



Foreign Direct Investment: Financing Sustainability Conference

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Vice President Strategic Implementations

U. S. Steel Kosice, s.r.o.



U. S. Steel

◆ United States Steel

- **Founded in 1901**
- **World's first billion dollar corporation**
- **Known on Wall Street as “The Corporation”**
- **A giant of 20th century American industry**
- **Growth fueled by American industrial expansion**



U. S. Steel

- ◆ **Manufactured many types of steel products**
- ◆ **Owned a variety of steel and non-steel businesses**
- ◆ **Pioneered technologies and management techniques**
- ◆ **Employed over 200,000 people; owned facilities across the U.S.**
- ◆ **Integrated steel company**



U. S. Steel

- ◆ **1990'S – Modernized facilities to meet world class standards**
- ◆ **Entered in joint ventures with companies from:**
 - **Mexico**
 - **Japan**
 - **Korea**
 - **US**
- ◆ **Focus on core business and customers**

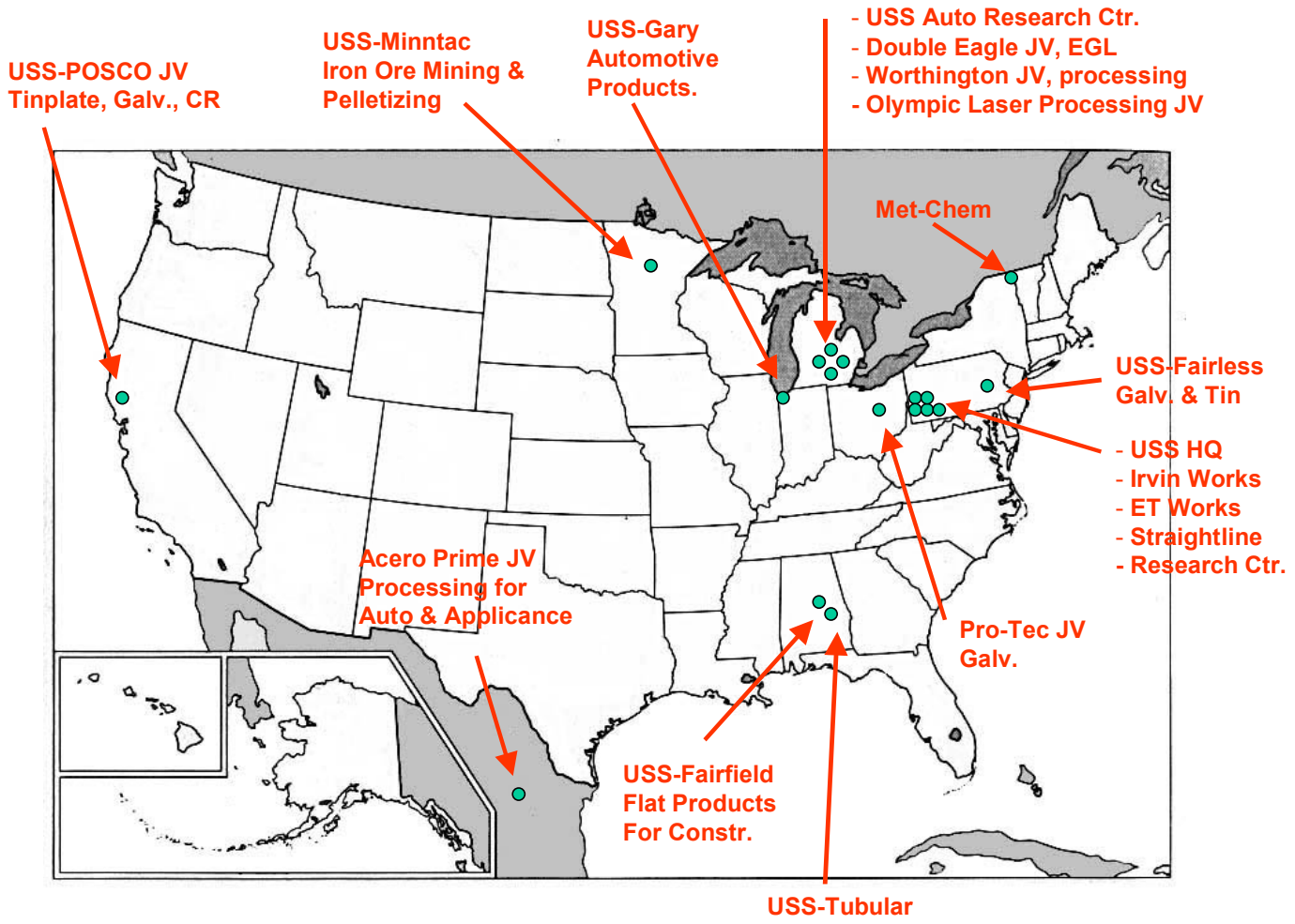


U. S. Steel

- ◆ **Globalization of USS Customers**
 - **U. S. Steel customers operating overseas**
- ◆ **Globalization Criteria**
 - **Support customer overseas operations**
 - **Serve emerging markets**
 - **Develop new markets for USS products**
- ◆ **USS search led to Kosice, Slovakia**



U. S. Steel





U. S. Steel Kosice

- ◆ **U. S. Steel aware of VSZ's assets:**
 - **Modern equipment**
 - **Well-maintained facility**
 - **Highly-educated workforce**
- ◆ **1998 – U. S. Steel signed agreement with VSZ to produce tin plate**
- ◆ **USS assumed control of VSZ steel plant in November, 2000**



U. S. Steel Kosice Market





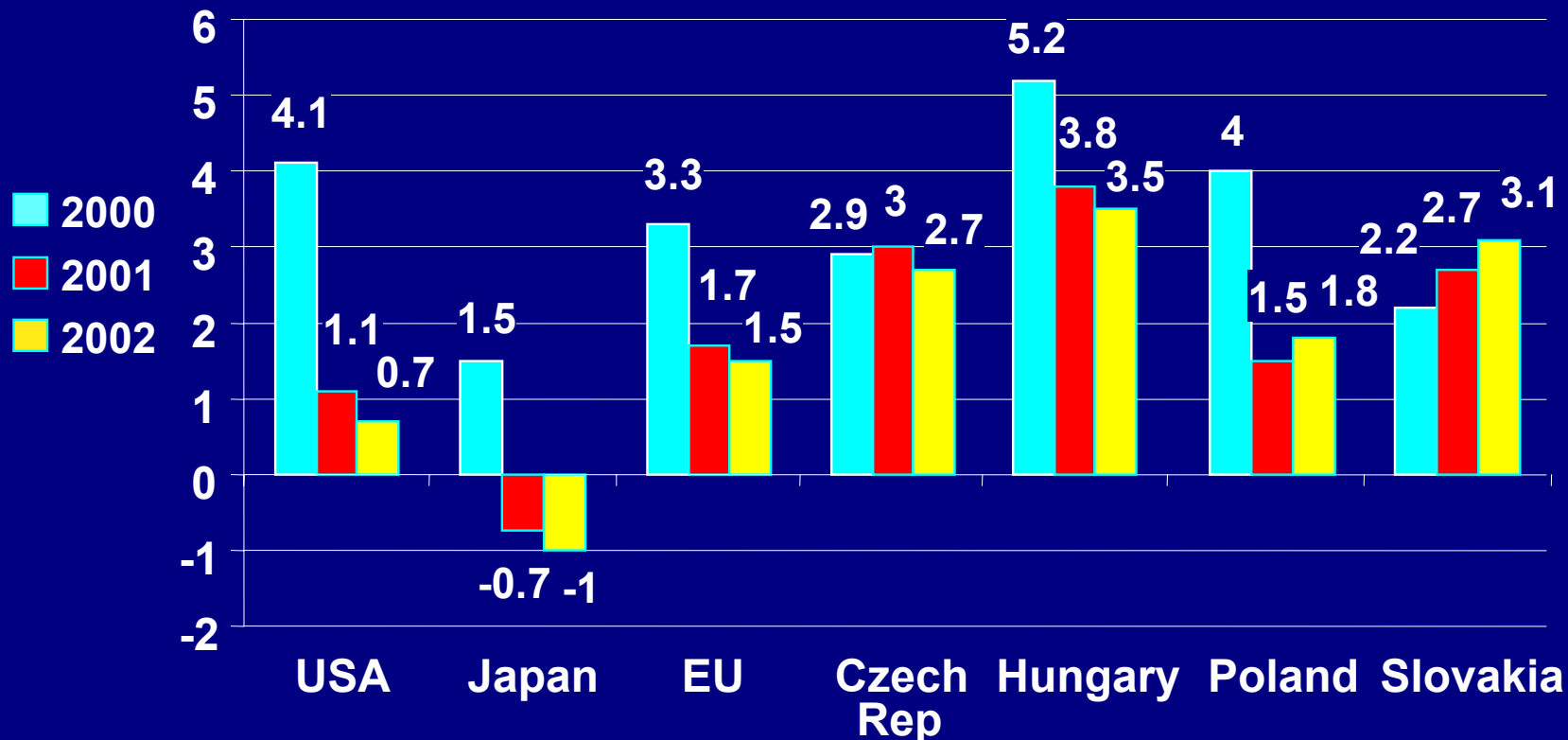
U. S. Steel Kosice

- ◆ **Central Europe – A Good Investment Decision**
 - **Potential for economic change**
 - **Healthy and dynamic market economy**
 - **Emerging markets**
 - **Excellent educational system**
 - **Skilled workforce**
 - **Cooperative governments**
- ◆ **\$121 million profit, \$61 million CAPEX in 2001**



Global Economic Conditions

- ◆ Gross Domestic Product Growth in Central Europe Will Decline, but Not as Severely as EU, US, and Japan
- ◆ Slovakia GDP will increase



Source – OECD 2001



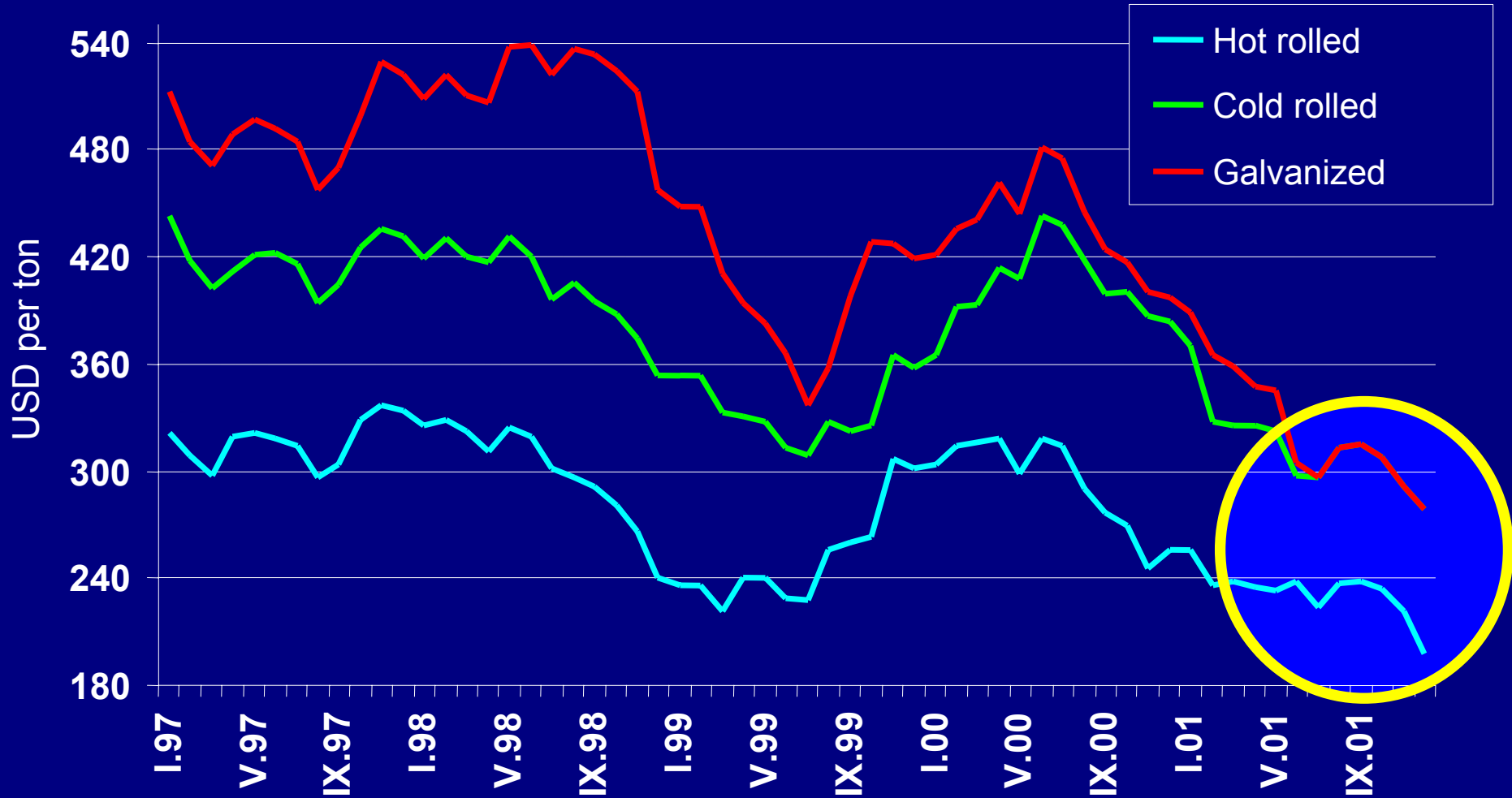
Global Impacts

- ◆ **Over Capacity**
- ◆ **Trade Cases**
- ◆ **Protective Tariffs**
- ◆ **Bankruptcies**
- ◆ **Consolidation**
- ◆ **Privatization**



Price Trends in Germany

CRU Statistics



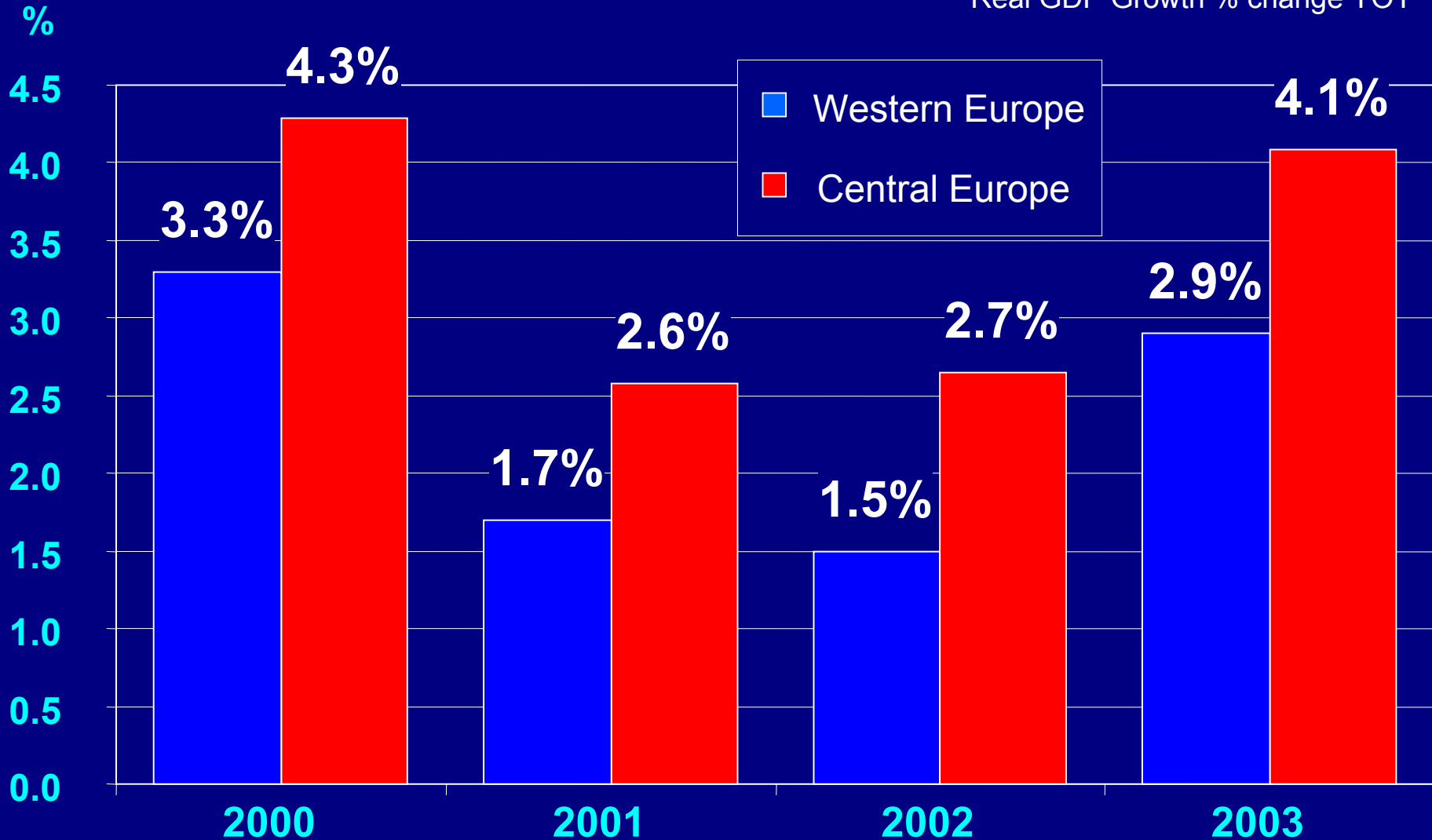


Growth Markets

Real GDP Growth

Central Europe exceeds Western Europe

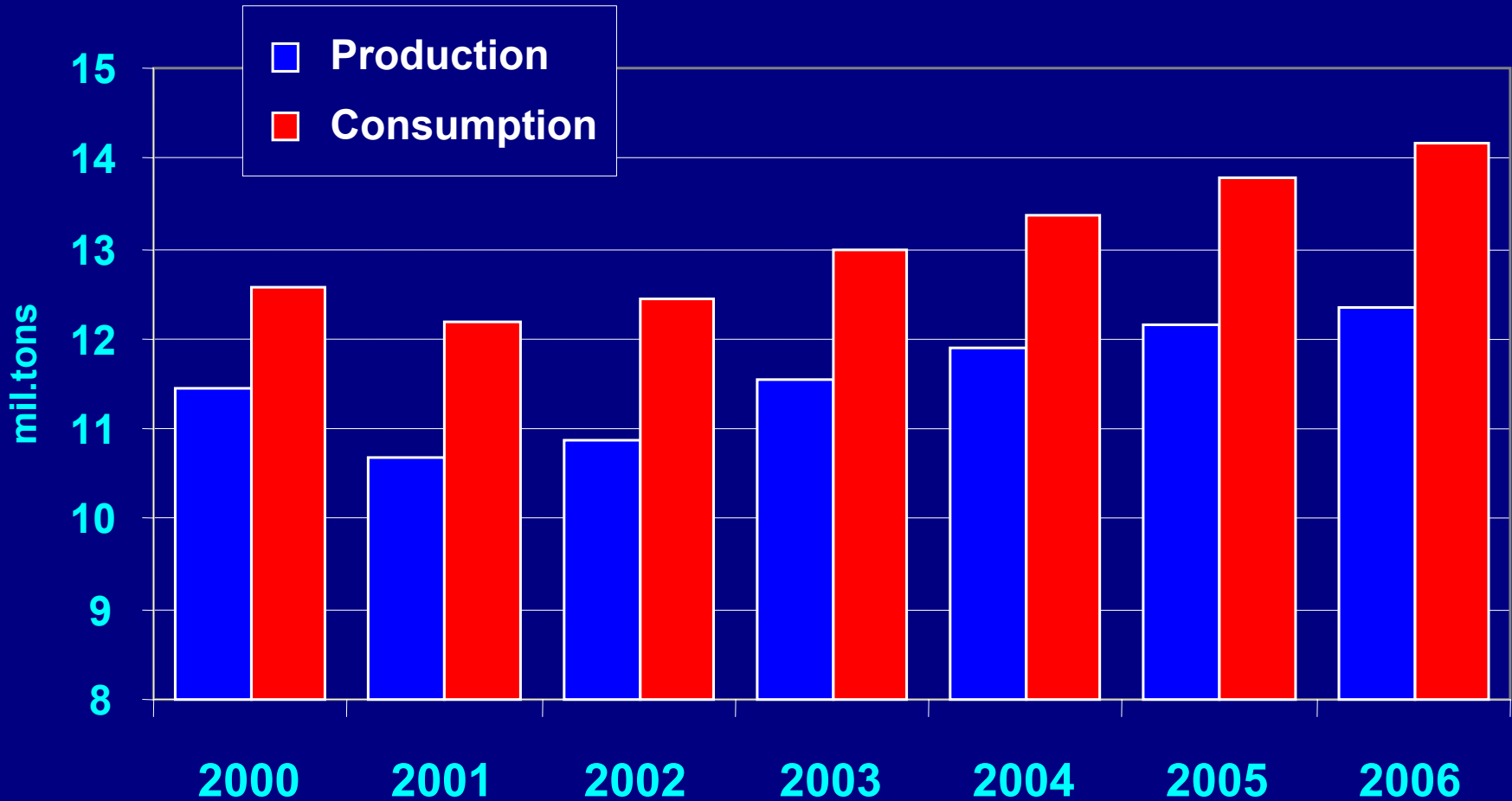
Real GDP Growth % change YOY





Sheet Steel Consumption Growth

Consumption Exceeds Production



Source: CRU October 2001 Sheet Steel Quarterly



Central European Vehicle Production

000 units of production





Central European Growth Corridor





Serbia Is Part Of Central European Growth Corridor

- ◆ Serbia is making great political and economic progress
- ◆ Serbian Government is:
 - Stabilizing economy
 - Strengthening democracy
 - Improving investment climate



Commitment To Economic Development

- ◆ **Attract FDI to Promote Economic Growth and Job Creation**
- ◆ **Publicize Benefits**
- ◆ **Help Establish New Businesses**





Commitment To Economic Development

- ◆ Over 280 Companies Contacted
- ◆ 10 Companies Considering Relocation
- ◆ 5 Companies Have Established Operations
 - Approximately 1000 New Jobs at Full Staff and \$26 Million in Foreign Direct Investment





Why Would USS Do This?

- ◆ To generate more business for U.S. Steel
- ◆ If we recruit businesses that use steel products, we can sell steel products
- ◆ To be a part of the all aspects of the community: economic, social, cultural, and civic
- ◆ To integrate into the society at large



Commitment To Community

◆ Since December 2000, USSK has Donated
Over 1.4 Million US Dollars:

- Health Care
- Environment
- Education
- Science
- Sports
- Culture
- Charities





Commitment To Employees

- ◆ **USSK has Maintained Employee Level at Approximately 16,000**
- ◆ **Employees Are the Strength and Character of the Company**
- ◆ **Increased Cooperation Between Labor and Management**
- ◆ **Labor Agreements Signed Early**
- ◆ **Employee Cooperation, Trade Unions, Improved Productivity and Profitability Resulted in Increased Wages**



U. S. Steel Kosice

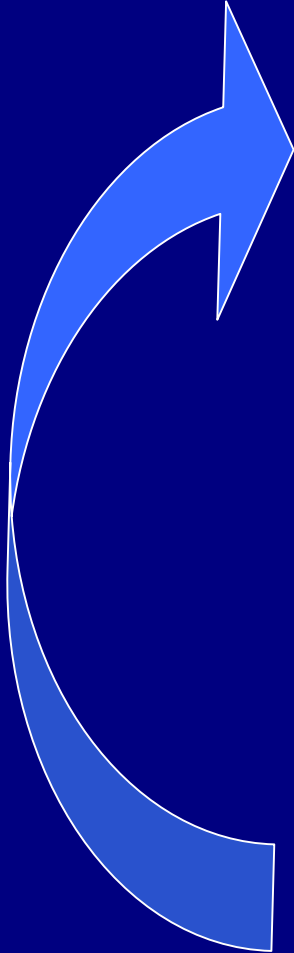
- ◆ **FDI Critical to Business Success in Transition Economies**
- ◆ **Commitment to Succeed**
- ◆ **Commitment to Economic Development**
- ◆ **Commitment to Community**
- ◆ **Commitment to Employees**



FDI Benefits All

Domino Effect

- ◆ **Attracts More Foreign Investment**
- ◆ **Sustainable Growth**
- ◆ **More Jobs / Reduced Unemployment**
- ◆ **Increased Social Programs**
- ◆ **Improved Standard of Living**
- ◆ **More Spendable Income**
- ◆ **Lower Interest Rates**
- ◆ **Domestic Investment**





U. S. Steel Kosice

