

**CORROSION RESISTANT CARBON STEEL FLAT PRODUCTS
FROM GERMANY AND KOREA**

USITC THIRD REVIEW
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STATEMENT BY:

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PRESIDENT AND CHIEF EXECUTIVE OFFICER
THYSSENKRUPP STEEL USA, LLC

CHECK AGAINST DELIVERY

CHRISTIAN DOHR - ITC TESTIMONY

GOOD AFTERNOON, I AM CHRISTIAN DOHR, PRESIDENT AND CEO OF THYSSENKRUPP STEEL USA, THE NATION'S NEWEST AND MOST TECHNOLOGICALLY ADVANCED CARBON STEEL ROLLING MILL. WE MAKE HOT-ROLLED, COLD-ROLLED, AND GALVANIZED FLAT ROLLED STEEL PRODUCTS FROM SLABS SUPPLIED BY OUR SISTER COMPANY IN BRAZIL, THYSSENKRUPP CSA.

U.S. INVESTMENT

TKS USA WAS BUILT IN ALABAMA TO SERVICE THE NAFTA MARKET PURSUANT TO THYSSENKRUPP AG'S GLOBAL SUPPLY STRATEGY, WHERE PRODUCTION PROXIMITY TO OUR CUSTOMERS IS ESSENTIAL. WE ARE A PROUD MEMBER OF THE UNITED STATES STEEL INDUSTRY AND OF THE AMERICAN IRON AND STEEL INSTITUTE.

THE \$5 BILLION INVESTMENT IN ALABAMA THAT MY COLLEAGUE STEFAN JUST DESCRIBED, EMPLOYED 6,500 WORKERS TO BUILD, ANOTHER 2,000 TO OPERATE THE CARBON SEGMENT AND, OVERALL, SUSTAINS 38,000 INDIRECT JOBS. IN ADDITION TO OUR OWN CUSTOMER BASE, THE OVERARCHING PLAN IS FOR OUR PRODUCTION TO BE THE SOLE MEANS BY WHICH THYSSENKRUPP SUPPLIES THE

NAFTA MARKET FOR HOT-DIPPED GALVANIZED STEEL PRODUCTS, BY FAR THE LARGEST CORE SEGMENT ACCOUNTING FOR UPWARDS OF 80 PERCENT OF ALL CORE CONSUMPTION. OUR TARGET MARKETS EXTEND THROUGHOUT THE CONTINENTAL UNITED STATES, MEXICO, AND INTO CANADA.

OUR FIRST GALVANIZING LINE WENT INTO PRODUCTION IN MARCH 2011, AND THE SECOND LATER THAT YEAR. WITH THIS OUR ANNUAL CORE PRODUCTION CAPACITY IS 1 MILLION METRIC TONS. ANOTHER GALVANIZING LINE WILL START OPERATION IN 2013, AND ZINC POT INSTALLATION IN THE FOURTH IS PLANNED TO START IN 2014. THIS WILL BRING OUR TOTAL CORE CAPACITY TO 2 MILLION METRIC TONS.

VETO AUTHORITY

GIVEN THE SCALE OF THIS INVESTMENT, OBVIOUSLY IT IS IN THYSSENKRUPP'S SELF INTEREST TO BE A PART OF A STRONG AND VIBRANT DOMESTIC STEEL INDUSTRY. FOR THIS REASON, I HAVE BEEN GIVEN SO-CALLED VETO AUTHORITY OVER ALL POTENTIAL IMPORTS FROM THYSSENKRUPP FACILITIES ANYWHERE IN THE WORLD THAT MIGHT COMPETE WITH OUR PRODUCTION ANYWHERE IN THE UNITED STATES. THIS EXTENDS TO BOTH THE VOLUME AND PRICES OF POTENTIAL IMPORTS FROM AFFILIATES, AS WELL AS ALL FORMS OF CORROSION-RESISTANT STEEL SINCE ONE FORM OF CORE, SUCH AS ELECTRO-

GALVANIZED, CAN INFLUENCE THE PRICES AND VOLUMES OF ANOTHER, SUCH AS OUR OWN HOT-DIPPED GALVANIZED. THE EFFECTIVE EXERCISE OF THIS VETO AUTHORITY IS GREATLY FACILITATED BY THE CENTRALIZATION SINCE 2009 OF ALL FLAT ROLLED STEEL IMPORTS FROM ANY THYSSENKRUPP ENTITY THROUGH A SINGLE ARM - THYSSENKRUPP STEEL NORTH AMERICA, LOCATED IN DETROIT. CONTRARY TO PETITIONERS' CLAIMS, THYSSENKRUPP STEEL SERVICE CENTER IN RICHBURG, VIRGINIA, NO LONGER IMPORTS CORE, AND THYSSENKRUPP TAILORED BLANKS IN MICHIGAN, OF WHICH I WAS RECENTLY PRESIDENT, HAS BEEN SOLD.

DIVESTMENT OF STEEL AMERICAS

THE STRATEGY FOR TKS USA IN ALABAMA AND THYSSENKRUPP CSA IN BRAZIL RESTED ON CERTAIN BASIC ECONOMIC PARAMETERS, AND THESE HAVE CHANGED, AS PUBLICLY DESCRIBED BY THYSSENKRUPP AG IN MAY OF LAST YEAR. THIS STRATEGY PRIMARILY HINGED ON OUR ACCESS TO LOW-COST SLAB FROM THYSSENKRUPP CSA IN BRAZIL, COUPLED WITH PRICE PREMIUMS FOR OUR PRODUCTS IN THE NAFTA MARKET. BUT THEN CAME THE FINANCIAL CRISIS, FOLLOWED BY THE SLOW AND UNEVEN RECOVERY IN THE UNITED STATES, IN CONTRAST TO STRONG GROWTH IN BRAZIL. THIS HAD CORRESPONDING AND UNFORESEEN COST AND DEMAND EFFECTS IN THE TWO COUNTRIES. IT CAUSED PRODUCTION COSTS TO RISE DISPROPORTIONATELY IN

BRAZIL DUE TO INCREASED LABOR COSTS, INFLATION, AND THE APPRECIATION OF THE BRAZILIAN CURRENCY. IRON ORE PRICES ALSO ROSE SHARPLY, AND LONG-TERM IRON ORE CONTRACTS CEASED BEING OFFERED.

DESPITE THESE CHALLENGES, IN THE UNITED STATES WE ARE CONFIDENT THAT WE WILL WIN THOSE CUSTOMERS THAT VALUE OUR LOCALLY PRODUCED STEEL. THESE CUSTOMERS INCLUDE AUTOMOTIVE MANUFACTURERS, AS WELL AS HEAVY EQUIPMENT, AND PIPE AND TUBE MANUFACTURERS WHO VALUE THE QUALITY, GRADES, AND SIZES OF OUR HIGH-STRENGTH STEELS. TKS USA IS SEEKING CERTIFICATION FROM ALL 10 OF THE MAJOR AUTO OEMS IN NORTH AMERICA, WITH ABOUT 50% APPROVALS RECEIVED THUS FAR. SIMILAR PRICE PREMIUMS ARE LESS LIKELY IN THE U.S. SERVICE CENTER SEGMENT WHERE DEMAND HAS YET TO FULLY RECOVER AND HIGH STRENGTH AND QUALITY GRADES ARE LESS DIFFERENTIATING FACTORS.

IN MAY OF LAST YEAR, AS YOU KNOW, THYSSENKRUPP AG DECIDED TO DIVEST THE PLANTS IN ALABAMA AND BRAZIL BECAUSE THE INTEGRATED TANDEM OF THE TWO PLANTS IS ECONOMICALLY UNSUSTAINABLE FOR THYSSENKRUPP. BUT DESPITE THIS, BOTH PLANTS HOLD LEADING POSITIONS IN TERMS OF TECHNOLOGY AND CONVERSION COSTS AND CAN BE VERY ATTRACTIVE FOR NEW OWNERS.

THIS IS WHY THYSSENKRUPP AG INITIATED A SALE PROCESS, WHICH IS RUNNING COMPLETELY TO PLAN. SINCE NOVEMBER THYSSENKRUPP AG HAS GIVEN A SELECTION OF POTENTIAL BUYERS THE OPPORTUNITY TO ANALYZE THE PLANTS IN A DUE DILIGENCE PROCESS. AS SOON AS THIS PROCESS IS COMPLETE WE EXPECT BINDING OFFERS. THYSSENKRUPP AG IS DETERMINED TO FIND A NEW PERSPECTIVE FOR BOTH PLANTS IN THE COURSE OF FISCAL YEAR 2012/13.

I APPRECIATE YOUR UNDERSTANDING THAT THIS IS A HIGHLY CONFIDENTIAL AND EXTREMELY COMPLEX PROCESS INVOLVING POTENTIAL INVESTORS. I TRUST THAT THE RESTRAINTS ON MY DISCUSSING THIS PROCESS ANY FURTHER IN PUBLIC ARE READILY APPARENT TO THE COMMISSION.

IN THE MEANTIME, AS HAS BEEN THE CASE SINCE THE MILLS FIRST BECAME OPERATIONAL, THE RAMP-UPS OF THE TWO MILLS IN ALABAMA AND BRAZIL ARE PROCEEDING APACE TO COMPLETION. IT IS IN THYSSENKRUPP'S INTEREST THAT TKS USA BE AS FINANCIALLY SOUND AS POSSIBLE TO INCREASE ITS VALUE. THUS, I RETAIN AND AM FULLY PREPARED TO EXERCISE THE VETO AUTHORITY I NOW HOLD SHOULD THAT NEED ARISE.

THE PROCESS UNDERTAKEN BY THYSSENKRUPP AG ALSO HAS NOT CHANGED THE PREP TONS STRATEGY OF THYSSENKRUPP GERMANY SUPPORTING TKS USA

AS IT GETS QUALIFIED BY AUTOMOTIVE CUSTOMERS AND REACHES THE PRODUCTION LEVELS NECESSARY TO SERVE THEM DIRECTLY. AFTER ALL, AS MENTIONED, OVER THE LONG TERM THE PRICE PREMIUMS FOR HIGH QUALITY, HIGH STRENGTH STEELS IN THE AUTOMOTIVE SECTOR ARE CRITICAL TO MAXIMIZING THE VALUE OF THIS MAJOR THYSSENKRUPP ASSET IN ALABAMA. I CONCUR FULLY WITH MY COLLEAGUE STEFAN: THE ENHANCEMENT OF THE VALUE OF TKS USA IS FAR MORE IMPORTANT TO THYSSENKRUPP AG THAN ARE THE SMALL IMPORT VOLUMES FROM GERMANY.

FINALLY, OVER THE COMING CRITICAL PERIOD, THE ANTIDUMPING ORDER ON GERMANY IS SERVING NO LEGITIMATE PURPOSE THAT I CAN SEE. FOR THE MANY CLEAR REASONS GIVEN IN OUR PREHEARING BRIEF AND TESTIMONY, CORE IMPORTS FROM GERMANY ARE NOT GOING TO INJURE THE DOMESTIC INDUSTRY IF THE ANTIDUMPING ORDER IS REVOKED. THOSE DUTIES ARE MERELY AN EXPENSIVE NUISANCE AND AN UNNECESSARY COMPLICATION HINDERING THE PREP TONS STRATEGY THAT IS ESSENTIAL TO THE FULL OPERATION OF TKS USA SO THAT WE MAY DISPLACE IMPORTS FROM GERMANY AND SERVE OUR CUSTOMERS THROUGHOUT THE UNITED STATES, AS WELL AS IN MEXICO AND CANADA, WITH OUR U.S. PRODUCTION.

THANK YOU