UNITED STATES STEEL CORP
Form 424B5
May 18, 2007

Filed Pursuant to Rule 424(b)(5)
Registration Statement No. 333-141080

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee (1)
Senior Notes	$1,100,000,000	$33,770

(1) The filing fee of $33,770 is calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended. Pursuant to Rule 457(p) under the Securities Act of 1933, as amended, the $31,544 remaining of the filing fee previously paid with respect to unsold securities registered pursuant to a Registration Statement on Form S-3 (No. 333-112257) filed by the United States Steel Corporation on January 27, 2004 is being carried forward, all of which is offset against the registration fee due for this offering. The balance of $2,226 has been paid with respect to this offering.

Prospectus Supplement
(To Prospectus dated March 5, 2007)

$300,000,000 5.65% Senior Notes due 2013
$450,000,000 6.05% Senior Notes due 2017
$350,000,000 6.65% Senior Notes due 2037

We are offering $300,000,000 of 5.65% Senior Notes due June 1, 2013 (the 2013 Notes), $450,000,000 of 6.05% Senior Notes due June 1, 2017 (the 2017 Notes) and $350,000,000 of 6.65% Senior Notes due June 1, 2037 (the 2037 Notes and, together with the 2013 Notes and the 2017 Notes, the Notes).

The 2013 Notes will bear interest at a rate of 5.65% per year, the 2017 Notes will bear interest at a rate of 6.05% per year, and the 2037 Notes will bear interest at a rate of 6.65% per year. We will pay interest on the notes of each series on June 1 and December 1 of each year, beginning on December 1, 2007.

We may redeem some or all of each series of the Notes at the redemption price described in this prospectus supplement in Description of the notes Optional redemption. We must redeem all of the 2013 Notes and 2017 Notes under the circumstances and at the redemption price described in this prospectus supplement following the caption Description of the notes Special mandatory redemption of 2013 Notes and 2017 Notes. Upon the occurrence of a Change of Control Repurchase Event, we will generally be required to make an offer to repurchase each series of Notes at a price equal to 101% of their aggregate principal amount plus accrued and unpaid interest to, but not including, the date of repurchase.

The Notes will be our senior and unsecured obligations and will rank equally with all of our other existing and future senior and unsecured indebtedness.

Investing in the Notes involves risks. See Risk factors beginning on page S-7 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Price to Public	Underwriting Discount	Proceeds to Us, Before Expenses
Per 2013 Notes	99.957%	0.6125%	99.3445%
Total	$ 299,871,000	$ 1,837,500	$ 298,033,500
Per 2017 Notes	99.893%	0.650%	99.243%
Total	$ 449,518,500	$ 2,925,000	$ 446,593,500
Per 2037 Notes	99.405%	0.875%	98.530%
Total	$ 347,917,500	$ 3,062,500	$ 344,855,000

The Notes will not be listed on any securities exchange. Currently there is no public market for the Notes.

We expect to deliver the Notes to investors in registered book-entry form only through the facilities of The Depository Trust Company on or about May 21, 2007.

Joint Book-Running Managers

JPMorgan

Morgan Stanley

Joint Book-Running Manager for 2013 Notes and 2037 Notes
Banc of America Securities LLC

Joint Book-Running Manager for 2017 Notes and Co-Manager for 2013 Notes and 2037 Notes

RBS Greenwich Capital

Joint Lead-Manager
Scotia Capital

Joint Lead-Manager for 2037 Notes
PNC Capital Markets LLC

Senior Co-Mangers

ABN AMRO Incorporated
Lehman Brothers

Barclays Capital Inc.
UBS Investment Bank

Co-Managers

Commerzbank Corporates & Markets

Mizuho Securities USA Inc.

NatCity Investments, Inc.

May 16, 2007

In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized anyone to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any time subsequent to the date of such information.

Table of contents

Prospectus supplement

About this prospectus supplement

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and certain other matters relating to United States Steel Corporation. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which do not apply to this offering. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. If the description in the prospectus supplement differs from the description in the accompanying prospectus, the description in the prospectus supplement supersedes the description in the accompanying prospectus.

Summary

The following information supplements, and should be read together with, the information contained or incorporated by reference in other parts of this prospectus supplement and the accompanying prospectus. This summary highlights selected information from the prospectus supplement and the accompanying prospectus. As a result, it does not contain all of the information you should consider before investing in the Notes. You should carefully read this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference in it, which are described following the caption Where You Can Find More Information in the accompanying prospectus.

Unless the context otherwise requires, references in this prospectus supplement to the Company, U. S. Steel, we, us and our are to United States Steel Corporation and its subsidiaries.

See Risk factors in this prospectus supplement and in our annual report on Form 10-K for the year ended December 31, 2006 for factors that you should consider before investing in the Notes and Forward-Looking Statements in the accompanying prospectus for information relating to statements contained in this prospectus supplement that are not historical facts.

The company

U. S. Steel is an integrated steel producer with major production operations in the United States and Central Europe. We have annual raw steel production capability of 19.4 million net tons in the United States and 7.4 million net tons in Central Europe. U. S. Steel is also engaged in several other business activities, most of which are related to steel manufacturing. These activities include the production of coke in both the United States and Central Europe and the production of iron ore pellets from taconite, transportation services (railroad and barge operations) and real estate operations in the United States.

Recent developments

On March 29, 2007, U. S. Steel and Lone Star Technologies, Inc. (Lone Star) announced that they entered into a definitive agreement under which U. S. Steel would acquire Lone Star for $67.50 per share in cash. Lone Star is a leading manufacturer of welded oil country tubular goods, and the acquisition is expected to strengthen U. S. Steel s position as a premier producer of tubular products for the energy sector. The transaction, valued at approximately $2.1 billion, is expected to close in June 2007, subject to approval of Lone Star s shareholders and the satisfaction of customary closing conditions.

On May 11, 2007, U. S. Steel entered into a $750 million five-year revolving credit facility (the Facility). An affiliate of J.P. Morgan Securities Inc. is the administrative agent of the Facility. An affiliate of Morgan Stanley & Co. Incorporated is the co-documentation agent of the Facility. An affiliate of Banc of America Securities LLC is a syndication agent of the Facility. An affiliate of Greenwich Capital Markets, Inc. is a syndication agent of the Facility. The Facility replaced the Company s $600 million inventory facility. Upon the closing of the Lone Star acquisition, the Company expects to enter into a $500 million five-year term loan and, if this offering is not consummated, a $500 million one-year term loan (collectively, the Term Loans). Interest rates and availability fees vary under a formula tied to U. S. Steel s senior unsecured debt ratings. Both the Facility and the Term Loans have two financial covenants, an interest coverage test and a debt coverage test, and also have lien limitations, cross defaults and other customary terms. The Term Loans are intended to finance a portion of the cost of the Lone Star acquisition. If the Company consummates this offering, the Company will not enter into the $500 million one-year term loan.

The offering

The following summary contains basic information about this offering. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus supplement. For a more detailed description of the Notes, see Description of the notes.

Issuer	United States Steel Corporation
Notes Offered	$300,000,000 aggregate principal amount of 2013 Notes $450,000,000 aggregate principal amount of 2017 Notes $350,000,000 aggregate principal amount of 2037 Notes
Maturity	June 1, 2013 for the 2013 Notes June 1, 2017 for the 2017 Notes June 1, 2037 for the 2037 Notes
Interest Rate	The 2013 Notes will bear interest at the rate of 5.65% per year. The 2017 Notes will bear interest at the rate of 6.05% per year. The 2037 Notes will bear interest at the rate of 6.65% per year. Interest on the Notes will be paid on June 1 and December 1of each year. The first interest payment will be December 1, 2007.
Special Mandatory Redemption of 2013 Notes and 2017 Notes	If the acquisition of Lone Star is not completed on or prior to October 1, 2007 or the merger agreement is terminated before that date, we must redeem the 2013 Notes and 2017 Notes at a redemption price equal to 101% of the aggregate principal amount of the 2013 Notes and 2017 Notes, plus accrued and unpaid interest from the date of initial issuance to but excluding the redemption date. See Description of the notes Special mandatory redemption of 2013 Notes and 2017 Notes.
Optional Redemption	We may redeem either series of the Notes, at any time in whole, or from time to time in part, at the make whole redemption price. See Description of the notes Optional redemption.
Mandatory Offer to Repurchase	Upon a Change of Control Repurchase Event, we will be required to make an offer to repurchase all outstanding Notes of such series at a price in cash equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest to but not including the repurchase date. See Description of the notes Purchase of notes upon a change of control repurchase event.

Ranking

The Notes will be our senior and unsecured obligations and will rank equally with all of our other existing and future senior and unsecured indebtedness. The Notes will effectively rank junior to any of our existing and future secured indebtedness to the extent of the assets securing such indebtedness, and will be structurally subordinated to any indebtedness and other liabilities of our subsidiaries.

As of March 31, 2007, we had an aggregate of approximately $972 million of senior indebtedness (including approximately $398 million of senior notes, $458 million of obligations relating to environmental revenue bonds and $116 million of obligations under capital leases and other debt, excluding intercompany liabilities).

After giving effect to this offering and the use of net proceeds therefrom, we would have an aggregate of approximately $1,694 million of senior indebtedness, excluding intercompany liabilities.

U. S. Steel has a $500 million Receivables Purchase Agreement with financial institutions that expires in September 2009. As of March 31, 2007, U. S. Steel had more than $500 million of eligible receivables, none of which were sold.

At March 31, 2007, U. S. Steel Ko ice, s.r.o. (USSK) had no borrowings against its 40 million and 20 million credit facilities (which approximated $80 million, in aggregate, at March 31, 2007), but had, in aggregate, approximately $5 million of customs and other guarantees outstanding, reducing the aggregate availability to approximately $75 million.

At March 31, 2007, U. S. Steel Balkan, d.o.o. (USSB) had no borrowings against its 25 million facility (which approximated $33 million at March 31, 2007), which is secured by its inventory of finished and semi-finished goods.

Covenants

We will issue the Notes under a senior indenture with The Bank of New York, as trustee. The senior indenture will, among other things, restrict our ability and the ability of certain of our subsidiaries to:

- create liens on any Principal Property or shares of stock or other equity interests of a Subsidiary that owns any Principal Property to secure indebtedness;
- engage in sale leaseback transactions with respect to any Principal Property; and

	• consolidate, merge or transfer all or substantially all of U. S. Steel s assets. These covenants are subject to important exceptions and qualifications which are described in Description of the notes Covenants.
Additional Notes	The senior indenture governing the Notes will provide for unlimited issuances of additional Notes of each series. See Description of the notes Additional issuances.
Use of Proceeds	The net proceeds from the sale of the Notes in this offering are estimated to be approximately $1,089 million, after deducting underwriting discounts and our expenses. We intend to use a portion of the net proceeds from the Notes to redeem all of the approximately $378 million aggregate principal amount of outstanding 9¾% Senior Notes due 2010 (the 9¾% Notes). If the Lone Star acquisition is consummated, we intend to use the remaining net proceeds from the Notes, together with cash on hand, which may include cash generated from the sale of receivables, and borrowings from the $500 million five-year term loan, to pay the approximately $2.1 billion purchase price. If the Lone Star acquisition is not consummated, we intend to use the remaining proceeds, together with cash on hand, to fund the special mandatory redemption of the 2013 Notes and 2017 Notes. See Use of proceeds.
Risk Factors	See Risk factors and the other information included or incorporated by reference in this prospectus supplement for a discussion of certain factors you should carefully consider before deciding to invest in the Notes.

Risk factors

Before investing in the Notes, you should carefully consider the risks set forth in Item 1A of our annual report on Form 10-K for the year ended December 31, 2006 as well as the following risks. The following risks are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations or the value of the Notes.

Risks related to an investment in the notes

The Notes are obligations exclusively of U. S. Steel and not of our subsid−iaries, and payment to holders of the Notes will be structurally subordinated to the claims of our subsidiaries creditors.

The Notes are not guaranteed by any of our subsidiaries. As a result, liabilities, including indebtedness or guarantees of indebtedness, of each of our subsidiaries will rank effectively senior to the indebtedness represented by the Notes, to the extent of such subsidiary s assets. As of March 31, 2007, excluding intercompany liabilities, our subsidiaries had no outstanding indebtedness, but had $5 million of customs and other guarantees outstanding. In addition, the senior indenture governing the Notes does not restrict the future incurrence of liabilities or issuances of preferred stock, including unsecured indebtedness or guarantees of indebtedness, by our subsidiaries.

The Notes will be effectively junior to secured indebtedness that we may issue in the future.

The Notes are unsecured. Holders of our secured debt that we may issue in the future may foreclose on the assets securing such debt, reducing the cash flow from the foreclosed property available for payment of unsecured debt, including the Notes. Holders of our secured debt also would have priority over unsecured creditors in the event of our bankruptcy, liquidation or similar proceeding. As a result, the Notes will be effectively junior to any secured debt that we may issue in the future.

The definition of a Change of Control requiring us to repurchase the Notes is limited, and the market price of the Notes may decline if we enter into a transaction that is not a Change of Control under the senior indenture governing the Notes.

The term Change of Control (as defined in the senior indenture) is limited in its scope and does not include every event that might cause the market price of the Notes to decline. Furthermore, we are required to repurchase Notes of each series upon a Change of Control only if, as a result of such Change of Control, such Notes receive a reduction in ratings below Investment Grade and the Rating Agencies assigning such ratings expressly link the reductions in ratings to the Change of Control. As a result, our obligation to repurchase the Notes upon the occurrence of a Change of Control is limited and may not preserve the value of the Notes in the event of a highly leveraged transaction, reorganization, merger or similar transaction. If we experience a Change of Control, we may not have sufficient funds or be permitted under the terms of our debt instruments to repurchase the Notes. See Change of control clauses may require us to immediately purchase or repay debt.

There is no public market for the Notes, which could limit their market price or your ability to sell them.

Each series of Notes is a new issue of securities for which there currently is no trading market. As a result, a market may not develop for any series of Notes and you may not be able to sell your

Notes. Any Notes that are traded after their initial issuance may trade at a discount from their initial offering price. Future trading prices of the Notes will depend on many factors, including prevailing interests rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time. We do not intend to apply for listing or quotation of either series of Notes on any securities exchange or automated quotation system. The underwriters have advised us that they currently intend to make a market in the Notes after the consummation of this offering, as permitted by applicable laws and regulations. However, none of the underwriters are obligated to do so, and any market making with respect to the Notes may be discontinued at any time without notice. See Underwriting.

Risk factors concerning the steel industry

Steel consumption is cyclical and worldwide overcapacity in the steel industry and the availability of alternative products have resulted in intense competition, which may have an adverse effect on profitability and cash flow.

Steel consumption is highly cyclical and generally follows general economic and industrial conditions both worldwide and in various smaller geographic areas. The steel industry has historically been characterized by excess world supply, which has led to substantial price decreases during periods of economic weakness. Future economic downturns could decrease the demand for our products. Substitute materials are increasingly available for many steel products, which further reduces demand for steel.

Rapidly growing supply in China and other developing economies, which may increase faster than increases in demand, may result in additional excess worldwide capacity and falling steel prices.

Over the last several years, steel consumption in China and other developing economies has increased at a rapid pace. Steel companies have responded by developing plans to rapidly increase steel production capability in these countries. Steel production, especially in China, has been expanding rapidly and appears to be well in excess of Chinese demand. China is now the largest worldwide steel producer by a significant margin. Any significant excess Chinese capacity could have a major impact on world steel trade and prices if this excess production is exported to other markets.

Increased imports of steel products into the United States could negatively affect domestic steel prices and demand levels and reduce profitability of domestic producers.

Steel imports to the United States accounted for an estimated 31% of the domestic steel market in 2006, 25% in 2005 and 26% in 2004. Foreign competitors may have lower labor costs, and some are owned, controlled or subsidized by their governments, which allows their production and pricing decisions to be influenced by political and economic policy considerations as well as prevailing market conditions. Increases in future levels of imported steel could reduce future market prices and demand levels for domestic steel. The recent expiration of a number of antidumping and countervailing duty orders may facilitate additional imports. Several more antidumping and countervailing duty orders applicable to steel products are currently under review by the relevant government agencies. Expiration of these orders could result in even greater import levels.

Increases in prices and limited availability of raw materials and energy may constrain operating levels and reduce profit margins.

Steel producers require large amounts of raw materials iron ore or other iron containing material, steel scrap, coke, coal and zinc for integrated producers such as U. S. Steel, and scrap and zinc for mini-mill producers. Both integrated and mini-mill producers consume large amounts of energy. Over the last several years, prices for raw materials and energy, in particular natural gas and zinc, have increased significantly. In many cases these price increases have been a greater percentage than price increases for the sale of steel products. U. S. Steel and other steel producers have periodically been faced with problems in obtaining sufficient raw materials and energy in a timely manner, resulting in production curtailments. USSB is dependent upon availability of natural gas in Serbia, which is dependent upon a single pipeline. Serbia has experienced major curtailments during periods of peak demand in Eastern Europe and Russia. These production curtailments and escalated costs have reduced profit margins and may continue to do so in the future.

Environmental compliance and remediation could result in substantially increased capital requirements and operating costs.

Steel producers in the United States are subject to numerous federal, state and local laws and regulations relating to the protection of the environment. These laws continue to evolve and are becoming increasingly stringent. The ultimate impact of complying with such laws and regulations is not always clearly known or determinable because regulations under some of these laws have not yet been promulgated or are undergoing revision. Environmental laws and regulations, particularly the Clean Air Act, could result in substantially increased capital, operating and compliance costs.

International environmental requirements vary. While standards in the European Union (EU) and Japan are generally comparable to U.S. standards, other nations have substantially lesser requirements that may give competitors in such nations a competitive advantage.

Unplanned equipment outages and other unforeseen disruptions may reduce our results of operations.

Our steel production depends on the operation of critical pieces of equipment, such as blast furnaces, casters and hot strip mills. It is possible that we could experience prolonged periods of reduced production due to equipment failures at our facilities or those of our key suppliers. It is also possible that operations may be disrupted due to other unforeseen circumstances such as power outages, explosions, fires, floods, accidents and severe weather conditions. Availability of raw materials and delivery of products to customers could be affected by logistical disruptions (such as shortages of barges, rail cars or trucks). To the extent that lost production could not be compensated for at unaffected facilities and depending on the length of the outage, our sales and our unit production costs could be adversely affected.

Risk factors concerning U. S. Steel legacy obligations

Many lawsuits have been filed against U. S. Steel involving asbestos-related injuries, which could have a material adverse effect on our financial position, results of operation and cash flow.

U. S. Steel is a defendant in a large number of cases in which approximately 3,700 claimants actively allege a variety of respiratory and other diseases based on alleged exposure to asbestos. It is possible that we may experience large judgments against us in the future that could have an impact upon the number of future claims filed against us and on the amount of future settlements, which would have an adverse impact on our profitability and cash flow.

Our retiree employee health care and retiree life insurance plan costs, most of which are unfunded obligations, and our pension plan costs in the United States are higher than those of many of our competitors. These plans create a competitive disadvantage and negatively affect our profitability and cash flow.

We maintain defined benefit retiree health care and life insurance and defined benefit and defined contribution pension plans covering most of our U.S. employees and former employees upon their retirement. As of December 31, 2006, approximately 109,000 current employees, retirees and beneficiaries are participating in the plans to receive pension and/or medical benefits. U. S. Steel s underfunded benefit obligations for retiree medical and life insurance (other benefits) were $2.2 billion at year-end 2006. Most of our other benefits and pension benefits are subject to collective bargaining agreements with unionized workforces and will be subject to future negotiations. Minimum contributions to the main qualified pension plan are controlled under ERISA and other government regulations. Substantial cash contributions will be required to fund other benefits and pension benefits. Total costs for pension plans and other benefits are expected to be approximately $237 million in 2007.

Many domestic and international competitors do not provide defined benefit retiree health care and life insurance and pension plans, and other international competitors operate in jurisdictions with government sponsored health care plans that may offer them a cost advantage. Several domestic competitors provide defined contribution health care and pension plans with contributions increased based upon profitability. This will provide these competitors with a significant competitive advantage during periods of low profits.

U. S. Steel contributes to a multiemployer plan covering pensions for unionized workers. We have legal and contractual requirements for future funding of this plan, which will have a negative effect on our cash flows. In addition, funding requirements for participants could increase as a result of any underfunding of this plan.

We have higher environmental remediation costs than our competitors. This creates a competitive disadvantage and negatively affects our profitability and cash flow.

U. S. Steel is currently involved in numerous remediation projects at currently operating facilities, facilities that have been closed or sold to third parties and other sites where material generated by U. S. Steel was deposited. In addition, there are numerous other former operating or disposal sites that could become the subject of remediation.

Environmental remediation costs and related cash requirements of many of our competitors may be substantially less than ours. Many international competitors do not face similar laws in the jurisdictions where they operate. Numerous U.S. competitors have substantially shorter operating histories than we do, resulting in less exposure for environmental remediation. U.S. competitors that have obtained relief under the Bankruptcy Code may have been released from certain environmental obligations that existed prior to the bankruptcy filing.

Other risk factors applicable to U. S. Steel

We may be unable to recover cost increases as we supply customers with steel under long-term fixed price sales contracts.

Historically approximately 50% of U. S. Steel s flat-rolled product sales in the United States have been based on sales contracts with durations of at least one year. These contracts generally have a fixed price or a price that will fluctuate with changes in a defined index. To the extent that raw materials, energy, labor or other costs increase over the terms of the various contracts, U. S. Steel may not be able to recover these cost increases from customers with fixed price agreements. U. S. Steel currently enters into forward purchases to establish future prices for a portion of our required natural gas and zinc needs; however, we remain at risk for our remaining requirements. We are also at risk in the event that future prices decline below the prices that the forward purchases have established.

Customer payment defaults could have an adverse effect on our financial condition and results of operations.

Many of our customers operate in cyclical industries and could experience financial difficulties in times of economic downturn. In some cases, these difficulties may result in bankruptcy filings or cessation of operations. If customers experiencing financial problems default on paying amounts owed to us, we may not be able to collect these amounts or recognize expected revenue. Any material payment defaults by our customers could have an adverse effect on our results of operations and financial condition. Also, a material payment default could cause a default, or a reduction in the amount of receivables available for sale, under our receivables sale program.

The terms of our indebtedness contain restrictive provisions that may limit our flexibility.

We have 9¾% Notes outstanding in the aggregate principal amount of $378 million as of December 31, 2006. The 9¾% Notes impose significant restrictions on us such as limits on additional borrowings and certain investments and the use of funds from asset sales. The Facility imposes financial covenants upon us, including maintaining an interest coverage ratio and a debt coverage ratio. The 9¾% Notes, the Facility and some of our other loan facilities and leases have provisions that may cause a default under one of these agreements to become a default under the others. These covenants may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities.

Rating agencies may downgrade our credit ratings, which would make it more difficult for us to raise capital and would increase our financial costs.

Any downgrade in our credit ratings may make raising capital more difficult, may increase the cost of future borrowings, may affect the terms under which we purchase goods and services, and may limit our ability to take advantage of potential business opportunities.

Change of control clauses may require us to immediately purchase or repay debt.

Upon the occurrence of change of control events specified in our 9¾% Notes and various other contracts and leases, the holders of our indebtedness may require us to immediately purchase or repay that debt on less than favorable terms. We may not have the financial resources to make these purchases and repayments or may not be permitted to do so under the terms of the instruments governing our indebtedness. A failure to purchase or repay such indebtedness would trigger cross-acceleration clauses under our other indebtedness.

We have deferred tax assets that we may not be able to realize.

As of December 31, 2006, U. S. Steel had net federal, foreign and state deferred tax assets of $465 million. Although management believes that it is more likely than not that future operating results and tax planning strategies generating sufficient future taxable income can be utilized to realize the net deferred tax assets, there can be no assurance that we will be able to generate such results or implement these strategies.

Our international operations expose us to uncertainties and risks from abroad, which could negatively affect our results of operations.

USSK, located in Slovakia, and USSB, located in Serbia, constitute nearly 28% of our total raw steel production capability, and accounted for 25% of net sales and 40% of income from operations for 2006. Both USSK and USSB are subject to economic conditions and political factors in Europe, which if changed could negatively affect our results of operations and cash flow. Political factors include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, increased regulation and quotas, tariffs and other protectionist measures. USSK and USSB are also subject to foreign currency exchange risks.

Any future international acquisitions would expose us to similar risks.

The quantity of carbon dioxide emission allowances awarded by the European Commission may limit the amount of steel that can be produced at USSK or force USSK to purchase emissions allowances, negatively affecting our results of operations and cash flow.

The European Commission (EC) has established a carbon dioxide (CO2) emission trading scheme for EU member countries. Under this program Slovakia has received fewer CO2 emissions allowances than it requested for both the first period (2005 through 2007) and second period (2008 through 2012). The Slovak Ministry of the Environment, in turn, awarded USSK fewer allowances than USSK had requested for the first period, and is likely to award USSK fewer allowances than requested for the second period. USSK is purchasing emissions allowances needed to cover its anticipated shortfall for the first period and, as to future periods, we may be required to reduce USSK s production or purchase emission allowances, either of which may have a negative impact on income and cash flow.

Adoption of greenhouse gas policies in the United States could negatively affect our results of operations and cash flows.

While ratification of the Kyoto protocol in the United States has not occurred, there remains the possibility that limitations on greenhouse gases may be imposed. Any such limitations could have a negative effect on income and cash flow.

Our business requires substantial expenditures for debt service, contingent obligations, capital investment, operating leases and maintenance that we may be unable to fund.

With $1,025 million of debt outstanding as of December 31, 2006, we have significant debt service requirements.

Our operations are capital intensive. For the five-year period ended December 31, 2006, total capital expenditures were $2.5 billion. At December 31, 2006, our contract commitments to acquire property, plant and equipment totaled $186 million and we were obligated to make aggregate lease payments of $270 million under operating leases.

In addition to capital expenditures and lease payments, we spend significant amounts for maintenance of raw material, raw steel and steel-finishing production facilities, including periodic relines or rebuilds of our seventeen blast furnaces.

As of December 31, 2006, we had contingent obligations consisting of indemnity obligations under active surety bonds, trusts and letters of credit totaling approximately $124 million, guarantees of approximately $2 million of indebtedness for unconsolidated entities and contractual purchase commitments under purchase orders and take or pay arrangements of approximately $2.9 billion, plus contingencies under the sale of our mining assets of approximately $79 million. As the general partner of the Clairton 1314B Partnership, we are obligated to fund cash shortfalls incurred by that partnership but may withdraw as the general partner if we are required to fund in excess of $150 million in operating cash shortfalls.

Our business may not generate sufficient operating cash flow, or external financing sources may not be available in amounts sufficient, to enable us to service or refinance our indebtedness or to fund other liquidity needs. We intend indefinitely to reinvest undistributed foreign earnings overseas; however, if we need to repatriate funds in the future to satisfy our liquidity needs, the tax consequences would reduce income and cash flow.

U. S. Steel is exposed to uninsured losses.

U. S. Steel s insurance coverage against catastrophic casualty and business interruption exposures contains certain common exclusions, substantial deductibles and self insurance retentions.

Our collective bargaining agreements may limit our flexibility.

The collective bargaining agreement with the United Steelworkers (USW) contains provisions that prohibit us from pursuing any North American transaction involving steel or steel-related assets without the consent of the USW, grants the USW a right to bid on any sale of one or more facilities covered by the collective bargaining agreement, requires us to make reasonable and necessary capital expenditures to maintain the competitive status of our domestic facilities and requires mandatory pre-funding of a trust for retiree health care and life insurance based on, among other factors, dividend and pension funding levels. That agreement also restricts our ability to trade, sell or use foreign-produced coke and iron ore in North America, and further requires that the ratio of non-USW employees to USW employees at our domestic facilities not exceed one to five.

While other domestic integrated unionized steel producers have similar requirements in their agreements with the USW, some foreign and non-union domestic producers are not subject to such requirements.

Strikes, work stoppages and customer concern about the possibility of strikes, particularly upon the expiration of our major domestic collective bargaining agreement, could adversely impact our relationships with our customers which in turn could have a material adverse effect on our business, financial condition or results of operations. In addition, mini-mill producers, certain foreign competitors and producers of comparable products do not have unionized work forces. This may place us at a competitive disadvantage.

There are risks associated with acquisitions.

The success of any future acquisitions, including the pending acquisition of Lone Star, will depend substantially on our ability to integrate the acquired operations successfully with existing operations. If we are unable to integrate new operations successfully or realize anticipated synergies, our financial results and business reputation could suffer. Recent acquisitions in the steel industry have involved prices significantly higher than the prices we paid for our acquisitions in 2003. Such prices will make it more difficult to achieve adequate financial returns. Additional risks associated with acquisitions are the diversion of management s attention from other business concerns, the potential loss of key employees and customers of the acquired companies, the possible assumption of unknown liabilities, potential disputes with the sellers, and the inherent risks in entering markets or lines of business in which we have limited or no prior experience. International acquisitions may present unique challenges and increase the Company s exposure to the risks associated with foreign operations.

Provisions of Delaware Law, our governing documents and our rights plan may make a takeover of U. S. Steel more difficult.

Certain provisions of Delaware law, our certificate of incorporation and by-laws and our rights plan could make more difficult or delay our acquisition by means of a tender offer, a proxy contest or otherwise and the removal of incumbent directors. These provisions are intended to discourage certain types of coercive takeover practices and inadequate takeover bids, even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price.

Approximately one third of U. S. Steel s U.S.-based non-union workforce will be eligible for retirement in the next five years.

Over the last few years we have intensified our recruitment, training and retention efforts so that we may continue to optimally staff our operations. Failure to do so could negatively affect our future performance.

We may experience difficulties implementing our enterprise resource planning (ERP) system.

We are currently pursuing the potential company-wide benefits of implementing an ERP system to help us operate more efficiently. This is a complex project which would occur in several phases over the next several years. There can be no assurance that we can successfully implement an ERP program without experiencing difficulties or that the program will improve our global operations. In addition, we cannot guarantee that the expected benefits of implementing an ERP system will be realized or that realized benefits will outweigh the costs of implementation.

Use of proceeds

The net proceeds from the sale of the Notes in this offering are estimated to be approximately $1,089 million, after deducting underwriting discounts and our expenses. We intend to use a portion of the net proceeds from the Notes to redeem, upon notice given to the holders after the consummation of this offering, all of the approximately $378 million aggregate principal amount of outstanding 9 ¾% Notes. If the Lone Star acquisition is consummated, we intend to use the remaining net proceeds from the Notes, together with cash on hand, which may include cash generated from the sale of receivables, and borrowings from the $500 million five-year term loan, to pay the approximately $2.1 billion purchase price. Pending such applications of funds, we will invest the proceeds in U. S. government obligations, bank deposits or in other secure, short-term investments.

If the acquisition of Lone Star is not consummated on or prior to October 1, 2007, we will use the remaining proceeds, together with cash on hand, to redeem the 2013 Notes and 2017 Notes as described under Description of the notes Special mandatory redemption of 2013 Notes and 2017 Notes.

Capitalization

The following table sets forth our cash and cash equivalents and our capitalization as of March 31, 2007:

- on an actual basis;

- on an as adjusted basis to give effect to the sale of the Notes offered by this prospectus supplement and the application of the net proceeds therefrom, as described following the caption Use of proceeds.

You should read the information in this table in conjunction with the information set forth following the caption Use of proceeds and the financial statements and notes thereto incorporated by reference into this prospectus supplement and accompanying prospectus.

	As of March 31, 2007	
(dollars in millions)	**Actual**	**As adjusted**
Total cash and cash equivalents	$ 1,552	$ 2,240
Debt:		
10.75% Senior Notes due 2008	$ 20	$ 20
9.75% Senior Notes due 2010	378	0
Environmental Revenue Bonds	458	458
2013 Notes offered hereby(1)		300
2017 Notes offered hereby(1)		450
2037 Notes offered hereby		350
Other Debt and Capital Leases	116	116
Total Debt	$ 972	$ 1,694
Shareholders equity:		
Total shareholders equity	$ 4,656	$ 4,639
Total capitalization	$ 5,628	$ 6,333

(1) The 2013 Notes and 2017 Notes are subject to mandatory redemption if the Lone Star acquisition is not consummated. See Description of the notes Special mandatory redemption of 2013 Notes and 2017 Notes. If the Lone Star acquisition is not consummated and the 2013 Notes and 2017 Notes are redeemed, total debt would be $944 million and total capitalization would be $5,583 million as of March 31, 2007.

Description of the notes

The following description of the particular terms of the Notes offered by this prospectus supplement supplements the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus following the caption Description of the Debt Securities.

In this description of the Notes, the terms Company, we, us and similar words refer only to United States Steel Corporation and not to any of its subsidiaries. The 2013 Notes, 2017 Notes and 2037 Notes constitute separate series under the senior indenture.

The Notes will be issued under a senior indenture dated May 21, 2007, as amended and supplemented, between us and The Bank of New York, as trustee. The senior indenture is subject to and is governed by the Trust Indenture Act of 1939, as amended. We have filed a form of the senior indenture as an exhibit to the registration statement of which the accompanying prospectus forms a part. The following description summarizes selected provisions of the senior indenture and the Notes. It does not restate the senior indenture or the terms of the Notes in their entirety. We urge you to read the forms of the senior indenture and the notes because the senior indenture and the Notes, and not this description, define the rights of noteholders.

General

The Notes:

- will be our senior unsecured obligations;
- will mature on June 1, 2013, in the case of the 2013 Notes, June 1, 2017, in the case of the 2017 Notes and June 1, 2037, in the case of the 2037 Notes;
- will be subject to earlier redemption at our option as described following the caption Optional redemption;
- will not have the benefit of any sinking fund;
- will be issued in denominations of $1,000 and in integral multiples of $1,000 thereof; and
- will, in the case of each series, be represented by one or more registered notes in global form but in certain limited circumstances may be represented by notes in certificated form. See Book-entry issuance.

Interest on the Notes will:

- accrue at the rate of 5.65% per annum, in the case of the 2013 Notes, 6.05% per annum, in the case of the 2017 Notes and 6.65% per annum, in the case of the 2037 Notes;
- accrue from May 21, 2007 or the most recent interest payment date on which interest was paid;
- be payable in cash semi-annually in arrears on June 1 and December 1 of each year, commencing on December 1, 2007;
- be payable to the holders of record on the May 15 and November 15 immediately preceding the related interest payment date; and

- be computed on the basis of a 360-day year comprised of twelve 30-day months.

If any interest payment date or maturity date falls on a day that is not a business day, the required payment of principal or interest will be made on the next business day as if made on the date that payment was due, and no interest will accrue on that payment for the period from and after the interest payment date or maturity date, as the case may be, to the date of the payment on the next business day.

Ranking

The Notes will be our senior and unsecured indebtedness and will rank equally with all of our other existing and future senior and unsecured indebtedness. The Notes will effectively rank junior to any of our existing and future secured indebtedness to the extent of the assets securing such indebtedness, and will be structurally subordinated to any indebtedness and other liabilities of our subsidiaries. Indebtedness of our subsidiaries and obligations and liabilities of our subsidiaries are structurally senior to the Notes since, in the event of our bankruptcy, liquidation, dissolution, reorganization or other winding up, the assets of our subsidiaries will be available to pay the Notes only after the subsidiaries indebtedness and obligations and liabilities are paid in full. Because we generally stand as an equity holder, rather than a creditor, of our subsidiaries, creditors of those subsidiaries will have their debt satisfied out of the subsidiaries assets before our creditors, including the noteholders.

As of March 31, 2007, we had an aggregate of approximately $972 million of senior indebtedness (including approximately $398 million of senior notes, $458 million of obligations relating to environmental revenue bonds and $116 million of obligations under capital leases and other debt, excluding intercompany liabilities).

Additional issuances

We reserve the right to issue additional notes of either series, without limitation and without your consent. If we issue additional notes of a series offered by this prospectus supplement under the senior indenture, they will have the same terms and conditions as the notes of the series being offered by this prospectus supplement in all respects (except for the payment of interest accruing prior to the issue date of the additional notes) so that the additional notes may be consolidated and form a single series with the notes of that series issued under this prospectus supplement.

Special mandatory redemption of 2013 Notes and 2017 Notes

If, for any reason, (i) the proposed acquisition of Lone Star is not completed on or prior to October 1, 2007 or (ii) the Merger Agreement is terminated on or prior to October 1, 2007, we will redeem all of the 2013 Notes and 2017 Notes on the Special Mandatory Redemption Date at the Special Mandatory Redemption Price. Notice of a special mandatory redemption will be mailed promptly after the occurrence of the event triggering redemption to each holder of 2013 Notes and 2017 Notes at its registered address. If funds sufficient to pay the Special Mandatory Redemption Price (including any accrued and unpaid interest) of all of the 2013 Notes and 2017 Notes to be redeemed on the Special Mandatory Redemption Date are deposited with the paying agent on or before such Special Mandatory Redemption Date, and certain other conditions are satisfied, on and after such Special Mandatory Redemption Date the 2013 Notes and 2017 Notes will cease to bear interest.

For purposes of the foregoing discussion of a special mandatory redemption, the following definitions are applicable:

Special Mandatory Redemption Date means the earlier to occur of (a) October 15, 2007 if the proposed acquisition has not been completed on or prior to October 1, 2007, or (b) the 30th day (or if such day is not a business day, the first business day thereafter) following the termination of the Merger Agreement for any reason.

Special Mandatory Redemption Price means 101% of the aggregate principal amount of the 2013 Notes and 2017 Notes together with accrued and unpaid interest from the date of initial issuance to but excluding the Special Mandatory Redemption Date.

Merger Agreement means that certain Agreement and Plan of Merger by and among Lone Star Technologies, Inc., WP Acquisition Holding Corp. and us, dated as of March 28, 2007.

Optional redemption

We may redeem the Notes, at our option, at any time in whole, or from time to time in part, at a price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; or
- the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed, exclusive of interest accrued to the date of redemption, discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield plus 15 basis points for the 2013 Notes, 25 basis points for the 2017 Notes and 30 basis points for the 2037 Notes, plus accrued interest to the date of redemption.

The Notes called for redemption become due on the date fixed for redemption. Notices of redemption will be mailed by first-class mail at least 30 but not more than 60 days before the redemption date to each holder of Notes to be redeemed at its registered address. The notice of redemption for the Notes will state the amount to be redeemed. On and after the redemption date, interest will cease to accrue on any Notes that are redeemed. If less than all the Notes of either series are redeemed at any time, the trustee will select Notes on a pro rata basis or by any other method the trustee deems fair and appropriate.

For purposes of determining the optional redemption price, the following definitions are applicable:

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of each series of the Notes that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining terms of each series of the Notes.

Comparable Treasury Price means, with respect to any redemption date, the average of the Reference Treasury Dealer Quotations obtained by us for that redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or, if we are unable to obtain at least four such Reference Treasury Dealer Quotations, the average of all Reference Treasury Dealer Quotations obtained by us.

Independent Investment Banker means either J.P. Morgan Securities Inc. or Morgan Stanley & Co. Incorporated, as selected by us or, if both such firms are unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

Reference Treasury Dealer means J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated and their respective successors and at least two other primary U.S. government securities dealers in New York City (each, a Primary Treasury Dealer) selected by the Independent Investment Banker; provided, however, that if any of the foregoing shall cease to be a Primary Treasury Dealer, we shall substitute therefor another Primary Treasury Dealer.

Reference Treasury Dealer Quotations means, with respect to each Reference Treasury Dealer and any redemption date for the notes, an average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue for the Notes, expressed in each case as a percentage of its principal amount, quoted in writing to the trustee by the Reference Treasury Dealer at 3:30 p.m., New York City time, on the third business day preceding the redemption date.

Treasury Yield means, with respect to any redemption date applicable to the Notes, the rate per annum equal to the semiannual equivalent yield to maturity, computed as of the third business day immediately preceding the redemption date, of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue, expressed as a percentage of its principal amount, equal to the applicable Comparable Treasury Price for the redemption date.

Except as already described, the Notes of either series will not be redeemable by us prior to maturity and will not be entitled to the benefit of any sinking fund.

Purchase of notes upon a change of control repurchase event

If a Change of Control Repurchase Event occurs, unless the Company has exercised its right to redeem the Notes as already described, the Company will be required to make an offer to each holder of the Notes to repurchase all or any part (in excess of $1,000 and in integral multiples of $1,000) of that holder s Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of the Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of repurchase. Within 30 days following any Change of Control Repurchase Event or, at the option of the Company, prior to any Change of Control, but after the public announcement of the Change of Control, the Company will mail a notice to each holder, with a copy to the trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase the Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on a Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice. The Company will comply with the requirements of Rule 14e-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the repurchase date following a Change of Control Repurchase Event, the Company will, to the extent lawful:

(1) accept for payment all the Notes or portions of the Notes properly tendered pursuant to its offer;

(2) deposit with the paying agent an amount equal to the aggregate purchase price in respect of all the Notes or portions of the Notes properly tendered; and

(3) deliver or cause to be delivered to the trustee the Notes properly accepted, together with an officers certificate stating the aggregate principal amount of Notes being purchased by the Company.

The paying agent will promptly mail to each holder of Notes properly tendered, the purchase price for the Notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of any Notes surrendered.

The Company will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirements for an offer made by the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer.

The Change of Control Repurchase Event feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Company and, thus, the removal of incumbent management. The Change of Control Repurchase Event feature is a result of negotiations between the Company and the underwriters. The Company has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Company could decide to do so in the future. As contemplated by the definition of Change of Control, the Company could enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the senior indenture, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the capital structure of the Company or credit ratings of the Notes. Restrictions on the ability of the Company to incur Liens (as defined herein) and enter into sale and leaseback transactions are contained in the covenants as described following the caption Covenants Limitation on liens and Covenants Limitation on sale and leaseback transactions. Except for the limitations contained in such covenants and the covenant relating to repurchases upon the occurrence of a Change of Control Repurchase Event, the senior indenture will not contain any covenants or provisions that may afford holders of the notes protection in the event of a highly leveraged transaction.

The Company may not have sufficient funds to repurchase all the Notes upon a Change of Control Repurchase Event. Even if it has sufficient funds, the Company may be prohibited from repurchasing the Notes under the terms of its future debt instruments. See Risk factors Risks related to an investment in the Notes The definition of a Change of Control requiring us to repurchase the Notes is limited and the market price of the Notes may decline if we enter into a transaction that is not a Change of Control under the indenture governing the Notes.

For purposes of the foregoing discussion of a repurchase at the option of holders, the following definitions are applicable:

Change of Control shall occur if: (1) any person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act, except that for purposes of this clause (1) such person shall be deemed to have beneficial ownership of all shares that any such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company; (2) individuals who on the issue date of the notes constituted the Board of Directors (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Company was approved by a vote of 66 2/3% of the directors of the Company then still in office who were either directors on the issue date of the notes or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the Board of Directors then in office; (3) the adoption of a plan relating to the liquidation or dissolution of the Company; or (4) the merger or consolidation of the Company with or into another person or the merger of another person with or into the Company, or the sale of all or substantially all the assets of the Company (determined on a consolidated basis) to another person, other than a merger or consolidation transaction in which holders of securities that represented 100% of the Voting Stock of the Company immediately prior to such transaction (or other securities into which such securities are converted as part of such merger or consolidation transaction) own directly or indirectly at least a majority of the voting power of the Voting Stock of the surviving person in such merger or consolidation transaction immediately after such transaction and in substantially the same proportion as before the transaction.

Change of Control Repurchase Event means the occurrence of both a Change of Control and a Ratings Event.

Investment Grade means a rating of Baa3 or better by Moody s (or its equivalent under any successor Rating Categories of Moody s), a rating of BBB- or better by S&P (or its equivalent under any successor Rating Categories of S&P) and the equivalent Investment Grade credit rating from any additional Rating Agency or Rating Agencies selected by the Company.

Moody s means Moody s Investors Service Inc.

Rating Agency means (1) each of Moody s and S&P and (2) if either of Moody s or S&P ceases to rate the notes or fails to make a rating of the notes publicly available for reasons outside of the control of the Company, a nationally recognized statistical rating organization within the meaning of Rule 15c3-l(e)(2)(vi)(F) under the Exchange Act, selected by the Company (as certified by a resolution of the board of directors of the Company) as a replacement agency for Moody s or S&P, or both, as the case may be.

Rating Category means (i) with respect to S&P, any of the following categories: BBB, BB, B, CCC, CC, C and D (or equivalent successor categories); (ii) with respect to Moody s, any of the following categories: Baa, Ba, B, Caa, Ca, C and D (or equivalent successor categories); and (iii) the equivalent of any such category of S&P or Moody s used by another Rating Agency. In determining whether the rating of the notes has decreased by one or more gradations, gradations within Rating Categories (+ and - for S&P; 1, 2 and 3 for Moody s; or the equivalent gradations for another Rating Agency) shall be taken into account (e.g., with respect to S&P, a decline in a rating from BB+ to BB, as well as from BB- to B+, will constitute a decrease of one gradation).

Rating Date means the date that is 60 days prior to the earlier of (i) a Change of Control or (ii) public notice of the occurrence of a Change of Control or of the intention by the Company to effect a Change of Control.

Ratings Event means the occurrence of the events described in (a) or (b) of this definition on, or within 60 days after the earlier of, (i) the occurrence of a Change of Control or (ii) public notice of the occurrence of a Change of Control or the intention by the Company to effect a Change of Control (which period shall be extended so long as the rating of the Notes is under publicly announced consideration for a possible downgrade by any of the Rating Agencies): (a) if the Notes are rated by both Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes shall be reduced so that the Notes are rated below Investment Grade by both Rating Agencies, or (b) if the Notes are rated below Investment Grade by at least one Rating Agency, the ratings of the Notes by both Rating Agencies shall be decreased by one or more gradations (including gradations within Rating Categories, as well as between Rating Categories) and the Notes are then rated below Investment Grade by both Rating Agencies.

Notwithstanding the foregoing, a Ratings Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Ratings Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Ratings Event).

S&P means Standard & Poor s, a division of The McGraw-Hill Companies, Inc.

Voting Stock of any specified person (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

Covenants

Except as described under Limitation on liens and Limitation on sale and leaseback transactions, neither the Company nor any of its subsidiaries will be restricted by the senior indenture from:

- incurring any indebtedness or other obligation;
- paying dividends or making distributions on the Company s capital stock or the capital stock of any of its subsidiaries; or
- purchasing or redeeming the Company s capital stock or the capital stock of any of its subsidiaries.

In addition, the Company will not be required to maintain any financial ratios or specified levels of net worth or liquidity or to repurchase or redeem or otherwise modify the terms of any of the Notes upon a change of control or other events involving us or any of our subsidiaries which may adversely affect the creditworthiness of the Notes, except to the limited extent described following the caption Purchase of notes upon a change of control repurchase event . Among other things, the senior indenture will not contain covenants designed to afford holders of the Notes any protections in the event of a highly leveraged or other transaction involving the Company that may adversely affect holders of the notes, except to the limited extent described following the caption Purchase of notes upon a change of control repurchase event .

The senior indenture will contain the following principal covenants:

Limitation on liens

The Company will not incur, and will not permit any of its Subsidiaries to incur, any indebtedness for borrowed money secured by a mortgage, security interest, pledge, lien, charge or other similar encumbrance (collectively, Liens) upon (a) any Principal Property of the Company or any Principal Property of a Subsidiary or (b) any shares of stock or other equity interests or Indebtedness of any Subsidiary that owns a Principal Property (whether such Principal Property, shares of stock or other equity interests or Indebtedness is now existing or owned or hereafter created or acquired), in each case, unless prior to or at the same time, the Notes (together with, at the option of the Company, any other indebtedness of the Company or any Subsidiary ranking equally in right of payment with the Notes) are equally and ratably secured with or, at the option of the Company, prior to, such indebtedness.

Any Lien created for the benefit of the holders of the Notes pursuant to the preceding sentence shall provide by its terms that such Lien shall be automatically and unconditionally released and discharged upon the release and discharge of such Lien.

The foregoing restriction does not apply, with respect to any person, to any of the following:

(1) leases to which such person is a party, or deposits to secure public or statutory obligations of such person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;

(2) Liens imposed by law, such as carriers , warehousemen s and mechanics Liens, in each case for sums not yet overdue by more than 30 days or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such person with respect to which such person shall then be proceeding with an appeal or other proceedings for review and Liens arising solely by virtue of any statutory or common law provision relating to banker s Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided, however, that (A) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the Federal Reserve Board and (B) such deposit account is not intended by the Company to provide collateral to The Depository Trust Company, or DTC;

(3) Liens for property taxes not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings;

(4) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such person or to the ownership of its properties which were not Incurred in connection with indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such person;

(5) Liens securing indebtedness incurred to finance the construction, purchase or lease of, or repairs, improvements or additions to, property, plant or equipment of such person; provided, however, that the Lien may not extend to any other property owned by such person at the time the Lien is Incurred (other than assets and property affixed or appurtenant thereto), and the indebtedness (other than any interest thereon) secured by the Lien may not be incurred more than 180 days after the later of the acquisition, completion of construction, repair, improvement, addition or commencement of full operation of the property subject to the Lien;

(6) Liens existing on the issue date of the notes;

(7) Liens on property or shares of capital stock of another person at the time such other person becomes a subsidiary of such person; provided, however, that the Liens may not extend to any other property owned by such person (other than assets and property affixed or appurtenant thereto);

(8) Liens securing industrial revenue or pollution control bonds issued for the benefit of the Company;

(9) Liens on property at the time such person or any of its subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into such person or a subsidiary of such person; provided, however, that the Liens may not extend to any other property owned by such person (other than assets and property affixed or appurtenant thereto);

(10) Liens securing indebtedness or other obligations of a subsidiary of such person owing to such person or a wholly-owned subsidiary of such person;

(11) Liens to secure any refinancing (or successive refinancings) as a whole, or in part, of any indebtedness secured by any Lien referred to in the foregoing clauses (5), (6), (7), (8) or (9); provided, however, that: (a) such new Lien shall be limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and (b) the indebtedness secured by such Lien at such time is not increased to any amount greater than the sum of (x) the outstanding principal amount or, if greater, committed amount of the indebtedness described under clauses (5), (6), (7), (8) or (9) at the time the original Lien became a Lien permitted under the senior indenture and (y) an amount necessary to pay any fees and expenses, including premiums, related to such refinancing, refunding, extension, renewal or replacement; and

(12) Liens on assets subject to a sale and leaseback transaction securing attributable debt permitted to be incurred as described following the caption Covenants Limitation on sale and leaseback transactions.

Notwithstanding the foregoing restrictions, the Company and its Subsidiaries will be permitted to incur indebtedness secured by a Lien which would otherwise be subject to the foregoing restrictions without equally and ratably securing the Notes, if any, provided that, after giving effect to such indebtedness, the aggregate amount of all indebtedness secured by Liens (not including Liens permitted under clauses (1) through (12) above), together with all attributable debt outstanding pursuant to the second paragraph of the Limitation on sale and leaseback transactions covenant, does not exceed 15% of the Consolidated Net Tangible Assets of the Company calculated as of the date of the creation or incurrence of the Lien. The Company and its Subsidiaries also may, without equally and ratably securing the notes, create or incur Liens that extend, renew, substitute or replace (including successive extensions, renewals, substitutions or replacements), in whole or in part, any Lien permitted pursuant to the preceding sentence.

Limitation on sale and leaseback transactions

The Company will not directly or indirectly, and will not permit any of its Subsidiaries that own a Principal Property directly or indirectly to, enter into any sale and leaseback transaction for the sale and leasing back of any Principal Property, whether now owned or hereafter acquired, unless:

(1) such transaction was entered into prior to the date of issuance of the Notes (other than any additional notes);

(2) such transaction was for the sale and leasing back to the Company or one of its Subsidiaries of any property by the Company or one of its Subsidiaries;

(3) such transaction involves a lease for not more than three years (or which may be terminated by the Company or its Subsidiaries within a period of not more than three years),

(4) the Company would be entitled to incur indebtedness secured by a Lien with respect to such sale and leaseback transaction without equally and ratably securing the notes pursuant to the last paragraph of the Limitation on liens covenant already described; or

(5) the Company applies an amount equal to the net proceeds from the sale of such property to the purchase of other property or assets used or useful in its business or to the retirement of long-term indebtedness within 365 days before or after the effective date of any such sale and leaseback transaction; provided that, in lieu of applying such amount to the retirement of long-term indebtedness, the Company may deliver notes of both series to the trustee for cancellation, such notes to be credited at the cost thereof to it.

Notwithstanding the restrictions set forth in the preceding paragraph, the Company and its Subsidiaries may enter into any sale and leaseback transaction which would otherwise be subject to the foregoing restrictions, if after giving effect thereto the aggregate amount of all attributable debt with respect to such transactions, together with all indebtedness outstanding pursuant to the last paragraph of the Limitation on liens covenant already described, does not exceed 15% of the Consolidated Net Tangible Assets of the Company calculated as of the closing date of the sale and leaseback transaction.

Merger, consolidation or sale of assets

The Company will not, in a single transaction or through a series of related transactions, consolidate or merge with or into any other person, or, directly or indirectly, sell or convey substantially all of its assets to another person or group of affiliated persons, except that the Company may consolidate or merge with, or sell or convey substantially all of its assets to another person if (i) the Company is the continuing person or the successor person (if other than the Company) is organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and such person expressly assumes all obligations of the Company under the senior indenture, including payment of the principal and interest on the notes, and the performance and observance of all of the covenants and conditions of the senior indenture to be performed by the Company and (ii) there is no default under the senior indenture. Upon such a succession, the Company will be relieved from any further obligations under the senior indenture. For purposes of this paragraph, substantially all of its assets means, at any date, a portion of the non-current assets reflected in the Company s consolidated balance sheet as of the end of the most recent quarterly period that represents at least 66 % of the total reported value of such assets.

Events of default

The events of default with respect to the Notes will be those events described under Description of the Debt Securities Events of Default in the accompanying prospectus, except that the following will also be an event of default:

(1) a failure by the Company to repurchase Notes of such series tendered for repurchase following the occurrence of a Change of Control Repurchase Event in conformity with the covenant set forth following the caption Purchase of notes upon a change of control repurchase event ;

For a description of the remedies available to holders of the notes as a result of an event of default, see Description of the Debt Securities Events of Default in the accompanying prospectus.

Definitions

The senior indenture will contain the following defined terms:

Attributable debt means, with respect to any sale and leaseback transaction, at the time of determination, the lesser of (1) the sale price of the property so leased multiplied by a fraction the numerator of which is the remaining portion of the base term of the lease included in such transaction and the denominator of which is the base term of such lease, and (2) the total obligation (discounted to the present value at the implicit interest factor, determined in accordance with GAAP, included in the rental payments) of the lessee for rental payments (other than amounts required to be paid on account of property taxes as well as maintenance, repairs, insurance, water rates and other items which do not constitute payments for property rights) during the remaining portion of the base term of the lease included in such transaction.

Consolidated Net Tangible Assets means, as of the time of determination, the aggregate amount of the assets of the Company and the assets of its consolidated subsidiaries after deducting (1) all goodwill, trade names, trademarks, service marks, patents, unamortized debt discount and expense and other intangible assets and (2) all current liabilities, as reflected on the most recent consolidated balance sheet prepared by the Company in accordance with GAAP contained in an annual report on Form 10-K or a quarterly report on Form 10-Q timely filed or any amendment thereto (and not subsequently disclaimed as not being reliable by the Company) pursuant to the Exchange Act by the Company prior to the time as of which Consolidated Net Tangible Assets is being determined.

Currency agreement means in respect of a person any foreign exchange contract, currency swap agreement or other similar agreement designed to protect such person against fluctuations in currency values.

GAAP means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession.

Guarantee means any obligation, contingent or otherwise, of any person directly or indirectly guaranteeing any indebtedness of any other person and any obligation, direct or indirect, contingent or otherwise, of such person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such indebtedness of such other person (whether arising by virtue of partnership arrangements, or by agreement to keep well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); provided, however, that the term guarantee will not include endorsements for collection or deposit in the ordinary course of business. The term guarantee, when used as a verb, has a correlative meaning.

Hedging obligation means the obligations of any person pursuant to any interest rate agreement or currency agreement.

Holder means the person in whose name a note of either series is registered on the security register books.

Incur means issue, assume, guarantee or otherwise become liable for Indebtedness.

Indebtedness means, with respect to any person, obligations of such person for borrowed money (including without limitation, indebtedness for borrowed money evidenced by notes, bonds, debentures or similar instruments).

Interest rate agreement means, in respect of a person, any interest rate swap agreement, interest rate cap agreement or other financial agreement or arrangement designed to protect such person against fluctuations in interest rates.

Person means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organization or government or political subdivision thereof.

Principal Property means any domestic blast furnace or steel producing facility, or casters that are part of a plant that includes such a facility, in each case located in the United States, having a net book value in excess of 1% of Consolidated Net Tangible Assets at the time of determination.

Refinance means, in respect of any indebtedness, to refinance, extend, renew, refund, repay, prepay, redeem, defease or retire, or to issue other indebtedness in exchange or replacement for, such indebtedness. Refinanced and Refinancing shall have correlative meanings.

Subsidiary means, with respect to any person (the parent) at any date, any corporation, limited liability company, partnership, association or other entity owning a majority of the shares of securities or other interests having ordinary voting power for the election of directors or another governing body (other than securities or interests having such power only by reason of the happening of a contingency) are at the time beneficially owned directly or indirectly through one or more intermediaries, or both by the parent.

Exchange and transfer

You may exchange or transfer the Notes in accordance with the senior indenture. You will not be required to pay a service charge to exchange or transfer the Notes, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The exchange or transfer will only be made if the transfer agent is satisfied with your proof of ownership. See Book-entry issuance.