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

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):
August 26, 2007**

United States Steel Corporation

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

1-16811
(Commission File Number)

25-1897152
(IRS Employer
Identification No.)

600 Grant Street, Pittsburgh, PA
(Address of principal executive offices)

15219-2800
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement

On August 26, 2007, United States Steel Corporation (“U. S. Steel”) and Stelco Inc. (“Stelco”) entered into a definitive agreement (“Agreement”) pursuant to which U. S. Steel will acquire all of the outstanding shares of Stelco for \$38.50 (Canadian) in cash per share, for an aggregate value of approximately \$1.1 billion (U.S.). Shareholders owning more than 76 percent of Stelco’s outstanding shares, including Tricap Management Limited, Sunrise Partners Limited Partnership, Appaloosa Management L.P. and Rodney Mott, the CEO of Stelco, have entered into agreements with U. S. Steel irrevocably committing to support the transaction. Upon consummation of the transaction, Stelco will be a wholly owned subsidiary of U. S. Steel.

U. S. Steel intends to pay for the acquisition and retire the majority of Stelco’s existing debt (net \$760 million (U.S.) as of June 30, 2007) through a combination of cash on hand, utilization of existing liquidity facilities and proceeds under two new fully committed senior credit facilities totaling \$900 million.

On August 26, 2007, U. S. Steel and Stelco issued a joint press release announcing the Agreement.

A copy of the press release is filed herewith as Exhibit 99.1.

On August 27, 2007, U. S. Steel will conduct a conference call with analysts at 11 a.m. EDT to discuss the acquisition.

A Powerpoint slideshow presentation about the acquisition, which has been made available on U. S. Steel’s web site, is filed herewith as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

- 99.1 Press Release – “U. S. Steel Agrees to Acquire Stelco”
- 99.2 Powerpoint slideshow presentation dated August 27, 2007

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 hereunto duly authorized.

UNITED STATES STEEL CORPORATION

By /s/ Larry G. Schultz
Larry G. Schultz
Vice President & Controller

Dated: August 27, 2007

News

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FOR IMMEDIATE RELEASE**U. S. STEEL AGREES TO ACQUIRE STELCO**

PITTSBURGH and HAMILTON, Ontario, August 26, 2007 – United States Steel Corporation (NYSE: X) and Stelco Inc., (TSX: STE) announced today that they have entered into a definitive agreement pursuant to which U. S. Steel will acquire Stelco for \$38.50 (Canadian) in cash per share. Shareholders owning more than 76 percent of Stelco's outstanding shares, including Tricap Management Limited, Sunrise Partners Limited Partnership, Appaloosa Management L.P., and Rodney Mott, the CEO of Stelco, have entered into agreements with U. S. Steel irrevocably committing to support the transaction.

U. S. Steel expects the acquisition of Stelco to strengthen its position as a premier supplier of flat-rolled steel products to the North American market. Stelco's Lake Erie Works is the most modern integrated steel plant in North America, and the slabs produced at Stelco's Lake Erie and Hamilton Works will expand U. S. Steel's semi-finished steel supply chain capabilities to support finishing facilities for both flat-rolled and tubular products. Stelco also owns several joint venture interests including iron ore operations in the United States and Canada, and a 60 percent interest in Z-Line, a world-class hot-dip automotive-quality galvanizing line. After the acquisition, U. S. Steel will have annual raw steel capability of approximately 33 million net tons.

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Under the terms of the definitive agreement, U. S. Steel will acquire all of the outstanding shares for \$38.50 (Canadian) for an aggregate value of approximately \$1.1 billion (U.S.) based on approximately 30 million fully diluted shares. As of June 30, 2007, Stelco had approximately \$760 million (U.S.) of net debt on its balance sheet. U. S. Steel intends to pay for the acquisition and retire the majority of Stelco's existing debt through a combination of cash on hand, utilization of existing liquidity facilities and proceeds under two new fully committed senior credit facilities totaling \$900 million and underwritten by J. P. Morgan Securities Inc. and Scotia Capital. U. S. Steel expects that the acquisition of Stelco will result in annualized pre-tax synergies of more than \$100 million (U.S.) by the end of 2008, and that the transaction will be accretive to earnings per share in 2008, excluding synergies and the impact of purchase accounting adjustments.

"Our acquisition of Stelco is another example of how we are building value for our stakeholders," said John P. Surma, U. S. Steel Chairman and CEO. "From the increased utilization of our Minnesota Ore Operations through the conversion of slabs and hot bands produced at Stelco by our other finishing facilities, this transaction optimizes our operations and allows us to better serve our customers. With major facilities located on both sides of the Great Lakes, this acquisition will significantly increase our ability to respond to market demands and our customers' needs."

Surma added, "We believe that our greatest strength is our people, and Stelco has an exceptional group of employees. We look forward to building on the unique talents, commitment and expertise they will bring to the U. S. Steel family and having them join our tradition and culture as good corporate citizens focused on employee safety and committed to environmental stewardship."

Rodney Mott, Stelco's President and CEO commented, "The fit with U. S. Steel is excellent. This is an outstanding deal for Stelco's owners, employees, customers, suppliers and communities. Our goal through the Stelco restructuring process was to re-establish Stelco as a competitive steel company and position it to be part of a larger, stronger company that can provide additional security for our employees and their communities. Our transaction with U. S. Steel represents the successful conclusion of an exhaustive review of opportunities for Stelco. U. S. Steel brings the financial strength, operating experience and advanced research and technology capability that are critical for the continued success of the Stelco facilities."

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U. S. Steel has also made commitments to the Province of Ontario with regard to Stelco's main pension plans and operations in the Province. U. S. Steel plans to make significant capital expenditures at the Hamilton and Lake Erie facilities and to endow a Priority Chair in the Department of Materials Science and Engineering at McMaster University to facilitate the continuing development of steelmaking technology in Ontario. U. S. Steel is guaranteeing Stelco's pension funding obligations under a pension agreement entered into by Stelco and the Province in 2006, and is also making a voluntary contribution of approximately \$31 million (U.S.) in the aggregate to Stelco's main pension plans at the closing of the transaction. In connection with these commitments, the 2006 pension agreements are being amended to reflect the acquisition of Stelco by U. S. Steel.

The acquisition will be accomplished as a Plan of Arrangement under Canadian law. The acquisition is subject to review by U.S. and Canadian regulatory authorities and other customary conditions, and is expected to close before the end of 2007.

J. P. Morgan Securities Inc. acted as financial adviser to U. S. Steel, and CIBC World Markets and UBS were financial advisers to Stelco. Morgan Lewis & Bockius and Osler Hoskin & Harcourt served as counsel to U. S. Steel, and McCarthy Tétrault served as counsel to Stelco.

U. S. Steel will host a conference call to discuss the transaction at 11:00 a.m. on August 27, 2007. To listen to the call go to U. S. Steel's website, www.ussteel.com, and click on Investors.

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Safe Harbor Statement under Private Securities Litigation Reform Act of 1995

This news release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements about United States Steel Corporation's anticipated acquisition of Stelco Inc., and statements about projected future financial and operating results. These statements are based on current expectations and beliefs and are subject to a number of risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Any statements other than statements of historical fact should be considered to be forward-looking statements.

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Risks and Uncertainties Regarding United States Steel Corporation and Stelco Inc.

Some factors, among others, that could affect market conditions, costs, shipments and prices for the North American and foreign operations of U. S. Steel and Stelco include global product demand, prices and mix; global and company steel production levels; global and North American demand for steel products; global and domestic automotive and energy markets; plant operating performance, the timing and completion of facility projects; natural gas prices, usage and supply disruptions; raw materials availability and prices; changes in environmental, tax and other laws; employee strikes; power outages; and global economic performance and political developments in the United States or Canada. North American steel shipments and prices also could be affected by import levels and actions taken by the U.S. or Canadian governments. Economic conditions and political factors in Canada and Europe that may affect U. S. Steel's foreign operations results include, but are not limited to, taxation, environmental permitting, nationalization, inflation, currency fluctuations, increased regulation, export quotas, tariffs and other protectionist measures. Factors that may affect the amount of net periodic benefit costs include, among others, changes to laws affecting benefits, pension fund investment performance, liability changes and interest rates. Please refer to U. S. Steel's Form 10-K for the year ended December 31, 2006, its Form 10-Q for the period ended June 30, 2007, and the Annual Information Form dated March 30, 2007, of Stelco Inc., for additional factors that could cause actual results to differ materially from any forward-looking statements.

Risks and Uncertainties Regarding the Transaction

Forward-looking statements regarding United States Steel Corporation's acquisition and integration of Stelco Inc., include statements relating to, or concerning, the closing of the transaction, the exchange rate (which is U.S. \$.9508 per C \$1 for purposes of this release), the expected synergies, cost savings, accretive effect, industry size and market sector. Risks and uncertainties regarding the closing of the transaction include the approval of the Plan of Arrangement by the Ontario Superior Court of Justice and antitrust and other regulatory approvals. Even if the transaction closes as anticipated, it is possible that the expected synergies may not be realized in the time period anticipated or at all, if the market fails to perform as anticipated or the integration does not proceed as expected. Also the impact of changes in the industry, markets or the economy in general may result in unexpected costs or the failure to realize anticipated benefits of the transaction.

Forward-looking statements included in this news release are made only as of the date hereof, and the companies undertake no obligation to update these forward-looking statements to reflect future events or circumstances except as may be required by law.

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For more information about U. S. Steel, visit www.ussteel.com.
For more information about Stelco, visit www.stelco.com.

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United States Steel



Strategic Acquisition of Stelco

August 27, 2007

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Forward — Looking Statements

Risks and Uncertainties Regarding United States Steel Corporation and Stelco.

Some factors, among others, that could affect market conditions, costs, shipments and prices for the domestic and foreign operations of U.S. Steel and Stelco include global product demand, prices and mix; global and company steel production levels; global and domestic demand for steel products; global and domestic energy markets; plant operating performance, including the start up of several blast furnaces; the timing and completion of facility projects; natural gas prices, usage and supply disruptions; raw materials availability and prices; changes in environmental, tax and other laws; employee strikes; power outages; and U.S. and global economic performance and political developments. Domestic steel shipments and prices could be affected by import levels and actions taken by the U.S. Government. Economic conditions and political factors in Europe and Canada that may affect U. S. Steel's foreign operations results include, but are not limited to, taxation, environmental permitting, nationalization, inflation, currency fluctuations, increased regulation, export quotas, tariffs, and other protectionist measures. Factors that may affect the amount of net periodic benefit costs include, among others, changes to laws affecting benefits, pension fund investment performance, liability changes and interest rates. Please refer to the Form 10-K of U.S. Steel for the year ended December 31, 2006 and subsequent filings and Stelco's Annual Information Form dated March 30, 2007 for additional factors that could cause actual results to differ materially from any forward-looking statements.

Risks and Uncertainties Regarding the Transaction

Forward-looking statements regarding United States Steel Corporation's acquisition and integration of Stelco include statements relating to or concerning expected synergies, cost savings, accretive effect, industry size, and market sector. Risks and uncertainties regarding the transaction include the possibility that the expected synergies may not be realized in the time period anticipated or at all, that the market fails to perform as anticipated, and that the closing does not occur, either due to the failure of closing conditions, including the approval of the shareholders of Stelco, or the failure to obtain required regulatory approvals, or other reasons. Even if the transaction closes as anticipated, integration may not proceed as expected, and the impact of changes in the industry, markets or the economy in general may result in unexpected costs or the failure to realize anticipated benefits of the transaction. Forward-looking statements included in this presentation are made only as of the date hereof, and the companies undertake no obligation to update these forward-looking statements to reflect future events or circumstances except as may be required by law.



Transaction Overview

- U. S. Steel acquires Stelco for \$1.1 billion (U.S.) or \$38.50 (Canadian) per share in an all cash transaction
- Majority of approximately \$760 million net debt as of 6/30/07 will be retired
- Voluntary pension funding of \$31 million at closing
- Financed with cash on hand and committed credit facilities
- Potential run rate synergies in excess of \$100 million by end of 2008
- Acquisition expected to be accretive in 2008 before synergies
 - Excluding accounting effects of the sale of acquired inventory and other customary purchase accounting adjustments
- Closing expected in fourth quarter 2007



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Business Overview

A leading Canadian sheet producer

Major supplier of automotive and other value added products

Strong raw material position

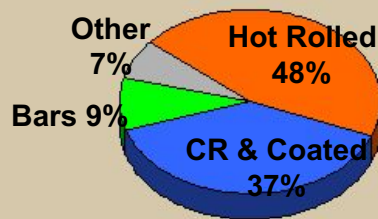
- 85% coke self sufficient
- 90% iron ore self sufficient*

Annual raw steel capability of 5.5mm tons

Long slab position – approximately 900,000 tons

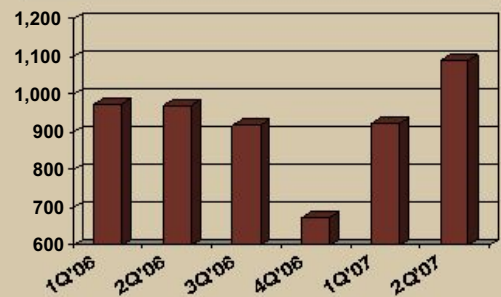
*Includes iron ore under long-term contract

Product Mix by Revenue



2006 Sales = \$2,365mm

Quarterly Shipment History (000 tons)





Stelco – Company Overview



Raw Steel Capability
Million Net Tons:

Hamilton 2.6
Lake Erie 2.9

7/07 Employees

3,600

2006 Raw Steel

(Million Net Tons)

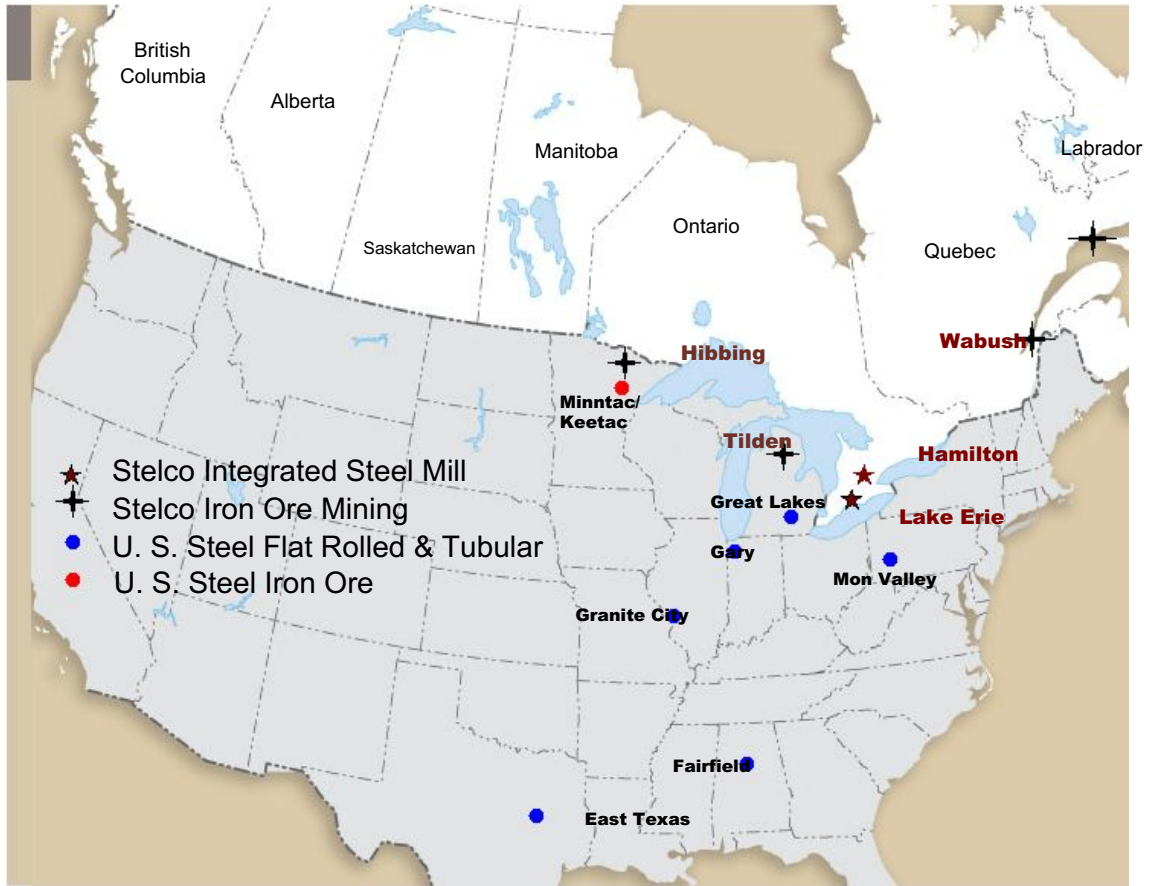
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Raw Materials Ownership

Iron Ore

Minority shares of:

Hibbing Taconite
Tilden Mining
Wabush Mining
Seignelay Reserve





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Business Case for Acquisition

Complementary assets & attributes:

- Stelco is long slabs, intend to ship approximately 900,000 tons to U.S. Steel facilities
- Improve U. S. Steel's finishing facility utilization

Strong product mix

Creates 5th largest global steel company

Annual synergies estimated to be in excess of \$100 million:

- Sourcing semi-finished product
- Procurement, best practices and SG&A

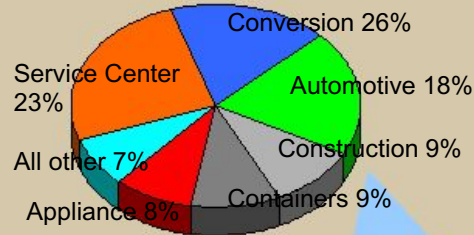




U. S. Steel and Stelco Favorable Product Mix

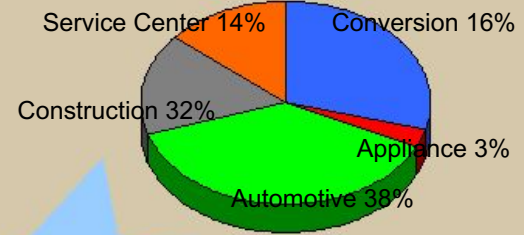


U. S. Steel* (14.2 mm tons)



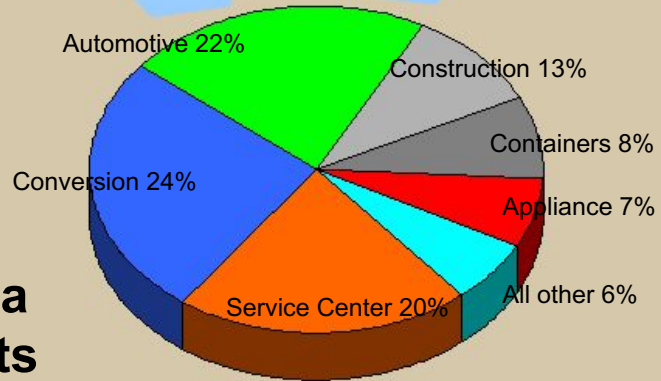
* Flat-Rolled segment only

Stelco** (3.5 mm tons)



** Includes bar product

2006 Pro forma Shipments (17.7 mm tons)





Financial Overview



\$ millions

	2006 U. S. Steel	2006 Stelco	2Q'07 Stelco
Tons Shipped	21.6 million	3.5 million	1.1 million
Sales	\$15,715	\$2,365*	\$677*
Operating Income	\$1,785	(\$126)*	\$24*
EBITDA**	\$2,226	(\$19)*	\$50*

Source: Company filings

* Converted from Canadian dollars using .9443

** EBITDA is not a GAAP measure. Please refer to the U. S. Steel Form 10-K for 2006 and the Stelco Annual Information Form dated March 30, 2007, for GAAP financial information.



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Stelco's Improvement plan

Workforce reduction 29% from 1/1/06

- Facility utilization and productivity improvements
- Reduced contractors and outside processing
- Modified benefits and benefit administration
- Reduced fixed costs: property tax, IT, legal, insurance
- Closing obsolete facilities – Hamilton HSM, 5 stand, #2 pickle, #2 galv line
- Logistics, material handling improvements
- Divesting interest in Wabush mines



U. S. Steel & Stelco Acquisition



Key changes since January 2005

Stelco – Significant CAPEX Plan – Now Realized

- Lake Erie Hot Strip Mill Upgraded
- Hamilton Blast Furnace major work completed

Stelco Labor Reductions attained – via Restructuring

- Divested mini-mill and other assets
- Negotiated work practice changes for steel facilities

U. S. Steel Granite City Hot Strip Mill Upgraded

- Utilize Stelco slabs

Pension Funding – Defined

- 10-year level funding agreement with Ontario



U. S. Steel and Stelco

Transaction Summary

Strengthens our position as a leading North American Flat-Rolled producer

- Expands U. S. Steel's supply chain across a larger geographic area
- Leverages U. S. Steel's production platform to drive operating performance

Financially attractive:

- Potential annual synergies in excess of \$100 million by 2008
- Accretive before synergies and purchase accounting adjustments
- Maintains financial flexibility post-transaction





United States Steel



Strategic Acquisition of Stelco

August 27, 2007

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