



Q&A With Mario Longhi

2015 AIST Steelmaker of the Year



U. S. Steel

Mario Longhi is president and chief executive officer (CEO) of United States Steel Corporation and serves on the company's board of directors. In these roles, he is overseeing a multi-year transformation journey — The Carnegie Way — aimed at building value for all of the company's stakeholders and returning U. S. Steel to sustainable profitability throughout the business cycle. He has held a series of increasingly responsible executive leadership roles since he joined U. S. Steel in July 2012 as executive vice president and chief operating officer. He was appointed president and chief operating officer in June 2013 and was elected president and chief executive officer in September 2013.

Prior to joining U. S. Steel, Mr. Longhi spent six years at Gerdau Ameristeel Corp. and 23 years at Alcoa Inc. After earning a bachelor's degree in metallurgical engineering from the Instituto Mauá de Tecnológica in São Paulo, Brazil, he began his career in the metals industry in 1978 as an engineer at Cobrasma, a Babcock and Wilcox licensee for the sale, design and manufacture of pressure vessels for use in South America.

Besides his many community development leadership roles, he serves, or has served, on the board of directors of the World Steel Association, the American Iron and Steel Institute, the National Association of Manufacturers, Steel Manufacturers Association and the Council on Competitiveness.

AIST's Steelmaker of the Year Award recognized Mr. Longhi as "a transformative leader dedicated to the safety and well-being of every employee and affiliate of the company, and as a champion of change who drives performance through innovation, inspiration and human capability. Through his high-energy leadership of the enterprise-wide Carnegie Way transformation, he is committed to reinventing United States Steel Corporation and restoring its role as an icon of the global steel industry."

In addition to being named 2015 AIST Steelmaker of the Year, Longhi was named CEO of the Year at the 2015 Platts Global Metals Awards, as well as American Metal Market's 2011 Industry Ambassador/Advocate of the Year.

He recently took the time to tell Iron & Steel Technology about his career, his goals at U. S. Steel as well as his thoughts about winning this award.



Q: Many of our industry's leaders can look back on moments that helped to shape them into who they are today. What inspired you as a youth to pursue engineering as a field of study and a future career?

A: My career path was largely developed by growing up on a farm in Brazil. Farms require people to be industrious — to do things, repair things and to collaborate. It was here that I learned to ask questions, to seek answers and to deal with diversity. I found that engineering did the same. Engineering taught me to approach problems in a methodical, process-driven way in an effort to find a solution. Even today I use that same approach as CEO.

Q: Prior to your entry into the steel industry at Gerdau Ameristeel, you spent more than two decades with Alcoa. What personal or professional challenges did you encounter as you made the transition from aluminum to steel? Is one metals business just like any other? Or are there stark differences?

A: Once you decide to go into the materials business, there are so many fundamentals that are similar. But there is never one formula that fits all, so it requires constant adapting, evolving, and I don't think that will ever change. There is never one formula that fits all.

I believe that professional challenges become a great opportunity for growth and development. Throughout my whole career, professional challenges have been a part of my life and they were a significant reason why I have been able to develop new capabilities and to help others do the same thing.

Q: Has there been anyone who has been a mentor to you over the course of your career? If so, how has that person influenced you?

A: Yes, there has. First of all, my parents. Additionally, I have a close friend who is a very wise person whom I got to know very early on in my career. He helped me shape my thinking around what the possibilities were about conducting oneself in an ethical and moral manner. He helped me

gain a full understanding of where value really lies — to appreciate the human element, to learn how to lead and to be led — that made a significant impact on who I eventually became.

Q: Since your tenure at U. S. Steel began, The Carnegie Way has guided your decisions as president and CEO, with the goal of “creating real and sustainable value for all of our stakeholders,” after the company had experienced five years in a row of losses. In the company's 2014 Annual Report, you said that The Carnegie Way led to US\$575 million in benefits last year. That seems like some real value. Yet you also said, “We remain in the early stages of this multi-year journey.” What is your timeline? How long do you think it will take for The Carnegie Way culture to be ingrained with U. S. Steel employees?

A: The Carnegie Way is our framework for who we want — and need — to be as a company, not just now as we navigate the early stages of our transformation journey, but also in the long term as our transformation evolves. For that reason, our transformation does not have a defined end date, state or financial metric. The US\$575 million in benefits we achieved in 2014 were a strong start, but I believe we are just scratching the surface of what's possible. As awareness about and training relevant to The Carnegie Way increases across our company, more and more employees are stepping forward with ideas, participating on project teams and collaborating in exciting new ways to create real value for all of U. S. Steel's stakeholders, including themselves. And as we focus on sustaining the positive changes we are making, we will continue to adapt our goals and targets to meet the changing needs of our business and the business cycles in which we operate.

People outside our company looked at five years of financial losses and declared that the kind of transformation we had in mind would not be possible. Every U. S. Steel employee is proud to work for our company, and hearing that kind of doubt only fueled their collective desire to restore our company's status as *the* iconic corporation in today's business world. Thanks to the enthusiasm, creativity and dedication of employees at every level and location, we've already made progress that far exceeded our expectations.

The macroeconomic headwinds we've faced so far in 2015, particularly the continued high levels of imports, many of which we believe are unfairly traded, have certainly challenged us. But we knew at the start that transformation is never easy, even in ideal conditions. We will continue to

draw on our Carnegie Way framework and methodologies to manage through these challenges, deliver on our commitments and priorities, and drive our transformation journey further.

Q: The Carnegie Way consisted of some tough decisions in 2014: idling two tubular facilities, discontinuing expansions and investments at the Keetac Mine and Gary Works, and putting the two U. S. Steel Canada mills up for sale. So far in 2015, about 1,500 employees were laid off at the Fairfield Works in Alabama. Do you foresee further closures and layoffs in U. S. Steel's near future? As a result of these layoffs, are the EAF and tubular coupling facility to be constructed at Fairfield Works now on hold even though U. S. Steel has received the necessary regulatory approvals?

A: Part of our Carnegie Way transformation journey involves assessing our entire business, identifying solutions to problems and taking action. As we've said many times, everything, other than our values, is on the table.

Unfortunately in 2014, market conditions and a surge of unfairly traded imports into the oil country tubular goods (OCTG) market contributed heavily to the difficult but necessary decision to indefinitely idle our tubular manufacturing facilities in McKeesport, Pa., and Bellville, Texas. In 2015, we are facing a number of additional challenging market conditions, including fluctuations in the oil and gas industry and decreased demand due to continued high levels of imports — which, as I mentioned earlier, we believe are unfairly traded. These and other macroeconomic headwinds have necessitated production adjustments across all of our U.S. facilities. Unfortunately, these production adjustments have also led to staffing rebalancing.

These adjustments, however, are temporary, and we've worked closely with our customers to ensure they continue to receive high-quality solutions and service without interruption. While we cannot predict when market conditions will normalize, we can and will take steps to create value through these cycles. We are proceeding with the construction of a US\$277.5-million electric arc furnace steelmaking facility and tubular products coupling facility at our Fairfield facility outside Birmingham, Ala. — an investment that directly supports our Carnegie Way transformation journey. Likewise, our strategic step to be the exclusive owner of the 700,000-ton electrolytic galvanizing line (EGL) at Dearborn that was formerly a joint venture is another important step in our transformation. The Great Lakes Works EGL

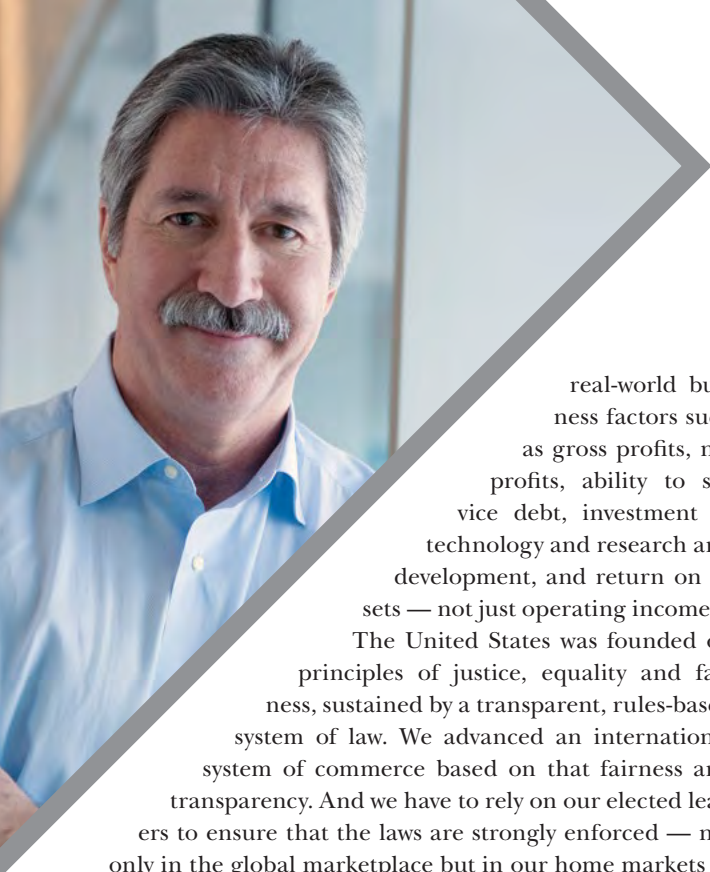
at Dearborn will provide world-class coated steel products to our customers, primarily in the automotive industry. These investments into our processes and our products will enhance our operational flexibility, allow us to serve our customers better, and help us ensure that steel remains the material of choice in a variety of applications.

Q: You're considered a leader in the fight against unfair imports into the United States. Tell us about this fight and the progress you and others have made so far, and why you feel so strongly about it.

A: American manufacturers can compete against any nation as long as the playing field is level. Unfortunately, other nations have mastered the use of illegal and market-distorting practices to take market share, suppress prices and harm American producers. Regrettably, our trade laws have not kept pace with the 21st century tactics used to circumvent our laws. As currently interpreted and enforced, our trade laws do not support a level playing field. Instead they require steel manufacturers, and other industries threatened by unfair trade, to suffer material harm before action can be taken. This means we have to lose market share, close mills and lay off employees before we can proceed with the lengthy process of filing a trade case. Often these cases are too little, too late for the closed mills and the affected employees. All of this puts a strain on our nation's economy and our national security.

American steel companies are being irreparably harmed by illegal trade policies. I and other industry leaders have championed a return to the original intent of our trade laws. When the injury standard was incorporated into law, our elected officials did not intend for companies or workers to suffer persistent harm before relief could be sought. This is why we have successfully worked to secure real and lasting change through legislative action. The application of the correct injury standard is paramount. The new Trade Promotion Authority (TPA) and Trade Adjustment Assistance legislation, which were recently signed into law, include language that allows the adjudicatory bodies to consider





real-world business factors such as gross profits, net profits, ability to service debt, investment in technology and research and development, and return on assets — not just operating income.

The United States was founded on principles of justice, equality and fairness, sustained by a transparent, rules-based system of law. We advanced an international system of commerce based on that fairness and transparency. And we have to rely on our elected leaders to ensure that the laws are strongly enforced — not only in the global marketplace but in our home markets as well. The steel industry is not asking for favors or an unfair advantage; we are demanding that the field be level and the rules be applied fairly, consistently and transparently. And, I am pleased to say, the field is being leveled.

Q: Safety has always been a primary focus at U. S. Steel. With The Carnegie Way, new programs have been instituted to help cement this focus throughout the company ranks, including reliability-centered maintenance programs at several locations, as well as the deployment of a Safety Management System. What's the next step for safety at U. S. Steel?

A: Safety is and will remain our most important core value, and we are fully committed to pursuing our goal of zero injuries companywide. We are constantly working to improve our safety processes and safety performance. In terms of reducing injuries, since 2003, we have reduced our Total OSHA Recordable Injury Rate by 73% and our Days Away From Work Rate by 88%.

We've made significant progress in recent years, but we must do more. In short, there is no success without safety.

U. S. Steel's successful, but never-ending, safety journey served as an early inspiration for our Carnegie Way transformation. It is my belief that safety can and does fuel tremendous results and culture change. Given U. S. Steel's long-standing commitment to achieving safety excellence, I knew a transformation like The Carnegie Way was possible. And today, safety and The Carnegie Way are effectively integrated.

Our employees continue to rigorously apply our Carnegie Way methodologies on all safety-specific strategic initiatives,

including the development of a Safety and Industrial Hygiene Management System (SMS). Safety professionals are also embedded in many other projects that we expect will improve safety performance and produce bottom-line financial benefits, such as the implementation of a company-wide, reliability-centered maintenance (RCM) program.

Like our Carnegie Way transformation, building capabilities as well as increased employee engagement and ownership of our safety processes is critical to achieving our goal of zero injuries. We are doing many things to aid those efforts, such as the development and rollout of a new Safety Academy Training process for all new managers and represented safety leaders in the company. Another recent and highly successful example was a safety stand-down conducted at all of our operating facilities. The stand-down focused on holding group discussions to generate ideas to improve our safety process and identify serious injury and fatality hazards that needed to be corrected. More than 3,800 ideas were generated and many have already been addressed, with the remaining being aggressively pursued.

During the stand-down, we also introduced a tool to remind all U. S. Steel employees of a decades-long, foundational commitment our company has made to them. Our new STOP card reminds employees that they are empowered to STOP work for conditions that endanger individuals, equipment or our work environment.

These are only a few examples of the significant activities and accomplishments of our workforce that occur daily to continuously improve safety.

As I said earlier, I believe there is no success without safety. While we continue to make progress, we won't be satisfied until we reach our goal of zero injuries. Being good at safety isn't good enough — we must strive for greatness every day.

Q: What meaning does the AIST Steelmaker of the Year Award have to you?

A: The award honors all of the nearly 35,000 employees that work for U. S. Steel. Our Carnegie Way transformation is a total team effort. The results we have already achieved and our aspirations for the future would not be possible without the contributions of every U. S. Steel employee. We are all very passionate about our ultimate goal of regaining our status as *the* iconic corporation. The award is a credit to our entire company and shows that AIST also recognizes the transformative power of The Carnegie Way. ♦