SETTLEMENT AGREEMENT

On this 10\textsuperscript{th} day of March, 2008, United States Steel Corporation and Gateway Energy & Coke Company, LLC ("Gateway") (collectively, the "Permitees"), the American Bottom Conservancy, ("ABC"), and the Sierra Club, hereby enter into the following settlement agreement ("Agreement") related to certain air permits issued and proposed to be issued by the Illinois Environmental Protection Agency. As used herein, the term "Permits" refers to an air emission construction permit issued by the Illinois Environmental Protection Agency ("IEPA") to United States Steel Corporation for a cogeneration boiler project (permit labeled per application 06070023), an air emission construction permit proposed to be issued by IEPA to Gateway Energy & Coke Company, c/o SunCoke Company, for a heat recovery coke plant (permit labeled per application 06070020), and an air emission construction permit proposed to be issued by IEPA to United States Steel Corporation for a coke conveyance system (permit labeled per application 06070088).

Background

1. United States Steel Corporation owns and operates a steel mill facility known as Granite City Works, located at 1520 20th Street in Granite City, Illinois ("Granite City Works").

2. Gateway Energy & Coke Company, LLC ("Gateway"), a subsidiary of Sun Coal and Coke Company, proposes to construct a heat recovery coke plant adjacent to Granite City Works.

3. The Permittees have submitted applications to the IEPA for the Permits to authorize the construction and/or modification of certain emission sources and air pollution control equipment at the United States Steel Corporation Granite City Works located in Granite City, Illinois.

4. ABC and the Sierra Club have submitted various comments on the draft Permits alleging various deficiencies.

5. The IEPA has already issued one of these Permits and is expected to issue the other Permits.

6. The Permittees, ABC, and the Sierra Club have engaged in discussions in an attempt to resolve any and all concerns related to these Permits.

Agreement

7. Provided the Permits as issued are no less stringent than the corresponding Draft Permits, and contain substantially the terms described in Attachment 1, ABC and the Sierra Club agree to not file any written, formal judicial or administrative appeal(s) or citizen suit(s) challenging the Permits or the requirements therein when issued initially in final form. In addition, this settlement agreement ("Agreement") will not be effective until 40 days after the Permits are issued, and no written, formal judicial or administrative appeal(s) or citizen suit(s) challenging the Permits or the requirements therein have been filed within that 40-day period.
This Agreement will automatically terminate and be void and of no effect if any written, formal judicial or administrative appeal(s) challenging the Permits or the requirements therein as initially issued in final form are filed, or if ABC or the Sierra Club files a citizen suit challenging the Permits or the requirements therein as initially issued in final form.

8. In consideration of the foregoing, the United States Steel Corporation and Gateway Energy & Coke Company, LLC (“Gateway”) agree to the following conditions:

a. Within ninety (90) days following the execution of this Agreement, United States Steel Corporation will submit a permit application to the IEPA to install a low emission quench tower (the “LEQT”) at its Granite City, Illinois steel works facility (the “Granite City Works”). United States Steel Corporation will share a copy of said permit application concurrently with submission to the IEPA with ABC and the Sierra Club. The LEQT will be generally as described in “New wet quenching process combines economy and environmental compatibility in cokemaking,” MPT International 2/2005, pages 38-40, and specifically include two-level dust and water separation designed to achieve filterable particulate emissions of 10 grams/tonne. It will be installed for the principal purpose of minimizing PM2.5 emissions from the quench tower, and will be designed to allow PM2.5 testing to be as accurate as reasonably possible. (The Parties recognize that there are certain limitations in the EPA test methods as related to a quench tower that may not allow strict conformance with the methods, but United States Steel Corporation agrees to use good faith efforts to design around such limitations, where feasible). The permit application will request the inclusion of conditions requiring the testing and setting of a PM2.5 emission limit, as described below. Sixty (60) days prior to testing, a written test plan will be shared with ABC and the Sierra Club. The limit will be set in terms of pounds of total PM2.5 per pound of coke quenched and tons of total PM2.5 per year, with the goal of reducing 52 tons/year of total PM2.5 relative to existing quench tower PM2.5 emissions. Neither United States Steel Corporation nor Gateway will use, or seek to use, any emission reductions attributable to the LEQT for purposes of any emission reduction credits, netting analyses, offsets, or for any other purpose, and the permit application will so state. Within forty-five (45) days following the issuance of the final construction permit in respect of such LEQT, United States Steel Corporation will submit to IEPA a schedule to install the LEQT. Such schedule will include dates for expeditiously commencing and completing construction and commencing operation. All deadlines associated with paragraph No. 8(a)-(c) will be extended as reasonably necessary if any written, formal judicial or administrative appeal(s) or citizen suit(s) challenging the Permit or the requirements therein of the construction of the LEQT is filed or if a stay is obtained regarding the construction or operating permit for the LEQT.

b. Within two (2) years following initial startup, United States Steel Corporation will test and develop a proposed total PM2.5 and total PM emission limit for the LEQT, and submit a permit modification request to IEPA seeking to establish a total PM2.5 and total PM permit limit for the coke quenching process in respect of the LEQT. United States Steel Corporation shall request a vendor guarantee for the LEQT PM and PM2.5 emissions, and if one is received, the vendor guarantee(s) shall be submitted to IEPA prior to the start of construction. Such limit will be based on sufficient actual test data to establish the lowest total PM2.5 and PM emission limits achievable on a
consistent basis during an appropriate averaging period. Compliance with these limits will be based on annual compliance tests and operational monitoring.

c. Within two (2) years following initial startup, United States Steel Corporation will submit to ABC and Sierra Club an analysis of actual, measurable, total PM2.5 reductions achieved by the LEQT. If such reductions are less than 52 tons per year total PM2.5, the Parties shall meet to reasonably address whether additional reductions are reasonably available to achieve a total of 52 tons per year PM2.5 reductions, if such a meeting is requested by ABC and/or the Sierra Club.

d. Within sixty (60) days following the execution of this Agreement, United States Steel Corporation will submit to IEPA a flare minimization plan (the “Plan”). Such Plan will include procedures for minimizing flaring to the extent consistent with prudent operations of the Granite City Works and will, with respect to blast furnace gas and coke oven gas flares, include a description of such flares, a program to reduce flaring of gases, and improvements to any flare gas monitoring. The Plan will also commit United States Steel Corporation to conduct a root cause analysis for each use of an emergency flare, take actions based on the root cause analysis to minimize occurrence of such event(s) in the future, and to submit all such root cause analyses to IEPA on a semi-annual basis. United States Steel Corporation will update its Plan at least once annually to ensure that new technologies and practices will be identified and implemented in a process of continuous improvement. United States Steel Corporation will provide to ABC and Sierra Club copies of its Plan, including updates thereto, and root cause analyses, as filed with IEPA.

e. Gateway will install filter bags in the baghouse for the main stack of its heat recovery coke plant located adjacent to the Steel Works (the “Gateway Coke Plant”). The fabric selected for such bags will be demonstrated to achieve a PM2.5 removal efficiency of greater than 99.99%. It will be presumed that the method for determining this efficiency will be the “Generic Verification Protocol for Baghouse Filtration Products” used by the Environmental Technology Verification Program. However, Gateway may propose an equivalent testing method, such as ASTM D6830-02, and provide justification for its proposal, and may use the alternative method if approved by ABC and the Sierra Club, whose approval may not be unreasonably withheld. Such filter bag will be compatible for use in the baghouse selected by Gateway for its Coke Plant such that the vendor of the baghouse will warrant the performance of such bags. The specification and test results applicable to such filter bag will be provided by Gateway for its Coke Plant to the parties. Gateway will provide an explanation to ABC and the Sierra Club if Gateway selects a filter bag with a lower removal efficiency than other ETV-tested bags, and the Sierra Club may use the alternative method if approved by Gateway and the Sierra Club, who may not unreasonably withhold approval. Such refusal by a manufacturer to provide warranties must be certified by a licensed professional engineer, with such certification submitted to ABC and the Sierra Club.
f. Consistent with the foregoing, Gateway agrees to implement the following items in respect of particulate emissions:

(1) A bag leak detection system will be installed and properly maintained, according to the manufacturer’s instructions, at the Gateway Coke Plant main stack baghouse.

(2) Such main stack will be equipped with a baghouse that incorporates filter bags constructed of a fabric that achieves the highest available filterable PM2.5 removal efficiency which the manufacturer will warrant, at a minimum efficiency of greater than 99.99%. It will be presumed that the method for determining the efficiency will be the “Generic Verification Protocol for Baghouse Filtration Products” used by the Environmental Technology Verification Program. However, Gateway may propose an equivalent testing method, such as ASTM D6830-02, and provide justification for its proposal, and may use the equivalent method if approved by ABC and the Sierra Club, whose approval may not be unreasonably withheld.

(3) A PM continuous emissions monitoring system (“CEMS”) will be installed and properly maintained at the Gateway Coke Plant main stack. The CEMS will be used on a trial basis for three years, and its use will continue thereafter unless it is determined not to provide accurate, reliable data in accordance with EPA approved performance standards in respect of both PM and PM2.5 emissions based on periodic stack testing. The stack testing shall use EPA-approved test methods, if available, or an alternate method if ABC and Sierra Club so consent, which consent shall not be unreasonably withheld, and shall be conducted not less than one year intervals during such three year period. During this trial period, the data from the PM CEMS will not be used for compliance purposes. Gateway will submit all CEMS and stack test data used to calibrate the CEMS in native electronic format to IEPA on a semi-annual basis, together with semi-annual reports regarding its PM and PM2.5 monitoring. Gateway will make such CEMS and stack test data in native electronic format and semi-annual reports available to ABC and Sierra Club upon request.

(4) If, during the operation of the Gateway Coke Plant a PM2.5 CEMS becomes available and approved by the United States Environmental Protection Agency (the “EPA”) for this or similar application and a corresponding performance specification for PM2.5 CEMS is promulgated, then Gateway will (subject to the foregoing) replace the PM CEMS with the PM2.5 CEMS within one year following such EPA approval and promulgation.
(5) Emissions of filterable particulate matter (PM) at the Gateway Coke Plant main stack shall not exceed 0.005 gr/dscf.

(6) Gateway will implement appropriate sections of 40 CFR Part 75 for continuous monitoring to be performed in respect of establishing a mercury emission limit for the plant main stack. If IEPA chooses an alternative monitoring program other than continuous monitoring once a limit is established, Gateway will continue to perform continuous monitoring, either by sorbent tube sampling or other method approved by IEPA, voluntarily, pursuant to this Agreement.

(7) Gateway will use sorbent tube sampling as referenced in appropriate sections of 40 CFR Part 75 to monitor mercury emissions for the purpose of establishing the mercury emissions limit. If IEPA chooses an alternative monitoring program other than continuous monitoring once a limit is established, Gateway will continue to perform continuous monitoring, either by sorbent tube sampling or other method approved by IEPA, voluntarily, pursuant to this Agreement.

(8) Gateway will submit semi-annual reports to the IEPA that describe the date, time, and duration of any venting from each waste heat stack from the Gateway Coke Plant and the reasons for each such venting occurrence.

(9) Gateway will propose a PM2.5 limit for its Coke Plant main stack, based on not less than annual total PM2.5 stack tests and reliable data from the PM CEMS. Gateway will submit such proposed PM2.5 emission limit to the IEPA within 42 months after commencing operation of the Coke Plant. Gateway will submit an application for a permit modification to incorporate this proposed limit. Gateway will share its application with ABC and the Sierra Club within a reasonable time before it is submitted to IEPA. ABC and Sierra Club reserve the right to challenge IEPA’s decision in response to the permit modification application.

g. Gateway will use diligent efforts to incorporate into its Permit the items listed in Attachment 1 hereto.

h. By June 30, 2008, United States Steel Corporation and Gateway will establish a trust fund (the “Fund”) for the purposes of promoting energy efficiency, greenhouse gas reductions, and PM2.5 emission reductions, to be implemented in the local community, primarily Granite City but also including the cities of Madison and Venice. The Fund could be used for projects at public buildings or property owned by the cities and the local school, park and library districts. No facilities owned or operated by United States Steel Corporation, Gateway, or their respective affiliates will be eligible
for assistance from the Fund. Such Fund will be designed and administered by members from United States Steel Corporation and Gateway, with input from ABC and Sierra Club should the organizations wish to participate. United States Steel Corporation and Gateway, in consultation with ABC and Sierra Club should the organizations wish to participate, will design a Program or Programs for the Fund. The Program(s) will be designed, and all funds will be expended, for projects consistent with the purposes of achieving energy efficiency, greenhouse gas reductions, and PM2.5 emission reductions. Neither United States Steel Corporation nor Gateway will use, or seek to use, any emission reductions associated with this Program(s) for purposes of any emission reduction credits, netting analyses, offsets, or for any other purpose.

United States Steel Corporation and Gateway will provide to ABC and Sierra Club a written project description for each project (including proposed budget) at least 30 days prior to final approval of such project, and the organizations will have 30 days to object to such project. In the event of an objection, the parties will endeavor to reasonably resolve their disagreements as to the scope or merits of the project. United States Steel Corporation and Gateway will not proceed with any such objected-to project unless the organizations withdraw their objections.

All projects should involve an educational component in which the public will be made aware of the benefits of the project and which of the above-stated purposes it fulfills. A press release shall be issued with the announcement of each project(s), explaining the benefits and purposes of the project(s). ABC and Sierra Club shall have the opportunity of issuing a joint press release with United States Steel Corporation and Gateway or issuing a separate press release or releases.

Upon request of ABC or Sierra Club, the parties will hold an annual meeting to discuss the previous year’s projects and upcoming program(s). A report on the projects and expenditures from the Fund will be issued annually to ABC and Sierra Club, at least two weeks prior to the annual meeting or by January 31st of any year in which a meeting is not requested.

i. United States Steel Corporation and Gateway will be obligated to jointly and severally contribute five million dollars ($5,000,000) to the Fund in increments of one million dollars ($1,000,000) per year. The initial installment will be paid by September 30, 2008, and subsequent installments will be paid by September 30 of each of the subsequent four (4) year contribution periods. However, nothing in this Agreement precludes United States Steel Corporation and Gateway from fulfilling this obligation, or the Fund from spending a total of $5,000,000, in a period shorter than five years. All interest shall accrue to the Fund, and any balance left over from one year shall be carried over to the next.

j. By May 1, 2008, United States Steel Corporation and Gateway will jointly pay in aggregate fifty thousand dollars ($50,000) to the Interdisciplinary Environmental Clinic for expert consulting assistance with respect to the Permits and the oversight activities in respect of this Agreement.
9. This Agreement and its terms and conditions shall remain confidential until effective.

10. The parties to this instrument agree that in no instance will any party or individual be responsible or liable for monetary damages as a result of any alleged breach or breach of this Settlement Agreement. The parties acknowledge and agree that damages are not available as a remedy in the event the obligations of this Settlement Agreement are breached. The parties expressly agree that an award of equitable relief would be an appropriate remedy for breach of the obligations under this Settlement Agreement, provided the reviewing court has followed standard procedures for issuing injunctive relief. The parties also agree that should they commence any legal action to enforce this Settlement Agreement, they will not seek any remedies except specific performance.

11. The agreements or timelines set forth in this Settlement Agreement may be modified only by written agreement of all parties. Reasonable extension of deadlines may be allowed if caused by circumstances beyond a party's control, including, but not limited to, natural disasters, wars, insurrections and/or any other cause beyond the reasonable control of the party whose performance is affected.

12. Permittees, ABC, and the Sierra Club each covenant, represent and warrant to the others that each of them has the authority and capacity to enter into and perform the terms and conditions of this Agreement, and that the person who executes this Agreement on behalf of each of them has been duly and fully authorized to do so.

13. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Facsimile transmission of the accepted Agreement shall constitute one acceptable method to provide notice of acceptance between the parties, and each agrees to deliver executed originals of the Agreement thereafter.

14. Unless otherwise provided herein, all notifications, submissions, or communications required by this Agreement will be made in writing and addressed as follows:

American Bottom Conservancy  
P.O. Box 4242  
Fairview Heights, IL  62208  
abc@prairienet.org

Sierra Club – Illinois Chapter  
70 East Lake Street, Suite 1500  
Chicago, IL  60601  
illinois.chapter@sierraclub.org
Coordinating Attorney
Sierra Club Environmental Law Program
85 Second St., 2d Floor
San Francisco, CA 94105
aaron.isherwood@sierraclub.org
* Only for purposes of any notice, etc. pertaining to paragraph 18 herein.

Director, Interdisciplinary Environmental Clinic
Washington University School of Law
One Brookings Drive — Campus Box 1120
St. Louis, MO 63130
milipele@wulaw.wustl.edu

United States Steel Corporation
Attn: David W. Hacker
United States Steel Corporation
Law Department
600 Grant Street - Room 1500
Pittsburgh, PA 15219
DWHacker@uss.com

Gateway Energy & Coke Company, LLC
Attn: Delauna Pack
SunCoke Energy, Inc.
Parkside Plaza
11400 Parkside Drive
Knoxville, Tennessee 37934
dpack@sunocoinc.com

All notifications, communications or submissions made pursuant to this Agreement will be sent in electronic (pdf) format and hard copy.

15. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

16. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without regard to its conflicts of law rules. Any dispute arising over the terms and conditions contained herein will be resolved in a court of competent jurisdiction located in Madison County, Illinois.

17. This Agreement constitutes the entire agreement among the Permittees, ABC, and the Sierra Club concerning the subject matter hereof and supersedes and cancels any prior agreements, representations, warranties, or communications, whether oral or written, among the Permittees, ABC, and the Sierra Club regarding this Agreement. The provisions of this Agreement can only be reformed, altered, or modified by a writing signed by authorized representatives of the Permittees, ABC, and the Sierra Club. The Permittees, ABC, and the Sierra Club specifically acknowledge that they have not been induced to enter into this
Agreement by any representation, stipulation, warranty, agreement, or understanding of any kind other than as set forth in this Agreement.

18. Prior to commencing any legal action to enforce this Settlement Agreement the Parties agree to: a) notify the allegedly offending Party in writing; b) wait at least thirty (30) days from the date of notification prior to initiating suit. During the 30-day period, the Parties agree to undertake all reasonable efforts to resolve the matter short of litigation.

19. Any obligations of United States Steel Corporation and Gateway set forth in Paragraphs 8(a)-(f) of this Agreement shall be satisfied and fulfilled to the extent such obligations are fully incorporated into federally enforceable permits issued by the IEPA consistent with this Agreement.

20. Nothing in this Agreement precludes ABC or the Sierra Club from (1) challenging the LEQT permit, future modifications to the Permits, and/or the IEPA’s decision referenced in paragraph 8.f.(9) above, or (2) filing an enforcement action alleging violations of the Permits as issued.
Ed Bakowski
Illinois Environmental Protection Agency
1021 N. Grand Avenue East
Springfield, Illinois 62794-9276

Re: Gateway Energy and Coke Company Construction Permit Requirements

Dear Mr. Bakowski:

Gateway Energy and Coke Company (GECC) and United States Steel have entered into an agreement with the American Bottom Conservancy and the Sierra Club regarding the draft construction permit to construct a Heat Recovery Coke Plant in Granite City, Illinois (Application No. 06070020). Under the terms of this agreement, GECC requests the addition of certain permit terms and conditions that are more stringent than those contained in the draft permit. These additional terms are:

1. Require that a bag leak detection system be installed and properly maintained, according to the manufacturer’s instructions, at the Gateway Coke Plant main stack baghouse.

2. Require that the main stack be equipped with a baghouse that incorporates filter bags constructed of a fabric that achieves the highest available filterable PM2.5 removal efficiency which the manufacturer will warrant, at a minimum efficiency of greater than 99.99% using the “Generic Verification Protocol for Baghouse Filtration Products” used by the Environmental Technology Verification Program or equivalent testing method, such as ASTM D6830-02.

3. Require that a particulate matter (PM) continuous emissions monitoring system (“PM CEMS”) be installed and properly maintained at the Gateway Coke Plant main stack. Require that the PM CEMS be used on a trial basis for three years, and its use continue thereafter unless it is determined not to provide accurate, reliable data in accordance with EPA approved performance standards in respect of both PM and PM 2.5 emissions based on periodic stack testing (using EPA-approved test methods, if available, and at not less than one year intervals during such three year period). During this trial period, the data from the PM CEMS will not be used for compliance purposes. Gateway will submit all PM CEMS and stack test data (including but not limited to the stack test data used to calibrate the PM CEMS) in native electronic format (or format requested by IEPA) to IEPA on a semi-annual basis, together with semi-annual reports regarding its PM and PM2.5 monitoring.

Attachment 1
4. If, during the operation of the Gateway Coke Plant a PM2.5 CEMS becomes available and approved by the United States Environmental Protection Agency (the "EPA") for this or similar application and a corresponding performance specification for PM2.5 CEMS is promulgated, then Gateway will (subject to the foregoing) replace the PM CEMS with the PM2.5 CEMS within one year following such EPA approval and promulgation.

5. Require that emissions of filterable PM at the Gateway Coke Plant main stack shall not exceed 0.005 gr/dscf.

6. Require appropriate sections of 40 CFR Part 75 as the reference for continuous monitoring to be performed in respect of establishing a mercury emission limit for the plant main stack, and that continuous monitoring be required after a limit is set.

7. Require sorbent tube sampling, as referenced in appropriate sections of 40 CFR Part 75, be performed to monitor mercury emissions for the purpose of establishing the mercury emissions limit.

8. Require GECC to submit semi-annual reports to the IEPA that describe the date, time, and duration of any venting from each waste heat stack from the Gateway Coke Plant and the reasons for each such venting occurrence.

9. Require GECC to propose a total PM2.5 limit for its Coke Plant main stack, based on not less than annual PM2.5 stack tests and reliable data from the PM CEMS. Require GECC to submit such proposed PM2.5 emission limit to the IEPA within 42 months after commencing operation of the Coke Plant, along with a permit modification application requesting such limit be incorporated into its permit.

If you have any questions or need additional information, please contact me at 865.288.5291.

Sincerely,

Delauna Pack
Director Corporate HES