ve written on this theme before – NUE has been aggressive in acquiring businesses . . . that expand its product and geographical diversity. . . .”

XVIII. FALSE AND MISLEADING STATEMENTS IN THE 2016 FORM 10-K

312. On February 28, 2017, U.S. filed U.S. Steel’s Annual Report on Form 10-K for the year-ended December 31, 2016 with the SEC (the “2016 Form 10-K”), which defendants Longhi and Burritt signed.

313. In the 2016 Form 10-K, defendants made material misstatements concerning U.S. Steel’s: (1) Carnegie Way benefits and results; (2) U.S. Steel’s financial results; and (3) outlook and financial forecasts.

314. Specifically, in the 2016 Form 10-K, defendants falsely represented that, as a result of the Carnegie Way initiative, U.S. Steel was able to withstand negative market factors and, thus, was positioned to take advantage of favorable market conditions:

Carnegie Way has already driven a shift in the Company that *has enabled us to withstand the prolonged downturn in steel prices while positioning us for success in a market recovery.*

315. The Company also reported \$745 million of purported Carnegie Way benefits realized in 2016.

316. Defendants also attributed the fact that U.S. Steel did not turn a profit despite improving market conditions to “higher levels of imports” and “lower average realized prices,” without any mention of the costly unplanned outages the Company sustained in 2016 as a result of years’ worth of under-investment:

The increase in Flat-Rolled results for 2016 compared to 2015 resulted from lower raw materials costs (approximately \$275 million), reduced losses in 2016 after the shutdown of the blast furnace and associated steel making assets and most of the finishing operations at Fairfield Works in the third quarter of 2015 (approximately \$145 million), decreased spending for repairs and maintenance and other operating costs (approximately \$145 million), reduced costs associated with lower operating rates at our mining operations (approximately \$70 million) and lower energy costs, primarily natural gas costs (approximately \$55 million). These changes were partially offset by lower average realized prices (approximately \$390 million) as a result of market conditions and higher levels of imports and higher costs for profit based payments (approximately \$75 million).

317. Finally, with respect to U.S. Steel’s outlook for 2017, defendants forecasted net earnings of \$535 million, or \$3.08 per share and, again, claimed that U.S. Steel was poised to take advantage of favorable changes in market conditions:

Outlook for 2017

If market conditions, which include spot prices, raw material costs, customer demand, import volumes, supply chain inventories, rig counts and energy prices, remain at their current levels, we expect:

- 2017 net earnings of approximately \$535 million, or \$3.08 per share, and EBITDA of approximately \$1.3billion;
- Results for our Flat-Rolled, European, and Tubular segments to be higher than 2016;
- To be cash positive for the year, primarily due to improved cash from operations; and

- Other Businesses to be comparable to 2016 and approximately \$50 million of postretirement benefit expense.

The outlook for 2017 is based on market conditions as of February 22, 2017. We believe market conditions will change, and as changes occur during the balance of 2017, our net earnings and EBITDA should change consistent with the pace and magnitude of changes in market conditions.

318. The above statements were materially false and misleading when made because:

(i) the Carnegie Way initiative was a sham that was largely the result of fabricated cost savings that were not actual savings, and/or cost cutting to such an extent that the purported savings cost, instead of saved, the Company money; (ii) the purported “realized” Carnegie Way benefit of \$745 million was materially overstated because the defendants recognized purported cost savings for “multiple” projects every week ranging in an estimated value of up to \$4-\$5 million before the projects were complete or, in some instances, before they were even implemented; (iii) defendants were deferring badly needed maintenance and facility upgrades, rather than investing in the Company’s infrastructure, resulting in “thousands of tons of missed steel production” of at least 20% of total capacity and, thus, U.S. Steel was no positioned to recover in a more favorable market; and (iv) U.S. Steel’s business and prospects were far worse than represented.

THE TRUTH IS REVEALED

319. On April 25, 2017, after the market closed, U.S. Steel shocked the market when it issued a press release, entitled “*United States Steel Corporation Reports First Quarter 2017 Results*,” announcing the Company’s first quarter 2017 financial results (the “April 2017 Press Release”). While investors were expecting the Company to turn a profit based on its prior false and misleading statements, the defendants announced a net loss of \$180 million, or \$1.03 per diluted share. The April 2017 Press Release also revealed: (i) an “unfavorable adjustment” to earnings of \$35 million or \$0.20 per diluted share due to the “loss on the shutdown of certain tubular assets”; (ii) a negative operating cash flow of \$135 million; (iii) a \$155 million decline in

flat-roll earnings as compared to the previous quarter; (iv) downgraded 2017 EBITDA guidance from \$1.3 billion to \$1.1 billion; and (v) downgraded earnings guidance from \$3.08 to \$1.50 per share.

320. The April 2017 Press Release further revealed, for the first time, that U.S. Steel actually conducted the Secondary Public Offering in August 2016 to fund the Company's asset revitalization plan in the face of increased unplanned outages and operational issues, with defendant Longhi admitting in the April 2017 Press Release that the outages existed at the time of the SPO, stating unequivocally: "***[w]e issued equity last August to give us the financial strength and liquidity to position us to establish an asset revitalization plan large enough to resolve our issues, and to see that plan through to completion.***" This disclosure was in direct contradiction to the Company's representations at the time of the SPO that it intended to "use the net proceeds from the offering for financial flexibility, capital expenditures and other general corporate purposes" and – just three weeks before the SPO – that "***we have experienced fewer unplanned outages and lower maintenance costs...*** We are creating a more reliable and agile operating base."

321. The results reflected in the April 2017 Press Release were caused by U.S. Steel's extreme cost-cutting measures under the purported Carnegie Way initiative which resulted in the U.S. Steel defendants' top-down refusal and failure to invest in critically necessary new technology or maintain U.S. Steel's Flat-Rolled facilities, contrary to their contemporaneous representations, and rendered U.S. Steel incapable of taking advantage of an aggressive upswing in the domestic steel market. The press release stated in relevant part:

PITTSBURGH, April 25, 2017 – United States Steel Corporation (NYSE: X) reported a first quarter 2017 net loss of \$180 million, or \$1.03 per diluted share, which included an unfavorable adjustment of \$35 million, or \$0.20 per diluted share, associated with the loss on the shutdown of certain tubular assets. This compared to a first quarter 2016 net loss of \$340 million, or \$2.32 per diluted share, and a fourth quarter 2016 net loss of \$105 million, or \$0.61 per diluted share.

For a description of the non-generally accepted accounting principles (non- GAAP) measures and a reconciliation from net earnings (loss) attributable to U.S. Steel, see the non-GAAP Financial Measures section.

Commenting on results, U. S. Steel Chief Executive Officer Mario Longhi said, “While our segment results improved by over \$200 million compared with the first quarter of 2016, ***operating challenges at our Flat-Rolled facilities prevented us from benefiting fully from improved market conditions***. However, we continue to be encouraged by the strength of our European business and we are also seeing improving energy markets. Overall, improved commercial conditions more than offset higher raw materials and energy costs and ***increased maintenance and outage spending driven by our asset revitalization efforts***. The execution of our asset revitalization program and the continued implementation of reliability centered maintenance practices are critical to achieving sustainable improvements in our operating performance and costs. We have built the financial strength and resources to move forward more aggressively on these initiatives, and remain focused on providing the service and solutions that will create value for our stockholders, customers, employees, and other stakeholders.”

* * *

2017 Outlook

Commenting on U. S. Steel’s Outlook for 2017, Longhi said, “Market conditions have continued to improve, and we will realize greater benefits as these improved conditions are recognized more fully in our future results. We are focused on long-term and sustainable improvements in our business model that will position us to continue to be a strong business partner that creates value for our customers. This remains a cyclical industry and ***we will not let favorable near-term business conditions distract us from taking the outages we need to revitalize our assets in order to achieve more reliable and consistent operations, improve quality and cost performance***, and generate more consistent financial results. We issued equity last August to give us the financial strength and liquidity to position us to establish an asset revitalization plan large enough to resolve our issues, and to see that plan through to completion. As we get deeper into our asset revitalization efforts, we are seeing opportunities for greater efficiency in implementing our plan. ***We believe we can create more long-term and sustainable value by moving faster now***. We have made the strategic decision to ***accelerate our efforts to resolve the issues that challenge our ability to achieve sustainable long-term profitability***. We believe our objective to achieve economic profit across the business cycle will result in true value creation for all of our stakeholders over the long-term.”

If market conditions, which include spot prices, raw material costs, customer demand, import volumes, supply chain inventories, rig counts and energy prices, remain at their current levels, we expect:

- 2017 net earnings of approximately \$260 million, or \$1.50 per share, and adjusted EBITDA of approximately \$1.1 billion;
- Results for our Flat-Rolled, European, and Tubular segments to be higher than 2016; and
- Other Businesses to be comparable to 2016 and approximately \$50 million of postretirement benefit expense.

We believe market conditions will change, and as changes occur during the balance of 2017, we expect these changes to be reflected in our net earnings and adjusted EBITDA.

322. Although defendant Longhi alluded to taking outages, he failed to mention where the production problems were centered and which plants might require maintenance outages. Investors were further left in the dark regarding the precise figures or costs that the repairs would be and what they related to. In an email to AMM, U.S. Steel spokeswoman stated: “[w]e do not provide that level of detail on outages.” Michael Cowden, *USS Shares Plunge; Billion-Dollar Repairs Needed*, AMERICAN METAL MARKET (Apr. 26, 2017).

323. On April 26, 2017, defendants held an investor earnings call (the “April 2017 Call”). During the April 2017 call, individual defendants Longhi and Burritt further explained the implications of the previously undisclosed information concerning the Company’s capital assets.

324. Defendant Longhi stated that a new multi-year revitalization plan (“Revitalization Plan”) was being implemented in order for U.S. Steel to remedy the problems and inefficiencies it had experienced. Mr. Longhi stated that the Revitalization Plan will take “three to four years” and will “address some of the issues” in order to achieve “sustainable long-term profitability.” Mr. Longhi described the plan as an “acceleration” which was expected to result in: (i) \$300 million in increased investment costs per year of implementation; (ii) “more downtime” at facilities; and (iii) limiting of “steel production volumes.” Mr. Longhi stated that the newly implemented acceleration program could be “safely, efficiently, and effectively” implemented even at the

accelerated pace.

325. As a result of the dissemination of this previously undisclosed information, the price of U.S. Steel common stock declined from a closing share price of \$31.11 on April 25, 2017 to close at \$22.78 per share on April 26, 2017, ***a loss of 27% or over \$2 billion in market value, on extremely heavy trading volume***, representing the steepest drop in price since 1991.

326. Market analysts, even those who had previously been skeptical about U.S. Steel's maintenance and capital expenditures, were surprised at just how badly the U.S. Steel Defendants' underinvestment impacted the Company's performance.

327. On April 26, 2017, Morningstar reported that "[a]lthough we have long- maintained a negative outlook on U.S. Steel, the magnitude of the Company's earnings miss took us very much by surprise. . . . U.S. Steel's asset base is considerably older than the assets used by many of its competitors and, accordingly, it will continue to require sizable reinvestment."

328. On May 3, 2017 Jefferies admitted "[w]e were wrong. We underestimated elevated risks inherent with X's 'revitalization' efforts as well as cost headwinds in 1Q17" Seth Rosenfeld of Jefferies noted that these repairs and maintenance "may also be an increasingly necessary step following years of underspending the disruption caused by these efforts will ultimately cap (U.S. Steel's) ability to participate in currently favorable markets."

329. Moreover, analysts recognized that the U.S. Steel's new guidance for 2017 was an admission by the Company that its own actions had affected capacity such that it was unable to take advantage of a rising steel market. On April 26, 2017 Credit Suisse reported that "X also noted it was effectively volume constrained despite having significant latent capacity and restarting the Granite City hot rolling facility, which was done to limit the volume impact from the planned outages outlined last quarter. The ability of the US operations to run at consistently higher

levels of productivity and volume is now called into question and therefore so is its future earnings power.”

330. This information was even more of a shock considering U.S. Steel’s competitors had not reported similar losses. Rather, “U.S. Steel’s triple-digit loss is all the more notable because its competitors - Charlotte N.C.-based Nucor Corp.; Fort Wayne Ind.-based Steel Dynamics Inc. (SDI); and West Chester, Ohio-based AK Steel Corp - have all recorded big first-quarter profits.” Michael Cowden, *USS’ 1st-Qtr. Loss at \$180M On Flat-Rolled Woes*, AMERICAN METAL MARKET (Apr. 25, 2017). Not only did they record profits, but as one article noted, “AK Steel Corp. swung to a profit on higher steel prices in its best first quarter since 2008.” Michael Cowden, *The Week That Was: Strong Earnings, Except One*, AMERICAN METAL MARKET (May 1, 2017).

331. John Tumazos, president of Holmdel, N.J.-based Very Independent Research LLC told AMM that “It’s not fun when you lose \$180 million It’s even less fun to lose \$180 million when everyone else is swimming in cash.” The Chairman, CEO and President of Cliffs Natural Resources also remarked that “[r]ecent weaknesses . . . by a few companies are not an indication of any underlying problem with the steel business in the United States. These weaknesses are actually *company specific*.” AMM Staff, *The Week That Was: Strong Earnings, Except One*, AMERICAN METAL MARKET (May 1, 2017) (Emphasis added).

332. In a May 10, 2017 article in the Post-Gazette, Goodish was quoted criticizing Longhi and Burritt stating “to have an upturn and not be able to harvest the market is irresponsible. None of the top executives have a passion for the company and their jobs.”

POST CLASS PERIOD EVENTS

333. On May 10, 2017, U.S. Steel announced defendant Longhi was retiring from the CEO position, effective immediately, and would be replaced by defendant Burritt.

334. According to industry analysts, “[a] new CEO also won’t change the fact that the Pittsburgh-based steel maker faces the daunting task of overhauling its dated operations at the same time that competitors are bringing new equipment to the market in both the flat-rolled and pipe-and-tube areas.” Michael Cowden, *USS Needs More Than New CEO: Analysts*, AMERICAN METAL MARKET (May 11, 2017).

335. Analyst Chuck Bradford of Bradford Research Inc. stated that “Longhi spent too much time lobbying for trade relief in Washington and not enough time focusing on fixing the company’s mills.” Other analysts noted that the Carnegie Way initiative “cut too deep” and criticized U.S. Steel for its lack of transparency to investors. Michael Cowden, *USS Needs More Than New CEO: Analysts*, AMERICAN METAL MARKET (May 11, 2017).

336. One analyst commented that “U.S. Steel blamed the loss on production problems at its North American flat-rolled mills. Those problems appear to be centered around the company’s rolling operations, although it’s hard to say that with certainly *because investors have been kept largely in the dark.*’ . . . *These issues that they’ve had last year and into this year have not been clearly described.*” Michael Cowden, *USS Needs More Than New CEO: Analysts*, AMERICAN METAL MARKET (May 11, 2017) (Emphasis added) (quoting John Tumazos, president of Very Independent Research LLC).

337. U.S. Steel reported its second quarter 2017 results on July 25, 2017. In the July 25, 2017 Press Release, the Company reported essentially flat sales with a negligible increase of \$419 million in net sales for the second quarter 2017 as compared to the first quarter 2017. Despite the

Company's purported asset revitalization program, the Company reported flat-rolled shipments of 2,497 thousand tons for the second quarter, as compared to 2,404 thousand tons the previous quarter, representing a mere difference of 93 thousand tons. defendant Burritt stated, in part: "Our investment in our facilities and our people continues to increase. These strategic investments, combined with our focus on achieving operational excellence, will deliver continuous improvements in safety, quality, delivery and costs that will position us to succeed through business cycles, and support future growth initiatives."

338. The Company also released a July 25, 2017 Earnings Presentation, which reported, for the *first time*, annual maintenance and outage expenses for 2015-2017. While annual maintenance and outage expense in 2015 and 2016 were \$964 million and \$950 million, respectively, 2017 is forecasted to incur **\$1.3 billion in expenses**. In fact, as of July 25, 2017, U.S. Steel has already spent \$640 million on maintenance and outage expenses, which is over 67% of the total expenses in 2015 and 2016.

339. The July 25, 2017 Earnings Presentation further recounted a number of "project updates," including a \$2 million investment in a Mon Valley Works BOP Cooling Tower, which was anticipated as being completed in the first quarter 2017. This is the same tower that CW#10 reported had went down in October of 2016. The Earnings Presentation also reported that the Mon Valley Works #2 Generator Replacement and Turbine Rebuild would be completed in the third quarter 2017 for \$9 million. According to CW#9, the second generator at Mon Valley broke in the fourth quarter 2016. Thus, this generator will have been inoperable for approximately one year, assuming it is in fact repaired by the third quarter 2017.

340. Despite the Company’s July 25, 2017 promise to improve safety, on August 1, 2017, the Company announced an incident at its Great Lakes Works facility in Ecorse and River Rouge, Michigan involving injuries to five employees. The press release stated, in part:

Earlier today there was an incident at U.S. Steel’s Great Lakes Works in the facility’s Hot Strip Mill.

Five employees were transported to local hospitals for treatment. Two remain hospitalized at this time. One employee was treated and released at the plant’s onsite medical care facility. Due to privacy laws, we cannot provide any additional information about the employees who were injured or their conditions.

341. Great Lakes is the same facility that CW#5 stated had cranes dating back to 1958 which were “almost unsafe to operate,” and which received a violation notice from the Department of Environmental Quality back in April 2016 regarding its use of blast furnaces.

342. Indeed, analysts commented that while U.S. Steel temporarily benefitted from increased imports and steel prices as a result of Hurricane Harvey in August 2017, the Company would not benefit in the long term due to the massive underspending and lack of maintenance it performed in the years prior:

While [management upgrading its earnings outlook] that’s encouraging, ***relying on steel prices isn’t enough to sustain momentum as U.S. Steel continues to face the humongous challenge of fixing operational inefficiencies and upgrading its core facilities on time to ride an upturn.***

It’ll come at a cost, too, which means the steelmaker will have to grow its earnings at a much faster clip to be able to compete with rivals that are already positioned for growth. As an investor, I’d prefer staying on the sidelines until U.S. Steel’s efforts start showing up in its numbers than bet my money on one strong quarter.¹⁹

343. Another Motley Fool article commented that the Company “appears to be poorly positioned for the future,” explaining:

The reason for that is management’s decision to pull back on the spending that would have prepared the steel mill for the current upturn. It has plans to fix that,

¹⁹ Neha Chamaria, *What Drove United States Steel Corporation Stock Up 17.1% in August*, The Motley Fool (Sept. 9, 2017)

but *those plans are too late* to allow U.S. Steel to fully benefit from the steel rebound. [I]nvestors would be better off investing in a company like Nucor, where management didn't sacrifice the future to save some money in the present.²⁰

344. Accordingly, U.S. Steel's lack of maintenance and attention to repairs continues to have grave repercussions to this day and will continue to cause unplanned outages and safety issues in future.

345. A related securities class action was filed in this District on May 3, 2017 that asserted similar claims arising out of Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5. That action remains pending, and is captioned *Vrakas v. United States Steel Corporation., et al.*, No. 2:17-cv-579. The plaintiffs in the *Vrakas* case filed an Amended Class Action Complaint For Violations of the Federal Securities Laws on October 2, 2017 (the "Vrakas Amended Complaint"). On September 29, 2018, the Court granted in part and denied in part the defendants' motion in the *Vrakas* action to dismiss the Vrakas Amended Complaint (the "Vrakas MTD Order").

346. The Vrakas MTD Order was interlocutory, as that case has not yet proceeded to trial and final judgment on the Exchange Act allegations that were dismissed from the Vrakas Amended Complaint. Accordingly, plaintiff hereby asserts identical Exchange Act claims to the Exchange Act claims asserted in the Vrakas Amended Complaint to preserve their appellate rights of review.

²⁰ Reuben Gregg Brewer, *Is Management Really to Blame for United State Steel Corp.'s Woes?* The Motley Fool (Aug. 10, 2017).

ADDITIONAL SCIENTER ALLEGATIONS

347. As alleged herein, each of the individual defendants acted with scienter in that they knew or recklessly disregarded that the public statements and documents issued and disseminated in the name of the Company were materially false and misleading, knew or acted with deliberate recklessness in disregarding that such statements and documents would be issued and disseminated to the investing public, and knowingly and substantially participated and/or acquiesced in the issuance or dissemination of such statements and documents as primary violators of the federal securities laws.

348. The individual defendants had the opportunity to commit and participate in the wrongful conduct complained of herein. Each was a senior executive officer and/or director of U.S. Steel and, thus, controlled the information disseminated to the investing public in the Company's press releases, investor conference calls and SEC filings. As a result, each could falsify the information that reached the public about the Company's business and performance.

349. Throughout the Class Period, each of the individual defendants acted intentionally or recklessly and participated in and orchestrated the fraudulent schemes herein to inflate the Company's stock price and profit from insider sales of large blocks of their personal holdings of U.S. Steel stock. The scienter of the individual defendants' may be imputed to U.S. Steel as the individual defendants were among the Company's most senior management and were acting within the scope of their employment.

I. THE INDIVIDUAL DEFENDANTS KNOWINGLY AND/OR RECKLESSLY MADE MATERIAL MISSTATEMENTS AND/OR OMITTED MATERIAL FACTS

350. As discussed below, the individual defendants knew that U.S. Steel was not maintaining, repairing and investing in the Company’s assets, particularly as it related to the Flat-Rolled Segment, resulting in numerous costly unplanned outages and repairs, decreased production and capacity utilization and a substantial loss of revenue and profits because: (A) they admitted such in their testimony before the ITC; (B) DRO and OER reports to which they had access and would have reviewed as part of their job responsibilities, reported declining production, delayed production and repairs, among other things, prior to and throughout the Class Period; (C) they admitted the Secondary Public Offering was conducted because the Company had insufficient funds to fix the massive asset revitalization needed to upgrade and repair its assets; (D) they reviewed and approved the capital and maintenance budgets; (E) defendant Longhi was forced to retire once the truth was revealed; and (F) the Flat-Rolled Segment was U.S. Steel’s “core” business.

A. The Individual Defendants Admitted in Sworn Testimony Before the International Trade Commission Before and During the Class Period that U.S. Steel Was Not Investing in Technology or Maintaining its Facilities

351. As alleged herein, the individual defendants admitted during their sworn testimony before the ITC that, contrary to their public statements, U.S. Steel was not maintaining or investing in its assets prior to and during the Class Period. The individual defendants further admitted that, as a consequence of the Company’s actions, U.S. Steel was experiencing numerous unplanned outages, causing a significant decline in steel shipments and revenue. Defendants’ ITC testimony demonstrates that they knew by at least mid-2015 that the resulting impact on U.S. Steel was “catastrophic,” “not sustainable,” and would inevitably lead to additional plant closures.

352. For instance, U.S. Steel's General Manager, Rob Kopf, admitted during the August 18, 2015 ITC hearing that: "[U.S. Steel was] having to spend enormous amounts of money to put together alternatives for our customers, to still buy steel. Unfortunately, *those investments that we need to make are being -- we're not able to make them right now.*"²¹ During the same August 18, 2015 ITC hearing, Doug Matthews, U.S. Steel's Senior Vice President of Industrial, Service Center and Mining Solutions, similarly admitted that the Company failed to invest in its facilities, stating: "As the U.S. grew out of the recent economic crisis and demand for cold-rolled steel increased, *U.S. Steel had an opportunity to grow its business to reinvest in technology*, and its workers and undertake useful capital expenditures. *However, subject imports deprived U.S. Steel and other U.S. producers of this opportunity.*"²²

353. Defendant Longhi also confirmed that, as a result of the unplanned outages and repairs, the Company had experienced drastic declines in production, sales and capacity utilization. Specifically, during the May 24, 2016 ITC hearing, defendant Longhi stated that "[t]he last two years should have been banner years for American cold-rolled steel producers. We should have been able to increase our sales, operate our plants on maximum capacity utilization levels, hire more workers, *make badly needed profits and re-invest some of those profits into new technologies and new products,*" yet this was not what occurred.²³ Mr. Longhi confessed that, "[i]nstead, [U.S. Steel] *experienced dramatic declines in production, sales and capacity utilization.*"²⁴ As a result, Mr. Longhi revealed the Company could not invest in its assets: "In

²¹ August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

²² August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM

²³ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

²⁴ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

cold-rolled steel, the American industry's operating income and operating margins have been low and continue to decline. ***In fact, they are nowhere near where they need to be for us to invest in our future***, to compete at home and abroad and to comply with all the environmental and regulatory requirements that we face.”²⁵

354. Further, during Doug Matthews' August 18, 2015 testimony, he explained that “[o]nly yesterday we were forced to announce the shutdown of all steel making and rolling operations at our facility in Fairfield, Alabama.”²⁶ Doug Matthews was well aware that this shutdown, as well as others, severely impacted the Company, pleading: “Let me be clear, the current situation is not sustainable. We cannot afford cold-rolled steel at such low prices. ***We cannot afford to keep operating at such low levels of capacity utilization***. If these conditions continue, ***there is no question that there will be further shutdowns and layoffs*** throughout the industry.”²⁷

355. Accordingly, the defendants admitted, as early as 2015 – well before the Class Period even began – that they were well aware that the Company was not maintaining or investing in its assets, that U.S. Steel would continue to shut down facilities as a result, and ultimately the impact on the Company was and would continue to be devastating.

²⁵ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

²⁶ August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM

²⁷ August 18, 2015, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM

B. The Individual Defendants Were Aware that U.S. Steel Was Under-Investing and Deferring Desperately Needed Maintenance and Repairs Through the Daily Report of Operations and Operating Efficiency Report

356. The individual defendants were aware or recklessly disregarded that U.S. Steel was experiencing significant and costly unplanned outages and massive delays in production throughout the Class Period from data provided in the DROs and OERs, which accumulated and aggregated data from all of U.S. Steel's facilities, including: production delays, tons per turn, planned tons and actual tons, among other information. The individual defendants had direct access to the DROs and OERs, which were available on U.S. Steel's internal website, through the click of a button on their desktop computers, and would have reviewed them as part of their job responsibilities.

357. According to CW#11, the DROs showed a significant decline in production volume (by as much as 20%) as a result of unplanned outages and production delays from damaged equipment and repairs. CW#11 further stated that actual production was often "not even close" to planned production throughout 2016 and the Company was missing production goals by "thousands of tons of missed steel production," which occurred "quarter after quarter." Another witness, CW#5, stated that the delays caused from planned and unplanned outages would be captured in the DROs, which captured the time a piece of equipment was not in operation.

358. Defendant Longhi, as the CEO of U.S. Steel responsible for day-to-day management decisions and for implementing the Company's long and short term plans, and defendant Burritt, who served as President and CFO throughout the majority of the Class Period and who both spoke directly about these issues in Company press releases and during investor calls, had access to and would have reviewed the DROs and OERs, particularly in light of the representations made during testimony to the International Trade Commission.

C. The Individual Defendants Belatedly Admitted U.S. Steel's Facilities Were Underperforming and Failing at the time of the Secondary Public Offering

359. On August 15, 2016, the Company conducted a Secondary Public Offering of 21.7 million shares of U.S. Steel common stock at a price of \$23.00 per share, raising proceeds of approximately \$482 million. The Secondary Public Offering was conducted for one reason only: U.S. Steel needed money to invest in its outdated equipment - badly. Indeed, on April 25, 2017, *nearly nine months after the Secondary Public Offering*, defendant Longhi came clean, admitting in a press release that “[U.S. Steel] issued equity last August to give us the financial strength and liquidity to position us to *establish an asset revitalization plan large enough to resolve our issues*, and to see that plan through to completion.” Accordingly, the Secondary Public Offering was not for “financial flexibility” as investors were originally led to believe, but, rather, it was to fund the desperately needed maintenance and replacement of the Company’s deteriorating assets.

360. Defendant Longhi’s admission during the ITC proceedings further lends support to the fact the Company was relying on the Secondary Public Offering to keep the Company afloat. For instance, just three months prior to the Secondary Public Offering, defendant Longhi had testified that the Company’s “operating income and operating margins have been low and continue to decline” and were “nowhere near where they need to be for [U.S. Steel] to invest in the future.”²⁸ Mr. Longhi cautioned that “these results do not even come close to representing a sufficient return for a capital-intensive industry like ours.”²⁹

²⁸ May 24, 2016, COLD-ROLLED STEEL FLAT PRODUCTS _ FROM BRAZIL, CHINA, INDIA; JAPAN, KOREA, RUSSIA AND THE UNITED KINGDOM.

²⁹ May 26, 2016, CERTAIN CORROSION-RESISTANT STEEL PRODUCTS FROM CHINA, INDIA, ITALY, KOREA, AND TAIWAN

361. Accordingly, the individual defendants' express (albeit belated) admission that the Secondary Public Offering was conducted to "establish an asset revitalization plan large enough to resolve our issues," as well as the defendants' ITC testimony in the months and year prior, unequivocally demonstrates that the individual defendants knew the Company suffered from numerous operational issues by August 2016 and earlier.

D. The Individual Defendants Were Aware That U.S. Steel Was Slashing Its Capital Expenditures and Maintenance Because They Reviewed and Approved the Maintenance and Capital Budgets

362. Following U.S. Steel's tremendous \$1.5 billion full-year 2015 loss – with only \$755 million left in cash on hand and bankruptcy on the brink – defendants Longhi and Burritt doubled down on the purported Carnegie Way "transformation" by implementing extreme cost-cutting measures in the form of mass layoffs, closure of swing and operating facilities, and drastic reductions in capital expenditures. While these measures were billed to investors as part of Carnegie Way and "not just a cost cutting initiative," in reality, Carnegie Way had become an extreme cost cutting measure designed to salvage the Company's bottom-line at any means necessary, including through the defendants' top-down refusal and failure to invest in critically necessary new technology or maintain U.S. Steel's Flat-Rolled facilities.

363. According to CW#9, the U.S. Steel Board, upon which defendant Longhi sat, approved the annual capital budget. Moreover, CW#9 stated that defendant Burritt routinely participated in capital budgeting meetings with CW#9 and other members of the Company, including the Head of Engineering and various Directors, wherein capital budgets and spending were discussed. Thus, defendants Longhi and Burritt knew that U.S. Steel had slashed its capital expenditures in 2016.

364. CW#5 corroborated CW#9's account. CW#5 explained that maintenance spending was determined based upon a Business Plan, which contained the budget for repair and maintenance costs, capital spending, production costs and other items. According to CW#5, after he met with McKinsey, the Plant Manager and others in the fall of 2015 about the 2016 Business Plan, McKinsey then took the Business Plan to Longhi, Burritt and other executives in Pittsburgh for approval. CW#5 recalled going through numerous iterations of the 2016 Business Plan for Great Lakes Works because McKinsey and Longhi and Burritt kept decreasing the maintenance budgets. CW#5 believes the other flat-rolled facilities experienced the same cutting process as CW#5 did.

365. Simultaneously, U.S. Steel also idled some operating facilities and closed its "swing" facilities, *i.e.* those that are designed to absorb production capacity when U.S. Steel's primary facilities experience outages. This reduction in operations was striking – the facilities idled or permanently closed by U.S. Steel during the Class Period accounted for well over two-thirds of U.S. Steel's entire production capacity.

366. Accordingly, as the individual defendants eventually conceded, the decision to drastically reduce capital expenditures and maintenance spending, at least in part, prevented the Company from investing in its facilities or conducting proper maintenance, which exacerbated the financial impact of the unplanned outages produced by such under-maintained facilities. Yet inexplicably, the individual defendants falsely assured investors throughout the Class Period that "[w]e have achieved *sustainable cost improvements* through process efficiencies and *investments in reliability centered maintenance* (RCM), and we will continue to find more cost improvements," without any basis. (Emphasis added).

E. The Retirement of CEO Longhi Supports an Inference of Scienter

367. As U.S. Steel continued to experience severe unplanned outages and operational issues, on February 28, 2017, the Company announced that defendant Burritt – then the CFO – had been elected President and Chief Operating Officer and would assume all responsibility from defendant Longhi for the day-to-day operations of U.S. Steel in the United States and Central Europe.

368. Shortly thereafter, on May 10, 2017, U.S. Steel announced that defendant Longhi was retiring from the position of CEO, effective immediately, and that defendant Burritt would assume the role in place of Mr. Longhi. While Mr. Longhi commented that his retirement was part of a pre-planned tenure, stating that he had envisioned a “five-year tenure” upon his hiring, the Employment Letter entered into between Mr. Longhi and the Company was silent as to a five-year tenure and was entered into on June 28, 2012—meaning there was nearly two months of tenure from his retirement date.

369. Defendant Longhi, of course, had been the brainchild behind the dismally failing Carnegie Way initiative at the time of his loss of day-to-day control of the Company and subsequent “retirement.” Indeed, his purported retirement came just two weeks after U.S. Steel’s dismal first quarter 2017 financial results – due to increased unplanned outages and operational issues, produced by the extreme cost cutting measures implemented by defendant Longhi under the Carnegie Way initiative. Given the conspicuous timing and the fact that the success of Mr. Longhi’s tenure at U.S. Steel was synonymous with the success of Carnegie way, his phasing out beginning in February 2017 and subsequent departure are probative of scienter.

F. The Individual Defendants Knew that U.S. Steel’s Facilities Were Underperforming or Experiencing Unplanned Outages Because U.S. Steel’s Flat-Rolled Segment and Facilities was a Highly Material Aspect of the Company’s Business Operations and its “Core” Business

370. As alleged herein, during the Class Period, U.S. Steel’s Flat-Rolled segment accounted for 67-70% of the Company’s total steel shipments in tons and 67-73% of the Company’s year-end net sales making the segment – by far, the Company’s most important business segment.

371. As a result, U.S. Steel’s Flat-Rolled segment constituted the Company’s “core business operations” and a “vital corporate function” that U.S. Steel’s most senior executives are rightly presumed to have knowledge of its performance as a matter of law. Indeed, the implementation of the Carnegie Way initiative was expressly designed to invest in and maintain U.S. Steel’s Flat-Rolled facilities and, thus, knowledge of the severe unplanned outages and operational issues at the Flat-Rolled Segment facilities is virtually inexplicable absent fraud.

II. THE INDIVIDUAL DEFENDANTS HAD MOTIVE TO MAKE MATERIAL MISSTATEMENTS AND/OR OMIT MATERIAL FACTS

A. The Individual Defendants Profited From Their Fraud by Making Millions of Dollars From Selling Off Large Blocks of Their Personal Holdings of U.S. Steel Common Stock at Inflated Prices

372. The individual defendants were motivated to engage in the alleged fraudulent scheme and issue materially false and misleading statements and/or omit material facts in order to inflate U.S. Steel’s common stock price and maximize their individual profits through insider trading. Defendants Longhi and Burritt’s trading patterns before, during, and after the Class Period show that their trades were anything but routine and instead were directly motivated by a desire to profit from a fraudulent scheme designed to mask the problems experienced by U.S. Steel’s deteriorating infrastructure and equipment.

373. As detailed below, defendants Longhi and Burritt collectively sold **699,671** shares of U.S. Steel common stock over the course of only ***eight trading days*** during the Class Period for collective proceeds of **\$24,980,414.46**. These sales began immediately after U.S. Steel's November 2016 announcement that the Company had faced "some operational challenges," including "unplanned outages in the third quarter [2016]," but while U.S. Steel's stock price was still artificially inflated by the Secondary Public Offering and defendant Longhi's tempering, unequivocal assertion on a November 2, 2016 conference call that: "***no, we have not been under-spending...we've been investing appropriately [and] moving to minimize the conditions that we experienced in the past quarter, which is unplanned events.***" Defendants have not sold a single share of U.S. Steel common stock before or after the Class Period.

374. These trades throughout the Class Period were highly unusual in both timing and amount, and correlated with market moving events or dates on which defendants Longhi and Burritt would likely be in possession of material non-public information. Defendants Longhi and Burritt also traded, in parallel, approximately \$25 million of personally held common stock over the course of only two weeks, immediately following their partial disclosure of "operational issues," and "unplanned outages." Further, Burritt sold approximately \$8,363,327 of common stock on February 21, 2017, only eight days before he took over day-to-day control of the Company.

1. Individual Defendant Longhi's Insider Sales

375. During the Class Period and in the span of five total sales over only eight trading days, individual defendant Longhi sold 443,250 shares of U.S. Steel common stock, representing fifty-seven percent (57%) of his holdings for total proceeds of \$14,930,871.40, all while in the possession of material non-public information and while the price of U.S. Steel's common stock

was artificially inflated as a result of the U.S. Steel Defendants' materially false and misleading statements. Individual defendant Longhi's Class Period sales are reflected in the following table:

Date	No. Shares	Price	Proceeds	10b5-1 Plan	Correlating Events
November 28, 2016	176,040	\$32.25	\$5,677,290	No.	The Company's first tempered, partial disclosure of "operational challenges" and "unplanned outages," occurred on November 1, 2016.
November 28, 2016	101,160	\$32.24	\$3,261,398	No.	Same as above.
December 5, 2016	54,500	\$35.00	\$1,907,500	No.	Same as above.
December 7, 2016	53,450	\$36.18	\$1,933,821	No.	Same as above.
December 7, 2016	58,100	\$37.02	\$2,150,862	No.	Same as above.

376. Individual defendant Longhi was appointed CEO of U.S. Steel in September 2013, and ***did not sell a single*** share of U.S. Steel common stock until he sold 443,250 shares over the course of five transactions, during eight trading days, all while the price of U.S. Steel was artificially inflated by his own false and misleading statements. Defendant Longhi ***has not sold a single share*** of U.S. Steel common stock since the truth regarding U.S. Steel's business was disclosed in April 2017.

377. On May 8, 2017, U.S. Steel announced that Longhi would be retiring as CEO, effective immediately.

2. Individual Defendant Burritt's Insider Sales

378. During the Class Period and in the span of just four total sales, over only eight trading days, individual defendant Burritt sold 256,421 shares of U.S. Steel common stock, representing sixty-four percent (64%) of his holdings for total proceeds of \$10,049,543.06, all while he was in possession of material non-public information and while the price of U.S. Steel's

common stock was artificially inflated as a result of defendants' materially false and misleading statements. Individual defendant Burritt's Class Period sales are reflected in the following table:

Date	No. Shares	Price	Proceeds	10b5-1 Plan	Correlating Events
November 23, 2016	51,791	\$32.56	\$1,686,315	No.	<ul style="list-style-type: none"> The Company's first tempered, partial disclosure of "operational challenges" and "unplanned outages," occurred just weeks earlier, on November 1, 2016.
November 29, 2016	10b5-1 Trading Plan Established for February 21, 2017.				
February 21, 2017	152,810	\$40.87	\$6,245,344	Yes.	<ul style="list-style-type: none"> Specifics regarding asset revitalization plan first disclosed in January 2017 While the trade occurs in February 2017, the plan was adopted at the time of the same above suspicious circumstances. Burritt assumes day to day control of the Company on February 28, 2017.
February 21, 2017	33,560	\$40.87	\$1,371,597	Yes.	<ul style="list-style-type: none"> Same as above.
February 21, 2017	18,260	\$40.87	\$746,383	Yes.	<ul style="list-style-type: none"> Same as above.

379. Individual defendant Burritt was appointed CFO of U.S. Steel in September 2013, and ***did not sell a single share*** of U.S. Steel common stock until he sold 256,421 shares over the course of four transactions, over only eight trading days, all while the price of U.S. Steel stock was artificially inflated by his own false and misleading statements. Defendant Burritt ***has not sold a single share*** of U.S. Steel common stock since the truth regarding U.S. Steel's business was disclosed in April 2017.

380. For those stock sales on February 21, 2017 that Burritt made pursuant to a 10b5-1 plan established on November 29, 2017, the circumstances under which the plans were created belies any inference that it was established in good faith. The plan in question was entered into during the Class Period, shortly after U.S. Steel's November 2016 announcement that the Company had faced "some operational challenges," including "unplanned outages in the third quarter [2016]."

381. Moreover, defendant Burritt's 10b5-1 trades were highly irregular in terms of the number of shares sold in that they all occurred on one day. Sales pursuant to a trading plan should occur with a prescribed, regular pattern of stock sales, such as 500 shares a month on the 10th day of the month. This was not the case here. As reflected in the chart above, defendant Burritt's trades all occurred on one day – seven days before Mr. Burritt was appointed COO and took control of day-to-day management of U.S. Steel – and thus, these trades are inherently suspicious.

B. The Individual Defendants Had Motive to Inflate the Desperately Needed Proceeds from the Secondary Public Offering

382. The individual defendants were further motivated to engage in the fraudulent course of conduct alleged herein in order to complete the Secondary Public Offering on August 15, 2016, at the artificially inflated price of \$23.00 per share, raising net proceeds of \$482 million. Immediately prior to the Secondary Public Offering, the individual defendants or U.S. Steel expressly assured investors that: (i) "there has been and *will be* sustainable cost improvements through efficiency and investments in reliability centered maintenance." *See* July 29, 2015 Q&A Packet (Emphasis added); and (ii) "*we have experienced fewer unplanned outages and lower maintenance costs...* We are creating a more reliable and agile operating base." *See* July 26, 2016 Earnings Presentation (Emphasis added).

383. Yet simultaneously, while testifying before the International Trade Commission, the defendants also expressly acknowledged that “the investments that we need to make are being – *we’re not able to make them right now.*”³⁰ In November of 2016, while announcing the third quarter 2016 results, defendants revealed that the Company had experienced “operational challenges,” including “unplanned outages in the third quarter [2016],” meaning during the time of the August 2016 SPO. To make matters worse, when marketing the Secondary Public Offering to shareholders, the Company stated that it intended to “use the net proceeds from the offering for financial flexibility,” yet defendant Longhi belatedly revealed that U.S. Steel actually conducted the SPO to fund “an asset revitalization plan large enough to resolve our issues,” thus admitting undisclosed operational issues existed at the time of the SPO, while the Company was trumpeting U.S. Steel’s “*fewer unplanned outages and lower maintenance costs....[and] more reliable and agile operating base.*” See July 26, 2016 Earnings Presentation.

384. Without the U.S. Steel defendants’ misrepresentations, the Secondary Public Offering would have been significantly less successful given the true nature of the Company’s assets and equipment. Indeed, defendants purposefully masked the true condition of its assets to investors while misrepresenting the purpose of the SPO—in order to remedy the very same problems that U.S. Steel faced.

C. The Individual Defendants Had Motive to Satisfy U.S. Steel’s Obligations Under the Credit Facility

385. Defendants also had motive to mispresent the Company’s financial and operational position in order to maintain its credit facilities as the Company continued to experience “negligible free cash flow,” record year-over-year losses, and a stunning year-end 2015 loss of

³⁰ See Robert Kopf, U.S. Steel, August 18, 2015 Transcript in Cold-Rolled Steel Flat Products from Brazil, China, India, Japan Korea, Russia and the United Kingdom (Investigation Nos. 701- TA-540-544 and 731-TA-1283-1290).

\$1.5 billion, marking the Company's failure to turn a profit in the last *six out of seven years*. During the Class Period, U.S. Steel's liquidity included cash and cash equivalents, amounts available under a \$1.5 Billion Credit Facility, and amounts available under USSK credit facilities. For the 2016 fiscal year, approximately 48% of U.S. Steel's purported \$2.9 billion in liquidity was attributable to the credit facilities.

386. As may be expected, these credit facilities came with strings attached – namely, that in order to draw on the credit facilities, U.S. Steel had to maintain certain financial covenants or risk reduction of the available credit. And in fact, due to the Company's poor financial performance over the 2015 and 2016 fiscal years, U.S. Steel had repeatedly failed to meet the financial covenants required to draw on its credit facilities, reducing the overall liquidity available to the Company. For instance, defendants admitted in the 2016 Annual Report:

[S]ince the value of our inventory and trade accounts receivable less specified reserves calculated in accordance with the Third Amended and Restated Credit Agreement do not support the full amount of the facility at December 31, 2016, the amount available to the Company under this facility was reduced by \$227 million. Additionally, U. S. Steel must maintain a fixed charge coverage ratio of at least 1.00 to 1.00 for the most recent four consecutive quarters when availability under the Third Amended and Restated Credit Agreement is less than the greater of 10 percent of the total aggregate commitments and \$150 million. ***Based on the most recent four quarters as of December 31, 2016, we would not meet this covenant. So long as we continue to not meet this covenant, the amount available to the Company under this facility is effectively reduced by \$150 million.***

387. The Third Amended and Restated Credit Agreement, dated July 27, 2015, governing the \$1.5 Billion Credit Facility also stipulated, among other things, that U.S. Steel must provide materially accurate financial information (Section 5.01) and maintain all material properties in good working order or risk default and termination of the facility (Section 5.04).

388. Given U.S. Steel’s increasingly precarious financial condition by the end of 2015, defendants had every motive to make the false assurances relating to its financial and operational condition and keep U.S. Steel out of bankruptcy in the face of a remarkable \$1.5 billion year-end 2015 loss.

D. The Individual Defendants Had Motive to Preserve Their Excessive Compensation

389. The individual defendants were motivated to engage in the alleged fraudulent scheme and issue materially false and misleading statements and/or omit material facts in order to maximize their individual profits through executive compensation that was, as described in the Company’s 2017 Definitive 14A Proxy Statement filed with the SEC on March 14, 2017 (“2017 Proxy Statement”), “designed to attract, reward and retain executives who make significant contributions through operational and financial achievements aligned with the goals and philosophy of our Carnegie Way transformation,” as part of U.S. Steel’s “strong pay-for-performance compensation culture.”

390. Throughout the Class Period, in addition to their substantial, guaranteed salaries and considerable perquisites, defendants Longhi and Burritt were granted excessive equity awards and other compensation that was ostensibly based on performance—all while ensuring the public did not understand or appreciate their failure to invest in necessary capital expenditures and maintenance needs that would have allowed U.S. Steel to realize the upside of the turnaround in the steel market the way the Company’s competitors did.

391. In particular, the individual defendants reaped millions of dollars from incentive-based compensation tied to the Company’s performance and certain performance metrics, including total shareholder return (“TSR”), which is derived from stock price appreciation and dividends paid. As disclosed in the 2017 Proxy Statement, a corporate governance highlight is that

“Executive Compensation [Is] Driven by Pay-For-Performance Philosophy” pursuant to which the U.S. Steel’s named executive officers, including Longhi and Burritt, were eligible to receive cash and equity grants that were based on certain metrics, including TSR, as well as grants of restricted stock units linked to stock price performance and stock options measured relative to appreciation in stock price. According to the 2017 Proxy Statement, the individual defendants’ compensation is determined by means of “a strong pay-for-performance approach that links financial performance to the incentive opportunities realized by our executives.”

392. Payment of performance compensation was purportedly justified by certain “highlights and accomplishments from 2016” identified in the 2017 Proxy, including:

- *Our stock price increased by more than 300%*, reflecting strong execution on our strategy and improved market conditions
- *Realized \$745 million of additional Carnegie Way benefits in 2016*, building upon the \$575 million and \$815 million in Carnegie Way benefits realized in 2014 and 2015, respectively, *underscoring the success of this transformational process*
- Ended 2016 with positive operating cash flow of \$727 million and adjusted EBITDA of \$510 million, despite beginning the year at historically low steel prices and facing the lowest full year average realized prices since 2004
- Strong year-end liquidity of approximately \$2.9 billion, including cash on hand of \$1.5 billion, which supports our goal of maintaining a healthy balance sheet
- Reduced long-term debt by over \$100 million in 2016 which contributed to the reduction of net debt by more than 50% since 2013
- Successfully completed a \$980 million debt offering and a \$500 million equity offering, which provide for future financial flexibility
- Improved working capital by nearly \$600 million, and over \$1 billion over the last two years.
- Continued to aggressively address unfair trade practices through landmark legal action, including leading industry efforts to clarify and enforce existing laws.
- Out-performed the BLS and AISI industry safety benchmarks in both OSHA Recordable Days and Days Away From Work.

393. Nevertheless, the Company saw fit to link some compensation to so-called “negative benchmarks,” whereby executives would still hit their targets even if the Company lost millions. As reported by Bloomberg in an article entitled “How to Lose Millions and Still Get Your Bonus,” the lax performance targets resulted in fat payouts:

Senior Vice Presidents Douglas Matthews and James E. Bruno would be awarded 100 percent bonus payouts if the company’s flat-rolled division, its largest operating segment, lost \$15 million in 2016. That reflected the bad year the unit had in 2015, when it lost \$237 million.

But as it happened, the steel market rebounded and the flat-rolled unit made \$345 million before interest and taxes. Their cash payments as a result hit 175 percent of targets. *Chief Executive Officer Mario Longhi got a \$4.53 million bonus, his biggest ever, reflecting total company net income that was more than double the target.*

“In sectors like steel, your compensation program can be completely wrong just a couple of months later,” said Brent Longnecker, CEO of compensation advisory firm Longnecker & Associates. “It’s so fluid that you have to watch it constantly.”

394. Separate and apart from the fact that defendants Longhi and Burritt received excessive compensation that was partially linked to the artificially inflated price of the Company’s stock during the Class Period, the compensation and bonuses received by the individual defendants was materially excessive when compared to compensation opportunities available to the highest paid executives and board members at U.S. Steel’s self-identified peers.

395. For 2016, defendant Longhi received a \$1.5 million salary, in addition to stock awards worth \$2,837,507, option awards worth \$1,425,049, non-equity incentive plan compensation worth \$4,528,125, and other compensation worth \$632,670, for a total compensation package worth \$10,923,351. As seen below, this compensation package was larger than that paid to any CEO of a comparably-sized company in U.S. Steel’s *self-selected* peer group.

396. Indeed, defendant Longhi made approximately 2.67 times as much as the CEO of Alcoa Inc., which is roughly 2.38 times the size of U.S. Steel:

2016 CEO Compensation		
Company	Market Capitalization (09 13 17)	CEO Compensation \$
The Goodyear Tire & Rubber Company	8.13B	19,798,104
Deere & Company	37.73B	18,642,871
Ingersoll-Rand Plc	22.92B	16,372,314
Whirlpool Corp.	12.83B	16,148,142
Freeport-McMoRan Copper & Gold Inc.	20.16B	15,982,666
Illinois Tool Works Inc.	49.22B	14,839,529
Lear Corp.	10.7B	14,443,535
Cummins Inc.	27.81B	13,419,856
International Paper Company	23.19B	13,300,308
Eaton Corporation plc	33.32B	13,037,109
Textron Inc.	13.86B	12,672,171
PPG Industries Inc.	26.95B	12,468,674
Eastman Chemical Co.	12.4B	11,398,067
<i>US Steel Corporation (Longhi)</i>	<i>4.66B</i>	<i>10,923,351</i>
Parker-Hannifin Corporation	22.36B	10,786,328
Nucor Corporation	17.121B	10,627,499
Weyerhaeuser Co.	24.93B	10,338,963
Reliance Steel & Aluminum Co.	5.38B	10,281,585
Terex Corp.	3.82B	9,970,048
Masco Corporation	11.95B	9,765,728
Cliffs Natural Resources Inc.	2.19B	9,536,481
PACCAR Inc.	24.29B	7,666,020
Commercial Metals Company	2.07B	7,243,610
Schnitzer Steel Industries, Inc.*	702.88M	7,070,553
Steel Dynamics Inc.	8.12B	6,563,182
AK Steel Holding Corporation	1.81B	5,944,407
Navistar International Corporation	3.81B	4,895,853
Allegheny Technologies Inc.	2.46B	4,870,954
TimkenSteel Corporation*	635.28M	4,467,849
Worthington Industries, Inc.*	3.2B	4,152,472
Alcoa Inc.	11.13B	4,085,956
Carpenter Technology Corporation*	1.9B	3,236,919
Olympic Steel Inc.*	204.328M	953,984

* denotes a company included in U.S. Steel's performance pay group, but not its compensation pay group. Peer Johnson Controls Inc. is excluded because it is no longer publicly traded.

397. Defendant Burritt was similarly overcompensated in 2016, a year in which he drew an \$800,000 salary and received stock awards worth \$891,720, option awards worth \$447,864,

non-equity incentive compensation worth \$1,820,000, and other compensation worth \$116,000, for a total compensation package worth \$4,075,589:

2016 CFO Compensation		
Company	Market Capitalization (09 13 17)	CFO Compensation \$
Eaton Corporation plc	33.32B	8,673,939
Freeport-McMoRan Copper & Gold Inc.	20.16B	8,309,573
The Goodyear Tire & Rubber Company	8.13B	5,105,271
International Paper Company	23.19B	4,874,850
Textron Inc.	13.86B	4,728,559
Lear Corp.	10.7B	4,497,603
Cummins Inc.	27.81B	4,445,105
Parker-Hannifin Corporation	22.36B	4,394,354
PACCAR Inc.	24.29B	4,307,479
Weyerhaeuser Co.	24.93B	4,295,920
Illinois Tool Works Inc.	49.22B	4,256,700
Deere & Company	37.73B	4,106,705
<i>US Steel Corporation</i>	<i>4.66B</i>	<i>4,075,589</i>
Ingersoll-Rand Plc	22.92B	3,999,933
Eastman Chemical Co.	12.4B	3,823,324
Alcoa Inc.	11.13B	3,643,612
Masco Corporation	11.95B	3,503,171
PPG Industries Inc.	26.95B	3,496,428
Reliance Steel & Aluminum Co.	5.38B	3,398,997
Steel Dynamics Inc.	8.12B	3,398,514
Whirlpool Corp.	12.83B	3,358,503
Nucor Corporation	17.121B	3,268,262
Terex Corp.	3.82B	2,519,193
Worthington Industries, Inc.*	3.2B	2,411,187
Cliffs Natural Resources Inc.	2.19B	2,174,187
Schnitzer Steel Industries, Inc.*	702.88M	2,059,967
AK Steel Holding Corporation	1.81B	1,923,618
Navistar International Corporation	3.81B	1,740,121
Allegheny Technologies Inc.	2.46B	1,600,146
Commercial Metals Company	2.07B	1,481,785
TimkenSteel Corporation*	635.28M	864,197
Carpenter Technology Corporation*	1.9B	772,017
Olympic Steel Inc.*	204.328M	608,717

* denotes a company included in U.S. Steel's performance pay group, but not its compensation pay group. Peer Johnson Controls Inc. is excluded because it is no

longer publicly traded.

398. As with Mr. Longhi, defendant Burritt also received more compensation than any CFO of a company similarly situated in terms of market capitalization. Indeed, Mr. Burritt earned just \$30,000 less than the CFO of Deere & Company, a company more than eight times the size of U.S. Steel.

399. As such, the individual defendants had a considerable incentive to take steps to see that the stock price remained high, including their abject failure to properly invest in the Company so that its performance could improve concomitant with steel prices. It was only when U.S. Steel's abysmal earnings came out that the truth could no longer be concealed, and defendants Longhi and Burritt began to reveal the truth of the dire situation, safeguarding their cash cow as long as possible.

LOSS CAUSATION

400. During the Class Period, the individual defendants materially misled the investing public, thereby inflating the price of U.S. Steel's common stock, by publicly issuing false and/or misleading statements and/or omitting to disclose material facts necessary to make their own statements, as set forth herein, not false and/or misleading. Said statements and omissions were materially false and/or misleading in that they failed to disclose material adverse information and/or misrepresented the truth about U.S. Steel's business, operations, and prospects as alleged herein.

401. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, the defendants named in this Action made or caused to be made a series of materially

false and/or misleading statements concerning U.S. Steel's Carnegie Way initiative, maintenance spending, capital investments, plant outages and business prospects. The individual defendants' statements were false and misleading in that the Company was deferring needed maintenance and facility upgrades in order to improve its bottom line and financial performance and was not "positioned" to perform adequately under the demand of improved market conditions. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its well-being and prospects, thus causing the Company's stock to be overvalued and artificially inflated at all relevant times. The materially false and/or misleading statements made by defendants during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's stock at artificially inflated prices, thus causing the damages complained of herein. For example:

- On April 26, 2016, the Company issued the April 2016 Press Release, in which Defendants falsely stated that U.S. Steel was improving the "reliability of [its] operations" and that the Company was "well-positioned to benefit from currently improving market conditions." In connection with the April 2016 Press Release the Company also released the Q1 2016 Earnings Presentation in which Defendants falsely stated that "benefits are starting to be reflected in fewer unplanned outages and lower maintenance costs" and that U.S. Steel was undertaking "operating updates" at steelmaking facilities, flat-rolled facilities, tubular facilities, and U.S. Steel Europe. In response to these misrepresentations the Company's stock price increased approximately 10% from a closing price of \$18.49 per share on April 26, 2016 to \$20.30 on May 2, 2016.
- In response to the July 2016 Press Release, in which Defendants falsely stated that the Carnegie Way had resulted in "significant improvements" to U.S. Steel's earning power and that the Company would be able to take advantage of an increasing market in that "[U.S. Steel's] net earnings and adjusted EBITDA" will stay consistent with "changes in market conditions," the Company's stock price increased 19.78% from a closing price of \$22.95 per share on July 26, 2016 to \$27.49 per share on July 29, 2016.

- In response to the November 2016 Call, in which Defendant Longhi falsely stated that the Company had “not been under-spending” and that U.S. Steel was “investing appropriately in making sure that everything that we know is being addressed and moving to minimize...unplanned events,” the Company’s stock price increased 15.77% from a closing price of \$17.82 per share on November 2, 2016 to \$20.63 per share on November 7, 2016.

402. During the Class Period, as detailed herein, the individual defendants engaged in a scheme to deceive the market and perpetuate a course of conduct that caused the price of U.S. Steel shares to be artificially inflated by failing to disclose and/or misrepresenting the adverse facts detailed herein. As the U.S. Steel defendants’ misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the artificial inflation in the price of U.S. Steel shares was removed, and the price of U.S. Steel shares fell. For example:

- In response to the April 24, 2017 Press Release, disclosing abysmal financial results of a net loss of \$180 million, or \$1.03 per diluted share due to, in part, “operating challenges at [the Company’s] Flat-Rolled facilities” preventing U.S. Steel from benefiting from improved market conditions, the Company’s stock price decreased a tremendous 38.38% from \$31.11 per share on April 25, 2017 to a low of \$19.17 per share on May 18, 2017. Additionally, the loss in the price of U.S. Steel common stock from a closing price of \$31.11 on April 25, 2017 to \$22.78 on April 26, 2017 represented the steepest drop in price since 1991.

403. As a result of their purchases of U.S. Steel stock during the Class Period at artificially inflated prices, the plaintiff and the other Class members suffered economic loss, i.e., damages, under the federal securities laws. The timing and magnitude of the price decline in U.S. Steel shares negate any inference that the loss suffered by plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors, or Company-specific facts unrelated to the defendants’ fraudulent conduct.

CLASS ACTION ALLEGATIONS

404. Plaintiff brings this action pursuant to Federal Rules of Civil Procedure 23(a) and (b)(3) on behalf of a class of all persons or entities that purchased or otherwise acquired U.S. Steel publicly traded securities between January 27, 2016 and April 25, 2017, inclusive, seeking to pursue remedies under the Exchange Act (the “Class”). Excluded from the Class are U.S. Steel and its subsidiaries and affiliates, and their respective officers and directors at all relevant times, and any of their immediate families, legal representatives, heirs, successors, or assigns, and any entity in which any Defendant has or had a controlling interest.

405. Because U.S. Steel securities were actively traded on the NYSE, the members of the Class are so numerous that joinder of all Class members is impracticable. While the exact number of Class members is unknown at this time and can only be ascertained through discovery, plaintiff believes that there are hundreds or thousands of Class members. As of February 23, 2017, there were 174,290,761 shares of U.S. Steel common stock outstanding. Members of the Class may be identified from records maintained by U.S. Steel or its transfer agent and may be notified of the pendency of this action by mail, using forms of notice customarily used in securities class actions.

406. Plaintiff’s claims are typical of those of the members of the Class, as all Class members have been similarly affected by defendants’ wrongful conduct as alleged herein. Moreover, plaintiff will fairly and adequately protect the interests of the Class and has retained counsel competent and experienced in class action and securities litigation.

407. Common questions of law and fact exist as to all Class members and predominate over any questions solely affecting individual Class members. These common questions include:

- a. Whether defendants violated the federal securities laws as alleged herein;
- b. Whether defendants' statements to the investing public during the Class Period misrepresented material facts about U.S. Steel's business and operations;
- c. Whether defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- d. Whether the individual defendants caused U.S. Steel to issue false and misleading SEC filings and public statements during the Class Period;
- e. Whether the defendants acted knowingly or recklessly in issuing false and misleading SEC filings and public statements during the Class Period;
- f. Whether the prices of U.S. Steel securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- g. Whether the members of the Class have sustained damages and, if so, the proper measure of damages.

408. A class action is superior to all other available methods for the fair and efficient adjudication of this matter as joinder of all Class members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for Class members to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

NO STATUTORY SAFE HARBOR

409. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Amended Class Action Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as “forward-looking statements” when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of U.S. Steel who knew that the statement was false when made.

APPLICABILITY OF FRAUD ON THE MARKET DOCTRINE

410. The market for U.S. Steel securities was open, well-developed and efficient at all relevant times. As a result of the materially false and/or misleading statements and/or failures to disclose, U.S. Steel securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired the Company’s stock relying upon the integrity of the market price of U.S. Steel and market information relating to the Company, and have been damaged thereby.

411. During the Class Period, the artificial inflation of U.S. Steel securities was caused by the material misrepresentations and/or omissions particularized in this Amended Class Action Complaint causing the damages sustained by plaintiff and other members of the Class. As described herein, during the Class Period, the defendants named in this Action made or caused to be made a series of materially false and/or misleading statements about U.S. Steel's business, prospects, and operations. These material misstatements and/or omissions created an unrealistically positive assessment of U.S. Steel and its business, operations, and prospects, thus causing the price of the Company's stock to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company shares. The defendants' materially false and/or misleading statements during the Class Period resulted in plaintiff and other members of the Class purchasing the Company's stock at such artificially inflated prices, and each of them has been damaged as a result.

412. At all relevant times, the market for U.S. Steel securities was an efficient market for the following reasons:

- a. U.S. Steel common stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;
- b. As a regulated issuer, U.S. Steel filed periodic public reports with the SEC and the NYSE;
- c. U.S. Steel communicated with public investors via established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;

- d. During the Class Period, on average, over tens of millions of U.S. Steel shares were traded on a weekly basis. On news days, the Company's trading volume increased into the hundreds of millions, reflecting an active trading market for U.S. Steel common stock and investors' expectations being impounded into the stock price; and
- e. The proportion of statistically significant stock price movement days for U.S. Steel common stock on news days is significantly over the proportion of non-news days and, thus, U.S. Steel common stock is more likely to have a statistically significant return on a day with news than no-news, consistent with an informationally efficient market.

COUNT I

For Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Against U.S. Steel and the Individual Defendants

413. Plaintiff realleges each allegation as if fully set forth herein.

414. This claim is brought under § 10(b) of the Exchange Act, 15 U.S.C. § 78j(b) and Rule 10b-5 promulgated thereunder by the SEC, 17 C.F.R. § 240.10b-5, against U.S. Steel, Longhi, Burritt, and Lesnak (the "Count I Defendants").

415. The Count I Defendants: (a) employed devices, schemes and artifices to defraud; (b) made untrue statements of material fact and/or omitted material facts necessary to make the statements made not misleading; and (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon Plaintiff and the Class, in violation of § 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

416. The Count I Defendants individually and in concert, directly and indirectly, by the use, means or instrumentalities of interstate commerce and/or the mails, engaged and participated in a continuous course of conduct to conceal non-public, adverse material information about the Company's outlook and condition, as reflected in the misrepresentations and omissions set forth

above.

417. The Count I Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

418. Individual defendants, who are the senior officers and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them, or other personnel of the Company to members of the investing public, including plaintiff and the Class.

419. As a result of the foregoing, the market price of U.S. Steel securities was artificially inflated during the Class Period. In ignorance of the falsity of the Company's and the individual defendants' statements, plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of U.S. Steel securities during the Class Period in purchasing U.S. Steel securities at prices that were artificially inflated as a result of the Company's and the individual defendants' false and misleading statements.

420. Had plaintiff and the other members of the Class been aware that the market price of U.S. Steel securities had been artificially and falsely inflated by the Company's and the Individual defendants' misleading statements and by the material adverse information which the Company's and the individual defendants did not disclose, they would not have purchased U.S. Steel securities at the artificially inflated prices that they did, or at all.

421. As a result of the wrongful conduct alleged herein, plaintiff and the other members of the Class have suffered damages in an amount to be established at trial.

422. By reason of the foregoing, the Company and the individual defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the Plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchases of U.S. Steel securities during the Class Period.

COUNT II

For Violations of Section 20(a) of the Exchange Act Against U.S. Steel and the Individual Defendants

423. Plaintiff realleges each allegation as if fully set forth herein.

424. This claim is brought under § 20(a) of the Exchange Act, 15 U.S.C. § 78t, against U.S. Steel, Longhi, Burritt, and Lesnak (the "Count II Defendants").

425. Each of the Count II Defendants, by reason of their status as senior executive officers and/or directors of U.S. Steel, directly or indirectly, controlled the conduct of the Company's business and its representations to plaintiff and the Class, within the meaning of § 20(a) of the Exchange Act. The Count II Defendants directly or indirectly controlled the content of the Company's SEC statements and press releases related to plaintiff and the Class' investments in U.S. Steel securities within the meaning of § 20(a) of the Exchange Act. Therefore, the Count II Defendants are jointly and severally liable for the Company's fraud, as alleged herein.

426. The Count II Defendants controlled and had the authority to control the content of the Company's SEC statements and press releases. Because of their close involvement in the everyday activities of the Company, and because of their wide-ranging supervisory authority, the Count II Defendants reviewed or had the opportunity to review these documents prior to their issuance, or could have prevented their issuance or caused them to be corrected.

427. The Count II Defendants knew or recklessly disregarded the fact that U.S. Steel's representations were materially false and misleading and/or omitted material facts when made. In so doing, the Count II Defendants did not act in good faith.

428. By virtue of their high-level positions and their participation in and awareness of U.S. Steel's operations and public statements, the Count II Defendants were able to and did influence and control U.S. Steel's decision-making, including controlling the content and dissemination of the documents that plaintiff and the Class contend contained materially false and misleading information and on which plaintiff and the Class relied.

429. The Count II Defendants had the power to control or influence the statements made giving rise to the securities violations alleged herein, and as set forth more fully above.

430. As set forth herein, the Count II Defendants each violated § 10(b) of the Exchange Act and Rule 10b-5, thereunder, by their acts and omissions as alleged herein. By virtue of their positions as controlling persons, the Count II Defendants are also liable pursuant to § 20(a) of the Exchange Act.

431. As a direct and proximate result of the Count II Defendants' wrongful conduct, plaintiff and the Class suffered damages in connection with their purchase of U.S. Steel securities.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment, as follows:

- A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying plaintiff as the Class representative;
- B. Requiring defendants to pay damages sustained by plaintiff and the Class by reason of the acts and transactions alleged herein;
- C. Awarding plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and
- D. Awarding such other relief as the Court may deem just and proper.

JURY DEMAND

In accordance with Fed. R. Civ. P. 38(b), plaintiff respectfully demands a jury trial of all issues involved, now, or in the future, in this action.

Dated: April 24, 2019

Respectfully submitted,

LEVI & KORSINSKY, LLP
Shannon L. Hopkins
Nancy A Kulesa
Stephanie A. Bartone
Gregory M. Potrepka
733 Summer Street, Suite 304
Stamford, Connecticut 06901
Tel.: (203) 992-4523
Fax: (212) 363-7171
shopkins@zlk.com

/s/ Vincent Coppola
Vincent Coppola, Esquire
Penn. Attorney # 50181
513 Court Place
Pittsburgh, PA 15219

Counsel for Plaintiff

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

HENRY BIERYLA, on Behalf of Himself and All Others Similarly Situated,

(b) County of Residence of First Listed Plaintiff Lackawanna County, PA
(EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)
Vincent Coppola, Esquire
Penn. Attorney # 50181
513 Court Place
Pittsburgh, PA 15219

DEFENDANTS

UNITED STATES STEEL CORPORATION, MARIO LONGHI, DAVID B. BURRITT, AND DAN LESNAK

County of Residence of First Listed Defendant Allegheny County, PA
(IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. (c) BASIS OF JURISDICTION (Place an "X" in One Box Only)

- ☐ 1 U.S. Government Plaintiff
- ☒ 3 Federal Question (U.S. Government Not a Party)
- ☐ 2 U.S. Government Defendant
- ☐ 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

- | | PTF | DEF | | PTF | DEF |
|---|----------------------------|----------------------------|---|----------------------------|----------------------------|
| Citizen of This State | <input type="checkbox"/> 1 | <input type="checkbox"/> 1 | Incorporated or Principal Place of Business In This State | <input type="checkbox"/> 4 | <input type="checkbox"/> 4 |
| Citizen of Another State | <input type="checkbox"/> 2 | <input type="checkbox"/> 2 | Incorporated and Principal Place of Business In Another State | <input type="checkbox"/> 5 | <input type="checkbox"/> 5 |
| Citizen or Subject of a Foreign Country | <input type="checkbox"/> 3 | <input type="checkbox"/> 3 | Foreign Nation | <input type="checkbox"/> 6 | <input type="checkbox"/> 6 |

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: [Nature of Suit Code Descriptions.](#)

CONTRACT	TORTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
<input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loans (Excludes Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veteran's Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise	PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Federal Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury - Medical Malpractice	PERSONAL INJURY <input type="checkbox"/> 365 Personal Injury - Product Liability <input type="checkbox"/> 367 Health Care/Pharmaceutical Personal Injury <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability PERSONAL PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage Product Liability	<input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 835 Patent - Abbreviated New Drug Application <input type="checkbox"/> 840 Trademark SOCIAL SECURITY <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g))	<input type="checkbox"/> 375 False Claims Act <input type="checkbox"/> 376 Qui Tam (31 USC 3729(a)) <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 485 Telephone Consumer Protection Act <input type="checkbox"/> 490 Cable/Sat TV <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Acts <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 895 Freedom of Information Act <input type="checkbox"/> 896 Arbitration <input type="checkbox"/> 899 Administrative Procedure Act/Review or Appeal of Agency Decision <input type="checkbox"/> 950 Constitutionality of State Statutes
REAL PROPERTY <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	CIVIL RIGHTS <input type="checkbox"/> 440 Other Civil Rights <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 445 Amer. w/Disabilities - Employment <input type="checkbox"/> 446 Amer. w/Disabilities - Other <input type="checkbox"/> 448 Education	PRISONER PETITIONS Habeas Corpus: <input type="checkbox"/> 463 Alien Detainee <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty Other: <input type="checkbox"/> 540 Mandamus & Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition <input type="checkbox"/> 560 Civil Detainee - Conditions of Confinement	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Management Relations <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 751 Family and Medical Leave Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Employee Retirement Income Security Act IMMIGRATION <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 465 Other Immigration Actions	FEDERAL TAX SUITS <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS—Third Party 26 USC 7609

V. ORIGIN (Place an "X" in One Box Only)

- ☒ 1 Original Proceeding
- ☐ 2 Removed from State Court
- ☐ 3 Remanded from Appellate Court
- ☐ 4 Reinstated or Reopened
- ☐ 5 Transferred from Another District (specify)
- ☐ 6 Multidistrict Litigation - Transfer
- ☐ 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):
15 U.S.C. § 78j(b) and § 78t(a); 17 C.F.R. § 240.10b-5

Brief description of cause:

Violation of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5

VII. REQUESTED IN COMPLAINT:

☒ CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P.

DEMAND \$

CHECK YES only if demanded in complaint:

JURY DEMAND: ☒ Yes ☐ No

VIII. RELATED CASE(S) IF ANY

(See instructions):

JUDGE Cathy Bissoon

DOCKET NUMBER 2:17-cv-00579-CB

DATE

04/24/2019

SIGNATURE OF ATTORNEY OF RECORD

/s/ Vincent A. Coppola

FOR OFFICE USE ONLY

RECEIPT # _____ AMOUNT _____ APPLYING IFP _____ JUDGE _____ MAG. JUDGE _____

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.
 United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.
 Original Proceedings. (1) Cases which originate in the United States district courts.
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441.
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
 Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
 Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket. **PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

**CERTIFICATION OF NAMED PLAINTIFF HENRY G. BIERYLA PURSUANT TO
THE FEDERAL SECURITIES LAWS**

I, Henry G. Bieryla duly certify and say, as to the claims asserted under the federal securities laws, that:

1. I have reviewed the Class Action Complaint for Violations of the Federal Securities Laws (the "Complaint") and authorized its filing.

2. I did not purchase the securities that are the subject of the Complaint at the direction of my counsel or to participate in any private action under the federal securities laws.

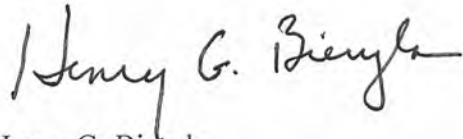
3. I am willing to serve as a named plaintiff and representative party on behalf of the Class, including providing testimony at a deposition and trial, if necessary;

4. My transactions in United States Steel Corporation, which are the subject of this litigation during the class period set forth in the Complaint, are set forth in the Schedule A attached hereto;

5. During the three years prior to the date of this Certification, I have not participated, nor have I sought to participate, as a representative in any class action suit in the United States District Courts under the federal securities laws;

6. I have not received, been promised or offered, and will not accept any form of compensation directly or indirectly, for prosecuting or serving as a representative party in this class action, except for: (i) such damages or other relief as the Court may award to me as my pro rata share of any recovery or judgment; (ii) reasonable costs and expenses (including lost wages) directly relating to the representation of the class to any representative party serving on behalf of a class; or (iii) reimbursement, paid by my attorneys, of actual or reasonable out-of-pocket expenditures incurred directly in connection with the prosecution of this action;

I hereby certify, under penalty of perjury of the laws of the United States of America, that the foregoing is true and correct. Executed this 22nd day of April, 2019.

A handwritten signature in black ink that reads "Henry G. Bieryla". The signature is written in a cursive style with a large, stylized "H" and a long, sweeping underline.

Henry G. Bieryla

Schedule A

Transactions of Henry G. Bieryla in United States Steel Corporation (X)

Client Name Henry G. Bieryla
Company Name United States Steel Corporation
Ticker Symbol X
Class Period Start 1/27/2016
Class Period End 4/25/2017

Account #XXXXXX60/XXX-XXX93

<u>Date of Transaction</u>	<u>Purchase or Sale</u>	<u>Quantity</u>	<u>Price per Security</u>
6/28/2016	Purchase	1,500	\$16.0372
7/13/2016	Purchase	500	\$20.8772
7/19/2016	Purchase	1,000	\$20.6877
7/27/2016	Purchase	500	\$25.2263
7/27/2016	Sale	(500)	\$25.6648
7/27/2016	Sale	(500)	\$25.8444
8/2/2016	Purchase	1,000	\$25.9373
8/4/2016	Sale	(3,500)	\$26.0030
8/8/2016	Purchase	500	\$25.8758
8/8/2016	Purchase	500	\$26.1273
8/9/2016	Purchase	1,000	\$25.0698
8/9/2016	Purchase	1,000	\$25.5600
8/9/2016	Purchase	2,000	\$25.2963
8/9/2016	Purchase	500	\$25.1300
8/10/2016	Purchase	2,000	\$23.7350
8/10/2016	Purchase	2,000	\$23.4262
8/10/2016	Sale	(2,000)	\$23.6740
8/15/2016	Purchase	2,000	\$21.9973
8/15/2016	Purchase	2,000	\$22.0473
9/9/2016	Sale	(5,000)	\$17.0860
9/30/2016	Purchase	2,000	\$18.8104
9/30/2016	Sale	(1,000)	\$19.0448
10/17/2016	Purchase	1,000	\$17.1400
10/17/2016	Purchase	1,000	\$17.0761
10/17/2016	Purchase	500	\$17.0500
10/17/2016	Purchase	1,000	\$17.0661
10/17/2016	Sale	(3,000)	\$16.8967
10/19/2016	Sale	(3,000)	\$18.4900
10/20/2016	Purchase	3,000	\$19.4352
10/20/2016	Purchase	2,000	\$17.9650
10/20/2016	Purchase	3,000	\$17.8356
10/20/2016	Sale	(3,000)	\$19.4535
10/20/2016	Sale	(2,000)	\$19.3456
10/20/2016	Sale	(3,000)	\$19.5644
10/21/2016	Purchase	2,000	\$19.7958
10/21/2016	Purchase	2,000	\$19.1313

10/21/2016	Purchase	3,000	\$19.2712
10/21/2016	Sale	(3,000)	\$19.8100
10/25/2016	Purchase	3,000	\$20.0200
10/25/2016	Purchase	6,000	\$20.2782
10/25/2016	Purchase	5,000	\$20.6690
10/25/2016	Purchase	5,000	\$20.6356
10/25/2016	Purchase	5,000	\$20.7420
10/25/2016	Purchase	2,000	\$20.5425
10/25/2016	Sale	(6,000)	\$20.4475
10/25/2016	Sale	(5,000)	\$20.7826
10/25/2016	Sale	(5,000)	\$20.5680
10/25/2016	Sale	(5,000)	\$20.8233
10/26/2016	Purchase	5,000	\$19.8556
10/26/2016	Purchase	4,000	\$19.8200
10/26/2016	Purchase	3,000	\$19.9752
10/26/2016	Sale	(2,000)	\$20.1941
10/26/2016	Sale	(3,000)	\$19.9944
10/26/2016	Sale	(5,000)	\$19.8939
10/26/2016	Sale	(3,000)	\$19.7644
10/26/2016	Sale	(3,000)	\$19.8001
10/27/2016	Purchase	5,000	\$19.4228
10/27/2016	Purchase	3,000	\$19.6499
10/27/2016	Purchase	3,000	\$19.5856
10/27/2016	Purchase	2,000	\$19.6695
10/27/2016	Purchase	3,000	\$19.7777
10/27/2016	Sale	(3,000)	\$19.4600
10/27/2016	Sale	(2,000)	\$19.4644
10/27/2016	Sale	(4,000)	\$19.6055
10/27/2016	Sale	(3,000)	\$19.6398
10/28/2016	Purchase	5,000	\$19.1356
10/28/2016	Purchase	5,000	\$19.2239
10/28/2016	Purchase	2,000	\$19.5156
10/28/2016	Purchase	2,000	\$19.7280
10/28/2016	Sale	(6,900)	\$19.2344
10/28/2016	Sale	(5,000)	\$19.2953
10/28/2016	Sale	(6,000)	\$19.2526
10/28/2016	Sale	(4,000)	\$19.8177
10/28/2016	Sale	(2,000)	\$19.8644
10/28/2016	Sale	(2,000)	\$19.9167
10/28/2016	Sale	(2,000)	\$19.9226
10/31/2016	Purchase	3,000	\$19.3760
10/31/2016	Purchase	3,000	\$19.1064
10/31/2016	Purchase	5,000	\$19.0456
10/31/2016	Purchase	5,000	\$19.0374
10/31/2016	Purchase	2,000	\$19.3690

10/31/2016	Purchase	3,000	\$19.1933
10/31/2016	Purchase	3,000	\$19.2187
10/31/2016	Purchase	2,000	\$19.3200
10/31/2016	Sale	(10,000)	\$18.9914
11/1/2016	Purchase	7,000	\$18.5056
11/1/2016	Purchase	1,600	\$18.9961
11/1/2016	Purchase	5,000	\$19.3856
11/1/2016	Purchase	5,000	\$19.2656
11/1/2016	Purchase	6,000	\$19.3889
11/1/2016	Sale	(5,000)	\$18.7026
11/1/2016	Sale	(7,700)	\$18.4613
11/1/2016	Sale	(10,000)	\$19.3262
11/1/2016	Sale	(6,000)	\$19.3726
11/2/2016	Purchase	2,500	\$17.8868
11/2/2016	Purchase	8,000	\$18.1490
11/2/2016	Purchase	10,000	\$18.0500
11/2/2016	Purchase	6,000	\$18.1916
11/2/2016	Purchase	10,000	\$18.0346
11/2/2016	Purchase	10,000	\$18.2551
11/2/2016	Purchase	10,000	\$18.1879
11/2/2016	Purchase	7,000	\$17.9589
11/2/2016	Purchase	7,000	\$17.7571
11/2/2016	Purchase	10,000	\$17.8690
11/2/2016	Purchase	5,000	\$18.2029
11/2/2016	Purchase	5,000	\$17.2564
11/2/2016	Sale	(2,500)	\$17.8125
11/2/2016	Sale	(8,000)	\$18.1519
11/2/2016	Sale	(10,000)	\$18.4831
11/2/2016	Sale	(10,000)	\$18.1933
11/2/2016	Sale	(10,000)	\$18.2110
11/2/2016	Sale	(7,000)	\$18.0037
11/2/2016	Sale	(7,000)	\$17.9116
11/2/2016	Sale	(10,000)	\$17.9002
11/2/2016	Sale	(5,000)	\$18.0110
11/2/2016	Sale	(5,000)	\$17.4420
11/2/2016	Sale	(12,000)	\$17.3601
11/3/2016	Purchase	10,000	\$19.5295
11/3/2016	Purchase	10,000	\$19.2490
11/3/2016	Purchase	10,000	\$19.1400
11/3/2016	Purchase	8,000	\$18.9883
11/3/2016	Sale	(10,000)	\$19.2500
11/3/2016	Sale	(10,000)	\$19.1261
11/3/2016	Sale	(8,000)	\$19.0078
11/3/2016	Sale	(8,000)	\$19.0614
11/3/2016	Sale	(8,000)	\$18.7677

11/4/2016	Purchase	10,000	\$20.1490
11/4/2016	Purchase	4,000	\$19.9750
11/4/2016	Purchase	8,000	\$19.9799
11/4/2016	Purchase	8,000	\$19.9367
11/4/2016	Purchase	8,000	\$19.5267
11/4/2016	Purchase	8,000	\$19.6878
11/4/2016	Purchase	5,000	\$19.7270
11/4/2016	Purchase	8,000	\$19.1737
11/4/2016	Sale	(10,000)	\$20.1212
11/4/2016	Sale	(10,000)	\$20.0211
11/4/2016	Sale	(10,000)	\$20.0236
11/4/2016	Sale	(8,000)	\$19.7421
11/4/2016	Sale	(10,000)	\$19.7900
11/4/2016	Sale	(8,000)	\$19.7455
11/4/2016	Sale	(5,000)	\$19.7330
11/4/2016	Sale	(8,000)	\$19.7834
11/7/2016	Purchase	8,000	\$20.6325
11/7/2016	Purchase	5,000	\$20.3080
11/7/2016	Purchase	5,000	\$20.4777
11/7/2016	Purchase	3,000	\$20.1584
11/7/2016	Purchase	2,000	\$20.1458
11/7/2016	Purchase	8,000	\$20.2270
11/7/2016	Purchase	3,000	\$20.4369
11/7/2016	Purchase	8,000	\$20.4669
11/7/2016	Sale	(10,000)	\$20.7026
11/7/2016	Sale	(8,000)	\$20.5732
11/7/2016	Sale	(10,000)	\$20.5800
11/7/2016	Sale	(3,400)	\$20.4216
11/7/2016	Sale	(10,000)	\$20.4530
11/7/2016	Sale	(300)	\$20.5046
11/7/2016	Sale	(300)	\$20.4846
11/8/2016	Purchase	8,000	\$20.8866
11/8/2016	Purchase	5,000	\$21.0410
11/8/2016	Purchase	5,000	\$20.8384
11/8/2016	Purchase	8,000	\$20.8939
11/8/2016	Purchase	8,000	\$20.9899
11/8/2016	Purchase	5,000	\$20.8110
11/8/2016	Purchase	8,000	\$20.9165
11/8/2016	Sale	(8,000)	\$21.0235
11/8/2016	Sale	(5,000)	\$21.0326
11/8/2016	Sale	(5,000)	\$21.0410
11/8/2016	Sale	(8,000)	\$21.0275
11/8/2016	Sale	(8,000)	\$21.0717
11/8/2016	Sale	(5,000)	\$20.9450
11/8/2016	Sale	(8,000)	\$21.1101

11/10/2016	Purchase	5,000	\$24.9178
11/10/2016	Purchase	5,000	\$25.0194
11/10/2016	Purchase	10,000	\$25.0693
11/10/2016	Purchase	5,000	\$24.8080
11/10/2016	Sale	(5,000)	\$24.6526
11/10/2016	Sale	(5,000)	\$24.7501
11/10/2016	Sale	(10,000)	\$24.6010
11/10/2016	Sale	(5,000)	\$24.9701
11/11/2016	Purchase	10,000	\$25.3900
11/11/2016	Purchase	8,000	\$24.5699
11/11/2016	Purchase	10,000	\$24.6913
11/11/2016	Purchase	10,000	\$24.8400
11/11/2016	Sale	(5,000)	\$25.3634
11/11/2016	Sale	(5,000)	\$25.4110
11/11/2016	Sale	(5,000)	\$25.3219
11/11/2016	Sale	(5,000)	\$25.0450
11/11/2016	Sale	(8,000)	\$24.6732
11/11/2016	Sale	(10,000)	\$24.9960
11/14/2016	Purchase	10,000	\$27.3046
11/14/2016	Purchase	8,000	\$27.3719
11/14/2016	Purchase	8,000	\$27.3525
11/14/2016	Purchase	8,000	\$27.2249
11/14/2016	Purchase	8,000	\$27.1025
11/14/2016	Sale	(5,000)	\$27.7541
11/14/2016	Sale	(5,000)	\$27.6190
11/14/2016	Sale	(5,000)	\$27.4010
11/14/2016	Sale	(3,000)	\$27.4322
11/14/2016	Sale	(8,000)	\$27.3975
11/14/2016	Sale	(8,000)	\$27.3575
11/14/2016	Sale	(8,000)	\$27.2224
11/15/2016	Purchase	8,000	\$27.0431
11/15/2016	Sale	(8,000)	\$26.8034
11/16/2016	Purchase	9,000	\$28.2969
11/16/2016	Purchase	8,000	\$28.2672
11/16/2016	Purchase	8,000	\$28.0725
11/16/2016	Purchase	3,000	\$27.9564
11/16/2016	Sale	(2,000)	\$28.4801
11/16/2016	Sale	(1,300)	\$28.4946
11/16/2016	Sale	(700)	\$28.4750
11/16/2016	Sale	(1,000)	\$28.4837
11/16/2016	Sale	(1,000)	\$28.5000
11/16/2016	Sale	(2,000)	\$28.4810
11/16/2016	Sale	(3,000)	\$28.4629
11/16/2016	Sale	(3,000)	\$28.2510
11/16/2016	Sale	(9,000)	\$28.3000

11/17/2016	Purchase	5,000	\$29.2245
11/18/2016	Purchase	5,000	\$28.8410
11/18/2016	Sale	(2,000)	\$28.5800
11/18/2016	Sale	(1,000)	\$28.6900
11/18/2016	Sale	(433)	\$28.7110
11/18/2016	Sale	(2,456)	\$28.6196
11/18/2016	Sale	(1,111)	\$28.6300
11/21/2016	Purchase	5,000	\$28.7169
11/21/2016	Purchase	5,000	\$28.7699
11/21/2016	Purchase	5,000	\$28.5190
11/21/2016	Purchase	5,000	\$28.3799
11/21/2016	Purchase	8,000	\$28.9675
11/21/2016	Sale	(8,000)	\$28.7801
11/21/2016	Sale	(7,000)	\$28.8679
11/21/2016	Sale	(5,000)	\$28.6427
11/21/2016	Sale	(5,000)	\$28.5861
11/21/2016	Sale	(1,000)	\$28.6600
11/22/2016	Purchase	7,500	\$32.2871
11/22/2016	Purchase	7,500	\$32.3905
11/22/2016	Purchase	7,500	\$32.2082
11/22/2016	Purchase	7,500	\$31.9799
11/22/2016	Purchase	7,500	\$31.9699
11/22/2016	Purchase	7,500	\$31.5776
11/22/2016	Purchase	7,500	\$31.8271
11/22/2016	Purchase	5,000	\$31.5372
11/22/2016	Purchase	5,000	\$31.3863
11/22/2016	Purchase	7,500	\$30.5781
11/22/2016	Purchase	7,500	\$30.6882
11/22/2016	Purchase	7,500	\$30.5796
11/22/2016	Purchase	7,500	\$30.5060
11/22/2016	Purchase	5,000	\$29.9690
11/22/2016	Sale	(5,000)	\$32.2629
11/22/2016	Sale	(5,000)	\$32.2150
11/22/2016	Sale	(7,500)	\$32.1720
11/22/2016	Sale	(5,000)	\$32.1629
11/22/2016	Sale	(10,000)	\$32.1134
11/22/2016	Sale	(7,500)	\$31.6401
11/22/2016	Sale	(12,500)	\$31.6952
11/22/2016	Sale	(10,000)	\$31.5644
11/22/2016	Sale	(4,000)	\$30.7326
11/22/2016	Sale	(10,000)	\$30.7067
11/22/2016	Sale	(3,500)	\$30.4442
11/22/2016	Sale	(7,500)	\$30.4830
11/22/2016	Sale	(7,500)	\$30.3919
11/22/2016	Sale	(7,500)	\$30.4101

11/23/2016	Purchase	7,500	\$32.4222
11/23/2016	Purchase	7,500	\$32.2250
11/23/2016	Purchase	7,500	\$32.0650
11/23/2016	Purchase	7,500	\$31.9650
11/23/2016	Purchase	7,500	\$31.7599
11/23/2016	Purchase	7,500	\$31.6299
11/23/2016	Purchase	7,500	\$31.4587
11/23/2016	Purchase	7,500	\$31.3868
11/23/2016	Sale	(2,000)	\$32.2500
11/23/2016	Sale	(10,000)	\$32.3009
11/23/2016	Sale	(7,500)	\$32.3301
11/23/2016	Sale	(7,500)	\$32.0804
11/23/2016	Sale	(7,500)	\$32.1850
11/23/2016	Sale	(7,500)	\$31.9001
11/23/2016	Sale	(7,500)	\$31.5533
11/23/2016	Sale	(7,500)	\$31.5413
11/23/2016	Sale	(7,500)	\$31.5062
11/28/2016	Purchase	7,500	\$32.3779
11/28/2016	Purchase	10,000	\$32.2900
11/28/2016	Purchase	8,000	\$32.5543
11/28/2016	Purchase	5,000	\$32.9858
11/28/2016	Purchase	5,000	\$33.3392
11/28/2016	Sale	(5,000)	\$32.1438
11/28/2016	Sale	(10,400)	\$32.1412
11/28/2016	Sale	(8,000)	\$32.2751
11/29/2016	Purchase	3,000	\$31.1700
11/29/2016	Purchase	5,000	\$31.5266
11/29/2016	Purchase	4,000	\$31.3899
11/29/2016	Purchase	10,000	\$31.4598
11/29/2016	Purchase	5,000	\$30.8156
11/29/2016	Purchase	10,000	\$30.4726
11/29/2016	Purchase	5,000	\$30.6799
11/29/2016	Purchase	5,000	\$30.8990
11/29/2016	Purchase	5,000	\$31.0600
11/29/2016	Sale	(9,550)	\$31.1835
11/29/2016	Sale	(8,450)	\$31.4633
11/29/2016	Sale	(12,000)	\$31.2197
11/29/2016	Sale	(10,000)	\$30.2861
11/29/2016	Sale	(7,600)	\$30.3301
11/29/2016	Sale	(5,000)	\$30.5018
11/29/2016	Sale	(5,000)	\$31.0501
11/30/2016	Purchase	10,000	\$32.5399
11/30/2016	Purchase	10,000	\$32.1085
11/30/2016	Purchase	10,000	\$32.5200
11/30/2016	Purchase	8,000	\$32.2150

11/30/2016	Purchase	7,000	\$32.0056
11/30/2016	Purchase	8,000	\$32.0599
11/30/2016	Purchase	8,000	\$32.6143
11/30/2016	Sale	(5,000)	\$32.4401
11/30/2016	Sale	(13,000)	\$32.4422
11/30/2016	Sale	(10,000)	\$32.3614
11/30/2016	Sale	(10,000)	\$32.6651
11/30/2016	Sale	(8,000)	\$32.2930
11/30/2016	Sale	(7,000)	\$32.1545
11/30/2016	Sale	(8,000)	\$32.2326
12/1/2016	Purchase	9,000	\$32.6890
12/1/2016	Purchase	9,000	\$32.5833
12/1/2016	Purchase	9,000	\$32.4392
12/1/2016	Sale	(9,000)	\$32.7531
12/1/2016	Sale	(9,000)	\$32.6710
12/1/2016	Sale	(9,000)	\$32.6301
12/2/2016	Purchase	10,000	\$32.3800
12/2/2016	Sale	(10,000)	\$32.4485
12/2/2016	Sale	(6,900)	\$32.2454
12/5/2016	Purchase	10,000	\$34.6273
12/5/2016	Purchase	8,000	\$34.2399
12/5/2016	Purchase	8,000	\$33.8898
12/5/2016	Purchase	8,000	\$34.2966
12/5/2016	Sale	(3,000)	\$35.1814
12/5/2016	Sale	(3,000)	\$34.6617
12/5/2016	Sale	(4,000)	\$34.5531
12/5/2016	Sale	(8,000)	\$34.3301
12/5/2016	Sale	(6,000)	\$34.1038
12/5/2016	Sale	(10,000)	\$34.1360
12/6/2016	Purchase	8,000	\$35.1773
12/6/2016	Purchase	8,000	\$35.2334
12/6/2016	Purchase	8,000	\$35.4701
12/6/2016	Sale	(1,100)	\$35.9443
12/6/2016	Sale	(3,000)	\$35.9795
12/6/2016	Sale	(3,000)	\$35.8831
12/6/2016	Sale	(2,000)	\$35.7431
12/6/2016	Sale	(1,000)	\$35.5802
12/6/2016	Sale	(1,000)	\$35.3042
12/6/2016	Sale	(1,000)	\$35.2585
12/6/2016	Sale	(1,000)	\$35.1810
12/6/2016	Sale	(8,000)	\$35.3110
12/7/2016	Purchase	10,000	\$37.7169
12/7/2016	Sale	(10,000)	\$37.7523
12/8/2016	Purchase	3,000	\$37.6111
12/8/2016	Purchase	2,000	\$37.8445

12/8/2016	Purchase	6,000	\$38.2899
12/8/2016	Purchase	6,000	\$38.7318
12/8/2016	Purchase	6,000	\$38.4705
12/8/2016	Purchase	10,000	\$38.9753
12/8/2016	Purchase	10,000	\$38.7198
12/8/2016	Sale	(2,000)	\$37.3031
12/8/2016	Sale	(1,600)	\$37.3600
12/8/2016	Sale	(2,000)	\$37.3814
12/8/2016	Sale	(2,500)	\$37.3554
12/8/2016	Sale	(800)	\$38.1744
12/8/2016	Sale	(1,000)	\$38.0946
12/8/2016	Sale	(100)	\$38.0944
12/8/2016	Sale	(2,000)	\$37.7814
12/8/2016	Sale	(2,000)	\$37.3335
12/8/2016	Sale	(6,000)	\$38.5524
12/8/2016	Sale	(6,000)	\$38.3981
12/8/2016	Sale	(10,000)	\$38.6362
12/9/2016	Purchase	8,000	\$36.6187
12/9/2016	Purchase	8,000	\$36.9378
12/9/2016	Purchase	5,000	\$36.8529
12/9/2016	Purchase	5,000	\$36.5726
12/9/2016	Purchase	5,000	\$37.0799
12/9/2016	Sale	(8,000)	\$36.7801
12/9/2016	Sale	(10,000)	\$36.8019
12/9/2016	Sale	(100)	\$36.3485
12/9/2016	Sale	(9,900)	\$36.4101
12/9/2016	Sale	(5,000)	\$36.5590
12/12/2016	Purchase	8,000	\$34.7525
12/12/2016	Purchase	8,000	\$34.8569
12/12/2016	Purchase	6,000	\$34.7750
12/12/2016	Sale	(8,000)	\$34.7131
12/12/2016	Sale	(6,000)	\$34.8601
12/12/2016	Sale	(8,000)	\$34.7601
12/13/2016	Purchase	2,000	\$35.0972
12/13/2016	Purchase	5,000	\$35.3584
12/13/2016	Purchase	10,000	\$35.2489
12/13/2016	Purchase	5,000	\$34.6472
12/13/2016	Purchase	5,000	\$34.6067
12/13/2016	Purchase	5,000	\$35.0299
12/13/2016	Purchase	5,000	\$34.8699
12/13/2016	Purchase	10,000	\$35.3473
12/13/2016	Sale	(9,000)	\$35.2216
12/13/2016	Sale	(6,000)	\$35.1566
12/13/2016	Sale	(7,000)	\$35.1629
12/13/2016	Sale	(7,000)	\$34.7228

12/13/2016	Sale	(5,000)	\$34.9627
12/13/2016	Sale	(5,000)	\$35.1904
12/13/2016	Sale	(8,000)	\$35.1800
12/14/2016	Purchase	5,000	\$36.2676
12/14/2016	Purchase	5,000	\$36.5699
12/14/2016	Purchase	5,000	\$36.5171
12/14/2016	Purchase	5,000	\$36.5799
12/14/2016	Purchase	5,000	\$36.7350
12/14/2016	Purchase	8,000	\$36.2452
12/14/2016	Purchase	1,000	\$35.7340
12/14/2016	Purchase	2,000	\$35.2000
12/14/2016	Purchase	8,000	\$35.2069
12/14/2016	Purchase	8,000	\$34.7399
12/14/2016	Sale	(4,000)	\$35.9531
12/14/2016	Sale	(5,000)	\$36.7900
12/14/2016	Sale	(5,000)	\$36.6990
12/14/2016	Sale	(8,000)	\$36.0917
12/14/2016	Sale	(5,000)	\$36.2980
12/14/2016	Sale	(12,000)	\$36.1460
12/14/2016	Sale	(10,000)	\$35.1752
12/15/2016	Purchase	7,000	\$35.6925
12/15/2016	Purchase	10,000	\$35.5768
12/15/2016	Purchase	7,000	\$35.8670
12/15/2016	Purchase	6,000	\$35.7171
12/15/2016	Purchase	6,000	\$35.5499
12/15/2016	Purchase	6,000	\$34.7899
12/15/2016	Purchase	6,000	\$34.5421
12/15/2016	Sale	(2,000)	\$35.8300
12/15/2016	Sale	(1,000)	\$35.8000
12/15/2016	Sale	(1,000)	\$35.8400
12/15/2016	Sale	(3,000)	\$35.7731
12/15/2016	Sale	(5,000)	\$35.6917
12/15/2016	Sale	(17,000)	\$35.4400
12/15/2016	Sale	(7,000)	\$35.9729
12/15/2016	Sale	(6,000)	\$35.8430
12/15/2016	Sale	(6,000)	\$35.4801
12/15/2016	Sale	(6,000)	\$34.7001
12/16/2016	Purchase	4,000	\$36.0389
12/16/2016	Purchase	10,000	\$36.1428
12/16/2016	Purchase	10,000	\$36.0100
12/16/2016	Purchase	8,000	\$35.7399
12/16/2016	Sale	(3,500)	\$34.6920
12/16/2016	Sale	(3,500)	\$34.7031
12/16/2016	Sale	(3,000)	\$34.6631
12/16/2016	Sale	(1,000)	\$34.7220

12/16/2016	Sale	(10,000)	\$36.0100
12/16/2016	Sale	(10,000)	\$35.8833
12/19/2016	Purchase	3,000	\$34.3800
12/19/2016	Purchase	3,000	\$34.4187
12/19/2016	Purchase	6,000	\$34.4016
12/19/2016	Purchase	8,000	\$34.5498
12/19/2016	Purchase	8,000	\$35.0199
12/19/2016	Purchase	8,000	\$34.9250
12/19/2016	Purchase	8,000	\$34.8200
12/19/2016	Purchase	6,000	\$34.5499
12/19/2016	Sale	(5,000)	\$34.4350
12/19/2016	Sale	(3,000)	\$34.4438
12/19/2016	Sale	(2,000)	\$34.4104
12/19/2016	Sale	(1,000)	\$34.4000
12/19/2016	Sale	(1,000)	\$34.3941
12/19/2016	Sale	(8,000)	\$34.5475
12/19/2016	Sale	(16,000)	\$34.7791
12/19/2016	Sale	(8,000)	\$34.7801
12/19/2016	Sale	(6,000)	\$34.6173
12/19/2016	Sale	(3,000)	\$34.2050
12/19/2016	Sale	(3,000)	\$34.1617
12/20/2016	Purchase	4,000	\$36.0000
12/20/2016	Purchase	8,000	\$35.9480
12/20/2016	Purchase	8,000	\$35.4425
12/20/2016	Purchase	5,000	\$35.4300
12/20/2016	Purchase	8,000	\$34.7879
12/20/2016	Sale	(12,000)	\$35.9825
12/20/2016	Sale	(8,000)	\$35.4090
12/20/2016	Sale	(5,000)	\$35.3450
12/20/2016	Sale	(8,000)	\$35.0271
12/21/2016	Purchase	10,000	\$36.8372
12/21/2016	Purchase	5,000	\$36.2662
12/21/2016	Purchase	2,000	\$36.0653
12/21/2016	Purchase	6,000	\$35.8999
12/21/2016	Purchase	2,000	\$35.9572
12/21/2016	Sale	(7,000)	\$36.4730
12/21/2016	Sale	(3,000)	\$36.4744
12/21/2016	Sale	(10,000)	\$36.7936
12/22/2016	Purchase	3	\$35.6672
12/22/2016	Purchase	1	\$35.6650
12/22/2016	Purchase	8,000	\$36.7047
12/22/2016	Purchase	3,000	\$36.5786
12/22/2016	Purchase	8,000	\$36.6126
12/22/2016	Sale	(1,000)	\$35.6842
12/22/2016	Sale	(1,000)	\$35.7010

12/22/2016	Sale	(4,000)	\$36.6650
12/22/2016	Sale	(5,000)	\$36.7801
12/23/2016	Purchase	2,500	\$35.8965
12/23/2016	Sale	(3,504)	\$35.7900
12/27/2016	Purchase	8,000	\$36.2043
12/27/2016	Purchase	3,000	\$36.1444
12/27/2016	Purchase	8,000	\$36.0064
12/27/2016	Sale	(10,000)	\$36.1015
12/27/2016	Sale	(6,000)	\$36.0934
12/27/2016	Sale	(6,000)	\$36.1601
12/28/2016	Purchase	6,000	\$36.8706
12/29/2016	Purchase	5,000	\$34.6450
12/29/2016	Purchase	6,000	\$34.9681
12/29/2016	Purchase	7,000	\$34.9266
12/29/2016	Sale	(5,000)	\$34.8001
12/29/2016	Sale	(6,000)	\$35.0060
12/29/2016	Sale	(7,000)	\$34.7162
12/29/2016	Sale	(10,000)	\$35.0410
12/30/2016	Purchase	7,000	\$33.2071
12/30/2016	Purchase	7,000	\$34.3599
12/30/2016	Purchase	8,000	\$34.8700
12/30/2016	Sale	(7,000)	\$33.2129
12/30/2016	Sale	(15,000)	\$33.4503
12/30/2016	Sale	(5,000)	\$35.1850
1/4/2017	Purchase	5,000	\$36.9479
1/4/2017	Purchase	5,000	\$36.7872
1/4/2017	Purchase	5,000	\$36.4650
1/4/2017	Purchase	5,000	\$36.3199
1/4/2017	Purchase	8,000	\$34.8599
1/4/2017	Purchase	8,000	\$34.4172
1/4/2017	Purchase	5,000	\$34.9676
1/4/2017	Sale	(5,000)	\$37.1450
1/4/2017	Sale	(5,000)	\$36.7928
1/4/2017	Sale	(5,000)	\$36.4944
1/4/2017	Sale	(5,000)	\$36.3801
1/4/2017	Sale	(16,000)	\$35.4081
1/4/2017	Sale	(5,000)	\$34.7133
1/5/2017	Purchase	8,000	\$35.8269
1/5/2017	Purchase	8,000	\$36.5734
1/5/2017	Purchase	8,000	\$36.7571
1/5/2017	Purchase	8,000	\$36.8325
1/5/2017	Sale	(8,000)	\$36.0925
1/5/2017	Sale	(8,000)	\$36.2938
1/5/2017	Sale	(8,000)	\$36.3767
1/5/2017	Sale	(8,000)	\$36.7283

1/6/2017	Purchase	10,000	\$35.8081
1/6/2017	Purchase	8,000	\$35.6424
1/6/2017	Sale	(4,000)	\$35.3550
1/6/2017	Sale	(8,000)	\$35.7850
1/9/2017	Purchase	8,000	\$35.4597
1/10/2017	Purchase	6,000	\$35.5989
1/10/2017	Purchase	2,000	\$35.4286
1/10/2017	Purchase	7,000	\$35.0000
1/10/2017	Purchase	7,000	\$34.9381
1/10/2017	Purchase	1,000	\$35.1574
1/10/2017	Purchase	6,000	\$34.7996
1/10/2017	Purchase	1,000	\$34.8286
1/10/2017	Purchase	5,500	\$34.6873
1/10/2017	Sale	(6,000)	\$35.5101
1/10/2017	Sale	(2,000)	\$35.1528
1/10/2017	Sale	(1,000)	\$35.0390
1/10/2017	Sale	(7,000)	\$34.7001
1/10/2017	Sale	(7,000)	\$35.0138
1/10/2017	Sale	(6,500)	\$34.7236
1/10/2017	Sale	(4,000)	\$34.6355
1/10/2017	Sale	(10,000)	\$34.1740
1/11/2017	Purchase	2,500	\$34.8674
1/11/2017	Purchase	3,000	\$35.3450
1/11/2017	Purchase	3,000	\$35.2084
1/11/2017	Purchase	3,000	\$35.0320
1/11/2017	Sale	(7,000)	\$35.2021
1/11/2017	Sale	(4,500)	\$35.5626
1/12/2017	Purchase	3,000	\$33.2368
1/12/2017	Purchase	7,000	\$33.9647
1/12/2017	Sale	(3,000)	\$32.7923
1/13/2017	Purchase	6,000	\$33.4150
1/13/2017	Purchase	6,500	\$33.7445
1/13/2017	Purchase	3,000	\$33.8390
1/13/2017	Sale	(1,200)	\$32.6749
1/13/2017	Sale	(8,500)	\$33.6404
1/13/2017	Sale	(13,000)	\$33.9253
1/18/2017	Purchase	6,000	\$34.2080
1/18/2017	Purchase	7,000	\$33.8174
1/18/2017	Purchase	5,000	\$33.7080
1/18/2017	Purchase	8,000	\$33.3950
1/18/2017	Purchase	4,000	\$32.2170
1/18/2017	Sale	(6,000)	\$34.7614
1/18/2017	Sale	(5,900)	\$33.5324
1/18/2017	Sale	(6,800)	\$33.8006
1/18/2017	Sale	(5,000)	\$33.4029

1/18/2017	Sale	(8,000)	\$33.3211
1/18/2017	Sale	(4,000)	\$32.8400
1/19/2017	Purchase	3,000	\$33.2682
1/19/2017	Purchase	6,000	\$33.2874
1/19/2017	Purchase	6,000	\$33.4363
1/19/2017	Sale	(9,000)	\$33.2155
1/23/2017	Purchase	7,000	\$32.7790
1/23/2017	Sale	(3,000)	\$32.9712
1/23/2017	Sale	(1,000)	\$32.9652
1/23/2017	Sale	(1,000)	\$32.9600
1/24/2017	Purchase	2,500	\$33.2396
1/24/2017	Purchase	8,000	\$33.4739
1/24/2017	Purchase	8,000	\$34.5393
1/24/2017	Sale	(8,000)	\$34.7960
1/24/2017	Sale	(8,000)	\$33.9825
1/26/2017	Purchase	5,000	\$33.2400
1/26/2017	Purchase	4,000	\$33.2550
1/26/2017	Sale	(1,500)	\$33.4755
1/26/2017	Sale	(2,000)	\$33.4618
1/26/2017	Sale	(3,000)	\$33.4450
1/26/2017	Sale	(4,100)	\$33.4310
1/26/2017	Sale	(4,000)	\$33.5141
1/27/2017	Purchase	5,000	\$33.7163
1/27/2017	Purchase	5,000	\$33.4294
1/27/2017	Purchase	4,000	\$33.4350
1/27/2017	Purchase	5,000	\$33.4990
1/27/2017	Sale	(1,425)	\$33.7552
1/27/2017	Sale	(5,000)	\$33.8758
1/27/2017	Sale	(2,000)	\$33.9130
1/27/2017	Sale	(5,000)	\$33.6137
1/27/2017	Sale	(6,000)	\$33.4737
1/30/2017	Purchase	3,000	\$32.4378
1/30/2017	Purchase	8,000	\$32.8231
1/30/2017	Sale	(3,000)	\$33.0004
1/30/2017	Sale	(3,000)	\$32.9110
1/30/2017	Sale	(3,000)	\$32.9150
1/31/2017	Purchase	5,000	\$32.5490
1/31/2017	Purchase	3,000	\$32.3385
1/31/2017	Purchase	3,000	\$32.2177
1/31/2017	Purchase	3,000	\$32.1677
1/31/2017	Sale	(4,000)	\$32.7000
1/31/2017	Sale	(5,000)	\$32.6439
1/31/2017	Sale	(475)	\$32.5050
1/31/2017	Sale	(3,000)	\$32.4547
1/31/2017	Sale	(3,000)	\$32.3250

2/1/2017	Purchase	8,000	\$33.1439
2/2/2017	Sale	(4,000)	\$34.7747
2/2/2017	Sale	(3,000)	\$33.5084
2/2/2017	Sale	(3,000)	\$32.7630
2/2/2017	Sale	(3,000)	\$32.0300
2/3/2017	Purchase	4,000	\$33.8638
2/3/2017	Purchase	4,000	\$33.8550
2/3/2017	Purchase	6,000	\$33.6750
2/3/2017	Purchase	5,000	\$33.4978
2/3/2017	Purchase	5,000	\$33.5952
2/3/2017	Sale	(6,000)	\$33.7724
2/3/2017	Sale	(6,000)	\$33.7510
2/3/2017	Sale	(8,000)	\$33.7954
2/3/2017	Sale	(3,000)	\$33.7331
2/6/2017	Purchase	8,000	\$34.3423
2/6/2017	Purchase	8,000	\$34.6508
2/6/2017	Purchase	6,000	\$34.9169
2/6/2017	Purchase	6,000	\$34.3559
2/6/2017	Sale	(1,000)	\$34.3600
2/6/2017	Sale	(8,000)	\$34.4000
2/6/2017	Sale	(6,000)	\$34.5450
2/6/2017	Sale	(6,000)	\$34.5807
2/7/2017	Purchase	3,000	\$35.2517
2/7/2017	Sale	(8,000)	\$34.7652
2/8/2017	Purchase	3,000	\$34.0827
2/8/2017	Sale	(2,000)	\$34.5150
2/8/2017	Sale	(1,000)	\$34.4434
2/9/2017	Purchase	6,000	\$36.8236
2/9/2017	Purchase	3,000	\$35.7390
2/9/2017	Purchase	5,000	\$35.4873
2/9/2017	Sale	(2,000)	\$37.0950
2/9/2017	Sale	(3,000)	\$36.8320
2/9/2017	Sale	(5,000)	\$36.7250
2/9/2017	Sale	(4,000)	\$36.5925
2/9/2017	Sale	(3,000)	\$35.6236
2/10/2017	Purchase	2,000	\$37.4883
2/10/2017	Purchase	4,000	\$37.5778
2/10/2017	Purchase	6,000	\$37.9502
2/10/2017	Sale	(1,000)	\$37.5951
2/10/2017	Sale	(1,000)	\$37.6305
2/10/2017	Sale	(3,000)	\$37.6618
2/10/2017	Sale	(500)	\$37.5500
2/10/2017	Sale	(500)	\$37.5240
2/10/2017	Sale	(1,000)	\$37.5253
2/13/2017	Purchase	3,000	\$39.8681

2/13/2017	Sale	(3,000)	\$39.9100
2/13/2017	Sale	(2,000)	\$39.1664
2/13/2017	Sale	(3,000)	\$38.7244
2/14/2017	Purchase	3,000	\$39.2880
2/14/2017	Sale	(3,000)	\$39.2700
2/15/2017	Purchase	3,000	\$39.6350
2/15/2017	Purchase	3,000	\$39.5973
2/15/2017	Purchase	5,000	\$39.8086
2/15/2017	Sale	(5,500)	\$39.4287
2/16/2017	Purchase	3,000	\$39.0182
2/16/2017	Purchase	3,000	\$39.1318
2/16/2017	Sale	(3,000)	\$39.1124
2/16/2017	Sale	(5,000)	\$39.7230
2/17/2017	Purchase	6,000	\$39.8553
2/17/2017	Purchase	5,000	\$39.7678
2/17/2017	Purchase	3,000	\$39.6869
2/17/2017	Purchase	5,000	\$39.6490
2/17/2017	Purchase	5,000	\$39.5758
2/17/2017	Purchase	3,000	\$39.0225
2/17/2017	Sale	(1,000)	\$39.8000
2/17/2017	Sale	(5,000)	\$39.7922
2/17/2017	Sale	(4,000)	\$39.7550
2/17/2017	Sale	(2,000)	\$39.6562
2/17/2017	Sale	(1,600)	\$39.7114
2/17/2017	Sale	(4,000)	\$39.5522
2/17/2017	Sale	(5,000)	\$39.4910
2/17/2017	Sale	(5,000)	\$39.6217
2/21/2017	Sale	(3,000)	\$41.0633
2/22/2017	Purchase	3,000	\$40.7750
2/23/2017	Purchase	4,500	\$38.0643
2/23/2017	Purchase	4,500	\$39.1156
2/23/2017	Purchase	3,000	\$40.7902
2/23/2017	Sale	(4,500)	\$37.9620
2/24/2017	Sale	(5,400)	\$36.8460
2/24/2017	Sale	(5,000)	\$36.0528
2/27/2017	Purchase	5,000	\$38.2170
2/27/2017	Purchase	5,000	\$38.4800
2/27/2017	Purchase	5,000	\$37.7990
2/27/2017	Sale	(3,000)	\$38.1820
2/27/2017	Sale	(5,000)	\$38.2632
2/27/2017	Sale	(5,000)	\$38.2640
2/28/2017	Purchase	3,000	\$40.0708
2/28/2017	Purchase	4,500	\$39.5761
3/1/2017	Purchase	1,900	\$39.3600
3/1/2017	Purchase	1,900	\$39.6954

3/1/2017	Sale	(1,900)	\$39.7250
3/1/2017	Sale	(1,900)	\$40.4400
3/1/2017	Sale	(3,000)	\$40.4200
3/1/2017	Sale	(4,600)	\$40.6400
3/2/2017	Purchase	2,000	\$37.9289
3/2/2017	Purchase	7,000	\$38.3150
3/13/2017	Purchase	2,000	\$36.2749
3/13/2017	Sale	(2,000)	\$36.1175
3/15/2017	Purchase	2,000	\$37.5750
3/15/2017	Purchase	2,000	\$37.4553
3/15/2017	Purchase	2,000	\$36.8800
3/15/2017	Purchase	2,000	\$36.1218
3/15/2017	Sale	(2,000)	\$37.6423
3/15/2017	Sale	(2,000)	\$37.5042
3/15/2017	Sale	(2,000)	\$37.1535
3/15/2017	Sale	(2,000)	\$36.7596
3/16/2017	Purchase	2,000	\$37.8299
3/17/2017	Purchase	1,400	\$37.9798
3/17/2017	Sale	(3,000)	\$37.8045
3/27/2017	Sale	(1,400)	\$30.8850
4/13/2017	Sale	(5,000)	\$29.8210
4/20/2017	Purchase	2,000	\$29.1998
4/20/2017	Sale	(2,000)	\$28.9250
4/24/2017	Purchase	2,000	\$31.2200

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

Western District of Pennsylvania

HENRY BIERYLA, on Behalf of Himself and All
Others Similarly
Situated,

Plaintiff(s)

V.

Civil Action No.

UNITED STATES STEEL CORPORATION, MARIO LONGHI, DAVID B. BURRITT, and DAN LESNAK

Defendant(s)

SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)* UNITED STATES STEEL CORPORATION
600 Grant Street
Pittsburgh, PA 15219

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are: Vincent Coppola, Esquire

Vincent Coppola, Esquire
Penn. Attorney # 50181
513 Court Place
Pittsburgh, PA 15219
Phone: 412-281-8844

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: _____

Signature of Clerk or Deputy Clerk

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

☐ I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

☐ I returned the summons unexecuted because _____; or

☐ Other *(specify)*:

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0 _____.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

Signature of Clerk or Deputy Clerk

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

☐ I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

☐ I returned the summons unexecuted because _____; or

☐ Other *(specify)*:

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0 _____.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

Western District of Pennsylvania

HENRY BIERYLA, on Behalf of Himself and All
Others Similarly
Situated,

Plaintiff(s)

V.

Civil Action No.

UNITED STATES STEEL CORPORATION, MARIO LONGHI, DAVID B. BURRITT, and DAN LESNAK

Defendant(s)

SUMMONS IN A CIVIL ACTION

To: *(Defendant's name and address)* David B. Burritt
c/o UNITED STATES STEEL CORPORATION
600 Grant Street
Pittsburgh, PA 15219

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are: Vincent Coppola, Esquire

Vincent Coppola, Esquire
Penn. Attorney # 50181
513 Court Place
Pittsburgh, PA 15219
Phone: 412-281-8844

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: _____

Signature of Clerk or Deputy Clerk

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

☐ I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

☐ I returned the summons unexecuted because _____; or

☐ Other *(specify)*:

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0 _____.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

AO 440 (Rev. 06/12) Summons in a Civil Action

UNITED STATES DISTRICT COURT

for the

Western District of Pennsylvania

HENRY BIERYLA, on Behalf of Himself and All
Others Similarly
Situated,

Plaintiff(s)

V.

Civil Action No.

UNITED STATES STEEL CORPORATION, MARIO LONGHI, DAVID B. BURRITT, and DAN LESNAK

Defendant(s)

SUMMONS IN A CIVIL ACTION

To: (Defendant's name and address) Dan Lesnak
c/o UNITED STATES STEEL CORPORATION
600 Grant Street
Pittsburgh, PA 15219

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it) — or 60 days if you are the United States or a United States agency, or an officer or employee of the United States described in Fed. R. Civ. P. 12 (a)(2) or (3) — you must serve on the plaintiff an answer to the attached complaint or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff or plaintiff's attorney, whose name and address are: Vincent Coppola, Esquire

Vincent Coppola, Esquire
Penn. Attorney # 50181
513 Court Place
Pittsburgh, PA 15219
Phone: 412-281-8844

If you fail to respond, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

CLERK OF COURT

Date: _____

Signature of Clerk or Deputy Clerk

Civil Action No. _____

PROOF OF SERVICE

(This section should not be filed with the court unless required by Fed. R. Civ. P. 4 (l))

This summons for *(name of individual and title, if any)* _____
was received by me on *(date)* _____.

☐ I personally served the summons on the individual at *(place)* _____
_____ on *(date)* _____; or

☐ I left the summons at the individual's residence or usual place of abode with *(name)* _____
_____, a person of suitable age and discretion who resides there,
on *(date)* _____, and mailed a copy to the individual's last known address; or

☐ I served the summons on *(name of individual)* _____, who is
designated by law to accept service of process on behalf of *(name of organization)* _____
_____ on *(date)* _____; or

☐ I returned the summons unexecuted because _____; or

☐ Other *(specify)*:

My fees are \$ _____ for travel and \$ _____ for services, for a total of \$ _____ 0 _____.

I declare under penalty of perjury that this information is true.

Date: _____

Server's signature

Printed name and title

Server's address

Additional information regarding attempted service, etc:

ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [U.S. Steel Hit with Securities Class Action Centered on Troubles from Arising from 'Carnegie Way' Cutbacks](#)

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of: Clairton Plant
 United States Steel Corporation
 Allegheny County

CONSENT ORDER AND AGREEMENT

This Consent Order and Agreement (“C Battery COA”) is entered into this 7TH day of August, 2014 (hereinafter “Effective Date”) by and between the Allegheny County Health Department (hereinafter “ACHD” or “Department”) and United States Steel Corporation (hereinafter “U. S. Steel”) collectively referred to as “Parties.”

RECITALS

WHEREAS, the ACHD has found and determined the following:

1. The Director of the ACHD has been delegated authority to regulate air quality pursuant to the federal Clean Air Act, 42 U.S.C. §§ 7401, et seq. (hereinafter “CAA”), and Pennsylvania Air Pollution Control Act, 35 P.S. §§ 400, et seq., (hereinafter “APCA”) and the ACHD is a local health agency organized under the Local Health Administration Law, 16 P.S. §§12001, et seq., whose powers and duties include the enforcement of laws relating to public health within Allegheny County, including but not limited to, the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Ordinance No. 16782) (hereinafter “Article XXI”).
2. U. S. Steel is incorporated in the State of Delaware and maintains operations, *inter alia*, in Allegheny County, Pennsylvania.
3. U. S. Steel operates coke oven batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C (hereinafter “Batteries” or “Clairton Plant”) located in Clairton, PA in Allegheny County.
4. On July 24, 2008, the ACHD issued Installation Permit No. 0052-I011 (hereinafter “IP 11”) to U. S. Steel for the construction and temporary operation of C Battery. U. S. Steel started up C Battery on or about November 24, 2012. For purposes of this C Battery COA, C Battery consists of a battery composed of, *inter alia*, 84 ovens with charging ports,

doors, lids, and offtakes; the C Battery Quench Tower with baffles; the C Battery Pushing Emissions Control System, and the C Battery Underfire Combustion Stack.

5. ACHD alleges that C Battery charging emissions have exceeded, and continue to exceed, the aggregate visible charging emissions standards. The ACHD further alleges that each instance where the aggregate of visible charging emissions exceeded a total of 55 seconds during any five (5) consecutive charges is a violation of Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302; and exceeding 12 seconds of visible emissions per charge as required by Condition V.A.1.n.4 of IP 11, 40 C.F.R. §§ 63.309(d)(2) and 63.304(b)(4)(iv).

6. C Battery Quench Tower is considered a Low Emissions Quench Tower for the control and reduction of particulate matter (including PM₁₀ and PM_{2.5}) associated with quenching emissions from C Battery. It is not designed for, nor was it anticipated to, remove or reduce emissions other than particulate matter. On or about October 3, 2013, ACHD issued U. S. Steel a Notice of Violation, alleging that based upon a test report provide to it by U. S. Steel, the C Battery Quench Tower exceeded emission limits for sulfur dioxide (hereinafter “SO₂”), carbon disulfide (hereinafter “CS₂”), and total reduced sulfur (hereinafter “TRS”), as set forth in Table 3 of Condition V.B.1.e of IP 11. Existing data indicates that the C Battery Quench Tower’s emissions of particulate matter, including PM₁₀ and PM_{2.5}, are below those required by IP 11,

7. ACHD alleges that U. S. Steel has failed to perform the emissions testing of the C Battery Underfire Combustion Stack as required by Conditions IV.13.a, V.A.2.r, V.A.2.s, and V.A.2.t, and is not in compliance with the limits as set forth in Conditions V.A.1.i.1, and V.A.1.ee.1; Table 1 of Condition V.A.1.hh in IP 11; and Article XXI, § 2102.04.b.6.

8. The PEC Baghouse was designed for the control and reduction of particulate matter (including PM₁₀ and PM_{2.5}) associated with pushing emissions from C Battery. It is not designed for, nor was it anticipated to, remove or reduce emissions other than particulate matter. Based on the results of emissions testing performed on June 25-27, 2013, ACHD alleges that the emissions from the C Battery Pushing Emission Control System (hereinafter “PEC Baghouse”) exceed the limits for TRS and CS₂ as set forth in Table 2 of Condition V.A.1.hh of IP 11.

9. Pursuant to Condition IV.26.b of IP 11, U. S. Steel was obligated to permanently shutdown Coke Oven Battery No. 9 prior to charging coal to the C Battery ovens. In addition, during start-up of C Battery, operation of Batteries 7 and 8 was required to be limited to pushing 120 ovens/day per IP 11.

10. In addition to shutting down Battery 9 prior to charging coal to C Battery ovens, U. S. Steel also shutdown Batteries 7 and 8 prior to charging coal to C Battery ovens. These efforts have offset emissions during start-up and shakedown of C Battery.

11. Pursuant to Condition IV.B.e.2 of the Consent Order and Agreement – Third Amendment, effective July 6, 2011, U. S. Steel was obligated to replace 82 heating walls on Battery 20 by October 31, 2014. Pursuant to Condition IV.B.e.3 of the Consent Order and Agreement – Third Amendment, effective July 6, 2011, U. S. Steel was obligated to achieve compliance with the opacity standards set forth in Article XXI § 2105.21(f) on Battery 20 by December 31, 2014.

12. USS completed the required replacement of 82 walls in May 2013, eighteen months earlier than required; and achieved compliance with the opacity standards set forth in Article XXI § 2105.21(f) on Battery 20 in May 2013. These improvements and their reduced emissions have been in place during the shakedown of C Battery and also minimized such emissions during the shakedown period of C Battery.

13. With the intent of reducing charging emissions, U. S. Steel constructed and installed new refractory inserts in each of the 336 charging ports of C Battery.

14. With the intent of reducing charging emissions, U. S. Steel constructed and installed a new charging leveling bar.

15. With the intent of reducing combustion stack emissions, U. S. Steel grouted gas risers.

16. With the intent of reducing combustion stack emissions, U. S. Steel dry-gunned sole flue areas.

17. U. S. Steel has been operating the C Battery Quench Tower since start-up and existing data indicate that the particulate matter, including PM₁₀ and PM_{2.5}, emissions from the C Battery Quench Tower, are significantly less than the permit limit. Similarly, existing data indicate that the particulate matter emissions, including PM₁₀ and PM_{2.5}, from the C Battery PEC Baghouse are below those required by IP 11.

WHEREAS, after a full and complete negotiation of all matters set forth in this C Battery COA and upon mutual exchange of covenants contained herein, the Parties agree that settlement of this matter without protracted litigation is in the best interest of the Parties and the

public. U. S. Steel represents that it has entered into this C Battery COA for the purpose of settling and compromising disputed claims without having to incur the expense of contested litigation. By entering into this C Battery COA, U. S. Steel does not affirmatively admit the allegations of violations provided herein, and this C Battery COA shall not be interpreted as including such admission; and

NOW, THEREFORE, without any final determination of fact or law, without any admissions and intending to be legally bound hereby, the Parties hereto agree as follows:

I. JURISDICTION

A. Solely for the purposes of this C Battery COA and the underlying alleged violations, U. S. Steel waives all objections and defenses that it may have to jurisdiction or venue. U. S. Steel shall not challenge ACHD's jurisdiction to enter into or to enforce this C Battery COA.

II. APPLICABILITY

A. The provisions of this C Battery COA shall apply to, be binding upon, and inure to the benefit of ACHD and U. S. Steel and upon their respective officers, directors, agents, contractors, employees, servants, successors, and assigns.

B. The duties and obligations under this C Battery COA shall not be modified, diminished, terminated, or otherwise altered by the transfer of any legal or equitable interest in the Plants or any part thereof.

C. If U. S. Steel proposes to transfer the Clairton Plant, B Battery or C Battery (or portions of B Battery or C Battery) to an unaffiliated entity, U. S. Steel shall provide written notices to the ACHD of the proposed transfer at least thirty (30) days prior to the transfer and the transfer must be done in accordance with the requirements of Article XXI § 2102.03.e and § 2103.14.b.1.D. U. S. Steel shall also provide a copy of this C Battery COA to any person or entity to which U. S. Steel intends to make any such transfer at least thirty (30) days prior thereto except that this provision does not apply to a transfer or lenders taking a security interest in the facility.

D. ACHD may, upon U. S. Steel's request, agree to modify or terminate U. S.

Steel's duties and obligations under this C Battery COA upon transfer of the Clairton Plant, B Battery or C Battery (or portions of B Battery or C Battery) U. S. Steel reserves the right to challenge any decision by ACHD in response to U. S. Steel's request under ACHD's Rules and Regulations for Hearings and Appeals, Article XI.

E. The undersigned representative of U. S. Steel certifies that he or she is fully authorized to execute this C Battery COA on behalf of U. S. Steel, and to legally bind U. S. Steel to this C Battery COA.

F. Nothing in this C Battery COA is intended to limit or alter the ACHD's or U. S. Steel's obligations or rights under Article XXI with regard to the transfer of installation or operating permits.

G. U. S. Steel shall achieve compliance with the aforementioned regulations and permit conditions in accordance with the requirements of this C Battery COA.

H. Except as provided by Section IV (Corrective Actions) provided below, this C Battery COA does not affect U. S. Steel's responsibility to comply with any other applicable regulations or permit conditions, not identified herein.

III. GENERAL TERMS

A. This C Battery COA is intended to resolve all outstanding disputes between the Parties in relation to the emission, regulatory, and permit condition violations alleged herein. Nothing herein is intended to limit the authority of ACHD with respect to alleged violations that are not the subject of this C Battery COA or to limit the authority of the ACHD to seek further enforcement of this C Battery COA in the event that U. S. Steel fails to successfully comply with its terms and conditions. Except as provided by the compliance programs provided in Section IV, as set forth below, U. S. Steel shall cease and desist from future violations of the CAA, APCA, and the implementing regulations, including Article XXI, at C Battery.

B. The parties do not authorize any other persons to use the findings in this Agreement in any matter or proceeding.

C. The provisions of this C Battery COA are severable. If any provisions or part thereof is declared invalid or unenforceable, or is set aside for any other reason, the remainder of the C Battery COA shall remain in full effect.

D. This C Battery COA shall constitute the entire integrated C Battery COA of the Parties. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for purposes of determining the meaning of extent of any provisions herein in any litigation or any other proceeding.

E. No changes, additions, modifications or amendments to this C Battery COA shall be effective unless they are set forth in writing and signed by the Parties hereto.

F. A title used at the beginning of any paragraph of this C Battery COA shall not be considered to control but may be used to aid in the construction of the paragraph.

G. This C Battery COA shall become effective after execution by both Parties as of the Effective Date first noted above.

H. In the event that U. S. Steel fails to comply with any provisions of this C Battery COA, and the ACHD believes that such failure has created an emergency which may lead to immediate or irreparable harm to the environment or community, the ACHD may, in addition to the remedies prescribed herein, pursue any remedy available for a violation of an order of the ACHD, including an action to enforce this C Battery COA, or any other enforcement option available to it under the federal Clean Air Act, the Pennsylvania Air Pollution Control Act, the Local Health Administration Law, the Rules and Regulations of the ACHD, or other applicable statutes or regulations. U. S. Steel does not waive any defenses it may have to such action by ACHD.

I. U. S. Steel shall be liable for any violations of this C Battery COA caused by, contributed to, or allowed by its officers, agents, or employees.

J. The Parties shall bear their respective attorney's fees, expenses, and other costs with regard to the prosecution or defense of this matter or any related matters arising prior to the execution of this C Battery COA.

K. All correspondence with the ACHD concerning this C Battery COA shall be addressed to:

Enforcement Chief
Allegheny County Health Department
Air Quality Program
301 39th Street, Bldg. No. 7
Pittsburgh, PA 15201
Tel.: 412-578-7963
Fax: 412-578-8144

L. All correspondence with U. S. Steel concerning this C Battery COA shall be addressed to:

Mark Jeffrey
Director, Environmental Control
United States Steel Corporation
Mon Valley Works – Clairton Plant
400 State Street
Clairton, PA

David Hacker
Counsel
United States Steel Corporation
600 Grant St, Suite 1500
Pittsburgh, PA 15219

M. In the event of a change in a Party's contact person, the party with such a personal change shall notify the other party within thirty (30) days.

N. Service of any notice or legal process for any purpose under this C Battery COA including its enforcement, may be made by mailing an original or true and correct copy by First Class mail to the above contacts and addresses.

IV. CORRECTIVE ACTIONS

A. C Battery Charging Visible Emissions. U. S. Steel shall undertake the following activities, in the timeframes specified herein, to address and/or mitigate visible emission violations during charging at C Battery:

1. Beginning on the Effective Date of this C Battery COA, U. S. Steel shall operate the baffle wash system or equivalent system (as approved by the Department) of B Quench Tower during the quenching of coke, as long as the ambient temperature is above 32 degrees Fahrenheit.

2. U. S. Steel designed and installed a trial U-Tube device on ovens C3 and C4 on C Battery in February 2014 and began to evaluate effectiveness for reducing charging emissions.

3. U. S. Steel completed its evaluation of the trial U-Tube device on April 30, 2014.

4. U. S. Steel shall complete the engineering and design of a C Battery U-Tube system by October 31, 2014.

5. U. S. Steel is authorized to construct a U-Tube system and shall complete the installation of the C Battery U-Tube system by October 31, 2015.

6. By April 30, 2016, U. S. Steel shall certify compliance with charging standards provided in Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302 or provide an updated Compliance Schedule in the event that U. S. Steel is unable to certify compliance with Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302 after installation of the U-Tube System. U. S. Steel's compliance certification is subject to approval by the ACHD, and, in the event that the ACHD does not approve U. S. Steel's compliance certification, U. S. Steel has the right to invoke the dispute resolution provisions outlined in Section VIII of this C Battery COA. This C Battery COA shall be reopened if U. S. Steel is unable to certify compliance with Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302 after installation and shakedown of the U-Tube System

7. While this C Battery COA is in effect, compliance with Paragraph IV.A.1, above, shall be deemed to satisfy the work practice standards required by Condition V.A.1.v of IP 11, 40 C.F.R. §§ 63.302(d)(5) and 63.306.

B. PEC Baghouse, Low Emissions Quench Tower, Underfire Combustion Stack:

1. U. S. Steel shall submit a request for a permit modification for IP 11 to address alleged violations of IP11 for emissions from the C Battery PEC Baghouse, Low Emissions Quench Tower, and Underfire Combustion Stack within 15-days the effective date of this COA.

C. The requirements of Paragraph IV.A.1, above, shall survive this COA and be incorporated into the Clairton Plant's Title V Operating Permit during the next periodic renewal.

V. CIVIL PENALTY

A. U.S. Steel consents to the assessment of a civil penalty of THREE HUNDRED THOUSAND dollars (\$300,000.00) in full settlement of all issues and alleged violations arising under or related to those described in this Agreement, as of the Effective Date of this Agreement. The civil penalty shall be paid in two installments. U. S. Steel shall pay ONE HUNDRED FIFTY THOUSAND dollars (\$150,000) of the civil penalty within thirty (30) calendar days of the Effective Date; and the remaining ONE HUNDRED FIFTY THOUSAND dollars (\$150,000) of the civil penalty by December 31, 2015, by corporate check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to the Program Manager, Air Quality Program, Allegheny County Health Department, 301 39th Street, Bldg. No. 7, Pittsburgh, Pennsylvania 15201.

B. The ACHD has determined the penalty amount stated above in accordance with Article XXI, § 2109.06.b, reflecting relevant factors including: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U. S. Steel to minimize such violations and to prevent future violations; and U. S. Steel compliance history. The ACHD hereby releases and forever discharges U. S. Steel from liability for any and all issues and alleged violations arising under or related to those described in this Agreement, including but not limited to those arising under Article XXI, U. S. Steel’s TVOP, or state and federal law.

VI. STIPULATED PENALTIES

A. Should U. S. Steel fail to complete any of the Corrective Actions provided in Section IV of this C Battery COA by the deadlines agreed to by the Parties pursuant to this C Battery COA, each day following a missed deadline shall be considered a violation of this C Battery COA. The following Stipulated Civil Penalties shall be due and owing automatically within 30-days after the close of each quarter containing the missed deadline:

Days Delay in Completion	Daily Stipulated Penalty
1-30	\$750.00
31-90	\$1000.00
91+	\$2000.00

- b. Stipulated penalties, required by paragraphs VI.a, above, may be offset, in whole or part, by approved supplemental projects pursuant to Section VII paragraph (g) of the COA Third Amendment.

VII. FORCE MAJEURE

A. For the purposes of this C Battery COA, "Force Majeure" as applied to U. S. Steel or to any entity or person controlled by U. S. Steel, is defined as any event arising from circumstances or causes beyond the control of U. S. Steel or any entity or person controlled by U. S. Steel, including but not limited to its officers, directors, employees, agents, representatives, contractors, subcontractors, or consultants, that may delay or prevent performance of an obligation under this C Battery COA, despite U. S. Steel's diligent efforts to fulfill the obligation. Such Force Majeure events must not have been potentially foreseen, mitigated or prevented through the performance of reasonable due diligence; and include, but are not limited to, events such as floods, fires, tornadoes, other natural disasters, labor disputes, and unavailability of necessary equipment beyond the reasonable control of U. S. Steel. The requirement to exercise "diligent efforts to fulfill the obligation" includes using diligent efforts to mitigate any delay caused by a potential Force Majeure event, either as it is occurring, and or following such an event, so that the delay or non-performance is minimized to the greatest extent reasonably possible.

B. If U. S. Steel is prevented from complying with any requirement of this C Battery COA due to a potential Force Majeure event, U. S. Steel may claim that such an event constitutes Force Majeure, and may petition the ACHD for relief by notifying ACHD in the following manner:

1. By telephone within seventy-two (72) hours, and by U.S. Mail or the equivalent in writing within ten (10) working days of the date U. S. Steel becomes

aware, or with reasonable care should have become aware, of the potential Force Majeure event impeding performance. Written notice shall include:

- a. A description of the event and a rationale for attributing the event to Force Majeure; and
- b. A description of efforts that have been made to prevent, and efforts that are being made to mitigate, the effects of the event and to minimize the length of delay or non-performance; and
- c. An estimate of the duration of the delay or non-performance; and
- d. A description of and proposed timetable for implementing measures to bring U. S. Steel back into compliance with this C Battery COA; and
- e. Available documentation, which to the best knowledge and belief of U. S. Steel, supports its claim that the delay or non-performance was attributable to a Force Majeure event.

2. Failure by U. S. Steel to comply with the notice requirements above shall constitute a waiver of U. S. Steel's right to invoke the provisions of this Force Majeure provision as a basis for delay or non-performance under this C Battery COA for the particular event.

C. ACHD shall determine whether to grant all or part of a requested extension of time to perform obligations under this C Battery COA, necessary due to a delay caused by a Force Majeure event, on the basis of all documentation submitted by U. S. Steel and other information available to ACHD at the time of the determination. Any extension or excuse period granted shall not exceed the actual delay resulting from such an event. An extension of one compliance date shall not result automatically in the extension of subsequent compliance dates, unless specifically agreed by ACHD. U. S. Steel must make a separate showing of proof regarding each delayed incremental step or other requirement for which an extension is sought.

D. If ACHD determines that a delay or nonperformance was not caused by a Force Majeure event, or if the Parties are unable to agree on a stipulated extension of time, ACHD will notify U. S. Steel in writing of its position after its receipt of U. S. Steel's written notice

hereunder. ACHD's position shall control unless U. S. Steel invokes the Dispute Resolution procedures under Section VIII of this C Battery COA. ACHD shall provide U. S. Steel with written notice of its Force Majeure determination prior to issuing an enforcement demand for the nonperformance or delay in performance of any obligation contained in this C Battery COA, for which U. S. Steel has made a claim of Force Majeure.

E. If U. S. Steel elects to invoke Dispute Resolution, it shall do so no later than ten (10) days after receipt of ACHD's notice of determination regarding a claim of Force Majeure. U. S. Steel shall have the burden of demonstrating by a preponderance of the evidence that:

1. The delay or nonperformance has been caused by a Force Majeure event;
2. Diligent efforts were exercised to avoid and mitigate the effects of the Force Majeure event;
3. U. S. Steel complied with each of the notice requirements; and
4. The requested period for delay or nonperformance is appropriate.

F. If ACHD determines that U. S. Steel has carried this burden of demonstrating that a delay in performance was due to Force Majeure, the failure to meet a deadline subsequent to the delay or nonperformance at issue shall not be deemed a violation of this C Battery COA.

VIII. DISPUTE RESOLUTION

A. Unless otherwise expressly provided for in this C Battery COA, the dispute resolution procedures of this Section shall be the exclusive procedure for resolution of disputes arising between the Parties regarding matters arising included in this C Battery COA.

B. If, in one Party's opinion, there is a dispute between the Parties with respect to implementation of this C Battery COA or the implementation of any provision of this C Battery COA, that Party may send a written Notice of Dispute to the other Party, outlining the nature of the dispute and requesting informal negotiations to resolve the dispute. The Parties shall make reasonable efforts to informally and in good faith resolve all disputes or differences of opinion regarding the implementation of this C Battery COA. Such period of informal negotiations shall not extend beyond thirty (30) days from the date when the Notice of Dispute was received unless the period is extended by written C Battery COA of the Parties. The dispute shall be considered to have arisen when one Party receives the other Party's Notice of Dispute.

C. In the event that the Parties cannot resolve a dispute by informal negotiations under this Section, the position advanced by ACHD shall govern, control and be binding unless, within twenty (20) days after the conclusion of the informal negotiation period, U. S. Steel invokes the formal dispute resolution procedures of this Section by mailing to ACHD a written statement of position on the matter in dispute, including any available factual data, analysis, or opinion supporting that position, and including any supporting affidavits and/or documentation relied upon by U. S. Steel. Within twenty (20) days following receipt of U. S. Steel's statement of position submitted pursuant to this paragraph, ACHD shall issue a written statement of position (ACHD's Position) on the matter in dispute, including available factual data, analysis, opinion and/or legal arguments supporting ACHD's position along with any supporting affidavits and/or documents relied upon by ACHD.

D. The position of ACHD shall be binding upon U. S. Steel unless U. S. Steel, within thirty (30) days of receipt of the ACHD's written statement of position, files with the Director and serves upon ACHD a petition for dispute resolution (Petition). This Petition shall set forth the matter in dispute, the efforts made by the Parties to resolve it, the relief U. S. Steel requests, and any factual data analysis, opinion, affidavits, legal argument and documentation supporting U. S. Steel's position. The Petition and ACHD's Position shall constitute the initial record for purposes of resolving the dispute. Either Party may request of the hearing officer (or Director, if there is no hearing officer assigned,) the opportunity to supplement the record with appropriate additional information, provided that such information could not reasonably have been obtained or discovered prior to filing the Petition. The hearing officer or Director shall render his or her final decision on the basis of the full record, including any supplemental materials received. The final decision of the Director or hearing officer shall be appealable by either Party to the Court of Common Pleas of Allegheny County.

E. Judicial and administrative review of any dispute governed by this Section shall be governed by applicable provisions of law.

F. Except as provided in Section VII, the invocation of informal or formal Dispute Resolution procedures under this Section shall not of itself extend, postpone, or affect in any way any obligation of U. S. Steel under this C Battery COA.

G. Whenever service, process, or notice is required of any dispute pursuant to this Section, such service, notice or process shall be directed to the individuals at the addresses specified in Section III, paragraph L above, unless those individuals or their successors give notice in writing to the other Parties that another individual or address has been designated.

IX. EFFECTIVE AND TERMINATION DATES

A. This C Battery COA shall be effective immediately upon the date of the last signature.

B. Paragraph IV.A of this C Battery COA, except for Paragraph IV.A.1 as noted in Paragraph IV.C, shall automatically terminate two years after the Effective Date of this Agreement. Paragraph IV.B will terminate upon issuance, without appeal, of a revision to IP 11.

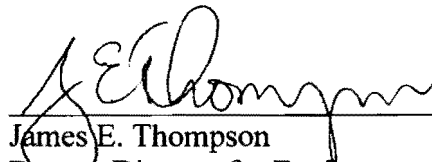
X. REOPENING

A. In the event that any condition contained in this Agreement is modified or declared void by the ACHD's Hearing Officer or a presiding court so as to create a substantial burden on U. S. Steel to comply with the timeframes set forth in this Agreement, such timeframes may be extended for a time as agreed to by the Parties.

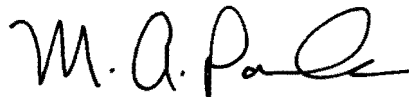
IN WITNESS WHEREOF, the Parties hereto have caused this C Battery COA to be executed by their duly authorized representatives. The undersigned representative of U. S. Steel certify under penalty of law, as provided by 18 Pa.C.S. § 4909 that he is authorized to execute this C Battery COA on behalf of U. S. Steel; that U. S. Steel consents to the entry of this C Battery COA as a final ORDER of ACHD; and that, except as otherwise provided herein, U. S. Steel hereby knowingly waives its rights to appeal this C Battery COA and to challenge its content or validity, which rights may be available under Article XI, and Pennsylvania Administrative Agency Law, 2 Pa.C.S. § 103(a), or any other applicable provision of law. Signature by U. S. Steel's attorney certifies only that this C Battery COA has been signed after consulting with counsel.

FOR ALLEGHENY COUNTY HEALTH DEPARTMENT:

8/7/2014
Date



James E. Thompson
Deputy Director for Environmental Health

8/7/2014
Date


Michael A. Parker
Assistant Solicitor

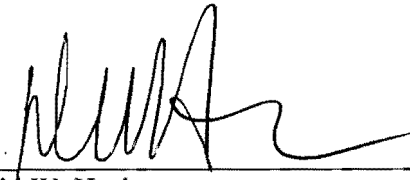
FOR U. S. STEEL:

8/6/2014
Date



Douglas R. Matthews
Senior Vice President
North American Flat-Roll Division

8/6/2014
Date



David W. Hacker
Counsel - Environmental

**IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA
CIVIL DIVISION**

COVER SHEET

<p>Plaintiff(s) COUNTY OF ALLEGHENY, a political subdivision of the Commonwealth of Pennsylvania,</p> <p align="center">Vs</p> <p>Defendant(s) UNITED STATES STEEL CORPORATION</p> <p align="center">FILED 2016 MAR 24 PM 1:05 DEPT. OF COURT RECORDS CIVIL/FAMILY DIVISION ALLEGHENY COUNTY PA</p> <p align="center">OFFICE/BAFER01 03-24-2016 01:04:17 GD16-004611</p>	<p>Case Number : GD -16 - 4611</p>
	<p>Type of pleading : COMPLAINT IN EQUITY</p>
	<p>Code and Classification : 020</p>
	<p>Filed on behalf of Plaintiff County of Allegheny</p> <p>(Name of the filing party)</p>
	<p><input checked="" type="checkbox"/> Counsel of Record <input type="checkbox"/> Individual, If Pro Se</p>
	<p>Name, Address and Telephone Number : Michael A. Parker, Esq. Allegheny County Health Department Air Quality Program 301 39th Street, Bldg. No. 7 Pittsburgh, PA 15201-1891 Phone: (412) 578-8102</p>
<p>Attorney's State ID : 90979</p>	
<p>Attorney's Firm ID :</p>	

IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA

COUNTY OF ALLEGHENY,
a political subdivision of the Commonwealth
of Pennsylvania,

Plaintiff,

vs.

UNITED STATES STEEL CORPORATION,

Defendant.

CIVIL DIVISION

Case No. GD-16-_____

COMPLAINT IN EQUITY

Filed on behalf of:
Plaintiff, County of Allegheny

Counsel of Record for Plaintiff:

Michael A. Parker, Esq.
Pa. I.D. No. 90979
Jason K. Willis
Pa. I.D. No. 86752
Assistant Solicitors

Andrew F. Szefi, Esq.
Allegheny County Solicitor
Pa. Id. No.: 83747

Allegheny County Health Department
Air Quality Program
301 39th Street, Bldg. No. 7
Pittsburgh, PA 15201-1891
Phone: (412) 578-8102
Fax: (412) 578-8144

IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA

COUNTY OF ALLEGHENY,
a political subdivision of the Commonwealth
of Pennsylvania,

Plaintiff,

v.

UNITED STATES STEEL CORPORATION,

Defendant.

CIVIL DIVISION – EQUITY

Case No. GD-16-_____

NOTICE TO DEFEND

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW. THIS OFFICE CAN PROVIDE YOU WITH INFORMATION ABOUT HIRING A LAWYER.

IF YOU CANNOT AFFORD TO HIRE A LAWYER, THIS OFFICE MAY BE ABLE TO PROVIDE YOU WITH INFORMATION ABOUT AGENCIES THAT MAY OFFER LEGAL SERVICES TO ELIGIBLE PERSONS AT A REDUCED FEE OR NO FEE.

Lawyer Referral Service
Allegheny County Bar Association
11th Floor Koppers Building
436 Seventh Avenue
Pittsburgh, PA 15219
Telephone: (412) 261-5555

IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA

COUNTY OF ALLEGHENY,
a political subdivision of the Commonwealth
of Pennsylvania,

Plaintiff,

v.

UNITED STATES STEEL CORPORATION,

Defendant.

CIVIL DIVISION – EQUITY

Case No. GD-16-_____

COMPLAINT IN EQUITY

The County of Allegheny, acting by and through the Allegheny County Health Department (“ACHD”), hereby brings this action pursuant to the Pennsylvania Air Pollution Control Act, Act of January 8, 1960, P.L. (1959) 2119, 35 P.S. §§ 4001-4014 (the “APCA”), and the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Ordinance No. 16782) (“Article XXI”), against Defendant United States Steel Corporation (“U. S. Steel”) and in support thereof avers the following:

PARTIES

1. The Plaintiff is the County of Allegheny, a home rule county and political subdivision of the Commonwealth of Pennsylvania, acting by and through the Allegheny County Health Department, a local health department organized under the Local Health Administration Law, 16 P.S. §§ 12001-12028, and a local air pollution control program authorized by the APCA, 35 P.S. § 4102, and 25 Pa. Code § 133, whose powers and duties include the enforcement of laws relating to public health and air pollution control within Allegheny County.

2. Defendant U. S. Steel is a Delaware corporation that conducts business within the Commonwealth of Pennsylvania at 600 Grant Street, Pittsburgh, PA 15219.

3. U. S. Steel is the owner and operator of the Clairton Coke Works (the “Facility”) located in the City of Clairton, Allegheny County, a coke manufacturing and by-products recovery

plant which performs destructive distillation of coal to produce metallurgical coke and by-products such as tar, light oil, and ammonium sulfate.

BACKGROUND

4. The Director of the ACHD has been delegated authority to regulate air quality pursuant to the federal Clean Air Act, 42 U.S.C. §§ 7401-7671q (the “CAA”), and the APCA, 35 P.S. §§ 4001-4014, and the ACHD is a local health department organized under the Local Health Administration Law, 16 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County, including but not limited to Article XXI of the ACHD’s Rules and Regulations.

5. The Facility includes ten operational coke batteries (the “Batteries”), each made up of a series of high temperature ovens. The Batteries are designated as Batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C.

6. The Facility is a Major Source of air pollution as defined by Article XXI § 2101.20.

7. U. S. Steel operates the Facility under the authority of Major Source & Federally Enforceable State Operating Permit No. 0052, issued by the ACHD on March 27, 2012 (“Operating Permit 0052”) pursuant to Article XXI § 2103.22. Operating Permit 0052 went into effect on March 27, 2012.

8. Prior to March 27, 2012, operations at the Facility were conducted under the authority of a series of individual operating permits (the “Pre-2012 Permits”). As material here, the requirements of the Pre-2012 Permits are functionally identical to those set forth in Operating Permit 0052.

9. On July 24, 2008, the ACHD issued Installation Permit No. 0052-I011 (“IP 11”) to U. S. Steel for the construction and temporary operation of C Battery. U.S. Steel started up C Battery on or about November 24, 2012.

10. Pursuant to Article XXI § 2103.10.b.1, the Facility must comply with the emissions limits and standards set forth in Operating Permit 0052 and IP 11.

11. On June 1, 2007, following the issuance of a notice of violation, the ACHD and U. S. Steel entered into a Consent Order and Agreement (the “2007 COA”) to address an excess of particulate matter emissions from U.S. Steel’s B Battery that were in violation of applicable emission limits and standards.

12. On March 17, 2008, the ACHD and U. S. Steel entered into a Consent Order and Agreement (the “2008 COA”) to address *inter alia* combustion stack emissions that exceeded opacity limits, and were therefore in violation of, applicable emission limits and standards.

13. The 2008 COA was amended on November 19, 2008 and September 30, 2010. On or about July 6, 2011, the 2007 COA and 2008 COA were restated and superseded (the “2011 COA”). A true and correct copy of the 2011 COA is attached hereto as Exhibit 1.

14. The 2011 COA superseded and replaced the 2007 COA, the 2008 COA, and the November 19, 2008 and September 30, 2010 amendments to the 2008 COA in their entirety.

15. The 2011 COA addressed, *inter alia*, the compliance requirements associated with the Facility’s batteries 1, 2, 3, 13, 14, 15, 19, 20, and B, and these batteries’ opacity and pushing emissions limitations.

16. On August 7, 2014, the ACHD and U. S. Steel entered into a Consent Order and Agreement concerning certain operations of C Battery (the “2014 COA”). A true and correct copy of the 2014 COA is attached hereto as Exhibit 2.

17. The 2014 COA addressed, *inter alia*, compliance requirements associated with the Facility’s newly-constructed C Battery.

18. During the period of March 24, 2009 through the present, U. S. Steel has repeatedly violated certain applicable emissions limits and standards at the Facility’s Batteries.

19. The ACHD has initiated this suit to seeking all remedies available under Article XXI § 2109.02.a5 regarding the unresolved emissions violations. Furthermore, ACHD seeks those remedies including injunctive relief and the imposition of civil penalties.

COUNT I:
VIOLATION OF ARTICLE XXI § 2105.21.f.3:
20% OPACITY LIMIT FOR COMBUSTION STACKS

20. The averments set forth in Paragraphs 1-19 are incorporated by reference as though fully set forth below.

21. In accordance with Article XXI § 2105.21.f.3 and the Pre-2012 Permits, Operating Permit 0052 and IP 11 U. S. Steel is required to operate Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C in such a manner that, at any time emissions from the combustion stack serving each battery do not equal or exceed an opacity of twenty percent (20%) for a period or periods aggregating in excess of three minutes in any sixty minute period (the “20% Opacity Limit”).

22. From March 24, 2009 through the date of this Complaint, U. S. Steel has allowed Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C to exceed the 20% Opacity Limit on numerous including but not limited to those identified in U. S. Steel’s semi-annual compliance reports and other public documents submitted to ACHD.

23. These violations are based on measurements taken and recorded by U. S. Steel’s Continuous Opacity Monitors (“COMs”) and/or ACHD inspectors.

24. These recorded instances during which U. S. Steel allowed Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C to exceed the 20% Opacity Limit as averred in Paragraph 22 constitute actions in violation of the Pre-2012 Permits, Operating Permit 0052, and IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

COUNT II:
VIOLATION OF ARTICLE XXI § 2105.21.f.4:
60% OPACITY LIMIT FOR COMBUSTION STACKS

25. The averments set forth in Paragraphs 1-24 are incorporated by reference as though fully set forth below.

26. In accordance with Article XXI § 2105.21.f.4, the Pre-2012 Permits, Operating Permit 0052, and IP 11 U. S. Steel is required to operate Batteries 1, 2, 3, 13, 14, 15, 19, 20, B,

and C in such a manner that emissions from the combustion stack serving each battery do not equal or exceed an opacity of sixty percent (60%) at any time (the “60% Opacity Limit”).

27. From March 24, 2009 through the date of this Complaint, U. S. Steel has allowed Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C to exceed the 60% Opacity Limit on numerous recorded instances.

28. These violations are based on measurements taken and recorded by U. S. Steel’s COMs and/or ACHD inspectors.

29. These recorded instances during which U. S. Steel violated the 60% Opacity Limit as averred in Paragraph 27, constitute actions in violation of the Pre-2012 Permits, Operating Permit 0052, and IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT III:
VIOLATION OF ARTICLE XXI § 2105.21.e.5:
10% OPACITY LIMIT FOR TRAVEL EMISSIONS**

30. The averments set forth in Paragraphs 1-29 are incorporated by reference as though fully set forth below.

31. In accordance with Article XXI § 2105.21.e.5, the Pre-2012 Permit and Operating Permit 0052, U. S. Steel is required to operate Batteries 1, 2, 3, 13, 14, 15, 19, and 20 in such a manner that emissions from the transport of hot coke in the open atmosphere do not exceed an opacity of ten percent (10%) at any time for any battery (the “10% Opacity Limit for Travel Emissions”).

31. From March 24, 2009 through the date of this Complaint, U. S. Steel has allowed Batteries 1, 2, 3, 13, 14, 15, 19, and 20 to exceed the 10% Opacity Limit for Travel Emissions on certain recorded instances.

32. These violations are based on measurements taken and recorded by U. S. Steel’s third-party contractors and/or ACHD inspectors.

33. These recorded instances during which U. S. Steel violated the 10% Opacity Limit for Travel Emissions as averred in Paragraph 31, constitute actions in violation of the Pre-2012 Permits and Operating Permit 0052, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT IV:
VIOLATION OF ARTICLE XXI § 2105.21.e.4:
20% OPACITY LIMIT FOR PUSHING EMISSION CONTROL DEVICES**

34. The averments set forth in Paragraphs 1-33 are incorporated by reference as though fully set forth below.

35. In accordance with Article XXI § 2105.21.e.4, the Pre-2012 Permits and Operating Permit 0052, U. S. Steel is required to operate Batteries 1, 2, 3, 13, 14, 15, 19, and 20 in such a manner that fugitive pushing emissions neither equal nor exceed an opacity of 20% at any time (“Pushing Fugitive 20% Opacity”).

36. From March 24, 2009 through the date of this Complaint, U. S. Steel has allowed Batteries 1, 2, 3, 13, 14, 15, 19, and 20 to repeatedly exceed the Pushing Fugitive 20% Opacity.

37. These violations are based on measurements taken and recorded by U. S. Steel’s third-party contractors and/or ACHD inspectors.

38. These recorded instances during which U. S. Steel violated the Pushing Fugitive 20% Opacity, as averred in Paragraph 36, constitute actions in violation of the Pre-2012 Permits and Operating Permit 0052, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT V:
VIOLATION OF ARTICLE XXI § 2105.03:
REDUCED EFFICIENCY PUSHING**

39. The averments set forth in Paragraphs 1-38 are incorporated by reference as though fully set forth below.

39. In accordance with Article XXI § 2105.03, the Pre-2012 Permits and Operating Permit 0052, U. S. Steel is required to properly install, maintain and operate the Pushing Emissions

Control (“PEC”) System baghouse for Batteries 1, 2, 3, 13, 14, 15, 19 and 20 consistent with good air pollution control practice (the “PEC Maintenance Requirement”).

40. From March 24, 2009 through the date of this Complaint, 2016, U. S. Steel has operated the PEC Systems for Batteries 1, 2, 3, 13, 14, 15, 19, and 20 at a reduced efficiency on certain recorded instances.

41. Instances of reduced efficiency are determined by planned outage and/or breakdown reports.

42. These recorded instances during which U. S. Steel operated at reduced efficiency as averred in Paragraph 40, constitute actions in violation of Article XXI § 2105.03, the Pre-2012 Permits and Operating Permit 0052, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT VI:
VIOLATION OF ARTICLE XXI § 2105.03:
CONTINUOUS OPERATION STANDARD**

43. The averments set forth in Paragraphs 1-42 are incorporated by reference as though fully set forth below.

44. In accordance with Article XXI § 2105.03, the Pre-2012 Permits and Operating Permit 0052 U. S. Steel is required to vent emissions attributable to the pushing of Batteries 1, 2, 3, 13, 14, 15, 19, and 20 coke ovens through the PEC System baghouse (the “Continuous Operation Standard”).

45. From March 24, 2009 through the date of this Complaint, U. S. Steel has repeatedly operated the PEC Systems for Batteries 1, 2, 3, 13, 14, 15, 19, and 20 in violation of the Continuous Operation Standard on certain recorded instances.

46. Deviations from the Continuous Operation Standard are determined by planned outage and/or breakdown reports.

47. These recorded instances during which U. S. Steel violated the Continuous Operation Standard as averred in Paragraph 45, constitute actions in violation of Article XXI §

2105.03, the Pre-2012 Permits and Operating Permit 0052, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

COUNT VII
VIOLATION OF ARTICLE XXI §§ 2101.11
FAILURE TO PERFORM EMISSIONS TESTING OF C BATTERY UNDERFIRE

48. The averments set forth in Paragraphs 1-47 are incorporated by reference as if set forth fully below.

49. IP 11 requires U. S. Steel to perform emissions testing of the C Battery Underfire Combustion Stack. Article XXI § 2101.11 requires U. S. Steel to comply with all requirements of IP 11.

50. U. S. Steel has failed to perform the initial emissions testing of the C Battery Underfire Combustion Stack as required by IP 11.

51. Because U. S. Steel has failed to perform the initial emissions testing of the C Battery Underfire Combustion Stack as required by the IP 11, it is not in compliance with the limits as set forth in Conditions V.A.1.i.1, and V.A.1.ee.1; Table 1 of Condition V.A.1.hh in IP 11; and Article XXI § 2102.04.b.6.

52. These recorded instances during which U. S. Steel failed to perform the emissions testing as averred in Paragraph 50, and failed to comply with the emissions limits as averred in Paragraph 51, constitute unlawful actions in violation of IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

COUNT VIII
VIOLATION OF ARTICLE XXI § 2101.11
EXCEEDANCE OF EMISSION LIMITS FOR SULFUR DIOXIDE,
CARBON DISULFIDE, AND TOTAL REDUCED SULFUR
FROM C BATTERY QUENCH TOWER

53. The averments set forth in Paragraphs 1-52 are incorporated by reference as if set forth fully below.

54. U. S. Steel operates a low emissions quench tower associated with C Battery.

55. IP 11 establishes emission limits for sulfur dioxide (“SO₂”), carbon disulfide (“CS₂”), and total reduced sulfur (“TRS”) from the C Battery quench tower (“Quench Tower Emission Limits”). Article XXI § 2101.11 requires U. S. Steel to comply with all requirements of IP 11.

56. From November 24, 2012 to the present, U. S. Steel allowed the C Battery quench tower to exceed the Quench Tower Emission Limits on repeated recorded instances.

57. These recorded instances during which U. S. Steel permitted the C Battery quench tower to exceed the Quench Tower Emission Limits as averred in Paragraph 56, constitute unlawful actions in violation of IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

COUNT IX
VIOLATION OF ARTICLE XXI § 2101.11
EXCEEDANCE OF EMISSION LIMITS FOR TOTAL REDUCED SULFUR AND
CARBON DISULFIDE FROM C BATTERY PEC SYSTEM

58. The averments set forth in Paragraphs 1-57 are incorporated by reference as if set forth fully below.

59. U. S. Steel operates a pushing emission control system associated with C Battery.

60. IP 11 establishes emission limits for CS₂ and TRS from the C Battery PEC system (“C Battery PEC Emission Limits”). Article XXI § 2101.11 requires U. S. Steel to comply with all requirements of IP 11.

61. From November 24, 2012 to the present, U. S. Steel operated the C Battery PEC system in violation of the C Battery PEC Emission Limits on numerous recorded instances.

62. These recorded instances during which U. S. Steel violated the C Battery PEC Emission Limits as averred in Paragraph 61, constitute unlawful actions in violation of IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

COUNT X:
VIOLATION OF ARTICLE XXI § 2105.21.d.1 and d.2:
COKE BATTERY OFFTAKE PIPING – VISIBLE EMISSIONS PERCENTAGE

63. The averments set forth in Paragraphs 1-62 are incorporated by reference as though fully set forth below.

64. In accordance with Article XXI § 2105.21.d.1, the Pre-2012 Permits and Operating Permit 0052, U. S. Steel is required to operate Batteries 1, 2, 3, and 19 in such a manner that there are visible emissions from no more than five percent (5%) of the offtake piping on the operating coke ovens of such battery (the “5% Offtake Piping Percentage”).

65. In accordance with Article XXI § 2105.21.d.2, the Pre-2012 Permits, Operating Permit 0052, and IP 11, U. S. Steel is required to operate Batteries 13, 14, 15, 20, and B in such a manner that there are visible emissions from no more than four percent (4%), of the offtake piping on the operating coke ovens of such battery (the “4% Offtake Piping Percentage”).

66. In accordance with Article XXI § 2105.21.d.1, IP 11, U. S. Steel is required to operate C Battery in such a manner that there are visible emissions from no more than three percent (3%) of the offtake piping on the operating coke ovens of such battery (the 3% Offtake Piping Percentage,” together with the 5% Offtake Piping Percentage and the 4% Offtake Piping Percentage, shall hereinafter, collectively, be referenced as the “Applicable Offtake Piping Percentage”).

67. From March 24, 2009 through the date of this Complaint, U. S. Steel has permitted Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C to exceed the Applicable Offtake Piping Percentage on numerous recorded instances.

68. These violations are based on measurements taken and recorded by U. S. Steel’s third-party contractors and/or ACHD inspectors.

69. These recorded instances during which U. S. Steel allowed Batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C to exceed the Applicable Offtake Piping Percentage, as averred in Paragraph 67, constitute actions in violation of the Pre-2012 Permits, Operating Permit 0052, and IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT XI:
VIOLATION OF ARTICLE XXI § 2105.21.c.1 and c.2:
COKE BATTERY CHARGING PORTS (LIDS) – VISIBLE EMISSIONS PERCENTAGE**

70. The averments set forth in Paragraphs 1-69 are incorporated by reference as if fully set forth below.

71. In accordance with Article XXI § 2105.21.c.2, the Pre-2012 Permits and Operating Permit 0052, U. S. Steel is required to operate Batteries 1, 2, 3, and 19 in such a manner that there are visible emissions from no more than two percent (2%) of the charging ports on the operating coke ovens of such battery (the “2% Charging Ports Percentage”).

72. In accordance with Article XXI § 2105.21.c.1, the Pre-2012 Permits and Operating Permit 0052, U. S. Steel is required to operate Batteries 13, 14, 15, 20, and B in such a manner that there are visible emissions from no more than one percent (1%) of the charging ports on the operating coke ovens of such battery (the “1% Charging Ports Percentage”).

73. In accordance with Article XXI § 2105.21.c.1, IP 11 requires U. S. Steel to operate C Battery in such a manner that there are visible emissions from no more than zero point six percent (0.6%) of the charging ports on the operating coke ovens of C Battery (the “0.6% Charging Ports Percentage,” and together with the 2% Charging Ports Percentage and the 1% Charging Ports Percentage, shall hereinafter, collectively, be referred to as the “Applicable Charging Ports Percentage”).

74. From March 24, 2009 through the date of this Complaint, U. S. Steel has permitted Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C to exceed the Applicable Charging Ports Percentage on numerous recorded instances.

75. These violations are based on measurements taken and recorded by U. S. Steel’s own third-party contractors and/or ACHD inspectors.

76. These recorded instances during which U. S. Steel allowed Batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C to exceed the Applicable Charging Ports Percentage as averred in Paragraph 74, constitute actions in violation of the Pre-2012 Permits, Operating Permit 0052, and IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT XII:
VIOLATION OF ARTICLE XXI § 2105.21.a.1 and a.2:
COKE BATTERY AGGREGATE CHARGING**

77. The averments set forth in Paragraphs 1-76 are incorporated by reference as if fully set forth below.

78. In accordance with Article XXI § 2105.21.a.2, the Pre-2012 Permits and Operating Permit 0052, U. S. Steel is required to operate Batteries 1, 2, 3, and 19 in such a manner that the aggregate of visible charging emissions exceed a total of 75 seconds during any four (4) consecutive charges (“75 Second Aggregate Charging Standard”).

79. Moreover, in accordance with IP11, U.S. Steel is required to operate Batteries C in such a manner that the visible charging emissions do not exceed the applicable 30-day logarithmic rolling average of 12 second of visible emissions per charge (the “12 Second, 30-day Rolling Charging Standard”).

80. In accordance with Article XXI § 2105.21.a.1, the Pre-2012 Permits, Operating Permit 0052, and IP 11, U. S. Steel is required to operate Batteries 13, 14, 15, 20, B and C in such a manner that the aggregate of visible charging emissions not exceed a total of 55 seconds during any five (5) consecutive charges (the “55 Second Aggregate Charging Standard,” and together with the “75 Second Aggregate Charging Standard,” and the “12 Second, 30-day Rolling Charging Standard” shall hereinafter be referred to as the “Applicable Second Aggregate Charging Standard”).

81. From March 24, 2009 through the date of this Complaint, U. S. Steel has permitted Batteries 1, 2, 3 13, 14, 15, 19, 20, B, and C to exceed the Applicable Second Aggregate Charging Standard on certain recorded instances.

82. These violations are based on measurements taken and recorded by U. S. Steel’s third-party contractors and/or ACHD inspectors.

83. These recorded instances during which U. S. Steel allowed Batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C to exceed the Applicable Second Aggregate Charging Standard as averred in Paragraph 81 constitute actions in violation of the Pre-2012 Permits, Operating Permit 0052, and

IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT XIII:
VIOLATION OF ARTICLE XXI § 2105.21.b.1 and b.2:
COKE BATTERY DOORS – VISIBLE EMISSIONS PERCENTAGE**

84. The averments set forth in Paragraphs 1-83 are incorporated by reference as if fully set forth below.

85. In accordance with Article XXI § 2105.21.b.2, the Pre-2012 Permits and Operating Permit 0052, U. S. Steel is required to operate Batteries 1, 2, 3, and 19 in such a manner that there are visible emissions from no more than eight percent (8%) of the door areas on the operating coke ovens of such battery excluding the two doors areas of the last oven charged and any door areas obstructed from view (the “8% Door Percentage”).

86. In accordance with Article XXI § 2105.21.b.1, the Pre-2012 Permits, Operating Permit 0052, and IP 11, U. S. Steel is required to operate Batteries 13, 14, 15, 20, and B in such a manner that there are visible emissions from no more than five percent (5%) of the door areas on the operating coke ovens of such battery excluding the two doors areas of the last oven charged and any door areas obstructed from view, (the “5% Door Percentage”).

87. In accordance with Article XXI § 2105.21.b.1, IP 11 requires U. S. Steel to operate Battery C in such a manner that there are visible emissions from no more than three percent (3%) of the door areas on the operating coke ovens of such battery excluding the two doors areas of the last oven charged and any door areas obstructed from view (“the 3% Door Percentage,” and together with the 8% Door Percentage and the 5% Door Percentage, shall hereinafter be, collectively, referenced as the “Applicable Door Percentage”).

88. From March 24, 2009 through the date of this Complaint, U. S. Steel has permitted Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C to exceed the Applicable Door Percentage on certain recorded instances.

89. These violations are based on measurements taken and recorded by U. S. Steel's third-party contractors and/or ACHD inspectors.

90. These recorded instances during which U. S. Steel allowed Batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C to exceed the Applicable Door Percentage, as averred in Paragraph 88, constitute actions in violation of the Pre-2012 Permits, Operating Permit 0052, and IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT XIV:
VIOLATION OF ARTICLE XXI § 2105.21.d.1 and d.2:
COKE BATTERY 40% DOORS**

91. The averments of Paragraphs 1-94 are incorporated by reference as if fully set forth below.

92. In accordance with Article XXI § 2105.21.d.2, the Pre-2012 Permits and Operating Permit 0052, U. S. Steel is required to operate Batteries 1, 2, 3, 13, 14, 15, 19, 20, and B in such a manner that emissions from the door areas of any coke oven do not exceed an opacity of 40% at any time at or beyond 15 or more minutes after such oven has been charged, ("40% Doors Standard").

93. In accordance with Article XXI § 2105.21.d.2, IP 11 requires U. S. Steel to operate Battery C in such a manner that emissions from the door areas of any coke oven do not exceed an opacity of 30% at any time at or beyond 15 or more minutes after such oven has been charged (the "30% Doors Standard," and together with the 40% Doors Standard, shall hereinafter be referenced as the "Applicable Doors Standard").

94. From March 24, 2009 through the date of this Complaint, U.S. Steel has permitted Batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C to exceed the Applicable Doors Standard on certain recorded instances.

95. These violations are based on measurements taken and recorded by U. S. Steel's third-party contractors and/or ACHD inspectors.

96. These recorded instances during which Batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C Battery exceeded the Applicable Doors Standard as averred in Paragraph 94, constitute actions in violation of the Pre-2012 Permits, Operating Permit 0052, and IP 11, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

**COUNT XV:
VIOLATION OF SECTION IVA.a.1 OF THE 2011 COA AND ARTICLE XXI §
2105.21(i): SOAKING**

97. The averments of Paragraphs 1-96 are incorporated by reference as if fully set forth below.

98. In accordance with Section IVA.a.1. of the 2011 COA, U. S. Steel is required to operate Batteries 1 through 3 in such a manner that soaking emissions from the standpipe cap opening do not exceed twenty (20%) opacity ("20% Soaking Opacity Standard") except during the first two minutes the standpipe is open. In addition, since September 23, 2013, pursuant to Article XXI, Section 2105.21(i), U.S. Steel has been required to operate Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C in such a manner that soaking emissions from the standpipe cap opening do not exceed the 20% Soaking Opacity Standard.

99. From July 6, 2011 through the date of this Complaint, U.S. Steel has permitted Batteries 1 through 3 to exceed the 20% Soaking Opacity Standard on numerous recorded instances. In addition, since September 23, 2013 U.S. Steel has permitted Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C to exceed the 20% Soaking Opacity Standard on numerous recorded instances.

100. Section VII.f. of the 2011 COA imposes stipulated penalties for violations of Section IVA.a.1. of the 2011 COA.

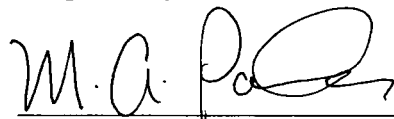
101. The recorded instances during which Batteries 1 through 3 exceeded the 20% Soaking Opacity Standard as averred in Paragraph 99, constitute actions in violation of the 2011 COA and XXI, Section 2105.21(i) for all batteries, thereby necessitating the commencement of this enforcement action under Article XXI § 2109.

WHEREFORE, the ACHD respectfully requests this honorable Court to find in favor of Plaintiff Allegheny County and against Defendant United States Steel Corporation on all Counts averred in this Complaint and grant the following relief:

- a. Enter judgment declaring that U. S. Steel failed to meet the emissions limit set forth in its permit in violation of Article XXI § 2105.21;
- b. Enjoin U. S. Steel from operating its Facility Batteries in a manner that is inconsistent with the emissions limits imposed under Operating Permit 0052 and IP 11, and from further violating the terms therein;
- c. Direct U. S. Steel to pay to the ACHD Clean Air Act Fund civil penalties consistent with Article XXI § 2109.06 for violations of its operating permit;
- d. Direct U. S. Steel to pay to the ACHD penalties as stipulated in the 2011 COA and 2014 COA for its violations of conditions contained in those agreements, and
- e. Grant any such other relief as the Court deems necessary and/or appropriate.

Dated: March 24, 2016

Respectfully submitted,



Michael A. Parker, Esq.

Pa. I.D. No. 90979

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Assistant Solicitors

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Allegheny County Health Department

Air Quality Program

301 39th Street, Bldg. No. 7

Pittsburgh, PA 15201-1891


Phone: (412) 578-8102

Fax: (412) 578-8144

VERIFICATION

I verify that the statements made in this Complaint are true and correct to the best of my knowledge, information, and belief. I understand that false statements made herein remain subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

Date: 3/24/2016

By: 
James Thompson, Deputy Director, Environmental Health
Allegheny County Health Department

In the Matter of:

United States Steel Corporation
600 Grant St.
Pittsburgh, PA 15219-2800

CONSENT ORDER and AGREEMENT

THIRD AMENDMENT

This CONSENT ORDER and AGREEMENT (Agreement) was entered into on March 17, 2008 by and between the Allegheny County Health Department (ACHD) and United States Steel Corporation (U. S. Steel), collectively referred to as "Parties." The First Amendment to the Agreement was entered into and effective on November 19, 2008. The Second Amendment to the Agreement (Second Amendment to the 2008 COA) was entered and effective on September 30, 2010. In addition, a separate COA for B Battery was entered and effective on June 1, 2007. This Third Amendment to the 2008 COA supersedes and replaces the Agreement entered on March 17, 2008 in its entirety, the First Amendment to the Agreement in its entirety; the Second Amendment to the Agreement in its entirety, and the June 1, 2007 COA in its entirety; and, as such, the above referenced March 17, 2008 Agreement, the First Amendment to the Agreement, the Second Amendment to the 2008 COA, and the June 1, 2007 COA are all hereby terminated in their entirety.

The ACHD has found and determined the following:

- A. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. §§ 7401 *et seq.*, and the Pennsylvania Air Pollution Control Act, 35 P.S. §§ 4001 *et seq.*, and the ACHD is a local health agency organized under Local Health Administration Law, Act 315 of August 24, 1951, P.L. 1304, as amended, 16 Pa.C.S. §12001 *et seq.*, whose powers and duties include the enforcement of laws relating to public health within Allegheny County, including the Allegheny County Health Department's Rules and Regulations, Article XXI, Air Pollution Control (Article XXI).
- B. U. S. Steel operates coke oven batteries 1, 2, 3, 13, 14, 15, 19, 20, and B (Batteries) located in Clairton, PA.



- C. U. S. Steel is currently constructing C Battery pursuant to Installation Permit 0052-I011.
- D. U.S. Steel has been submitting monthly Continuous Opacity Monitoring (COM) reports concerning the Batteries' combustion stacks to the ACHD pursuant to ACHD Enforcement Order No. 161 dated July 23, 1990 and ACHD letter dated February 26, 2007.
- E. The COM reports indicate that between October 1, 2007 and December 31, 2007 U.S. Steel has had 713 clock hours that had at least 3 minutes of 20 percent or greater opacity and 246 clock hours that contained at least one 10 second reading of 60 percent or greater opacity.
- F. Such emissions constitute violations of Article XXI §2105.21(f) and subject U.S. Steel to civil penalty liability under Article XXI § 2109.06(a).
- G. U.S. Steel has also been submitting Semi-annual Deviation Reports concerning the Batteries' coke pushing operations pursuant to the reporting requirements of Installation Permit Nos. 0052-I005a, 0052-I006, 0052-I007, and 0052-I008.
- H. The January 21, 2008 report indicates that between July 1, 2007, and December 31, 2007, U.S. Steel has had 67 instances where pushing emissions exceeded 20 percent opacity and 1 instance where visible emissions from the transport of hot coke in the open atmosphere exceeded 10 percent opacity.
- I. Such emissions constitute violations of Article XXI §2105.21(e)(4) and (e)(5) respectively and subject U.S. Steel to civil penalty liability under Article XXI § 2109.06(a).
- J. U. S. Steel cannot certify that the emissions from the Number 3 Screening Station at the U. S. Steel Clairton facility continuously meet the particulate emission limitations required by Article XXI §2104.02(f) and Installation Permit No. 0052-I003.
- K. Emissions at the Number 3 Screening Station exceeding the standards required by Article XXI §2104.02(f) are considered violations of Article XXI §2104.02(f) and Installation Permit No. 0052-I003.
- L. U.S. Steel operates the Edgar Thomson Plant (ET Plant) located in Braddock Pennsylvania.
- M. On or about November 11, 2004 the ACHD observed visible emissions coming from ET Plant's Basic Oxygen Process (BOP) facility.
- N. Such emissions constitute violations of Article XXI §2104.01 and subject U.S. Steel to civil penalty liability under Article XXI § 2109.06(a).
- O. U. S. Steel cannot certify that emissions from the ET Plant's BOP scrubber stacks continuously meet the opacity limitations required by Article XXI §2104.01.

- P. Emissions at the BOP scrubber stacks exceeding the standards required by Article XXI §2104.01 are considered violations of Article XXI §2104.01.
- Q. U. S. Steel cannot certify that emission from the ET Plant's Ladle Metallurgical Facility (LMF) continuously meet the opacity limitations required by Article XXI §2104.01 and Permit No. 90-I-003-P.
- R. Emissions at the LMF exceeding the standards required by Article XXI §2104.01 are considered violations of Article XXI §2104.01 and Permit No. 90-I-003-P.
- S. The Department has determined that "allowable emissions," as defined in Article XXI §2101.20, for SO₂ from the Blast Furnace No. 1 stoves, Blast Furnace No. 3 stoves, Blast Furnace No. 1 Casthouse and Blast Furnace No. 3 Casthouse exceed 100 tons for each of these four sources individually.
- T. U. S. Steel has not conducted emissions testing for SO₂ from the Blast Furnace No. 1 stoves, Blast Furnace No. 3 stoves, Blast Furnace No. 1 Casthouse and Blast Furnace No. 3 Casthouse as required by Article XXI §2108.02(b).
- U. Failure to conduct emissions testing as required by Article XXI §2108.02(b) constitutes a violation pursuant to Article XXI §2108.02(f).

WHEREAS, after a full and complete negotiation of all matters set forth in this Agreement and upon mutual exchange of covenants contained herein, the Parties agree that settlement of this matter without protracted litigation is in the best interest of the Parties and the public; and

NOW, THEREFORE, without any final determination of fact or law, and intending to be legally bound hereby, the Parties hereto agree as follows:

I. JURISDICTION

Solely for the purposes of this Agreement and the underlying alleged violations, U. S. Steel waives all objections and defenses that it may have to jurisdiction or venue. U. S. Steel shall not challenge ACHD's jurisdiction to enter into or to enforce this Agreement.

II. APPLICABILITY

- a. The provisions of this Agreement shall apply to, be binding upon, and inure to the benefit of ACHD and U. S. Steel and upon their respective officers, directors, agents, contractors, employees, servants, successors, and assigns.
- b. The duties and obligations under this Agreement shall not be modified, diminished, terminated, or otherwise altered by the transfer of any legal or equitable interest in the Plants or any part thereof.
 1. In the event that U. S. Steel proposes to sell or transfer the Plants or any part thereof, U. S. Steel shall provide written notice to ACHD of such purchaser or transferee at least thirty (30) days prior to the sale or transfer. U. S. Steel shall also provide a copy of this Agreement to any person or entity U. S. Steel intends to make any such sale or transfer at least thirty (30) days prior thereto.
 2. ACHD may, upon U. S. Steel's request, agree to modify or terminate U. S. Steel's duties and obligations under this Agreement upon transfer of the Plants. U. S. Steel reserves the right to challenge any decision by ACHD in response to U. S. Steel's request under ACHD's Rules and Regulations for Hearings and Appeals, Article XI.
- c. The undersigned representative of U. S. Steel certifies that he or she is fully authorized to execute this Agreement on behalf of U. S. Steel, and to legally bind U. S. Steel to this Agreement.

III. GENERAL TERMS

- a. This Agreement addresses and is intended to resolve all outstanding issues between the Parties relating to the violations alleged in of this Agreement.
- b. The Parties do not authorize any other persons to use the findings in this Agreement in any matter or proceeding.
- c. Nothing herein is intended to limit the authority of ACHD with respect to violations that may have occurred prior to the date of this Agreement, if any, that are not intended to be the subject of resolution hereunder, or to limit the authority of ACHD to seek further enforcement of this Agreement in the event that U. S. Steel fails to successfully comply with its terms and conditions.

IVA. RESTRICTIONS

a. Clairton Plant – Batteries 1-3

1. At no time shall the soaking emissions from the standpipe cap opening exceed twenty percent (20%) opacity. An exclusion from this opacity limit shall be allowed for two (2) minutes after that standpipe is opened. Soaking emissions from the standpipe cap shall be defined as uncombusted emissions from an open standpipe which has been dampered off in preparation of pushing the coke mass out of the oven and shall end when pushing begins, i.e., when the coke side door is removed. Compliance with this standard shall be determined through observing the standpipe from a position where the observer can note the time the oven is dampered off and, following the two minute exclusion, read the uncombusted emissions from the open standpipe in accordance with Method 9.
2. For each of the three batteries, the coking time shall not be less than 21.75 hours. If the coking time for any oven on any of these three batteries is less than 21.75 hours, U. S. Steel shall record the oven, coking time and justification of the coking time. This information shall be provided to ACHD on a quarterly basis. Coking times of less than 21.75 hours shall be considered in compliance with this Third Amendment to the COA if caused by or related to a Start-Up, Shutdown, Breakdown, or Malfunction or if caused by extraordinary circumstances as supported by appropriate justification.
3. If U. S. Steel determines that compliance can be maintained at a coking time of less than 21.75 hours for any of the three batteries, U. S. Steel can propose to ACHD a compliance demonstration for the shorter coking time. If the compliance demonstration is successful, ACHD shall authorize a shorter coking time as agreed to by the parties. In addition, if a shorter coking time is authorized, at any time subsequent to such authorization, if U. S. Steel shows a statistically significantly decrease in compliance, ACHD may require that U. S. Steel begin another compliance demonstration within thirty (30) days notice from the ACHD to determine if U. S. Steel can continue to demonstrate compliance under the shorter coking time. If U. S. Steel is unable to demonstrate compliance under such demonstration, the coking time shall revert to the previously approved coking time.

4. U. S. Steel shall maintain records of coking times for these three batteries for five years from the date of each push. Such records shall be available for review and copying by the Department upon request. Such information shall be treated as Confidential Business Information.
5. U. S. Steel shall perform four (4) soaking observations on each of the three batteries per day, in accordance with Method 9, except that if it is an overcast day or if the plume is in a shadow, the reader need not position himself with his back to the sun. U. S. Steel shall notify ACHD in the event that four soaking observations could not be obtained in the event of an outage, malfunction, breakdown, unacceptable conditions to conduct observations or other extraordinary circumstances as supported by appropriate justification.
6. U. S. Steel shall observe at least eight (8) pushes per day per each of the three batteries, of which at least four (4) pushes must be consecutive. The observations must be conducted in accordance with Method 9 as provided in 40 CFR § 63, Subpart CCCCC. U. S. Steel shall notify ACHD in the event that the required number of observations could not be obtained in the event of an outage, shutdown, malfunction, breakdown, unacceptable conditions to conduct observations, or other extraordinary circumstances as supported by appropriate justification.

IVB. CORRECTIVE ACTIONS

- a. **Clairton Plant - Batteries 7, 8, and 9.**
 1. U.S. Steel permanently shut down batteries 7, 8, and 9 on April 16, 2009.
- b. **Clairton Plant - Batteries 1, 2, and 3**
 1. U.S. Steel completed automation of reversing rooms by July 31, 2008.
 2. U.S. Steel has implemented and will continue to implement for these batteries the following:
 - i. Advanced Patching Plan outlined in Appendix A;
 - ii. Flue Nozzle Repair Plan outlined in Appendix B;
 - iii. Regenerator Repair Plan outlined in Appendix C; and
 - iv. Gas Gun Improvement Plan outlined in Appendix D.

3. U. S. Steel has completed an oven wall inspection report for Batteries 1, 2, and 3; and submitted a report, supplements and schedule to complete appropriate repairs to ACHD, detailing the findings of the oven wall inspection..
4. U. S. Steel has submitted a protocol outlining an evaluation with a timeline for evaluating the No. 1 quench tower for Batteries 1-3. U. S. Steel will conduct the evaluation of the No. 1 quench tower for Batteries 1, 2, and 3 for potential PM2.5 emission reductions. The evaluation may include but not be limited to PM2.5 emission quantification and evaluation of the effectiveness of the double baffle system and improvement to the baffle washing system.
5. If the ACHD or U.S. Steel determines that one or more of the Plans referenced in paragraph IV.B.b.2 is inadequate to prevent fugitive emissions from Batteries 1, 2, and 3, the ACHD may require, or U.S. Steel may submit at its own initiative for ACHD approval, revisions to the above plans, which could include plans to rehabilitate the endflues and/or throughwalls.
6. With respect to Batteries 1, 2 and 3, by December 31, 2013, U.S. Steel shall achieve compliance with all applicable standards of Article XXI, including but not limited to Article XXI, Part E, Subpart C.
7. If the compliance deadline established by paragraph IV.B.b.6 above is missed, U. S. Steel shall incur stipulated penalties as provided by paragraph VII.c, of this Consent Order and Agreement in lieu of any penalties that would have been incurred by paragraph VII.a.

c. Clairton Plant - Battery 15

1. U.S. Steel has completed one round of the Enhanced Preventive Maintenance Refractory Repair Plan outlined in Appendix E on Battery 15 prior to the original Agreement. U.S. Steel also completed a second round of the Plan in Appendix E on Battery 15 by June 30, 2008 and a third round by December 31, 2008.

2. With respect to Battery 15, U.S. Steel has implemented and will continue to implement the Advanced Patching Plan outlined in Appendix A.

d. Clairton Plant - Battery 19

1. U.S. Steel has replaced 20 heating walls on Battery 19 and shall replace an additional 5 heating walls on Battery 19 by October 31, 2012.
2. With respect to Battery 19, U.S. Steel shall achieve compliance with the opacity standards set forth in Article XXI §2105.21(f) by December 31, 2012.
3. If the compliance deadline established by paragraph IV.d.2 above is missed, U. S. Steel shall incur stipulated penalties as provided by paragraph VII.c, of this Consent Order and Agreement in lieu of any penalties that would have been incurred by paragraph VII.a.
4. Until Battery 19 achieves compliance with Article XXI §2105.21(f), U.S. Steel shall implement for Battery 19 the Advanced Patching Plan outlined in Appendix A.
5. If the ACHD or U.S. Steel determines that the Advanced Patching Plan is inadequate to prevent fugitive emissions from Battery 19, the ACHD may require, or U.S. Steel may submit at its own initiative for ACHD approval, revisions to the Advanced Patching Plan, which could include plans to rehabilitate the endflues and/or throughwalls.

e. Clairton Plant - Battery 20

1. U.S. Steel installed WOBBE stabilizer by April 30, 2008.
2. U.S. Steel has replaced 6 heating walls and shall replace an additional 82 heating walls on Battery 20 by October 31, 2014.
3. With respect to Battery 20, U.S. Steel shall achieve compliance with the opacity standards set forth in Article XXI §2105.21(f) by December 31, 2014.
4. If the compliance deadline established by paragraph IV.e.2 above is missed, U. S. Steel shall incur stipulated penalties as provided by paragraph VII.c, of this Consent Order and Agreement in lieu of any penalties that would have been incurred by paragraph VII.a.
5. Until Battery 20 achieves compliance with Article XXI §2105.21(f), U.S. Steel shall implement for Battery 20 the following:

- i. Advanced Patching Plan outlined in Appendix A; and
 - ii. Revitalization Plan of Battery Heating System outlined in Appendix F.
6. If the ACHD or U.S. Steel determines that the Advanced Patching Plan or Revitalization Plan is inadequate to prevent fugitive emissions from Battery 20, the ACHD may require, or U.S. Steel may submit at its own initiative for ACHD approval, revisions to the Advanced Patching Plan or Revitalization Plan, which could include plans to rehabilitate the endflues and/or throughwalls..
- f. **Clairton Plant - Number 3 Screening Station**
 1. U. S. Steel shall replace the No. 3 Screening Station with the No. 4 Screening Station.
 2. U. S. Steel received an installation permit for the No. 4 Screening Station from ACHD on December 2, 2008, and began construction on May 19, 2010. The No. 4 Screening Station will begin operation upon completion and startup of C Battery which is targeted for September 30, 2013.
- g. **Clairton Plant – Installation of New Low Emission Quench Towers**
 1. Within 30 days of the effective date of the Second Amendment to the 2008 COA, U. S. Steel shall submit applications to ACHD for permit modifications to the C Battery installation permit that was issued on July 24, 2008 and the D battery installation permit that was issued on September 4, 2009, to include the Second Amendment to the 2008 COA and any subsequent revisions. ACHD shall issue revised permits incorporating such changes as revisions or amendments to such permits.
 2. In order to reduce PM2.5 emissions required for the PM2.5 State Implementation Plan (SIP), U. S. Steel shall install two new Low Emission Quench Towers to replace the existing No. 5 and No. 7 Quench Traditional Towers at the Clairton Plant. Coke from Batteries 13, 14 and 15 is currently quenched in No. 5 Tower and coke from Batteries 19 and 20 is currently quenched in No. 7 Tower.
 3. On August 30, 2010, U. S. Steel submitted a permit application and installation schedules to ACHD for the new Low Emission Quench Towers.
 4. U. S. Steel will complete the installation and begin operation of the two new Low Emission Quench Towers no later than December 31, 2013 provided that the required installation permit(s) and the revisions to C and D Battery installation permits are

obtained in a reasonable time and not appealed. In the Second Amendment to the COA, a reasonable time was defined as installation permit(s) and permit revisions issued without appeal by March 31, 2011. On March 10, 2011 ACHD issued the installation permit for the LEQs. On March 20, 2011, U. S. Steel appealed the installation permit. The parties resolved U. S. Steel's appeal of the installation permit by ACHD issuing a revised draft permit for public comment on April 21, 2011; and U. S. Steel agreeing that it would not pursue extending the December 31, 2013 deadline to install and begin operating the two new Low Emission Quench Towers pursuant to the provisions below as it pertains to the Appeal filed by U. S. Steel on March 20, 2011; but U. S. Steel reserved the right to extend the deadline should any subsequent appeal be filed regarding the revised permit, or if ACHD fails to issue a final revised installation permit by June 17, 2011. Any appeal will be considered resolved when it is either withdrawn or a final judgment is entered upon it by the ACHD's Hearing Officer or, if the Hearing Officer's judgment is appealed or if the appeal is pursued in another tribunal, by the presiding court. If the permits are not issued without appeal by March 31, 2011, U.S. Steel shall notify the ACHD in writing of its desire to extend the date as authorized in this paragraph by April 15, 2011; and shall provide ACHD with an updated schedule to construct the LEQs within thirty (30) days of the appeal's resolution. On April 14, 2011, U. S. Steel provided notice that it would not pursue an extension of the schedule pursuant to the Appeal filed on March 20, 2011, but reserved the right to extend the deadline should any subsequent appeal be filed regarding the revised installation permit; or if ACHD fails to issue a final revised installation permit by June 17, 2011. In any case, while U. S. Steel shall use all reasonable efforts to meet the original deadline of December 31, 2013, in no case shall the revised schedule result in an extension of the December 31, 2013 deadline beyond one (1) day for every day that elapses between the date any "subsequent" appeal may be filed and the date that any such appeal is resolved.

h. Clairton Plant – PM_{2.5} Emission Evaluations

1. On May 16, 2011, U. S. Steel submitted a test protocol and proposed test schedule to ACHD for approval for a PM_{2.5} emission test of the Keystone Cooling Tower.

2. Within 60 days of completion of the PM2.5 emission test on the Keystone Cooling Tower, U. S. Steel will submit the test report to ACHD.
3. Within 60 days of completion of the PM2.5 emission test on the Keystone Cooling Tower, U. S. Steel will submit a test protocol and proposed test schedule to ACHD for approval for a PM2.5 emission test on the Aeration Basins.
4. Within 60 days of completion of the PM2.5 emission test on the Aeration Basin, U. S. Steel will submit the test report to ACHD.

i. Clairton Plant – Installation of SODAR

1. U. S. Steel installed a Sonic Detection And Ranging meteorological device (SODAR). Beginning July 1, 2011, U. S. Steel shall continue maintaining and operating the SODAR for three years. U. S. Steel will provide, at a minimum, quarterly quality assurance reviews of the meteorological site and the data. U. S. Steel and ACHD will maintain joint ownership of the data collected from the SODAR.

j. Clairton Plant – B Battery

1. U. S. Steel completed its corrective actions and supplemental environmental project; and paid its civil penalty as required by the Consent Order and Agreement, entered on June 1, 2007.

k. Edgar Thomson Plant - BOP

1. U.S. Steel retained a consultant to conduct engineering study of the mixer baghouse (Mixer Baghouse Study) and the gas cleaning system (Gas Cleaning Study) within five (5) business days of the execution of this Agreement.
2. U.S. Steel developed, implemented, and submitted to the ACHD a copy of an Enhanced Operating and Maintenance Plan for the mixer baghouse on February 29, 2008 .
3. U.S. Steel developed, implemented, and submitted to the ACHD a copy of an Enhanced Operating and Maintenance Plan for the gas cleaning system by March 31, 2008.

4. U.S. Steel completed and submitted to the ACHD a summary of the Mixer Baghouse Study by May 31, 2008.
 5. Based upon engineering recommendations for the Mixer Baghouse Study, U. S. Steel implemented additional maintenance practices and has achieved compliance.
 6. On June 30, 2009, U.S. Steel certified compliance at the BOP roof monitor for its traditional product mix. On September 30, 2010, U. S. Steel certified compliance at the BOP roof monitor for the new CalSil skim heats.
 7. U.S. Steel completed and submitted to the ACHD a summary of the Gas Cleaning Study by August 31, 2008.
 8. On November 26, 2008, U. S. Steel submitted a revised Compliance Plan (Schedule M) to ACHD for the Gas Cleaning System. As required by the Compliance Plan, U. S. Steel completed conceptual design of process modifications, determined permits were required and submitted permit applications to ACHD and PaDEP as required. Four months after required permits are issued without appeal by ACHD and PaDEP, U. S. Steel will finalize the capital appropriation and update the Compliance Plan with detailed information for project construction, including beginning of construction, end of construction, shakedown period and a final compliance date. U. S. Steel has submitted an NPDES permit application to PADEP for the upgrade on May 1, 2009, but PADEP has not yet acted on the application.
 9. In order to improve performance of the Gas Cleaning System, U. S. Steel installed an upgraded fan for the gas cleaning system. Based upon a permit applicability request submitted by U. S. Steel, ACHD determined that a permit was not required for the installation of the fan.
1. **Edgar Thomson Plant – LMF**
1. U.S. Steel developed, implemented, and submitted to the ACHD a copy of an Enhanced Operating and Maintenance Plan for the LMF by March 31, 2008.
 2. U. S. Steel obtained Installation Permit No. 0051-I005 for upgrades to the LMF baghouse from ACHD on March 13, 2009. U. S. Steel has completed the installation of the upgrades to the LMF baghouse and completed the necessary shakedown. U. S. Steel achieved compliance with Article XXI, § 2104.01, Installation Permit 90-I-003-P and IP No. 0051-I005 at the LMF in September 2010.

m. Edgar Thomson - Emissions Testing

1. U. S. Steel completed emissions testing for SO₂ from the Blast Furnace No. 1 stoves, Blast Furnace No. 3 stoves, Blast Furnace No. 1 Casthouse, and Blast Furnace No. 3 Casthouse, consistent with and as required by the First Amendment to the COA.

n. Clairton Plant – Quench Tower No. 1 and PM2.5 Contingency Measures

1. Within thirty months after receiving notice from the ACHD that the United States Environmental Protection Agency is requiring implementation of the contingency measures found in the PM2.5 SIP for the Liberty-Clairton Area, U.S. Steel shall cease operation of Quench Tower No. 1 as the primary quench tower for Batteries 1, 2 and 3 or implement at the Clairton Plant PM2.5 emission reductions (not already included in the PM2.5 SIP modeling demonstration) equal to or greater than 90 tons per year, unless a lesser amount is needed to demonstrate attainment with the annual PM2.5 NAAQS. The contingency measure schedule provided herein assumes that any necessary permits are applied for and obtained in a reasonable time and not appealed.

V. REPORTING

- a. U. S. Steel shall submit a written quarterly reports (Quarterly Reports) within thirty (30) days after the close of each calendar quarter to ACHD. The first Quarterly Reports are due within thirty (30) days after the close of the first calendar quarter that begins following the entry date of this Agreement. The Quarterly Reports shall contain, at a minimum, the following information:
 1. A list of every clock hour in the calendar quarter that compliance is not achieved for Article XXI opacity limits applicable to the Batteries' combustion stacks as measured by the combustion stacks' continuous opacity monitor (COM). U.S. Steel shall indicate the date, time, root cause, and ovens that are believed to have contributed to the exceedance;

2. For Batteries 19 and 20, a list of heating walls that have been replaced along with the corresponding completion dates;
 3. For Batteries 19 and 20, a list of heating walls currently out of service for replacement;
 4. For Batteries 19 and 20, a list of heating walls planned to be taken out of service for replacement during the subsequent calendar quarter;
 5. Status of milestone activities completed in accordance Section IV of this Agreement;
 6. Any update to the status of the Gas Cleaning Upgrade at the ET Plant pursuant to Paragraph IVB.k.8, above; and
 7. A list of all items in Section IV for which U.S. Steel anticipates not meeting the compliance deadline as well as a summary for why the deadline will be missed.
 - 8.. U.S. Steel shall submit a Semi-annual Deviation Report for all deviations from Article XXI §2105.21(e)(4) and (e)(5) for all Batteries.
- b. The Quarterly Reports, and written notices required in this Section shall be mailed to the individuals in Section XII(d).

VI. CIVIL PENALTY

- a. U. S. Steel consents to the assessment of a civil penalty three-hundred-one-thousand-eight-hundred (\$301,800) dollars in full settlement of all issues and alleged violations arising under or related to those described in this Agreement, within thirty (30) days of the date of this Agreement. U. S. Steel paid this civil penalty on March 27, 2008.
- b. The ACHD has determined that the penalty amount stated above is in accordance with Article XXI, §2109.06.b, reflecting relevant factors including: the nature, severity, and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U. S. Steel to minimize such violations and to prevent future violations; and U. S. Steel's compliance history. The ACHD hereby releases and forever discharges U. S. Steel from liability for any and all issues and alleged violations arising under or related to those described in this Agreement, including, but not

limited to those arising under Article XXI, U. S. Steel's Operating Permit(s), or state and federal law.

VII. STIPULATED CIVIL PENALTIES

- a. Should U. S. Steel fail to complete any of the Corrective Actions provided in Section IV of this Agreement, including those actions outline in the referenced Appendices, by the deadlines agreed to by the Parties pursuant to this Agreement, each day following a missed deadline shall be considered a violation of this Agreement. With the exception of the deadlines within the Appendices, the following Stipulated Civil Penalties shall be due and owing automatically within 30-days after the close of each quarter containing the missed deadline:

Days Delay in Completion	Daily Stipulated Penalty
1-30	\$500.00
31-90	\$1000.00
91+	\$2000.00

All Stipulated Civil Penalties described herein shall be assessed per violation, per day.

- b. For violations of missed deadlines within the Appendices of this Agreement, the following Stipulated Civil Penalties shall be due and owing within thirty days of ACHD's demand for stipulated penalties:

Days Delay in Completion	Daily Stipulated Penalty
1-30	\$500.00
31-90	\$1000.00
91+	\$2000.00

All Stipulated Civil Penalties described herein shall be assessed per violation, per day. U.S. Steel agrees to maintain current recording system associated with its programs referenced in the Appendices and make such records available to ACHD upon demand.

- c. In addition to the penalties above, U. S. Steel consents to payment of the following stipulated civil penalties for each clock hour that compliance for the Batteries' combustion stacks are not achieved for opacity limits, as determined by the combustion stack COM, as described in Article XXI 2105.21(f)(3) and 2105.21(f)(4), respectively:

Date of COM Violation.	Stipulated Penalty
Date of Execution of Third Amendment to the 2008 COA – December 31, 2012	\$300.00
January 1, 2013 – Termination of the Corresponding Corrective Action	\$500.00

The first thirty-three (33) clock hour opacity limit violations of each Battery stack in any calendar quarter shall not be subject to Stipulated Civil Penalties. For ovens with completely replaced throughwalls, said Stipulated Penalties shall be assessed beginning the eighth coking cycle following the first charge after final heating wall replacement. The Civil Penalties shall be due and owing automatically within 30-days after the close of each quarter in which the COM violation(s) occurred.

- d. In addition to the penalties above, U. S. Steel consents to the payment of a stipulated civil penalty of five-hundred (\$500) dollars for each push where compliance for the Batteries', pushing and transport emissions are not achieved for opacity limits, as described in Article XXI 2105.21(e)(4) and 2105.21(e)(5) respectively, whether observed by U.S. Steel or the ACHD. The Civil Penalties shall be due and owing automatically within 30-days after the close of each quarter in which the pushing violation(s) occurred.
- e. U.S. Steel shall submit a Stipulated Civil Penalty of fifty-thousand dollars (\$50,000) for each calendar quarter that the COM availability is less than 90%. These Stipulated Civil Penalties shall be due and owing automatically within 30-days after the close of each quarter in which the COM availability is less than 90%. The requirements for payment of stipulated penalties shall continue until termination of the corresponding Corrective Action occurs.
- f. In addition to the penalties above, U. S. Steel consents to the payment of the following stipulated penalties for each day where compliance with soaking emissions for Batteries 1-3, as specified and provided by Condition IV.A.a.1, is not achieved. The Civil Penalties shall be due and owing automatically within 30-days after the close of each quarter.

Date of Soaking Violation.	Stipulated Penalty
Date of Execution of Third Amendment to the 2008 COA – December 31, 2011	\$400.00
January 1, 2012 – December 31, 2013	\$600.00
January 1, 2014 – Termination of the Order or Condition	\$800.00

- g. Stipulated penalties, required by paragraphs VII.a through f, above, may be offset, in whole or part, by approved supplemental projects. Such supplemental projects could include, but not necessarily be limited to, additional emissions evaluations and testing, and/or emission reduction projects. The approval of supplemental projects to offset the otherwise required stipulated penalties shall be at the discretion of ACHD

VIII. REOPENING

- a. In the event that any condition contained within Section IV of this Agreement or within the installation permits of C Battery or D Battery issued by the ACHD is modified or declared void by the ACHD's Hearing Officer or a presiding court so as to create a substantial burden on U.S. Steel to comply with the dates set forth in Sections IV, V, and VIII of this Agreement, such dates may be extended for a time as agreed to by the Parties.
- b. U.S. Steel shall notify the ACHD in writing of its desire to extend the dates in Sections IV, V, VIII as permitted in paragraph a of this Section within thirty (30) business days after the condition is modified or declared void.
- c. Failure by U. S. Steel to comply with the notice requirements in paragraph b of this Section shall constitute a waiver of U. S. Steel's right to invoke the provisions of paragraph a of this Section.
- d. In the event that the Parties can not agree as to the length of extension permitted in paragraph a of this Section within ninety (90) days after the condition is modified or declared void, the ACHD shall set a date and notify U.S. Steel in writing of its position. The ACHD's position shall control unless U.S. Steel invokes the Dispute Resolution procedures outlined in Section XI of this Agreement.

IX. FORCE MAJEURE

- a. For the purposes of this Agreement, "Force Majeure" as applied to U. S. Steel or to any entity or person controlled by U. S. Steel, is defined as any event arising from circumstances or causes beyond the control of U. S. Steel or any entity or person controlled by U. S. Steel, including but not limited to its officers, directors, employees, agents, representatives, contractors, subcontractors, or consultants, that may delay or prevent performance of an obligation under this Agreement, despite U.S. Steel's diligent efforts to fulfill the obligation. Such Force Majeure events must not have been potentially foreseen, mitigated or prevented through the performance of reasonable due diligence; and include, but are not limited to, events such as floods, fires, tornadoes, other natural disasters, labor disputes, and unavailability of necessary equipment beyond the reasonable control of U. S. Steel. The requirement to exercise "diligent efforts to fulfill the obligation" includes using

diligent efforts to mitigate any delay caused by a potential Force Majeure event, either as it is occurring, and or following such an event, so that the delay or non-performance is minimized to the greatest extent reasonably possible.

- b. If U. S. Steel is prevented from complying with any requirement of this Agreement due to a potential Force Majeure event, U. S. Steel may claim that such an event constitutes Force Majeure, and may petition the ACHD for relief by notifying ACHD in the following manner:
 1. by telephone within seventy-two (72) hours, and by U.S. Mail or the equivalent in writing within ten (10) working days of the date U. S. Steel becomes aware, or with reasonable care should have become aware, of the potential Force Majeure event impeding performance. Written notice shall include:
 - i. a description of the event and a rationale for attributing the event to Force Majeure; and
 - ii. a description of efforts that have been made to prevent, and efforts that are being made to mitigate, the effects of the event and to minimize the length of delay or non-performance; and
 - iii. an estimate of the duration of the delay or non-performance; and
 - iv. a description of and proposed timetable for implementing measures to bring U.S. Steel back into compliance with this Agreement; and
 - v. available documentation, which to the best knowledge and belief of U. S. Steel, supports its claim that the delay or non-performance was attributable to a Force Majeure event.
 2. Failure by U. S. Steel to comply with the notice requirements above shall constitute a waiver of U. S. Steel's right to invoke the provisions of this Force Majeure provision as a basis for delay or non-performance under this Agreement for the particular event.
- c. ACHD shall determine whether to grant all or part of a requested extension of time to perform obligations under this Agreement, necessary due to a delay caused by a Force Majeure event, on the basis of all documentation submitted by U. S. Steel and other information available to ACHD at the time of the determination. Any extension or excuse period granted shall not exceed the actual delay resulting from such an event. An extension of one compliance date shall not result automatically in the extension of subsequent

compliance dates, unless specifically agreed by ACHD. U. S. Steel must make a separate showing of proof regarding each delayed incremental step or other requirement for which an extension is sought.

- d. If ACHD determines that a delay or nonperformance was not caused by a Force Majeure event, or if the Parties are unable to agree on a stipulated extension of time, ACHD will notify U. S. Steel in writing of its position after its receipt of U. S. Steel's written notice hereunder. ACHD's position shall control unless U. S. Steel invokes the Dispute Resolution procedures under Section XI of this Agreement. ACHD shall provide U. S. Steel with written notice of its Force Majeure determination prior to issuing an enforcement demand for the nonperformance or delay in performance of any obligation contained in this Agreement, for which U. S. Steel has made a claim of Force Majeure.
- e. If U. S. Steel elects to invoke Dispute Resolution, it shall do so no later than ten (10) days after receipt of ACHD's notice of determination regarding a claim of Force Majeure. U. S. Steel shall have the burden of demonstrating by a preponderance of the evidence that:
 - 1. the delay or nonperformance has been caused by a Force Majeure event;
 - 2. diligent efforts were exercised to avoid and mitigate the effects of the Force Majeure event;
 - 3. U. S. Steel complied with each of the notice requirements;
 - 4. the requested period for delay or nonperformance is appropriate.
- f. If ACHD determines that U. S. Steel has carried this burden of demonstrating that a delay in performance was due to Force Majeure, the failure to meet a deadline subsequent to the delay or nonperformance at issue shall not be deemed a violation of this Agreement.

X. DISPUTE RESOLUTION

- a. Unless otherwise expressly provided for in this Agreement, the dispute resolution procedures of this Section shall be the exclusive procedure for resolution of disputes arising between the Parties regarding matters arising included in this Agreement.
- b. If, in one Party's opinion, there is a dispute between the Parties with respect to implementation of this Agreement or the implementation of any provision of this

Agreement, that Party may send a written Notice of Dispute to the other Party, outlining the nature of the dispute and requesting informal negotiations to resolve the dispute. The Parties shall make reasonable efforts to informally and in good faith resolve all disputes or differences of opinion regarding the implementation of this Agreement. Such period of informal negotiations shall not extend beyond thirty (30) days from the date when the Notice of Dispute was received unless the period is extended by written agreement of the Parties. The dispute shall be considered to have arisen when one Party receives the other Party's Notice of Dispute.

- c. In the event that the Parties cannot resolve a dispute by informal negotiations under this Section, the position advanced by ACHD shall govern, control and be binding unless, within twenty (20) days after the conclusion of the informal negotiation period, U. S. Steel invokes the formal dispute resolution procedures of this Section by mailing to ACHD a written statement of position on the matter in dispute, including any available factual data, analysis, or opinion supporting that position, and including any supporting affidavits and/or documentation relied upon by U. S. Steel. Within twenty (20) days following receipt of U. S. Steel's statement of position submitted pursuant to this paragraph, ACHD shall issue a written statement of position (ACHD's Position) on the matter in dispute, including available factual data, analysis, opinion and/or legal arguments supporting ACHD's position along with any supporting affidavits and/or documents relied upon by ACHD.
- d. The position of ACHD shall be binding upon U. S. Steel unless U. S. Steel, within thirty (30) days of receipt of the ACHD's written statement of position, files with the Director and serves upon ACHD a petition for dispute resolution (Petition). This Petition shall set forth the matter in dispute, the efforts made by the Parties to resolve it, the relief U. S. Steel requests, and any factual data analysis, opinion, affidavits, legal argument and documentation supporting U. S. Steel's position. The Petition and ACHD's Position shall constitute the initial record for purposes of resolving the dispute. Either Party may request of the hearing officer (or Director, if there is no hearing officer assigned,) the opportunity to supplement the record with appropriate additional information, provided that such information could not reasonably have been obtained or discovered prior to filing the Petition. The hearing officer or Director shall render his or her final decision

on the basis of the full record, including any supplemental materials received. The final decision of the Director or hearing officer shall be appealable by either Party to the Court of Common Pleas of Allegheny County.

- e. Judicial and administrative review of any dispute governed by this Section shall be governed by applicable provisions of law.
- f. Except as provided in Section IX, the invocation of informal or formal Dispute Resolution procedures under this Section shall not of itself extend, postpone, or affect in any way any obligation of U. S. Steel under this Agreement.
- g. Whenever service, process, or notice is required of any dispute pursuant to this Section, such service, notice or process shall be directed to the individual at the addresses specified in paragraphs d and e of Section XII below, unless those individuals or their successors give notice in writing to the other Parties that another individual or address has been designated.

XI. GENERAL PROVISIONS

- a. In the event that U. S. Steel fails to comply with any provision of this Agreement, and the ACHD believes that such failure has created an emergency which may lead to the immediate and irreparable harm to the environment or community, ACHD may, in addition to the remedies prescribed herein, pursue any remedy available for a violation of an Order of ACHD, including an action to enforce this Agreement, or any other option available to it under the Clean Air Act, Pennsylvania Air Pollution Control Act, or the Local Health Administration Law.
- b. ACHD reserves the right to require additional measures to achieve compliance with this Agreement. U. S. Steel reserves the right to challenge any action that ACHD may take to require those measures.
- c. U. S. Steel shall be liable for any violations of this Agreement, including those caused by, contributed to, or allowed by its officers, agents, employees, or contractors.
- d. All correspondence with the ACHD concerning this Agreement shall be addressed to:

Mr. Ed Peresie	with a copy (not including reports) to:
Section Chief, Enforcement	Michael A. Parker, Assistant Solicitor

Allegheny County Health Department
Air Quality Division
301 39th Street, Bldg. #7
Pittsburgh, PA 15201-1891

Allegheny County Health Department
Legal Section
301 39th Street, Bldg. #7
Pittsburgh, PA 15201-1891

- e. All correspondence with U. S. Steel concerning this Agreement shall be addressed to:
- | | |
|---|--|
| Mark Jeffrey
Director -Environmental Control
Mon Valley Works
400 State Street
Clairton, PA 15025 | David W. Hacker
Attorney-Environmental
600 Grant Street, Room 1500
Pittsburgh, PA 15219 |
|---|--|
- f. U. S. Steel shall notify ACHD whenever there is a change in the contact person's name, title, or address. Service of any notice or any legal process for any purpose under this Agreement, including its enforcement, may be made by mailing an original or true and correct copy by first class mail to the above addresses.
- g. The Paragraphs of this Agreement are severable, and should any part hereof be declared invalid or unenforceable, the remainder shall remain in full force and effect between the Parties.
- h. This Agreement shall constitute the entire integrated Agreement of the Parties. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for the purposes of determining the meaning or intent of any provisions herein in any litigation or other proceeding.
- i. The Parties shall bear their respective attorneys fees, expenses, and other costs with regard to the prosecution or defense of this matter or any related matters arising prior to the execution of this agreement.
- j. This Agreement may be modified only by written agreement of the Parties.

XII. EFFECTIVE AND TERMINATION DATES

- a. This Agreement shall be effective immediately upon the date of the last signature.
- b. It is the intention of the parties that this Consent Order and Agreement may terminate separately by required Corrective Action and Restrictions as set forth below for each Corrective Action and Restriction as required by Sections IV.A and IV.B of this Consent

Order and Agreement. U. S. Steel has completed the Corrective Actions for Clairton Plant Batteries 7, 8, and 9 and Edgar Thomson Plant BOP Mixer Baghouse. For purposes of this termination paragraph, the Corrective Actions are as follows: (1) Clairton Plant Batteries 1, 2, and 3; (2) Clairton Plant Battery 15; (3) Clairton Plant Battery 19; (4) Clairton Plant Battery 20; (5) Clairton Plant Number 3 Screening Station; (6) Clairton – Installation of New Low Emission Quench Towers; (7) Clairton – PM2.5 Emission Evaluations; (8) Clairton Plant – Installation of SODAR; (9) Edgar Thomson Plant BOP Roof Monitor; (10) Edgar Thomson Plant BOP Gas Cleaning; and (11) Edgar Thomson Plant LMF; and (12) Edgar Thomson Plant – Emissions Testing. For purposes of this termination paragraph, the Restrictions are as follows: (1) Clairton Batteries 1-3 - Coking Time pursuant to paragraphs IVA.a.2 through IV.a.4; (2) Clairton Batteries 1-3 Soaking Observation requirements pursuant to paragraph IVA.a.5 and (3) Clairton Batteries 1-3 – Pushing Observation requirements pursuant to paragraph IVA.a.6. Each Corrective Action or Restriction shall terminate, in whole or in part, if each of the following are met:

1. U. S. Steel has completed and complied with the provisions contained in the Consent Order and Agreement for the Corrective Action for which termination is sought;
2. U. S. Steel has paid the Civil Penalty required by Section VI;
3. U. S. Steel has paid any stipulated penalties due and owing to ACHD associated with the Corrective Action for which termination is sought;
4. U. S. Steel submits a written request to ACHD indicating that it has completed and complied with the provisions for the Corrective Action for which termination is sought; and
5. ACHD, within 60-days of receiving such a request from U. S. Steel, has not contested in writing that such compliance has been achieved. If ACHD disputes U. S. Steel's compliance with Corrective Action for which termination is sought, ACHD shall provide written notice to U. S. Steel within sixty (60) days of the date of the request and the Dispute Resolution provisions of the Consent Order and Agreement shall be invoked and the Consent Order and Agreement remain in effect for that Corrective Action for which termination is sought pending the resolution of the dispute by the parties or the Court.

- c. It is the intention of the parties that restriction regarding the soaking standard applicable to Clairton Batteries 1-3, as provided in paragraph IVA.a.1, shall be superseded and terminated when the Department promulgates a soaking standard rule, pursuant to its rulemaking authority.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives. The undersigned representative of U. S. Steel certify under penalty of law, as provided by 18 Pa.C.S. §4909 that he is authorized to execute this Agreement on behalf of U. S. Steel; that U. S. Steel consents to the entry of this Agreement as a final ORDER of ACHD; and that, except as otherwise provided herein, U. S. Steel hereby knowingly waives its rights to appeal this Agreement and to challenge its content or validity, which rights may be available under Article XI, and Pennsylvania Administrative Agency Law, 2 Pa.C.S. §103(a), or any other applicable provision of law. Signature by U. S. Steel's attorney certifies only that this Agreement has been signed after consulting with counsel.

FOR ACHD

7/6/11

Date

7/6/11

Date

7/6/11

Date

Burdison

Bruce W. Dixon, M.D.
Director

[Signature]

Henry Miller, III
Solicitor

[Signature]

Michael A. Parker
Assistant Solicitor

FOR U.S. Steel

MS Williams

Michael S. Williams
Senior Vice President
North American Flat-Roll Division

[Signature]

David W. Hacker
Attorney – Environmental

6/27/2011

Date

6/27/2011

Date

Appendix A

Advanced Patching Plan

1. Track stack exceedances and corrective actions electronically along with the date that repairs (wet slurry patching, dry gunning, or ceramic welding or the equivalent to these techniques) were completed.
2. Repairs will be completed based on the following schedule:
 - wet slurry patching completed within 10 days of exceedance root cause identification;
 - dry gunning repair completed within 21 days of exceedance root cause identification;
 - ceramic welding repair completed within 30 days of exceedance root cause identification.

Days where the oven is taken out of service will not be counted.
3. Charts of the magnitude and duration of opacities will be used along with oven wall inspections to prioritize oven repair
4. A procedure for Identifying Ovens for Repair will be maintained in the Environmental Management System.
5. Equivalent techniques will be approved by ACHD.

Appendix B

Flue Nozzle Repair and Replacement Plan

1. Track exceedances and corrective actions electronically along with the date that repairs were completed.
2. Repairs will be completed based on the following schedule:
 - Flue cleanout will be completed within 10 days of exceedance root cause identification;
 - Flue nozzle replacement will be completed within 21 days of exceedance root cause identification.Days where the oven is taken out of service will not be counted.
3. Flue inspections including cross wall inspections (or equivalent technique) will be performed monthly and the results maintained electronically.
4. A procedure for prioritizing repairs will be maintained in the Environmental Management System.
5. Equivalent techniques will be approved by ACHD.

Appendix C

Regenerator Repair Plan

1. When a combustion issue arises based on the review of COM data and cross wall data, the regenerators are inspected and the results are documented electronically.
2. Repairs are identified and prioritized based on a procedure to be maintained in the Environmental Management System.
3. Equivalent techniques will be approved by ACHD.

Appendix D

Gas Gun Improvement Plan

1. Cross wall data are used to identify potential gas gun issues.
2. Repairs will be completed based on the following schedule:
 - Gas gun cleanout will be completed within 10 days of exceedance root cause identification;
 - Gas gun weld will be completed within 21 days of exceedance root cause identification:
3. Repairs are documented electronically.
4. Follow-up cross wall temperatures are taken and documented electronically to track effectiveness.
5. Equivalent techniques will be approved by ACHD.

Appendix E

Enhanced Preventive Maintenance Refractory Repair Plan

1. Perform dry gunning all oven ends.
2. Perform dry gunning all standpipe interiors.
3. Perform dry gunning all charging holes.
4. Perform ceramic welding and replace standpipes where dry gunning is not sufficient.
5. Equivalent techniques will be approved by ACHD.

Appendix F

Revitalization Plan of Battery Heating System

1. COM data is used to identify potential issues.
2. Track exceedances and corrective actions electronically along with the date that repairs were completed.
3. Repairs will be completed based on the following schedule:
 - Gas riser grouting completed within 30 days of exceedance root cause identification.Days where the oven is taken out of service will not be counted.
4. Flue inspections including cross wall inspections (or equivalent technique) will be performed monthly and the results maintained electronically.
5. A procedure for prioritizing repairs will be maintained in the Environmental Management System.
6. Equivalent techniques will be approved by ACHD.

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of: Clairton Plant
 United States Steel Corporation
 Allegheny County

CONSENT ORDER AND AGREEMENT

This Consent Order and Agreement ("C Battery COA") is entered into this 7TH day of AUGUST, 2014 (hereinafter "Effective Date") by and between the Allegheny County Health Department (hereinafter "ACHD" or "Department") and United States Steel Corporation (hereinafter "U. S. Steel") collectively referred to as "Parties."

RECITALS

WHEREAS, the ACHD has found and determined the following:

1. The Director of the ACHD has been delegated authority to regulate air quality pursuant to the federal Clean Air Act, 42 U.S.C. §§ 7401, et seq. (hereinafter "CAA"), and Pennsylvania Air Pollution Control Act, 35 P.S. §§ 400, et seq., (hereinafter "APCA") and the ACHD is a local health agency organized under the Local Health Administration Law, 16 P.S. §§ 12001, et seq., whose powers and duties include the enforcement of laws relating to public health within Allegheny County, including but not limited to, the ACHD's Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Ordinance No. 16782) (hereinafter "Article XXI").
2. U. S. Steel is incorporated in the State of Delaware and maintains operations, *inter alia*, in Allegheny County, Pennsylvania.
3. U. S. Steel operates coke oven batteries 1, 2, 3, 13, 14, 15, 19, 20, B and C (hereinafter "Batteries" or "Clairton Plant") located in Clairton, PA in Allegheny County.
4. On July 24, 2008, the ACHD issued Installation Permit No. 0052-1011 (hereinafter "IP 11") to U. S. Steel for the construction and temporary operation of C Battery. U. S. Steel started up C Battery on or about November 24, 2012. For purposes of this C Battery COA, C Battery consists of a battery composed of, *inter alia*, 84 ovens with charging ports.



doors, lids, and offtakes; the C Battery Quench Tower with baffles; the C Battery Pushing Emissions Control System, and the C Battery Underfire Combustion Stack.

5. ACHD alleges that C Battery charging emissions have exceeded, and continue to exceed, the aggregate visible charging emissions standards. The ACHD further alleges that each instance where the aggregate of visible charging emissions exceeded a total of 55 seconds during any five (5) consecutive charges is a violation of Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302; and exceeding 12 seconds of visible emissions per charge as required by Condition V.A.1.n.4 of IP 11, 40 C.F.R. §§ 63.309(d)(2) and 63.304(b)(4)(iv).

6. C Battery Quench Tower is considered a Low Emissions Quench Tower for the control and reduction of particulate matter (including PM₁₀ and PM_{2.5}) associated with quenching emissions from C Battery. It is not designed for, nor was it anticipated to, remove or reduce emissions other than particulate matter. On or about October 3, 2013, ACHD issued U. S. Steel a Notice of Violation, alleging that based upon a test report provide to it by U. S. Steel, the C Battery Quench Tower exceeded emission limits for sulfur dioxide (hereinafter "SO₂"), carbon disulfide (hereinafter "CS₂"), and total reduced sulfur (hereinafter "TRS"), as set forth in Table 3 of Condition V.B.1.e of IP 11. Existing data indicates that the C Battery Quench Tower's emissions of particulate matter, including PM₁₀ and PM_{2.5}, are below those required by IP 11,

7. ACHD alleges that U. S. Steel has failed to perform the emissions testing of the C Battery Underfire Combustion Stack as required by Conditions IV.13.a, V.A.2.r, V.A.2.s, and V.A.2.t, and is not in compliance with the limits as set forth in Conditions V.A.1.i.1, and V.A.1.ee.1; Table 1 of Condition V.A.1.hh in IP 11; and Article XXI, § 2102.04.b.6.

8. The PEC Baghouse was designed for the control and reduction of particulate matter (including PM₁₀ and PM_{2.5}) associated with pushing emissions from C Battery. It is not designed for, nor was it anticipated to, remove or reduce emissions other than particulate matter. Based on the results of emissions testing performed on June 25-27, 2013, ACHD alleges that the emissions from the C Battery Pushing Emission Control System (hereinafter "PEC Baghouse") exceed the limits for TRS and CS₂ as set forth in Table 2 of Condition V.A.1.hh of IP 11.

9. Pursuant to Condition IV.26.b of IP 11, U. S. Steel was obligated to permanently shutdown Coke Oven Battery No. 9 prior to charging coal to the C Battery ovens. In addition, during start-up of C Battery, operation of Batteries 7 and 8 was required to be limited to pushing 120 ovens/day per IP 11.

10. In addition to shutting down Battery 9 prior to charging coal to C Battery ovens, U. S. Steel also shutdown Batteries 7 and 8 prior to charging coal to C Battery ovens. These efforts have offset emissions during start-up and shakedown of C Battery.

11. Pursuant to Condition IV.B.e.2 of the Consent Order and Agreement – Third Amendment, effective July 6, 2011, U. S. Steel was obligated to replace 82 heating walls on Battery 20 by October 31, 2014. Pursuant to Condition IV.B.e.3 of the Consent Order and Agreement – Third Amendment, effective July 6, 2011, U. S. Steel was obligated to achieve compliance with the opacity standards set forth in Article XXI § 2105.21(f) on Battery 20 by December 31, 2014.

12. USS completed the required replacement of 82 walls in May 2013, eighteen months earlier than required; and achieved compliance with the opacity standards set forth in Article XXI § 2105.21(f) on Battery 20 in May 2013. These improvements and their reduced emissions have been in place during the shakedown of C Battery and also minimized such emissions during the shakedown period of C Battery.

13. With the intent of reducing charging emissions, U. S. Steel constructed and installed new refractory inserts in each of the 336 charging ports of C Battery.

14. With the intent of reducing charging emissions, U. S. Steel constructed and installed a new charging leveling bar.

15. With the intent of reducing combustion stack emissions, U. S. Steel grouted gas risers.

16. With the intent of reducing combustion stack emissions, U. S. Steel dry-gunned sole flue areas.

17. U. S. Steel has been operating the C Battery Quench Tower since start-up and existing data indicate that the particulate matter, including PM₁₀ and PM_{2.5}, emissions from the C Battery Quench Tower, are significantly less than the permit limit. Similarly, existing data indicate that the particulate matter emissions, including PM₁₀ and PM_{2.5}, from the C Battery PEC Baghouse are below those required by IP 11.

WHEREAS, after a full and complete negotiation of all matters set forth in this C Battery COA and upon mutual exchange of covenants contained herein, the Parties agree that settlement of this matter without protracted litigation is in the best interest of the Parties and the

public. U. S. Steel represents that it has entered into this C Battery COA for the purpose of settling and compromising disputed claims without having to incur the expense of contested litigation. By entering into this C Battery COA, U. S. Steel does not affirmatively admit the allegations of violations provided herein, and this C Battery COA shall not be interpreted as including such admission; and

NOW, THEREFORE, without any final determination of fact or law, without any admissions and intending to be legally bound hereby, the Parties hereto agree as follows:

I. JURISDICTION

A. Solely for the purposes of this C Battery COA and the underlying alleged violations, U. S. Steel waives all objections and defenses that it may have to jurisdiction or venue. U. S. Steel shall not challenge ACHD's jurisdiction to enter into or to enforce this C Battery COA.

II. APPLICABILITY

A. The provisions of this C Battery COA shall apply to, be binding upon, and inure to the benefit of ACHD and U. S. Steel and upon their respective officers, directors, agents, contractors, employees, servants, successors, and assigns.

B. The duties and obligations under this C Battery COA shall not be modified, diminished, terminated, or otherwise altered by the transfer of any legal or equitable interest in the Plants or any part thereof.

C. If U. S. Steel proposes to transfer the Clairton Plant, B Battery or C Battery (or portions of B Battery or C Battery) to an unaffiliated entity, U. S. Steel shall provide written notices to the ACHD of the proposed transfer at least thirty (30) days prior to the transfer and the transfer must be done in accordance with the requirements of Article XXI § 2102.03.e and § 2103.14.b.1.D. U. S. Steel shall also provide a copy of this C Battery COA to any person or entity to which U. S. Steel intends to make any such transfer at least thirty (30) days prior thereto except that this provision does not apply to a transfer or lenders taking a security interest in the facility.

D. ACHD may, upon U. S. Steel's request, agree to modify or terminate U. S.

Steel's duties and obligations under this C Battery COA upon transfer of the Clairton Plant, B Battery or C Battery (or portions of B Battery or C Battery) U. S. Steel reserves the right to challenge any decision by ACHD in response to U. S. Steel's request under ACHD's Rules and Regulations for Hearings and Appeals, Article XI.

E. The undersigned representative of U. S. Steel certifies that he or she is fully authorized to execute this C Battery COA on behalf of U. S. Steel, and to legally bind U. S. Steel to this C Battery COA.

F. Nothing in this C Battery COA is intended to limit or alter the ACHD's or U. S. Steel's obligations or rights under Article XXI with regard to the transfer of installation or operating permits.

G. U. S. Steel shall achieve compliance with the aforementioned regulations and permit conditions in accordance with the requirements of this C Battery COA.

H. Except as provided by Section IV (Corrective Actions) provided below, this C Battery COA does not affect U. S. Steel's responsibility to comply with any other applicable regulations or permit conditions, not identified herein.

III. GENERAL TERMS

A. This C Battery COA is intended to resolve all outstanding disputes between the Parties in relation to the emission, regulatory, and permit condition violations alleged herein. Nothing herein is intended to limit the authority of ACHD with respect to alleged violations that are not the subject of this C Battery COA or to limit the authority of the ACHD to seek further enforcement of this C Battery COA in the event that U. S. Steel fails to successfully comply with its terms and conditions. Except as provided by the compliance programs provided in Section IV, as set forth below, U. S. Steel shall cease and desist from future violations of the CAA, APCA, and the implementing regulations, including Article XXI, at C Battery.

B. The parties do not authorize any other persons to use the findings in this Agreement in any matter or proceeding.

C. The provisions of this C Battery COA are severable. If any provisions or part thereof is declared invalid or unenforceable, or is set aside for any other reason, the remainder of the C Battery COA shall remain in full effect.

D. This C Battery COA shall constitute the entire integrated C Battery COA of the Parties. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for purposes of determining the meaning of extent of any provisions herein in any litigation or any other proceeding.

E. No changes, additions, modifications or amendments to this C Battery COA shall be effective unless they are set forth in writing and signed by the Parties hereto.

F. A title used at the beginning of any paragraph of this C Battery COA shall not be considered to control but may be used to aid in the construction of the paragraph.

G. This C Battery COA shall become effective after execution by both Parties as of the Effective Date first noted above.

H. In the event that U. S. Steel fails to comply with any provisions of this C Battery COA, and the ACHD believes that such failure has created an emergency which may lead to immediate or irreparable harm to the environment or community, the ACHD may, in addition to the remedies prescribed herein, pursue any remedy available for a violation of an order of the ACHD, including an action to enforce this C Battery COA, or any other enforcement option available to it under the federal Clean Air Act, the Pennsylvania Air Pollution Control Act, the Local Health Administration Law, the Rules and Regulations of the ACHD, or other applicable statutes or regulations. U. S. Steel does not waive any defenses it may have to such action by ACHD.

I. U. S. Steel shall be liable for any violations of this C Battery COA caused by, contributed to, or allowed by its officers, agents, or employees.

J. The Parties shall bear their respective attorney's fees, expenses, and other costs with regard to the prosecution or defense of this matter or any related matters arising prior to the execution of this C Battery COA.

K. All correspondence with the ACHD concerning this C Battery COA shall be addressed to:

Enforcement Chief
Allegheny County Health Department
Air Quality Program
301 39th Street, Bldg. No. 7
Pittsburgh, PA 15201
Tel.: 412-578-7963
Fax: 412-578-8144

L. All correspondence with U. S. Steel concerning this C Battery COA shall be addressed to:

Mark Jeffrey
Director, Environmental Control
United States Steel Corporation
Mon Valley Works – Clairton Plant
400 State Street
Clairton, PA

David Hacker
Counsel
United States Steel Corporation
600 Grant St, Suite 1500
Pittsburgh, PA 15219

M. In the event of a change in a Party's contact person, the party with such a personal change shall notify the other party within thirty (30) days.

N. Service of any notice or legal process for any purpose under this C Battery COA including its enforcement, may be made by mailing an original or true and correct copy by First Class mail to the above contacts and addresses.

IV. CORRECTIVE ACTIONS

A. C Battery Charging Visible Emissions. U. S. Steel shall undertake the following activities, in the timeframes specified herein, to address and/or mitigate visible emission violations during charging at C Battery:

1. Beginning on the Effective Date of this C Battery COA, U. S. Steel shall operate the baffle wash system or equivalent system (as approved by the Department) of B Quench Tower during the quenching of coke, as long as the ambient temperature is above 32 degrees Fahrenheit.

2. U. S. Steel designed and installed a trial U-Tube device on ovens C3 and C4 on C Battery in February 2014 and began to evaluate effectiveness for reducing charging emissions.

3. U. S. Steel completed its evaluation of the trial U-Tube device on April 30, 2014.

4. U. S. Steel shall complete the engineering and design of a C Battery U-Tube system by October 31, 2014.

5. U. S. Steel is authorized to construct a U-Tube system and shall complete the installation of the C Battery U-Tube system by October 31, 2015.

6. By April 30, 2016, U. S. Steel shall certify compliance with charging standards provided in Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302 or provide an updated Compliance Schedule in the event that U. S. Steel is unable to certify compliance with Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302 after installation of the U-Tube System. U. S. Steel's compliance certification is subject to approval by the ACHD, and, in the event that the ACHD does not approve U. S. Steel's compliance certification, U. S. Steel has the right to invoke the dispute resolution provisions outlined in Section VIII of this C Battery COA. This C Battery COA shall be reopened if U. S. Steel is unable to certify compliance with Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302 after installation and shakedown of the U-Tube System

7. While this C Battery COA is in effect, compliance with Paragraph IV.A.1, above, shall be deemed to satisfy the work practice standards required by Condition V.A.1.v of IP 11, 40 C.F.R. §§ 63.302(d)(5) and 63.306.

B. PEC Baghouse, Low Emissions Quench Tower, Underfire Combustion Stack:

1. U. S. Steel shall submit a request for a permit modification for IP 11 to address alleged violations of IP11 for emissions from the C Battery PEC Baghouse, Low Emissions Quench Tower, and Underfire Combustion Stack within 15-days the effective date of this COA.

C. The requirements of Paragraph IV.A.1, above, shall survive this COA and be incorporated into the Clairton Plant's Title V Operating Permit during the next periodic renewal.

V. CIVIL PENALTY

A. U.S. Steel consents to the assessment of a civil penalty of THREE HUNDRED THOUSAND dollars (\$300,000.00) in full settlement of all issues and alleged violations arising under or related to those described in this Agreement, as of the Effective Date of this Agreement. The civil penalty shall be paid in two installments. U. S. Steel shall pay ONE HUNDRED FIFTY THOUSAND dollars (\$150,000) of the civil penalty within thirty (30) calendar days of the Effective Date; and the remaining ONE HUNDRED FIFTY THOUSAND dollars (\$150,000) of the civil penalty by December 31, 2015, by corporate check, or the like, made payable to the "Allegheny County Clean Air Fund", and sent to the Program Manager, Air Quality Program, Allegheny County Health Department, 301 39th Street, Bldg. No. 7, Pittsburgh, Pennsylvania 15201.

B. The ACHD has determined the penalty amount stated above in accordance with Article XXI, § 2109.06.b, reflecting relevant factors including: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U. S. Steel to minimize such violations and to prevent future violations; and U. S. Steel compliance history. The ACHD hereby releases and forever discharges U. S. Steel from liability for any and all issues and alleged violations arising under or related to those described in this Agreement, including but not limited to those arising under Article XXI, U. S. Steel's TVOP, or state and federal law.

VI. STIPULATED PENALTIES

A. Should U. S. Steel fail to complete any of the Corrective Actions provided in Section IV of this C Battery COA by the deadlines agreed to by the Parties pursuant to this C Battery COA, each day following a missed deadline shall be considered a violation of this C Battery COA. The following Stipulated Civil Penalties shall be due and owing automatically within 30-days after the close of each quarter containing the missed deadline:

Days Delay in Completion	Daily Stipulated Penalty
1-30	\$750.00
31-90	\$1000.00
91+	\$2000.00

- b. Stipulated penalties, required by paragraphs VI.a, above, may be offset, in whole or part, by approved supplemental projects pursuant to Section VII paragraph (g) of the COA Third Amendment.

VII. FORCE MAJEURE

A. For the purposes of this C Battery COA, "Force Majeure" as applied to U. S. Steel or to any entity or person controlled by U. S. Steel, is defined as any event arising from circumstances or causes beyond the control of U. S. Steel or any entity or person controlled by U. S. Steel, including but not limited to its officers, directors, employees, agents, representatives, contractors, subcontractors, or consultants, that may delay or prevent performance of an obligation under this C Battery COA, despite U. S. Steel's diligent efforts to fulfill the obligation. Such Force Majeure events must not have been potentially foreseen, mitigated or prevented through the performance of reasonable due diligence; and include, but are not limited to, events such as floods, fires, tornadoes, other natural disasters, labor disputes, and unavailability of necessary equipment beyond the reasonable control of U. S. Steel. The requirement to exercise "diligent efforts to fulfill the obligation" includes using diligent efforts to mitigate any delay caused by a potential Force Majeure event, either as it is occurring, and or following such an event, so that the delay or non-performance is minimized to the greatest extent reasonably possible.

B. If U. S. Steel is prevented from complying with any requirement of this C Battery COA due to a potential Force Majeure event, U. S. Steel may claim that such an event constitutes Force Majeure, and may petition the ACHD for relief by notifying ACHD in the following manner:

1. By telephone within seventy-two (72) hours, and by U.S. Mail or the equivalent in writing within ten (10) working days of the date U. S. Steel becomes

aware, or with reasonable care should have become aware, of the potential Force Majeure event impeding performance. Written notice shall include:

- a. A description of the event and a rationale for attributing the event to Force Majeure; and
- b. A description of efforts that have been made to prevent, and efforts that are being made to mitigate, the effects of the event and to minimize the length of delay or non-performance; and
- c. An estimate of the duration of the delay or non-performance; and
- d. A description of and proposed timetable for implementing measures to bring U. S. Steel back into compliance with this C Battery COA; and
- e. Available documentation, which to the best knowledge and belief of U. S. Steel, supports its claim that the delay or non-performance was attributable to a Force Majeure event.

2. Failure by U. S. Steel to comply with the notice requirements above shall constitute a waiver of U. S. Steel's right to invoke the provisions of this Force Majeure provision as a basis for delay or non-performance under this C Battery COA for the particular event.

C. ACHD shall determine whether to grant all or part of a requested extension of time to perform obligations under this C Battery COA, necessary due to a delay caused by a Force Majeure event, on the basis of all documentation submitted by U. S. Steel and other information available to ACHD at the time of the determination. Any extension or excuse period granted shall not exceed the actual delay resulting from such an event. An extension of one compliance date shall not result automatically in the extension of subsequent compliance dates, unless specifically agreed by ACHD. U. S. Steel must make a separate showing of proof regarding each delayed incremental step or other requirement for which an extension is sought.

D. If ACHD determines that a delay or nonperformance was not caused by a Force Majeure event, or if the Parties are unable to agree on a stipulated extension of time, ACHD will notify U. S. Steel in writing of its position after its receipt of U. S. Steel's written notice

hereunder. ACHD's position shall control unless U. S. Steel invokes the Dispute Resolution procedures under Section VIII of this C Battery COA. ACHD shall provide U. S. Steel with written notice of its Force Majeure determination prior to issuing an enforcement demand for the nonperformance or delay in performance of any obligation contained in this C Battery COA, for which U. S. Steel has made a claim of Force Majeure.

E. If U. S. Steel elects to invoke Dispute Resolution, it shall do so no later than ten (10) days after receipt of ACHD's notice of determination regarding a claim of Force Majeure. U. S. Steel shall have the burden of demonstrating by a preponderance of the evidence that:

1. The delay or nonperformance has been caused by a Force Majeure event;
2. Diligent efforts were exercised to avoid and mitigate the effects of the Force Majeure event;
3. U. S. Steel complied with each of the notice requirements; and
4. The requested period for delay or nonperformance is appropriate.

F. If ACHD determines that U. S. Steel has carried this burden of demonstrating that a delay in performance was due to Force Majeure, the failure to meet a deadline subsequent to the delay or nonperformance at issue shall not be deemed a violation of this C Battery COA.

VIII. DISPUTE RESOLUTION

A. Unless otherwise expressly provided for in this C Battery COA, the dispute resolution procedures of this Section shall be the exclusive procedure for resolution of disputes arising between the Parties regarding matters arising included in this C Battery COA.

B. If, in one Party's opinion, there is a dispute between the Parties with respect to implementation of this C Battery COA or the implementation of any provision of this C Battery COA, that Party may send a written Notice of Dispute to the other Party, outlining the nature of the dispute and requesting informal negotiations to resolve the dispute. The Parties shall make reasonable efforts to informally and in good faith resolve all disputes or differences of opinion regarding the implementation of this C Battery COA. Such period of informal negotiations shall not extend beyond thirty (30) days from the date when the Notice of Dispute was received unless the period is extended by written C Battery COA of the Parties. The dispute shall be considered to have arisen when one Party receives the other Party's Notice of Dispute.

C. In the event that the Parties cannot resolve a dispute by informal negotiations under this Section, the position advanced by ACHD shall govern, control and be binding unless, within twenty (20) days after the conclusion of the informal negotiation period, U. S. Steel invokes the formal dispute resolution procedures of this Section by mailing to ACHD a written statement of position on the matter in dispute, including any available factual data, analysis, or opinion supporting that position, and including any supporting affidavits and/or documentation relied upon by U. S. Steel. Within twenty (20) days following receipt of U. S. Steel's statement of position submitted pursuant to this paragraph, ACHD shall issue a written statement of position (ACHD's Position) on the matter in dispute, including available factual data, analysis, opinion and/or legal arguments supporting ACHD's position along with any supporting affidavits and/or documents relied upon by ACHD.

D. The position of ACHD shall be binding upon U. S. Steel unless U. S. Steel, within thirty (30) days of receipt of the ACHD's written statement of position, files with the Director and serves upon ACHD a petition for dispute resolution (Petition). This Petition shall set forth the matter in dispute, the efforts made by the Parties to resolve it, the relief U. S. Steel requests, and any factual data analysis, opinion, affidavits, legal argument and documentation supporting U. S. Steel's position. The Petition and ACHD's Position shall constitute the initial record for purposes of resolving the dispute. Either Party may request of the hearing officer (or Director, if there is no hearing officer assigned,) the opportunity to supplement the record with appropriate additional information, provided that such information could not reasonably have been obtained or discovered prior to filing the Petition. The hearing officer or Director shall render his or her final decision on the basis of the full record, including any supplemental materials received. The final decision of the Director or hearing officer shall be appealable by either Party to the Court of Common Pleas of Allegheny County.

E. Judicial and administrative review of any dispute governed by this Section shall be governed by applicable provisions of law.

F. Except as provided in Section VII, the invocation of informal or formal Dispute Resolution procedures under this Section shall not of itself extend, postpone, or affect in any way any obligation of U. S. Steel under this C Battery COA.

G. Whenever service, process, or notice is required of any dispute pursuant to this Section, such service, notice or process shall be directed to the individuals at the addresses specified in Section III, paragraph L above, unless those individuals or their successors give notice in writing to the other Parties that another individual or address has been designated.

IX. EFFECTIVE AND TERMINATION DATES

A. This C Battery COA shall be effective immediately upon the date of the last signature.

B. Paragraph IV.A of this C Battery COA, except for Paragraph IV.A.1 as noted in Paragraph IV.C, shall automatically terminate two years after the Effective Date of this Agreement. Paragraph IV.B will terminate upon issuance, without appeal, of a revision to IP 11.


X. REOPENING

A. In the event that any condition contained in this Agreement is modified or declared void by the ACHD's Hearing Officer or a presiding court so as to create a substantial burden on U. S. Steel to comply with the timeframes set forth in this Agreement, such timeframes may be extended for a time as agreed to by the Parties.

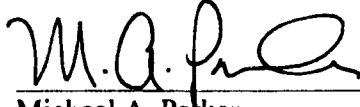
IN WITNESS WHEREOF, the Parties hereto have caused this C Battery COA to be executed by their duly authorized representatives. The undersigned representative of U. S. Steel certify under penalty of law, as provided by 18 Pa.C.S. § 4909 that he is authorized to execute this C Battery COA on behalf of U. S. Steel; that U. S. Steel consents to the entry of this C Battery COA as a final ORDER of AC'DID; and that, except as otherwise provided herein, U. S. Steel hereby knowingly waives its rights to appeal this C Battery COA and to challenge its content or validity, which rights may be available under Article XI, and Pennsylvania Administrative Agency Law, 2 Pa.C.S. § 103(a), or any other applicable provision of law. Signature by U. S. Steel's attorney certifies only that this C Battery COA has been signed after consulting with counsel.

FOR ALLEGHENY COUNTY HEALTH DEPARTMENT:

8/7/2014
Date


James E. Thompson
Deputy Director for Environmental Health

8/7/2014
Date


Michael A. Parker
Assistant Solicitor

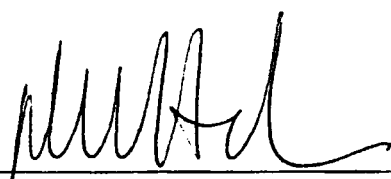
FOR U. S. STEEL:

8/6/2014
Date



Douglas R. Matthews
Senior Vice President
North American Flat-Roll Division

8/6/2014
Date



David W. Hacker
Counsel - Environmental

IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA

COUNTY OF ALLEGHENY,
a political subdivision of the Commonwealth
of Pennsylvania,

Plaintiff,

vs.

UNITED STATES STEEL CORPORATION,

Defendant.

CIVIL DIVISION

Case No. ^{SD~} 16-004611

CONSENT JUDGMENT

Filed on behalf of:
Plaintiff County of Allegheny and
Defendant United States Steel
Corporation

Counsel of Record for Plaintiff:

Michael A. Parker, Esq.
Pa. I.D. No. 90979
Jason K. Willis, Esq.
Pa. Id. No. 86752
ACHD Assistant Solicitors
Andrew F. Szefi, Esq.
Allegheny County Solicitor
Pa. Id. No.: 83747

Allegheny County Health Department
Air Quality Program
301 39th Street, Bldg. No. 7
Pittsburgh, PA 15201-1811
Phone: (412) 578-8102
Fax: (412) 578-8144

Counsel of Record for Defendant:

Paul K. Stockman, Esq.
Pa. I.D. No. 66951
Matthew D. Monsour, Esq.
Pa. I.D. No. 208648
Brian C. Root, Esq.
Pa. I.D. No. 306454
MCGUIREWOODS LLP
625 Liberty Avenue, 23rd Floor
Pittsburgh, PA 15222
Phone: (412) 667-6000
Fax: (412) 667-7500

IN THE COURT OF COMMON PLEAS OF ALLEGHENY COUNTY, PENNSYLVANIA

COUNTY OF ALLEGHENY,

Plaintiff,

v.

UNITED STATES STEEL CORPORATION,

Defendant.

CIVIL DIVISION – EQUITY

Case No. _____

CONSENT JUDGMENT

WHEREAS, Plaintiff County of Allegheny, acting by and through the Allegheny County Health Department (“ACHD”), has filed a complaint concurrently with this Consent Judgment, alleging that Defendant United States Steel Corporation (“U. S. Steel”) violated certain provisions of the Pennsylvania Air Pollution Control Act, Act of January 8, 1960, P.L. (1959) 2119, 35 P.S. §§ 4001-4014 (“APCA”), and the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505 and 507) (hereinafter “Article XXI”).

RECITALS

WHEREAS, the ACHD has found and determined the following:

1. The Director of the ACHD has been delegated authority pursuant to the Clean Air Act, 42 U.S.C. §§ 74011-7671q (the “CAA”), and the APCA, and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County, including, but not limited to, Article XXI.
2. U. S. Steel is a Delaware corporation that does business within the Commonwealth of Pennsylvania at 600 Grant Street, Pittsburgh, PA 15219.
3. U. S. Steel is the owner and operator of the Clairton Coke Works (hereinafter the “Facility”) located in Allegheny County, Clairton, Pennsylvania, a coke manufacturing and by-

products recovery plant which performs destructive distillation of coal to produce metallurgical coke and by-products such as tar, light oil, sodium phenolate, and ammonium sulfate.

4. The Facility includes ten operational coke batteries, each made up of a series of ovens. These batteries are designated as Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C (collectively, the “Batteries”).

5. U. S. Steel began operation of a newly constructed Battery C in November, 2012. Battery C replaced older batteries and resulted in significant reductions of particulate matter and other pollutants.

6. In 2013, U. S. Steel replaced two traditional quench towers, Quench Towers Nos. 5 and 7, with two state-of-the-art Low Emission Quench Towers at an approximate expenditure of \$60 million. This resulted in significant reductions of particulate matter.

7. In addition to periodic monitoring, U. S. Steel continuously monitors many of its sources for environmental performance and compliance at the Facility. These monitors include continuous opacity monitors (hereinafter “COMs”), continuous emissions monitors and various continuous parametric monitoring systems throughout the Facility which results in having thousands of compliance monitoring data values every day.

8. The ACHD regulates and closely monitors the environmental compliance of the Facility. In addition to reviewing the Facility’s reports and compliance records, ACHD maintains three coke oven battery inspectors at the Facility seven days per week. These certified inspectors, *inter alia*, conduct daily visible emission observations using U.S. Environmental Protection Agency Reference Test Methods 9 and 303.

9. U. S. Steel’s operation of, and air emissions from, the Facility are governed by Major Source & Federally Enforceable State Operating Permit No. 0052 and IP11, issued by ACHD on March 27, 2012.

10. On June 1, 2007, the ACHD and U. S. Steel entered into a Consent Order and Agreement (hereinafter “2007 COA”).

11. The 2007 COA addressed, *inter alia*, compliance requirements associated with the Facility's Battery B.

12. U. S. Steel completed the corrective actions and supplemental environmental project and paid the civil penalty required by the 2007 COA.

13. On March 17, 2008, the ACHD and U. S. Steel entered into a Consent Order and Agreement (hereinafter "2008 COA").

14. Pursuant to the 2008 COA, U. S. Steel permanently shut down Batteries 7, 8, and 9 on April 16, 2009.

15. The 2008 COA was amended on November 19, 2008, September 30, 2010, and on or about July 6, 2011 (hereinafter "2011 COA"). The 2011 COA superseded and replaced the 2007 COA, the 2008 COA, and the November 19, 2008 and September 30, 2010 amendments to the 2008 COA in their entirety.

16. The 2011 COA addressed, *inter alia*, compliance requirements associated with the Facility's Batteries 1, 2, 3, 13, 14, 15, 19, 20, and B, and *inter alia* these batteries' opacity and pushing emissions limitations.

17. On August 7, 2014, the ACHD and U. S. Steel entered into a Consent Order and Agreement (hereinafter "2014 COA"), addressing, *inter alia*, compliance requirements associated with the Facility's newly-constructed Battery C.

18. As of the date of the Consent Judgment, U. S. Steel has properly installed, maintained, and operated the pushing emission control systems for the Batteries with good air pollution control practices.

19. The ACHD alleges that, during the period of March 24, 2009 through March 24, 2016, U. S. Steel violated certain provisions of Article XXI, as more fully alleged in the Complaint filed in this action.

20. Since at least 2011, the ACHD has met with U. S. Steel on a regular basis to discuss, *inter alia*, the allegations set forth in the Complaint and this Consent Judgment.

21. Since 2011, U. S. Steel has expended over \$30 million in repair and rehabilitation associated with Batteries 1, 2, and 3, and those repair and rehabilitation efforts for Batteries 1, 2, and 3 included end flue repairs, ceramic welding and brick work, central door repair, underfire gas work, and patching.

22. Since 2011, U. S. Steel has expended over \$30 million in repair and rehabilitation associated with Battery 15, and those repair and rehabilitation efforts for Battery 15 included end flue repairs, regenerator clean outs, ceramic welding and brick work, central door repair, underfire gas work, and patching.

23. Since 2009, U. S. Steel has already satisfied \$3,948,000.00 in civil penalties pursuant to the 2008 COA, the 2011 COA, the 2014 COA, and various statements of violation issued by the ACHD.

24. This Consent Judgment supersedes the 2011 COA and 2014 COA and any amendments.

25. ACHD and U. S. Steel recognize that this Consent Judgment has been negotiated in good faith and that the actions undertaken by U. S. Steel in accordance with this Consent Judgment do not constitute an admission of fault or liability.

26. The Parties have agreed that the most effective surrogate for environmental performance across the entire Facility is plume opacity from the battery combustion stacks. Therefore, the Parties have determined that oven wall inspections, as referenced herein, need to be conducted to determine the extent of repairs necessary to ensure the Facility's compliance with applicable federal, state, and local air quality regulations.

WHEREAS, after a full and complete negotiation of all matters set forth in this Consent Judgment and upon mutual exchange of covenants contained herein, the Parties agree that this Consent Judgment is in the best interest of the Parties and the public.

NOW, THEREFORE, without any final determination or admission of fact or law, intending to be legally bound hereby, and with the consent of the Parties, it is hereby ADJUDGED, ORDERED, and DECREED as follows:

I. APPLICABILITY

A. The provisions of this Consent Judgment shall apply to, be binding upon, and inure to the benefit of ACHD and U. S. Steel and upon their respective officers, directors, agents, contractors, employees, servants, successors, and assigns.

B. The duties and obligations under this Consent Judgment shall not be modified, diminished, terminated, or otherwise altered by the transfer of any legal or equitable interest in the Facility or any part thereof.

C. In the event that U. S. Steel proposes to sell or transfer the Facility or any part thereof, U. S. Steel shall provide written notice to ACHD of such purchaser or transferee at least thirty (30) days prior to the sale or transfer. U. S. Steel shall also provide a copy of this Consent Judgment to any person or entity U. S. Steel intends to make any such sale or transfer at least thirty (30) days prior thereto.

D. ACHD may, upon U. S. Steel's request, agree to modify or terminate U. S. Steel's duties and obligations under this Consent Judgment upon transfer of the Facility. U. S. Steel reserves the right to challenge any decision by ACHD in response to U. S. Steel's request under ACHD's Rules and Regulations for Hearings and Appeals, Article XI.

E. The undersigned representative of U. S. Steel certifies that he or she is fully authorized to execute this Consent Judgment on behalf of U. S. Steel, and to legally bind U. S. Steel to this Consent Judgment.

II. GENERAL TERMS

A. This Consent Judgment addresses and is intended to address the violations alleged by Allegheny County, through the ACHD, in the complaint filed in this Action.

B. Nothing contained herein is intended to limit the authority of the ACHD with respect to violations that may occur after the date of this Consent Judgment or to limit the authority of the ACHD to seek further enforcement of this Consent Judgment in the event that U. S. Steel fails to successfully comply with its terms and conditions.

C. The provisions of this Consent Judgment are severable. If any provision or part thereof is declared invalid or unenforceable, or is set aside for any other reason, the remainder of the Consent Judgment shall remain in full effect.

D. This Consent Judgment shall constitute the entire integrated agreement of the Parties. No prior or contemporaneous communications or prior drafts shall be relevant or admissible for purposes of determining the meaning or extent of any provisions herein in any litigation or any other proceeding.

E. No changes, additions, modifications or amendments to this Consent Judgment shall be effective unless they are set forth in writing and signed by the Parties hereto.

F. A title used at the beginning of any paragraph of this Consent Judgment shall not be considered to control but may be used to aid in the construction of the paragraph.

G. This Consent Judgment shall become effective upon entry in the Court of Common Pleas of Allegheny County.

H. In the event that U. S. Steel fails to comply with any provision of this Consent Judgment, and the ACHD believes that such failure has created an emergency which may lead to immediate and irreparable harm to the environment or community, the ACHD may, in addition to the remedies prescribed herein, pursue any remedy available for a violation of an order of the ACHD, including an action to enforce this Consent Judgment, or any other enforcement option available to it under the CAA, the APCA, the Local Health Administration Law, the Rules and Regulations of the ACHD, or other applicable statutes or regulations. U. S. Steel does not waive any defenses it may have to such action by the ACHD.

I. The ACHD reserves the right to attempt to require additional measures to achieve compliance with this Consent Judgment. U. S. Steel reserves the right to challenge any action that the ACHD may take to require such additional compliance measures.

J. All correspondence with the ACHD concerning this Consent Judgment shall be addressed to:

Enforcement Chief
Allegheny County Health Department
Air Quality Program
301 39th Street, Bldg. No. 7
Pittsburgh, PA 15201

K. All correspondence with U. S. Steel concerning this Consent Judgment shall be addressed to:

Environmental Director
Mon Valley Works
400 State Street
Clairton, PA 15025

With a copy to:

David W. Hacker
Counsel-Environmental
600 Grant Street, Room 1500
Pittsburgh, PA 15219

L. Service of any notice or legal process for any purpose under this Consent Judgment, including its enforcement, may be made by mailing an original or true and correct copy by First Class mail to the above contacts and addresses.

III. DEFINITIONS

A. Unless otherwise explicitly defined herein, any term used in this Consent Judgment that is defined in the CAA, the regulations promulgated thereunder, or Article XXI shall have the meaning given it therein.

B. For purposes of this Consent Judgment, the following words and phrases shall have the meaning stated:

1. "ACHD" shall have the meaning set forth in the preamble.
2. "Breakdown" shall mean any sudden or unexpected event which has the effect of causing any air pollution control equipment, process equipment or any other potential source of air contaminants to fail, malfunction or otherwise abnormally operate in such manner that emissions into the open air are, or may be, increased.

3. “Consent Judgment” shall mean this Consent Judgment and all appendices hereto.

4. “Charging” or “Charging Emissions” shall have the meaning set forth in Article XXI § 2101.20.

5. “Day” shall mean a calendar day unless expressly stated to be a Working Day.

6. “Effective Date” shall be the date on which this Consent Judgment is executed by a judge of the Court of Common Pleas of Allegheny County and docketed in the above caption action.

7. “Facility” shall have the meaning set forth in the Recitals.

8. “Hearing Officer” shall mean the person designated by the Director of the ACHD to hear administrative appeals.

9. “Malfunction” shall mean any sudden, infrequent, and not reasonably preventable failure of air pollution control equipment, process equipment, or a process to operate in a normal or usual manner which causes, or has the potential to cause, the emission limitations in an applicable standard to be exceeded. Failures caused in part by poor maintenance or careless operation are not malfunctions.

10. “Notify” or “Submit” or other terms signifying an obligation to transmit or communicate documents or information shall mean, for the purpose of meeting any deadline for written communication set forth in this Consent Judgment, the date that the communication is postmarked and sent by certified mail, return receipt requested or by a reputable delivery service that maintains a delivery tracking system. In the event the communication is sent by facsimile or e-mail, as mutually agreed upon by the Parties, the effective date is the date of receipt. Oral communications, where required or permitted by mutual agreement of the Parties, must be confirmed in writing within seven (7) days of the oral communication.

11. “Push” or “Pushing” shall have the meaning set forth in the definition of “Pushing” as found in Article XXI § 2101.20.

12. “Shutdown” shall mean the operation that commences when pushing has occurred on the first oven with the intent of pushing the coke out of all of the ovens in a coke oven battery without adding coal, and ends when all of the ovens of a coke oven battery are empty of coal or coke.

13. “Soaking” shall have the meaning set forth in the definition of “soaking emission from a standpipe cap” as found in Article XXI § 2101.20.

14. “Start-up” shall mean the setting in operation of an affected source or portion of an affected source for any purpose.

15. “Working Day” shall mean a day other than a Saturday, a Sunday, or a holiday recognized by the Allegheny County Health Department. In computing any period of time under this Consent Judgment, where the last Day would fall on a Saturday, a Sunday, or a holiday recognized by the Allegheny County Health Department, the period shall run until the close of business of the next Working Day.

IV. COMPLIANCE REQUIREMENTS

A. Oven Wall Inspections

1. U. S. Steel shall conduct an inspection of the oven walls for Batteries 2, 3, 15, and any other batteries as may be required to meet the requirements for and make the certification required by paragraph IV.B.1 of this Consent Judgment (“Oven Wall Study”).

2. U. S. Steel shall complete and submit to the ACHD a summary of each Oven Wall Study within sixty (60) days after completion of the respective Oven Wall Study.

3. If repairs or upgrades are necessary based upon the results of each Oven Wall Study, then U. S. Steel shall prepare a work plan for such repairs (the “Oven Wall Study Work Plan”). Each Oven Wall Study Work Plan shall list the planned repairs or upgrades and shall provide a schedule for implementation of the Oven Wall Study Work Plan. U. S. Steel shall submit a copy of the Oven Wall Study Work Plan to ACHD.

4. U. S. Steel shall implement each Oven Wall Study Work Plan as expeditiously as possible.

B. Certification of Compliance with Performance Standard

1. No later than three years from the Effective Date, unless that deadline is extended pursuant to paragraph IV.B.4 of this Consent Judgment, U. S. Steel shall certify, for each of the Batteries, that for two consecutive calendar quarters: (i) U. S. Steel's emissions from the battery, as measured by COMs, were at or below the maximum opacity limits set forth in Article XXI § 2105.21(f)(3) and (4) for at least 98.5% of the reported hourly measurements and (ii) there is not a systematic component failure causing exceedances of applicable opacity standards.

2. Commencing three (3) years after the Effective Date, if, for two consecutive calendar quarters, any of the Batteries fail to maintain compliance with the opacity standards as determined by the combustion stack COM, as set forth in Article XXI § 2105.21(f)(3) and (4) for at least 98.5% of the reported hourly measurements or if, for two consecutive calendar quarters, there is a systemic component failure causing exceedances of those opacity standards, then a new compliance certification will be required and stipulated civil penalties will be triggered pursuant to paragraph VIII.A of this Consent Judgment.

3. If U. S. Steel is unable to make or, commencing three (3) years after the Effective Date, maintain the certification provided for in paragraphs IV.B.1 or IV.B.2 of this Consent Judgment, U. S. Steel shall incur stipulated penalties as provided by paragraph VIII.A of this Consent Judgment.

4. If the Oven Wall Study Work Plan for any of the Batteries demonstrates that refractory replacement at a battery is necessary, and that a good faith engineering estimate of the cost of implementing such refractory replacement for that particular battery (including the costs of procurement of materials, labor, installation, and all other construction cost and excluding engineering, design, or other soft costs) is greater than or equal to fifteen million dollars (\$15,000,000.00), then U. S. Steel may submit to ACHD for approval, in the Oven Wall Study Work Plan for that battery prepared pursuant to paragraph IV.A.3 of this Consent Judgment, a new deadline to meet the requirements for and obtain the compliance certification required by paragraph IV.B.1 of this Consent Judgment. Any Oven Wall Study Work Plan that includes a

new certification date pursuant to this paragraph IV.B.4 is subject to Dispute Resolution in accordance with Section XI (Dispute Resolution). If any Oven Wall Study Work Plan described in this paragraph is subject to Dispute Resolution, then U. S. Steel shall incur stipulated penalties as provided by paragraph VIII.B of this Consent Judgment.

C. Continuing Obligations for Batteries 1, 2, and 3

1. At no time shall the soaking emissions from the standpipe cap opening exceed twenty percent (20%) opacity. An exclusion from this opacity limit shall be allowed for two (2) minutes after that standpipe is opened. Soaking emissions from the standpipe cap shall be defined as uncombusted emissions from an open standpipe which has been dampered off in preparation of pushing the coke mass out of the oven and shall end when pushing begins, i.e., when the coke side door is removed. Compliance with this standard shall be determined through observing the standpipe from a position where the observer can note the time the oven is dampered off and, following the two minute exclusion, read the uncombusted emissions from the open standpipe in accordance with Method 9.

2. For each of the three batteries, the coking time shall not be less than 21.75 hours. If the coking time for any oven on any of these three batteries is less than 21.75 hours, U. S. Steel shall record the oven, coking time and justification of the coking time. This information shall be provided to ACHD on a quarterly basis. Coking times of less than 21.75 hours shall be considered in compliance with this Consent Judgment if caused by or related to a Start-Up, Shutdown, Breakdown, or Malfunction or if caused by extraordinary circumstances as supported by appropriate justification.

3. If U. S. Steel determines that compliance can be maintained at a coking time of less than 21.75 hours for any of the three batteries, U. S. Steel can propose to ACHD a compliance demonstration for the shorter coking time. If the compliance demonstration is successful, ACHD shall authorize a shorter coking time as agreed to by the parties. In addition, if a shorter coking time is authorized, at any time subsequent to such authorization, if U. S. Steel shows a statistically significantly decrease in compliance, ACHD may require that U. S. Steel

begin another compliance demonstration within thirty (30) days' notice from the ACHD to determine if U. S. Steel can continue to demonstrate compliance under the shorter coking time. If U. S. Steel is unable to demonstrate compliance under such demonstration, the coking time shall revert to the previously approved coking time.

4. U. S. Steel shall maintain records of coking times for Batteries 1, 2 and 3 for five years from the date of each push. Such records shall be available for review and copying by ACHD upon request. Such information shall be treated as Confidential Business Information.

5. Each day, U. S. Steel shall perform four (4) soaking observations on Battery 1, four (4) soaking observations on Battery 2, and four (4) soaking observations on Battery 3, all in accordance with Method 9 as provided in 40 C.F.R. § 63, Subpart CCCCC, except that if it is an overcast day or if the plume is in a shadow, the reader need not position himself with his back to the sun. U. S. Steel shall notify ACHD in the event that four soaking observations could not be obtained in the event of an outage, Malfunction, Breakdown, unacceptable conditions to conduct observations or other extraordinary circumstances as supported by appropriate justification.

6. Each day, U. S. Steel shall observe at least eight (8) pushes per day at Battery 1, at least eight (8) pushes per day at Battery 2, and at least eight (8) pushes per day at Battery 3. At least four (4) pushes at each battery must be consecutive. The observations must be conducted in accordance with Method 9 as provided in 40 C.F.R. § 63, Subpart CCCCC. U. S. Steel shall notify ACHD in the event that the required number of observations could not be obtained in the event of an outage, Shutdown, Malfunction, Breakdown, unacceptable conditions to conduct observations, or other extraordinary circumstances as supported by appropriate justification.

7. Until U. S. Steel meets the requirements necessary for the compliance certification mandated by paragraph IV.B.1 of this Consent Judgment for each of Batteries 1, 2 and 3, U. S. Steel will implement for these batteries the following plans:

- a. Advanced Patching Plan outlined in Appendix A;
- b. Flue Nozzle Repair Plan outlined in Appendix B;

- c. Regenerator Repair Plan outlined in Appendix C; and
- d. Gas Gun Improvement Plan outlined in Appendix D.

8. If the ACHD or U. S. Steel determines that one or more of the plans referenced in paragraph IV.C.7. is inadequate to prevent fugitive emissions from Batteries 1, 2, and 3, the ACHD may require, or U. S. Steel may submit at its own initiative for ACHD approval, revisions to the above plans.

D. Continuing Obligations for Battery 15

Until U. S. Steel meets the requirements necessary for the compliance certification mandated by paragraph IV.B.1 of this Consent Judgment for Battery 15, U. S. Steel will implement the Advanced Patching Plan outlined in Appendix A.

E. Continuing Obligation for Battery C

1. U. S. Steel shall operate the baffle wash system or equivalent system (as approved by ACHD) of B Quench Tower during the quenching of coke, as long as the ambient temperature is above 32 degrees Fahrenheit.

2. By April 30, 2016, U. S. Steel shall certify compliance with charging standards provided in Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302 or provide an updated Compliance Schedule in the event that U. S. Steel is unable to certify compliance with Condition V.A.1.b of IP 11, Article XXI § 2105.21.a.1 and 40 C.F.R. § 63.302 after installation of the U-Tube System.

3. While this Consent Judgment is in effect and until U. S. Steel certifies compliance with the charging standards listed above in paragraph IV.E.2, compliance with paragraph IV.E.1, above, shall be deemed to satisfy the work practice standards required by Condition V.A.1.v of IP 11, 40 C.F.R. §§ 63.302(d)(5) and 63.306.

4. The requirements of paragraph IV.E.1, above, shall survive this Consent Judgment and be incorporated into the Clairton Facility's Title V Operating Permit during the next periodic renewal.

V. COMPLIANCE WITH APPLICABLE LAWS

A. Compliance with Applicable Laws

All activities undertaken by U. S. Steel pursuant to this Consent Judgment shall be performed in accordance with the requirements of all applicable federal, state, and local laws, permits, and regulations. Notwithstanding any other provision of this Consent Judgment, U. S. Steel shall comply with all applicable federal, state, and local regulations, statutes, and laws, including but not limited to the CAA, the APCA, and Article XXI, as now in effect or as hereafter approved by EPA as an applicable Allegheny County portion of the Pennsylvania SIP.

B. Permits

U. S. Steel shall be responsible for obtaining all federal, state, and local permits which are necessary of the performance of any compliance requirements required pursuant to Section IV of this Consent Judgment. This Consent Judgment shall not be construed as a determination of any issue related to any federal, state, or local permit. Where performance of any portion of any Compliance Requirement herein requires a federal, state, or local permit or approval, U. S. Steel shall submit timely and complete applications and take all other actions necessary to obtain all such permits or approvals. U. S. Steel's failure to obtain a requisite permit or approval from a regulatory agency or authority after U. S. Steel has made all reasonable efforts to do so, including the making of a timely, appropriate, and complete application for such permit or approval, shall be considered a circumstance for which U. S. Steel is entitled to relief under the provisions of Section IX (Force Majeure) of this Consent Judgment, where such failure to obtain a requisite permit or approval results in a delay in performance of a Compliance Requirement. Whether or not Force Majeure does apply is subject to Dispute Resolution in accordance with Section XI (Dispute Resolution).

VI. REPORTING

A. U. S. Steel shall submit written quarterly reports (“Quarterly Reports”) within thirty (30) days after the close of each calendar quarter to ACHD. The first Quarterly Reports are due within thirty (30) days after the close of the first calendar quarter that begins following the entry date of this Consent Judgment. The Quarterly Reports shall contain, at a minimum, a list of every clock hour in the calendar quarter that compliance is not achieved for Article XXI opacity limits applicable to the Batteries’ combustion stacks as measured by the combustion stacks’ COM. U. S. Steel shall indicate the date, time, root cause, and ovens that are believed to have contributed to the exceedance.

B. U. S. Steel shall submit a Semi-annual Deviation Report for all deviations from Article XXI §2105.21(e)(4) and (e)(5) for all Batteries.

C. Reports and written notices required in this Section shall be mailed to the individuals in paragraphs II.J-K of this Consent Judgment.

VII. CIVIL PENALTY

A. U. S. Steel has consented and consents to the assessment of a civil penalty of \$3,973,000.00 in full settlement of all issues and alleged violations arising under or related to those described in this Consent Judgment or as alleged in the Complaint, as of the Effective Date of this Consent Judgment. To date, U. S. Steel has satisfied \$3,948,000.00 of this assessed civil penalty. U. S. Steel shall pay the remaining twenty five thousand dollars (\$25,000.00) of this assessed civil penalty within 60 Calendar Days of the Effective Date by corporate check, or the like, made payable to the “Allegheny County Clean Air Fund,” and sent to the Program Manager, Air Quality Program, Allegheny County Health Department, 301 39th Street, Bldg. No. 7, Pittsburgh, Pennsylvania 15201.

B. The ACHD has determined the penalty amount stated above in accordance with Article XXI, § 2109.06.b, reflecting relevant factors including: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the

environment; the actions taken by U. S. Steel to minimize such violations and to prevent future violations; and U. S. Steel's compliance history. The ACHD hereby releases and forever discharges U. S. Steel from liability for any and all issues and civil claims for the alleged violations arising under or related to those described in this Consent Judgment, all similar claims that ACHD could or should have raised in this action pursuant to Article XXI, U. S. Steel's Operating Permit(s), or state and federal law, all subsequent related claims for violations of Article XXI, U. S. Steel's Operating Permit(s), or state and federal law that are known or should have been known to ACHD through the date of this Consent Judgment, including, but not limited to, all currently outstanding or unresolved violation notices served by PennFuture on U. S. Steel through the date of this Consent Judgment.

VIII. STIPULATED CIVIL PENALTY

A. Should U. S. Steel fail to meet or maintain the compliance certification requirements of paragraphs IV.B.1 and IV.B.2 of this Consent Judgment in a timely fashion with respect to a battery, then U. S. Steel shall pay, as a stipulated civil penalty, the sum of twenty thousand dollars (\$20,000.00) per month for each battery for which the certification has not been timely made. Commencing with the thirteenth month after which U. S. Steel has failed to meet the compliance certification requirements of paragraphs IV.B.1 and IV.B.2 of this Consent Judgment in a timely fashion with respect to a battery, U. S. Steel shall pay, as a stipulated civil penalty, the sum of forty thousand dollars (\$40,000.00) per month for each battery for which the certification has not been timely made. These stipulated civil penalties shall be due and owing automatically within 30 days after the close of each quarter. All stipulated civil penalties described in this paragraph shall be assessed per battery, per month.

B. In addition to the penalties above, U. S. Steel consents to payment of a stipulated civil penalty of five hundred dollars (\$500.00) for each clock hour that compliance for the Batteries' combustion stacks are not achieved for opacity limits, as determined by the combustion stack COM, as described in Article XXI 2105.21(f)(3) and 2105.21(f)(4). The first thirty-three (33) clock hour opacity limit violations of each battery stack in any calendar quarter

shall not be subject to stipulated civil penalties. For ovens with completely replaced throughwalls, said stipulated civil penalties shall be assessed beginning the eighth coking cycle following the first charge after final heating wall replacement. These stipulated civil penalties shall be due and owing automatically within 30-days after the close of each quarter in which the COM violation(s) occurred. In the event that either U. S. Steel or ACHD has initiated Dispute Resolution for an Oven Wall Study Work Plan that is subject to paragraph IV.B.4 of this Consent Judgment, and said Dispute Resolution process remains pending as of a date more than three years after the Effective Date, then the stipulated civil penalties assessed pursuant to this paragraph VIII.B of the Consent Judgment shall be increased to one thousand dollars (\$1,000.00) for so long as the Dispute Resolution process remains pending. ACHD warrants that it will not unreasonably delay or prolong the Dispute Resolution process in order to increase the assessment of stipulated civil penalties.

C. In addition to the penalties above, U. S. Steel consents to the payment of a stipulated civil penalty of five-hundred (\$500.00) dollars for each push where compliance for the Batteries' pushing, and transport emissions are not achieved for opacity limits, as described in Article XXI 2105.21(e)(4) and 2105.21(e)(5) respectively, whether observed by U. S. Steel or the ACHD. These stipulated civil penalties shall be due and owing automatically within 30-days after the close of each quarter in which the pushing violation(s) occurred.

D. U. S. Steel shall submit a stipulated civil penalty of fifty-thousand dollars (\$50,000) for each calendar quarter that the COM availability is less than 90%. These stipulated civil penalties shall be due and owing automatically within 30-days after the close of each quarter in which the COM availability is less than 90%.

E. In addition to the penalties above, U. S. Steel consents to the payment of a stipulated civil penalty of eight hundred dollars (\$800.00) for each day where compliance with soaking emissions for Batteries 1, 2, and 3, as specified and provided by paragraph IV.C.1, is not achieved. The Civil Penalties shall be due and owing automatically within 30-days after the close of each quarter.

F. Stipulated penalties, as required by paragraphs VIII.A through E, above, may be offset, in whole or part, by approved supplemental projects. Such supplemental projects could include, but not necessarily be limited to, additional emissions evaluations and testing, and/or emission reduction projects. The approval of supplemental projects to offset the otherwise required stipulated penalties shall be at the discretion of ACHD.

IX. FORCE MAJEURE

A. For the purpose of this Consent Judgment, “Force Majeure” as applied to U. S. Steel or to any person or entity controlled by U. S. Steel, is defined as any event arising from circumstances or causes beyond the control of U. S. Steel, or any person or entity controlled by U. S. Steel, including, but not limited to, its officers, directors, employees, agents, representatives, contractors, subcontractors, or consultants, that may delay or prevent performance of an obligation under this Consent Judgment, despite U. S. Steel’s diligent efforts to fulfill the obligation. Such Force Majeure events include, but are not limited to, events such as floods, fires, tornadoes, other natural disasters, labor disputes, and unavailability of necessary equipment beyond the reasonable control of U. S. Steel. The requirement to exercise “diligent efforts to fulfill the obligation” includes using diligent efforts to mitigate any delay caused by a Force Majeure event, as that event is occurring and/or following such an event, so that the delay or non-performance is minimized to the greatest extent reasonably possible.

B. If U. S. Steel is prevented from complying with any requirement of this Consent Judgment due to a potential Force Majeure event, U. S. Steel may claim that such an event constitutes Force Majeure and may petition the ACHD for relief by notifying the ACHD in the following manner:

1. By telephone within one hundred-twenty (120) hours, and by U.S. Mail, or the equivalent, within ten (10) Working Days of the date that U. S. Steel becomes aware, or with reasonable care should have become aware, of the potential Force Majeure event impeding performance.

2. Written notice of a potential Force Majeure event shall include the following:

- a. A description of the event and a rationale for attributing the event to Force Majeure;
- b. A description of the efforts that have been made to prevent, and efforts being made to mitigate, the effects of the event and to minimize the length of delay or non-performance;
- c. An estimate of the duration of the delay or non-performance;
- d. A description of a proposed timetable for implementing measures to bring U. S. Steel back into compliance with this Consent Judgment; and
- e. Available documentation, which, to the best knowledge and belief of U. S. Steel, supports U. S. Steel's claim that the delay or non-performance was attributable to a Force Majeure event.

X. REOPENING

In the event that any condition contained in this Consent Judgment is modified or declared void by the presiding court so as to create a substantial burden on U. S. Steel to comply with the timeframes set forth in this Consent Judgment, such timeframes may be extended for a time as agreed to by the Parties.

XI. DISPUTE RESOLUTION

A. Unless otherwise expressly provided for in this Consent Judgment, the dispute resolution procedures of this Section shall be the exclusive procedure for resolution of disputes arising between the Parties regarding matters included in this Consent Judgment.

B. If, in one Party's opinion, there is a dispute between the Parties with respect to implementation of this Consent Judgment or the implementation of any provision of this Consent Judgment, that Party may send a written Notice of Dispute to the other Party, outlining the nature of the dispute and requesting informal negotiations to resolve the dispute. The Parties shall make reasonable efforts to informally and in good faith resolve all disputes or differences of opinion

regarding the implementation of this Consent Judgment. Such period of informal negotiations shall not extend beyond thirty (30) days from the date when the Notice of Dispute was received unless the period is extended by written agreement of the Parties. The dispute shall be considered to have arisen when one Party receives the other Party's Notice of Dispute.

C. In the event that the Parties cannot resolve a dispute by informal negotiations under this Section, the position advanced by ACHD shall govern, control and be binding unless, within twenty (20) days after the conclusion of the informal negotiation period, U. S. Steel invokes the formal dispute resolution procedures of this Section by mailing to ACHD a written statement of position on the matter in dispute, including any available factual data, analysis, or opinion supporting that position, and including any supporting affidavits and/or documentation relied upon by U.S. Steel. Within twenty (20) days following receipt of U. S. Steel's statement of position submitted pursuant to this paragraph, ACHD shall issue a written statement of position ("ACHD's Position") on the matter in dispute, including available factual data, analysis, opinion and/or legal arguments supporting ACHD's position along with any supporting affidavits and/or documents relied upon by ACHD.

D. ACHD's Position shall be binding upon U. S. Steel unless U. S. Steel, within thirty (30) days of receipt of the ACHD's written statement of position, files with the Hearing Officer and serves upon ACHD a petition for dispute resolution ("Petition"). This Petition shall set forth the matter in dispute, the efforts made by the Parties to resolve it, the relief U. S. Steel requests, and any factual data analysis, opinion, affidavits, legal argument and documentation supporting U.S. Steel's position. The Petition and ACHD's Position shall constitute the initial record for purposes of resolving the dispute. Either Party may request of the Hearing Officer the opportunity to supplement the record with appropriate additional information, provided that such information could not reasonably have been obtained or discovered prior to filing the Petition. The Hearing Officer shall render his or her final decision on the basis of the full record, including any supplemental materials received. The final decision of the Hearing Officer shall be appealable by either Party to the Court of Common Pleas of Allegheny County.

E. Judicial and administrative review of any dispute governed by this Section shall be governed by applicable provisions of law.

F. Except as provided in Section IX, the invocation of informal or formal Dispute Resolution procedures under this Section shall not of itself extend, postpone, act as a stay, or affect in any way any obligation of U. S. Steel under this Consent Judgment.

G. Whenever service, process, or notice is required of any dispute pursuant to this Section, such service, notice or process shall be directed to the individual at the addresses specified in paragraphs II.J-K of this Consent Judgment, unless those individuals or their successors give notice in writing to the other Parties that another individual or address has been designated.

XII. EFFECTIVE DATE AND TERMINATION

This Consent Judgment shall remain in effect until terminated (i) by mutual agreement of the Parties, (ii) by U. S. Steel following certification of compliance pursuant to paragraph IV.B.1 at all Batteries, or (iii) after five (5) years from the date of entry of the Consent Judgment, at the election of either Party on no fewer than sixty (60) Working Days' notice. In addition, if U. S. Steel has failed to make the certification required by paragraph IV.B.1 of this Consent Judgment for more than two years after the deadline to do so, as established in paragraph IV.B.1 or as extended pursuant to paragraph IV.B.4, then ACHD may terminate this Consent Judgment on no fewer than thirty (30) Working Days' notice.

XIII. SIGNATORIES

The Parties hereto have caused this Consent Judgment to be executed by their duly authorized representatives. The undersigned representative(s) of U. S. Steel certify under penalty of law, as provided by 18 Pa.C.S. § 4909, that he is authorized to execute this Consent Judgment on behalf of U. S. Steel; that U. S. Steel consents to the entry of this Consent Judgment as a final Order of the Court of Common Pleas of Allegheny County; and that, except as otherwise provided herein, U. S. Steel hereby knowingly waives its rights to challenge this Consent Judgment and to challenge its content or validity under any applicable provision of law.

Signature by U. S. Steel's attorney certifies only that this Consent Judgment has been signed after consulting with counsel.


XIV. RETENTION OF JURISDICTION

The Court retains jurisdiction to enforce the provisions of this Consent Judgment.

Dated this 24th day of March, 2016.


Christine Ward
Judge:

Allegheny County Health Department


James Thompson

Deputy Director for Environmental Health

3/24/2016
Date


Michael A. Parker, Esq.

Assistant Solicitor

3/24/2016
Date

United States Steel Corporation

Amy B. Smith-Yoder
Amy Smith-Yoder
General Manager Mon Valley Works

3/24/16
Date

Paul K. Stockman
Paul K. Stockman
Counsel for U. S. Steel

March 24, 2016
Date

Appendix A

Advanced Patching Plan

1. Track stack exceedances and corrective actions electronically along with the date that repairs (wet slurry patching, dry gunning, or ceramic welding or the equivalent to these techniques) were completed.
2. Repairs will be completed based on the following schedule:
 - wet slurry patching completed within 10 days of exceedance root cause identification;
 - dry gunning repair completed within 21 days of exceedance root cause identification;
 - ceramic welding repair completed within 30 days of exceedance root cause identification.

Days where the oven is taken out of service will not be counted.
3. Charts of the magnitude and duration of opacities will be used along with oven wall inspections to prioritize oven repair
4. A procedure for Identifying Ovens for Repair will be maintained in the Environmental Management System.
5. Equivalent techniques will be approved by ACHD.

Appendix B

Flue Nozzle Repair and Replacement Plan

1. Track exceedances and corrective actions electronically along with the date that repairs were completed.
 2. Repairs will be completed based on the following schedule:
 - Flue cleanout will be completed within 10 days of exceedance root cause identification;
 - Flue nozzle replacement will be completed within 21 days of exceedance root cause identification.
- Days where the oven is taken out of service will not be counted.
3. Flue inspections including cross wall inspections (or equivalent technique) will be performed monthly and the results maintained electronically.
 4. A procedure for prioritizing repairs will be maintained in the Environmental Management System.
 5. Equivalent techniques will be approved by ACHD.

Appendix C

Regenerator Repair Plan

1. When a combustion issue arises based on the review of COM data and cross wall data, the regenerators are inspected and the results are documented electronically.
2. Repairs are identified and prioritized based on a procedure to be maintained in the Environmental Management System.
3. Equivalent techniques will be approved by ACHD.

Appendix D

Gas Gun Improvement Plan

1. Cross wall data are used to identify potential gas gun issues.
2. Repairs will be completed based on the following schedule:
 - Gas gun cleanout will be completed within 10 days of exceedance root cause identification;
 - Gas gun weld will be completed within 21 days of exceedance root cause identification:
3. Repairs are documented electronically.
4. Follow-up cross wall temperatures are taken and documented electronically to track effectiveness.
5. Equivalent techniques will be approved by ACHD.

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of: United States Steel
Corporation — Clairton Coke Works
400 State Street
Clairton, PA 15025

Order #180601

ENFORCEMENT ORDER

AND NOW, this 28th day of June, 2018 (hereinafter “Effective Date”), the Allegheny County Health Department (hereinafter “ACHD” or “Department”) has found as a factual matter and has legally concluded the following:

1. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. Sections 7401 -7671q (hereinafter “CAA”), and the Pennsylvania Air Pollution Control Act, 35 P.S. Sections 4001-4014 (hereinafter “APCA”), and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County, including but not limited to, the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505, 507 and 535) (hereinafter “Article XXI”).

2. United States Steel Corporation (“U.S. Steel”) is a corporation organized under the law of the state of Delaware and operates coke ovens at its Clairton Works facility situated in the city of Clairton, Allegheny County, PA.

3. U.S. Steel Clairton Works is the largest by-products coke plant in North America. Clairton Works operates ten coke batteries and produces approximately 10,000 tons of coke per

day from the destructive distillation (carbonization) of more than 16,000 tons of coal. During the carbonization process, approximately 215 million cubic feet of coke oven gas are produced. The volatile products of coal contained in the coke oven gas are recovered in the by-products plant. In addition to the coke oven gas, daily production of these by-products include 145,000 gallons of crude coal tar, 55,000 gallons of light oil, 35 tons of elemental sulfur, and 50 tons of anhydrous ammonia.

4. Clairton Works is located approximately 20 miles south of Pittsburgh on 392 acres along 3.3 miles of the west bank of the Monongahela River. The plant was built by St Clair Steel Company in 1901 and bought by U.S. Steel in 1904. The first coke batteries were built in 1918. The coke produced is used in the blast furnace operations in the production of molten iron for steel making.

5. In March 2018, ACHD conducted a comprehensive review of U.S. Steel's compliance with the provisions of Article XXI, the March 24, 2016 consent decree (as issued by the Allegheny Court of Common Pleas and agreed upon by the parties) and its Title V Operating Permit as issued on March 27, 2012.

6. Although the 2016 Consent Decree was intended to provide an avenue for U.S. Steel to lower its emission profile, it continues to experience ever-increasing visible emissions and unexplained exceedance.

ONGOING AND DETERIORATING ISSUES

7. "Charging emissions" is defined under Article XXI, Section 2101.20 as follows:

"Charging emissions" means any emissions occurring during the introduction of coal into the coke oven from the time that the gate(s) on the larry car coal hopper is opened or mechanical feeders start the flow of coal into the oven until the last charging port seal is replaced. Charging emissions include any air contaminant emitted from one or more charging ports, spaces between the charging port rings

and the oven refractory, drop sleeves, larry car hoppers and any associated air pollution control equipment, but shall not include emissions occurring during the temporary removal of a charging port seal for the purpose of sweeping excess coal spillage into the oven just charged, after such seal has been firmly seated over the charging port following the removal of the larry car.

8. Battery B rate of compliance has worsened since 2013, where it achieved 100% observed compliance, to 2017, where its compliance rate dropped to 61% (with 16 violations). As of April 2018, it maintains a compliance rate of 78%.

9. Battery 13 performance has likewise deteriorated over the years. Specifically, compliance decreased from 100% to 70% in 2017 and as of April 2018, compliance is only 50%.

10. Battery 3 emission performance had declined from 100% compliance in 2015 to 81% in 2016 and 86% in 2017.

11. Battery 14 performance has declined from 100% compliance in 2014 to 81% in 2017 and as of April 2018 in compliance during 73% of the observations.

12. For the calendar years 2015 through 2017, Batter C has failed to achieve an observed compliance percentage greater than 83%.

13. From 2014 to 2017, the Clairton Coke Works facility-wide compliance percentage has gone from 94.4% to 84.0% and is 75% as of April 2018.

DOOR AREA EMISSIONS

14. Article XXI also regulates emissions from door areas surrounding each coke oven in a battery. "Door Areas" is defined under Article XXI, Section 2101.20 as follows:

"Door area" means the vertical face of a coke oven between the bench and the top of the battery and between two adjacent buckstays, including but not limited to, the door, chuck door, door seal, jamb, and refractory.

15. The door areas around Battery 1 has experienced increased emissions since 2014 when there was 100% compliance. In 2017, Battery 1 was in compliance across 88% of the observations.

16. Similarly, the door areas around Battery 3 has experienced an increase of emissions since 2014 when it was in 100% compliance. In 2017, Battery 3 was in compliance across 86% of the observations.

HIGH OPACITY DOOR AREA EMISSIONS

17. The annual number of high opacity door violations has increase since 2014. Specifically, violations increased from 33 to 295 in 2017.

18. Battery 1 had no high opacity door violations in 2014 but had 84 violations in 2017.

19. Battery 2 had two high opacity door violations in 2014 but had 59 violations in 2017.

20. Battery 3 had one high opacity door violation in 2014 but had 84 violations as of April 2017.

21. As of April 2018, there have been 92 violations facility wide in 2018.

CHARGING PORTS EMISSIONS

22. Article XXI regulates emissions coming from the charging port at the top of the battery. “Charging ports” is defined under Article XXI, Section 2101.20 as “any opening through which coal is, or may be, introduced into a coke oven, whether or not such opening is regularly used for such purpose.”

23. In 2016, Battery B was in violation of Article XXI no fewer than nine times in 2016. Similarly, Battery 20 was in violation of Article XXI 6 times in 2016.

PUSHING EMISSIONS

24. Article XXI further regulates the pushing of coke from the coke oven to rail cars for cooling via water, a process known as quenching. Specifically, Article XXI, Section 2101.20 defines “pushing” as follows:

"Pushing" means the operation by which coke is removed from a coke oven and transported to a quench station, beginning, for the coke oven batteries designated 13, 14, 15, 20, and B at the USX Corporation Clairton Works, at the time the coke mass starts to move and ending at the time the coke transfer car enters the coke quenching system, and for all other coke oven batteries, beginning when the coke side door is first removed from a coke oven and continuing until the quenching operation is commenced.

25. From 2014 to 2017, U.S. Steel has experienced low compliance with respect to pushing emissions from the Clairton Coke Works. In particular, annual compliance over that period has gone between 91.7%, 91.9%, 87.2% and 92.9%, respectively.

26. Batteries 1, 2, and 3 have not achieved a compliance rate above 90%, on an annual basis, from 2015 to 2017.

27. With respect to observations of visible emissions during the travel between the transfer cars to the coke quenching system, Batteries 1 and 2 have been below 90% compliance in 2016 and 2017.

28. Travel compliance across the plant is generally low thus as of April 2018 with batteries 1, 2, 3, 13, and 15, all having a compliance rate at or below 90%.

SOAKING EMISSIONS

29. Article XXI further regulates the soaking of coke. Insofar as Article XXI incorporates federal regulations with respect to source categories, the Environmental Protection Agency defines soaking as “that period in the coking cycle that starts when an oven is dampered off the collecting main and vented to the atmosphere through an open standpipe prior to pushing and ends when the coke begins to be pushed from the oven.” *See* 40 C.F.R. § 63.7352

30. In 2014, U. S. Steel managed to achieve a facility-wide compliance rate of 99.1% with respect to emissions emanating from the soaking process.

31. Since 2014, compliance has deteriorated. In particular, Batteries 13, 14, and 15 had poor compliance in both 2016 and 2017 with no battery achieving compliance of greater than 87%.

32. Battery C has been the worst performing battery in 2014 through 2017 and as of April 2018, with a compliance rate of 67%.

ASSESSMENT OF PENALTIES FOR VIOLATION OF ARTICLE XXI
OF THE ALLEGHENY COUNTY HEALTH DEPARTMENT RULES AND
REGULATIONS
(§2101.11 PROHIBITION OF AIR POLLUTION)

33. Article XXI, Section 2105.11 prohibits broadly a source from operating a source of air contaminants in such a manner as to constitute a violation of Article XXI. Section 2101.11 sets forth, in its entirety, the following:

§2101.11 PROHIBITION OF AIR POLLUTION

a. It shall be a violation of this Article to fail to comply with, or to cause or assist in the violation of, any requirement of this Article, or any order or permit issued pursuant to authority granted by this Article. No person shall willfully, negligently, or through the failure to provide and operate necessary control equipment or to take necessary precautions, operate any source of air contaminants in such manner that emissions from such source:

1. Exceed the amounts permitted by this Article or by any order or permit issued pursuant to this Article;
2. Cause an exceedance of the ambient air quality standards established by §2101.10 of this Article; or
3. May reasonably be anticipated to endanger the public health, safety, or welfare.

b. It shall be a violation of this Article for any person to:

4. Operate, or allow to be operated, any source in such manner as to allow the release of air contaminants into the open air or to cause air pollution as defined in this Article, except as is explicitly permitted by this Article;
5. In any manner hinder, obstruct, delay, resist, prevent, or in any way interfere or attempt to interfere with the Department or its personnel in the performance of any duty hereunder, including the Department's inspection of any source;
6. Violate the provisions of 18 Pa.C.S. §4903 (relating to false swearing) or §4904 (relating to unsworn falsification to authorities) in regard to any submittals to the Department under this Article; or
7. Submit any application form, report, compliance certification, or any other submittal to the Department under this Article which is, in whole or in part, false, inaccurate, or incomplete.

c. It shall be a violation of this Article for any person to cause a public nuisance, or to cause air, soil, or water pollution resulting from any air pollution emission. No person who operates, or allows to be operated, any air contaminant source shall allow pollution of the air, water, or other natural resources of the Commonwealth and the County resulting from such source.

34. U.S. Steel has chronically failed to comply with the requirements of Article XXI and its Title V permit. Their failure to prevent the numerous emissions constitute violations of Article XXI and its Title V permit.

35. In addition to its decreased rate of compliance, U.S. Steel employees have taken actions which skews or disrupts inspector observations. Specifically, the following conduct has been experienced:

- a) U.S. Steel employees have engaged in a practice wherein an employee will walk a few paces in advance of inspectors and apply a mud-like mixture to emission points in such a manner as to obscure the emission. Subsequent walkthroughs revealed that the patches were merely temporary in nature and not reasonable corrective action to prevent future emissions;
- b) U.S. Steel employees have operated coke oven door removal machines in such a manner so as to obscure ACHD emission observations while not obscuring attempts by employees to apply a temporary patch to door leaks;
- c) U.S. Steel employees have failed to properly seat charging lids on top of charging ports. Lids are either not seated on the ports, seated too high above the sealing material or the ports are obscured by the placement of coal on top of the ports. All three actions or inactions compromise inspectors' ability to properly assess visible emissions emanating from the charging ports;
- d) ACHD inspectors routinely observe high opacity emissions from the coke side of the battery and readily surmise that based on their observations, emissions from ovens in Batteries One, Two and Three may be observed at any time of day;
- e) Inspectors have observed "short" or incomplete charging of coal into the coke oven;
- f) ACHD inspectors have observed partial pushing of coke from ovens to avoid the potential violations otherwise associated with a complete pushing of coke. Any

emissions that should have been observed as part of a complete push is circumvented by a partial push;

- g) Inspectors have noted an issue with respect to charges beyond the fifth charge otherwise observed for Method 303 compliance. Although Method 303 observation are complete following a fifth charge of a battery, it is often during subsequent charges (not otherwise pat of the Method 303 observations) when battery emissions visibly increase. Moreover, ACHD inspectors have observed emission for a duration longer than otherwise anticipated;
- h) ACHD inspectors have observed the removal of flue caps thereby diverting emissions that would have otherwise traveled to the combustion stack. By removing the flue caps in this manner, U.S. Steel effectively avoided violations attributable to stack emissions; and,
- i) ACHD inspectors have observed offtake pipe caps being cracked open on a sealed oven. By doing so, emissions that would have been released by the door areas are diverted away from inspectors conducting a door inspection; thereby avoiding potential door inspection violations.

36. U.S. Steel shall ensure consistent operation in conformity with Article XXI and its Title V Operating Permit; such operations shall be consistent at all times irrespective of whether Method 303 or any other compliance observations are taking place. Any observed deviation from normal practices or any other methods employed by on-site personnel to hinder inspections will be considered a hindrance under 2101.11.b.2. and shall constitute a separate violation.

**ASSESSMENT OF PENALTIES FOR VIOLATION OF ARTICLE XXI
OF THE ALLEGHENY COUNTY HEALTH DEPARTMENT RULES AND
REGULATIONS AND TITLE V PERMIT CONDITIONS
3RD QUARTER 2017 VIOLATIONS FOR VISIBLE EMISSIONS**

37. During the third quarter of 2017, specifically July 1, 2017, through September 30, 2017, both the Department's Coke Oven Process Technicians and Method 303 contractor (retained to perform onsite inspections), observed numerous violations to provisions of Article XXI, Rules and Regulations of the Allegheny County Health Department, Air Pollution Control ("Article XXI") at the Clairton Works.

38. The Department has determined that United States Steel Corporation is in violation of Article XXI, Section 2102.03.c and various provisions of Section 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, Section 2105.21. Specifically, Section 2102.03 provides, in relevant part, as follows:

§ 2102.03 Permits Generally

c. Conditions

It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.

39. Article XXI, Section 2105.21 specifically regulates the operation of coke oven in Allegheny County and provides, in part, as follows:

§2105.21 COKE OVENS AND COKE OVEN GAS

{portions effective August 15, 1997, the remainder effective February 1, 1994; Paragraph e.6 added June 22, 1995, effective July 11, 1995 and amended May 14, 2010 effective May 24, 2010; §2105.21.b, e, and h amended effective August 15, 1997; Subsection f amended February 12, 2007 effective April 1, 2007. Subsection i added August 29, 2013, effective September 23, 2013. Paragraph e.6 amended November 13, 2014, effective January 1, 2015.}

a. Charging. No person shall operate, or allow to be operated:

1. Any battery of coke ovens installed, replaced, or reconstructed, or at which a major modification was made on or after January 1, 1978, in such manner that the aggregate of visible charging emissions exceeds a total of 55 seconds during any five (5) consecutive charges on such battery; or
- b. **Door Areas.** No person shall operate, or allow to be operated, any battery of coke ovens in such manner that:
 1. For any batteries installed, replaced, or reconstructed, or at which a major modification was made on or after January 1, 1978, at any time, there are visible emissions from more than five percent (5%) of the door areas of the operating coke ovens in such battery, excluding the two door areas of the last oven charged and any door areas obstructed from view;

* * *

- d. **Offtake Piping.** No person shall operate, or allow to be operated:
 1. Any battery of coke ovens installed, replaced, or reconstructed, or at which a major modification was made on or after January 1, 1978, in such manner that, at any time, there are visible emissions from more than four percent (4%) of the offtake piping on the operating coke ovens of such battery; or

40. By this Order, the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding pushing or combustion stacks (as determined by a continuous opacity monitoring system (“COMs”)), or soaking on Batteries 1, 2, and 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgment.

41. As a consequence of its violation of Article XXI, Section 2105.21.a, specifically, with regards to excessive visible emissions from the charging of coke ovens at Batteries 13, 14, 15, B, and C, the Department has assessed against U.S. Steel, a civil penalty in the amount of \$42,500.00.

42. As a consequence of its violation of Article XXI, Section 2105.21.b, specifically with respect to excessive visible emissions from the door areas at Battery 15, the Department has assessed a civil penalty in the amount of \$6,450.00.

43. As a consequence of its violation of Article XXI, Section 2105.21.d, specifically with regards to excessive visible emissions from the offtake piping at Batteries 15 and 19, the Department has assessed a civil penalty in the amount of \$3,750.00.

44. Accordingly, for the violations noted above to Article XXI observed during the third quarter of 2017, the Department has assessed a civil penalty in the amount of \$52,700.00.

**ASSESSMENT OF PENALTIES FOR VIOLATION OF ARTICLE XXI
OF THE ALLEGHENY COUNTY HEALTH DEPARTMENT RULES AND
REGULATIONS AND TITLE V PERMIT CONDITIONS
4TH QUARTER 2017 VIOLATIONS FOR VISIBLE EMISSIONS**

45. During the fourth quarter of 2017, specifically October 1, 2017, through December 31, 2017, both the Department's Coke Oven Process Technicians and Method 303 contractor (retained to perform onsite inspections), observed numerous violations to provisions of Article XXI, Rules and Regulations of the Allegheny County Health Department, Air Pollution Control ("Article XXI") and Installation Permit #0052-I011, at the Clairton Works.

46. The Department has determined that United States Steel Corporation is in violation of Article XXI, Section 2102.03.c and various provisions of Section 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, Section 2105.21 and ACHD Installation Permit #0025-I011. Specifically, Section 2102.03 provides, in relevant part, as follows:

§ 2102.03 Permits Generally

c. Conditions

It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.

47. Article XXI, Section 2105.21 specifically regulates the operation of coke oven in Allegheny County and provides, in part, as follows:

§2105.21 COKE OVENS AND COKE OVEN GAS

{portions effective August 15, 1997, the remainder effective February 1, 1994; Paragraph e.6 added June 22, 1995, effective July 11, 1995 and amended May 14, 2010 effective May 24, 2010; §2105.21.b, e, and h amended effective August 15, 1997; Subsection f amended February 12, 2007 effective April 1, 2007. Subsection i added August 29, 2013, effective September 23, 2013. Paragraph e.6 amended November 13, 2014, effective January 1, 2015.}

* * *

a. Charging. No person shall operate, or allow to be operated:

1. Any battery of coke ovens installed, replaced, or reconstructed, or at which a major modification was made on or after January 1, 1978, in such manner that the aggregate of visible charging emissions exceeds a total of 55 seconds during any five (5) consecutive charges on such battery; or
2. Any other battery of coke ovens in such manner that the aggregate of visible charging emissions exceeds a total of 75 seconds during any four (4) consecutive charges on such battery.

b. Door Areas. No person shall operate, or allow to be operated, any battery of coke ovens in such manner that:

1. For any batteries installed, replaced, or reconstructed, or at which a major modification was made on or after January 1, 1978, at any time, there are visible emissions from more than five percent (5%) of the door areas of the operating coke ovens in such battery, excluding the two door areas of the last oven charged and any door areas obstructed from view;
2. For any other batteries, other than those subject to Paragraph b.3 of this Section, at any time, there are visible emissions from more than ten percent (10%) of the door areas of the operating coke ovens in such

battery, excluding the two door areas of the last oven charged and any door areas obstructed from view;

3. For any of the following batteries, at any time, there are visible emissions from more than eight percent (8%) of the door areas of the operating coke ovens in such battery, excluding the two door areas of the last oven charged and any door areas obstructed from view:

SPECIFIC COKE OVEN BATTERIES

Source Name Location

- A. Coke Battery #1 USX Corp. Clairton, PA
- B. Coke Battery #2 USX Corp. Clairton, PA
- C. Coke Battery #3 USX Corp. Clairton, PA

- D. Coke Battery #7 USX Corp. Clairton, PA
- E. Coke Battery #8 USX Corp. Clairton, PA
- F. Coke Battery #9 USX Corp. Clairton, PA

- G. Coke Battery #19 USX Corp. Clairton, PA; or

4. Emissions from the door areas of any coke oven exceed an opacity of 40% at any time 15 or more minutes after such oven has been charged.
5. Unless for any of the following batteries at the USX Clairton Coke Works, Clairton, Pennsylvania, there is installed big plug doors on the coke side of each oven by January 1, 2000. Any replacement doors on these batteries, replaced after January 1, 2000, will also be big plug doors. A big plug door is a door that, when installed, contains a plug with minimum dimensions as listed below:

SPECIFIC COKE OVEN BATTERIES

Source Name Minimum Width Minimum Depth

A. Coke Battery #1	18 1/4"	14 1/2"
B. Coke Battery #2	18 1/4"	14 1/2"
C. Coke Battery #3	18 1/4"	14 1/2"
D. Coke Battery #7	17"	16 3/16"
E. Coke Battery #8	17"	16 3/16"
F. Coke Battery #9	17"	16 3/16"
G. Coke Battery #19	17"	16 1/4"
H. Coke Battery #20	17"	16 1/4"

- c. **Charging Ports.** No person shall operate, or allow to be operated:

1. Any battery of coke ovens installed, replaced, or reconstructed, or at which a major modification was made on or after January 1, 1978, in such manner that, at any time, there are visible emissions from more than one percent (1%) of the charging ports or charging port seals on the operating coke ovens of such battery; or
2. Any other battery of coke ovens in such manner that, at any time, there are visible emissions from more than two percent (2%) of the charging ports or charging port seals on the operating coke ovens of such battery.

d. Offtake Piping. No person shall operate, or allow to be operated:

1. Any battery of coke ovens installed, replaced, or reconstructed, or at which a major modification was made on or after January 1, 1978, in such manner that, at any time, there are visible emissions from more than four percent (4%) of the offtake piping on the operating coke ovens of such battery; or
2. Any other battery of coke ovens in such manner that, at any time, there are visible emissions from more than five percent (5%) of the offtake piping on the operating coke ovens of such battery.

* * *

- i. **Soaking.** At no time shall soaking emissions from a standpipe cap opening exceed twenty percent (20%) opacity. An exclusion from this opacity limit shall be allowed for two (2) minutes after a standpipe cap is opened. Compliance with this standard shall be determined through observing the standpipe from a position where the observer can note the time the oven is dampered off and, following the two minute exclusion, read the soaking emissions from the open standpipe in accordance with Method 9.

48. By this Order, the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding pushing or combustion stacks (as determined by a continuous opacity monitoring system), or soaking on Batteries 1, 2, and 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgment.

49. As a consequence of its violation of Article XXI, Section 2105.21.a, specifically, with regards to excessive visible emissions from the charging of coke ovens at Batteries 1, 2, 3,

13, 14, 15, B, and C, the Department has assessed against U.S. Steel, a civil penalty in the amount of \$168,350.00.

50. As a consequence of its violation of Article XXI, Section 2105.21.b, specifically with respect to excessive visible emissions from the door areas at Batteries 2, 13, 15, B, and C insofar as the emissions are in violation of Section V.A.1.c of Installation Permit #0052-I011, with a civil penalty in the amount of \$17,500.00.

51. As a consequence of its violation of Article XXI, Section 2105.21.b.4 (40% opacity std.), specifically with respect to excessive visible emissions from the door areas at Batteries 1, 2, 3, 13, 14, 15, B, and as a further consequence of its violation of Section V.A.1.d of Installation Permit #0052-I011 regarding emissions from Battery C the Department has assessed a penalty against U.S. Steel in the amount of \$124,950.00.

52. As a consequence of its violation of Article XXI, Section 2105.21.c, specifically with regards to excessive visible emissions from the charging ports at Batteries 2, 13, 15, 20, B, and, as a further consequence of its violation of Section V.A.1.e of Installation Permit #0052-I011 regarding emissions from Battery C the Department has assessed a civil penalty in the amount of \$33,975.00.

53. As a consequence of its violation of Article XXI, Section 2105.21.d, specifically with regards to excessive visible emissions from the offtake piping at Batteries 1, 3, 13, 14, 15, and 19, the Department has assessed a civil penalty in the amount of \$27,650.00.

54. As a consequence of its violation of Article XXI, Section 2105.21.i, specifically with regards to excessive visible emissions from soaking at Batteries 13, 14, 15, 19, 20, and C

insofar as the emissions are violation of V.A.1.g of Installation Permit #0052-I011, the Department has assessed a civil penalty in the amount of \$65,525.00.

55. Accordingly, and in summary, for the aforementioned violations to both Article XXI and U.S. Steel's Installation Permit observed during the fourth quarter of 2017, the Department has assessed a civil penalty (attributable to the fourth quarter of 2017) in the amount of \$437,950.00.

**ASSESSMENT OF PENALTIES FOR VIOLATION OF ARTICLE XXI
OF THE ALLEGHENY COUNTY HEALTH DEPARTMENT RULES AND
REGULATIONS AND TITLE V PERMIT CONDITIONS
1ST QUARTER 2018 VIOLATIONS FOR VISIBLE EMISSIONS**

56. During the first quarter of 2018, specifically January 1, 2018, through March 31, 2018, both the Department's Coke Oven Process Technicians and Method 303 contractor (retained to perform onsite inspections), observed numerous violations to provisions of Article XXI, Rules and Regulations of the Allegheny County Health Department, Air Pollution Control ("Article XXI") and Installation Permit #0052-I011, at the Clairton Works.

57. The Department has determined that United States Steel Corporation is in violation of Article XXI, § 2102.03.c and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0025-I011. Specifically, Section 2102.03 provides, in relevant part, as follows:

58. Notably, the Department has observed that the number and severity of the violations continues to increase from those established above for the fourth quarter of 2017.

59. By this Order, the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding pushing or combustion stacks (as determined by a continuous opacity monitoring system), or soaking on Batteries 1, 2, and 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgment.

60. As a consequence of its violation of Article XXI, Section 2105.21.a, specifically, with regards to excessive visible emissions from the charging of coke ovens at Batteries 1, 2, 3, 13, 14, 15, 19, 20, B, and C, the Department has assessed against U.S. Steel, a civil penalty in the amount of \$267,250.00.

61. As a consequence of its violation of Article XXI, Section 2105.21.b, specifically with respect to excessive visible emissions from the door areas at Batteries 1, 14, 15, B, and C insofar as the emissions are in violation of Section V.A.1.c of Installation Permit #0052-I011, with a civil penalty in the amount of \$37,500.00.

62. As a consequence of its violation of Article XXI, Section 2105.21.b.4 (40% opacity std.), specifically with respect to excessive visible emissions from the door areas at Batteries 1, 2, 3, 13, 15, 19, 20, and as a further consequence of its violation of Section V.A.1.d of Installation Permit #0052-I011 regarding emissions from Battery C the Department has assessed a penalty against U.S. Steel in the amount of \$115,525.00.

63. As a consequence of its violation of Article XXI, Section 2105.21.c, specifically with regards to excessive visible emissions from the charging ports at Batteries 15 and B, the Department has assessed a civil penalty in the amount of \$33,375.00.

64. As a consequence of its violation of Article XXI, Section 2105.21.d, specifically with regards to excessive visible emissions from the offtake piping at Batteries 13, 14, 15, 19 and 20, the Department has assessed a civil penalty in the amount of \$46,375.00.

65. As a consequence of its violation of Article XXI, Section 2105.21.i, specifically with regards to excessive visible emissions from soaking at Batteries 2, 13, 14, 15, 19, 20, and C and Battery C insofar as the emissions are violation of V.A.1.g of Installation Permit #0052-I011, the Department has assessed a civil penalty in the amount of \$101,275.00.

66. Accordingly, and in summary, for the aforementioned violations to both Article XXI and U.S. Steel's Installation Permit observed during the first quarter of 2018, the Department has assessed a civil penalty (attributable to the first quarter of 2018) in the amount of \$601,300.00.

ASSESSMENT OF PENALTY FOR VIOLATION OF ADMINISTRATIVE ORDER No. 180202 (EXCEEDENCE OF THE SO₂ HOURLY LIMIT IN INSTALLATION PERMIT No. 0052-I017)

67. On February 27, 2018, the Department issued its Administrative Order No. 180202 against U.S. Steel for exceeding the hourly limit for SO₂ emission found in its Installation Permit No. 0052-I017.

68. Specifically, Permit No. 0052-I017 maintains a hourly limit for the emission of SO₂ of 5.00 pounds per hour. *See* Installation Permit No. 0052-I017, Condition V.B.1.c.

69. The results of a stack test performed at the C Battery Quench Tower revealed emissions of 8.28 pounds per hour.

70. The Department afforded U.S. Steel 30 days in which to "submit to the ACHD what corrective actions have been, and will be, taken to bring the C Battery Quench Tower Exhaust into

compliance with the emission limits indicated in Installation Permit No. 0052-I017, Condition V.B.1.c.” *See* Administrative Order No. 180202.

71. U.S. Steel transmitted a “response” to the Department, on two separate occasions, failing to explain the cause of the exceedance and it failed to provide any corrective action that has, or will be taken to bring C Battery Quench Tower Exhaust into compliance.

72. Notwithstanding the requirement that U.S. Steel submit corrective actions to the Department, four months later, U.S. Steel still has failed to suggest any actions it would take to correct a violation of this permit limit.

73. To the extent that U.S. Steel has failed to comply with Administrative Order No. 180202, such constitutes a violation of Article XXI, Section 2109.03.e.

74. As a consequence of its violation of Article XXI, the Department hereby orders and directs U.S. Steel to conduct, within sixty (60) days of the date of this Order, a stack test of the C Battery Quench Tower exhaust in order to demonstrate compliance with the SO₂ limit set forth in Condition V.B.1.c. of its Installation Permit. No. 0052-I017.

75. Within, but no greater than, forty-five (45) days following the completion of the stack test, U.S. Steel shall present the Department with its proposed corrective action which would preclude further exceedances. In the event that U.S. Steel fails to present the Department with its proposed corrective actions within the time afforded, U.S. Steel will be subject to, and the Department shall impose, a civil penalty commensurate with the violation.

**ASSESSMENT OF PENALTIES FOR VIOLATION OF THE TITLE V PERMIT
ISSUED PURSUANT TO ARTICLE XXI**

76. As a permittee of a major source of air pollution under Title V of the Clean Air Act, U.S. Steel is obliged to comply with the terms of its operating permit, and to operate its facility in such a manner as to avoid exceedance of its permit limits and to avoid the emission of pollutants in the air in violation of Article XXI.

77. Specifically, Article XXI, Section 2103.12.f.1 requires as follows:

1. The permittee shall comply with all permit conditions and all other applicable requirements at all times. Any permit noncompliance constitutes a violation of the Clean Air Act, the Air Pollution Control Act, and Article XXI and is grounds for any and all enforcement action, including, but not limited to, permit termination, revocation and reissuance, or modification, and denial of a permit renewal application.

78. Subsection 2103.12.f.2 goes further to make clear:

1. It shall not be a defense for a permittee in an enforcement action that it would have been necessary to halt or reduce the permitted activity in order to maintain compliance with the conditions of this permit;

79. Similarly, Section §2103.22.g, specifically concerning additional requirements for major sources of air pollution requires:

- g. **Standard General Requirements.** All permits issued under this Subpart shall include the following provision: The permittee shall comply with all permit conditions at all times. Any permit noncompliance constitutes a violation of the Clean Air Act, the Air Pollution Control Act, and this Article and is grounds for any and all enforcement action, including, but not limited to, permit termination, revocation and reissuance, or modification, and denial of a permit renewal application.

80. Article XXI contemplates further the Department's broad authority to take a wide array of actions as deemed necessary to aid in the enforcement of its provisions. Specifically, Article XXI, Section 2109.03 permits the following, in relevant part:

§2109.03 ENFORCEMENT ORDERS

{Paragraph b.5 amended September 6, 1995, effective October 20, 1995. Subsection d, and Paragraphs b.1 and d.1 amended August 29, 2013, effective September 23, 2013.}

- a. **General.** Whenever the Department finds, on the basis of any information available to it, that any source is being operated in violation of any provision of this Article, including any provision of any permit or license issued pursuant to this Article, it may order the person responsible for the source to comply with this Article or it may order the immediate shutdown of the source or any part thereof. The issuance of an order to address any violations, including of permit conditions, need not be preceded by the revocation of a permit.
 - 1. The Department may also issue any such other orders as are necessary to aid in the enforcement of the provisions of this Article. These orders shall include, but shall not be limited to, orders modifying, suspending, terminating or revoking any permits, orders requiring persons to cease unlawful activities or cease operation of a facility or air contaminant source which, in the course of its operation, is in violation of any provision of this Article, or any permit, orders to take corrective action or to abate a public nuisance or to allow access to a source by the Department or a third party to take such action, orders requiring the testing, sampling, or monitoring of any air contaminant source, and orders requiring production of information. Such an order may be issued if the Department finds that any condition existing in or on the facility or source involved is causing, contributing to, or creating danger of air pollution, or if it finds that the permittee or any person is in violation of any provision of this Article.
 - 2. The Department may, in its order, require compliance with such conditions as are necessary to prevent or abate air pollution or effect the purposes of this Article.

81. As a consequence of its violation of Article XXI and conditions contained in it Title V operating permit, the Department hereby order U.S. Steel to perform as follows:

- a. Within sixty (60) days of receipt of this Order, U.S. Steel shall deliver to the Department an assessment of all emissions points existing at the Clairton facility, as of the date of this Order. Multiple emissions points of the same type [e.g. all flue caps] may be grouped together. The assessment shall include all measures U.S. Steel would propose to reduce its emissions of sulfur oxides, PM_{2.5} and visible emissions. Said measures will be subject to ACHD approval and must sufficiently demonstrate reduction of sulfur oxides, PM_{2.5}, and visible emissions. Implementation of any proposed measures must begin within thirty (30) days of ACHD approval.

- b. U.S. Steel shall demonstrate compliance with the terms of this Enforcement Order upon the completion of two successive calendar quarters wherein U.S. Steel has shown a reduction in visible emissions, sulfur oxides and PM_{2.5} emissions across all operating coke batteries at the Clairton facility. Reduction of visible emissions shall be quantified by an increase in the rate of compliance with both inspections and continuous opacity monitors. The quarterly compliance metric for the first consecutive quarter shall be measured by comparison against the rate of compliance (as observed by ACHD and Method 303 inspectors) during the first quarter of 2018 using the number of plantwide hourly exceedances of the 20% opacity standard and the compliance rate as based on the coke batteries' total compliance rate for the first quarter of 2018. The second consecutive quarter compliance metric shall be compared against that of the first of the consecutive quarters as a measure of further

emission reductions. Standards for determining all rates of compliance shall be based on relevant regulations effective as of the date of this Order.

- c. Door leaks originating from the coke side of Battery B shall be reduced to be no more than ten leaks per month based on the yard-equivalent reading from the Department's Method 303 contractor's inspections;
- d. In the event, U.S. Steel fails to meet any of the requirements set forth above in the time and manner required, U.S. Steel shall place its two worst performing batteries on hot idle until such time ACHD has determined that U.S. Steel has complied with the requirements of this Order. "Worst Performing Batteries" shall be determined by calculating the inspection compliance rate from inspections conducted by ACHD and its Method 303 contractor [excluding high opacity door inspections] and the 20% opacity clock-hour exceedance compliance rate from the combustion stack COMs. These two rates will then be summed on a per battery basis for each of the two quarters used. The two batteries with the lowest two-quarter compliance rate sum constitute the worst performing batteries for purposes of this Order. In order to determine compliance with this provision of this Order, any subsequent quarterly compliance metric for future quarters shall be measured by comparison against the rate of compliance (as observed by ACHD and Method 303 inspectors) during the first quarter of 2018 using the number of hourly exceedance of the 20% opacity standard attributable solely to the remaining eight (8) batteries and the compliance rate based on the remaining coke batteries' total compliance rate for

the first quarter of 2018. Any successive quarter compliance metric shall be compared against that of the prior quarter as a measure of further emission reductions. For purposes of enforcing the terms of this Order, the term “hot idle” is to be understood as the cessation of all charging, soaking and pushing of metallurgical coke the worst performing batteries. Underfiring of coke ovens may continue until such time as the Department has made a final determination that U.S. Steel has reduced its emissions in a manner consistent with this Order.

EVALUATION OF FACTORS EMPLOYED IN PENALTY DETERMINATION

82. Based on the observations of both the Department’s Coke Oven Process Technicians and Method 303 contractors, coke battery emissions had increased over time and across the facility.

83. Recognizing that the batteries at U.S. Steel are capable of reduced emissions, the Department recognizes that there is a need to deter U.S. Steel’s failure to take corrective action in the future.

84. ACHD has estimated that there are more than 1000 people working at U.S. Steel’s Clairton facility at the time of the violations.

85. The civil penalty, as imposed, reflects a balancing of the factors as set forth in Article XXI, Section 2109.06(b). The specific (and more significant) factors unique to U.S. Steel’s Clairton facility and its violations are that they are chronic in nature and its various rates of compliance have gotten worse and that the emissions have the potential to negatively affect communities adjacent to the facility.

TOTAL PENALTY ASSESSMENT

Pursuant to Article XXI §2109.06, the ACHD is assessing a civil penalty of **\$1,091,950.00** against United States Steel Corporation for the violations described in the preceding paragraphs.

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §2109.03.a.1 and the Local Health Administration Law, 19 P.S. §12010, it is hereby **ORDERED** that:

1. Within thirty (30) days of receipt of this Order, U.S. Steel shall pay the assessed civil penalty of **\$1,091,950.00**. Payment shall be made by corporate or certified check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201. The Department has determined the above penalty in accordance with Article XXI § 2109.06(b), reflecting relevant factors including but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel’s compliance history.

2. Within sixty (60) days of receipt of this Order, U.S. Steel shall deliver to the Department an assessment of all emissions points existing at the Clairton facility, as of the date of this Order. Multiple emissions points of the same type [e.g. all flue caps] may be grouped together. The assessment shall include all measures U.S. Steel would propose to reduce its emissions of sulfur oxides, PM_{2.5} and visible emissions. Said measures will be subject to ACHD approval and

must sufficiently demonstrate reduction of sulfur oxides, PM_{2.5}, and visible emissions. Implementation of any proposed measures must begin within thirty (30) days of ACHD approval.

3. U.S. Steel shall demonstrate compliance with the terms of this Enforcement Order upon the completion of two successive calendar quarters wherein U.S. Steel has shown a reduction in visible emissions, sulfur oxides and PM_{2.5} emissions across all operating coke batteries at the Clairton facility. Reduction of visible emissions shall be quantified by an increase in the rate of compliance with both inspections and continuous opacity monitors. The quarterly compliance metric for the first consecutive quarter shall be measured by comparison against the rate of compliance (as observed by ACHD and Method 303 inspectors) during the first quarter of 2018 using the number of plantwide hourly exceedance of the 20% opacity standard and the compliance rate as based on the coke batteries' total compliance rate for the first quarter of 2018. The second consecutive quarter compliance metric shall be compared against that of the first of the consecutive quarters as a measure of further emission reductions. Standards for determining all rates of compliance shall be based on relevant regulations effective as of the date of this Order.

4. Door leaks originating from the coke side of Battery B shall be reduced to be no more than ten leaks per month based on the yard-equivalent reading from the Department's Method 303 contractor's inspections.

5. In the event, U.S. Steel fails to meet any of the requirements set forth above in the time and manner required, U.S. Steel shall place its two worst performing batteries on hot idle until such time ACHD has determined that U.S. Steel has complied with the requirements of this Order. "Worst Performing Batteries" shall be determined by calculating the inspection compliance rate from inspections conducted by ACHD and its Method 303 contractor [excluding high opacity door inspections] and the 20% opacity clock-hour exceedance compliance rate from the

combustion stack COMs. These two rates will then be summed on a per battery basis for each of the two quarters used. The two batteries with the lowest two-quarter compliance rate sum constitute the worst performing batteries for purposes of this Order. In order to determine compliance with this provision of this Order, any subsequent quarterly compliance metric for future quarters shall be measured by comparison against the rate of compliance (as observed by ACHD and Method 303 inspectors) during the first quarter of 2018 using the number of hourly exceedance of the 20% opacity standard attributable solely to the remaining eight (8) batteries and the compliance rate based on the remaining coke batteries' total compliance rate for the first quarter of 2018. Any successive quarter compliance metric shall be compared against that of the prior quarter as a measure of further emission reductions. For purposes of enforcing the terms of this Order, the term "hot idle" is to be understood as the cessation of all charging, soaking and pushing of metallurgical coke the worst performing batteries. Underfiring of coke ovens may continue until such time as the Department has made a final determination that U.S. Steel has reduced its emissions in a manner consistent with this Order.

6. U.S. Steel shall also conduct, within sixty (60) days of the date of this Order, a stack test of the Battery C Quench tower exhaust in order to demonstrate compliance with the SO₂ limit set forth in its Installation Permit.

7. Within, but no greater than, forty-five (45) days following the completion of the stack test, U.S. Steel is hereby ordered to present a corrective action precluding further exceedances. In the event that U.S. Steel fails to present the Department with its proposed corrective actions within the time afforded, it will be subject to and the Department shall impose a civil penalty commensurate with the violation.

8. U.S. Steel shall ensure consistent operation in conformity with Article XXI and its Title V Operating Permit; such operations shall be consistent at all times irrespective of whether Method 303 or any other compliance observations are taking place. Any observed deviation from normal practices or any other methods employed by on-site personnel to hinder inspections will be considered a hindrance under 2101.11.b.2. and shall constitute a separate violation.

9. The requirements of this Order are intended to supplement legal requirements to which U.S. Steel is already subject. If there is a conflict between any requirement of this Order and other statutory or regulatory requirements, the more stringent requirement shall control. If U.S. Steel believes that a conflict between the requirements of this Order and other legal obligations is irreconcilable, such that compliance with this Order will require U.S. Steel to be in non-compliance with other legal obligations, then U.S. Steel shall provide the ACHD with an explanation of such conflict in writing as soon as possible. The ACHD may notify U.S. Steel whether ACHD concurs with its position and whether such provision in this Order is modified, suspended, terminated, or continues in effect.

10. The imposition of the civil penalty or any other requirement of this Enforcement Order is not intended and in no way releases U.S. Steel from any obligations imposed by or to which it is subject under Article XXI or other final determination.

11. The civil penalty payment and any documentation required by this Order and correspondence with the ACHD shall be sent to the following:

Jayne Graham
Air Quality Program Manager
Allegheny County Health Department
301 39th Street, Bldg. No. 7
Pittsburgh, PA 15201-1811
Tel: 412-578-8103
Fax: 412-578-8144
E-Mail: jayne.graham@alleghenycounty.us

12. Pursuant to Article XI, Allegheny County Health Department Rules and Regulations, Hearings and Appeals, you are notified that if you are aggrieved by this Order you have (30) days in which to file an appeal from the receipt of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 4th Avenue, Pittsburgh, PA 15219. In the absence of a timely appeal, the terms of this Order shall become final.

13. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of the ACHD so orders.

14. Failure to comply with this Order within the time specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02.

15. The provisions of this Order shall apply to, be binding upon, and inure to the benefit of the ACHD and U.S. Steel and upon their respective officers, directors, agents, contractors, employees, servants, successors, and assigns.

16. The duties and obligations under this Order shall not be modified, diminished, terminated, or otherwise altered by the transfer of any legal or equitable interest in the Facility or any part thereof.

17. The ACHD may, upon U.S. Steel's request, agree to modify or terminate U.S. Steel's duties and obligations under this Order upon transfer of the property. Pursuant to Article XI of the ACHD's Rules and Regulations for Hearings and Appeals, U.S. Steel may challenge any decision made by the ACHD in response to any of U.S. Steel's request for a modification of this Order due to a transfer of all or part of the property.

18. The imposition of this civil penalty shall not, in any manner, prohibit or preclude the Department from exercising its authority to enforce the regulations under Article XXI of the Allegheny County Health Department Rules and Regulations. Moreover, the imposition and any

resolution of this civil penalty shall not, in any manner, prohibit or preclude any other party or governmental agency or entity from pursuing legal action (civil or criminal) against U.S. Steel for conduct that is the subject of this enforcement order.

DONE and **ENTERED** this 28th day of June, 2018, in Allegheny County, Pennsylvania.

For:

ALLEGHENY COUNTY HEALTH DEPARTMENT

s/ Jim Kelly

Jim Kelly
Deputy Director, Environmental Health

6/28/18

Date



October 31, 2018

CERTIFIED MAIL – 9489 0090 0027 6037 6666 04

Mr. Michael S. Rhoads, Plant Manager
United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025-1855

RE: Administrative Order #181002 Revised – United States Steel Corporation, Clairton Works, 400 State Street, Clairton, PA 15025, various provisions of Article XXI and Installation Permit #0052-I011b, during the second quarter, April 1, 2018, through June 30, 2018.

Dear Mr. Rhoads,

Please see the attached Administrative Order.

Sincerely,

A handwritten signature in blue ink that reads "Dean DeLuca".

Dean DeLuca
Enforcement Chief, Air Quality Program

CC: Bill Clark, ACHD Enforcement Engineer
File



KAREN HACKER, MD, MPH, DIRECTOR
**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**
301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243) • WWW.ACHD.NET



**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 181002 Revised

Violations of Article XXI ("Air
Pollution Control") at property:

United States Steel
Corporation – Clairton Plant

ADMINISTRATIVE ORDER

NOW, this 31st day of October, 2018, the Allegheny County Health Department (hereinafter "ACHD") issues this Administrative Order after having found and determined the following:

FINDINGS

This Administrative Order addresses the violations, observed by the Department's Coke Oven Process Technicians and Method 303 contractor, of various provisions of Article XXI, Rules and Regulations of the Allegheny County Health Department, Air Pollution Control ("Article XXI") and Installation Permit #0052-I011, at your company's Clairton Works, during the second quarter of 2018, April 1, 2018, through June 30, 2018.

The ACHD has determined that United States Steel is in violation of Article XXI, § 2102.03.c and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0052-I011.

By this Order the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding pushing or combustion stacks (as determined by a continuous opacity monitoring system), or soaking on Batteries 1, 2, and 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgment.

Summaries of the violations are enclosed with this Order as Exhibit "A".

The violations observed by the Department's Coke Oven Process Technicians and Method 303 contractor at your US Steel Clairton Works involve the following:

- Excessive visible emissions from the charging of coke ovens at Batteries 2, 13, 14, 15, 19, and B and in violation of §2105.21.a of Article XXI, and Battery C in violation of V.A.1.b of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$152,196.00;

Mr. Michael S. Rhoads, Plant Manager
USS Corporation – Clairton Works
Order No. 181002 Revised

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- Excessive visible emissions from the door areas at Batteries 1, 2, 3, and B in violation of §2105.21.b of Article XXI, and Battery C in violation of V.A.1.c of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$41,228.00;
- Excessive visible emissions from the door areas at Batteries 1, 2, 3, 13, 14, 15, 19, 20, B in violation of §2105.21.b.4 (40% opacity std.) of Article XXI, and Battery C in violation of V.A.1.d (30% opacity std.) of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$204,120.00;
- Excessive visible emissions from the charging ports at Batteries 1, 3, and B in violation of §2105.21.c of Article XXI; and Battery C in violation of V.A.1.e of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$28,908.00;
- Excessive visible emissions from the offtake piping at Batteries 3, 13, 14, 15, 19, 20, and B in violation of §2105.21.d of Article XXI. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$77,528.00; and
- Excessive visible emissions from soaking at Batteries 13, 14, 15, 19, 20, and B in violation of §2105.21.i of Article XXI, and Battery C in violation of V.A.1.g of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$109,736.00.

§ 2102.03 Permits Generally

c. Conditions

It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §§ 2109.03.a.1 and 2105.62.e and the Local Health Administration Law, 19 P.S. § 12010, it is hereby **ORDERED** that:

- (1) Within thirty (30) days of receipt of this Order, United States Steel shall pay an assessed civil penalty of **\$613,716.00** for the violation of Article XXI § 2102.03. Payment shall be made by corporate check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality

Mr. Michael S. Rhoads, Plant Manager
USS Corporation – Clairton Works
Order No. 181002 Revised

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Program Manager, Allegheny County Health Department, 301 39th Street,
Bldg. #7, Pittsburgh, PA 15201

Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.

In the event that a civil penalty has been imposed, the ACHD has determined the above penalty in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel compliance history.

Pursuant to Article XI ("Hearings and Appeals") of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order you have thirty (30) days in which to file an appeal from the receipt of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of the ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final.

Please be aware that if you wish to appeal this Order and the ACHD has imposed a civil penalty, you are required within 30 days of receipt of this Order to either forward the penalty amount to the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI, §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <http://www.achd.net/regs.html>.

Thank you for your anticipated prompt attention to this matter and future increased efforts to comply with all applicable regulations. Any questions concerning this Order should be directed to the ACHD's representatives, William Clark, at 412-578-8136 or e-mail bill.clark@alleghenycounty.us.

DONE and ENTERED this 31st day of October, 2018, in Allegheny County,
Pennsylvania.


Jayme Graham
Air Quality Program Manager

10/31/18
Date

United States Steel - Clairton Plant
2nd Quarter 2018 - #181002 Revised

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CHARGING

Date	Battery	Seconds	Inspector	H, M, or L
5-Apr	2	233	ACHD	H
10-Apr	2	115.5	Keramida	
13-Apr	B	74.5	Keramida	
19-Apr	19	102	ACHD	M
20-Apr	B	66	Keramida	
25-Apr	C	103	ACHD	M
27-Apr	2	111	ACHD	H
27-Apr	2	99	Keramida	
3-May	14	57	Keramida	
4-May	14	97	ACHD	M
14-May	15	131	ACHD	H
16-May	14	145	Keramida	
16-May	14	90	ACHD	H
16-May	C	74	ACHD	L
19-May	13	132.5	Keramida	
23-May	15	117	Keramida	
24-May	13	151.5	Keramida	
30-May	B	65	ACHD	L
31-May	B	122.5	Keramida	
1-Jun	15	87	ACHD	M
4-Jun	14	104	ACHD	M
8-Jun	B	139	Keramida	
11-Jun	15	98	ACHD	L
13-Jun	14	123.5	Keramida	
14-Jun	B	188	Keramida	
18-Jun	13	176	Keramida	
21-Jun	B	73	ACHD	M
28-Jun	C	93	ACHD	M

Count: 28

* If applicable, no penalty because at least 1 charge from the same oven was observed on both inspections.

DOORS

Date	Battery	Percent	Inspector	H, M, or L
5-Apr	2	10.53%	ACHD	
13-Apr	2	8.70%	ACHD	
13-Apr	3	17.65%	ACHD	
20-Apr	3	10.78%	Keramida	
20-Apr	B	5.19%	Keramida	
30-May	B	5.08%	ACHD	L
2-Jun	B	5.15%	Keramida	
7-Jun	3	9.00%	Keramida	
15-Jun	1	13.91%	ACHD	H
15-Jun	C	4.22%	Keramida	

Count: 9

United States Steel - Clairton Plant
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DOORS >40% (30% for Battery C)

Date	Battery	Oven #	Time Observed	Opacity (%)	Inspector	H, M, or L
5-Apr	1	B5	1118	90	ACHD	H
5-Apr	2	A9	804	65	ACHD	M
5-Apr	1	B3	1119	100	ACHD	H
5-Apr	2	A5	753	50	ACHD	M
5-Apr	2	A5	803	50	ACHD	H
5-Apr	2	A3	754	80	ACHD	H
5-Apr	1	B1	1119	100	ACHD	H
5-Apr	2	A3	802	60	ACHD	H
5-Apr	2	A1	754	90	ACHD	H
5-Apr	2	A1	802	100	ACHD	H
5-Apr	2	C2	806	100	ACHD	H
5-Apr	2	C1	806	90	ACHD	H
13-Apr	3	A9	759	60	ACHD	H
13-Apr	3	A7	754	60	ACHD	H
13-Apr	3	A7	759	70	ACHD	H
13-Apr	3	A5	759	70	ACHD	H
13-Apr	3	A3	759	90	ACHD	H
13-Apr	2	B27	806	80	ACHD	H
13-Apr	3	A1	758	100	ACHD	H
13-Apr	2	B23	805	45	ACHD	H
13-Apr	2	B21	805	80	ACHD	H
13-Apr	2	B12	804	50	ACHD	H
13-Apr	2	B17	804	60	ACHD	H
13-Apr	3	B26	801	75	ACHD	H
13-Apr	2	B11	804	70	ACHD	H
13-Apr	3	B22	800	70	ACHD	H
13-Apr	2	B5	804	45	ACHD	H
13-Apr	3	A29	753	80	ACHD	H
13-Apr	3	A29	759	45	ACHD	H
13-Apr	3	B23	800	50	ACHD	H
13-Apr	3	B25	801	50	ACHD	H
13-Apr	3	B29	802	60	ACHD	H
17-Apr	1	A28	1202	45	ACHD	L
19-Apr	3	B31	1124	45	ACHD	L
20-Apr	13	A3	1004	70	ACHD	M
20-Apr	13	A1	1004	75	ACHD	M
23-Apr	19	C14	901	75	ACHD	M
25-Apr	C	C6	1101	65	ACHD	H
26-Apr	1	A4	802	45	ACHD	H
26-Apr	1	B22	801	80	ACHD	H
7-May	1	B7	1057	70	ACHD	H
11-May	8	A10	1149	65	ACHD	H
11-May	15	B5	1014	45	ACHD	L
18-May	13	B11	946	60	ACHD	L
21-May	2	A1	801	45	ACHD	L
21-May	2	A3	802	50	ACHD	L
21-May	2	A5	802	65	ACHD	H
21-May	2	C1	805	50	ACHD	M
21-May	2	C2	806	75	ACHD	H
21-May	15	A25	1033	75	ACHD	H
21-May	15	A27	1033	85	ACHD	H
30-May	8	A1	755	75	ACHD	M
30-May	8	A16	756	45	ACHD	H
31-May	C	C45	928	55	ACHD	M
4-Jun	3	A4	751	60	ACHD	H
4-Jun	3	A8	752	80	ACHD	H
4-Jun	3	C2	755	90	ACHD	H
4-Jun	2	B28	758	45	ACHD	L
4-Jun	1	A30	803	50	ACHD	H
4-Jun	1	B11	805	45	ACHD	M
4-Jun	1	B21	806	50	ACHD	M
8-Jun	20	C24	1013	100	ACHD	L
11-Jun	C	C53	1059	60	ACHD	M
11-Jun	C	C53	1119	50	ACHD	M
12-Jun	14	A30	931	70	ACHD	M
14-Jun	C	C62	1055	50	ACHD	M

United States Steel - Clairton Plant
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15-Jun	1	A21	728	80	ACHD	H
15-Jun	1	B10	733	60	ACHD	H
15-Jun	1	B14	734	100	ACHD	H
15-Jun	1	B16	734	75	ACHD	H
15-Jun	1	B18	734	75	ACHD	H
15-Jun	1	B20	734	100	ACHD	H
15-Jun	2	B3	744	45	ACHD	L
15-Jun	2	A26	725	80	ACHD	H
15-Jun	2	A28	725	80	ACHD	H
15-Jun	2	A30	727	50	ACHD	H
15-Jun	2	B1	727	45	ACHD	L
15-Jun	3	B31	723	50	ACHD	H
15-Jun	3	B28	723	60	ACHD	H

Count: 79

OFFTAKES

Date	Battery	Percent Leaking	Inspector	H, M, or L
10-Apr	3	7.14%	Keramida	
12-Apr	13	4.39%	Keramida	
17-Apr	14	6.14%	Keramida	
18-Apr	13	4.24%	Keramida	
20-Apr	14	6.90%	ACHD	L
26-Apr	13	5.93%	Keramida	
27-Apr	19	8.43%	Keramida	
1-May	15	4.31%	Keramida	
3-May	15	5.17%	Keramida	
4-May	19	7.93%	Keramida	
6-May	19	5.56%	Keramida	
8-May	20	4.17%	Keramida	
14-May	3	5.88%	Keramida	
16-May	15	5.17%	ACHD	L
21-May	13	4.39%	Keramida	
23-May	3	6.73%	Keramida	
7-Jun	20	4.82%	Keramida	
14-Jun	13	5.00%	Keramida	
14-Jun	15	5.17%	Keramida	
15-Jun	20	5.36%	Keramida	
15-Jun	B	4.35%	Keramida	
29-Jun	14	5.17%	ACHD	L

Count: 22

LIDS

Date	Battery	Percent	Inspector	H, M, or L
5-Apr	1	2.42%	ACHD	M
22-Apr	1	2.97%	Keramida	
25-Apr	B	1.52%	Keramida	
26-Apr	1	2.05%	ACHD	
24-May	C	1.95%	Keramida	
29-May	3	2.88%	Keramida	
11-Jun	1	2.82%	Keramida	

Count: 7

SOAKING

Date	Battery	Oven #	Time Observed	Pusher/Coke (side)	Max. Non-flame Opacity (%)	Inspector	H, M, or L
2-Apr	C	C10	803	P	70	ACHD	H
5-Apr	14	B17	857	C	30	ACHD	L
9-Apr	19	B19	849	C	100	ACHD	
9-Apr	C	C4	1051	P	25	ACHD	L
17-Apr	15	A20	757	P	40	ACHD	M
17-Apr	15	A20	756	C	60	ACHD	M
18-Apr	20	A16	759	P	65	ACHD	M
20-Apr	14	A27	757	P	80	ACHD	M
23-Apr	13	B6	831	P	60	ACHD	H
23-Apr	13	B6	831	C	70	ACHD	H
2-May	20	C10	755	C	40	ACHD	L
2-May	20	C12	813	C	50	ACHD	L

United States Steel - Clairton Plant
2nd Quarter 2018 - #181002 Revised

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16-May	14	A26	804	C	45	ACHD	L
16-May	14	A28	820	P	30	ACHD	L
16-May	C	C7	841	P	50	ACHD	M
25-May	19	A25	755	P	40	ACHD	L
25-May	19	A27	756	C	70	ACHD	L
27-May	13	A12	851	P	100	ACHD	H
27-May	13	A12	851	C	100	ACHD	H
13-Jun	13	A20	737	C	100	ACHD	
18-Jun	13	A14	857	P	60	ACHD	M
22-Jun	B	A18	741	C	40	ACHD	H
22-Jun	B	A22	904	P	40	ACHD	M
22-Jun	B	A22	904	C	100	ACHD	H

Count: 24

Note: By this letter the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding soaking on Batteries 1, 2, & 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgement.

Note: Any blanks in the heavy/moderate/light cell are recorded as light for calculation purposes.

**BEFORE THE HEARING OFFICER FOR THE
ALLEGHENY COUNTY HEALTH DEPARTMENT
542 4TH AVENUE
PITTSBURGH, PENNSYLVANIA 15219**

UNITED STATES STEEL)
CORPORATION, a Delaware corporation,)

Appellant,)

v.)

ALLEGHENY COUNTY HEALTH)
DEPARTMENT, Air Quality Program,)

Appellee.)

Appeal of Administrative Order
#181002 Revised

CERTIFICATE OF SERVICE

I hereby certify that on the 12th day of December, 2018, a true and correct copy of the foregoing Notice of Appeal was served via hand delivery and addressed as follows:

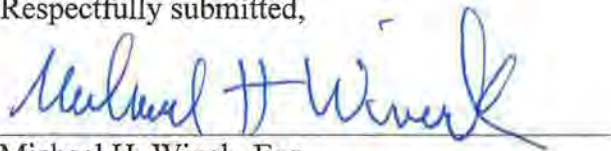
Karen Hacker
Office of the Director
Allegheny County Health Department
542 Fourth Avenue
Pittsburgh, PA 15219

The following individuals were served by electronic mail:

Max Slater, Esq.
Administrative Hearing Officer
Allegheny County Health Department
542 Fourth Avenue
Pittsburgh, PA 15219
max.slater@alleghenycounty.us

Jason K. Willis, Esq.
Assistant Solicitor
Allegheny County Health Department
301 39th Street, Bldg. No. 7
Pittsburgh, PA 15201
jason.willis@alleghenycounty.us

Respectfully submitted,



Michael H. Winek, Esq.
Counsel for United States Steel Corporation



Michael H. Winek
Attorney at Law
T 412.394.6538
mwinek@babstcalland.com

April 25, 2019

Via Hand Delivery

Attn: Karen Hacker
Office of the Director
542 Fourth Avenue
Pittsburgh, PA 15219

**Re: United States Steel Corporation
Notice of Appeal of Enforcement Order No. 190305**

Dear Director Hacker:

Pursuant to Article XI of the Rules and Regulations of the Allegheny County Health Department, United States Steel Corporation submits for filing the enclosed Notice of Appeal regarding the above-referenced order dated March 29, 2019. Included with the enclosures is a check in the amount of \$707,568.00, equal to the total civil penalty assessed by the above-referenced order, to be held in escrow. If you have any questions or wish to discuss this matter further, please contact me at mwinek@babstcalland.com or (412) 394-6538.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Michael H. Winek', written over a faint blue circular stamp.

Michael H. Winek, Esq.
Counsel for United States Steel Corporation

Enclosures

cc: Max Slater, Esq. (via e-mail: max.slater@alleghenycounty.us)
Jason Willis, Esq. (via e-mail: jason.willis@alleghenycounty.us)

**BEFORE THE HEARING OFFICER FOR THE
ALLEGHENY COUNTY HEALTH DEPARTMENT
542 4TH AVENUE
PITTSBURGH, PENNSYLVANIA 15219**

UNITED STATES STEEL)	
CORPORATION, a Delaware corporation,)	
)	
Appellant,)	
)	
v.)	Appeal of Enforcement Order
)	#190305
ALLEGHENY COUNTY HEALTH)	
DEPARTMENT, Air Quality Program,)	
)	
Appellee.)	

NOTICE OF APPEAL

NOW COMES, Appellant, UNITED STATES STEEL CORPORATION (hereinafter “U.S. Steel”), pursuant to Sections 1103 and 1104 of Article XI of the Allegheny County Health Department’s Rules and Regulations, before the Director of the Allegheny County Health Department, filing this appeal from Enforcement Order #190305 (hereinafter “Order”), as issued by the Allegheny County Health Department, Air Quality Program (hereinafter “Department”) to U. S. Steel Clairton Works on March 29, 2019, and received by U. S. Steel on or about April 1, 2019 (attached hereto as Exhibit A). Consistent with Sections 1103 and 1104 of Article XI of the Department’s Rules and Regulations, this submission constitutes timely filing of a Notice of Appeal of a Department action, and properly specifies the manner in which U.S. Steel is aggrieved by the Department’s action, the nature of U.S. Steel’s direct interest in the action and the grounds for appeal.

A. Manner in which U. S. Steel is Aggrieved and Grounds for Appeal

1. U. S. Steel owns and operates Clairton Works, a by-products coke plant which includes 10 coke batteries located at 400 State Street, Clairton, PA 15025, with telephone number (412) 233-1002 (hereinafter “Facility”).

2. The Department issued the Order dated March 29, 2019, and it was received by U. S. Steel on or about April 1, 2019.

3. U. S. Steel objects to the Order. For the following reasons, the Department has abused its discretion and acted unreasonably, arbitrarily, capriciously, contrary to fact and law and in a manner not supported by evidence:

- a. Based upon information and belief, the Order assesses a penalty for visible emission observations and calculations that are not violations of applicable permit conditions, rules and regulations;
- b. Inspectors have failed to conduct proper, fair and unbiased evaluations of the Facility, as reflected in the Order;
- c. Based upon information and belief, the Order relies on inappropriate and/or inaccurate data to support the alleged violations;
- d. The Department’s use of inappropriate and/or inaccurate data misrepresents the Facility’s compliance status and results in an unjustifiable penalty assessment;
- e. Because the Department has not adequately supported and will not be able to support its assertions listed in the Order, and the basis of the assertions is the inappropriate and unlawful reliance on skewed inspection data, the assertions and allegations made in the Order are without merit;

- f. The Department has inappropriately assigned individuals to work on both this enforcement matter and a recently proposed Department rulemaking that would impose significantly more stringent requirements on coke plants. As a practical matter, the only coke facility which would even be subject to the rulemaking is the Facility owned and operated by U. S. Steel. This constitutes an inappropriate and impermissible commingling of adjudicative and prosecutorial functions by the agency;
- g. The Order includes excessive and unreasonable sanctions for noncompliance;
- h. The Order requires U. S. Steel to pay a total civil penalty of \$707,568 within 30 days of receiving the Order. See Exhibit A, p. 2. Additional penalty figures appear elsewhere in the Order. See Exhibit A, pp. 1-2. The civil penalties assessed by the Order are excessive, inappropriate, unwarranted and not commensurate with the claims in the Order;
- i. The penalty assessed by the Order is unnecessarily punitive, as U. S. Steel is already implementing a plan to reduce emissions at the Facility in response to Enforcement Order #180601 issued by the Department on June 28, 2018, which alleged similar violations of coke oven visible emission standards;
- j. The Department inappropriately assessed penalties more than once for the same underlying alleged violation, thereby impermissibly inflating the total penalty assessment;
- k. The Department has failed to adequately explain the basis for the penalty assessment in the Order;

- l. In issuing the Order, the Department exceeded its enforcement authority as provided in Article XXI of the Department's Rules and Regulations;
- m. The Order mischaracterizes U. S. Steel's compliance with applicable air emission laws and regulations; and
- n. The Order is vague and insufficiently specific.

B. U. S. Steel's Direct Interest in the Action

4. U. S. Steel is a named entity to which the Order was issued, and whose activities are restricted by the Order. As a result, U. S. Steel is negatively impacted by the Order and has a direct interest in the Order and this Appeal.

C. Conclusion

5. Through this Notice of Appeal, U. S. Steel has identified its objections to the Order but reserves the right to amend or supplement the factual and legal basis of its Appeal as authorized by the Department's Rules and Regulations.

6. For the foregoing reasons, U. S. Steel respectfully requests that the Director vacate the Order, or alternatively, vacate and remand the Order to the Department for consideration consistent with the Director's opinion.

Respectfully submitted,

/s/ Michael H. Winek

Michael H. Winek, Esq. (PAID#69464)
Mark K. Dausch, Esq. (PAID#205621)
Varun Shekhar, Esq. (PAID#317151)
Babst, Calland, Clements and Zomnir, P.C.
Two Gateway Center, 6th Floor
Pittsburgh, Pennsylvania 15222
Telephone: (412) 394-5400
Email: mwinek@babstcalland.com
mdausch@babstcalland.com
vshekhar@babstcalland.com

David W. Hacker, Esq. (PAID#91236)
United States Steel Corporation
600 Grant Street, Suite 1500
Pittsburgh, Pennsylvania 15219
Telephone: (412) 433-2919
Email: dwhacker@uss.com

Counsel for Appellant

Dated: April 25, 2019

EXHIBIT A

Enforcement Order #190305
March 29, 2019



March 29, 2019

CERTIFIED MAIL – 9489 0090 0027 6038 2066 70

Michael Rhodes
United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

RE: Enforcement Order #190305 – United States Steel Corporation, Clairton Works, 400 State Street, Clairton, PA 15025, various provisions of Article XXI and Installation Permit #0052-I011b, during the third and fourth quarters, July 1, 2018, through December 31, 2018.

Dear Mr. Rhodes,

Please find enclosed a copy of the Enforcement Order pertaining to the coke oven batteries at USS Clairton Works. Also attached is an "Important Notice" for you to review.

Thank you for your anticipated prompt attention to this matter and future increased efforts to comply with all applicable regulations. Any questions concerning this Order should be directed to the ACHD's representative, William U. Clark at 412-578-8136 or e-mail at bill.clark@alleghenycounty.us.

Sincerely,



Dean DeLuca
Air Quality Enforcement Section Chief

CC: Wm. U. Clark, Air Quality Engineer (via email)
File



KAREN HACKER, MD, MPH, DIRECTOR
ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM
301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243) • WWW.ACHD.NET



To: Michael Rhodes
United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Re: March 29, 2019 Enforcement Order

IMPORTANT NOTICE

An Enforcement Order dated March 29, 2019, was mailed to you by the Allegheny County Health Department (ACHD) notifying of the possibility that a Civil Penalty will be levied by virtue of your failure to take certain action.

If you fail to take action pursuant to said enforcement order, a judgment may be entered against you in the Court of Common Pleas of Allegheny County. The sheriff may take your money or other property to pay the judgment any time after the judgment is entered.

YOU ARE WARNED THAT IF YOU FAIL TO CORRECT VIOLATIONS AND/OR PAY FINES OR PENALTIES LEVIED AGAINST YOU IN THE ENFORCEMENT ORDER THAT THE ALLEGHENY COUNTY HEALTH DEPARTMENT MAY PROCEED WITHOUT YOU AND A JUDGMENT MAY BE ENTERED AGAINST YOU WITHOUT FURTHER NOTICE. YOU MAY LOSE MONEY OR PROPERTY OR OTHER RIGHTS IMPORTANT TO YOU.

Allegheny County Health Department
Air Quality Program
301 39th Street, Building #7
Pittsburgh, PA 15201-1811

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 190305

Violations of Article XXI ("Air
Pollution Control") at property:

United States Steel
Corporation – Clairton Plant

ENFORCEMENT ORDER

NOW, this 29th day of March, 2019, the Allegheny County Health Department (hereinafter "ACHD" or the "Department") issues this Administrative Order after having found and determined the following:

FINDINGS

This Enforcement Order addresses the violations, observed by the Department's Coke Oven Process Technicians and Method 303 contractor, of various provisions of Article XXI, Rules and Regulations of the Allegheny County Health Department, Air Pollution Control ("Article XXI") and Installation Permit #0052-I011, at your company's Clairton Works, during the third quarter and fourth quarter of 2018, July 1, 2018, through December 31, 2018.

The ACHD has determined that United States Steel is in violation of Article XXI, § 2102.03.c and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0052-I011.

By this Order, the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding pushing or combustion stacks (as determined by a continuous opacity monitoring system), or soaking on Batteries 1, 2, and 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgment. By this Order, the Department also is not taking any action specifically regarding any alleged failures or exceedances caused by or associated with the fire which occurred on or about December 24, 2018.

Summaries of the violations are enclosed with this Order as "Exhibit A" and "Exhibit B".

The violations observed by the Department's Coke Oven Process Technicians and Method 303 contractor at your US Steel Clairton Works involve the following:

- Excessive visible emissions from the charging of coke ovens at Batteries 2, 3, 14, 15, and B and in violation of §2105.21.a of Article XXI, and at Battery C insofar

Mr. Michael S. Rhoads, Plant Manager
 USS Corporation – Clairton Works
 Order No. 190305

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as it operated violation of V.A.1.b of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$200,450.00;

- Excessive visible emissions from the door areas at Batteries 1, 2, 14, 15, and B in violation of §2105.21.b of Article XXI, and at Battery C insofar as it operated in violation of V.A.1.c of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$33,330.00;
- Excessive visible emissions from the door areas at Batteries 1, 2, 3, 13, 14, 15, 19, 20, B in violation of §2105.21.b.4 (40% opacity std.) of Article XXI, and at Battery C insofar as it operated in violation of V.A.1.d (30% opacity std.) of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$238,752.00;
- Excessive visible emissions from the charging ports at Batteries 2, 13, 14, and 15 in violation of §2105.21.c of Article XXI; and at Battery C insofar as it operated in violation of V.A.1.e of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$56,154.00;
- Excessive visible emissions from the offtake piping at Batteries 1, 2, 14, 15, 19, 20, and B in violation of §2105.21.d of Article XXI. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$53,090.00; and
- Excessive visible emissions from soaking at Batteries 13, 14, 15, 19, 20, and B in violation of §2105.21.i of Article XXI, and at Battery C insofar as it operated in violation of V.A.1.g of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$125,792.00.

§ 2102.03 Permits Generally

c. Conditions

It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §§ 2109.03.a.1 and the Local Health Administration Law, 19 P.S. § 12010, it is hereby **ORDERED** that within thirty (30) days of receipt of this Order, United States Steel shall pay an assessed civil penalty of **\$707,568.00** for violations of Article XXI § 2102.03. Payment shall be

Mr. Michael S. Rhoads, Plant Manager
USS Corporation – Clairton Works
Order No. 190305

Page 3 of 3

made by corporate check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201

Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.

In the event that a civil penalty has been imposed, the ACHD has determined the above penalty in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel compliance history.

Pursuant to Article XI (“Hearings and Appeals”) of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order you have thirty (30) days in which to file an appeal from the receipt of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of the ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final.

Please be aware that if you wish to appeal this Order and the ACHD has imposed a civil penalty, you are required within 30 days of receipt of this Order to either forward the penalty amount to the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI, §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <http://www.achd.net/regs.html>.

Thank you for your anticipated prompt attention to this matter and future increased efforts to comply with all applicable regulations. Any questions concerning this Order should be directed to the ACHD’s representatives, William Clark, at 412-578-8136 or e-mail bill.clark@alleghenycounty.us.

DONE and ENTERED this 29th day of March, 2019, in Allegheny County, Pennsylvania.



Jayme Graham
Air Quality Program Manager

3/29/2019
Date

United States Steel - Clairton Plant
3rd Quarter 2018 - #190305

"Exhibit A"

page 1 of 3

CHARGING

Date	Battery	Seconds	ACHD or Keramida	H, M, or L	Severity value	Severity
5-Jul	B	121	Keramida	not indicated, L	2.18	MAJOR
6-Jul	2	83.5	Keramida	not indicated, L	1.11	LOW
9-Jul	2	135	ACHD	H	1.79	MAJOR
10-Jul	B	118.5	Keramida	not indicated, L	2.14	MAJOR
11-Jul	14	68	ACHD	M	1.23	MODERATE
18-Jul	14	128	ACHD	M	2.31	MAJOR
23-Jul	B	86	ACHD	M	1.55	MAJOR
25-Jul	14	102.5	Keramida	not indicated, L	1.85	MAJOR
26-Jul	C	61	ACHD	M	1.10	LOW
3-Aug	B	76	ACHD	M	1.37	MODERATE
3-Aug	14	99	ACHD	H	1.78	MAJOR
14-Aug	B	59	Keramida	not indicated, L	1.06	LOW
15-Aug	C	93	ACHD	H	1.68	MAJOR
15-Aug	C	84.5	Keramida	not indicated, L	1.52	MAJOR
17-Aug	B	64	ACHD	M	1.15	LOW
20-Aug	15	89	Keramida	not indicated, L	1.60	MAJOR
23-Aug	B	78	ACHD	not indicated, L	1.41	MODERATE
27-Aug	14	86	Keramida	not indicated, L	1.55	MAJOR
7-Sep	14	148	Keramida	not indicated, L	2.67	MAJOR
12-Sep	C	114	ACHD	M	2.05	MAJOR
14-Sep	14	109	Keramida	not indicated, L	1.96	MAJOR
14-Sep	B	335.5	Keramida	not indicated, L	6.05	MAJOR
25-Sep	C	115	ACHD	M	2.07	MAJOR
26-Sep	2	203	ACHD	H	2.69	MAJOR

Count: 24

* No penalty because at least 1 charge from the same oven was observed on both inspections.

DOORS

Date	Battery	Percent Leaking	ACHD or Keramida	H, M, or L	Severity value	Severity
7-Jul	15	5.17%	Keramida	not indicated L	1.03	LOW
12-Jul	B	26.23%	ACHD	H	5.24	MAJOR
31-Jul	1	12.50%	ACHD	M	1.56	MAJOR
31-Jul	2	9.57%	ACHD	H	1.20	LOW
19-Aug	14	7.63%	Keramida	not indicated L	1.53	MAJOR
20-Sep	14	9.48%	Keramida	not indicated L	1.90	MAJOR

Count: 6

DOORS >40% (30% for Battery C)

Date	Battery	Oven #	Time Observed	Opacity (%)	H, M, or L	Severity value	Severity
3-Jul	15	B17	916	70	H	1.56	MAJOR
3-Jul	15	B15	916	60	H	1.33	MODERATE
3-Jul	15	B19	926	90	H	2.00	MAJOR
12-Jul	B	A19	746	75	H	1.67	MAJOR
12-Jul	B	A33	747	50	L	1.11	LOW
12-Jul	B	A35	747	70	H	1.56	MAJOR
12-Jul	B	A37	749	70	H	1.56	MAJOR
12-Jul	B	B1	749	60	H	1.33	MODERATE
12-Jul	B	B5	750	90	H	2.00	MAJOR
12-Jul	B	B7	751	80	H	1.78	MAJOR
13-Jul	B	B27	947	80	H	1.78	MAJOR
16-Jul	1	A1	843	70	H	1.56	MAJOR
16-Jul	1	C2	847	45	L	1.00	LOW
18-Jul	14	B8	916	50	M	1.11	LOW
18-Jul	14	B23	928	100	H	2.22	MAJOR
19-Jul	13	B7	857	90	H	2.00	MAJOR

United States Steel - Clairton Plant
3rd Quarter 2018 - #190305

"Exhibit A"

page 2 of 3

23-Jul	15	B24	1024	65	H	1.44	MODERATE
23-Jul	15	B30	1034	75	H	1.67	MAJOR
25-Jul	13	A7	922	80	H	1.78	MAJOR
26-Jul	C	C64	1118	75	H	2.14	MAJOR
27-Jul	20	C28	1155	50	M	1.11	LOW
30-Jul	2	B27	1026	75	H	1.67	MAJOR
31-Jul	1	B23	725	80	H	1.78	MAJOR
31-Jul	1	B14	727	50	L	1.11	LOW
31-Jul	1	B10	727	50	L	1.11	LOW
31-Jul	1	B9	727	50	M	1.11	LOW
31-Jul	2	B1	732	50	M	1.11	LOW
31-Jul	2	A30	733	90	H	2.00	MAJOR
31-Jul	2	A28	733	60	M	1.33	MODERATE
31-Jul	2	A17	734	70	M	1.56	MAJOR
31-Jul	2	A3	735	75	L	1.67	MAJOR
31-Jul	2	B6	745	45	M	1.00	LOW
31-Jul	2	B7	745	45	M	1.00	LOW
3-Aug	B	A38	804	50	M	1.11	LOW
13-Aug	1	A26	807	45	L	1.00	LOW
13-Aug	1	B19	809	45	L	1.00	LOW
13-Aug	2	A23	801	45	L	1.00	LOW
13-Aug	2	B12	802	60	M	1.33	MODERATE
13-Aug	2	B20	802	70	M	1.56	MAJOR
13-Aug	2	B30	803	90	H	2.00	MAJOR
13-Aug	2	C1	804	80	H	1.78	MAJOR
13-Aug	3	C2	753	70	M	1.56	MAJOR
14-Aug	20	C22	1038	55	M	1.22	MODERATE
15-Aug	C	C57	1019	60	L	1.71	MAJOR
16-Aug	C	C29	1225	45	H	1.29	MODERATE
16-Aug	C	C28	1225	100	L	2.86	MAJOR
17-Aug	2	A12	815	80	H	1.78	MAJOR
17-Aug	3	A12	835	50	L	1.11	LOW
17-Aug	3	A4	810	80	H	1.78	MAJOR
17-Aug	3	A6	811	50	H	1.11	LOW
17-Aug	3	A8	812	50	H	1.11	LOW
17-Aug	3	A12	813	90	H	2.00	MAJOR
17-Aug	3	A8	803	70	H	1.56	MAJOR
17-Aug	3	A4	803	50	H	1.11	LOW
23-Aug	15	B9	1051	60	M	1.33	MODERATE
27-Aug	15	A15	851	60	M	1.33	MODERATE
27-Aug	15	A9	900	50	M	1.11	LOW
28-Aug	1	B22	725	100	H	2.22	MAJOR
29-Aug	14	A18	729	75	M	1.67	MAJOR
4-Sep	3	A25	1134	45	L	1.00	LOW
7-Sep	20	C25	938	45	L	1.00	LOW
7-Sep	20	C26	938	45	L	1.00	LOW
7-Sep	19	A18	1055	75	H	1.67	MAJOR
11-Sep	15	B27	755	100	H	2.22	MAJOR
11-Sep	15	B25	755	90	H	2.00	MAJOR
11-Sep	15	B29	755	100	H	2.22	MAJOR
18-Sep	C	C68	1209	85	H	2.43	MAJOR
19-Sep	1	B10	745	75	H	1.67	MAJOR
24-Sep	19	A29	943	70	H	1.56	MAJOR

Count: 69

OFFTAKES

Date	Battery	Percent Leaking	ACHD or Keramida	H, M, or L	Severity value	Severity
18-Jul	2	6.25%	Keramida	not indicated L	1.25	MODERATE
18-Jul	14	4.46%	ACHD	not indicated L	1.12	LOW
24-Aug	1	6.35%	Keramida	not indicated L	1.27	MODERATE

United States Steel - Clairton Plant
3rd Quarter 2018 - #190305

"Exhibit A"

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27-Aug	15	4.46%	ACHD	L	1.12	LOW
27-Aug	15	4.31%	ACHD	L	1.08	LOW
28-Aug	2	7.76%	ACHD	M	1.55	MAJOR
5-Sep	20	4.76%	Keramida	not indicated L	1.19	LOW
12-Sep	15	5.36%	ACHD	not indicated L	1.34	MODERATE
16-Sep	19	6.41%	Keramida	not indicated L	1.28	MODERATE
16-Sep	20	12.65%	Keramida	not indicated L	3.16	MAJOR

Count: 10

LIDS

Date	Battery	Percent Leaking	ACHD or Keramida	H, M, or L	Severity value	Severity
11-Jul	14	3.64%	ACHD	not indicated L	3.64	MAJOR
19-Jul	13	2.63%	ACHD	L	2.63	MAJOR
30-Jul	C	1.00%	ACHD	not indicated L	1.67	MAJOR
15-Aug	C	0.99%	ACHD	L	1.65	MAJOR
24-Aug	C	2.47%	Keramida	not indicated L	4.12	MAJOR

Count: 5

SOAKING

Date	Battery	Oven #	Time Observed	Pusher/Coke (side)	Max. Non-flame	H, M, or L	Severity
30-Jul	C	C60	745	P	45	M	MODERATE
6-Aug	B	A20	900	C	60	not indicated L	MODERATE
27-Aug	15	A13	731	P	50	M	MODERATE
27-Aug	15	A17	814	P	70	M	MAJOR
27-Aug	15	A17	802	C	100	H	MAJOR
7-Sep	13	A1	859	P	65	M	MAJOR
7-Sep	13	A1	859	C	65	M	MAJOR
7-Sep	13	A31	859	P	100	H	MAJOR
7-Sep	13	A5	859	C	75	M	MAJOR
17-Sep	14	A4	745	C	60	L	MODERATE
17-Sep	19	C16	820	P	30	L	LOW
18-Sep	C	C62	908	P	70	M	MAJOR
20-Sep	13	A20	948	C	35	M	LOW
25-Sep	15	B1	739	P	100	H	MAJOR
28-Sep	13	A9	848	C	35	L	LOW

Count: 15

Note: By this letter the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding soaking on Batteries 1, 2, & 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgement.

United States Steel - Clairton Plant
4th Quarter 2018 - #190305

"Exhibit B"

page 1 of 2

CHARGING

Date	Battery	Seconds	ACHD or Keramida	H, M, or L	Severity Value	Severity	Exceed.
1-Oct	C	102	ACHD	H	1.84	MAJOR	H2S
2-Oct	2	236.5	Keramida	not indicated L	3.13	MAJOR	***
16-Oct	3	98	ACHD	H	1.30	MODERATE	***
16-Oct	C	91	ACHD	M	1.64	MAJOR	***
18-Oct	C	137	Keramida	not indicated L	2.47	MAJOR	***
18-Oct	C	67	ACHD	L	1.21	MODERATE	***
25-Oct	C	271	Keramida	not indicated L	4.88	MAJOR	***
26-Oct	C	70	ACHD	L	1.26	MODERATE	***
7-Nov	B	74	ACHD	L	1.33	MODERATE	***
21-Nov	B	85	ACHD	H	1.13	LOW	***
26-Nov	B	90	ACHD	M	1.62	MAJOR	***
28-Nov	C	137	ACHD	H	2.47	MAJOR	***
3-Dec	B	79	ACHD	M	1.42	MODERATE	***
3-Dec	C	60	ACHD	L	1.08	LOW	***
12-Dec	14	232.5	Keramida	not indicated L	4.19	MAJOR	***
20-Dec	C	225	ACHD	H	4.05	MAJOR	***

Count: 16

* No penalty because at least 1 charge from the same oven was observed on both inspections.

DOORS

Date	Battery	Percent	ACHD or Keramida	H, M, or L	Severity Value	Column1	Exceed.
16-Oct	C	3.61%	ACHD	not indicated L	1.20	MODERATE	***

Count: 1

DOORS >40% (30% for Battery C)

Date	Battery	Oven #	Time Observed	Opacity (%)	H, M, or L	Severity Value	Severity	Exceed.
1-Oct	C	C58	946	70	H	2.00	MAJOR	***
2-Oct	14	A18	1044	50	L	1.11	LOW	***
5-Oct	20	B20	1001	65	H	1.44	MODERATE	***
9-Oct	15	A14	1016	80	H	1.78	MAJOR	***
9-Oct	3	B12	1209	65	M	1.44	MODERATE	***
11-Oct	2	A13	1126	60	M	1.33	MODERATE	***
15-Oct	2	B29	1052	70	H	1.56	MAJOR	***
16-Oct	3	A11	817	45	L	1.00	LOW	***
16-Oct	3	B3	811	50	L	1.11	LOW	***
16-Oct	1	C2	1107	70	H	1.56	MAJOR	***
16-Oct	C	C19	1141	85	H	2.43	MAJOR	***
16-Oct	C	C14	1129	90	H	2.57	MAJOR	***
16-Oct	C	C52	1133	45	M	1.29	MODERATE	***
18-Oct	14	A31	1114	55	L	1.22	MODERATE	***
19-Oct	13	A31	948	70	M	1.56	MAJOR	***
29-Oct	B	A9	1038	65	M	1.44	MODERATE	***
6-Nov	20	C6	1023	50	L	1.11	LOW	***
9-Nov	2	A28	1141	50	L	1.11	LOW	***
19-Nov	1	B13	841	70	H	1.56	MAJOR	***
23-Nov	13	B18	855	70	H	1.56	MAJOR	***
27-Nov	2	A16	1149	50	M	1.11	LOW	***
27-Nov	2	A18	1212	60	M	1.33	MODERATE	***
27-Nov	1	A27	1154	45	L	1.00	LOW	***
27-Nov	1	A31	1156	45	L	1.00	LOW	***
27-Nov	1	B2	1157	50	M	1.11	LOW	***
11-Dec	19	A12	938	50	L	1.11	LOW	***
13-Dec	3	A11	759	50	not indicated L	1.11	LOW	H2S, PM2.5
19-Dec	19	C12	1122	50	M	1.11	LOW	H2S

Count: 28

OFFTAKES

United States Steel - Clairton Plant
4th Quarter 2018 - #190305

"Exhibit B"

page 2 of 2

Date	Battery	Percent Leaking	ACHD or Keramida	H, M, or L	Severity Value	Severity	Exceed.
1-Oct	B	4.29%	Keramida	H	1.07	LOW	***
8-Oct	15	4.55%	Keramida	L	1.14	LOW	***
12-Oct	14	4.31%	Keramida	M	1.08	LOW	***
18-Oct	20	4.32%	Keramida	H	1.08	LOW	***
25-Oct	14	6.78%	ACHD	M	1.69	MAJOR	***
26-Oct	14	4.39%	Keramida	M	1.10	LOW	***
6-Nov	19	6.49%	Keramida	L	1.30	MODERATE	***
31-Dec	1	5.47%	Keramida	L	1.09	LOW	***

Count: 8

LIDS

Date	Battery	Percent	ACHD or Keramida	H, M, or L	Severity Value	Severity	Exceed.
4-Oct	C	1.73%	Keramida	M	2.88	MAJOR	***
10-Oct	C	2.22%	Keramida	L	3.70	MAJOR	***
11-Oct	2	2.83%	ACHD	L	1.42	MODERATE	***
17-Nov	14	3.18%	Keramida	L	3.18	MAJOR	***
10-Dec	14	1.34%	Keramida	M	1.34	MODERATE	***
11-Dec	15	1.32%	Keramida	L	1.32	MODERATE	***

Count: 6

SOAKING

Date	Battery	Oven #	Time Observed	Pusher/Coke (side)	Max. Non-flame Opacity (%)	H, M, or L	Severity	Exceed.
9-Oct	15	A8	806	C	100	H	MAJOR	***
25-Oct	14	B14	742	P	60	M	MODERATE	***
25-Oct	14	B16	802	C	100	H	MAJOR	***
26-Oct	C	C67	761	P	60	M	MODERATE	***
29-Oct	13	A1	854	P	25	L	LOW	***
29-Oct	13	A1	854	C	30	M	LOW	***
30-Oct	15	A5	931	P	40	L	MODERATE	***
20-Nov	20	B20	845	C	50	M	MODERATE	***
26-Nov	C	C45	804	P	75	H	MAJOR	***
26-Nov	C	C47	842	P	75	H	MAJOR	***
26-Nov	C	C49	952	P	55	M	MODERATE	***
27-Nov	14	B4	749	P	60	M	MODERATE	***
27-Nov	14	B6	751	P	70	H	MAJOR	***
10-Dec	14	B16	938	P	30	L	LOW	***
10-Dec	14	B18	946	C	90	H	MAJOR	***
13-Dec	20	B17	826	P	30	not indicated L	LOW	H2S, PM2.5

Count: 16

Note: By this letter the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding soaking on Batteries 1, 2, & 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgement.

**BEFORE THE HEARING OFFICER FOR THE
ALLEGHENY COUNTY HEALTH DEPARTMENT
542 4TH AVENUE
PITTSBURGH, PENNSYLVANIA 15219**

UNITED STATES STEEL)	
CORPORATION, a Delaware corporation,)	
)	
Appellant,)	
)	
v.)	Appeal of Enforcement Order
)	#190305
ALLEGHENY COUNTY HEALTH)	
DEPARTMENT, Air Quality Program,)	
)	
Appellee.)	

CERTIFICATE OF SERVICE

I hereby certify that on the 25th day of April, 2019, a true and correct copy of the foregoing Notice of Appeal was served via hand delivery and addressed as follows:

Karen Hacker
Office of the Director
Allegheny County Health Department
542 Fourth Avenue
Pittsburgh, PA 15219

The following individuals were served by electronic mail:

Max Slater, Esq.
Administrative Hearing Officer
Allegheny County Health Department
542 Fourth Avenue
Pittsburgh, PA 15219
max.slater@alleghenycounty.us

Jason K. Willis, Esq.
Assistant Solicitor
Allegheny County Health Department
301 39th Street, Bldg. No. 7
Pittsburgh, PA 15201
jason.willis@alleghenycounty.us

Respectfully submitted,

/s/ Michael H. Winek

Michael H. Winek, Esq.
Counsel for United States Steel Corporation

COUNTY OF



ALLEGHENY

May 10, 2019

Michael Rhodes
United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

RE: Enforcement Order #190501 – United States Steel Corporation, Clairton Works, 400 State Street, Clairton, PA 15025, various provisions of Article XXI and Installation Permit #0052-I011b, during the first quarter, January 1, 2019, through March 30, 2019.

Dear Mr. Rhodes,

Please find enclosed a copy of the Enforcement Order pertaining to the coke oven batteries at USS Clairton Works. Also attached is an "Important Notice" for you to review.

Thank you for your anticipated prompt attention to this matter and future increased efforts to comply with all applicable regulations. Any questions concerning this Order should be directed to the ACHD's representative, William U. Clark at 412-578-8136 or e-mail at bill.clark@alleghenycounty.us.

Sincerely,

Dean DeLuca
Air Quality Enforcement Section Chief

CC: Wm. U. Clark, Air Quality Engineer (via email)
File



KAREN HACKER, MD, MPH, DIRECTOR
ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM
301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243) • WWW.ACHD.NET



To: Michael Rhodes
United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Re: May 10, 2019 Enforcement Order

IMPORTANT NOTICE

An Enforcement Order dated May 10, 2019, was mailed to you by the Allegheny County Health Department (ACHD) notifying of the possibility that a Civil Penalty will be levied by virtue of your failure to take certain action.

If you fail to take action pursuant to said enforcement order, a judgment may be entered against you in the Court of Common Pleas of Allegheny County. The sheriff may take your money or other property to pay the judgment any time after the judgment is entered.

YOU ARE WARNED THAT IF YOU FAIL TO CORRECT VIOLATIONS AND/OR PAY FINES OR PENALTIES LEVIED AGAINST YOU IN THE ENFORCEMENT ORDER THAT THE ALLEGHENY COUNTY HEALTH DEPARTMENT MAY PROCEED WITHOUT YOU AND A JUDGMENT MAY BE ENTERED AGAINST YOU WITHOUT FURTHER NOTICE. YOU MAY LOSE MONEY OR PROPERTY OR OTHER RIGHTS IMPORTANT TO YOU.

Allegheny County Health Department
Air Quality Program
301 39th Street, Building #7
Pittsburgh, PA 15201-1811

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 190501

Violations of Article XXI ("Air
Pollution Control") at property:

United States Steel
Corporation – Clairton Plant

ENFORCEMENT ORDER

NOW, this 10th day of May, 2019, the Allegheny County Health Department (hereinafter "ACHD" or the "Department") issues this Enforcement Order after having found and determined the following:

FINDINGS

This Enforcement Order addresses the violations, observed by the Department's Coke Oven Process Technicians and Method 303 contractor, of various provisions of Article XXI, Rules and Regulations of the Allegheny County Health Department, Air Pollution Control ("Article XXI") and Installation Permit #0052-I011b, at your company's Clairton Works, during the first quarter of 2019, January 1, 2019, through March 31, 2019.

The ACHD has determined that United States Steel is in violation of Article XXI, § 2102.03.c and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0052-I011b.

By this Order, the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding pushing or combustion stacks (as determined by a continuous opacity monitoring system), or soaking on Batteries 1, 2, and 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgment. By this Order, the Department also is not taking any action specifically regarding any alleged failures or exceedances caused by or associated with the fire which occurred on or about December 24, 2018.

Summaries of the violations are enclosed with this Order as "Exhibit A".

The violations observed by the Department's Coke Oven Process Technicians and Method 303 contractor at your US Steel Clairton Works involve the following:

- Excessive visible emissions from the charging of coke ovens at Batteries 14, 15, and B in violation of §2105.21.a of Article XXI, and at Battery C insofar as it

operated violation of V.A.1.b of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$58,038.00;

- Excessive visible emissions from the door areas at Battery C insofar as it operated in violation of V.A.1.c of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$6,766.00;
- Excessive visible emissions from the door areas at Batteries 1, 2, 3, 13, 15, 19, and B in violation of §2105.21.b.4 (40% opacity std.) of Article XXI, and at Battery C insofar as it operated in violation of V.A.1.d (30% opacity std.) of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$69,240.00;
- Excessive visible emissions from the charging ports at Batteries 15 and B in violation of §2105.21.c of Article XXI. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$12,818.00;
- Excessive visible emissions from the offtake piping at Batteries 2, 3, 13, 14, 15, and 19 in violation of §2105.21.d of Article XXI; and at Battery C insofar as it operated in violation of V.A.1.f of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$34,102.00; and
- Excessive visible emissions from soaking at Batteries 13, 14, 15, 19, 20, and B in violation of §2105.21.i of Article XXI, and at Battery C insofar as it operated in violation of V.A.1.g of Installation Permit #0052-I011b. As a consequence of these violations, the Department has assessed a civil penalty in the amount of \$156,706.00.

§ 2102.03 Permits Generally

c. Conditions

It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI § 2109.03.a.1 and the Local Health Administration Law, 19 P.S. § 12010, it is hereby **ORDERED** that within thirty (30) days of receipt of this Order, United States Steel shall pay an assessed civil penalty of **\$337,670.00** for violations of Article XXI § 2102.03. Payment shall be

Mr. Michael S. Rhoads, Plant Manager
USS Corporation – Clairton Works
Order No. 190501

Page 3 of 3

made by corporate check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201

Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.


In the event that a civil penalty has been imposed, the ACHD has determined the above penalty in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel compliance history.

Pursuant to Article XI (“Hearings and Appeals”) of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order you have thirty (30) days in which to file an appeal from the receipt of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of the ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final.

Please be aware that if you wish to appeal this Order and the ACHD has imposed a civil penalty, you are required within 30 days of receipt of this Order to either forward the penalty amount to the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI, §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <http://www.achd.net/regs.html>.

Thank you for your anticipated prompt attention to this matter and future increased efforts to comply with all applicable regulations. Any questions concerning this Order should be directed to the ACHD’s representatives, William Clark, at 412-578-8136 or e-mail bill.clark@alleghenycounty.us.

DONE and ENTERED this 10th day of May, 2019, in Allegheny County, Pennsylvania.



Jayme Graham
Air Quality Program Manager

5/10/2019
Date

CHARGING

Date	Battery	Seconds	ACHD or Keramida	H, M, or L	Severity Value	Severity
24-Jan	C	104	ACHD	M	1.87	MAJOR
30-Jan	B	115	Keramida	not indicated L	2.07	MAJOR
4-Feb	14	123.5	Keramida	not indicated L	2.23	MAJOR
4-Feb	B	278	ACHD	M	5.01	MAJOR
7-Feb	C	156	ACHD	L	2.81	MAJOR
8-Feb	B	98	ACHD	M	1.77	MAJOR
11-Feb	15	69	ACHD	L	1.24	MODERATE
13-Feb	B	73.5	Keramida	not indicated L	1.32	MODERATE
25-Feb	C	60	ACHD	L	1.08	LOW
5-Mar	B	172	ACHD	H	3.10	MAJOR
8-Mar	B	151	ACHD	M	2.72	MAJOR
19-Mar	C	126	ACHD	M	2.27	MAJOR
25-Mar	C	75	ACHD	L	1.35	MODERATE
29-Mar	C	67	ACHD	L	1.21	MODERATE

Count: 14

* No penalty because at least 1 charge from the same oven was observed on both inspections.

DOORS

Date	Battery	Percent	ACHD or Keramida	H, M, or L	Severity Value	Severity
28-Jan	C	5.10%	Keramida	L	1.70	MAJOR
19-Mar	C	3.01%	ACHD	L	1.00	LOW

Count: 2

DOORS >40% (30% for Battery C)

Date	Battery	Oven #	Time Observed	Opacity (%)	H, M, or L	Severity Value	Severity
3-Jan	2	B15	804	50	L	1.11	LOW
3-Jan	2	B11	805	55	L	1.22	MODERATE
14-Jan	19	B4	1038	50	L	1.11	LOW
18-Jan	C	C80	1020	80	H	2.29	MAJOR
22-Jan	1	B24	1336	50	M	1.11	LOW
24-Jan	C	C10	1102	50	M	1.43	MODERATE
24-Jan	C	C69	1104	50	M	1.43	MODERATE
25-Jan	19	C15	1059	75	M	1.67	MAJOR
25-Jan	19	A18	1043	75	L	1.67	MAJOR
4-Feb	B	A12	1306	45	L	1.00	LOW
13-Feb	15	A27	1041	45	L	1.00	LOW
13-Feb	C	C75	1114	50	M	1.43	MODERATE
14-Feb	3	B11	740	60	H	1.33	MODERATE
14-Feb	3	B7	740	90	H	2.00	MAJOR
19-Feb	3	B1	1054	50	M	1.11	LOW
21-Feb	C	C11	922	50	M	1.43	MODERATE
21-Feb	C	C20	935	35	L	1.00	LOW
25-Feb	C	C29	1041	70	M	2.00	MAJOR
5-Mar	1	B8	1050	70	M	1.56	MAJOR
11-Mar	1	C2	1040	80	H	1.78	MAJOR
12-Mar	2	B29	919	70	L	1.56	MAJOR
12-Mar	2	B31	919	70	L	1.56	MAJOR
15-Mar	1	B2	749	70	M	1.56	MAJOR
18-Mar	13	A15	741	80	H	1.78	MAJOR
19-Mar	C	C3	1007	50	L	1.43	MODERATE
19-Mar	C	C4	1007	50	L	1.43	MODERATE
19-Mar	C	C5	1008	50	L	1.43	MODERATE
29-Mar	C	C84	1138	40	L	1.14	LOW
29-Mar	C	C13	1140	100	H	2.86	MAJOR

Count: 29

OFFTAKES

Date	Battery	Percent Leaking	ACHD or Keramida	H, M, or L	Severity Value	Severity
5-Jan	C	3.75%	Keramida	H	1.25	MODERATE
15-Jan	15	5.36%	Keramida	L	1.34	MODERATE
17-Jan	3	5.08%	Keramida	L	1.02	LOW
17-Jan	14	5.36%	Keramida	L	1.34	MODERATE
21-Jan	2	5.66%	Keramida	L	1.13	LOW
23-Jan	13	6.90%	Keramida	L	1.72	MAJOR
4-Feb	14	5.26%	Keramida	L	1.31	MODERATE
27-Feb	19	5.06%	Keramida	L	1.01	LOW
13-Mar	14	7.02%	ACHD	L	1.75	MAJOR

27-Mar	2	5.56%	Keramida	L	1.11	LOW
27-Mar	15	4.31%	ACHD	L	1.08	LOW
27-Mar	14	12.50%	ACHD	M	3.12	MAJOR

Count: 12

LIDS

Date	Battery	Percent	ACHD or Keramida	H, M, or L	Severity Value	Severity
8-Jan	B	2.08%	Keramida	L	2.08	MAJOR
23-Jan	15	1.23%	Keramida	L	1.23	MODERATE
4-Feb	B	1.79%	ACHD	L	1.79	MAJOR

Count: 3

SOAKING

Date	Battery	Oven #	Time Observed	Pusher/Coke (side)	Max. Non-flame Opacity (%)	H, M, or L	Severity
2-Jan	14	A23	842	C	30	L	LOW
2-Jan	14	A25	842	P	75	M	MAJOR
2-Jan	14	A27	861	C	30	L	LOW
4-Jan	13	A31	915	P	40	L	MODERATE
4-Jan	13	A31	915	C	100	H	MAJOR
4-Jan	13	A29	859	P	100	H	MAJOR
4-Jan	13	A29	858	C	35	L	LOW
7-Jan	15	B16	841	P	40	L	MODERATE
7-Jan	15	B16	841	C	50	L	MODERATE
7-Jan	15	B22	915	P	60	M	MODERATE
7-Jan	15	B22	915	C	100	H	MAJOR
10-Jan	13	A10	836	P	30	L	LOW
10-Jan	13	A10	836	C	80	M	MAJOR
10-Jan	13	A12	854	C	75	H	MAJOR
10-Jan	13	A14	921	P	80	M	MAJOR
10-Jan	13	A14	921	C	35	L	LOW
11-Jan	B	A28	850	C	50	M	MODERATE
17-Jan	14	A10	827	C	50	M	MODERATE
17-Jan	14	A16	860	P	60	M	MODERATE
23-Jan	13	A29	856	C	75	H	MAJOR
25-Jan	19	C11	904	P	40	L	MODERATE
28-Jan	20	A29	1052	C	30	L	LOW
29-Jan	14	B2	845	P	75	M	MAJOR
4-Feb	B	A4	913	P	25	L	LOW
4-Feb	B	A6	1022	P	50	M	MODERATE
4-Feb	B	A6	1022	C	50	M	MODERATE
6-Feb	13	A8	849	P	40	L	MODERATE
12-Feb	20	B29	934	C	60	L	MODERATE
13-Feb	15	B2	904	P	100	H	MAJOR
20-Feb	20	A10	825	C	25	L	LOW
21-Feb	20	C7	740	C	100	H	MAJOR
26-Feb	13	A10	1008	C	50	L	MODERATE
26-Feb	13	A14	1139	C	40	L	MODERATE
1-Mar	13	A14	958	P	80	L	MAJOR
13-Mar	14	B5	1015	P	50	L	MODERATE
13-Mar	14	B5	1015	C	40	L	MODERATE
18-Mar	13	B6	817	C	70	L	MAJOR
21-Mar	20	A29	746	P	60	L	MODERATE
21-Mar	20	B2	751	P	80	L	MAJOR
21-Mar	20	B2	751	C	50	L	MODERATE
21-Mar	20	B4	752	P	50	L	MODERATE
26-Mar	13	A1	860	P	30	L	LOW
26-Mar	13	A1	860	C	30	L	LOW
26-Mar	13	A3	860	P	40	L	MODERATE
26-Mar	13	A3	860	C	65	M	MAJOR
28-Mar	C	C39	924	P	25	L	LOW
28-Mar	C	C41	941	P	20	L	LOW
29-Mar	C	C9	747	P	50	M	MODERATE
29-Mar	C	C11	836	P	40	L	MODERATE
29-Mar	C	C13	907	P	40	L	MODERATE

Count: 50

Note: By this letter the Department is not taking any action specifically regarding any alleged failures to meet any requirements regarding soaking on Batteries 1, 2, & 3. Such actions are taken separately through provisions of the March 24, 2016 Consent Judgement.

COUNTY OF



ALLEGHENY

December 20, 2019

CERTIFIED MAIL -- 9489 0090 0027 6037 9427 60

Michael Rhoads
United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

RE: Enforcement Order #191201 – 400 State Street, Clairton, PA 15025 – Article XXI, § 2102.03.c – Permits Generally.

Dear Mr. Rhoads:

Please find enclosed an Enforcement Order pertaining to the Battery 13 Combustion Stack Test reports ACHD received January 27, 2019, June 27, 2019, and August 21, 2019. Also enclosed is an "Important Notice" for you to review.

If you have any questions, please contact Shannon Sandberg, ACHD Air Quality Acting Enforcement Section Chief, at 412-578-7969 or by email at: Shannon.Sandberg@AlleghenyCounty.us. Thank you for your anticipated prompt attention to this matter.

Sincerely,

Shannon Sandberg
ACHD Air Quality Acting Enforcement Section Chief

cc: Dean DeLuca, Air Quality Program Manager



**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243) • WWW.ACHD.NET



To: Michael Rhoads
United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Re: **December 20, 2019 Enforcement Order**

IMPORTANT NOTICE

An Enforcement Order dated December 20, 2019, was mailed to you by the Allegheny County Health Department (ACHD) notifying of the possibility that a Civil Penalty will be levied by virtue of your failure to take certain action.

If you fail to take action pursuant to said enforcement order, a judgment may be entered against you in the Court of Common Pleas of Allegheny County. The sheriff may take your money or other property to pay the judgment any time after the judgment is entered.

YOU ARE WARNED THAT IF YOU FAIL TO CORRECT VIOLATIONS AND/OR PAY FINES OR PENALTIES LEVIED AGAINST YOU IN THE ENFORCEMENT ORDER THAT THE ALLEGHENY COUNTY HEALTH DEPARTMENT MAY PROCEED WITHOUT YOU AND A JUDGMENT MAY BE ENTERED AGAINST YOU WITHOUT FURTHER NOTICE. YOU MAY LOSE MONEY OR PROPERTY OR OTHER RIGHTS IMPORTANT TO YOU.

Allegheny County Health Department
Air Quality Program
301 39th Street, Building #7
Pittsburgh, PA 15201-1811

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 191201

Violations of Article XXI ("Air
Pollution Control") at property:

United States Steel
Corporation – Clairton Plant

ENFORCEMENT ORDER

NOW, this 20th day of December, 2019, the Allegheny County Health Department (hereinafter "ACHD") issues this Enforcement Order after it has found and determined the following:

1. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. Sections 7401 -7671q (hereinafter "CAA"), and the Pennsylvania Air Pollution Control Act, 35 P.S. Sections 4001-4014 (hereinafter "APCA"), and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County including, but not limited to, the ACHD's Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505, 507 and 535) (hereinafter "Article XXI").

2. After a review of the Battery 13 Combustion Stack test report received from United States Steel Corporation (hereinafter "U.S. Steel") on January 27, 2019, the ACHD determined that U.S. Steel failed their emissions test conducted November 13–14, 2018 for

filterable particulate matter (PM). The result shown in Table 1 is a violation of the emission limit indicated in Operating Permit #0052.

Pollutant	Average Result	Permit Limit
PM	0.022 gr/dscf	0.015 gr/dscf

Table 1

3. On March 25, 2019 an Enforcement Order (Violation No. 190303) was issued requiring a retest and indicating what corrective actions were to be taken to bring Battery 13 Combustion Stack into compliance.

4. A retest of Battery 13 Combustion Stack on April 30, 2019 again indicated failure of the emission limit in Operating Permit #0052. See Table 2 below.

5. Pollutant	Average Result	Permit Limit
PM	0.022 gr/dscf	0.015 gr/dscf

Table 2

6. During a second retest of the Battery 13 Combustion Stack June 27-28, 2019, test results indicated compliance with the emission limit in Operating Permit #0052. See Table 3 below.

Pollutant	Average Result	Permit Limit
PM	0.012 gr/dscf	0.015 gr/dscf

Table 3

7. The ACHD has determined that U.S. Steel was in violation of Article XXI, § 2102.03.c, of the ACHD's Rules and Regulations by failing to meet the compliance limits stated in the applicable ACHD permit. Specifically, U.S. Steel exceeded the gr/dscf limit for particulate matter in Operating Permit #0052, Condition V.C.1.q. Article XXI, § 2102.03.c, reads as follows:

§ 2102.03 Permits Generally**c. Conditions**

It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.

ORDER

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §§ 2109.03.a.1 and the Local Health Administration Law, 19 P.S. § 12010, it is hereby ORDERED that:

8. For the violations set forth in the preceding paragraphs, U.S. Steel, is hereby assessed a civil penalty of TEN THOUSAND FIVE HUNDRED SIXTY DOLLARS (\$10,560.00). The civil penalty is as follows:

A. Gravity Based Component

Violation	Gravity Based Penalty	Violation Counts	Total Gravity Penalty
§ 2102.03 Failed Battery 13 Comb Stack Test PM (November 2018)	\$3,500.00	1	\$3,500.00
§ 2102.03 Failed Battery 13 Comb Stack Test PM (April 2019)	\$1,300.00	1	\$1,300.00
Gravity Component Subtotal			\$4,800.00

B. Adjustment Factors

Compliance History: \$4,800.00
8 Issued violations in last 2 years

Title V Source: \$960.00

TOTAL CIVIL PENALTY	\$10,560.00
----------------------------	--------------------

9. U.S. Steel shall pay the total civil penalty amount within thirty (30) days of receipt of this Order. Payment shall be made by corporate or certified check, or the like, made payable to the "Allegheny County Clean Air Fund", and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201.

10. The ACHD has determined the above civil penalty to be in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel's compliance history.

11. Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.

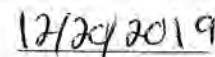
12. Pursuant to Article XI, § 1104.A ("Hearings and Appeals"), of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order, a Notice of Appeal shall be filed no later than thirty (30) days after receipt of written notice or issuance of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of the ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final. Notice of Appeal shall be filed no later than thirty (30) days after receipt of written notice or issuance of the action by which the Appellant is aggrieved.

13. Please be aware that if you wish to appeal this Order, you are required within 30 days of receipt of this Order to either forward the penalty amount to the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI, §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <https://www.alleghenycounty.us/Health-Department/Health-Department-Regulations.aspx>.

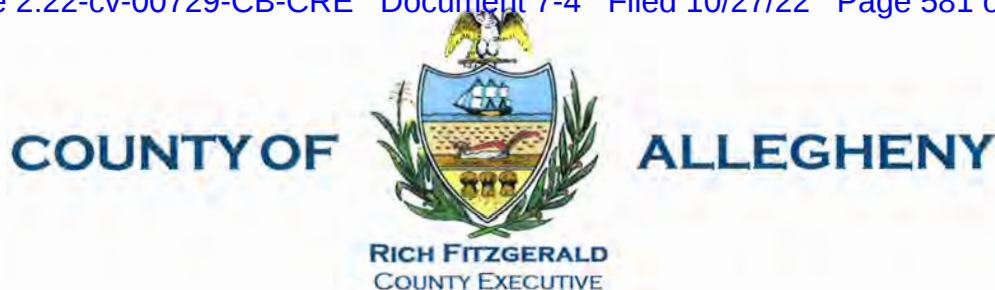
DONE and **ENTERED** this 20th day of December, 2019, in Allegheny County,
Pennsylvania.



Dean DeLuca
Air Quality Program Manager



Date



January 14, 2020

CERTIFIED MAIL - 9489 0090 0027 6037 9427 77

Michael Rhodes
United States Steel Corporation
Clairton Plant
400 State Street
Clairton, PA 15025

RE: United States Steel – Clairton Plant; Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 Section IX. Stipulated Penalties - April 1, 2019 through September 30, 2019 (2nd and 3rd Quarters)

Dear Mr. Rhodes:

The Department is seeking enforcement of stipulated penalties pursuant to Section IX of Settlement Agreement and Order #190604 (SAO). The Department has determined that United States Steel is in violation of Article XXI, § 2102.03.c and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0052-I011b.

The stipulated penalties were calculated pursuant to Section IX, SOA from the violations observed by the Department's Coke Oven Process Technicians and Method 303 contractor, and including data reported by U.S. Steel, at your company's Clairton Plant, during the second and third quarters of 2019, April 1, 2019, through September 30, 2019. The violations and associated penalties are set forth in the attachments.

The Department is claiming **\$743,625.00** in penalties. Pursuant to SOA, V. Civil Penalty Payment, Paragraph A, 90 percent of the stipulated penalties **\$669,262.50** is to be paid to the Community Benefit Trust and 10 percent of the stipulated penalties **\$74,362.50** is to be paid to the Allegheny Clean Air Fund. Payments are to be made within thirty (30) days of receipt of this order. Payment to the Clean Air Fund shall be made by corporate check, or the like, and made payable to the "Allegheny County Clean Air Fund", and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201



**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

301 39TH STREET, CLACK HEALTH CENTER, BUILDING 7
PITTSBURGH, PA 15201-1811

PHONE (412) 578-8103 • FAX (412) 578-8144

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US Steel Corporation

Page 2 of 2

Clairton Plant

SAO #190604

Demand for Stipulated Penalties

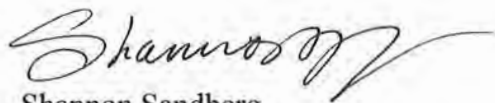
2nd & 3rd Quarters 2019

January 14, 2020

The demand for stipulated penalties in this letter pertains only to the violations listed in the attachments that transpired from April 1, 2019 through September 30, 2019. Also, this letter in no way precludes the Department from issuing demands for other stipulated penalties for other violations which may have occurred from April 1, 2019 through September 30, 2019.

If you have any questions concerning this demand for stipulated penalties, please contact Shannon Sandberg, ACHD Air Quality Acting Enforcement Section Chief, at 412-578-7969 or by email at: Shannon.Sandberg@AlleghenyCounty.us. Thank you for your prompt attention to this matter.

Sincerely,



Shannon Sandberg

ACHD Air Quality Acting Enforcement Chief

cc: Mike Dzurinko (MDzurinko@uss.com)
Jonelle Scheetz (JSScheetz@uss.com)
Nicole Heinichen (NLHeinichen@uss.com)
Dean DeLuca, Air Quality Program Manager
AQ Documents File

Stipulated Penalty Base Amount from #190604
except High Opacity Doors: \$750

\$1,500

CHARGING

Date 2019	Battery	Seconds	ACHD or Keramida	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
1-Apr	C	97	ACHD	1.75	major			\$3,750
10-Apr	14	77.5	Keramida	1.40	moderate			\$2,250
18-Apr	B	79	Keramida	1.42	moderate			\$2,250
24-Apr	C	80	ACHD	1.44	moderate			\$2,250
9-May	B	116	ACHD	2.09	major			\$3,750
13-May	2	102	ACHD	1.35	moderate			\$2,250
13-May	B	106.5	Keramida	1.92	major			\$3,750
15-May	15	108	ACHD	1.95	major			\$3,750
19-May	B	520	Keramida	9.37	major			\$3,750
22-May	B	79.5	Keramida	1.43	moderate			\$2,250
22-May	C	133	ACHD	2.40	major			\$3,750
23-May	B	129	ACHD	2.32	major			\$3,750
28-May	B	72	ACHD	1.30	moderate			\$2,250
11-Jun	B	90	Keramida	1.62	major			\$3,750
11-Jun	C	215	Keramida	3.87	major			\$3,750
12-Jun	15	77	ACHD	1.39	moderate			\$2,250
14-Jun	C	85	ACHD	1.53	major			\$3,750
17-Jun	C	68	ACHD	1.23	moderate			\$2,250
Count:		18					subtotal	\$55,500

* No penalty because at least 1 charge from the same oven was observed on both inspections.

DOORS

Date 2019	Battery	Percent Leaking (%)	ACHD or Keramida	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
1-Apr	C	3.18%	Keramida	1.06	low			\$1,500
24-Apr	C	3.13%	ACHD	1.04	low			\$1,500
22-May	C	3.57%	ACHD	1.19	low			\$1,500
31-May	14	6.48%	Keramida	1.30	moderate			\$2,250
11-Jun	C	5.33%	Keramida	1.78	major			\$3,750
27-Jun	1	8.85%	ACHD	1.11	low			\$1,500
Count:		6					subtotal	\$12,000

DOORS >40% (30% for Battery C) - ACHD

Date 2019	Battery	Oven #	Opacity	Time Observed	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
5-Apr	C	C3	50	1039	1.43	moderate			\$1,125
9-Apr	1	B22	90	1159	2.00	major			\$1,875
9-Apr	1	B24	80	1200	1.78	major	\$250		\$2,125
9-Apr	1	B26	45	1201	1.00	low	\$250		\$1,000
11-Apr	3	A20	50	709	1.11	low			\$750
11-Apr	3	A22	75	709	1.67	major			\$1,875
11-Apr	3	A26	45	1012	1.00	low			\$750
17-Apr	14	B12	50	755	1.11	low			\$750
24-Apr	C	C18	45	740	1.29	moderate			\$1,125
24-Apr	C	C60	100	731	2.86	major			\$1,875
24-Apr	C	C62	100	731	2.86	major			\$1,875
24-Apr	C	C66	50	732	1.43	moderate			\$1,125
1-May	C	C14	65	944	1.86	major			\$1,875
6-May	14	B29	75	1004	1.67	major	\$250		\$2,125
9-May	B	B34	55	714	1.22	moderate			\$1,125
10-May	19	C24	70	853	1.56	major			\$1,875
14-May	1	B9	50	814	1.11	low			\$750
14-May	1	B11	45	815	1.00	low			\$750
15-May	14	B29	50	937	1.11	low			\$750
15-May	14	B28	50	937	1.11	low			\$750
15-May	14	B16	50	938	1.11	low			\$750
15-May	14	A27	45	951	1.00	low	\$250		\$1,000
15-May	15	B11	45	1001	1.00	low			\$750
15-May	15	B5	45	1001	1.00	low			\$750
15-May	15	A14	55	1002	1.22	moderate			\$1,125
22-May	C	C54	70	1211	2.00	major			\$1,875
22-May	C	C60	35	1211	1.00	low			\$750
22-May	13	A20	50	1035	1.11	low			\$750
24-May	2	B11	45	743	1.00	low			\$750
24-May	2	B24	70	728	1.56	major			\$1,875
24-May	2	B16	100	728	2.22	major			\$1,875
24-May	3	B25	80	732	1.78	major			\$1,875
24-May	3	A9	60	735	1.33	moderate			\$1,125
3-Jun	20	A24	60	956	1.33	moderate			\$1,125
4-Jun	B	B33	50	725	1.11	low			\$750
4-Jun	B	B35	60	726	1.33	moderate			\$1,125
5-Jun	14	B9	50	1011	1.11	low			\$750
5-Jun	14	B30	45	1012	1.00	low			\$750
5-Jun	C	C59	80	1126	2.29	major			\$1,875

6-Jun	15	A30	100	1157	2.22	major		\$1,875
6-Jun	15	A28	85	1158	1.89	major		\$1,875
12-Jun	1	B14	50	1017	1.11	low		\$750
12-Jun	1	B22	70	1022	1.56	major		\$1,875
14-Jun	C	C65	100	1018	2.86	major		\$1,875
17-Jun	1	B8	80	1305	1.78	major		\$1,875
21-Jun	3	A25	60	951	1.33	moderate		\$1,125
21-Jun	3	A29	80	953	1.78	major		\$1,875
24-Jun	13	B29	45	755	1.00	low		\$750
24-Jun	20	C25	50	942	1.11	low		\$750
25-Jun	1	B24	50	809	1.11	low		\$750
27-Jun	1	A4	90	745	2.00	major		\$1,875
27-Jun	1	A11	65	745	1.44	moderate		\$1,125
27-Jun	1	B28	100	749	2.22	major		\$1,875
27-Jun	2	A4	75	741	1.67	major		\$1,875
27-Jun	3	A3	45	736	1.00	low		\$750
27-Jun	3	A17	55	738	1.22	moderate		\$1,125
27-Jun	3	A18	70	738	1.56	major		\$1,875
Count:			57				subtotal	\$73,750

OFFTAKES

Date 2019	Battery	Percent Leaking (%)	ACHD or Keramida	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
15-May	15	4.31%	ACHD	1.08	low			\$1,500
1-Jun	15	7.76%	Keramida	1.94	major			\$3,750
6-Jun	20	4.32%	Keramida	1.08	low			\$1,500
14-Jun	C *	6.10%	ACHD	#N/A	#N/A			duplicate *
14-Jun	C	8.64%	Keramida	2.88	major			\$3,750
24-Jun	13	5.08%	ACHD	1.27	moderate			\$2,250
Count:			6				subtotal	\$12,750

* Duplicate inspection on same date

LIDS

Date 2019	Battery	Percent Leaking (%)	ACHD or Keramida	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
18-Apr	C	0.99%	Keramida	1.650	major			\$3,750
25-Apr	B	2.43%	Keramida	2.43	major			\$3,750
22-May	C	0.74%	ACHD	1.23	moderate			\$2,250
Count:			3				subtotal	\$9,750

PUSHING

Date 2019	Battery	Oven	Max Opacity (%)	ACHD or USS	Severity	H2S exceed.	SO2 exceed.	amount
1-Apr	C	C24	70	ACHD	major			\$3,750
1-Apr	C	C26	55	ACHD	moderate			\$2,250
1-Apr	C	C36	50	ACHD	moderate			\$2,250
4-Apr	2	A23	30	USSteel	low	\$250		\$1,750
8-Apr	1	A4	35	ACHD	low			\$1,500
11-Apr	3	B1	40	ACHD	moderate			\$2,250
11-Apr	3	B5	35	ACHD	low			\$1,500
11-Apr	B	A3	60	ACHD	moderate			\$2,250
12-Apr	1	A5	25	ACHD	low			\$1,500
15-Apr	1	B17	70	ACHD	major			\$3,750
16-Apr	B	B34	40	ACHD	moderate			\$2,250
18-Apr	1	A31	30	USSteel	low			\$1,500
22-Apr	3	B09	30	USSteel	low			\$1,500
29-Apr	13	A11	30	ACHD	low			\$1,500
2-May	3	B16	40	ACHD	moderate			\$2,250
2-May	3	B20	25	ACHD	low			\$1,500
6-May	13	A28	50	ACHD	moderate	\$250		\$2,500
6-May	13	B3	25	ACHD	low	\$250		\$1,750
13-May	2	A7	40	ACHD	moderate			\$2,250
13-May	C	C18	50	ACHD	moderate			\$2,250
21-May	19	A25	30	USSteel	low			\$1,500
24-May	1	A06	60	USSteel	moderate			duplicate *
24-May	1	A02	35	USSteel	low			duplicate *
24-May	1	A2	35	ACHD	low			\$1,500
24-May	1	A6	60	ACHD	moderate			\$2,250
26-May	13	A17	20	USSteel	low			\$1,500
26-May	14	B16	30	USSteel	low			\$1,500
28-May	19	B08	30	USSteel	low			\$1,500
28-May	13	A2	60	ACHD	moderate			\$2,250
2-Jun	13	A05	30	USSteel	low			\$1,500
3-Jun	2	A24	30	USSteel	low			\$1,500
4-Jun	14	A16	30	ACHD	low			\$1,500
5-Jun	14	A26	70	ACHD	major			\$3,750
5-Jun	19	B27	100	ACHD	major			\$3,750
6-Jun	1	A14	100	USSteel	major			\$3,750
6-Jun	15	A22	70	ACHD	major			\$3,750
6-Jun	1	A4	65	ACHD	major			\$3,750
10-Jun	13	A8	35	ACHD	low			\$1,500
12-Jun	13	B21	30	USSteel	low			\$1,500

12-Jun	19	B08	30	USSteel	low			\$1,500
19-Jun	13	A01	30	USSteel	low			\$1,500
20-Jun	1	A20	30	USSteel	low			\$1,500
20-Jun	2	B29	25	ACHD	low			\$1,500
Count:		43					subtotal	\$86,250

TRAVEL

Date 2019	Battery	Oven	Max Opacity (%)	ACHD or USS	Severity	H2S exceed.	SO2 exceed.	amount
4-Apr	2	A23	15	USSteel	low	\$250		\$1,750
4-Apr	13	A02	30	USSteel	low	\$250		\$1,750
4-Apr	14	B01	35	USSteel	low	\$250		\$1,750
8-Apr	1	A4	25	ACHD	low			\$1,500
12-Apr	1	A5	25	ACHD	low			\$1,500
14-Apr	1	B31	30	USSteel	low			\$1,500
15-Apr	1	B17	30	ACHD	low			\$1,500
18-Apr	1	A31	20	USSteel	low			\$1,500
22-Apr	3	B09	15	USSteel	low			\$1,500
22-Apr	14	A31	40	ACHD	moderate			\$2,250
22-Apr	14	B8	30	ACHD	low			\$1,500
22-Apr	19	B8	30	ACHD	low			\$1,500
1-May	19	C05	20	USSteel	low			\$1,500
5-May	19	A04	30	USSteel	low			\$1,500
5-May	19	A02	30	USSteel	low			\$1,500
6-May	13	A28	50	ACHD	moderate	\$250		\$2,500
9-May	14	B2	40	ACHD	moderate			\$2,250
9-May	14	B4	55	ACHD	moderate			\$2,250
21-May	19	A25	20	USSteel	low			\$1,500
22-May	14	B03	20	USSteel	low			\$1,500
24-May	1	A08	40	USSteel	moderate			duplicate *
24-May	1	A8	40	ACHD	moderate			\$2,250
24-May	19	A25	20	USSteel	low			duplicate *
24-May	19	A25	20	ACHD	low			\$1,500
26-May	13	A17	15	USSteel	low			\$1,500
26-May	14	B16	20	USSteel	low			\$1,500
28-May	13	A2	50	ACHD	moderate			\$2,250
28-May	19	B08	20	USSteel	low			\$1,500
3-Jun	2	A24	20	USSteel	low			\$1,500
5-Jun	14	A24	25	USSteel	low			\$1,500
5-Jun	14	A26	40	ACHD	moderate			\$2,250
5-Jun	19	B27	90	ACHD	major			\$3,750
6-Jun	1	A14	50	USSteel	moderate			\$2,250
6-Jun	1	A4	25	ACHD	low			\$1,500
6-Jun	15	A22	60	ACHD	moderate			\$2,250
9-Jun	14	B26	30	USSteel	low			\$1,500
10-Jun	19	A25	30	ACHD	low			\$1,500
12-Jun	13	B21	20	USSteel	low			\$1,500
12-Jun	14	A07	20	USSteel	low			\$1,500
12-Jun	19	B08	20	USSteel	low			\$1,500
19-Jun	13	A01	15	USSteel	low			\$1,500
20-Jun	1	A20	15	USSteel	low			\$1,500
27-Jun	15	B5	20	ACHD	low			\$1,500
Count:		43					subtotal	\$71,500

SOAKING >20% (>10% for Battery C) - ACHD

Date 2019	Battery	Oven #	Time Observed	Pusher/Coke (side)	Max. Non-flame Opacity	Severity	H2S exceed.	SO2 exceed.	amount
1-Apr	C	C24	744	P	60	moderate			\$2,250
1-Apr	C	C26	809	P	80	major			\$3,750
2-Apr	14	A1	850	C	50	moderate			\$2,250
2-Apr	14	A3	859	P	30	low			\$1,500
2-Apr	14	A5	910	C	50	moderate			\$2,250
15-Apr	1	B21	920	P	40	moderate			\$2,250
16-Apr	B	A3	758	P	60	moderate			\$2,250
16-Apr	B	A3	758	C	40	moderate			\$2,250
22-Apr	14	A27	742	C	40	moderate			\$2,250
22-Apr	14	B2	908	P	50	moderate			\$2,250
22-Apr	14	B2	908	C	40	moderate			\$2,250
23-Apr	3	B3	904	C	70	major			\$3,750
24-Apr	C	C72	851	P	60	moderate			\$2,250
29-Apr	13	A11	860	C	45	moderate			\$2,250
1-May	1	B1	913	P	40	moderate			\$2,250
2-May	3	B14	708	P	100	major			\$3,750
2-May	3	B14	708	C	100	major			\$3,750
8-May	19	A6	859	C	40	moderate			\$2,250
9-May	B	A21	724	P	50	moderate			\$2,250
9-May	14	B2	832	C	60	moderate			\$2,250
9-May	14	B4	845	C	35	low			\$1,500
14-May	19	C11	907	P	80	major			\$3,750
14-May	19	C11	907	C	100	major			\$3,750
16-May	C	C1	726	P	100	major			\$3,750

20-May	20	B5	731	P	50	moderate			\$2,250
20-May	20	B7	750	P	40	moderate			\$2,250
20-May	20	C14	942	P	40	moderate			\$2,250
22-May	C	C45	821	P	30	low			\$1,500
22-May	C	C57	957	P	60	moderate			\$2,250
22-May	C	C59	1018	P	70	major			\$3,750
23-May	B	A35	912	C	50	moderate			\$2,250
28-May	13	A4	759	P	70	major			\$3,750
31-May	2	A30	933	C	45	moderate			\$2,250
5-Jun	14	A28	828	C	60	moderate			\$2,250
5-Jun	14	A30	839	C	60	moderate			\$2,250
10-Jun	19	A23	713	C	100	major			\$3,750
10-Jun	19	A25	744	C	60	moderate			\$2,250
12-Jun	1	B20	930	C	40	moderate			\$2,250
17-Jun	14	B6	955	P	30	low			\$1,500
20-Jun	2	B27	732	P	60	moderate			\$2,250
24-Jun	13	A1	803	P	100	major			\$3,750
24-Jun	13	A9	856	C	60	moderate			\$2,250
27-Jun	2	A20	918	P	100	major			\$3,750
27-Jun	2	A20	918	C	40	moderate			\$2,250
27-Jun	15	B15	1050	P	30	low			\$1,500
Count:					45		subtotal		\$115,500

Combustion Stack COM Non-compliant Clock Hours

Battery	April	May	June	Total Clock Hours 2nd Qtr 2019	amount
1	4	4	6	14	\$2,800
2	7	7	7	21	\$4,200
3	6	7	11	24	\$4,800
13	3	3	2	8	\$1,600
14	1	1	3	5	\$1,000
15	14	2	5	21	\$4,200
19	2	4	5	11	\$2,200
20	4	3	4	11	\$2,200
B	4	4	1	9	\$1,800
C	1	2	1	4	\$800
Count:	46	37	45	128	\$25,600
					subtotal

Stipulated Penalty Base Amount from #190604
except High Opacity Doors: \$750

\$1,000

CHARGING

Date 2019	Battery	Seconds	ACHD or Keramida	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
2-Jul	B	112	ACHD	2.02	major	\$250		\$2,750
3-Jul	13	203.5	Keramida	3.67	major			\$2,500
15-Jul	C	122	ACHD	2.20	major			\$2,500
25-Jul	C	149	ACHD	2.68	major	\$250		\$2,750
16-Aug	C	64	ACHD	1.15	low			\$1,000
3-Sep	19	117.5	Keramida (Chrgs #1-4)	1.56	major			\$2,500
3-Sep	19	98.5	Keramida (Chrgs #2-5)	1.30	moderate			\$1,500
6-Sep	B	61	ACHD	1.10	low			\$1,000
11-Sep	C	111	ACHD	2.00	major	\$250		\$2,750
15-Sep	B	74.5	Keramida	1.34	moderate	\$250		\$1,750
23-Sep	C	59	ACHD	1.06	low			\$1,000
Count:		11					subtotal	\$22,000

DOORS

Date 2019	Battery	Percent Leaking (%)	ACHD or Keramida	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
15-Jul	C	3.05%	Keramida	1.02	low			\$1,000
9-Aug	15	5.50%	Keramida	1.10	low			\$1,000
13-Aug	C	4.79%	ACHD	1.60	major			\$2,500
20-Sep	C	4.58%	Keramida	1.53	major			\$2,500
23-Sep	15	12.71%	Keramida	2.54	major			\$2,500
Count:		5					subtotal	\$9,500

DOORS >40% (30% for Battery C) - ACHD

Date 2019	Battery	Oven #	Opacity	Time Observed	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
2-Jul	B	B17	50	715	1.11	low	\$250		\$1,000
9-Jul	1	B10	100	1132	2.22	major			\$1,875
17-Jul	19	C21	60	1004	1.33	moderate			\$1,125
19-Jul	3	A15	50	736	1.11	low			\$750
23-Jul	1	A1	50	1032	1.11	low			\$750
23-Jul	1	B30	60	1034	1.33	moderate			\$1,125
23-Jul	13	B11	60	841	1.33	moderate			\$1,125
24-Jul	B	B17	60	955	1.33	moderate			\$1,125
25-Jul	C	C61	40	934	1.14	low	\$250		\$1,000
1-Aug	1	B24	70	1040	1.56	major			\$1,875
1-Aug	15	A23	50	806	1.11	low			\$750
5-Aug	B	A2	45	716	1.00	low			\$750
7-Aug	C	C15	50	1146	1.43	moderate			\$1,125
9-Aug	3	B17	70	1115	1.56	major			\$1,875
13-Aug	C	C1	60	726	1.71	major			\$1,875
13-Aug	C	C3	80	727	2.29	major			\$1,875
13-Aug	C	C5	35	727	1.00	low			\$750
13-Aug	C	C7	40	727	1.14	low			\$750
13-Aug	C	C11	90	728	2.57	major			\$1,875
13-Aug	C	C13	85	728	2.43	major			\$1,875
13-Aug	C	C21	100	731	2.86	major			\$1,875
14-Aug	B	A2	90	726	2.00	major			\$1,875
15-Aug	2	A4	100	1141	2.22	major			\$1,875
19-Aug	15	A5	60	1046	1.33	moderate			\$1,125
20-Aug	20	B10	100	1016	2.22	major			\$1,875
30-Aug	20	B6	60	859	1.33	moderate			\$1,125
11-Sep	C	C23	100	730	2.86	major	\$250		\$2,125
13-Sep	13	B1	60	921	1.33	moderate			\$1,125
17-Sep	14	B18	70	1002	1.56	major			\$1,875
18-Sep	20	B22	60	940	1.33	moderate			\$1,125
19-Sep	2	A14	100	1024	2.22	major			\$1,875
23-Sep	19	A17	45	953	1.00	low			\$750
23-Sep	19	A9	55	954	1.22	moderate			\$1,125
24-Sep	20	B24	70	905	1.56	major			\$1,875
Count:				34				subtotal	\$46,875

OFFTAKES

Date 2019	Battery	Percent Leaking (%)	ACHD or Keramida	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
1-Jul	3	5.47%	Keramida	1.09	low			\$1,000
10-Jul	13	6.14%	ACHD	1.54	major			\$2,500
16-Jul	14	5.17%	ACHD	1.29	moderate			\$1,500
21-Jul	15	4.72%	Keramida	1.18	low			\$1,000
24-Jul	B	4.93%	ACHD	1.23	moderate			\$1,500
7-Sep	14	6.14%	Keramida	1.53	major			\$2,500
7-Sep	15	9.09%	Keramida	2.27	major			\$2,500
21-Sep	13	7.14%	Keramida	1.78	major			\$2,500
Count:		8					subtotal	\$15,000

LIDS

Date 2019	Battery	Percent Leaking (%)	ACHD or Keramida	Severity Value	Severity	H2S exceed.	SO2 exceed.	amount
8-Jul	B	1.67%	Keramida	1.670	major			\$2,500
18-Jul	1	2.46%	Keramida	1.230	moderate			\$1,500

18-Jul	B	1.03%	ACHD	1.030	low			\$1,000
24-Jul	B	1.06%	ACHD	1.060	low			\$1,000
23-Aug	B	1.35%	ACHD	1.351	moderate			\$1,500
12-Sep	B	2.70%	Keramida	2.700	major			\$2,500
23-Sep	B	1.39%	Keramida	1.390	moderate			\$1,500
27-Sep	C	2.22%	Keramida	3.700	major			\$2,500
Count:		8					subtotal	\$14,000

PUSHING

Date 2019	Battery	Oven	Max Opacity (%)	ACHD or USS	Severity	H2S exceed.	SO2 exceed.	amount
1-Jul	2	A24	30	USSteel	low			\$1,000
3-Jul	19	B10	30	USSteel	low			\$1,000
12-Jul	14	B01	35	USSteel	low			\$1,000
14-Jul	19	B28	30	USSteel	low			\$1,000
17-Jul	1	A24	60	USSteel	moderate			\$1,500
23-Jul	13	A2	60	ACHD	moderate			\$1,500
25-Jul	13	A28	40	ACHD	moderate	\$250		\$1,750
29-Jul	13	A5	65	ACHD	major	\$250		\$2,750
29-Jul	13	A05 **	30	USSteel	low	\$250		duplicate
31-Jul	15	A20	60	ACHD	moderate			\$1,500
31-Jul	15	A20 **	60	USSteel	moderate			duplicate
1-Aug	15	B24	35	ACHD	low			\$1,000
5-Aug	B	A14	30	ACHD	low			\$1,000
5-Aug	B	A16	35	ACHD	low			\$1,000
9-Aug	3	B13	45	ACHD	moderate			\$1,500
13-Aug	2	B10	30	USSteel	low			\$1,000
14-Aug	B	A26	40	ACHD	moderate			\$1,500
14-Aug	B	A26 **	40	USSteel	moderate			duplicate
14-Aug	2	B18	30	USSteel	low			\$1,000
20-Aug	19	B14	35	ACHD	low			\$1,000
20-Aug	15	A03	40	USSteel	moderate			\$1,500
20-Aug	15	A01	60	USSteel	moderate			\$1,500
20-Aug	20	B10	40	USSteel	moderate			\$1,500
23-Aug	B	A4	25	ACHD	low			\$1,000
27-Aug	C	C82	40	ACHD	moderate			\$1,500
27-Aug	C	C84	70	ACHD	major			\$2,500
28-Aug	2	B29	30	USSteel	low			\$1,000
30-Aug	20	C23	75	ACHD	major			\$2,500
1-Sep	2	B29	50	USSteel	moderate			\$1,500
10-Sep	19	B06	45	USSteel	moderate			\$1,500
10-Sep	20	B14	40	USSteel	moderate			\$1,500
10-Sep	19	B04	40	USSteel	moderate			\$1,500
10-Sep	20	B12	30	USSteel	low			\$1,000
10-Sep	19	B10	60	USSteel	moderate			\$1,500
10-Sep	20	B18	35	USSteel	low			\$1,000
10-Sep	19	B08	45	USSteel	moderate			\$1,500
10-Sep	20	B16	35	USSteel	low			\$1,000
12-Sep	15	A8	70	ACHD	major			\$2,500
12-Sep	3	A1	30	ACHD	low			\$1,000
12-Sep	3	A01 **	30	USSteel	low			duplicate
12-Sep	15	A08 **	70	USSteel	major			duplicate
19-Sep	2	A6	35	ACHD	low			\$1,000
25-Sep	3	B18	30	ACHD	low	\$250		\$1,250
25-Sep	3	B20	40	ACHD	moderate	\$250		\$1,750
27-Sep	19	A7	30	ACHD	low			\$1,000
29-Sep	2	A22	50	USSteel	moderate			\$1,500
Count:		41					subtotal	\$57,000

** Push observed twice.

TRAVEL

Date 2019	Battery	Oven	Max Opacity (%)	ACHD or USS	Severity	H2S exceed.	SO2 exceed.	amount
1-Jul	2	A24	15	USSteel	low			\$1,000
3-Jul	19	B10	25	USSteel	low			\$1,000
11-Jul	13	A14	15	USSteel	low			\$1,000
14-Jul	19	B28	20	USSteel	low			\$1,000
17-Jul	1	A24	40	USSteel	moderate			\$1,500
18-Jul	15	B17	65	ACHD	major			\$2,500
18-Jul	15	B17 **	65	USSteel	major			duplicate
29-Jul	3	A1	45	ACHD	moderate	\$250		\$1,750
29-Jul	13	A05	15	USSteel	low	\$250		\$1,250
31-Jul	15	A20	70	ACHD	major			\$2,500
31-Jul	15	A20 **	70	USSteel	major			duplicate
5-Aug	13	A31	25	ACHD	low			\$1,000
9-Aug	3	B13	30	ACHD	low			\$1,000
12-Aug	14	A17	30	ACHD	low			\$1,000
13-Aug	2	B10	15	USSteel	low			\$1,000
15-Aug	2	B30	40	ACHD	moderate			\$1,500
20-Aug	19	B10	30	ACHD	low			\$1,000
20-Aug	15	A03	30	USSteel	low			\$1,000
20-Aug	15	A01	30	USSteel	low			\$1,000
26-Aug	1	A6	40	ACHD	moderate			\$1,500
28-Aug	2	B29	20	USSteel	low			\$1,000
30-Aug	20	C23	65	ACHD	major			\$2,500
1-Sep	2	B29	30	USSteel	low			\$1,000
3-Sep	13	A16	30	ACHD	low			\$1,000
9-Sep	15	B17	30	ACHD	low			\$1,000

10-Sep	19	B04	20	USSteel	low		\$1,000
11-Sep	2	A24	15	ACHD	low	\$250	\$1,250
12-Sep	15	A12	25	ACHD	low		\$1,000
12-Sep	15	A12 **	25	USSteel	low		duplicate
29-Sep	2	A22	30	USSteel	low		\$1,000
Count:		27				subtotal	\$34,250

** Travel observed twice.

SOAKING >20% (>10% for Battery C) - ACHD

Date 2019	Battery	Oven #	Time Observed	Pusher/Coke (side)	Max. Non-flame Opacity	Severity	H2S exceed.	SO2 exceed.	amount
11-Jul	14	B9	744	P	60	moderate			\$1,500
11-Jul	14	B9	744	C	40	moderate			\$1,500
16-Jul	14	B28	955	P	100	major			\$2,500
16-Jul	15	A1	1026	C	60	moderate			\$1,500
22-Jul	13	A24	1007	P	45	moderate			\$1,500
30-Jul	20	B23	734	P	60	moderate			\$1,500
31-Jul	B	B18	856	P	45	moderate			\$1,500
5-Aug	13	A31	921	C	30	low			\$1,000
8-Aug	15	B1	825	C	30	low			\$1,000
14-Aug	B	A18	740	C	30	low			\$1,000
15-Aug	19	A7	913	C	100	major			\$2,500
16-Aug	13	B28	822	P	50	moderate			\$1,500
20-Aug	2	A29	845	C	40	moderate			\$1,500
21-Aug	B	A8	738	P	50	moderate			\$1,500
23-Aug	B	A4	958	P	80	major			\$2,500
28-Aug	13	B15	732	P	40	moderate			\$1,500
28-Aug	13	B17	759	P	60	moderate			\$1,500
29-Aug	3	B28	837	C	80	major			\$2,500
3-Sep	13	A12	757	C	70	major			\$2,500
11-Sep	C	C29	754	P	75	major	\$250		\$2,750
11-Sep	C	C39	1109	P	70	major	\$250		\$2,750
16-Sep	13	A22	904	C	40	moderate			\$1,500
17-Sep	14	B1	807	P	90	major			\$2,500
17-Sep	14	B3	822	P	90	major			\$2,500
18-Sep	14	A24	824	P	35	low			\$1,000
18-Sep	14	A26	824	P	40	moderate			\$1,500
23-Sep	19	C19	846	C	60	moderate			\$1,500
Count:		27					subtotal		\$48,000

Combustion Stack COM Non-compliant Clock Hours

Battery	July	August	September	Total Clock Hours 2nd Qtr 2019	amount
1	5	2	4	11	\$2,200
2	13	12	10	35	\$8,600
3	4	5	10	19	\$3,800
13	2	2	6	10	\$2,000
14	4	2	8	14	\$2,800
15	3	10	11	24	\$4,800
19	3	9	10	22	\$4,400
20	13	1	1	15	\$3,000
B	5	5	2	12	\$2,400
C	0	1	1	2	\$400
Count:	52	49	63	164	\$34,400
					subtotal

* Note: 33 hrs. @ \$200 & 2 hrs. @ \$1000 = \$8,600

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 200202

Violations of Article XXI ("Air
Pollution Control") at property:

United States Steel
Corporation – Clairton Plant

ENFORCEMENT ORDER

NOW, this 21st day of February, 2020, the Allegheny County Health Department (hereinafter "ACHD") issues this Enforcement Order after it has found and determined the following:

1. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. Sections 7401 -7671q (hereinafter "CAA"), and the Pennsylvania Air Pollution Control Act, 35 P.S. Sections 4001-4014 (hereinafter "APCA"), and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County including, but not limited to, the ACHD's Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505, 507 and 535) (hereinafter "Article XXI").

2. U.S. Steel owns and operates a facility in Clairton, Allegheny County, Pennsylvania (Clairton Coke Works). Clairton Coke Works operates ten coke batteries and produces approximately 10,000 tons of coke per day from the destructive distillation (carbonization) of more than 16,000 tons of coal. During the carbonization process,

approximately 215 million cubic feet of coke oven gas are produced. The volatile products of coal contained in the coke oven gas are recovered in the by-products plant. In addition to the coke oven gas, daily production of these by-products includes 145,000 gallons of crude coal tar, 55,000 gallons of light oil, 35 tons of elemental sulfur, and 50 tons of anhydrous ammonia.

3. The Department has issued to U.S. Steel an installation permit (IP#0052-I011b) which requires it to conduct stack tests with respect to its C Battery PEC systems in order to determine compliance with its emission limits.

4. After a review of the C Battery PEC System test report received from United States Steel Corporation (hereinafter “U.S. Steel”) on December 13, 2019, the ACHD determined that U.S. Steel failed their emissions test conducted October 8-11, 14, 2019 for filterable particulate matter (PM). The result shown in Table 1 constitutes a violation of the emission limit indicated in Installation Permit #0052-I011b.

Pollutant	Average Result	Permit Limit
PM	12.3 lb/hr	3.4 lb/hr

Table 1

5. During a retest of the C Battery PEC System on November 18-22, 2019, test results indicated compliance with the emission limit in Installation Permit #0052-I011b. See Table 2 below.

Pollutant	Average Result	Permit Limit
PM	0.1 lb/hr	3.4 lb/hr

Table 2

6. The ACHD has determined that U.S. Steel was in violation of Article XXI, § 2102.03.c, of the ACHD’s Rules and Regulations by failing to meet the compliance limits stated in the applicable ACHD permit during the October 8-11, 14, 2019 stack test. Specifically,

U.S. Steel exceeded the lb/hr emission limit for particulate matter in Installation Permit #0052-I011b, Condition V.A.1.hh. Article XXI, § 2102.03.c, reads as follows:

§ 2102.03 Permits Generally

c. Conditions

It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.

ORDER

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §§ 2109.03.a.1 and the Local Health Administration Law, 19 P.S. § 12010, it is hereby ORDERED that:

7. For the violation set forth in the preceding paragraphs, U.S. Steel, is hereby assessed a civil penalty of THIRTEEN THOUSAND TWO HUNDRED DOLLARS (\$13,200.00).

The civil penalty is as follows:

A. Gravity Based Component

Violation	Gravity Based Penalty	Violation Counts	Total Gravity Penalty
§ 2102.03 Failed C Battery PEC System Test - PM (October 2019)	\$6,000.00	1	\$6,000.00
Gravity Component Subtotal			\$6,000.00

B. Adjustment Factors

Compliance History: \$6,000.00
8 Issued violations in last 2 years

Title V Source: \$1,200.00

TOTAL CIVIL PENALTY	\$13,200.00
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8. U.S. Steel shall pay the total civil penalty amount within thirty (30) days of receipt of this Order. Payment shall be made by corporate or certified check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201.


9. The ACHD has determined the above civil penalty to be in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel’s compliance history.

10. Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.

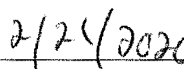
11. Pursuant to Article XI, § 1104.A (“Hearings and Appeals”), of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order, a Notice of Appeal shall be filed no later than thirty (30) days after receipt of written notice or issuance of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of the ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final. Notice of Appeal shall be filed no later than thirty (30) days after receipt of written notice or issuance of the action by which the Appellant is aggrieved.

12. Please be aware that if you wish to appeal this Order, you are required within 30 days of receipt of this Order to either forward the penalty amount to the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI, §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <https://www.alleghenycounty.us/Health-Department/Health-Department-Regulations.aspx>.

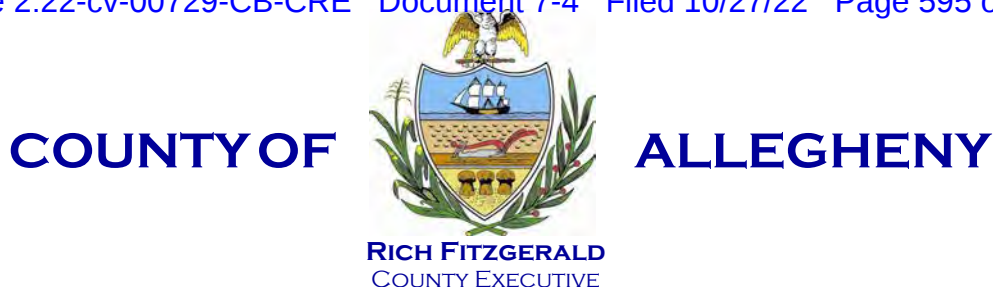
DONE and **ENTERED** this 21st day of February, 2020, in Allegheny County, Pennsylvania.



Dean DeLuca
Air Quality Program Manager



Date



May 28, 2020

John R. Michaud
United States Steel Corporation
Clairton Plant
400 State Street
Clairton, PA 15025

RE: United States Steel – Clairton Plant; Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 Section IX. Stipulated Penalties - October 1, 2019 through March 31, 2020 (4th and 1st Quarters)

Dear Mr. Michaud:

The Department is seeking enforcement of stipulated penalties pursuant to Section IX of Settlement Agreement and Order #190604 (SAO). The Department has determined that United States Steel is in violation of Article XXI, § 2102.03.c and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0052-I011b.

The stipulated penalties were calculated pursuant to Section IX, SOA from the violations observed by the Department's Coke Oven Process Technicians and Method 303 contractor, and including data reported by U.S. Steel, at your company's Clairton Plant, during the fourth quarter of 2019 and first quarter of 2020, October 1, 2019, through March 31, 2020. The violations and associated penalties are set forth in the attachments.

The Department has calculated a potential penalty in the amount of **\$361,400.00**. Pursuant to SOA, V. Civil Penalty Payment, Paragraph A, 90 percent of that amount, or **\$325,260.00**, is to be paid to the Community Benefit Trust and 10 percent of the potential penalties, **\$36,140.00**, shall constitute a civil penalty and is to be paid to the Allegheny Clean Air Fund. Payments are to be made within thirty (30) days of receipt of this order. Payment to the Clean Air Fund shall be made by corporate check, or the like, and made payable to the "Allegheny County Clean Air Fund", and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201



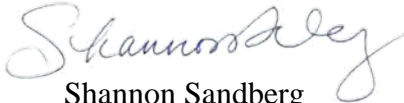
DEBRA BOGEN, MD, DIRECTOR
ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM
301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243)
WWW.ALLEGHENYCOUNTY.US/HEALTHDEPARTMENT



The demand for stipulated penalties in this letter pertains only to the violations listed in the attachments that transpired from October 1, 2019 through March 31, 2020. Also, this letter in no way precludes the Department from issuing demands for other stipulated penalties for other violations which may have occurred from October 1, 2019 through March 31, 2020.

If you have any questions concerning this demand for stipulated penalties, please contact Shannon Sandberg, ACHD Air Quality Enforcement Section Chief, at 412-578-7969 or by email at: Shannon.Sandberg@AlleghenyCounty.us. Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shannon Sandberg".

Shannon Sandberg
Air Quality Manager
Compliance and Enforcement Section
Air Quality Program

cc: Mark Jeffrey (MJeffrey@uss.com)
Mike Dzurinko (MDzurinko@uss.com)
Jonelle Scheetz (JSscheetz@uss.com)
Dean DeLuca, Air Quality Program Manager
AQ Documents File

Summary of Stipulated Penalty and Compliance Rate

COA #190604

Quarterly Stipulated Penalty Summary										
Quarter	Total Charging Penalty	Total Door Leak Penalty	Total H.O. Door Penalty	Total Lid Leak Penalty	Total Offtake Penalty	Total Push Penalty	Total Travel Penalty	Total Soaking Penalty	Total COMs Penalty	Total Penalty Due
Q4 2019	\$12,750	\$7,250	\$14,125	\$10,250	\$12,000	\$25,500	\$19,500	\$42,750	\$14,200	\$158,325
Q1 2020	\$17,500	\$3,000	\$31,125	\$12,500	\$0	\$41,750	\$23,500	\$66,500	\$7,200	\$203,075
Total	\$30,250	\$10,250	\$45,250	\$22,750	\$12,000	\$67,250	\$43,000	\$109,250	\$21,400	\$361,400

Quarterly Coke Emission Compliance									
Quarter	M303 Total Compliant Inspections*	M303 Total Inspections	M303 Total % Compliance	ACHD_Total Compliant Inspections	ACHD_Total Inspections	ACHD_Total Percent Compliant	Total ACHD and M303 Inspections	Compliant Inspections	Quarters Average %Compliance
Q4 2019	3445	3461	99.54%	1143	1190	96.05%	4651	4588	98.65%
Q1 2020	3178	3186	99.75%	1363	1423	95.78%	4609	4541	98.52%
Total	6623	6647	99.64%	2506	2613	95.91%	9260	9129	98.59%

Quarter

Multiple selections



Summary of Charging Emissions (Q4 2019)

ACHD Documented Charge Violations						Method 303 Documented Charge Violaitons								
Date	Battery	Charging Violation Severity	Charging Severity Value	Exceedance Days Penalty	ACHD Charging Penalty	Date	Battery	Charge(1-4) Severity Value	Charge(2-5) Severity Value	Battery Charge Severity Value	Charge(2-5) Violation Severity	Charge(1-4) Violation Severity	Battery Charge Violation Severity	M303 Charging Penalty
10/31/2019	C	Major	1.59	0	\$2,500	10/29/2019	C			1.10			Low	\$1,000
11/1/2019	C	Major	2.49	0	\$2,500	11/13/2019	19	1.27	0.09	1.29		Moderate		\$1,500
11/25/2019	B	Major	2.54	0	\$2,500	12/20/2019	B			3.76			Major	\$2,750
Total				0	\$7,500	Total								\$5,250

Total Penalty by Quarter				
Quarter	Total Charging Violations	M303 Charging Penalty	ACHD Charging Penalty	Total Charging Penalty
Q4 2019	6	\$5,250	\$7,500	\$12,750
Total	6	\$5,250	\$7,500	\$12,750

SUMMARY OF DOOR LEAK VIOLATIONS (Q4 2019)



Method 303 Violations

Date ▲	Battery	Doors %Leaking	Door Severity Value	Door Leaks Violation Severity	Door Leak Penalty	Exceedance Day Penalty	Total Door Leak Penalty
10/8/2019	C	4.76	1.59	Major	\$2,500	\$0	\$2,500
10/22/2019	C	3.13	1.04	Low	\$1,000	\$0	\$1,000
11/7/2019	C	3.57	1.19	Low	\$1,000	\$0	\$1,000
12/23/2019	B	10.00	2.00	Major	\$2,500	\$250	\$2,750
Total						\$250	\$7,250

Total Stipulated Penalties Door Leaks

Quarter	Total Door Leak Violations	ACHD Door Leak Penalty	M303 Door Leak Penalty	Total Door Leak Penalty
Q4 2019	4	\$0	\$7,250	\$7,250
Total	4	\$0	\$7,250	\$7,250



Summary of High Opacity Door Emission Violations (Q4 2019)

Year

2019

Quarter

Q4 2019

Month

All

Date	Battery	OVEN	Reading Time	Average of OPACITY	Severity Value	Severity of Violation	Exceedance Day Penalty	Total H.O. Door Penalty
10/10/2019	3	A5	12:00:00 PM	45.00	1.00	Low	\$0	\$750
10/10/2019	3	B22	11:53:00 AM	45.00	1.00	Low	\$0	\$750
10/11/2019	2	A29	7:25:00 AM	60.00	1.33	Moderate	\$0	\$1,125
10/11/2019	2	B1	7:26:00 AM	70.00	1.56	Major	\$0	\$1,875
10/11/2019	2	B11	7:27:00 AM	80.00	1.78	Major	\$0	\$1,875
10/11/2019	2	B5	7:26:00 AM	60.00	1.33	Moderate	\$0	\$1,125
10/11/2019	2	B7	7:27:00 AM	45.00	1.00	Low	\$0	\$750
10/23/2019	20	C27	9:48:00 AM	45.00	1.00	Low	\$0	\$750
10/31/2019	C	C64	10:11:00 AM	90.00	2.57	Major	\$0	\$1,875
11/15/2019	20	C26	10:58:00 AM	45.00	1.00	Low	\$250	\$1,000
11/21/2019	14	B24	9:00:00 AM	50.00	1.11	Low	\$0	\$750
12/3/2019	3	B29	10:41:00 AM	45.00	1.00	Low	\$0	\$750
12/16/2019	1	C2	11:47:00 AM	50.00	1.11	Low	\$0	\$750
Total				56.15			\$250	\$14,125



Summary of Topside (Offtake Leaks)
(Q4 2019)

Method 303 Documented Offtake Leak Violations							
Date	Battery	Average of Offtakes %Leaking	Offtake Leak Severity Value	Offtake Leaks Violation Severity	Topside(offtakes) Penalty	Exceedance Day Penalty	Total Topside(offtakes) Penalty
10/17/2019	1	5.21	1.04	Low	\$1,000	\$0	\$1,000
10/19/2019	15	6.78	1.69	Major	\$2,500	\$0	\$2,500
10/22/2019	15	6.67	1.67	Major	\$2,500	\$0	\$2,500
11/12/2019	15	4.17	1.04	Low	\$1,000	\$0	\$1,000
11/20/2019	13	5.17	1.29	Moderate	\$1,500	\$0	\$1,500
12/12/2019	15	4.39	1.10	Low	\$1,000	\$0	\$1,000
Total		5.40			\$9,500	\$0	\$9,500

ACHD Documented Offtake Leak Violations						
Date	Battery	% Operating Offtakes Leaking	Offtake Severity Value	Offtake Severity of Violation	Exceedance Penalty	Offtakes Penalty
10/1/2019	14	8.04	2.01	Major	\$0	\$2,500
Total		8.04			\$0	\$2,500

Total Offtake Leak Violations				
Quarter	Total Offtake Violations	M303 Offtake Leak Total Penalty	ACHD Topside(offtakes) Penalty	Total Offtake Penalty
Q4 2019	7	\$9,500	\$2,500	\$12,000
Total	7	\$9,500	\$2,500	\$12,000

Year

2019

Month

All

Quarter

Q4 2019



Summary of Topside (Lid Leaks) Violations (Q4 2019)

Method 303 Topside (Lids) Inspections							ACHD Topside (Lids) Inspections							
Date	Battery	Average of Lids %Leaking	Lid Leak Severity Value	Lid Leaks Violation Severity	Exceedance Day Penalty	Total Topside(Lids) Penalty	Date	Battery	% Leaking Lids	Severity Value	Severity of Violation	Lids Penalty	Exceedance Penalty	ACHD Topside(Lid) Penalty
10/10/2019	B	4.1667%	4.16	Major	\$0	\$2,500	10/21/2019	B	3.04%	3.04	Major	2,500.00	0	\$2,500
10/23/2019	C	1.7284%	2.88	Major	\$0	\$2,500	Total					2,500.00	0	\$2,500
10/25/2019	C	0.9756%	1.63	Major	\$250	\$2,750								
Total		2.2902%			\$250	\$7,750								

Total Lid Leak Violations				
Quarter	Total Lid Leak Violations	M303 Lid Leak Total Penalty	ACHD Topside(Lid) Penalty	Total Lid Leak Penalty
Q4 2019	4	\$7,750	\$2,500	\$10,250
Total	4	\$7,750	\$2,500	\$10,250

Summary of Pushing Violations (4Q 2019)



Date	BATTERY	OVEN	Average of Push Max Opacity	Average of USS Opacity	Push Severity of Violation	Exceedance Day Penalty	Total Push Penalty
10/1/2019	14	B1	30.00	30.00	Low	\$0	\$1,000
10/3/2019	19	B22		40.00	Moderate	\$0	\$1,500
10/8/2019	C	C76	45.00		Moderate	\$0	\$1,500
10/10/2019	3	B14	30.00		Low	\$0	\$1,000
10/10/2019	3	B16	30.00		Low	\$0	\$1,000
10/10/2019	3	B20	30.00		Low	\$0	\$1,000
10/15/2019	2	B21		30.00	Low	\$0	\$1,000
10/22/2019	1	A2	20.00		Low	\$0	\$1,000
10/22/2019	1	A4	25.00		Low	\$0	\$1,000
10/28/2019	1	B29	20.00		Low	\$0	\$1,000
11/13/2019	20	A21	25.00		Low	\$0	\$1,000
11/18/2019	1	C1	50.00		Moderate	\$0	\$1,500
11/19/2019	1	B26	50.00		Moderate	\$0	\$1,500
11/21/2019	14	A28	30.00		Low	\$0	\$1,000
11/27/2019	1	B18	30.00		Low	\$0	\$1,000
12/2/2019	3	A1	30.00		Low	\$0	\$1,000
12/2/2019	3	A3	30.00		Low	\$0	\$1,000
12/3/2019	2	A20		20.00	Low	\$0	\$1,000
12/4/2019	13	B13	20.00		Low	\$0	\$1,000
12/4/2019	13	B17	30.00		Low	\$0	\$1,000
12/6/2019	20	B20	40.00		Moderate	\$0	\$1,500
12/9/2019	13	A27		30.00	Low	\$0	\$1,000
12/10/2019	2	A18	30.00		Low	\$0	\$1,000
Total			31.32	30.00		\$0	\$25,500

Month

All

Year

2019

Quarter

Q4 2019



Summary of Travel Emission Violations
(Q4 2019)

Date	Battery	OVEN	Average of TRAVEL MAX OPACITY	Average of USS Opacity	Travel Severity of Violation	Exceedance Day Penalty	Total Travel Penalty
10/1/2019	14	B1	4.00	25.00	Low	0	\$1,000
10/10/2019	3	B14	35.00		Low	0	\$1,000
10/10/2019	3	B16	35.00		Low	0	\$1,000
10/10/2019	3	B18	35.00		Low	0	\$1,000
10/10/2019	3	B20	35.00		Moderate	0	\$1,500
10/11/2019	14	A5	17.50		Low	0	\$1,000
10/11/2019	14	A7	17.50		Moderate	0	\$1,500
10/15/2019	2	B21		25.00	Low	0	\$1,000
10/23/2019	15	B17	10.00		Low	0	\$1,000
10/28/2019	1	B29	10.00		Low	0	\$1,000
11/5/2019	19	A4		60.00	Moderate	0	\$1,500
11/13/2019	20	A21	12.50		Low	0	\$1,000
11/18/2019	1	C1	45.00		Moderate	0	\$1,500
11/19/2019	1	B26	8.33		Low	0	\$1,000
11/20/2019	2	A14	6.67		Low	0	\$1,000
11/21/2019	14	A28	25.00		Moderate	0	\$1,500
11/25/2019	13	B12	8.75		Low	0	\$1,000
Total			3.90	31.25		0	\$19,500

Year

2019

Quarter

Q4 2019

Month

All



Summary of Soaking Emissions Violation
(4Q 2019)

Year ▼
Multiple ... ▼

Month ▼
All ▼

Quarter ▼
Q4 2019 ▼

Total Stipulated Penalties Soaking

Quarter	ACHD Soaking Violations	ACHD Soaking Penalty
Q4 2019	26	\$42,750
Total	26	\$42,750

Quarter	ACHD Soaking Inspections	ACHD Soaking Compliant	ACHD Soaking Violations	ACHD Soaking Inspection Interruptions	ACHD Soaking % Compliant
Q4 2019	294	268	26	84	91.16%
Total	294	268	26	84	91.16%

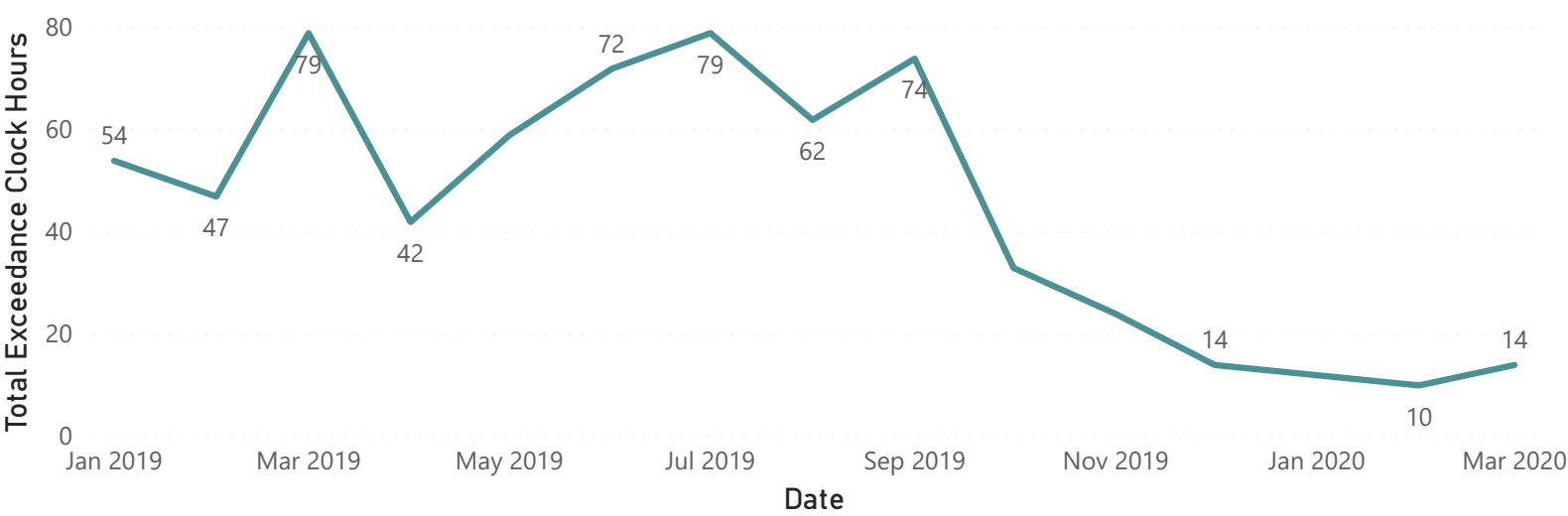
Date	Battery	OVEN	READ TIME	Push or Coke	Severity of Violation	Average of Max Non-Flame Opacity	ACHD Soaking Penalty
10/1/2019	14	B11	924	P	Moderate	50.00	\$1,500
10/1/2019	14	B13	943	P	Major	100.00	\$2,500
10/1/2019	14	B9	923	P	Major	100.00	\$2,500
10/17/2019	20	C23	911	C	Moderate	60.00	\$1,500
10/21/2019	B	A20	809	C	Major	100.00	\$2,500
10/23/2019	20	B27	857	C	Moderate	60.00	\$1,500
10/24/2019	13	B23	907	P	Moderate	50.00	\$1,750
10/28/2019	1	A20	757	P	Moderate	40.00	\$1,500
10/31/2019	2	A25	1116	P	Low	35.00	\$1,000
10/31/2019	C	C62	910	P	Low	30.00	\$1,000
10/31/2019	C	C64	929	P	Moderate	50.00	\$1,500
10/31/2019	C	C66	948	P	Moderate	40.00	\$1,500
11/4/2019	20	A20	934	C	Moderate	40.00	\$1,500
11/6/2019	B	A13	732	C	Major	70.00	\$2,500
11/7/2019	B	B36	942	P	Low	35.00	\$1,000
11/8/2019	15	A4	804	P	Low	25.00	\$1,000
11/12/2019	15	B10	853	C	Moderate	40.00	\$1,500
11/12/2019	15	B6	760	P	Moderate	40.00	\$1,500
11/14/2019	13	B24	1026	C	Low	35.00	\$1,000
11/14/2019	C	C66	931	P	Moderate	60.00	\$1,500
11/21/2019	14	A26	818	P	Major	100.00	\$2,500
11/21/2019	14	A28	942	C	Major	70.00	\$2,500
11/21/2019	14	A28	942	P	Low	30.00	\$1,000
11/21/2019	14	A30	1052	C	Low	30.00	\$1,000
12/4/2019	13	B11	749	P	Moderate	50.00	\$1,500
12/4/2019	13	B9	749	P	Major	100.00	\$2,500
Total						55.38	\$42,750

SUMMARY OF COMs EXCEEDANCES
Q4 2019

COMs Exceedance Clock Hours				
Battery	Oct 2019	Nov 2019	Dec 2019	Total
1	1	2	0	3
13	1	1	0	2
14	4	0	3	7
15	13	3	2	18
19	3	8	1	12
2	2	3	1	6
20	2	1	2	5
3	2	3	3	8
B	4	3	0	7
C	1	0	2	3
Total	33	24	14	71

COMs Exceedance Penalties											
Quarter	1	13	14	15	19	2	20	3	B	C	Total
Q4 2019	\$600	\$400	\$1,400	\$3,600	\$2,400	\$1,200	\$1,000	\$1,600	\$1,400	\$600	\$14,200
Total	\$600	\$400	\$1,400	\$3,600	\$2,400	\$1,200	\$1,000	\$1,600	\$1,400	\$600	\$14,200

Total Exceedance Clock Hours by Date



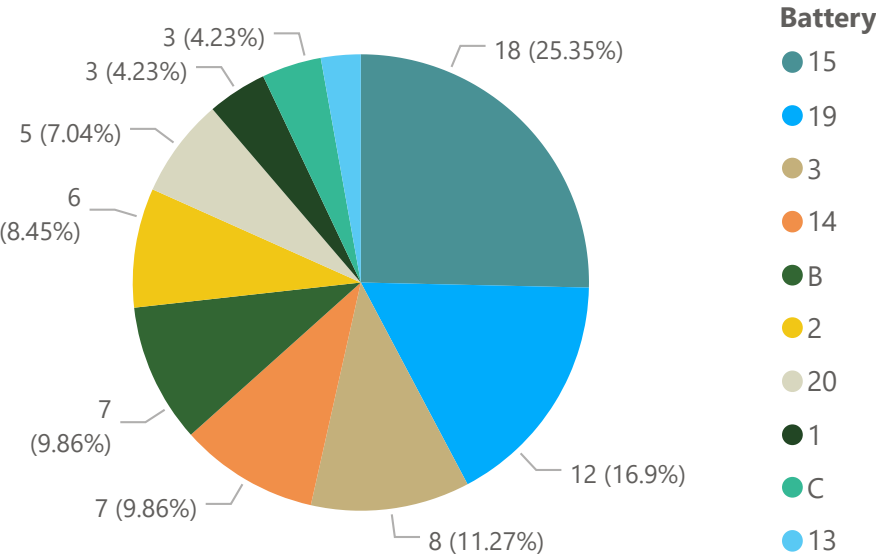
Year

Multiple...

Battery

All

Total Exceedance Clock Hours by Battery





Summary of Charging Emissions (Q1 2020)

ACHD Documented Charge Violations				
Date	Battery	Charging Violation Severity	Charging Severity Value	ACHD Charging Penalty
1/2/2020	20	Moderate	1.24	\$1,500
1/6/2020	C	Major	3.01	\$2,500
1/28/2020	C	Moderate	1.30	\$1,500
2/12/2020	C	Major	2.50	\$2,500
2/18/2020	13	Low	1.05	\$1,000
3/4/2020	19	Low	1.13	\$1,000
3/5/2020	20	Moderate	1.44	\$1,500
3/11/2020	C	Major	2.40	\$2,500
3/31/2020	C	Low	1.12	\$1,000
Total				\$15,000

Method 303 Documented Charge Violations								
Date	Battery	Charge(1-4) Severity Value	Charge(2-5) Severity Value	Battery Charge Severity Value	Charge(2-5) Violation Severity	Charge(1-4) Violation Severity	Battery Charge Violation Severity	M303 Charging Penalty
3/5/2020	B			2.76			Major	\$2,500
Total				2.76				\$2,500

Total Penalty by Quarter				
Quarter	Total Charging Violations	M303 Charging Penalty	ACHD Charging Penalty	Total Charging Penalty
Q1 2020	10	\$2,500	\$15,000	\$17,500
Total	10	\$2,500	\$15,000	\$17,500



SUMMARY OF DOOR LEAK VIOLATIONS (Q1 2020)

Method 303 Violations							
Date	Battery	Doors %Leaking	Door Severity Value	Door Leaks Violation Severity	Door Leak Penalty	Exceedance Day Penalty	Total Door Leak Penalty
▲							
1/20/2020	C	4.17	1.39	Moderate	\$1,500	\$0	\$1,500
2/14/2020	C	4.17	1.39	Moderate	\$1,500	\$0	\$1,500
Total						\$0	\$3,000

Total Stipulated Penalties Door Leaks			
Quarter	Total Door Leak Violations	ACHD Door Leak Penalty	Total Door Leak Penalty
Q1 2020	2	\$0	\$3,000
Total	2	\$0	\$3,000



Summary of High Opacity Door Emission Violations (Q1 2020)

Year 2020 Quarter Q1 2020 Month All

Date	Battery	OVEN	Reading Time	Average of OPACITY	Severity Value	Severity of Violation	Exceedance Day Penalty	Total H.O. Door Penalty
1/7/2020	19	C23	8:58:00 AM	85.00	1.89	Major	\$0	\$1,875
1/8/2020	2	B13	7:43:00 AM	100.00	2.22	Major	\$0	\$1,875
1/8/2020	2	B28	7:45:00 AM	80.00	1.78	Major	\$0	\$1,875
1/16/2020	3	A18	10:42:00 AM	50.00	1.11	Low	\$0	\$750
1/17/2020	1	A13	11:06:00 AM	90.00	2.00	Major	\$0	\$1,875
1/17/2020	1	C2	11:03:00 AM	50.00	1.11	Low	\$0	\$750
1/17/2020	1	C2	11:00:00 AM	80.00	1.78	Major	\$0	\$1,875
1/17/2020	C	C32	10:53:00 AM	40.00	1.14	Low	\$0	\$750
1/27/2020	1	A28	11:22:00 AM	60.00	1.33	Moderate	\$0	\$1,125
1/27/2020	1	B1	11:21:00 AM	50.00	1.11	Low	\$0	\$750
1/30/2020	3	A8	12:39:00 PM	100.00	2.22	Major	\$0	\$1,875
2/20/2020	B	A11	7:36:00 AM	60.00	1.33	Moderate	\$0	\$1,125
2/20/2020	B	B32	7:39:00 AM	45.00	1.00	Low	\$0	\$750
2/24/2020	C	C46	9:55:00 AM	55.00	1.57	Major	\$250	\$2,125
2/24/2020	C	C73	10:01:00 AM	65.00	1.86	Major	\$250	\$2,125
2/28/2020	3	A10	9:35:00 AM	60.00	1.33	Moderate	\$0	\$1,125
2/28/2020	3	A8	9:34:00 AM	75.00	1.67	Major	\$0	\$1,875
2/28/2020	3	C1	7:04:00 PM	50.00	1.11	Low	\$0	\$750
3/2/2020	B	B32	7:22:00 AM	45.00	1.00	Low	\$250	\$1,000
3/17/2020	1	B1	11:17:00 AM	45.00	1.00	Low	\$0	\$750
3/19/2020	3	B17	7:40:00 AM	55.00	1.22	Moderate	\$0	\$1,125
3/31/2020	C	C19	10:01:00 AM	75.00	2.14	Major	\$0	\$1,875
3/31/2020	C	C41	9:57:00 AM	45.00	1.29	Moderate	\$0	\$1,125
Total				63.48			\$750	\$31,125



Summary of Topside (Offtake Leaks)
(Q1 2020)

ACHD Documented Offtake Leak Violations						
Date	Battery	% Operating Offtakes Leaking	Offtake Severity Value	Offtake Severity of Violation	Exceedance Penalty	Offtakes Penalty
▲						

Method 303 Documented Offtake Leak Violations							
Date	Battery	Average of Offtakes %Leaking	Offtake Leak Severity Value	Offtake Leaks Violation Severity	Topside(offtakes) Penalty	Exceedance Day Penalty	Total Topside(offtakes) Penalty

Total Offtake Leak Violations				
Quarter	Total Offtake Violations	M303 Offtake Leak Total Penalty	ACHD Topside(offtakes) Penalty	Total Offtake Penalty
Q1 2020		\$0		\$0
Total		\$0		\$0

Year

2020

Month

All

Quarter

Q1 2020



Summary of Topside (Lid Leaks) Violations (Q1 2020)

Method 303 Topside (Lids) Inspections

Date	Battery	Average of Lids %Leaking	Lid Leak Severity Value	Lid Leaks Violation Severity	Exceedance Day Penalty	Total Topside(Lids) Penalty
1/29/2020	B	1.3699%	1.37	Moderate	\$0	\$1,500
2/6/2020	14	1.6949%	1.69	Major	\$0	\$2,500
2/21/2020	C	1.7284%	2.88	Major	\$0	\$2,500
3/19/2020	B	1.7606%	1.76	Major	\$0	\$2,500
3/26/2020	14	1.2931%	1.29	Moderate	\$0	\$1,500
Total		1.5694%			\$0	\$10,500

ACHD Topside (Lids) Inspections

Date	Battery	% Leaking Lids	Severity Value	Severity of Violation	Lids Penalty	Exceedance Penalty	ACHD Topside(Lid) Penalty
1/21/2020	B	1.03%	1.03	Low	1,000.00	0	\$1,000
3/23/2020	B	1.03%	1.03	Low	1,000.00	0	\$1,000
Total					2,000.00	0	\$2,000

Total Lid Leak Violations

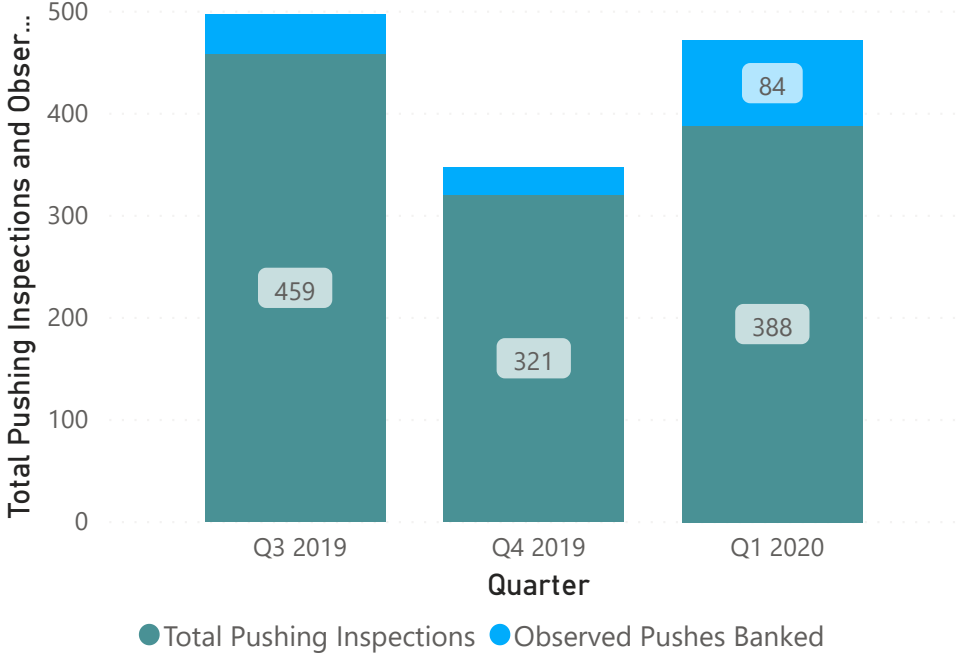
Quarter	Total Lid Leak Violations	M303 Lid Leak Total Penalty	ACHD Topside(Lid) Penalty	Total Lid Leak Penalty
Q1 2020	7	\$10,500	\$2,000	\$12,500
Total	7	\$10,500	\$2,000	\$12,500

Summary of Pushing Violations (1Q 2020)



Date	BATTERY	OVEN	Average of Push Max Opacity	Average of USS Opacity	Push Severity of Violation	Exceedance Day Penalty	Total Push Penalty
1/2/2020	3	B11	100.00		Major	\$0	\$2,500
1/2/2020	20	B18	35.00		Low	\$0	\$1,000
1/2/2020	3	B9	70.00		Major	\$0	\$2,500
1/6/2020	19	A18	40.00		Moderate	\$0	\$1,500
1/7/2020	2	B17	30.00		Low	\$0	\$1,000
1/7/2020	2	B21	30.00		Low	\$0	\$1,000
1/8/2020	2	B8	100.00		Major	\$0	\$2,500
1/13/2020	B	A2	80.00		Major	\$0	\$2,500
1/13/2020	B	B37	80.00		Major	\$0	\$2,500
1/17/2020	1	A3	60.00		Moderate	\$0	\$1,500
1/17/2020	C	C22	30.00		Low	\$0	\$1,000
1/29/2020	13	A11	40.00		Moderate	\$0	\$1,500
1/30/2020	3	B28	55.00		Moderate	\$0	\$1,500
1/30/2020	3	C1	30.00		Low	\$0	\$1,000
2/3/2020	B	A2	65.00	65.00	Major	\$500	\$2,750
2/12/2020	C	C40	45.00		Moderate	\$0	\$1,500
2/12/2020	C	C42	55.00		Moderate	\$0	\$1,500
2/18/2020	13	A30	40.00		Moderate	\$0	\$1,500
2/20/2020	B	B11	65.00	65.00	Major	\$0	\$2,500
2/26/2020	2	A20	60.00		Moderate	\$0	\$1,500
2/26/2020	2	A30	45.00		Moderate	\$0	\$1,500
2/28/2020	3	A1	55.00		Moderate	\$0	\$1,500
3/3/2020	14	B30	35.00		Low	\$0	\$1,000
3/23/2020	B	B14	30.00		Low	\$0	\$1,000
3/23/2020	B	B16	25.00		Low	\$0	\$1,000
3/26/2020	3	B13	35.00		Low	\$0	\$1,000
Total			51.35	65.00		\$500	\$41,750

Total Pushing Inspections and Observed Pushes Banked by ...





Summary of Travel Emission Violations (Q1 2020)

Date	Battery	OVEN	Average of TRAVEL MAX OPACITY	Average of USS Opacity	Travel Severity of Violation	Exceedance Day Penalty	Total Travel Penalty
1/2/2020	20	B18	16.67		Moderate	0	\$1,500
1/2/2020	3	B9	12.50		Low	0	\$1,000
1/6/2020	19	A18	13.33		Low	0	\$1,000
1/8/2020	2	B17	35.00		Low	0	\$1,000
1/8/2020	2	B8	35.00		Moderate	0	\$1,500
1/14/2020	14	A13	25.00		Low	0	\$1,000
1/17/2020	1	A3	25.00		Low	0	\$1,000
1/29/2020	13	A11	15.00		Low	0	\$1,000
1/30/2020	3	B28	22.50		Low	0	\$1,000
1/30/2020	3	C1	22.50		Low	0	\$1,000
2/2/2020	13	A30		30.00	Low	0	\$1,000
2/5/2020	20	C27	15.00		Low	0	\$1,000
2/11/2020	19	B10	20.00		Low	0	\$1,000
2/26/2020	2	A20	40.00		Moderate	0	\$1,500
2/26/2020	2	A30	40.00		Low	0	\$1,000
2/28/2020	13	A13	13.75		Low	0	\$1,000
2/28/2020	13	A31	13.75		Low	0	\$1,000
2/28/2020	3	A1	30.00		Moderate	0	\$1,500
3/22/2020	13	A12		40.00	Moderate	0	\$1,500
3/26/2020	3	B13	20.00		Low	0	\$1,000
3/31/2020	13	A16		30.00	Low	0	\$1,000
Total			3.72	46.00		0	\$23,500

Year

2020

Quarter

Q1 2020

Month

All

Summary of Soaking Emissions Violation (Q1 2020)

(1/2)



First Quarter 2020 Soaking Violations

Date	Battery	OVEN	READ TIME	Push or Coke	max flame opacity	Max Non-Flame Opacity	Severity of Violation	Exceedance Penalty	ACHD Soaking Penalty
1/2/2020	20	B20	913	P		35	Low	\$0	\$1,000
1/2/2020	20	B20	913	C		40	Moderate	\$0	\$1,500
1/2/2020	20	B18	914	P		75	Major	\$0	\$2,500
1/2/2020	20	B22	929	P		100	Major	\$0	\$2,500
1/2/2020	3	B11	852	C	25		Low	\$0	\$1,000
1/13/2020	B	A8	936	C		90	Major	\$0	\$2,500
1/13/2020	B	A8	936	P		90	Major	\$0	\$2,500
1/13/2020	B	A6	917	C		100	Major	\$0	\$2,500
1/23/2020	14	A6	853	P		50	Moderate	\$0	\$1,500
1/28/2020	C	C28	910	P		50	Moderate	\$0	\$1,500
1/28/2020	C	C30	924	P		60	Moderate	\$0	\$1,500
1/29/2020	13	A5	758	C		50	Moderate	\$0	\$1,500
1/30/2020	13	A27	815	C	100		Low	\$0	\$1,000
1/30/2020	14	A14	1042	P	50		Low	\$0	\$1,000
2/3/2020	B	B35	906	P		25	Low	\$250	\$1,250
2/3/2020	B	A2	937	P		60	Moderate	\$250	\$1,750
2/5/2020	20	A12	943	P		35	Low	\$0	\$1,000
2/6/2020	B	B5	922	C		95	Major	\$0	\$2,500
2/12/2020	C	C42	1034	P		65	Major	\$0	\$2,500
Total								\$500	\$33,000



Summary of Soaking Emissions Violation (Q1 2020)

(2/2)

ACHD Documented Soaking Violations, Cont'd.								
Date	Battery	OVEN	READ TIME	Push or Coke	max flame opacity	Max Non-Flame Opacity	Exceedance Penalty	ACHD Soaking Penalty
2/20/2020	B	B11	819	C		30	\$0	\$1,000
2/20/2020	B	B11	820	P		100	\$0	\$2,500
2/20/2020	B	B13	823	P		100	\$0	\$2,500
2/20/2020	B	B13	845	C		30	\$0	\$1,000
2/20/2020	B	B15	825	P		70	\$0	\$2,500
2/25/2020	3	A5	812	C		100	\$0	\$2,500
2/27/2020	20	A22	929	C		80	\$0	\$2,500
2/28/2020	13	A13	758	C		50	\$0	\$1,500
2/28/2020	3	A7*	953	C		40	\$0	\$1,500
3/2/2020	B	A19	1104	C		75	\$250	\$2,750
3/2/2020	B	A9	931	P		60	\$250	\$1,750
3/5/2020	13	A5	855	P		50	\$0	\$1,500
3/5/2020	20	A16	1058	C		70	\$0	\$2,500
3/10/2020	19	B18	927	P		40	\$0	\$1,500
3/11/2020	C	C63	741	P		60	\$0	\$1,500
3/11/2020	C	C65	829	P		30	\$0	\$1,000
3/11/2020	C	C67	841	P		30	\$0	\$1,000
3/19/2020	3	B23	912	C		70	\$0	\$2,500
Total							\$500	\$33,500

Quarter	ACHD Soaking Violations	ACHD Soaking Penalty
Q1 2020	37	\$66,500
Total	37	\$66,500

SUMMARY OF COMs EXCEEDANCES
Q1 2020

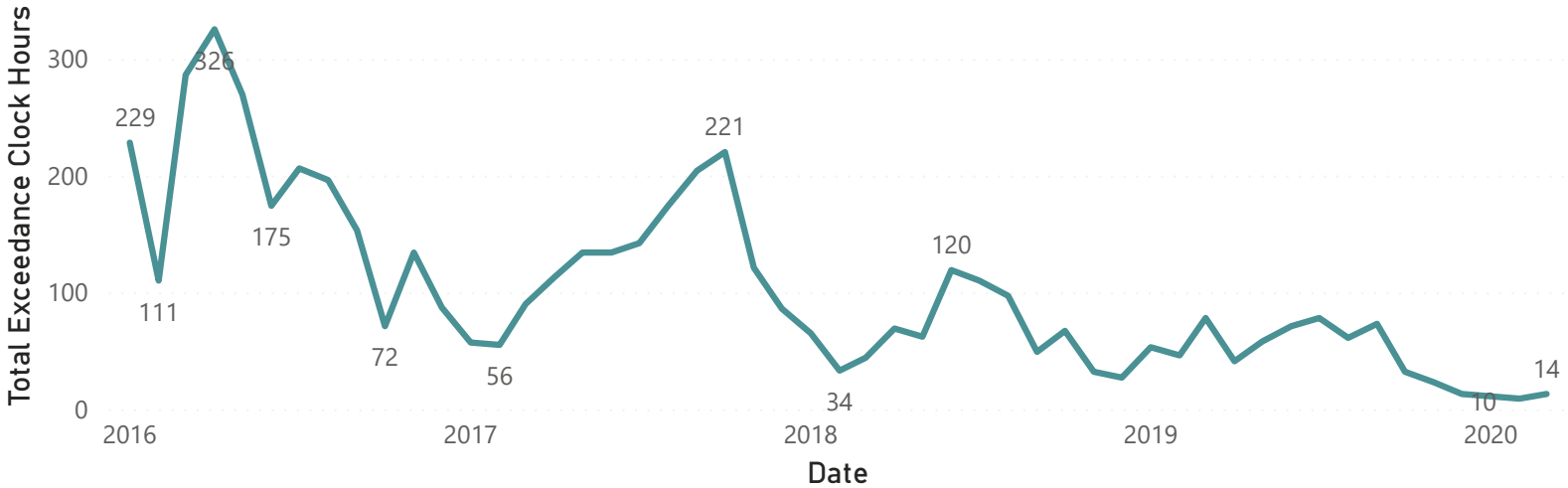
COMs Exceedance Clock Hours

Battery	Jan 2020	Feb 2020	Mar 2020	Total
1	0	0	0	0
13	2	0	0	2
14	1	4	3	8
15	0	0	0	0
19	4	1	1	6
2	1	0	1	2
20	0	2	1	3
3	1	1	4	6
B	3	0	4	7
C	0	2	0	2
Total	12	10	14	36

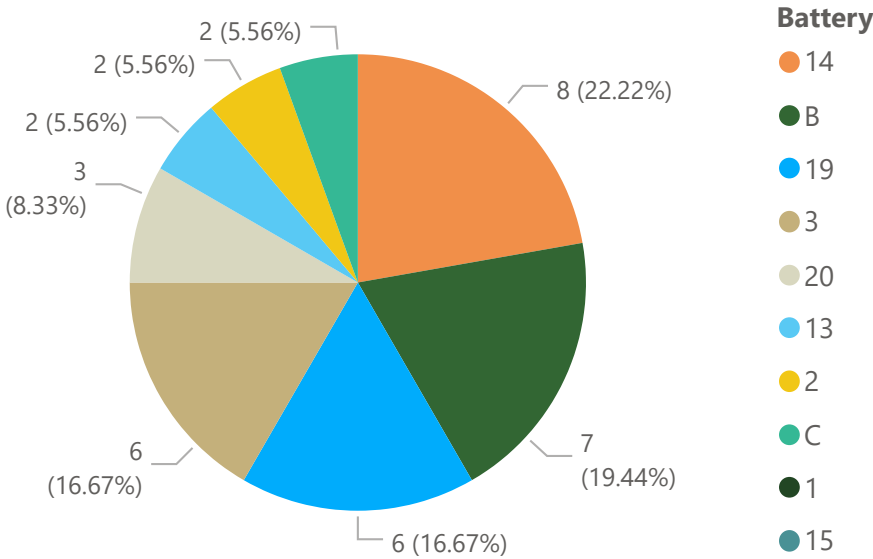
COMs Exceedance Penalties

Quarter	1	13	14	15	19	2	20	3	B	C	Total
Q1 2020	\$0	\$400	\$1,600	\$0	\$1,200	\$400	\$600	\$1,200	\$1,400	\$400	\$7,200
Total	\$0	\$400	\$1,600	\$0	\$1,200	\$400	\$600	\$1,200	\$1,400	\$400	\$7,200

Total Exceedance Clock Hours by Date



Total Exceedance Clock Hours by Battery



Year

Multiple...

Battery

All

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 210101

Violations of Article XXI (“Air
Pollution Control”) at property:

United States Steel
Corporation – Clairton Plant

ENFORCEMENT ORDER

NOW, this 25th day of January, 2021, the Allegheny County Health Department (hereinafter "ACHD") issues this Enforcement Order after it has found and determined the following:

1. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. Sections 7401 -7671q (hereinafter “CAA”), and the Pennsylvania Air Pollution Control Act, 35 P.S. Sections 4001-4014 (hereinafter “APCA”), and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County including, but not limited to, the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505, 507 and 535) (hereinafter “Article XXI”).

2. After a review of the C Battery Combustion Stack test report received from United States Steel Corporation (hereinafter “U.S. Steel”) on December 16, 2019, the ACHD determined that U.S. Steel failed their emissions test conducted on October 22, 2019 for filterable particulate

matter (PM). The result shown in Table 1 constitute a violation of the emission limit indicated in Installation Permit #0052-I011b.

Pollutant	Average Result	Permit Limit
PM	0.011 gr/dscf	0.010 gr/dscf

Table 1

3. Specifically, Condition V.A.1.i of Installation Permit #0052-I011 provides as follows:

- i. No person shall operate, or allow to be operated, Coke Oven Battery C in such manner that, at any time, emissions from the combustion stack serving such battery: [§2102.04.b.6; 2105.21.f]

- 1) Exceed a particulate concentration of 0.010 grains per dry standard cubic foot; [§2102.04.b.6]

4. A retest of C Battery Combustion Stack on February 27, 2020 again demonstrated U.S. Steel's failure to comply with the emission limit established in Installation Permit #0052-I011b. See Table 2 below.

Pollutant	Average Result	Permit Limit
PM	0.011 gr/dscf	0.010 gr/dscf

Table 2

5. During a second retest of the C Battery Combustion Stack conducted on June 16, 2020, test results indicated compliance with the emission limit in Installation Permit #0052-I011b. See Table 3 below.

Pollutant	Average Result	Permit Limit
PM	0.007 gr/dscf	0.010 gr/dscf

Table 3

6. ACHD has determined that U.S. Steel was in violation of Article XXI, § 2102.03.c, of ACHD's Rules and Regulations by failing to meet the compliance limits stated in the applicable ACHD permit. Specifically, U.S. Steel exceeded the gr/dscf limit for particulate matter as set forth in Installation Permit #0052-I011b, Condition V.A.1.i.1. Article XXI, § 2102.03.c, reads as follows:

§ 2102.03 Permits Generally

c. Conditions

It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.

ORDER

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §§ 2109.03.a.1 and the Local Health Administration Law, 19 P.S. § 12010, it is hereby ORDERED that:

7. For the violations set forth in the preceding paragraphs, U.S. Steel, is hereby assessed a civil penalty of **EIGHT THOUSAND EIGHT HUNDRED DOLLARS (\$8,800.00)**.

The civil penalty is as follows:

A. Gravity Based Component

Violation	Gravity Based Penalty	Violation Counts	Total Gravity Penalty
§ 2102.03 Failed C Battery Comb Stack PM (October 22, 2019)	\$2,000.00	1	\$2,000.00
§ 2102.03 Failed C Battery Comb Stack Test PM (February 27, 2020)	\$2,000.00	1	\$2,000.00

Gravity Component Subtotal	\$4,000.00
<u>B. Adjustment Factors</u>	
Compliance History:	\$4,000.00
8 Issued violations in last 2 years	
Title V Source:	\$800.00
TOTAL CIVIL PENALTY	\$8,800.00

8. U.S. Steel shall pay the total civil penalty amount within thirty (30) days of receipt of this Order. Payment shall be made by corporate or certified check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201.

9. The ACHD has determined the above civil penalty to be in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel’s compliance history.

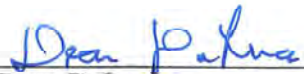
10. Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.

11. Pursuant to Article XI, § 1104.A (“Hearings and Appeals”), of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order, a Notice of Appeal shall be filed no later than thirty (30) days after receipt of written notice or issuance of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any


appeal of this Order shall not act as a stay unless the Director of the ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final. Notice of Appeal shall be filed no later than thirty (30) days after receipt of written notice or issuance of the action by which the Appellant is aggrieved.

12. Please be aware that if you wish to appeal this Order, you are required within 30 days of receipt of this Order to either forward the penalty amount to the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI, §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <https://www.alleghenycounty.us/Health-Department/Health-Department-Regulations.aspx>.

DONE and **ENTERED** this 25th day of January, 2021, in Allegheny County,
Pennsylvania.



Dean DeLuca
Air Quality Program Manager



Date

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 210201

Violations of Article XXI (“Air
Pollution Control”) at property:

United States Steel
Corporation – Clairton Plant

ENFORCEMENT ORDER

NOW, this 19th day of February, 2021 the Allegheny County Health Department (hereinafter "ACHD") issues this Enforcement Order after it has found and determined the following:

1. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. Sections 7401 -7671q (hereinafter “CAA”), and the Pennsylvania Air Pollution Control Act, 35 P.S. Sections 4001-4014 (hereinafter “APCA”), and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County including, but not limited to, the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505, 507 and 535) (hereinafter “Article XXI”).

2. On May 26, 2020, at 9:11 PM, the United States Coast Guard National Response Center (NRC) took a report from United States Steel concerning a release into the open air of approximately 100 lbs of anhydrous ammonia.

3. The release resulted from an equipment failure which caused a pressure release valve to open at the Clairton facility.

4. Pennsylvania Department of Environmental Protection was notified of this incident at 9:20 PM the same day and forwarded the notification to ACHD on May 27, 2020 at 7:34 AM. The NRC notification indicated that the incident occurred on May 26, 2020 at 7:30 PM local time.

5. As of the date of this order, US Steel has not submitted a breakdown report to the ACHD for the aforementioned equipment failure. ACHD has determined that the equipment failure that caused the anhydrous ammonia release constituted a breakdown subject to reporting requirement under Article XXI §2108.01.c which reads as follows:

§2108.01 REPORTS REQUIRED

c. Breakdowns.

1. In the event that any air pollution control equipment, process equipment, or other source of air contaminants breaks down in such manner as to have a substantial likelihood of causing the emission of air contaminants in violation of this Article, or of causing the emission into the open air of potentially toxic or hazardous materials, the person responsible for such equipment or source shall immediately, but in no event later than 60 minutes after the commencement of the breakdown, notify the Department of such breakdown and shall, as expeditiously as possible but in no event later than seven (7) days after the original notification, provide written notice to the Department.

6. ACHD has determined that United States Steel is in violation of Article XXI, § 2108.01.c, of the ACHD's Rules and Regulations for failing to report the subject incident as a breakdown to the ACHD within 60 minutes of the occurrence.

7. Anhydrous Ammonia is designated a toxic chemical by EPA. ACHD has determined the accidental release of 100 lbs of anhydrous ammonia to be a violation of Article XXI §2101.11.b which reads as follows:

§2101.11 PROHIBITION OF AIR POLLUTION**b. It shall be a violation of this Article for any person to:**

1. Operate, or allow to be operated, any source in such manner as to allow the release of air contaminants into the open air or to cause air pollution as defined in this Article, except as explicitly permitted by this Article.
8. ACHD has determined that US Steel is in violation of Article XXI, §2101.11.b, of ACHD's Rules and Regulations the release of 100 lbs of anhydrous ammonia.

ORDER

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §§ 2109.03.a.1 and the Local Health Administration Law, 19 P.S. § 12010, it is hereby ORDERED that:

9. For the violations set forth in the preceding paragraphs, United States Steel, is hereby assessed a civil penalty of **FOUR THOUSAND ONE HUNDRED SIXTY-FIVE DOLLARS** (\$4,165.00). The civil penalty is as follows:

A. Gravity Based Component

Violation	Gravity Based Penalty	Violation Days	Total Gravity Penalty
Failure to timely report breakdown § 2108.01.c -Breakdown Report	\$400.00	1	\$400.00
Release of Anhydrous Ammonia § 2101.11 Prohibition of Pollution	\$1,300.00	1	\$1,300.00
Gravity Component Subtotal			\$1,700.00

B. Adjustment Factors

Degree of Cooperation	\$ 425.00
Compliance History: 9 Issued violations in last 2 years	\$1,700.00

Title V Source: \$ 340.00

TOTAL CIVIL PENALTY **\$4,165.00**

10. United States Steel shall pay the civil penalty amount within thirty (30) days of receipt of this Order. Payment shall be made by corporate or certified check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201.

11. The ACHD has determined the above civil penalty to be in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by United States Steel to minimize such violations and to prevent future violations; and United States Steel’s compliance history.

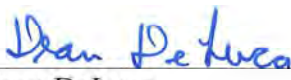
12. Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.

13. Please be aware that if you wish to appeal this Order, you are required within 30 days of receipt of this Order to either forward the penalty amount of the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <https://www.alleghenycounty.us/Health-Department/Health-Department-Regulations.aspx>.

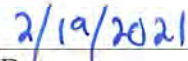
14. Please be aware that if you wish to appeal this Order and the ACHD has imposed a civil penalty, you are required within 30 days of receipt of this Order to either forward the penalty

amount to the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI, §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <http://www.achd.net/regs.html>.

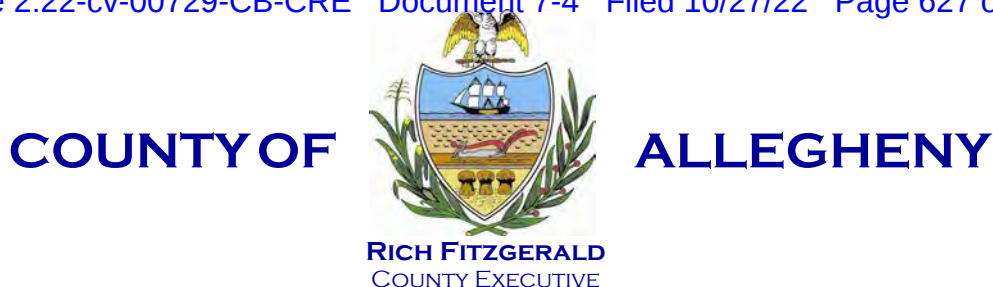
DONE and **ENTERED** this 19th day of February, 2021, in Allegheny County, Pennsylvania.



Dean DeLuca
Air Quality Program Manager



Date



March 12, 2021

Michael Rhoads
United States Steel Corporation
Clairton Plant
400 State Street
Clairton, PA 15025

RE: United States Steel – Clairton Plant; Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 Section IX. Stipulated Penalties - April 1, 2020 through December 31, 2020 (2nd, 3rd, and 4th Quarters)

Dear Mr. Rhoads:

The Department is seeking enforcement of stipulated penalties pursuant to Section IX of Settlement Agreement and Order #190604 (SAO). The Department has determined that United States Steel is in violation of Article XXI, § 2102.03.c and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0052-I011b.

The stipulated penalties were calculated pursuant to Section IX, SOA from the violations observed by the Department's Coke Oven Process Technicians and Method 303 contractor, and including data reported by U.S. Steel, at your company's Clairton Plant, during the second, third, and fourth quarters of 2020, April 1, 2020, through December 31, 2020. The violations and associated penalties are set forth in the attachments.

The Department has calculated a potential penalty in the amount of **\$383,450.00**. Pursuant to SOA, V. Civil Penalty Payment, Paragraph A, 90 percent of that amount, or **\$345,105.00**, is to be paid to the Community Benefit Trust and 10 percent of the potential penalties, **\$38,345.00**, shall constitute a civil penalty and is to be paid to the Allegheny Clean Air Fund. Payments are to be made within thirty (30) days of receipt of this order. Payment to the Clean Air Fund shall be made by corporate check, or the like, and made payable to the "Allegheny County Clean Air Fund", and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201



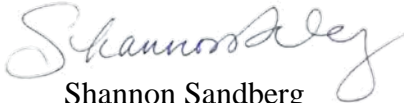
DEBRA BOGEN, MD, DIRECTOR
ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM
301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243)
WWW.ALLEGHENYCOUNTY.US/HEALTHDEPARTMENT



The demand for stipulated penalties in this letter pertains only to the violations listed in the attachments that transpired from April 1, 2020 through December 31, 2020. Also, this letter in no way precludes the Department from issuing demands for other stipulated penalties for other violations which may have occurred from April 1, 2020 through December 31, 2020.

If you have any questions concerning this demand for stipulated penalties, please contact Shannon Sandberg, ACHD Air Quality Enforcement Section Chief, at 412-578-7969 or by email at: Shannon.Sandberg@AlleghenyCounty.us. Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shannon Sandberg".

Shannon Sandberg
Air Quality Manager
Compliance and Enforcement Section
Air Quality Program

cc: Mark Jeffrey (MJeffrey@uss.com)
Mike Dzurinko (MDzurinko@uss.com)
Jonelle Scheetz (JSscheetz@uss.com)
Dean DeLuca, Air Quality Program Manager
AQ Documents File



Settlement Order and Agreement
#190604

Stipulated Penalty
Q2, Q3, Q4 2020

March 12, 2021



Total Stipulated Penalties: U.S. Steel, Third Party Method 303, and ACHD Coke Oven Inspections

Quarter (Year)	Penalty from Method 303 Inspections	Penalty from ACHD Inspections	Penalty from USS Inspections	COMs Penalty	Total Penalty
▲					
☐ Q2 2020					
Apr 2020	\$1,000	\$43,500	\$6,625	\$1,400	\$52,525
May 2020	\$3,000	\$34,625	\$4,625	\$1,400	\$43,650
Jun 2020	\$1,500	\$36,250	\$3,625	\$6,200	\$47,575
Total	\$5,500	\$114,375	\$9,625	\$9,000	\$138,500
☐ Q3 2020					
Jul 2020	\$1,000	\$34,125	\$4,625	\$4,000	\$43,750
Aug 2020	\$5,000	\$37,250	\$3,625	\$6,000	\$51,875
Sep 2020	\$3,500	\$24,250	\$5,125	\$4,000	\$36,875
Total	\$9,500	\$95,625	\$8,125	\$14,000	\$127,250
☐ Q4 2020					
Oct 2020	\$1,875	\$40,750	\$2,625	\$4,000	\$49,250
Nov 2020	\$2,625	\$37,375	\$2,625	\$3,200	\$45,825
Dec 2020	\$4,250	\$23,250	\$2,625	\$3,000	\$33,125
Total	\$8,750	\$101,375	\$2,625	\$10,200	\$122,950
Total	\$23,750	\$311,375	\$15,125	\$33,200	\$383,450



Quarterly Compliance (ACHD and Method 303 Inspections)

Quarter (Year)	ACHD Total Compliant	ACHD Total Inspections (w/o HO Doors)	ACHD % Compliance	Total M303 Compl Insps	Total M303 Inspections	Method 303 % Compliance	Total Compliant Insp (ACHD and M303)	Total Inspections (ACHD and M303)	Percent Compliance
▲									
Q2 2020	1269	1331	95.34%	3635	3640	99.86%	4904	4971	98.65%
Q3 2020	1216	1255	96.89%	3674	3680	99.84%	4890	4935	99.09%
Q4 2020	1034	1074	96.28%	3674	3680	99.84%	4708	4754	99.03%
Total	3519	3660	96.15%	10983	11000	99.85%	14502	14660	98.92%

Average Percent Compliance

Quarter (Year)	Quarterly Compliance (1 previous Q)	Quarterly Compliance (current Qs)	Compliance Average of 2 Quarters
▲			
Q2 2020	98.132%	98.652%	98.392%
Q3 2020	98.652%	99.088%	98.870%
Q4 2020	99.088%	99.032%	99.060%



Penalty Summary for ACHD Inspections

Quarter (Year) ▲	ACHD Charging Penalty	ACHD Soaking Penalty	ACHD Lid Penalty	ACHD Offtake Penalty	ACHD Push Penalty	ACHD Travel Penalty	ACHD Doors Penalty	ACHD HO Door Penalty	ACHD Total Penalties
☐ Q2 2020									
Apr 2020	\$3,500	\$17,500	\$0	\$0	\$5,000	\$10,000	\$0	\$7,500	\$43,500
May 2020	\$5,000	\$7,500	\$5,250	\$2,500	\$6,500	\$4,500	\$0	\$3,375	\$34,625
Jun 2020	\$4,750	\$7,000	\$1,000	\$1,250	\$8,250	\$7,250	\$0	\$6,750	\$36,250
Total	\$13,250	\$32,000	\$6,250	\$3,750	\$19,750	\$21,750	\$0	\$17,625	\$114,375
☐ Q3 2020									
Jul 2020	\$1,500	\$11,500	\$5,000	\$1,500	\$4,500	\$3,000	\$0	\$7,125	\$34,125
Aug 2020	\$8,500	\$2,500	\$1,000	\$0	\$4,000	\$2,500	\$0	\$18,750	\$37,250
Sep 2020	\$7,500	\$0	\$2,500	\$2,000	\$4,000	\$4,500	\$0	\$3,750	\$24,250
Total	\$17,500	\$14,000	\$8,500	\$3,500	\$12,500	\$10,000	\$0	\$29,625	\$95,625
☐ Q4 2020									
Oct 2020	\$5,375	\$4,250	\$3,125	\$750	\$3,875	\$3,750	\$0	\$19,625	\$40,750
Nov 2020	\$4,250	\$3,250	\$4,250	\$2,875		\$1,375	\$2,125	\$19,250	\$37,375
Dec 2020	\$6,750	\$3,000	\$0	\$0	\$9,375	\$1,500	\$0	\$2,625	\$23,250
Total	\$16,375	\$10,500	\$7,375	\$3,625	\$13,250	\$6,625	\$2,125	\$41,500	\$101,375
Total	\$47,125	\$56,500	\$22,125	\$10,875	\$45,500	\$38,375	\$2,125	\$88,750	\$311,375



Non-Compliant ACHD Charge Inspections and Penalties

Quarter (Year)	Date	Battery	Duration of readings (seconds)	Charge Severity Value	Charging Severity of Violation	Charging Penalty Multiplier	Charging Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	ACHD Total Charging Penalty
Q2 2020	4/6/2020	C	62	1.12	Low	1.00	\$1,000			\$1,000
Q2 2020	4/30/2020	20	88	1.59	Major	2.50	\$2,500			\$2,500
Q2 2020	5/4/2020	13	62	1.12	Low	1.00	\$1,000			\$1,000
Q2 2020	5/26/2020	C	96	1.73	Major	2.50	\$2,500			\$2,500
Q2 2020	5/28/2020	B	67	1.21	Moderate	1.50	\$1,500			\$1,500
Q2 2020	6/1/2020	14	57	1.03	Low	1.00	\$1,000	\$250		\$1,250
Q2 2020	6/10/2020	20	116	2.09	Major	2.50	\$2,500			\$2,500
Q2 2020	6/11/2020	13	63	1.14	Low	1.00	\$1,000			\$1,000
Total						13.00	\$13,000	\$250		\$13,250



Non-Compliant ACHD Charge Inspections and Penalties

Quarter (Year)	Date	Battery	Duration of readings (seconds)	Charge Severity Value	Charging Severity of Violation	Charging Penalty Multiplier	Charging Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	ACHD Total Charging Penalty
Q3 2020	7/28/2020	3	98	1.30	Moderate	1.50	\$1,500			\$1,500
Q3 2020	8/5/2020	B	89	1.60	Major	2.50	\$2,500			\$2,500
Q3 2020	8/25/2020	B	112	2.02	Major	2.50	\$2,500			\$2,500
Q3 2020	8/26/2020	14	60	1.08	Low	1.00	\$1,000			\$1,000
Q3 2020	8/27/2020	C	99	1.78	Major	2.50	\$2,500			\$2,500
Q3 2020	9/8/2020	13	73	1.32	Moderate	1.50	\$1,500			\$1,500
Q3 2020	9/14/2020	14	104	1.87	Major	2.50	\$2,500			\$2,500
Q3 2020	9/21/2020	20	148	2.67	Major	2.50	\$2,500			\$2,500
Q3 2020	9/23/2020	13	57	1.03	Low	1.00	\$1,000			\$1,000
Total						17.50	\$17,500			\$17,500



Non-Compliant ACHD Charge Inspections and Penalties

Quarter (Year)	Date	Battery	Duration of readings (seconds)	Charge Severity Value	Charging Severity of Violation	Charging Penalty Multiplier	Charging Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	ACHD Total Charging Penalty
Q4 2020	10/9/2020	C	107	1.93	Major	2.50	\$1,875			\$1,875
Q4 2020	10/21/2020	14	57	1.03	Low	1.00	\$750			\$750
Q4 2020	10/22/2020	20	59	1.06	Low	1.00	\$750			\$750
Q4 2020	10/23/2020	C	66	1.19	Low	1.00	\$750	\$250	\$1,000	\$2,000
Q4 2020	11/4/2020	B	475	8.56	Major	2.50	\$1,875	\$250		\$2,125
Q4 2020	11/10/2020	14	110	1.98	Major	2.50	\$1,875	\$250		\$2,125
Q4 2020	12/1/2020	1	162	2.15	Major	2.50	\$1,875			\$1,875
Q4 2020	12/9/2020	C	1403	25.28	Major	2.50	\$1,875			\$1,875
Q4 2020	12/14/2020	14	145	2.61	Major	2.50	\$1,875			\$1,875
Q4 2020	12/29/2020	C	70	1.26	Moderate	1.50	\$1,125			\$1,125
Total						19.50	\$14,625	\$750	\$1,000	\$16,375



Non-Compliant ACHD Soaking Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	max non-flame opacity	pusher / coke (if viol.)	Severity of Violation	Penalty Multiplier	Soaking Penalty	H2S Penalty	SO2 Penalty	ACHD Total Soaking Penalty
Q2 2020	4/1/2020	B	A30	60	C	moderate	1.50	\$1,500			\$1,500
Q2 2020	4/1/2020	B	A30	50	P	moderate	1.50	\$1,500			\$1,500
Q2 2020	4/1/2020	B	A35	60	C	moderate	1.50	\$1,500			\$1,500
Q2 2020	4/1/2020	B	A35	60	P	moderate	1.50	\$1,500			\$1,500
Q2 2020	4/1/2020	B	B2	100	C	major	2.50	\$2,500			\$2,500
Q2 2020	4/17/2020	B	B13	40	P	moderate	1.50	\$1,500			\$1,500
Q2 2020	4/17/2020	B	A21	70	P	major	2.50	\$2,500			\$2,500
Q2 2020	4/29/2020	B	B27	40	C	moderate	1.50	\$1,500			\$1,500
Q2 2020	4/30/2020	20	C6	25	C	low	1.00	\$1,000			\$1,000
Q2 2020	4/30/2020	20	C8	100	C	major	2.50	\$2,500			\$2,500
Q2 2020	5/6/2020	B	B31	100	C	major	2.50	\$2,500			\$2,500
Q2 2020	5/6/2020	B	B36	100	P	major	2.50	\$2,500			\$2,500
Q2 2020	5/28/2020	B	A29	70	C	major	2.50	\$2,500			\$2,500
Q2 2020	6/10/2020	20	C16	60	C	moderate	1.50	\$1,500			\$1,500
Q2 2020	6/10/2020	20	C24	40	C	moderate	1.50	\$1,500			\$1,500
Q2 2020	6/10/2020	20	C28	50	C	moderate	1.50	\$1,500			\$1,500
Q2 2020	6/10/2020	20	C16	70	P	major	2.50	\$2,500			\$2,500
Total								\$32,000			\$32,000



Non-Compliant ACHD Soaking Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	max non-flame opacity	pusher / coke (if viol.)	Severity of Violation	Penalty Multiplier	Soaking Penalty	H2S Penalty	SO2 Penalty	ACHD Total Soaking Penalty
Q3 2020	7/16/2020	B	A29	65	C	major	2.50	\$2,500			\$2,500
Q3 2020	7/17/2020	20	B20	100	P	major	2.50	\$2,500			\$2,500
Q3 2020	7/17/2020	20	B22	70	C	major	2.50	\$2,500			\$2,500
Q3 2020	7/17/2020	20	C1	100	C	major	2.50	\$2,500			\$2,500
Q3 2020	7/29/2020	20	C18	60	P	moderate	1.50	\$1,500			\$1,500
Q3 2020	8/5/2020	B	B35	100	C	major	2.50	\$2,500			\$2,500
Total								\$14,000			\$14,000



Non-Compliant ACHD Soaking Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	max non-flame opacity	pusher / coke (if viol.)	Severity of Violation	Penalty Multiplier	Soaking Penalty	H2S Penalty	SO2 Penalty	ACHD Total Soaking Penalty
Q4 2020	10/20/2020	20	B23	80	C	major	2.50	\$1,875			\$1,875
Q4 2020	10/23/2020	C	C26	40	P	moderate	1.50	\$1,125	\$250	\$1,000	\$2,375
Q4 2020	11/4/2020	B	B32	60	C	moderate	1.50	\$1,125	\$250		\$1,375
Q4 2020	11/12/2020	20	B10	75	P	major	2.50	\$1,875			\$1,875
Q4 2020	12/2/2020	B	B7	90	C	major	2.50	\$1,875			\$1,875
Q4 2020	12/3/2020	B	B12	50	C	moderate	1.50	\$1,125			\$1,125
Total								\$9,000	\$500	\$1,000	\$10,500



ACHD Non-Compliant Push Inspections and Penalties

Quarter (Year)	Date	Battery	Max Opacity	ACHD Push Severity of Violation	Push Penalty Multiplier	Push Penalty	H2S Penalty	SO2 Penalty	Total Push Penalty
Q2 2020	4/1/2020	B	25	low	1.00	\$1,000			\$1,000
Q2 2020	4/6/2020	C	25	low	1.00	\$1,000			\$1,000
Q2 2020	4/7/2020	3	30	low	1.00	\$1,000			\$1,000
Q2 2020	4/15/2020	3	30	low	1.00	\$1,000			\$1,000
Q2 2020	4/24/2020	C	25	low	1.00	\$1,000			\$1,000
Q2 2020	5/1/2020	19	50	moderate	1.50	\$1,500			\$1,500
Q2 2020	5/12/2020	B	30	low	1.00	\$1,000			\$1,000
Q2 2020	5/19/2020	C	20	low	1.00	\$1,000			\$1,000
Q2 2020	5/26/2020	C	40	moderate	3.00	\$3,000			\$3,000
Q2 2020	6/1/2020	14	25	low	1.00	\$1,000	\$250		\$1,250
Q2 2020	6/3/2020	B	55	moderate	1.50	\$1,500			\$1,500
Q2 2020	6/15/2020	19	60	moderate	1.50	\$1,500			\$1,500
Q2 2020	6/23/2020	19	100	major	2.50	\$2,500			\$2,500
Q2 2020	6/30/2020	B	40	moderate	1.50	\$1,500			\$1,500
Total					19.50	\$19,500	\$250		\$19,750



ACHD Non-Compliant Push Inspections and Penalties

Quarter (Year)	Date	Battery	Max Opacity	ACHD Push Severity of Violation	Push Penalty Multiplier	Push Penalty	H2S Penalty	SO2 Penalty	Total Push Penalty
Q3 2020	7/2/2020	B	25	low	1.00	\$1,000			\$1,000
Q3 2020	7/31/2020	1	35	low	1.00	\$1,000			\$1,000
Q3 2020	7/31/2020	14	65	major	2.50	\$2,500			\$2,500
Q3 2020	8/6/2020	20	30	low	1.00	\$1,000			\$1,000
Q3 2020	8/11/2020	C	45	moderate	1.50	\$1,500			\$1,500
Q3 2020	8/18/2020	3	45	moderate	1.50	\$1,500			\$1,500
Q3 2020	9/10/2020	13	50	moderate	1.50	\$1,500			\$1,500
Q3 2020	9/15/2020	C	60	moderate	1.50	\$1,500			\$1,500
Q3 2020	9/28/2020	3	35	low	1.00	\$1,000			\$1,000
Total					12.50	\$12,500			\$12,500



ACHD Non-Compliant Push Inspections and Penalties

Quarter (Year)	Date	Battery	Max Opacity	ACHD Push Severity of Violation	Push Penalty Multiplier	Push Penalty	H2S Penalty	SO2 Penalty	Total Push Penalty
Q4 2020	10/14/2020	1	30	low	1.00	\$750			\$750
Q4 2020	10/23/2020	C	75	major	2.50	\$1,875	\$250	\$1,000	\$3,125
Q4 2020	12/2/2020	B	45	moderate	1.50	\$1,125			\$1,125
Q4 2020	12/2/2020	B	60	moderate	1.50	\$1,125			\$1,125
Q4 2020	12/2/2020	B	65	major	2.50	\$1,875			\$1,875
Q4 2020	12/3/2020	3	35	low	1.00	\$750			\$750
Q4 2020	12/7/2020	2	45	moderate	1.50	\$1,125			\$1,125
Q4 2020	12/9/2020	C	65	major	2.50	\$1,875			\$1,875
Q4 2020	12/14/2020	14	35	low	1.00	\$750			\$750
Q4 2020	12/30/2020	1	35	low	1.00	\$750			\$750
Total					16.00	\$12,000	\$250	\$1,000	\$13,250



Non-Compliant ACHD Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	travel max opacity	ACHD Travel Severity of Violation	Travel Penalty Multiplier	Travel Penalty	H2S Penalty	SO2 Penalty	Total Travel Penalty
Q2 2020	4/1/2020	13	A20	25	low	1.00	\$1,000			\$1,000
Q2 2020	4/7/2020	3	B6	30	low	1.00	\$1,000			\$1,000
Q2 2020	4/14/2020	1	A27	25	low	1.00	\$1,000			\$1,000
Q2 2020	4/15/2020	3	B17	30	low	1.00	\$1,000			\$1,000
Q2 2020	4/15/2020	3	B8	40	moderate	1.50	\$1,500			\$1,500
Q2 2020	4/22/2020	14	A14	30	low	1.00	\$1,000			\$1,000
Q2 2020	4/23/2020	20	C23	20	low	1.00	\$1,000			\$1,000
Q2 2020	4/23/2020	3	B8	40	moderate	1.50	\$1,500			\$1,500
Q2 2020	4/27/2020	1	A2	30	low	1.00	\$1,000			\$1,000
Q2 2020	5/5/2020	3	B27	35	low	1.00	\$1,000			\$1,000
Q2 2020	5/18/2020	1	A11	30	low	1.00	\$1,000			\$1,000
Q2 2020	5/20/2020	13	A30	45	moderate	1.50	\$1,500			\$1,500
Q2 2020	5/27/2020	1	C2	30	low	1.00	\$1,000			\$1,000
Q2 2020	6/1/2020	14	B1	25	low	1.00	\$1,000	\$250		\$1,250
Q2 2020	6/11/2020	13	A21	45	moderate	1.50	\$1,500			\$1,500
Q2 2020	6/25/2020	3	B23	30	low	1.00	\$1,000		\$1,000	\$2,000
Q2 2020	6/25/2020	3	B14	40	moderate	1.50	\$1,500		\$1,000	\$2,500
Total						19.50	\$19,500	\$250	\$2,000	\$21,750



Non-Compliant ACHD Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	travel max opacity	ACHD Travel Severity of Violation	Travel Penalty Multiplier	Travel Penalty	H2S Penalty	SO2 Penalty	Total Travel Penalty
Q3 2020	7/13/2020	2	A21	35	low	1.00	\$1,000			\$1,000
Q3 2020	7/31/2020	1	A24	25	low	1.00	\$1,000			\$1,000
Q3 2020	7/31/2020	14	A19	25	low	1.00	\$1,000			\$1,000
Q3 2020	8/10/2020	1	A1	40	moderate	1.50	\$1,500			\$1,500
Q3 2020	8/18/2020	2	A22	30	low	1.00	\$1,000			\$1,000
Q3 2020	9/9/2020	1	A22	40	moderate	1.50	\$1,500			\$1,500
Q3 2020	9/10/2020	13	A30	60	moderate	1.50	\$1,500			\$1,500
Q3 2020	9/11/2020	14	B1	45	moderate	1.50	\$1,500			\$1,500
Total						10.00	\$10,000			\$10,000



Non-Compliant ACHD Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	travel max opacity	ACHD Travel Severity of Violation	Travel Penalty Multiplier	Travel Penalty	H2S Penalty	SO2 Penalty	Total Travel Penalty
Q4 2020	10/8/2020	2	B2	45	moderate	1.50	\$1,125			\$1,125
Q4 2020	10/21/2020	3	B3	25	low	1.00	\$750			\$750
Q4 2020	10/22/2020	19	C26	50	moderate	1.50	\$1,125			\$1,125
Q4 2020	10/27/2020	1	A21	20	low	1.00	\$750			\$750
Q4 2020	11/10/2020	14	B1	40	moderate	1.50	\$1,125	\$250		\$1,375
Q4 2020	12/3/2020	3	B6	30	low	1.00	\$750			\$750
Q4 2020	12/16/2020	20	B23	35	low	1.00	\$750			\$750
Total						8.50	\$6,375	\$250		\$6,625



Non-Compliant ACHD Doors Inspections and Penalties

Quarter (Year)	Date	Battery	Percent Leaking Doors	Severity Value	Severity of Violation	Penalty Multiplier	Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total Door Penalty
Q4 2020	11/4/2020	B	23.33%	4.67	Major	2.50	\$1,875	\$250		\$2,125
Total			23.33%	4.67		2.50	\$1,875	\$250		\$2,125



Non-Compliant ACHD Topside (Lid) Inspections and Penalties

Quarter (Year)	Date	Battery	Percent Leaking Lids	Severity Value	Severity of Violation	Penalty Multiplier	H2S Penalty	SO2 Penalty	ACHD Total Lid Penalty
Q2 2020	5/7/2020	20	3.20	3.20	Major	2.50	\$250		\$2,750
Q2 2020	5/12/2020	B	2.00	2.00	Major	2.50			\$2,500
Q2 2020	6/18/2020	B	1.01	1.01	Low	1.00			\$1,000
Q3 2020	7/2/2020	B	4.05	4.05	Major	2.50			\$2,500
Q3 2020	7/29/2020	20	3.92	3.92	Major	2.50			\$2,500
Q3 2020	8/25/2020	B	1.01	1.01	Low	1.00			\$1,000
Q3 2020	9/4/2020	B	1.67	1.67	Major	2.50			\$2,500
Q4 2020	10/23/2020	C	0.96	1.61	Major	2.50	\$250	\$1,000	\$3,125
Q4 2020	11/4/2020	B	2.36	2.36	Major	2.50	\$250		\$2,125
Q4 2020	11/9/2020	C	2.17	3.61	Major	2.50	\$250		\$2,125
Total			22.36			22.00	\$1,000	\$1,000	\$22,125



Non-Compliant ACHD Topside (Offtake) Inspections and Penalties

Quarter (Year)	Date	Battery	Percent Leaking Offtakes	Severity Value	Severity of Violation	Penalty Multiplier	Topside Offtake Penalty	SO2 Penalty	H2S Penalty	ACHD Total Offtake Penalty
Q2 2020	5/12/2020	B	8.00	2.00	Major	2.50	\$2,500			\$2,500
Q2 2020	6/1/2020	14	4.10	1.02	Low	1.00	\$1,000		\$250	\$1,250
Q3 2020	7/16/2020	B	6.00	1.50	Moderate	1.50	\$1,500			\$1,500
Q3 2020	9/4/2020	B	4.67	1.17	Low	1.00	\$1,000			\$1,000
Q3 2020	9/9/2020	1	5.47	1.09	Low	1.00	\$1,000			\$1,000
Q4 2020	10/1/2020	B	4.05	1.01	Low	1.00	\$750			\$750
Q4 2020	11/4/2020	B	4.73	1.18	Low	1.00	\$750		\$250	\$1,000
Q4 2020	11/24/2020	B	6.08	1.52	Major	2.50	\$1,875			\$1,875
Total						11.50	\$10,375		\$500	\$10,875



Non-Compliant ACHD Doors > 40% Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	opacity	Severity of Violation	Penalty Multiplier	H.O. Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total HO Door Penalty
Q2 2020	4/1/2020	B	A38	50	Low	1.00	\$750			\$750
Q2 2020	4/1/2020	B	B30	50	Low	1.00	\$750			\$750
Q2 2020	4/6/2020	C	C72	55	Major	2.50	\$1,875			\$1,875
Q2 2020	4/6/2020	C	C78	45	Moderate	1.50	\$1,125			\$1,125
Q2 2020	4/15/2020	14	B20	65	Moderate	1.50	\$1,125			\$1,125
Q2 2020	4/21/2020	C	C45	50	Moderate	1.50	\$1,125			\$1,125
Q2 2020	4/28/2020	19	A18	50	Low	1.00	\$750			\$750
Q2 2020	5/8/2020	19	C10	50	Low	1.00	\$750			\$750
Q2 2020	5/11/2020	14	B27	85	Major	2.50	\$1,875			\$1,875
Q2 2020	5/27/2020	1	C2	50	Low	1.00	\$750			\$750
Q2 2020	6/8/2020	1	A20	70	Major	2.50	\$1,875			\$1,875
Q2 2020	6/8/2020	1	B18	60	Moderate	1.50	\$1,125			\$1,125
Q2 2020	6/10/2020	20	C28	70	Major	2.50	\$1,875			\$1,875
Q2 2020	6/19/2020	19	B11	75	Major	2.50	\$1,875			\$1,875
Total						23.50	\$17,625			\$17,625



Non-Compliant ACHD Doors>40% Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	opacity	Severity of Violation	Penalty Multiplier	H.O. Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total HO Door Penalty
Q3 2020	7/6/2020	C	C26	100	Major	2.50	\$1,875			\$1,875
Q3 2020	7/6/2020	C	C36	50	Moderate	1.50	\$1,125			\$1,125
Q3 2020	7/8/2020	3	C1	60	Moderate	1.50	\$1,125			\$1,125
Q3 2020	7/15/2020	C	C75	35	Low	1.00	\$750			\$750
Q3 2020	7/27/2020	C	C23	45	Moderate	1.50	\$1,125			\$1,125
Q3 2020	7/30/2020	C	C3	50	Moderate	1.50	\$1,125			\$1,125
Q3 2020	8/4/2020	13	B26	50	Low	1.00	\$750			\$750
Q3 2020	8/5/2020	B	B15	60	Moderate	1.50	\$1,125			\$1,125
Q3 2020	8/10/2020	1	A28	80	Major	2.50	\$1,875			\$1,875
Q3 2020	8/12/2020	1	A23	70	Major	2.50	\$1,875			\$1,875
Q3 2020	8/13/2020	C	C64	90	Major	2.50	\$1,875			\$1,875
Q3 2020	8/13/2020	C	C54	95	Major	2.50	\$1,875			\$1,875
Q3 2020	8/19/2020	C	C70	85	Major	2.50	\$1,875			\$1,875
Q3 2020	8/24/2020	20	A16	50	Low	1.00	\$750			\$750
Q3 2020	8/24/2020	20	B12	75	Major	2.50	\$1,875			\$1,875
Q3 2020	8/24/2020	19	C27	90	Major	2.50	\$1,875			\$1,875
Q3 2020	8/25/2020	C	C23	50	Moderate	1.50	\$1,125			\$1,125
Q3 2020	8/26/2020	14	B22	85	Major	2.50	\$1,875			\$1,875
Q3 2020	9/9/2020	1	A20	55	Moderate	1.50	\$1,125			\$1,125
Q3 2020	9/23/2020	13	B30	100	Major	2.50	\$1,875			\$1,875
Q3 2020	9/28/2020	C	C28	40	Low	1.00	\$750			\$750
Total						39.50	\$29,625			\$29,625



Non-Compliant ACHD Doors > 40% Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	opacity	Severity of Violation	Penalty Multiplier	H.O. Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total HO Door Penalty
Q4 2020	10/1/2020	B	A18	80	Major	2.50	\$1,875			\$1,875
Q4 2020	10/1/2020	B	A18	55	Moderate	1.50	\$1,125			\$1,125
Q4 2020	10/1/2020	B	B8	65	Moderate	1.50	\$1,125			\$1,125
Q4 2020	10/8/2020	3	A14	95	Major	2.50	\$1,875			\$1,875
Q4 2020	10/9/2020	C	C52	65	Major	2.50	\$1,875			\$1,875
Q4 2020	10/9/2020	C	C47	75	Major	2.50	\$1,875			\$1,875
Q4 2020	10/9/2020	C	C52	90	Major	2.50	\$1,875			\$1,875
Q4 2020	10/9/2020	C	C7	50	Moderate	1.50	\$1,125			\$1,125
Q4 2020	10/9/2020	C	C82	50	Moderate	1.50	\$1,125			\$1,125
Q4 2020	10/14/2020	1	B20	50	Low	1.00	\$750			\$750
Q4 2020	10/23/2020	C	C24	45	Moderate	1.50	\$1,125	\$250	\$1,000	\$2,375
Q4 2020	10/27/2020	1	B31	50	Low	1.00	\$750			\$750
Q4 2020	10/27/2020	1	A28	70	Major	2.50	\$1,875			\$1,875
Q4 2020	11/4/2020	B	A5	45	Low	1.00	\$750	\$250		\$1,000
Q4 2020	11/4/2020	B	B15	45	Low	1.00	\$750	\$250		\$1,000
Q4 2020	11/4/2020	B	A13	50	Low	1.00	\$750	\$250		\$1,000
Q4 2020	11/4/2020	B	A15	50	Low	1.00	\$750	\$250		\$1,000
Q4 2020	11/4/2020	B	A21	70	Major	2.50	\$1,875	\$250		\$2,125
Q4 2020	11/4/2020	B	A25	85	Major	2.50	\$1,875	\$250		\$2,125
Q4 2020	11/4/2020	B	A18	60	Moderate	1.50	\$1,125	\$250		\$1,375
Q4 2020	11/4/2020	B	B10	65	Moderate	1.50	\$1,125	\$250		\$1,375
Q4 2020	11/9/2020	C	C20	70	Major	2.50	\$1,875	\$250		\$2,125
Q4 2020	11/9/2020	C	C55	90	Major	2.50	\$1,875	\$250		\$2,125
Q4 2020	11/9/2020	C	C60	100	Major	2.50	\$1,875	\$250		\$2,125
Q4 2020	11/27/2020	1	A28	90	Major	2.50	\$1,875			\$1,875
Q4 2020	12/2/2020	B	B26	50	Low	1.00	\$750			\$750
Q4 2020	12/2/2020	B	B11	55	Moderate	1.50	\$1,125			\$1,125
Q4 2020	12/14/2020	13	A9	50	Low	1.00	\$750			\$750
Total						50.00	\$37,500	\$3,000	\$1,000	\$41,500



Method 303 Inspection and Penalty Summary

Quarter (Year)	Total M303 Compl Insps	Total M303 Inspections	Method 303 % Compliance	Method 303 Total Penalty
Q2 2020	3635	3640	99.86%	\$5,500
Q3 2020	3674	3680	99.84%	\$9,500
Q4 2020	3674	3680	99.84%	\$8,750
Total	10983	11000	99.85%	\$23,750



Non-Compliant Method 303 Charge Inspections and Penalty

Quarter (Year)	Date	Battery	Charge (1-4)	Charge(1-4) Severity of Violation	Charge (2-5)	Charge(2-5) Severity of Violation	Sum of Charges	Laer Battery Charge Severity of Violation	Method 303 Penalty	SO2 Penalty	H2S Penalty	Total Method 303 Penalty
Q2 2020	4/17/2020	3	11.50		86.50	Low	88.50		\$1,000			\$1,000
Q2 2020	5/27/2020	20	16.00		60.00		62.00	Low	\$1,000			\$1,000
Q2 2020	5/30/2020	20	56.00		56.50		57.50	Low	\$1,000			\$1,000
Q3 2020	8/15/2020	B	144.50		148.50		150.00	Major	\$2,500			\$2,500
Q3 2020	9/26/2020	13	12.50		124.50		126.50	Major	\$2,500			\$2,500
Q4 2020	12/12/2020	14	56.50		56.00		57.50	Low	\$750		\$250	\$1,000
Total									\$8,750		\$250	\$9,000



Non-Compliant Method 303 Door Inspections and Penalty

Quarter (Year)	Date	Battery	Doors %Leaking	Door Severity Value	Door Severity of Violation	Method 303 Penalty	SO2 Penalty	H2S Penalty	Total Method 303 Penalty
Q4 2020	11/2/2020	C	4.76%	1.59	Major	\$1,875			\$1,875
Q4 2020	12/29/2020	B	6.42%	1.28	Moderate	\$1,125			\$1,125
Total						\$3,000			\$3,000



Non-Compliant Method 303 Topside (Lid) Inspections and Penalty

Quarter (Year)	Date	Battery	Lids %Leaking	Lid Leak Severity Value	Lid Leaks Severity of Violation	Method 303 Penalty	SO2 Penalty	H2S Penalty	Total Method 303 Penalty
Q3 2020	8/18/2020	C	0.72	1.20	Moderate	\$1,500			\$1,500
Q4 2020	10/13/2020	C	1.67	2.78	Major	\$1,875			\$1,875
Q4 2020	12/11/2020	C	1.19	1.98	Major	\$1,875		\$250	\$2,125
Total						\$5,250		\$250	\$5,500



Non-Compliant Method 303 Topside (Offtake) Inspection and Penalty

Quarter (Year)	Date	Battery	Offtakes %Leaking	Offtake Leak Severity Value	Offtake Leaks Severity of Violation	Method 303 Penalty	H2S Penalty	SO2 Penalty	Total Method 303 Penalty
Q2 2020	5/4/2020	20	4.60	1.15	Low	\$1,000			\$1,000
Q2 2020	6/8/2020	B	5.56	1.39	Moderate	\$1,500			\$1,500
Q3 2020	7/17/2020	B	4.17	1.04	Low	\$1,000			\$1,000
Q3 2020	8/8/2020	1	5.47	1.09	Low	\$1,000			\$1,000
Q3 2020	9/23/2020	B	4.17	1.04	Low	\$1,000			\$1,000
Q4 2020	11/25/2020	14	4.31	1.08	Low	\$750			\$750
Total						\$6,250			\$6,250



Summary of Penalties from USS Inspections

Quarter (Year)	Total USS Push Penalty	USS Travel Penalty	USS SIP Door Penalty	USS Total Penalty
Q2 2020	\$2,000	\$5,000	\$2,625	\$9,625
Q3 2020	\$3,500	\$2,000	\$2,625	\$8,125
Q4 2020			\$2,625	\$2,625
Total	\$5,500	\$7,000	\$2,625	\$15,125



USS Non-Compliant Push Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	USS Reported Opacity	Push Severity of Violation	Push Penalty Multiplier	USS Push Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Push Penalty
Q2 2020	4/13/2020	13	A1	20	low	1.00	\$1,000			\$1,000
Q2 2020	4/17/2020	14	B15	30	low	1.00	\$1,000			\$1,000
Q3 2020	7/24/2020	13	A30	20	low	1.00	\$1,000			\$1,000
Q3 2020	8/18/2020	3	A30	35	low	1.00	\$1,000			\$1,000
Q3 2020	9/29/2020	1	A11	40	moderate	1.50	\$1,500			\$1,500
Total						5.50	\$5,500			\$5,500



USS Non-Compliant Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	USS Reported Opacity	Travel Severity of Violation	Travel Penalty Multiplier	USS Travel Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Travel Penalty
Q2 2020	4/13/2020	13	A1	15	low	1.00	\$1,000			\$1,000
Q2 2020	4/24/2020	14	A29	30	low	1.00	\$1,000			\$1,000
Q2 2020	5/20/2020	13	A30	30	low	1.00	\$1,000			\$1,000
Q2 2020	5/20/2020	14	A29	30	low	1.00	\$1,000			\$1,000
Q2 2020	6/10/2020	13	A11	20	low	1.00	\$1,000			\$1,000
Q3 2020	7/24/2020	13	A30	15	low	1.00	\$1,000			\$1,000
Q3 2020	9/10/2020	14	A29	25	low	1.00	\$1,000			\$1,000
Total							\$7,000			\$7,000



Non-Compliant USS Door Inspections and Penalties

Inspection Date	Battery	% Door Leak	Severity of Violation	Penalty Multiplier	Door Penalty	H2S Penalty	SO2 Penalty	USS SIP Door Penalty
10/21/2020	B	8.00	Major	2.50	\$1,875			\$1,875
11/24/2020	B	5.67	Low	1.00	\$750			\$750
Total		13.67		3.50	\$2,625			\$2,625



Continuous Opacity Monitor Non-Compliant Clock Hours

Quarter (Year)	Battery 1	Battery 2	Battery 3	Battery 13	Battery 14	Battery 15	Battery 19	Battery 20	Battery B	Battery C	Total Non-Compliant Clock Hours	COMs Penalty
Q2 2020	4	4	4	6	3	0	4	1	13	6	45	\$9,000
4/1/2020	0	0	2	0	0	0	2	1	1	1	7	\$1,400
5/1/2020	0	1	1	0	2	0	1	0	1	1	7	\$1,400
6/1/2020	4	3	1	6	1	0	1	0	11	4	31	\$6,200
Q3 2020	3	3	11	8	6	0	17	7	9	6	70	\$14,000
7/1/2020	1	1	2	3	3	0	2	1	5	2	20	\$4,000
8/1/2020	2	1	6	3	1	0	8	4	3	2	30	\$6,000
9/20/2020	0	1	3	2	2	0	7	2	1	2	20	\$4,000
Q4 2020	5	12	6	4	6	1	3	2	8	4	51	\$10,200
10/20/2020	1	8	5	1	3	1	1	0	0	0	20	\$4,000
11/20/2020	1	2	1	2	2	0	1	0	7	0	16	\$3,200
12/20/2020	3	2	0	1	1	0	1	2	1	4	15	\$3,000
Total	12	19	21	18	15	1	24	10	30	16	166	\$33,200

COUNTY OF



ALLEGHENY

NOTICE OF VIOLATION

April 1, 2021

CERTIFIED MAIL - 9489 0090 0027 6047 5264 XX

Mr. Michael Rhoads
United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025-1855

RE: Notice of Violation #210302– United States Steel Corporation, Clairton Works, 400 State Street, Clairton, PA – Allegheny County Health Department Rules and Regulations, Article XXI (“Air Pollution Control”), §2101.11.a.2, Prohibition of Air Pollution

Dear Mr. Rhoads,

Review of the ambient air quality data for 2020 and 2021 year to date from the Department’s Air Monitoring Station located in Liberty Borough indicates exceedances of the hydrogen sulfide (H₂S) ambient air quality standards in Article XXI of the Allegheny County Health Department (ACHD) Rules and Regulations, §2101.11.a.2 (“Prohibition of Air Pollution”). Specifically, the 24-hour standard concentration averaged over 24 hours for H₂S is 0.005 ppm (parts per million by volume-dry).

The exceedances are summarized in the table below.



DEBRA BOGEN, MD, DIRECTOR
ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM

301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243)
WWW.ALLEGHENYCOUNTY.US/HEALTHDEPARTMENT



Liberty Borough Air Monitoring Station H ₂ S Exceedances		
Year	Date	24-Hour Average (ppm) *
2020	2/3/2020	0.0082
2020	2/10/2020	0.0058
2020	2/17/2020	0.0063
2020	2/23/2020	0.0095
2020	2/24/2020	0.0093
2020	3/2/2020	0.0071
2020	3/8/2020	0.008
2020	3/9/2020	0.0076
2020	5/2/2020	0.0059
2020	5/7/2020	0.006
2020	6/1/2020	0.0057
2020	7/4/2020	0.0064
2020	7/18/2020	0.0062
2020	8/9/2020	0.0078
2020	8/21/2020	0.0073
2020	10/23/2020	0.0083
2020	11/4/2020	0.0073
2020	11/5/2020	0.0093
2020	11/6/2020	0.0128
2020	11/7/2020	0.0138
2020	11/8/2020	0.0064
2020	11/9/2020	0.0114
2020	11/10/2020	0.0064
2020	12/11/2020	0.0082
2020	12/12/2020	0.0075
2021	3/3/2021	0.0058
2021	3/8/2021	0.0062
2021	3/9/2021	0.0083
2021	3/10/2021	0.0084
2021	3/11/2021	0.0086
2021	3/25/2021	0.0084
2021	3/27/2021	0.0079

* Ambient air quality standards and the hydrogen sulfide concentration shall not exceed 0.005ppm averaged over a 24-hour period. Article XXI, § 2101.10; 25 Pa. Code §131.3.

Please allow this correspondence to serve as notice to United States Steel Corporation, Clairton Works, that the above exceedances of the standard are violations of the Allegheny County Health Department Rules and Regulations, Article XXI ("Air Pollution Control"):

Article XXI § 2101.11.a.2

- a. No person shall willfully, negligently, or through the failure to provide and operate necessary control equipment or to take necessary precautions, operate any source of air contaminants in such manner that emissions from such source:

* * * *

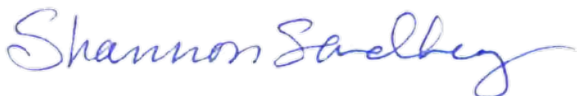
2. Cause an exceedance of the ambient air quality standards established by §2101.10 of this Article.

This Notice of Violation is neither an order nor any other final action of the Allegheny County Health Department. It neither imposes nor waives any enforcement action available to the Department under any of its statutes. If the ACHD determines that an enforcement action is appropriate, you will be notified of the action. Please be aware that any violation of the Article XXI regulations subjects a person to a variety of enforcement actions, including a civil penalty of up to \$25,000 per violation per day.

Please contact the ACHD within **14 days** of receipt of this notice to schedule a meeting to discuss this Notice of Violation. A meeting may be scheduled by contacting Shannon Sandberg at (412) 578-7969 or emailing at shannon.sandberg@alleghenycounty.us. If a meeting is not requested, the ACHD may proceed with further enforcement action.

If you believe any of the facts in this Notice of Violation are in error, you may submit information to Ms. Sandberg via email or at the address shown at the bottom of the first page of this letter. The ACHD will consider new information you submit and take appropriate action. Thank you for your anticipated prompt attention to this matter.

Sincerely,



Shannon Sandberg
Enforcement Section Chief
Air Quality Program

cc: Debra Bogen, M.D., Director
Jim Kelly, Deputy Director
Dean DeLuca, Air Quality Program Manager
File



June 4, 2021

CERTIFIED MAIL – 9489 0090 0027 6047 4905 65

Michael Rhoads
United States Steel Corporation
Clairton Plant
400 State Street
Clairton, PA 15025

RE: United States Steel – Clairton Plant; Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 Section IX. Stipulated Penalties - January 1, 2021 through March 31, 2021 (1st Quarter)

Dear Mr. Rhoads:

The Allegheny County Health Department is seeking enforcement of stipulated penalties pursuant to Section IX of Settlement Agreement and Order #190604 (SAO). The Department has determined that United States Steel is in violation of Article XXI, § 2102.03.c, and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0052-I011b.

The stipulated penalties were calculated pursuant to Section IX, of the SAO from the violations observed by the Department's Coke Oven Process Technicians and Method 303 contractor, and including data reported by U.S. Steel, at your company's Clairton Plant, during the first quarter of 2021, January 1, 2021 through March 31, 2021. The violations and associated penalties are set forth in the attachments.

The Department has calculated a penalty in the amount of \$201,500.00. Pursuant to the SOA, Section V. ("Civil Penalty Payment"), Paragraph A, 90 percent of that amount, or \$181,350.00, is to be paid to the Community Benefit Trust and 10 percent of the potential penalties, \$20,150.00, shall constitute a civil penalty and is to be paid to the Allegheny County Clean Air Fund. Payments are to be made within thirty (30) days of receipt of this order. Payment to the Clean Air Fund shall be made by corporate check, or the like, and made payable to the "Allegheny County Clean Air Fund", and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201.



DEBRA BOGEN, MD, DIRECTOR
ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM
301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243)
WWW.ALLEGHENYCOUNTY.US/HEALTHDEPARTMENT



The demand for stipulated penalties in this letter pertains only to the violations listed in the attachments that transpired from January 1, 2021 through March 31, 2021. Also, this letter in no way precludes the Department from issuing demands for other stipulated penalties for other violations which may have occurred from January 1, 2021 through March 31, 2021.

If you have any questions concerning this demand for stipulated penalties, please contact Shannon Sandberg, ACHD Air Quality Enforcement Section Chief, at 412-578-7969 or by email at: Shannon.Sandberg@AlleghenyCounty.us. Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in blue ink that reads "Shannon Sandberg". The signature is fluid and cursive, with the first name "Shannon" and last name "Sandberg" clearly legible.

Shannon Sandberg
Air Quality Manager
Compliance and Enforcement Section
Air Quality Program

cc: Mark Jeffrey (MJeffrey@uss.com)
Mike Dzurinko (MDzurinko@uss.com)
Jonelle Scheetz (JSScheetz@uss.com)
Dean DeLuca, Air Quality Program Manager
AQ Documents File



Consent Order and Agreement #190604
1st Quarter Stipulated Penalties

U.S. Steel Clairton Facility

June 4, 2021



Total Stipulated Penalties: U.S. Steel, Third Party Method 303, and ACHD Coke Oven Inspections

Quarter (Year)	Penalty from Method 303 Inspections	Penalty from ACHD Inspections	Penalty from USS Inspections	COMs Penalty	Total Penalty
▲					
☐ Q1 2021					
Jan 2021	\$5,000	\$36,125	\$0	\$3,200	\$44,325
Feb 2021	\$0	\$42,750	\$0	\$2,800	\$45,550
Mar 2021	\$3,250	\$87,375	\$18,000	\$3,000	\$111,625
Total	\$8,250	\$166,250	\$18,000	\$9,000	\$201,500
Total	\$8,250	\$166,250	\$18,000	\$9,000	\$201,500



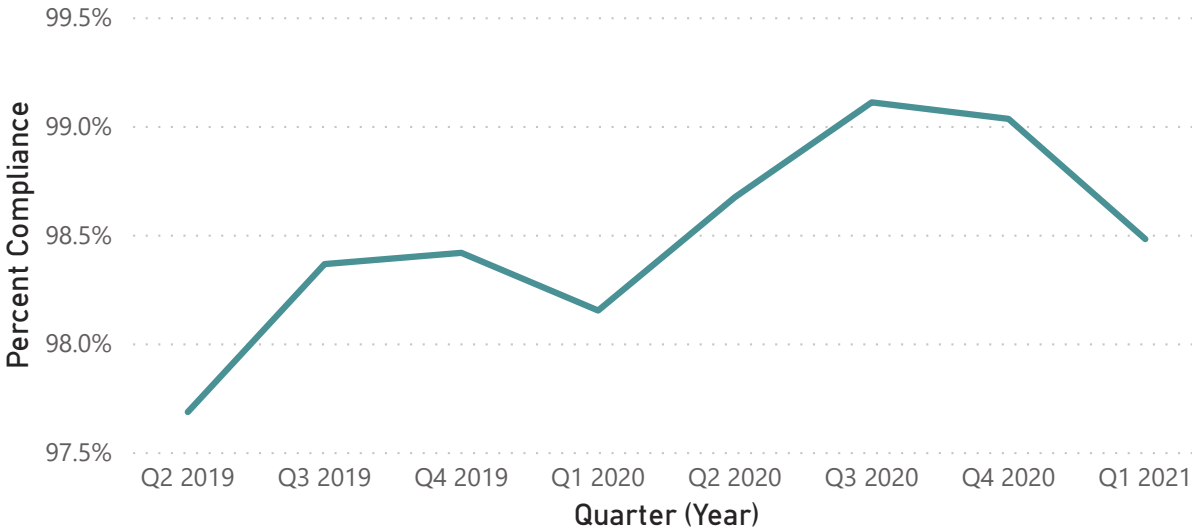
Quarterly Compliance (ACHD and Method 303 Inspections)

Quarter (Year)	ACHD Total Compliant	ACHD Total Inspections (w/o HO Doors)	ACHD % Compliance	Total M303 Compl Insps	Total M303 Inspections	Method 303 % Compliance	Total Compliant Insp (ACHD and M303)	Total Inspections (ACHD and M303)	Percent Compliance
▲									
Q1 2021	1003	1070	93.74%	3596	3600	99.89%	4599	4670	98.48%
Total	1003	1070	93.74%	3596	3600	99.89%	4599	4670	98.48%

Average Percent Compliance

Quarter (Year)	Quarterly Compliance (1 previous Q)	Quarterly Compliance (current Qs)	Compliance Average of Current and Previous Quarters
▲			
Q4 2020	99.108%	99.032%	99.070%
Q1 2021	99.032%	98.480%	98.756%

Percent Compliance by Quarter (Year)





Penalty Summary for ACHD Inspections

Quarter (Year) ▲	ACHD Charging Penalty	ACHD Soaking Penalty	ACHD Push Penalty	ACHD Travel Penalty	ACHD Doors Penalty	ACHD Lid Penalty	ACHD Offtake Penalty	ACHD HO Door Penalty	ACHD Total Penalties
☐ Q1 2021									
Jan 2021	\$8,500	\$3,000	\$10,500	\$4,500	\$1,000	\$0	\$0	\$8,625	\$36,125
Feb 2021	\$1,000	\$6,000	\$13,000	\$13,000	\$0	\$0	\$0	\$9,750	\$42,750
Mar 2021	\$4,250	\$2,500	\$25,250	\$11,750	\$2,750	\$0	\$0	\$40,875	\$87,375
Total	\$13,750	\$11,500	\$48,750	\$29,250	\$3,750	\$0	\$0	\$59,250	\$166,250
Total	\$13,750	\$11,500	\$48,750	\$29,250	\$3,750	\$0	\$0	\$59,250	\$166,250

Quarter (Year)	Charging Violations	Soaking Violations	Door Violations	Push Violations	Travel Violations	Lid Violations	Offtake Violations	H.O. Door Violations	ACHD Documented Violations ▼
☐ Q1 2021	7	7	2	29	22			65	67
Mar 2021	2	2	1	15	9			36	29
Feb 2021	1	3		7	9			17	20
Jan 2021	4	2	1	7	4			12	18
Total	7	7	2	29	22			65	67



Non-Compliant ACHD Charge Inspections and Penalties

Quarter (Year)	Date	Battery	Duration of readings (seconds)	Charge Severity Value	Charging Severity of Violation	Charging Penalty Multiplier	Charging Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	ACHD Total Charging Penalty
Q1 2021	1/8/2021	C	108	1.95	Major	2.50	\$2,500			\$2,500
Q1 2021	1/11/2021	14	111	2.00	Major	2.50	\$2,500			\$2,500
Q1 2021	1/14/2021	B	86	1.55	Major	2.50	\$2,500			\$2,500
Q1 2021	1/21/2021	20	56	1.01	Low	1.00	\$1,000			\$1,000
Q1 2021	2/23/2021	13	61	1.10	Low	1.00	\$1,000			\$1,000
Q1 2021	3/10/2021	C	73	1.32	Moderate	1.50	\$1,500	\$250		\$1,750
Q1 2021	3/19/2021	B	91	1.64	Major	2.50	\$2,500			\$2,500
Total						13.50	\$13,500	\$250		\$13,750



Non-Compliant ACHD Soaking Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	max non-flame opacity	pusher / coke (if viol.)	Severity of Violation	Penalty Multiplier	Soaking Penalty	H2S Penalty	SO2 Penalty	ACHD Total Soaking Penalty
Q1 2021	1/5/2021	20	C14	40	C	moderate	1.50	\$1,500			\$1,500
Q1 2021	1/21/2021	20	C27	50	C	moderate	1.50	\$1,500			\$1,500
Q1 2021	2/2/2021	20	B2	70	C	major	2.50	\$2,500			\$2,500
Q1 2021	2/2/2021	20	B4	100	C	major	2.50	\$2,500			\$2,500
Q1 2021	2/5/2021	20	A6	30	C	low	1.00	\$1,000			\$1,000
Q1 2021	3/1/2021	20	B23	45	C	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/4/2021	20	B10	30	P	low	1.00	\$1,000			\$1,000
Total								\$11,500			\$11,500

ACHD Non-Compliant Push Inspections and Penalties



Quarter (Year)	Date	Battery	Oven	Max Opacity	ACHD Push Severity of Violation	Push Penalty Multiplier	Push Penalty	H2S Penalty	SO2 Penalty	Total Push Penalty
Q1 2021	1/7/2021	B	A30	45	moderate	1.50	\$1,500			\$1,500
Q1 2021	1/8/2021	C	C19	25	low	1.00	\$1,000			\$1,000
Q1 2021	1/8/2021	C	C13	35	low	1.00	\$1,000			\$1,000
Q1 2021	1/8/2021	C	C17	50	moderate	1.50	\$1,500			\$1,500
Q1 2021	1/14/2021	B	A38	45	moderate	1.50	\$1,500			\$1,500
Q1 2021	1/14/2021	B	A34	60	moderate	1.50	\$1,500			\$1,500
Q1 2021	1/14/2021	B	A32	70	major	2.50	\$2,500			\$2,500
Q1 2021	2/2/2021	20	A19	60	moderate	1.50	\$1,500			\$1,500
Q1 2021	2/4/2021	19	A25	80	major	2.50	\$2,500			\$2,500
Q1 2021	2/4/2021	3	A26	40	moderate	1.50	\$1,500			\$1,500
Q1 2021	2/5/2021	20	C29	35	low	1.00	\$1,000			\$1,000
Q1 2021	2/8/2021	13	A2	45	moderate	1.50	\$1,500			\$1,500
Q1 2021	2/10/2021	19	A4	70	major	2.50	\$2,500			\$2,500
Q1 2021	2/18/2021	13	A16	100	major	2.50	\$2,500			\$2,500
Q1 2021	3/1/2021	13	B1	35	low	1.00	\$1,000			\$1,000
Q1 2021	3/1/2021	13	B10	50	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/1/2021	13	A5	100	major	2.50	\$2,500			\$2,500
Q1 2021	3/4/2021	B	A38	35	low	1.00	\$1,000			\$1,000
Q1 2021	3/4/2021	B	B4	35	low	1.00	\$1,000			\$1,000
Q1 2021	3/9/2021	2	C1	30	low	1.00	\$1,000	\$250		\$1,250
Q1 2021	3/12/2021	20	A3	100	major	2.50	\$2,500			\$2,500
Q1 2021	3/16/2021	3	A9	45	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/16/2021	3	A15	65	major	2.50	\$2,500			\$2,500
Q1 2021	3/17/2021	19	B10	50	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/22/2021	19	C17	70	major	2.50	\$2,500			\$2,500
Q1 2021	3/22/2021	3	B8	65	major	2.50	\$2,500			\$2,500
Q1 2021	3/23/2021	3	A31	30	low	1.00	\$1,000			\$1,000
Q1 2021	3/23/2021	3	A29	50	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/26/2021	1	B30	45	moderate	1.50	\$1,500			\$1,500
Total						48.50	\$48,500	\$250		\$48,750

Non-Compliant ACHD Travel Inspections and Penalties



Quarter (Year)	Date	Battery	Oven	travel max opacity	ACHD Travel Severity of Violation	Travel Penalty Multiplier	Travel Penalty	H2S Penalty	SO2 Penalty	Total Travel Penalty
Q1 2021	1/8/2021	C	C19	25	low	1.00	\$1,000			\$1,000
Q1 2021	1/8/2021	C	C13	35	low	1.00	\$1,000			\$1,000
Q1 2021	1/21/2021	20	C25	40	moderate	1.50	\$1,500			\$1,500
Q1 2021	1/21/2021	C	C1	25	low	1.00	\$1,000			\$1,000
Q1 2021	2/2/2021	20	A19	70	major	2.50	\$2,500			\$2,500
Q1 2021	2/4/2021	3	A26	30	low	1.00	\$1,000			\$1,000
Q1 2021	2/5/2021	20	C29	40	moderate	1.50	\$1,500			\$1,500
Q1 2021	2/8/2021	13	A2	40	moderate	1.50	\$1,500			\$1,500
Q1 2021	2/10/2021	13	A23	25	low	1.00	\$1,000			\$1,000
Q1 2021	2/10/2021	19	A4	35	low	1.00	\$1,000			\$1,000
Q1 2021	2/16/2021	20	B4	30	low	1.00	\$1,000			\$1,000
Q1 2021	2/18/2021	13	A16	100	major	2.50	\$2,500			\$2,500
Q1 2021	2/18/2021	2	C1	30	low	1.00	\$1,000			\$1,000
Q1 2021	3/1/2021	13	A5	55	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/8/2021	1	A31	35	low	1.00	\$1,000	\$250		\$1,250
Q1 2021	3/12/2021	20	A3	55	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/16/2021	3	A15	25	low	1.00	\$1,000			\$1,000
Q1 2021	3/17/2021	19	B10	25	low	1.00	\$1,000			\$1,000
Q1 2021	3/17/2021	2	B7	45	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/22/2021	19	C17	45	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/22/2021	3	B8	20	low	1.00	\$1,000			\$1,000
Q1 2021	3/23/2021	3	A29	40	moderate	1.50	\$1,500			\$1,500
Total						29.00	\$29,000	\$250		\$29,250



Non-Compliant ACHD Doors Inspections and Penalties

Quarter (Year)	Date	Battery	Percent Leaking Doors	Severity Value	Severity of Violation	Penalty Multiplier	Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total Door Penalty
Q1 2021	1/21/2021	C	3.05%	1.02	Low	1.00	\$1,000			\$1,000
Q1 2021	3/10/2021	C	9.26%	3.09	Major	2.50	\$2,500	\$250		\$2,750
Total						3.50	\$3,500	\$250		\$3,750



Non-Compliant ACHD Topside (Lid) Inspections and Penalties

Quarter (Year)	Date	Battery	Percent Leaking Lids	Severity Value	Severity of Violation	Penalty Multiplier	H2S Penalty	SO2 Penalty	ACHD Total Lid Penalty
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65

Total High Opacity Door Violations

\$59,250

Total Q1 2021 HO Door Penalty

Non-Compliant ACHD Doors>40% Inspections and Penalties (1 of 2)

Quarter (Year)	Date	Battery	Oven	opacity	Severity of Violation	Penalty Multiplier	H.O. Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total HO Door Penalty
Q1 2021	1/6/2021	19	C7	55	Moderate	1.50	\$1,125			\$1,125
Q1 2021	1/8/2021	C	C16	55	Major	2.50	\$1,875			\$1,875
Q1 2021	1/8/2021	C	C15	75	Major	2.50	\$1,875			\$1,875
Q1 2021	1/21/2021	C	C80	90	Major	2.50	\$1,875			\$1,875
Q1 2021	1/28/2021	2	B15	100	Major	2.50	\$1,875			\$1,875
Q1 2021	2/3/2021	B	A3	50	Low	1.00	\$750			\$750
Q1 2021	2/16/2021	14	A10	45	Low	1.00	\$750			\$750
Q1 2021	2/16/2021	14	A26	50	Low	1.00	\$750			\$750
Q1 2021	2/17/2021	C	C69	40	Low	1.00	\$750			\$750
Q1 2021	2/17/2021	C	C28	75	Major	2.50	\$1,875			\$1,875
Q1 2021	2/17/2021	C	C72	45	Moderate	1.50	\$1,125			\$1,125
Q1 2021	2/17/2021	C	C26	50	Moderate	1.50	\$1,125			\$1,125
Q1 2021	2/22/2021	B	B36	50	Low	1.00	\$750			\$750
Q1 2021	2/22/2021	B	A13	100	Major	2.50	\$1,875			\$1,875
Total						24.50	\$18,375			\$18,375



Non-Compliant ACHD Doors>40% Inspections and Penalties (2 of 2)

Quarter (Year)	Date	Battery	Oven	opacity	Severity of Violation	Penalty Multiplier	H.O. Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total HO Door Penalty
Q1 2021	3/3/2021	3	A1	45	Low	1.00	\$750	\$250		\$1,000
Q1 2021	3/3/2021	3	A24	75	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/8/2021	1	B25	50	Low	1.00	\$750	\$250		\$1,000
Q1 2021	3/8/2021	1	B7	75	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/9/2021	2	B28	50	Low	1.00	\$750	\$250		\$1,000
Q1 2021	3/9/2021	2	C1	60	Moderate	1.50	\$1,125	\$250		\$1,375
Q1 2021	3/10/2021	C	C30	35	Low	1.00	\$750	\$250		\$1,000
Q1 2021	3/10/2021	C	C34	35	Low	1.00	\$750	\$250		\$1,000
Q1 2021	3/10/2021	C	C1	40	Low	1.00	\$750	\$250		\$1,000
Q1 2021	3/10/2021	C	C29	40	Low	1.00	\$750	\$250		\$1,000
Q1 2021	3/10/2021	C	C33	55	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/10/2021	C	C29	60	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/10/2021	C	C7	65	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/10/2021	C	C31	70	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/10/2021	C	C6	70	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/10/2021	C	C27	75	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/10/2021	C	C33	80	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/10/2021	C	C31	90	Major	2.50	\$1,875	\$250		\$2,125
Q1 2021	3/10/2021	C	C32	45	Moderate	1.50	\$1,125	\$250		\$1,375
Q1 2021	3/10/2021	C	C34	45	Moderate	1.50	\$1,125	\$250		\$1,375
Q1 2021	3/10/2021	C	C4	50	Moderate	1.50	\$1,125	\$250		\$1,375
Q1 2021	3/19/2021	B	A1	45	Low	1.00	\$750			\$750
Q1 2021	3/19/2021	B	B22	60	Moderate	1.50	\$1,125			\$1,125
Q1 2021	3/23/2021	3	A15	45	Low	1.00	\$750			\$750
Q1 2021	3/23/2021	3	B23	50	Low	1.00	\$750			\$750
Q1 2021	3/26/2021	1	A22	45	Low	1.00	\$750			\$750
Q1 2021	3/26/2021	1	B18	55	Moderate	1.50	\$1,125			\$1,125
Q1 2021	3/29/2021	B	B22	50	Low	1.00	\$750			\$750
Q1 2021	3/29/2021	C	C21	50	Moderate	1.50	\$1,125			\$1,125
Total						47.50	\$35,625	\$5,250		\$40,875



Method 303 Inspection and Penalty Summary

Quarter (Year)	Total M303 Compl Insps	Total M303 Inspections	Method 303 % Compliance	Method 303 Total Penalty
Q1 2021	3596	3600	99.89%	\$8,250
Total	3596	3600	99.89%	\$8,250

Method 303 Non-Compliant Inspections

Quarter (Year)	M303 TTL Charge Viol	M303 TTL Door Viol	M303 TTL Lid Viol	M303 TTL Offtake Viol	Method 303 Total Non-Compliant Inspections
<input type="checkbox"/> Q1 2021	2			2	4
Jan 2021	2				2
Feb 2021	0				0
Mar 2021	0			2	2
Total	2			2	4



Non-Compliant Method 303 Charge Inspections and Penalty

Quarter (Year)	Date	Battery	Charge (1-4)	Charge(1-4) Severity of Violation	Charge (2-5)	Charge(2-5) Severity of Violation	Sum of Charges	Laer Battery Charge Severity of Violation	Method 303 Penalty	SO2 Penalty	H2S Penalty	Total Method 303 Penalty
Q1 2021	1/14/2021	C	153.50		48.50		157.50	Major	\$2,500			\$2,500
Q1 2021	1/26/2021	C	69.00		69.50		107.00	Major	\$2,500			\$2,500
Total									\$5,000			\$5,000



Non-Compliant Method 303 Door Inspections and Penalty

Quarter (Year)	Date	Battery	Doors %Leaking	Door Severity Value	Door Severity of Violation	Method 303 Penalty	SO2 Penalty	H2S Penalty	Total Method 303 Penalty
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Non-Compliant Method 303 Topside (Lid) Inspections and Penalty

Quarter (Year)	Date	Battery	Lids %Leaking	Lid Leak Severity Value	Lid Leaks Severity of Violation	Method 303 Penalty	SO2 Penalty	H2S Penalty	Total Method 303 Penalty
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Non-Compliant Method 303 Topside (Offtake) Inspection and Penalty

Quarter (Year)	Date	Battery	Offtakes %Leaking	Offtake Leak Severity Value	Offtake Leaks Severity of Violation	Method 303 Penalty	H2S Penalty	SO2 Penalty	Total Method 303 Penalty
Q1 2021	3/5/2021	1	6.25	1.25	Moderate	\$1,500			\$1,500
Q1 2021	3/10/2021	14	5.00	1.25	Moderate	\$1,500	\$250		\$1,750
Total						\$3,000	\$250		\$3,250



Summary of Penalties from USS Inspections

Quarter (Year)	Total USS Push Penalty	Total USS Travel Penalty	USS SIP Door Penalty	USS Total Penalty
Q1 2021	\$8,750	\$9,250		\$18,000
Total	\$8,750	\$9,250		\$18,000

Quarter (Year)	Total Non-Compliant USS Inspections
<input type="checkbox"/> Q1 2021	40
Jan 2021	4
Feb 2021	9
Mar 2021	27
Total	40



USS Non-Compliant Push Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	USS Reported Opacity	Push Severity of Violation	Push Penalty Multiplier	USS Push Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Push Penalty
Q1 2021	3/8/2021	1	A23	30	low	1.00	\$1,000	\$250		\$1,250
Q1 2021	3/21/2021	1	A4	30	low	1.00	\$1,000			\$1,000
Q1 2021	3/22/2021	2	B29	30	low	1.00	\$1,000			\$1,000
Q1 2021	3/23/2021	13	A16	60	moderate	1.50	\$1,500			\$1,500
Q1 2021	3/28/2021	1	A4	20	low	1.00	\$1,000			\$1,000
Q1 2021	3/28/2021	3	A5	30	low	1.00	\$1,000			\$1,000
Q1 2021	3/28/2021	3	A9	30	low	1.00	\$1,000			\$1,000
Q1 2021	3/29/2021	1	A4	20	low	1.00	\$1,000			\$1,000
Total						8.50	\$8,500	\$250		\$8,750



USS Non-Compliant Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	Agency	USS Reported Opacity	Travel Severity of Violation	Travel Penalty Multiplier	USS Travel Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Travel Penalty
Q1 2021	3/8/2021	1	A23	U	15	low	1.00	\$1,000	\$250		\$1,250
Q1 2021	3/12/2021	14	A28	U	30	low	1.00	\$1,000			\$1,000
Q1 2021	3/21/2021	1	A4	U	15	low	1.00	\$1,000			\$1,000
Q1 2021	3/23/2021	13	A16	U	30	low	1.00	\$1,000			\$1,000
Q1 2021	3/28/2021	1	A4	U	15	low	1.00	\$1,000			\$1,000
Q1 2021	3/28/2021	3	A5	U	25	low	1.00	\$1,000			\$1,000
Q1 2021	3/28/2021	3	A9	U	15	low	1.00	\$1,000			\$1,000
Q1 2021	3/29/2021	1	A4	U	15	low	1.00	\$1,000			\$1,000
Q1 2021	3/31/2021	13	A4	U	20	low	1.00	\$1,000			\$1,000
Total								\$9,000	\$250		\$9,250



Non-Compliant USS Door Inspections and Penalties

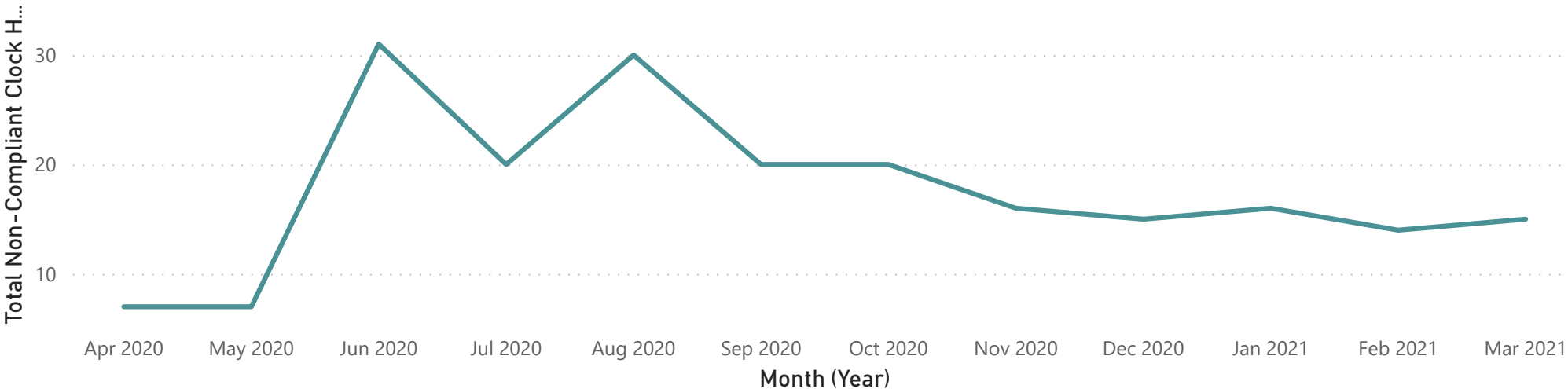
Inspection Date	Battery	% Door Leak	Severity of Violation	Penalty Multiplier	Door Penalty	H2S Penalty	SO2 Penalty	USS SIP Door Penalty
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Continuous Opacity Monitor Non-Compliant Clock Hours

Quarter (Year)	Battery 1	Battery 2	Battery 3	Battery 13	Battery 14	Battery 15	Battery 19	Battery 20	Battery B	Battery C	Total Non-Compliant Clock Hours	COMs Penalty
☐ Q1 2021	2	3	4	15	8	0	1	2	9	1	45	\$9,000
Jan 2021	0	2	0	5	3	0	1	0	4	1	16	\$3,200
Feb 2021	0	0	1	6	2	0	0	0	5	0	14	\$2,800
Mar 2021	2	1	3	4	3	0	0	2	0	0	15	\$3,000
Total	2	3	4	15	8	0	1	2	9	1	45	\$9,000

Total Non-Compliant Clock Hours by Month (Year)



**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 210801

Violations of Article XXI (“Air
Pollution Control”) at property:

United States Steel
Corporation – Clairton Plant

ENFORCEMENT ORDER

NOW, this 27th day of August, 2021 the Allegheny County Health Department (hereinafter "ACHD") issues this Enforcement Order after it has found and determined the following:

1. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. Sections 7401 -7671q (hereinafter “CAA”), and the Pennsylvania Air Pollution Control Act, 35 P.S. Sections 4001-4014 (hereinafter “APCA”), and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001- 12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County including, but not limited to, the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505, 507 and 535) (hereinafter “Article XXI”).

2. United States Steel Corporation (hereinafter “U. S. Steel”) is a corporation organized under the state of Delaware and operates coke ovens at its Clairton facility situated in the City of Clairton, Allegheny County, PA.

3. On June 4, 2021, U. S. Steel indicated in ACHD Breakdown Report No. 21997, submitted to ACHD on June 1, 2021, that from 11:30 to 11:45 AM, approximately 8,449 lbs. of anhydrous ammonia had been released to the atmosphere.

4. The release resulted when a scaffolding contractor working in #1 Control Room inadvertently opened a bleeder valve while erecting his scaffolding, which led to anhydrous ammonia being released to the atmosphere from the Clairton facility.

5. Anhydrous Ammonia is designated as a toxic chemical by EPA. ACHD has determined the release of 8,449 lbs. of anhydrous ammonia by U. S. Steel to be a violation of Article XXI §2101.11.b which reads as follows:

§2101.11 PROHIBITION OF AIR POLLUTION

b. It shall be a violation of this Article for any person to:

1. Operate, or allow to be operated, any source in such manner as to allow the release of air contaminants into the open air or to cause air pollution as defined in this Article, except as explicitly permitted by this Article.

ORDER

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI § 2109.03.a.1 and the Local Health Administration Law, 19 P.S. § 12010, it is hereby

ORDERED that:

6. For the violation set forth in the preceding paragraphs, U. S. Steel, is hereby assessed a civil penalty of **FIVE THOUSAND FIVE HUNDRED DOLLARS** (\$5,500.00). The civil penalty is as follows:

A. Gravity Based Component

Violation	Gravity Based Penalty	Violations	Total Gravity Penalty
Release of Anhydrous Ammonia, June 1, 2021 (Article XXI, § 2101.11 Prohibition of Pollution)	\$2,500.00	1	\$2,500.00
Gravity Component Subtotal			\$2,500.00

B. Adjustment Factors

Compliance History	\$2,500.00
Title V Source	\$500.00
TOTAL CIVIL PENALTY	\$5,500.00

7. U. S. Steel shall pay the civil penalty amount within thirty (30) days of receipt of this Order. Payment shall be made by corporate or certified check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201.

8. The ACHD has determined the above penalty in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the economic benefit gained by failing to comply with the ACHD’s regulations; the actions taken by U. S. Steel to minimize such violations and to prevent future violations.


9. The gravity-based component of the civil penalty reflects the severity of the violation and the potential harm to the public or environment from the violation. The gravity-based component may be adjusted for factors and circumstances unique to the violator.

10. Pursuant to Article XI (“Hearings and Appeals”) of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order you have thirty (30) days from the date of issuance or receipt of this Order in which to file an appeal. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final.

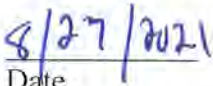
11. Please be aware that if you wish to appeal this Order, you are required within 30 days of receipt of this Order to either forward the penalty amount of the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI §§ 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <https://www.alleghenycounty.us/Health-Department/Health-Department-Regulations.aspx>.

12. The provisions of this Order shall apply to, be binding upon, and inure to the benefit of the ACHD and U. S. Steel, and upon their respective officers, directors, agents, contractors, employees, servants, successors, and assigns.

DONE and **ENTERED** this 27th day of August, 2021, in Allegheny County, Pennsylvania.



Dean DeLuca
Air Quality Program Manager



Date

**ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Works
400 State Street
Clairton, PA 15025

Violation No. 211207

Violations of Article XXI (“Air
Pollution Control”) at property:

United States Steel
Corporation – Clairton Plant
400 State Street
Clairton, PA 15025

ENFORCEMENT ORDER

NOW, this 15th day of December, 2021, the Allegheny County Health Department (hereinafter "ACHD") issues this Enforcement Order after it has found and determined the following:

1. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. Sections 7401 -7671q (hereinafter “CAA”), and the Pennsylvania Air Pollution Control Act, 35 P.S. Sections 4001-4014 (hereinafter “APCA”), and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County including, but not limited to, the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505, 507 and 535) (hereinafter “Article XXI”).

2. United States Steel Corporation (hereinafter “U.S. Steel”) owns and operates a facility in Clairton, Allegheny County, Pennsylvania (Clairton Coke Plant). Clairton Coke Plant operates ten coke batteries and produces approximately 11,000 tons of coke per day from the destructive distillation (carbonization) of approximately 14,000 tons of coal. During the carbonization process, approximately 170 million cubic feet of coke oven gas are produced. The

volatile products of coal contained in the coke oven gas are recovered in the by-products plant. In addition to the coke oven gas, daily production of these by-products includes approximately 100,000 gallons of crude tar, 14,000 to 30,000 gallons of light oil, 40 tons of elemental sulfur, and 50 tons of ammonia.

3. On April 6, 2018, the ACHD issued Installation Permit Amendment No. 0052-I011b (hereinafter “IP-011b”) to U.S. Steel for C Battery.

4. On August 27, 2021, at 9:55 AM, U.S. Steel reported to the ACHD via telephone an obstruction in the standpipe of C Battery Oven C21 which caused venting from this oven. The date and time of the breakdown was August 27, 2021 at 9:00 AM (Breakdown No. 22089).

5. On August 27, 2021, at 11:13 AM, the ACHD received a voice message from U.S. Steel stating that a “restriction” in the standpipe was causing a release of emissions from the “charging hole,” and that they were working to clear this restriction.

6. On September 2, 2021, the ACHD received a follow-up report from U.S. Steel for the August 27 standpipe obstruction. The follow-up report indicated that emissions continued for 5.17 hours (5 hours and 10 minutes) until the obstruction was removed using air lances and the oven was connected to the collector main. The report stated that the following emissions were released as a result of the standpipe obstruction:

Chemical	Quantity Released (lb)
Hydrogen Sulfide (H ₂ S)	6.75
Carbon Monoxide (CO)	49.50
Volatile Organic Compounds (VOC)	99.00
PM _{2.5} (Filterable)	27.06
Coke Oven Emissions	7.85

7. On May 27, 2021, the ACHD signed Agreement 256731 with Keramida Environmental, Inc. (hereinafter “Keramida”) for Keramida to perform daily observations of doors, lids (charging ports or holes), offtakes, collection mains, and charging operations at the U.S. Steel Clairton Coke Plant under the provisions of USEPA Method 303 (such inspections hereinafter referred to as “Method 303 inspections”).

8. On September 8, 2021, Keramida submitted the Summary Report for Method 303 inspections performed during the month of August 2021. The Summary Report showed that five (5) lid leaks were observed on August 27, 2021 out of a total of 400 lids observed. This is a leak rate of 1.25% for August 27, 2021. Inspection of the raw data file submitted by Keramida for August 27, 2021 showed that all five leaks observed at C Battery on this date were from oven C21.

9. Based on the observation, on the same date as the breakdown, of a lid leak rate more than twice the limit from Condition V.A.1.e of IP-011b,¹ all of which occurred at the oven experiencing the breakdown; and based on U.S. Steel’s reporting of excess emissions resulting from the breakdown, ACHD has determined that U.S. Steel is in violation of Condition V.A.1.a of IP-011b, which states, “The permittee shall not operate C Battery coke ovens unless the PROven® System is installed and operating in such manner that the collector main is maintained at a negative pressure and each individual oven is maintained at the lowest positive pressure necessary to inhibit leaks of raw coke oven gas to the atmosphere from oven doors, charging port lids, and offtakes.”

¹ The leak rate of 1.25% exceeds the visible emissions limit of 0.6% set forth in Condition V.A.1.e of IP-011b. This violation will be addressed separately in the Demand for Stipulated Penalties to be issued for the 3rd quarter of 2021.

10. Failure to operate the PROven® System in accordance with Condition V.A.1.a of IP-011b is a violation of Article XXI, §2102.03.c, which states, “It shall be a violation of this Article giving rise to the remedies provided by Part I of this Article for any person to fail to comply with any terms or conditions set forth in any permit issued pursuant to this Part.”

ORDER

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §§ 2109.03.a.1 and the Local Health Administration Law, 19 P.S. § 12010, it is hereby ORDERED that:

11. For the violations set forth in the preceding paragraphs, U.S. Steel is hereby assessed a civil penalty of **FIVE THOUSAND FIVE HUNDRED DOLLARS** (\$5,500.00). The civil penalty is as follows:

A. Gravity Based Component

Violation	Gravity Based Penalty	Violation Days	Total Gravity Penalty
Failure to Operate PROven® System – IP 0052-I011b Condition V.A.1.a; §2102.03.c	\$2,500.00	1	\$ 2,500.00
Gravity Component Subtotal			\$ 2,500.00

B. Adjustment Factors

Compliance History: 9 Issued violations in last 2 years	\$ 2,500.00
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Title V Source:	\$ 500.00
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TOTAL CIVIL PENALTY	\$ 5,500.00
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12. U.S. Steel shall pay the civil penalty amount within thirty (30) days of receipt of this Order. Payment shall be made by corporate or certified check, or the like, made payable to

the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201.

13. The ACHD has determined the above civil penalty to be in accordance with Article XXI § 2109.06.b. reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel’s compliance history.

14. The gravity-based component of the civil penalty reflects the severity of the violation and the potential harm to the public or environment from the violation. The gravity-based component may be adjusted for factors and circumstances unique to the violator.

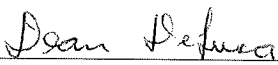
15. Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.

16. Pursuant to Article XI, § 1104.A (“Hearings and Appeals”), of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order, a Notice of Appeal shall be filed no later than thirty (30) days after receipt of written notice or issuance of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of the ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final.

17. Please be aware that if you wish to appeal this Order, you are required within 30 days of receipt of this Order to either forward the penalty amount of the ACHD for placement in

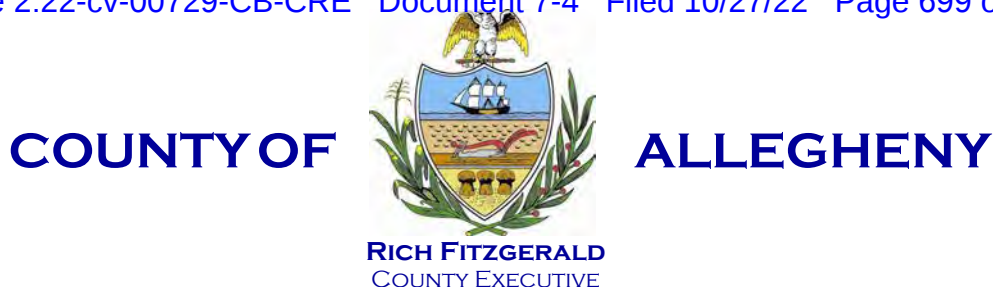
an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI § 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at <https://www.alleghenycounty.us/Health-Department/Health-Department-Regulations.aspx>.

DONE and **ENTERED** this 15th day of December, 2021, in Allegheny County,
Pennsylvania.



Dean DeLuca
Air Quality Program Manager

12/15/2021
Date



March 2, 2022

Michael Rhoads
United States Steel Corporation
Clairton Plant
400 State Street
Clairton, PA 15025

RE: United States Steel – Clairton Plant; Demand for Stipulated Penalties Under Settlement Agreement and Order #190604 Section IX. Stipulated Penalties - April 1, 2021 through December 31, 2021 (2nd, 3rd, and 4th Quarters)

Dear Mr. Rhoads:

The Department is seeking enforcement of stipulated penalties pursuant to Section IX of Settlement Agreement and Order #190604 (SAO). The Department has determined that United States Steel is in violation of Article XXI, § 2102.03.c and various provisions of § 2105.21, of the ACHD's Rules and Regulations by failing to meet the applicable requirements stated in Article XXI, § 2105.21 and ACHD Installation Permit #0052-I011b.

The stipulated penalties were calculated pursuant to Section IX, SOA from the violations observed by the Department's Coke Oven Process Technicians and Method 303 contractor, and including data reported by U.S. Steel, at your company's Clairton Plant, during the second, third, and fourth quarter of 2022, April 1, 2021 through December 31, 2021. The violations and associated penalties are set forth in the attachments.

The Department has calculated a potential penalty in the amount of **\$859,300.00**. Pursuant to SOA, V. Civil Penalty Payment, Paragraph A, 90 percent of that amount, or **\$773,370.00**, is to be paid to the Community Benefit Trust and 10 percent of the potential penalties, **\$85,930.00**, shall constitute a civil penalty and is to be paid to the Allegheny Clean Air Fund. Payments are to be made within thirty (30) days of receipt of this order. Payment to the Clean Air Fund shall be made by corporate check, or the like, and made payable to the "Allegheny County Clean Air Fund", and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201



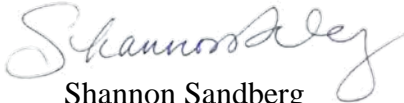
DEBRA BOGEN, MD, DIRECTOR
ALLEGHENY COUNTY HEALTH DEPARTMENT
AIR QUALITY PROGRAM
301 39TH STREET • CLACK HEALTH CENTER • BUILDING 7
PITTSBURGH, PA 15201-1811
PHONE (412) 578-8103 • FAX (412) 578-8144
24-HR (412) 687-ACHD (2243)
WWW.ALLEGHENYCOUNTY.US/HEALTHDEPARTMENT



The demand for stipulated penalties in this letter pertains only to the violations listed in the attachments that transpired from April 1, 2021 through December 31, 2021. Also, this letter in no way precludes the Department from issuing demands for other stipulated penalties for other violations which may have occurred from April 1, 2021 through December 31, 2021.

If you have any questions concerning this demand for stipulated penalties, please contact Shannon Sandberg, ACHD Air Quality Enforcement Section Chief, at 412-578-7969 or by email at: Shannon.Sandberg@AlleghenyCounty.us. Thank you for your prompt attention to this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shannon Sandberg".

Shannon Sandberg
Air Quality Manager
Compliance and Enforcement Section
Air Quality Program

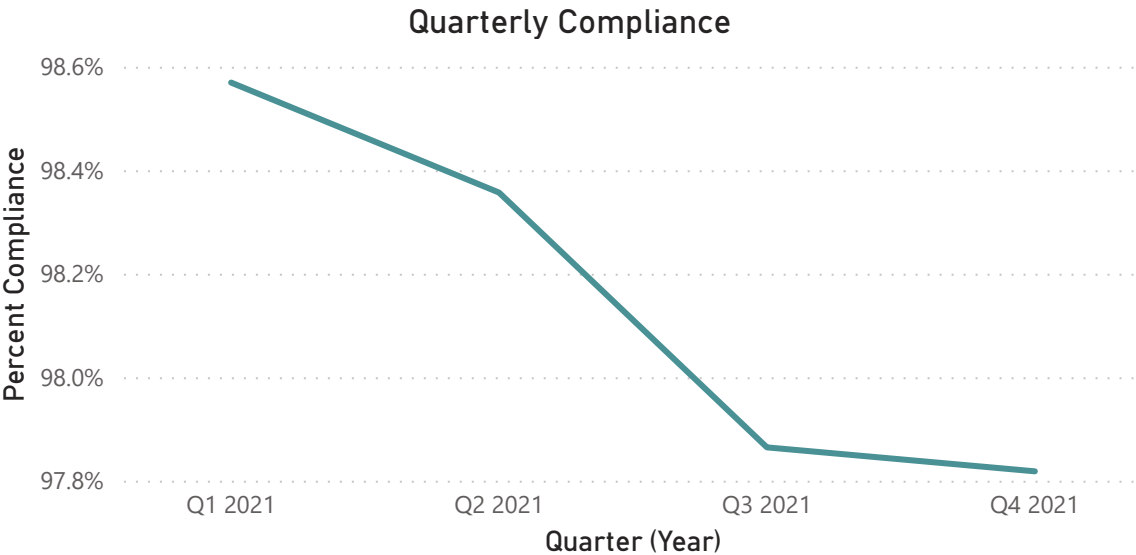
cc: Mark Jeffrey (MJeffrey@uss.com)
Mike Dzurinko (MDzurinko@uss.com)
Chris Hardin (CWHardin@uss.com)
Dean DeLuca, Air Quality Program
Manager AQ Documents File

U.S. Steel, Third Party Method 303, and ACHD Coke Oven Inspections
Stipulated Penalties
#190604
(Q1, Q2, and Q3 2021)

Quarter (Year)	Penalty from Method 303 Inspections	Penalty from ACHD Inspections	Penalty from USS Inspections	COMs Penalty	Total Penalty
▲					
☐ Q2 2021					
Apr 2021	\$3,500	\$58,625	\$6,500	\$8,200	\$76,825
May 2021	\$3,750	\$33,625	\$6,000	\$5,400	\$48,775
Jun 2021	\$11,500	\$54,875	\$14,750	\$5,600	\$86,725
Total	\$18,750	\$147,125	\$27,250	\$19,200	\$212,325
☐ Q3 2021					
Jul 2021	\$15,000	\$65,625	\$13,500	\$1,800	\$95,925
Aug 2021	\$7,500	\$90,250	\$18,000	\$3,400	\$119,150
Sep 2021	\$4,000	\$32,625	\$30,000	\$2,200	\$68,825
Total	\$26,500	\$188,500	\$61,500	\$7,400	\$283,900
☐ Q4 2021					
Oct 2021	\$10,500	\$67,875	\$15,750	\$1,800	\$95,925
Nov 2021	\$3,750	\$125,875	\$26,250	\$2,600	\$158,475
Dec 2021	\$10,000	\$51,625	\$44,250	\$2,800	\$108,675
Total	\$24,250	\$245,375	\$86,250	\$7,200	\$363,075
Total	\$69,500	\$581,000	\$175,000	\$33,800	\$859,300

Quarterly Compliance (ACHD and Method 303 Inspections)

Quarter (Year)	ACHD Total Compliant	ACHD Total Inspections (w/o HO Doors)	ACHD % Compliance	Total M303 Compl Insp	Total M303 Inspections	Method 303 % Compliance	Total Compliant Insp (ACHD and M303)	Total Inspections (ACHD and M303)	Percent Compliance
Q1 2021	1216	1281	94.93%	3607	3612	99.86%	4823	4893	98.57%
Q2 2021	1038	1107	93.77%	3631	3640	99.75%	4669	4747	98.36%
Q3 2021	699	785	89.04%	3792	3804	99.68%	4491	4589	97.86%
Q4 2021	365	445	82.02%	3670	3680	99.73%	4035	4125	97.82%
Total	3318	3618	91.71%	14700	14736	99.76%	18018	18354	98.17%



Average Percent Compliance

Quarter (Year)	Quarterly Compliance (1 previous Q)	Quarterly Compliance (current Qs)	Compliance Average of Current and Previous Quarters
Q1 2021	99.094%	98.569%	98.832%
Q2 2021	98.569%	98.357%	98.463%
Q3 2021	98.357%	97.864%	98.111%
Q4 2021	97.864%	97.818%	97.841%

Penalty Summary for ACHD Inspections

Quarter (Year)	ACHD Charging Penalty	ACHD Soaking Penalty	ACHD Push Penalty	ACHD Travel Penalty	ACHD Doors Penalty	ACHD Lid Penalty	ACHD Offtake Penalty	ACHD HO Door Penalty	ACHD Total Penalties
▲									
☐ Q2 2021									
Apr 2021	\$11,250	\$1,500	\$17,250	\$10,000	\$0	\$0	\$2,500	\$16,125	\$58,625
May 2021	\$5,500	\$3,500	\$7,000	\$6,000	\$0	\$0	\$1,250	\$10,375	\$33,625
Jun 2021	\$3,750	\$5,000	\$21,500	\$10,500	\$1,000	\$0	\$1,500	\$11,625	\$54,875
Total	\$20,500	\$10,000	\$45,750	\$26,500	\$1,000	\$0	\$5,250	\$38,125	\$147,125
☐ Q3 2021									
Jul 2021	\$4,250	\$6,250	\$11,250	\$12,000	\$0	\$1,500	\$0	\$30,375	\$65,625
Aug 2021	\$10,000	\$0	\$36,500	\$19,250	\$0	\$0	\$2,500	\$22,000	\$90,250
Sep 2021	\$5,000	\$4,500	\$11,000	\$8,000	\$0	\$1,500	\$0	\$2,625	\$32,625
Total	\$19,250	\$10,750	\$58,750	\$39,250	\$0	\$3,000	\$2,500	\$55,000	\$188,500
☐ Q4 2021									
Oct 2021	\$9,750	\$7,000	\$19,500	\$14,500	\$1,500	\$2,500	\$0	\$13,125	\$67,875
Nov 2021	\$19,750	\$10,000	\$49,000	\$18,750	\$0	\$1,500	\$4,000	\$22,875	\$125,875
Dec 2021	\$9,000	\$2,500	\$19,000	\$16,750	\$0	\$0	\$0	\$4,375	\$51,625
Total	\$38,500	\$19,500	\$87,500	\$50,000	\$1,500	\$4,000	\$4,000	\$40,375	\$245,375
Total	\$78,250	\$40,250	\$192,000	\$115,750	\$2,500	\$7,000	\$11,750	\$133,500	\$581,000

Non-Compliant ACHD Charge Inspections and Penalties

Quarter (Year)	Date	Battery	Duration of readings (seconds)	Charge Severity Value	Charging Severity of Violation	Charging Penalty Multiplier	Charging Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	ACHD Total Charging Penalty
Q4 2021	10/4/2021	B	473	8.52	Major	2.50	\$3,750			\$3,750
Q4 2021	10/12/2021	C	249	4.49	Major	2.50	\$3,750			\$3,750
Q4 2021	10/18/2021	13	70	1.26	Moderate	1.50	\$2,250			\$2,250
Q4 2021	11/1/2021	B	218	3.93	Major	2.50	\$3,750			\$3,750
Q4 2021	11/2/2021	C	68	1.23	Moderate	1.50	\$2,250			\$2,250
Q4 2021	11/17/2021	B	91	1.64	Major	2.50	\$3,750	\$250		\$4,000
Q4 2021	11/19/2021	C	124	2.23	Major	2.50	\$3,750			\$3,750
Q4 2021	11/22/2021	14	75	1.35	Moderate	1.50	\$2,250			\$2,250
Q4 2021	11/30/2021	B	145	2.61	Major	2.50	\$3,750			\$3,750
Q4 2021	12/9/2021	13	85	1.53	Major	2.50	\$3,750			\$3,750
Q4 2021	12/15/2021	B	121	2.18	Major	2.50	\$3,750			\$3,750
Q4 2021	12/17/2021	14	56	1.01	Low	1.00	\$1,500			\$1,500
Total										\$38,500

Quarter (Year)	Total Number of Charging Violations	ACHD Total Charging Penalty
Q2 2021	12	\$20,500
Q3 2021	11	\$19,250
Q4 2021	12	\$38,500
Total	35	\$78,250

Non-Compliant ACHD Soaking Inspections and Penalties

Quarter (Year)	Date	Oven	Battery	pusher / coke (if viol.)	Severity of Violation	Penalty Multiplier	Soaking Penalty	H2S Penalty	SO2 Penalty	ACHD Soaking Penalty
Q2 2021	4/26/2021	B29	20	C	moderate	1.50	\$1,500			\$1,500
Q2 2021	5/5/2021	B21	B	P	major	2.50	\$2,500			\$2,500
Q2 2021	5/26/2021	B3	B	C	low	1.00	\$1,000			\$1,000
Q2 2021	6/2/2021	C21	20	C	low	1.00	\$1,000			\$1,000
Q2 2021	6/23/2021	A18	B	C	major	2.50	\$2,500			\$2,500
Q2 2021	6/30/2021	B10	20	C	moderate	1.50	\$1,500			\$1,500
Q3 2021	7/1/2021	B2	20	C	major	2.50	\$2,500			\$2,500
Q3 2021	7/27/2021	C20	20	C	low	1.00	\$1,000	\$250		\$1,250
Q3 2021	7/27/2021	C22	20	C	low	1.00	\$1,000	\$250		\$1,250
Q3 2021	7/28/2021	C25	19	C	low	1.00	\$1,000	\$250		\$1,250
Q3 2021	9/20/2021	A38	B	C	major	2.50	\$2,500			\$2,500
Q3 2021	9/21/2021	C3	20	C	low	1.00	\$1,000			\$1,000
Q3 2021	9/21/2021	C5	20	C	low	1.00	\$1,000			\$1,000
Q4 2021	10/6/2021	C17*	19	C	moderate	1.50	\$2,250			\$2,250
Q4 2021	10/6/2021	C21	19	C	moderate	1.50	\$2,250			\$2,250
Q4 2021	10/13/2021	B5	20	C	moderate	1.50	\$2,250	\$250		\$2,500
Q4 2021	11/1/2021	B13	B	C	major	2.50	\$3,750			\$3,750
Q4 2021	11/16/2021	C19	20	C	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/17/2021	A15	B	C	major	2.50	\$3,750	\$250		\$4,000
Q4 2021	12/16/2021	C21	C	P	moderate	1.50	\$2,250	\$250		\$2,500
Total										\$40,250

Quarter (Year)	Total Number of Soaking Violations	ACHD Soaking Penalty
Q2 2021	6	\$10,000
Q3 2021	7	\$10,750
Q4 2021	7	\$19,500
Total	20	\$40,250

Total	\$45,750
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ACHD Non-Compliant Push Inspections and Penalties

[illegible]

ACHD Non-Compliant Push Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	Max Opacity	ACHD Push Severity of Violation	Push Penalty Multiplier	Push Penalty	H2S Penalty	SO2 Penalty	ACHD Push Penalty
Q4 2021	11/5/2021	20	B8	70	major	2.50	\$3,750	\$250		\$4,000
Q4 2021	10/6/2021	19	C1	70	major	2.50	\$3,750			\$3,750
Q4 2021	10/14/2021	1	A18	65	major	2.50	\$3,750			\$3,750
Q4 2021	10/28/2021	14	B10	80	major	2.50	\$3,750			\$3,750
Q4 2021	11/2/2021	C	C52	65	major	2.50	\$3,750			\$3,750
Q4 2021	11/2/2021	C	C54	70	major	2.50	\$3,750			\$3,750
Q4 2021	11/16/2021	20	C17	65	major	2.50	\$3,750			\$3,750
Q4 2021	11/29/2021	1	A9	65	major	2.50	\$3,750			\$3,750
Q4 2021	12/2/2021	19	C3	70	major	2.50	\$3,750			\$3,750
Q4 2021	12/7/2021	3	A24	85	major	2.50	\$3,750			\$3,750
Q4 2021	12/8/2021	2	B26	70	major	2.50	\$3,750			\$3,750
Q4 2021	11/8/2021	3	A27	50	moderate	1.50	\$2,250	\$250		\$2,500
Q4 2021	10/8/2021	3	A15	40	moderate	1.50	\$2,250			\$2,250
Q4 2021	10/12/2021	C	C80	55	moderate	1.50	\$2,250			\$2,250
Q4 2021	10/12/2021	C	C1	60	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/1/2021	B	B13	55	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/2/2021	C	C50	50	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/4/2021	14	B22	40	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/16/2021	20	C9	50	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/19/2021	C	C68	60	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/22/2021	14	B4	50	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/29/2021	1	A19	45	moderate	1.50	\$2,250			\$2,250
Q4 2021	12/7/2021	3	A18	45	moderate	1.50	\$2,250			\$2,250
Q4 2021	12/8/2021	2	C1	55	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/8/2021	3	A31	25	low	1.00	\$1,500	\$250		\$1,750
Q4 2021	11/8/2021	3	A29	35	low	1.00	\$1,500	\$250		\$1,750
Q4 2021	11/9/2021	19	B3	25	low	1.00	\$1,500	\$250		\$1,750
Q4 2021	11/18/2021	19	C6	30	low	1.00	\$1,500	\$250		\$1,750
Q4 2021	11/24/2021	3	A2	35	low	1.00	\$1,500	\$250		\$1,750
Q4 2021	12/13/2021	2	B6	30	low	1.00	\$1,500	\$250		\$1,750
Q4 2021	10/5/2021	2	B9	30	low	1.00	\$1,500			\$1,500
Q4 2021	11/3/2021	13	A27	30	low	1.00	\$1,500			\$1,500
Q4 2021	11/15/2021	1	A18	35	low	1.00	\$1,500			\$1,500
Q4 2021	12/7/2021	3	A22	35	low	1.00	\$1,500			\$1,500
Total										\$87,500

Quarter (Year)	Total Push Violations	ACHD Push Penalty
Q2 2021	28	\$45,750
Q3 2021	35	\$58,750
Q4 2021	34	\$87,500
Total	97	\$192,000

Total	\$39,250
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Non-Compliant ACHD Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	Travel max opacity	ACHD Travel Severity of Violation	Travel Penalty Multiplier	Travel Penalty	H2S Penalty	SO2 Penalty	Total Travel Penalty
Q4 2021	10/5/2021	2	B9	60	moderate	1.50	\$2,250			\$2,250
Q4 2021	10/13/2021	20	B11	40	moderate	1.50	\$2,250	\$250		\$2,500
Q4 2021	10/14/2021	1	A18	55	moderate	1.50	\$2,250			\$2,250
Q4 2021	10/18/2021	13	A14	30	low	1.00	\$1,500			\$1,500
Q4 2021	10/27/2021	2	A3	40	moderate	1.50	\$2,250			\$2,250
Q4 2021	10/28/2021	14	B10	80	major	2.50	\$3,750			\$3,750
Q4 2021	11/2/2021	C	C50	20	low	1.00	\$1,500			\$1,500
Q4 2021	11/2/2021	C	C54	20	low	1.00	\$1,500			\$1,500
Q4 2021	11/4/2021	14	B22	40	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/10/2021	2	B11	35	low	1.00	\$1,500			\$1,500
Q4 2021	11/15/2021	1	A18	35	low	1.00	\$1,500			\$1,500
Q4 2021	11/16/2021	20	C17	35	low	1.00	\$1,500			\$1,500
Q4 2021	11/16/2021	20	C9	35	low	1.00	\$1,500			\$1,500
Q4 2021	11/22/2021	14	B4	50	moderate	1.50	\$2,250			\$2,250
Q4 2021	11/23/2021	13	B30	35	low	1.00	\$1,500			\$1,500
Q4 2021	11/29/2021	1	A19	30	low	1.00	\$1,500			\$1,500
Q4 2021	11/29/2021	1	A9	60	moderate	1.50	\$2,250			\$2,250
Q4 2021	12/2/2021	19	C3	40	moderate	1.50	\$2,250			\$2,250
Q4 2021	12/6/2021	20	B18	25	low	1.00	\$1,500			\$1,500
Q4 2021	12/7/2021	3	A22	30	low	1.00	\$1,500			\$1,500
Q4 2021	12/7/2021	3	A24	80	major	2.50	\$3,750			\$3,750
Q4 2021	12/8/2021	2	C1	45	moderate	1.50	\$2,250			\$2,250
Q4 2021	12/8/2021	2	B26	65	major	2.50	\$3,750			\$3,750
Q4 2021	12/13/2021	2	B6	35	low	1.00	\$1,500	\$250		\$1,750

Quarter (Year)	Total Travel Violations	ACHD Travel Penalty
Q4 2021	24	\$50,000
Q3 2021	29	\$39,250
Q2 2021	20	\$26,500
Total	73	\$115,750

Non-Compliant ACHD Doors Inspections and Penalties

Quarter (Year)	Date	Battery	Percent Leaking Doors	Severity Value	Severity of Violation	Penalty Multiplier	Door Penalty	H2S Penalty	SO2 Penalty	ACHD Doors Penalty
Q2 2021	6/9/2021	C	3.33%	1.11	Low	1.00	\$1,000			\$1,000
Q4 2021	10/12/2021	C	3.52%	1.17	Low	1.00	\$1,500			\$1,500
Total										\$2,500

Non-Compliant ACHD Topside (Lid) Inspections and Penalties

Quarter (Year)	Date	Battery	Percent Leaking Lids	Severity Value	Severity of Violation	Penalty Multiplier	H2S Penalty	SO2 Penalty	ACHD Lid Penalty
Q3 2021	7/1/2021	20	1.49	1.49	Moderate	1.50			\$1,500
Q3 2021	9/30/2021	14	1.34	1.34	Moderate	1.50			\$1,500
Q4 2021	10/19/2021	14	1.34	1.34	Moderate	1.50	\$250		\$2,500
Q4 2021	11/1/2021	B	1.04	1.04	Low	1.00			\$1,500
Total									\$7,000

Non-Compliant ACHD Doors >40% Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	opacity	Severity of Violation	Penalty Multiplier	H.O. Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total HO Door Penalty
Q2 2021	4/12/2021	C	C53	45	Moderate	1.50	\$1,125			\$1,125
Q2 2021	4/12/2021	C	C36	60	Major	2.50	\$1,875			\$1,875
Q2 2021	4/12/2021	C	C54	60	Major	2.50	\$1,875			\$1,875
Q2 2021	4/12/2021	C	C55	100	Major	2.50	\$1,875			\$1,875
Q2 2021	4/19/2021	B	A37	70	Major	2.50	\$1,875			\$1,875
Q2 2021	4/19/2021	B	B36	90	Major	2.50	\$1,875			\$1,875
Q2 2021	4/22/2021	C	C54	45	Moderate	1.50	\$1,125			\$1,125
Q2 2021	4/22/2021	C	C29	75	Major	2.50	\$1,875			\$1,875
Q2 2021	4/26/2021	1	A21	50	Low	1.00	\$750			\$750
Q2 2021	4/26/2021	1	B20	75	Major	2.50	\$1,875			\$1,875
Q2 2021	5/4/2021	1	B25	50	Low	1.00	\$750			\$750
Q2 2021	5/10/2021	C	C9	45	Moderate	1.50	\$1,125			\$1,125
Q2 2021	5/11/2021	1	A26	50	Low	1.00	\$750			\$750
Q2 2021	5/11/2021	1	B4	80	Major	2.50	\$1,875			\$1,875
Q2 2021	5/12/2021	19	A22	75	Major	2.50	\$1,875			\$1,875
Q2 2021	5/12/2021	19	A6	80	Major	2.50	\$1,875			\$1,875
Q2 2021	5/19/2021	13	A28	90	Major	2.50	\$1,875	\$250		\$2,125
Q2 2021	6/1/2021	20	B16	50	Low	1.00	\$750			\$750
Q2 2021	6/1/2021	20	B18	50	Low	1.00	\$750			\$750
Q2 2021	6/4/2021	1	B12	50	Low	1.00	\$750			\$750
Q2 2021	6/9/2021	C	C24	70	Major	2.50	\$1,875			\$1,875
Q2 2021	6/9/2021	C	C26	70	Major	2.50	\$1,875			\$1,875
Q2 2021	6/9/2021	C	C25	75	Major	2.50	\$1,875			\$1,875
Q2 2021	6/9/2021	C	C23	95	Major	2.50	\$1,875			\$1,875
Q2 2021	6/10/2021	3	B2	45	Low	1.00	\$750			\$750
Q2 2021	6/23/2021	B	A13	55	Moderate	1.50	\$1,125			\$1,125

Non-Compliant ACHD Doors>40% Inspections and Penalties Continued

Quarter (Year)	Date	Battery	Oven	opacity	Severity of Violation	Penalty Multiplier	H.O. Door Penalty	H2S Penalty	SO2 Penalty	ACHD HO Door Penalty
Q3 2021	7/2/2021	B	B24	45	Low	1.00	\$750			\$750
Q3 2021	7/6/2021	19	A18	50	Low	1.00	\$750			\$750
Q3 2021	7/7/2021	C	C55	75	Major	2.50	\$1,875	\$250		\$2,125
Q3 2021	7/7/2021	C	C73	90	Major	2.50	\$1,875	\$250		\$2,125
Q3 2021	7/8/2021	2	B7	80	Major	2.50	\$1,875			\$1,875
Q3 2021	7/8/2021	2	B11	90	Major	2.50	\$1,875			\$1,875
Q3 2021	7/8/2021	2	B4	60	Moderate	1.50	\$1,125			\$1,125
Q3 2021	7/9/2021	3	A18	75	Major	2.50	\$1,875			\$1,875
Q3 2021	7/9/2021	3	A14	60	Moderate	1.50	\$1,125			\$1,125
Q3 2021	7/13/2021	C	C1	35	Low	1.00	\$750			\$750
Q3 2021	7/13/2021	C	C5	60	Major	2.50	\$1,875			\$1,875
Q3 2021	7/13/2021	C	C2	75	Major	2.50	\$1,875			\$1,875
Q3 2021	7/13/2021	C	C4	75	Major	2.50	\$1,875			\$1,875
Q3 2021	7/13/2021	C	C3	80	Major	2.50	\$1,875			\$1,875
Q3 2021	7/13/2021	C	C66	50	Moderate	1.50	\$1,125			\$1,125
Q3 2021	7/16/2021	20	B3	70	Major	2.50	\$1,875			\$1,875
Q3 2021	7/28/2021	19	A17	45	Low	1.00	\$750	\$250		\$1,000
Q3 2021	7/29/2021	3	A6	45	Low	1.00	\$750			\$750
Q3 2021	7/29/2021	3	A8	50	Low	1.00	\$750			\$750
Q3 2021	7/29/2021	3	A4	75	Major	2.50	\$1,875			\$1,875
Q3 2021	7/29/2021	3	B26	55	Moderate	1.50	\$1,125			\$1,125
Q3 2021	8/2/2021	1	B11	45	Low	1.00	\$750			\$750
Q3 2021	8/2/2021	1	B29	70	Major	2.50	\$1,875			\$1,875
Q3 2021	8/2/2021	1	B2	75	Major	2.50	\$1,875			\$1,875
Q3 2021	8/2/2021	1	B29	100	Major	2.50	\$1,875			\$1,875
Q3 2021	8/3/2021	2	A2	45	Low	1.00	\$750			\$750
Q3 2021	8/3/2021	2	A6	50	Low	1.00	\$750			\$750
Q3 2021	8/3/2021	1	A21	70	Major	2.50	\$1,875			\$1,875
Q3 2021	8/9/2021	3	B17	75	Major	2.50	\$1,875			\$1,875
Q3 2021	8/9/2021	3	B19	80	Major	2.50	\$1,875			\$1,875
Q3 2021	8/9/2021	3	B5	60	Moderate	1.50	\$1,125			\$1,125
Q3 2021	8/10/2021	1	A19	45	Low	1.00	\$750			\$750
Q3 2021	8/10/2021	1	A9	45	Low	1.00	\$750			\$750
Q3 2021	8/10/2021	1	A17	50	Low	1.00	\$750			\$750
Q3 2021	8/10/2021	1	A3	55	Moderate	1.50	\$1,125			\$1,125
Q3 2021	8/23/2021	14	A26	85	Major	2.50	\$1,875			\$1,875
Q3 2021	8/24/2021	1	A4	70	Major	2.50	\$1,875	\$250		\$2,125
Q3 2021	9/7/2021	2	A15	45	Low	1.00	\$750			\$750
Q3 2021	9/7/2021	2	A17	55	Moderate	1.50	\$1,125			\$1,125
Q3 2021	9/20/2021	B	A12	50	Low	1.00	\$750			\$750

Non-Compliant ACHD Doors > 40% Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	opacity	Severity of Violation	Penalty Multiplier	H.O. Door Penalty	H2S Penalty	SO2 Penalty	ACHD Total HO Door Penalty
Q4 2021	10/5/2021	2	A29	45	Low	1.00	\$750			\$750
Q4 2021	10/5/2021	2	B11	70	Major	2.50	\$1,875			\$1,875
Q4 2021	10/5/2021	2	B9	65	Moderate	1.50	\$1,125			\$1,125
Q4 2021	10/12/2021	C	C77	65	Major	2.50	\$1,875			\$1,875
Q4 2021	10/12/2021	C	C60	75	Major	2.50	\$1,875			\$1,875
Q4 2021	10/12/2021	C	C66	75	Major	2.50	\$1,875			\$1,875
Q4 2021	10/12/2021	C	C62	80	Major	2.50	\$1,875			\$1,875
Q4 2021	10/12/2021	C	C62	95	Major	2.50	\$1,875			\$1,875
Q4 2021	11/1/2021	B	B3	50	Low	1.00	\$750			\$750
Q4 2021	11/1/2021	B	B24	75	Major	2.50	\$1,875			\$1,875
Q4 2021	11/1/2021	B	B6	60	Moderate	1.50	\$1,125			\$1,125
Q4 2021	11/8/2021	3	A25	55	Moderate	1.50	\$1,125	\$250		\$1,375
Q4 2021	11/10/2021	2	A14	45	Low	1.00	\$750			\$750
Q4 2021	11/10/2021	2	A22	45	Low	1.00	\$750			\$750
Q4 2021	11/10/2021	2	A26	45	Low	1.00	\$750			\$750
Q4 2021	11/10/2021	2	A10	55	Moderate	1.50	\$1,125			\$1,125
Q4 2021	11/10/2021	1	B30	55	Moderate	1.50	\$1,125			\$1,125
Q4 2021	11/15/2021	1	A4	50	Low	1.00	\$750			\$750
Q4 2021	11/15/2021	1	B7	75	Major	2.50	\$1,875			\$1,875
Q4 2021	11/15/2021	1	A6	80	Major	2.50	\$1,875			\$1,875
Q4 2021	11/15/2021	1	A8	55	Moderate	1.50	\$1,125			\$1,125
Q4 2021	11/15/2021	1	A4	65	Moderate	1.50	\$1,125			\$1,125
Q4 2021	11/15/2021	1	A9	65	Moderate	1.50	\$1,125			\$1,125
Q4 2021	11/18/2021	19	B23	85	Major	2.50	\$1,875	\$250		\$2,125
Q4 2021	11/24/2021	3	A12	60	Moderate	1.50	\$1,125	\$250		\$1,375
Q4 2021	11/29/2021	1	B27	100	Major	2.50	\$1,875			\$1,875
Q4 2021	12/13/2021	1	A11	45	Low	1.00	\$750	\$250		\$1,000
Q4 2021	12/13/2021	1	A19	45	Low	1.00	\$750	\$250		\$1,000
Q4 2021	12/13/2021	1	A20	45	Low	1.00	\$750	\$250		\$1,000
Q4 2021	12/13/2021	1	B11	65	Moderate	1.50	\$1,125	\$250		\$1,375

Quarter (Year)	Total High Opacity Door Penalty	ACHD High Opacity Door Penalty
Q2 2021	26	\$38,125
Q4 2021	30	\$40,375
Q3 2021	40	\$55,000
Total	96	\$133,500

Method 303 Non-Compliant Inspections

Quarter (Year)	M303 TTL Charge Viol	M303 TTL Door Viol	M303 TTL Lid Viol	M303 TTL Offtake Viol	Method 303 Total Non-Compliant Inspections
<input type="checkbox"/> Q2 2021	4			5	9
Apr 2021	1			1	2
May 2021	1			1	2
Jun 2021	2			3	5
<input type="checkbox"/> Q3 2021	6	2	2	2	12
Jul 2021	6			1	7
Aug 2021	0	1	2		3
Sep 2021	0	1		1	2
<input type="checkbox"/> Q4 2021	5	2		3	10
Oct 2021	1	1		3	5
Nov 2021	1				1
Dec 2021	3	1			4
Total	15	4	2	10	31

Method 303 Inspection and Penalty Summary

Quarter (Year)	Total M303 Compl Insps	Total M303 Inspections	Method 303 % Compliance	Method 303 Total Penalty
Q2 2021	3631	3640	99.75%	\$18,750
Q3 2021	3792	3804	99.68%	\$26,500
Q4 2021	3670	3680	99.73%	\$24,250
Total	11093	11124	99.72%	\$69,500

Method 303 Charging Inspections

[illegible]

Method 303 Charging Inspections

Quarter (Year)	Date	Battery	Charge(1-4) Severity of Violation	Charge(2-5) Severity of Violation	Laer Battery Charge Severity of Violation	Door Severity of Violation	Lid Leaks Severity of Violation	Offtake Leaks Severity of Violation	Method 303 Penalty	H2S Penalty	SO2 Penalty	Method 303 Total Penalty
Q3 2021	7/1/2021	14						Major	\$2,500			\$2,500
Q3 2021	7/4/2021	13			Major				\$2,500			\$2,500
Q3 2021	7/6/2021	1	Moderate						\$1,500			\$1,500
Q3 2021	7/7/2021	14			Moderate				\$1,500	\$250		\$1,750
Q3 2021	7/11/2021	1	Moderate	Major					\$4,000			\$4,000
Q3 2021	7/27/2021	C			Major				\$2,500	\$250		\$2,750
Q3 2021	8/16/2021	C					Major		\$2,500			\$2,500
Q3 2021	8/23/2021	B				Major			\$2,500			\$2,500
Q3 2021	8/27/2021	C					Major		\$2,500			\$2,500
Q3 2021	9/18/2021	13						Moderate	\$1,500			\$1,500
Q3 2021	9/29/2021	C				Major			\$2,500			\$2,500
Total												\$26,500

Method 303 Charging Inspections

Quarter (Year)	Date	Battery	Charge(1-4) Severity of Violation	Charge(2-5) Severity of Violation	Laer Battery Charge Severity of Violation	Door Severity of Violation	Lid Leaks Severity of Violation	Offtake Leaks Severity of Violation	Method 303 Penalty	H2S Penalty	SO2 Penalty	Method 303 Total Penalty
Q4 2021	10/10/2021	C				Major			\$3,750			\$3,750
Q4 2021	10/18/2021	13						Low	\$1,500			\$1,500
Q4 2021	10/18/2021	14						Low	\$1,500			\$1,500
Q4 2021	10/21/2021	14						Low	\$1,500			\$1,500
Q4 2021	10/30/2021	B			Moderate				\$2,250			\$2,250
Q4 2021	11/28/2021	B			Major				\$3,750			\$3,750
Q4 2021	12/7/2021	1				Moderate			\$2,250			\$2,250
Q4 2021	12/7/2021	3	Moderate						\$2,250			\$2,250
Q4 2021	12/13/2021	19	Low	Major					\$5,250	\$250		\$5,500
Total												\$24,250

Quarter (Year)	Method 303 Total Non-Compliant Inspections	Method 303 Total Penalty
Q2 2021	9	\$18,750
Q3 2021	12	\$26,500
Q4 2021	10	\$24,250
Total	31	\$69,500

Summary of Penalties from USS Inspections

Quarter (Year)	Total USS Push Violations	Total USS Push Penalty	Total USS Travel Violations	Total USS Travel Penalty	USS Total Penalty
Q2 2021	7	\$8,000	17	\$19,250	\$27,250
Q3 2021	24	\$27,000	31	\$34,500	\$61,500
Q4 2021	28	\$46,500	26	\$39,750	\$86,250
Total	59	\$81,500	74	\$93,500	\$175,000

USS Non-Compliant Push and Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	Agency	USS Reported Opacity	Push Severity of Violation	Travel Severity of Violation	USS Push Penalty	USS Travel Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Penalty
Q2 2021	4/1/2021	13	A4	U	30		low		\$1,000			\$1,000
Q2 2021	4/4/2021	1	A8	U	20		low		\$1,000			\$1,000
Q2 2021	4/4/2021	1	A8	U	30	low		\$1,000				\$1,000
Q2 2021	4/9/2021	1	B12	U	30	low		\$1,000				\$1,000
Q2 2021	4/21/2021	1	A19	U	40	moderate		\$1,500				\$1,500
Q2 2021	4/29/2021	13	A9	U	30		low		\$1,000			\$1,000
Q2 2021	5/8/2021	13	A5	U	30		low		\$1,000			\$1,000
Q2 2021	5/8/2021	13	A5	U	30	low		\$1,000				\$1,000
Q2 2021	5/13/2021	13	A12	U	20		low		\$1,000			\$1,000
Q2 2021	5/28/2021	1	A7	U	35		low		\$1,000			\$1,000
Q2 2021	5/30/2021	13	A5	U	30		low		\$1,000			\$1,000
Q2 2021	5/31/2021	13	A14	U	30		low		\$1,000			\$1,000
Q2 2021	6/2/2021	19	C18	U	20		low		\$1,000			\$1,000
Q2 2021	6/4/2021	13	A30	U	30		low		\$1,000			\$1,000
Q2 2021	6/5/2021	13	A30	U	15		low		\$1,000	\$250		\$1,250
Q2 2021	6/8/2021	13	A29	U	25		low		\$1,000			\$1,000
Q2 2021	6/13/2021	1	A9	U	20	low		\$1,000				\$1,000
Q2 2021	6/13/2021	13	A5	U	20		low		\$1,000			\$1,000
Q2 2021	6/13/2021	13	A5	U	30	low		\$1,000				\$1,000
Q2 2021	6/14/2021	19	B7	U	25		low		\$1,000			\$1,000
Q2 2021	6/15/2021	1	A11	U	30		low		\$1,000			\$1,000
Q2 2021	6/15/2021	1	A11	U	40	moderate		\$1,500				\$1,500
Q2 2021	6/26/2021	13	B13	U	80		major		\$2,500			\$2,500
Q2 2021	6/26/2021	13	B22	U	50		moderate		\$1,500			\$1,500

USS Non-Compliant Push and Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	Agency	USS Reported Opacity	Push Severity of Violation	USS Push Penalty	Travel Severity of Violation	USS Travel Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Penalty
Q3 2021	7/1/2021	14	A1	U	15			low	\$1,000			\$1,000
Q3 2021	7/1/2021	14	A1	U	20	low	\$1,000					\$1,000
Q3 2021	7/5/2021	13	B21	U	30			low	\$1,000	\$250		\$1,250
Q3 2021	7/11/2021	13	A11	U	20			low	\$1,000			\$1,000
Q3 2021	7/12/2021	13	A11	U	20			low	\$1,000			\$1,000
Q3 2021	7/12/2021	13	A11	U	30	low	\$1,000					\$1,000
Q3 2021	7/12/2021	20	B24	U	30	low	\$1,000					\$1,000
Q3 2021	7/16/2021	19	B27	U	20			low	\$1,000			\$1,000
Q3 2021	7/20/2021	19	A15	U	20			low	\$1,000			\$1,000
Q3 2021	7/20/2021	19	A15	U	30	low	\$1,000					\$1,000
Q3 2021	7/22/2021	13	B17	U	20			low	\$1,000			\$1,000
Q3 2021	7/22/2021	13	B17	U	30	low	\$1,000					\$1,000
Q3 2021	7/28/2021	13	B18	U	15			low	\$1,000	\$250		\$1,250
Q3 2021	8/5/2021	1	A3	U	35	low	\$1,000					\$1,000
Q3 2021	8/7/2021	13	B22	U	75			major	\$2,500			\$2,500
Q3 2021	8/12/2021	2	B21	TESTING	25	low	\$1,000		\$0			\$1,000
Q3 2021	8/15/2021	13	A5	U	15			low	\$1,000			\$1,000
Q3 2021	8/15/2021	13	A5	U	30	low	\$1,000					\$1,000
Q3 2021	8/16/2021	19	B2	U	20			low	\$1,000			\$1,000
Q3 2021	8/16/2021	19	B2	U	30	low	\$1,000					\$1,000
Q3 2021	8/17/2021	19	B6	U	15			low	\$1,000			\$1,000
Q3 2021	8/18/2021	2	B17	U	30			low	\$1,000			\$1,000
Q3 2021	8/18/2021	2	B17	U	80	major	\$2,500					\$2,500
Q3 2021	8/19/2021	13	A29	U	15			low	\$1,000			\$1,000
Q3 2021	8/19/2021	13	A29	U	30	low	\$1,000					\$1,000
Q3 2021	8/19/2021	19	B20	U	15			low	\$1,000			\$1,000
Q3 2021	8/19/2021	19	B20	U	20	low	\$1,000					\$1,000
Q3 2021	8/23/2021	20	C25	U	20			low	\$1,000			\$1,000
Q3 2021	9/2/2021	13	A5	U	25			low	\$1,000			\$1,000
Q3 2021	9/2/2021	13	A5	U	30	low	\$1,000					\$1,000

USS Non-Compliant Push and Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	Agency	USS Reported Opacity	Push Severity of Violation	USS Push Penalty	Travel Severity of Violation	USS Travel Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Penalty
Q3 2021	9/4/2021	13	A12	U	75			major	\$2,500			\$2,500
Q3 2021	9/7/2021	14	A18	U	15			low	\$1,000			\$1,000
Q3 2021	9/7/2021	14	A18	U	20	low	\$1,000					\$1,000
Q3 2021	9/8/2021	20	C10	U	25			low	\$1,000			\$1,000
Q3 2021	9/8/2021	20	C10	U	30	low	\$1,000					\$1,000
Q3 2021	9/12/2021	14	B17	U	30	low	\$1,000					\$1,000
Q3 2021	9/12/2021	19	B4	U	15			low	\$1,000			\$1,000
Q3 2021	9/12/2021	19	B4	U	30	low	\$1,000					\$1,000
Q3 2021	9/12/2021	20	C9	U	15			low	\$1,000			\$1,000
Q3 2021	9/12/2021	20	C9	U	30	low	\$1,000					\$1,000
Q3 2021	9/13/2021	14	B17	U	15			low	\$1,000			\$1,000
Q3 2021	9/13/2021	19	B10	U	15			low	\$1,000			\$1,000
Q3 2021	9/13/2021	19	B10	U	30	low	\$1,000					\$1,000
Q3 2021	9/13/2021	19	B8	U	15			low	\$1,000			\$1,000
Q3 2021	9/13/2021	19	B8	U	30	low	\$1,000					\$1,000
Q3 2021	9/16/2021	13	A12	U	30			low	\$1,000			\$1,000
Q3 2021	9/27/2021	14	A1	U	20			low	\$1,000			\$1,000
Q3 2021	9/27/2021	14	A1	U	30	low	\$1,000					\$1,000
Q3 2021	9/27/2021	14	A10	U	20			low	\$1,000			\$1,000
Q3 2021	9/27/2021	20	A5	U	15			low	\$1,000			\$1,000
Q3 2021	9/27/2021	20	A5	U	30	low	\$1,000					\$1,000
Q3 2021	9/30/2021	19	B6	U	30			low	\$1,000			\$1,000
Q3 2021	9/30/2021	19	B6	U	80	major	\$2,500					\$2,500
Q3 2021	9/30/2021	19	B8	U	15			low	\$1,000			\$1,000
Q3 2021	9/30/2021	19	B8	U	30	low	\$1,000					\$1,000

USS Non-Compliant Push and Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	Agency	USS Reported Opacity	Push Severity of Violation	USS Push Penalty	Travel Severity of Violation	USS Travel Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Penalty
Q4 2021	10/3/2021	13	A14	U	25			low	\$1,500			\$1,500
Q4 2021	10/7/2021	20	C24	U	25	low	\$1,500					\$1,500
Q4 2021	10/8/2021	2	B11	U	40	moderate	\$2,250					\$2,250
Q4 2021	10/10/2021	2	B27	U	25	low	\$1,500					\$1,500
Q4 2021	10/24/2021	19	B6	U	20			low	\$1,500			\$1,500
Q4 2021	10/24/2021	19	B6	U	30	low	\$1,500					\$1,500
Q4 2021	10/24/2021	19	B8	U	20			low	\$1,500			\$1,500
Q4 2021	10/24/2021	19	B8	U	30	low	\$1,500					\$1,500
Q4 2021	10/29/2021	13	A4	U	20			low	\$1,500			\$1,500
Q4 2021	10/29/2021	13	A4	U	30	low	\$1,500					\$1,500
Q4 2021	11/3/2021	19	B27	U	20			low	\$1,500			\$1,500
Q4 2021	11/3/2021	19	B27	U	30	low	\$1,500					\$1,500
Q4 2021	11/10/2021	14	A29	U	25			low	\$1,500			\$1,500
Q4 2021	11/14/2021	13	B4	U	20			low	\$1,500			\$1,500
Q4 2021	11/14/2021	13	B4	U	30	low	\$1,500					\$1,500
Q4 2021	11/17/2021	14	B1	U	15			low	\$1,500	\$250		\$1,750
Q4 2021	11/17/2021	14	B1	U	20	low	\$1,500			\$250		\$1,750
Q4 2021	11/18/2021	19	B29	U	30	low	\$1,500			\$250		\$1,750
Q4 2021	11/20/2021	19	C8	U	20			low	\$1,500			\$1,500
Q4 2021	11/20/2021	19	C8	U	30	low	\$1,500					\$1,500
Q4 2021	11/26/2021	19	C26	SURVEY	20	low	\$1,500		\$0			\$1,500
Q4 2021	11/29/2021	19	A27	U	20			low	\$1,500			\$1,500
Q4 2021	11/29/2021	19	A27	U	30	low	\$1,500					\$1,500
Q4 2021	11/29/2021	19	A29	U	15			low	\$1,500			\$1,500
Q4 2021	11/29/2021	19	A29	U	30	low	\$1,500					\$1,500
Q4 2021	11/30/2021	19	B10	U	20			low	\$1,500			\$1,500
Q4 2021	11/30/2021	19	B10	U	30	low	\$1,500					\$1,500
Q4 2021	12/1/2021	19	B20	U	25			low	\$1,500			\$1,500
Q4 2021	12/1/2021	19	B20	U	30	low	\$1,500					\$1,500
Q4 2021	12/6/2021	19	C21	U	30	low	\$1,500					\$1,500
Q4 2021	12/8/2021	14	B1	U	15			low	\$1,500			\$1,500
Q4 2021	12/8/2021	14	B1	U	20	low	\$1,500					\$1,500
Q4 2021	12/10/2021	13	A4	U	30			low	\$1,500			\$1,500
Q4 2021	12/10/2021	13	A4	U	60	moderate	\$2,250					\$2,250

USS Non-Compliant Push and Travel Inspections and Penalties

Quarter (Year)	Date	Battery	Oven	Agency	USS Reported Opacity	Push Severity of Violation	USS Push Penalty	Travel Severity of Violation	USS Travel Penalty	H2S Exceedance Penalty	SO2 Exceedance Penalty	USS Total Penalty
Q4 2021	12/12/2021	13	B16	U	20			low	\$1,500			\$1,500
Q4 2021	12/12/2021	13	B16	U	30	low	\$1,500					\$1,500
Q4 2021	12/13/2021	14	A1	U	25			low	\$1,500	\$250		\$1,750
Q4 2021	12/13/2021	14	A1	U	30	low	\$1,500			\$250		\$1,750
Q4 2021	12/16/2021	14	A26	U	30			low	\$1,500	\$250		\$1,750
Q4 2021	12/16/2021	14	B4	U	30			low	\$1,500	\$250		\$1,750
Q4 2021	12/16/2021	20	B29	U	15			low	\$1,500	\$250		\$1,750
Q4 2021	12/20/2021	2	A31	U	15			low	\$1,500	\$250		\$1,750
Q4 2021	12/22/2021	20	C25	U	25			low	\$1,500			\$1,500
Q4 2021	12/22/2021	20	C25	U	50	moderate	\$2,250					\$2,250
Q4 2021	12/22/2021	20	C27	U	15			low	\$1,500			\$1,500
Q4 2021	12/22/2021	20	C27	U	30	low	\$1,500					\$1,500
Q4 2021	12/26/2021	13	A3	U	50			moderate	\$2,250			\$2,250
Q4 2021	12/26/2021	13	A3	U	55	moderate	\$2,250					\$2,250
Q4 2021	12/29/2021	19	B10	U	20	low	\$1,500					\$1,500
Q4 2021	12/29/2021	19	B8	U	30	low	\$1,500					\$1,500
Q4 2021	12/30/2021	20	C3	U	30	low	\$1,500					\$1,500
Q4 2021	12/30/2021	20	C5	U	20			low	\$1,500			\$1,500
Q4 2021	12/30/2021	20	C5	U	40	moderate	\$2,250					\$2,250

Quarter (Year)	Total USS Push Violations	Total USS Travel Violations	USS Total Penalty
Q3 2021	24	31	\$61,500
Q4 2021	28	26	\$86,250
Q2 2021	7	17	\$27,250
Total	59	74	\$175,000

Continuous Opacity Monitor Non-Compliant Clock Hours

Quarter (Year)	Battery 1	Battery 2	Battery 3	Battery 13	Battery 14	Battery 15	Battery 19	Battery 20	Battery B	Battery C	Total Non-Compliant Clock Hours	COMs Penalty
<input type="checkbox"/> Q2 2021	18	21	9	22	11	0	5	3	7	0	96	\$19,200
Apr 2021	4	11	1	14	7	0	1	0	3	0	41	\$8,200
May 2021	7	8	3	4	1	0	3	0	1	0	27	\$5,400
Jun 2021	7	2	5	4	3	0	1	3	3	0	28	\$5,600
<input type="checkbox"/> Q3 2021	1	4	4	11	4	0	7	0	5	1	37	\$7,400
Jul 2021	1	0	0	4	1	0	2	0	1	0	9	\$1,800
Aug 2021	0	3	3	6	3	0	0	0	2	0	17	\$3,400
Sep 2021	0	1	1	1	0	0	5	0	2	1	11	\$2,200
<input type="checkbox"/> Q4 2021	2	7	1	9	8	1	2	2	3	1	36	\$7,200
Oct 2021	1	2	1	2	2	0	0	0	1	0	9	\$1,800
Nov 2021	1	2	0	5	1	1	1	0	1	1	13	\$2,600
Dec 2021	0	3	0	2	5	0	1	2	1	0	14	\$2,800
Total	21	32	14	42	23	1	14	5	15	2	169	\$33,800

Total Non-Compliant Clock Hours



**ALLEGHENY COUNTY HEALTH
DEPARTMENT AIR QUALITY PROGRAM**

In the Matter of:

United States Steel Corporation
Clairton Plant
400 State Street
Clairton, PA 15025

Violation No. 220302

Violations of Article XXI (“Air
Pollution Control”) at property:

United States Steel
Corporation
Mon Valley Works
400 State Street
Clairton, PA 15025

ENFORCEMENT ORDER

NOW, this 7th day of March, 2022, the Allegheny County Health Department (hereinafter "ACHD") issues this Enforcement Order after it has found and determined the following:

1. The Director of the ACHD has been delegated authority pursuant to the federal Clean Air Act, 42 U.S.C. Sections 7401-7671q (hereinafter “CAA”), and the Pennsylvania Air Pollution Control Act, 35 P.S. Sections 4001-4014 (hereinafter “APCA”), and the ACHD is a local health agency organized under the Local Health Administration Law, 19 P.S. §§ 12001-12028, whose powers and duties include the enforcement of laws relating to public health within Allegheny County including, but not limited to, the ACHD’s Rules and Regulations, Article XXI, Air Pollution Control (Allegheny County Code of Ordinances Chapters 505, 507, and 535) (hereinafter “Article XXI”).

2. United States Steel Corporation (hereinafter “U.S. Steel”) owns and operates a facility in Clairton, Allegheny County, Pennsylvania (hereinafter “Clairton Coke Plant”). Clairton Coke Plant operates ten coke batteries and produces approximately 11,000 tons of coke

per day from the destructive distillation (carbonization) of approximately 14,000 tons of coal. During the carbonization process, approximately 170 million cubic feet of coke oven gas are produced. The volatile products of coal contained in the coke oven gas are recovered in the by-products plant. In addition to the coke oven gas, daily production of these by-products includes approximately 100,000 gallons of crude tar, 14,000 to 30,000 gallons of light oil, 40 tons of elemental sulfur, and 50 tons of ammonia.

3. On March 27, 2012, the ACHD issued Operating Permit No. 0052 to U.S. Steel for the Clairton Coke Plant.

4. On April 6, 2018, the ACHD issued Installation Permit Amendment No. 0052-I011b (hereinafter “IP-011b”) to U.S. Steel for the construction of C Battery.

5. The Pennsylvania “Air Resources” regulations establish that the ambient air quality standard for H₂S is a maximum concentration of 0.005 parts per million by volume-dry (ppm) averaged over a 24-hour period. 25 Pa. Code § 131.3.

6. A Program Clarification Memorandum (PCM) issued on February 23, 2021 by the Pennsylvania Department of Environmental Protection (hereinafter “DEP”), Bureau of Air Quality, states:

Because the standard in 25 Pa. Code §131.3 does not specify a calendar day, calculations should use the more protective interpretation of the 24-hour standard; namely, the 24-hour averages used for comparison against the standards should be based upon rolling 24-hour averages, rather than calendar days. In this way, no 24-hour average above the state standard is excluded from comparison to the standard.

7. Article XXI, § 2101.10.a (“Ambient Air Quality Standards”), incorporates the ambient air quality standards for H₂S set forth in 25 Pa. Code § 131.3:

All final national and state ambient air quality standards, promulgated by EPA under the Clean Air Act at 40 CFR part 50, and by the state under the Air Pollution Control Act at **25 Pa. Code Chapter 131**, respectively, are hereby

incorporated by reference into this Article.

8. Article XXI, § 2101.11.a.2 (“Prohibition of Air Pollution”), states that no person shall “operate any source of air contaminants in such manner that emissions from such source . . . [c]ause an exceedance of the ambient air quality standards established by § 2101.10 of this Article.”

9. The Clairton Coke Plant is a significant source of hydrogen sulfide (H₂S) emissions. In the two most recent emission inventory submittals from 2019 and 2020, U.S. Steel reported to ACHD 156 tons of H₂S emissions and 127 tons of H₂S emissions, respectively. These emissions result from multiple processes at the plant, including, but not limited to:

- Dampering coke ovens from the gas collection system and opening standpipe caps prior to pushing coke from the ovens (“soaking”);
- Battery door leaks;
- By-product plant sources (including tar and flushing liquor decanters, flushing liquor surge tanks, flushing liquor pumphouse sumps, and by-product pitch traps);
- Gooseneck leaks (where gas is removed from each oven before passing into the collector main);
- Miscellaneous battery fugitives (including bleeder stacks, battery pitch traps, and flushing liquor return vents); and
- SCOT plant tail gas incinerator.

10. The ACHD has an air monitoring station in Liberty Borough (hereinafter “Liberty Monitor”) which records ambient air concentrations of H₂S. The U.S. Steel Clairton Coke Plant is located approximately two miles south-southwest of the Liberty Monitor.

11. During the period of January 1, 2020 through March 1, 2022, the Liberty Monitor recorded hourly exceedances of the H₂S ambient air concentration standard of 0.005 ppm averaged over a 24-hour period.

12. The ACHD conducted analyses of the potential sources of H₂S and identified U.S. Steel's Clairton Coke Plant as the cause of the exceedances of the H₂S ambient air concentration standard of 0.005 ppm, calculated as a 24-hour rolling average, at the Liberty Monitor. "Analysis and Attribution of Hydrogen Sulfide (H₂S) Exceedances at the Liberty Monitoring Site from January 1, 2020 through March 1, 2022," (3/3/2022).

13. The ACHD did not identify evidence of any other source contributing to the H₂S exceedances. This conclusion is based on the following findings:

- The ACHD compared H₂S concentrations measured at the Liberty monitor originating from all measured wind directions under different meteorological conditions including wind speeds, strong inversions, and stagnant air events. ACHD concludes that measurable concentrations of H₂S originate from one direction, south-southwest of the Liberty Monitor; no sources from any other direction contributed to H₂S concentrations causing exceedances at ACHD's Liberty monitor;
- The ACHD receives annual emissions inventory statements from larger permitted air emission sources within Allegheny County. These statements are submitted by a source as a summary of emitted pollutants from their facilities. The only source which has submitted an air emissions inventory statement with H₂S and is located south-southwest of the Liberty monitor is U.S. Steel Clairton Coke Plant. Another potential source of H₂S located south-southwest of the Liberty monitor is

the Clairton Wastewater Treatment Plant (“Treatment Plant”) which is owned by the Clairton Municipal Authority. To determine if this source contributed to measurable ambient air concentrations, portable gas sensors (Acrulog H₂S Parts Per Billion Monitor) were installed on multiple sides of the property line of the Treatment Plant to capture upwind and downwind concentrations. ACHD’s analysis of the meteorological data combined with concentrations of H₂S at the fence line of the property indicates that the Treatment Plant did not contribute to H₂S exceedances at the Liberty monitor;

- To determine if there are unknown regional sources of H₂S that may contribute to high background concentrations of H₂S, ACHD analyzed data from a regulatory H₂S monitor that was located at the Avalon site to monitor emissions of H₂S from Shenango Coke Works prior to the plant’s closure in 2016. The Avalon H₂S monitor was still operating during 15 of the H₂S exceedance days in 2020 at the Liberty Monitor. This monitor was located downwind of a significant number of abandoned mine sites and wastewater treatment plants. This monitor is also located near ALCOSAN, the largest wastewater treatment facility in Allegheny County. The 24-hour averages for the 15 overlapping exceedance days with Liberty measured 0.000 ppm of H₂S at Avalon;
- There is no evidence that small, non-inventoried sources affect the Liberty Monitor H₂S concentrations at any level, including exceedance levels. Therefore, based on all available data and resources, H₂S exceedances measured at the Liberty Monitor during the period of January 1, 2020 through March 1, 2022 can be attributed entirely to emissions originating at U. S. Steel’s Clairton Coke Plant.

14. ACHD determined that during the period January 1, 2020 through March 1, 2022, emissions from U.S. Steel's Clairton Coke Plant caused exceedances of the H₂S ambient air concentration standard of 0.005 parts per million by volume-dry (ppm) averaged over a 24-hour period at the Liberty Monitor. 25 Pa. Code § 131.3; Article XXI § 2101.10.

15. Each calendar day that an exceedance of the 24-hour rolling average is determined constitutes a violation of Article XXI, § 2101.11.a.2. The ACHD finds that U.S. Steel Clairton Coke Plant violated Article XXI, § 2101.11.a.2, on 153 days. The total number of violations are summarized by year in the following table:

Year	Violations
2020	46
2021	94
January 1, 2022 – March 1, 2022	13
Total Violations	153

ORDER

NOW THEREFORE, pursuant to the authority granted to the ACHD by Article XXI §§ 2109.03 and 2109.06, and the Local Health Administration Law, 19 P.S. § 12010, it is hereby ORDERED that:

16. For the violations set forth in the preceding paragraphs, U.S. Steel is hereby assessed a civil penalty of **ONE MILLION EIGHT HUNDRED FORTY-TWO THOUSAND FIVE HUNDRED THIRTY DOLLARS** (\$1,842,530.00). The civil penalty is as follows:

A. Gravity Based Component

Violation	Gravity Based Penalty	Number of Violations	Total Gravity Penalty
Prohibition of Pollution Article XXI, § 2101.11			
Low Severity ¹	\$ 1,100.00	46	\$ 50,600.00
Moderate Severity ²	\$ 4,750.00	50	\$ 237,500.00
Major Severity ³	\$ 9,000.00	57	\$ 513,000.00
GRAVITY COMPONENT SUBTOTAL			\$ 801,100.00

B. Adjustment Factors

Degree of Cooperation:	\$ 80,110.00
Compliance History: 12 enforcement actions in last 2 years	\$ 801,100.00
Title V Source:	\$ 160,220.00
<hr/>	
TOTAL CIVIL PENALTY	\$ 1,842,530.00

¹ Low Severity: H₂S concentration greater than or equal to 0.0055 ppm and less than 0.0066 ppm.² Moderate Severity: H₂S concentration greater than or equal to 0.0066 ppm and less than or equal to 0.00825 ppm.³ Major Severity: H₂S concentration greater than 0.00825 ppm.

17. U.S. Steel shall pay the civil penalty amount within thirty (30) days of receipt of this Order. Payment shall be made by corporate or certified check, or the like, made payable to the “Allegheny County Clean Air Fund”, and sent to Air Quality Program Manager, Allegheny County Health Department, 301 39th Street, Bldg. #7, Pittsburgh, PA 15201.

18. The ACHD has determined the above civil penalty to be in accordance with Article XXI § 2109.06.b reflecting relevant factors including, but not limited to: the nature, severity and frequency of the alleged violations; the maximum amount of civil and criminal penalties authorized by law; the willfulness of such violations; the impact of such violations on the public and the environment; the deterrence of future violations; the actions taken by U.S. Steel to minimize such violations and to prevent future violations; and U.S. Steel’s compliance

history.

19. The gravity-based component of the civil penalty reflects the severity of the violation and the potential harm to the public or environment from the violation. The gravity-based component may be adjusted for factors and circumstances unique to the violator.

20. The ACHD determined that a 0.1 adjustment factor for degree of cooperation is appropriate. Following the issuance of the Notice of Violation on April 1, 2021, U.S. Steel did not take any corrective actions to try to minimize or stop the exceedances of the H₂S standard caused by the Clairton Coke Plant.

21. Please be advised that failure to comply with this Order within the times specified herein is a violation of Article XXI giving rise to the remedies provided by Article XXI § 2109.02 including civil penalties of up to \$25,000 per violation per day.

22. Pursuant to Article XI § 1104.A (“Hearings and Appeals”), of the Allegheny County Health Department Rules and Regulations, you are notified that if you are aggrieved by this Order, a Notice of Appeal shall be filed no later than thirty (30) days after receipt of written notice or issuance of this Order. Such a Notice of Appeal shall be filed in the Office of the Director at 542 Fourth Avenue, Pittsburgh, PA 15219. This Order is enforceable upon issuance and any appeal of this Order shall not act as a stay unless the Director of the ACHD so orders. In the absence of a timely appeal, the terms of this Order shall become final.

23. Please be aware that if you wish to appeal this Order, you are required within 30 days of receipt of this Order to either forward the penalty amount to the ACHD for placement in an escrow account or post an appeal bond to the ACHD in the amount of the penalty. Please review the specific requirements for prepaying the penalty or posting the appeal bond found in Article XXI § 2109.06.a.2-3. A copy of Article XXI and Article XI may be found at

<https://www.alleghenycounty.us/Health-Department/Health-Department-Regulations.aspx>.

DONE and **ENTERED** this 7th day of March 2022, in Allegheny County,
Pennsylvania.

3/7/2022
Date

Dean DeLuca
Dean DeLuca
ACHD Air Quality Program Manager



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
RESEARCH TRIANGLE PARK, NC 27711

MAY 15 2012

OFFICE OF
AIR QUALITY PLANNING
AND STANDARDS

Colonel Patrick C. Higby, Commander
7285 4th St., Bldg. 180, Suite 115
Hill Air Force Base, UT 84056-5206

Dear Colonel Higby:

In your July 22, 2010, letter and through follow-up clarification with Steve Rasmussen of Hill Air Force Base, you requested approval to use the Standard Test Method for Determining the Opacity of a Plume in the Outdoor Ambient Atmosphere, ASTM D7520-09, in lieu of EPA Method 9 to meet opacity measurement requirements for Federal New Source Performance Standards (40 CFR Part 60) and National Emission Standards for Hazardous Air Pollutants (40 CFR Part 63) regulations at your facility.

We approve your request for the use of ASTM D7520-09 in lieu of EPA Method 9 for demonstrating compliance with Federal opacity regulations under any subpart to 40 CFR Part 60, 61, and 63 regulating ducted emission sources that fall within the ASTM D7520-09 method's scope as set out in Section 1 at Hill Air Force Base with the following limitations:

1. During the digital camera opacity technique (DCOT) certification procedure outlined in Section 9.2 of ASTM D7520-09, you or the DCOT vendor must present the plumes in front of various backgrounds of color and contrast representing conditions anticipated during field use such as blue sky, trees, and mixed backgrounds (clouds and/or a sparse tree stand).
2. You must also have standard operating procedures in place including daily or other frequency quality checks to ensure the equipment is within manufacturing specifications as outlined in Section 8.1 of ASTM D7520-09.
3. You must follow the record keeping procedures outlined in section 63.10(b)(1) for the DCOT certification, compliance report, data sheets, and all raw unaltered JPEGs used for opacity and certification determination.
4. You or the DCOT vendor must have a minimum of four (4) independent technology users apply the software to determine the visible opacity of the 300 certification plumes. For each set of 25 plumes, the user may not exceed 15% opacity of any one reading and the average error must not exceed 7.5% opacity.

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5. This approval does not provide or imply a certification or validation of any vendor's hardware or software. The onus to maintain and verify the certification and/or training of the DCOT camera, software and operator in accordance with ASTM D7520-09 and this letter is on the facility, DCOT operator, and DCOT vendor.
6. This approval does not alter any duration or averaging requirements of any specific regulation.

Since this alternative method is applicable to other facilities, we will be posting this letter on our website at <http://www.epa.gov/ttn/emc/approalt/> for use by other interested parties.

If you have questions or would like to further discuss the matter, please call Jason DeWees at (919) 541-9724, or you may email him at deweese.jason@epa.gov.

Sincerely,



Conniesue Oldham, Ph.D, Group Leader
Measurement Technology Group

cc: James B. Martin, Region 8
Utah, UDAQ
Steve Rasmussen, Hill AFB
EPA Regional Air Division Directors