UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2003
Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ---------- to ----------

UNITED STATES STEEL CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	1-16811	25-1897152
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

600 Grant Street, Pittsburgh, PA	15219-2800
(Address of principal executive offices)	(Zip Code)

(412) 433-1121
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes [X] No [ ]

Common stock outstanding at July 31, 2003 - 103,278,239 shares

UNITED STATES STEEL CORPORATION
FORM 10-Q
QUARTERLY PERIOD ENDED JUNE 30, 2003

<TABLE>
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INDEX

</TABLE>

Part I - Financial Information:

UNITED STATES STEEL CORPORATION
STATEMENT OF OPERATIONS (Unaudited)

<TABLE>
<CAPTION>

(Dollars in millions, except per share amounts)	Second Quarter Ended June 30 2003	2002	Six Months Ended June 30 2003	2002
<S>	<C>	<C>	<C>	<C>
REVENUES AND OTHER INCOME:				
Revenues	$ 2,096	$ 1,541	$ 3,757	$ 2,750
Revenues from related parties	215	220	452	442
Income (loss) from investees	(9)	7	(8)	9
Net gains on disposal of assets	21	4	23	5
Other income	39	35	45	35
Total revenues and other income	2,362	1,807	4,269	3,241
COSTS AND EXPENSES:				
Cost of revenues (excludes items shown below)	2,091	1,571	3,823	2,907
Selling, general and administrative expenses	142	100	271	171
Depreciation, depletion and amortization	87	89	177	177
Total costs and expenses	2,320	1,760	4,271	3,255
INCOME (LOSS) FROM OPERATIONS	42	47	(2)	(14)
</TABLE>

Net interest and other financial costs	42	19	80
53			
INCOME (LOSS) BEFORE INCOME TAXES, EXTRAORDINARY LOSS AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	-	28	(82)
(67)			
Provision (benefit) for income taxes	(3)	1	(52)
(11)			
INCOME (LOSS) BEFORE EXTRAORDINARY LOSS AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	3	27	(30)
(56)			
Extraordinary loss, net of tax	(52)	-	(52)
-			
Cumulative effect of change in accounting principle, net of tax	-	-	(5)
-			
NET INCOME (LOSS)	(49)	27	(87)
(56)			
Dividends on preferred stock	(5)	-	(7)
-			
NET INCOME (LOSS) APPLICABLE TO COMMON STOCK	$ (54)	$ 27	$ (94)
$ (56)			

Selected notes to financial statements appear on pages 7-28.

UNITED STATES STEEL CORPORATION
STATEMENT OF OPERATIONS (Continued) (Unaudited)
COMMON STOCK DATA

(Dollars in millions, except per share amounts)	Second Quarter Ended June 30 2003	Second Quarter Ended June 30 2002	Six Months Ended June 30 2003	Six Months Ended June 30 2002
COMMON STOCK DATA:				
Per share - basic and diluted:				
Income (loss) before extraordinary loss and cumulative effect of change in accounting principle	$ (.01)	$ .28	$ (.36)	$ (.60)
Extraordinary loss, net of tax	(.50)	-	(.50)	-
Cumulative effect of change in accounting principle, net of tax	-	-	(.05)	-
Net income (loss)	$ (.51)	$ .28	$ (.91)	$ (.60)
Weighted average shares, in thousands				
- Basic	103,228	95,670	102,981	92,636
- Diluted	103,228	95,675	102,981	92,636

Dividends paid per share	$ .05	$ .05	$ .10	$ .10
PROFORMA AMOUNTS ASSUMING CHANGE IN ACCOUNTING PRINCIPLE WAS APPLIED RETROACTIVELY:				
Income (loss) before extraordinary loss and cumulative effect of change in accounting principle adjusted	$ 3	$ 26	$ (30)	$ (58)
Per share adjusted - basic and diluted	(.01)	.28	(.36)	(.62)
Net income (loss) adjusted	(49)	26	(82)	(58)
Per share adjusted - basic and diluted	(.51)	.28	(.86)	(.62)

Selected notes to financial statements appear on pages 7-28.

UNITED STATES STEEL CORPORATION
BALANCE SHEET (Unaudited)

(Dollars in millions)	June 30 2003	December 31 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$ 145	$ 243
Receivables, less allowance of $117 and $57	1,233	805
Receivables from related parties	118	129
Inventories	1,468	1,030
Deferred income tax benefits	248	217
Other current assets	38	16
Total current assets	3,250	2,440
Investments and long-term receivables, less allowance of $2 and $2	311	341
Long-term receivables from related parties	6	6
Property, plant and equipment, less accumulated depreciation, depletion and amortization of $6,962 and $7,095	3,497	

2,978		
Pension asset	1,628	
1,654		
Intangible pension asset	414	
414		
Other intangible assets, net	48	
-		
Other noncurrent assets	179	
144		

Total assets	$ 9,333	$
7,977		
	======	
======		
LIABILITIES		
Current liabilities:		
Accounts payable	$ 934	$
677		
Accounts payable to related parties	105	
90		
Payroll and benefits payable	342	
254		
Accrued taxes	349	
281		
Accrued interest	39	
44		
Long-term debt due within one year	37	
26		

Total current liabilities	1,806	
1,372		
Long-term debt, less unamortized discount	1,846	
1,408		
Deferred income taxes	169	
223		
Employee benefits	2,975	
2,601		
Deferred credits and other liabilities	362	
346		

Total liabilities	7,158	
5,950		

Contingencies and commitments (See Note 19)	-	
-		
STOCKHOLDERS' EQUITY		
Preferred stock -		
7% Series B Mandatory Convertible		
Preferred issued - 5,000,000 shares		
and -0- shares (no par value, liquidation		
preference $50 per share)	242	
-		
Common stock issued - 103,296,600 shares and		
102,485,246 shares	103	
102		
Additional paid-in capital	2,695	
2,689		
Retained earnings (deficit)	(62)	
42		
Accumulated other comprehensive loss	(802)	
(803)		
Deferred compensation	(1)	
(3)		

Total stockholders' equity	2,175	
2,027		

Total liabilities and stockholders' equity	$ 9,333	$
7,977		
	======	
======		

</TABLE>

Selected notes to financial statements appear on pages 7-28.

STATEMENT OF CASH FLOWS (Unaudited)

<TABLE>
<CAPTION>

(Dollars in millions)	Six Months Ended June 30 2003	2002
<S>	<C>	<C>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
OPERATING ACTIVITIES:		
Net loss	$ (87)	$ (56)
Adjustments to reconcile to net cash provided from (used in) operating activities:		
Extraordinary loss, net of tax	52	-
Cumulative effect of change in accounting principle, net of tax	5	-
Depreciation, depletion and amortization	177	177
Pensions and other postretirement benefits	98	(21)
Deferred income taxes	(53)	(2)
Net gains on disposal of assets	(23)	(5)
Income from sale of coal seam gas interests	(34)	-
(Income) loss from equity investees, net of distributions	(22)	4
Changes in:		
Current receivables		
- sold	175	255
- repurchased	(175)	(255)
- operating turnover	(129)	(292)
Inventories	43	(49)
Current accounts payable and accrued expenses	162	186
All other - net	(21)	(49)
Net cash provided from (used in) operating activities	168	(107)
INVESTING ACTIVITIES:		
Capital expenditures	(132)	(104)
Disposal of assets	71	8
Sale of coal seam gas interests	34	-
Acquisition of National Steel Corporation assets	(872)	-
Restricted cash - withdrawals	41	2
- deposits	(66)	(53)
Investees - investments	(4)	(5)
- loans and advances	-	(3)
- repayments of loans and advances	-	7
Net cash used in investing activities	(928)	(148)
FINANCING ACTIVITIES:		
Issuance of long-term debt, net of deferred financing costs	428	-
Repayment of long-term debt	(2)	(30)
Revolving credit arrangements - net	-	10
Settlement with Marathon Oil Corporation	-	(54)
Preferred stock issued	242	-
Common stock issued	11	218
Dividends paid	(16)	(9)
Net cash provided from financing activities	663	135
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(1)	1
NET DECREASE IN CASH AND CASH EQUIVALENTS	(98)	(119)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	243	147
CASH AND EQUIVALENTS AT END OF PERIOD	$ 145	$ 28
Cash used in operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	$ (69)	$ (64)
Income taxes paid to tax authorities	(3)	(3)

</TABLE>

Selected notes to financial statements appear on pages 7-28.

UNITED STATES STEEL CORPORATION
SELECTED NOTES TO FINANCIAL STATEMENTS
(Unaudited)

1. The information in these financial statements is unaudited but, in the

opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These financial statements, including selected notes, have been prepared in accordance with the applicable rules of the Securities and Exchange Commission and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. Certain reclassifications of prior year data have been made to conform to 2003 classifications. Additional information is contained in the United States Steel Corporation Annual Report on Form 10-K for the year ended December 31, 2002.

2. United States Steel Corporation (U. S. Steel) is engaged domestically in the production, sale and transportation of steel mill products, coke and taconite pellets (iron ore); steel mill products distribution; the management of mineral resources; the management and development of real estate; and engineering and consulting services and, through U. S. Steel Kosice (USSK) in the Slovak Republic, in the production and sale of steel mill products and coke primarily for the central and western European markets. As reported in Note 4, until June 30, 2003, U. S. Steel was also engaged in the production and sale of coal.

3. On May 20, 2003, U. S. Steel acquired substantially all of the integrated steelmaking assets of National Steel Corporation (National). The facilities of National that were acquired included two integrated steel plants, Granite City in Granite City, Illinois and Great Lakes, in Ecorse and River Rouge, Michigan; the Midwest finishing facility in Portage, Indiana; ProCoil, a steel-processing facility in Canton, Michigan; a 50% equity interest in Double G Coatings, L.P. near Jackson, Mississippi; a taconite pellet operation near Keewatin, Minnesota; and the Delray Connecting Railroad. The acquisition of National's assets has made U. S. Steel the largest steel producer in North America and has strengthened U. S. Steel's overall position in providing value-added products to the automotive, container and construction markets. Results of operations for the second quarter and six months ended June 30, 2003, include the operations of National from May 20, 2003.

The aggregate purchase price for National's assets was $1,357 million, consisting of $817 million in cash and the assumption or recognition of $540 million in liabilities. The $817 million in cash reflects $844 million paid to National at closing and transaction costs of $28 million, less an estimated working capital adjustment in accordance with the terms of the Asset Purchase Agreement of $55 million. The $55 working capital adjustment has been calculated and submitted to National and U. S. Steel has recorded a receivable for this amount. If this amount is contested, the matter is to be resolved within 75 days of the submission of the calculation to National. In addition to certain direct obligations of National assumed by U. S. Steel, obligations recognized on the opening balance sheet include amounts for employee related liabilities that resulted from the new labor agreement with the United Steelworkers of America (USWA) as it pertains to the employees hired from National. The new labor agreement and these liabilities are discussed in more detail below.

3. (Continued)

In connection with the acquisition of National's assets, U. S. Steel reached a new labor agreement with the USWA, which covers employees at the U. S. Steel facilities and the acquired National facilities. The agreement was ratified by the USWA membership in May 2003, expires in 2008 and provides for a workforce restructuring through a Transition Assistance Program (TAP). U. S. Steel assumed a 20% participation level in the TAP in calculating the estimated fair value of the obligations recorded for benefits granted under the labor agreement to former active National employees represented by the USWA and hired by U. S. Steel. The liabilities included $214 million for future retiree medical costs, subject to certain eligibility requirements, $59 million related to future payments for employees who participate in the TAP, and $24 million for accrued vacation benefits. U. S. Steel also recognized a $12 million liability related to two cash contributions to be made to the Steelworkers Pension Trust in 2003 and 2004 based on the number of National's represented employees as of the date of the acquisition of National's assets, less the number of these employees estimated to participate in the TAP. The Steelworkers Pension Trust is a

multiemployer pension plan to which U. S. Steel will make defined contributions for all former National represented employees who join U. S. Steel and, in the future, for all new U. S. Steel employees represented by the USWA.

The following is a summary of the preliminary allocation of the purchase price to the assets acquired and liabilities assumed or recognized based on their estimated fair market values. Independent appraisers have provided fair values for inventory, property, plant and equipment, intangible assets and other noncurrent assets. The appraisal is preliminary at this time and U. S. Steel is in the process of reviewing the appraisal report. Based on the preliminary appraisal, the fair value of the net assets acquired from National was in excess of the purchase price, resulting in negative goodwill. In accordance with SFAS 141 "Business Combinations," the negative goodwill was allocated as a pro rata reduction to the amounts that would have otherwise been assigned to the acquired noncurrent assets, primarily property, plant and equipment and intangible assets, based on their relative fair values.

<TABLE>
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	Allocated Purchase Price
	(In millions)
<S>	<C>
Acquired assets:	
Accounts receivable	$ 225
Inventory	499
Other current assets	22
Property, plant & equipment	559
Intangible assets	49
Other noncurrent assets	3
Total assets	1,357
Acquired liabilities:	
Accounts payable	159
Payroll and benefits payable	71
Other current liabilities	31
Employee benefits	243
Other noncurrent liabilities	36
Total liabilities	540
Purchase price-cash	$ 817

</TABLE>

3. (Continued)

The above allocation of the purchase price has been prepared on a preliminary basis. Changes are expected to be made as additional information becomes available, including the resolution of the working capital adjustment and any preacquisition contingencies; and completion of the TAP, environmental assessments and asset appraisal.

The $49 million of intangible assets is primarily comprised of proprietary software with a weighted average useful life of approximately 6 years. U. S. Steel recognized $1 million of amortization expense in the second quarter of 2003 related to these intangible assets.

The following unaudited pro forma data for U. S. Steel includes the results of operations of the National acquisition as if it had been consummated at the beginning of the periods presented, including the effects of the new labor agreement as it pertains to the former National facilities and the financings incurred to fund the acquisition. In addition, the unaudited pro forma data is based on historical information and does not necessarily reflect the actual results that would have occurred nor is it necessarily indicative of future results of operations.

<TABLE>

<CAPTION>

(In millions, except per share data)	Second Quarter Ended June 30 2003	2002	Six Months Ended June 30 2003	2002
<S>	<C>	<C>	<C>	<C>
Revenues and other income	$ 2,703	$ 2,455	$ 5,272	$ 4,491
Income (loss) before extraordinary loss and cumulative effect cumulative effect of change in accounting principle	11	27	(34)	(89)
Per share - basic and diluted	.06	.24	(.42)	(1.06)
Net income (loss)	(41)	27	(93)	(89)
Per share - basic and diluted	(.44)	.24	(.99)	(1.06)

</TABLE>

4. On June 30, 2003, U. S. Steel completed the sale of the coal mines and related assets of U. S. Steel Mining Company, LLC (Mining Sale) to PinnOak Resources, LLC (PinnOak), which is not affiliated with U. S. Steel. PinnOak acquired the Pinnacle No. 50 mine complex located near Pineville, West Virginia and the Oak Grove mine complex located near Birmingham, Alabama. In conjunction with the sale, U. S. Steel and PinnOak entered into a long-term coal supply agreement, which runs through December 31, 2006.

4. (Continued)

The gross proceeds from the sale are estimated to be $57 million, of which $50 million was received at closing and an estimated $7 million that relates to an adjustment to the purchase price based on inventory levels at June 30, 2003, will be received in the fourth quarter. U. S. Steel recognized a pretax gain of $13 million on the sale in the second quarter of 2003. In addition, EITF 92-13, "Accounting for Estimated Payments in Connection with the Coal Industry Retiree Health Benefit Act of 1992" requires that enterprises that no longer have operations in the coal industry must account for their entire obligation related to the multiemployer health care benefit plans created by the Act as a loss in accordance with SFAS No. 5, "Accounting for Contingencies." Accordingly, U. S. Steel recognized the present value of these obligations in the amount of $85 million, resulting in the recognition of an extraordinary loss of $52 million, net of tax of $33 million.

5. U. S. Steel has various stock-based employee compensation plans. The Company accounts for these plans under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock-based employee compensation cost is reflected in net income for stock options or stock appreciation rights (SARs) at the date of grant, as all options and SARs granted had an exercise price equal to the market value of the underlying common stock. When the stock price exceeds the grant price, SARs are adjusted for changes in the market value and compensation expense is recorded. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation."

<TABLE>
<CAPTION>

(In millions, except per share data)	Second Quarter Ended June 30 2003	2002

Net income (loss)	$(49)	$ 27
Add: Stock-based employee compensation expense included in reported net income (loss), net of related tax effects	1	-
Deduct: Total stock-based employee compensation expense determined under fair value methods for all awards, net of related tax effects	(1)	(1)
Pro forma net income (loss)	$(49)	$ 26
Basic and diluted net income (loss) per share:		
- As reported	$(.51)	$.28
- Pro forma	(.52)	.27

5. (Continued)

The above pro forma amounts were based on a Black-Scholes option-pricing model, which included the following information and assumptions:

	Second Quarter Ended June 30	
	2003	2002
Weighted average grant date exercise price per share	$14.38	$20.42
Expected annual dividends per share	$ .20	$ .20
Expected life in years	5	5
Expected volatility	45.3	43.4
Risk-free interest rate	2.4	4.4
Weighted-average grant date fair value of options granted during the period, as calculated from above	$ 5.41	$ 8.29

(In millions, except per share data)	Six Months Ended June 30	
	2003	2002
Net loss	$ (87)	$ (56)
Add: Stock-based employee compensation expense included in reported net loss, net of related tax effects	1	-
Deduct: Total stock-based employee compensation expense determined under fair value methods for all awards, net		

of related tax effects	(3)	(3)
Pro forma net loss	$ (89)	$ (59)
Basic and diluted net loss per share:		
- As reported	$ (.91)	$ (.60)
- Pro forma	(.93)	(.64)

The above pro forma amounts were based on a Black-Scholes option-pricing model, which included the following information and assumptions:

	Six Months Ended June 30	
	2003	2002
Weighted average grant date exercise price per share	$16.97	$20.22
Expected annual dividends per share	$ .20	$ .20
Expected life in years	5	5
Expected volatility	44.5	42.0
Risk-free interest rate	3.3	4.6
Weighted-average grant date fair value of options granted during the period, as calculated from above	$ 6.65	$ 8.07

6. In June 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 established a new accounting model for the recognition and measurement of retirement obligations associated with tangible long-lived assets. SFAS No. 143 requires that an asset retirement obligation be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. SFAS No. 143 requires proforma disclosure of the amount of the liability for obligations as if the statement had been applied during all periods affected, using current information, current assumptions and current interest rates. In addition, the effect of adopting a new accounting principle on net income and on the related per share amounts is required to be shown on the face of the statement of operations for all periods presented under Accounting Principles Board Opinion No. 20, "Accounting Changes."

On January 1, 2003, the date of adoption, U. S. Steel recorded asset retirement obligations (AROs) of $14 million (in addition to $15 million already accrued), compared to the associated long-lived asset, net of accumulated depreciation, of $7 million that was recorded, resulting in a cumulative effect of adopting this Statement of $5 million, net of tax of $2 million. The obligations recorded on January 1, 2003, and the amounts acquired from National primarily relate to mine and landfill closure and post-closure costs.

The following table reflects changes in the carrying values of AROs for the six months ended June 30, 2003, and the pro forma impacts for the year ended December 31, 2002, as if SFAS No. 143 had been adopted on

January 1, 2002:

<TABLE>
<CAPTION>

(In millions)	Six Months Ended June 30, 2003	Year Ended December 31, 2002 (Pro Forma)
<S>	<C>	<C>
Balance at beginning of period	$ 29	$ 26
Liabilities acquired with National's assets	4	-
Accretion expense	2	3
Liabilities removed with Mining Sale	(14)	-
Balance at end of period	$ 21	$ 29

</TABLE>

Certain asset retirement obligations related to disposal costs of fixed assets at our steel facilities have not been recorded because they have an indeterminate settlement date. These asset retirement obligations will be initially recognized in the period in which sufficient information exists to estimate fair value.

6. (Continued)

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." The Interpretation elaborates on the disclosure to be made by a guarantor about obligations under certain guarantees that it has issued. It also clarifies that at the inception of a guarantee, the company must recognize liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements were adopted for the 2002 annual financial statements. U. S. Steel is applying the remaining provisions of the Interpretation prospectively as required.

FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," was issued in January 2003 and addresses consolidation by business enterprises of variable interest entities that do not have sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support from other parties or whose equity investors lack the characteristics of a controlling financial interest. This Statement was adopted in the first quarter of 2003 with no initial impact to U. S. Steel.

In April 2003, the FASB issued SFAS No. 149, "Accounting for Derivative Instruments and Hedging Activities." The Statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The amendments set forth in SFAS No. 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, except for certain outlined exceptions. This Statement was adopted with no initial impact.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 changes the accounting for certain financial

instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by now requiring these instruments be classified as liabilities (or assets in some circumstances) in the balance sheet. Further, SFAS No. 150 requires disclosure regarding the terms of those instruments and settlement alternatives. The guidance in the Statement is generally effective for all financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. This Statement was adopted with no initial impact.

7. U. S. Steel has five reportable segments: Flat-rolled, Tubular, USSK, Straightline Source (Straightline) and USS Real Estate (Real Estate).

7. (Continued)

The Flat-rolled segment includes the operating results of U. S. Steel's domestic integrated steel mills and equity investees involved in the production of sheet, plate and tin mill products. These operations are principally located in the United States and primarily serve customers in the transportation (including automotive), appliance, service center, conversion, container and construction markets. Effective May 20, 2003, the Flat-rolled segment includes the operating results of Granite City, Great Lakes, the Midwest finishing facility, ProCoil and U. S. Steel's equity interest in Double G Coatings, which were acquired from National.

The Tubular segment includes the operating results of U. S. Steel's domestic tubular production facilities and prior to May 2003, included U. S. Steel's equity interest in Delta Tubular Processing (Delta). These operations produce and sell both seamless and electric resistance weld tubular products and primarily serve customers in the oil, gas and petrochemical markets. In May 2003, U. S. Steel sold its interest in Delta.

The USSK segment includes the operating results of U. S. Steel's integrated steel mill located in the Slovak Republic; a production facility in Germany; and operations under facility management and support agreements in Serbia. These operations produce and sell sheet, plate, tin, tubular, precision tube and specialty steel products, as well as coke. USSK primarily serves customers in the central and western European construction, conversion, appliance, transportation, service center, container, and oil, gas and petrochemical markets. In June 2003, USSK sold its equity interest in Rannila Kosice, s.r.o.

The Straightline segment includes the operating results of U. S. Steel's technology-enabled distribution business that serves steel customers primarily in the eastern and central United States. Straightline competes in the steel service center marketplace using a nontraditional business process to sell, process and deliver flat-rolled steel products in small to medium sized order quantities primarily to job shops, contract manufacturers and original equipment manufacturers across an array of industries.

The Real Estate segment includes the operating results of U. S. Steel's domestic mineral interests that are not assigned to other operating units; timber properties; and residential, commercial and industrial real estate that is managed or developed for sale or lease. In April of 2003, U. S. Steel sold certain coal seam gas interests in Alabama. Prior to the sale, income generated from these interests was reported in the Real Estate segment.

All other U. S. Steel businesses not included in reportable segments are reflected in Other Businesses. In the second quarter of 2003, these businesses were involved in the production and sale of coal, coke and iron-bearing taconite pellets; transportation services; and engineering and consulting services. Effective May 20, 2003, Other Businesses include the operating results of the taconite pellet operations and the Delray Connecting Railroad, which were acquired from National. Effective with the USM sale on June 30, 2003, Other Businesses are no longer involved in the production and sale of coal.

7. (Continued)

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measure being income (loss) from operations. Income (loss) from operations for reportable segments and Other Businesses does not include net interest and other financial costs, the income tax provision (benefit), or items not allocated to segments. Information on segment assets is not disclosed as it is not reviewed by the chief operating decision maker.

The accounting principles applied at the operating segment level in determining income (loss) from operations are generally the same as those applied at the consolidated financial statement level. Intersegment sales and transfers for some operations are accounted for at cost, while others are accounted for at market-based prices, and are eliminated at the corporate consolidation level. All corporate-level selling, general and administrative expenses and costs related to certain former businesses are allocated to the reportable segments and Other Businesses based on measures of activity that management believes are reasonable.

The results of segment operations for the second quarter of 2003 and 2002 are:

<TABLE>
<CAPTION>

(In millions)	Flat-rolled	Tubular	USSK	Straight-line	Real Estate	Total Reportable Segments
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Second Quarter 2003						
Revenues and other income:						
Customer	$ 1,397	$ 140	$ 467	$ 35	$ 24	$ 2,063
Intersegment	50	-	2	-	2	54
Equity income (loss)(a)	5	-	1	-	-	6
Other	2	5	2	-	3	12
Total	$ 1,454	$ 145	$ 472	$ 35	$ 29	$ 2,135
Income (loss) from operations	$ (68)	$ (4)	$ 67	$ (18)	$ 17	$ (6)
Second Quarter 2002						
Revenues and other income:						
Customer	$ 1,063	$ 143	$ 300	$ 19	$ 16	$ 1,541
Intersegment	49	-	-	-	2	51
Equity income (loss)(a)	2	-	-	-	-	2
Other	(1)	-	2	-	4	5
Total	$ 1,113	$ 143	$ 302	$ 19	$ 22	$ 1,599
Income (loss)						

from operations	$ (26)	$ 6	$ 26	$ (9)	$ 12
$ 9					

(a) Represents equity in earnings (losses) of unconsolidated investees.

UNITED STATES STEEL CORPORATION
SELECTED NOTES TO FINANCIAL STATEMENTS (Continued)
(Unaudited)

7. (Continued)

(In millions)	Total Reportable Segments	Other Businesses	Reconciling Items	Total Corp.
Second Quarter 2003				
Revenues and other income:				
Customer	$ 2,063	$ 248	$ -	$ 2,311
Intersegment	54	262	(316)	-
Equity income (loss)(a)	6	(4)	(11)	(9)
Other	12	1	47	60
Total	$ 2,135	$ 507	$ (280)	$ 2,362
Income (loss) from operations	$ (6)	$ 12	$ 36	$ 42
Second Quarter 2002				
Revenues and other income:				
Customer	$ 1,541	$ 220	$ -	$ 1,761
Intersegment	51	265	(316)	-
Equity income (loss)(a)	2	(1)	6	7
Other	5	1	33	39
Total	$ 1,599	$ 485	$ (277)	$ 1,807
Income (loss) from operations	$ 9	$ 23	$ 15	$ 47

(a) Represents equity in earnings (losses) of unconsolidated investees.

The following is a schedule of reconciling items for the second quarter of 2003 and 2002:

	Revenues	Income (Loss)

(In millions)	2003	2002	2003	And From Other Income Operations 2002
Elimination of intersegment revenues	$ (316)	$(316)	*	*
Items not allocated to segments:				
Income from sale of coal seam gas interests	34	-	$ 34	$ -
Gain on sale of coal mining assets	13	-	13	-
Asset impairments	(11)	-	(11)	(14)
Federal excise tax refund	-	33	-	33
Pension settlement loss	-	-	-	(10)
Insurance recoveries related to USS-POSCO fire	-	6	-	6
	36	39	36	15
Total reconciling items	$ (280)	$(277)	$ 36	$ 15

* Elimination of intersegment revenues is offset by the elimination of intersegment cost of revenues within income (loss) from operations at the corporate consolidation level.

7. (Continued)

The results of segment operations for the six months of 2003 and 2002 are:

(In millions)	Flat-rolled	Tubular	USSK	Straight-line	Real Estate	Total Reportable Segments
Six Months 2003						
Revenues and other income:						
Customer	$ 2,452	$ 276	$ 893	$ 60	$ 51	$ 3,732
Intersegment	102	-	7	-	5	114
Equity income (loss)(a)	10	-	1	-	-	11
Other	8	5	2	-	4	19
Total	$ 2,572	$ 281	$ 903	$ 60	$ 60	

$ 3,876					
Income (loss) from operations	$ (108)	$ (9)	$ 131	$ (33)	$ 30
$ 11					
Six Months 2002					
- ---------------					
Revenues and other income:					
Customer	$ 1,989	$ 267	$ 501	$ 25	$ 31
$ 2,813					
Intersegment	87	-	-	-	4
91					
Equity income (loss)(a)	(9)	-	1	-	-
(8)					
Other	(1)	-	3	-	4
6					

Total	$ 2,066	$ 267	$ 505	$ 25	$ 39
$ 2,902					
Income (loss) from operations	$ (100)	$ 9	$ 25	$ (17)	$ 22
$ (61)					

(a) Represents equity in earnings (losses) of unconsolidated investees.

7. (Continued)

(In millions)	Total Reportable Segments	Other Businesses	Reconciling Items	Total Corp.
Six Months 2003				
- ---------------				
Revenues and other income:				
Customer	$ 3,732	$ 477	$ -	$ 4,209
Intersegment	114	419	(533)	-
Equity income (loss)(a)	11	(8)	(11)	(8)
Other	19	2	47	68
	-------	-------	-------	-------
Total	$ 3,876	$ 890	$ (497)	$ 4,269
	=======	=======	=======	=======
Income (loss) from operations	$ 11	$ (24)	$ 11	$ (2)
	=======	=======	=======	=======
Six Months 2002				
- ---------------				
Revenues and other income:				

Customer	$ 2,813	$ 379	$ - $ 3,192
Intersegment	91	451	(542) -
Equity income (loss)(a)	(8)	(1)	18 9
Other	6	1	33 40
Total	$ 2,902	$ 830	$ (491) $ 3,241
Income (loss) from operations	$ (61)	$ 12	$ 35 $ (14)

(a) Represents equity in earnings (losses) of unconsolidated investees.

The following is a schedule of reconciling items for the six months of 2003 and 2002:

	Revenues And Other Income		Income (Loss) From Operations	
(In millions)	2003	2002	2003	2002
Elimination of intersegment revenues	$ (533)	$ (542)	*	*
Items not allocated to segments:				
Income from sale of coal seam gas interests	34	-	$ 34	$-
Gain on sale of coal mining assets	13	-	13	-
Litigation items	-	-	(25)	9
Asset impairments	(11)	-	(11)	(14)
Federal excise tax refund	-	33	-	33
Pension settlement loss	-	-	-	(10)
Insurance recoveries related to USS-POSCO fire	-	18	-	18
Costs related to Fairless shutdown	-	-	-	(1)
	36	51	11	35
Total reconciling items	$ (497)	$ (491)	$ 11	$ 35

* Elimination of intersegment revenues is offset by the elimination of intersegment cost of revenues within income (loss) from operations at the corporate consolidation level.

8. On April 25, 2003, U. S. Steel sold certain coal seam gas interests in Alabama for net cash proceeds of approximately $34 million, which was reflected in other income.

In the second quarter of 2002, U. S. Steel recognized a pretax gain of $33 million associated with the recovery of black lung excise taxes that were paid on coal export sales during the period 1993 through 1999. This gain is included in other income in the statement of operations and resulted from a 1998 federal district court decision that found such taxes to be unconstitutional. Of the $33 million recognized, $10 million represents the interest component of the gain.

9. Net interest and other financial costs include amounts related to the remeasurement of USSK's net monetary assets into the U.S. dollar, which is USSK's functional currency. During the second quarter and six months of 2003, net gains of $2 million and net losses of $3 million, respectively, were recorded as compared with a net gain of $13 million in the second quarter and six months of 2002.

10. Income from investees for the second quarter and six months of 2003 included an impairment charge of $11 million due to an other than temporary decline in value of a cost method investment. Income from investees for the second quarter and six months of 2002 included pretax gains of $6 million and $18 million, respectively, for U. S. Steel's share of insurance recoveries related to the May 31, 2001 fire at the USS-POSCO joint venture.

11. Total comprehensive income (loss) was $(48) million for the second quarter of 2003, $35 million for the second quarter of 2002, $(86) million for the six months of 2003 and $(48) million for the six months of 2002.

12. The income tax benefit in the six months of 2003 reflected an estimated annual effective tax rate of approximately 57%. Additionally, a $4 million deferred tax benefit relating to the reversal of a state valuation allowance was included in the six months of 2003.

The tax benefit in the six months of 2003 is based on an estimated annual effective rate, which requires management to make its best estimate of annual forecasted pretax income (loss) for the year. During the year, management regularly updates forecast estimates based on changes in various factors such as prices, shipments, product mix, plant operating performance, cost estimates and pension issues. To the extent that actual pretax results for domestic and foreign income in 2003 vary from forecast estimates applied at the end of the most recent interim period, the actual tax benefit recognized in 2003 could be materially different from the forecasted annual tax benefit as of the end of the second quarter.

12. (Continued)

As of June 30, 2003, U. S. Steel had net federal and state deferred tax assets of $61 million and $20 million, respectively. Although U. S. Steel has experienced domestic losses in the current and prior year, management believes that it is more likely than not that tax planning strategies generating at least $200 million in future taxable income can be utilized to realize the deferred tax assets. Tax planning strategies include the implementation of the previously announced plan to dispose of nonstrategic assets, as well as the ability to elect alternative tax accounting methods. However, the amount of the realizable deferred tax assets at June 30, 2003, could be adversely affected to the extent losses continue in the future or if future events affect the ability to implement tax planning strategies.

The income tax benefit in the six months of 2002 reflected an estimated annual effective tax rate of approximately 24%. The tax benefit also included a $4 million deferred tax charge related to a newly enacted state tax law.

The Slovak Income Tax Act provides an income tax credit which is available to USSK if certain conditions are met. In order to claim the tax credit in any year, 60% of USSK's sales must be export sales and USSK must reinvest the tax credits claimed in qualifying capital expenditures during the five years following the year in which the tax credit is claimed. The provisions of the Slovak Income Tax Act permit

USSK to claim a tax credit of 100% of USSK's tax liability for years 2000 through 2004 and 50% for the years 2005 through 2009. Management believes that USSK fulfilled all of the necessary conditions for claiming the tax credit for the years for which it was claimed and anticipates meeting such requirements in 2003. As a result of claiming these tax credits and management's intent to reinvest earnings in foreign operations, virtually no income tax provision is recorded for USSK income.

13. In February 2003, U. S. Steel sold 5 million shares of 7% Series B Mandatory Convertible Preferred Shares (liquidation preference $50 per share) (Series B Preferred) for net proceeds of $242 million. The Series B Preferred have a dividend yield of 7%, a 20% conversion premium (for an equivalent conversion price of $15.66 per common share) and will mandatorily convert into shares of U. S. Steel common stock on June 15, 2006. The net proceeds of the offering were used for general corporate purposes and to fund a portion of the cash purchase price for the acquisition of National's assets. The number of common shares that could be issued upon conversion of the 5 million shares of Series B Preferred ranges from approximately 16.0 million shares to 19.2 million shares, based upon the timing of the conversion and the average market price of U. S. Steel's common stock.

14. Revenues from related parties and receivables from related parties primarily reflect sales of steel products, raw materials, transportation services and fees for providing various management and other support services to equity and certain other investees. Generally, transactions are conducted under long-term market-based contractual arrangements.

Receivables from related parties at June 30, 2003 and December 31, 2002, also included $28 million due from Marathon Oil Corporation (Marathon) for tax settlements in accordance with the tax sharing agreement.

Long-term receivables from related parties at June 30, 2003 and December 31, 2002, reflect amounts due from Marathon related to contractual reimbursements for the retirement of participants in the non-qualified employee benefit plans. These amounts will be paid by Marathon as participants retire.

Accounts payable to related parties reflect balances due to PRO-TEC Coating Company (PRO-TEC) under an agreement whereby U. S. Steel provides marketing, selling and customer service functions, including invoicing and receivables collection, for PRO-TEC. U. S. Steel, as PRO-TEC's exclusive sales agent, is responsible for credit risk associated with the receivables. Payables to PRO-TEC under the agreement were $59 million and $42 million at June 30, 2003 and December 31, 2002, respectively.

Accounts payable to related parties at both June 30, 2003 and December 31, 2002, also included amounts related to the purchase of outside processing services from equity investees and the net present value of the second and final $37.5 million installment of contingent consideration payable to VSZ a.s. related to the acquisition of USSK, which was paid in July 2003.

15. Inventories are carried at the lower of cost or market. Cost of inventories is determined primarily under the last-in, first-out (LIFO) method.

<TABLE>
<CAPTION>

	(In millions)
	June 30 2003
December 31 2002	
<S>	<C>

Raw materials	$ 265	$ 228
Semi-finished products	665	472
Finished products	478	271
Supplies and sundry items	60	59
Total	$1,468	$1,030

</TABLE>

Costs of revenues increased by $1 million in the six months of 2003 and 2002, as a result of liquidations of LIFO inventories.

UNITED STATES STEEL CORPORATION
SELECTED NOTES TO FINANCIAL STATEMENTS (Continued)

(Unaudited)

16. Net income (loss) per common share was calculated by adjusting net income (loss) for dividend requirements of preferred stock and is based on the weighted average number of common shares outstanding during the quarter.

Diluted net income (loss) assumes the exercise of stock options and conversion of preferred stock, provided in each case, the effect is dilutive. For the second quarters ended June 30, 2003 and 2002, the potential common stock related to employee options to purchase 6,908,455 shares and 5,068,902 shares of common stock, respectively, and 15,964,000 shares applicable to the conversion of preferred stock at June 30, 2003, have been excluded from the computation of diluted net income (loss) because their effect was antidilutive. For the six months ended June 30, 2003 and 2002, the potential common stock related to employee options to purchase 5,071,016 shares and 6,945,967 shares of common stock, respectively, and 12,436,044 shares applicable to the conversion of preferred stock at June 30, 2003, have been excluded from the computation of diluted net income (loss) because their effect was antidilutive.

17. On May 20, 2003, U. S. Steel entered into a new revolving credit facility that provides for borrowings of up to $600 million that replaced a similar $400 million facility entered into on November 30, 2001. The new facility, which is secured by a lien on U. S. Steel's inventory and receivables (to the extent not sold under the Receivables Purchase Agreement) expires in May 2007 and contains a number of covenants that require lender consent to incur debt or make capital expenditures above certain limits; sell assets used in the production of steel or steel products or incur liens on assets; and limit dividends and other restricted payments if the amount available for borrowings drops below certain levels. The facility also contains a fixed charge coverage ratio, calculated as the ratio of operating cash flow to cash charges as defined in the agreement, which effectively reduces availability by $100 million if not met. At June 30, 2003, $556 million was available under this facility.

At June 30, 2003, USSK had no borrowings against its $10 million short-term credit facility or against its $40 million long-term facility. At June 30, 2003, $46 million was available under these facilities as a result of customs guarantees issued against the short-term credit facility.

At June 30, 2003, in the event of a change in control of U. S. Steel, debt obligations totaling $1,335 million may be declared immediately due and payable. In such event, U. S. Steel may also be required to either repurchase the leased Fairfield slab caster for $86 million or provide a letter of credit to secure the remaining obligation.

In May 2003, U. S. Steel issued $450 million of Senior Notes due May 15, 2010 (9 3/4% Senior Notes). These notes have a coupon interest rate of 9 3/4% per annum payable semi-annually on May 15 and November 15, commencing November 15, 2003. The 9 3/4% Senior Notes were issued under U. S. Steel's shelf registration statement and were not listed on any national securities exchange. Proceeds from the sale of the 9 3/4% Senior Notes were used to finance a portion of the purchase price to

acquire National's assets. In 2001, U. S. Steel issued $535 million of 10 3/4% Senior Notes. As of June 30, 2003, the aggregate principal amount of 9 3/4% and 10 3/4% Senior Notes outstanding was $450 million and $535 million, respectively.

17. (Continued)

In conjunction with issuing the 9 3/4 Senior Notes, U. S. Steel solicited the consent of the holders of the 10 3/4% Senior Notes to modify certain terms of the notes to conform to the terms of the 9 3/4% Senior Notes. Those conforming changes modified the definitions of Consolidated Net Income, EBITDA and Like-Kind Exchange, permitted dividend payments on the 7.00% Series B Mandatory Convertible Preferred Shares and expanded permitted investments to include loans made for the purpose of facilitating like-kind exchange transactions. U. S. Steel received the consent from holders of more than 90% of the principal amount of the 10 3/4% Senior Notes and the amendments were effective May 20, 2003.

The 9 3/4% and 10 3/4% Senior Notes impose certain restrictions that limit U. S. Steel's ability to, among other things: incur debt; pay dividends or make other payments from its subsidiaries; issue and sell capital stock of its subsidiaries; engage in transactions with affiliates; create liens on assets to secure indebtedness; transfer or sell assets; and consolidate, merge or transfer all or substantially all of U. S. Steel's assets or the assets of its subsidiaries.

U. S. Steel was in compliance with all of its debt covenants at June 30, 2003.

18. On May 19, 2003, U. S. Steel entered into an amendment to the Receivables Purchase Agreement, which increased fundings under the facility to the lesser of eligible receivables or $500 million. During the six months ended June 30, 2003, U. S. Steel Receivables LLC (USSR) sold to conduits and subsequently repurchased $175 million of revolving interest in accounts receivable under the Receivables Purchase Agreement. During the six months ended June 30, 2002, USSR sold to conduits and subsequently repurchased $255 million of revolving interest in accounts receivable. As of June 30, 2003, $500 million was available to be sold under this facility.

USSR pays the conduits a discount based on the conduits' borrowing costs plus incremental fees. During the three and six months ended June 30, 2003, U. S. Steel incurred costs on the sale of its receivables of $1 million. During the three and six months ended June 30, 2002, U. S. Steel incurred costs of $1 million and $2 million, respectively, on the sale of its receivables.

While the term of the facility is five years, the facility also terminates on the occurrence and failure to cure certain events, including, among others, certain defaults with respect to the Inventory Facility and other debt obligations, any failure of USSR to maintain certain ratios related to the collectibility of the receivables, and failure to extend the commitments of the commercial paper conduits' liquidity providers which currently terminate on November 26, 2003.

19. U. S. Steel is the subject of, or party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. Certain of these matters are discussed below. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the consolidated financial statements. However, management believes that U. S. Steel will remain a viable and competitive enterprise even though it is possible that these

contingencies could be resolved unfavorably.

U. S. Steel accrues for estimated costs related to existing lawsuits, claims and proceedings when it is probable that it will incur these costs in the future.

ASBESTOS MATTERS - U. S. Steel is a defendant in a large number of cases in which approximately 14,000 claimants actively allege injury resulting from exposure to asbestos including approximately 200 who allege they are suffering from mesothelioma. Almost all these cases involve multiple plaintiffs and multiple defendants. These claims fall into three major groups: (1) claims made under certain federal and general maritime laws by employees of the Great Lakes Fleet or Intercoastal Fleet, former operations of U. S. Steel; (2) claims made by persons who performed work at U. S. Steel facilities (referred to as "premises claims"); and (3) claims made by industrial workers allegedly exposed to an electrical cable product formerly manufactured by U. S. Steel. On March 28, 2003, a jury in Madison County, Illinois returned a verdict against U. S. Steel related to an asbestos lawsuit for $50 million in compensatory damages and $200 million in punitive damages. U. S. Steel believes that the plaintiff's exclusive remedy was provided by the Indiana workers' compensation law and this issue and other errors at trial would have enabled U. S. Steel to succeed on appeal. However, in order to avoid the delay and uncertainties of further litigation and posting an appeal bond equal to the amount of the verdict, U. S. Steel settled this case for an amount substantially less than the compensatory damages award, which represented a small fraction of the total award. This settlement was reflected in the first quarter 2003 results.

While it is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings, the Company believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position.

PROPERTY TAXES - U. S. Steel is a party to several property tax disputes involving its Gary Works property in Indiana, including claims for refunds totaling approximately $65 million pertaining to tax years 1994-96 and 1999, and assessments totaling approximately $133 million in excess of amounts paid for the 2000, 2001 and 2002 tax years. In addition, interest may be imposed upon any final assessment. The disputes involve property values and tax rates and are in various stages of administrative appeal. U. S. Steel is vigorously defending against the assessments and pursuing its claims for refunds.

ENVIRONMENTAL MATTERS - U. S. Steel is subject to federal, state, local and foreign laws and regulations relating to the environment. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for noncompliance. Accrued liabilities for remediation totaled $140 million and $135 million at June 30, 2003 and December 31, 2002, respectively. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties that may be imposed.

19. (Continued)

For a number of years, U. S. Steel has made substantial capital expenditures to bring existing facilities into compliance with various laws relating to the environment. In the six months of 2003 and for the years 2002 and 2001, such capital expenditures totaled $7 million, $14 million and $15 million, respectively. U. S. Steel anticipates making additional such expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

Throughout its history, U. S. Steel has sold numerous properties and businesses and has provided various indemnifications with respect to many of the assets that were sold. These indemnifications have been associated with the condition of the property, the approved use, certain representations and warranties, matters of title and environmental matters. While the vast majority of indemnifications have not covered environmental issues, there have been a few transactions in which U. S. Steel indemnified the buyer for non-compliance with past, current and

future environmental laws related to existing conditions; however, most recent indemnifications are of a limited nature only applying to non-compliance with past and/or current laws. Some indemnifications only run for a specified period of time after the transactions close and others run indefinitely. The amount of potential liability associated with these transactions is not estimable due to the nature and extent of the unknown conditions related to the properties sold. Aside from approximately $15 million of liabilities already recorded as a result of these indemnifications due to specific environmental remediation cases (included in the $140 million of accrued liabilities for remediation discussed above), there are no other known liabilities related to these indemnifications.

GUARANTEES - Guarantees of the liabilities of unconsolidated entities of U. S. Steel totaled $30 million at June 30, 2003, including $7 million related to an equity interest acquired as part of the National asset purchase, and $27 million at December 31, 2002. In the event that any defaults of guaranteed liabilities occur, U. S. Steel has access to its interest in the assets of the investees to reduce potential losses resulting from these guarantees. As of June 30, 2003, the largest guarantee for a single such entity was $15 million, which represents the maximum exposure to loss under a guarantee of debt service payments of an equity investee. No liability has been recorded for these guarantees.

CONTINGENCIES RELATED TO SEPARATION FROM MARATHON - U. S. Steel was contingently liable for debt and other obligations of Marathon in the amount of approximately $75 million at June 30, 2003, compared to $168 million at December 31, 2002. In the event of the bankruptcy of Marathon, these obligations for which U. S. Steel is contingently liable may be declared immediately due and payable. If such event occurs, U. S. Steel may not be able to satisfy such obligations. No liability has been recorded for these contingencies as management believes the likelihood of occurrence is remote.

19. (Continued)

If the Separation is determined to be a taxable distribution of the stock of U. S. Steel, but there is no breach of a representation or covenant by either U. S. Steel or Marathon, U. S. Steel would be liable for any resulting taxes (Separation No-Fault Taxes) incurred by Marathon. U. S. Steel's indemnity obligation for Separation No-Fault Taxes survives until the expiration of the applicable statute of limitations. The maximum potential amount of U. S. Steel's indemnity obligation for Separation No-Fault Taxes at June 30, 2003 and December 31, 2002, was estimated to be approximately $90 million. No liability has been recorded for this indemnity obligation as management believes that the likelihood of the Separation being determined to be a taxable distribution of the stock of U. S. Steel is remote.

OTHER CONTINGENCIES - U. S. Steel is contingently liable to its Chairman and Chief Executive Officer for a $3 million retention bonus. The bonus is payable upon the earlier of his retirement from active employment or December 31, 2004, and is subject to certain performance measures.

Under certain operating lease agreements covering various equipment, U. S. Steel has the option to renew the lease or to purchase the equipment at the end of the lease term. If U. S. Steel does not exercise the purchase option by the end of the lease term, U. S. Steel guarantees a residual value of the equipment as determined at the lease inception date (totaling approximately $53 million at June 30, 2003 and $51 million at December 31, 2002). No liability has been recorded for these guarantees as either management believes that the potential recovery of value from the equipment when sold is greater than the residual value guarantee, or the potential loss is not probable and/or estimable.

MINING SALE - U. S. Steel remains secondarily liable in the event that PinnOak triggers a withdrawal within five years of the closing date from the multiemployer pension plan that covers employees of the coal mining business. A withdrawal is triggered when annual contributions to the plan are substantially less than contributions made in prior years. The maximum exposure for the fee that would be assessed upon a withdrawal is $79 million. U. S. Steel recorded the fair value of this liability as of June 30, 2003. U. S. Steel has agreed to indemnify PinnOak for certain environmental matters, which are included in the environmental matters

discussion.

TRANSTAR REORGANIZATION - The 2001 reorganization of Transtar was intended to be tax-free for federal income tax purposes, with U. S. Steel and Transtar Holdings, L.P. (Holdings) agreeing through various representations and covenants to protect the reorganization's tax-free status. If the reorganization is determined to be taxable, but there is no breach of a representation or covenant by either U. S. Steel or Holdings, U. S. Steel is liable for 44% of any resulting Holdings taxes (Transtar No-Fault Taxes), and Holdings is responsible for 56% of any resulting U. S. Steel taxes. U. S. Steel's indemnity obligation for Transtar No-Fault Taxes survives until 30 days after the expiration of the applicable statute of limitations. The maximum potential amount of U. S. Steel's indemnity obligation for Transtar No-Fault Taxes at June 30, 2003 and December 31, 2002, was estimated to be approximately $70 million. No liability has been recorded for this indemnity obligation as management believes that the likelihood of the reorganization being determined to be taxable is remote. U. S. Steel can recover all or a portion of any indemnified Transtar No-Fault Taxes if Holdings receives a future tax benefit as a result of the Transtar reorganization being taxable.

19. (Continued)

CLAIRTON 1314B PARTNERSHIP - U. S. Steel has a commitment to fund operating cash shortfalls of the partnership of up to $150 million. Additionally, U. S. Steel, under certain circumstances, is required to indemnify the limited partners if the partnership product sales fail to qualify for the credit under Section 29 of the Internal Revenue Code. This indemnity will effectively survive until the expiration of the applicable statute of limitations. The maximum potential amount of this indemnity obligation at June 30, 2003 and December 31, 2002, including interest and tax gross-up, was approximately $600 million. Furthermore, U. S. Steel under certain circumstances has indemnified the partnership for environmental obligations. See discussion of environmental matters above. The maximum potential amount of this indemnity obligation is not estimable. Management believes that the $150 million deferred gain related to the partnership, which is recorded in deferred credits and other liabilities, is more than sufficient to cover any probable exposure under these commitments and indemnifications.

SELF-INSURANCE - U. S. Steel is self-insured for certain exposures including workers' compensation, auto liability and general liability, as well as property damage and business interruption, within specified deductible and retainage levels. Certain equipment that is leased by U. S. Steel is also self-insured within specified deductible and retainage levels. Liabilities are recorded for workers' compensation and personal injury obligations. Other costs resulting from self-insured losses are charged against income upon occurrence.

U. S. Steel uses surety bonds, trusts and letters of credit to provide whole or partial financial assurance for certain obligations such as workers' compensation. The total amount of active surety bonds, trusts and letters of credit being used for financial assurance purposes was approximately $120 million as of June 30, 2003 and $144 million as of December 31, 2002, which reflects U. S. Steel's maximum exposure under these financial guarantees, but not its total exposure for the underlying obligations. Most of the trust arrangements and letters of credit are collateralized by restricted cash that is recorded in other noncurrent assets.

COMMITMENTS - At June 30, 2003 and December 31, 2002, U. S. Steel's domestic contract commitments to acquire property, plant and equipment totaled $35 million and $24 million, respectively.

USSK has a commitment to the Slovak government for a capital improvements program of $700 million, subject to certain conditions, over a period commencing with the acquisition date of November 24, 2000, and ending on December 31, 2010. The remaining commitments under this capital improvements program as of June 30, 2003 and December 31, 2002, were $504 million and $541 million, respectively.

U. S. Steel entered into a 15-year take-or-pay arrangement in 1993, which requires it to accept pulverized coal each month or pay a minimum

monthly charge of approximately $1 million. If U. S. Steel elects to terminate the contract early, a maximum termination payment of $79 million as of June 30, 2003, which declines over the duration of the agreement, may be required.

UNITED STATES STEEL CORPORATION
SELECTED NOTES TO FINANCIAL STATEMENTS (Continued)
(Unaudited)

20. On March 31, 2003, U. S. Steel Balkan d.o.o., a wholly owned Serbian subsidiary of U. S. Steel, agreed to purchase out of bankruptcy, Serbian steel producer Sartid a.d. and six of its subsidiaries for a purchase price of $23 million. The transaction is targeted for completion during the third quarter of 2003, subject to the resolution of matters arising in Sartid's bankruptcy proceedings.

In an associated agreement, which will become effective upon the completion of the acquisition, U. S. Steel Balkan committed to future spending of up to $150 million over five years for working capital and the repair, rehabilitation, improvement, modification and upgrade of the facilities. A portion of this spending is subject to certain conditions related to Sartid's commercial operations, cash flow and viability. U. S. Steel Balkan will conduct economic development activities over the course of three years and spend no less than $1.5 million on these efforts, and has agreed to support community, charitable and sport activities in a total amount of not less than $5 million during the three-year period following closing of the transaction. In addition, U. S. Steel Balkan has agreed to refrain from layoffs for a period of three years. The agreement also requires U. S. Steel Balkan to obtain the consent of the Serbian government prior to a transfer of a controlling interest of Sartid within five years of the closing date.

UNITED STATES STEEL CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(Unaudited)

<TABLE>
<CAPTION>

Six Months Ended June 30		Year Ended December 31				
2003	2002	2002	2001	2000	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
(a)	(b)	1.04	(c)	1.05	2.10	5.15

</TABLE>

(a) Earnings did not cover combined fixed charges and preferred stock dividends by $70 million.
(b) Earnings did not cover combined fixed charges and preferred stock dividends by $66 million.
(c) Earnings did not cover combined fixed charges and preferred stock dividends by $598 million.

UNITED STATES STEEL CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited)

<TABLE>
<CAPTION>

Six Months Ended June 30		Year Ended December 31				
2003	2002	2002	2001	2000	1999	1998
(a)	(b)	1.04	(c)	1.13	2.33	5.89

</TABLE>

(a) Earnings did not cover fixed charges by $60 million.
(b) Earnings did not cover fixed charges by $66 million.
(c) Earnings did not cover fixed charges by $586 million.

UNITED STATES STEEL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

On May 20, 2003, United States Steel Corporation (U. S. Steel) acquired substantially all of the integrated steelmaking assets of National Steel Corporation (National). See Note 3 of Selected Notes to Financial Statements for information regarding the acquisition. The facilities that were acquired included two integrated steel plants, Granite City in Granite City, Illinois, and Great Lakes in Ecorse and River Rouge, Michigan; the Midwest finishing facility in Portage, Indiana; ProCoil in Canton, Michigan; a 50% equity interest in Double G Coatings, L.P. near Jackson, Mississippi; the taconite pellet operations in Keewatin, Minnesota; and the Delray Connecting Railroad.

Granite City has an annual raw steel production capability of approximately 2.8 million tons. Principal products include hot-rolled, hot-dipped galvanized and Galvalume(R) steel.

Great Lakes has an annual raw steel production capability of approximately 3.8 million tons. Principal products include hot-rolled, cold-rolled, electrolytic galvanized and hot dip galvanized.

The Midwest facility finishes hot-rolled bands. Principal products include tin mill products, hot dip galvanized and Galvalume(R) steel, cold-rolled and electrical lamination steels.

ProCoil slits and cuts steel coils to desired specifications, provides laser welding services and warehouses material to service automotive market customers.

Double G Coatings, L.P. is a 300,000 ton per year hot dip galvanizing and Galvalume(R)facility.

The taconite pellet operations are located on the western end of the Mesabi Iron Ore Range and have a current annual effective iron ore pellet capacity of over five million gross tons.

The acquisition of the assets of National (National Acquisition) increased U. S. Steel's domestic and total annual raw steel production capability to 19.4 million tons and 24.4 million tons, respectively, making it the largest domestic integrated producer and the sixth largest in the world based upon raw steel production.

On June 30, 2003, U. S. Steel completed the sale of the coal mines and related assets of U. S. Steel Mining Company, LLC (Mining Sale). See Note 4 of Selected Notes to Financial Statements for details regarding the sale.

U. S. Steel has five reportable segments: Flat-rolled Products (Flat-rolled), Tubular Products (Tubular), U. S. Steel Kosice (USSK), Straightline Source (Straightline) and USS Real Estate (Real Estate). Businesses not included in the reportable segments are reflected in Other Businesses. The National acquisition changed the composition of the Flat-rolled segment and Other Businesses as described below, but did not result in a change in U. S.

Steel's reportable segments. Effective with the Mining Sale, Other Businesses are no longer involved in the production and sale of coal.

Prior to December 31, 2001, the businesses of U. S. Steel comprised an operating unit of USX Corporation, now named Marathon Oil Corporation (Marathon). On December 31, 2001, U. S. Steel was capitalized through the issuance of 89.2 million shares of common stock to holders of USX-U. S. Steel Group common stock (Steel Stock) in exchange for all outstanding shares of Steel Stock on a one-for-one basis (the Separation).

Effective with the first quarter of 2002, following the Separation, U. S. Steel established a new internal financial reporting structure, which resulted in a change in reportable segments from Domestic Steel and USSK to Flat-rolled, Tubular and USSK. In addition, U. S. Steel revised the presentation of several items of income and expense within income (loss) from reportable segments. Net pension credits, costs related to former businesses and administrative expenses previously not reported at the segment level are now directly charged or allocated to the reportable segments and Other Businesses. Effective with the fourth quarter of 2002, the Straightline and Real Estate reportable segments, which were previously reflected in Other Businesses, were added. The presentation of Straightline and Real Estate as separate segments resulted from the application of quantitative threshold tests under Statement of Financial Accounting Standards (SFAS) No. 131 rather than from any fundamental change in the management or structure of the businesses. The composition of the Flat-rolled, Tubular and USSK segments remained unchanged from prior periods. Comparative results for 2002 have been conformed to the current year presentation.

The Flat-rolled segment includes the operating results of U. S. Steel's domestic integrated steel mills and equity investees involved in the production of sheet, plate and tin mill products. These operations are principally located in the United States and primarily serve customers in the transportation (including automotive), appliance, service center, conversion, container, and construction markets. Effective May 20, 2003, the Flat-rolled segment includes the operating results of Granite City, Great Lakes, the Midwest finishing facility, ProCoil and U. S. Steel's equity interest in Double G Coatings, which were acquired from National.

The Tubular segment includes the operating results of U. S. Steel's domestic tubular production facilities and, prior to May 2003, included U. S. Steel's equity interest in Delta Tubular Processing (Delta). These operations produce and sell both seamless and electric resistance weld tubular products and primarily serve customers in the oil, gas and petrochemical markets. In May 2003, U. S. Steel sold its interest in Delta.

The USSK segment includes the operating results of U. S. Steel's integrated steel mill located in the Slovak Republic, a production facility in Germany, and operations under facility management and support agreements in Serbia. These operations produce and sell sheet, plate, tin, tubular, precision tube and specialty steel products, as well as coke. USSK primarily serves customers in the central and western European construction, conversion, appliance, transportation, service center, container, and oil, gas and petrochemical markets. In June 2003, USSK sold its equity interest in Rannila Kosice, s.r.o.

The Straightline segment includes the operating results of U. S. Steel's technology-enabled distribution business that serves steel customers primarily in the eastern and central United States. Straightline competes in the steel service center marketplace using a nontraditional business process to sell, process and deliver flat-rolled steel products in small to medium sized order quantities primarily to job shops, contract manufacturers and original equipment manufacturers across an array of industries.

The Real Estate segment includes the operating results of U. S. Steel's

domestic mineral interests that are not assigned to other operating units; timber properties; and residential, commercial and industrial real estate that is managed or developed for sale or lease. In April 2003, U. S. Steel sold certain coal seam gas interests in Alabama. Prior to the sale, income generated from these interests was reported in the Real Estate segment.

All other U. S. Steel businesses not included in reportable segments are reflected in Other Businesses. In the second quarter of 2003, these businesses were involved in the production and sale of coal, coke and iron-bearing taconite pellets; transportation services; and engineering and consulting services. Effective May 20, 2003, Other Businesses include the operating results of the taconite pellet operations and the Delray Connecting Railroad, which were acquired from National. Effective with the Mining Sale on June 30, 2003, Other Businesses are no longer involved in the production and sale of coal.

Certain sections of Management's Discussion and Analysis include forward-looking statements concerning trends or events potentially affecting the businesses of U. S. Steel. These statements typically contain words such as "anticipates," "believes," "estimates," "expects," "intends" or similar words indicating that future outcomes are not known with certainty and are subject to risk factors that could cause these outcomes to differ significantly from those projected. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors, that could cause future outcomes to differ materially from those set forth in forward-looking statements. For discussion of risk factors affecting the businesses of U. S. Steel, see Supplementary Data -- Disclosures About Forward-Looking Statements in the U. S. Steel Annual Report on Form 10-K for the year ended December 31, 2002.

Results of Operations
- ---------------------

REVENUES AND OTHER INCOME was $2,362 million in the second quarter of 2003, compared with $1,807 million in the same quarter last year. Revenues and other income for the first six months of 2003 totaled $4,269 million, compared with $3,241 million in the first six months of 2002. The increases in both periods primarily reflected higher shipment volumes for domestic sheet and tin products, due in large part to the National Acquisition, increased prices and shipment volumes for USSK and increased prices for domestic sheet products. The improvements also reflected increased shipments of slabs, higher prices and volumes on commercial coke shipments and increased shipments for Straightline. Other income in the second quarter and first six months of 2003 included $34 million from the sale of the coal seam gas interests. Other income in the second quarter and first six months of 2002 included $33 million from a Federal excise tax refund.

INCOME (LOSS) FROM OPERATIONS for U. S. Steel for the second quarter and first six months of 2003 and 2002 is set forth in the following table:

<TABLE>
<CAPTION>

(Dollars in millions)	Second Quarter Ended June 30 2003	2002	Six Months Ended June 30 2003	2002
<S>	<C>	<C>	<C>	<C>
Flat-rolled	$(68)	$(26)	$(108)	$(100)
Tubular	(4)	6	(9)	9
USSK	67	26	131	25
Straightline	(18)	(9)	(33)	(17)
Real Estate	17	12	30	22

Total income (loss) from reportable segments	(6)	9	11
Other Businesses	12	23	(24)
Income (Loss) from operations before items not allocated to segments	6	32	(13)
Items not allocated to segments:			
Litigation items	-	-	(25)
Asset impairments	(11)	(14)	(11)
Pension settlement loss	-	(10)	-
Costs related to Fairless shutdown	-	-	-
Income from sale of coal seam gas interests	34	-	34
Gain on sale of coal mining assets	13	-	13
Federal excise tax refund	-	33	-
Insurance recoveries related to USS-POSCO fire	-	6	-
Total income (loss) from operations	$ 42	$ 47	$ (2)

</TABLO>

SEGMENT RESULTS FOR FLAT-ROLLED

The segment loss for Flat-rolled was $68 million in the second quarter of 2003, compared with a loss of $26 million in the same quarter of 2002. Flat-rolled had a loss of $108 million in the first six months of 2003, compared with a loss of $100 million in the same period in 2002. The increased losses in both periods mainly resulted from higher employee benefit costs, increased prices for natural gas and costs for scheduled repair outages at Gary Works, partially offset by higher sheet shipments, including the effects of the National Acquisition, and higher average realized prices for sheet products. The National Acquisition resulted in 624,000 tons of additional shipments for both 2003 periods.

SEGMENT RESULTS FOR TUBULAR

The segment loss for Tubular was $4 million in the second quarter of 2003, compared with income of $6 million in the same quarter last year. Tubular reported a loss of $9 million for the first six months of 2003, compared with income of

$9 million in the first six months of 2002. The declines resulted primarily from increased employee benefit costs, higher natural gas prices, increased labor costs and lower average realized prices for seamless products. These were partially offset by income from the sale of U. S. Steel's interest in Delta.

SEGMENT RESULTS FOR USSK

Segment income for USSK was $67 million in the second quarter of 2003, compared with income of $26 million in the second quarter of 2002. For the first half of 2003, USSK recorded income of $131 million, compared with income of $25 million in the corresponding period in 2002. The improvements in both periods were primarily due to higher average realized prices, which were due to favorable exchange rate effects and partial collection of announced price increases, as well as increased shipment volumes. Shipments included those realized under toll conversion agreements with Sartid a.d. in Serbia (Sartid). These improvements were partially offset by the unfavorable effect on costs of foreign exchange rate changes, and costs associated with conversion and facility management agreements with Sartid due mainly to operating and maintenance

expenses required under such agreements.

SEGMENT RESULTS FOR STRAIGHTLINE

The Straightline segment loss was $18 million in the second quarter 2003, compared to a $9 million loss in the year earlier quarter. Straightline's loss for the first six months of 2003 was $33 million, compared with a loss of $17 million in the same period last year. The increased losses resulted mainly from higher 2003 sales volumes at negative margins. The negative margins were largely due to selling higher-priced inventories purchased in the second half of 2002.

SEGMENT RESULTS FOR REAL ESTATE

Segment income for Real Estate was $17 million in the second quarter of 2003, compared with income of $12 million in the second quarter of 2002. Real Estate income for the first six months of 2003 was $30 million, compared with $22 million in the comparable 2002 period. The increases in both periods were primarily due to increased coal seam gas royalties.

RESULTS FOR OTHER BUSINESSES

Income for Other Businesses in the second quarter of 2003 was $12 million, compared with income of $23 million in the second quarter of 2002. The decline was mainly due to higher employee benefit costs and lower results for iron ore and coal operations, partially offset by improved results for coke operations. For the first six months of 2003, Other Businesses generated a loss of $24 million, compared with income of $12 million in the year earlier period. The decline primarily reflected increased employee benefit costs and losses at iron ore operations, partially offset by improved results for coke operations. Iron ore operations in both 2003 periods were negatively affected by higher natural gas prices, while coke operations benefited from increased selling prices for coke oven gas consumed by Flat-rolled units.

PENSION AND OTHER POSTRETIREMENT BENEFIT COSTS

Pension and other postretirement benefit costs, which are included in income (loss) from operations, were $63 million and $130 million for the second quarter and first six months of 2003, respectively, compared to $16 million and $24 million for the corresponding periods of 2002. The changes were primarily due to lower plan assets, reduced asset return assumptions, a lower discount rate, increased medical claim costs and a higher assumed escalation trend applied to those claim costs.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses included in income (loss) from operations were $142 million for the second quarter of 2003, compared to $100 million in the second quarter of 2002. Selling, general and administrative expenses totaled $271 million for the first six months of 2003, compared with $171 million in the first six months of 2002. The increases in 2003 were primarily due to the increases in pension and other postretirement benefit costs as previously discussed, and higher expenses at USSK due mainly to the unfavorable effects of foreign currency exchange rate differences and increased business development expenses. These were partially offset by the favorable effect of the absence in 2003 of the impairment of retiree medical cost reimbursements receivable from Republic, which occurred in the second quarter of 2002.

ITEMS NOT ALLOCATED TO SEGMENTS:

LITIGATION ITEMS resulted in a charge of $25 million in the first six months of 2003 and a credit of $9 million in the first six months of 2002.

ASSET IMPAIRMENTS of $11 million in the second quarter and first six months of 2003 resulted from U. S. Steel's impairment of a cost method investment. Asset impairments in the second quarter and first six months of 2002 were for charges to establish reserves against retiree medical cost reimbursements owed by Republic.

PENSION SETTLEMENT LOSS was related to retirements of personnel covered under the non tax-qualified excess and supplemental pension plans for executive and senior management.

COSTS RELATED TO FAIRLESS SHUTDOWN resulted from the permanent shutdown of the pickling, cold-rolling and tin mill facilities at the Fairless Plant in the fourth quarter of 2001.

INCOME FROM SALE OF COAL SEAM GAS INTERESTS resulted from the sale in April 2003 of certain coal seam gas interests in Alabama, which were included in the Real Estate segment prior to the sale.

GAIN ON SALE OF COAL MINING ASSETS resulted from the Mining Sale.

FEDERAL EXCISE TAX REFUND represents the recovery of black lung excise taxes that were paid on coal export sales during the period 1993 through 1999. During the second quarter of 2002, U. S. Steel received cash and recognized pre-tax income of $33 million, which was included in other income on the statement of operations. Of the $33 million received, $10 million represented interest. The refunds resulted from a 1998 federal district court decision that found such taxes to be unconstitutional.

INSURANCE RECOVERIES RELATED TO USS-POSCO FIRE represent U. S. Steel's share of insurance recoveries in excess of facility repair costs for the cold-rolling mill fire at USS-POSCO, which occurred in May 2001.

NET INTEREST AND OTHER FINANCIAL COSTS were $42 million in the second quarter of 2003, compared with $19 million during the same period in 2002. Net interest and other financial costs in the first six months of 2003 were $80 million, compared with $53 million in the same period in 2002. The increases in 2003 primarily reflected unfavorable changes in foreign currency effects. These effects were primarily due to remeasurement of USSK net monetary assets into the U.S. dollar, which is the functional currency, and resulted in a net gain of $2 million and a net loss of $3 million in the second quarter and first six months of 2003, respectively. These compared to net gains of $13 million in the second quarter and first six months of 2002. The increases also reflected interest on the new 9 3/4% senior notes that were issued in May 2003. For discussion, see "Liquidity".

The BENEFIT FOR INCOME TAXES in the second quarter of 2003 was $3 million, compared with a provision of $1 million in the second quarter last year. The benefit for income taxes in the first six months of 2003 was $52 million, compared with a benefit of $11 million in the first six months of 2002.

The income tax benefit in the six months of 2003 reflected an estimated annual effective tax rate of approximately 57%. Additionally, a $4 million deferred tax benefit relating to the reversal of a state valuation allowance was included in the six months of 2003.

The tax benefit in the six months of 2003 is based on an estimated annual effective rate, which requires management to make its best estimate of annual forecasted pretax income (loss) for the year. During the year, management regularly updates forecast estimates based on changes in various factors such as prices, shipments, product mix, plant operating performance, cost estimates and pension issues. An annual forecasted pretax loss from domestic operations, which includes a charge of approximately $500 million for planned workforce reductions under the Transition Assistance Program and the related remeasurement of pension plans for the second half of 2003, and pretax income from USSK have been included in the development of U. S. Steel's estimated annual effective tax rate for 2003 as of June 30, 2003. To the extent that actual pretax results for domestic and foreign income in 2003 vary from forecast estimates applied at the end of the most recent interim period, the actual tax benefit recognized in 2003 could be materially different from the forecasted annual tax benefit as of the end of the second quarter.

As of June 30, 2003, U. S. Steel had net federal and state deferred tax assets of $61 million and $20 million, respectively, which are expected to increase during the remainder of the year. Although U. S. Steel has experienced domestic losses in the current and prior year, management believes that it is more likely than not that tax planning strategies generating at least $200 million in future taxable income can be utilized to realize the deferred tax assets. Tax planning strategies include the implementation of the previously announced plan to dispose of nonstrategic assets, as well as the ability to elect alternative tax accounting methods to provide future taxable income to assure realization of the anticipated deferred tax assets. The company has identified additional tax planning strategies that will

permit the recognition of anticipated deferred tax assets in the second half of 2003 resulting from the charges described above. However, the amount of the realizable deferred tax assets at June 30, 2003, and those expected to be recognized in the second half of the year could be adversely affected to the extent that losses continue in the future or if future events affect the ability to implement tax planning strategies.

The income tax benefit in the six months of 2002 reflected an estimated annual effective tax rate of approximately 24%. The tax benefit also included a $4 million deferred tax charge related to a newly enacted state tax law.

The Slovak Income Tax Act provides an income tax credit, which is available to USSK if certain conditions are met. In order to claim the tax credit in any year, 60% of USSK's sales must be export sales and USSK must reinvest the tax credits claimed in qualifying capital expenditures during the five years following the year in which the tax credit is claimed. The provisions of the Slovak Income Tax Act permit USSK to claim a tax credit of 100% of USSK's tax liability for years 2000 through 2004 and 50% for the years 2005 through 2009. Management believes that USSK fulfilled all of the necessary conditions for claiming the tax credit for the years for which it was claimed and anticipates meeting such requirements in 2003. As a result of claiming these tax credits and management's intent to reinvest earnings in foreign operations, virtually no income tax provision is recorded for USSK income.

In October 2002, a tax credit limit was negotiated by the Slovak government as part of the Accession Treaty governing the Slovak Republic's entry into the European Union (EU). The Treaty limits to $500 million the total tax credit to be granted to USSK during the period 2000 through 2009. The impact of the tax credit limit is expected to be minimal since Slovak tax laws have been modified and tax rates have been reduced since the acquisition of USSK. The Treaty also places limits upon total production and export sales to the EU, allowing for modest growth during the period covered by the investment incentive. The limits upon export sales to the EU take effect upon the Slovak Republic's entry into the EU, which is expected to occur in May 2004. A question has recently arisen with respect to the effective date of the production limits. Slovak Republic representatives have stated their belief that the Treaty intended that these limits take effect upon entry into the EU, whereas the European Commission has taken the position that the production limitations apply as of 2002. Discussions between representatives of the Slovak Republic and the European Commission are ongoing. At this time it is not possible to predict the outcome of those discussions or the impact upon the results of USSK.

The EXTRAORDINARY LOSS, NET OF TAX resulted from the Mining Sale, which ended U. S. Steel's production of coal and resulted in the recognition of the present value of obligations related to a multiemployer health care benefit plan created by the Coal Industry Retiree Health Benefit Act of 1992. The recognition of these obligations, which totaled $85 million, resulted in an extraordinary loss of $52 million, net of tax benefits of $33 million.

The CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, NET OF TAX was a charge of $5 million in the first quarter of 2003, and resulted from the adoption on January 1, 2003, of Statement of Financial Accounting Standards (SFAS) No. 143, "Accounting for Asset Retirement Obligations."

U. S. STEEL'S NET LOSS was $49 million in the second quarter of 2003, compared with net income of $27 million in the second quarter of 2002. U. S. Steel's net loss in the first six months of 2003 was $87 million, compared with a net loss of $56 million in the same period in 2002. The declines primarily reflected the factors discussed above.

Operating Statistics
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Flat-rolled shipments of 3.2 million tons for the second quarter of 2003 increased about 25 percent from the second quarter 2002, and 31 percent from the first quarter of 2003. Flat-rolled shipments of 5.6 million tons in the first six months of 2003 increased about 15 percent from the prior year period. Flat-rolled shipments were favorably affected by the National Acquisition, which contributed shipments of 624,000 tons during the second quarter. Tubular shipments of 211,000 tons for the second quarter of 2003 decreased about 3

percent from the same period in 2002, and increased 2 percent from the first quarter of 2003. For the first half of 2003, Tubular shipments of 417,000 tons were up approximately 3 percent from the first half of 2002. At USSK, second quarter 2003 shipments of 1.2 million net tons were up about 10 percent from second quarter 2002 shipments and up slightly from shipments in the first quarter of 2003. USSK shipments for the first six months of 2003 totaled 2.4 million net tons, an increase of 29 percent from the same period last year. USSK's shipments included those realized under toll conversion agreements with Sartid. USSK's shipments in the first half of 2002 were negatively affected by a blast furnace outage in the first quarter.

Raw steel capability utilization for domestic facilities and USSK in the second quarter of 2003 averaged 84.5 percent and 96.5 percent, respectively, compared with 93.9 percent and 95.5 percent in the second quarter of 2002 and 91.7 percent and 97.3 percent in the first quarter of 2003. Raw steel capability utilization for domestic facilities and USSK in the first six months of 2003 averaged 87.7 percent and 96.9 percent, respectively, compared with 93.0 percent and 85.0 percent in the first six months of 2002. Capability utilization for domestic facilities in the second quarter and first six months of 2003 was negatively affected by a scheduled repair outage at Gary Works for U. S. Steel's largest blast furnace. USSK's capability utilization in the first six months of 2002 was negatively affected by the blast furnace outage mentioned in the preceding paragraph.

Balance Sheet
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CASH AND CASH EQUIVALENTS of $145 million at June 30, 2003, decreased $98 million from year-end 2002. For details, see cash flow discussion.

RECEIVABLES, LESS ALLOWANCE FOR DOUBTFUL ACCOUNTS increased $428 million from year-end 2002, primarily due to the effects of the National Acquisition and higher prices and shipment volumes for USSK. The increase also reflects the $55 million receivable from National as a result of the working capital adjustment determination associated with the National Acquisition.

INVENTORIES increased $438 million from December 31, 2002, due mainly to the addition of the National facilities.

PROPERTY, PLANT AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION increased $519 million from December 31, 2002, mainly reflecting the addition of the National facilities.

OTHER INTANGIBLE ASSETS, NET of $48 million were acquired from National and were comprised primarily of proprietary software.

ACCOUNTS PAYABLE of $934 million at June 30, 2003, increased $257 million from year-end 2002, mainly due to the addition of the National facilities and increased operating levels as compared to late 2002.

PAYROLL AND BENEFITS PAYABLE increased $88 million from December 31, 2003, mainly due to obligations related to active employees at the acquired National facilities.

LONG-TERM DEBT, LESS UNAMORTIZED DISCOUNT increased by $438 million from year-end 2002 primarily due to the issuance of $450 million of 9 3/4% senior notes in May 2003. For discussion, see "Liquidity."

EMPLOYEE BENEFITS increased $374 million from year-end 2002, mainly as the result of liabilities related to active employees at the acquired National facilities and regular benefit accruals in excess of corporate cash payments.

PREFERRED STOCK increased by $242 million from December 31, 2002, due to an offering of 5 million shares of 7% Series B Mandatory Convertible Preferred Stock (Series B Preferred) that was completed in February 2003.

Cash Flow
- ---------

NET CASH PROVIDED FROM OPERATING ACTIVITIES was $168 million for the first six months of 2003, compared with net cash used in operating activities of $107 million in the same period of 2002. The improvement resulted from increased income after adjusting for non-cash items and lower working capital requirements.

CAPITAL EXPENDITURES in the first six months of 2003 were $132 million,

compared with $104 million in the same period in 2002. Major domestic projects in the first six months of 2003 included the quench and temper line project at Lorain Tubular. Major projects at USSK in the first six months of 2003 included a new dynamo line, the sinter plant dedusting project and the installation of additional tin mill facilities.

U. S. Steel's domestic contract commitments to acquire property, plant and equipment at June 30, 2003, totaled $35 million compared with $24 million at December 31, 2002.

USSK has a commitment to the Slovak government for a capital improvements program of $700 million, subject to certain conditions, over a period commencing with the acquisition date of November 24, 2000, and ending on December 31, 2010. The remaining commitments under this capital improvements program as of June 30, 2003, and December 31, 2002, were $504 million and $541 million, respectively.

Capital expenditures for 2003 are expected to be approximately $330 million, including approximately $110 million for USSK and $30 million for the acquired National facilities. U. S. Steel broadly estimates that average annual capital expenditures for the acquired National facilities will be between $75 million and $100 million.

DISPOSAL OF ASSETS in the first six months of 2003 consisted mainly of proceeds from the Mining Sale and the sale of Delta.

SALE OF COAL SEAM GAS INTERESTS reflected cash received for the sale of certain coal seam gas interests in Alabama.

ACQUISITION OF NATIONAL ASSETS resulted from $844 million paid at closing and $28 million of transaction costs.

RESTRICTED CASH - WITHDRAWALS of $41 million in the first six months of 2003 were due primarily to funds withdrawn from a property exchange trust and utilized for the National acquisition.

RESTRICTED CASH - DEPOSITS of $66 million in the first six months of 2003 included the deposit of $35 million from certain property sales into a property exchange trust. The balance for 2003 and $53 million in the corresponding 2002 period were mainly used to collateralize letters of credit to meet financial assurance requirements.

ISSUANCE OF LONG-TERM DEBT resulted from the issuance of $450 million of 9 3/4% senior notes in May 2003, net of deferred financing costs associated with the notes and the new inventory facility. For discussion, see "Liquidity."

SETTLEMENT WITH MARATHON of $54 million in the first six months of 2002 reflected a cash payment made during the first quarter in accordance with the terms of the Separation.

PREFERRED STOCK ISSUED in the first six months of 2003 reflected net proceeds from the offering of 5 million shares of Series B Preferred.

COMMON STOCK ISSUED in the first six months of 2003 and 2002 reflected proceeds from stock sales to the U. S. Steel Corporation Savings Fund Plan for Salaried Employees and sales through the Dividend Reinvestment and Stock Purchase Plan. Common stock issued in the first six months of 2002 also reflected $192 million of net proceeds from U. S. Steel's equity offering completed in May 2002.

DIVIDENDS PAID in the first six months of 2003 were $16 million, compared with $9 million in the same period in 2002. Payments in both periods reflected the quarterly dividend rate of five cents per common share established by U. S. Steel after the Separation. Dividends paid in 2003 also included a dividend of 1.206 cents per share for the Series B Preferred, which reflected dividends accrued from the date of issuance through June 15, 2003.

For discussion of restrictions on future dividend payments, see "Liquidity."

Liquidity

In November 2001, U. S. Steel entered into a five-year Receivables Purchase Agreement with financial institutions. U. S. Steel established a wholly owned subsidiary, U. S. Steel Receivables LLC (USSR), which is a consolidated special-purpose, bankruptcy-remote entity that acquires, on a daily basis, eligible trade receivables generated by U. S. Steel and certain of its subsidiaries. USSR can sell an undivided interest in these receivables to certain commercial paper conduits. USSR pays the conduits a discount based on the conduits' borrowing costs plus incremental fees, certain of which are determined by credit ratings of U. S. Steel.

On May 19, 2003, U. S. Steel entered into an amendment to the Receivables Purchase Agreement, which increased fundings under the facility to the lesser of eligible receivables or $500 million. Eligible receivables exclude certain obligors, amounts in excess of defined percentages for certain obligors, and amounts past due or due beyond a defined period. In addition, eligible receivables are calculated by deducting certain reserves, which are based on various determinants including concentration, dilution and loss percentages, as well as the credit ratings of U. S. Steel. As of June 30, 2003, U. S. Steel had $500 million of eligible receivables, none of which were sold.

In addition, on May 20, 2003, U. S. Steel entered into a new four-year revolving credit facility that provides for borrowings of up to $600 million secured by all domestic inventory and related assets (Inventory Facility), including receivables other than those sold under the Receivables Purchase Agreement. The Inventory Facility replaced a similar $400 million facility entered into on November 30, 2001. The new facility expires in May 2007 and contains a number of covenants that require lender consent to incur debt, or make capital expenditures above certain limits; to sell assets used in the production of steel or steel products or incur liens on assets; and to limit dividends and other restricted payments if the amount available for borrowings drops below certain levels. The Inventory Facility also contains a fixed charge coverage ratio, calculated as the ratio of operating cash flow to cash charges as defined in the agreement of not less than 1.25 times on the last day of any fiscal quarter. This coverage ratio must be met if availability, as defined in the agreement, is less than $100 million. As of June 30, 2003, $556 million was available to U. S. Steel under the Inventory Facility.

In July 2001, U. S. Steel issued $385 million of 10 3/4% senior notes due August 1, 2008 (10 3/4% Senior Notes), and in September 2001, U. S. Steel issued an additional $150 million of 10 3/4% Senior Notes. As of June 30, 2003, the aggregate principal amount of 10 3/4% Senior Notes outstanding was $535 million.

In May 2003, U. S. Steel sold $450 million of new senior notes due May 15, 2010 (9 3/4% Senior Notes). These notes have an interest rate of 9 3/4% per annum payable semi-annually on May 15 and November 15, commencing November 15, 2003. The 9 3/4% Senior Notes were issued under U. S. Steel's outstanding universal shelf registration statement and are not listed on any national securities exchange. Proceeds from the sale of the 9 3/4% Senior Notes were used to finance a portion of the purchase price for the National Acquisition.

In conjunction with issuing the 9 3/4% Senior Notes, U. S. Steel solicited the consent of the 10 3/4% Senior Note holders to conform certain terms of the 10 3/4% Senior Notes to the terms of the 9 3/4% Senior Notes. Those conforming changes modified the definitions of Consolidated Net Income, EBITDA and Like-Kind Exchange, permitted dividend payments on the Series B Preferred shares and expanded permitted investments to include loans made for the purpose of facilitating like-kind exchange transactions. U. S. Steel received the consent from holders of more than 90% of the principal amount of the 10 3/4% Senior Notes and the amendments were effective May 20, 2003.

The 10 3/4% Senior Notes and the 9 3/4% Senior Notes (together the Senior Notes) impose very similar limitations on U. S. Steel's ability to make restricted payments. Restricted payments under the indentures include the declaration or payment of dividends on capital stock; the purchase, redemption or other acquisition or retirement for value of capital stock; the retirement of

any subordinated obligations prior to their scheduled maturity; and the making of any investments other than those specifically permitted under the indentures. In order to make restricted payments, U. S. Steel must satisfy certain requirements, which include a consolidated coverage ratio based on EBITDA and consolidated interest expense for the four most recent quarters. In addition, the total of all restricted payments made since the 10 3/4% Senior Notes were issued, excluding up to $50 million of dividends paid on common stock through the end of 2003, cannot exceed the cumulative cash proceeds from the sale of capital stock and certain investments plus 50% of consolidated net income from October 1, 2001, through the most recent quarter-end treated as one accounting period, or, if there is a consolidated net loss for the period, less 100% of such consolidated net loss. A complete description of the requirements and defined terms such as restricted payments, EBITDA and consolidated net income can be found in the indenture for the 10 3/4% Senior Notes that was filed as Exhibit 4(f) to U. S Steel's Annual Report on Form 10-K for the year ended December 31, 2001. The amended indenture for the 10 3/4% Senior Notes and the Officer's Certificate for the 9 3/4% Senior Notes were filed as Exhibit 4.2 and Exhibit 4.1, respectively, to U. S. Steel's Current Report on Form 8-K dated May 20, 2003.

As of June 30, 2003, U. S. Steel met the consolidated coverage ratio and had almost $300 million of availability to make restricted payments under the calculation described in the preceding paragraph. Also, exclusive of any limitations imposed, U. S. Steel can declare and (i) make payment of dividends on the Series B Preferred and (ii) make aggregate dividend payments on common stock of up to $12 million from July 1, 2003 through the end of 2003. In addition, U. S. Steel has the ability to make other restricted payments of up to $28 million as of June 30, 2003, which could also be used for dividend payments. U. S. Steel's ability to declare and pay dividends or make other restricted payments in the future is subject to U. S. Steel's ability to continue to meet the consolidated coverage ratio and have amounts available under the calculation or one of the exclusions just discussed.

The Senior Notes also impose other significant restrictions on U. S. Steel such as the following: limits on additional borrowings, including limiting the amount of borrowings secured by inventories or accounts receivable; limits on sale/leasebacks; limits on the use of funds from asset sales and sale of the stock of subsidiaries; and restrictions on U. S. Steel's ability to invest in joint ventures or make certain acquisitions.

If these covenants are breached or if U. S. Steel fails to make payments under its material debt obligations or the Receivables Purchase Agreement, creditors would be able to terminate their commitments to make further loans, declare their outstanding obligations immediately due and payable and foreclose on any collateral, and it may also cause termination events to occur under the Receivables Purchase Agreement and a default under the Senior Notes. Additional indebtedness that U. S. Steel may incur in the future may also contain similar covenants, as well as other restrictive provisions. Cross-default and cross-acceleration clauses in the Receivables Purchase Agreement, the Inventory Facility, the Senior Notes and any future additional indebtedness could have an adverse effect upon U. S. Steel's financial position and liquidity.

U. S. Steel was in compliance with all of its debt covenants at June 30, 2003.

On May 6, 2003, Moody's Investors Service reduced its ratings assigned to U. S. Steel's senior unsecured debt from Ba3 to B1 and assigned a stable outlook, and Fitch Ratings reduced its ratings from BB to BB- and assigned a negative outlook. On May 7, 2003, Standard & Poor's Ratings Services reduced its ratings assigned to U. S. Steel's senior unsecured debt from BB to BB- and assigned a negative outlook.

U. S. Steel has utilized surety bonds, trusts and letters of credit to provide financial assurance for certain transactions and business activities. The total amount of active surety bonds, trusts and letters of credit currently being used for financial assurance purposes is approximately $120 million. Events over the last two years have caused major changes in the surety bond market including significant increases in surety bond premiums and reduced market capacity. These factors, together with U. S. Steel's non-investment grade credit rating, have caused U. S. Steel to replace some surety bonds with other forms of financial assurance. The use of other forms of financial assurance and collateral have a negative impact on liquidity. U. S. Steel expects to use approximately $45 million to $60 million of liquidity sources for financial assurance purposes during 2003, depending upon the requirements of the various

authorities involved. During the first six months, U. S. Steel used $26 million of the estimated total for 2003. These amounts include requirements for the acquired National facilities.

The very high property taxes at U. S. Steel's Gary Works facility in Indiana continue to be detrimental to Gary Work's competitive position, both when compared to competitors in Indiana and with other steel facilities in the United States and abroad. U. S. Steel is a party to several property tax disputes involving Gary Works, including claims for refunds totaling approximately $65 million pertaining to tax years 1994-96 and 1999 and assessments totaling approximately $133 million in excess of amounts paid for the 2000, 2001 and 2002 tax years. In addition, interest may be imposed upon any final assessment. The disputes involve property values and tax rates and are in various stages of administrative appeal. U. S. Steel is vigorously defending against the assessments and pursuing its claims for refunds. See discussion in "Outlook" regarding recently enacted Indiana property tax legislation that will affect U. S. Steel's tax expense in future periods. The legislation has no impact on the property taxes for past periods that are currently being disputed.

U. S. Steel was contingently liable for debt and other obligations of Marathon in the amount of $75 million as of June 30, 2003. In the event of the bankruptcy of Marathon, these obligations for which U. S. Steel is contingently liable, as well as obligations relating to Industrial Development and Environmental Improvement Bonds and Notes in the amount of $471 million that were assumed by U. S. Steel from Marathon, may be declared immediately due and payable. If that occurs, U. S. Steel may not be able to satisfy such obligations. In addition, if Marathon loses its investment grade ratings, certain of these obligations will be considered indebtedness under the Senior Notes indentures and for covenant calculations under the Inventory Facility. This occurrence could prevent U. S. Steel from incurring additional indebtedness under the Senior Notes or may cause a default under the Inventory Facility.

The following table summarizes U. S. Steel's liquidity as of June 30, 2003:

<TABLE>
<CAPTION>
(Dollars in millions)

<S>	<C>
Cash and cash equivalents	$ 145
Amount available under Receivables Purchase Agreement	500
Amount available under Inventory Facility	556
Amounts available under USSK credit facilities	46
Total estimated liquidity	$1,247

</TABLE>

U. S. Steel's liquidity has increased by $216 million since December 31, 2002, primarily reflecting the sale of the 9 3/4% Senior Notes, net proceeds of $242 million from U. S. Steel's offering of Series B Preferred and increased availability under the Receivables Purchase Agreement and the Inventory Facility, partially offset by cash used for the National Acquisition.

The following table summarizes U. S. Steel's incremental contractual obligations resulting primarily from the National Acquisition and the effect such obligations are expected to have on U. S. Steel's liquidity and cash flow in future periods. These obligations are in addition to those disclosed on page 44 of U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2002.

<TABLE>
<CAPTION>

(Dollars in millions)

Contractual Obligations	Total	Payments Due by Period 2003	2004 through 2005	2006 through 2007	Beyond 2007
<S>	<C>	<C>	<C>	<C>	<C>
Capital leases	4	2	2	-	-
Operating leases	159	24	73	62	-
Capital commitments(a)	2	2	-	-	-
Environmental commitments(a)	6	6	-	-	-
Multiemployer pension obligations(b)	12	6	6	-	-
Other post-retirement benefits	(c)	45	45	20	(c)
Total contractual obligations	(c)	85	126	82	(c)

</TABLE>

(a) See Note 19 of Selected Notes to Financial Statements.
(b) Amount reflects two cash contributions to be made to the Steelworkers Pension Trust based on the number of National's represented employees as of the date of the acquisition, less the number of these employees estimated to participate in the Transition Assistance Program. The table does not reflect future cash contributions to be made to this trust based on contributory hours.
(c) Amount of contractual cash obligations is not determinable because other post-retirement benefit cash obligations are not estimable beyond five years.

Contingent lease payments have been excluded from the above table. Contingent lease payments relate to operating lease agreements that include a floating rental charge, which is associated to a variable component. Future contingent lease payments are not determinable to any degree of certainty. U. S. Steel's annual incurred contingent lease expense is disclosed in Note 17 to the Financial Statements in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2002. Additionally, recorded liabilities related to deferred income taxes and other liabilities that may have an impact on liquidity and cash flow in future periods are excluded from the above table.

Defined benefit pension obligations have been excluded from the above table. In 2003, U. S. Steel intends to merge its pension plan for union employees and its pension plan for nonunion employees. Preliminary valuations indicate that the merged plan will not require cash funding for the 2003 or 2004 plan years. Thereafter, annual funding requirements are broadly estimated to be $75 million per year. U. S. Steel may also make voluntary contributions in one or more future periods in order to mitigate potentially larger required contributions in later years. Any such funding requirements could have an unfavorable impact on U. S. Steel's debt covenants, borrowing arrangements and cash flows. The funded status of U. S. Steel's pension plans is disclosed in Note 12 to the Financial Statements in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2002. Also, contributions to the trust administered by the USWA to assist National retirees with health care costs have been excluded from the above table as it is not possible to make an accurate prediction of cash requirements.

The following table summarizes U. S. Steel's incremental commercial commitments resulting primarily from the National Acquisition and the Mining Sale, and the effect such commitments could have on U. S. Steel's liquidity and cash flow in future periods. These commitments are in addition to those disclosed on page 45 of U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2002.

<TABLE>
<CAPTION>
(Dollars in millions)

Commercial Commitments	Total	Scheduled Reductions by Period 2003	2004 through 2005	2006 through 2007	Beyond 2007
<S>	<C>	<C>	<C>	<C>	<C>
Standby letters of credit(a)	14	-	14	-	-
Funded Trusts(a)	2	-	2	-	-
Guarantees of indebtedness of unconsolidated entities(a)	7	2	3	-	2
Contingent liabilities:					
- Unconditional purchase obligations(b)	733	76	271	169	217
Total commercial commitments	756	78	290	169	219

</TABLE>
(a) Reflects a commitment or guarantee for which future cash outflow is not considered likely.
(b) Reflects contractual purchase commitments ("take or pay" arrangements) primarily for purchases of certain energy and coal sources, and computer programming services.

U. S. Steel management believes that U. S. Steel's liquidity will be adequate to satisfy its obligations for the foreseeable future, including obligations to complete currently authorized capital spending programs. Future requirements for U. S. Steel's business needs, including the funding of acquisitions and capital expenditures, debt service for outstanding financings, and any amounts that may ultimately be paid in connection with contingencies, are expected to be financed by a combination of internally generated funds (including asset sales), proceeds from the sale of stock, borrowings and other external financing sources. However, there is no assurance that our business will generate sufficient operating cash flow or that external financing sources will be available in an amount sufficient to enable us to service or refinance our indebtedness or to fund other liquidity needs. If there is a prolonged delay in the recovery of the manufacturing sector of the U.S. economy, U. S. Steel believes that it can maintain adequate liquidity through a combination of deferral of nonessential capital spending, sales of non-strategic assets and other cash conservation measures.

U. S. Steel management's opinion concerning liquidity and U. S. Steel's ability to avail itself in the future of the financing options mentioned in the above forward-looking statements are based on currently available information. To the extent that this information proves to be inaccurate, future availability of financing may be adversely affected. Factors that could affect the availability of financing include the performance of U. S. Steel (as measured by various factors including cash provided from operating activities), levels of inventories and accounts receivable, the state of worldwide debt and equity markets, investor perceptions and expectations of past and future performance, the overall U.S. financial climate, and, in particular, with respect to borrowings, the level of U. S. Steel's outstanding debt and credit ratings by rating agencies.

Environmental Matters, Litigation and Contingencies

U. S. Steel has incurred and will continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of environmental laws and regulations. In recent years, these expenditures have been mainly for process changes in order to meet Clean Air Act obligations,

although ongoing compliance costs have also been significant. To the extent these expenditures, as with all costs, are not ultimately reflected in the prices of U. S. Steel's products and services, operating results will be adversely affected. U. S. Steel believes that its major domestic integrated steel competitors are confronted by substantially similar conditions and thus does not believe that its relative position with regard to such competitors is materially affected by the impact of environmental laws and regulations. However, the costs and operating restrictions necessary for compliance with environmental laws and regulations may have an adverse effect on U. S. Steel's competitive position with regard to domestic mini-mills and some foreign steel producers and producers of materials which compete with steel, which may not be required to undertake equivalent costs in their operations. In addition, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities and its production methods.

USSK is subject to the laws of the Slovak Republic. The environmental laws of the Slovak Republic generally follow the requirements of the European Union, which are comparable to domestic standards. USSK has also entered into an agreement with the Slovak government to bring, over time, its facilities into European Union environmental compliance.

U. S. Steel has been notified that it is a potentially responsible party (PRP) at 22 waste sites under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) as of June 30, 2003. In addition, there are 18 sites related to U. S. Steel where it has received information requests or other indications that it may be a PRP under CERCLA but where sufficient information is not presently available to confirm the existence of liability or make any judgment as to the amount thereof. There are also 37 additional sites related to U. S. Steel where remediation is being sought under other environmental statutes, both federal and state, or where private parties are seeking remediation through discussions or litigation. At many of these sites, U. S. Steel is one of a number of parties involved and the total cost of remediation, as well as U. S. Steel's share thereof, is frequently dependent upon the outcome of investigations and remedial studies. U. S. Steel accrues for environmental remediation activities when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. As environmental remediation matters proceed toward ultimate resolution or as additional remediation obligations arise, charges in excess of those previously accrued may be required.

In 1988, U. S. Steel and two other PRPs (Bethlehem Steel Corporation and William Fiore) agreed to the issuance of an administrative order by the U.S. Environmental Protection Agency (EPA) to undertake emergency removal work at the Municipal & Industrial Disposal Co. site in Elizabeth, Pa. The cost of such removal, which has been completed, was approximately $4.2 million, of which U. S. Steel paid $3.4 million. The EPA indicated that further remediation of this site would be required. In October 1991, the Pennsylvania Department of Environmental Resources (PADER) placed the site on the Pennsylvania State Superfund list and began a Remedial Investigation, which was issued in 1997. After a feasibility study by the Pennsylvania Department of Environmental Protection (PADEP) and submission of a conceptual remediation plan in 2001 by U. S. Steel, U. S. Steel submitted a revised remedial action plan on May 31, 2002. U. S. Steel and the PADEP signed a Consent Order and Agreement on August 30, 2002, under which U. S. Steel is responsible for remediation of this site. On March 18, 2003, the PADEP notified U. S. Steel that the public comment period was concluded and the Consent Order and Agreement is final.

On January 26, 1998, pursuant to an action filed by the EPA in the United States District Court for the Northern District of Indiana titled United States of America v. USX, U. S. Steel entered into a consent decree with the EPA which resolved alleged violations of the Clean Water Act National Pollution Discharge Elimination System (NPDES) permit at Gary Works and provides for a sediment remediation project for a five mile section of the Grand Calumet River that runs through and beyond Gary Works. Contemporaneously, U. S. Steel entered into a consent decree with the public trustees, which resolves potential liability for natural resource damages on the same section of the Grand Calumet River. In 1999, U. S. Steel paid civil penalties of $2.9 million for the alleged water act violations and $0.5 million in natural resource damages assessment costs. In addition, U. S. Steel will pay the public trustees $1.0 million at the end of the remediation project for future monitoring costs and U. S. Steel is obligated to purchase and restore several parcels of property that have been or will be conveyed to the trustees. During the negotiations leading up to the settlement with the EPA, capital improvements were made to upgrade plant systems

to comply with the NPDES requirements. The sediment remediation project is an approved final interim measure under the corrective action program for Gary Works. As of July 15, 2003, project costs have amounted to $43.4 million with another $3.9 million presently projected to complete the project, over the next three months. Construction began in January 2002 on a Corrective Action Management Unit (CAMU) to contain the dredged material on company property and construction was completed in February 2003. The water treatment plant, specific to this project, was completed in November 2002, and placed into operation in March 2003. Phase 1 removal of PCB-contaminated sediment was completed in December 2002. Dredging resumed in February 2003 and will continue until dredging on the river is concluded, which is expected to occur in October 2003. Closure costs for the CAMU are estimated to be an additional $4.9 million.

On March 11, 2003, Gary Works received a notice of violation from the EPA alleging construction of two desulfurization facilities without proper installation permitting. Negotiations began April 24, 2003, and the cost of settlement of this matter is currently indeterminable.

In December 1995, U. S. Steel reached an agreement in principle with the EPA and the U.S. Department of Justice (DOJ) with respect to alleged Resource Conservation and Recovery Act (RCRA) violations at Fairfield Works. A consent decree was signed by U. S. Steel, the EPA and the DOJ and filed with the United States District Court for the Northern District of Alabama (United States of America v. USX Corporation) on December 11, 1997, under which U. S. Steel will pay a civil penalty of $1.0 million, implement two Supplemental Environmental Projects (SEPs) costing a total of $1.75 million and implement a RCRA corrective action at the facility. One SEP was completed during 1998. The second SEP was completed in 2003. As of February 22, 2000, the Alabama Department of Environmental Management assumed primary responsibility for regulation and oversight of the RCRA corrective action program at Fairfield Works, with the approval of the EPA. The first Phase I RCRA Facility Investigation (RFI) work plan was approved for the site on September 16, 2002. Field sampling for the work plan commenced immediately after approval and will continue through the end of 2003. The cost to complete this study is estimated to be $770,000.

On October 23, 1998, a final Administrative Order on Consent was issued by the EPA addressing Corrective Action for Solid Waste Management Units throughout Gary Works. This order requires U. S. Steel to perform an RFI and a Corrective Measure Study at Gary Works. The Current Conditions Report, U. S. Steel's first deliverable, was submitted to the EPA in January 1997 and was approved by the EPA in 1998. Phase I RFI work plans have been approved for the Coke Plant, the Process Sewers, and Background Soils at the site, along with the approval of one self-implementing interim stabilization measure and a corrective measure. Another eight Phase I RFI work plans have been submitted for EPA approval, thereby completing the Phase I requirement, along with two Phase II RFI work plans and one further self-implementing interim stabilization measure. The costs to complete these studies and corrective measures are estimated to be $4.8 million. Until the studies are completed, it is impossible to assess what additional expenditures will be necessary.

On February 12, 1987, U. S. Steel and the PADER entered into a Consent Order to resolve an incident in January 1985 involving the alleged unauthorized discharge of benzene and other organic pollutants from Clairton Works in Clairton, Pa. That Consent Order required U. S. Steel to pay a penalty of $50,000 and a monthly payment of $2,500 for five years. In 1990, U. S. Steel and the PADER reached agreement to amend the Consent Order. Under the amended Order, U. S. Steel agreed to remediate the Peters Creek Lagoon (a former coke plant waste disposal site); to pay a penalty of $300,000; and to pay a monthly penalty of up to $1,500 each month until the former disposal site is closed. Remediation costs have amounted to $10.3 million with another $1.3 million presently estimated to complete the project.

Prior to U. S. Steel's acquisition of the Granite City, Great Lakes and Midwest facilities, the DOJ had filed against National Steel Corporation proofs of claim asserting noncompliance allegations under various environmental statutes, including the Clean Air Act, RCRA, the Clean Water Act, the Emergency Planning and Community Right to Know Act, CERCLA and the Toxic Substances Control Act at these three facilities. The EPA had conducted inspections of the facilities and entered into negotiations with National Steel Corporation toward resolving these allegations with a consent decree. U. S. Steel is currently engaged in discussions with the DOJ, the EPA and the State of Illinois related to the conditions previously noted at

these facilities. At Granite City Works, the EPA had determined that ditches and dewatering beds currently in operation were allegedly not in compliance with applicable waste oil management standards. Dredging of the ditches and dewatering beds is expected to cost $1.3 million. U. S. Steel is currently discussing with the EPA, the DOJ and the State of Illinois appropriate measures to investigate and remediate the ditches and dewatering beds. Air emissions from the steelmaking shop at Great Lakes are also under discussion. It has not been determined what, if any, corrective action may be necessary to address those emissions. Other, less significant issues are also under discussion, including Ferrous Chloride Solution handling at Granite City and Great Lakes, Spill Prevention Control and Countermeasures Plans at both facilities, RCRA training at Great Lakes and other waste handling issues.

Prior to U. S. Steel's acquisition of the Great Lakes facility it had operated under a permit for indirect discharge of wastewater to the Detroit Water and Sewerage Department (DWSD). National had reported to the DWSD violations of effluent limitations, including mercury, contained in the facility's indirect discharge to the DWSD treatment plant and had entered into a consent order with the DWSD that required improvements in plant equipment to remedy the violations. The Great Lakes facility continues to operate under a DWSD permit for this discharge and anticipates spending approximately $2.9 million to improve operating equipment to come into compliance with discharge limits in the current DWSD permit.

U. S. Steel is the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the U. S. Steel Financial Statements. However, management believes that U. S. Steel will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably to U. S. Steel.

Outlook
- -------

Looking ahead, shipments for the Flat-rolled segment are expected to exceed 3.8 million tons in the third quarter. The third quarter average realized price is expected to improve slightly from the second quarter. Third quarter natural gas prices, while higher than in last year's third quarter, are expected to be slightly lower than in this year's second quarter. Also, costs in the fourth quarter will be negatively impacted by approximately $35 million for several major planned outages. For full-year 2003, Flat-rolled shipments are expected to approximate 13.0 million net tons.

For the Tubular segment, third quarter shipments are projected to be up moderately, and the average realized price is expected to improve slightly from the second quarter. North American drilling activity picked up during the second quarter in response to higher energy prices, and continued improvements are anticipated during the remainder of 2003. Shipments for full-year 2003 are expected to be approximately 950,000 net tons. The new quench and temper line at Lorain Tubular commenced start-up early in the third quarter, and should reach full production capability by the end of the third quarter.

USSK third quarter shipments are expected to be consistent with the second quarter of 2003. Shipments for the full year, from USSK and Sartid, are projected to be approximately 5.0 million net tons, and the third quarter average realized price is expected to decline back to levels approaching the first quarter due to softening markets as Europe enters its summer holiday season. In late June, USSK started up new continuous annealing and electrolytic tinning lines, which will more than double USSK's total annual tin capability to 375,000 net tons. Full production capability should be reached in early 2004.

Straightline sales continue to increase and higher cost inventories are being reduced, but Straightline has not yet achieved the margins and volumes necessary for profitability. Straightline is implementing plans to further

increase contract sales and inventory turnover rates, and to further reduce overhead and operating costs. As a result, Straightline results should improve in the second half.

The National Acquisition and the new labor agreement with the United Steelworkers of America (USWA) covering all of U. S. Steel's domestic facilities provides U. S. Steel with an opportunity to achieve a major reduction in the cost structure of its domestic business. Near-term, U. S. Steel's operating focus is on achieving savings from its combined operating configuration, consolidating purchasing and raw materials sourcing, optimizing freight savings, and expanding U. S. Steel's comprehensive supply chain management system to support customers from the new facilities.

In addition, U. S. Steel is aggressively realigning its represented and non-represented plant workforces. The Transition Assistance Program for USWA represented employees is underway, and eligible employees will decide by mid-August whether they elect to retire. As of August 8, 2003, over 2,000 represented employees have accepted the retirement offer. The majority of the employees who accepted the offer are expected to leave the workforce by the end of October, with the remainder departing by the end of the year. U. S. Steel also launched a domestic administrative cost reduction program, which was initiated in May with a 20 percent reduction in executive management.

In total, savings from National operational synergies, workforce reductions at both U. S. Steel and former National plants, and administrative cost reduction programs are expected to exceed $400 million in annual repeatable cost savings. U. S. Steel expects to realize significant savings in the fourth quarter of 2003 and expects full implementation by year-end 2004. The future costs incurred by U. S. Steel for depreciation of the assets acquired from National and for retiree benefits for the U. S. Steel employees formerly employed by National will be approximately $200 million lower than National's historical costs for these items. These elements bring the total estimated annual reduction in U. S. Steel's combined domestic cost structure by year-end 2004 to over $600 million.

In the second half of 2003, U. S. Steel will record a pre-tax charge, broadly estimated at $500 million, in connection with the planned workforce reductions under the Transition Assistance Program for union employees, of which approximately $115 million for early retirement incentives is expected to have a cash impact in 2003. The balance is pension and other postretirement benefits curtailment losses.

U. S. Steel's underfunded benefit obligations for retiree medical and life insurance increased from $1.8 billion at year-end 2001 to $2.6 billion at year-end 2002. U. S. Steel estimates that its underfunded benefit obligation at year-end 2003 will be $2.8 billion as the favorable impact of the new labor agreement is offset by the inclusion of accruals for active employees at the acquired National facilities, a reduction in the discount rate, payments in 2003 out of the Voluntary Employee Benefit Association (VEBA) trust that U. S. Steel maintains for union retirees and the recognition of liabilities under the Coal Industry Retiree Health Benefit Act of 1992. OPEB expense is expected to increase to approximately $190 million in 2003, excluding one-time charges of approximately $50 million connected with the anticipated early retirements under the Transition Assistance Program for U. S. Steel union employees.

Also, the funded status of the defined benefit pension plans declined from an overfunded position of $1.2 billion at year-end 2001 to an underfunded position of $0.4 billion at year-end 2002. With the expected workforce reduction and certain retirement rate assumption changes, the plan, after the merger discussed below, is expected to have a year-end 2003 underfunded position of approximately $0.7 billion. Pension costs are expected to increase to approximately $105 million in 2003, assuming the workforce reduction occurs at the end of September. This amount does not include expenses for defined contribution payments to the Steelworkers Pension Trust for former National

union employees who join U. S. Steel, one-time charges related to early retirements under the Transition Assistance Program or charges related to the administrative workforce reduction. Future U. S. Steel represented employees will participate in the Steelworkers Pension Trust, and U. S. Steel anticipates that future non-union employees will participate in a defined contribution pension program. Costs for both of these future employee groups are not estimable and are not included in the amount disclosed above.

During 2003, U. S. Steel intends to merge its two major defined benefit pension plans. Pension accounting rules may require that U. S. Steel increase the additional minimum liability that was recorded at year-end. This increase would result in a non-cash net charge against equity, which is currently estimated in a range of $500 million to $600 million. The actual amount of such charge will be determined based upon facts and circumstances on the measurement date. Therefore, the result could be materially different from the estimate above. Such differences could range from a reversal of the $748 million net charge against equity that was recorded in 2002 up to an additional charge substantially greater than the range estimated above. These entries will have no impact on income.

Cash payments for retiree medical and life insurance in 2002 and 2001 totaled $212 million and $183 million, respectively. During 2002 and 2001, substantially all payments on behalf of union retirees were paid from the VEBA trust. U. S. Steel expects that all payments on behalf of union retirees will also be paid from the VEBA trust in 2003, but beginning in early 2004, corporate funds will be used for these payments. Corporate funds used for all retiree health and life benefits in 2004 and 2005, excluding multiemployer plan payments, are expected to total $230 million and $260 million, respectively.

On June 18, 2003, U. S. Steel submitted an amended offer in the third round of bidding in the privatization process for Polskie Huty Stali S.A. (PHS), Poland's largest integrated steel producer. A senior Polish official has stated that the Polish government is seeking an investor to (i) restructure PHS debt which is expected to be in an amount between $350 million and $600 million, (ii) make a capital infusion of approximately $150 million and (iii) honor the commitments made by the Polish Government to the EU concerning PHS, the most significant of which include annual capability reductions to approximately 8.0 million tons, personnel reductions, and making certain specified capital investments. U. S. Steel broadly estimates the cost of capital projects required under the EU agreement to be between $300 million and $350 million through 2006. On July 14, 2003, U. S. Steel was advised that another bidder was granted exclusivity to negotiate a purchase of PHS. U. S. Steel remains interested in acquiring PHS and will continue to monitor developments closely.

A wholly owned U. S. Steel subsidiary, U. S. Steel Balkan d.o.o. (USS Balkan), expects to purchase Serbian steel producer Sartid and six of its subsidiaries out of bankruptcy for a purchase price of $23 million in the third quarter of 2003. Sartid's production facilities include integrated facilities with annual raw steel design production capability of approximately 2.4 million net tons; however, only about a third of design capability is currently operational.

In a related agreement, which will become effective upon the completion of the acquisition, USS Balkan committed to future spending of up to $150 million over five years for working capital and the repair, rehabilitation, improvement, modification and upgrade of the facilities. A portion of this spending is subject to certain conditions related to Sartid's commercial operations, cash flow and viability. In addition, USS Balkan has agreed to refrain from layoffs for a period of three years. Sartid has approximately 9,000 employees. The agreement requires USS Balkan to obtain the consent of the Serbian government prior to a sale, transfer or assignment of a controlling interest of Sartid within five years of the closing date. USS Balkan will conduct economic development activities over the course of three years and spend no less than $1.5 million on these efforts, and has agreed to support community, charitable and sport activities in a total amount of not less than $5 million during the three-year period following closing of the transaction.

Legislation enacted in Indiana in April 2003 permits certain steel companies and refinery operations to claim additional depreciation on older facilities for Indiana property tax reporting. As a result of this legislation, U. S. Steel is projected to realize a reduction in Gary Works' property tax expenses of approximately $11 million in 2003 compared with 2002. This reduction does not fully address the detrimental impact of property taxes on Gary Works' competitive position, both when compared to competitors in Indiana and with other steel facilities in the United States and abroad.

U. S. Steel continues to pursue the sale of its remaining mineral interests that are managed by Real Estate pursuant to a letter of intent, and the contribution of timber assets to an employee benefit plan. Both of these transactions are targeted for completion in 2003.

The preceding discussion contains forward-looking statements with respect to market conditions, operating costs, shipments and prices, National acquisition synergies, workforce reductions, administrative cost reductions, the new labor agreement, the merger of U. S. Steel's two major pension plans, potential acquisitions, tax relief and potential asset dispositions. Some factors, among others, that could affect 2003 market conditions, costs, shipments and prices for both domestic operations and USSK include product demand, prices and mix, global and company steel production levels, plant operating performance, the timing and completion of facility projects, natural gas prices and usage, changes in environmental, tax and other laws, the resumption of operation of steel facilities sold under the bankruptcy laws, and U.S. and European economic performance and political developments. Domestic steel shipments and prices could be affected by import levels and actions taken by the U.S. Government and its agencies. Additional factors that may affect USSK's results are foreign currency fluctuations and political factors in Europe that include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, increased regulation, export quotas, tariffs, and other protectionist measures. Factors that may affect expected synergies from the National Acquisition include management's ability to successfully integrate the acquired National operations. Factors that may affect anticipated union workforce reductions include offer acceptance levels. Factors that may affect expected administrative cost reductions include management's ability to implement its cost reduction strategy. The amount of changes ultimately measured and recorded for workforce reductions could vary materially from those estimated depending on the census and timing of the curtailment, the assumptions used to measure the liabilities and various other factors. Factors that may affect the amount of net periodic benefit costs and the amount of any additional minimum liability include among others, pension fund investment performance, liability changes and interest rates. Cash funding requirements for pensions and other postretirement benefits depend upon various factors such as future asset performance, the level of interest rates used to measure ERISA minimum funding levels, medical cost inflation, the impacts of business acquisitions or sales, union negotiated changes and future government regulation. Whether either of the acquisitions described above will be implemented and the timing of such implementation will depend upon a number of factors, many of which are beyond the control of U. S. Steel. Factors that may impact the potential occurrence and timing of the acquisition of PHS include actions and decisions of the Polish government (which may be influenced by negotiations with another bidder), anti-monopoly review in several countries and negotiation of definitive documentation. The timing of the acquisition of Sartid will be affected by matters arising in Sartid's bankruptcy proceedings. Consummation of the sale of the mineral interests will depend upon a number of factors including regulatory approvals, negotiation of definitive documentation and the ability of the purchaser to arrange financing. Contribution of the timber assets to an employee benefit plan is contingent on and may be influenced by factors that include regulatory approvals. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, cautionary statements identifying important factors, but not necessarily all factors, that could cause actual results to differ materially from those set forth in the forward-looking statements have been included in the Form 10-K of U. S. Steel for the year ended December 31, 2002, and in subsequent filings for U. S. Steel.

Steel imports to the United States accounted for an estimated 21% of the domestic steel market in the first five months of 2003, 26% for the year 2002, and 24% for the year 2001.

On July 11, 2003, a World Trade Organization (WTO) Settlement Dispute

Panel issued its ruling on challenges filed against the action regarding steel imports taken by President Bush in March 2002 pursuant to Section 201 of the Trade Act of 1974, finding that the Section 201 action was in violation of WTO rules. The United States has announced that it will appeal the decision. The U.S. International Trade Commission (ITC) announced on March 5, 2003 that it has initiated a mid-term review of the Section 201 action. As required by statute, the ITC will submit to the President and Congress a report on the condition of the U.S. industry and the progress made by domestic producers to adjust to import competition. The ITC conducted hearings in July as part of the review. Also, on April 4, 2003, the ITC announced that, at the request of the House Committee on Ways and Means, it was instituting a general fact finding investigation under Section 332 of the Tariff Act of 1930 to examine the impact of the Section 201 tariffs on the domestic steel-consuming industries. The ITC held a hearing on the Section 332 investigation in June 2003. The ITC will provide the results of the mid-term review and the Section 332 investigation to the President in the same report on September 19, 2003, after which the President will decide whether to continue, adjust or terminate the relief. At the same time, the Bush Administration is continuing discussions at the Organization of Economic Cooperation and Development aimed at the reduction of inefficient steel production capacity and the elimination and limitation of certain subsidies to the steel industry throughout the world.

On December 20, 2001, the European Commission commenced an anti-dumping investigation concerning hot-rolled coils imported into the EU from the Slovak Republic and five other countries. On January 20, 2003, the Commission issued a final disclosure advising of its determinations relative to the dumping and injury margins applicable to those imports. The Commission's findings set the dumping margin applicable to those imports at 25.8% and the injury margin at 18.6%. On March 18, 2003, however, this case was dismissed upon the rejection, by the EU's General Affairs and External Relations Council, of the Commission's proposal to impose definitive anti-dumping duties. The Council's decision is final and, accordingly, no anti-dumping duties will be imposed against hot rolled coils shipped by USSK into the EU.

Definitive measures were announced on September 27, 2002, in a separate safeguard trade action commenced by the European Commission. In that proceeding, which is similar to the U.S. Section 201 proceedings, quota/tariff measures were announced relative to the import of certain steel products into the EU. USSK is impacted by the quota/tariff measures on four products: non-alloy hot-rolled coils, hot-rolled strip, hot-rolled sheet and cold-rolled flat products. Annual shipment quotas were set for all four products. The shipment quotas on all products, other than non-alloy hot-rolled coils, are country-specific. The hot-rolled coil quota is a global quota. The annual hot-rolled coil quota was effectively exhausted on July 29, 2003. Accordingly, a 15.7% tariff will be imposed on hot-rolled coils shipped into the EU from that date until the quota expires on September 28, 2003, the anniversary date of the imposition of the measures. It is highly unlikely that Slovakia's country-specific quotas for hot-rolled sheet, hot-rolled strip and/or cold-rolled flat products will be exceeded prior to September 28, 2003. If such quotas are exceeded, however, a 23.4% tariff would be imposed. On September 29, 2003, new annual quotas, set at 5% above the first year quotas, will go into effect. The EU safeguard measures are scheduled to expire on March 28, 2005. However, these measures will cease to impact USSK at such time that Slovakia becomes a member of the EU. Slovakia has been accepted for membership in the EU and entry is expected to occur in May 2004.

Safeguard measures similar to those in effect in the EU were imposed by Poland (on March 8, 2003) and Hungary (on March 28, 2003). On April 30, 2003, the Czech Republic's Trade Ministry published its decision dismissing the safeguard proceedings commenced in that country, based upon its conclusion that the conditions for the imposition of such measures were not met. That decision is final and cannot be appealed. The impact on USSK of these trade actions in the EU and Central Europe cannot be predicted at this time. However, in light of market opportunities elsewhere; and USSK's experience operating under these safeguard measures, it appears unlikely that these matters will have a material adverse effect on USSK's operating profit in 2003.

Accounting Standards

In June 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 143 "Accounting for Asset Retirement Obligations." SFAS No. 143 established a new accounting model for the recognition and measurement of retirement obligations associated with tangible long-lived assets. SFAS No. 143 requires that an asset retirement obligation be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. U. S. Steel adopted this Statement effective January 1, 2003. See Note 6 to Selected Notes to Financial Statements.

In November 2002, the FASB issued Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others." The Interpretation elaborates on the disclosure to be made by a guarantor about obligations under certain guarantees that it has issued. It also clarifies that at the inception of a guarantee, the company must recognize liability for the fair value of the obligation undertaken in issuing the guarantee. The initial recognition and measurement provisions apply on a prospective basis to guarantees issued or modified after December 31, 2002. The disclosure requirements were adopted for the 2002 annual financial statements. U. S. Steel is applying the remaining provisions of the Interpretation prospectively as required.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure," which amends SFAS No. 123. SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. In addition, SFAS No. 148 amends the disclosure requirements of SFAS No. 123 to require more prominent and more frequent disclosures in financial statements about the effects of stock-based compensation. U. S. Steel adopted the annual disclosure provisions of SFAS No. 148 for the annual financial statements and adopted the interim provisions effective with the second quarter of 2003. U. S. Steel is not changing to the fair value based method of accounting for stock-based employee compensation; therefore, the transition provisions are not applicable.

FASB Interpretation No. 46, "Consolidation of Variable Interest Entities," was issued in January 2003 and addresses consolidation by business enterprises of variable interest entities that do not have sufficient equity investment to permit the entity to finance its activities without additional subordinated financial support from other parties or whose equity investors lack the characteristics of a controlling financial interest. This Statement was adopted in the first quarter of 2003 with no initial impact to U. S. Steel.

In April 2003, the FASB issued SFAS No. 149, "Accounting for Derivative Instruments and Hedging Activities." The Statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under SFAS No. 133. The amendments set forth in SFAS No. 149 improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. SFAS No. 149 is effective for contracts entered into or modified after June 30, 2003, except for certain outlined exceptions. This Statement was adopted with no initial impact.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity." SFAS No. 150 changes the accounting for certain financial instruments that, under previous guidance, could be classified as equity or "mezzanine" equity, by now requiring these instruments be classified as liabilities (or assets in some circumstances) in the balance sheet. Further, SFAS No. 150 requires disclosure regarding the terms of those instruments and settlement alternatives. The guidance in the Statement is generally effective for all financial instruments entered into or modified after May 31, 2003, and is otherwise effective at the beginning of the first interim period beginning after June 15, 2003. This Statement was adopted with no initial impact.

Commodity Price Risk and Related Risks

Sensitivity analyses of the incremental effects on pretax income of hypothetical 10% and 25% decreases in commodity prices for open derivative commodity instruments as of June 30, 2003, are provided in the following table(a):

<TABLE>
<CAPTION>

(Dollars in millions)	Incremental Decrease in Income Before Income Taxes Assuming a Hypothetical Price Decrease of: 10%	25%
Commodity-Based Derivative Instruments		
<S>	<C>	<C>
Zinc	1.8	4.5
Tin	0.3	0.7

</TABLE>

(a) With the adoption of SFAS No. 133, the definition of a derivative instrument has been expanded to include certain fixed price physical commodity contracts. Such instruments are included in the above table. Amounts reflect the estimated incremental effects on pretax income of hypothetical 10% and 25% decreases in closing commodity prices for each open contract position at June 30, 2003. Management evaluates the portfolio of derivative commodity instruments on an ongoing basis and adjusts strategies to reflect anticipated market conditions, changes in risk profiles and overall business objectives. Changes to the portfolio subsequent to June 30, 2003, may cause future pretax income effects to differ from those presented in the table.

Interest Rate Risk

U. S. Steel is subject to the effects of interest rate fluctuations on certain of its non-derivative financial instruments. A sensitivity analysis of the projected incremental effect of a hypothetical 10% decrease in June 30, 2003, interest rates on the fair value of U. S. Steel's non-derivative financial instruments is provided in the following table:

<TABLE>
<CAPTION>
(Dollars in millions)

As of June 30, 2003	Incremental Increase in Non-Derivative Financial Instruments(a)	Fair Value Fair Value(b)
<S>	<C>	<C>
Financial assets:		
Investments and long-term receivables	$ 22	$ -
</TABLE>

Financial liabilities:		
Long-term debt(c)(d)	$1,778	$80

</TABLE>

(a) Fair values of cash and cash equivalents, receivables, notes payable, accounts payable and accrued interest approximate carrying value and are relatively insensitive to changes in interest rates due to the short-term maturity of the instruments. Accordingly, these instruments are excluded from the table.

(b) Reflects, by class of financial instrument, the estimated incremental effect of a hypothetical 10% decrease in interest rates at June 30, 2003, on the fair value of U. S. Steel's non-derivative financial instruments. For financial liabilities, this assumes a 10% decrease in the weighted average yield to maturity of U. S. Steel's long-term debt at June 30, 2003.

(c) Includes amounts due within one year.

(d) Fair value was based on market prices or estimated borrowing rates for financings with similar maturities.

At June 30, 2003, U. S. Steel's portfolio of long-term debt was comprised primarily of fixed-rate instruments. Therefore, the fair value of the portfolio is relatively sensitive to effects of interest rate fluctuations. This sensitivity is illustrated by the $80 million increase in the fair value of long-term debt assuming a hypothetical 10% decrease in interest rates. However, U. S. Steel's sensitivity to interest rate declines and corresponding increases in the fair value of its debt portfolio would unfavorably affect U. S. Steel's results and cash flows only to the extent that U. S. Steel elected to repurchase or otherwise retire all or a portion of its fixed-rate debt portfolio at prices above carrying value.

Foreign Currency Exchange Rate Risk

U. S. Steel, primarily through USSK, is subject to the risk of price fluctuations due to the effects of exchange rates on revenues and operating costs, firm commitments for capital expenditures and existing assets or liabilities denominated in currencies other than U.S. dollars, in particular the euro and Slovak koruna. U. S. Steel has not generally used derivative instruments to manage this risk. However, U. S. Steel has made limited use of forward currency contracts to manage exposure to certain currency price fluctuations. At June 30, 2003, U. S. Steel had open euro forward sale contracts for both U.S. dollars (total notional value of approximately $17.8 million) and Slovak koruna (total notional value of approximately $37.7 million). A 10% increase in the June 30, 2003 euro forward rates would result in a $5.2 million charge to income.

Safe Harbor

U. S. Steel's Quantitative and Qualitative Disclosures About Market Risk include forward-looking statements with respect to management's opinion about risks associated with U. S. Steel's use of derivative instruments. These statements are based on certain assumptions with respect to market prices, industry supply and demand for steel products and certain raw materials, and foreign exchange rates. To the extent that these assumptions prove to be inaccurate, future outcomes with respect to U. S. Steel's hedging programs may differ materially from those discussed in the forward-looking statements.

Disclosure Controls and Procedures

U. S. Steel has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of June 30, 2003. These disclosure controls and procedures are the controls and other procedures that were designed to ensure that information required to be disclosed in reports that are filed with or submitted to the SEC is:(1) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures and (2) recorded, processed,

summarized and reported within the time periods specified in applicable law and regulations. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2003, U. S. Steel's disclosure controls and procedures were effective.

Internal Controls

As of June 30, 2003, there have not been any significant changes in U. S. Steel's internal control over financial reporting or in other factors that could significantly affect that control.

UNITED STATES STEEL CORPORATION
SUPPLEMENTAL STATISTICS (UNAUDITED)

<TABLE>
<CAPTION>

June 30 (Dollars in millions)	Second Quarter Ended June 30 2003	 2002	Six Months Ended June 30 2003	 2002
<S>	<C>	<C>	<C>	<C>
INCOME (LOSS) FROM OPERATIONS				
Flat-rolled Products	$ (68)	$ (26)	$ (108)	$ (100)
Tubular Products	(4)	6	(9)	9
U. S. Steel Kosice	67	26	131	25
Straightline	(18)	(9)	(33)	(17)
Real Estate	17	12	30	22
Other Businesses	12	23	(24)	12
Income (Loss) from Operations before items not allocated to segments	6	32	(13)	(49)
ITEMS NOT ALLOCATED TO SEGMENTS:				
Litigation items	-	-	(25)	9
Asset impairments	(11)	(14)	(11)	(14)
Pension settlement loss	-	(10)	-	(10)
Costs related to Fairless shutdown	-	-	-	(1)
Income from sale of coal seam gas interests	34	-	34	-
Gain on sale of coal mining assets	13	-	13	-
Federal excise tax refund	-	33	-	33
Insurance recoveries related to USS-POSCO fire	-	6	-	18
Total Income (Loss) from Operations	$ 42	$ 47	$ (2)	$ (14)
CAPITAL EXPENDITURES				
Flat-rolled Products	$ 21	$ 6	$ 32	$ 17
Tubular Products	16	10	38	15
U. S. Steel Kosice	22	17	42	34
Straightline	-	2	1	5
Real Estate	-	1	-	1
Other Businesses	10	12	19	32
Total	$ 69	$ 48	$ 132	

$ 104				
OPERATING STATISTICS				
Average realized price: ($/net ton)(a)				
Flat-rolled Products	$ 420	$ 402	$ 420	$ 390
Tubular Products	644	636	641	638
U. S. Steel Kosice	369	257	355	252
Steel Shipments:(a)(b)				
Flat-rolled Products	3,202	2,571	5,638	4,902
Tubular Products	211	217	417	405
U. S. Steel Kosice	1,218	1,105	2,408	1,861
Raw Steel-Production:(b)				
Domestic Facilities	3,338	2,998	6,233	5,904
U. S. Steel Kosice	1,203	1,191	2,403	2,108
Raw Steel-Capability Utilization:(c)				
Domestic Facilities	84.5%	93.9%	87.7%	93.0%
U. S. Steel Kosice	96.5%	95.5%	96.9%	85.0%
Domestic iron ore shipments(b)(d)	5,249	5,059	7,066	7,348
Domestic coke shipments(b)(d)	1,360	1,356	2,669	2,520
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</TABLE>

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(a) Excludes intersegment transfers.
(b) Thousands of net tons.
(c) Based on annual raw steel production capability of 12.8 million net tons prior to May 20, 2003 and 19.4 million net tons thereafter for domestic facilities and 5.0 million net tons for U. S. Steel Kosice.
(d) Includes intersegment transfers.

Part II - Other Information:
- ----------------------------

Item 1. LEGAL PROCEEDINGS

Environmental Proceedings

In 1988, U. S. Steel and two other PRPs (Bethlehem Steel Corporation and William Fiore) agreed to the issuance of an administrative order by the U.S. Environmental Protection Agency (EPA) to undertake emergency removal work at the Municipal & Industrial Disposal Co. site in Elizabeth, Pa. The cost of such removal, which has been completed, was approximately $4.2 million, of which U. S. Steel paid $3.4 million. The EPA indicated that further remediation of this site would be required. In October 1991, the Pennsylvania Department of Environmental Resources (PADER) placed the site on the Pennsylvania State Superfund list and began a Remedial Investigation, which was issued in 1997. After a feasibility study by the Pennsylvania Department of Environmental Protection (PADEP) and submission of a conceptual remediation plan in 2001 by U. S. Steel, U. S. Steel submitted a revised remedial action plan on May 31, 2002. U. S. Steel and the PADEP signed a Consent Order and Agreement on August 30, 2002, under which U. S. Steel is responsible for remediation of this site. On March 18, 2003, the PADEP notified U. S. Steel that the public comment period was concluded and the Consent Order and Agreement is final.

On January 26, 1998, pursuant to an action filed by the EPA in the United States District Court for the Northern District of Indiana titled United States of America v. USX, U. S. Steel entered into a consent decree with the EPA which resolved alleged violations of the Clean Water Act National Pollution Discharge Elimination System (NPDES) permit at Gary Works and provides for a sediment remediation project for a five mile section of the Grand Calumet River that runs through and beyond Gary Works. Contemporaneously, U. S. Steel entered into a consent decree with the public trustees, which resolves potential liability for natural resource damages on the same section of the Grand Calumet River. In 1999, U. S. Steel paid civil penalties of $2.9 million for the alleged water act violations and $0.5 million in natural resource damages assessment costs. In addition, U. S. Steel will pay the public trustees $1.0 million at the end of the remediation project for future monitoring costs and U. S. Steel is

obligated to purchase and restore several parcels of property that have been or will be conveyed to the trustees. During the negotiations leading up to the settlement with the EPA, capital improvements were made to upgrade plant systems to comply with the NPDES requirements. The sediment remediation project is an approved final interim measure under the corrective action program for Gary Works. As of July 15, 2003, project costs have amounted to $43.4 million with another $3.9 million presently projected to complete the project, over the next three months. Construction began in January 2002 on a Corrective Action Management Unit (CAMU) to contain the dredged material on company property and construction was completed in February 2003. The water treatment plant, specific to this project, was completed in November 2002, and placed into operation in March 2003. Phase 1 removal of PCB-contaminated sediment was completed in December 2002. Dredging resumed in February 2003 and will continue until dredging on the river is concluded, which is expected to occur in October 2003. Closure costs for the CAMU are estimated to be an additional $4.9 million.

On March 11, 2003, Gary Works received a notice of violation from the EPA alleging construction of two desulfurization facilities without proper installation permitting. Negotiations began April 24, 2003, and the cost of settlement of this matter is currently indeterminable.

In December 1995, U. S. Steel reached an agreement in principle with the EPA and the U.S. Department of Justice (DOJ) with respect to alleged Resource Conservation and Recovery Act (RCRA) violations at Fairfield Works. A consent decree was signed by U. S. Steel, the EPA and the DOJ and filed with the United States District Court for the Northern District of Alabama (United States of America v. USX Corporation) on December 11, 1997, under which U. S. Steel will pay a civil penalty of $1.0 million, implement two Supplemental Environmental Projects (SEPs) costing a total of $1.75 million and implement a RCRA corrective action at the facility. One SEP was completed during 1998. The second SEP was completed in 2003. As of February 22, 2000, the Alabama Department of Environmental Management assumed primary responsibility for regulation and oversight of the RCRA corrective action program at Fairfield Works, with the approval of the EPA. The first Phase I RCRA Facility Investigation (RFI) work plan was approved for the site on September 16, 2002. Field sampling for the work plan commenced immediately after approval and will continue through the end of 2003. The cost to complete this study is estimated to be $770,000.

On October 23, 1998, a final Administrative Order on Consent was issued by the EPA addressing Corrective Action for Solid Waste Management Units throughout Gary Works. This order requires U. S. Steel to perform an RFI and a Corrective Measure Study at Gary Works. The Current Conditions Report, U. S. Steel's first deliverable, was submitted to the EPA in January 1997 and was approved by the EPA in 1998. Phase I RFI work plans have been approved for the Coke Plant, the Process Sewers, and Background Soils at the site, along with the approval of one self-implementing interim stabilization measure and a corrective measure. Another eight Phase I RFI work plans have been submitted for EPA approval, thereby completing the Phase I requirement, along with two Phase II RFI work plans and one further self-implementing interim stabilization measure. The costs to complete these studies and corrective measures are estimated to be $4.8 million. Until the studies are completed, it is impossible to assess what additional expenditures will be necessary.

On February 12, 1987, U. S. Steel and the PADER entered into a Consent Order to resolve an incident in January 1985 involving the alleged unauthorized discharge of benzene and other organic pollutants from Clairton Works in Clairton, Pa. That Consent Order required U. S. Steel to pay a penalty of $50,000 and a monthly payment of $2,500 for five years. In 1990, U. S. Steel and the PADER reached agreement to amend the Consent Order. Under the amended Order, U. S. Steel agreed to remediate the Peters Creek Lagoon (a former coke plant waste disposal site); to pay a penalty of $300,000; and to pay a monthly penalty of up to $1,500 each month until the former disposal site is closed. Remediation costs have amounted to $10.3 million with another $1.3 million presently estimated to complete the project.

Prior to U. S. Steel's acquisition of the Granite City, Great Lakes and Midwest facilities, the DOJ had filed against National Steel Corporation proofs of claim asserting noncompliance allegations under various environmental statutes, including the Clean Air Act, RCRA, the Clean Water Act, the Emergency Planning and Community Right to Know Act, CERCLA and the Toxic Substances Control Act at these three facilities. The EPA had conducted inspections of the facilities and entered into negotiations with National Steel Corporation toward resolving these allegations with a consent decree. U. S. Steel is currently engaged in discussions with the DOJ, the EPA and the State of Illinois related to the conditions previously noted at these facilities. At Granite City Works,

the EPA had determined that ditches and dewatering beds currently in operation were allegedly not in compliance with

applicable waste oil management standards. Dredging of the ditches and dewatering beds is expected to cost $1.3 million. U. S. Steel is currently discussing with the EPA, the DOJ and the State of Illinois appropriate measures to investigate and remediate the ditches and dewatering beds. Air emissions from the steelmaking shop at Great Lakes are also under discussion. It has not been determined what, if any, corrective action may be necessary to address those emissions. Other, less significant issues are also under discussion, including Ferrous Chloride Solution handling at Granite City and Great Lakes, Spill Prevention Control and Countermeasures Plans at both facilities, RCRA training at Great Lakes and other waste handling issues.

Asbestos Litigation

U. S. Steel is a defendant in a large number of cases in which approximately 14,000 claimants actively allege injury resulting from exposure to asbestos. Almost all these cases involve multiple plaintiffs and multiple defendants. These claims fall into three major groups: (1) claims made under certain federal and general maritime laws by employees of the Great Lakes Fleet or Intercoastal Fleet, former operations of U. S. Steel; (2) claims made by persons who performed work at U. S. Steel facilities (referred to as "premises claims"); and (3) claims made by industrial workers allegedly exposed to an electrical cable product formerly manufactured by U. S. Steel. While U. S. Steel has excess casualty insurance, these policies have multi-million dollar self insured retentions and, to date, U. S. Steel has not received any payments under these policies relating to asbestos claims. In most cases, this excess casualty insurance is the only insurance applicable to asbestos claims.

These cases allege a variety of respiratory and other diseases based on alleged exposure to asbestos contained in a U. S. Steel electric cable product or to asbestos on U. S. Steel's premises; approximately 200 plaintiffs allege they are suffering from mesothelioma. In many cases, the plaintiffs cannot demonstrate that they have suffered any compensable loss as a result of such exposure or that any injuries they have incurred did in fact result from such exposure. Virtually all asbestos cases seek money damages from multiple defendants. U. S. Steel is unable to provide meaningful disclosure about the total amount of such damages alleged in these cases for the following reasons: (1) many cases do not claim a specific demand for damages, or contain a demand that is stated only as being in excess of the minimum jurisdictional limit of the relevant court; (2) even where there are specific demands for damages, there is no meaningful way to determine what amount of the damages would or could be assessed against any particular defendant; (3) plaintiffs' lawyers often allege the same amount of damages irrespective of the specific harm that has been alleged, even though the ultimate outcome of any claim may depend upon the actual disease, if any, that the plaintiff is able to prove and the actual exposure, if any, to the U. S. Steel product or the duration of exposure, if any, on U. S. Steel's premises. U. S. Steel believes the amount of any damages alleged in the complaints initially filed in these cases is not relevant in assessing its potential liability.

U. S. Steel aggressively pursues grounds for the dismissal of U. S. Steel from pending cases and makes efforts to settle appropriate cases for reasonable, and frequently nominal, amounts. For example, in 2000, U. S. Steel settled 22 claims for an aggregate total payment of approximately $80,000; in 2001, it settled approximately 11,000 claims for an aggregate total payment of approximately $190,000; and, in 2002, it settled approximately 1,100 claims for an aggregate total payment of approximately $700,000. In those three years, 3,860, 1,679 and 842, respectively, new claims were filed.

U. S. Steel also litigates cases to verdict where it believes that litigation is appropriate. Until March 2003, U. S. Steel was successful in all asbestos cases that it tried to final judgment. On March 28, 2003, a jury in Madison County, Illinois returned a verdict against U. S. Steel for $50 million in compensatory damages and $200 million in punitive damages. The plaintiff, an Indiana resident, alleged he was exposed to asbestos while working as a U. S. Steel employee at Gary Works in Gary, Indiana from 1950 to 1981 and that he suffers from mesothelioma as a result. U. S. Steel believes the plaintiff's exclusive remedy was provided by the Indiana workers' compensation law and that

this issue and other errors at trial would have enabled U. S. Steel to succeed on appeal. However, in order to avoid the delay and uncertainties of further litigation and having to post an appeal bond equal to the amount of the verdict and to allow U. S. Steel to actively pursue its current acquisition activities and other strategic initiatives, U. S. Steel settled this case and the settlement was reflected in financial results for the first quarter of 2003.

Management views the Madison County verdict as aberrational and continues to believe that it is unlikely that the resolution of the pending asbestos actions against U. S. Steel would have a material adverse effect on U. S. Steel's financial condition. Among the factors considered in reaching this conclusion were: (1) that U. S. Steel had been subject to a total of approximately 34,000 asbestos claims over the last 12 years that had been administratively dismissed or were inactive due to the failure of the claimants to present any medical evidence supporting their claims; (2) that over the last several years, the total number of pending claims had remained steady; (3) that it had been many years since U. S. Steel employed maritime workers or manufactured electrical cable; and (4) U. S. Steel's history of trial outcomes, settlements and dismissals, including such matters since the March 28 jury decision. Management concluded the recent verdict in Madison County, Illinois was an aberration and that the likelihood of similar results is remote, although not impossible.

This statement of belief is a forward-looking statement. Predictions as to the outcome of pending litigation are subject to substantial uncertainties with respect to (among other things) factual and judicial determinations, and actual results could differ materially from those expressed in this forward-looking statement. U. S. Steel does not know whether the jury verdict described above will have any impact upon the number of claims filed against U. S. Steel in the future or on the amount of future settlements.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The annual meeting of shareholders was held on April 29, 2003.

At least 94.6 percent of the votes cast by U. S. Steel shareholders approved the elections of J. Gary Cooper, Frank J. Lucchino, Seth E. Schofield and John P. Surma to serve three-year terms as Class II directors. Continuing as Class III directors for a term expiring in 2004 are Robert J. Darnall, Roy G. Dorrance, John G. Drosdick and Charles R. Lee. Continuing as Class I directors for a term expiring in 2005 are Dr. Shirley Ann Jackson, Dan D. Sandman, Thomas J. Usher and Douglas C. Yearley.

Stockholders also elected PricewaterhouseCoopers LLC (PwC) as independent accountant with a favorable vote of approximately 94.4 percent.

Stockholders approved an amendment to U. S. Steel's certificate of incorporation to increase the authorized shares of common stock to 400 million shares and preferred stock to 40 million shares. The results of the vote were as follows:

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<S>	Number of Votes <C>
For	58,365,327
Against	16,128,012
Abstained	667,805
Broker Non-votes	17,740,369

</TABLE>

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

10.1 Credit Agreement dated as of May 20, 2003 among United States Steel Corporation, the Lenders Party thereto, the LC Issuing Banks Party thereto, JPMorgan Chase Bank, as Administrative Agent, Collateral Agent, Co-Syndication Agent and Swingline Lender, and General Electric Capital Corporation, as Co-Collateral Agent and Co-Syndication Agent

10.2 Security Agreement dated as of May 20, 2003 among United States Steel Corporation and JPMorgan Chase Bank, as Collateral Agent

10.3 Intercreditor Agreement dated as of May 20, 2003 by and among JPMorgan Chase Bank, as a Funding Agent, The Bank of Nova Scotia, as a Funding Agent and as Receivables Collateral Agent, JPMorgan Chase Bank, as Lender Agent, U. S. Steel Receivables LLC, as Transferor, and United States Steel Corporation, as Originator, as Initial Servicer and as Borrower

12.1 Computation of Ratio of Earnings to Combined Fixed Charges and Preferred Stock Dividends

12.2 Computation of Ratio of Earnings to Fixed Charges

31.1 Certification of Chief Executive Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer required by Item 307 of Regulation S-K as promulgated by the Securities and Exchange Commission and pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

(b) REPORTS ON FORM 8-K

Form 8-K dated April 1, 2003, reporting under Item 5. Other Events, the filing of the Form of Purchase and Sale Agreement of a Legal Entity between Sartid a.d. in bankruptcy and U. S. Steel Balkan d.o.o., and the filing of the April 1, 2003 press release titled "U. S. Steel to Acquire Serbian Steel Company."

* Form 8-K dated April 9, 2003, reporting under Item 9. Regulation FD Disclosure, that U. S. Steel is furnishing information for the April 9, 2003 press release titled "U. S. Steel and USWA Reach Progressive New Labor Agreement for U. S. Steel and National Steel Represented Facilities."

Form 8-K dated April 11, 2003, reporting under Item 5. Other Events, the filing of the April 11, 2003 press release titled "U. S. Steel Confirms Bid for National Steel Assets."

Form 8-K dated April 21, 2003, reporting under Item 5. Other Events, the filing of the Asset Purchase Agreement dated as of April 21, 2003 by and among United States Steel Corporation and National Steel Corporation and certain subsidiaries of National Steel Corporation, and the filing of the April 21, 2003 press release titled "U. S. Steel Receives Bankruptcy Court Approval for Purchase of National Steel Assets."

Form 8-K dated April 29, 2003, reporting under Item 5. Other Events, the filing of the April 29, 2003 U. S. Steel Earnings Release.

* Form 8-K dated May 6, 2003, reporting under Item 9. Regulation FD Disclosure, that U. S. Steel is furnishing information for the May 6, 2003 press release titled "U. S. Steel Announces Offering of Senior Notes."

Form 8-K dated May 6, 2003, reporting under Item 5. Other Events, that U. S. Steel was informed of downgrades to its senior unsecured debt ratings by Fitch Ratings, Moody's Investors Service and Standard & Poor's Ratings Services.

* Form 8-K dated May 13, 2003, reporting under Item 9. Regulation FD Disclosure, that U. S. Steel is furnishing information for the May 13, 2003 press release titled "U. S. Steel Increases Consent Fee Relating to Its 10 3/4% Senior Notes Due August 1, 2008."

* Form 8-K dated May 14, 2003, reporting under Item 9. Regulation FD Disclosure, that U. S. Steel is furnishing information for the May 14, 2003 press release titled "United States Steel Corporation Prices $450 Million 9 3/4% Senior Notes Due 2010."

Form 8-K dated May 20, 2003, reporting under Item 2. Acquisition or Disposition of Assets, that U. S. Steel completed the acquisition of substantially all of the integrated steel assets of National Steel Corporation and under Item 5. Other Events, that U. S. Steel completed the sale of $450 million of 9-3/4% Senior Notes due 2010.

Form 8-K dated June 30, 2003, reporting under Item 2. Acquisition or Disposition of Assets, that U. S. Steel completed the sale of the mines and related assets of U. S. Steel Mining Company, LLC.

* Form 8-K dated July 1, 2003, reporting under Item 9. Regulation FD Disclosure, that U. S. Steel is furnishing information for the July 1, 2003 press release titled "U. S. Steel Completes Sale of Mining Company Assets."

* Form 8-K dated August 4, 2003, reporting under Item 12. Results of Operations and Financial Condition, that U. S. Steel is furnishing information in the August 4, 2003 U. S. Steel Earnings Release.

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* Reports submitted to the Securities and Exchange Commission under Item 9 and Item 12. Pursuant to General Instruction B of Form 8-K, the reports submitted under Items 9 and 12 are not deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 and are not subject to the liabilities of that section. U. S. Steel is not incorporating, and does not intend to incorporate, by reference these reports into a filing under the Securities Act or the Exchange Act.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned chief accounting officer thereunto duly authorized.

UNITED STATES STEEL CORPORATION

By /s/ Larry G. Schultz

Larry G. Schultz
Vice President & Controller

August 12, 2003

WEB SITE POSTING

This Form 10-Q will be posted on the U. S. Steel web site, www.ussteel.com, within a few days of its filing.

EXHIBIT 10.1

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CREDIT AGREEMENT

dated as of

May 20, 2003

among

UNITED STATES STEEL CORPORATION

THE LENDERS PARTY HERETO

THE LC ISSUING BANKS PARTY HERETO

JPMORGAN CHASE BANK,
as Administrative Agent, Collateral Agent, Co-Syndication Agent and Swingline Lender

and

GENERAL ELECTRIC CAPITAL CORPORATION,
as Co-Collateral Agent and Co-Syndication Agent

J.P. MORGAN SECURITIES INC.,
as Co-Lead Arranger and Bookrunner

and

GECC CAPITAL MARKETS GROUP, INC.,
as Co-Lead Arranger

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TABLE OF CONTENTS

<TABLE>
<CAPTION>

CREDIT AGREEMENT dated as of May 20, 2003 among UNITED STATES STEEL CORPORATION, the LENDERS party hereto, the LC ISSUING BANKS party hereto, JPMORGAN CHASE BANK, as Administrative Agent, Collateral Agent, Co-Syndication Agent and Swingline Lender, and GENERAL ELECTRIC CAPITAL CORPORATION, as Co-Collateral Agent and Co-Syndication Agent.

WHEREAS, the Borrower desires to borrow funds and obtain letters of credit under this Agreement (i) to replace its existing Credit Agreement dated as of November 30, 2001(as amended, supplemented or modified from time to time prior to the date hereof, the "EXISTING CREDIT AGREEMENT") among the Borrower, the lenders and letter of credit issuing banks party thereto, JPMorgan Chase Bank, as administrative agent, collateral agent and swingline lender, General Electric Capital Corporation, as documentation agent and co-collateral agent, and PNC Bank, National Association and Foothill Capital Corporation, as co-syndication agents and (ii) for general corporate purposes, including working capital;

WHEREAS, the Borrower is willing to secure (i) its obligations under this Agreement and (ii) certain other obligations under interest rate hedging arrangements and other arrangements entered into with certain Lenders, by granting Liens on certain of its assets to the Collateral Agent, as provided in the Security Documents; and

WHEREAS, the Lenders and the LC Issuing Banks are willing to make loans or issue or participate in letters of credit hereunder, and those Lenders who

are counterparties to the interest rate hedging arrangements and other arrangements referred to above are willing to enter into or maintain them, under the terms and conditions set forth in this Agreement and the Security Documents;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01 . Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"2003 WORKFORCE REDUCTION" means the workforce reductions implemented pursuant to Borrower's 2003 workforce reduction program including a transitional assistance program and voluntary early retirement program associated with the National Steel Acquisition.

"ACKNOWLEDGMENT OF COLLATERAL ACCESS AGREEMENT" means a written acknowledgement of the continuing effectiveness of a collateral access agreement delivered pursuant to the Existing Credit Agreement, executed by all parties to

such collateral access agreement, and otherwise in form and substance satisfactory to the Collateral Agent and the Co-Collateral Agent.

"ADJUSTED LIBO RATE" means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Adjustment.

"ADMINISTRATIVE AGENT" means JPMorgan Chase Bank, in its capacity as administrative agent under the Loan Documents, and its successors in such capacity.

"ADMINISTRATIVE QUESTIONNAIRE" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"AFFILIATE" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls, or is Controlled by or under common Control with such specified Person.

"AGENTS" means the Administrative Agent, the Collateral Agent and the Co-Collateral Agent.

"ALTERNATE BASE RATE" means, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate will be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"APPLICABLE RATE" means for any day:

(a) with respect to any Revolving Loan or Swingline Loan that is a Base Rate Loan, the applicable rate per annum set forth in the Pricing Schedule in the row opposite the caption "Base Rate Margin" and in the column corresponding to the "Pricing Level" that applies for such day;

(b) with respect to any Revolving Loan that is a Eurodollar Loan, the applicable rate per annum set forth in the Pricing Schedule in the row opposite the caption "Euro-Dollar Margin" and in the column corresponding to the "Pricing Level" that applies for such day;

(c) with respect to the commitment fees payable hereunder, the applicable rate per annum set forth in the Pricing Schedule in the row opposite the caption "Commitment Fee Rate" and in the column corresponding to the "Pricing Level" that applies for such day;

In each case, the "Applicable Rate" will be based on the Average Availability calculated as of the relevant determination date; provided that:

(i) at all times during the period from the Effective Date through and including December 31, 2003, the "Applicable Rates" for purposes of clauses (a), (b) and (c) above will be the applicable rates per annum set forth in the Pricing Schedule and corresponding to Level II Pricing;

(ii) at any time when an Event of Default has occurred and is continuing, such Applicable Rates will be those set forth in the Pricing Schedule and corresponding to the Pricing Level in effect for such day plus 2.00%; and

(iii) at the option of the Administrative Agent (or at the request of the Required Lenders), if the Borrower fails to deliver consolidated financial statements to the Administrative Agent as and when required by Section 5.01(a)(i) or 5.01(a)(ii), such Applicable Rates will be those set forth in the Pricing Schedule and corresponding to Level IV Pricing during the period from the expiration of the time specified for such delivery until such financial statements are so delivered.

"APPROVED FINANCING MODEL" means, collectively, (x) a quarterly computation of the Borrower's liquidity position (including cash, receivables, inventory and borrowings) for each Fiscal Quarter of Fiscal Year 2003 that ends at least 20 days prior to the Effective Date, and (y) a financing model/business plan (with appropriate assumptions) for each Fiscal Year during the term of this Agreement, which financing model/business plan shall include, without limitation, (A) projected financial forecasts on a quarterly basis for Fiscal Year 2003 and on an annual basis for each Fiscal Year thereafter, (B) sources and uses for the Transactions, (C) projected synergies on labor and other expenses and (D) a written analysis of the business and prospects of the Borrower and its Subsidiaries during the term of this Agreement, in each case reflecting and giving effect to the consummation of the National Steel Acquisition, and in each case satisfactory in all respects to, and approved in writing by, each of the Administrative Agent, the Collateral Agent and the Co-Collateral Agent.

"ARRANGERS" means J.P. Morgan Securities Inc. and GECC Capital Markets Group, Inc., in their respective capacities as co-lead arrangers of the credit facility provided under this Agreement.

"ASSIGNMENT" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is

required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

"AVAILABILITY RESERVES" means, as of any date of determination, such reserves in amounts as the Collateral Agent and the Co-Collateral Agent may from time to time establish (upon ten business days' notice to the Borrower in the case of new reserve categories established after the Effective Date and formula changes) and revise (upward or downward) in good faith in accordance with their respective customary credit policies: (i) to reflect events, conditions, contingencies or risks which, as reasonably determined by the Collateral Agent and the Co-Collateral Agent, do or are reasonably likely to materially adversely affect either (a) the Collateral or its value or (b) the security interests and other rights of the Collateral Agent, the Co-Collateral Agent or any Lender in the Collateral (including the enforceability, perfection and priority thereof) or (ii) to reflect the Collateral Agent's and the Co-Collateral Agent's reasonable belief that any collateral report or financial information furnished by or on behalf of the Borrower is or may have been incomplete, inaccurate or misleading in any material respect or (iii) in respect of any state of facts which the Collateral Agent and the Co-Collateral Agent reasonably determine in good faith constitutes a Default or an Event of Default; provided that, at any date of determination (unless and until otherwise determined by the Collateral Agent and the Co-Collateral Agent), "AVAILABILITY RESERVES" shall include (a) a reserve equal to two times the most current month-end liability to Outside Processor, Third-Party Warehouseman and Borrower Joint Venture locations holding Eligible Inventory, (b) a reserve for obligations secured by Liens on Collateral for which UCC financing statements are filed, (c) a reserve for permitted Liens and (d) a reserve for claims secured by purchase money liens; and provided further that any adjustment or revision to the Availability Reserves shall be made in accordance with Section 8.09.

"AVAILABLE INVENTORY" means, at any time the sum of:

(a) the lesser of (i) up to 65% of Eligible Finished Goods Inventory and (ii) the product of (x) 85% of the net recovery rates as determined by an independent appraisal multiplied by (y) Eligible Finished Goods Inventory; plus

(b) the lesser of (i) up to 60% of Eligible Semi-Finished Goods and Scrap Inventory and (ii) the product of (x) 85% of the net recovery rates as determined by an independent appraisal multiplied by (y) Eligible Semi-Finished Goods and Scrap Inventory; plus

(c) the lesser of (i) up to 25% of Eligible Raw Materials

Inventory (other than Scrap Inventory) and (ii) the product of (x) 85% of the net recovery rates as determined by an independent appraisal multiplied by (y) Eligible Raw Materials Inventory.

"AVAILABLE RECEIVABLES" means, at any time, a percentage (not to exceed 85%) of the difference of (i) Eligible Receivables minus (ii) a Dilution Reserve, such percentage and such Dilution Reserve to be determined by the Collateral Agent and the Co-Collateral Agent in their sole discretion (taking into consideration actual dilution) upon the completion of collateral review field work to be performed subsequent to the termination of the Effective Date Receivables Financing.

"AVERAGE FACILITY AVAILABILITY" means, on any day, an amount equal to the quotient of (a) the sum of the end of the day Facility Availability for each day during the period of 30 consecutive days ending on (and including) such date, divided by (b) 30 (i.e., the number of days in such period).

"BASE RATE", when used with respect to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"BOARD OF DIRECTORS" means, the Board of Directors of the Borrower or any committee thereof duly authorized to act on behalf of such Board of Directors.

"BORROWER" means United States Steel Corporation, a Delaware corporation, and its successors.

"BORROWER JOINT VENTURE" means any joint venture in which the Borrower holds, or acquires after the Effective Date, a direct or indirect equity interest.

"BORROWER'S LATEST FORM 10-Q" means the Borrower's quarterly report on Form 10-Q for the quarter ended March 31, 2003, as filed with the SEC pursuant to the Exchange Act.

"BORROWER'S LATEST PROXY STATEMENT" means the Borrower's proxy statement on Form 14A dated, and filed with the SEC on, March 14, 2003.

"BORROWER'S 2002 FORM 10-K" means the Borrower's annual report on Form 10-K for 2002, as filed with the SEC pursuant to the Exchange Act.

"BORROWING" means Loans of the same Interest Type made, converted or continued on the same day and, in the case of Eurodollar Loans, as to which the same Interest Period is in effect. The term "Borrowing" does not apply to a Swingline Loan.

"BORROWING BASE" means, at any time, subject to adjustment as provided in Section 5.09(c), an amount equal to the sum of (i) Available Inventory less (ii) Availability Reserves less (iii) the aggregate outstanding amount (calculated as

the Mark-to-Market Value) of the Derivative Obligations of the Borrower that constitute Secured Derivative Obligations (as defined in the Security Agreement), up to a maximum amount of $50,000,000 plus (iv) Available Receivables if the Effective Date Receivables Financing shall have terminated (and the obligations in respect thereof paid in full) and not been replaced with another Receivables Financing on terms (other than terms relating to pricing or reserve percentages or similar financial terms) satisfactory to the Administrative Agent (it being understood that such Available Receivables shall exclude all Receivables that have become Transferred Receivables (as defined in the Security Agreement) at the time of, or prior to, such termination of the Effective Date Receivables Financing). Standards of eligibility and reserves and advance rates of the Borrowing Base may be revised and adjusted from time to time by the Collateral Agent and the Co-Collateral Agent in their sole discretion (subject to Section 9.02(b)(viii) hereof); provided that any such revisions or adjustments shall be established in accordance with Section 8.09; and provided further that any such changes in such standards shall be effective three Business Days after delivery of notice thereof to the Borrower.

"BORROWING BASE CERTIFICATE" means a certificate, duly executed and certified as accurate and complete by a Financial Officer of the Borrower, appropriately completed and substantially in the form of Exhibit D-1 (or, at any time when such certificate is required to be delivered on a bi-weekly basis pursuant to Section 5.01(b), substantially in the form of Exhibit D-2) together with all attachments and supporting documentation (i) as contemplated thereby, (ii) as outlined on Schedule 1 to Exhibit D-1 and (iii) as reasonably requested by the Collateral Agent or the Co-Collateral Agent.

"BORROWING REQUEST" means a request by the Borrower for a Borrowing in accordance with Section 2.03.

"BUSINESS DAY" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"CAPITAL EXPENDITURES" means, for any period, the additions to property, plant and equipment and other capital expenditures of the Borrower and its Restricted Subsidiaries that are (or would be) set forth as capital expenditures in a consolidated statement of cash flows of the Borrower and its Restricted Subsidiaries for such period prepared in accordance with GAAP.

"CAPITAL LEASE OBLIGATIONS" of any Person means obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required under GAAP to be classified and accounted for as

capital leases on a balance sheet of such Person. The amount of such obligations will be the capitalized amount thereof determined in accordance with GAAP.

"CASH COLLATERAL ACCOUNT" has the meaning specified in Section 1 of the Security Agreement.

"CHANGE IN CONTROL" means the occurrence of any of the following:

(a) 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 the purposes of this clause (a) 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 35% of either the aggregate ordinary voting power or the aggregate equity value represented by the issued and outstanding Equity Interests in the Borrower;

(b) individuals who constituted the Board of Directors of the Borrower at any given time (together with any new directors whose election by such Board of Directors or whose nomination for election by the shareholders of the Borrower as approved by a vote of 66-2/3% of the directors of the Borrower then still in office who were either directors at such time 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;

(c) the adoption of a plan relating to the liquidation or dissolution of the Borrower; or

(d) the merger or consolidation of the Borrower with or into another Person or the merger of another Person with or into the Borrower, or the sale of all or substantially all the assets of the Borrower (determined on a consolidated basis) to another Person, other than a merger or consolidation transaction in which holders of Equity Interests representing 100% of the ordinary voting power represented by the Equity Interests in the Borrower 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 ordinary voting power represented by the Equity Interests in the surviving Person in such merger or consolidation transaction issued and outstanding immediately after such transaction and in substantially the same proportion as before the transaction.

"CHANGE IN LAW" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or

in the interpretation or application thereof by any Governmental Authority after such date or (c) compliance by any Lender or the LC Issuing Bank (or, for purposes of Section 2.15(b), by any lending office of such Lender or by such Lender's or the LC Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after such date.

"CO-COLLATERAL AGENT" means General Electric Capital Corporation, in its capacity as co-collateral agent for the Lenders under the Loan Documents,

and its successors in such capacity.

"COLLATERAL" means any and all "Collateral", as defined in any Security Document.

"COLLATERAL ACCESS AGREEMENT" means an agreement substantially in the form of Exhibit F-1 or Exhibit F-2.

"COLLATERAL AGENT" means JPMorgan Chase Bank, in its capacity as collateral agent for the Lenders under the Loan Documents, and its successors in such capacity.

"COLLATERAL REQUIREMENT" means the requirement that:

(a) the Administrative Agent (i) shall have received a counterpart of the Security Agreement duly executed and delivered by JPMorgan Chase Bank, as Collateral Agent, and (ii) shall have received from the Borrower a counterpart of the Security Agreement duly executed and delivered on behalf of the Borrower;

(b) all documents and instruments, including Uniform Commercial Code financing statements, required by law or reasonably requested by the Collateral Agent and the Co-Collateral Agent to be filed, registered or recorded to create the Liens intended to be created by the Security Documents and perfect or record such Liens to the extent, and with the priority, required by the Security Documents, shall have been filed, registered or recorded or delivered to the Collateral Agent for filing, registration or recording;

(c) the Borrower shall have obtained all consents and approvals required to be obtained by it in connection with the execution and delivery of all Security Documents to which it is a party, the performance of its obligations thereunder and the granting of the Liens granted by it thereunder;

(d) the Borrower shall have taken all other action required under the Security Documents to perfect, register and/or record the Liens granted by it thereunder;

(e) the Administrative Agent shall have received a favorable written opinion of counsel to the Borrower (either (i) addressed to the Administrative Agent and the Lenders, or (ii) accompanied by a reliance letter in form and substance satisfactory to the Administrative Agent, authorizing the Administrative Agent and the Lenders to rely thereon) covering the matters set forth in Exhibit B-3; and

(f) the Administrative Agent shall have received a fully executed copy of the Intercreditor Agreement.

"COMMITMENT" means, with respect to each Lender, the commitment, if any, of such Lender to make Revolving Loans and to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Commitment is set forth on Schedule 2.01, or in the Assignment pursuant to which such Lender shall have assumed its initial Commitment, as applicable. The initial aggregate amount of the Commitments is $600,000,000.

"CONSOLIDATED CASH INTEREST EXPENSE" means, for any period, the amount by which:

(a) the sum of (i) the interest expense (including imputed interest expense in respect of Capital Lease Obligations) of the Borrower and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP, (ii) any interest accrued during such period, in respect of Debt of the Borrower or any Restricted Subsidiary, that is required under GAAP to be capitalized rather than included in consolidated interest expense for such period and (iii) to the extent not included in cash interest expense for such period pursuant to subclause (i) of this clause (a), cash payments (if any) made during such period in respect of obligations referred to in clause (b)(ii) below that were amortized or accrued in a previous period, exceeds

(b) the sum of (i) to the extent included in such consolidated interest expense for such period, non-cash amounts attributable to amortization of financing costs paid in a previous period, (ii) to the extent included in such consolidated interest expense for such period, non-cash amounts attributable to amortization

of debt discount or accrued interest payable in kind for such period and (iii) the interest income of the

Borrower and the Restricted Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP.

"CONSOLIDATED EBITDAR" means, for any period, the sum of (a) Consolidated Net Income for such period minus (b) to the extent included in calculating such Consolidated Net Income (and without duplication), any gains for such period (including, without limitation, any net gain on the sale of assets other than any net gain on the Timberland Contribution) plus (c) each of the following (without duplication) to the extent deducted in calculating such Consolidated Net Income:

(i) all income tax expense of the Borrower and its Restricted Subsidiaries for such period;

(ii) Consolidated Cash Interest Expense for such period;

(iii) depreciation, depletion and amortization expense of the Borrower and its Restricted Subsidiaries for such period (excluding amortization expense attributable to any prepaid operating activity item that was paid in cash in a prior period);

(iv) all other non-cash charges of the Borrower and its Restricted Subsidiaries for such period (excluding any such non-cash charge to the extent that it represents an accrual of or reserve for cash expenditures in any future period);

(v) any net loss on the sale of assets, excluding any net loss on the Timberland Contribution;

(vi) the one-time cash charges incurred as a result of the 2003 Workforce Reduction in an aggregate amount not to exceed $125,000,000; and

(vii) Consolidated Rental Expense for such period;

plus or minus (d) such adjustments as may be required in respect of amounts relating to pension and other post-retirement liabilities (including liabilities under the Coal Industry Retiree Health Benefit Act of 1992) that have been deducted or included in calculating Net Income, so that only the cash effect of such amounts is included in Consolidated EBITDAR for such period.

Notwithstanding the foregoing, the provision for taxes based on the income or profits of, and the depreciation and amortization and non-cash charges of, a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDAR only to the extent (and in the same proportion) that the net income of such Restricted Subsidiary is included in calculating Consolidated Net Income and only if a corresponding amount would be permitted at the date of

determination to be dividended to the Borrower by such Restricted Subsidiary without prior approval (that has not been obtained), pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to such Restricted Subsidiary or its stockholders.

"CONSOLIDATED FIXED CHARGES" means, for any period, the sum of (a) Consolidated Cash Interest Expense for such period, (b) the aggregate amount of scheduled principal payments required to be made during the succeeding period of 12 consecutive months in respect of Long-Term Debt of the Borrower and its Restricted Subsidiaries (except payments required to be made by the Borrower or any Restricted Subsidiary to the Borrower or any Restricted Subsidiary), (c) Consolidated Rental Expense paid in cash during such period, (d) income tax expense of the Borrower and the Restricted Subsidiaries paid in cash during such period, (e) any Capital Expenditure made in cash during such period for the purpose of maintaining or replacing an existing capital asset (excluding any such Capital Expenditure to the extent made with proceeds of insurance covering such existing capital asset) and (f) Restricted Payments made in cash during such period.

"CONSOLIDATED NET INCOME" means, for any period, the net income or loss of the Borrower and its Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income of any Person (except the Borrower and its Restricted Subsidiaries) in which any other Person (except the Borrower, a Restricted Subsidiary or a director holding qualifying shares in compliance with applicable law) owns an Equity Interest, except to the extent that dividends or other distributions were actually paid by such Person to the Borrower or any

Restricted Subsidiary during such period, and (b) the income or loss of any Person accrued before (1) the date it becomes a Restricted Subsidiary, (2) the date it is merged into or consolidated with the Borrower or any Restricted Subsidiary or (3) the date its assets are acquired by the Borrower or any Restricted Subsidiary; and provided further that, for purposes of determining compliance with Section 6.13, from and after the consummation of the Mining Business Asset Sale, Consolidated Net Income shall be calculated without reflecting the accounting changes required under (and excluding the one-time non-cash extraordinary loss recognized pursuant to) the Coal Industry Retiree Health Act of 1992, but including amounts in respect of future period cash obligations to the extent such amounts would have been included therein prior to consummation of the Mining Business Asset Sale.

"CONSOLIDATED RENTAL EXPENSE" means, for any period, the aggregate rental expense (including operating lease expense) of the Borrower and the Restricted Subsidiaries, determined on a consolidated basis, for such period.

"CONTROL" means possession, directly or indirectly, of the power (a) to vote 30% or more of any class of voting securities of a Person or (b) to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. "CONTROLLING" and "CONTROLLED" have meanings correlative thereto.

"DEBT" of any Person means, without duplication:

(a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind (other than unspent cash deposits held in escrow by or in favor of such Person, or in a segregated deposit account controlled by such Person, in each case in the ordinary course of business to secure the performance obligations of, or damages owing from, one or more third parties),

(b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments,

(c) all obligations of such Person on which interest charges are customarily paid (other than obligations where interest is levied only on late or past due amounts),

(d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person,

(e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business),

(f) all Debt of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Debt secured thereby has been assumed,

(g) all Guarantees by such Person of Debt of others,

(h) all Capital Lease Obligations of such Person,

(i) all unpaid obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty (other than cash collateralized letters of credit to secure the performance of workers' compensation, unemployment insurance, other social security laws or regulations, bids, trade contracts, leases, environmental and other statutory obligations, surety and appeal bonds,

performance bonds and other obligations of a like nature, in each case, obtained in the ordinary course of business),

(j) all capital stock of such Person which is required to be redeemed or is redeemable at the option of the holder if certain events or conditions occur or exist or otherwise,

(k) the aggregate amount advanced by buyers or lenders with respect to all Receivables Financings, net of repayments or recoveries through liquidation of the assets transferred pursuant to such Receivables Financing, and

(l) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances.

The Debt of any Person shall include the Debt of any other entity (including any partnership in which such Person is a general partner) to the extent that such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent that contractual provisions binding on the holder of such Debt provide that such Person is not liable therefor.

Notwithstanding the foregoing, the term "Debt" will exclude (x) any indebtedness for which Marathon Oil Corporation indemnifies the Borrower pursuant to the terms of the Financial Matters Agreement, so long as (i) such indebtedness has not been refinanced and (ii) Marathon Oil Corporation has an Investment Grade Rating from both Moody's and S&P and (y) Industrial Revenue Bond Obligations to the extent the Borrower (i) has delivered to the holders of such obligations an irrevocable notice of redemption or directed delivery of such a notice and (ii) has set aside cash or U.S. Government Obligations, pursuant to a defeasance mechanism or otherwise, sufficient to redeem such obligations. As used herein, the term "U.S. Government Obligations" shall refer to direct obligations (or certificates representing an ownership interest in such obligations) of the United States of America (including any agency or instrumentality thereon) for the payment of which the full faith and credit of the United States of America is pledged and which are not callable or redeemable at the issuer's option.

Notwithstanding the foregoing, in connection with the purchase by the Borrower or any Restricted Subsidiary of any business, the term "Debt" will exclude post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing; provided, however, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid when due.

"DEFAULT" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"DERIVATIVE OBLIGATIONS" has the meaning specified in Section 1 of the Security Agreement.

"DESIGNATED LENDER" means, with respect to any Designating Lender, an Eligible Designee designated by it pursuant to Section 9.05(a) as a Designated Lender for purposes of this Agreement.

"DESIGNATING LENDER" means, with respect to each Designated Lender, the Lender that designated such Designated Lender pursuant to Section 9.05(a).

"DILUTION RESERVE" means a reserve amount to be determined by the Collateral Agent and the Co-Collateral Agent in their sole discretion upon the completion of collateral review field work to be performed subsequent to the termination of the Effective Date Receivables Financing.

"DOLLARS" or "$" refers to lawful money of the United States.

"DOMESTIC SUBSIDIARY" means each Subsidiary that is not a Foreign Subsidiary.

"EFFECTIVE DATE" means the date on which each of the conditions specified in Section 4.01 is satisfied (or waived in accordance with Section 9.02).

"EFFECTIVE DATE RECEIVABLES FINANCING" means the Receivables Financing of the Borrower that is in effect on the Effective Date, as amended, supplemented or modified from time to time (subject to Section 5.13 hereof), and as such receivables financing may be renewed, extended or rolled over on substantially the same terms as are in effect on the Effective Date; provided that the Debt arising from the Effective Date Receivables Financing shall comply with the limitations set forth in Section 6.06(g).

"ELIGIBLE DESIGNEE" means a special purpose corporation that (i) is organized under the laws of the United States or any state thereof, (ii) is engaged in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and (iii) issues (or the parent of which issues) commercial paper rated at least A-1 or the equivalent thereof by S&P or P-1 or the equivalent thereof by Moody's.

"ELIGIBLE FINISHED GOODS INVENTORY" means all Finished Goods Inventory that is Eligible Inventory.

"ELIGIBLE INVENTORY" means at any date of determination thereof, the aggregate value (as reflected on the plant level records of the Borrower and

consistent with the Borrower's current and historical accounting practices whereby manufactured items are valued at pre-determined costs and purchased items are valued at rolling average actual cost) at such date of all Qualified Inventory owned by the Borrower and located in any jurisdiction in the United States of America, as to which Qualified Inventory appropriate UCC financing statements have been filed (or delivered to the Collateral Agent for filing pursuant to Section 4.01(h)) naming the Borrower as "debtor" and JPMorgan Chase Bank as Collateral Agent, as "secured party," adjusted on any date of determination to exclude, without duplication, all Qualified Inventory that is Ineligible Inventory, minus all Valuation Reserves.

"ELIGIBLE RAW MATERIALS INVENTORY" means all Raw Materials Inventory that is Eligible Inventory.

"ELIGIBLE RECEIVABLES" means at any date of determination thereof, the aggregate value (determined on a basis consistent with GAAP and the Borrower's then current and historical accounting practices) of all Qualified Receivables of the Borrower, net of (x) any amounts in respect of sales, excise or similar taxes included in such Receivables and (y) returns, discounts, claims, credits and allowances of any nature at any time issued, owing, granted, outstanding available or claimed (calculated without duplication of deductions taken pursuant to the exclusion of "Ineligible Receivables" as described below), adjusted on any date of determination to exclude, without duplication, all Qualified Receivables that are Ineligible Receivables.

"ELIGIBLE SEMI-FINISHED GOODS AND SCRAP INVENTORY" means all Semi-Finished Goods and Scrap Inventory that is Eligible Inventory.

"ENVIRONMENTAL LAWS" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, the preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or the effects of the environment on health and safety.

"ENVIRONMENTAL LIABILITY" means any liability, contingent or otherwise (including any liability for damages, costs of remediation, fines, penalties or indemnities), of the Borrower directly or indirectly resulting from or based on (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Material, (c) exposure to any Hazardous Material, (d) the release or threatened release of any Hazardous Material into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"EQUITY INTERESTS" means (i) shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person or (ii) any warrants, options or other rights to acquire such shares or interests.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA AFFILIATE" means any trade or business (whether or not incorporated) that, together with the Borrower or any Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Internal Revenue Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Internal Revenue Code, is treated as a single employer under Section 414 of the Internal Revenue Code.

"ERISA EVENT" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (except an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Internal Revenue Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Internal Revenue Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by the Borrower or any ERISA Affiliate of any liability with respect to withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"EURODOLLAR", when used with respect to any Loan or Borrowing, refers

to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"EVENTS OF DEFAULT" has the meaning specified in Article 7.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended from time to time.

"EXCLUDED TAXES" means, with respect to any Lender Party or other recipient of a payment made by or on account of any obligation of the Borrower hereunder:

(a) income or franchise taxes imposed on (or measured by) its net income, receipts, capital or net worth by the United States (or any jurisdiction within the United States, except to the extent that such jurisdiction within the United States imposes such taxes solely in connection with such Lender Party's enforcement of its rights or exercise of its remedies under the Loan Documents), or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located;

(b) any branch profits taxes imposed by the United States or any similar tax imposed by any other jurisdiction described in clause (a) above; and

(c) in the case of a Foreign Lender, any withholding tax that (i) is in effect and would apply to amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement or designates a new lending office or (ii) is attributable to such Foreign Lender's failure to comply with Section 2.17(e).

Notwithstanding the foregoing, a withholding tax will not be an "Excluded Tax" to the extent that (A) it is imposed on amounts payable to a Foreign Lender by reason of an assignment made to such Foreign Lender at the Borrower's request pursuant to Section 2.19(b), (B) it is imposed on amounts payable to a Foreign Lender by reason of any other assignment and does not exceed the amount for which the assignor would have been indemnified pursuant to Section 2.17(a) or (C) in the case of designation of a new lending office, it does not exceed the amount for which such Foreign Lender would have been indemnified if it had not designated a new lending office.

"EXISTING CREDIT AGREEMENT" has the meaning set forth in the first "Whereas" clause of this Agreement.

"EXISTING SENIOR UNSECURED DEBT" means the 10.75% Senior Notes due August 1, 2008 issued by the Borrower before the Effective Date in the aggregate principal amount of $535,000,000 and the Debt represented thereby.

"EXISTING SENIOR UNSECURED DEBT DOCUMENTS" means the indenture under which the Existing Senior Unsecured Debt is issued and all other instruments, agreements and other documents evidencing or governing the Existing Senior Unsecured Debt or providing for any Guarantee or other right in respect thereof.

"EXPOSURE" means, with respect to any Lender at any time, the sum of (i) the aggregate outstanding principal amount of such Lender's Revolving Loans and (ii) such Lender's LC Exposure and Swingline Exposure at such time.

"FACILITY AVAILABILITY" means, at any time, an amount equal to (i) the lesser of (x) the aggregate amount of the Lenders' Commitments at such time and (y) the Borrowing Base, at such time, less (ii) the Total Outstanding Amount at such time.

"FEDERAL FUNDS EFFECTIVE RATE" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published on such Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"FEDERAL RESERVE BOARD" means the Board of Governors of the Federal Reserve System of the United States.

"FINANCIAL MATTERS AGREEMENT" means the Financial Matters Agreement dated as of December 31, 2001 by and between Marathon Oil Corporation and the Borrower (formerly known as United States Steel LLC).

"FINANCIAL OFFICER" means the chief financial officer, treasurer, any assistant treasurer, the controller or any assistant controller of the Borrower.

"FINANCING TRANSACTIONS" means the execution, delivery and performance by the Borrower of the Loan Documents to which it is to be a party, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

"FINISHED GOODS INVENTORY" means finished goods to be sold by the Borrowers in the ordinary course of business, including plates, finished tubes, tin plates and finished sheets, but excluding Semi-Finished Goods and Scrap Inventory and Raw Materials Inventory.

"FISCAL QUARTER" means a fiscal quarter of the Borrower.

"FISCAL YEAR" means a fiscal year of the Borrower.

"FIXED CHARGE COVERAGE RATIO" means, at the end of any Fiscal Quarter, the ratio of (a) Consolidated EBITDAR to (b) Consolidated Fixed Charges, in each case for the period of four consecutive Fiscal Quarters then ended.

"FOREIGN LENDER" means any Lender that is organized under the laws of a jurisdiction outside the United States.

"FOREIGN SUBSIDIARY" means a Subsidiary (which may be a corporation, limited liability company, partnership or other legal entity) organized under the laws of a jurisdiction outside the United States, and conducting substantially all its operations outside the United States.

"GAAP" means generally accepted accounting principles as in effect from time to time in the United States, applied on a basis consistent (except for changes concurred in by the Borrower's independent public accountants) with the most recent audited consolidated financial statements of the Borrower and its consolidated Subsidiaries delivered to the Lenders.

"GOVERNMENTAL AUTHORITY" means the government of the United States, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"GUARANTEE" by any Person (the "GUARANTOR") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Debt or other debt-like obligations of any other Person (the "PRIMARY OBLIGOR") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt or other obligation or to purchase (or advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Debt or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Debt or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Debt or other obligation; provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"HAZARDOUS MATERIALS" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"HEDGING AGREEMENT" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest rate, currency exchange rate or commodity price hedging arrangement.

"INDEMNIFIED TAXES" means all Taxes except Excluded Taxes.

"INDUSTRIAL REVENUE BOND OBLIGATIONS" means an obligation to a state or local government unit that secures the payment of bonds issued by a state or local government unit or any Debt incurred to refinance, in whole or in part, such obligations.

"INELIGIBLE INVENTORY" means all Qualified Inventory described in one

or more of the following clauses, without duplication:

(a) Qualified Inventory that is not subject to a perfected first priority Lien in favor of the Collateral Agent or that is subject to any Lien other than the Liens permitted pursuant to Section 6.02; or

(b) Qualified Inventory that is not located at or in transit to property that is either owned or leased by the Borrower; provided that any Qualified Inventory located at or in transit to property that is leased by the Borrower shall be deemed "Ineligible Inventory" pursuant to this clause (b) unless the Borrower shall have either (1) delivered to the Collateral Agent a Collateral Access Agreement (or, if applicable, a landlord waiver in form and substance satisfactory to the Collateral Agent and the Co-Collateral Agent) with respect to such leased location or (2) in the case of any leased location in respect of which a collateral access agreement was delivered pursuant to the Existing Credit Agreement, shall have delivered to the Collateral Agent an Acknowledgement of Collateral Access Agreement within 45 days after the Effective Date (or such longer period as the Collateral Agent and the Co-Collateral Agent may agree); and provided further that any Qualified Inventory located at or in transit to a Third-Party Location shall not be deemed "Ineligible Inventory" pursuant to this clause (b) on any date of determination if (w) the value of such Qualified Inventory on such date of determination (as reflected on the plant level records of the Borrower and consistent with the Borrower's current and historical accounting practices whereby manufactured items are valued at pre-determined costs and purchased items are valued at rolling average actual cost) is greater than $500,000, (x) the Borrower shall have delivered to the Collateral Agent a Collateral Access Agreement with respect to such Third-Party Location (or, in the case of any Third Party Location in respect of which a collateral access agreement was delivered pursuant to the Existing Credit Agreement, the Borrower shall have delivered to the Collateral Agent an Acknowledgement of Collateral Access Agreement within 45 days after the Effective Date (or such longer period as the Collateral Agent and the Co-Collateral Agent may agree), (y) the aggregate number of Third-Party Locations designated by the Borrower as eligible locations in respect of which Qualified Inventory shall be excluded from "Ineligible Inventory" in reliance on this clause (b) does not exceed 100 on such date of determination and (z) in

the case of any Third Party Location owned or leased by a Borrower Joint Venture, the terms of the joint venture arrangements in respect of such Borrower Joint Venture are satisfactory to the Collateral Agent, the Co-Collateral Agent and the Lenders; or

(c) Qualified Inventory that is on consignment and Qualified Inventory subject to a negotiable document of title (as defined in the Uniform Commercial Code as in effect from time to time in the State of New York); or

(d) Qualified Inventory located on the premises of customers or vendors (other than Outside Processors); or

(e) Qualified Inventory comprised of Finished Goods Inventory and Semi-Finished Goods and Scrap Inventory that has been written down pursuant to the Borrower's existing accounting procedures (as such existing accounting procedures are set forth in Schedule 1.01 hereto); provided, however, that the scrap value of such Qualified Inventory will be included in the calculation of "Eligible Inventory"; or

(f) Qualified Inventory that consists of maintenance spare parts; or

(g) Qualified Inventory that is classified as supplies, and sundry in the Borrower's historical and current accounting records, including, but not limited to, fuel oil, coal chemicals, metal products, miscellaneous, non-LIFO inventory, store supplies, cleaning mixtures, lubricants and the like; or

(h) Qualified Inventory that is billed not shipped Inventory; or

(i) Qualified Inventory considered non-conforming, which shall mean, on any date, all inventory classified as "non-prime" or "seconds" or other "off-spec" Inventory, to the extent that such Qualified Inventory exceeds 3% of Total Qualified Inventory; provided that the scrap value of such Qualified Inventory shall be included in the calculation of Eligible Inventory. For purposes of this clause (i), "Total Qualified Inventory" means all Raw Materials Inventory, Finished

Goods Inventory and Semi-Finished Goods and Scrap Inventory; or

(j) Qualified Inventory that is not located in the United States; or

(k) Qualified Inventory that is not owned solely by the Borrower, or as to which the Borrower does not have good, valid and marketable title thereto; or

(l) intercompany profit included in the value of Qualified Inventory; or

(m) Qualified Inventory that consists of scale, slag and other by-products; or

(n) Qualified Inventory that consists of raw materials other than iron ore, coke, coal, scrap, limestone, other alloys and fluxes; or

(o) Qualified Inventory that does not otherwise conform to the representations and warranties contained in this Agreement or the other Loan Documents; or

(p) depreciation included in the value of Qualified Inventory; or

(q) non-production costs included in the value of Qualified Inventory;

(r) slabs that are more than two months old and other semi-finished and finished goods that are more than eight months old provided that the scrap value of such inventory shall be included in the calculation of Eligible Inventory; or

(s) such other Qualified Inventory as may be deemed ineligible by the Collateral Agent and the Co-Collateral Agent from time to time in their sole discretion.

"INELIGIBLE RECEIVABLES" shall be determined by the Collateral Agent and the Co-Collateral Agent in their sole discretion upon the completion of collateral review field work to be performed subsequent to the termination of the Effective Date Receivables Financing and shall include such ineligibles based on traditional asset based lending concepts, and any other ineligibles as may be deemed appropriate at the sole discretion of the Collateral Agent and the Co-Collateral Agent.

"INTERCREDITOR AGREEMENT" means the Intercreditor Agreement dated as of May 20, 2003 by and among JPMorgan Chase Bank, as a Funding Agent, The Bank of Nova Scotia, as a Funding Agent and as Receivables Collateral Agent, JPMorgan Chase Bank, as Lender Agent, U.S. Steel Receivables LLC, as Transferor, and United States Steel Corporation, as Originator, as Initial Servicer and as Borrower, as acknowledged and agreed by the Administrative Agent, the Collateral Agent and the Co-Collateral Agent, substantially in the form of Exhibit E.

"INTEREST ELECTION" means an election by the Borrower to change or continue the Interest Type of a Borrowing in accordance with Section 2.07.

"INTEREST PAYMENT DATE" means (a) with respect to any Base Rate Loan, the last day of each March, June, September and December, (b) with respect to any Swingline Loan, the day on which such Loan is required to be repaid and (c) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, if such Interest Period is longer than three months, each day during such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period.

"INTEREST PERIOD" means, with respect to any Eurodollar Borrowing, the period beginning on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (b) any Interest Period that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall

be deemed to be the effective date of the most recent conversion or continuation of such Borrowing.

"INTEREST TYPE", when used with respect to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"INTERNAL REVENUE CODE" means the Internal Revenue Code of 1986, as amended from time to time.

"INVENTORY" has the meaning set forth in Article 9 of the Uniform Commercial Code as in effect from time to time in the State of New York.

"INVESTMENT GRADE RATING" means a rating equal to or higher than Baa3 (or the equivalent) by Moody's and BBB- (or the equivalent) by S&P.

"LC DISBURSEMENT" means a payment made by the LC Issuing Bank in respect of a drawing under a Letter of Credit.

"LC EXPOSURE" means, at any time, the sum of (a) the aggregate undrawn amount of all Letters of Credit outstanding at such time plus (b) the aggregate

amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Revolving Lender at any time will be its Percentage of the total LC Exposure at such time.

"LC ISSUING BANK" means JPMorgan Chase Bank and any other Lender that may agree to issue letters of credit hereunder, in each case in its capacity as an issuer of a Letter of Credit, and their respective successors in such capacity as provided in Section 2.05(i). The LC Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by its Affiliates, in which case the term "LC Issuing Bank" shall include each such Affiliate with respect to Letters of Credit issued by it.

"LC REIMBURSEMENT OBLIGATIONS" means, at any time, all obligations of the Borrower to reimburse the LC Issuing Bank for amounts paid by it in respect of drawings under Letters of Credit, including any portion of such obligations to which Lenders have become subrogated by making payments to the LC Issuing Bank pursuant to Section 2.05(e).

"LENDER AFFILIATE" means, (a) with respect to any Lender, (i) an Affiliate of such Lender or (ii) any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by such Lender or an Affiliate of such Lender and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"LENDER PARTIES" means the Lenders, the LC Issuing Bank and the Agents.

"LENDERS" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment, other than any such Person that ceases to be a party hereto pursuant to an Assignment. Unless the context requires otherwise, the term "Lenders" includes the Swingline Lender.

"LETTER OF CREDIT" means any letter of credit issued pursuant to this Agreement.

"LIBO RATE" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Page 3750 of the Dow Jones Market Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of

interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days before the beginning of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. If such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days before the beginning of such Interest Period.

"LIEN" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"LIKE-KIND EXCHANGE" means the disposition of property in exchange for similar property or for cash proceeds in a transaction qualifying as a like-kind exchange pursuant to Section 1031 of the Internal Revenue Code of 1986 (or any successor provision).

"LOAN DOCUMENTS" means this Agreement, any promissory note issued by the Borrower pursuant to Section 2.09(e), the Letters of Credit and the Security Documents.

"LOANS" means loans made by the Lenders to the Borrower pursuant to this Agreement. Unless the context requires otherwise, the term "Loans" includes Swingline Loans.

"LONG-TERM DEBT" means any Debt that, in accordance with GAAP, constitutes (or, when incurred, constituted) a long-term liability.

"MARATHON OIL CORPORATION" means Marathon Oil Corporation, a Delaware corporation (formerly known as USX Corporation), together with its successors.

"MARK-TO-MARKET VALUE" has the meaning specified in Section 1 of the Security Agreement.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on (a) the business, operations, properties, assets, financial condition, contingent liabilities or material agreements of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower to perform any of its obligations under any Loan

Document or (c) the rights of or benefits available to any Lender Party under, or the validity or enforceability of, any Loan Document.

"MATERIAL DEBT" means Debt (other than obligations in respect of the Loans and Letters of Credit), or obligations in respect of one or more Hedging Agreements, of any one or more of the Borrower and its Restricted Subsidiaries in an aggregate principal amount exceeding $20,000,000. For purposes of determining Material Debt, the "principal amount" of the obligations of the Borrower or any Restricted Subsidiary in respect of any Hedging Agreement at any time will be the maximum aggregate amount (after giving effect to any netting agreements) that the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"MATURITY DATE" means May 31, 2007 (or, if such day is not a Business Day with respect to Eurodollar Loans, the next preceding day that is a Business Day with respect to Eurodollar Loans).

"MAXIMUM FACILITY AVAILABILITY" means, at any date, an amount equal to the lesser of (i) the aggregate amount of the Lenders' Commitments on such date and (ii) the Borrowing Base on such date.

"MINING BUSINESS ASSET SALE" means the proposed sale by the Borrower and certain of its Subsidiaries of all of their respective coal and related mining operating assets.

"MOODY'S" means Moody's Investors Service, Inc.

"MULTIEMPLOYER PLAN" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NATIONAL STEEL ACQUISITION" means the proposed acquisition of the National Steel Assets by the Borrower or one or more of its subsidiaries in a sale pursuant to Section 363 of Title 11 of the United States Code, pursuant to the terms of the National Steel Asset Purchase Agreement.

"NATIONAL STEEL ASSET PURCHASE AGREEMENT" means the Asset Purchase Agreement dated as of April 21, 2003 by and among the Borrower, National Steel Corporation and the subsidiaries of National Steel Corporation set forth on the signature pages thereof, as amended, supplemented or otherwise modified from time to time prior to the date of this Agreement.

"NATIONAL STEEL ASSETS" means the steel-making and related assets of National Steel Corporation and certain of its Subsidiaries identified on Schedule 1.01(b) hereto.

"NEW SENIOR UNSECURED DEBT" means the 9.75% Senior Notes due May 15, 2010 issued by the Borrower on or before the Effective Date in the aggregate principal amount of $450,000,000 and the Debt represented thereby.

"NEW SENIOR UNSECURED DEBT DOCUMENTS" means the indenture under which the New Senior Unsecured Debt is issued and all other instruments, agreements and other documents evidencing or governing the New Senior Unsecured Debt or providing for any Guarantee or other right in respect thereo.

"OTHER TAXES" means any and all present or future recording, stamp, documentary, excise, transfer, sales, property or similar taxes, charges or levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"OUTSIDE PROCESSOR" means any Person that provides processing services with respect to Qualified Inventory owned by the Borrower and on whose premises Qualified Inventory is located, which premises are neither owned nor leased by the Borrower.

"PARTICIPANTS" has the meaning specified in Section 9.04(e).

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"PERCENTAGE" means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment. If the Commitments have terminated or expired, the Percentages will be determined based on the Commitments most recently in effect, adjusted to give effect to any assignments.

"PERFECTION CERTIFICATE" means a certificate in the form of Exhibit A to the Security Agreement or any other form approved by the Administrative Agent.

"PERMITTED INVESTMENTS" means any of the following: (i) any investment in direct obligations of the United States of America or any agency thereof; (ii) investments in time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by any Lender or a bank or trust company which is organized under the laws of the United States of America, any State thereof or any foreign country recognized by the United States of America, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of $50,000,000 (or the foreign currency equivalent thereof) and whose long-term debt is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor; (iii) repurchase obligations with a term of not more than 30 days for

underlying securities of the types described in clause (i) above entered into with a Lender or a bank meeting the qualifications described in clause (ii) above; (iv) investments in commercial paper, maturing not more than 90 days after the date of acquisition, issued by a corporation (other than an Affiliate of the Borrower) organized and in existence under the laws of the United States of America or any foreign country recognized by the United States of America with a rating at the times as of which any investment therein is made of "P-1" (or higher) by Moody's or "A-1" (or higher) by S & P; (v) investments in securities with maturities of six months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or "A" by Moody's; (vi) overnight investments with banks rated "B" or better by Fitch, Inc.; (vii) in the case of a Restricted Subsidiary that is a Foreign Subsidiary, investments of the type and maturity described in clauses (i) through (vi) above of foreign obligors, which investments or obligors (or the parents of such obligors) have ratings described in such clauses or equivalent ratings from comparable foreign rating agencies; and (viii) deposits in foreign financial institutions not meeting the standards set forth in clause (ii) above, to the extent that such deposits do not at any time exceed $5,000,000 in the aggregate.

"PERMITTED LIENS" means:

(a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.05;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with

Section 5.05;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations (including, without limitation, deposits made in the ordinary course of business to cash collateralize letters of credit described in the parenthetical in clause (i) of the definition of "Debt");

(d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, and Liens imposed by statutory or common law relating to banker's liens or rights of setoff or similar rights relating to deposit accounts, in each case in the ordinary course of business;

(e) Liens arising in the ordinary course of business in favor of issuers of documentary letters of credit;

(f) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Article 7; and

(g) easements, zoning restrictions, rights-of-way, licenses, reservations, minor irregularities of title and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligation and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Restricted Subsidiary;

provided that the term "Permitted Liens" shall not include any Lien that secures Debt.

"PERSON" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"PLAN" means any employee pension benefit plan (except a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Internal Revenue Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) a "contributing sponsor" as defined in Section 4001(a)(13) of ERISA.

"PREVAILING EASTERN TIME" means "eastern standard time" as defined in 15 USC Section 263 as modified by 15 USC Section 260a.

"PRICING SCHEDULE" means the Pricing Schedule attached hereto.

"PRIME RATE" means, for any day, the rate of interest per annum then most recently publicly announced by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City. Each change in the Prime Rate will be effective for purposes hereof from and including the date such change is publicly announced as being effective.

"QUALIFIED INVENTORY" means all Raw Materials Inventory, Semi-Finished Goods and Scrap Inventory and Finished Goods Inventory held by the Borrower in the normal course of business and owned solely by the Borrower (per plant level records whereby manufactured items are valued at pre-determined costs and purchased items are valued at rolling average actual cost).

"QUALIFIED RECEIVABLES" means all Receivables that are directly created by the Borrower in the ordinary course of business arising out of the sale of goods or rendition of services by the Borrower, which are at all times acceptable to the Collateral Agent and the Co-Collateral Agent in all respects in the exercise of

their reasonable judgment and the customary credit policies of the Collateral Agent and the Co-Collateral Agent.

"RATING AGENCY" means each of S&P and Moody's.

"RAW MATERIALS INVENTORY" means any raw materials used or consumed in the manufacture or production of other inventory including, without limitation, iron ore and sinter, coke, coal, limestone and other alloys and fluxes, but excluding steel scrap and iron scrap (it being understood that steel scrap and iron scrap shall be included in Inventory not constituting "Raw Materials").

"RECEIVABLES" means any account or payment intangible (each as defined

in the Uniform Commercial Code as in effect from time to time in the State of New York) and any other right, title or interest which, in accordance with GAAP, would be included in receivables on a consolidated balance sheet of the Borrower.

"RECEIVABLES FINANCING" means any receivables securitization program or other type of accounts receivable financing transaction by the Borrower or any of its Restricted Subsidiaries; provided that substantially all Debt incurred in connection therewith (other than Debt of a Special Purpose Financing Subsidiary) arises from a transfer of accounts receivable which is intended by the parties thereto to be treated as a sale.

"RECEIVABLES PURCHASE AGREEMENT" means the Amended and Restated Receivables Purchase Agreement dated as of November 28, 2001 among U.S. Steel Receivables LLC, as seller, the Borrower, as initial servicer and in its individual capacity, The Bank of Nova Scotia, as collateral agent, JPMorgan Chase Bank, as a committed purchaser and a funding agent, and the various other Persons from time to time party thereto, as amended, supplemented or modified from time to time (subject to Section 5.13 hereof), entered into in connection with the Effective Date Receivables Financing.

"REGISTER" has the meaning specified in Section 9.04(c).

"REGULATION U" means Regulation U of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"RELATED PARTIES" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and its Affiliates.

"REQUIRED LENDERS" means, at any time, Lenders having aggregate Exposures and unused Commitments representing more than 50% of the sum of all Exposures and unused Commitments at such time; provided that, at any time when there are more than three Lenders party hereto, the "Required Lenders" shall be comprised of a minimum of three Lenders.

"RESTRICTED DEBT" means Debt of the Borrower or any Restricted Subsidiary, the payment, prepayment, redemption, purchase or defeasance of which is restricted under Section 6.08.

"RESTRICTED PAYMENT" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interest in the Borrower, or any payment (whether in cash, securities or other property) or incurrence of an obligation by the Borrower or any of its Restricted Subsidiaries, including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interest in the Borrower (including, for this purpose, any payment in respect of any Equity Interest under a Synthetic Purchase Agreement).

"RESTRICTED SUBSIDIARY" means any Subsidiary that is not an Unrestricted Subsidiary.

"REVOLVING AVAILABILITY PERIOD" means the period from and including the Effective Date to but excluding the Maturity Date (or, if earlier, the date on which all outstanding Commitments terminate).

"REVOLVING LOAN" means a Loan made pursuant to Section 2.02.

"S&P" means Standard & Poor's.

"SARTID" means Sartid a.d. (in bankruptcy), a company organized under the laws of Serbia, and certain of its subsidiaries and Affiliates.

"SARTID ACQUISITION SUB" means a Foreign Subsidiary (which may be designated an Unrestricted Subsidiary in accordance with Section 5.14) that has been, or will be, newly formed for the purpose of the proposed indirect acquisition by the Borrower of Sartid and matters incident thereto (including, without limitation, financing the acquisition and improvement of, and funding working capital for, Sartid).

"SEC" means the United States Securities and Exchange Commission.

"SECURED OBLIGATIONS" has the meaning specified in Section 1 of the Security Agreement.

"SECURED PARTIES" has the meaning specified in Section 1 of the Security Agreement.

"SECURITY AGREEMENT" means the Security Agreement among the Borrower and the Collateral Agent, substantially in the form of Exhibit C.

"SECURITY DOCUMENTS" means the Security Agreement, the Intercreditor Agreement and each other security agreement, instrument or document executed and delivered pursuant to Section 5.12 to secure any of the Secured Obligations.

"SEMI-FINISHED GOODS AND SCRAP INVENTORY" means semi-finished goods produced by the Borrower in the ordinary course of business, including slabs, blooms, coiled strip, black plate, sheets hot rolled and cold rolled, unfinished tubes, scrap and pig iron.

"SENIOR DEBT RATING" means a rating of the Borrower's senior long-term debt which is not secured or supported by a guarantee, letter of credit or other form of credit enhancement; provided that if a Senior Debt Rating by a Rating Agency is required to be at or above a specified level and such Rating Agency shall have changed its system of classifications after the date hereof, the requirement will be met if the Senior Debt Rating by such Rating Agency is at or above the new rating which most closely corresponds to the specified level under the old rating system; and provided further that the Senior Debt Rating in effect on any date is that in effect at the close of business on such date.

"SIGNIFICANT SUBSIDIARY" of any Person means any subsidiary of such Person, whether now or hereafter owned, formed or acquired which, at the time of determination is a "significant subsidiary" of such Person, as such term is defined on the date of this Agreement in Regulation S-X of the SEC (a copy of which is attached as Exhibit G), except that "5 percent" will be substituted for "10 percent" in each place where it appears in such definition of "significant subsidiary"; provided, however, that an Unrestricted Subsidiary of the Borrower shall not be a "Significant Subsidiary".

"SPECIAL PURPOSE FINANCING SUBSIDIARY" means a Subsidiary of the Borrower which is a special-purpose company created and used solely for purposes of effecting a Receivables Financing.

"STATUTORY RESERVE ADJUSTMENT" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Federal Reserve Board to which the Administrative Agent is subject with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Federal Reserve Board). Such reserve percentages will include those imposed pursuant to such Regulation D. Eurodollar Loans will be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Adjustment will be adjusted automatically on and as of the effective date of any change in any applicable reserve percentage.

"SUBSIDIARY" means, with respect to any Person (the "PARENT") at any date, (a) any corporation, limited liability company, partnership or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date and (b) any other corporation, limited liability company, partnership or other entity (i) of which securities or other ownership interests (x) representing more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership voting interests or (y) otherwise having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions, are, as of such date, owned, controlled or held, or (ii) that is otherwise Controlled (pursuant to clause (b) of the definition of "Control") as of such date, by the parent and/or one or more of its subsidiaries.

"SUBSIDIARY" means any subsidiary of the Borrower.

"SWINGLINE EXPOSURE" means, at any time, the aggregate outstanding principal amount of the Swingline Loans at such time. The Swingline Exposure of any Lender at any time will be its Percentage of the total Swingline Exposure at such time.

"SWINGLINE LENDER" means JPMorgan Chase Bank, in its capacity as the lender of Swingline Loans hereunder.

"SWINGLINE LOAN" means a Loan made pursuant to Section 2.04.

"SYNTHETIC PURCHASE AGREEMENT" means any swap, derivative or other agreement or combination of agreements pursuant to which the Borrower or a Restricted Subsidiary is or may become obligated to make (i) any payment in connection with the purchase by any third party, from a Person other than the Borrower or a Restricted Subsidiary, of any Equity Interest or Restricted Debt or (ii) any payment (other than on account of a permitted purchase by it of any Equity Interest or Restricted Debt) the amount of which is determined by

reference to the price or value at any time of any Equity Interest or Restricted Debt; provided that no phantom stock or similar plan providing for payments only to current or former directors, officers or employees of the Borrower or its Restricted Subsidiaries (or their heirs or estates) will be deemed to be a Synthetic Purchase Agreement.

"TAXES" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"THIRD-PARTY LOCATION" means any property that is either owned or leased by (a) a Third-Party Warehouseman, (b) an Outside Processor, or (c) a Borrower Joint Venture.

"THIRD-PARTY WAREHOUSEMAN" means any Person on whose premises Qualified Inventory is located, which premises are neither owned nor leased by the Borrower, any customer of or vendor to the Borrower, or an Outside Processor.

"TIMBERLANDS CONTRIBUTION" means one or more proposed contributions by the Borrower to one or more of its employee benefit plans of certain timberlands and related real property located in Alabama and Tennessee and having an aggregate value not in excess of $150 million.

"TOTAL OUTSTANDING AMOUNT" means, at any date, the aggregate Exposures of all Lenders at such date.

"TRANSACTION LIENS" means the Liens on Collateral granted by the Borrower under the Security Documents.

"TRANSACTIONS" means the Financing Transactions and the National Steel Acquisition.

"UNITED STATES" means the United States of America.

"UNRESTRICTED SUBSIDIARY" means any Subsidiary designated by the Borrower's board of directors as an Unrestricted Subsidiary pursuant to Section 5.14 subsequent to the date of this Agreement.

"USS HOLDINGS" means U. S. Steel Holdings, Inc., a Delaware corporation, and each of its subsidiaries that (i) is organized under the laws of the State of Delaware and (ii) does not engage in any business or conduct any activity or own any assets, other than (x) the holding, directly or indirectly, of investments in Foreign Subsidiaries and the holding companies through which such investments in Foreign Subsidiaries may be held, and (y) the performance of ministerial activities incidental thereto.

"USSK" means U.S. Steel Kosice, s.r.o, a company organized under the laws of the Slovak Republic.

"VALUATION RESERVES" means the sum of the following:

(a) a favorable variance reserve for variances between pre-determined cost and actual costs;

(b) a calculated revaluation reserve, as determined by the Collateral Agent and the Co-Collateral Agent in their sole discretion;

(c) a reserve for costs incurred at headquarters which are allocated to Inventory;

(d) a lower of cost or market reserve which includes all Inventory sold for less than pre-determined cost as deemed appropriate by the Collateral Agent and the Co-Collateral Agent in their sole discretion;

(e) a reserve for iron ore transportation costs, as determined by the Collateral Agent and the Co-Collateral Agent in their sole discretion; and

(f) such other reserves as may be deemed appropriate by the Collateral Agent and the Co-Collateral Agent from time to time in their sole discretion.

"WITHDRAWAL LIABILITY" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

Section 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans and Borrowings may be classified by Interest Type (e.g., a "Eurodollar Loan" or a "Eurodollar Borrowing").

Section 1.03. Terms Generally. The definitions of terms herein (including those incorporated by reference to another document) apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. The words "INCLUDE", "INCLUDES" and "INCLUDING" shall be deemed to be followed by the phrase "WITHOUT LIMITATION". The word "WILL" shall be construed to have the same meaning and effect as the word "SHALL". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "HEREIN", "HEREOF" and "HEREUNDER", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the word "PROPERTY" shall be construed to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

Section 1.04. Accounting Terms; Changes in GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment of any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof (or if the

Administrative Agent notifies the Borrower that the Required Lenders request an amendment of any provision hereof for such purpose), regardless of whether such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be applied on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE 2
THE CREDITS

Section 2.01. Commitments. (a) Subject to the terms and conditions set forth herein, each Lender agrees to make Revolving Loans to the Borrower from time to time during the Revolving Availability Period in an aggregate principal amount that will not at any time result in (A) such Lender's Exposure exceeding its Commitment or (B) the Total Outstanding Amount exceeding the Maximum Facility Availability then in effect. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Revolving Loans.

(b) The Commitments of the Lenders are several, i.e., the failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder, and no Lender shall be responsible for any other Lender's failure to make Loans as and when required hereunder.

Section 2.02. Revolving Loans. (a) Each Revolving Loan shall be made as part of a Borrowing consisting of Loans of the same Interest Type made by the Lenders ratably in accordance with their respective Commitments, as the Borrower may request (subject to Section 2.14) in accordance herewith. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan. Any exercise of such option shall not affect the Borrower's obligation to repay such Loan as provided herein.

(b) At the beginning of each Interest Period for any Eurodollar Borrowing, the aggregate amount of such Borrowing shall be an integral multiple of $1,000,000 and not less than $5,000,000. When each Base Rate Borrowing is made, the aggregate amount of such Borrowing shall be an integral multiple of $1,000,000 and not less than $5,000,000; provided that a Base Rate Borrowing may be in an aggregate amount that (i) is equal to the entire unused balance of the Commitments or (ii) is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e). Borrowings of more than one Interest Type may be outstanding at the same time; provided that there shall not at any time be more than a total of seven Eurodollar Borrowings outstanding.

(c) Notwithstanding any other provision hereof, the Borrower will not be entitled to request, or to elect to convert or continue, any Eurodollar Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date.

Section 2.03. Requests to Borrow Revolving Loans. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., Prevailing Eastern Time, three Business Days before the date of the proposed Borrowing or (b) in the case of a Base Rate Borrowing, not later than noon, Prevailing Eastern Time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of such Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be a Base Rate Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06.

If no election as to the Interest Type of a Borrowing is specified, the requested Borrowing will be a Base Rate Borrowing. If no Interest Period with respect to a requested Eurodollar Borrowing is specified, the Borrower will be deemed to have selected an Interest Period of one month's duration. Promptly after it receives a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender as to the details of such Borrowing Request and the amount of such Lender's Loan to be made pursuant thereto.

Section 2.04. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Revolving Availability Period, in each case in an amount that (i) is an integral multiple of $100,000 and not less than $300,000, (ii) will not result in the aggregate outstanding principal amount of all

Swingline Loans exceeding $15,000,000 and (iii) will not result in the Total Outstanding Amount exceeding the Maximum Facility Availability then in effect; provided that the Swingline Lender will not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy or e-mail transmission), not later than 3:00 p.m., Prevailing Eastern Time, on the proposed date of borrowing. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent shall promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the Borrower's general deposit account with the Swingline Lender (or, if such Swingline Loan is made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e), by remittance to the LC Issuing Bank) by 5:00 p.m., Prevailing Eastern Time, on the requested date of such Swingline Loan. Each Swingline Loan shall bear interest at the rate specified in Section 2.13(c).

(c) The Borrower unconditionally promises to pay to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the fifth Business Day after such Swingline Loan is made; provided that on each day that a Borrowing of Revolving Loans is made, the Borrower shall repay all Swingline Loans that were outstanding when such Borrowing was requested.

(d) The Borrower will have the right at any time to prepay any Swingline Loan in full or in part in an amount that is an integral multiple of $100,000 and not less than $300,000. The Borrower shall notify the Swingline Lender and the Administrative Agent, by telephone (confirmed by telecopy or e-mail transmission), of the date and amount of any such prepayment not later than noon on the date of prepayment. Each such prepayment shall be made directly to the Swingline Lender and shall be accompanied by accrued interest on the amount prepaid.

(e) The Swingline Lender may, by written notice given to the Administrative Agent not later than 3:00 p.m., Prevailing Eastern Time, on any Business Day, require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans then outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly after it receives such notice, the Administrative Agent shall notify each Lender as to the details thereof and such Lender's Percentage of such aggregate amount of Swingline Loans. Each Lender agrees, upon receipt of such

notification, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Percentage of such aggregate amount of Swingline Loans. Each Lender's obligation to acquire participations in Swingline Loans pursuant to this subsection is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or any reduction or termination of the Commitments, and each payment by a Lender to acquire such participations shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this subsection by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06(b) shall apply, mutatis mutandis, to the payment obligations of the Lenders under this subsection), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in Swingline Loans acquired pursuant to this subsection, and thereafter payments in respect of such Swingline Loans shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or any other party on behalf of the Borrower) in respect of a Swingline Loan after the Swingline Lender receives the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent, which shall promptly remit any such amounts received by it to the Lenders that shall have made payments pursuant to this subsection and to the Swingline Lender, as their interests may appear. The purchase of participations in Swingline Loans pursuant to this subsection will not relieve the Borrower of any default in the payment thereof.

Section 2.05. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit for its own account, in a form reasonably acceptable to the Administrative Agent and the LC Issuing Bank, from time to time during the Revolving Availability Period. If the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the LC Issuing Bank relating to any Letter of Credit are not consistent with the terms and conditions of this Agreement, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal or Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the LC Issuing Bank) to the LC Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the requested date of issuance, amendment, renewal or

extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with Section 2.05(c)), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the LC Issuing Bank, the Borrower also shall submit a letter of credit application on the LC Issuing Bank's standard form (with such changes as are agreed by such LC Issuing Bank and the Borrower) in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension, (i) the LC Exposure will not exceed $75,000,000 and (ii) the Total Outstanding Amount will not exceed the Maximum Facility Availability then in effect.

(c) Expiration Date. Each Letter of Credit shall expire at or before the close of business on the earlier of (i) the date that is eighteen months after such Letter of Credit is issued (or, in the case of any renewal or extension thereof, eighteen months after such renewal or extension) and (ii) the date that is five Business Days before the Maturity Date.

(d) Participations. Effective upon the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the LC Issuing Bank or the Lenders, the LC Issuing Bank grants to each Lender, and each Lender acquires from the LC Issuing Bank, a participation in such Letter of Credit equal to such Lender's Percentage of the aggregate amount available to be drawn thereunder. Pursuant to such participations, each Lender agrees to pay to the Administrative Agent, for the account of the LC Issuing Bank, such Lender's Percentage of (i) each LC Disbursement made by the LC Issuing Bank and not reimbursed by the Borrower on the date due as provided in Section 2.05(e) and (ii) any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender's obligation to acquire participations and make payments pursuant to this subsection is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or any reduction or termination of the Commitments, and each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the LC Issuing Bank makes any LC Disbursement under a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying an amount equal to such LC Disbursement to the Administrative Agent not later than noon, Prevailing Eastern Time, on the day that such LC Disbursement is made, if the Borrower receives notice of such LC Disbursement before 10:00 a.m., Prevailing Eastern Time, on such day, or, if such notice has not been received by the Borrower before such time on such day, then

not later than noon, Prevailing Eastern Time, on (i) the Business Day that the Borrower receives such notice, if such notice is received before 10:00 a.m., Prevailing Eastern Time, on the day of receipt, or (ii) the next Business Day, if such notice is not received before such time on the day of receipt; provided that, if such LC Disbursement is at least $250,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be made with the proceeds of a Base Rate Revolving Loan or a Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting Base Rate Revolving Loan or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Percentage thereof. Promptly after it receives such notice, each Lender shall pay to the Administrative Agent its Percentage of the payment then due from the Borrower, in the same manner as is provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06(b) shall apply, mutatis mutandis, to such payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the LC Issuing Bank the amounts so received by it from the Lenders. If a Lender makes a payment pursuant to this subsection to reimburse the LC Issuing Bank for any LC Disbursement (other than by funding Base Rate Revolving Loans as contemplated above), (i) such payment will not constitute a Loan and will not relieve the Borrower of its obligation to reimburse such LC Disbursement and (ii) such Lender will be subrogated to its pro rata share of the LC Issuing Bank's claim against the Borrower for such reimbursement. Promptly after the Administrative Agent receives any payment from the Borrower pursuant to this subsection, the Administrative Agent will distribute such payment to the LC Issuing Bank or, if Lenders have made payments pursuant to this subsection to reimburse the LC Issuing Bank, then to such Lenders and the LC Issuing Bank as their interests may appear.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in Section 2.05(e) shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the LC Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. None of the Administrative Agent, the Lenders, the LC

Issuing Bank and their respective Related Parties shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission

or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the LC Issuing Bank; provided that the foregoing shall not excuse the LC Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the LC Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. In the absence of gross negligence or willful misconduct on the part of the LC Issuing Bank (as finally determined by a court of competent jurisdiction), the LC Issuing Bank shall be deemed to have exercised care in each such determination. Without limiting the generality of the foregoing, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the LC Issuing Bank may, in its sole discretion, either (A) accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or (B) refuse to accept and make payment upon such documents if such documents do not strictly comply with the terms of such Letter of Credit.

(g) Disbursement Procedures. The LC Issuing Bank shall, promptly after its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The LC Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the LC Issuing Bank has made or will make an LC Disbursement pursuant thereto; provided that any failure to give or delay in giving such notice will not relieve the Borrower of its obligation to reimburse the LC Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest. Unless the Borrower reimburses an LC Disbursement in full on the day it is made, the unpaid amount thereof shall bear interest, for each day from and including the day on which such LC Disbursement is made to but excluding the day on which the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to Base Rate Revolving Loans; provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to Section 2.05(e), then Sections 2.13(d) and 2.13(e) shall apply. Interest accrued pursuant to this subsection shall be for the account of the LC Issuing Bank, except that a pro rata share of interest accrued on and after the

day that any Lender reimburses the LC Issuing Bank for a portion of such LC Disbursement pursuant to Section 2.05(e) shall be for the account of such Lender.

(i) Replacement of LC Issuing Bank. The LC Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced LC Issuing Bank and the successor LC Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement. At the time any such replacement becomes effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced LC Issuing Bank pursuant to Section 2.12(b). On and after the effective date of any such replacement, (i) the successor LC Issuing Bank will have all the rights and obligations of the LC Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "LC Issuing Bank" will be deemed to refer to such successor or to any previous LC Issuing Bank, or to such successor and all previous LC Issuing Banks, as the context shall require. After an LC Issuing Bank is replaced, it will remain a party hereto and will continue to have all the rights and obligations of an LC Issuing Bank under this Agreement with respect to Letters of Credit issued by it before such replacement, but will not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If an Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposures representing more than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this subsection, the Borrower shall deposit in its Cash Collateral Account an amount in cash equal to 102% of the total LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such cash collateral will become effective immediately, and such deposit will become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (i) or (j) of Article 7. Any amount so deposited (including any earnings thereon) will be withdrawn from the Borrower's Cash Collateral Account by the Administrative Agent and applied to pay LC Reimbursement Obligations as they become due; provided that (i) if at any time all Events of Default have been cured or waived, such amount, to the extent not theretofore so applied, (and excluding amounts required to be deposited in the Cash Collateral Account pursuant to Section 2.10(b) or Section 5.12(b)) will be returned to the Borrower

upon its request and (ii) if at any time the maturity of the Loans has been accelerated, such amount (to the extent not theretofore so applied or returned) will be applied to pay the Secured Obligations as provided in Section 7 of the Security Agreement.

Section 2.06. Funding of Revolving Loans. Each Lender making a Revolving Loan hereunder shall wire the principal amount thereof in immediately available funds, by 1:00 p.m., Prevailing Eastern Time, on the proposed date of such Loan, to the account of the Administrative Agent most recently designated

by it for such purpose by notice to the Lenders. The Administrative Agent shall make such funds available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request; provided that Base Rate Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) will be remitted by the Administrative Agent to the LC Issuing Bank.

(b) Unless the Administrative Agent receives notice from a Lender before the proposed date of any Borrowing that such Lender will not make its share of such Borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with Section 2.06(a) and may, in reliance on such assumption, make a corresponding amount available to the Borrower. In such event, if a Lender has not in fact made its share of such Borrowing available to the Administrative Agent, such Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the day such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate reasonably determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to Base Rate Loans. If such Lender pays such amount to the Administrative Agent, such amount shall constitute such Lender's Loan included in such Borrowing.

Section 2.07. Interest Elections. (a) Each Borrowing of Revolving Loans initially shall be of the Interest Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Interest Type or, in the case of a Eurodollar Borrowing, to continue such Borrowing for one or more additional Interest Periods, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent thereof by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting that a Borrowing of the Interest Type resulting from such election be made on the effective date of such election. Each such telephonic Interest Election shall be irrevocable and shall be confirmed promptly by hand delivery, telecopy or e-mail transmission to the Administrative Agent of a written Interest

Election in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election shall specify the following information in compliance with Section 2.02 and subsection (e) of this Section:

(i) the Borrowing to which such Interest Election applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be a Base Rate Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is to be a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving

effect to such election, which shall be a period contemplated by the definition of "Interest Period".

If an Interest Election requests a Eurodollar Borrowing but does not specify an Interest Period, the Borrower will be deemed to have selected an Interest Period of one month's duration.

(d) Promptly after it receives an Interest Election, the Administrative Agent shall advise each Lender as to the details thereof and such Lender's portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election with respect to a Eurodollar Borrowing before the end of an Interest Period applicable thereto, such Borrowing (unless repaid) will be converted to a Base Rate Borrowing at the end of such Interest Period. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing, (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) each Eurodollar Borrowing (unless repaid) will be converted to a Base Rate Borrowing at the end of the Interest Period applicable thereto on the date of such notice.

Section 2.08. Termination or Reduction of Commitments. (a) Unless previously terminated, the Commitments will terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments; provided that (i) the amount of each reduction of the Commitments shall be an integral multiple of $1,000,000 and not less than $5,000,000 and (ii) the Borrower shall not terminate or reduce the Commitments if, after giving effect thereto and to any concurrent prepayment of Revolving Loans pursuant to Section 2.10, the total Exposures would exceed the total Commitments and (iii) the Borrower shall not reduce the Commitments if, after giving effect thereto, the outstanding Commitments would be less than $200,000,000.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments under Section 2.08(b), at least three Business Days before the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly after it receives any such notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section will be irrevocable; provided that any such notice terminating the Commitments may state that it is conditioned on the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or before the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments will be permanent and will be made ratably among the Lenders in accordance with their respective Commitments.

Section 2.09. Payment at Maturity; Evidence of Debt.(a) The Borrower unconditionally promises to pay to the Administrative Agent on the Maturity Date, for the account of each Lender, the then unpaid principal amount of such Lender's Revolving Loans.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Interest Type thereof and each Interest Period (if any) applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to subsections (b) and (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that any failure by any Lender or the Administrative Agent to maintain such accounts or any error therein

shall not affect the Borrower's obligation to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver

to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

Section 2.10. Optional and Mandatory Prepayments.(a) Optional Prepayments. The Borrower will have the right at any time to prepay any Borrowing in whole or in part, subject to the provisions of this Section.

(b) Mandatory Prepayments. If at any date the Total Outstanding Amount exceeds the Maximum Facility Availability calculated as of such date, then not later than the next succeeding Business Day, the Borrower shall be required to prepay the Loans (or, if no Loans are outstanding, deposit cash in the Cash Collateral Account to cash collateralize Letter of Credit liabilities) in an amount equal to such excess until the Total Outstanding Amount, net of the amount of cash collateral deposited in the Cash Collateral Account, does not exceed the Maximum Facility Availability.

(c) Allocation of Prepayments. Before any optional or mandatory prepayment of Borrowings hereunder, the Borrower shall select the Borrowing or Borrowings to be prepaid and shall specify such selection in the notice of such prepayment pursuant to Section 2.10(f).

(d) Partial Prepayments. Each partial prepayment of a Borrowing shall be in an amount that would be permitted under Section 2.02(b) for a Borrowing of the same Interest Type, except as needed to apply fully the required amount of a mandatory prepayment. Each partial prepayment of a Borrowing shall be applied ratably to the Loans included in such Borrowing.

(e) Accrued Interest. Each prepayment of a Borrowing shall be accompanied by accrued interest to the extent required by Section 2.11 or Section 2.13.

(f) Notice of Prepayments. The Borrower shall notify the Administrative Agent by telephone (confirmed by telecopy or e-mail transmission) of any prepayment of any Borrowing hereunder (i) in the case of a Eurodollar Borrowing, not later than noon, Prevailing Eastern Time, three Business Days before the date of prepayment and (ii) in the case of a Base Rate

Borrowing, not later than noon, Prevailing Eastern Time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date, the principal amount of each Borrowing or portion thereof to be prepaid and, in the case of a mandatory prepayment, a reasonably detailed calculation of the amount of such prepayment; provided that, if a notice of optional prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.08(c), then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08(c). Promptly after it receives any such notice, the Administrative Agent shall advise the Lenders of the contents thereof.

Section 2.11. Change in Control. (a) If a Change in Control of the Borrower shall occur, the Borrower will, within one Business Day after the occurrence thereof, give the Administrative Agent notice thereof, and the Administrative Agent shall promptly notify each Lender thereof. Such notice shall describe in reasonable detail the facts and circumstances giving rise thereto and the date of such Change in Control and each Lender may, by notice to the Borrower and the Administrative Agent (a "TERMINATION NOTICE") given not later than ten days after the date of such Change of Control, terminate its Commitment, which shall be terminated, and declare any Loans made by it (together with accrued interest thereon) and any other amounts payable hereunder for its account to be, and such Loans and such amounts shall become, due and payable, in each case on the day following delivery of such Termination Notice (or if such day is not a Business Day, the next succeeding Business Day), without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

(b) If the Commitment of any Lender is terminated pursuant to this Section at a time when any Letter of Credit is outstanding, then (i) such Lender shall remain responsible to the LC Issuing Bank with respect to such Letter of Credit to the same extent as if its Commitment had not terminated and (ii) the Borrower shall pay to such Lender an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to such Lender) equal to such Lender's Percentage of the aggregate amount available for drawing under all Letters of Credit outstanding at such time.

(c) If the Commitment of any Lender is terminated pursuant to this Section at a time when any Swingline Loan is outstanding, then (i) such Lender shall remain responsible to the Swingline Lender with respect to such Swingline Loan to the same extent as if its Commitment had not terminated and (ii) the

Borrower shall pay to such Lender an amount in immediately available funds (which funds shall be held as collateral pursuant to arrangements satisfactory to such Lender) equal to such Lender's Percentage of the aggregate outstanding principal amount of such Swingline Loan at such time.

Section 2.12. Fees. (a) The Borrower shall pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily unused amount of each Commitment of such Lender during the period from and including the Effective Date to the date on which such Commitment terminates. Accrued commitment fees will be payable in arrears on the last day of March, June, September and December of each year and the day when the Commitments terminate, commencing on the first such day to occur after the date hereof. All commitment fees will be computed on the basis of a year of 360 days and will be payable for the actual number of days elapsed (including the first day but excluding the last day). For purposes of computing commitment fees, a Lender's Commitment will be deemed to be used to the extent of its outstanding Revolving Loans and LC Exposure (and its Swingline Exposure will be disregarded for such purpose).

(b) The Borrower shall pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue for each day, at the Applicable Rate that applies to Eurodollar Revolving Loans, on the amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) on such day, during the period from the Effective Date to the later of the date on which such Lender's Commitment terminates and the date on which such Lender ceases to have any LC Exposure, and (ii) to the LC Issuing Bank a fronting fee, which shall accrue at the rate or rates per annum separately agreed upon by the Borrower and such LC Issuing Bank on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from the Effective Date to the later of the date on which the Commitments terminate and the date on which there ceases to be any LC Exposure, as well as the fees separately agreed upon by the Borrower and such LC Issuing Bank with respect to issuing, amending, renewing or extending any Letter of Credit or processing drawings thereunder. Participation fees and fronting fees accrued through the last day of March, June, September and December of each year will be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees accrued to the date on which the Commitments terminate will be payable on such date, and any such fees accruing after such date will be payable on demand. Any other fees payable to the LC Issuing Bank pursuant to this subsection will be payable within 10 days after demand. All such participation fees and fronting fees will be computed on the basis of a year of 360 days and will be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower shall pay (i) to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon by the Borrower and the Administrative Agent and (ii) to each of the Collateral Agent and the Co-Collateral Agent, for its own account, fees payable in the

amounts and at the times separately agreed upon by the Borrower and the Collateral Agent and/or the Co-Collateral Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the LC Issuing Bank, in the case of fees payable to it, or to the Collateral Agent or the Co-Collateral Agent, as applicable, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the Lenders entitled thereto. Fees paid shall not be refundable under any circumstances.

Section 2.13. Interest. (a) The Loans comprising each Base Rate Borrowing shall bear interest for each day at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest for each Interest Period in effect for such Borrowing at the Adjusted LIBO Rate for such Interest Period plus the Applicable Rate.

(c) The Swingline Loans shall bear interest at the rate applicable to Base Rate Revolving Loans.

(d) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the

rate that would, in the absence of an Event of Default, be otherwise applicable to such Loan as provided in the preceding subsections of this Section or (ii) in the case of any other amount, 2% plus the rate that would, in the absence of an Event of Default, be applicable to Base Rate Revolving Loans, as provided in subsection (a) of this Section.

(e) Interest accrued on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to Section 2.13(d) shall be payable on demand, (ii) upon any repayment of any Loan (except a prepayment of a Base Rate Revolving Loan before the end of the Revolving Availability Period), interest accrued on the principal amount repaid shall be payable on the date of such repayment and (iii) upon any conversion of a Eurodollar Loan before the end of the current Interest Period therefor, interest accrued on such Loan shall be payable on the effective date of such conversion.

(f) All interest hereunder will be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate will be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case

will be payable for the actual number of days elapsed (including the first day but excluding the last day). Each applicable Alternate Base Rate or Adjusted LIBO Rate shall be determined by the Administrative Agent, and its determination thereof will be conclusive absent manifest error.

Section 2.14. Alternate Rate of Interest. If before the beginning of any Interest Period for a Eurodollar Borrowing:

(i) deposits in dollars in the applicable amounts are not being offered by the Administrative Agent in the London interbank market for such Interest Period; or

(ii) Lenders having 50% or more of the aggregate principal amount of the Loans to be included in such Borrowing advise the Administrative Agent that the Adjusted LIBO Rate for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing will be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing will be made as a Base Rate Borrowing.

Section 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the LC Issuing Bank; or

(ii) impose on any Lender or the LC Issuing Bank or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make Eurodollar Loans) or to increase the cost to such Lender or the LC Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce any amount received or receivable by such Lender or the LC Issuing Bank hereunder (whether of principal, interest or otherwise), then the Borrower shall

pay to such Lender or the LC Issuing Bank, as the case may be, such additional amount or amounts as will compensate it for such additional cost incurred or reduction suffered.

(b) If any Lender or the LC Issuing Bank determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or the LC Issuing Bank's capital or on the capital of such Lender's or the LC Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations

in Letters of Credit held by, such Lender, or the Letters of Credit issued by the LC Issuing Bank, to a level below that which such Lender or the LC Issuing Bank or such Lender's or the LC Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the LC Issuing Bank's policies and the policies of such Lender's or the LC Issuing Bank's holding company with respect to capital adequacy), then from time to time following receipt of the certificate referred to in subsection (c) of this Section, the Borrower shall pay to such Lender or the LC Issuing Bank, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

(c) A certificate of a Lender or the LC Issuing Bank setting forth the amount or amounts necessary to compensate it or its holding company, as the case may be, as specified in subsection (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. Each such certificate shall contain a representation and warranty on the part of the Lender to the effect that such Lender has complied with its obligations pursuant to Section 2.19 hereof in an effort to eliminate or reduce such amount. The Borrower shall pay such Lender or the LC Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay by any Lender or the LC Issuing Bank to demand compensation pursuant to this Section will not constitute a waiver of its right to demand such compensation; provided that the Borrower will not be required to compensate a Lender or the LC Issuing Bank pursuant to this Section for any increased cost or reduction incurred more than 180 days before it notifies the Borrower of the Change in Law giving rise to such increased cost or reduction and of its intention to claim compensation therefor. However, if the Change in Law giving rise to such increased cost or reduction is retroactive, then the 180-day period referred to above will be extended to include the period of retroactive effect thereof.

Section 2.16. Break Funding Payments. If (a)any principal of any Eurodollar Loan is repaid on a day other than the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) any Eurodollar Loan is converted on a day other than the last day of an Interest Period applicable thereto, (c) the Borrower fails to borrow, convert, continue or prepay

any Revolving Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.10(f) and is revoked in accordance therewith), or (d) any Eurodollar Loan is assigned on a day other than the last day of an Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19, then the Borrower shall compensate each Lender for its loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost and expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the end of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have begun on the date of such failure), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the beginning of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.17. Taxes. All payments by the Borrower under the Loan Documents shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that, if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable will be increased as necessary so that, after all required deductions (including deductions applicable to additional sums payable under this Section) are made, each relevant Lender Party receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify each Lender Party, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by such Lender Party with respect to any payment by or obligation of the Borrower under the Loan Documents (including Indemnified Taxes

or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of any such payment delivered to the

Borrower by a Lender Party on its own behalf, or by the Administrative Agent on behalf of a Lender Party, shall be conclusive absent manifest error. If the Borrower has indemnified any Lender Party pursuant to this Section 2.17(c), such Lender Party shall take such steps as the Borrower shall reasonably request (at the Borrower's expense) to assist the Borrower in recovering the Indemnified Taxes or Other Taxes and any penalties or interest attributable thereto; provided that no Lender Party shall be required to take any action pursuant to this Section 2.17(c) unless, in the judgment of such Lender Party, such action (i) would not subject such Lender Party to any unreimbursed cost or expense and (ii) would not otherwise be disadvantageous to such Lender Party.

(d) As soon as practicable after the Borrower pays any Indemnified Taxes or Other Taxes to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the laws of the United States, or any treaty to which the United States is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate. If any such Foreign Lender becomes subject to any Tax because it fails to comply with this subsection as and when prescribed by applicable law, the Borrower shall take such steps (at such Foreign Lender's expense) as such Foreign Lender shall reasonably request to assist such Foreign Lender to recover such Tax.

Section 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-Offs. (a) The Borrower shall make each payment required to be made by it under the Loan Documents (whether of principal, interest or fees, or reimbursement of LC Disbursements, or amounts payable under Section 2.15, 2.16 or 2.17(c) or otherwise) before the time expressly required under the relevant Loan Document for such payment (or, if no such time is expressly required, before noon, Prevailing Eastern Time), on the date when due, in immediately available funds, without set-off or counterclaim. Any amount received after such time on any day may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 1111 Fannin, 10th Floor, Houston, Texas 77002, except payments to be made directly to the LC Issuing Bank or the Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17

and 9.03 shall be made directly to the Persons entitled thereto and payments pursuant to other Loan Documents shall be made to the Persons specified therein. The Administrative Agent shall distribute any such payment received by it for the account of any other Person to the appropriate recipient promptly after receipt thereof. Unless otherwise specified herein, if any payment under any Loan Document shall be due on a day that is not a Business Day, the date for payment will be extended to the next succeeding Business Day and, if such payment accrues interest, interest thereon will be payable for the period of such extension. All payments under each Loan Document shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, to pay interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, to pay principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans or any of its participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and participations in LC

Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this subsection shall not apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this subsection shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such

participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless, before the date on which any payment is due to the Administrative Agent for the account of one or more Lender Parties hereunder, the Administrative Agent receives from the Borrower notice that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance on such assumption, distribute to each relevant Lender Party the amount due to it. In such event, if the Borrower has not in fact made such payment, each Lender Party severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender Party with interest thereon, for each day from and including the day such amount is distributed to it to but excluding the day it repays the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender fails to make any payment required to be made by it pursuant to Section 2.04(e), 2.05(d), 2.05(e), 2.06(b), 2.18(d) or 9.03(c), the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.19. Lender's Obligation to Mitigate; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use all commercially reasonable efforts to mitigate or eliminate the amount of such compensation or additional amount, including without limitation, by designating a different lending office for funding or booking its Loans hereunder or by assigning its rights and obligations hereunder to another of its offices, branches or affiliates; provided that no Lender shall be required to take any action pursuant to this Section 2.19(a) unless, in the judgment of such Lender, such designation or assignment or other action (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future, (ii) would not subject such Lender to any unreimbursed cost or expense and (iii) would not otherwise be disadvantageous to such Lender. The Borrower shall pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the

Administrative Agent, require such Lender to assign, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and, if a Commitment is being assigned, the LC Issuing Bank and the Swingline Lender), which consents shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and

all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a material reduction in such compensation or payments. A Lender shall not be required to make any such assignment if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment cease to apply.

Section 2.20. Optional Increase in Commitments. At any time, if no Default shall have occurred and be continuing (or would result after giving effect thereto), the Borrower, may, if it so elects, increase the aggregate amount of the Commitments (each such increase to be in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000), either by designating a financial institution not theretofore a Lender to become a Lender (such designation to be effective only with the prior written consent of the Administrative Agent and each LC Issuing Bank, which consent will not be unreasonably withheld or delayed, and only if such financial institution accepts a Commitment in an aggregate amount that is an integral multiple of $1,000,000 and not less than $5,000,000), or by agreeing with an existing Lender that such Lender's Commitment shall be increased. Upon execution and delivery by the Borrower and such Lender or other financial institution of an instrument (a "COMMITMENT ACCEPTANCE") in form reasonably satisfactory to the Administrative Agent, such existing Lender shall have a Commitment as therein set forth or such other financial institution shall become a Lender with a Commitment as therein set forth and all the rights and obligations of a Lender with such a Commitment hereunder; provided:

(a) that the Borrower shall provide prompt notice of such increase to the Administrative Agent, who shall promptly notify the Lenders;

(b) that the Borrower shall have delivered to the Administrative Agent a copy of the Commitment Acceptance;

(c) that the amount of such increase, together with all other increases in the aggregate amount of the Commitments pursuant to this Section 2.20 since the date of this Agreement, does not exceed $100,000,000;

(d) that, before and after giving effect to such increase, the representations and warranties of the Borrower contained in Article 3 of this Agreement shall be true and correct; and

(e) that the Administrative Agent shall have received such evidence (including an opinion of Borrower's counsel) as it may reasonably request to confirm the Borrower's due authorization of the transactions contemplated by this Section 2.20 and the validity and enforceability of the obligations of the Borrower resulting therefrom.

On the date of any such increase, the Borrower shall be deemed to have represented to the Administrative Agent and the Lenders that the conditions set forth in clauses (a) through (e) above have been satisfied.

Upon any increase in the aggregate amount of the Commitments pursuant to this Section 2.20:

(x) within five Domestic Business Days, in the case of any Base Rate Borrowings then outstanding, and at the end of the then current Interest Period with respect thereto, in the case of any Eurodollar Borrowings then outstanding, the Borrower shall prepay such Borrowing in its entirety and, to the extent the Borrower elects to do so and subject to the conditions specified in Article 4, the Borrower shall reborrow Loans from the Lenders in proportion to their respective Commitments after giving effect to such increase, until such time as all outstanding Loans are held by the Lenders in such proportion; and

(y) each existing Lender whose Commitment has not increased pursuant to this Section 2.20 (each, a "NON-INCREASING LENDER") shall be deemed, without further action by any party hereto, to have sold to each Lender whose Commitment has been assumed or increased under this Section 2.20 (each, an "INCREASED COMMITMENT LENDER"), and each Increased Commitment Lender shall be deemed, without further action by any party hereto, to have purchased from each Non-Increasing Lender, a participation (on the terms specified in 2.05(d) and Section 2.04(e) respectively) in each outstanding Letter of Credit and each Swingline Loan in which such Non-Increasing Lender has acquired a participation in an amount equal to such Increased Commitment Lender's Percentage thereof, until such time as all LC Exposures and Swingline Exposures are held by the Lenders in proportion to their respective Commitments after giving effect to such increase.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Lender Parties that:

Section 3.01. Organization; Powers. The Borrower and each of its Restricted Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where failures to do so, in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

Section 3.02. Authorization; Enforceability. The Transactions to be entered into by the Borrower are within its corporate, limited liability company or similar company powers and have been duly authorized by all necessary corporate, limited liability company (or similar) action and, if required, stockholder or equity holder action. This Agreement has been duly executed and delivered by the Borrower and constitutes, and each other Loan Document to which the Borrower is to be a party, when executed and delivered by the Borrower, will constitute, a legal, valid and binding obligation of the Borrower, as the case may be, in each case enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

Section 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or other action by, any Governmental Authority, except (i) such as have been obtained or made and are in full force and effect and (ii) filings necessary to perfect the Transaction Liens, (b) will not violate any applicable law or regulation or the charter, by-laws, limited liability company agreement or other organizational documents of the Borrower or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, agreement or other instrument binding upon the Borrower or any of its properties, or give rise to a right thereunder to require the Borrower to make any payment, and (d) will not result in the creation or imposition of any Lien (other than the Transaction Liens) on any property of the Borrower.

Section 3.04. Financial Statements; No Material Adverse Change. (a) The Borrower has heretofore furnished to the Lenders (i) the Borrower's 2002 Form 10-K containing the audited consolidated balance sheet of the Borrower and its Subsidiaries as of December 31, 2002 and the related consolidated statements of income and cash flows for the Fiscal Year then ended, reported on by PricewaterhouseCoopers LLP, independent public accountants, and (ii) the Borrower's Latest Form 10-Q containing the unaudited consolidated balance

sheet of the Borrower and its Subsidiaries as of March 31, 2003 and the related consolidated statements of income and cash flows for the Fiscal Quarter then ended and for the portion of the Fiscal Year then ended, all certified by the Borrower's chief financial officer. Such financial statements present fairly, in all material respects, the consolidated financial position of the Borrower and its Subsidiaries as of such dates and its consolidated results of operations and cash flows for such periods in accordance with GAAP, subject to normal year-end adjustments and the absence of footnotes in the case of the statements referred to in clause (ii) above.

(b) The Borrower has heretofore furnished to the Lenders the Approved Financing Model containing the pro forma consolidated balance sheet of the Borrower as of March 31, 2003, prepared giving effect to the Transactions as if the Transactions had occurred on such date. Such pro forma consolidated balance sheet (i) has been prepared in good faith (based on assumptions believed by the Borrower to be reasonable), (ii) is based on the best information available to the Borrower after due inquiry, (iii) accurately reflects all adjustments necessary to give effect to the Transactions and (iv) presents fairly, in all material respects, the pro forma consolidated financial position of the Borrower and its Subsidiaries as of March 31, 2003 as if the Transactions had occurred on such date.

(c) Since December 31, 2002, there has been no material adverse change in the business, operations, properties, assets, financial condition, contingent liabilities or material agreements of the Borrower and its Subsidiaries, taken as a whole, except as disclosed prior to the Effective Date in the Borrower's 2002 Form 10-K, the Borrower's Latest Form 10-Q or the Borrower's Latest Proxy Statement.

Section 3.05. Security Documents. The Security Documents create valid security interests in the Collateral purported to be covered thereby, which security interests are and will remain perfected security interests, prior to all other Liens, other than Liens permitted under. Each of the representations

and warranties made by the Borrower in the Security Documents to which it is a party is true and correct in all material respects.

Section 3.06. Borrower's Subsidiaries. As of the Effective Date, the Borrower has no Subsidiaries other than those set forth on Schedule 3.06. Each Subsidiary identified on Schedule 3.06 is a Restricted Subsidiary as of the Effective Date.

Section 3.07. Litigation and Environmental Matters. (a) Except as set forth in (i) the Borrower's 2002 Form 10-K, (ii) the Borrower's Latest Form 10-Q or (iii) the Borrower's Latest Proxy Statement, as filed with the SEC pursuant to the Exchange Act, there is no action, suit, arbitration proceeding or other proceeding, inquiry or investigation, at law or in equity, before or by any arbitrator or Governmental Authority pending against the Borrower or of which

the Borrower has otherwise received official notice or which, to the knowledge of the Borrower, is threatened against the Borrower (i) as to which there is a reasonable possibility of an unfavorable decision, ruling or finding which would reasonably be expected to result in a Material Adverse Effect or (ii) that involves any of the Loan Documents or the Financing Transactions.

(b) Except as set forth in the Borrower's 2002 Form 10-K, the Borrower's Latest Form 10-Q or the Borrower's Latest Proxy Statement, the Borrower does not presently anticipate that remediation costs and penalties associated with any Environmental Law, to the extent not previously provided for, will have a Material Adverse Effect.

Section 3.08. Compliance with Laws and Agreements; Foreign Asset Control Regulations. (a) The Borrower is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property (including (i) all Environmental Laws, (ii) ERISA, (iii) applicable laws, regulations and orders dealing with intellectual property, and (iv) the Fair Labor Standards Act and other applicable law dealing with such matters) and all indentures, agreements and other instruments binding on it or its property, except where failures to do so, in the aggregate, would not reasonably be expected to result in a Material Adverse Effect. No Default has occurred and is continuing.

(b) The Borrower is and will remain in full compliance with all laws and regulations applicable to it ensuring that no person who owns a controlling interest in or otherwise controls the Borrower is or shall be (A) listed on the Specially Designated Nationals and Blocked Person List maintained by the Office of Foreign Assets Control ("OFAC"), Department of the Treasury, and/or any other similar lists maintained by OFAC pursuant to any authorizing statute, Executive Order or regulation or (B) a person designated under Section 1(b), (c) or (d) of Executive Order No. 13224 (September 23, 2001), any related enabling legislation or any other similar Executive Orders.

Section 3.09. Investment and Holding Company Status. The Borrower is not (a) an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended or (b) a "holding company" or "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect.

Section 3.11. Regulation U. Neither the Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U).

Section 3.12. Disclosure. The Borrower has disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which it is subject, and all other matters known to it, that, individually or in the aggregate, would reasonably be expected to result in a Material Adverse Effect. The Approved Financing Model and all of the other reports, financial statements, certificates and other written information (other than projected financial information) that have been made available by or on behalf of the Borrower to the Arrangers, any Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder, are complete and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements are made; provided that, with

respect to projected financial information, the Borrower represents only that such information was prepared in good faith based on assumptions believed to be reasonable at the time.

Section 3.13. Senior Debt. The Secured Obligations constitute "Secured Indebtedness" and "Senior Indebtedness" under and as defined in the Existing Senior Unsecured Debt Documents.

Section 3.14. Processing of Receivables. In the ordinary course of its business, the Borrower processes its accounts receivable in a manner such that (i) each payment received by the Borrower in respect of accounts receivables is allocated to a specifically identified invoice or invoices, which invoice or invoices corresponds to a particular account receivable owing to the Borrower and (ii) if, at any time, less than 100% of the accounts receivables to the Borrower are included in a Receivables Financing, payments received in respect of those accounts receivable included in a Receivables Financing would be identifiable and separable from payments received in respect of accounts receivable not so included in a Receivables Financing.

Section 3.15. Existing Senior Unsecured Debt Documents; New Senior Unsecured Debt Documents. The Borrower has heretofore furnished to the Lenders true and correct copies of all Existing Senior Unsecured Debt Documents and all New Unsecured Debt Documents.

Section 3.16. National Steel Asset Purchase Agreement. The Borrower has heretofore furnished to the Lenders true and correct copies of the National Steel Asset Purchase Agreement, together with all exhibits, schedules, amendments and modifications thereto.

Section 3.17. Solvency. Immediately after the Transactions to occur on the Effective Date are consummated and after giving effect to the application of the proceeds of each Loan made on the Effective Date and after giving effect to the application of the proceeds of each Loan made on any other date, (a) the fair value of the assets of the Borrower, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the Borrower will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (c) the Borrower will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is now conducted and proposed to be conducted after the Effective Date.

ARTICLE 4
CONDITIONS

Section 4.01. Effective Date. The obligations of the Lenders to make Loans and of the LC Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received counterparts hereof signed by the Borrower and each of the Lenders listed on the signature pages hereof (or, in the case of any party as to which an executed counterpart shall not have been received, receipt by the Administrative Agent in form satisfactory to it of telex, facsimile or other written confirmation from such party that it has executed a counterpart hereof).

(b) The Administrative Agent shall have received favorable written opinions (in each case, addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Berry & Associates, special counsel for the Borrower, and the General Counsel or an Assistant General Counsel of the Borrower, (i) which opinions are substantially in the form of Exhibit B-1 and Exhibit B-2, respectively, and (ii) covering such other matters relating to the Borrower, the Loan Documents or the Transactions as the Required Lenders shall reasonably request. The Borrower requests such counsel to deliver such opinion.

(c) Each of the Administrative Agent, the Collateral Agent and the Co-Collateral Agent shall have received such documents and certificates as the Administrative Agent, the Collateral Agent, the Co-Collateral Agent or their respective counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization for and validity of the Transactions and any other legal matters relating to the Borrower, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent, the Collateral Agent, the Co-Collateral Agent and their respective counsel.

(d) Each of the Administrative Agent, the Collateral Agent and the Co-Collateral Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in clause (b), (c)

and (d) of Section 4.02.

(e) The fact that the Required Lenders shall not have notified the Administrative Agent of their determination that, since December 31, 2002, any event, development or circumstance has occurred that has had or would reasonably be expected to have a Material Adverse Effect, other than those events, developments and circumstances that have been disclosed (i) to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent in writing or (ii) in the Borrower's 2002 Form 10-K, the Borrower's Latest Form 10-Q or the Borrower's Latest Proxy Statement.

(f) The fact that none of the Arrangers, the Administrative Agent, the Collateral Agent or the Co-Collateral Agent shall have become aware of any information or other matter affecting the Borrower or the Transactions which was in existence prior to the date of this Agreement and is inconsistent in a material and adverse manner with any such information or other matter disclosed to them prior to the date of this Agreement.

(g) The Borrower shall have paid all fees and other amounts due and payable to the Lender Parties on or before the Effective Date, including, to the extent invoiced, all out-of-pocket expenses (including fees, charges and disbursements of counsel) required to be reimbursed or paid by the Borrower under the Loan Documents.

(h) The Collateral Requirement shall have been satisfied and the Administrative Agent shall have received a completed Perfection Certificate dated the Effective Date and signed by a Financial Officer or other executive officer of the Borrower, together with all attachments contemplated thereby, including the results of a search of the Uniform Commercial Code (or equivalent) filings made with respect to the Borrower in the jurisdictions contemplated by the Perfection Certificate and copies of the financing statements (or similar documents) disclosed by such search and evidence reasonably satisfactory to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent that the Liens indicated by such financing statements (or similar documents) are permitted by Section 6.02 or have been released.

(i) The Administrative Agent, the Collateral Agent and the Co-Collateral Agent shall have received evidence reasonably satisfactory to them that all insurance required by Section 5.07 is in effect.

(j) All consents and approvals required to be obtained from any Governmental Authority or other Person in connection with the Transactions shall

have been obtained and be in full force and effect, except where failure to obtain such approval or consent would not have a Material Adverse Effect.

(k) The Administrative Agent, the Collateral Agent and the Co-Collateral Agent (i) shall have received the Approved Financing Model and (ii) shall be satisfied in their sole discretion that, after giving effect to the National Steel Acquisition and the application of any proceeds of the Loans and Letters of Credit in connection therewith, (A) the Borrower shall have adhered to the Approved Financing Model (including the projections, sources and uses, and projected synergies set forth therein) and (B) the sum of (w) Facility Availability plus (x) the aggregate amount of current availability under other revolving credit facilities of the Borrower and its Restricted Subsidiaries plus (y) the aggregate amount of current availability under Receivables Financings of the Borrower and its Restricted Subsidiaries permitted under this Agreement plus (z) the aggregate amount of the Borrower's unrestricted cash on hand, shall not be less than $300,000,000 (of which not less than $250,000,000 shall be attributable to unrestricted cash on hand and/or availability under such revolving credit facilities and permitted Receivables Financings of the Borrower and its Domestic Subsidiaries).

(l) The Administrative Agent, the Collateral Agent and the Co-Collateral Agent shall have received a completed Borrowing Base Certificate signed by a Financial Officer (it being understood that the Borrowing Base Certificate delivered pursuant to this clause (l) in respect of the National Steel Assets may be prepared on an estimated, pro forma basis);

(m) The Administrative Agent, the Collateral Agent and the Co-Collateral Agent, shall have received, and be satisfied in all respects with, (i) a report of the inventory appraisal and evaluation performed by Hilco Appraisal Services, LLC with respect to the National Steel Assets and (ii) a reliance letter from Hilco Appraisal Services, LLC, expressly authorizing the Administrative Agent, the Collateral Agent and the Co-Collateral Agent to rely on the report described in the foregoing clause (i) as if it had been addressed to each of them.

(n) The Administrative Agent shall have received evidence satisfactory to it that the National Steel Acquisition shall be consummated simultaneously with the occurrence of the Effective Date.

(o) Promptly after the Effective Date occurs, the Administrative Agent shall notify the Borrower and the Lenders thereof, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the LC Issuing Bank to issue Letters of Credit shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 9.02) before 5:00 p.m., Prevailing Eastern Time, on June 15, 2003 (and, if any such condition is not so satisfied or waived, the Commitments shall terminate at such time).

Section 4.02. Conditions to Initial Utilization and Each Subsequent Utilization. The obligation of each Lender to make a Loan on the occasion of any Borrowing (including the initial Borrowing), the obligation of the Swingline Lender to make any Swingline Loan (including the initial Swingline Loan, if such initial Swingline Loan is made prior to the occasion of the initial Borrowing and the issuance of the initial Letter of Credit) and the obligation of the LC Issuing Bank to issue, amend, renew or extend any Letter of Credit (including the initial Letter of Credit, if such initial Letter of Credit is issued prior to the occasion of the initial Borrowing and the making of the initial Swingline Loan), are each subject to receipt of the Borrower's request therefor in accordance herewith and to the satisfaction of the following conditions:

(a) The Effective Date shall have occurred.

(b) Immediately after giving effect to such Borrowing or Swingline Loan or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

(c) The representations and warranties of the Borrower set forth in the Loan Documents shall be true on and as of the date of such Borrowing or Swingline Loan or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable.

(d) Immediately before and after such Borrowing or Swingline Loan is made, or such Letter of Credit is issued, amended, renewed or extended, as applicable, the Total Outstanding Amount will not exceed the Maximum Facility Availability.

Each Borrowing, each Swingline Loan and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in clauses (b), (c) and (d) of this Section.

ARTICLE 5
AFFIRMATIVE COVENANTS

Until all the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or been cancelled and all LC Disbursements have been reimbursed, the Borrower covenants and agrees with the Lenders that:

Section 5.01. Financial Statements and Other Information. (a) The Borrower will furnish to the Administrative Agent (for delivery to each Lender):

(i) as soon as available and in any event within 90 days after the end of each Fiscal Year, its audited consolidated balance sheet as of the end of such Fiscal Year and the related statements of income and cash flows for such Fiscal Year, setting forth in each case in comparative form the figures for the previous Fiscal Year, all reported on by PricewaterhouseCoopers LLC or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) as presenting fairly in all material respects the financial position, results of operations and cash flows of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP;

(ii) as soon as available and in any event within 45 days after the end of each of the first three Fiscal Quarters of each Fiscal Year, its consolidated balance sheet as of the end of such Fiscal Quarter and the related statements of income and cash flows for such Fiscal Quarter and for the then elapsed portion of such Fiscal Year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous Fiscal Year, all certified by a Financial Officer as (x) reflecting all adjustments (which adjustments are normal and recurring unless otherwise disclosed) necessary for a fair presentation of the results for the period covered and (y) having been prepared in accordance with the applicable rules of the SEC;

(iii) as soon as available and in any event within 30 days

after the end of each fiscal month (x) its shipment and average selling price data for such month and for the then elapsed portion of the Fiscal Year and (y) the additional monthly financial information described in (and substantially in the form of) Schedule 5.01, certified as to accuracy by a Financial Officer;

(iv) concurrently with each delivery of financial statements under clause (i) or (ii) above, a certificate of a Financial Officer (x) certifying as to whether a Default has occurred and is continuing and, if a Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (y) setting forth reasonably detailed calculations demonstrating compliance with Section 6.12 and Section 6.13 (if applicable) (including, without limitation, detail satisfactory to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent supporting the classification of Capital Expenditures as maintenance or discretionary) and (z) identifying any change(s) in GAAP or in the application thereof that have become effective since the date of, and have had an effect on, the Borrower's most recent audited financial statements referred to in Section 3.04 or delivered

pursuant to this Section (and, if any such change has become effective, specifying the effect of such change on the financial statements accompanying such certificate);

(v) concurrently with each delivery of financial statements under clause (i) above, (x) a certificate of the accounting firm that reported on such financial statements stating whether during the course of their examination of such financial statements they obtained knowledge of any Default (which certificate may be limited to the extent required by accounting rules or guidelines) and (y) a certificate of a Financial Officer identifying any Subsidiary that has been formed or acquired during the Fiscal Year covered by such financial statements (except to the extent already disclosed in the Borrower's annual report on form 10-K for such Fiscal Year);

(vi) no later than 45 days after the beginning of each Fiscal Year, a detailed consolidated budget for such Fiscal Year (which budget shall (A) include a projected consolidated balance sheet and related statements of projected operations and cash flows as of the end of and for such Fiscal Year, a projected Borrowing Base as of the last day of each Fiscal Quarter in such Fiscal Year, and projected levels of Facility Availability as of the last day of each Fiscal Quarter in such Fiscal Year, and (B) set forth the assumptions used in preparing such budget) and, promptly when available, any significant revisions of such budget;

(vii) promptly after the same become publicly available, copies of all periodic and other material reports and proxy statements filed by the Borrower or any Restricted Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC;

(viii) concurrently with each delivery of financial statements under clause (i) or (ii) above, the related consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries (if any) from such consolidated financial statements;

(ix) promptly upon the effectiveness of any material amendment or modification of, or any waiver of the rights of the Borrower or any Restricted Subsidiary under, (A) any Existing Senior Unsecured Debt Document or any New Senior Unsecured Debt Document, (B) the certificate of formation, limited liability company agreement, certificate of incorporation, by-laws or other organizational documents of the Borrower or any Restricted Subsidiary or (C) any document evidencing any Receivables Financing, written notice of such amendment, modification or

waiver describing in reasonable detail the purpose and substance thereof; and

(x) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of the Borrower and its Restricted Subsidiaries, or compliance with the terms of any Loan Document, as the Administrative Agent, the Collateral Agent, the Co-Collateral Agent or any Lender may reasonably request.

Information required to be delivered pursuant to Section 5.01(a)(i), Section 5.01(a)(ii) or Section 5.01(a)(vii) above shall be deemed to have been delivered on the date on which the Borrower provides notice to the Administrative Agent that such information has been posted on the Borrower's website on the Internet at the website address listed on the signature pages hereof, at sec.gov/edaux/searches.htm or at another website identified in such notice and accessible by the Lenders without charge; provided that (i) such notice may be included in a certificate delivered pursuant to Section 5.01(a)(iv) and (ii) the Borrower shall deliver paper copies of the information referred to in Section 5.01(a)(i), Section 5.01(a)(ii) and Section 5.01(a)(vii) to the Administrative Agent for any Lender which requests such delivery.

(b) Borrowing Base Reports. The Borrower will furnish to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent (and the Administrative Agent shall thereafter deliver to each Lender):

(i) as soon as available and in any event (x) within 20 days after the last day of each of the first six calendar months to end after the Effective Date and (y) within 15 days after the last day of each calendar month ending thereafter, a completed Borrowing Base Certificate (accompanied by supporting documentation and supplemental reporting) calculating and certifying the Borrowing Base as of the end of such calendar month, signed on behalf of the Borrower by a Financial Officer and in form and substance satisfactory to the Collateral Agent and the Co-Collateral Agent; provided that such Borrowing Base Certificate (accompanied by supporting documentation and supplemental reporting) shall be furnished to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent as soon as available and in any event within two Business Days after the end of each period of two calendar weeks (each such biweekly period deemed, for purposes hereof, to end on a Friday) at the end of which Facility Availability is less than $100,000,000;

(ii) within two Business Days of any request therefor, such other information in such detail concerning the amount, composition and manner of calculation of the Borrowing Base as any Lender may reasonably request; and

(iii) within ten days following the Effective Date, a final Borrowing Base Certificate in respect of the National Steel Assets.

Section 5.02. Notice of Material Events. The Borrower will furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting the Borrower or any Restricted Subsidiary or any Affiliate thereof that, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liabilities of the Borrower and its Restricted Subsidiaries in an aggregate amount exceeding $50,000,000;

(d) the occurrence of any change in the Borrower's Senior Debt Ratings by either Moody's or S&P; and

(e) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.03. Information Regarding Collateral. (a) The Borrower will furnish to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent prompt written notice of any change in (i) the Borrower's corporate name or any trade name used to identify it in the conduct of its business or the Borrower's jurisdiction of organization, chief executive office, its principal place of business, or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), (ii) the Borrower's identity or corporate structure, (iii) the Borrower's State Organizational Identification Number (or Charter Number) and (iv) the Borrower's Federal Taxpayer Identification Number. The Borrower will not effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code and all other actions have been taken that are required so that such change will not at any time adversely affect the validity, perfection or priority of any Transaction Lien on any of the Collateral. The Borrower will also promptly notify the Administrative Agent, the

Collateral Agent and the Co-Collateral Agent if any material portion of the Collateral is damaged or destroyed.

(b) Each year, at the time annual financial statements with respect to the preceding Fiscal Year are delivered pursuant to Section 5.01(a)(i), the Borrower will deliver to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent a certificate of a Financial Officer and the chief legal officer (or other in-house counsel) of the Borrower (i) setting forth the information required pursuant to Sections A.1, A.2 and B.1 of the Perfection Certificate or confirming that there has been no change in such information since the date of the Perfection Certificate delivered on the Effective Date or the date of the most recent certificate delivered pursuant to this subsection and (ii) certifying that all Uniform Commercial Code financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings, rerecordings and reregistrations, containing a description of the Collateral have been filed of record in each appropriate office in each jurisdiction identified pursuant to clause (i) above to the extent necessary to protect and perfect the Transaction Liens for a period of at least 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

(c) The Borrower will furnish to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent prompt written notice of the occurrence of any "Termination Event" (as defined in the Effective Date Receivables Financing). From and after the occurrence of any such Termination Event, the Borrower shall furnish to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent a daily written report reflecting then current amortization of the Effective Date Receivables Financing. On any date when the Effective Date Receivables Financing shall have terminated and the payment of all obligations owing by the Borrower and its Subsidiaries in respect thereof shall have been paid in full, the Borrower shall provide prompt written notice thereof to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent.

(d) Upon the request of any Lender, the Borrower will furnish to the Collateral Agent and the Co-Collateral Agent copies of any servicer reports that have been furnished to JPMorgan Chase Bank or The Bank of Nova Scotia, in their respective capacities as agents, under the Effective Date Receivables Financing.

Section 5.04. Existence; Conduct of Business. The Borrower will, and will cause each of its Subsidiaries (other than any Unrestricted Subsidiary) to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation or dissolution permitted under Section 6.03.

Section 5.05. Payment of Obligations. The Borrower will, and will cause each of its Subsidiaries (other than any Unrestricted Subsidiary) to, pay all of its

material Debt and other material obligations, including Tax liabilities, before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) the Borrower or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

Section 5.06. Maintenance of Properties. The Borrower will, and will cause each of its Subsidiaries (other than any Unrestricted Subsidiary) to, maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted.

Section 5.07. Insurance. (a) The Borrower will, and will cause each of its Subsidiaries (other than any Unrestricted Subsidiary) to maintain, at its sole cost and expense, insurance coverage (x) as in effect on the date of the Agreement and described in Schedule 5.07 or (y) otherwise with financially sound and reputable insurers (which insurers shall be reasonably acceptable to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent) in such amounts, and with such deductibles, as are set forth on Schedule 5.07 hereof. If at any time the Borrower becomes aware that conditions and circumstances may have a material adverse effect on its ability to maintain (or cause to be maintained) such insurance coverage with the deductibles shown on Schedule 5.07 at favorable premiums, it shall immediately advise the Administrative Agent, the Collateral Agent and the Co-Collateral Agent in writing; provided that such notice must be given prior to the expiration of the relevant existing policy.

Such notice shall include copies of any proposals from insurers regarding the insurance coverage in question as well as the Borrower's recommendations with respect thereto. The Administrative Agent shall promptly advise the Borrower of the requirements of the Administrative Agent (which requirements shall be determined in good faith by mutual agreement among the Administrative Agent, the Collateral Agent and the Co-Collateral Agent) regarding such insurance coverage, and the Borrower shall undertake all reasonable efforts to adhere to such requirements. If the Borrower fails to obtain or maintain the insurance coverage required pursuant to this Section 5.07 or to pay all premiums relating thereto, the Collateral Agent and the Co-Collateral Agent may at any time or times thereafter obtain and maintain such required insurance coverage and pay such premiums and take such other actions with respect thereto that the Collateral Agent and the Co-Collateral Agent deem reasonably advisable. The Collateral Agent and the Co-Collateral Agent shall not have any obligation to obtain insurance for the Borrower or any of its Subsidiaries or to pay any premiums therefor. By doing so, the Collateral Agent and the Co-Collateral Agent shall not be deemed to have waived any Default arising from failure of the Borrower to maintain (or cause to be maintained) such insurance or to pay (or cause to be paid) any premiums therefor. All sums so disbursed,

including reasonable attorneys' fees, court costs and other charges related thereto, shall be payable on demand by the Borrower to the Administrative Agent and shall be additional obligations hereunder secured by the Collateral. The Collateral Agent and the Co-Collateral Agent reserve the right at any time upon any change in the Borrower's risk profile to require additional insurance coverages and limits of insurance to, in such Agents' reasonable opinion, adequately protect the interests of the Lender Parties in all or any portion of the Collateral.

(b) Property damage policies maintained with respect to any Collateral shall be endorsed or otherwise amended to include a lenders' loss payable clause, in each case in favor of the Collateral Agent and providing for losses thereunder to be payable to the Collateral Agent or its designee as loss payee and (ii) a provision to the effect that none of the Administrative Agent, the Collateral Agent, the Co-Collateral Agent nor any other Lender Party shall be a coinsurer. Commercial general liability policies shall be endorsed to name the Collateral Agent as an additional insured. Each such policy referred to in this subsection also shall provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium except upon at least 10 days' prior written notice thereof by the insurer to the Collateral Agent (giving the Collateral Agent the right to cure defaults in the payment of premiums) or (ii) for any other reason except upon at least 30 days' prior written notice thereof by the insurer to the Collateral Agent. The Borrower shall deliver to the Collateral Agent and the Co-Collateral Agent, prior to the cancellation, modification or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Collateral Agent and the Co-Collateral Agent) together with evidence reasonably satisfactory to the Collateral Agent and the Co-Collateral Agent of payment of the premium therefor.

Section 5.08. Casualty and Condemnation. The Borrower will furnish to the Administrative Agent, the Collateral Agent, the Co-Collateral Agent and the Lenders prompt written notice of any casualty or other insured damage to any material portion of the Collateral or the commencement of any action or proceeding for the taking of any Collateral or any part thereof or interest therein under power of eminent domain or by condemnation or similar proceeding.

Section 5.09. Proper Records; Rights to Inspect and Appraise. (a) The Borrower will, and will cause each of its Subsidiaries (other than any Unrestricted Subsidiary) to, keep proper books of record and account in which complete and correct entries are made of all transactions relating to its business and activities. The Borrower will, and will cause each of its Subsidiaries (other than any Unrestricted Subsidiary) to, permit any representatives designated by the Administrative Agent, the Collateral Agent, the Co-Collateral Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs,

finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested.

(b) The Borrower will, and will cause each of its Subsidiaries to, take all actions as shall be necessary or advisable to ensure that, within 30 calendar days after the Effective Date (or such longer period as may be requested by the Collateral Agent and the Co-Collateral Agent), the Administrative Agent, the Collateral Agent, the Co-Collateral Agent and their designated representatives, shall have completed all such field exams and received all such inventory appraisals from independent appraisers as they deem reasonably necessary or desirable.

(c) The Borrower will, and will cause each of its Subsidiaries

(other than any Unrestricted Subsidiary) to, permit the Collateral Agent and/or the Co-Collateral Agent and any representatives designated by either of them (including any consultants, accountants, lawyers and appraisers retained by the Collateral Agent and the Co-Collateral Agent) to conduct collateral reviews and evaluations and appraisals of the assets included in the Borrowing Base and the Borrower's computation of the Borrowing Base, all at such reasonable times and as often as reasonably requested. The Borrower shall pay the documented fees and expenses of employees of the Collateral Agent and the Co-Collateral Agent (including reasonable and customary internally allocated fees of such employees incurred in connection with periodic collateral evaluations and appraisals and internally allocated monitoring fees associated with the Collateral Agent's and the Co-Collateral Agent's "collateral agent services group" or similar body) or any representatives (including any inventory appraisal firm) retained by the Collateral Agent and the Co-Collateral Agent to conduct any such evaluation or appraisal; provided the Borrower shall not be required to pay such fees and expenses of collateral reviews and appraisals performed by the Collateral Agent and the Co-Collateral Agent, except (i) in respect of one such collateral review and one such appraisal performed by the Collateral Agent (or, at the option of the Co-Collateral Agent, by the Collateral Agent and the Co-Collateral Agent together) in any calendar year, and (ii) in respect of up to four such collateral reviews and four such appraisals performed by the Collateral Agent (or, at the option of the Co-Collateral Agent, by the Collateral Agent and the Co-Collateral Agent together) at such times as Facility Availability is less than $100,000,000, and (iii) in respect of any such collateral reviews and such collateral appraisals performed by the Collateral Agent and the Co-Collateral Agent during the continuance of a Default or Event of Default; and provided further that the Borrower shall not be required to pay the fees and expenses of inventory appraisal firms hired by the Collateral Agent and the Co-Collateral Agent, except (i) in respect of one inventory appraisal per calendar year during the term of this Agreement, (ii) in respect of up to two inventory appraisals per calendar year at such times as Facility Availability is less than $100,000,000, and (iii) in respect of any one or more additional inventory appraisals conducted at the request of the Collateral Agent and the Co-

Collateral Agent during the continuance of a Default or Event of Default. The Collateral Agent, the Co-Collateral Agent and any representative designated by either of them to conduct such collateral reviews, evaluations and appraisals shall, during any review, inspection or other activity performed at any of the Borrower's plant sites, (x) be accompanied at all times by a plant safety representative (and the Borrower hereby agrees to cause such a plant safety representative to be available for such purpose at such reasonable hours as may be requested and upon reasonable prior notice) and (y) comply at all times with the Borrower's rules regarding safety and security to the extent that the Collateral Agent, Co-Collateral Agent or representative has been notified of such rules. In connection with any collateral monitoring or review and appraisal relating to the computation of the Borrowing Base, the Borrower shall make adjustments to the Borrowing Base (which may include maintaining additional reserves or modifying the eligibility criteria for components of the Borrowing Base) to the extent required by the Collateral Agent, the Co-Collateral Agent or the Required Lenders as a result of any such monitoring, review or appraisal. The Collateral Agent and the Co-Collateral Agent shall furnish to the Administrative Agent (for delivery to each Lender) a copy of the final written collateral review or appraisal report prepared in connection with such monitoring, review or appraisal.

Section 5.10. Compliance with Laws. The Borrower will, and will cause each of its Subsidiaries (other than any Unrestricted Subsidiary) to, comply with all laws, rules, regulations and orders of any Governmental Authority (including all Environmental Laws and ERISA and the respective rules and regulations thereunder) applicable to it or its property, other than such laws, rules or regulations (a) the validity or applicability of which the Borrower or any Subsidiary is contesting in good faith by appropriate proceedings or (b) the failure to comply with which cannot reasonably be expected to result in a Material Adverse Effect.

Section 5.11. Use of Proceeds and Letters of Credit. The proceeds of the Revolving Loans and Swingline Loans will be used only (a) for the repayment in full of all amounts outstanding under the Existing Credit Agreement (if any) and (b) to finance the general corporate purposes of the Borrower (including working capital needs of the Borrower. No part of the proceeds of any Loan will be used, directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Federal Reserve Board, including Regulations T, U and X. Letters of Credit will be requested and used only to finance the general corporate purposes (including working capital needs) of the Borrower, and will not be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Federal Reserve Board, including regulations T, U and X.

Section 5.12. Further Assurances. (a) The Borrower will execute and deliver any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), that may be required

under any

applicable law, or that the Administrative Agent, the Collateral Agent, the Co-Collateral Agent or the Required Lenders may reasonably request, to cause the Collateral Requirement to be and remain satisfied, all at the Borrower's expense. The Borrower will provide to the Collateral Agent and the Co-Collateral Agent, from time to time upon request, evidence reasonably satisfactory to the Collateral Agent and the Co-Collateral Agent as to the perfection and priority of the Transaction Liens created or intended to be created by the Security Documents.

(b) If, on the date when all of the Commitments are terminated (whether pursuant to Section 2.08 or otherwise), any Letter of Credit remains outstanding, the Borrower shall deposit in the Cash Collateral Account on such date an amount in cash equal to 102% of the total LC Exposure as of such date plus any accrued and unpaid interest thereon. Any amount so deposited (including any earnings thereon) will be withdrawn from the Cash Collateral Account by the Administrative Agent and applied to pay LC Reimbursement Obligations as they become due; provided that at such time as all outstanding Letters of Credit have expired, and all LC Reimbursement Obligations (plus accrued and unpaid interest thereon) have been paid in full, such amount, to the extent not therefore applied, shall be returned to the Borrower.

Section 5.13. Amendments to Effective Date Receivables Financing. Within 10 days following the Effective Date, the Borrower shall have entered into (and furnished the Administrative Agent, the Collateral Agent, the Co-Collateral Agent and their respective counsel with a copy of) an effective amendment of the Effective Date Receivables Financing, pursuant to which the definitions of "USS Credit Agreement", "USS Security Agreement" and "Intercreditor Agreement" therein shall be amended to refer to this Agreement, the Security Agreement and the Intercreditor Agreement, respectively (which amendment may effect such additional modifications to the Effective Date Receivables Financing as reflected in the draft thereof dated as of May 15, 2003 and furnished to the Administrative Agent prior to the Effective Date). The Borrower shall (a) provide the Administrative Agent, the Collateral Agent and the Co-Collateral Agent with written notice of any other proposed amendment, modification or other change to, and each consent to a departure from, the terms or provisions of the Effective Date Receivables Financing and (b) promptly following the effectiveness thereof, provide the Administrative Agent, the Collateral Agent and the Co-Collateral Agent with a copy of each such amendment, modification or other change to, and each such consent to a departure from, the terms or provisions of the Effective Date Receivables Financing. The Borrower shall not, without the prior written consent of the Required Lenders, amend, modify or otherwise change or obtain a consent to a departure from (i) the definitions of "USS Credit Agreement" or "USS Security Agreement" contained in the Receivables Purchase Agreement or (ii) any other provision of (including by the addition of a provision) the Effective Date Receivables Financing which could in any way impair the interests of the Lender Parties in the Collateral.

Section 5.14. Designation of Subsidiaries. The Borrower's board of directors may at any time designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (i) immediately before and after such designation, no Default shall have occurred and be continuing (including, without limitation, any Default as a result of a breach of the covenants set forth in Sections 6.01, 6.02 and 6.04), (ii) immediately after giving effect to such designation, the Borrower shall be in compliance, on a pro forma basis, with the covenant set forth in Section 6.13 (to the extent such compliance is required at such time in accordance with the terms of such Section 6.13) (and, as a condition precedent to the effectiveness of any such designation, the Borrower shall deliver to the Administrative Agent a copy of the board resolution giving effect to such designation and a certificate of a Financial Officer setting forth in reasonable detail the calculations demonstrating such compliance), (iii) no Subsidiary may be designated as an Unrestricted Subsidiary under this Agreement unless it is, or will concurrently become, an "Unrestricted Subsidiary" as defined in, and for all purposes of, the Existing Senior Unsecured Debt Documents and the New Senior Unsecured Debt Documents and (iv) no Unrestricted Subsidiary may be designated as a Restricted Subsidiary under this Agreement unless it is, or will concurrently become, a "Restricted Subsidiary" as defined in, and for all purposes of, the Existing Senior Unsecured Debt Documents and the New Senior Unsecured Debt Documents. The designation of any Restricted Subsidiary as an Unrestricted Subsidiary shall constitute an investment by the Borrower therein at the date of designation in an amount equal to the net book value of the Borrower's investment therein. The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute the incurrence at the time of designation of any Debt or Liens of such Subsidiary existing at such time.

ARTICLE 6
NEGATIVE COVENANTS

Until all the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or been cancelled and all LC Disbursements have been reimbursed, the Borrower covenants and agrees with the Lenders that:

Section 6.01. Debt; Certain Equity Securities. (a) The Borrower will not create, incur, assume or permit to exist any Debt, except:

(i) Debt created under the Loan Documents;

(ii) other Debt that would be permitted to be incurred by the Borrower pursuant to and in accordance with Section 4.12(b) of the Existing Senior Unsecured Debt Documents (as such Existing Senior Unsecured Debt Documents are in effect on the date of this Agreement,

and without giving effect to any suspension or release of the Borrower's obligation to comply with such Section 4.12(b) which may occur pursuant to Section 4.9 of the Existing Senior Unsecured Debt Documents);

(iii) the New Senior Unsecured Debt; provided that the proceeds of such Debt are applied as specified in the Approved Financing Model to finance or refinance the purchase of the National Steel Assets;

(iv) other unsecured Debt in an aggregate principal amount not exceeding $150,000,000 at any time outstanding, to the extent that the Borrower would be permitted to incur such Debt pursuant to and in accordance with Section 4.12(a) of the Existing Senior Unsecured Debt Documents (as such Existing Senior Unsecured Debt Documents are in effect on the date of this Agreement, and without giving effect to any suspension or release of the Borrower's obligation to comply with such Section 4.12(a) which may occur pursuant to Section 4.9 of the Existing Senior Unsecured Debt Documents); provided that all such Debt is on terms and conditions and subject to covenants that, taken as a whole, are no more restrictive than the terms, conditions and covenants contained in this Agreement; and provided further that the aggregate principal amount of all such Debt having a final maturity date on or before the Maturity Date does not exceed $25,000,000; and

(v) Capital Lease Obligations of the Borrower (if any) not to exceed $200,000,000 in the aggregate arising under (i) the Amended and Restated Lease Agreement dated as of December 20, 1985 (and the renewal thereof dated as of March 26, 2001) relating to the "electrolytic galvanizing facility" at Ecorse, Michigan, as described therein, (ii) the Lease Agreement dated as of September 1, 1987 relating to the "Great Lakes caster facility", the "ladle metallurgy equipment" and the "caster equipment" all located at Ecorse, Michigan, as described therein, (iii) the Lease Agreement dated as of May 1, 1982 relating to the "coke oven battery-B at Granite City, Illinois" described therein, (iv) any amendment, restatement or replacement of any the leases described in the foregoing clauses (i) through (iii) that becomes effective concurrently with the consummation of the National Steel Acquisition or from time to time thereafter, or (v) any combination of the foregoing;

provided that, notwithstanding anything to the contrary in this Section 6.01(a), the Borrower will not create, incur, assume or permit to exist any Debt arising from a Receivables Financing, except to the extent that the aggregate amount of such Debt, together with the aggregate amount of Debt incurred by Restricted Subsidiaries in reliance on Section 6.06(g), does not exceed $600,000,000 (it being understood that for purposes of determining the amount of Debt arising in connection with a Receivables Financing, Debt arising from transactions among the Borrower and its Subsidiaries in connection therewith shall be disregarded).

(b) The Borrower will not issue any preferred stock or other preferred Equity Interests, which in either case, is subject to mandatory redemption at any time prior to the first anniversary of the Maturity Date.

Section 6.02. Liens. The Borrower will not, and will not permit any of its Subsidiaries (other than any Unrestricted Subsidiary) to, create or permit to exist any Lien on any property now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(i) Liens on Collateral granted by the Borrower under the Security Documents;

(ii) Permitted Liens;

(iii) any Lien on any property of the Borrower or any Restricted Subsidiary existing on the date hereof and listed in Schedule 6.02; provided that (A) such Lien shall not apply to any other property of the Borrower or any Restricted Subsidiary and (B) such Lien shall secure only those obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(iv) any Lien existing on any property or asset before the acquisition thereof by the Borrower or any Restricted Subsidiary or existing on any property or asset of any Person that first becomes a Restricted Subsidiary after the date hereof before the time such Person becomes a Restricted Subsidiary; provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary, as the case may be, (B) such Lien will not apply to any other property or asset of the Borrower or any Restricted Subsidiary and (C) such Lien will secure only those obligations which it secures on the date of such acquisition or the date such Person first becomes a Restricted Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(v) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Restricted Subsidiary; provided that (A) the Debt secured by such liens is permitted by Section 6.01, (B) such Liens and the Debt secured thereby are incurred before or within 90 days after such acquisition or the completion of such construction or improvement, (C) the Debt secured thereby does not exceed 90% of the cost of acquiring, constructing or improving such fixed or capital assets and (D) such Liens will not apply to any other property of the Borrower or any Restricted Subsidiary;

(vi) Liens to secure a Debt owing to the Borrower;

(vii) any Lien arising out of the refinancing, extension, renewal or refunding of any Debt secured by a Lien permitted by any of clauses (iii), (iv) or (v) of this Section; provided that such Debt is not increased (except by the amount of fees, expenses and premiums required to be paid in connection with such refinancing, extension, renewal or refunding) and is not secured by any additional assets;

(viii) Liens securing Debt arising out of a Receivables Financing;

(ix) Liens securing industrial revenue or pollution control bonds issued by the Borrower; provided, however, that such Liens relate solely to the project being financed and are removed within 90 days following completion of the project being financed; and

(x) Liens not otherwise permitted by the foregoing clauses of this Section 6.02 on assets not constituting Collateral, securing Debt in an aggregate principal amount at any time outstanding not to exceed $35,000,000.

Section 6.03. Fundamental Changes. (a) The Borrower will not, and will not permit any of its Subsidiaries (other than any Unrestricted Subsidiary) to, merge into or consolidate with any other Person, or liquidate or dissolve, or permit any other Person to merge into or consolidate with it, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, (i) any Person organized under the laws of the United States of America or one of its States or the District of Columbia may merge into the Borrower in a transaction in which the Borrower is the surviving corporation, (ii) any Person (other than the Borrower) organized under the laws of the United States of America or one of its States or the District of Columbia may merge into any Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary, and (iii) any Restricted Subsidiary may liquidate or dissolve if the Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders; provided that, if any such merger involves a Person that is not a wholly owned Subsidiary immediately before such merger, such merger shall not be permitted unless also permitted by Section 6.04.

(b) Neither the Borrower nor any Subsidiary (other than a Special Purpose Financing Subsidiary or any Unrestricted Subsidiary) will engage to any material extent in any business except businesses of the types conducted by the Borrower and its respective Subsidiaries on the date of this Agreement and businesses reasonably related, ancillary or complementary thereto.

Section 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. (a) The Borrower will not, and will not permit any of its

Subsidiaries (other than an Unrestricted Subsidiary) to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Subsidiary before such merger) any Equity Interest in or evidence of indebtedness or other security (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loan or advance to, Guarantee any obligation of, or make or permit to exist any investment or other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit, except:

(i) Permitted Investments and investments in cash;

(ii) investments existing on the date of this Agreement, which investments (other than investments that, individually, do not exceed $10,000,000) are listed in Schedule 6.04;

(iii) investments by the Borrower and its Restricted Subsidiaries in Equity Interests in their respective Restricted Subsidiaries (or in any Person that will, upon the making of such investment, become a Restricted Subsidiary); provided that the aggregate amount of investments by the Borrower in, and loans and advances by the Borrower to, and Guarantees by the Borrower of Debt of, Restricted Subsidiaries permitted solely in reliance on this clause (iii), taken together with the aggregate amount of loans and advances made by the Borrower to Restricted Subsidiaries in reliance on clause (iv), shall not exceed an amount at any time outstanding equal to $150,000,000;

(iv) loans or advances made by the Borrower to any Restricted Subsidiary or made by any Restricted Subsidiary to the Borrower or any other Restricted Subsidiary; provided that the amount of such loans and advances made by the Borrower to Restricted Subsidiaries shall be subject to the limitation set forth in clause 6.04(a)(iii) above; and provided further that the amount of such loans and advances made by a Restricted Subsidiary to another Restricted Subsidiary shall be subject to the limitations set forth in Section 6.06(c) and Section 6.06(e) (it being understood that investments effected through a series of loans or advances from USS Holdings or a Foreign Subsidiary that is a Restricted Subsidiary to a Foreign Subsidiary that is a Restricted Subsidiary shall be deemed to comply with the limitations set forth in Section 6.06(e), so long as such series of loans or advances, if viewed as a single loan or advance from the initial lending or advancing entity to the ultimate borrower or recipient Foreign Subsidiary, would comply with such limitations set forth in Section 6.06(e));

(v) Reserved;

(vi) investments by the Borrower or a Restricted Subsidiary in a Restricted Subsidiary in respect of ordinary cash management activities;

(vii) so long as no Default has occurred and is continuing (or would occur and be continuing) before and after giving effect to any such investment, investments by the Borrower or a Restricted Subsidiary in one or more Unrestricted Subsidiaries (which investments in Unrestricted Subsidiaries include, in accordance with Section 5.14, any designation of a Subsidiary as an Unrestricted Subsidiary) or any other Person; provided that the aggregate amount of all investments permitted by this clause (vii) (excluding investments in Unrestricted Subsidiaries where the consideration consists of Equity Interests of the Borrower, to the extent of such Equity Interest consideration) shall not exceed a sum equal to $30,000,000 plus the aggregate amount of all cash dividends received from all Unrestricted Subsidiaries and joint ventures since the Effective Date;

(viii) Guarantees constituting Debt permitted by Section 6.01 and Section 6.06; provided that the aggregate principal amount of Debt of Subsidiaries that is Guaranteed by the Borrower shall be subject to the limitation set forth in clause 6.04(a)(iii) above;

(ix) investments received in connection with (x) the bankruptcy, reorganization or recapitalization of, or settlement of delinquent accounts and disputes with, customers and suppliers or (y) foreclosure by the Borrower or any of its Restricted Subsidiaries with respect to any secured investment or other transfer of title with respect to any secured investment in default, in each case in the ordinary course of business;

(x) receivables owing to the Borrower or any Restricted Subsidiary if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms; provided, however, that such trade terms may include such concessionary

trade terms as the Borrower or any such Restricted Subsidiary deems reasonable under the circumstances;

(xi) payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(xii) loans or advances to employees made in the ordinary course of business consistent with past practices of the Borrower or such Restricted Subsidiary;

(xiii) investments in stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Borrower or any Restricted Subsidiary or in satisfaction of judgments;

(xiv) investments in any Person to the extent such investment represents the non-cash portion of the consideration received for an asset sale permitted under Section 6.05(b), (e) or (f);

(xv) Reserved;

(xvi) investments in the Borrower;

(xvii) investments in any Person if, as a result of such investment, such other Person is merged with or consolidated into, or transfers or conveys all or substantially all its assets to, the Borrower or a Restricted Subsidiary, in each case subject to the limitations set forth in Section 6.04(b);

(xviii) Receivables Financings otherwise permitted under this Agreement;

(xix) investments by the Borrower and its Restricted Subsidiaries in the Sartid Acquisition Sub and/or in Sartid (including Guarantees by the Borrower and its Restricted Subsidiaries of Debt of the Sartid Acquisition Sub and/or Sartid); provided that such investments are made (and such Guarantees are issued) in connection with the acquisition, financing and operations of Sartid and the aggregate amount of all such investments (including such Guarantees) permitted by this clause (xix) (calculated without duplication for any initial investment and any refinancing or replacement thereof) does not exceed $100,000,000 in the aggregate during the term of this Agreement; and

(xx) any direct or indirect advance, loan or other extension of credit to a Person to be used by such Person to acquire property pursuant to a transaction intended to qualify as a Like-Kind Exchange.

(b) The Borrower will not, and will not permit any of its Subsidiaries (other than an Unrestricted Subsidiary) to make any material acquisition unless (i) immediately before and after giving effect thereto, no Default shall have occurred and be continuing, (ii) in the case of any acquisition of a Person, such acquisition is non-hostile, (iii) the assets received by the Borrower or its Restricted Subsidiary in connection therewith are used or usable in the same line of business in which the Borrower or such Restricted Subsidiary have previously been engaged, (iv) immediately before and after giving effect thereto, Average Facility Availability is at least $200,000,000 and (v) immediately before and after giving effect thereto, the Fixed Charge Coverage Ratio (calculated on a pro forma basis,

giving effect to such acquisition as if it had been consummated on the first day of the fiscal period with respect to which such Fixed Charge Coverage Ratio is calculated) is at least 1.15:1.00; provided that, with respect to any such material acquisition, compliance with the requirement set forth in clause (v) of this Section 6.04(b) shall not be required if, before and after giving effect to such acquisition, Average Facility Availability is greater than $400,000,000.

Section 6.05. Asset Sales. The Borrower will not, and will not permit any of its Subsidiaries (other than any Unrestricted Subsidiary) to, sell, transfer, lease or otherwise dispose of any property, including any Equity Interest owned by it, nor will any Subsidiary (other than an Unrestricted Subsidiary) issue any additional Equity Interest in such Subsidiary, except:

(a) sales of inventory, used or surplus equipment and Permitted Investments in the ordinary course of business;

(b) sales, transfers and other dispositions to the Borrower or a Restricted Subsidiary; provided that the aggregate fair market value of all

assets sold or otherwise transferred to a Foreign Subsidiary in reliance on this clause (b) shall not exceed $50,000,000; and provided further that any sales, transfers or dispositions involving a Restricted Subsidiary are entered into in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and on fair and reasonable terms and conditions no less favorable to the Borrower or such Subsidiary as the terms and conditions which would apply in a comparable transaction on an arm's length basis with a Person other than a Subsidiary or Affiliate of the Borrower (it being understood that sales, transfers or other dispositions effected through a series of sales, transfers or dispositions by or from USS Holdings or a Foreign Subsidiary that is a Restricted Subsidiary to a Foreign Subsidiary that is a Restricted Subsidiary shall be deemed to comply with the $50,000,000 limitation set forth in this Section 6.05(b), so long as such series or sales, transfers or dispositions, if viewed as a single transaction from the initial seller or transferor entity to the ultimate purchaser or transferee Foreign Subsidiary, would comply with such $50,000,000 limitation);

(c) transfers of assets in connection with a Receivables Financing that is otherwise permitted under this Agreement.

(d) sales, transfers and other dispositions of assets (except Equity Interests in a Restricted Subsidiary) that are not permitted by any other clause of this Section; provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of in reliance on this clause shall not exceed $35,000,000 during any Fiscal Year;

(e) sales of real property in the ordinary course of business;

(f) sales of real property that has not been used by the Borrower or any Restricted Subsidiary in the production of steel or steel products at any time within 90 days prior to the date of sale;

(g) Reserved;

(h) Sale-Leaseback Transactions permitted pursuant to Section 6.07;

(i) transfers of assets pursuant to the Timberlands Contribution; and

(j) transfers of assets pursuant to the Mining Business Asset Sale;

provided that all sales, transfers, leases and other dispositions permitted by this Section (except those permitted by clause (b), (e), (f) or (i) above) shall be made for fair value and solely for cash consideration and provided further that any sale of real property having a value in excess of $10,000,000 that is permitted by clause (e) or (f) of this Section shall be made for fair value and for at least 10% cash consideration.

Section 6.06. Subsidiary Debt. The Borrower will not permit any of its Restricted Subsidiaries to incur or otherwise be liable in respect of any Debt other than:

(a) Debt of such Restricted Subsidiary existing on the date of this Agreement and identified on Schedule 6.06, and refinancings, extensions, renewals or refundings of such Debt that do not increase the outstanding principal amount thereof or result in an earlier maturity date or decreased weighted average life thereof;

(b) Debt of such Restricted Subsidiary owing to the Borrower;

(c) Debt of such Restricted Subsidiary owing to a Domestic Subsidiary that is a Restricted Subsidiary; provided that the aggregate amount for all Subsidiaries of all Debt permitted by this clause (c) shall not exceed $50,000,000 at any time outstanding and provided further that the aggregate amount for all Foreign Subsidiaries of all Debt permitted by this clause (c) shall not exceed $25,000,000 at any time outstanding;

(d) Debt of such Restricted Subsidiary in respect of capital leases; provided that the aggregate amount for all Restricted Subsidiaries of all such Debt permitted by this clause (d) shall not exceed $30,000,000;

(e) Debt of such Restricted Subsidiary owing to a Foreign Subsidiary that is a Restricted Subsidiary; provided that (i) the aggregate amount for all Domestic Subsidiaries owing to Foreign Subsidiaries that are Restricted Subsidiaries shall not exceed $5,000,000, and (ii) the aggregate amount for all

Foreign Subsidiaries owing to Foreign Subsidiaries that are Restricted Subsidiaries shall not exceed $250,000,000;

(f) Debt of any Person that becomes a Restricted Subsidiary after the date of this Agreement; provided that (i) such Debt exists at the time such Person becomes a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary and (ii) the aggregate principal amount of Debt permitted by this clause (f) shall not exceed $100,000,000 at any time outstanding;

(g) Debt arising from Receivables Financings; provided that the aggregate amount for all Restricted Subsidiaries of such Debt shall not exceed $600,000,000 (it being understood that for purposes of determining the amount of Debt arising in connection with a Receivables Financing, Debt arising from transactions among the Borrower and its Subsidiaries in connection therewith shall be disregarded);

(h) Debt of such Subsidiary owing to another Subsidiary in respect of ordinary cash management activities;

(i) Debt of USSK incurred pursuant to one or more working capital facilities in an aggregate amount not to exceed $50,000,000 at any time outstanding; and

(j) other Debt in an aggregate principal amount not exceeding $35,000,000 at any time outstanding;

Section 6.07. Sale and Leaseback Transactions. The Borrower will not, and will not permit any of its Subsidiaries (other than any Unrestricted Subsidiary) to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred (a "SALE-LEASEBACK TRANSACTION"), except (x) for Sale-Leaseback Transactions, that, considered in the aggregate with all Sale-Leaseback Transactions engaged in by the Borrower and its Restricted Subsidiaries during the term of this Agreement, do not involve properties having a fair market value in excess of $150,000,000; provided that all obligations under such sale-leaseback agreements shall constitute Debt for purposes of calculating compliance with the covenants set forth in this Article 6 and (y) Sale-Leaseback Transactions in which the leased property is acquired less than 120 days prior to the date of the lease, in a maximum aggregate amount of $20,000,000 for all Sale-Leaseback Transactions entered into in reliance on this Section 6.07(y).

Section 6.08. Restricted Payments. The Borrower will not, and will not permit any of its Restricted Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so unless, both immediately before and after giving effect to such Restricted Payment, (x) Average Facility Availability is at least $200,000,000 and (y) the Fixed Charge Coverage Ratio (calculated on a pro forma basis, giving effect to such Restricted Payment as if it had been consummated on the first day of the fiscal period with respect to which such Fixed Charge Coverage Ratio is calculated) is at least 1.15:1.00; provided that, with respect to any such Restricted Payment, compliance with the requirement set forth in clause (y) of this Section 6.08 shall not be required if, before and after giving effect to such Restricted Payment, Average Facility Availability is greater than $400,000,000; and provided further that, notwithstanding any of the foregoing, the Borrower may (i) pay regular quarterly dividends on its capital stock in an aggregate amount not exceeding $50,000,000 in any Fiscal Year and (ii) make other Restricted Payments in the ordinary course of business as required pursuant to and in accordance with the Borrower's stock option plans or other benefit plans for management and/or employees of the Borrower.

Section 6.09. Transactions with Affiliates. The Borrower will not, and will not permit any of its Subsidiaries (other than any Unrestricted Subsidiary) to, directly or indirectly, pay any funds to or for the account of, make any investment (whether by acquisition of stock or indebtedness, by loan, advance, transfer of property, Guarantee or other agreement to pay, purchase or service, directly or indirectly, any Debt, or otherwise) in, Guarantee any Debt of, sell, lease or otherwise transfer any property to, or purchase, lease or otherwise acquire any property or services from, or otherwise engage in or effect any other transaction with, any of its Affiliates; provided that this Section 6.09 shall not prohibit:

(i) the Borrower or any of its Restricted Subsidiaries from performing its respective obligations under the agreements and transactions described on Schedule 6.09;

(ii) the Borrower or any of its Restricted Subsidiaries from entering into transactions with any Affiliate if such transactions are entered into in the ordinary course of business and pursuant to the reasonable requirements of the Borrower's or such Subsidiary's business and on fair and reasonable terms and conditions no less favorable to the Borrower or such Subsidiary as the terms and conditions which would

apply in a comparable transaction on an arm's length basis with a Person other than an Affiliate or a Subsidiary;

(iii) Restricted Payments permitted by Section 6.08, so long as, immediately after giving effect thereto, no Default shall have occurred and be continuing; and

(iv) the consummation of the Timberlands Contribution.

Section 6.10. Restrictive Agreements. The Borrower will not and will not permit any of its Subsidiaries (other than any Unrestricted Subsidiary) to, directly or indirectly, enter into or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition on (a) the ability of the Borrower or any Restricted Subsidiary to create or permit to exist any Lien on any of its property or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Debt of the Borrower or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, any Existing Senior Unsecured Debt Document, any New Senior Unsecured Debt Document or any document evidencing any Receivables Financing, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof and identified on Schedule 6.10 (but shall apply to any amendment or modification expanding the scope of, or any extension or renewal of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided that such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) clause (a) of this Section shall not apply to restrictions or conditions imposed by any agreement relating to secured Debt permitted by this Agreement if such restrictions or conditions apply only to the property securing such Debt and (v) clause (a) of this Section shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

Section 6.11. Designation of Unrestricted Subsidiaries. The Borrower will not cause or permit any Subsidiary that is a Restricted Subsidiary on the date of this Agreement (other than the Sartid Acquisition Sub) to be designated as or otherwise become an Unrestricted Subsidiary.

Section 6.12. Capital Expenditures. The Borrower will not permit the aggregate amount of Capital Expenditures made by the Borrower and its Restricted Subsidiaries (other than Foreign Subsidiaries) in any Fiscal Year referred to below (or other fiscal period referred to below) to exceed the sum of:

(i) $450,000,000 (in the case of the Fiscal Year ending December 31, 2003) or $550,000,000 (in the case of each Fiscal Year ending thereafter); plus

(ii) for each Fiscal Year ending after December 31, 2003, the amount (if any) (the "ROLLOVER AMOUNT") by which (x) the amount of Capital Expenditures for the immediately preceding Fiscal Year permitted pursuant to clause (i) above (without including any Rollover Amount from

any prior Fiscal Year or fiscal period) exceeded (y) the amount of Capital Expenditures actually made during such immediately preceding Fiscal Year; provided that the Rollover Amount in respect of any Fiscal Year shall not exceed $100,000,000.

Section 6.13. Fixed Charge Coverage Ratio. At the last day of any Fiscal Quarter, the Borrower will not permit the Fixed Charge Coverage Ratio to be less than 1.25:1.00; provided that compliance with this Section 6.13 shall be required only at such times as Average Facility Availability is less than $100,000,000.

Section 6.14. Reserved.

Section 6.15. Reserved.

Section 6.16. Hedging Agreements. The Borrower will not, and will not permit any of its Subsidiaries (other than any Unrestricted Subsidiary) to, enter into any Hedging Agreement, except Hedging Agreements entered into in the ordinary course of business to hedge or mitigate risks to which the Borrower or any of its Restricted Subsidiaries is exposed in the conduct of its business or the management of its liabilities.

Section 6.17. Environmental Matters. The Borrower will, and will cause each of its Subsidiaries (other than any Unrestricted Subsidiary) to, comply with all applicable Environmental Laws except where failure to do so, individually or in the aggregate, does not, and would not reasonably be expected

to, have a material adverse effect on the Borrower's ability to perform its obligations under any Loan Document or impose any liability on any Lender.

Section 6.18. Amendment of Material Documents. The Borrower will not, and will not permit any of its Subsidiaries (other than, with respect to clause (b) hereof, any Unrestricted Subsidiary) to, without the prior written consent of the Required Lenders, amend, modify or waive any of its rights under (a) any Existing Senior Unsecured Debt Document, (b) any New Senior Unsecured Debt Document or (c) its certificate of formation, limited liability company agreement, certificate of incorporation, by-laws or other organizational documents, in each case in any manner that would reasonably be expected to be adverse to the Lender Parties.

ARTICLE 7
EVENTS OF DEFAULT

If any of the following events ("EVENTS OF DEFAULT") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any LC Reimbursement Obligation when the same shall become due, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay when due any interest on any Loan or any fee or other amount (except an amount referred to in clause (a) above) payable under any Loan Document, and such failure shall continue unremedied for a period of five days;

(c) any representation, warranty or certification made or deemed made by or on behalf of the Borrower or any Restricted Subsidiary in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any report, certificate, financial statement or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect when made or deemed made and, if the circumstances giving rise to such false or misleading representation or warranty are susceptible to being cured in all material respects, such false or misleading representation or warranty shall not be cured in all material respects for five days after the earlier to occur of (i) the date on which an officer of the Borrower shall obtain knowledge thereof, or (ii) the date on which written notice thereof shall have been given to the Borrower by the Administrative Agent;

(d) the Borrower shall fail to observe or perform any covenant or agreement contained in Section 5.01(a)(i), Section 5.01(a)(ii), Section 5.01(a)(iv), Section 5.02, Section 5.03(c), Section 5.04, Section 5.06 through 5.08, Sections 5.11 through 5.14 or in Article 6 or in Section 5(b) or Section 5(d) of the Security Agreement;

(e) the Borrower shall fail to observe or perform (i) any covenant or agreement contained in Section 5.01(b) or Section 5.03(d) and such failure shall continue for 3 days after the earlier of notice of such failure to the Borrower from the Administrative Agent or knowledge of such failure by an officer of the Borrower, or (ii) any covenant or agreement contained in Section 5.01(a)(iii), Section 5.01(a)(v) through 5.01(a)(x), Section 5.03(a), Section 5.03(b) and such failure shall continue for ten days after the earlier of notice of such failure to the Borrower from the Administrative Agent or knowledge of such failure by an officer of the Borrower;

(f) the Borrower shall fail to observe or perform any provision of any Loan Document (other than those failures covered by clauses (a), (b), (d) and (e) of this Article 7) and such failure shall continue for 30 days after the earlier of notice of such failure to the Borrower from the Administrative Agent or knowledge of such failure by an officer of the Borrower;

(g) the Borrower or any of its Restricted Subsidiaries shall fail to make a payment or payments (whether of principal or interest and regardless of amount) in respect of any Material Debt when the same shall become due, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(h) any event or condition occurs that (i) results in any Material Debt becoming due before its scheduled maturity or (ii) enables or permits (with or without the giving of notice, the lapse of time or both) the holder or holders of Material Debt or any trustee or agent on its or their behalf to cause any Material Debt to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, before its scheduled maturity or (iii) results in the termination of or enables one or more banks or financial institutions to terminate commitments to provide in excess of $20,000,000 aggregate principal amount of credit to the Borrower and/or its Restricted Subsidiaries; provided that, in the case of any event described in clauses (ii) or (iii) that would permit Material Debt to be accelerated or would permit termination of such commitments, as applicable, only after the lapse of a cure period, so long as

the Borrower has notified the Administrative Agent immediately upon occurrence of such event, such event shall give rise to an Event of Default hereunder upon expiration of such cure period;

(i) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of the Borrower or any of its Significant Subsidiaries or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any of its Significant Subsidiaries or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(j) the Borrower or any of its Significant Subsidiaries shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any the Borrower or any of its Significant Subsidiaries or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(k) the Borrower or any of its Significant Subsidiaries shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(l) one or more judgments for the payment of money in an aggregate amount exceeding $20,000,000 shall be rendered against the Borrower or any of its Significant Subsidiaries and shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to attach or levy upon any asset of the Borrower or any of its Significant Subsidiaries to enforce any such judgment;

(m) an ERISA Event shall have occurred that, in the opinion of the Required Lenders, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(n) any Lien purported to be created under any Security Document shall cease to be, or shall be asserted by the Borrower not to be, a valid and perfected Lien on any Collateral, with the priority required by the applicable Security Document, except as a result of a sale or other disposition of the applicable Collateral in a transaction permitted under the Loan Documents; or

(o) the Effective Date Receivables Financing (or any replacement Receivables Financing entered into in accordance with this Agreement and on terms satisfactory to the Administrative Agent) shall have been terminated, whether voluntarily or otherwise; provided that any such termination of the Effective Date Receivables Financing (or any such replacement Receivables Financing) shall not constitute an Event of Default hereunder if (a) the Effective Date Receivables Financing (or such replacement Receivables Financing) has been replaced with another Receivables Financing on terms satisfactory to the Administrative Agent or (b) Average Facility Availability (calculated on the date of termination of the Effective Date Receivables Financing) is equal to or greater than 125% of the aggregate amount of the outstandings under the Effective Date Receivables Financing (or such replacement Receivables Financing) (calculated immediately before giving effect to its termination);

then, and in every such event (except an event with respect to the Borrower described in clause (h) or (i) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other

obligations of the Borrower accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are waived by the Borrower; and in the case of any event with respect to the Borrower described in clause (h) or (i) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding,

together with accrued interest thereon and all fees and other obligations of the Borrower accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are waived by the Borrower. Additionally, and without limiting the generality of the foregoing, on each Business Day during a Sweep Period (as defined in the Security Agreement), the Collateral Agent may apply funds on deposit in the Cash Collateral Account in accordance with Section 5(f) of the Security Agreement.

ARTICLE 8
THE AGENTS

Section 8.01. Appointment and Authorization. Each Lender Party irrevocably appoints each Agent as its agent and authorizes each Agent to take such actions as agent on its behalf and to exercise such powers as are delegated to the Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

Section 8.02. Rights and Powers as a Lender. Each Agent shall, in its capacity as a Lender, have the same rights and powers as any other Lender and may exercise or refrain from exercising the same as though it were not one of the Agents. Each Agent and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not an Agent hereunder.

Section 8.03. Limited Duties and Responsibilities. None of the Agents shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) none of the Agents shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) none of the Agents shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that such Agent is required in writing to exercise by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth in the Loan Documents, none of the Agents shall have any duty to disclose, or shall be liable for any failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the Agent or any of its Affiliates in any capacity. None of the Agents

shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. Each Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to such Agent by the Borrower or a Lender, and none of the Agents shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent.

Section 8.04. Authority to Rely on Certain Writings, Statements and Advice. Each Agent shall be entitled to rely on, and shall not incur any liability for relying on, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent also may rely on any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Section 8.05. Sub-Agents and Related Parties. Each Agent may perform any and all its duties and exercise its rights and powers by or through one or more sub-agents appointed by it. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding Sections of this Article shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to activities in connection with the syndication of the credit facilities provided for herein as well as activities as an Agent hereunder.

Section 8.06. Resignation; Successor Agents. Subject to the appointment and acceptance of a successor Agent as provided in this Section, any Agent may resign at any time (and, upon the request of the Required Lenders, JPMorgan Chase Bank will so resign) by notifying the Lenders, the LC Issuing Bank and the

Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor Agent; provided that consultation with the Borrower shall not be required if an Event of Default shall

have occurred and be continuing. If no successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Agent gives notice of its resignation, then the retiring Agent may, on behalf of the Lenders and the LC Issuing Bank, appoint a successor Agent which shall be a bank or financial institution with an office in New York, New York, or an Affiliate of any such bank or financial institution. Upon acceptance of its appointment as Agent hereunder by a successor Agent, such successor Agent shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Borrower and such successor Agent. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Agent was acting as an Agent hereunder.

Section 8.07. Credit Decisions by Lenders. Each Lender acknowledges that it has, independently and without reliance on any Agent or any other Lender Party and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance on any Agent or any other Lender Party and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based on this Agreement, any other Loan Document or related agreement or any document furnished hereunder or thereunder.

Section 8.08. Agents' Fees. The Borrower shall pay to each Agent for its own account fees in the amounts and at the times previously agreed upon by the Borrower and such Agent.

Section 8.09. Collateral Agent and Co-Collateral Agent. If the Collateral Agent or the Co-Collateral Agent (each referred to in this Section (and solely for purposes of this Section) as a "COLLATERAL AGENT" and, collectively, as the "COLLATERAL AGENTS") proposes any (or proposes any adjustment or revision to any existing) Availability Reserve, Dilution Reserve, advance rate in respect of Eligible Receivables or any other borrowing base eligibility standards, or makes any other proposal regarding a determination or action which may be made by the Collateral Agents pursuant to this Agreement or any Security Document, the other Collateral Agent shall respond to such proposal within three Domestic Business Days. In the event that the Collateral Agents cannot agree on Availability Reserves, Dilution Reserves, advance rates in respect of Eligible Receivables, any other borrowing base eligibility standards or any other action or determination which may be made by the Collateral Agents pursuant to this Agreement or any

Security Document, the determination shall be made by the Collateral Agent either asserting the more conservative credit judgment or declining to permit the requested action for which consent is being sought by the Borrower, as applicable.

ARTICLE 9
MISCELLANEOUS

Section 9.01. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower, to it at 600 Grant Street, Room 1325, Pittsburgh, Pennsylvania 15219, Attention of Treasurer (Facsimile No. (412) 433-4567);

(b) if to the Administrative Agent or to the Swingline Lender, to JPMorgan Chase Bank, Loan and Agency Services Group, 1111 Fannin, 10th Floor, Houston, Texas 77002, Attention of Bang Tran (Telecopy No. (713) 750-2223); with a copy to JPMorgan Chase Bank, 270 Park Avenue, 4th Floor, New York, New York 10017, Attention of James Ramage (Facsimile No. (212) 270-5100);

(c) if to the Collateral Agent, to JPMorgan Chase Bank, 270 Park Avenue, 29th Floor, New York, New York 10017, Attention of Scott Troy (Facsimile No. (212) 270-7449); with a copy to JPMorgan Chase Bank, 270 Park Avenue, 4th Floor, New York, New York 10017, Attention of James Ramage (Facsimile No. (212) 270-5100);

(d) if to the Co-Collateral Agent, to General Electric Capital Corporation, 500 West Monroe Street, 12th Floor, Chicago, Illinois 60661, Attention of Account Manager - United States Steel (Facsimile No. (312) 463-3889);

(e) if to JPMorgan Chase Bank, as LC Issuing Bank, to it at 270 Park Avenue, 21st Floor, New York, NY 10017, Attention of Carlos Morales (Facsimile No. (212) 270-4724); with a copy to JPMorgan Chase Bank, 270 Park Avenue, 4th Floor, New York, New York 10017, Attention of James Ramage (Facsimile No. (212) 270-5100);

(f) if to any other Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the Administrative Agent and

the Borrower. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement will be deemed to have been given on the date of receipt.

Section 9.02. Waivers; Amendments. (a) No failure or delay by any Lender Party in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender Parties under the Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of any Loan Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by subsection (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, neither the making of a Loan nor the issuance, amendment, renewal or extension of a Letter of Credit shall be construed as a waiver of any Default, regardless of whether any Lender Party had notice or knowledge of such Default at the time.

(b) No Loan Document or provision thereof may be waived, amended or modified except, in the case of this Agreement, by an agreement or agreements in writing entered into by the Borrower and the Required Lenders or, in the case of any other Loan Document, by an agreement or agreements in writing entered into by the parties thereto with the consent of the Required Lenders; provided that no such agreement shall:

(i) increase the Commitment of any Lender without its written consent;

(ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fee payable hereunder, without the written consent of each Lender Party affected thereby;

(iii) postpone the maturity of any Loan, or the required date of any mandatory payment of principal (including without limitation pursuant to Section 2.10(b), or the required date of reimbursement of any LC Disbursement, or any date for the payment of any interest or fee payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender Party affected thereby;

(iv) change Section 2.18(b) or 2.18(c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender;

(v) change any provision of this Section or the percentage set forth in the definition of "Required Lenders" or any other provision of any Loan Document specifying the number or percentage of Lenders required to take any action thereunder, without the written consent of each Lender;

(vi) release all or any substantial portion of the Collateral from the Transaction Liens, without the written consent of each Lender (it being understood that, for purposes of this Section 9.02(b)(vi), a release of Collateral comprising 10% or more of the Borrowing Base in effect on the date of such release shall constitute release of a substantial portion of Collateral);

(vii) Reserved;

(viii) increase the Borrowing Base advance rates, eliminate or reduce Availability Reserves or otherwise cause the Borrowing Base to be increased, without the written consent of Lenders having aggregate Exposures and unused Commitments representing at least 85% of the sum of all Exposures and unused Commitments at such time;

(ix) increase the aggregate amount of the Commitments by an amount in excess of the amount permitted pursuant to Section 2.20(c), or amend Section 2.20(c) to permit increases in the aggregate Commitments in excess of an aggregate amount equal to $100,000,000 during the term of this Agreement, without the written consent of the Collateral Agent, the Co-Collateral Agent and the Required Lenders (it being understood that an increase in the Commitment of any Lender is subject to clause (i) above); or

(x) unless signed by a Designated Lender or its Designating Lender, subject such Designated Lender to any additional obligation or affect its rights hereunder (unless the rights of all the Lenders are similarly affected); and

provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of any Agent, the LC Issuing Bank or the Swingline Lender without its prior written consent; and provided further that neither a reduction or termination of Commitments pursuant to Section 2.08 or 2.11, nor an increase in Commitments pursuant to Section 2.20, constitutes an amendment, waiver or modification for purposes of this Section 9.02.

(c) Notwithstanding the foregoing, if the Required Lenders enter into or consent to any waiver, amendment or modification pursuant to subsection (b) of this Section, no consent of any other Lender will be required if, when such waiver, amendment or modification becomes effective, (i) the Commitment of each Lender not consenting thereto terminates and (ii) all amounts owing to it or accrued for its account hereunder are paid in full.

Section 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable and documented out-of-pocket expenses incurred by each Arranger, each Agent and their respective Affiliates, including, without limitation, the reasonable fees, charges and disbursements of (x) Davis Polk & Wardwell, special counsel for the Administrative Agent, and (y) Paul, Hastings, Janofsky & Walker LLP, special counsel to the Co-Collateral Agent, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Loan Documents and any amendments, modifications or waivers of the provisions thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable and documented out-of-pocket expenses incurred by the LC Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all out-of-pocket expenses incurred by any Lender Party, including the fees, charges and disbursements of any counsel for any Lender Party, in connection with the enforcement or protection of its rights in connection with the Loan Documents (including its rights under this Section), the Letters of Credit or the Loans, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of the Letters of Credit or the Loans.

(b) The Borrower shall indemnify each of the Lender Parties and their respective Related Parties (each such Person being called an "INDEMNITEE") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any other agreement or instrument contemplated hereby, the performance by the parties to the Loan Documents of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the LC Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower or any Subsidiary, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a

party thereto; provided that (i) such indemnity shall not be available to any Indemnitee to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from such Indemnitee's gross negligence or willful misconduct; (ii) such indemnity shall not be available to any Indemnitee for losses, claims, damages, liabilities or related expenses arising out of a proceeding in which such Indemnitee and the Borrower are

adverse parties to the extent that the Borrower prevails on the merits, as determined by a court of competent jurisdiction (it being understood that nothing in this Agreement shall preclude a claim or suit by the Borrower against any Indemnitee for such Indemnitee's failure to perform any of its obligations to the Borrower under the Loan Documents); (iii) the Borrower shall not, in connection with any such proceeding or related proceedings in the same jurisdiction and in the absence of conflicts of interest, be liable for the fees and expenses of more than one law firm at any one time for the Indemnitees (which law firm shall be selected (x) by mutual agreement of the Administrative Agent and the Borrower or (y) if no such agreement has been reached following the Administrative Agent's good faith consultation with the Borrower with respect thereto, by the Administrative Agent in its sole discretion); (iv) each Indemnitee shall give the Borrower (x) prompt notice of any such action brought against such Indemnitee in connection with a claim for which it is entitled to indemnity under this Section and (y) an opportunity to consult from time to time with such Indemnitee regarding defensive measures and potential settlement; and (v) the Borrower shall not be obligated to pay the amount of any settlement entered into without its written consent (which consent shall not be unreasonably withheld).

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to any Agent, the LC Issuing Bank or the Swingline Lender under subsection (a) or (b) of this Section, each Lender severally agrees to pay to such Agent, the LC Issuing Bank or the Swingline Lender, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against such Agent, the LC Issuing Bank or the Swingline Lender in its capacity as such. For purposes hereof, a Lender's "PRO RATA SHARE" shall be determined based on its share of the sum of the total Exposures and unused Commitments at the time.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable within five Business Days after written demand therefor.

Section 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding on and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the LC Issuing Bank that issues any Letter of Credit), except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (except the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the LC Issuing Bank that issues any Letter of Credit) and, to the extent expressly provided herein, the Related Parties of the Lender Parties) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of any Commitment it has at the time and any Loans at the time owing to it); provided that:

(i) except in the case of an assignment to a Lender or a Lender Affiliate, each of the Borrower and the Administrative Agent (and, in the case of an assignment of all or a portion of a Commitment or any Lender's obligations in respect of its LC Exposure or Swingline Exposure, the LC Issuing Bank and the Swingline Lender) must give their prior written consent to such assignment (which consents shall not be unreasonably withheld);

(ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(iii) unless each of the Borrower and the Administrative Agent otherwise consent, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date on which the relevant Assignment is delivered to the Administrative Agent) shall not be less than $5,000,000; provided that this clause (iii) shall not apply to an assignment to a Lender or a Lender Affiliate or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans;

(iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment, together with a processing and recordation fee of $3,500; provided that only one such fee shall be due in

respect of a simultaneous assignment to more than one Lender Affiliate; and provided further that no such processing and recordation fee shall be payable in connection with any assignment by the Co-Collateral Agent; and

(v) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent a completed Administrative Questionnaire;

and provided further that any consent of the Borrower otherwise required under this subsection shall not be required if an Event of Default has occurred and is continuing. Subject to acceptance and recording thereof pursuant to subsection (d) of this Section, from and after the effective date specified in each Assignment the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment, be released from its obligations under this Agreement (and, in the case of an Assignment covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (e) of this Section.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in New York City a copy of each Assignment delivered to it and a register for the recordation of the names and addresses of the Lenders, their respective Commitments and the principal amounts of the Loans and LC Disbursements owing to each Lender pursuant to the terms hereof from time to time (the "REGISTER"). The entries in the Register shall be conclusive (absent manifest error), and the parties hereto may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any party hereto at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of a duly completed Assignment executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), any processing and recordation fee referred to in, and payable pursuant to, subsection (b) of this Section and any written consent to such assignment required by subsection (b) of this Section, the Administrative Agent shall accept such Assignment and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this subsection.

(e) Any Lender may, without the consent of the Borrower or any other Lender Party, sell participations to one or more banks or other entities ("PARTICIPANTS") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower and the other Lender Parties shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce the Loan Documents and to approve any amendment, modification or waiver of any provision of the Loan Documents; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in clause (i), (ii), (iii) or (vii) of the first proviso to Section 9.02(b) that affects such Participant. Subject to subsection (f) of this Section, each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.09 as though it were a Lender, provided that such Participant agrees to be subject to Section 2.18(c) as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant,

unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 9.05. Designated Lenders. Subject to the provisions of this Section 9.05(a), any Lender may from time to time elect to designate an Eligible Designee to provide all or a portion of the Loans to be made by such Lender pursuant to this Agreement; provided that such designation shall not be effective

unless the Borrower and the Administrative Agent consent thereto. When a Lender and its Eligible Designee shall have signed an agreement substantially in the form of Exhibit H hereto (a "DESIGNATION AGREEMENT") and the Borrower and the Administrative Agent shall have signed their respective consents thereto, such Eligible Designee shall become a Designated Lender for purposes of this Agreement. The Designating Lender shall thereafter have the right to permit such Designated Lender to provide all or a portion of the loans to be made by such Designating Lender pursuant to Section 2.01 and the making of such Loans or portions thereof shall satisfy the obligation of the Designating Lender to the same extent, and as if, such Loans or portion thereof were made by the Designating Lender. As to any Loans or portion thereof made by it, each Designated Lender shall have all the rights that a Lender making such Loans or portion thereof would have had under this Agreement and otherwise; provided that (x) its voting rights under this Agreement shall be exercised solely by its Designating Lender and (y) its Designating Lender shall remain solely responsible to the other parties hereto for the performance of its obligations under this Agreement, including its obligations in respect of the Loans or portion thereof made by it. No additional promissory note shall be required to evidence Loans or portions thereof made by a Designated Lender; and the Designating Lender shall be deemed to hold any promissory note issued pursuant to Section 2.09(e) as agent for its Designated Lender to the extent of the Loans or portion thereof funded by such Designated Lender. Each Designating Lender shall act as administrative agent for its Designated Lender and give and receive notices and other communications on its behalf. Any payments for the account of any Designated Lender shall be paid to its Designating Lender as administrative agent for such Designated Lender and neither the Borrower nor the Administrative Agent shall be responsible for any Designating Lender's application of such payments. In addition, any Designated Lender may (i) with notice to, but without the prior written consent of, the Borrower or the Administrative Agent, assign all or portions of its interest in any Loans to its Designating Lender or to any financial institutions consented to by the Borrower and the Administrative Agent providing liquidity and/or credit facilities to or for the account of such Designated Lender to support the funding of Loans or portions thereof made by such Designated Lender and (ii) disclose on a confidential basis any non-public information relating to its Loans or portions thereof to any rating agency, commercial paper dealer or provider of any guarantee, surety, credit or liquidity enhancement to such Designated Lender.

(b) Each party to this Agreement agrees that it will not institute against, or join any other Person in instituting against, any Designated Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceeding under any federal or state bankruptcy or similar law, for one year and a day after all outstanding senior indebtedness of such Designated Lender is paid in full. The Designating Lender for each Designated Lender agrees to indemnify, save, and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding

against such Designated Lender. This Section 9.05(b) shall survive the termination of this Agreement.

Section 9.06. Survival. All covenants, agreements, representations and warranties made by the Borrower in the Loan Documents and in certificates or other instruments delivered in connection with or pursuant to the Loan Documents shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that any Lender Party may have had notice or knowledge of any Default or incorrect

representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as any principal of or accrued interest on any Loan or any fee or other amount payable hereunder is outstanding and unpaid or any Letter of Credit is outstanding or any Commitment has not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article 8 shall survive and remain in full force and effect regardless of the consummation of the Transactions, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any provision hereof.

Section 9.07. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to any Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement (i) will become effective when the Administrative Agent shall have signed this Agreement and received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto and (ii) thereafter will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy will be effective as delivery of a manually executed counterpart of this Agreement.

Section 9.08. Severability. If any provision of any Loan Document is invalid, illegal or unenforceable in any jurisdiction then, to the fullest extent permitted by law, (i) such provision shall, as to such jurisdiction, be ineffective to the extent (but only to the extent) of such invalidity, illegality or unenforceability, (ii) the other provisions of the Loan Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Lender Parties in order to carry out the intentions of the parties thereto as nearly as may be possible and (iii) the invalidity, illegality or unenforceability of any such

provision in any jurisdiction shall not affect the validity, legality or enforceability of such provision in any other jurisdiction.

Section 9.09. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any obligations of the Borrower now or hereafter existing hereunder and held by such Lender, irrespective of whether or not such Lender shall have made any demand hereunder and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) that such Lender may have.

Section 9.10. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) The Borrower irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any relevant appellate court, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each party hereto irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. Each party hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in any Loan Document shall affect any right that any Lender Party may otherwise have to bring any action or proceeding relating to any Loan Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to any Loan Document in any court referred to in subsection (b) of this Section. Each party hereto irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of any such suit, action or proceeding in any such court.

(d) Each party hereto irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in any Loan Document will

affect the right of any party hereto to serve process in any other manner permitted by law.

Section 9.11. WAIVER OF JURY TRIAL. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT OR ANY TRANSACTION CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.12. Headings. Article and Section headings and the Table of Contents herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

Section 9.13. Confidentiality. Each Lender Party agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedy hereunder or any suit, action or proceeding relating to any Loan Document or the enforcement of any right thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any actual or prospective assignee of or Participant in any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information either (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to any Lender Party on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "INFORMATION" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to any Lender Party on a nonconfidential basis before disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date

hereof, such information is clearly identified at the time of delivery as confidential.

Notwithstanding the foregoing, effective from the date of commencement of discussions concerning the transactions contemplated hereby, the parties hereto and each of their employees, representatives or other agents may disclose to any and all Persons, without limitation of any kind, the tax treatment and tax structure of the transactions contemplated hereby and all materials of any kind (including opinions or other tax analyses) that have been provided to them relating to such tax treatment and tax structure.

Section 9.14. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively the "CHARGES"), shall exceed the maximum lawful rate (the "MAXIMUM RATE") that may be contracted for, charged or otherwise received by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such Lender shall have received such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of payment.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

UNITED STATES STEEL CORPORATION

By: /s/ G. R. Haggerty

Name: G. R. Haggerty
Title: Executive Vice President, Treasurer

and Chief Financial Officer

JPMORGAN CHASE BANK, as
Administrative Agent, Collateral Agent,
Swingline Lender, LC Issuing Bank
and Lender

By: /s/ James H. Ramage

Name: James H. Ramage
Title: Managing Director

GENERAL ELECTRIC CAPITAL
CORPORATION, as Co-Collateral Agent
and Lender

By: /s/ Gregory Eck

Name: Gregory Eck
Title: Duly Authorized Signatory

PRICING SCHEDULE

<TABLE>
<CAPTION>

	Level I	Level II	Level III	Level IV
<S>	<C>	<C>	<C>	<C>
Base Rate Margin	1.25%	1.50%	1.75%	2.00%
Euro-Dollar Margin	2.25%	2.50%	2.75%	3.00%
Commitment Fee Rate	0.625%	0.50%	0.50%	0.375%

</TABLE>

For purposes of this Schedule, the following terms have the following meanings:

"Average Availability" on any day is an amount equal to the quotient of (i) the sum of the end of day Facility Availability for each day during the most recently ended fiscal quarter, divided by (ii) the number of days in such fiscal quarter, all as determined by the Administrative Agent.

"Level I Pricing" applies for any day if, on such day, Reference Availability is equal to or greater than $400,000,000.

"Level II Pricing" applies for any day if, on such day, Reference Availability is equal to or greater than $225,000,000, but less than $400,000,000.

"Level III Pricing" applies for any day if, on such day, Reference Availability is equal to or greater than $125,000,000, but less than $225,000,000.

"Level IV Pricing" applies for any day if, on such day, Reference Availability is less than $125,000,000.

"Pricing Level" refers to the determination of which of Level I, Level II, Level III or Level IV Pricing applies for any day. Pricing Levels are referred to in ascending order, e.g. Level I Pricing is the lowest Pricing Level and Level IV Pricing is the highest Pricing Level.

"Reference Availability" on any day is an amount equal to the lesser of (i) Average Availability as determined on such day and (ii) end of day Facility Availability calculated for the last day of the then most recently ended fiscal quarter.

EXHIBIT 10.2

SECURITY AGREEMENT

dated as of May 20, 2003

among

UNITED STATES STEEL CORPORATION

and

JPMORGAN CHASE BANK,
as Collateral Agent

TABLE OF CONTENTS

<TABLE>
<CAPTION>

</TABLE>

EXHIBITS:

EXHIBIT A Perfection Certificate

SECURITY AGREEMENT

AGREEMENT (this "AGREEMENT") dated as of May 20, 2003 among United States Steel Corporation, a Delaware corporation (together with its successors, the "BORROWER") and JPMorgan Chase Bank, as Collateral Agent.

WHEREAS, the Borrower has entered into the Credit Agreement described in Section 1 hereof, pursuant to which the Borrower intends to borrow funds and obtain letters of credit for the purposes set forth therein;

WHEREAS, the Borrower is willing to secure (i) its obligations under the Credit Agreement and the other Financing Documents and (ii) certain other obligations, by granting Liens on certain of its assets to the Collateral Agent as provided in the Security Documents;

WHEREAS, the Lenders are willing to make loans and issue or participate in letters of credit under the Credit Agreement described in Section 1 hereof on the terms set forth therein if the foregoing obligations of the Borrower are secured as described above;

WHEREAS, upon any foreclosure or other enforcement of the Security Documents, the net proceeds of the relevant Collateral are to be received by or paid over to the Collateral Agent and applied as provided in Section 7 hereof;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions.

(a) Terms Defined in Credit Agreement. Terms defined in the Credit Agreement and not otherwise defined in subsection 1(b) or 1(c) have, as used

herein, the respective meanings provided for therein.

(b) Terms Defined in UCC. As used herein, each of the following terms has the meaning specified in the UCC:

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TERM	UCC
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Account	9-102
Authenticate	9-102
Chattel Paper	9-102
Deposit Account	9-102
General Intangibles	9-102

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TERM	UCC
<S>	<C>
Instrument	9-102
Inventory	9-102
Letter-of-Credit Right	9-102

</TABLE>

(c) Additional Definitions. The following additional terms, as used herein, have the following meanings:

"ACQUIRED NATIONAL STEEL LOCKBOX ACCOUNTS" means, collectively, (i) Account No. 360964, (ii) Account No. 14048, (iii) Account No. 890957 and (iv) Account No. 0296577, in each case held at Mellon Bank N.A. and acquired by the Borrower pursuant to the National Steel Asset Purchase Agreement.

"ADDITIONAL SECURED OBLIGATIONS" means the Secured Derivative Obligations.

"ADMINISTRATIVE AGENT" means JPMorgan Chase Bank, in its capacity as administrative agent under the Loan Documents, and its successors in such capacity.

" ARTICLE 9" means Article 9 of the UCC.

"BLOCKED ACCOUNT" means each of the accounts described in Section 5(d) and any other lockbox, deposit, concentration or similar account that has been subjected to a Blocked Account Agreement pursuant to Section 4(a).

"BLOCKED ACCOUNT AGREEMENT" means, with respect to any account, a blocked account agreement in favor of the Collateral Agent, all in form and substance satisfactory to the Administrative Agent, the Collateral Agent and the Co-Collateral Agent.

" BORROWER" has the meaning set forth in the preamble to this Agreement.

" CASH COLLATERAL ACCOUNT" has the meaning set forth in Section 5.

"COLLATERAL" means all property, whether now owned or hereafter acquired, on which a Lien is granted or purports to be granted to the Collateral Agent pursuant to the Security Documents.

"COLLATERAL AGENT" means JPMorgan Chase Bank, in its capacity as Collateral Agent for the Secured Parties under the Security Documents, and its successors in such capacity.

"CONTRACTS" means all contracts for the sale, lease, exchange or other disposition of Inventory, whether or not performed and whether or not subject to termination upon a contingency or at the option of any party thereto.

"CREDIT AGREEMENT" means the Credit Agreement dated as of May 20, 2003 among the Borrower, the Lenders party thereto, the LC Issuing Banks party thereto, JPMorgan Chase Bank, as Administrative Agent, Collateral Agent, Co-Syndication Agent and Swingline Lender, and General Electric Capital Corporation, as Co-Collateral Agent and Co-Syndication Agent, as amended, restated or otherwise modified from time to time in accordance with the terms thereof.

"DERIVATIVE OBLIGATIONS" of any Person means all obligations of such Person in respect of any rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction,

currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of the foregoing transactions) or any combination of the foregoing transactions.

"EFFECTIVE DATE" means the Effective Date as defined in the Credit Agreement.

"ELIGIBLE TRANSFEREE" means (a) a special-purpose company created and used solely for purposes of effecting a Receivables Financing, whether or not a Subsidiary of the Borrower, or (b) any other Person which is not a Subsidiary of the Borrower.

"EVENT OF DEFAULT" means any Event of Default as defined in the Credit Agreement and any similar event with respect to any Additional Secured Obligation that permits the acceleration of the maturity thereof (or an equivalent remedy).

"EXISTING RECEIVABLES SPV ACCOUNTS" has the meaning set forth in Section 5(b).

"FIRST SECURED DERIVATIVE OBLIGATIONS" means the Secured Derivative Obligations to the extent (but only to the extent) that the aggregate Mark-to-

Market Value of all such Secured Derivative Obligations does not exceed $50,000,000.

"LIEN GRANTOR" means the Borrower.

"LIQUID INVESTMENT" means (i) direct obligations of the United States or any agency thereof, (ii) obligations guaranteed by the United States or any agency thereof, (iii) time deposits and money market deposit accounts issued by or guaranteed by or placed with a Lender, and (iv) fully collateralized repurchase agreements for securities described in clause (i) or (ii) above entered into with a Lender, provided in each case that such Liquid Investment (x) matures within 30 days after it is first included in the Collateral and (y) is in a form, and is issued and held in a manner, that in the reasonable judgment of the Collateral Agent permits appropriate measures to have been taken to perfect security interests therein.

"LIQUIDATED SECURED OBLIGATION" means at any time any Secured Obligation (or portion thereof) that is not an Unliquidated Secured Obligation at such time.

" MARK-TO-MARKET VALUE" means, at any date with respect to any Derivative Obligation, the termination value thereof (on a net basis), calculated as if such Derivative Obligation had been terminated on such date by reason of a default on the part of the Borrower.

"OPINION OF COUNSEL" means a written opinion of legal counsel (who may be counsel to the Lien Grantor or other counsel, in either case approved by the Administrative Agent in a writing delivered to the Collateral Agent, which approval shall not be unreasonably withheld) addressed and delivered to the Collateral Agent.

"OWN" refers to the possession of sufficient rights in property to grant a security interest therein as contemplated by UCC Section 9-203, and "ACQUIRE" refers to the acquisition of any such rights.

"PERFECTION CERTIFICATE" means a certificate from the Lien Grantor substantially in the form of Exhibit A, completed and supplemented with the schedules contemplated thereby to the reasonable satisfaction of the Collateral Agent, and signed by an officer of the Lien Grantor.

"PERMITTED LIENS" means (i) the Transaction Liens and (ii) any other Liens on the Collateral permitted to be created or assumed or to exist pursuant to

the Credit Agreement, including Liens arising in connection with Receivables Financings (including the Effective Date Receivables Financing).

"PLEDGED", when used in conjunction with any type of asset, means at any time an asset of such type that is included (or that creates rights that are included) in the Collateral at such time. For example, "Pledged Inventory" means Inventory that is included in the Collateral at such time.

"POST-PETITION INTEREST" means any interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of the Lien Grantor (or would accrue but for the

operation of applicable bankruptcy or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such proceeding.

"PROCEEDS" means all proceeds of, and all other profits, products, rents or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, any Collateral, including all claims of the Lien Grantor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any Collateral, and any condemnation or requisition payments with respect to any Collateral.

"RECEIVABLES" means all Accounts owned by the Lien Grantor and all other rights, titles or interests which, in accordance with GAAP would be included in receivables on its balance sheet (including any such Accounts and/or rights, titles or interests that might be characterized as Chattel Paper, Instruments or General Intangibles under the Uniform Commercial Code in effect in any jurisdiction), in each case arising from the sale, lease, exchange or other disposition of Inventory, and all of the Lien Grantor's rights to any goods, services or other property related to any of the foregoing (including returned or repossessed goods and unpaid seller's rights of rescission, replevin, reclamation and rights to stoppage in transit), and all collateral security and supporting obligations of any kind given by any Person with respect to any of the foregoing.

"RECEIVABLES SPV" means U.S. Steel Receivables LLC, a Delaware limited liability company and a wholly-owned Subsidiary of the Borrower.

"RELATED DOCUMENTS" means the Credit Agreement, any promissory notes issued pursuant to Section 2.09(e) of the Credit Agreement, the Security Documents and the documentation governing the Additional Secured Obligations.

"RELATED PARTIES" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and its Affiliates.

"RELATED TRANSFERRED RIGHTS" has the meaning specified in Section 2(b) hereof.

"RELEASE CONDITIONS" means the following conditions for terminating all the Transaction Liens:

(i) all Commitments under the Credit Agreement shall have expired or been terminated;

(ii) all Liquidated Secured Obligations shall have been paid in full; and

(iii) no Unliquidated Secured Obligation shall remain outstanding or such Unliquidated Secured Obligation shall be cash collateralized to an extent and in a manner reasonably satisfactory to each affected Secured Party.

"SECOND SECURED DERIVATIVE OBLIGATIONS" means all Secured Derivative Obligations that are not First Secured Derivative Obligations.

" SECURED AGREEMENT", when used with respect to any Secured Obligation, refers collectively to each instrument, agreement or other document that sets forth obligations of the Lien Grantor and/or rights of the holder with respect to such Secured Obligation.

"SECURED DERIVATIVE OBLIGATIONS" means Derivative Obligations of the Borrower owing to any Person that was a Lender or Lender Affiliate on the trade date for any such Derivative Obligation, or an assignee of such Person; provided that (i) such Derivative Obligation is entered into in the course of the ordinary business practice of the Borrower and not for speculative purposes, (ii) at or prior to the time the written agreement evidencing such Derivative Obligation (a "DERIVATIVE CONTRACT") is executed, the Borrower and the Lender or Lender Affiliate party thereto shall have expressly agreed in writing that such obligations constitute "Secured Derivative Obligations" entitled to the benefits of the Security Documents, (iii) at or prior to the time such Derivative Contract is executed, the Lender or Lender Affiliate party thereto shall have delivered a notice to the Collateral Agent (or, in the case of a Lender Affiliate, an instrument in form and substance satisfactory to the Collateral Agent) to the effect set forth in clause (ii) of this proviso, and acknowledging and agreeing to be bound by the terms of this

Agreement with respect to such obligations and (iv) at the time such Derivative Contract is executed, the Borrower shall have specified in writing to the

Collateral Agent whether or not, after giving effect to such Derivative Contract, the aggregate Mark-to-Market Value of all Secured Derivative Obligations as of such date will exceed $50,000,000 (and, in the event that such aggregate Mark-to-Market Value will exceed $50,000,000 after giving effect to such Derivative Contract, the Borrower and the Lender or Lender Affiliate party thereto shall have expressly agreed that the Derivative Obligations arising thereunder shall constitute Second Secured Derivative Obligations under this Agreement at all times unless either (x) such aggregate Mark-to-Market Value does not exceed $50,000,000 (as evidenced by the Borrowing Base Certificate then most recently delivered by the Borrower pursuant to Section 5.01(b) of the Credit Agreement, certifying that the aggregate Mark-to-Market Value of all Secured Derivative Obligations is less than $50,000,000) or (y) together with the Borrowing Base Certificate then most recently delivered by the Borrower pursuant to Section 5.01(b) of the Credit Agreement, the Borrower shall have delivered written notice to the Collateral Agent designating such Derivative Obligations as First Secured Derivative Obligations, which written notice shall include a list of all First Secured Derivative Obligations, the aggregate Mark-to-Market Value of which will not exceed $50,000,000).

"SECURED LOAN OBLIGATIONS" means all principal of all Loans and LC Reimbursement Obligations outstanding from time to time under the Credit Agreement, all interest (including Post-Petition Interest) on such Loans and LC Reimbursement Obligations and all other amounts now or hereafter payable by the Borrower pursuant to the Loan Documents.

"SECURED OBLIGATIONS" means the Secured Loan Obligations and the Additional Secured Obligations.

"SECURED PARTIES" means the holders from time to time of the Secured Obligations, and "SECURED PARTY" means any of them as the context may require.

" SECURITY DOCUMENTS" means this Agreement, the Intercreditor Agreement and all other supplemental or additional security agreements, control agreements, or similar instruments delivered pursuant to the Loan Documents.

"SUPPORTING OBLIGATION" means a "supporting obligation" (as such term is defined in UCC Section 9-102).

"SWEEP PERIOD" means (i) the period that begins on the first date on which Facility Availability is less than or equal to $100,000,000 and ends on the first date when all Release Conditions are satisfied and (ii) each period that begins

upon the occurrence of (x) an Event of Default described in Section 7(a), Section 7(i), Section 7(j) or Section 7(k) of the Credit Agreement, or (y) an Event of Default caused by the Borrower's failure to perform the covenant contained in Section 6.13 of the Credit Agreement, and ends when no Event of Default is continuing; provided that, except in the case of a Sweep Period that begins upon the occurrence of any Event of Default described in Section 7(a), Section 7(i), Section 7(j) or Section 7(k) of the Credit Agreement with respect to the Borrower (which Sweep Period shall commence automatically upon the occurrence of such Event of Default), no Sweep Period shall be deemed to have commenced unless and until the Collateral Agent shall have so determined and shall have so notified the Borrower.

"TRANSACTION LIENS" means the Liens granted by the Lien Grantor under the Security Documents.

"TRANSFERRED RECEIVABLES" means any Receivables (including Receivables acquired by the Borrower from National Steel Corporation and certain of its subsidiaries and affiliates pursuant to the National Steel Asset Purchase Agreement) that have been sold, contributed or otherwise transferred to an Eligible Transferee in connection with a Receivables Financing that is not prohibited under the Credit Agreement or this Agreement (including, without limitation, the Effective Date Receivables Financing).

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any Transaction Lien on any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"UNLIQUIDATED SECURED OBLIGATION" means, at any time, any Secured Obligation (or portion thereof) that is contingent in nature or unliquidated at such time, including any Secured Obligation that is:

(i) an obligation to reimburse a bank for drawings not yet made under a letter of credit issued by it;

(ii) any other obligation (including any guarantee) that is contingent in nature at such time; or

(iii) an obligation to provide collateral to secure any of the foregoing types of obligations.

(d) Terms Generally. The definitions of terms herein (including those incorporated by reference to the UCC or to another document) apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. The words "INCLUDE", "INCLUDES" and "INCLUDING" shall be deemed to be followed by the phrase "WITHOUT LIMITATION". The word "WILL" shall be construed to have the same meaning and effect as the word "SHALL". Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "HEREIN", "HEREOF" and "HEREUNDER", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Exhibits and Schedules shall be construed to refer to Sections of, and Exhibits and Schedules to, this Agreement and (e) the word "PROPERTY" shall be construed to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 2. Grant of Transaction Liens.

(a) The Lien Grantor, in order to secure the Secured Obligations, grants to the Collateral Agent for the benefit of the Secured Parties a continuing security interest in all the following property of the Lien Grantor, whether now owned or existing or hereafter acquired or arising and regardless of where located, subject to the exceptions set forth in Section 2(b):

(i) all Inventory;

(ii) all Receivables;

(iii) all Contracts;

(iv) all Blocked Accounts and the Cash Collateral Account;

(v) all books and records (including customer lists, credit files, computer programs, printouts and other computer materials and records) of the Lien Grantor pertaining to any of its Collateral; and

(vi) all other Proceeds of the Collateral described in the foregoing clauses (i) through (iv).

(b) The Collateral shall not include Transferred Receivables and (i) rights to payment and collections in respect of such Transferred Receivables, (ii) security interests or Liens and property subject thereto purporting to secure or guarantee payment of such Transferred Receivables, (iii) guarantees, letters of credit, acceptances, insurance and other arrangements from time to time supporting or securing payment of such Transferred Receivables, (iv) all invoices, documents, books, records and other information with respect to such Transferred Receivables or the obligors thereon, (v) with respect to any such Transferred Receivables, the transferee's interest in the product (including returned product), the sale of which by such transferee gave rise to such Transferred Receivables and (vi) all Proceeds of the items described in subclauses 2(b)(i) through 2(b)(v) (preceding subclauses (b)(i) through (b)(vi), collectively, the "RELATED TRANSFERRED RIGHTS").

(c) With respect to each right to payment or performance included in the Collateral from time to time, the Transaction Lien granted therein includes a continuing security interest in all right, title and interest of the Lien Grantor in and to (i) any Supporting Obligation that supports such payment or performance and (ii) any Lien that (x) secures such right to payment or performance or (y) secures any such Supporting Obligation.

(d) The Transaction Liens are granted as security only and shall not subject the Collateral Agent or any other Secured Party to, or transfer or in any way affect or modify, any obligation or liability of the Lien Grantor with respect to any of the Collateral or any transaction in connection therewith.

SECTION 3. General Representations and Warranties. The Lien Grantor

represents and warrants that:

(a) The Lien Grantor is duly organized, validly existing and in good standing under the laws of the jurisdiction identified as its jurisdiction of organization in its Perfection Certificate.

(b) The Lien Grantor has good and marketable title to all its Collateral (subject to exceptions that are, in the aggregate, not material), free and clear of any Lien other than Permitted Liens.

(c) The Lien Grantor has not performed any acts that might prevent the Collateral Agent from enforcing any of the provisions of the Security Documents or that would limit the Collateral Agent in any such enforcement. No financing

statement, security agreement, mortgage or similar or equivalent document or instrument covering all or part of the Collateral owned by such Lien Grantor is on file or of record in any jurisdiction in which such filing or recording would be effective to perfect or record a Lien on such Collateral, except (x) financing statements with respect to the security agreement dated as of November 30, 2001 between the Borrower and the Collateral Agent and (y) financing statements, mortgages or other similar or equivalent documents with respect to Permitted Liens. After the Effective Date, no Collateral owned by such Lien Grantor will be in the possession or under the control of any other Person having a Lien thereon, other than a Permitted Lien.

(d) The Transaction Liens on all Collateral owned by the Lien Grantor (i) have been validly created, (ii) will attach to each item of such Collateral on the Effective Date (or, if such Lien Grantor first obtains rights thereto on a later date, on such later date) and (iii) when so attached, will secure all the Secured Obligations.

(e) The Lien Grantor has delivered a Perfection Certificate to the Collateral Agent. The information set forth therein is correct and complete as of the Effective Date. After the Effective Date, the Collateral Agent or the Administrative Agent may obtain, at the Lien Grantor's expense, a file search report from each UCC filing office listed in its Perfection Certificate, showing the filing made at such filing office to perfect the Transaction Liens on the Collateral.

(f) When UCC financing statements describing the Collateral as set forth in the Lien Grantor's Perfection Certificate have been filed in the offices specified in the Perfection Certificate, the Transaction Liens will constitute perfected security interests in the Collateral owned by the Lien Grantor to the extent that a security interest therein may be perfected by filing pursuant to the UCC, prior to all Liens and rights of others therein except Permitted Liens. Except for the filing of such UCC financing statements, no registration, recordation or filing with any governmental body, agency or official is required in connection with the execution or delivery of the Security Documents or is necessary for the validity or enforceability thereof or for the perfection of the Transaction Liens pursuant to the UCC or for the enforcement of the Transaction Liens pursuant to the UCC.

(g) The Lien Grantor has taken, and will continue to take, all actions necessary under the UCC to perfect its interest in any Receivables purchased or otherwise acquired by it, as against its assignors and creditors of its assignors.

(h) The Lien Grantor's Collateral is insured as required by the Credit Agreement.

(i) Any Inventory produced by the Lien Grantor has or will have been produced in compliance with the applicable requirements of the Fair Labor Standards Act, as amended.

(j) The Existing Receivables SPV Accounts are all of the accounts owned by Receivables SPV. Other than (i) the Existing Receivables SPV Accounts, (ii) the Cash Collateral Account, (iii) any Blocked Account and (iv) the Acquired National Steel Lockbox Accounts, there are no accounts owned by the Lien Grantor or Receivables SPV into which any collections or other payments or proceeds in respect of Pledged Receivables may be deposited.

SECTION 4. Further Assurances; General Covenants. The Lien Grantor covenants as follows:

(a) The Lien Grantor will, from time to time, at its own expense, execute, deliver, authorize, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including (x) any filing of financing or continuation statements under the UCC,

(y) at any time when the Effective Date Receivables Financing shall have terminated and been paid in full and not been replaced with another Receivables Financing on terms satisfactory to the Administrative Agent, causing any lockbox, concentration or similar account into which payments with respect to Receivables then owned by the Lien Grantor will be received to be subjected to Blocked Account Agreements and (z) at any time when the Effective Date Receivables Financing shall have terminated and been replaced with another Receivables Financing on terms satisfactory to the Administrative Agent, causing the appropriate parties to such replacement Receivables Financing to execute an intercreditor agreement that is substantially identical to the Intercreditor Agreement) that from time to time may be reasonably necessary or desirable, or that the Collateral Agent may reasonably request, in order to:

(i) create, preserve, perfect, confirm or validate the Transaction Liens on the Collateral;

(ii) enable the Collateral Agent and the other Secured Parties to obtain the full benefits of the Security Documents; or

(iii) enable the Collateral Agent to exercise and enforce any of its rights, powers and remedies with respect to any of the Collateral.

To the extent permitted by applicable law, the Lien Grantor authorizes the Collateral Agent to execute and file such financing statements or continuation statements without the Lien Grantor's signature appearing thereon. The Collateral Agent agrees to provide the Lien Grantor with copies of any such financing

statements and continuation statements. The Lien Grantor agrees that a carbon, photographic, photostatic or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement to the extent permitted by law. The Lien Grantor constitutes the Collateral Agent its attorney-in-fact to execute and file all filings required or so requested for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, shall be irrevocable until all the Transaction Liens granted by the Lien Grantor terminate pursuant to Section 12. The Borrower will pay the costs of, or incidental to, any recording or filing of any financing or continuation statements or other documents recorded or filed pursuant hereto.

(b) The Lien Grantor will not (i) change its name or structure as a corporation, or (ii) change its location (determined as provided in UCC Section 9-307) unless it shall have given the Collateral Agent prior notice thereof and delivered an Opinion of Counsel with respect thereto in accordance with Section 4(c).

(c) At least 30 days before it takes any action contemplated by Section 4(b), the Lien Grantor, at its own expense, will cause to be delivered to the Collateral Agent an Opinion of Counsel, in form and substance reasonably satisfactory to the Collateral Agent, to the effect that (i) all financing statements and amendments or supplements thereto, continuation statements and other documents required to be filed or recorded in order to perfect and protect the Transaction Liens against all creditors of and purchasers from the Lien Grantor after it takes such action (except any applicable continuation statements specified in such Opinion of Counsel that are to be filed more than six months after the date thereof) have been filed or recorded in each office necessary for such purpose, (ii) all fees and taxes, if any, payable in connection with such filings or recordations have been paid in full and (iii) except as otherwise agreed by the Required Lenders, such action will not adversely affect the perfection or priority of the Transaction Lien on any Collateral to be owned by the Lien Grantor after it takes such action or the accuracy of the Lien Grantor's representations and warranties herein relating to such Collateral.

(d) The Lien Grantor will not sell, lease, exchange, assign or otherwise dispose of, or grant any option with respect to, any of its Collateral; provided that the Lien Grantor may do any of the foregoing unless (i) doing so would breach a covenant in the Credit Agreement or (ii) an Event of Default shall have occurred and be continuing and the Collateral Agent shall have notified the Lien Grantor that its right to do so is terminated, suspended or otherwise limited. Concurrently with any sale or other disposition (except a lease) permitted by the foregoing proviso, the Transaction Liens on the assets sold or disposed of (but not in any Proceeds arising from such sale or disposition) will cease immediately without any action by the Collateral Agent or any other Secured Party. The Collateral

Agent will, at the Borrower's expense, execute and deliver to the Lien Grantor such documents as the Lien Grantor shall reasonably request to evidence the fact

that any asset so sold or disposed of is no longer subject to a Transaction Lien.

(e) The Lien Grantor will, promptly upon request, provide to the Collateral Agent all information and evidence concerning the Collateral that the Collateral Agent may reasonably request from time to time to enable it to enforce the provisions of the Security Documents.

(f) From time to time upon request by the Collateral Agent, the Lien Grantor will, at its own expense, cause to be delivered to the Secured Parties an Opinion of Counsel satisfactory to the Collateral Agent as to such matters relating to the transactions contemplated hereby as the Collateral Agent may reasonably request.

SECTION 5. Cash Collateral Account. (a) If and when required for purposes hereof, the Collateral Agent will establish an account (the "CASH COLLATERAL ACCOUNT"), in the name and under the exclusive control of the Collateral Agent, into which all amounts owned by the Lien Grantor that are to be deposited therein pursuant to the Financing Documents shall be deposited from time to time.

(b) Within 30 days following the Effective Date (or such longer period as the Borrower, the Collateral Agent and the Co-Collateral Agent may agree), the Lien Grantor will cause Receivables SPV to have subjected all of its then existing accounts (collectively, the "EXISTING RECEIVABLES SPV ACCOUNTS") to Blocked Account Agreements, each of which Blocked Account Agreements shall, to the extent the account subject thereto is a "Lock-Box Account" or "Concentration Account" (each as defined in the Receivables Purchase Agreement), (i) by its terms, first become effective immediately upon receipt by the "Lockbox Box" or "Concentration Account Bank" (each as defined in the Receivables Purchase Agreement) or other depositary bank at which such account is maintained (the "DEPOSITARY BANK") of written notice from The Bank of Nova Scotia, as collateral agent under the Effective Date Receivables Financing (the "RECEIVABLES COLLATERAL AGENT"), specifying that the Effective Date Receivables Financing has terminated and all monetary obligations in respect thereof have been satisfied in full and that the blocked account agreement in effect with respect to such "Lockbox Account" or "Concentration Account" (each as defined in the Receivables Purchase Agreement) in connection with the Effective Date Receivables Financing shall be terminated in accordance with its terms (or upon written notice from the Collateral Agent to such effect, if (x) the Receivables Collateral Agent has failed to deliver such notice within five Business Days of the date on which it is initially obligated to do so pursuant to the Intercreditor

Agreement, (y) the Collateral Agent shall have delivered a Final Notification Request (as defined in the Intercreditor Agreement), and (z) the Funding Agents (as defined in the Intercreditor Agreement) have failed to comply, or to cause the Receivables Collateral Agent to comply, with such Final Notification Request within three Business Days of the date on which such Final Notification Request is effective under the Intercreditor Agreement), (ii) by its terms, terminate upon receipt by the Depositary Bank of written notice from the Collateral Agent to the effect that the Effective Date Receivables Financing has been replaced with another Receivables Financing on terms satisfactory to the Administrative Agent, such that the accounts of Receivables SPV and the lockbox accounts of the Lien Grantor may be subjected to blocked account agreements in connection with such replacement Receivables Financing and (iii) expressly provide that its terms may not be amended or modified without the consent of the Receivables Collateral Agent.

(c) If directed to do so by the Collateral Agent at any time during a Sweep Period or when an Event of Default has occurred and is continuing, the Borrower shall cause to be deposited in the account referred to in clause (d) below, promptly upon receipt thereof, (i) all payments received in respect of the Pledged Receivables and (ii) all other Proceeds of the Collateral.

(d) Within 30 days after the Effective Date (or such longer period as the Borrower, the Collateral Agent and the Co-Collateral Agent may agree), the Borrower shall cause to be subjected to a Blocked Account Agreement any lockbox and any corresponding deposit account, any concentration account and any account into which payments from Receivables SPV to the Borrower in respect of the purchase price of Transferred Receivables may be received (including any such account acquired pursuant to the National Steel Acquisition).

(e) Unless (x) a Sweep Period shall have occurred and be continuing, (y) an Event of Default shall have occurred and be continuing and the Required Lenders shall have instructed the Collateral Agent to stop withdrawing amounts from the Cash Collateral Account pursuant to this subsection or (z) the maturity of the Loans (or other Secured Obligations) shall have been accelerated pursuant to Article 7 of the Credit Agreement (or otherwise), the Collateral Agent shall withdraw amounts from the Cash Collateral Account (other than amounts required to be deposited in the Cash Collateral Account pursuant to

Section 2.10(b) or Section 5.12(b) of the Credit Agreement) and remit such amounts to, or as directed by, the Borrower from time to time.

(f) If an Event of Default shall have occurred and be continuing, the Collateral Agent may (i) retain all cash and investments then held in the Cash Collateral Account, (ii) liquidate any or all investments held therein and/or (iii) withdraw any amounts held therein and apply such amounts as provided in

Section 7. Additionally, and without limiting the generality of the foregoing, during any Sweep Period (i) all amounts held in the Cash Collateral Account (other than amounts deposited therein pursuant to Section 2.05(j), Section 2.10(b) or Section 5.12(b) of the Credit Agreement as cash collateral for the LC Exposure) shall be applied on a daily basis to the outstanding principal balance of the Base Rate Loans or, if applicable, as provided in Section 7 and (ii) following repayment in full of all outstanding Base Rate Loans pursuant to clause (i), any remaining amounts held in the Cash Collateral Account shall continue to be held in the Cash Collateral Account and (other than amounts deposited therein pursuant to Section 2.05(j), Section 2.10(b) or Section 5.12(b) of the Credit Agreement as cash collateral for the LC Exposure) shall be applied to the outstanding principal balance of maturing Eurodollar Loans upon expiration of the Interest Periods applicable thereto.

(g) Funds held in the Cash Collateral Account may, until withdrawn or otherwise applied pursuant hereto, be invested and reinvested in such Liquid Investments as the Borrower shall request from time to time; provided that, if an Event of Default shall have occurred and be continuing, the Collateral Agent may select such Liquid Investments.

(h) If immediately available cash on deposit in the Cash Collateral Account is not sufficient to make any distribution or withdrawal to be made pursuant hereto, the Collateral Agent will cause to be liquidated, as promptly as practicable, such investments held in or credited to the Cash Collateral Account as shall be required to obtain sufficient cash to make such distribution or withdrawal and, notwithstanding any other provision hereof, such distribution or withdrawal shall not be made until such liquidation has taken place.

SECTION 6. Remedies upon Event of Default. (a) If an Event of Default shall have occurred and be continuing, the Collateral Agent may exercise (or cause its sub-agents to exercise) any or all of the remedies available to it (or to such sub-agents) under the Security Documents.

(b) Without limiting the generality of the foregoing, if an Event of Default shall have occurred and be continuing, the Collateral Agent may exercise on behalf of the Secured Parties all the rights of a secured party under the UCC (whether or not in effect in the jurisdiction where such rights are exercised) with respect to any Collateral and, in addition, the Collateral Agent may, without being required to give any notice, except as herein provided or as may be required by mandatory provisions of law, withdraw all cash held in the Cash Collateral Account and apply such cash as provided in Section 7 and, if there shall be no such cash or if such cash shall be insufficient to pay all the Secured Obligations in full, sell, lease, license or otherwise dispose of the Collateral or any part thereof.

Notice of any such sale or other disposition shall be given to the Lien Grantor as required by Section 9.

(c) Without limiting the generality of the foregoing, during any Sweep Period, the Collateral Agent may (i) exercise all of the remedies described in Section 5(f) and (ii) cause all amounts constituting Collateral that are held in any lockbox, concentration or other account of the Lien Grantor then subject to an effective Blocked Account Agreement (it being understood that any Blocked Account Agreement with respect to an account that is a "Lockbox Account" or "Concentration Account" (each as defined in the Receivables Purchase Agreement) shall only become effective in accordance with Section 5(b)(i)) to be transferred on a daily basis to the Cash Collateral Account.

SECTION 7. Application of Proceeds. (a) If an Event of Default shall have occurred and be continuing, the Collateral Agent may apply (i) any cash held in the Cash Collateral Account and (ii) the proceeds of any sale or other disposition of all or any part of the Collateral, in the following order of priorities:

first, to pay the expenses of such sale or other disposition, including reasonable compensation to agents of and counsel for the Collateral Agent, and all expenses, liabilities and advances incurred or made by the Collateral Agent in connection with the Security Documents, and any other amounts then due and payable to the Collateral

Agent pursuant to Section 8 or to any Agent pursuant to the Credit Agreement;

second, to pay the unpaid principal of the Secured Obligations (other than Second Secured Derivative Obligations) ratably (or provide for the payment thereof pursuant to Section 7(b)), until payment in full of the principal of all Secured Obligations (other than Second Secured Derivative Obligations) shall have been made (or so provided for);

third, to pay ratably all interest (including Post-Petition Interest) on the Secured Obligations (other than Second Secured Derivative Obligations) and all commitment and other fees payable under the Related Documents, until payment in full of all such interest and fees shall have been made;

fourth, to pay all other Secured Obligations (other than Second Secured Derivative Obligations) ratably (or provide for the payment thereof pursuant to Section 7(b)), until payment in full of all such other Secured Obligations (other than Second Secured Derivative Obligations) shall have been made (or so provided for);

fifth, to pay ratably the unpaid principal of the Second Secured Derivative Obligations (or provide payment therefor pursuant to Section 7(b)) until payment in full of the principal of all Second Secured Derivative Obligations shall have been made (or so provided for);

sixth, to pay ratably all interest (including Post-Petition Interest) on the Second Secured Derivative Obligations, until payment in full of all such interest shall have been made; and

finally, to pay to the Lien Grantor, or as a court of competent jurisdiction may direct, any surplus then remaining from the proceeds of the Collateral owned by it.

The Collateral Agent may make such distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof.

(b) If at any time any portion of any monies collected or received by the Collateral Agent would, but for the provisions of this Section 7(b), be payable pursuant to Section 7(a) in respect of an Unliquidated Secured Obligation, the Collateral Agent shall not apply any monies to pay such Unliquidated Secured Obligation but instead shall request the holder thereof, at least 10 days before each proposed distribution hereunder, to notify the Collateral Agent as to the maximum amount of such Unliquidated Secured Obligation if then ascertainable (e.g., in the case of a letter of credit, the maximum amount available for subsequent drawings thereunder). If the holder of such Unliquidated Secured Obligation does not notify the Collateral Agent of the maximum ascertainable amount thereof at least two Domestic Business Days before such distribution, such Unliquidated Secured Obligation will not be entitled to share in such distribution. If such holder does so notify the Collateral Agent as to the maximum ascertainable amount thereof, the Collateral Agent will allocate to such holder a portion of the monies to be distributed in such distribution, calculated as if such Unliquidated Secured Obligation were outstanding in such maximum ascertainable amount. However, the Collateral Agent will not apply such portion of such monies to pay such Unliquidated Secured Obligation, but instead will hold such monies or invest such monies in Liquid Investments. All such monies and Liquid Investments and all proceeds thereof will constitute Collateral hereunder, but will be subject to distribution in accordance with this Section 7(b) rather than Section 7(a). The Collateral Agent will hold all such monies and Liquid Investments and the net proceeds thereof in trust until all or part of such Unliquidated Secured Obligation becomes a Liquidated Secured Obligation, whereupon the Collateral Agent at the request of the relevant Secured Party will apply the amount so held in trust to pay such Liquidated Secured Obligation; provided that, if the other Secured Obligations theretofore paid pursuant to the same clause of Section 7(a) (i.e., clause second, fourth or fifth) were not paid in full, the Collateral Agent will apply

the amount so held in trust to pay the same percentage of such Liquidated Secured Obligation as the percentage of such other Secured Obligations theretofore paid pursuant to the same clause of Section 7(a). If (i) the holder of such Unliquidated Secured Obligation shall advise the Collateral Agent that no portion thereof remains in the category of an Unliquidated Secured Obligation and (ii) the Collateral Agent still holds any amount held in trust pursuant to this Section 7(b) in respect of such Unliquidated Secured Obligation (after paying all amounts payable pursuant to the preceding sentence with respect to any portions thereof that became Liquidated Secured Obligations), such remaining amount will be applied by the Collateral Agent in the order of priorities set

forth in Section 7(a).

(c) In making the payments and allocations required by this Section, the Collateral Agent may rely upon information supplied to it pursuant to Section 11(g). All distributions made by the Collateral Agent pursuant to this Section shall be final (except in the event of manifest error) and the Collateral Agent shall have no duty to inquire as to the application by any Secured Party of any amount distributed to it.

SECTION 8. Fees and Expenses; Indemnification. (a) The Lien Grantor will forthwith upon demand pay to the Collateral Agent:

(i) the amount of any taxes that the Collateral Agent may have been required to pay by reason of the Transaction Liens or to free any Collateral from any other Lien thereon;

(ii) the amount of any and all reasonable out-of-pocket expenses, including transfer taxes and reasonable fees and expenses of counsel and other experts, that the Collateral Agent may incur in connection with (x) the administration or enforcement of the Security Documents, including such expenses as are incurred to preserve the value of the Collateral or the validity, perfection, rank or value of any Transaction Lien, (y) the collection, sale or other disposition of any Collateral or (z) the exercise by the Collateral Agent of any of its rights or powers under the Security Documents;

(iii) the amount of any fees that the Lien Grantor shall have agreed in writing to pay to the Collateral Agent and that shall have become due and payable in accordance with such written agreement; and

(iv) the amount required to indemnify the Collateral Agent for, or hold it harmless and defend it against, any loss, liability or expense (including the reasonable fees and expenses of its counsel and any experts or sub-agents appointed by it hereunder) incurred or suffered by the Collateral Agent in connection with the Security Documents, except to the

extent that such loss, liability or expense arises from the Collateral Agent's gross negligence or willful misconduct or a breach of any duty that the Collateral Agent has under this Agreement (after giving effect to Sections 10 and 11).

Any such amount not paid to the Collateral Agent on demand will bear interest for each day thereafter until paid at a rate per annum equal to the sum of 2.00% plus the Alternate Base Rate for such day plus the Applicable Rate that would, in the absence of an Event of Default, be applicable to the Base Rate Loans for such day.

(b) If any transfer tax, documentary stamp tax or other tax is payable in connection with any transfer or other transaction provided for in the Security Documents, the Lien Grantor will pay such tax and provide any required tax stamps to the Collateral Agent or as otherwise required by law.

SECTION 9. Authority to Administer Collateral. The Lien Grantor irrevocably appoints the Collateral Agent its true and lawful attorney, with full power of substitution, in the name of the Lien Grantor, any Secured Party or otherwise, for the sole use and benefit of the Secured Parties, but at the Lien Grantor's expense, to the extent permitted by law to exercise, at any time and from time to time while an Event of Default shall have occurred and be continuing, all or any of the following powers with respect to all or any of the Collateral (to the extent necessary to pay the Secured Obligations in full):

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due upon or by virtue thereof,

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto,

(c) to sell, lease, license or otherwise dispose of the same or the proceeds or avails thereof, as fully and effectually as if the Collateral Agent were the absolute owner thereof, and

(d) to extend the time of payment of any or all thereof and to make any allowance or other adjustment with reference thereto;

provided that, except in the case of Collateral that is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Collateral Agent will give the Lien Grantor at least ten days' prior written notice of the time and place of any public sale thereof or the time after which any private sale or other intended disposition thereof will be made.

Any such notice shall (i) contain the information specified in UCC Section 9-613, (ii) be Authenticated and (iii) be sent to the parties required to be notified pursuant to

UCC Section 9-611(c); provided that, if the Collateral Agent fails to comply with this sentence in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the UCC.

SECTION 10. Limitation on Duty in Respect of Collateral. Beyond the exercise of reasonable care in the custody and preservation thereof, the Collateral Agent will have no duty as to any Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Agent will be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Collateral Agent in good faith or by reason of any act or omission by the Collateral Agent pursuant to instructions from the Administrative Agent, except to the extent that such liability arises from the Collateral Agent's gross negligence or willful misconduct.

SECTION 11. General Provisions Concerning the Collateral Agent. (a) Authority. The Collateral Agent is authorized to take such actions and to exercise such powers as are delegated to the Collateral Agent by the terms of the Security Documents, together with such actions and powers as are reasonably incidental thereto.

(b) Coordination with Secured Parties. To the extent requested to do so by any Secured Party, the Collateral Agent will promptly notify such Secured Party of each notice or other communication received by the Collateral Agent hereunder and/or deliver a copy thereof to such Secured Party. As to any matters not expressly provided for herein (including (i) the timing and methods of realization upon the Collateral and (ii) the exercise of any power that the Collateral Agent may, but is not expressly required to, exercise under any Security Document), the Collateral Agent shall act or refrain from acting in accordance with written instructions from the Required Lenders or, in the absence of such instructions, in accordance with its discretion (subject to the following provisions of this Section).

(c) Rights and Powers as a Secured Party. The Person serving as the Collateral Agent shall, in its capacity as a Secured Party, have the same rights and powers as any other Secured Party and may exercise the same as though it were not the Collateral Agent. Such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower, any of its Subsidiaries or their respective Affiliates as if it were not the Collateral Agent hereunder.

(d) Limited Duties and Responsibilities. The Collateral Agent shall not have any duties or obligations under the Security Documents except those expressly set forth therein. Without limiting the generality of the foregoing, (a) the Collateral Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (b) the Collateral Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Security Documents that the Collateral Agent is required in writing to exercise by the Required Lenders, and (c) except as expressly set forth in the Security Documents, the Collateral Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Collateral Agent or any of its Affiliates in any capacity. The Collateral Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02 of the Credit Agreement) or in the absence of its own gross negligence or willful misconduct. The Collateral Agent shall not be responsible for the existence, genuineness or value of any Collateral or for the validity, perfection, priority or enforceability of any Transaction Lien, whether impaired by operation of law or by reason of any action or omission to act on its part under the Security Documents. The Collateral Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Collateral Agent by the Borrower or a Secured Party, and the Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Security Document, (ii) the contents of any certificate,

report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Security Document, (iv) the validity, enforceability, effectiveness or genuineness of any Security Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in any Security Document.

(e) Authority to Rely on Certain Writings, Statements and Advice. The Collateral Agent shall be entitled to rely on, and shall not incur any liability for relying on, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Collateral Agent also may rely on any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Collateral Agent may consult with legal counsel (who may be counsel for the Borrower or any of its Subsidiaries), independent accountants and other experts selected by it, and

shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountant or expert. The Collateral Agent may rely conclusively on advice from the Administrative Agent as to whether at any time (i) an Event of Default under the Credit Agreement has occurred and is continuing, (ii) the maturity of the Loans has been accelerated or (iii) any proposed action is permitted or required by the Credit Agreement.

(f) Sub-Agents and Related Parties. The Collateral Agent may perform any of its duties and exercise any of its rights and powers through one or more sub-agents appointed by it. The Collateral Agent and any such sub-agent may perform any of its duties and exercise any of its rights and powers through its Related Parties. The exculpatory provisions of Section 10 and this Section shall apply to any such sub-agent and to the Related Parties of the Collateral Agent and any such sub-agent.

(g) Information as to Secured Obligations and Actions by Secured Parties. For all purposes of the Security Documents, including determining the amounts of the Secured Obligations and whether a Secured Obligation is an Unliquidated Secured Obligation or not, or whether any action has been taken under any Secured Agreement, the Collateral Agent will be entitled to rely on information from (i) the Administrative Agent for information as to the Lenders, the Administrative Agent or the Collateral Agent, their Secured Obligations and actions taken by them, (ii) any Secured Party for information as to its Secured Obligations and actions taken by it, to the extent that the Collateral Agent has not obtained such information from the foregoing sources, and (iii) the Borrower, to the extent that the Collateral Agent has not obtained information from the foregoing sources.

(h) Within two Business Days after it receives or sends any notice referred to in this subsection, the Collateral Agent shall send to the Administrative Agent and each Secured Party requesting notice thereof, copies of any notice given by the Collateral Agent to the Lien Grantor, or received by it from the Lien Grantor, pursuant to Section 6, 7, 9, 11(j) or 12; provided that such Secured Party has, at least five Domestic Business Days prior thereto, delivered to the Collateral Agent a written notice (i) stating that it holds one or more Secured Obligations and wishes to receive copies of such notices and (ii) setting forth its address, facsimile number and e-mail address to which copies of such notices should be sent.

(i) The Collateral Agent may refuse to act on any notice, consent, direction or instruction from the Administrative Agent or any Secured Parties or any agent, trustee or similar representative thereof that, in the Collateral Agent's opinion, (i) is contrary to law or the provisions of any Security Document, (ii) may expose the Collateral Agent to liability (unless the Collateral Agent shall

have been indemnified, to its reasonable satisfaction, for such liability by the Secured Parties that gave, or instructed the Agent to give, such notice, consent, direction or instruction) or (iii) is unduly prejudicial to Secured Parties not joining in such notice, consent, direction or instruction.

(j) Resignation; Successor Collateral Agent. Subject to the appointment and acceptance of a successor Collateral Agent as provided in this subsection, the Collateral Agent may resign at any time by notifying the Secured Parties and the Borrower. Upon any such resignation, the Required Lenders shall have the right, in consultation with the Lien Grantor, to appoint a successor Collateral Agent. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Collateral Agent gives notice of its resignation, then the retiring Collateral Agent may, on behalf of the Secured Parties, appoint a successor Collateral Agent which shall be a bank with an office in the United States, or

an Affiliate of any such bank. Upon acceptance of its appointment as Collateral Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent hereunder, and the retiring Collateral Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Lien Grantor to a successor Collateral Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Lien Grantor and such successor. After the Collateral Agent's resignation hereunder, the provisions of this Section and Section 10 shall continue in effect for the benefit of such retiring Collateral Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Collateral Agent was acting as Collateral Agent.

SECTION 12. Termination of Transaction Liens; Release of Collateral.

(a) The Transaction Liens shall terminate when all the Release Conditions are satisfied.

(b) The Transaction Liens (x) with respect to any Pledged Receivables shall terminate when such Receivables have become Transferred Receivables and (y) with respect to any other Collateral shall terminate upon the sale of such Collateral to a Person other than the Lien Grantor in a transaction not prohibited by the Credit Agreement. In each case, such termination shall not require the consent of any Secured Party, and the Collateral Agent and any third party shall be fully protected in relying on a certificate of the Lien Grantor as to whether any Pledged Receivables qualify as Transferred Receivables (including without limitation whether the transfer thereof is permitted under the Credit Agreement and this Agreement).

(c) In the case of any Pledged Receivables, the Transaction Liens with respect to the Related Transferred Rights shall terminate when such Pledged Receivables become Transferred Receivables. Such termination shall not require the consent of any Secured Party. If the Borrower delivers a certificate pursuant to Section 12(b) stating that any Pledged Receivables qualify as Transferred Receivables, the Collateral Agent and any third party shall be fully protected in relying on such certificate as conclusive proof that the Related Transferred Rights are not Collateral.

(d) At any time before the Transaction Liens terminate, the Collateral Agent may, at the written request of the Lien Grantor, (i) release any Collateral (but not all or any substantial portion of the Collateral) with the prior written consent of the Required Lenders or (ii) release any substantial portion of the Collateral with the prior written consent of all the Lenders. For purposes hereof, a release of Collateral comprising 10% or more of the Borrowing Base in effect on the date of such release shall constitute release of a substantial portion of the Collateral.

(e) Upon any termination of a Transaction Lien or release of Collateral, the Collateral Agent will, at the expense of the Lien Grantor, execute and deliver to the Lien Grantor such documents as the Lien Grantor shall reasonably request to evidence the termination of such Transaction Lien or the release of such Collateral, as the case may be.

SECTION 13. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone, each notice, request or other communication given to any party hereunder shall be in writing delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy (or, in the case of any notice to a Secured Party pursuant to Section 11(b) or Section 11(h), transmitted by e-mail), as follows:

(a) in the case of the Lien Grantor:

United States Steel Corporation
600 Grant Street
Room 1325
Pittsburgh, PA 15219
Attention: Treasurer
Facsimile: (412) 433-4567
E-mail: ltbrockway@uss.com

(b) in the case of the Collateral Agent:

J.P. Morgan Chase Bank

Mining and Metals Group
270 Park Avenue
New York, NY 10017
Attention: Carlos Morales

Facsimile: (212) 270-4724
E-mail: carlos.morales@chase.com

and with a copy to:

J.P. Morgan Chase Bank
270 Park Avenue
29th Floor
New York, NY 10017
Attention: Scott Troy
Facsimile: (212) 270-7449
E-mail: scott.troy@jpmorgan.com

with a copy to the Co-Collateral Agent:

General Electric Capital Corporation
500 West Monroe Street
12th Floor
Chicago, IL 60661
Attention: Account Manager - United States Steel
Facsimile: (312) 463-3889

(c) in the case of any Lender, to the Collateral Agent to be forwarded to such Lender at its address or facsimile number specified in or pursuant to Section 9.01 of the Credit Agreement; or

(d) in the case of any Secured Party requesting notice under Section 11(h), such address, facsimile number or e-mail address as such party may hereafter specify for the purpose by notice to the Collateral Agent.

All notices and other communications given to any party hereto in accordance with the terms of this Agreement shall be deemed to have been given on the date of receipt. Any party may change its address, facsimile number and/or e-mail address for purposes of this Section by giving notice of such change to the Collateral Agent and the Lien Grantor in the manner specified above.

SECTION 14. No Implied Waivers; Remedies Not Exclusive. No failure by the Collateral Agent or any Secured Party to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy under any Related

Document shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent or any Secured Party of any right or remedy under any Related Document preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified in the Related Documents are cumulative and are not exclusive of any other rights or remedies provided by law.

SECTION 15. Successors and Assigns. This Agreement is for the benefit of the Collateral Agent and the Secured Parties. If all or any part of any Secured Party's interest in any Secured Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Agreement shall be binding on the Lien Grantor and its successors and assigns.

SECTION 16. Amendments and Waivers. Neither this Agreement nor any provision hereof may be waived, amended, modified or terminated except pursuant to an agreement or agreements in writing entered into by the parties hereto, with the consent of such Lenders as are required to consent thereto under Section 9.02(b) of the Credit Agreement.

SECTION 17. Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the State of New York are governed by the laws of such jurisdiction.

SECTION 18. Waiver of Jury Trial. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY SECURITY DOCUMENT OR ANY TRANSACTION CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 19. Severability. If any provision of any Security Document is invalid or unenforceable in any jurisdiction, then, to the fullest extent

permitted by law, (i) the other provisions of the Security Documents shall remain in full

force and effect in such jurisdiction and shall be liberally construed in favor of the Collateral Agent and the Secured Parties in order to carry out the intentions of the parties thereto as nearly as may be possible and (ii) the invalidity or unenforceability of such provision in such jurisdiction shall not affect the validity or enforceability thereof in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

UNITED STATES STEEL CORPORATION

By: /s/ G.R. Haggerty

Title: Executive Vice President, Treasurer and Chief Financial Officer

JPMORGAN CHASE BANK, as Collateral Agent

By: /s/ James H. Ramage

Title: Managing Director

EXHIBIT A
TO SECURITY AGREEMENT

PERFECTION CERTIFICATE

The undersigned is a duly authorized officer of United States Steel Corporation (the "LIEN GRANTOR"). With reference to the Security Agreement dated as of May 20, 2003 between the Lien Grantor and JPMorgan Chase Bank, as Collateral Agent (terms defined therein being used herein as therein defined), the undersigned certifies to the Collateral Agent and each other Secured Party as follows:

A. INFORMATION REQUIRED FOR FILINGS AND SEARCHES FOR PRIOR FILINGS.

1. Jurisdiction of Organization. The Lien Grantor is a corporation organized under the laws of Delaware.

2. Name. The exact name of the Lien Grantor as it appears in its certificate of incorporation is as follows: United States Steel Corporation

3. Prior Names. (a) Set forth below is each other corporate (or other organizational) name that the Lien Grantor has had since its organization, together with the date of the relevant change:

(b) Except as set forth below, the Lien Grantor has not changed its structure as a corporation.(1)

4. Filing Office. In order to perfect the Transaction Liens granted by the Lien Grantor, a financing statement on Form UCC-1, with the collateral described as set forth on Schedule I hereto, should be on file in the office of _____ in _____.(2)

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(1) Changes in corporate structure would include mergers and consolidations, as well as any change in the Lien Grantor's form of organization. If any such change has occurred, include in Schedule II the information required by Part A of this certificate as to each constituent party to a merger or consolidation and any other predecessor organization.

(2) Insert Lien Grantor's "location" determined as provided in UCC Section 9-307.

B. ADDITIONAL INFORMATION REQUIRED FOR SEARCHES FOR PRIOR FILINGS UNDER OLD ARTICLE 9.

1. Current Locations. (a) The chief executive office of the Lien Grantor is located at the following address:

<TABLE>
<CAPTION>
MAILING ADDRESS	COUNTY	STATE
<S>	<C>	<C>

</TABLE>

The Lien Grantor [does] [does not] have a place of business in another county of the State listed above.

(b) The following are all locations not identified above or in paragraph (c) below where the Lien Grantor maintains any Inventory(3):

<TABLE>
<CAPTION>
MAILING ADDRESS	COUNTY	STATE
<S>	<C>	<C>

</TABLE>

(c) The following are the names and addresses of all Persons (other than the Lien Grantor) that have possession of any of the Lien Grantor's Inventory:

<TABLE>
<CAPTION>
MAILING ADDRESS	COUNTY	STATE
<S>	<C>	<C>

</TABLE>

- ---------------
(3) Should include information with respect to National Steel Assets.

IN WITNESS WHEREOF, I have hereunto set my hand this __ day of _____.____.

_____
Name:
Title:

SCHEDULE I
TO PERFECTION CERTIFICATE

DESCRIPTION OF COLLATERAL

All Inventory, Receivables, Contracts, Blocked Accounts and the Cash Collateral Account and all books and records (including customer lists, credit files, computer programs, printouts and other computer material and records) pertaining to the foregoing, in each case whether now owned or hereafter acquired and wherever located, and all proceeds thereof, but excluding all Transferred Receivables and Related Transferred Rights (as each such term is defined on Exhibit A attached hereto).*

*FORM OF EXHIBIT A TO UCC-1 FINANCING STATEMENTS IS ATTACHED HERETO.

EXHIBIT A TO UCC-1 FINANCING STATEMENT

<TABLE>
<CAPTION>
DEBTOR:	SECURED PARTY:
<S>	<C>
UNITED STATES STEEL CORPORATION 600 Grant Street Pittsburgh, PA 15219	JPMorgan Chase Bank, as Collateral Agent P.O. Box 2558 - Lien Perfection Unit Houston, TX 77252

</TABLE>

Capitalized terms used in the description of collateral set forth on the face of the UCC-1 Financing Statement to which this Exhibit A pertains shall have the following meanings:

"ACCOUNTS" has the meaning specified in Section 9-102 of the UCC.

"BLOCKED ACCOUNTS" means any lockbox, deposit, concentration or similar account of United States Steel which is or becomes subject to a "Blocked Account Agreement" pursuant to the Security Agreement.

"CASH COLLATERAL ACCOUNT" means an account in the name and under the exclusive control of the Collateral Agent, into which all amounts owned by United States Steel that are required to be deposited pursuant to the Credit Agreement and related documents are deposited from time to time.

"CHATTEL PAPER" has the meaning specified in Section 9-102 of the UCC.

"CONTRACTS" means all contracts for the sale, lease, exchange or other disposition of Inventory, whether or not performed and whether or not subject to termination upon a contingency or at the option of any party thereto.

"CREDIT AGREEMENT" means the Credit Agreement dated as of May 20, 2003 among United States Steel Corporation, the Lenders party thereto, the LC Issuing Banks party thereto, JPMorgan Chase Bank, as Administrative Agent, Collateral Agent, Co-Syndication Agent and Swingline Lender, and General Electric Capital Corporation, as Co-Collateral Agent and Co-Syndication Agent.

"ELIGIBLE TRANSFEREE" means (a) a special-purpose company created and used solely for purposes of effecting a Receivables Financing, whether or not a subsidiary of United States Steel, or (b) any other person which is not a subsidiary of United States Steel.

"GENERAL INTANGIBLES" has the meaning specified in Section 9-102 of the UCC.

"INSTRUMENT" has the meaning specified in Section 9-102 of the UCC.

"INVENTORY" has the meaning specified in Section 9-102 of the UCC.

"RECEIVABLES" means, with respect to the Debtor, all Accounts owned by it and all other rights, titles or interests which, in accordance with generally accepted accounting principles in the United States of America, would be included in receivables on its balance sheet (including any such Accounts and/or rights, titles or interests that might be characterized as Chattel Paper, Instruments or General Intangibles under the UCC), in each case arising from the sale, lease, exchange or other disposition of Inventory, and all of the Debtor's rights to any goods, services or other property related to any of the foregoing (including returned or repossessed goods and unpaid seller's rights of rescission, replevin, reclamation and rights to stoppage in transit), and all collateral security and supporting obligations of any kind given by any person with respect to any of the foregoing.

"RECEIVABLES FINANCING" means any receivables securitization program or other type of accounts receivable financing transaction by United States Steel or any of its subsidiaries (including, without limitation, the receivables financing transaction effected pursuant to (x) the Purchase and Sale Agreement dated as of November 28, 2001 among U.S. Steel Receivables LLC, the originators named therein and United States Steel, as initial servicer, and (y) the Amended and Restated Receivables Purchase Agreement dated as of November 28, 2001 among U.S. Steel Receivables LLC, as seller, United States Steel, as initial servicer, The Bank of Nova Scotia, as collateral agent, JPMorgan Chase Bank, as a committed purchaser and a funding agent, and the various other persons from time to time party thereto (as amended from time to time, the "INITIAL RECEIVABLES FINANCING")).

"RELATED TRANSFERRED RIGHTS" means (a) rights to payment and collections in respect of Transferred Receivables, (b) security interests or liens and property subject thereto purporting to secure or guarantee payment of Transferred Receivables, (c) guarantees, letters of credit, acceptances, insurance and other arrangements from time to time supporting or securing payment of Transferred Receivables, (d) all invoices, documents, books, records and other information with respect to Transferred Receivables or the obligors thereon, (e) with respect to any Transferred Receivables, the transferee's interest in the product (including returned product), the sale of which by such transferee gave rise to such Transferred Receivables and (f) all proceeds of the items described in foregoing clauses (a) through (e).

"SECURITY AGREEMENT" means the Security Agreement dated as of May 20, 2003 among United States Steel and the Collateral Agent.

"TRANSFERRED RECEIVABLES" means any Receivables that have been sold, contributed or otherwise transferred by the Debtor to an Eligible Transferee in connection with a Receivables Financing that is not prohibited under the Credit

Agreement (including, without limitation, the Initial Receivables Financing described above).

"UCC" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that, if perfection or the effect of perfection or non-perfection or the priority of any security interest in any collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "UCC" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

"UNITED STATES STEEL" means United States Steel Corporation, a Delaware corporation, and its successors.

EXHIBIT 10.3

INTERCREDITOR AGREEMENT

Dated as of May 20, 2003

by and among

JPMORGAN CHASE BANK,

as a Funding Agent

THE BANK OF NOVA SCOTIA,

as a Funding Agent and as Receivables Collateral Agent

JPMORGAN CHASE BANK,

as Lender Agent

U.S. STEEL RECEIVABLES LLC,

as Transferor,

and

UNITED STATES STEEL CORPORATION

as Originator, as Initial Servicer and as Borrower

This INTERCREDITOR AGREEMENT dated as of May 20, 2003 (as modified, amended, restated or supplemented from time to time, this "AGREEMENT"), by and among JPMORGAN CHASE BANK, in its capacity as a funding agent under the Receivables Purchase Agreement (as hereinafter defined) (a "FUNDING AGENT"), THE BANK OF NOVA SCOTIA, in its capacity as a funding agent under the Receivables Purchase Agreement (as hereinafter defined) (a "FUNDING AGENT" and, together with the other Funding Agents, the "FUNDING AGENTS") and in its capacity as Collateral Agent under the Receivables Purchase Agreement (as hereinafter defined) (the "RECEIVABLES COLLATERAL AGENT"), JPMORGAN CHASE BANK, in its capacity as Collateral Agent on behalf of the Lenders (as defined below) (the "LENDER AGENT"), U.S. STEEL RECEIVABLES LLC (the "TRANSFEROR"), and UNITED STATES STEEL CORPORATION ("USS").

RECITALS:

A. USS has agreed to sell, transfer and assign to the Transferor, and the Transferor has agreed to purchase or otherwise acquire from USS and the various entities that are from time to time Originators under (and as defined in) the Purchase and Sale Agreement (collectively, together with USS in its capacity as an Originator under (and as defined in) the Purchase and Sale Agreement, the "ORIGINATORS") all of the right, title and interest of the Originators in the Receivables (as hereinafter defined) pursuant to a Purchase and Sale Agreement dated as of November 28, 2001 (as amended, supplemented, modified or restated from time to time, the "PURCHASE AND SALE AGREEMENT").

B. The Transferor, as seller, USS, in its capacity as initial servicer, the Receivables Collateral Agent, the Funding Agents and the Receivables Purchasers (as defined below) are parties to an Amended and Restated Receivables Purchase Agreement dated as of November 28, 2001 (as amended, supplemented, modified or restated from time to time, the "RECEIVABLES PURCHASE AGREEMENT") pursuant to which, among other things, (i) the Receivables Purchasers have agreed, among other things, to purchase from the Transferor from time to time Receivables (or interests therein) purchased by or contributed to the Transferor pursuant to the Purchase and Sale Agreement and (ii) the Transferor has granted a lien on the Receivables to the Receivables Collateral Agent.

C. The Purchase and Sale Agreement and the Receivables Purchase Agreement provide for the filing of UCC financing statements to perfect the ownership and security interest of the parties thereto with respect to the property covered thereby.

D. USS, the Lender Agent and the financial institutions from time to time party thereto (collectively, the "LENDERS") are parties to a Credit Agreement dated as of May 20, 2003 (as amended, supplemented, modified or restated from time to time, the "CREDIT AGREEMENT").

E. To secure USS's obligations to the Lenders and Lender Agent under the Credit Agreement and other Loan Documents (as hereinafter defined), USS has granted to the Lender Agent for the benefit of the Lender Agent and the Lenders a lien over, among other

things, certain accounts receivable and certain general intangibles, including the Unsold Receivables (as hereinafter defined), certain inventory and all proceeds of the foregoing.

F. The parties hereto wish to set forth certain agreements with respect to the Receivables Assets (as hereinafter defined) and with respect to the Collateral (as hereinafter defined).

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants contained herein, and for other good and valuable consideration, receipt of which is hereby acknowledged, it is hereby agreed as follows:

ARTICLE 1. DEFINITIONS.

1.1. Certain Defined Terms. Capitalized terms used but not defined herein shall have the meaning ascribed thereto in the Credit Agreement. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"BUSINESS DAY" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed.

"CLAIM" means the Lender Claim or the Receivables Claim, as applicable.

"COLLATERAL" means all property and interests in property, now owned or hereafter acquired or created, of USS in or upon which a Lender Interest is granted or purported to be granted by USS to the Lenders or the Lender Agent under any of the Loan Documents.

"COLLECTIONS" means, for any Receivable as of any date, (i) all amounts, whether in the form of wire transfer, cash, checks, drafts, or other instruments, that are received by the Transferor, USS (in its capacity as Servicer under (and as defined in) the Receivables Purchase Agreement) or any Originator in payment of amounts owed in respect of such Receivable (including purchase price, finance charges, interest and other charges), or applied to any amount owed by an Obligor on account of such Receivable, including, without limitation, all amounts received on account of such Receivable (including insurance payments and net proceeds of the sale or disposition of repossessed goods or other collateral or property of an Obligor on account of such Receivable) and all other fees and charges related thereto, (ii) cash proceeds of Returned Goods with respect to such Receivable and (iii) all amounts paid by USS in respect of such Receivable pursuant to the Purchase and Sale Agreement and/or the Receivables Purchase Agreement.

"CONTRACT" has the meaning ascribed to such term in the Receivables Purchase Agreement.

"DISPOSITION" means, with respect to any assets of USS, any liquidation of USS or its assets, the establishment of any receivership for USS or its assets, a bankruptcy proceeding of USS (either voluntary or involuntary), the payment of any insurance, condemnation, confiscation, seizure or other claim upon the condemnation, confiscation, seizure, loss or

destruction thereof, or damage to, or any other sale, transfer, assignment or other disposition of such assets.

"ELIGIBLE TRANSFEREE" has the meaning ascribed to such term in the Security Agreement.

"ENFORCEMENT" means collectively or individually, for (a) any of the Receivables Collateral Agent, the Funding Agents or the Receivables Purchasers to (i) declare the Facility Termination Date under the Receivables Documents or (ii) commence the judicial or nonjudicial enforcement of any of the default rights and remedies under the Receivables Documents and (b) any of the Lender Agent or the Lenders during the continuance of a Lender Event of Default to (i) demand payment in full of or accelerate the indebtedness of the Borrower to the Lenders and Lender Agent or (ii) commence the judicial or nonjudicial enforcement of any of the default rights and remedies under the Loan Documents.

"ENFORCEMENT NOTICE" means a written notice delivered in accordance with Section 2.5 which notice shall (i) if delivered by the Receivables Collateral Agent, state that the Facility Termination Date has occurred, specify the nature of the Termination Event that has caused the declaration of such Facility Termination Date, and state that an Enforcement Period has commenced and (ii) if delivered by the Lender Agent, state that a Lender Event of Default has occurred and that the payment in full of the Lender Claim has been demanded or the indebtedness of the Borrower to the Lenders has

been accelerated, specify the nature of the Lender Event of Default that caused such demand and acceleration, and state that an Enforcement Period has commenced.

"ENFORCEMENT PERIOD" means the period of time following the receipt by either the Lender Agent, on the one hand, or the Receivables Collateral Agent, on the other, of an Enforcement Notice delivered by any of the others until the earliest of the following: (1) the Receivables Claim has been satisfied in full, none of the Receivables Purchasers have any further obligations under the Receivables Documents and the Receivables Documents have been terminated; (2) the Lender Claim has been satisfied in full, the Lenders have no further obligations under the Loan Documents and the Loan Documents have been terminated; and (3) the parties hereto agree in writing to terminate the Enforcement Period.

"FACILITY TERMINATION DATE" has the meaning ascribed to such term in the Receivables Purchase Agreement.

"LENDERS" shall mean the Lenders under the Credit Agreement, the various Agents party thereto and each other Secured Party (as defined in the Security Agreement).

"LENDER CLAIM" means all of the indebtedness, obligations and other liabilities of USS now or hereafter arising under, or in connection with, the Loan Documents including, but not limited to, all sums now or hereafter loaned or advanced to or for the benefit of USS, all reimbursement obligations of USS with respect to letters of credit, any interest thereon (including, without limitation, interest accruing after the commencement of a bankruptcy, insolvency or similar proceeding relating to USS, whether or not such interest is an allowed

claim in any such proceeding), any reimbursement obligations, fees or expenses due thereunder, and any costs of collection or enforcement.

"LENDER COLLATERAL" means all Collateral which does not constitute Receivables Assets.

"LENDER EVENT OF DEFAULT" has the meaning ascribed to the term "Event of Default" in the Credit Agreement.

"LENDER INTEREST" means, with respect to any property or interest in property, now owned or hereafter acquired or created, of USS, any lien, claim, encumbrance, security interest or other interest of the Lender Agent or the Lenders in such property or interests in property.

"LOAN DOCUMENTS" has the meaning ascribed to such term in the Credit Agreement.

"OBLIGOR" has the meaning ascribed to such term in the Purchase and Sale Agreement.

"OUTSTANDING BALANCE" has the meaning ascribed to such term in the Receivables Purchase Agreement.

"PERSON" means any individual, partnership, corporation (including a business trust), joint stock company, limited liability company, trust, unincorporated association, joint venture or other entity.

"PROCEEDS" has the meaning ascribed to such term in the UCC.

"PURCHASED RECEIVABLES" means now owned or hereafter existing Receivables sold, purported to be sold, transferred or contributed or purported to be transferred or contributed by any Originator to the Transferor or another Eligible Transferee under the Purchase and Sale Agreement in connection with the Effective Date Receivables Financing.

"RECEIVABLE" means:

(a) indebtedness and other obligations of, or the right of the Transferor or any Originator to payment from or on behalf of, an Obligor (whether constituting an account, chattel, paper, document, instrument or general intangible) arising from the provision of merchandise, goods or services to such Obligor, including all monies due or to become due with respect thereto, including the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto;

(b) all security interests or liens and property subject thereto from time to time securing or purporting to secure any such indebtedness by such Obligor;

(c) all guarantees, indemnities and warranties, insurance policies, financing statements and other agreements or arrangements of whatever character from time to time supporting or securing payment of any such indebtedness;

(d) all Collections with respect to any of the foregoing;

(e) all Records with respect to any of the foregoing; and

(f) all Proceeds with respect to any of the foregoing.

"RECEIVABLES ASSETS" means (i) the Purchased Receivables, (ii) the Collections related to such Purchased Receivables, (iii) Returned Goods relating to such Purchased Receivables, (iv) with respect to such Purchased Receivables, all rights, interest and claims of the Transferor under the Purchase and Sale Agreement in respect of such Purchased Receivables, (v) each deposit or other bank account to which any Collections of such Purchased Receivables are deposited (but in no event shall Receivables Assets include any Collections or other monies deposited in such accounts which are not Collections related to Purchased Receivables) and (vi) all Proceeds with respect to any of the foregoing.

"RECEIVABLES CLAIM" means all indebtedness, obligations and other liabilities of the Originators to the Transferor and of the Originators and the Transferor to the Receivables Purchasers, the Receivables Collateral Agent and/or the Funding Agents now or hereafter arising under, or in connection with, the Receivables Documents, including, but not limited to, all sums or increases now or hereafter advanced or made to or for the benefit of the Transferor thereunder as the purchase price paid for Purchased Receivables (or interests therein) or otherwise under the Receivables Purchase Agreement, any yield thereon (including, without limitation, yield accruing after the commencement of a bankruptcy, insolvency or similar proceeding relating to USS or the Transferor, whether or not such yield is an allowed claim in any such proceeding), any repayment obligations, fees or expenses due thereunder, and any costs of collection or enforcement.

"RECEIVABLES DOCUMENTS" means the Purchase and Sale Agreement, the Receivables Purchase Agreement and any other agreements, instruments or documents (i) executed by the Originators and delivered to the Transferor, the Funding Agents, the Receivables Collateral Agent or the Receivables Purchasers or (ii) executed by the Transferor and delivered to the Funding Agents, the Receivables Collateral Agent or the Receivables Purchasers.

"RECEIVABLES INTEREST" means, with respect to any property or interests in property, now owned or hereafter acquired or created, of any Originator (regardless of whether sold or contributed by such Originator to the Transferor), any lien, claim, encumbrance, security interest or other interest of the Transferor and/or the Receivables Collateral Agent, the Funding Agents or any Receivables Purchaser in such property or interests in property.

"RECEIVABLES PURCHASER" means each Person from time to time party to the Receivables Purchase Agreement in the capacity of a "CP Conduit Purchaser" or a "Committed Purchaser" (in each case, as defined in the Receivables Purchase Agreement).

"RECEIVABLES TERMINATION NOTICE" has the meaning set forth in Section 2.19.

"RECORDS" means all Contracts and other documents, books, records and other information (including computer programs, tapes, disks, data processing software and related property and rights) maintained with respect to Receivables, the Obligors thereunder and the Receivables Assets.

"RETURNED GOODS" means all returned, repossessed or foreclosed goods and/or merchandise the sale of which gave rise to a Receivable.

"TERMINATION EVENT" has the meaning ascribed to such term in the Receivables Purchase Agreement.

"UCC" means the Uniform Commercial Code as from time to time in effect in the State of New York.

"UNSOLD RECEIVABLES" means any Receivables other than Purchased Receivables.

1.2. References to Terms Defined in the Receivables Documents and the Loan Documents. Whenever in Section 1.1 a term is defined by reference to the meaning ascribed to such term in any of the Receivables Documents or in any of the Loan Documents, then, unless otherwise specified herein, such term shall have the meaning ascribed to such term in the Receivables Documents or Loan Documents, respectively, as in existence on the date hereof, without giving effect to any amendments of such term (or any

amendment of terms used in such term) as may hereafter be agreed to by the parties to such documents, unless such amendments have been consented to in writing by all of the parties hereto.

ARTICLE 2. INTERCREDITOR PROVISIONS.

2.1. Priorities with Respect to Receivables Assets. Notwithstanding any provision of the UCC, any applicable law or decision or any of the Loan Documents or the Receivables Documents, the Lender Agent (for itself and on behalf of each Lender) hereby agrees that, upon the sale or other transfer (including, without limitation, by way of capital contribution) of any Receivable (or interest therein) by an Originator to the Transferor pursuant to the Purchase and Sale Agreement, any Lender Interest of the Lenders or the Lender Agent in such Receivables and all Receivables Assets with respect thereto shall automatically and without further action cease and be forever released and discharged and the Lender Agent and the Lenders shall have no Lender Interest therein; provided, however, that nothing in this Section 2.1 shall be deemed to constitute a release by the Lender Agent and the Lenders of: (i) any Lender Interest in the proceeds received by USS from the Transferor for the sale of Receivables pursuant to the Purchase and Sale Agreement (including, without limitation, cash payments made by the Transferor); (ii) any Lender Interest or right of the Lender Agent and the Lenders have in any interests which USS may acquire from the Transferor and/or the Receivables Collateral Agent or the Funding Agents in Returned Goods; and (iii) any Lender Interest or right the Lenders or the Lender Agent have in any Unsold Receivables and the proceeds thereof; provided further, however, that any Lender Interest in such Returned Goods shall be junior and subject and subordinate to the Receivables Interest therein unless and until each of USS and the Transferor shall have made all payments or adjustments required to be made by it under the Receivables Documents on account of the reduction of the outstanding balance of any Purchased Receivable

related to such Returned Goods. If any goods or merchandise, the sale of which has given rise to a Purchased Receivable, are returned to or repossessed by USS, on behalf of the Transferor, then, upon payment by USS or the Transferor of all adjustments required on account thereof under the Receivables Purchase Agreement, the Receivables Interest in such Returned Goods shall automatically and without further action cease to exist and be released and extinguished and such Returned Goods shall thereafter not constitute Receivables Assets for purposes of this Agreement unless and until such Returned Goods have been resold so as to give rise to a Receivable and such Receivable has been sold, contributed or otherwise transferred to the Transferor.

2.2. Respective Interests in Receivables Assets and Lender Collateral.

(a) Except for all rights to access to and use of Records granted to the Receivables Collateral Agent and the Receivables Purchasers pursuant to the Receivables Documents and except for the Receivables Interest of the Receivables Collateral Agent (for the benefit of the Funding Agents and Receivables Purchasers) in Returned Goods, which interest is senior in all respects to any Lender Interest therein subject to Section 2.1, each of the Transferor and the Receivables Collateral Agent (for itself and on behalf of each Receivables Purchaser) agrees that it does not have and shall not have any Receivables Interest in the Lender Collateral. Each of the Transferor and the Receivables Collateral Agent (for itself and on behalf of each Receivables Purchaser) agrees that it shall not request or accept, directly or indirectly (by assignment or otherwise) from USS any collateral security for payment of any Receivables Claims (other than any such collateral security included in the Receivables Assets and the right of access to and use of Records granted to the Receivables Collateral Agent and the Receivables Purchasers pursuant to the Receivables Documents) and hereby releases any Receivables Interest in any such collateral security.

(b) Except for rights in Returned Goods granted to the Lender Agent and the Lenders pursuant to the Loan Documents, which Lender Interest is junior and subordinate to any Receivables Interest therein, the Lender Agent (for itself and on behalf of each Lender) agrees that neither the Lender Agent nor the Lenders have, nor shall they have, any Lender Interest in the Receivables Assets.

2.3. Distribution of Proceeds. At all times, all proceeds of Lender Collateral and Receivables Assets shall be distributed in accordance with the following procedure:

(a) (i) All proceeds of the Lender Collateral shall be paid to the Lender Agent for application on the Lender Claim and other obligations and liabilities owing under the Credit Agreement and other Loan Documents until the Lender Claim and such other obligations and liabilities have been paid and satisfied in full in cash and the Credit Agreement is terminated; and (ii) any remaining proceeds shall be paid to USS or as otherwise required by applicable law, and the Transferor and the Receivables Collateral Agent (for

itself and on behalf of each Receivables Purchaser) agrees that none of the Transferor, the Receivables Collateral Agent or the Receivables Purchasers have, nor shall they have, any Receivables Interest in such remaining proceeds. The foregoing shall not, however, impair any claim or any right or remedy which the Transferor, the Receivables Collateral Agent, the Funding Agents or the Receivables Purchasers may have against USS under the Receivables Documents or otherwise.

(b) (i) All proceeds of the Receivables Assets shall be paid to the Receivables Collateral Agent for application against the Receivables Claim and for application in accordance with the Receivables Documents until the Receivables Claim has been paid and satisfied in full in cash and the Receivables Documents have terminated; and (ii) subject to Section 2.1 hereof, any remaining proceeds shall be paid to the Transferor or as otherwise required by applicable law. The Lender Agent (for itself and on behalf of each Lender) agrees that, except as set forth in Section 2.1 hereof, neither the Lender Agent nor the Lenders have, nor shall they have, any Lender Interest in such remaining proceeds. The foregoing shall not, however, impair any claim or any right or remedy which the Lender Agent or the Lenders may have against USS under the Loan Documents or otherwise.

(c) In the event that any of the Transferor, the Receivables Collateral Agent or the Receivables Purchasers now or hereafter obtains possession of any Lender Collateral, it shall immediately deliver to the Lender Agent such Lender Collateral (and until delivered to the Lender Agent such Lender Collateral shall be held in trust for the Lender Agent). Each of the Transferor, the Receivables Collateral Agent (for itself and on behalf of each Receivables Purchaser) further agrees to immediately turn over the proceeds of any Disposition of Lender Collateral which it (or any Receivables Purchaser) might receive while any Lender Claim, any other obligations or liabilities under the Credit Agreement, any Loan Document or any commitment to make financial accommodations thereunder remain outstanding, regardless of whether the Lender Agent has a perfected and enforceable lien in the assets of USS from which the proceeds of any such Disposition have been received.

(d) In the event that the Borrower, the Lenders or the Lender Agent now or hereafter obtains possession of any Receivables Assets, it shall immediately deliver to the Receivables Collateral Agent such Receivables Assets (and until delivered to the Receivables Collateral Agent such Receivables Assets shall be held in trust for the Receivables Collateral Agent). The Borrower and the Lender Agent (for itself and on behalf of each Lender) further agrees to immediately turn over the proceeds of any Disposition of Receivables Assets to the Receivables Collateral Agent which it (or any Lender) might receive while any Receivables Claim, any other obligations or liabilities under the Receivables Documents or any commitment to make financial accommodations thereunder remain outstanding, regardless of whether the Receivables Collateral Agent has a perfected and enforceable lien in the assets from which the proceeds of such Disposition have been received.

(e) USS agrees to keep all Returned Goods segregated from Inventory. If any Inventory of USS has been commingled with Returned Goods in which the Receivables Interest continues as provided in Section 2.1 above, and the Lender Agent or any Lender receives any proceeds on account of such inventory (whether by reason of sale or by reason of insurance payments on account thereof) prior to release of such Receivables Interest, then: (i) all proceeds of such inventory shall be paid to the Lender Agent and the Lender Agent shall, immediately upon receipt of such proceeds, pay to the Receivables Collateral Agent for application against the Receivables Claim a share of such proceeds equal to the dollar amount thereof multiplied by a fraction, the numerator of which equals the book value of the Returned Goods and the denominator of which equals the book value of all of the inventory on account of which the Lender Agent has received such cash proceeds; and (ii) any remaining proceeds shall be paid to the Lender Agent for application against the Lender Claim.

2.4. Unsold Receivables.

(a) The Transferor and the Receivables Collateral Agent (for itself and on behalf of each Receivables Purchaser) hereby acknowledge that the Lender Agent on behalf of the Lenders and itself shall be entitled to Collections of Unsold Receivables.

(b) Each of the parties hereto hereby agrees that all Collections received on account of Receivables Assets shall be paid or delivered to the Receivables Collateral Agent for application in accordance with Section 2.3(b) and all Collections received on account of Unsold Receivables shall be paid or delivered to the Lender Agent for application in accordance with Section 2.3(a).

(c) The Lender Agent agrees that it shall not exercise any rights it may have under the Loan Documents to send any notices to Obligors informing them of the Lenders' interest (if any) in the Receivables or directing such Obligors to make payments in any particular manner of any amounts due under the Receivables prior to the latest of payment in full of the Receivables Claim and the termination of the Receivables Documents, except that, from and after any date on which (x) a Receivables Termination Notice has been delivered pursuant to Section 2.19, (y) the termination and cessation of transfers of Receivables is required to be effective under the terms of Section 2.19 and (z) the Receivables Claim has been paid in full or the Purchased Receivables giving rise to any unpaid Receivables Claim have been written off in accordance with their terms, the Lender Agent may inform any Obligors of Unsold Receivables that such Unsold Receivables have been assigned to the Lender Agent so long as such notices do not under any circumstances direct that payments on account of such Unsold Receivables be made to any location or account to which payments on account of Purchased Receivables are required to be made pursuant to the terms of the Receivables Documents.

2.5. Enforcement Actions. Each of the Lender Agent and the Receivables Collateral Agent agrees to use reasonable efforts to give an Enforcement Notice to the others prior to commencement of Enforcement (but failure to do so shall not prevent such Person from commencing Enforcement or affect its rights hereunder nor create any cause of action or liability against such Person). Subject to the foregoing, each of the parties hereto agrees that during an Enforcement Period:

(a) Subject to any applicable restrictions in the Receivables Documents, the Receivables Collateral Agent may at its option and without the prior consent of the other parties hereto, take any action to (i) accelerate payment of the Receivables Claim or any other obligations and liabilities under any of the Receivables Documents and (ii) liquidate the Receivables Assets or to foreclose or realize upon or enforce any of its rights with respect to the Receivables Assets; provided, however, that the Receivables Collateral Agent shall not take any action to foreclose or realize upon or to enforce any rights it may have with respect to any Receivables Assets constituting Returned Goods which have been commingled with the Lender Collateral without the prior written consent of the Lender Agent.

(b) Subject to any applicable restrictions in the Loan Documents, the Lender Agent or the Lenders may, at their option and without the prior consent of the other

parties hereto, take any action to accelerate payment of the Lender Claim or any other obligation or liability arising under any of the Loan Documents, foreclose or realize upon or enforce any of their rights with respect to the Lender Collateral or other collateral security, including, except as otherwise provided in Section 2.3(e), with respect to any Receivables Assets constituting Returned Goods that have been commingled with the Lender Collateral, or take any other actions as they deem appropriate; provided, however, that the Lender Agent shall not otherwise take any action to foreclose or realize upon or to enforce any rights it may have with respect to uncommingled Returned Goods without the Receivables Collateral Agent's prior written consent unless the Receivables Claim or any other obligation or liability arising under any of the Receivables Documents shall have been first paid and satisfied in full and the Receivables Documents have terminated.

(c) If Returned Goods are commingled with Inventory, the parties agree to cooperate in the disposition of such Returned Goods and Inventory and the application of the proceeds thereof as provided in Section 2.3(e).

2.6. Access to Records. Subject to any applicable restrictions in the Receivables Documents (but without limiting any rights under the Receivables Documents), each of the Receivables Purchasers, the Funding Agents and the Receivables Collateral Agent may enter one or more premises of USS, the Transferor or their respective affiliates, whether leased or owned, at any time during reasonable business hours, without force or process of law and without obligation to pay rent or compensation to USS, the Transferor, such affiliates, the Lenders or the Lender Agent, whether before, during or after an Enforcement Period, and may have access to and use of all Records located thereon and may have access to and use of any other property to which such access and use are granted under the Receivables Documents, in each case provided that such use is for the purpose of enforcing the Receivables Collateral Agent's, Funding Agent's and/or the Receivables Purchasers' rights with respect to the Receivables Assets.

2.7. Accountings. The Lender Agent agrees to render statements to the Receivables Collateral Agent upon reasonable request, which statements shall identify in reasonable detail the Unsold Receivables and shall

render an account of the Lender Claim, giving effect to the application of proceeds of Lender Collateral as hereinbefore provided. USS agrees to render statements to the Lender Agent upon reasonable request, which statements shall identify in reasonable detail the Purchased Receivables and shall render an account of the Receivables Claim, giving effect to the application of proceeds of Receivables Assets and Collateral as hereinbefore provided; provided that the Receivables Collateral Agent agrees to render such statements to the Lender Agent upon reasonable request from and after the date (if any) on which USS has ceased to be the Servicer under (and as defined in) the Receivables Purchase Agreement. USS and the Transferor hereby authorize the Lender Agent and the Receivables Collateral Agent to provide the statements described in this section. None of the Lender Agent, USS or the Receivables Collateral Agent shall bear any liability if their respective accounts are incorrect.

2.8. Agency for Perfection. The Receivables Collateral Agent and the Lender Agent hereby appoint each other as agent for purposes of perfecting by possession their respective security interests and ownership interests and liens on the Collateral and Receivables

Assets described hereunder. In the event that the Receivables Collateral Agent obtains possession of any of the Lender Collateral, the Receivables Collateral Agent shall notify the Lender Agent of such fact, shall hold such Lender Collateral in trust and shall deliver such Lender Collateral to the Lender Agent upon request. In the event that the Lender Agent obtains possession of any of the Receivables Assets, the Lender Agent shall notify the Receivables Collateral Agent of such fact, shall hold such Receivables Assets in trust and shall deliver such Receivables Assets to the Receivables Collateral Agent upon request.

2.9. UCC Notices. In the event that any party hereto shall be required by the UCC or any other applicable law to give notice to the other of intended disposition of Receivables Assets or Lender Collateral, respectively, such notice shall be given in accordance with Section 3.1 hereof and ten (10) days' notice shall be deemed to be commercially reasonable.

2.10. Independent Credit Investigations. Neither the Receivables Purchasers, the Receivables Collateral Agent, the Lender Agent nor the Lenders nor any of their respective directors, officers, agents or employees shall be responsible to the other or to any other person, firm or corporation for the solvency, financial condition or ability of USS, any other Originator or the Transferor to repay the Receivables Claim or the Lender Claim, or for the worth of the Receivables Assets or the Lender Collateral, or for statements of USS, any other Originator, the Transferor or the Borrower, oral or written, or for the validity, sufficiency or enforceability of the Receivables Claim, the Lender Claim, the Receivables Documents, the Loan Documents, the Receivables Collateral Agent's interest in the Receivables Assets or the Lenders' or Lender Agent's interest in the Lender Collateral. The Lenders and the Receivables Purchasers have entered into their respective agreements with USS, the Transferor or the Borrower, as applicable, based upon their own independent investigations. None of the Lenders, the Receivables Collateral Agent or the Receivables Purchasers makes any warranty or representation to the other nor does it rely upon any representation of the other with respect to matters identified or referred to in this Section 2.10.

2.11. Limitation on Liability of Parties to Each Other. Except with respect to liability for breach of express obligations under this Agreement, no party shall have any liability to any other party except for liability arising from the gross negligence or willful misconduct of such party or its representatives.

2.12. Amendments to Loan Arrangements or to this Agreement. Each party hereto shall, upon reasonable request of any other party hereto, provide copies of all modifications or amendments and copies of all other documentation relevant to the Receivables Assets or the Lender Collateral. All modifications or amendments of this Agreement must be in writing and duly executed by an authorized officer of each party hereto to be binding and enforceable.

2.13. Marshalling of Assets. Nothing in this Agreement will be deemed to require either the Receivables Collateral Agent or the Lender Agent (i) to proceed against certain property securing the Lender Claim (or any other obligation or liability under the Credit Agreement or any other Loan Documents) or the Receivables Claim (or any other obligation or liability under the Receivables Documents), as applicable, prior to proceeding against other property securing such Claim or obligations or liabilities or against certain persons guaranteeing

any such obligations or (ii) to marshal the Lender Collateral (or any other collateral) or the Receivables Assets (as applicable) upon the enforcement of

the Lender Agent's or the Receivables Collateral Agent's remedies under the Loan Documents or Receivables Documents, as applicable.

2.14. Relative Rights.

(a) The relative rights of the Lenders, each as against the other, shall be determined by agreement among such parties in accordance with the terms of the Loan Documents. The Receivables Collateral Agent and the Receivables Purchasers shall be entitled to rely on the power and authority of the Lender Agent to act on behalf of all of the Lenders Parties (as defined in the Credit Agreement) to the extent the provisions hereof have the Lender Agent so act.

(b) The Lender Agent and the Lenders shall be entitled to rely on the power and authority of the Receivables Collateral Agent to act on behalf of the Funding Agents and Receivables Purchasers to the extent the provisions hereof have the Receivables Collateral Agent so act.

2.15. Effect Upon Loan Documents and Receivables Documents. By executing this Agreement, USS and the Transferor agree to be bound by the provisions hereof (i) as they relate to the relative rights of the Lenders and the Lender Agent with respect to the property of USS; and (ii) as they relate to the relative rights of USS, the other Originators, the Transferor, the Receivables Purchasers, the Funding Agents and/or the Receivables Collateral Agent as creditors of (or purchasers from) USS, the other Originators or the Transferor, as the case may be. USS acknowledges that the provisions of this Agreement shall not give it any substantive rights as against the Lender Agent or the Lenders and that nothing in this Agreement shall (except as expressly provided herein) amend, modify, change or supersede the terms of the Loan Documents as between USS, the Lender Agent and the Lenders. The Transferor and USS acknowledge that the provisions of this Agreement shall not give the Transferor, USS or any other Originator any substantive rights as against the Receivables Collateral Agent, the Funding Agents or the Receivables Purchasers and that nothing in this Agreement shall (except as expressly provided herein) amend, modify, change or supersede the terms of the Receivables Documents as among the Transferor, USS, the other Originators, the Receivables Collateral Agent, the Funding Agents or the Receivables Purchasers. USS and the Transferor further acknowledge that the provisions of this Agreement shall not give any such party any substantive rights as against the other and that nothing in this Agreement shall amend, modify, change or supersede the terms of the Receivables Documents as between USS, the other Originators and the Transferor. Notwithstanding the foregoing, each of the Receivables Collateral Agent (for itself and on behalf of each Receivables Purchaser), and the Lender Agent (for itself and on behalf of each Lender) agrees, that, as between themselves, to the extent the terms and provisions of the other Loan Documents or the Receivables Documents are inconsistent with the terms and provisions of this Agreement, the terms and provisions of this Agreement shall control.

2.16. Nature of the Lender Claim and Modification of Loan Documents. Each of the Transferor and the Receivables Collateral Agent (for itself and on behalf of each Receivables Purchaser) acknowledge that the Lender Claim and other obligations and liabilities

owing under the Loan Documents are, in part, revolving in nature and that the amount of such revolving indebtedness which may be outstanding at any time or from time to time may be increased or reduced and subsequently reborrowed. The terms of the Loan Documents may be modified, extended or amended from time to time, and the amount thereof may be increased or reduced, all without notice or consent by any of the Transferor, the Receivables Collateral Agent or the Receivables Purchasers and without affecting the provisions of this Agreement. Without in any way limiting the foregoing, each of the Transferor or the Receivables Collateral Agent (for itself and on behalf of each Receivables Purchaser) hereby agrees that the maximum amount of the Lender Claim and other obligations and liabilities owing under the Loan Documents may be increased at any time and from time to time to any amount.

2.17. Nature of the Receivables Claim and Modification of Receivables Documents. USS and the Lender Agent (for itself and on behalf of each Lender) acknowledges that the Receivables Claim and other obligations and liabilities owing under the Receivables Documents are, in part, revolving in nature and that the amount of such revolving obligations which may be outstanding at any time or from time to time may be increased or reduced and subsequently reincurred. The terms of the Receivables Documents may be modified, extended or amended from time to time, and the amount thereof may be increased or reduced, all without notice to or consent by any of USS, the Lenders or the Lender Agent and without affecting the provisions of this Agreement; provided that nothing in this Section 2.17 (including, without limitation, the next succeeding sentence) shall be construed to relieve USS of its obligation to comply with the covenants under the Credit Agreement. Without in any way limiting the foregoing, each of USS and the Lender Agent (for itself and on behalf of each Lender) hereby agrees that the maximum amount of the Receivables Claim and other obligations and liabilities owing under the Receivables

Documents and the amount of Receivables which may be purchased or otherwise financed pursuant to the Receivables Documents may, in each case, be increased at any time and from time to time to any amount.

2.18. Further Assurances. Each of the parties agrees to take such actions as may be reasonably requested by any other party, whether before, during or after an Enforcement Period, in order to effect the rules of distribution and allocation set forth above in this Article 2 and to otherwise effectuate the agreements made in this Article.

2.19. Termination and Cessation of Transfer of Receivables. After the occurrence and during the continuance of a Lender Event of Default and upon written notice thereof by the Lender Agent or the Required Lenders to the Receivables Collateral Agent (a "Receivables Termination Notice"), the Funding Agents and USS, (i) USS shall terminate and cease all transfers of Receivables from the Originators to the Transferor and (ii) the Transferor and the Receivables Collateral Agent, Receivables Purchasers and Funding Agents shall terminate and cease, or shall cause the termination and cessation of, all transfers of Receivables from the Transferor to the Receivables Purchasers or the Funding Agents (all such termination and cessation under clauses (i) and (ii) to be effective at the close of business on the Business Day after such Receivables Termination Notice is effective in accordance with Section 3.1 unless on the date of such notice USS certifies in writing to the Lender Agent (which certification USS covenants and agrees to provide, if true) that the Purchased Interest (as defined in the Receivables Purchase Agreement) exceeds 100%, in which case all such termination and cessation shall be effective at the close of business two Business Days after the Receivables

Termination Notice is effective in accordance with Section 3.1); provided that in the case of a Lender Event of Default resulting from the commencement of a bankruptcy, insolvency or similar proceeding relating to USS, all transfers of Receivables immediately and automatically shall terminate and cease without notice of any kind (except to the extent otherwise required pursuant to an order entered by the bankruptcy court having jurisdiction over such proceeding). Except as set forth in the immediately preceding proviso, nothing contained in this Section shall affect the rights of the Transferor, Receivables Collateral Agent, Receivables Purchasers or Funding Agents with respect to Receivables transferred prior to the time when termination and cessation of such transfers is required to be effective pursuant to the foregoing provisions of this Section 2.19. The parties hereto acknowledge and agree that, notwithstanding anything to the contrary in the Receivables Purchase Agreement or the Purchase and Sale Agreement, delivery of a Receivables Termination Notice hereunder shall constitute a Termination Event under (and as defined in) the Receivables Purchase Agreement, and the Receivables Collateral Agent, the Transferor, the Receivables Purchasers and the Funding Agents shall be authorized to terminate and cease (or cause the termination and cessation of) transfers of Receivables as described in clause (ii) of the first sentence of this Section 2.19. Neither the Lender Agent nor the Required Lenders shall deliver a Receivables Termination Notice on any date during the continuance of any Event of Default if on such date the Total Outstanding Amount under (and as defined in) the Credit Agreement is zero.

2.20. Blocked Accounts. The Receivables Collateral Agent (for itself and on behalf of the Receivables Purchasers and Funding Agents) hereby consents to the execution of blocked account agreements (the "Blocked Account Agreements") with respect to bank accounts currently held in the name of the Transferor, in accordance with Section 5(b) of the Security Agreement (it being understood that the Lender Interest in such bank accounts and amounts held therein shall extend only to Unsold Receivables and Collections and other proceeds in respect thereof). The Receivables Collateral Agent agrees, upon the written request of the Lender Agent (an "Initial Notification Request"), to provide a written response stating whether or not the Receivables Documents have been terminated and all monetary obligations under the Receivables Documents have been satisfied in full and, if such termination and satisfaction have occurred, to notify the applicable banks as contemplated in Section 5(b)(i) of the Security Agreement (it being understood that the Lender Agent shall deliver an Initial Notification Request only if it believes in good faith belief that the Receivables Documents may have terminated and all monetary obligations thereunder may have been paid, or if it has been instructed in good faith by the Required Lenders to make such Initial Notification Request). If the Receivables Collateral Agent (i) does not respond in writing to such Initial Notification Request or (ii) confirms in writing that the Receivables Documents have been terminated and all monetary obligations under the Receivables Documents have been satisfied in full, but does not so notify the applicable banks, in either case within five Business Days of the effectiveness of such Initial Notification Request, the Lender Agent may deliver a Final Notification Request (as defined below). During the continuance of the Receivables Collateral Agent's failure to respond or give requisite notice to the applicable banks, each of the Funding Agents party hereto agrees, upon the written request of the Lender Agent (a "Final Notification Request"), to state whether or not the Receivables Documents have been terminated and all monetary obligations under the Receivables Documents have been satisfied and, if such termination and satisfaction have

occurred, to use all commercially reasonable efforts to cause the Receivables Collateral Agent to notify the applicable banks as contemplated in Section 5(b)(i) of the Security Agreement. In the

event that the Funding Agents have not complied with, or caused the Receivables Collateral Agent to comply with, such Final Notification Request within three Business Days of the effectiveness of such Final Notification Request, the Lender Agent shall be entitled to deliver the notice contemplated in Section 5(b)(i) of the Security Agreement. Notwithstanding anything to the contrary in this Section 2.20, if the Receivables Collateral Agent or any Funding Agent responds in writing to an Initial Notification Request or a Final Notification Request within the respective time periods allowed herein for such response, and such written response states that the Receivables Documents have not terminated or that all monetary obligations in respect thereof have not been satisfied, the Lender Agent (regardless of whether it disputes the statements set forth in such response) shall not be entitled to deliver the notice contemplated in Section 5(b)(i) of the Security Agreement unless and until the Receivables Collateral Agent or a Funding Agent shall have indicated in writing (or a court of competent jurisdiction shall have determined) that the Receivables Documents have terminated and all monetary obligations in respect thereof have been satisfied.

2.21. No Petition. The Lender Agent (for itself and on behalf of each Lender) hereby agrees that, prior to the date which is one year and one day after date upon which the Receivables Claim is paid in full, it will not institute against, or join any other Person in instituting against, the Transferor any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other similar proceeding under any bankruptcy or similar law of the United States or any state of the United States.

ARTICLE 3. MISCELLANEOUS

3.1. Notices. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including telecommunications and communication by facsimile copy) and delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy or facsimile as to each party hereto, at its address set forth under its name on the signature pages hereof or at such other address as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective upon receipt or, in the case of notice by telex, when telexed against receipt of the answerback, or in the case of notice by facsimile copy, when verbal confirmation of receipt is obtained, in each case addressed as aforesaid.

3.2. Agreement Absolute. Each of the Receivables Collateral Agent and the Receivables Purchasers shall be deemed to have entered into the Receivables Documents in express reliance upon this Agreement and the Lenders and the Lender Agent shall be deemed to have entered into the Loan Documents in express reliance upon this Agreement. This Agreement may not be modified or amended, except in accordance with Section 2.12. This Agreement shall be applicable both before and after the filing of any petition by or against USS, any other Originator or the Transferor under the U.S. Bankruptcy Code and all references herein to USS, any other Originator or the Transferor shall be deemed to apply to a debtor-in-possession for such party and all allocations of payments between the Lenders and the Receivables Purchasers shall, subject to any court order to the contrary, continue to be made after the filing of such petition on the same basis that the payments were to be applied prior to the date of the petition.

3.3. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their respective successors and assigns. The successors and assigns for USS, the other Originators and the Transferor shall include a debtor-in-possession or trustee of or for such party. The successors and assigns for the Lenders, the Receivables Purchasers, the Funding Agents, the Lenders Agent and the Receivables Collateral Agent, as the case may be, shall include any successor Lenders, Receivables Purchasers, the Funding Agents, Lender Agent and Receivables Collateral Agent, as the case may be, appointed under the terms of the Loan Documents or the Receivables Documents, as applicable. Each of the Lender Agent (for itself and on behalf of each Lender) and the Receivables Collateral Agent (for itself and on behalf of each Receivables Purchaser), as the case may be, agrees not to transfer any interest it may have in the Loan Documents or the Receivables Documents unless such transferee has been notified of the existence of this Agreement and has agreed to be bound hereby. In the event that the financing provided under the Credit Agreement shall be refinanced, replaced or refunded, USS, the Transferor and the Receivables Collateral Agent hereby agree, at the request of the agent or lenders under the credit facility that so refinances, replaces or refunds the financing under the Credit Agreement, to execute and deliver a new intercreditor agreement with such

agent and/or lenders on substantially the same terms as herein provided. In the event that the financing provided under the Receivables Documents shall be refinanced, replaced or refunded, the Lender Agent (for itself and on behalf of each Lender) hereby agrees that, at the request of the agent or purchasers under the facility that so refinances, replaces or refunds the financing under the Receivables Documents, to execute and deliver a new intercreditor agreement with such agent and/or purchasers on substantially the same terms as herein provided.

3.4. Beneficiaries. The terms and provisions of this Agreement shall be for the sole benefit of the parties hereto, the Lenders, the Funding Agents and the Receivables Purchasers and their respective successors and assigns, and no other Person shall have any right, benefit or priority by reason of this Agreement.

3.5. GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (INCLUDING SECTIONS 5-1401 OF THE GENERAL OBLIGATIONS LAWS OF THE STATE OF NEW YORK, BUT OTHERWISE WITHOUT REGARD TO CONFLICTS OF LAW PROVISIONS).

3.6. Section Titles. The article and section headings contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

3.7. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction.

3.8. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

3.9. Effectiveness. This Agreement shall become effective as of the date hereof on the date on which each of the Lender Agent and the Receivables Collateral Agent shall have received duly executed counterparts hereof signed by each of the parties hereto (or, in the case of any such Person as to which an executed counterpart shall not have been received, receipt by the Lender Agent and the Receivables Collateral Agent in a form satisfactory to it of a telex, facsimile or other written confirmation from such Person that it has executed a counterpart hereof or a consent hereto, as applicable). On and after the date of effectiveness hereof, the rights and obligations of the parties hereto shall be governed by this Agreement, and on the date of effectiveness hereof, the intercreditor agreement dated as of November 30, 2003 among the parties hereto (the "EXISTING INTERCREDITOR AGREEMENT") shall automatically terminate.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

JPMORGAN CHASE BANK,
as a Funding Agent and, solely for the purpose of Section 3.9, as "Funding Agent" under the Existing Intercreditor Agreement referred to in Section 3.9.

By: /s/ Christopher Lew

Name: Christopher Lew
Title: Assistant Vice President

Address: 4 New York Plaza, 6th Floor
New York, NY 10004
Attention: Christopher Lew, Conduit Administration
Telecopy: (212) 623-5980

THE BANK OF NOVA SCOTIA,
as a Funding Agent and as Receivables Collateral Agent and, solely for the purpose of Section 3.9, as "Funding Agent" and as "Receivables Collateral Agent" under the Existing Intercreditor Agreement referred to in Section 3.9.

By: /s/ Norman Last

Name: Norman Last
Title: Managing Director

Address: One Liberty Plaza, 26th Floor
New York, NY 10006
Attention: Norman Last
Telecopy: (212) 225-5090

JPMORGAN CHASE BANK,
as Lender Agent and, solely for the purpose of Section 3.9, as "Lender Agent" under the Existing Intercreditor Agreement referred to in Section 3.9.

By: /s/ James H. Ramage

Name: James H. Ramage
Title: Managing Director

Address: 270 Park Avenue, 4th Floor
New York, NY 10017
Attention: James Ramage
Telecopy: (212) 270-5100

U.S. STEEL RECEIVABLES LLC,
as Transferor and, solely for the purpose of Section 3.9, as "Transferor" under the Existing Intercreditor Agreement referred to in Section 3.9.

By: /s/ L. T. Brockway

Name: L. T. Brockway
Title: Vice President

Address: 600 Grant Street, Room 1325
Pittsburg, PA 15219
Attention: Treasurer
Telecopy: (412) 433-4567

UNITED STATES STEEL CORPORATION,
as Originator, as Servicer and as Borrower and, solely for the purpose of Section 3.9, as "Originator", as "Servicer" and as "Borrower" under the Existing Intercreditor Agreement referred to in Section 3.9.

By: /s/ G. R. Haggerty

Name: G. R. Haggerty
Title: Executive Vice President, Treasurer and Chief Financial Officer

Address: 600 Grant Street, Room 1325
Pittsburg, PA 15219
Attention: Treasurer
Telecopy: (412) 433-4567

Accepted and Agreed:

JPMORGAN CHASE BANK,
as Administrative Agent and Collateral Agent under the Credit Agreement

By: /s/ James H. Ramage

Name: James H. Ramage
Title: Managing Director

GENERAL ELECTRIC CAPITAL CORPORATION,
as Co-Collateral Agent under the Credit Agreement

By: /s/ Gregory Eck

Name: Gregory Eck
Title: Duly Authorized Signatory

Exhibit 12.1

UNITED STATES STEEL CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS
(Unaudited)

(Dollars in Millions)

<TABLE>
<CAPTION>

	Six Months Ended June 30		Year Ended December 31				
	2003	2002	2002	2001	2000	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Portion of rentals representing interest	$ 17	$ 21	$ 34	$ 45	$ 48	$ 46	$ 52
Capitalized interest	4	-	6	1	3	6	6
Other interest and fixed charges	81	68	136	153	115	75	47
Pretax earnings which would be required to cover preferred stock dividend requirements	10	-	-	12	12	14	15
Combined fixed charges and preferred stock dividends (A)	$ 112	$ 89	$ 176	$ 211	$ 178	$ 141	$ 120
Earnings-pretax income with applicable adjustments (B)	$ 42	$ 23	$ 183	$(387)	$ 187	$ 295	$ 618
Ratio of (B) to (A)	(a)	(b)	1.04	(c)	1.05	2.10	5.15

</TABLE>

(a) Earnings did not cover fixed charges and preferred stock dividends by $70 million.
(b) Earnings did not cover fixed charges and preferred stock dividends by $66 million.
(c) Earnings did not cover fixed charges and preferred stock dividends by $598 million.

Exhibit 12.2

UNITED STATES STEEL CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited)

(Dollars in Millions)

	Six Months Ended June 30		Year Ended December 31				
	2003	2002	2002	2001	2000	1999	1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Portion of rentals representing interest	$ 17	$ 21	$ 34	$ 45	$ 48	$ 46	$ 52
Capitalized interest	4	-	6	1	3	7	6
Other interest and fixed charges	81	68	136	153	115	74	47
Total fixed charges (A)	$ 102	$ 89	$ 176	$ 199	$ 166	$ 127	$ 105
Earnings-pretax income with applicable adjustments (B)	$ 42	$ 23	$ 183	$(387)	$ 187	$ 295	$ 618
Ratio of (B) to (A)	(a)	(b)	1.04	(c)	1.13	2.33	5.89

(a) Earnings did not cover fixed charges by $60 million.
(b) Earnings did not cover fixed charges by $66 million.
(c) Earnings did not cover fixed charges by $586 million.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER
CERTIFICATION REQUIRED BY ITEM 307 OF REGULATION S-K
AS PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas J. Usher, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the United States Steel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2003

/s/ Thomas J. Usher

Thomas J. Usher
Chairman of the Board of Directors
and Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER
CERTIFICATION REQUIRED BY ITEM 307 OF REGULATION S-K
AS PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gretchen R. Haggerty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of the United States Steel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

August 12, 2003

/s/ Gretchen R. Haggerty

Gretchen R. Haggerty
Executive Vice President, Treasurer
and Chief Financial Officer

Exhibit 32.1

CHIEF EXECUTIVE OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of United States Steel Corporation (the "Corporation") on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas J. Usher, Chairman of the Board of Directors and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Thomas J. Usher
Thomas J. Usher
Chairman of the Board of Directors
and Chief Executive Officer

August 12, 2003

A signed original of this written statement required by Section 906 has been provided to United States Steel Corporation and will be retained by United States Steel Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CHIEF FINANCIAL OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of United States Steel Corporation (the "Corporation") on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gretchen R. Haggerty, Executive Vice President, Treasurer and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Gretchen R. Haggerty
Gretchen R. Haggerty
Executive Vice President, Treasurer
and Chief Financial Officer

August 12, 2003

A signed original of this written statement required by Section 906 has been provided to United States Steel Corporation and will be retained by United States Steel Corporation and furnished to the Securities and Exchange Commission or its staff upon request.