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, 2008

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 Ö No __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Ö Accelerated filer __ Non-accelerated filer __ (Do not check if a smaller reporting company) Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes __ No Ö

Common stock outstanding at July 25, 2008 – 117,488,117 shares

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PART I - FINANCIAL INFORMATION
Item 1. Financial Statements:

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

(Dollars in millions, except per share amounts)	Second Quarter Ended June 30, 2008	Second Quarter Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Net sales:				
Net sales	**$ 6,414**	$ 3,931	**$ 11,317**	$ 7,431
Net sales to related parties	**330**	297	**623**	553
Total	**6,744**	4,228	**11,940**	7,984
Operating expenses (income):				
Cost of sales (excludes items shown below)	**5,497**	3,595	**10,140**	6,774
Selling, general and administrative expenses	**171**	138	**313**	277
Depreciation, depletion and amortization *(Notes 6 and 8)*	**159**	118	**315**	229
Income from investees	**(34)**	(10)	**(41)**	(12)
Net gains on disposal of assets	**(1)**	(3)	**(2)**	(13)
Other income, net	**(2)**	(1)	**(5)**	(8)
Total	**5,790**	3,837	**10,720**	7,247
Income from operations	**954**	391	**1,220**	737
Interest expense	**42**	59	**88**	85
Interest income	**(3)**	(25)	**(8)**	(47)
Other financial (income) costs *(Note 9)*	**(14)**	-	**(87)**	1
Net interest and other financial (income) costs	**25**	34	**(7)**	39
Income before income taxes and minority interests	**929**	357	**1,227**	698
Income tax provision *(Note 11)*	**255**	53	**313**	119
Minority interests	**6**	2	**11**	4
Net income	**$ 668**	$ 302	**$ 903**	$ 575
Income per common share *(Note 12)*:				
Net income per share:				
- Basic	**$ 5.69**	$ 2.55	**$ 7.68**	$ 4.86
- Diluted	**$ 5.65**	$ 2.54	**$ 7.64**	$ 4.83
Weighted average shares, in thousands:				
- Basic	**117,507**	118,221	**117,551**	118,232
- Diluted	**118,217**	118,891	**118,190**	118,920
Dividends paid per share	**$ 0.25**	$ 0.20	**$ 0.50**	$ 0.40

The accompanying notes are an integral part of these consolidated financial statements.

UNITED STATES STEEL CORPORATION
CONSOLIDATED BALANCE SHEET

(Dollars in millions)	(Unaudited) June 30, 2008	December 31, 2007
Assets		
Current assets:		
Cash and cash equivalents	**$ 391**	$ 401
Receivables, less allowance of $49 and $42 *(Note 17)*	**3,018**	1,924
Receivables from related parties *(Note 19)*	**165**	153
Inventories *(Note 13)*	**2,593**	2,279
Deferred income tax benefits *(Note 11)*	**142**	151
Other current assets	**60**	51
Total current assets	**6,369**	4,959
Investments and long-term receivables, less allowance of $6 and $6	**770**	694
Property, plant and equipment - net *(Note 8)*	**6,890**	6,688
Intangibles - net *(Note 6)*	**276**	419
Goodwill *(Note 6)*	**1,716**	1,712
Assets held for sale *(Note 5)*	**202**	233
Prepaid pensions	**871**	734
Deferred income tax benefits *(Note 11)*	**11**	16
Other noncurrent assets	**202**	177
Total assets	**$ 17,307**	$ 15,632
Liabilities		
Current liabilities:		
Accounts payable	**$ 2,269**	$ 1,668
Accounts payable to related parties *(Note 19)*	**88**	62
Bank checks outstanding	**48**	53
Payroll and benefits payable	**1,040**	995
Accrued taxes *(Note 11)*	**282**	95
Accrued interest	**36**	20
Short-term debt and current maturities of long-term debt *(Note 15)*	**110**	110
Total current liabilities	**3,873**	3,003
Long-term debt, less unamortized discount *(Note 15)*	**3,110**	3,147
Employee benefits	**3,016**	3,187
Deferred income tax liabilities *(Note 11)*	**245**	162
Deferred credits and other liabilities	**529**	514
Total liabilities	**10,773**	10,013
Contingencies and commitments *(Note 20)*		
Minority interests	**125**	88
Stockholders' Equity:		
Common stock (123,785,911 and 123,785,911 shares issued) *(Note 12)*	**124**	124
Treasury stock, at cost (6,207,919 and 5,790,827 shares)	**(470)**	(395)
Additional paid-in capital	**2,972**	2,955
Retained earnings	**4,527**	3,683
Accumulated other comprehensive loss *(Note 18)*	**(744)**	(836)
Total stockholders' equity	**6,409**	5,531
Total liabilities and stockholders' equity	**$ 17,307**	$ 15,632

The accompanying notes are an integral part of these consolidated financial statements.

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Dollars in millions)	Six Months Ended June 30, 2008	2007
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net income	**$ 903**	$ 575
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization	**315**	229
Provision for doubtful accounts	**5**	(12)
Pensions and other postretirement benefits	**(216)**	(85)
Minority interests	**11**	4
Deferred income taxes	**97**	49
Net gains on disposal of assets	**(2)**	(13)
Distributions received, net of equity investees income	**(16)**	14
Changes in:		
Current receivables - sold	**450**	40
- repurchased	**(460)**	(40)
- operating turnover	**(1,043)**	(297)
Inventories	**(292)**	108
Current accounts payable and accrued expenses	**798**	229
Bank checks outstanding	**(5)**	63
Foreign currency translation	**(56)**	(5)
All other, net	**(26)**	(3)
Net cash provided by operating activities	**463**	856
Investing activities:		
Capital expenditures	**(340)**	(250)
Acquisition of Lone Star Technologies, Inc.	**-**	(1,990)
Acquisition of Stelco Inc.	**(1)**	-
Disposal of assets	**7**	18
Restricted cash, net	**-**	1
Investments, net	**(16)**	(2)
Net cash used in investing activities	**(350)**	(2,223)
Financing activities:		
Issuance of long-term debt, net of financing costs	**-**	1,583
Repayment of long-term debt	**(36)**	(449)
Common stock issued	**11**	15
Common stock repurchased	**(85)**	(58)
Distributions from (to) minority interest owners	**25**	(7)
Dividends paid	**(59)**	(47)
Excess tax benefits from stock-based compensation	**9**	8
Net cash (used in) provided by financing activities	**(135)**	1,045
Effect of exchange rate changes on cash	**12**	3
Net decrease in cash and cash equivalents	**(10)**	(319)
Cash and cash equivalents at beginning of year	**401**	1,422
Cash and cash equivalents at end of period	**$ 391**	$ 1,103

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

United States Steel Corporation (U. S. Steel) produces and sells steel mill products, including flat-rolled and tubular, in North America and Central Europe. Operations in North America also include iron ore mining and processing to supply steel producing units; real estate management and development; transportation services; and engineering and consulting services.

The year-end consolidated balance sheet data was derived from audited statements but does not include all disclosures required by accounting principles generally accepted in the United States. The other 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 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. Additional information is contained in the United States Steel Corporation Annual Report on Form 10-K for the year ended December 31, 2007.

Certain reclassifications of prior year's data have been made.

2. New Accounting Standards

In May 2008, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standard (FAS) No. 162, "The Hierarchy of Generally Accepted Accounting Principles" (FAS 162). Under FAS 162 , the GAAP hierarchy will now reside in the accounting literature established by the FASB. FAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements in conformity with GAAP. FAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." FAS 162 will not impact our financial statements.

In April 2008, the FASB issued FASB Staff Position (FSP) FAS No. 142-3 (FSP FAS 142-3) "Determination of the Useful Life of Intangible Assets." FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FAS 142, "Goodwill and Other Intangible Assets," to include an entity's historical experience in renewing or extending similar arrangements, adjusted for entity-specific factors, even when there is likely to be "substantial cost or material modifications." FSP FAS 142-3 states that in the absence of historical experience an entity should use assumptions that market participants would make regarding renewals or extensions, adjusted for entity-specific factors. The guidance for determining the useful life of intangible assets included in this FSP will be applied prospectively to intangible assets acquired after the effective date of January 1, 2009. U. S. Steel does not expect FSP FAS 142-3 to have a material impact on our financial statements.

In December 2007, the FASB issued FAS No. 141(R), "Business Combinations" (FAS 141(R)), which replaces FAS No. 141. FAS 141(R) requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed and requires the acquirer to disclose certain information related to the nature and financial effect of the business combination. FAS 141(R) also establishes principles and

requirements for how an acquirer recognizes any noncontrolling interest in the acquiree and the goodwill acquired in a business combination. FAS 141(R) is effective on a prospective basis for business combinations for which the acquisition date is on or after January 1, 2009. For any business combination that takes place subsequent to January 1, 2009, FAS 141(R) may have a material impact on our financial statements. The nature and extent of any such impact will depend upon the terms and conditions of the transaction. FAS 141 (R) also amends FAS 109, "Accounting for Income Taxes," such that adjustments made to deferred taxes and acquired tax contingencies after January 1, 2009, even for business combinations completed before this date, will impact net income. This provision of FAS 141 (R) may have a material impact on our financial statements (see Note 11 and the discussion of U. S. Steel Canada Inc.).

In December 2007, the FASB issued FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51" (FAS 160). FAS 160 requires all entities to report noncontrolling interests in subsidiaries (also known as minority interests) as a separate component of equity in the consolidated statement of financial position, to clearly identify consolidated net income attributable to the parent and to the noncontrolling interest on the face of the consolidated statement of income, and to provide sufficient disclosure that clearly identifies and distinguishes between the interest of the parent and the interests of noncontrolling owners. FAS 160 also establishes accounting and reporting standards for changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. FAS 160 is effective as of January 1, 2009. U. S. Steel does not expect any material financial statement implications relating to the adoption of this Statement.

In June 2007, the FASB ratified Emerging Issues Task Force (EITF) issue number 06-11, "Accounting for Income Tax Benefits of Dividends on Share Based Payment Awards" (EITF 06-11). EITF 06-11 requires that tax benefits generated by dividends paid during the vesting period on certain equity-classified, share-based compensation awards be classified as additional paid-in capital and included in a pool of excess tax benefits available to absorb tax deficiencies from share-based payment awards. EITF 06-11 was effective January 1, 2008, and the effect of adopting EITF 06-11 was immaterial to our financial statements.

In March 2007, the FASB ratified EITF issue number 06-10, "Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements" (EITF 06-10). EITF 06-10 requires an employer to recognize a liability for the postretirement benefit provided by a collateral assignment split-dollar life insurance arrangement in accordance with either FASB Statement No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," or Accounting Principles Board Opinion No. 12, "Omnibus Opinion – 1967", if the employer has agreed to maintain a life insurance policy during the employee's retirement or provide the employee with a death benefit. EITF 06-10 also stipulates that an employer should recognize and measure an asset based on the nature and substance of the collateral assignment split-dollar life insurance arrangement. EITF 06-10 was effective January 1, 2008. U. S. Steel has collateral assignment split-dollar life insurance arrangements within the scope of EITF 06-10 for a small number of employees; however, the impact of adopting EITF 06-10 was immaterial to our financial statements.

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" (FAS 159). This Statement permits entities to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses on these instruments in earnings. FAS 159 was effective January 1, 2008. U. S. Steel did not adopt the fair value option.

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements" (FAS 157). This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The

Statement applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. This Statement was initially effective as of January 1, 2008, but in February 2008, the FASB delayed the effective date for applying this standard to nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. We adopted FAS 157 as of January 1, 2008 for assets and liabilities within its scope and the impact was immaterial to our financial statements. Nonfinancial assets and nonfinancial liabilities for which we have not applied the provisions of FAS 157 include those measured at fair value in goodwill and indefinite lived intangible asset impairment testing, and asset retirement obligations initially measured at fair value.

3. Segment Information

U. S. Steel has three reportable segments: Flat-rolled Products (Flat-rolled), U. S. Steel Europe (USSE), and Tubular Products (Tubular). The results of several operating segments that do not constitute reportable segments are combined and disclosed in the Other Businesses category.

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measure being income from operations. Income from operations for reportable segments and Other Businesses does not include net interest and other financial costs, the income tax provision, benefit expenses for current retirees and certain other items that management believes are not indicative of future results. Information on segment assets is not disclosed, as the chief operating decision maker does not review it.

The accounting principles applied at the operating segment level in determining income from operations are generally the same as those applied at the consolidated financial statement level. The transfer value for steel rounds from Flat-rolled to Tubular and the transfer value for iron ore pellets from Other Businesses to Flat-rolled are based on cost. The transfer value for hot-rolled bands from Flat-rolled to Tubular and all other intersegment sales and transfers are accounted for at market-based prices and are eliminated at the corporate consolidation level. 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 2008 and 2007 are:

(In millions) **Second Quarter 2008**	**Customer Sales**	**Intersegment Sales**	**Net Sales**	**Income from investees**	**Income from operations**
Flat-rolled	**$ 4,010**	**$ 395**	**$4,405**	**$ 33**	**$ 478**
USSE	**1,760**	**-**	**1,760**	**1**	**298**
Tubular	**912**	**1**	**913**	**-**	**177**
Total reportable segments	**6,682**	**396**	**7,078**	**34**	**953**
Other Businesses	**62**	**472**	**534**	**-**	**6**
Reconciling Items	**-**	**(868)**	**(868)**	**-**	**(5)**
Total	**$ 6,744**	**$ -**	**$6,744**	**$ 34**	**$ 954**
Second Quarter 2007					
Flat-rolled	$ 2,509	$ 84	$2,593	$ 7	$ 92
USSE	1,239	-	1,239	-	244
Tubular	405	-	405	3	97
Total reportable segments	4,153	84	4,237	10	433
Other Businesses	75	293	368	-	1
Reconciling Items	-	(377)	(377)	-	(43)
Total	$ 4,228	$ -	$4,228	$ 10	$ 391

The results of segment operations for the first six months of 2008 and 2007 are:

(In millions) First Six Months 2008	Customer Sales	Intersegment Sales	Net Sales	Income from investees	Income from operations
Flat-rolled	**$ 7,165**	**$ 677**	**$ 7,842**	**$ 42**	**$ 598**
USSE	**3,116**	**-**	**3,116**	**1**	**459**
Tubular	**1,533**	**1**	**1,534**	**(2)**	**228**
Total reportable segments	**11,814**	**678**	**12,492**	**41**	**1,285**
Other Businesses	**126**	**702**	**828**	**-**	**1**
Reconciling Items	**-**	**(1,380)**	**(1,380)**	**-**	**(66)**
Total	**$ 11,940**	**$ -**	**$11,940**	**$ 41**	**$ 1,220**
First Six Months 2007					
Flat-rolled	$ 4,698	$ 169	$ 4,867	$ 10	$ 167
USSE	2,399	-	2,399	-	450
Tubular	761	-	761	3	199
Total reportable segments	7,858	169	8,027	13	816
Other Businesses	126	457	583	(1)	3
Reconciling Items	-	(626)	(626)	-	(82)
Total	$ 7,984	$ -	$ 7,984	$ 12	$ 737

The following is a schedule of reconciling items to income from operations:

(In millions)	Second Quarter Ended June 30, 2008	Second Quarter Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
Items not allocated to segments:				
Retiree benefit expenses	**$ 1**	$ (43)	**$ 2**	$ (82)
Other items not allocated to segments:				
Flat-rolled inventory transition effects [(a)]	**(6)**	-	**(23)**	-
Litigation reserve *(Note 20)*	**-**	-	**(45)**	-
Total other items not allocated to segments	**(6)**	-	**(68)**	-
Total reconciling items	**$ (5)**	$ (43)	**$ (66)**	$ (82)

(a) The impact of selling acquired inventory, which had been recorded at fair value.

4. Acquisitions

Stelco Inc.

On October 31, 2007, U. S. Steel paid $1,237 million to acquire all of the outstanding stock and stock equivalents of Stelco Inc. (Stelco) and the company was renamed U. S. Steel Canada Inc. (USSC). U. S. Steel also paid $785 million to retire substantially all of the outstanding debt of Stelco and made a $34 million contribution to Stelco's main pension plans at closing.

USSC operates two integrated steel plants in Ontario, Canada and produces a variety of steel products for customers in the automotive, steel service center, and pipe and tubular industries within North America. The acquisition has strengthened U. S. Steel's position as a premier supplier of flat-rolled steel products and has provided us with greater flexibility to respond to the

requirements of an expanded customer base. It is also anticipated that it will generate annual, sustainable synergies through sourcing of semi-finished products and the leveraging of best practices.

The results of operations of USSC are included in U. S. Steel's consolidated statement of operations as of the date of acquisition. The USSC integrated plants are being reported as part of U. S. Steel's Flat-rolled segment.

In connection with the acquisition, U. S. Steel assumed Stelco's pension funding obligations under a pension agreement entered into by Stelco and the Province of Ontario totaling C$545 million (approximately $535 million). In addition, we committed to the Canadian government to make capital investments over the next five years of at least C$200 million (approximately $196 million).

The total purchase price of $2,037 million reflects the $2,056 million of payments detailed above, net of cash acquired of $32 million, and including direct acquisition costs of $13 million. The acquisition was recorded by allocating the cost of the assets acquired, including identifiable intangible assets, and liabilities assumed, based on their estimated fair values at the date of acquisition. The excess of the cost of the acquisition over the net amounts assigned to the fair value of the assets acquired and liabilities assumed is recorded as goodwill. We are in the process of evaluating the allocation of goodwill across our reporting units. The amount allocated to goodwill reflects the benefits U. S. Steel expects to realize from expanding our flexibility in meeting customer needs and our sources of semi-finished products.

The acquisition has been accounted for in accordance with FAS 141, "Business Combinations" (FAS 141). The following table presents the preliminary allocation of the aggregate purchase price based on estimated fair values:

	(In millions)
Assets Acquired:	
Receivables	$ 287
Inventories	653
Other current assets	72
Property, plant & equipment	1,952
Identifiable intangible assets	62
Goodwill	623
Equity Investments	388
Other noncurrent assets	39
Total Assets	4,076
Liabilities Assumed:	
Accounts payable	187
Other current liabilities	31
Employee benefits	1,523
Long term debt	103
Deferred tax liability	1
Other noncurrent liabilities	139
Minority Interest	55
Total Liabilities	2,039
Purchase price – net of cash acquired	$ 2,037

U. S. Steel is in the process of conforming accounting policies and procedures and completing valuations of assets acquired and liabilities assumed. As such, the allocation of the purchase price is subject to revision.

During the first half of 2008, progress was made in completing the valuations of assets acquired, and as a result, the value of acquired property, plant and equipment increased by approximately $100 million as compared to the preliminary purchase price allocation included in the notes to the consolidated financial statements in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2007. Further, identifiable intangible assets decreased by approximately $140 million, other non-current liabilities increased by approximately $30 million, and goodwill increased by approximately $50 million.

Goodwill is not deductible for tax purposes. The identifiable intangible assets, principally customer relationships, are not deductible for tax purposes. Customer relationships of approximately $62 million will be subject to amortization for book purposes over a period of 31 years. Goodwill will be subject to impairment testing on an annual basis in accordance with FAS 142, "Goodwill and Other Intangible Assets" (FAS 142).

The following unaudited pro forma information for U. S. Steel for the quarter and six months ended June 30, 2007, includes the results of the Stelco acquisition as if it had been consummated at the beginning of the period presented. The results for the quarter and six months ended June 30, 2008 reflect actual results for U. S. Steel. The unaudited pro forma data is based on historical information and does not include anticipated cost savings or other effects of the integration of USSC. Accordingly, the unaudited pro forma data does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations. Pro forma adjustments are tax-effected at the Company's statutory tax rate.

	Second Quarter Ended June 30,		Six Months Ended June 30,	
(In millions, except per share amounts)	**2008**	**2007**	**2008**	**2007**
Net sales	**$ 6,744**	$ 4,880	**$ 11,940**	$ 9,151
Net income	**668**	249	**903**	472
Net income per share:				
- Basic	**$ 5.69**	$ 2.10	**$ 7.68**	$ 3.99
- Diluted	**$ 5.65**	$ 2.09	**$ 7.64**	$ 3.97

Lone Star Technologies, Inc.

On June 14, 2007, U. S. Steel acquired all of the outstanding shares of Lone Star Technologies, Inc. (Lone Star) for $2,050 million ($67.50 per share).

The results of operations for Lone Star are included in U. S. Steel's consolidated statement of operations as of the date of the acquisition. Lone Star is being reported as part of U. S. Steel's Tubular segment.

The former Lone Star facilities manufacture welded oil country tubular goods (OCTG), standard and line pipe and tubular couplings, and provide finishing services. The acquisition has strengthened U. S. Steel's position as a premier supplier of tubular products for the energy sector. It is also anticipated that it will generate annual, sustainable synergies, with the full impact to be realized by the end of 2008. The synergies are anticipated through steel sourcing and processing, as well as through overhead cost reductions and the leveraging of best practices.

The total purchase price of $1,993 million reflects the $2,050 million share purchase, net of cash acquired of $71 million, and including direct acquisition costs of $14 million. The acquisition was recorded by allocating the cost of the assets acquired, including intangible assets, and liabilities assumed, based on their estimated fair values at the date of acquisition. The excess of the cost of

the acquisition over the net amounts assigned to the fair value of the assets acquired and the liabilities assumed is recorded as goodwill. The amount allocated to goodwill reflects the benefit U. S. Steel expects to realize from expanding our Tubular operations and from running our Flat-rolled segment at higher operating rates. Approximately $330 million of goodwill has been allocated to Flat-rolled. The balance of the goodwill has been allocated to the Tubular segment.

The acquisition has been accounted for in accordance with FAS 141. The following table presents the allocation of the aggregate purchase price based on estimated fair values:

	(In millions)
Assets Acquired:	
Receivables	$ 133
Inventories	413
Other current assets	11
Property, plant & equipment	356
Identifiable intangible assets	232
Goodwill	1,176
Other noncurrent assets	50
Total Assets	2,371
Liabilities Assumed:	
Accounts payable	145
Payroll and benefits payable	46
Other current liabilities	40
Employee benefits	35
Deferred income tax liabilities	105
Other noncurrent liabilities	7
Total Liabilities	378
Purchase price – net of cash acquired	$ 1,993

Goodwill is not deductible for tax purposes. The identifiable intangible assets, principally water rights and customer relationships, are not deductible for tax purposes. Customer relationships of approximately $130 million will be subject to amortization for book purposes over a period of approximately 20 years. It was determined that water rights of approximately $75 million have an indefinite life. Goodwill and intangible assets with an indefinite life will be subject to impairment testing on an annual basis in accordance with FAS 142. Other identifiable intangible assets will be amortized over a weighted-average period of approximately 13 years.

The following unaudited pro forma information for U. S. Steel for the quarter and six months ended June 30, 2007, includes the results of the Lone Star acquisition as if it had been consummated at the beginning of the period presented. The results for the quarter and six months ended June 30, 2008 reflect actual results for U. S. Steel. The unaudited pro forma data is based on historical information and does not include anticipated cost savings or other effects of the integration of Lone Star. Accordingly, the unaudited pro forma data does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations. Pro forma adjustments are tax-effected at the Company's statutory tax rate.

	Second Quarter Ended June 30,		**Six Months Ended June 30,**	
(In millions, except per share amounts)	**2008**	**2007**	**2008**	**2007**
Net sales	**$ 6,744**	$ 4,501	**$ 11,940**	$ 8,561
Net income	**668**	276	**903**	546
Net income per share:				
- Basic	**$ 5.69**	$ 2.34	**$ 7.68**	$ 4.62
- Diluted	**$ 5.65**	$ 2.32	**$ 7.64**	$ 4.59

5. Assets Held for Sale

On September 26, 2007, U. S. Steel and Canadian National Railway Company (CN) announced that they had entered into an agreement under which CN will acquire the majority of the operating assets of Elgin, Joliet and Eastern Railway Company (EJ&E) for $300 million. Under the agreement, U. S. Steel will retain railroad assets, equipment, and employees that support Gary Works in northwest Indiana. The transaction is subject to regulatory approval by the U.S. Surface Transportation Board (STB), and U. S. Steel cannot predict the outcome or timing of STB action. As of June 30, 2008, the assets of EJ&E that are to be sold, which consist primarily of property, plant and equipment, have been classified as held for sale in accordance with FAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets (FAS 144)."

Before U. S. Steel's October 31, 2007 acquisition of USSC, Cleveland Cliffs Inc. ("Cliffs") and USSC received and accepted a non-binding offer dated June 6, 2007 from Consolidated Thompson Iron Mines Limited ("Consolidated") to purchase USSC's 44.6 percent interest and Cliffs' 26.8 percent interest in Wabush for a purchase price of $64.3 million plus two year warrants to purchase 3 million shares of Consolidated common stock. On August 30, 2007, ArcelorMittal Dofasco, Inc. ("Dofasco") purported to exercise a right of first refusal under the Participants Agreement dated as of January 1, 1967 governing Wabush. At December 31, 2007, USSC's investment in Wabush was classified as held for sale in accordance with FAS 144. On March 4, 2008, following several months of unsuccessful negotiations over many of the major terms of the purchase and sale, USSC and Cliffs informed Dofasco that they were withdrawing from further negotiations. At June 30, 2008, USSC's investment in Wabush is no longer classified as held for sale (see Note 20).

6. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill by segment for the six months ended June 30, 2008 are as follows:

	Flat-rolled Segment	Tubular Segment	Total
Balance at December 31, 2007	$ 867	$ 845	$1,712
Goodwill from acquisitions	22	(1)	21
Currency translation	(17)	-	(17)
Balance at June 30, 2008	**$ 872**	**$ 844**	**$1,716**

Amortizable intangible assets acquired during the year ended December 31, 2007 are being amortized on a straight-line basis over their estimated useful lives and are detailed below:

	As of June 30, 2008			As of December 31, 2007		
(In millions)	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	**$ 189**	**$ 8**	**$ 181**	$ 326	$ 5	$ 321
Other	**25**	**5**	**20**	26	3	23
Total amortizable intangible assets	**$ 214**	**$ 13**	**$ 201**	$ 352	$ 8	$ 344

The carrying amount of acquired water rights with indefinite lives as of June 30, 2008 and December 31, 2007 totaled $75 million.

Aggregate amortization expense was $2 million and $5 million for the three and six months ended June 30, 2008, respectively. Amortization expense for the three and six months ended June 30, 2007 was $1 million. The estimated future amortization expense of identifiable intangible assets during the next five years is (in millions) $6 for the remaining portion of 2008, $11 in 2009, $9 in 2010, $9 in 2011 and $9 in 2012.

7. Pensions and Other Benefits

The following table reflects components of net periodic benefit cost for the three months ended June 30, 2008 and 2007:

	Pension Benefits		Other Benefits	
(In millions)	2008	2007	2008	2007
Service cost	**$ 31**	$ 24	**$ 5**	$ 4
Interest cost	**143**	100	**55**	39
Expected return on plan assets	**(199)**	(142)	**(24)**	(13)
Amortization of prior service cost	**6**	6	**(8)**	(9)
Amortization of net loss	**26**	32	**6**	10
Net periodic benefit cost, excluding below	**7**	20	**34**	31
Multiemployer plans	**8**	7	**-**	-
Net periodic benefit cost	**$ 15**	$ 27	**$ 34**	$ 31

The following table reflects components of net periodic benefit cost for the six months ended June 30, 2008 and 2007:

	Pension Benefits		Other Benefits	
(In millions)	**2008**	**2007**	**2008**	**2007**
Service cost	**$ 61**	$ 48	**$ 9**	$ 7
Interest cost	**286**	200	**111**	78
Expected return on plan assets	**(399)**	(283)	**(48)**	(26)
Amortization of prior service cost	**12**	12	**(16)**	(17)
Amortization of net loss	**52**	64	**12**	20
Net periodic benefit cost, excluding below	**12**	41	**68**	62
Multiemployer plans	**16**	14	**-**	-
Settlement loss and termination benefits	**1**	1	**-**	-
Net periodic benefit cost	**$ 29**	$ 56	**$ 68**	$ 62

During the fourth quarter of 2007, approximately 1,500 U. S. Steel Košice, s.r.o. (USSK) employees (approximately 10 percent of its workforce) accepted a voluntary early retirement plan (VERP). Employee severance and net employee benefit charges of $57 million (including $15 million of termination losses) were recorded for these employees in 2007. Cash payments of $24 million had been made to 670 employees who left the company prior to December 31, 2007. During the six months ended June 30, 2008, 403 employees left the company and were paid $17 million. An additional termination loss of $1 million was recorded in the first quarter 2008. The remaining employees who accepted the VERP are expected to leave the company by December 31, 2008.

In conjunction with a VERP that was begun in the third quarter 2006, U. S. Steel Serbia, d.o.o (USSS) retained the option to eliminate additional positions in 2007. In the first quarter of 2007, employee severance and net employee benefit charges of $5 million (including $1 million of termination losses) were recorded. This secondary program was completed as of June 30, 2007, and approximately 500 employees have left the company. Total employee severance and net employee benefit charges of $7 million (including $1 million of termination losses) were recognized in the six months ended June 30, 2007.

Employer Contributions

During the first six months of 2008, U. S. Steel made $41 million in required cash contributions to the main USSC pension plans and cash payments of $17 million to the Steelworkers Pension Trust.

Additionally, U. S. Steel made a $35 million voluntary contribution to its main defined benefit pension plan in the United States in each of the first two quarters of 2008 and anticipates making additional voluntary contributions in the second half of 2008.

U. S. Steel contributed $53 million in the first six months of 2008 to its trust for retiree health care and life insurance for United Steelworkers (USW) represented retirees, including $43 million in accordance with the agreement reached with the USW in December 2007, which is described more fully in Note 16 to the financial statements in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2007.

As of June 30, 2008, cash payments of $120 million had been made for other postretirement benefit payments not funded by trusts.

Company contributions to defined contribution plans totaled $9 million and $6 million for the three months ended June 30, 2008 and 2007, respectively, and $17 million and $12 million for the six months ended June 30, 2008 and 2007, respectively.

8. Depreciation and Depletion

U. S. Steel records depreciation on a modified straight-line basis for steel-related assets located in the United States, that are principally not associated with the Tubular segment, based upon raw steel production levels. Applying modification factors decreased expenses by $4 million and $12 million for the second quarter 2008 and 2007, respectively, and by $7 million and $26 million for the six months ended June 30, 2008 and 2007, respectively, when compared to a straight-line calculation. Straight-line depreciation is used by USSC, USSE and a substantial portion of the Tubular segment.

Accumulated depreciation and depletion totaled $8,388 million and $8,100 million at June 30, 2008 and December 31, 2007, respectively.

9. Net Interest and Other Financial Costs

Other financial costs include foreign currency gains and losses as a result of transactions denominated in currencies other than the functional currencies of U. S. Steel's operations. During the second quarter 2008, net foreign currency gains of $17 million were recorded in other financial costs, compared with net foreign currency losses of $2 million in the second quarter of 2007. During the six months ended June 30, 2008 and 2007, net foreign currency gains were $93 million and $2 million, respectively. See Note 14 for additional information on U. S. Steel's foreign currency exchange activity.

On June 19, 2008, the European Council approved the Slovak Republic's entry into the eurozone as of January 1, 2009. The definitive exchange rate of 30.126 Slovak koruna per euro was established on July 8, 2008. The setting of the definitive exchange rate has reduced the company's exposure to fluctuations between the Slovak koruna and the euro.

10. Stock-Based Compensation Plans

U. S. Steel has outstanding stock-based compensation awards that were granted under several stock based employee compensation plans and are more fully described in Note 13 of the United States Steel Corporation 2007 Annual Report on Form 10-K. U. S. Steel recognized pretax stock-based compensation cost in the amount of $15 million and $9 million in the first six months of 2008 and 2007, respectively.

Recent grants of stock-based compensation consist of stock options, restricted stock units, restricted stock and performance stock awards. The Compensation & Organization Committee of the Board of Directors (the Compensation Committee) has made grants of stock-based awards under a stockholder approved stock incentive plan (the Plan). The following table is a general summary of the awards made under the Plan.

	May 2008 Grant		May 2007 Grant	
Grant Details	Shares [(a)]	Fair Value [(b)]	Shares [(a)]	Fair Value [(b)]
Stock Options	**281,200**	**$ 64.51**	215,330	$ 44.90
Restricted Stock Units and Restricted Stock [(c)]	**111,790**	**$ 169.01**	151,845	$ 109.32
Performance Shares [(d)]	**32,870**	**$ 214.52**	58,300	$ 140.66

(a) The share amounts shown in this table do not reflect an adjustment for estimated forfeitures.
(b) Per share amounts
(c) The May 2008 grant consists of restricted stock units.
(d) The number of Performance Shares shown represents the target value of the award.

As of June 30, 2008, total future compensation cost related to nonvested stock-based compensation arrangements was $61 million, and the weighted average period over which this cost is expected to be recognized is approximately 1.5 years.

In accordance with FAS 123(R), compensation expense for stock options is recorded over the vesting period based on the fair value on the date of grant, as calculated by U. S. Steel using the Black-Scholes model and the assumptions listed below. The stock option awards vest ratably over a three-year service period and have a term of ten years.

Black-Scholes Assumptions	May 2008 Grant	May 2007 Grant
Grant date price per share of option award	**$ 169.23**	$ 109.32
Expected annual dividends per share, at grant date	**$ 1.00**	$ 0.80
Expected life in years	**4.5**	5
Expected volatility	**43%**	43%
Risk-free interest rate	**3.2%**	4.5%
Grant date fair value per share of unvested option awards as calculated from above	**$ 64.51**	$ 44.90

The expected annual dividends per share are based on the latest annualized dividend rate at the date of grant; the expected life in years is determined primarily from historical stock option exercise data; the expected volatility is based on the historical volatility of U. S. Steel stock; and the risk-free interest rate is based on the U.S. Treasury strip rate for the expected life of the option.

Restricted stock unit awards and restricted stock vest ratably over three years. The fair value of the restricted stock units is the market price of the underlying common stock on the date of the grant less a discount factor for the delayed payment of quarterly dividends. The fair value of the restricted stock awards is the market price of the underlying common stock on the date of grant. Performance stock awards vest at the end of a three-year performance period as a function of U. S. Steel's total shareholder return compared to the total shareholder returns of peer companies over the three-year performance period. Performance stock awards can vest at between zero and 200 percent of the target award. The fair value of the performance stock awards is calculated using a Monte-Carlo simulation.

11. Income Taxes

On January 1, 2007, U. S. Steel adopted FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109" (FIN 48). As a result of the implementation of FIN 48, U. S. Steel recognized an increase of approximately $3 million in the liability for uncertain tax positions, which was accounted for as a reduction to the January 1, 2007 balance of retained earnings.

The total amount of unrecognized tax benefits was $77 million and $68 million as of June 30, 2008 and December 31, 2007, respectively. The total amount of unrecognized tax benefits that, if recognized, would affect the effective tax rate was $63 million and $43 million as of June 30, 2008 and December 31, 2007, respectively. Unrecognized tax benefits are the differences between a tax position taken, or expected to be taken in a tax return, and the benefit recognized for accounting purposes pursuant to FIN 48. It is reasonably possible that the amount of unrecognized tax benefits will decrease by as much as $1 million in the next 12 months primarily due to the progression of tax audits currently in progress.

U. S. Steel records interest related to uncertain tax positions as a part of net interest and other financial costs in the Statement of Operations. Any penalties are recognized as part of selling, general and administrative expenses. As of June 30, 2008 and December 31, 2007, U. S. Steel had accrued liabilities of $3 million and $6 million, respectively, for interest and penalties related to uncertain tax positions.

Provision for taxes
The income tax provision in the first six months of 2008 reflects an estimated annual effective tax rate of 27 percent, excluding discrete items. This estimated annual effective rate is based on management's best estimate of annual pretax income 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 and cost estimates, including labor, raw materials, energy and pension and other postretirement benefits. To the extent that actual pretax results for domestic and foreign income in 2008 vary from forecast estimates applied at the end of the most recent interim period, the actual tax provision recognized in 2008 could be materially different from the forecast annual tax provision as of the end of the second quarter.

Taxes on Foreign Income
The Slovak Income Tax Act permits USSK to claim a tax credit of 100 percent of USSK's tax liability for the years 2000 through 2004 and of 50 percent of the current statutory rate of 19 percent for the years 2005 through 2009. As a result of conditions imposed when Slovakia joined the European Union (EU) that were amended by a 2004 settlement with the EU, the total tax credit granted to USSK for the period 2000 through 2009 is limited to $430 million, of which approximately $25 million remained at December 31, 2007. Based on the credits previously used and forecasts of future taxable income, management anticipates fully utilizing the remaining credits in 2008.

Tax years subject to Examination
Below is a summary of open tax years by major tax jurisdiction:

U.S. Federal – 2004 and forward*
U.S. States – 2002 and forward
Slovakia – 2001 and forward
Serbia – 2003 and forward
Canada – 2004 and forward

* Lone Star has open tax years for its U.S. federal returns dating back to 1988 due to the presence of net operating loss carryforwards.

Status of IRS Examinations
The IRS audit of U. S. Steel's 2004 and 2005 tax returns was completed in the first quarter of 2008 and agreement was reached with the IRS on the proposed adjustments. The results of the audit did not have a material impact on U. S. Steel.

Deferred taxes
As of June 30, 2008, the net domestic deferred tax liability was $120 million compared to $21 million at December 31, 2007.

As of June 30, 2008, the amount of net foreign deferred tax assets recorded was $28 million, net of an established valuation allowance of $397 million. As of December 31, 2007, the amount of net foreign deferred tax assets recorded was $26 million, net of an established valuation allowance of $392 million. Net foreign deferred tax assets will fluctuate as the value of the U.S. dollar changes with respect to the euro, the Slovak koruna, the Canadian dollar and the Serbian dinar. A full valuation allowance is provided for the Serbian deferred tax assets because current projected

investment tax credits, which must be used before net operating losses and credit carryforwards, are more than sufficient to offset future tax liabilities. A full valuation allowance is recorded for Canadian deferred tax assets due to a recent history of losses, particularly before U. S. Steel acquired USSC. As USSC and USSS generate sufficient income, the valuation allowance of $243 million for Canadian deferred tax assets, including $204 million pre-acquisition, and $147 million for Serbian deferred tax assets as of June 30, 2008, would be partially or fully reversed at such time that it is more likely than not that the deferred tax assets will be realized. (If any portion of the $204 million valuation allowance at USSC is reversed prior to January 1, 2009, it will result in a decrease to goodwill. In accordance with FAS 141(R), any reversals of this amount made after January 1, 2009 will result in a decrease to tax expense.)

12. Common Shares and Income Per Common Share

Common Stock Repurchase Program
U. S. Steel has repurchased common stock from time to time in the open market. During the second quarter of 2008 and 2007, 320,000 shares and 304,900 shares of common stock were repurchased for $52 million and $33 million, respectively. During the first six months of 2008 and 2007, 625,000 shares and 609,900 shares of common stock were repurchased for $85 million and $58 million, respectively. At June 30, 2008, the repurchase of an additional 5,836,300 shares remains authorized.

Income Per Common Share
Basic net income per common share is based on the weighted average number of common shares outstanding during the quarter.

Diluted net income per common share assumes the exercise of stock options and the vesting of restricted stock, restricted stock units, and performance shares, provided in each case the effect is dilutive. For the second quarter and six months ended June 30, 2008, 710,477 shares and 639,360 shares of common stock, respectively, related to stock options, restricted stock, restricted stock units and performance shares, have been included in the computation of diluted net income per share because their effect was dilutive. For the second quarter and six months ended June 30, 2007, 669,851 shares and 687,659 shares of common stock, respectively, related to stock options, restricted stock, and performance shares have been included in the computation of diluted net income per share because their effect was dilutive.

Dividends Paid Per Share
The dividend rate for the first and second quarters of 2008 was 25 cents per common share. The dividend rate was 20 cents per common share for the first and second quarters of 2007.

13. Inventories

Inventories are carried at the lower of cost or market on a worldwide basis. The first-in, first-out method is the predominant method of inventory costing for USSC and USSE. The last-in, first-out (LIFO) method is the predominant method of inventory costing for inventories in the United States. At June 30, 2008 and December 31, 2007, the LIFO method accounted for 42 percent and 45 percent of total inventory values, respectively.

(In millions)	June 30, 2008	December 31, 2007
Raw materials	**$ 802**	$ 798
Semi-finished products	**1,052**	827
Finished products	**612**	548
Supplies and sundry items	**127**	106
Total	**$ 2,593**	$ 2,279

Current acquisition costs were estimated to exceed these inventory values by $1.2 billion at June 30, 2008 and by $910 million at December 31, 2007. Cost of sales was reduced by $16 million in the second quarter of 2008, and was not impacted in the second quarter of 2007, as a result of liquidations of LIFO inventories. Cost of sales was reduced by $32 million and $13 million in the first six months of 2008 and 2007, respectively, as a result of liquidations of LIFO inventories.

Inventory includes $90 million and $88 million of land held for residential or commercial development as of June 30, 2008 and December 31, 2007, respectively.

U. S. Steel has coke swap agreements with other steel manufacturers designed to reduce transportation costs. The coke swaps are recorded at cost in accordance with APB 29, "Accounting for Nonmonetary Transactions" and FAS No. 153, "Exchanges of Nonmonetary Assets." U. S. Steel shipped approximately 546,000 tons and received approximately 492,000 tons of coke under the swap agreements during the first six months of 2008. U. S. Steel shipped approximately 435,000 tons and received approximately 445,000 tons of coke under the swap agreements during the first six months of 2007. There was no income statement impact related to these swaps in either 2008 or 2007.

14. Derivative Instruments

In March 2008, the FASB issued FAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133" (FAS 161). FAS 161 amends and expands the disclosure requirements of FAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), to provide qualitative and quantitative information on how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for under FAS 133 and its related interpretations, and how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. FAS 161 is effective as of January 1, 2009; however, U. S. Steel chose to adopt FAS 161 in the first quarter of 2008.

U. S. Steel is exposed to foreign currency exchange risks as a result of its European and Canadian operations. USSE's revenues are primarily in euros and its costs are primarily in U.S. dollars, Slovak koruna, Serbian dinars and euros. USSC's revenues are primarily in Canadian dollars although the markets served are heavily influenced by the interaction between the Canadian and U.S. dollar. While the majority of USSC's costs are in Canadian dollars, there

are significant raw material purchases that are in U.S. dollars. In addition, the acquisition of USSC was funded from the United States and through the reinvestment of undistributed earnings from USSE, creating intercompany monetary assets and liabilities in currencies other than the functional currency of the entities involved, which can impact income when remeasured at the end of each quarter. A $1.1 billion U.S. dollar-denominated intercompany loan (the intercompany loan) to a European affiliate was the primary exposure at June 30, 2008. The balance of the intercompany loan was reduced to $836 million on July 9, 2008.

U. S. Steel holds or purchases derivative financial instruments for purposes other than trading to mitigate foreign currency exchange rate risk. U. S. Steel uses euro forward sales contracts with maturities no longer than 18 months to exchange euros for U.S. dollars to manage our exposure to foreign currency price fluctuations. The gains and losses recognized on these euro forward sales contracts may partially offset gains and losses recognized on the intercompany loan.

As of June 30, 2008, U. S. Steel held euro forward sales contracts with a total notional value of approximately $614 million. We mitigate the risk of concentration of counterparty credit risk by purchasing our forward sales contracts from several counterparties.

FAS 133 requires derivative instruments to be recognized at fair value in the balance sheet. U. S. Steel has not elected to designate these forward contracts as hedges under FAS 133. Therefore, changes in the fair value of the forward contracts are recognized immediately in the results of operations.

See Note 1 to the financial statements in the United States Steel Corporation Annual Report on Form 10-K for the year ended December 31, 2007 for a summary of accounting policies related to derivative financial instruments.

The following summarizes the location and amounts of the fair values and gains or losses related to derivatives included in U. S. Steel's financial statements as of and for the quarter and six months ended June 30, 2008:

(In millions)	**Location of Fair Value in Balance Sheet**	**Fair Value**
Foreign exchange forward contracts	Accounts payable	$ (27)

	Location of Gain (Loss) on Derivative in Statement of Operations	**Amount of Gain (Loss)**	
		Quarter ended June 30, 2008	**Six Months ended June 30, 2008**
Foreign exchange forward contracts	Other financial costs	$ 1	$ (28)

In accordance with FAS 157, the fair value of our derivatives is determined using Level 2 inputs, which are defined as "significant other observable" inputs. The inputs used include quotes from counterparties that are corroborated with market sources.

15. Debt

(In millions)	Interest Rates %	Maturity	June 30, 2008	December 31, 2007
2037 Senior Notes	6.65	2037	**$ 350**	$ 350
2018 Senior Notes	7.00	2018	**500**	500
2017 Senior Notes	6.05	2017	**450**	450
2013 Senior Notes	5.65	2013	**300**	300
$10^{3}/_{4}$ % Senior Notes	10.75	2008	**20**	20
Five-year Term Loan	Variable	2008 – 2012	**475**	500
Three-year Term Loan	Variable	2008 – 2010	**500**	500
Province Note (C$150 million)	1.00	2015	**147**	150
Environmental Revenue Bonds	4.75 – 6.25	2009 – 2033	**458**	458
Fairfield Caster Lease		2008 – 2012	**37**	45
Other capital leases and all other obligations		2008 – 2014	**38**	41
Credit Agreement, $750 million	Variable	2012	**-**	-
USSK credit facilities, €60 million ($95 and $88 million)	Variable	2009	**-**	-
USSS credit facility, €25 million ($39 and $37 million)	Variable	2008	**-**	-
Total			**3,275**	3,314
Less Province Note fair value adjustment			**48**	50
Less unamortized discount			**7**	7
Less short-term debt and long-term debt due within one year			**110**	110
Long-term debt			**$ 3,110**	$ 3,147

At June 30, 2008, in the event of a change in control of U. S. Steel, debt obligations totaling $2,575 million, plus any sums then outstanding under our $750 million Credit Agreement dated May 11, 2007 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 $52 million or provide a letter of credit to secure the remaining obligation.

In the event of the bankruptcy of Marathon Oil Corporation (Marathon), $501 million related to Environmental Revenue Bonds, the Fairfield Caster Lease and the coke battery lease at the Clairton Plant may be declared immediately due and payable.

On July 2, 2008, USSK, entered into a €200 million (approximately $317 million) three-year revolving unsecured credit facility. Interest on borrowings under the facility is based on a spread over EURIBOR or LIBOR, and the agreement contains customary terms and conditions. On July 7, 2008, €200 million was drawn against this facility, and the proceeds were used to reduce the intercompany loan. Subsequently, $300 million of the three-year term loan was retired.

U. S. Steel was in compliance with all of its debt covenants at June 30, 2008.

16. Asset Retirement Obligations

U. S. Steel's asset retirement obligations primarily relate to mine and landfill closure and post-closure costs. The following table reflects changes in the carrying values of asset retirement obligations:

(In millions)	June 30, 2008	December 31, 2007
Balance at beginning of year	**$ 40**	$ 33
Additional obligations incurred	**-**	1
Revisions in estimated closure costs	**(6)**	-
Foreign currency translation effects	**4**	3
Accretion expense	**2**	3
Balance at end of period	**$ 40**	$ 40

Certain asset retirement obligations related to disposal costs of certain 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 their fair value.

17. Variable Interest Entities

In accordance with Financial Accounting Standards Board Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities, an interpretation of ARB No. 51" (FIN 46R), U. S. Steel consolidates the following entities:

Clairton 1314B Partnership, L.P.

U. S. Steel is the sole general partner and there are two unaffiliated limited partners of the Clairton 1314B Partnership, L.P. (1314B Partnership), which owns two of the twelve coke batteries at Clairton Works. Because U. S. Steel is the primary beneficiary of this entity, U. S. Steel consolidates this partnership in its financial results. U. S. Steel is responsible for purchasing, operations and sales of coke and coke by-products. U. S. Steel has a commitment to fund operating cash shortfalls of the 1314B 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 prior to 2003 fail to qualify for credits under Section 29 of the Internal Revenue Code. Furthermore, U. S. Steel, under certain circumstances, has indemnified the 1314B Partnership for environmental obligations. See Note 20 for further discussion of commitments related to the 1314B Partnership.

Blackbird Acquisition Inc.

Blackbird Acquisition Inc. (Blackbird) is an entity established to facilitate the purchase and sale of certain fixed assets. U. S. Steel has no ownership interest in Blackbird. At June 30, 2008, there were no assets or liabilities consolidated through Blackbird.

U. S. Steel Receivables, LLC

U. S. Steel has a receivables purchase program. Trade accounts receivable are sold, on a daily basis without recourse, to U. S. Steel Receivables, LLC (USSR), a wholly owned consolidated special purpose entity. USSR can then sell revolving interests in up to $500 million of the receivables to certain commercial paper conduits. At December 31, 2007 and June 30, 2008, an additional $350 million and $360 million of accounts receivable could have been sold under this facility. The Receivables Purchase Agreement expires on September 25, 2010.

Daniel Ross Bridge, LLC
Daniel Ross Bridge, LLC (DRB) was established for the development of a 1,600 acre master-planned community in Hoover, Alabama. DRB manages the development and marketing of the property. The consolidation of DRB had an insignificant effect on U. S. Steel's results for the quarters and six month periods ended June 30, 2008 and 2007.

Chicago Lakeside Development, LLC
Chicago Lakeside Development, LLC (CLD) was established in 2006 to develop 275 acres of land that U. S. Steel owns in Chicago, Illinois. During the predevelopment phase of the project (originally expected to last approximately eighteen months, but extended for an additional twelve months in the fourth quarter of 2007), CLD will investigate the feasibility of the project and plan the development. U. S. Steel will contribute approximately 45 percent of the costs incurred during this phase. If CLD proceeds with the development, U. S. Steel will contribute its land to the entity for development. The consolidation of CLD reduced income from operations by $2 million and $3 million, respectively for the quarter and six months ended June 30, 2008, which was partially offset by minority interests of $1 million and $2 million, respectively. During the quarter and six months ended June 30, 2007, the consolidation of CLD reduced income from operations by $1 million and $3 million, respectively, which was partially offset by minority interests of $1 million and $2 million, respectively.

Gateway Energy & Coke Company, LLC
In the first quarter 2008, U. S. Steel entered into a coke supply agreement with Gateway Energy & Coke Company, LLC (Gateway), a wholly owned subsidiary of SunCoke Energy, Inc. Gateway has agreed to construct a heat recovery coke plant with an expected annual capacity of 651,000 tons of furnace coke at U. S. Steel's Granite City Works that is expected to begin operations in the fourth quarter of 2009. U. S. Steel has no ownership interest in Gateway; however, because U. S. Steel is the primary beneficiary of Gateway, U. S. Steel consolidates Gateway in its financial results. At June 30, 2008, Gateway had added approximately $31 million in net assets to our consolidated balance sheet, which were offset by minority interest. For the six months ended June 30, 2008, the consolidation of Gateway reduced income from operations by $3 million, which was offset by minority interest.

18. Comprehensive Income

The following table reflects the components of comprehensive income:

	Second Quarter Ended June 30,		Six Months Ended June 30,	
(In millions)	**2008**	**2007**	**2008**	**2007**
Net income	**$ 668**	$ 302	**$ 903**	$ 575
Changes in foreign currency translation adjustments, net of tax	**17**	19	**40**	53
Changes in employee benefit accounts, net of tax	**14**	24	**51**	44
Comprehensive income	**$ 699**	$ 345	**$ 994**	$ 672

19. Related Party Transactions

Net sales to related parties and receivables from related parties primarily reflect sales of steel products, transportation services and fees for providing various management and other support services to equity and other related parties. Generally, transactions are conducted under long-term market-based contractual arrangements. Related party sales and service transactions were

$330 million and $297 million for the quarters ended June 30, 2008 and 2007, respectively, and $623 million and $553 million for the six months ended June 30, 2008 and 2007, respectively. Sales to related parties were conducted under terms comparable to those with unrelated parties.

Purchases from equity investees for outside processing services amounted to $66 million and $9 million for the quarters ended June 30, 2008 and 2007, respectively, and $85 and $18 million for the six months ended June 30, 2008 and 2007, respectively. Purchases of taconite pellets from equity investees amounted to $53 million and $68 million for the quarter and six months ended June 30, 2008 respectively. There were no purchases of pellets from equity investees in 2007.

Accounts payable to related parties include balances due PRO-TEC Coating Company (PRO-TEC) of $73 million and $59 million at June 30, 2008 and December 31, 2007, respectively, for invoicing and receivables collection services provided by U. S. Steel. U. S. Steel, as PRO-TEC's exclusive sales agent, is responsible for credit risk related to those receivables. U. S. Steel also provides PRO-TEC marketing, selling and customer service functions. Payables to other equity investees totaled $15 million and $3 million at June 30, 2008 and December 31, 2007, respectively.

20. Contingencies and Commitments

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 – As of June 30, 2008, U. S. Steel was a defendant in approximately 350 active cases involving approximately 2,950 plaintiffs. Many of these cases involve multiple defendants (typically from fifty to more than one hundred). About 2,600 or approximately 88 percent, of these claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. Based upon U. S. Steel's experience in such cases, it believes that the actual number of plaintiffs who ultimately assert claims against U. S. Steel will likely be a small fraction of the total number of plaintiffs. During the six months ended June 30, 2008, U. S. Steel paid approximately $4 million in settlements. These settlements and other dispositions resolved approximately 350 claims. New case filings in the first six months of 2008 added approximately 300 claims. At December 31, 2007, U. S. Steel was a defendant in approximately 325 active cases involving approximately 3,000 plaintiffs. During 2007, U. S. Steel paid approximately $9 million in settlements. These settlements and other dispositions resolved approximately 1,230 claims. New case filings in 2007 added approximately 530 claims. Most claims filed in 2007 and 2008 involved individual or small groups of claimants as many jurisdictions no longer permit the filing of mass complaints.

Historically, these claims against U. S. Steel fall into three major groups: (1) claims made by persons who allegedly were exposed to asbestos at U. S. Steel facilities (referred to as "premises claims"); (2) claims made by industrial workers allegedly exposed to products manufactured by U. S. Steel; and (3) claims made under certain federal and general maritime laws by employees of former operations of U. S. Steel. In general, the only insurance available to U. S. Steel with

respect to asbestos claims is excess casualty insurance, which has multi-million dollar self-insured retentions. To date, U. S. Steel has received minimal payments under these policies relating to asbestos claims.

These asbestos cases allege a variety of respiratory and other diseases based on alleged exposure to asbestos. U. S. Steel is currently a defendant in cases in which a total of approximately 170 plaintiffs allege that they are suffering from mesothelioma. The potential for damages against defendants may be greater in cases in which the plaintiffs can prove mesothelioma.

In many cases in which claims have been asserted against U. S. Steel, the plaintiffs have been unable to establish any causal relationship to U. S. Steel or its products or premises; however, with the decline in mass plaintiff cases, the incidence of claimants actually alleging a claim against U. S. Steel is increasing. In addition, in many asbestos cases, the claimants have been unable to demonstrate that they have suffered any identifiable injury or compensable loss at all; that any injuries that they have incurred did in fact result from alleged exposure to asbestos; or that such alleged exposure was in any way related to U. S. Steel or its products or premises.

The amount U. S. Steel has accrued for pending asbestos claims is not material to U. S. Steel's financial position. U. S. Steel does not accrue for unasserted asbestos claims because it is not possible to determine whether any loss is probable with respect to such claims or even to estimate the amount or range of any possible losses. The vast majority of pending claims against U. S. Steel allege so-called "premises" liability based exposure on U. S. Steel's current or former premises. These claims are made by an indeterminable number of people such as truck drivers, railroad workers, salespersons, contractors and their employees, government inspectors, customers, visitors and even trespassers. In most cases the claimant also was exposed to asbestos in non-U. S. Steel settings; the relative periods of exposure between U. S. Steel and non-U. S. Steel settings vary with each claimant; and the strength or weakness of the causal link between U. S. Steel exposure and any injury vary widely.

It is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings due to the unpredictable nature of personal injury litigation. Despite this uncertainty, management believes that the ultimate resolution of these matters will not have a material adverse effect on U. S. Steel's financial condition, although the resolution of such matters could significantly impact results of operations for a particular quarter. Among the factors considered in reaching this conclusion are: (1) that over the last several years, the total number of pending claims has generally declined; (2) that it has been many years since U. S. Steel employed maritime workers or manufactured or sold asbestos containing products; and (3) U. S. Steel's history of trial outcomes, settlements and dismissals.

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 activities totaled $136 million at June 30, 2008, of which $20 million was classified as current, and $142 million at December 31, 2007, of which $20 million was classified as current. Expenses related to remediation are recorded in cost of sales and totaled $4 million and $3 million for the quarters ended June 30, 2008 and 2007, respectively, and $5 million and $7 million for the six months ended June 30, 2008 and 2007, 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. Due to uncertainties inherent in remediation projects and the associated liabilities, it is possible that total remediation costs for active matters may exceed the accrued liabilities by as much as 30 percent.

Remediation Projects

U. S. Steel is involved in environmental remediation projects at or adjacent to several current and former U. S. Steel facilities and other locations that are in various stages of completion ranging from initial characterization through post-closure monitoring. Based on the anticipated scope and degree of uncertainty of projects, we categorize projects as follows:

(1) *Projects with Ongoing Study and Scope Development* are those projects which are still in the study and development phase. For these projects the extent of remediation that may be required is not yet known, the remediation methods and plans are not yet developed, and cost estimates cannot be determined. Therefore material additional costs are reasonably possible.

(2) *Significant Projects with Defined Scope* are those projects with significant accrued liabilities, a defined scope and little likelihood of material additional costs.

(3) *Other Projects* include (a) those projects with relatively small accrued liabilities for which we believe that, while additional costs are possible, they are not likely to be material, and (b) projects for which we do not yet possess sufficient information to form a judgment about potential costs.

Projects with Ongoing Study and Scope Development – There are six environmental remediation projects where reasonably possible additional costs for completion are not currently estimable, but could be material. These projects are four Resource Conservation and Recovery Act (RCRA) programs (at Fairfield Works, Lorain Tubular, USS-POSCO Industries (UPI), and the Fairless Plant), a voluntary remediation program at the former steel making plant at Joliet, Illinois, and one state Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) program at the Duluth St. Louis Estuary and Upland Project. As of June 30, 2008, accrued liabilities for these projects totaled $3 million for the costs of studies, investigations, interim measures, remediation and/or design. Additional liabilities associated with future requirements regarding studies, investigations, design and remediation for these projects may prove insignificant or could range in the aggregate up to $35 million. The scope of the UPI and the Duluth projects, depending on agency negotiations, could become defined in 2008.

Significant Projects with Defined Scope – As of June 30, 2008, a total of $62 million was accrued for the West Grand Calumet Lagoon and other projects at or related to Gary Works where the scope of work is defined, including RCRA program projects, Natural Resource Damages (NRD) claims, completion of projects for the Grand Calumet River and the related Corrective Action Management Unit, and closure costs for three hazardous waste disposal sites and one solid waste disposal site, as well as the Municipal Industrial & Disposal Company CERCLA site in Elizabeth, PA, where the scope of the work is well developed. U. S. Steel does not expect material additional costs related to these projects.

At U. S. Steel’s former Geneva Works, liability for environmental remediation, including for the closure of three hazardous waste impoundments and facility-wide corrective action, has been allocated between U. S. Steel and Geneva Steel Company pursuant to an asset sales agreement and a permit issued by Utah Department of Environmental Quality. In December 2005, a third party purchased the Geneva site and assumed Geneva Steel’s rights and obligations under the asset sales agreement and the permit pursuant to a bankruptcy court order. U. S. Steel has reviewed environmental data concerning the project, has developed work plans, is conducting field investigations and has begun remediation on some areas of the site for which U. S. Steel has sole responsibility. U. S. Steel had an accrued liability of $20 million as of June 30, 2008 for its share of the remaining costs of remediation.

Other Projects – There are six other environmental remediation projects which each had an accrued liability of between $1 million and $5 million. The total accrued liability for these projects at June 30, 2008 was $14 million. These projects have progressed through a significant portion of the design phase and material additional costs are not expected.

The remaining environmental remediation projects each had an accrued liability of less than $1 million. The total accrued liability for these projects at June 30, 2008 was $10 million. We do not foresee material additional liabilities for any of these sites.

Post-Closure Costs – Accrued liabilities for post-closure site monitoring and other costs at various closed landfills totaled $19 million at June 30, 2008, and were based on known scopes of work.

Administrative and Legal Costs – As of June 30, 2008, U. S. Steel had an accrued liability of $6 million for administrative and legal costs related to environmental remediation projects. These accrued liabilities were based on projected administrative and legal costs for the next three years and do not change significantly from year to year.

Capital Expenditures – 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 first six months of 2008 and 2007, such capital expenditures totaled $29 million and $31 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. Acquisition of additional facilities, such as those included in the recent acquisitions of Lone Star and Stelco, increase these requirements.

In January 2008, USSS entered into an agreement with the Serbian government that commits us to spend approximately $50 million before the end of 2009 to improve the environmental performance of our facility. The money will be spent on various capital projects aimed at reducing gas emissions.

CO_2 Emissions – Many nations, including the United States, are considering regulation of CO_2 emissions. International negotiations to supplement or replace the 1997 Kyoto Protocol are ongoing. The integrated steel process involves a series of chemical reactions involving carbon that create CO_2 emissions. This distinguishes integrated steel producers from mini-mills and many other industries where CO_2 generation is generally linked to energy usage. The European Union has established greenhouse gas regulations; Canada has published details of a regulatory framework for greenhouse gas emissions, as discussed below; and the United States may establish regulations in the future. Such regulations may entail substantial capital expenditures, restrict production, and raise the price of coal and other carbon based energy sources.

In 2004, the European Commission (EC) approved Slovakia's national allocation plan, for the period 2005 through 2007 (NAP I), which granted USSK fewer emissions allowances than were ultimately required for USSK's CO_2 emissions. USSK purchased CO_2 allowances needed to cover its shortfall for the NAP I allocation period. Based on the actual value of allowances purchased, a short-term other liability of $2 million was recognized on the balance sheet as of December 31, 2007.

In July 2008, following approval by the EC of Slovakia's national allocation plan for the 2008 – 2012 trading period (NAP II), Slovakia has granted USSK more CO_2 allowances per year than USSK received for NAP I. The potential financial and/or operational impacts of NAP II are not currently determinable and will vary depending on USSK's levels of production, its ability to limit CO_2 emissions, and, if allowances must be purchased, their price at the time of purchase.

On April 26, 2007, Canada's federal government announced an Action Plan to Reduce Greenhouse Gases and Air Pollution (the Plan). The federal government plans to set mandatory reduction targets on all major greenhouse gas producing industries to achieve an absolute reduction of 150 megatonnes in greenhouse gas emissions from 2006 levels by 2020. On March 10, 2008, Canada's federal government published a Regulatory Framework for Industrial Greenhouse Gas Emissions (the Framework). The Plan and the Framework provide that facilities operating in 2006 will be required to cut their greenhouse gas emissions intensity by 18 percent by 2010 with a further 2 percent reduction in each following year. Companies will be able to choose the most cost-effective way to meet their targets from a range of options including in-house reductions, contributions to a capped technology fund, domestic emissions trading and offsets and access to the Kyoto Protocol's Clean Development Mechanism. Companies that have already reduced their greenhouse gas emissions prior to 2006 may be eligible for a limited one-time credit for early action. The Plan includes reduction targets for other air pollutants, such as nitrogen oxide and sulfur oxide. The Framework effectively exempts fixed process emissions of CO_2, which could exclude certain iron and steel producing CO_2 emissions from mandatory reductions. The draft regulations implementing the Framework are expected in late 2008. The impact on USSC cannot be estimated at this time.

Environmental and other indemnifications – Throughout its history, U. S. Steel has sold numerous properties and businesses and many of these sales included indemnifications and cost sharing agreements related to the assets that were sold. These indemnifications and cost sharing agreements have related to the condition of the property, the approved use, certain representations and warranties, matters of title and environmental matters. While most of these provisions have not specifically dealt with environmental issues, there have been transactions in which U. S. Steel indemnified the buyer for non-compliance with past, current and future environmental laws related to existing conditions and there can be questions as to the applicability of more general indemnification provisions to environmental matters. Most recent indemnifications and cost sharing agreements are of a limited nature only applying to non-compliance with past and/or current laws. Some indemnifications and cost sharing agreements only run for a specified period of time after the transactions close and others run indefinitely. In addition, current owners of property formerly owned by U. S. Steel may have common law claims and contribution rights against U. S. Steel for environmental matters. The amount of potential environmental liability associated with these transactions and properties is not estimable due to the nature and extent of the unknown conditions related to the properties sold. Aside from the environmental liabilities already recorded as a result of these transactions due to specific environmental remediation activities and cases (included in the $136 million of accrued liabilities for remediation discussed above), there are no other known environmental liabilities related to these transactions.

Contingencies related to the Separation from Marathon – In the event of the bankruptcy of Marathon, certain of U. S. Steel's operating lease obligations in the amount of $30 million as of June 30, 2008 may be declared immediately due and payable.

NIPSCO Litigation Reserve – In March 2008, the Indiana Court of Appeals reversed a previous decision of the Indiana Utilities Regulatory Commission involving a rate escalation provision in U. S. Steel's electric power supply contract with Northern Indiana Public Service Company. U. S. Steel is seeking further judicial review of this decision, but a reserve of $45 million related to prior year effects was established in the first quarter.

Wabush – Before U. S. Steel's October 31, 2007 acquisition of USSC, Cleveland Cliffs Inc. (Cliffs) and USSC received and accepted a non-binding offer dated June 6, 2007 from Consolidated Thompson Iron Mines Limited (Consolidated) to purchase USSC's 44.6 percent interest and Cliffs' 26.8 percent interest in Wabush for a purchase price of $64.3 million plus two year warrants to purchase 3 million shares of Consolidated common stock. This offer stated: "The

acceptance of this offer by Cliffs and Stelco [USSC] shall not create any legally enforceable rights, other than the provisions of section 5, 14 and 15 of the attached." (Those sections contained limited exclusivity, confidentiality and choice of law provisions.) On August 30, 2007, ArcelorMittal Dofasco, Inc. (Dofasco) purported to exercise a right of first refusal under the Participants Agreement dated as of January 1, 1967 governing Wabush. On March 4, 2008, following several months of unsuccessful negotiations over many of the major terms of the purchase and sale, USSC and Cliffs informed Dofasco that they were withdrawing from further negotiations. On March 20, 2008, Dofasco served USSC with a statement of claim filed in the Ontario Superior Court of Justice seeking a court order requiring Cliffs and USSC to sell their interests in Wabush to Dofasco and to pay C$427 million (approximately $419 million) or, alternatively, to pay damages of C$1.80 billion (approximately $1.77 billion). USSC is vigorously defending this action and does not believe it has any liability to Dofasco regarding this matter.

Randall Reef – The Canadian and Ontario governments have identified a sediment deposit in Hamilton Harbor near USSC's Hamilton Works for remediation, which the regulatory agencies estimate will require expenditures of approximately C$90 million (approximately $88 million). The national and provincial governments have each allocated C$30 million (approximately $29 million) for this project and they have stated that they will be looking for local sources, including industry, to fund the remaining C$30 million (approximately $29 million). USSC has committed to supply the steel necessary for the proposed encapsulation and has accrued C$7 million (approximately $7 million). Additional contributions may be sought.

Other contingencies – 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 $16 million at June 30, 2008). 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.

1314B Partnership – See description of the partnership in Note 17. 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 prior to 2003 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, 2008, including interest and tax gross-up, is approximately $650 million. Furthermore, U. S. Steel under certain circumstances has indemnified the partnership for environmental and certain other obligations. See discussion of environmental and other indemnifications 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 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 $131 million as of June 30, 2008, 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, 2008, U. S. Steel's contract commitments to acquire property, plant and equipment totaled $343 million.

U. S. Steel is party to a take-or-pay arrangement that expires in 2017. Under this arrangement, U. S. Steel is required to pay a minimum monthly facility fee of approximately $1 million per month. U. S. Steel cannot elect to terminate this contract early unless associated steelmaking operations at Fairfield Works are shut down. If associated steelmaking operations are shut down after January 1, 2013, a maximum termination payment of $15 million is due.

U. S. Steel is party to a take-or-pay arrangement for information technology related services that expires in 2012. Under this arrangement, U. S. Steel is required to contract for services, with annual minimum spending commitments ranging from $19 million to $31 million for a total minimum spending commitment of $120 million over the five year term. If U. S. Steel elects to terminate the contract early, payment for the outstanding balance of the $120 million commitment is required and termination fees may apply.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain sections of Management's Discussion and Analysis include forward-looking statements concerning trends or events potentially affecting the businesses of United States Steel Corporation (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 Item 1A. Risk Factors and "Supplementary Data – Disclosures About Forward-Looking Statements" in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2007. References in this Quarterly Report on Form 10-Q to "U. S. Steel", "the Company", "we", "us" and "our" refer to U. S. Steel and its consolidated subsidiaries unless otherwise indicated by the context.

RESULTS OF OPERATIONS

Net sales by segment for the second quarter and first six months of 2008 and 2007 are set forth in the following table:

	Quarter Ended June 30,		%	Six Months Ended June 30,		%
(Dollars in millions, excluding intersegment sales)	**2008**	2007	Change	**2008**	2007	Change
Flat-rolled Products (Flat-rolled)	**$4,010**	$2,509	60%	**$ 7,165**	$ 4,698	53%
U. S. Steel Europe (USSE)	**1,760**	1,239	42%	**3,116**	2,399	30%
Tubular Products (Tubular)	**912**	405	125%	**1,533**	761	101%
Total sales from reportable segments	**6,682**	4,153	61%	**11,814**	7,858	50%
Other Businesses	**62**	75	-17%	**126**	126	0%
Net sales	**$6,744**	$4,228	60%	**$ 11,940**	$ 7,984	50%

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the quarter ended June 30, 2008 versus the quarter ended June 30, 2007 is set forth in the following table:

Quarter Ended June 30, 2008 versus Quarter Ended June 30, 2007

	Steel Products [a]				Coke & Other	Net Change
	Volume	Price	Mix	FX [b]		
Flat-rolled	40%	21%	-2%	0%	1%	60%
USSE	5%	21%	0%	14%	2%	42%
Tubular	91%	25%	3%	0%	6%	125%

(a) Excludes intersegment sales
(b) Currency translation effects

Net sales were $6,744 million in the second quarter of 2008, compared with $4,228 million in the same quarter last year. The increase in sales for the Flat-rolled segment primarily reflected increased shipments, primarily due to the inclusion of U. S. Steel Canada Inc. (USSC) in 2008, and higher average realized prices (up $125 per ton). The increase in sales for the European segment was primarily due to higher average realized euro-based prices and favorable currency effects. Including

the currency effects, average realized prices increased $260 per ton from the same period last year. The increase in sales for the Tubular segment resulted primarily from higher shipments, mainly as a result of the inclusion of Lone Star Technologies, Inc. (Lone Star) for the entire quarter in 2008, and higher average realized prices (up $301 per ton).

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the six months ended June 30, 2008 versus the six months ended June 30, 2007 is set forth in the following table:

Six Months Ended June 30, 2008 versus Six Months Ended June 30, 2007

	Steel Products [a]				Coke & Other	Net Change
	Volume	Price	Mix	FX [b]		
Flat-rolled	41%	13%	-2%	0%	1%	53%
USSE	2%	13%	1%	13%	1%	30%
Tubular	83%	10%	3%	0%	5%	101%

(a) Excludes intersegment sales
(b) Currency translation effects

Net sales were $11,940 million in the first six months of 2008, compared with $7,984 million in the same period last year. Sales for the Flat-rolled segment were higher due mainly to higher shipments, primarily due to the inclusion of USSC in 2008, and higher average realized prices (up $62 per ton). Sales for USSE increased mainly as a result of higher average realized prices and favorable currency effects. Including the currency effects, average realized prices increased $193 per ton from the same period last year. Tubular sales were up due primarily to increased shipments as a result of the inclusion of Lone Star for the entire six months of 2008, and higher average realized prices (up $98 per ton).

Operating expenses

Total operating expenses as a percent of sales were 86 percent in the second quarter of 2008, compared to 91 percent in the second quarter of 2007. The increase in average realized prices outpaced the increase in unit production costs resulting primarily from higher raw materials and energy costs. Total operating expenses as a percent of sales were 90 percent in the first six months of 2008, compared to 91 percent in the first six months of 2007.

Profit-based union payments

(Dollars in millions)	Quarter Ended June 30, 2008	Quarter Ended June 30, 2007	% Change	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	% Change
Allocated to segment results	**$ 73**	$ 34	115%	**$ 97**	$ 65	49%
Retiree benefit expenses	**-**	29	-100%	**-**	54	-100%
Total	**$ 73**	$ 63	16%	**$ 97**	$ 119	-18%

Results for 2008 and 2007 include costs related to profit-based payments pursuant to the provisions of the 2003 labor agreement negotiated with the United Steelworkers (USW), and to payments pursuant to agreements with other unions. All of these costs are included in cost of sales on the statement of operations.

Profit-based payment amounts per the agreement with the USW are calculated as a percentage of consolidated income from operations after special items (as defined in the agreement) and are paid as

profit sharing to active union employees based on 7.5 percent of profit between $10 and $50 per ton and 10 percent of profit above $50 per ton. Amounts in 2007 also include costs related to a trust to be used to assist retirees from National Steel with health care costs. This profit-based expense related to National Steel retirees was eliminated beginning with the fourth quarter of 2007 pursuant to an agreement with the USW. For further information, see U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2007.

Pension and other benefits costs

Defined benefit and multiemployer pension plan costs totaled $15 million in the second quarter of 2008, compared to $27 million in the second quarter of 2007. Defined benefit and multiemployer pension plan costs totaled $29 million in the first six months of 2008, compared to $56 million in the first six months of 2007. The decreases primarily reflect the improved funded status of the main U. S. Steel pension plan. Costs related to defined contribution plans totaled $9 million and $17 million in the second quarter and first six months of 2008, respectively, compared to $6 million and $12 million in last year's second quarter and first half, respectively.

Other benefits costs, including multiemployer plans, totaled $34 million and $68 million in the second quarter and first six months of 2008, respectively, compared to $31 million and $62 million in the corresponding periods of 2007.

Selling, general and administrative expenses

Selling, general and administrative expenses were $171 million in the second quarter of 2008, compared to $138 million in the second quarter of 2007. Selling, general and administrative expenses were $313 million in the first six months of 2008, compared to $277 million in the first six months of 2007. The increases in both periods mainly resulted from increased expenses related to our 2007 acquisitions of USSC and Lone Star and higher compensation expense, partially offset by lower pension and retiree medical costs.

Income from operations by segment for the second quarters of 2008 and 2007 is set forth in the following table:

	Quarter Ended June 30,		%	Six Months Ended June 30,		%
(Dollars in millions)	**2008**	2007	Change	**2008**	2007	Change
Flat-rolled	**$ 478**	$ 92	420%	**$ 598**	$ 167	258%
USSE	**298**	244	22%	**459**	450	2%
Tubular	**177**	97	82%	**228**	199	15%
Total income from reportable segments	**953**	433	120%	**1,285**	816	57%
Other Businesses	**6**	1	500%	**1**	3	-67%
Segment income from operations	**959**	434	121%	**1,286**	819	57%
Retiree benefit expenses	**1**	(43)		**2**	(82)	
Other items not allocated to segments:						
Flat-rolled inventory transition effects	**(6)**	-		**(23)**	-	
Litigation reserve	**-**	-		**(45)**	-	
Total income from operations	**$ 954**	$ 391	144%	**$ 1,220**	$ 737	66%

Segment results for Flat-rolled

	Quarter Ended June 30,		%	Six Months Ended June 30,		%
	2008	2007	Change	**2008**	2007	Change
Income from operations ($ millions)	**$ 478**	$ 92	420%	**$ 598**	$ 167	258%
Raw steel production (mnt)	**5,614**	4,116	36%	**11,172**	7,829	43%
Capability utilization	**92.7%**	85.1%	9%	**92.2%**	81.4%	13%
Steel shipments (mnt)	**4,849**	3,599	35%	**9,550**	6,787	41%
Average realized steel price per ton	**$ 777**	$ 652	19%	**$ 713**	$ 651	10%

The increase in Flat-rolled income in the second quarter and first six months of 2008 as compared to the same periods in 2007 resulted mainly from higher commercial effects (approximately $640 million and $740 million, respectively) and increased income from semi-finished steel sales to Tubular (approximately $180 million and $240 million, respectively). These were partially offset by higher raw materials (approximately $350 million and $520 million, respectively) and energy (approximately $60 million and $90 million, respectively) costs. In addition, for the six-month period, segment income benefited by approximately $90 million from improved operating efficiencies.

Segment results for USSE

	Quarter Ended June 30,		%	Six Months Ended June 30,		%
	2008	2007	Change	**2008**	2007	Change
Income from operations ($ millions)	**$ 298**	$ 244	22%	**$ 459**	$ 450	2%
Raw steel production (mnt)	**1,925**	1,865	3%	**3,833**	3,664	5%
Capability utilization	**104.3%**	100.8%	3%	**103.9%**	99.5%	4%
Steel shipments (mnt)	**1,696**	1,616	5%	**3,334**	3,268	2%
Average realized steel price per ton	**$ 986**	$ 726	36%	**$ 890**	$ 697	28%

The increases in USSE income in the second quarter and first six months of 2008 as compared to the same periods in 2007 were primarily due to higher commercial effects (approximately $280 million and $330 million, respectively), offset by higher raw materials costs (approximately $230 million and $330 million, respectively).

Segment results for Tubular

	Quarter Ended June 30,		%	Six Months Ended June 30,		%
	2008	2007	Change	**2008**	2007	Change
Income from operations ($ millions)	**$ 177**	$ 97	82%	**$ 228**	$ 199	15%
Steel shipments (mnt)	**500**	288	74%	**933**	535	74%
Average realized steel price per ton	**$1,690**	$1,389	22%	**$ 1,508**	$ 1,410	7%

The increases in Tubular income in the second quarter and first six months of 2008 as compared to the same periods last year mainly resulted from higher commercial effects (approximately $170 million in both periods), partially offset by increased costs for semi-finished steel (approximately $90 million and $140 million, respectively).

Results for Other Businesses

Other Businesses generated income of $6 million in the second quarter of 2008, compared to income of $1 million in the second quarter of 2007. Other Businesses generated income of $1 million in the first half of 2008, compared to income of $3 million in the same period last year.

Items not allocated to segments

The change in **retiree benefit income (expenses)** compared to the second quarter last year primarily resulted from the elimination of the profit-based expense related to certain former National Steel employees (See "Operating expenses – Profit-based union payments") and the improved funded status of the main pension plan.

Flat-rolled inventory transition effects of $6 million unfavorable and $23 million unfavorable, respectively, in the second quarter and first six months of 2008 reflected the impact of selling inventory acquired in the acquisition of USSC, which had been recorded at fair value.

A **litigation reserve** of $45 million was established in the first quarter of 2008 as a result of a ruling by the Indiana Court of Appeals involving a rate escalation provision in U. S. Steel's power supply contract with Northern Indiana Public Service Company. U. S. Steel is seeking further judicial review of this ruling.

Net interest and other financial costs

	Quarter Ended June 30,		%	Six Months Ended June 30,		%
(Dollars in millions)	**2008**	2007	Change	**2008**	2007	Change
Interest and other financial costs	**$ 45**	$ 34[a]	32%	**$ 94**	$ 62[a]	52%
Interest income	**(3)**	(25)[a]	-88%	**(8)**	(47)[a]	-83%
Foreign currency (gains) losses	**(17)**	2		**(93)**	(2)	
Charge from early extinguishment of debt	**-**	23		**-**	26	
Total	**$ 25**	$ 34	-26%	**$ (7)**	$ 39	-118%

[a] The quarter and six months ended June 30, 2007 include $6 million and $12 million, respectively, of interest expense and interest income related to the obligation to provide benefits for National Steel retirees that was settled in the fourth quarter of 2007. For further information, see U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2007.

The favorable change in net interest and other financial costs in the 2008 periods compared to the same periods last year was mainly due to higher foreign currency gains and lower interest expense related to our 9 3/4% Senior Notes that were redeemed in June 2007, partially offset by increased interest expense resulting from debt incurred to fund the acquisitions of Lone Star and USSC (For further information, see "Liquidity"). The foreign currency gains include remeasurement effects on a U.S. dollar-denominated intercompany loan (the intercompany loan) to a European affiliate that had an outstanding balance of $1.1 billion at June 30, 2008. These effects were partially offset by euro-U.S. dollar derivatives activity, which we use to mitigate our foreign currency exposure. In early July, the balance on the intercompany loan was reduced to $836 million. For additional information on U. S. Steel's foreign currency exchange activity, see Note 14 to Financial Statements and "Item 3 **.** Quantitative and Qualitative Disclosures about Market Risk – Foreign Currency Exchange Rate Risk."

The **provision for income taxes in** the second quarter and first six months of 2008 was $255 million and $313 million, compared with $53 million and $119 million in the respective periods in 2007. The

effective tax rate has increased in 2008 as compared to 2007 principally as a result of a change in the mix of domestic and foreign earnings, as well as the expected utilization of the remaining tax credits under the Slovak Income Tax Act as discussed below.

The provisions of the Slovak Income Tax Act permit U. S. Steel Košice (USSK) to claim a tax credit of 50 percent of the current statutory rate of 19 percent for the years 2005 through 2009. Based on the credits previously used and forecasts of future taxable income, management anticipates fully utilizing the remaining $25 million of credits in 2008.

At June 30, 2008, the net domestic deferred tax liability was $120 million.

At June 30, 2008, the foreign deferred tax assets recorded were $28 million, net of an established valuation allowance of $397 million. Net foreign deferred tax assets will fluctuate as the value of the U.S. dollar changes with respect to the euro, the Slovak koruna, the Canadian dollar and the Serbian dinar. A full valuation allowance is recorded for Serbian deferred tax assets because current projected investment tax credits, which must be used before net operating loss and credit carryforwards, are more than sufficient to offset future tax liabilities. A full valuation allowance is provided for Canadian deferred tax assets due to a recent history of losses, particularly before U. S. Steel acquired USSC. As USSC and U. S. Steel Serbia, d.o.o. (USSS) generate sufficient income, the valuation allowances of $243 million for Canadian deferred tax assets, including $204 million pre-acquisition, and $147 million for Serbian deferred tax assets as of June 30, 2008, would be partially or fully reversed at such time that it is more likely than not that the deferred tax assets will be realized. (If any portion of the $204 million of the valuation allowance at USSC is reversed prior to January 1, 2009, it will result in a decrease to goodwill. In accordance with Financial Accounting Standard 141(R) "Business Combinations," any reversals of this amount made after January 1, 2009 will result in a decrease to tax expense.)

We expect the annual effective tax rate in 2008 to be approximately 27 percent.

For further information on income taxes see Note 11 to Financial Statements.

U. S. Steel's **net income** was $668 million in the second quarter of 2008, compared to $302 million in the second quarter of 2007. U. S. Steel's **net income** was $903 million in the first six months of 2008, compared to $575 million in the same period last year. The increases primarily reflect the factors discussed above.

BALANCE SHEET

Receivables increased by $1,106 million from year-end 2007 as second quarter 2008 average realized prices and shipment volumes increased compared to the fourth quarter of 2007.

Accounts payable increased by $627 million from year-end 2007 primarily due to increased production and higher raw materials costs compared to the fourth quarter of 2007.

Accrued taxes increased by $187 million from year-end 2007 primarily because the December 31, 2007 amount included a receivable for an anticipated refund that has been received, and because of the higher tax provision for 2008 as compared to 2007.

CASH FLOW

Net cash provided from operating activities was $463 million for the first six months of 2008, compared with $856 million in the same period last year. Cash from operating activities in each of the first halves of 2008 and 2007 was reduced by $70 million of voluntary contributions to our main defined

benefit pension plan in the United States. We plan to make additional voluntary contributions in the second half of 2008. In the first half of 2008, cash from operating activities was also reduced by required cash contributions of $41 million to USSC's main defined benefit pension plans. Additionally, pursuant to a December 2007 agreement with the USW, we made payments of $43 million in the first six months of 2008 to our trust for retiree health care and life insurance to provide benefits to certain former National Steel employees and their eligible dependents. For further information regarding this agreement, see U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2007.

Capital expenditures in the first six months of 2008 were $340 million, compared with $250 million in the same period in 2007. Flat-rolled expenditures were $228 million and included spending for modernization of our cokemaking facilities, including expenditures for construction of a co-generation facility at Granite City Works, and development of an enterprise resource planning (ERP) system. USSE expenditures of $81 million included spending at USSK for the reline of the No.1 blast furnace and spending for development of the ERP system.

U. S. Steel's domestic contract commitments to acquire property, plant and equipment at June 30, 2008, totaled $343 million.

Capital expenditures for 2008 are expected to be approximately $940 million.

Common stock repurchased in the first six months of 2008 totaled 625,000 shares.

Dividends paid in the first six months of 2008 were $59 million, compared with $47 million in the same period in 2007. Payments in the first six months of 2008 reflected a quarterly dividend rate of 25 cents per common share. Payments in the first six months of 2007 reflected a quarterly dividend rate of 20 cents per common share.

LIQUIDITY AND CAPITAL RESOURCES

U. S. Steel has a $500 million Receivables Purchase Agreement (RPA) with financial institutions that expires in September 2010. For further information regarding the RPA, see the discussion in the "Liquidity" section of U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2007. As of June 30, 2008, U. S. Steel had more than $500 million of eligible receivables, $140 million of which were sold.

U. S. Steel has a $750 million unsecured five-year revolving credit facility with a group of lenders and JPMorgan Chase Bank, N.A. as administrative agent (Credit Facility). The Credit Facility has an interest coverage ratio (consolidated earnings before interest, taxes, depreciation and amortization (EBITDA) to consolidated interest expense) covenant of 2:1 and a leverage ratio (consolidated debt to consolidated EBITDA) covenant of 3.25:1, and other customary terms and conditions, including limitations on liens and mergers. As of June 30, 2008, we had no borrowings against this facility.

At June 30, 2008, USSK had no borrowings against its €40 million and €20 million credit facilities (which approximated $95 million), but had $7 million of customs and other guarantees outstanding, reducing availability to $88 million. Both facilities expire in December 2009.

At June 30, 2008, USSS had no borrowings against its €25 million facility (which approximated $39 million). This facility is secured by USSS's inventory of finished and semi-finished goods and expires September 28, 2008.

On May 21, 2007, we issued $300 million principal amount of 5.65% Senior Notes due 2013, $450 million principal amount of 6.05% Senior Notes due 2017 and $350 million principal amount of

6.65% Senior Notes due 2037 (collectively, the “Three Senior Notes”). The Three Senior Notes contain covenants restricting our ability to create liens and engage in sale-leasebacks and requiring the purchase of the Three Senior Notes upon a change of control under specified circumstances, as well as other customary provisions. For further details regarding the Three Senior Notes, see U. S. Steel’s Current Report on Form 8-K filed on May 22, 2007.

On June 11, 2007, U. S. Steel entered into an unsecured $500 million five-year term loan agreement (Five-Year Loan Agreement) with a group of lenders and JPMorgan Chase Bank, N.A. as Administrative Agent. The Five-Year Loan Agreement contains the same financial covenants and limitations as the Credit Facility, as well as mandatory principal repayments of $25 million per year. As of June 30, 2008, $475 million was outstanding under the Five-Year Loan Agreement. For further details regarding the Five-Year Loan Agreement, see U. S. Steel’s Current Report on Form 8-K filed on June 11, 2007.

On October 12, 2007, U. S. Steel entered into an unsecured $500 million Three-Year Term Loan Agreement which contains the same financial covenants and limitations as the Credit Facility. As of June 30, 2008, $500 million remained outstanding. For further details regarding the Three-Year Term Loan Agreement, see U. S. Steel’s Current Report on Form 8-K filed on October 16, 2007.

On December 10, 2007, U. S. Steel issued $500 million principal amount of 7.00% Senior Notes due 2018 (2018 Senior Notes). The 2018 Senior Notes contain covenants restricting our ability to create liens and engage in sale-leasebacks and requiring the purchase of the 2018 Senior Notes upon a change of control under specified circumstances, as well as other customary provisions. For further details regarding the 2018 Senior Notes, see U. S. Steel’s Current Report on Form 8-K filed on December 10, 2007. The proceeds of the offering were used to repay the $400 million One-Year Loan Agreement incurred to finance a portion of the acquisition of USSC and for general corporate purposes.

On July 2, 2008, USSK entered into a €200 million (approximately $317 million) three-year revolving unsecured credit facility. Interest on borrowings under the facility is based on a spread over EURIBOR or LIBOR, and the agreement contains customary terms and conditions. On July 7, 2008, € 200 million was drawn against this facility, and the proceeds were used to reduce the intercompany loan. Subsequently, $300 million of the three-year term loan was retired.

We were in compliance with all of our debt covenants at June 30, 2008.

We use surety bonds, trusts and letters of credit to provide financial assurance for certain transactions and business activities. The use of some forms of financial assurance and collateral have a negative impact on liquidity. U. S. Steel has committed $107 million of liquidity sources for financial assurance purposes as of June 30, 2008, and expects to commit an additional $18 million during the third quarter.

In the event of the bankruptcy of Marathon Oil Corporation, obligations of $501 million relating to Environmental Revenue Bonds and two capital leases, as well as $30 million relating to an operating lease, may be declared immediately due and payable.

The following table summarizes U. S. Steel's liquidity as of June 30, 2008:

(Dollars in millions)

Cash and cash equivalents [a]	$ 359
Amount available under Receivables Purchase Agreement	360
Amount available under $750 Million Credit Facility	750
Amounts available under USSK credit facilities	88
Amounts available under USSS credit facilities	39
Total estimated liquidity	$ 1,596

(a) Excludes $32 million of cash primarily related to the Clairton 1314B Partnership because it is not available for U. S. Steel's use.

Our liquidity at June 30, 2008 was essentially unchanged from December 31, 2007.

U. S. Steel management believes that U. S. Steel's liquidity will be adequate to satisfy its obligations for the foreseeable future, including funding obligations for new joint ventures and 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, scheduled debt maturities, contributions to employee benefit plans, 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, refinancings and other external financing sources. This opinion is a forward-looking statement based upon currently available information. To the extent that operating cash flow is materially lower than current levels or external financing sources are not available on terms competitive with those currently available, including increases in interest rates, future liquidity may be adversely affected.

Off-balance Sheet Arrangements

U. S. Steel did not enter into any new off-balance sheet arrangements during the first half of 2008.

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 and similar obligations in Europe, although ongoing compliance costs have also been significant. To the extent that these expenditures, as with all costs, are not ultimately reflected in the prices of our products and services, operating results will be reduced. U. S. Steel believes that our major North American and many European integrated steel competitors are confronted by substantially similar conditions and thus does not believe that our 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 our competitive position with regard to domestic mini-mills, some foreign steel producers (particularly in developing economies such as China) and producers of materials which compete with steel, all of which may not be required to incur 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. U. S. Steel is also responsible for remediation costs related to our prior disposal of environmentally sensitive materials. Most of our competitors do not have similar historic liabilities.

Our U.S. facilities are subject to the U.S. environmental standards, including the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, Natural Resource Damage

Assessments and the Comprehensive Environmental Response, Compensation and Liability Act, as well as state and local laws and regulations.

USSC is subject to the environmental laws of Canada, which are comparable to environmental standards in the United States. Environmental regulation in Canada is an area of shared responsibility between the federal government and the provincial governments, which in turn delegate certain matters to municipal governments. Federal environmental statutes include the federal Canadian Environmental Protection Act, 1999 and the Fisheries Act. Various provincial statutes regulate environmental matters such as the release and remediation of hazardous substances; waste storage, treatment and disposal; and air emissions. As in the United States, Canadian environmental laws (federal, provincial and local) are undergoing revision and becoming more stringent.

USSK is subject to the environmental laws of Slovakia and the European Union (EU).

USSS is subject to the environmental laws of Serbia. Under the terms of the acquisition, USSS will be responsible for only those costs and liabilities associated with environmental events occurring subsequent to the completion of an environmental baseline study. The study was completed in June 2004 and submitted to the Government of Serbia.

Many nations, including the United States, are considering regulation of carbon dioxide (CO_2) emissions. International negotiations to supplement or replace the 1997 Kyoto Protocol are ongoing. The integrated steel process involves a series of chemical reactions involving carbon that create CO_2 emissions. This distinguishes integrated steel producers from mini-mills and many other industries where CO_2 generation is generally linked to energy usage. The EU has established greenhouse gas regulations; Canada has published details of a regulatory framework for greenhouse gas emissions as discussed below; and the United States may establish regulations in the future. Such regulations may entail substantial capital expenditures, restrict production, and raise the price of coal and other carbon-based energy sources.

To comply with the 1997 Kyoto Protocol to the United Nations Framework Convention on Climate Change, the European Commission (EC) has created an Emissions Trading System (ETS). Under the ETS, the EC establishes CO_2 emissions limits for every EU member state and approves grants of CO_2 emission allowances to individual emitting facilities pursuant to national allocation plans that are proposed by each of the member states. The allowances can be bought and sold by emitting facilities to cover the quantities of CO_2 they emit in their operations. In 2004, the EC approved Slovakia's national allocation plan, for the period 2005 through 2007 (NAP I), which granted USSK fewer emissions allowances than were ultimately required for USSK's CO2 emissions. USSK purchased allowances to cover its shortfall for the NAP I allocation period. Based on the actual value of allowances purchased, a short-term other liability of $2 million was recognized on the balance sheet as of December 31, 2007.

In July 2008, following approval by the EC of Slovakia's national allocation plan for the 2008 – 2012 trading period (NAP II), Slovakia has granted USSK more CO_2 allowances per year than USSK received for NAP I. The potential financial and/or operational impacts of NAP II are not currently determinable and will vary depending on USSK's levels of production, its ability to limit CO_2 emissions, and, if allowances must be purchased, their price at the time of purchase.

On April 26, 2007, Canada's federal government announced an Action Plan to Reduce Greenhouse Gases and Air Pollution (the Plan). The federal government plans to set mandatory reduction targets on all major greenhouse gas producing industries to achieve an absolute reduction of 150 megatonnes in greenhouse gas emissions from 2006 levels by 2020. On March 10, 2008, Canada's federal government published details of its Regulatory Framework for Industrial Greenhouse Gas Emissions

(the Framework). The Plan and the Framework provide that facilities existing in 2006 will be required to cut their greenhouse gas emissions intensity by 18 percent by 2010, with a further 2 percent reduction in each following year. Companies will be able to choose the most cost-effective way to meet their targets from a range of options. The Framework effectively exempts fixed process emissions of CO_2, which could exclude certain iron and steel producing CO_2 emissions from mandatory reductions. Certain provinces have enacted climate change rules and Ontario may also do so. The draft regulations implementing the Framework are expected in late 2008. The impact on USSC cannot be estimated at this time.

U. S. Steel has been notified that we are a potentially responsible party (PRP) at 21 sites under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) as of June 30, 2008. In addition, there are 13 sites related to U. S. Steel where we have received information requests or other indications that we 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 43 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. See Note 20 to Financial Statements.

For discussion of relevant environmental items, see "Part II. Other Information – Item 1. Legal Proceedings – Environmental Proceedings."

During the second quarter of 2008, U. S. Steel accrued $4 million for environmental matters for domestic and foreign facilities. The total accrual for such liabilities at June 30, 2008 was $136 million. These amounts exclude liabilities related to asset retirement obligations under Statement of Financial Accounting Standards No. 143.

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

We expect third quarter 2008 to be another excellent quarter with continued earnings improvement as price increases implemented during the second quarter and early in the third quarter are expected to improve average realized prices for each of our reportable segments.

For Flat-rolled, third quarter results are expected to improve substantially from the second quarter, reflecting continued realization of price increases. Raw steel capability utilization and shipments are expected to remain near the second quarter level and raw materials costs are expected to increase.

Third quarter results are expected to decrease for USSE. While average realized prices should be higher, raw materials costs are also expected to increase, and shipments and operating costs will be negatively affected by a planned blast furnace reline at USSK that is scheduled to begin shortly and continue into the fourth quarter.

Third quarter results for Tubular are expected to increase significantly as price increases continue to be realized. Semi-finished steel costs will increase and shipments are expected to be at about the second quarter level.

We are currently negotiating with the United Steelworkers for a replacement of the agreement covering most of our domestic operations. We expect to have the new agreement in place before the September 1 expiration of the current agreement.

This outlook contains forward-looking statements with respect to market conditions, operating costs, shipments and prices. Some factors, among others, that could affect market conditions, costs, shipments and prices for both North American operations and USSE include global product demand, prices and mix; global and company steel production levels; plant operating performance; the timing and completion of facility projects; natural gas and electricity prices and usage; raw materials and transportation prices and availability; the impact of fixed prices in energy and raw materials contracts (many of which have terms of one year or longer) as compared to short-term contract and spot prices for steel products; changes in environmental, tax, pension and other laws; the terms of replacement collective bargaining agreements; employee strikes or other labor issues; 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 and its agencies. Economic conditions and political factors in Europe and Canada that may affect USSE's and USSC's results include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, government instability, political unrest, regulatory changes, export quotas, tariffs, and other protectionist measures. 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, 2007, and in subsequent filings for U. S. Steel.

INTERNATIONAL TRADE

On April 3, 2008, U. S. Steel, along with Maverick Tube Corporation, Tex-Tube Company and the United Steelworkers filed antidumping and countervailing duty petitions with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC) for welded line pipe up to and including 16 inches against China, and antidumping petitions against Korea. If the case is successful, duties will be imposed on imports from these countries to offset the margin of unfair trade that may exist on any U.S. sales of this product from these countries. The DOC has initiated investigations on all of these cases and on May 16, 2008, in its preliminary injury decision, the ITC voted to continue the investigation. Final determinations as to whether to impose relief will take place some time in the first half of next year.

ACCOUNTING STANDARDS

In May 2008, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standard (FAS) No. 162, "The Hierarchy of Generally Accepted Accounting Principles" (FAS 162). Under FAS 162, the GAAP hierarchy will now reside in the accounting literature established by the FASB. FAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements in conformity with GAAP. FAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board Auditing amendments to AU Section 411, "The Meaning of Present Fairly in Conformity with Generally Accepted Accounting Principles." FAS 162 will not impact our financial statements.

In April 2008, the FASB issued FASB Staff Position (FSP) FAS No. 142-3 (FSP FAS 142-3) "Determination of the Useful Life of Intangible Assets." FSP FAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under FAS 142, "Goodwill and Other Intangible Assets," to include an entity's historical experience in renewing or extending similar arrangements, adjusted for entity-specific factors, even when there is likely to be "substantial cost or material modifications." FSP FAS 142-3 states that in the absence of historical experience an entity should use assumptions that market participants would make regarding renewals or extensions, adjusted for entity-specific factors. The guidance for determining the useful life of intangible assets included in this FSP will be applied prospectively to intangible assets acquired after the effective date of January 1, 2009. U. S. Steel does not expect FSP FAS 142-3 to have a material impact on our financial statements.

In December 2007, the FASB issued FAS No. 141(R), "Business Combinations" (FAS 141(R)), which replaces FAS No. 141. FAS 141(R) requires the acquiring entity in a business combination to recognize all assets acquired and liabilities assumed in the transaction, establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed and requires the acquirer to disclose certain information related to the nature and financial effect of the business combination. FAS 141(R) also establishes principles and requirements for how an acquirer recognizes any noncontrolling interest in the acquiree and the goodwill acquired in a business combination. FAS 141(R) is effective on a prospective basis for business combinations for which the acquisition date is on or after January 1, 2009. For any business combination that takes place subsequent to January 1, 2009, FAS 141(R) may have a material impact on our financial statements. The nature and extent of any such impact will depend upon the terms and conditions of the transaction. FAS 141 (R) also amends FAS 109, "Accounting for Income Taxes," such that adjustments made to deferred taxes and acquired tax contingencies after January 1, 2009, even for business combinations completed before this date, will impact net income. This provision of FAS 141 (R) may have a material impact on our financial statements (see Note 11 and the discussion of U. S. Steel Canada Inc.).

In December 2007, the FASB issued FAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of Accounting Research Bulletin No. 51" (FAS 160). FAS 160 requires all entities to report noncontrolling interests in subsidiaries (also known as minority interests) as a separate component of equity in the consolidated statement of financial position, to clearly identify consolidated net income attributable to the parent and to the noncontrolling interest on the face of the consolidated statement of income, and to provide sufficient disclosure that clearly identifies and distinguishes between the interest of the parent and the interests of noncontrolling owners. FAS 160 also establishes accounting and reporting standards for changes in a parent's ownership interest and the valuation of retained noncontrolling equity investments when a subsidiary is deconsolidated. FAS 160 is effective as of January 1, 2009. U. S. Steel does not expect any material financial statement implications relating to the adoption of this Statement.

In June 2007, the FASB ratified Emerging Issues Task Force (EITF) issue number 06-11, "Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards" (EITF 06-11). EITF 06-11 requires that tax benefits generated by dividends paid during the vesting period on certain equity-classified, share-based compensation awards be classified as additional paid-in capital and included in a pool of excess tax benefits available to absorb tax deficiencies from share-based payment awards. EITF 06-11 was effective January 1, 2008, and the effect of adopting EITF 06-11 was immaterial to our financial statements.

In March 2007, the FASB ratified EITF issue number 06-10, "Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements" (EITF 06-10). EITF 06-10 requires an employer to recognize a liability for the postretirement benefit provided by a collateral assignment split-dollar life insurance arrangement in accordance with either FASB Statement No. 106, "Employers' Accounting for

Postretirement Benefits Other Than Pensions," or Accounting Principles Board Opinion No. 12, "Omnibus Opinion – 1967", if the employer has agreed to maintain a life insurance policy during the employee's retirement or provide the employee with a death benefit. EITF 06-10 also stipulates that an employer should recognize and measure an asset based on the nature and substance of the collateral assignment split-dollar life insurance arrangement. EITF 06-10 was effective January 1, 2008. U. S. Steel has collateral assignment split-dollar life insurance arrangements within the scope of EITF 06-10 for a small number of employees; however, the impact of adopting EITF 06-10 was immaterial to our financial statements.

In February 2007, the FASB issued FAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115" (FAS 159). This Statement permits entities to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses on these instruments in earnings. FAS 159 was effective January 1, 2008. U. S. Steel did not adopt the fair value option.

In September 2006, the FASB issued FAS No. 157, "Fair Value Measurements" (FAS 157). This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Statement applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. This Statement was initially effective as of January 1, 2008, but in February 2008, the FASB delayed the effective date for applying this standard to nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. We adopted FAS 157 as of January 1, 2008 for assets and liabilities within its scope and the impact was immaterial to our financial statements. Nonfinancial assets and nonfinancial liabilities for which we have not applied the provisions of FAS 157 include those measured at fair value in goodwill and indefinite lived intangible asset impairment testing, and asset retirement obligations initially measured at fair value.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

COMMODITY PRICE RISK AND RELATED RISK

In the normal course of our business, U. S. Steel is exposed to market risk or price fluctuations related to the purchase, production or sale of steel products. U. S. Steel is also exposed to price risk related to the purchase, production or sale of coal, coke, natural gas, steel scrap, iron ore and pellets, and zinc, tin and other nonferrous metals used as raw materials.

U. S. Steel's market risk strategy has generally been to obtain competitive prices for our products and services and allow operating results to reflect market price movements dictated by supply and demand; however, U. S. Steel has made forward physical purchases to manage exposure to fluctuations in the purchase of natural gas and certain non-ferrous metals.

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 percent increase/decrease in June 30, 2008 interest rates on the fair value of the U. S. Steel's non-derivative financial assets/liabilities is provided in the following table:

(Dollars in millions)	Fair Value	Incremental Increase in Fair Value [b]
Non-Derivative Financial Instruments [a]		
Financial assets:		
Investments and long-term receivables	$ 14	$ -
Financial liabilities:		
Long-term debt [c] [d]	$3,066	$ 108

(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 the estimated incremental effect of a hypothetical 10 percent increase/decrease in interest rates at June 30, 2008, on the fair value of U. S. Steel's non-derivative financial assets/liabilities. For financial liabilities, this assumes a 10 percent decrease in the weighted average yield to maturity of U. S. Steel's long-term debt at June 30, 2008.

(c) Includes amounts due within one year and excludes capital leases.

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

U. S. Steel's sensitivity to interest rate declines and corresponding increases in the fair value of our debt portfolio would unfavorably affect our results and cash flows only to the extent that we elected to repurchase or otherwise retire all or a portion of our fixed-rate debt portfolio at prices above carrying value. At June 30, 2008, U. S. Steel's portfolio of debt included $975 million of floating rate term loans, the fair value of which are not affected by interest rate declines.

FOREIGN CURRENCY EXCHANGE RATE RISK

U. S. Steel, through USSE and USSC, 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 the U.S. dollar, particularly the euro,

the Slovak koruna, the Serbian dinar and the Canadian dollar. U. S. Steel historically has made limited use of forward currency contracts to manage exposure to certain currency price fluctuations. At June 30, 2008 and June 30, 2007, U. S. Steel had open euro forward sales contracts for U.S. dollars (total notional value of approximately $614 million and $26 million, respectively). A 10 percent increase in the June 30, 2008 euro forward rates would result in a $61 million charge to income.

In accordance with FAS 157, the fair value of our derivatives is determined using Level 2 inputs, which are defined as “significant other observable” inputs. The inputs used include quotes from counterparties that are corroborated with market sources.

Volatility in the foreign currency markets could have significant implications for U. S. Steel as a result of foreign currency accounting remeasurement effects, primarily on a U.S. dollar-denominated intercompany loan (the intercompany loan) to a European affiliate, related to the acquisition of USSC. In early July, the outstanding balance on the intercompany loan was reduced from $1.1 billion to $836 million. Our exposure will decrease as the intercompany loan is repaid. Subsequent to December 31, 2007, we increased our use of euro-U.S. dollar derivatives, which mitigates our currency exposure resulting from the intercompany loan, as well as other exposures. For additional information on U. S. Steel’s foreign currency exchange activity, see Note 14 to Financial Statements.

Future foreign currency impacts will depend upon changes in currencies, the extent to which we engage in derivatives transactions and repayments of the intercompany loan. The amount and timing of such repayments will depend upon profits and cash flows of our international operations, future international investments and financing activities, all of which will be impacted by market conditions, operating costs, shipments, prices and foreign exchange rates.

On June 19, 2008, the European Council approved the Slovak Republic’s entry into the eurozone as of January 1, 2009. The definitive exchange rate of 30.126 Slovak koruna per euro was established on July 8, 2008. The setting of the definitive exchange rate has reduced our exposure to fluctuations between the Slovak koruna and the euro.

Item 4. controls and procedures

EVALUATION OF 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, 2008. 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, 2008, U. S. Steel's disclosure controls and procedures were effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have not been any changes in U. S. Steel's internal control over financial reporting that occurred during the fiscal quarter covered by this quarterly report, which have materially affected, or are reasonably likely to materially affect, U. S. Steel's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

ENVIRONMENTAL PROCEEDINGS

On January 26, 1998, pursuant to an action filed by the U.S. Environmental Protection Agency (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 EPA which resolved alleged violations of the Clean Water Act National Pollutant Discharge Elimination System (NPDES) permit at Gary Works and provides for a sediment remediation project for a section of the Grand Calumet River that runs through Gary Works. As of June 30, 2008, project costs have amounted to $59.8 million. U. S. Steel completed additional dredging in 2007, and submitted a Dredge Completion Report to EPA in May 2008. Although further dredging is not expected, $1.3 million is accrued for possible additional work that may be required to complete the project and obtain EPA approval. The Corrective Action Management Unit (CAMU) which received dredged materials from the Grand Calumet River could be used for containment of approved material from other corrective measures conducted at Gary Works pursuant to the Administrative Order on Consent for corrective action. CAMU maintenance and wastewater treatment costs are anticipated to be an additional $1.4 million through December 2011. In 1998, U. S. Steel also entered into a consent decree with the public trustees, which resolves liability for natural resource damages on the same section of the Grand Calumet River. U. S. Steel will pay the public trustees $1.0 million at the end of the sediment remediation project for ecological monitoring costs. In addition, U. S. Steel is obligated to perform, and has initiated, ecological restoration in this section of the Grand Calumet River. The costs required to complete the ecological restoration work are estimated to be $941,000. In total, the accrued liability for the above projects based on the estimated remaining costs was $4.7 million at June 30, 2008.

At Gary Works, U. S. Steel has agreed to close three hazardous waste disposal sites, D5, T2, and D2 combined with a portion of the Refuse Area, where a solid waste disposal unit overlaps with the hazardous waste disposal unit. The sites are located on plant property. U. S. Steel has submitted a revised closure plan to the Indiana Department of Environmental Management (IDEM) for D2 and the known tar areas of the Refuse Area. U. S. Steel has proposed that the remainder of the Refuse Area be addressed as a solid waste management unit (SWMU) under corrective action. In addition, U. S. Steel has submitted a closure plan for T2 and a conceptual closure plan for D5. The related accrued liability for estimated costs to close each of the hazardous waste sites and perform groundwater monitoring is $6.2 million for D5, $4.3 million for T2 and $10.7 million for D2 including a portion of the Refuse Area, at June 30, 2008.

On October 23, 1998, EPA issued a final Administrative Order on Consent addressing Corrective Action for SWMUs throughout Gary Works. This order requires U. S. Steel to perform a Resource Conservation and Recovery Act (RCRA) Facility Investigation (RFI), a Corrective Measure Study (CMS) and Corrective Measure Implementation at Gary Works. Reports of field investigation findings for Phase I work plans have been submitted to EPA. Four self-implementing interim measures have been completed. Through June 30, 2008, U. S. Steel had spent approximately $26.2 million for the studies, work plans, field investigations and self-implementing interim measures. U. S. Steel is preparing a final proposal to EPA seeking approval for perimeter groundwater monitoring and is developing a proposal for a corrective measure to address impacted sediments in the West Grand Calumet Lagoon. In addition, U. S. Steel has submitted a conceptual sampling and analysis plan for the Solid Waste Management Areas east of the Vessel Slip Turning Basin; is completing a pilot scale treatment study for groundwater contamination and finalizing the design of a full scale system; and continuing to operate a groundwater treatment system for the coke plant. The costs for the above mentioned activities, including operation and maintenance of the coke plant groundwater treatment

system for 2008 are estimated to be $16.0 million. U. S. Steel has submitted a proposal to EPA seeking approval to implement Corrective Measures necessary to address soil contamination at Gary Works. U. S. Steel estimates the minimum cost of the Corrective Measures for soil contamination to be approximately $3.5 million. Closure costs for the CAMU are estimated to be an additional $6.1 million. Until the remaining Phase I work and Phase II field investigations are completed, it is impossible to assess what additional expenditures will be necessary for Corrective Action projects at Gary Works. In total, the accrued liability for the above projects was $25.6 million at June 30, 2008, based on the estimated remaining costs.

In October 1996, U. S. Steel was notified by IDEM, acting as lead trustee, that IDEM and the U.S. Department of the Interior had concluded a preliminary investigation of potential injuries to natural resources related to releases of hazardous substances from various municipal and industrial sources along the east branch of the Grand Calumet River and Indiana Harbor Canal. U. S. Steel agreed to pay to the public trustees $20.5 million over a five-year period for restoration costs, plus $1.0 million in assessment costs. A Consent Decree memorializing this settlement was entered on the record by the court and thereafter became effective April 1, 2005. U. S. Steel has paid our entire share of the assessment costs and $16.5 million of our share of the restoration costs to the public trustees. A balance of $4.0 million in restoration costs to complete our settlement obligations remains as an accrued liability as of June 30, 2008.

On November 26, 2007, IDEM issued a Notice of Violation (NOV) alleging three pushing violations and one door violation on the No. 2 Battery that were to have occurred on July 11, 2007. On December 20, 2007, IDEM made a verbal penalty demand of $123,000 to resolve these alleged violations. U. S. Steel provided written responses to the NOVs. Negotiations regarding these NOVs are ongoing.

On October 3, 2007, November 26, 2007, March 2, 2008 and March 18, 2008, IDEM issued NOVs alleging opacity limitation violations from the coke plant and/or Blast Furnaces Nos. 4 and 8. To date, no penalty demand has been made by IDEM regarding these NOVs. U. S. Steel is currently negotiating resolution of these NOVs with IDEM.

On July 3, 2008, EPA Region V issued a Notice of Violation/Finding of Violation (NOV/FOV) alleging violations resulting from a multi-media inspection conducted in May 2007 and subsequent information collection requests pursuant to Section 114 of the Clean Air Act. These alleged violations include those currently being prosecuted by IDEM that are identified above. Other alleged violations include reline of No. 4 Blast Furnace in 1990 without a New Source Review/Prevention of Significant Deterioration permit; and opacity limit excursions from hot iron transfer cars, slag skimming, slag pits, and the blast furnace casting house. The NOV/FOV also alleges violations relating to hydrochloric acid pickling, blast furnace relief valves and blast furnace flares. While a penalty demand is expected, EPA Region V has not yet made such a demand. U. S. Steel is currently negotiating resolution of the NOV with EPA Region V.

Midwest Plant

A former disposal area located on the east side of the Midwest Plant was designated a SWMU (East Side SWMU) by IDEM before U. S. Steel acquired this plant from National Steel Corporation. After the acquisition, U. S. Steel conducted further investigations of the East Side SWMU. As a result, U. S. Steel has submitted a Closure Plan to IDEM recommending an “in-place” closure of the East Side SWMU. The cost to close the East Side SWMU is expected to be $4.1 million and was recorded as an accrued liability as of June 30, 2008.

Mon Valley Works

On March 17, 2008, U. S. Steel entered a Consent Order and Agreement (COA) with the Allegheny County Health Department (ACHD) to resolve alleged opacity limitation and pushing and traveling

violations from older coke oven batteries at its Clairton Plant and to resolve alleged opacity violations from its Edgar Thomson Plant. The COA required U. S. Steel to pay a civil penalty of $301,800 to resolve past alleged violations addressed by the COA. U. S. Steel paid the civil penalty on March 25, 2008. The COA requires U. S. Steel to conduct interim repairs on existing batteries, and make improvements at the Ladle Metallurgical Facility and Steelmaking Shop at the Edgar Thomson Plant. In November 2007, U. S. Steel announced that it is considering plans to upgrade the Clairton Plant. These upgrades would be conducted in two phases and would address the alleged violations and improve coking performance. The first phase would include replacing Batteries 7 through 9 with a new six meter “C” Battery that would employ Best Available Control Technology (BACT); and the second phase would include replacing Batteries 1 though 3 with a new six meter “D” Battery, that would also employ BACT. In addition, U. S. Steel plans to upgrade its existing Batteries 19 and 20. U. S. Steel is currently discussing the permit requirements with ACHD. U. S. Steel estimates that these investments will exceed $1 billion. U. S. Steel is also making upgrades at its Edgar Thomson Plant that would reduce emissions. In January 2008, U. S. Steel submitted an installation air permit application for “C” Battery. A draft installation air permit for “C” Battery was issued for public comment on May 7, 2008. The public comment period ended on June 19, 2008, at which time a public hearing was also held. ACHD is currently responding to public comments and anticipates issuing a final “C” Battery installation permit in July 2008. U. S. Steel anticipates submitting a permit application for “D” Battery in July 2008.

Fairless Plant

In January 1992, U. S. Steel commenced negotiations with EPA regarding the terms of an Administrative Order on consent, pursuant to RCRA, under which U. S. Steel would perform a RFI and a CMS at our Fairless Plant. A Phase I RFI report was submitted during the third quarter of 1997. A Phase II/III RFI will be submitted following EPA approval of the Phase I report. While the RFI/CMS will determine whether there is a need for, and the scope of, any remedial activities at the Fairless Plant, U. S. Steel continues to maintain interim measures at the Fairless Plant and has completed investigation activities on specific parcels. No remedial activities are contemplated as a result of the investigations of these parcels. The cost to U. S. Steel to continue to maintain the interim measures and develop a Phase II/III RFI Work Plan is estimated to be $134,000. It is reasonably possible that additional costs of up to $35 million may be incurred at this site in combination with five other projects. See Note 20 to the Financial Statements “Contingencies and Commitments – Environmental Matters – Remediation Projects – Projects with Ongoing Study and Scope Development.”

Fairfield Works

A consent decree was signed by U. S. Steel, EPA and the U.S. Department of Justice (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 paid a civil penalty of $1.0 million, completed two supplemental environmental projects at a cost of $1.75 million and initiated a RCRA corrective action program at the facility. The Alabama Department of Environmental Management (ADEM) assumed primary responsibility for regulation and oversight of the RCRA corrective action program at Fairfield Works, with the approval of EPA. The first Phase I RFI work plan was approved and field sampling for the work plan was completed in 2004. U. S. Steel submitted a Phase I RFI Report to ADEM in February 2005. ADEM approved the Phase I RFI Report and is reviewing a Phase II RFI work plan. The remaining cost to develop and implement the Phase II RFI work plan is estimated to be $700,000. U. S. Steel has completed the investigation and remediation of Lower Opossum Creek under a joint agreement with Beazer, Inc., whereby U. S. Steel has agreed to pay 30 percent of the costs. U. S. Steel’s remaining share of the costs for sediment remediation is $210,000. In January 1999, ADEM included the former Ensley facility site in Fairfield Corrective Action. Based on results from our Phase I facility investigation of Ensley, U. S. Steel identified approximately two acres of land at the former coke plant for remediation. As of June 30, 2008, costs to complete the remediation of this

area have amounted to $1.3 million. An additional $112,000 is accrued for project contingencies. In total, the accrued liability for the projects described above was $1.0 million at June 30, 2008, based on estimated remaining costs. It is reasonably possible that additional costs of up to $35 million may be incurred at this site in combination with five other projects. See Note 20 to the Financial Statements "Contingencies and Commitments – Environmental Matters – Remediation Projects – Projects with Ongoing Study and Scope Development."

Lorain Tubular Operations

In September 2006, U. S. Steel received a letter from the Ohio Environmental Protection Agency (Ohio EPA) inviting U. S. Steel to enter into discussions about RCRA Corrective Action at Lorain Tubular Operations. On December 15, 2006, U. S. Steel received a letter from Ohio EPA that requires U. S. Steel to complete an evaluation of human exposure and update the previous RCRA preliminary site assessment. We have accrued $80,000 for the costs of additional studies at this site. It is reasonably possible that additional costs of up to $35 million may be incurred at the Lorain Tubular Corrective Action program in combination with five other projects. See Note 20 to the Financial Statements "Contingencies and Commitments – Environmental Matters – Remediation Projects – Projects with Ongoing Study and Scope Development."

Duluth Works

At the former Duluth Works in Minnesota, U. S. Steel spent a total of approximately $13.3 million for cleanup and agency oversight costs through June 30, 2008. The Duluth Works was listed by the Minnesota Pollution Control Agency (MPCA) under the Minnesota Environmental Response and Liability Act on its Permanent List of Priorities. EPA has consolidated and included the Duluth Works site with the St. Louis River Interlake Duluth Tar site on EPA's National Priorities List. The Duluth Works cleanup has proceeded since 1989. U. S. Steel has recently submitted an engineering study of the estuary sediments. Additionally, MPCA and its contractor have begun work on the second five-year review for the site. The method and extent of remediation at this site is presently unknown; therefore, future costs are indeterminable. Study and oversight costs are currently estimated at $275,000. These costs include risk assessment, sampling, inspections and analytical work, and development of a work plan and cost estimate to implement EPA five-year review recommendations. It is reasonably possible that additional costs of up to $35 million may be incurred at this site in combination with five other projects. See Note 20 to the Financial Statements "Contingencies and Commitments – Environmental Matters – Remediation Projects – Projects with Ongoing Study and Scope Development."

Granite City Works

Granite City Works received two NOVs, dated February 20, 2004 and March 25, 2004, for air violations at the coke batteries, the blast furnace and the steel shop. All of the issues have been resolved except for an issue relating to air emissions that occurs when coke is pushed out of the ovens, for which a compliance plan has been submitted to the Illinois Environmental Protection Agency (IEPA). IEPA referred the two NOVs to the Illinois Attorney General's Office for enforcement. On September 14, 2005, the Illinois Attorney General filed a complaint in the Madison County Circuit Court, titled People of the State of Illinois ex. rel. Lisa Madigan vs. United States Steel Corporation, which included the issues raised in the two NOVs. In December 2006, IEPA added to its complaint by adding a release of coke oven gas in February 2006. In October 2007, the Court entered a Second Supplemental Complaint, in which IEPA added alleged violations regarding excessive opacity emissions from the Blast Furnace, and incorrect sulfur dioxide (SO_2) emission factors regarding Blast Furnace Gas emissions. On December 18, 2007, U. S. Steel entered into a Consent Order with the Illinois Attorney General and IEPA that resolved the Complaint, as supplemented. The Order required that U. S. Steel: (1) pay a penalty of $300,000, which U. S. Steel paid on January 10, 2008; (2) demonstrate compliance with Coke Oven Pushing Operations in accordance with the compliance

schedule provided in the Order; (3) comply with the basic oxygen furnace (BOF) opacity emissions in accordance with the schedule provided in the Order; and (4) submit to IEPA a revised permit application, with the correct SO_2 emission factors, which U. S. Steel submitted in January 2008. On March 31, 2008, U. S. Steel submitted a revised BOF Compliance Schedule and request to modify the Order consistent with the revised BOF Compliance Schedule. U. S. Steel is currently negotiating with IEPA and the Illinois Attorney General as to what upgrades at the BOF will precede the compliance demonstration. Therefore, the compliance demonstration deadline for the BOF is indefinitely postponed by agreement of the parties.

Pursuant to an agreement with the Sierra Club and American Bottom Conservancy, Granite City Works, along with Gateway Energy & Coke Company, LLC (a subsidiary of SunCoke Energy, Inc.) have agreed to establish an Environmental Trust Fund (Trust) which requires the permittees (U. S. Steel and Gateway) to collectively deposit $1.0 million annually by September 30th of each year, beginning September 30, 2008 and ending September 30, 2012. As grantors, U. S. Steel and Gateway have established the Trust as a part of the cost to construct a heat recovery coke plant adjacent to Granite City Works. The Capital Contribution and all net income of the Trust are to be used for the purposes of promoting energy efficiency, greenhouse gas reductions and PM2.5 emission reduction, to be implemented in the local community where the Granite City Works is located. The Trust can be used for projects at public buildings or property owned by the city, local schools, parks and library districts.

Geneva Works

At U. S. Steel’s former Geneva Works, liability for environmental remediation, including the closure of three hazardous waste impoundments and facility-wide corrective action, has been allocated between U. S. Steel and the current property owner pursuant to an asset sales agreement and a permit issued by the Utah Department of Environmental Quality. U. S. Steel has reviewed environmental data concerning the site gathered by itself and third parties, developed work plans, continues to conduct field investigations and has begun remediation on some areas of the site for which U. S. Steel has responsibility. Remediation has been completed in some areas. U. S. Steel has recorded a liability of $19.7 million as of June 30, 2008, for our estimated share of the remaining costs of remediation.

Other

On December 20, 2002, U. S. Steel received a letter from the Kansas Department of Health & Environment (KDHE) requesting U. S. Steel’s cooperation in cleaning up the National Zinc site located in Cherryvale, Kansas, a former zinc smelter operated by Edgar Zinc from 1898 to 1931. In April 2003, U. S. Steel and Salomon Smith Barney Holdings, Inc. (SSB), entered into a consent order to conduct an investigation and develop remediation alternatives. In 2004, a remedial action design report was submitted to and approved by KDHE. Implementation of the preferred remedy was completed in late 2007. The respondents are finalizing the Removal Action Summary report, deed restrictions and operating and maintenance plans for approval by KDHE. In 2005, KDHE and the U.S. Fish and Wildlife Service asserted a claim against U. S. Steel and SSB (now called CitiGroup Global Market Holdings, Inc.) for natural resource damages at the site and nearby creek. On September 12, 2007, U. S. Steel signed a consent decree to settle this claim for a cash payment with U. S. Steel’s share at $247,875. This consent decree was entered by the court, and U. S. Steel paid its share of the settlement on December 13, 2007. On August 17, 2006, both parties received a demand from DOJ for approximately $1.7 million for past costs incurred by EPA in cleaning up the site and surrounding residential yards, U. S. Steel’s share being 50 percent of the claim for past costs. Negotiations are pending with the DOJ. U. S. Steel and CitiGroup signed an agreement with EPA to suspend the running of the statute of limitations for filing of EPA’s claims for the period between August 21, 2006 and July 31, 2008.

In January of 2004, U. S. Steel received notice of a claim from the Texas Commission on Environmental Quality (TCEQ) and notice of claims from citizens of a cap failure at the Dayton Landfill.

U. S. Steel, Lubrizol and ExxonMobil are the largest PRPs at the site and have agreed to equally share costs for investigating the site, making U. S. Steel's share 33 $^{1}/_{3}$ percent. Phase I soil, waste and groundwater sampling was completed in December 2006. The Affected Property Assessment Report (APAR) was timely submitted to TCEQ on March 15, 2008. Additional sampling of soils and groundwater has been conducted in response to TCEQ's comments to APAR. The accrued liability to complete the site investigations and implement the remedial measure is $2.0 million as of June 30, 2008.

ASBESTOS LITIGATION

As of June 30, 2008, U. S. Steel was a defendant in approximately 350 active cases involving approximately 2,950 plaintiffs (claims), including cases involving businesses acquired from Lone Star. At December 31, 2007, U. S. Steel was a defendant in approximately 325 active cases involving approximately 3,000 plaintiffs.

About 2,600, or approximately 88 percent, of these claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. Of these claims, approximately 1,550 are pending in Mississippi and about 1,075 are pending in Texas. Based upon U. S. Steel's experience in such cases, we believe that the actual number of plaintiffs who ultimately assert claims against U. S. Steel will likely be a small fraction of the total number of plaintiffs. Mississippi and Texas have amended their laws to curtail mass filings. As a consequence, most of the claims filed in 2008 and 2007 involved individual or small groups of claimants.

Historically, these claims against U. S. Steel fall into three major groups: (1) claims made by persons who allegedly were exposed to asbestos at U. S. Steel facilities (referred to as "premises claims"); (2) claims made by industrial workers allegedly exposed to products formerly manufactured by U. S. Steel and (3) claims made under certain federal and general maritime laws by employees of former operations of U. S. Steel. In general, the only insurance available to U. S. Steel with respect to asbestos claims is excess casualty insurance, which has multi-million dollar self-insured retentions. To date, U. S. Steel has received minimal payments under policies relating to asbestos claims.

These asbestos cases allege a variety of respiratory and other diseases based on alleged exposure to asbestos. U. S. Steel is currently a defendant in cases in which a total of approximately 170 plaintiffs allege that they are suffering from mesothelioma. The potential for damages against defendants may be greater in cases in which the plaintiffs can prove mesothelioma.

In many cases in which claims have been asserted against U. S. Steel, the plaintiffs have been unable to establish any causal relationship to U. S. Steel or our products or premises; however, with the decline in mass plaintiff cases the incidence of claimants actually alleging a claim against U. S. Steel is increasing. In addition, in many asbestos cases, the plaintiffs have been unable to demonstrate that they have suffered any identifiable injury or compensable loss at all; that any injuries that they have incurred did in fact result from alleged exposure to asbestos; or that such alleged exposure was in any way related to U. S. Steel or our products or premises.

In every asbestos case in which U. S. Steel is named as a party, the complaints are filed against numerous named defendants and generally do not contain allegations regarding specific monetary damages sought. To the extent that any specific amount of damages is sought, the amount applies to claims against all named defendants and in no case is there any allegation of monetary damages against U. S. Steel. Historically, approximately 89 percent of the cases against U. S. Steel did not specify any damage amount or stated that the damages sought exceeded the amount required to establish jurisdiction of the court in which the case was filed. (Jurisdictional amounts generally range from $25,000 to $75,000.) U. S. Steel does not consider the amount of damages alleged, if any, in a

complaint to be relevant in assessing our potential exposure to asbestos liabilities. The ultimate outcome of any claim depends upon a myriad of legal and factual issues, including whether the plaintiff can prove actual disease, if any; actual exposure, if any, to U. S. Steel products; or the duration of exposure to asbestos, if any, on U. S. Steel's premises. U. S. Steel has noted over the years that the form of complaint including its allegations, if any, concerning damages often depends upon the form of complaint filed by particular law firms and attorneys. Often the same damage allegation will be in multiple complaints regardless of the number of plaintiffs, the number of defendants, or any specific diseases or conditions alleged.

U. S. Steel aggressively pursues grounds for the dismissal of U. S. Steel from pending cases and litigates cases to verdict where we believe litigation is appropriate. U. S. Steel also makes efforts to settle appropriate cases, especially mesothelioma cases, for reasonable, and frequently nominal, amounts.

The following table shows activity with respect to asbestos litigation:

Period ended	Opening Number of Claims	Claims Dismissed, Settled and Resolved	New Claims	Closing Number of Claims	Amounts Paid to Resolve Claims (in millions)
December 31, 2005	11,000	3,800	1,200	8,400	$ 11
December 31, 2006	8,400	5,150	450	3,700	$ 8
December 31, 2007	3,700	1,230	530	3,000	$ 9
June 30, 2008	3,000	350	300	2,950	$ 4

The amount U. S. Steel has accrued for pending asbestos claims is not material to U. S. Steel's financial position. U. S. Steel does not accrue for unasserted asbestos claims because it is not possible to determine whether any loss is probable with respect to such claims or even to estimate the amount or range of any possible losses. The vast majority of pending claims against us allege so-called "premises" liability-based exposure on U. S. Steel's current or former premises. These claims are made by an indeterminable number of people such as truck drivers, railroad workers, salespersons, contractors and their employees, government inspectors, customers, visitors and even trespassers. In most cases, the claimant also was exposed to asbestos in non-U. S. Steel settings; the relative periods of exposure between U. S. Steel and non-U. S. Steel settings vary with each claimant; and the strength or weakness of the causal link between U. S. Steel exposure and any injury vary widely.

It is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings due to the unpredictable nature of personal injury litigation. Despite this uncertainty, management believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial condition, although the resolution of such matters could significantly impact results of operations for a particular quarter. Among the factors considered in reaching this conclusion are: (1) that over the last several years, the total number of pending claims has declined; (2) that it has been many years since U. S. Steel employed maritime workers or manufactured or sold asbestos containing products; and (3) U. S. Steel's history of trial outcomes, settlements and dismissals.

The foregoing statements of belief are forward-looking statements. 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 these forward-looking statements.

OTHER LITIGATION

In March 2008, the Indiana Court of Appeals reversed a previous decision of the Indiana Utilities Regulatory Commission involving a rate escalation provision in U. S. Steel's electric power supply contract with Northern Indiana Public Service Company. U. S. Steel is seeking further judicial review of this decision, but a reserve of $45 million related to prior year effects was established in the first quarter of 2008.

Before U. S. Steel's October 31, 2007 acquisition of USSC, Cleveland Cliffs Inc. (Cliffs) and USSC received and accepted a non-binding offer dated June 6, 2007 from Consolidated Thompson Iron Mines Limited (Consolidated) to purchase USSC's 44.6 percent interest and Cliffs' 26.8 percent interest in Wabush for a purchase price of $64.3 million plus two year warrants to purchase 3 million shares of Consolidated common stock. This offer stated: "The acceptance of this offer by Cliffs and Stelco [USSC] shall not create any legally enforceable rights, other than the provisions of section 5, 14 and 15 of the attached." (Those sections contained limited exclusivity, confidentiality and choice of law provisions.) On August 30, 2007, ArcelorMittal Dofasco, Inc. (Dofasco) purported to exercise a right of first refusal under the Participants Agreement dated as of January 1, 1967 governing Wabush. On March 4, 2008, following several months of unsuccessful negotiations over many of the major terms of the purchase and sale, USSC and Cliffs informed Dofasco that they were withdrawing from further negotiations. On March 20, 2008, Dofasco served USSC with a statement of claim filed in the Ontario Superior Court of Justice seeking a court order requiring Cliffs and USSC to sell their interests in Wabush to Dofasco and to pay C$427 million (approximately $419 million) or, alternatively, to pay damages of C$1.80 billion (approximately $1.77 billion). USSC is vigorously defending this action and does not believe it has any liability to Dofasco regarding this matter.

Item 1A. RISK FACTORS

During the second quarter of 2008, there were no material changes to the risk factors that were disclosed in Item 1A of U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2007.

UNITED STATES STEEL CORPORATION
SUPPLEMENTAL STATISTICS (Unaudited)

(Dollars in millions)	Quarter Ended June 30, 2008	Quarter Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
INCOME FROM OPERATIONS				
Flat-rolled [(a)]	**$ 478**	$ 92	**$ 598**	$ 167
U. S. Steel Europe	**298**	244	**459**	450
Tubular [(b)]	**177**	97	**228**	199
Other Businesses [(c)]	**6**	1	**1**	3
Segment Income from Operations	**959**	434	**1,286**	819
Retiree benefit expenses	**1**	(43)	**2**	(82)
Other items not allocated to segments:				
Flat-rolled inventory transition effects	**(6)**	-	**(23)**	-
Litigation reserve	**-**	-	**(45)**	-
Total Income from Operations	**$ 954**	$ 391	**$ 1,220**	$ 737
CAPITAL EXPENDITURES				
Flat-rolled [(a)]	**$ 145**	$ 69	**$ 228**	$ 119
U. S. Steel Europe	**49**	47	**81**	77
Tubular [(b)]	**5**	1	**9**	3
Other Businesses [(c)]	**14**	25	**22**	51
Total	**$ 213**	$ 142	**$ 340**	$ 250
OPERATING STATISTICS				
Average realized price: ($/net ton)[(d)]				
Flat-rolled [(a)]	**777**	652	**713**	651
U. S. Steel Europe	**986**	726	**890**	697
Tubular [(b)]	**1,690**	1,389	**1,508**	1,410
Steel Shipments: [(d)(e)]				
Flat-rolled [(a)]	**4,849**	3,599	**9,550**	6,787
U. S. Steel Europe	**1,696**	1,616	**3,334**	3,268
Tubular [(b)]	**500**	288	**933**	535
Total Steel Shipments	**7,045**	5,503	**13,817**	10,590
Raw Steel-Production: [(e)]				
North American facilities[(a)]	**5,614**	4,116	**11,172**	7,829
U. S. Steel Europe	**1,925**	1,865	**3,833**	3,664
Raw Steel-Capability Utilization: [(f)]				
North American facilities [(a)]	**92.7%**	85.1%	**92.2%**	81.4%
U. S. Steel Europe	**104.3%**	100.8%	**103.9%**	99.5%

(a) Includes the results of the businesses acquired from Stelco Inc. as of October 31, 2007, excluding the iron ore and real estate interests.
(b) Includes the results of the businesses acquired from Lone Star Technologies, Inc. as of June 14, 2007.
(c) Includes the results of the iron ore and real estate interests acquired from Stelco Inc. as of October 31, 2007.
(d) Excludes intersegment transfers.
(e) Thousands of net tons.
(f) Based on annual raw steel production capability of 19.4 million net tons for North American facilities prior to October 31, 2007 and 24.3 million net tons thereafter, and 7.4 million net tons for U. S. Steel Europe.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

U. S. Steel had no sales of unregistered securities during the period covered by this report.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table contains information about purchases by U. S. Steel of its equity securities during the period covered by this report.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs
April 1-30, 2008	110,000	$ 142.85	110,000	6,046,300
May 1-31, 2008	105,000	$ 168.14	105,000	5,941,300
June 1-30, 2008	105,000	$ 178.35	105,000	5,836,300

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

The annual meeting of shareholders was held on April 29, 2008. The following matters were acted upon.

ELECTION OF DIRECTORS

Richard A. Gephardt, Glenda G. McNeal, Patricia A. Tracey and Graham B. Spanier were elected to serve three-year terms as Class I directors by the following votes:

Nominee	Votes For	Votes Withheld
Richard A. Gephardt	104,236,887	2,112,793
Glenda G. McNeal	104,881,596	1,468,084
Patricia A. Tracey	104,893,948	1,455,732
Graham B. Spanier	104,829,877	1,519,803

Continuing as Class II directors for a term expiring in 2009 are J. Gary Cooper, Frank J. Lucchino, Seth E. Schofield and John P. Surma. Continuing as Class III directors for a term expiring in 2010 are Robert J. Darnall, John G. Drosdick, Charles R. Lee and Jeffrey M. Lipton.

ELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP (PwC) was elected as the independent registered public accounting firm by the following votes:

Votes For	Votes Against	Abstain
105,148,394	368,307	832,979

Item 6. EXHIBITS

10.1	EUR200,000,000 Credit Facility Agreement dated 2 July 2008 between U. S. Steel Košice, s.r.o. as borrower, Commerzbank Aktiengesellschaft, pobočka zahraničnej banky, Bratislava, ING Bank N.V., pobočka zahraničnej banky and Slovenská sporitelňa, a.s. as mandated lead arrangers, Citibank N.A., Bahrain Branch and HSBC Bank plc, pobočka zahraničnej banky as lead arrangers, the financial institutions listed on Schedule 1 to the agreement as lenders and ING Bank N.V., London Branch as facility agent.
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 Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as promulgated by the Securities and Exchange Commission pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer required by Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as promulgated by the Securities and Exchange Commission 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

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
Senior Vice President and Controller

July 29, 2008

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

AGREEMENT

DATED 2 July 2008

€200,000,000

CREDIT FACILITY

FOR

U. S. Steel Košice, s.r.o.

ARRANGED BY

COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky, Bratislava, ING Bank N.V., pobočka zahraničnej banky and Slovenská sporiteľňa, a.s. as Mandated Lead Arrangers

and

Citibank NA, Bahrain and HSBC Bank plc, pobočka zahraničnej banky as Lead Arrangers

WITH

ING Bank N.V., London Branch

as Facility Agent

ALLEN & OVERY

Allen & Overy Bratislava, s.r.o.

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THIS AGREEMENT is dated 2 July 2008

BETWEEN:

(1) **U. S. Steel Košice, s.r.o.** with its registered seat at Vstupný areál U. S. Steel, Košice, 044 54, Slovak Republic, registered in the Commercial Register of District Court Košice I, inserted file No. 11711/V, section Sro, company identification number (*IČO*): 36 199 222 (the **Company**);

(2) (i) **COMMERZBANK Aktiengesellschaft**, with its seat at Kaiserplatz 16, 603 11 Frankfurt am Main, Federal Republic Germany, entered in the Commercial Register at the District Court Frankfurt am Main under Entry HR B 32000, acting through **COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky, Bratislava**, with its seat at Bratislava 1, Rajská 15/A, Postcode 811 08, Ident. No.: 30847737, entered in the Commercial Register of the District Court Bratislava I, Sec. Po, Insert No. 1121/B; (ii) **ING Bank N.V.**, Amstelveenseweg 500, 1081KL Amsterdam, The Netherlands, a company limited by shares, registered in the Trade Register of Chamber of Commerce and Industry for Amsterdam under file No. 33031431 acting through **ING Bank N.V., pobočka zahraničnej banky**, Jesenského 4/C, 811 02 Bratislava, Identification No. 30 844 754, registered in the Commercial register maintained by the District Court of Bratislava I, in Section Po, inserted file No. 130/B; and (iii) **Slovenská sporiteľňa, a.s.,** Suché mýto 4, 816 07 Bratislava, Slovak Republic, Identification No. 00151 653, registered in the Commercial register maintained by the District Court of Bratislava I, in Section Sa, inserted file No. 601/B as mandated lead arrangers (in this capacity the **Mandated Lead Arrangers**)

(3) **Citibank NA, Bahrain**, Bab-Al-Bahrian Building, Government Avenue, PO BOX 548, Manama, Kingdom of Bahrain and **HSBC** Bank plc, with its registered office at 8 Canada Square, London, E14 5HQ, United Kingdom of Great Britain and Northern Ireland, registered by the Companies House under number 14259 and acting through its organisational unit HSBC Bank plc, pobočka zahraničnej banky, with its registered office at Europeum Business Center, Suché Mýto 1, 811 03 Bratislava, Identification number (IČO): 35 929 979, registered in the Commercial Register kept by the District Court Bratislava I, section: Po, insert No.: 1258/B as lead arrangers (in this capacity the **Lead Arrangers**);

(the Mandated Lead Arrangers and the Lead Arrangers together the **Arrangers**)

(4) **THE FINANCIAL INSTITUTIONS** listed in Schedule 1 (Original Parties) as original lenders (the **Original Lenders**); and

(5) **ING Bank N.V.**, London Branch 60 London Wall, London EC2M 5TQ, United Kingdom (in this capacity the **Facility Agent**).

IT IS AGREED as follows:

1. INTERPRETATION

1.1 Definitions

In this Agreement:

Administrative Party means the Arrangers or the Facility Agent.

Affiliate means a Subsidiary or a Holding Company of a person or any other Subsidiary of that Holding Company.

Assets mean a person's present and future business, undertaking, properties, assets and revenues (including without limitation, any uncalled capital).

Availability Period means the period from and including the date of this Agreement to and including the Final Maturity Date.

Break Costs means the amount (if any) that a Lender is entitled to receive under Clause 23.3 (Break Costs).

BRIBOR means for a Term of any Loan or overdue amount denominated in Slovak Koruna:

(a) the applicable Screen Rate; or

(b) if no Screen Rate is available for Slovak Koruna or the Term of that Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks in the Bratislava interbank market,

as of 11.00 a.m. on the Rate Fixing Day for the offering of deposits in Slovak Koruna for a period comparable to the Term of the Loan.

Business Day means a day (other than a Saturday or a Sunday) on which banks are open for general business in London, in New York and in Bratislava and:

(a) if on that day a payment in or a purchase of a currency (other than euro) is to be made, the principal financial centre of the country of that currency; or

(b) if on that day a payment in or a purchase of euro is to be made, which is also a TARGET Day.

Canadian Dollar means the lawful currency for the time being of Canada.

Central Bank means the National Bank of Slovakia.

Commitment means:

(a) for an Original Lender, the amount set opposite its name in Schedule 1 (Original Parties) under the heading **Commitments** and the amount of any other Commitment it acquires; and

(b) for any other Lender, the amount of any Commitment it acquires,

to the extent not cancelled, transferred or reduced under this Agreement.

Default means:

(a) an Event of Default; or

(b) an event or circumstance which, with the giving of notice, lapse of time or fulfilment of any other applicable condition (or any combination of the foregoing) set out in Clause 19 (Default), would constitute an Event of Default.

Dollars and **USD** mean the lawful currency for the time being of the United States of America.

ERISA means the United States Employee Retirement Income Security Act of 1974, to which the following definitions apply:

- Code means the United States Internal Revenue Code of 1986.

- ERISA Affiliate means any person treated as a single employer with the Company for the purpose of section 414 of the Code.

- Plan means an employee benefit plan as defined in section 3(3) of ERISA:

(a) maintained by the Company or any ERISA Affiliate; or

(b) to which the Company or any ERISA Affiliate is required to make any payment or contribution.

- Reportable Event means:

(c) an event specified as such in section 4043 of ERISA or any related regulation, other than an event in relation to which the requirement to give notice of that event is waived by any regulation; or

(d) a failure to meet the minimum funding standard under section 412 of the Code or section 302 of ERISA, whether or not there has been any waiver of notice or waiver of the minimum funding standard under section 412 of the Code.

EURIBOR means for a Term of any Loan or overdue amount denominated in euro:

(a) the applicable Screen Rate; or

(b) if no Screen Rate is available for the Term of that Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates as supplied to the Facility Agent at its request quoted by the Reference Banks to leading banks in the European interbank market,

as of 11.00 a.m. on the Rate Fixing Day for the offering of deposits in euro for a period comparable to the Term of that Loan.

euro or EUR or € means the single currency of the Participating Member States.

Event of Default means an event specified as such in Clause 19 (Default).

Existing Facility means the credit facility made available under the Existing Facility Agreement.

Existing Facility Agreement means a facility agreement on EUR 40,000,000 credit facility dated 13 December 2006 and entered into between (*inter alia*) the Company as a borrower, ING Bank N.V., pobočka zahraničnej banky, Citibank (Slovakia) a.s. and Slovenská sporitel'ňa, a.s. as arrangers and Citibank (Slovakia) a.s. as facility agent.

Facility means the credit facility made available under this Agreement.

Facility Office means the office(s) notified by a Lender to the Facility Agent:

(a) on or before the date it becomes a Lender; or

(b) by not less than five Business Days' notice,

as the office(s) through which it will perform its obligations under this Agreement.

Fee Letter means any letter entered into by reference to this Agreement between one or more Administrative Parties and the Company setting out the amount of certain fees referred to in this Agreement.

Final Maturity Date means the third anniversary of the date of this Agreement.

Finance Document means:

(a) this Agreement;

(b) a Fee Letter;

(c) a Transfer Certificate; or

(d) any other document designated as such by the Facility Agent and the Company.

Finance Party means a Lender or an Administrative Party.

Financial Indebtedness means, without duplication, Indebtedness (whether being principal, premium, interest or other amounts) for or in respect of:

(a) money borrowed;

(b) liabilities under or in respect of any acceptance or acceptance credit;

(c) any notes, bonds, debentures, debenture stock, loan stock or other debt securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

(d) any interest rate and/or currency swap, forward foreign exchange transaction, financial or commodity futures transaction, commodity swap or other derivative transaction (and, when calculating the value of any of the foregoing transactions, only the net amount of the marked to market value shall be taken into account, to the extent such netting is permitted);

(e) liabilities pursuant to any lease which are capitalised in accordance with USGAAP; or

(f) liabilities under any guarantee, indemnity or other assurance against financial loss given in relation to any of the foregoing.

Fixed Assets means, in relation to the Group, those assets treated as Fixed Assets (e.g. property, plant and equipment) for the purposes of the Latest Accounts.

Group means the Company and its Subsidiaries.

Holding Company of any other person, means an entity in respect of which that other person is a Subsidiary.

IBOR means BRIBOR, EURIBOR or LIBOR.

IFRS means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

Increased Cost means:

(a) an additional or increased cost;

(b) a reduction in the rate of return from a Facility or on a Finance Party's (or its Holding Company's) overall capital; or

(c) a reduction of an amount due and payable under any Finance Document,

that is incurred or suffered by a Finance Party or its Holding Company but only to the extent attributable to that Finance Party having entered into any Finance Document or funding or performing its obligations under any Finance Document.

Indebtedness means any obligation for the payment or repayment of money in whatever currency denominated, whether as principal or as surety and whether present or future, actual, deferred or contingent.

Interest Payment Date has the meaning in Clause 9.2 (Payment of Interest).

Latest Accounts means the audited consolidated financial statements of the Group last delivered to the Facility Agent under Clause 17.2 (Financial information).

Lender means:

(a) an Original Lender; or

(b) any person that becomes a Lender after the date of this Agreement.

LIBOR means for a Term of any Loan or overdue amount denominated in US Dollars:

(a) the applicable Screen Rate; or

(b) if no Screen Rate is available for US Dollars or the Term of that Loan or overdue amount, the arithmetic mean (rounded upward to four decimal places) of the rates, as supplied to the Facility Agent at its request, quoted by the Reference Banks to leading banks in the London interbank market,

as of noon on the Rate Fixing Day for the offering of deposits in US Dollars for a period comparable to the Term of that Loan.

Loan means, unless otherwise stated in this Agreement, the principal amount of each borrowing under this Agreement or the principal amount outstanding of that borrowing.

Majority Lenders means, at any time, Lenders:

(a) whose share in the outstanding Loans and whose undrawn Commitments then aggregate $66^{2}/_{3}$ per cent. or more of the aggregate of all the outstanding Loans and the undrawn Commitments of all the Lenders;

(b) if there is no Loan then outstanding, whose undrawn Commitments then aggregate 66$^{2}/_{3}$ per cent. or more of the Total Commitments; or

(c) if there is no Loan then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated 66$^{2}/_{3}$ per cent. or more of the Total Commitments immediately before the reduction.

Mandatory Cost means the cost as reasonably determined by a Lender, imputed to that Lender of compliance with:

(a) any banking supervision or other costs imposed by the Bank of England or the United Kingdom Financial Services Authority; and

(b) any other applicable regulatory or central bank requirements relating to any Loan, including any reserve asset requirements of the European Central Bank or the Central Bank.

Margin means 1.1 per cent. per annum.

Margin Regulations means Regulations U and X issued by the Board of Governors of the United States Federal Reserve System.

Margin Stock has the meaning given to it in the Margin Regulations.

Maturity Date means the last day of the Term of a Loan.

Participating Member State means a member state of the European Communities that adopts or has adopted the euro as its lawful currency under the legislation of the European Community for Economic Monetary Union.

Party means a party to this Agreement.

Permitted Disposal means any of the following:

(a) disposals of Assets in the ordinary course of trading at arms' length;

(b) disposals on normal commercial terms of obsolete Assets or Assets no longer used or useful in the Company's business;

(c) payment of cash as consideration for the acquisition of any Asset on normal commercial terms;

(d) temporary application of funds not immediately required in the Company's business for the purchase of investments or the realisation of such investments;

(e) exchange of Assets for other assets of a similar nature and value, or the sale of Assets on normal commercial terms for cash that is payable in full on completion of the sale and is to be, and is, applied toward the purchase of similar Assets within six months;

(f) disposals of Assets located outside the Republic;

(g) any disposal that the Facility Agent agrees in writing is a Permitted Disposal; and

(h) any disposal approved in writing by the Majority Lenders.

Permitted Merger means:

(a) a merger of any Subsidiary of the Company into the Company, such that the Company acquires all the assets and liabilities of such Subsidiary and the Company is the surviving legal entity, provided the Company's post-merger consolidated net worth equals or exceeds the immediately preceding pre-merger consolidated net worth of the Company and that Subsidiary as determined on the basis of accounting principles and practices consistent with the preparation of the Latest Accounts;

(b) any other merger or corporate restructuring approved in advance in writing by the Facility Agent (acting on the instructions of the Majority Lenders);

(c) a merger of any Subsidiary of U. S. Steel into the Company, such that the Company acquires all the assets and liabilities of such Subsidiary and the Company is the surviving legal entity, provided the Company's post-merger consolidated net worth equals or exceeds the immediately preceding pre-merger consolidated net worth of the Company and that Subsidiary as determined on the basis of accounting principles and practices consistent with the preparation of the Latest Accounts.

Permitted Security Interest means any of the following:

(a) Security Interests existing on the date of this Agreement and disclosed to the Facility Agent in writing;

(b) any Security Interests incurred in connection with the acquisition of any asset, the assumption of any Security Interest previously existing on such acquired asset or any Security Interest existing on any asset of any person when it becomes a Subsidiary of the Company in each case provided that the Indebtedness secured by such Security Interest does not exceed the fair market value of that asset as at the date of that acquisition;

(c) easements, rights-of-way, minor defects or irregularities in title and other similar encumbrances on real property having no material adverse effect on the then current use or value of such real property, or on the then current conduct of the business of any member of the Group;

(d) unexercised liens for taxes not being delinquent or contested in good faith by appropriate proceedings and for which reserves, adequate under USGAAP, are being maintained;

(e) any Security Interest on equipment of the Company arising solely under leases of such equipment that, in accordance with USGAAP, are required to be capitalised, provided that any such Security Interest extends to no other property and secures no other Indebtedness and the Indebtedness secured by any such Security Interest does not exceed the fair market value of such equipment;

(f) purchase money Security Interests on equipment acquired by the Company after the date hereof incurred simultaneously with or within 180 days after the completion of installation thereof solely to secure payment of all or part of the purchase price thereof provided that each such Security Interest secures no other Indebtedness and extends to no other property and the Indebtedness secured by any such Security Interest does not exceed the fair market value of such equipment;

(g) liens arising solely by operation of law (or by an agreement evidencing the same) in the ordinary course of Company's business in respect of Indebtedness that either: (i) has been due for less than 90 days; or (ii) is being contested in good faith by appropriate means and for which reserves, adequate under USGAAP, are being maintained;

(h) Security Interests arising out of title retention provisions in a supplier's standard conditions of supply of goods acquired by Company in the ordinary course of its business;

(i) any Security Interest approved by the Facility Agent with the approval of the Majority Lenders;

(j) liens in favour of financial institutions arising from documentary letters of credit in the ordinary course of business; and

(k) any renewal of or substitution for any Security Interest permitted under any preceding paragraph; and

(l) liens arising in the ordinary course of business in connection with: (i) the performance of bids, trade contracts, (to the extent not covered by sub-clause (b) of this definition), leases (to the extent a lease constitutes a finance lease and not an operating lease), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature; (ii) deposit accounts; and (iii) deposits made in the ordinary course of business to cash collateralized letters of credit, provided that the aggregate book value of Assets to which the liens described in this sub-clause (l) are attached does not exceed euro 50,000,000 or its equivalent at any time; provided, however, the maximum amount under this sub-clause (l) does not apply to cash deposits that are subject to any bank's general right of set-off but does apply in situations where a specific security agreement exists, including, without limitation, any specific security interest providing a creditor with the treatment of a secured creditor with a right to separate satisfaction of its claim under the Slovak Act No. 7/2005 Coll., on bankruptcy and restructuring (as amended) or any similar right to separate satisfaction in case of bankruptcy or similar proceedings under any applicable laws.

Pro Rata Share means:

(a) for the purpose of determining a Lender's share in a utilisation of the Facility, the proportion which its Commitment bears to the Total Commitments; and

(b) for any other purpose on a particular date:

(i) the proportion which a Lender's share of the Loans (if any) bears to all the Loans;

(ii) if there is no Loan outstanding on that date, the proportion which its Commitment bears to the Total Commitments on that date; or

(iii) if the Total Commitments have been cancelled, the proportion which its Commitment bore to the Total Commitments immediately before being cancelled.

Rate Fixing Day means:

(a) the second Business Day before the first day of a Term for a Loan denominated in any other currency (other than euro); or

(b) the second TARGET Day before the first day of a Term for a Loan denominated in euro,

or such other day as the Facility Agent determines is generally treated as the rate fixing day by market practice in the relevant interbank market.

Reference Banks means the Facility Agent, and any other bank or financial institution appointed as such by the Facility Agent under this Agreement.

Relevant Taxes means Taxes imposed or levied by the Republic (or any political subdivision or taxing authority of the Republic) or by any other jurisdiction from or through which any payment is made by the Company under the Finance Document, but excludes Taxes imposed by the Republic which are so imposed as a direct consequence of the relevant Finance Party maintaining a permanent establishment in the Republic and of that establishment being directly involved in any Loan.

Repeating Representations means the representations and warranties that are then made or deemed to be repeated under Clause 16.19 (Times for making representations and warranties).

Republic means the Slovak Republic.

Request means a request for a Loan, substantially in the form of Schedule 3 (Form of Request).

Rollover Loan means one or more Loans:

(a) to be made on the same day that a maturing Loan is due to be repaid;

(b) the aggregate amount of which is equal to or less than the maturing Loan;

(c) in the same currency as the maturing Loan; and

(d) to be made for the purpose of refinancing a maturing Loan.

Screen Rate means, for the relevant currency and Term:

(a) for LIBOR, the London Interbank Offered Rate as displayed on Reuter’s page LIBOR01;

(b) for EURIBOR, the Euro Interbank Offered Rate as displayed on Reuter’s page LIBOR01;

(c) for BRIBOR, the Bratislava Interbank Offered Rate as displayed on Reuter’s page BRIBOR01.

If the relevant page is replaced or the service ceases to be available, the Facility Agent (after consultation with the Company and the Lenders) may specify another page or service displaying the appropriate rate.

Security Interest means any mortgage, pledge, lien, charge (including a floating charge), assignment (whether conditional or otherwise), hypothecation or security interest or any other agreement or arrangement having the effect of conferring security, or any other arrangement having a similar economic effect including (without limitation) total transfer, 'flawed asset', sale and repurchase, buyback or conditional transfer arrangements.

Slovak Koruna means the lawful currency for the time being of the Republic.

Subsidiary means an entity of which a person has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting capital or similar right of ownership and **control** for this purpose means the power to direct the management and the policies of the entity whether through the ownership of voting capital, by contract or otherwise.

TARGET means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system that utilises interlinked national real time gross settlement systems and the European Central Bank's payment mechanism and which began operations on 4 January 1999.

TARGET2 means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007.

TARGET Day means:

(a) until such time as TARGET is permanently closed down and ceases operations any day on which both TARGET and TARGET2 are; and

(b) following such time as TARGET is permanently closed down and ceased operations, any day on which TARGET2 is,

open for the settlement of payment in euro.

Tax means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any related penalty or interest).

Tax Deduction means a deduction or withholding for or on account of Tax from a payment under a Finance Document.

Tax Payment means a payment made by the Company to a Finance Party in any way relating to a Tax Deduction or under any indemnity given by the Company in respect of Tax under any Finance Document.

Term means each period determined under this Agreement by reference to which interest on a Loan or an overdue amount is calculated.

Total Commitments means the aggregate of the Commitments of all the Lenders.

Transfer Certificate means a certificate, substantially in the form of Schedule 5 (Form of Transfer Certificate), with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Company.

U.K. means the United Kingdom.

USGAAP means the generally accepted accounting principles and practices in the United States of America in effect from time to time.

U. S. Steel means United States Steel Corporation, currently a corporation organized under the laws of the State of Delaware, U.S.A., Delaware registration number 3396733.

Utilisation Date means each date on which the Facility is utilised.

1.2 Construction

(a) In this Agreement, unless the contrary intention appears, a reference to:

(i) an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;

(ii) **assets** means assets as defined in the Latest Accounts;

(iii) an **authorisation** includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration or notarisation;

(iv) **disposal** means a sale, transfer, grant, lease or other disposal, whether voluntary or involuntary, and **dispose** will be construed accordingly;

(v) **indebtedness** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money;

(vi) **know your customer requirements** are the identification checks that a Finance Party requests in order to meet its obligations under any applicable law or regulation to identify a person who is (or is to become) its customer;

(vii) a **person** includes any individual, company, corporation, unincorporated association or body (including without limitation a partnership, trust, joint venture or consortium), government, state, agency, organisation or other entity whether or not having separate legal personality;

(viii) a **regulation** includes any regulation, rule, official directive, request or guideline (whether or not having the force of law but, if not having the force of law, being of a type with which any person to which it applies is accustomed to comply) of any governmental, inter-governmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(ix) a currency is a reference to the lawful currency for the time being of the relevant country;

(x) a Default being **outstanding** means that it has not been remedied or waived;

(xi) a provision of law is a reference to that provision as extended, applied, amended or re-enacted and includes any subordinate legislation;

(xii) a Clause, a Subclause or a Schedule is a reference to a clause or subclause of, or a schedule to, this Agreement;

(xiii) a Party or any other person includes its successors in title, permitted assigns and permitted transferees;

(xiv) a Finance Document or another document is a reference to that Finance Document or other document as amended;

(xv) the word “will” shall be construed to have the same meaning and effect as the word “shall”; and

(xvi) a time of day is a reference to Central European time (CET).

(b) Unless the contrary intention appears, a reference to a**month** is a reference to a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month or the calendar month in which it is to end, except that:

(i) if the numerically corresponding day is not a Business Day, the period will end on the next Business Day in that month (if there is one) or the preceding Business Day (if there is not);

(ii) if there is no numerically corresponding day in that month, that period will end on the last Business Day in that month; and

(iii) notwithstanding sub-paragraph (i) of this Clause 1.2(b), a period which commences on the last Business Day of a month will end on the last Business Day in the next month or the calendar month in which it is to end, as appropriate.

(c) Unless expressly provided to the contrary in a Finance Document, a person who is not a party to a Finance Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 and, notwithstanding any term of any Finance Document, no consent of any third party is required for any amendment (including, without limitation, any release or compromise of any liability) or termination of any Finance Document.

(d) Unless the contrary intention appears:

(i) a reference to a Party will not include that Party if it has ceased to be a Party under this Agreement;

(ii) a word or expression used in any other Finance Document or in any notice given in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement;

(iii) if there is an inconsistency between this Agreement and any other Finance Document, this Agreement will prevail;

(iv) any non-payment obligations of the Company under the Finance Documents remain in force for so long as any payment obligation of the Company is or may be outstanding under the Finance Documents; and

(v) an accounting term used in this Agreement is to be construed in accordance with international accounting standards within the meaning of the IAS Regulation 1606/2002 (IFRS).

(e) The headings in this Agreement do not affect its interpretation.

2. FACILITY

2.1 Facility

Subject to the terms of this Agreement, the Lenders make available to the Company a revolving credit facility in an aggregate amount equal to the Total Commitments.

2.2 Nature of a Finance Party's rights and obligations

Unless all the Finance Parties agree otherwise:

(a) the obligations of a Finance Party under the Finance Documents are several;

(b) failure by a Finance Party to perform its obligations does not affect the obligations of any other person under the Finance Documents;

(c) no Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents;

(d) the rights of a Finance Party under the Finance Documents are separate and independent rights;

(e) a Finance Party may, except as otherwise stated in the Finance Documents, separately enforce those rights; and

(f) a debt arising under the Finance Documents to a Finance Party is a separate and independent debt.

3. PURPOSE

3.1 Loans

Each Loan may be used for general corporate purposes.

3.2 No obligation to monitor

No Finance Party is bound to monitor or verify the utilisation of the Facility.

4. CONDITIONS PRECEDENT

4.1 Conditions precedent documents

A Request may not be given until the Facility Agent has notified the Company and the Lenders that it has received all of the documents and evidence set out in Schedule 2 (Conditions precedent documents) in form and substance satisfactory to the Facility Agent. The Facility Agent must give this notification to the Company and the Lenders promptly upon being so satisfied.

4.2 Further conditions precedent

The obligations of each Lender to participate in any Loan are subject to the further conditions precedent that on both the date of the Request and the Utilisation Date for that Loan:

(a) the Repeating Representations are correct in all material respects; and

(b) no Default or, in the case of a Rollover Loan, no Event of Default is outstanding or would result from the Loan.

4.3 Drawstop

A Request may not be made in any case where the Company is in default under the Existing Facility of any payment obligation (or payment obligations in aggregate) in an amount equal to or in excess of EUR500,000 or its equivalent in other currencies (a **Drawstop Event**). Following a Drawstop Event, no further Requests may be made until: such default or defaults: (i) are no longer outstanding; or (ii) are waived in accordance with the Existing Facility Agreement; or (iii) a combination of (i) and (ii), whereby, following such waivers (if any), such default or defaults (if any) are in aggregate in an amount less than EUR500,000 or its equivalent in other currencies.

4.4 Maximum number of Loans

Unless the Facility Agent agrees, a Request may not be given if, as a result, there would be more than five Loans outstanding.

5. UTILISATION - LOANS

5.1 Giving of Requests

(a) The Company may borrow a Loan by giving to the Facility Agent a duly completed Request.

(b) Unless the Facility Agent otherwise agrees, the latest time for receipt by the Facility Agent of a duly completed Request is 11.00 a.m. one Business Day before the Rate Fixing Day for the proposed borrowing.

(c) Each Request is irrevocable unless otherwise agreed by the Facility Agent upon the approval of the Majority Lenders.

5.2 Completion of Requests

A Request for a Loan will not be regarded as having been duly completed unless:

(a) the Utilisation Date is a Business Day falling within the Availability Period;

(b) the amount of the Loan requested is:

(i) a minimum of €5,000,000 or an integral multiple of €250,000 or an amount which complies with Clause 6 (Optional Currencies);

(ii) the maximum undrawn amount available under the Facility on the proposed Utilisation Date; or

(iii) such other amount as the Facility Agent may agree; and

(c) the proposed currency and Term comply with this Agreement.

Only one Loan may be requested in a Request.

5.3 Advance of Loan

(a) The Facility Agent must promptly notify each Lender of the details of the requested Loan and the amount of its share in that Loan.

(b) The amount of each Lender's share of the requested Loan will be its Pro Rata Share on the proposed Utilisation Date.

(c) No Lender is obliged to participate in a Loan if, as a result:

(i) its share in the Loans would exceed its Commitment; or

(ii) the Loans would exceed the Total Commitments.

(d) If the conditions set out in this Agreement have been met, each Lender must make its share in the requested Loan available to the Facility Agent for the Company through its Facility Office on the Utilisation Date.

6. OPTIONAL CURRENCIES

6.1 General

In this Clause:

Agent's Spot Rate of Exchange means the Facility Agent's spot rate of exchange for the purchase of the relevant currency in the London foreign exchange market with euros as of noon on a particular day.

euro amount of a Loan or part of a Loan means:

(a) if the Loan is denominated in euros, its amount; or

(b) if the Loan is denominated in an Optional Currency, its equivalent in euros calculated on the basis of the Facility Agent's Spot Rate of Exchange one Business Day before the Rate Fixing Day for that Term.

Optional Currency means any currency (other than euros) in which a Loan may be denominated under this Agreement.

6.2 Selection

(a) The Company must select the currency of a Loan in its Request.

(b) The amount of a Loan requested in an Optional Currency must be a minimum amount of the equivalent of €5,000,000 in the Optional Currency and in integral multiples of the equivalent of €250,000 in the Optional Currency.

(c) Unless the Facility Agent otherwise agrees, the Loans may not be denominated at any one time in more than four currencies.

6.3 Conditions relating to Optional Currencies

(a) A Loan may be denominated in an Optional Currency for a Term if:

(i) that Optional Currency is readily available in the amount required and freely convertible into euros in the relevant interbank market on the Rate Fixing Day and the first day of that Term; and

(ii) that Optional Currency is Canadian Dollars, Slovak Koruna or US Dollars or has been previously approved by the Facility Agent (acting on the instructions of all the Lenders).

(b) If the Facility Agent has received a request from the Company for a currency (other than the Optional Currency specified in Clause 6.3(a)(ii)) to be approved as an Optional Currency, the Facility Agent must, within five Business Days, confirm to the Company:

(i) whether or not the Lenders have given their approval; and

(ii) if approval has been given, the minimum amount (and, if required, integral multiples) for any Loan in that currency.

6.4 Revocation of currency

(a) Notwithstanding any other term of this Agreement, if before 9.30 a.m. on any Rate Fixing Day the Facility Agent receives notice from a Lender that:

(i) the Optional Currency requested is not readily available to it in the relevant interbank market in the amount and for the period required; or

(ii) participating in a Loan in the proposed Optional Currency might contravene any law or regulation applicable to it,

the Facility Agent must give notice to the Company to that effect promptly and in any event before noon on that day.

(b) In this event:

(i) that Lender must participate in the Loan in euros; and

(ii) the share of that Lender in the Loan and any other similarly affected Lender(s) will be treated as a separate Loan denominated in euros during that Term.

(c) Any part of a Loan treated as a separate Loan under this Subclause will not be taken into account for the purposes of any limit on the number of Loans or currencies outstanding at any one time.

(d) A Loan will still be treated as a Rollover Loan if it is not denominated in the same currency as the maturing Loan by reason only of the operation of this Subclause.

6.5 Optional Currency equivalents

The equivalent in euros of a Loan or part of a Loan in an Optional Currency for the purposes of calculating:

(a) whether any limit under this Agreement has been exceeded;

(b) the amount of a Loan;

(c) the share of a Lender in a Loan;

(d) the amount of any repayment or prepayment of a Loan; or

(e) the undrawn amount of a Lender's Commitment,

is its euro amount.

6.6 Notification

The Facility Agent must notify the Lenders and the Company of the relevant euro amount (and the applicable Agent's Spot Rate of Exchange) promptly after they are ascertained.

7. REPAYMENT

(a) The Company must repay each Loan made to it in full on its Maturity Date.

(b) Where the Maturity Date for an outstanding Loan coincides with the Utilisation Date for a new Loan to be denominated in the same currency as the outstanding Loan, the Facility Agent will apply the new Loan in or towards repayment of the outstanding Loan so that:

(i) where the amount of the outstanding Loan exceeds the amount of the new Loan, the Company will only be required to repay the excess;

(ii) where the amount of the outstanding Loan is exactly the same as the amount of the new Loan, the Company will not be required to make any payment;

(iii) where the amount of the new Loan exceeds the amount of the outstanding Loan, the Company will not be required to make any payment and the excess will be advanced to the Company,

provided that nothing in this paragraph (b) shall have the effect or be deemed to have the effect of converting the whole of the Loan or any part of it into a term loan.

(c) Subject to the other terms of this Agreement, any amounts repaid under paragraph 7(a) may be re-borrowed.

8. PREPAYMENT AND CANCELLATION

8.1 Mandatory prepayment - illegality

(a) If at any time:

(i) it is necessary under the laws and constitution of the Republic:

(A) in order to enable any Lender to enforce its rights under the Finance Documents; or

(B) by reason only of the execution, delivery and performance of this Agreement by any Lender,

that any Lender should be licensed, qualified or otherwise entitled to carry on business in the Republic;

(ii) a Lender is or will be deemed to be resident, domiciled or carrying on business in or subject to the laws of the Republic by reason only of the execution, delivery, performance and/or enforcement of any Finance Document;

(iii) in any proceedings taken in the Republic in respect of any Finance Document or for the enforcement of any Finance Document, the choice of English law as the governing law of the Finance Document will not be recognised; or

(iv) it is or becomes unlawful in any applicable jurisdiction for a Lender to give effect to any of its obligations as contemplated by this Agreement or to fund or maintain its participation in any Loan,

and the occurrence of any of the foregoing causes a Lender (acting reasonably) to believe it is materially prejudiced thereby then:

(I) the relevant Lender must notify the Company (through the Facility Agent) accordingly; and

(II) the Company shall prepay that Lender's participation in all the Loans on the date specified in paragraph (b) of this Clause 8.1, together with all other amounts payable by it to that Lender under the Finance Documents and the Commitment of that Lender shall forthwith be reduced to zero,

except that paragraphs (i) and (ii) of this Clause 8.1 do not apply to any Lender acting through its Facility Office or having a permanently established office or branch in the Republic.

(b) The date for repayment or prepayment of a Lender's share in a Loan will be:

(i) the last day of the current Term of that Loan; or

(ii) if earlier, the date specified by the Lender in the notification under paragraph (a)(iv)(I) of this Clause 8.1 and which must not be earlier than the last day of any applicable grace period allowed by law.

8.2 Mandatory prepayment - change of control

(a) The Company shall, within one Business Day after the occurrence of a Change of Control notify such to the Facility Agent, and the Facility 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 of Control and each Lender may, by notice to the Company and the Facility Agent given not later than ten days after the date of such Change of Control, terminate its Commitment and declare any amounts payable by the Company under the Finance Documents for its account to be, and such amounts shall become, due and payable, in each case on the Business Day following the date of delivery of the termination notice without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Company.

(b) For purposes of this Clause 8.2, the following terms have the following meanings:

A **Change of Control** shall occur if:

(i) any "person" (as such term is used in Sections 13 (d) and 14(d) of the U.S. Securities Exchange Act of 1934, as amended, hereinafter, 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 sub-clause (i) 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 of U. S. Steel;

(ii) during any period of twenty-five consecutive months, commencing before or after the date of this Agreement, individuals who at the beginning of such twenty-five month period were directors of U. S. Steel (together with any replacement or additional directors whose election was recommended by the incumbent directors of U. S. Steel or who were elected by a majority of directors then in office) cease to constitute a majority of the board of directors of U. S. Steel;

(iii) the adoption of a plan relating to the liquidation or dissolution of U. S. Steel;

(iv) the merger or consolidation of U. S. Steel with or into another entity, or the merger of another entity with or into U. S. Steel, 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 U. S. Steel immediately prior to such transaction own directly or indirectly at least a majority of the ordinary Voting Power represented by the Equity Interests (or other securities into which such securities are converted as part of such merger or consolidation transaction) in the surviving person resulting from such merger or consolidation transaction, and in substantially the same proportion as before the transaction; or

(v) the sale of all or substantially all the assets of U. S. Steel (determined on a consolidated basis) to another person.

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.

Voting Power as applied to the stock of any corporation means the total voting power represented by all outstanding Voting Stock of such corporation.

Voting Stock as applied to the stock of any corporation means stock of any class or classes (however designated) having ordinary voting power for the election of the directors of such corporation, other than stock having such power only by reason of the happening of a contingency.

8.3 Voluntary prepayment

(a) The Company may, by giving not less than 30 Business Days' prior notice to the Facility Agent, prepay any Loan at any time in whole or in part.

(b) A prepayment of part of a Loan must be in a minimum amount of €5,000,000 and an integral multiple of €250,000 (or its equivalent in an Optional Currency).

(c) A prepayment of all or part of a Loan must be on an Interest Payment Date.

8.4 Automatic cancellation

The Commitment of each Lender will be automatically cancelled at the close of business on the last day of the Availability Period.

8.5 Voluntary cancellation

(a) The Company may, by giving not less than five Business Days' prior notice to the Facility Agent, cancel the unutilised amount of the Total Commitments in whole or in part.

(b) Partial cancellation of the Total Commitments must be in a minimum amount of €5,000,000 and an integral multiple of €250,000.

(c) Any cancellation in part will be applied against the Commitment of each Lender pro rata.

8.6 Right of repayment and cancellation of a single Lender

(a) If the Company is, or will be, required to pay to a Lender:

(i) a Tax Payment; or

(ii) an Increased Cost,

the Company may, while the requirement continues, give notice to the Facility Agent requesting prepayment and cancellation in respect of that Lender.

(b) After notification under paragraph (a) of this Clause 8.6:

(i) the Company must repay or prepay that Lender's share in each Loan on the date specified in paragraph (c) of this Clause 8.6; and

(ii) the Commitment of that Lender will be immediately cancelled.

(c) The date for repayment or prepayment of a Lender's share in a Loan will be:

(i) the last day of the Term for that Loan; or

(ii) if earlier, the date specified by the Company in its notification.

8.7 Re-borrowing of Loans

Any voluntary prepayment of a Loan under Clause 8.3 (Voluntary prepayment) may be re-borrowed on the terms of this Agreement. Any other prepayment of a Loan may not be re-borrowed.

8.8 Miscellaneous provisions

(a) Any notice of prepayment and/or cancellation under this Agreement is irrevocable and must specify the relevant date(s) and the affected Loans and Commitments. The Facility Agent must notify the Lenders promptly of receipt of any such notice.

(b) All prepayments under this Agreement must be made with accrued interest on the amount prepaid. No premium or penalty is payable in respect of any prepayment except for Break Costs.

(c) The Majority Lenders may agree a shorter notice period for a voluntary prepayment or a voluntary cancellation.

(d) No prepayment or cancellation is allowed except in accordance with the express terms of this Agreement.

(e) No amount of the Total Commitments cancelled under this Agreement may subsequently be reinstated.

9. INTEREST

9.1 Calculation of interest

The rate of interest on each Loan for its Term is the percentage rate per annum equal to the aggregate of the applicable:

(a) Margin;

(b) IBOR; and

(c) Mandatory Cost.

9.2 Payment of interest

Except where it is provided to the contrary in this Agreement, the Company must pay accrued interest on each Loan made to it on the last day of each Term and also, if the Term is longer than six months, on the dates falling at six-month intervals after the first day of that Term (each an **Interest Payment Date**).

9.3 Interest on overdue amounts

(a) If the Company fails to pay any amount payable by it under the Finance Documents, it must immediately on demand by the Facility Agent pay interest on the overdue amount from its due date up to the date of actual payment, both before, on and after judgment.

(b) Interest on an overdue amount is payable at a rate determined by the Facility Agent to be two per cent. per annum above the rate that would have been payable if the overdue amount had, during the period of non-payment, constituted a Loan in the currency of the overdue amount. For this purpose, the Facility Agent may (acting reasonably):

(i) select successive Terms of any duration of up to three months; and

(ii) determine the appropriate Rate Fixing Day for that Term.

(c) Notwithstanding paragraph (b), if the overdue amount is a principal amount of a Loan and becomes due and payable before the last day of its current Term, then:

(i) the first Term for that overdue amount will be the unexpired portion of that Term; and

(ii) the rate of interest on the overdue amount for that first Term will be one per cent. per annum above the rate then payable on that Loan.

After the expiry of the first Term for that overdue amount, the rate on the overdue amount will be calculated in accordance with paragraph (b) of this Clause 9.3.

(d) Interest (if unpaid) on an overdue amount will be compounded with that overdue amount at the end of each of its Terms but will remain immediately due and payable.

9.4 Notification of rates of interest

The Facility Agent must promptly notify each relevant Party of the determination of a rate of interest under this Agreement.

9.5 Acknowledgement

The Company acknowledges and confirms for the benefit of the Finance Parties who are banks or branches of foreign banks incorporated in the Slovak Republic that it has been informed about the amount of the annual percentage rate of interest of the Loan and on the fees that the Company shall pay under the Finance Documents in compliance with section 37(2) of the Slovak Act No. 483/2001 Coll. as amended.

10. TERMS

10.1 Selection

(a) Each Loan has one Term only.

(b) The Company must select the Term for a Loan in the relevant Request.

(c) Subject to the following provisions of this Clause, each Term for a Loan will be one or two weeks, or one, two, three or six months.

10.2 No overrunning the Final Maturity Date

If a Term would otherwise overrun the Final Maturity Date, it will be shortened so that it ends on the Final Maturity Date in which case the Company will have no obligation to pay Break Costs or other costs arising from the shortening.

10.3 Notification

The Facility Agent must notify each relevant Party of the duration of each Term promptly after ascertaining its duration.

11. MARKET DISRUPTION

11.1 Failure of a Reference Bank to supply a rate

If IBOR is to be calculated by reference to the Reference Banks but a Reference Bank does not supply a rate by noon on a Rate Fixing Day, the applicable IBOR will, subject as hereinafter provided, be calculated on the basis of the rates of the remaining Reference Banks.

11.2 Market disruption

(a) In this Clause, each of the following events is a **market disruption event**:

(i) IBOR is to be calculated by reference to the Reference Banks but no, or only one, Reference Bank supplies a rate by noon on the Rate Fixing Day; or

(ii) the Facility Agent receives by close of business on the Rate Fixing Day notification from Lenders whose shares in the relevant Loan exceed 30 per cent. of that Loan that the cost to them of obtaining matching deposits in the relevant interbank market is in excess of IBOR for the relevant Term.

(b) The Facility Agent must promptly notify the Company and the Lenders of a market disruption event.

(c) After notification under paragraph (b), the rate of interest on each Lender's share in the affected Loan for the relevant Term will be the aggregate of the applicable:

(i) Margin;

(ii) rate notified to the Facility Agent by that Lender as soon as practicable, and in any event before interest is due to be paid in respect of that Term, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its share in that Loan from whatever source it may reasonably select; and

(iii) Mandatory Cost.

11.3 Alternative basis of interest or funding

(a) If a market disruption event occurs and the Facility Agent or the Company so requires, the Company and the Facility Agent must enter into negotiations for a period of not more than 30 days with a view to agreeing an alternative basis for determining the rate of interest and/or funding for the affected Loan.

(b) Any alternative basis agreed will be, with the prior consent of all the Lenders, binding on all the Parties.

12. TAXES

12.1 Gross-up

All payments by the Company under the Finance Documents shall be made without any deduction and free and clear of and without deduction for or on account of any Taxes, except to the extent that the Company is required by law to make payment subject to any Taxes. If any Relevant Tax or amounts in respect of any Relevant Tax must be deducted from any amounts payable or paid by the Company, or paid or payable by the Facility Agent to a Lender, under the Finance Documents, the Company shall, subject to Clause 12.4 (Exception to the gross-up), pay such additional amounts as may be necessary to ensure that the relevant Lender receives a net amount equal to the full amount which it would have received had payment not been made subject to Relevant Tax.

12.2 Tax receipts

All Taxes required by law to be deducted or withheld by the Company from any amounts paid or payable under the Finance Documents shall be paid by the Company when due and the Company shall, within 15 days of receipt of evidence of the payment being made, deliver the same to the Facility Agent.

12.3 Reimbursement of tax credit

If the Company pays **Tax Payment** under Clause 12.1 (Gross-up) for the account of a Lender, and the Lender effectively obtains, or could have effectively obtained by taking reasonable action (in which case the Lender shall be treated as actually having obtained), a refund of Tax, or credit against Tax, by reason of that Tax Payment (a **Tax Credit**), then the Lender shall reimburse to the Company such amount as the Lender shall reasonably determine to be the proportion of the Tax Credit as will leave the Lender (after that reimbursement) in no better or worse position than it would have been in if the Tax Payment

had not been required. Notwithstanding the foregoing, a Lender may choose not to make or to limit the amount or alter the timing of any Tax Credit if to do otherwise would result in a material adverse effect to the Lender or on its relationship with the relevant Tax authority. Upon reasonable request from the Company, the Lender shall provide the Company with a certification concerning whether or not a Tax Credit was obtained or was attempted to be obtained by the Lender as well as reasonable detail concerning the amount of the Tax Credit. No Finance Party is obliged to disclose any information regarding its Tax affairs or computations to any other person.

12.4 Exception to the gross-up

The Company is not required to pay an additional amount for the account of a Lender under Clause 12.1 (Gross-up):

(i) to the extent that the obligation to pay the additional amount would not have arisen but for the failure by that Lender to provide (within a reasonable period after being requested to do so by the Company or the Facility Agent and at the cost of the Company) any form, certificate or other documentation:

(A) the provision of which would have relieved (in whole or in part) the Company from the relevant withholding obligation; and

(B) which it is fully within the power of the Lender to provide;

(ii) if that Lender has not complied with its obligations under Clause 12.5(a) (Tax confirmation) for a period of 90 days from the date that Lender became aware that it could not give the confirmation referred to in Clause 12.5(a) (Tax confirmation); or

(iii) the confirmation provided by that Lender under Clause 12.5(a) (Tax confirmation) is incorrect when made.

12.5 Tax confirmation

(a) Each Lender (other than a Lender with its Facility Office situated in the Republic) confirms to the Company that on the date of this Agreement (or if it only subsequently becomes a Party to this Agreement, on that date) under the terms of a double taxation treaty between the jurisdiction in which that Lender is resident and the Republic payments due to it under the Finance Documents may be made without deduction or withholding on account of any Tax imposed or levied by the Republic (or any political subdivision or taxing authority of the Republic) under the laws of the Republic, as interpreted and applied at that time.

(b) If a Lender becomes aware that it could not, on any particular day, give the confirmation referred to in paragraph (a) of this Clause 12.5, it shall promptly but in any event within 90 days, notify such to the Company (through the Facility Agent).

12.6 Stamp taxes

The Company must pay and indemnify each Finance Party against any stamp duty, registration or other similar Tax payable in connection with the entry into, performance or enforcement of any Finance Document, except for any such Tax payable in connection with the entry into a Transfer Certificate.

12.7 Value added taxes

(a) Any amount (including costs, fees and expenses) payable under a Finance Document by the Company is exclusive of any value added tax or similar tax that might be chargeable in connection with that amount. If any such value added tax or similar tax is chargeable, the Company must pay (in addition to and at the same time as it pays that amount) an amount equal to the amount of that value added tax or similar tax.

(b) The obligation of the Company under paragraph (a) of this Clause 12.7 will be reduced to the extent that the Finance Party is entitled to repayment or a credit in respect of the relevant value added tax or similar tax.

13. INCREASED COSTS

13.1 Increased Costs

Except as hereinafter provided in this Clause, the Company must pay to a Finance Party the amount of any Increased Cost incurred by that Finance Party or its Holding Company as a result of:

(a) the introduction of, or any change in, or any change in the interpretation, or application of, any law or regulation; or

(b) compliance with any law or regulation made after the date of this Agreement.

Each Finance Party agrees to notify the Company promptly upon becoming aware that this Clause 13.1 applies.

13.2 Exceptions

The Company need not make any payment for an Increased Cost to the extent that the Increased Cost is:

(a) compensated for under another Clause or would have been but for an exception to that Clause;

(b) a tax on the overall net income of a Finance Party or its Holding Company;

(c) attributable to a Finance Party or its Holding Company wilfully failing to comply with any law or regulation; or

(d) attributable to the failure of the relevant Finance Party or its Holding Company to notify the Company of that increased cost within 45 days of becoming aware of it.

13.3 Claims

(a) A Finance Party intending to make a claim for an Increased Cost must notify the Facility Agent of the circumstances giving rise to and the amount of the claim, following which the Facility Agent will promptly notify the Company.

(b) Each Finance Party must, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Cost.

14. MITIGATION

14.1 Mitigation

If circumstances arise that would, or would on the giving of notice, result in:

(a) any additional amounts becoming payable under Clause 12 (Taxes); or

(b) any amount becoming payable under Clause 13 (Increased costs); or

(c) any prepayment or cancellation under Clause 8 (Prepayment and Cancellation); or

(d) a Finance Party incurring any cost of complying with the minimum reserve requirements of its supervising and regulating entity,

then, without limiting the obligations of the Company under this Agreement and without prejudice to the terms of Clauses 12 (Taxes), 13 (Increased costs) and 10 (Prepayment and Cancellation), the relevant Lender shall, in consultation with the Company, take such reasonable steps as may be open to it to mitigate or remove the relevant circumstance, including (without limitation) changing its Facility Office to one in another jurisdiction or the transfer of its rights and obligations under this Agreement to another person, unless to do so might (in the reasonable opinion of the Lender) be materially prejudicial to it.

15. PAYMENTS

15.1 Place

Unless a Finance Document specifies that payments under it are to be made in another manner, all payments by a Party (other than the Facility Agent) under the Finance Documents must be made to the Facility Agent to its account at such office or bank:

(a) in the principal financial centre of the country of the relevant currency; or

(b) in the case of euro, in the principal financial centre of a Participating Member State or London,

as it may notify to that Party for this purpose by not less than ten Business Days' prior notice.

15.2 Funds

Payments under the Finance Documents to the Facility Agent must be made for value on the due date at such times and in such funds as the Facility Agent may acting reasonably specify to the Party concerned as being customary at the time for the settlement of transactions in the relevant currency in the place for payment.

15.3 Distribution

(a) Each payment received by the Facility Agent under the Finance Documents for another Party must, except as hereinafter provided, be made available by the Facility Agent to that Party by payment (as soon as practicable after receipt) to its account with such office or bank:

(i) in the principal financial centre of the country of the relevant currency; or

(ii) in the case of euro, in the principal financial centre of a Participating Member State or London,

as it may notify to the Facility Agent for this purpose by not less than ten Business Days' prior notice.

(b) The Facility Agent may apply any amount received by it for the Company in or towards payment (as soon as practicable after receipt) of any amount due from the Company under the Finance Documents or in or towards the purchase of any amount of any currency to be so applied.

(c) Where a sum is paid to the Facility Agent under this Agreement for another Party, the Facility Agent is not obliged to pay that sum to that Party until it has established that it has actually received it. However, the Facility Agent may assume that the sum has been paid to it, and, in reliance on that assumption, make available to that Party a corresponding amount. If it transpires that the sum has not been received by the Facility Agent, that Party must immediately on demand by the Facility Agent refund any corresponding amount made available to it together with interest on that amount from the date of payment to the date of receipt by the Facility Agent at a rate calculated by the Facility Agent to reflect its cost of funds.

15.4 Currency

(a) Unless a Finance Document specifies that payments under it are to be made in a different manner, the currency of each amount payable under the Finance Documents is determined under this Subclause.

(b) Interest is payable in the currency in which the relevant amount in respect of which it is payable is denominated.

(c) A repayment or prepayment of any principal amount is payable in the currency in which that principal amount is denominated on its due date.

(d) Amounts payable in respect of Taxes, fees, costs and expenses are payable in the currency in which they are incurred.

(e) Each other amount payable under the Finance Documents is payable in euros.

15.5 No set-off or counterclaim

All payments made by the Company under the Finance Documents must be calculated and made without (and free and clear of any deduction for) set-off or counterclaim.

15.6 Business Days

(a) If a payment under the Finance Documents is due on a day that is not a Business Day, the due date for that payment will instead be the next Business Day.

(b) During any extension of the due date for payment of any principal under this Agreement interest is payable on that principal at the rate payable on the original due date.

15.7 Partial payments

(a) If any Administrative Party receives a payment insufficient to discharge all the amounts then due and payable by the Company under the Finance Documents, the Administrative Party must apply that payment towards the obligations of the Company under the Finance Documents in the following order:

(i) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Administrative Parties under the Finance Documents;

(ii) **secondly**, in or towards payment pro rata of any accrued interest or fee due but unpaid under this Agreement;

(iii) **thirdly**, in or towards payment pro rata of any principal amount due but unpaid under this Agreement; and

(iv) **fourthly**, in or towards payment pro rata of any other sum due but unpaid under the Finance Documents.

(b) The Facility Agent must, if so directed by all the Lenders, vary the order set out in sub-paragraphs (a)(ii) to (iv) of this Clause 15.7.

(c) This Sub-clause will override any appropriation made by the Company.

15.8 Timing of payments

If a Finance Document does not provide for when a particular payment is due, that payment will be due 30 days after receipt by the Company of a claim (accompanied by, if available, separate invoices) signed on behalf of the relevant Finance Party specifying the amount due, the provision of the Finance Document under which the Company's liability to pay arises and setting out in reasonable detail a calculation of the amount due.

16. REPRESENTATIONS AND WARRANTIES

16.1 Representations and warranties

The Company makes the representations and warranties set out in this Clause 16 (Representations and warranties) to each Finance Party.

16.2 Status

(a) It is a limited liability company duly organised and validly existing under the laws of the Republic.

(b) It has the power to own its property and Assets.

(c) It has power to carry on its business as it is now being conducted.

16.3 Powers and authority

It has the power to enter into and perform, and has taken all necessary action to authorise, the execution, delivery and performance of the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents.

16.4 Legal validity

Each Finance Document to which it is a party:

(a) constitutes, or when executed will constitute, its legal, valid and binding obligation enforceable in accordance with its terms; and

(b) is in proper form for its enforcement in the Republic if accompanied by a certified Slovak translation;

save that enforcement of the Company's obligations under the Finance Documents may be affected by insolvency, bankruptcy and similar laws affecting the rights of creditors generally.

16.5 Non-conflict

The execution, delivery and performance of the Finance Documents to which it is or will be a party by it will not:

(a) violate in any respect any provision of:

(i) any applicable law or regulation of the Republic or any order of any governmental, judicial or public body or authority in the Republic binding on the Company; or

(ii) the laws and documents incorporating and constituting the Company; or

(iii) any mortgage, agreement or other financial undertaking or instrument to which the Company is a party or which is binding upon or any Assets of the Company; or

(b) to the best of the Company's knowledge result in the creation or imposition of any Security Interest on any Assets of the Company pursuant to the provisions of any mortgage, agreement or other undertaking or instrument to which the Company is a party or which is binding upon it.

16.6 No default

No Default is outstanding.

16.7 Authorisations

All authorisations and other requirements of governmental, judicial and public bodies and authorities required by any member of the Group or advisable in connection with the execution, delivery, performance, validity and enforceability of the Finance Documents have been obtained or effected and are in full force and effect.

16.8 Litigation

Except to the extent as disclosed in writing to the Facility Agent:

(a) there is no litigation, arbitration or administrative proceedings relating to any member of the Group that is material to the Company, the same are not current or pending or, to the knowledge of the Company, threatened; and

(b) no litigation, arbitration or administrative proceedings are current or pending or, to the knowledge of the Company, threatened, which would reasonably be expected to have a material adverse effect on the ability of the Company to perform its obligations under the Finance Documents.

16.9 Title

Except to the extent disclosed in writing to the Facility Agent, it has valid leases or good and marketable title to all its material Fixed Assets which are reflected in the most recent audited consolidated financial statements of the Group delivered to the Facility Agent under Clause 16.15 (Financial statements), subject to any disposal permitted under Clause 18.6 (Disposals) and to no Security Interest securing Financial Indebtedness over such Fixed Assets, except any Permitted Security Interest.

16.10 Borrowing limits

The borrowing of the full amount available under this Agreement will not cause any limit on its borrowing or other powers or on the exercise of such powers by its board of directors whether imposed by the Company's Articles of Association or similar document or by statute, regulation, or agreement, to be exceeded.

16.11 Immunity

Subject to any general provisions of law with respect to immunity of certain assets from attachment and from execution, referred to in any legal opinion required under this Agreement, it is not entitled to claim immunity from suit, attachment, enforcement or other legal process in the Republic.

16.12 Solvency

(a) It is not insolvent (in Slovak, *v úpadku*); and

(b) it has not taken any action nor, so far as it is aware have any steps been taken or legal proceedings been started or threatened against it for winding-up, dissolution, reorganisation, or bankruptcy the enforcement of any encumbrance over its assets or for the appointment of a receiver, administrative receiver or administrator, trustee or similar officer of it or of any or all of its assets or revenues.

16.13 Information

(a) All factual information provided in writing by an officer of any member of the Group, U. S. Steel or any Subsidiary of U. S. Steel to the Finance Parties in connection with the Finance Documents was true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given by that person.

(b) Nothing was omitted from the information referred to in paragraph (a) of this Clause 16.13 that, if disclosed, would make that information untrue or misleading in any material respect.

(c) Nothing has occurred since the date of the information referred to in paragraph (a) of this Clause 16.13 that, if disclosed, would make that information untrue or mislead in any material respect.

16.14 No notarial deed

No member of the Group has created any notarial deed (as referred to in section 41(2) of the Slovak Act No. 233/1995 Coll. as amended or section 274(e) of the Slovak Act No. 99/1963 Coll., in its wording up to 31 August 2005 respectively) in relation to any Financial Indebtedness.

16.15 Financial statements

Its audited consolidated financial statements most recently delivered to the Facility Agent (which, at the date of this Agreement, are the financial statements of the Company for the year ended 31 December 2007):

(a) have been prepared in accordance with accounting principles and practices generally accepted in its jurisdiction of incorporation, consistently applied; and

(b) fairly represent its consolidated financial condition as at the date to which they were drawn up,

except, in each case, as disclosed to the contrary in those financial statements.

16.16 Slovak Banking Act

(a) It represents that it is not a person having any special relationship (*osobitný vzt'ah*) as defined in the Slovak Act No. 483/2001 Coll., as amended, to any Lender.

(b) When making any payment under or in connection with any Finance Document, it will use solely the funds owned by it.

(c) It is entering into each Finance Document as a principal and not as agent and, in its own name on its own account.

16.17 ERISA

Each Plan of the Company and of each ERISA Affiliate of the Company complies in all material respects with all applicable requirements of law and regulation. No Reportable Event has occurred with respect to any Plan, and no steps have been taken to terminate any Plan. Neither the Company nor any of its ERISA Affiliates has had a complete or partial withdrawal from any Multiemployer Plan (as defined by ERISA) or initiated any steps to do so.

16.18 Margin Regulations

Neither the Company 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.

16.19 Material adverse change

Since 31 December 2007, there has not been any material adverse change in the business, Assets, regulation or financial condition of the Company that would reasonably be expected to have a material adverse effect on the Company's ability to perform its obligations under the Finance Documents.

16.20 Times for making representations and warranties

(a) The Company makes the representations and warranties set out in this Clause on the date of this Agreement.

(b) Unless a representation and warranty is expressed to be given at a specific date, each representation and warranty is deemed to be repeated by the Company on the date of each Request and the first day of each Term except that the representations and warranties in Clause 16.5(a)(iii) and (b) (Non-conflict), 16.8(a) (Litigation) and 16.17 (ERISA) shall not be repeated by the Company.

(c) When the representation and warranty in Clause 16.6 (No default) is repeated on a Request for a Rollover Loan or the first day of a Term for a Loan (other than the first Term for that Loan), the reference to a Default will be construed as a reference to an Event of Default.

(d) When a representation and warranty is repeated, it is applied to the circumstances existing at the time of repetition.

17. INFORMATION COVENANTS

17.1 Duration

The undertakings in this Clause 17 (Information Covenants) remain in force from the date of this Agreement for so long as any amount is or may be outstanding under any Finance Document.

17.2 Financial Information

The Company shall furnish to the Facility Agent in sufficient copies for all Lenders:

(a) the audited unconsolidated financial statements of the Company including the report of independent auditors and accompanying notes for each of its financial years as soon as practicable (and in any event within 30 days from the date when the consolidated financial statements are required to be prepared by law),

and

the audited consolidated financial statements of the Group including the report of independent auditors and accompanying notes for each of its financial years as soon as practicable (and in any event within 210 days after the end of each of its financial years),

such financial statements:

(i) to be prepared in accordance with International Financial Reporting Standards consistently applied;

(ii) to be audited by an internationally recognised firm of accountants;

(iii) to give a true and fair view of the financial condition of the Group and the result of its operations for the period ended on the date to which such financial statements were prepared; and

(iv) signed by the Chief Financial Officer, or by two senior officers of the Company;

(b) the unaudited consolidated balance sheet and income statements of the Group to be prepared in accordance with USGAAP consistently applied, semi-annually, i.e.:

(i) for each of its financial years as soon as practicable (and in any event within 120 days after the end of each of its financial years) certified by the chief financial officer (or equivalent) of the Company; and

(ii) for the first half of each of its financial years as soon as practicable (and in any event within 60 days after the end of the first half of each of its financial years) certified by the chief financial officer (or equivalent) of the Company; and

(c) together with the financial statements referred to in paragraph (a) of this Clause 17.2, a certificate of the Company signed by the chief financial officer (or equivalent) of the Company certifying:

(i) that no Event of Default has occurred (or, if it has, specifying it and the steps being taken to remedy it); and

(ii) the identity of its all Subsidiaries.

(A) whose total assets (being the total of fixed assets and current assets) (consolidated in the case of a Subsidiary which itself has one or more Subsidiaries) represent not less than 7.5 per cent, of the Company’s total consolidated fixed assets: and/or

(B) whose gross revenues (being gross revenues less internal revenues (excluding exceptionals), before operating expenses and depreciation) (consolidated in the case of a Subsidiary which itself has one or more Subsidiaries) represent not less than 7.5 per cent, of the consolidated gross revenues of the Group (being gross revenues (excluding exceptionals) before operating expenses and depreciation on a consolidated basis as shown in the Latest Accounts).

17.3 Information - miscellaneous

(a) The Company shall furnish to the Facility Agent from time to time with reasonable promptness, such further information regarding the business and financial condition of the Company as the Facility Agent may reasonably request.

(b) The Company shall promptly notify the Facility Agent of any material business or financial event, including without limitation, any litigation, arbitration, administrative or other proceedings being commenced, which would reasonably be expected to adversely affect its ability to perform its obligations under the Finance Documents.

(c) Subject to paragraph (d) of this Clause 17.3, the Company must promptly on the request of any Finance Party supply to that Finance Party any documentation or other evidence that is reasonably requested by that Finance Party (whether for itself, on behalf of any Finance Party or any prospective new Lender) to enable a Finance Party or prospective new Lender to carry out and be satisfied with the results of all applicable know your customer requirements.

(d) The Company is only required to supply any information under paragraph (a) of this Clause 17.3, if the necessary information is not already available to the relevant Finance Party and the requirement arises as a result of:

(i) the introduction of any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status of the Company or any change in the composition of shareholders of the Company after the date of this Agreement; or

(iii) a proposed assignment or transfer by the Lender of any of its rights and/or obligations under this Agreement to a person that is not a Lender before that assignment or transfer.

(e) Each Lender must promptly on the request of the Facility Agent supply to the Facility Agent any documentation or other evidence that is reasonably required by the Facility Agent to carry out and be satisfied with the results of all know your customer requirements.

(f) The Company shall promptly, but no later than on 30th day after the date of the Agreement, deliver to the Facility Agent a copy of a resolution of the executives of the Company approving the terms of, and the transactions contemplated by, this Agreement, certified by an authorised signatory of the Company to be true, correct and complete and in full force and effect at its date.

17.4 Notification of Default

(a) The Company must notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

17.5 Slovak banking regulations

(a) Subject to paragraph (b) of this Clause 17.5, in case of any change to: (i) the amount of the Company's registered capital; or (ii) the participation interest(s) in the Company; or (iii) the voting rights attached to any and all participation interest(s) in the Company, the Company must supply to the Facility Agent in sufficient copies for all Lenders a list of its participants reflecting the situation after such change, promptly after the effectiveness of such change but in each case no later than within five Business Days after the effectiveness of such change.

(b) The Company is not obliged to supply the list of participants under paragraph (a) of this Clause 17.5 if any such change concerns a participant (in Slovak,*spoločník*) holding: (i) a participation interest not exceeding 10 per cent. of the registered capital of the Company; or (ii) voting rights not exceeding 10 per cent. of all voting rights in the Company.

(c) For the purposes of this Clause, a **list of participants** means a list of persons (whether individuals or legal entities) holding: (i) a participation interest exceeding 10 per cent. of the registered capital of the Company; or (ii) voting rights exceeding 10 per cent. of all voting rights in the Company, containing:

(A) in case of individuals, the name, family name, business name, identification number or birth certificate number, permanent address or place of business (if different from the permanent address) of that participant; and

(B) in case of legal entities, the business name, the legal form, identification number and the registered seat of that participant.

18. GENERAL COVENANTS

18.1 Authorisations

The Company shall obtain and promptly renew from time to time all authorisations as may be required under any applicable law or regulation to enable it to perform its obligations under the Finance Documents, or required for the validity or enforceability of any Finance Document, shall comply with the terms of the same and will ensure the availability and transferability of sufficient foreign exchange to enable it to comply with its obligations under the Finance Documents.

18.2 Corporate existence

(a) The Company shall maintain its corporate existence and its right to carry on its operations and will acquire, maintain and renew all rights, licences, concessions, contracts, powers, privileges, leases, lands, sanctions and franchises necessary or useful for the conduct of its operations except, in each case, where the failure to do so would not reasonably be expected to materially adversely affect the Company's ability to perform its obligations under the Finance Documents.

(b) The Company shall not:

(i) change its name; or

(ii) change its financial year end from 31 December.

18.3 Insurance

The Company shall effect and maintain such insurance over and in respect of its Assets and business covering such risks and in such amounts as U. S. Steel maintains from time to time with respect to other similar steel-making facilities owned by U. S. Steel, subject to such deductibles and other forms of self-insurance as from time to time are generally applicable to such other steel-making facilities provided such coverage is available to the Company on similar or better terms.

18.4 Pari passu

The Company shall procure that its obligations under the Finance Documents do and will constitute its direct, unconditional, unsecured, unsubordinated and general obligations and do and will rank at least *pari passu* with all other present and future unsecured and unsubordinated Financial Indebtedness issued, created or assumed by it other than amounts which are afforded priority by applicable law.

18.5 Negative pledge

The Company shall not without the prior consent of the Facility Agent in writing, create, assume or permit to exist any Security Interest over all or any of its Assets to secure Financial Indebtedness other than a Permitted Security Interest.

18.6 Disposals

(a) Except with the prior consent of the Facility Agent in writing or as provided in paragraph (b) of this Clause 18.6, the Company shall not either in a single transaction or in a series of transactions whether related or not and whether voluntary or involuntary, sell, transfer, grant or lease or otherwise dispose of (in each case whether conditionally or otherwise) any of its Fixed Assets other than Permitted Disposals.

(b) Notwithstanding paragraph (a) of this Clause 18.6**,** in any financial year of the Company, Fixed Assets having an aggregate book value in, or included for the purposes of, the Latest Accounts, not exceeding the aggregate of 30 per cent. of all Fixed Assets (as shown in or included for the purposes of the Latest Accounts) may be disposed of where the disposal is on arm's length commercial terms; provided, however, that in no case shall the Company be permitted to dispose of more than 50 per cent of all Fixed Assets (as shown in or included for purpose of the consolidated financial statement of the Company for the one year period ended 31 December 2007).

18.7 Mergers

The Company shall not, without the prior consent of the Facility Agent in writing, enter into any merger or other arrangement of a similar nature other than a Permitted Merger.

18.8 Change of business

Except with the prior consent of the Facility Agent in writing, the Company shall not make or threaten to make any substantial change in its business as conducted on the date of this Agreement.

18.9 Environmental compliance

Except to the extent disclosed in writing to the Facility Agent, the Company shall comply with applicable Environmental Law except where failure to do so would not reasonably be expected to have a material adverse effect on the ability of the Company to perform its obligations under the Finance Documents. For this purpose, **Environmental Law** means:

(a) all environmental authorisations applicable to the Company; and

(b) all other applicable environmental laws, rules and regulations concerning the protection of human health or the environment or the transportation of any substance capable of causing harm to man or any other living organism or the environment or public health or welfare, including, without limitation, hazardous, toxic, radioactive or dangerous waste.

18.10 Borrowing

The Company shall not, and the Company shall procure that no member of the Group shall incur any Financial Indebtedness other than:

(a) Financial Indebtedness not exceeding €600,000,000 (or its equivalent) in aggregate (including amounts borrowed under the Finance Documents);

(b) Financial Indebtedness upon terms approved by the Facility Agent acting on the instructions of the Majority Lenders;

(c) currency and commodity hedging used only to mitigate the risks relating to fluctuations in currencies and commodity prices, provided each such hedging arrangement is entered into for a period no longer than 18 months;

(d) for the avoidance of doubt, operating lease obligations;

(e) for the avoidance of doubt, trade payables and other contractual obligations to suppliers and customers in the ordinary course of trading;

(f) debt subordinated to the Loans under subordination agreements acceptable to the Facility Agent; and

(g) any refinancing of any of the foregoing up to the same principal amount.

18.11 No notarial deed

The Company shall not and the Company shall procure that no other member of the Group will, create any notarial deed (as referred to in section 41(2) of the Slovak Act No. 233/1995 Coll., as amended) in relation to any Financial Indebtedness.

18.12 No Margin Stock

The Company may not:

(a) extend credit for the purpose, directly or indirectly, of buying or carrying Margin Stock; or

(b) use any Loan or allow any Loan to be used, directly or indirectly, to buy or carry Margin Stock or for any other purpose in violation of the Margin Regulations.

19. DEFAULT

19.1 Events of Default

Each of the events set out in Clauses 19.2 (Non-payment) to 19.10 (Ownership of the Company) (inclusive) is an Event of Default (whether or not caused by any reason whatsoever outside the control of the Company or any other person).

19.2 Non-payment

The Company does not pay on the due date any amount payable by it under the Finance Documents at the place at and in the currency in which it is expressed to be payable and (if the failure to pay is caused solely by technical or administrative error) it is not remedied within five Business Days of its due date.

19.3 Breach of other obligations

The Company fails to comply with any of its obligations under the Finance Documents (other than those referred to in Clause 19.2 (Non-payment)) and the failure to comply (if it is capable of remedy) remains unremedied for 30 days after the Facility Agent gives the Company notice of the failure to comply.

19.4 Misrepresentation

Any representation, warranty or statement made or repeated in the Finance Documents or in any written certificate or statement delivered, made or issued by or on behalf of the Company under the Finance Documents or in connection with the Finance Documents shall at any time be incorrect in any respect when so made or repeated or deemed to be made or repeated and the circumstances giving rise to such misrepresentation would reasonably be expected to have a material adverse effect on the ability of the Company to perform its obligations under the Finance Documents.

19.5 Insolvency/enforcement

(a) Any action shall be taken by the Company or one of its Affiliates for the dissolution or termination of existence or liquidation of the Company; or

(b) an application by the Company for bankruptcy (*konkurz*), restructuring (*reštrukturalizácia*) or moratorium, or an arrangement with creditors of the Company is entered into, or any other proceeding or arrangement by which the Assets of the Company are submitted to the control of its creditors occurs or is entered into; or

(c) the Company is adjudged a bankrupt pursuant to a final non-appealable order; or

(d) there shall be appointed a liquidator, trustee, administrator, receiver or similar officer of the Company or a receiver of all or substantially all of the Assets of the Company; or

(e) all or substantially all of the Assets of the Company shall be attached or distrained upon or the same shall become subject at any time to any order of a court or other process and such attachment, distraint, order or process shall remain in effect and shall not be discharged within thirty days; or

(f) the Company shall become insolvent (in Slovak, *v úpadku*) or be declared insolvent by a competent governmental or judicial authority or shall admit in writing its inability to pay its debts as they fall due; or

(g) a moratorium shall be made or declared in respect of all or any Financial Indebtedness of the Company.

19.6 Cessation of business

The Company ceases or threatens to cease to carry on the whole or a substantial part of its business, save as permitted by Clause 18.6 (Disposals) and Clause 18.7 (Mergers).

19.7 Revocation of authorisation

(a) Any authorisation or other requirement of any governmental, judicial or public body or authority necessary to enable the Company under any applicable law or regulation to perform its obligations under the Finance Documents or for its businesses or required for the validity or enforceability of the Finance Documents shall be modified, revoked, withdrawn or withheld in any material respect or shall fail to remain in full force and effect for more than 30 days.

(b) The Company fails to comply with any authorisation or other requirement set out in paragraph (a) of this Clause 19.7.

19.8 Expropriation

All or any substantial part of the Assets of the Company shall be seized or expropriated by any authority.

19.9 Unlawfulness

At any time it is unlawful for the Company to perform such of its obligations under the Finance Document as are, in the reasonable opinion of the Facility Agent, material.

19.10 Ownership of the Company

The entire commercial participation of the Company (as determined on an annualised basis for the financial year ended 31 December 2007) after the date of this Agreement ceases to be directly or indirectly beneficially owned by U. S. Steel, unless such cessation results from a Permitted Merger.

19.11 Acceleration

If an Event of Default is outstanding, the Facility Agent may, and must if so instructed by the Majority Lenders, by notice to the Company:

(a) cancel all or any part of the Total Commitments; and/or

(b) declare that all or part of any amounts outstanding under the Finance Documents are:

(i) immediately due and payable; and/or

(ii) payable on demand by the Facility Agent acting on the instructions of the Majority Lenders.

Any notice given under this Subclause will take effect in accordance with its terms.

20. THE ADMINISTRATIVE PARTIES

20.1 Appointment and duties of the Facility Agent

(a) Each Finance Party (other than the Facility Agent) irrevocably appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.

(b) Each Finance Party irrevocably authorises the Facility Agent to:

(i) perform the duties and to exercise the rights, powers and discretions that are specifically given to it under the Finance Documents, together with any other incidental rights, powers and discretions; and

(ii) enter into and deliver each Finance Document expressed to be entered into by the Facility Agent.

(c) The Facility Agent has only those duties that are expressly specified in the Finance Documents. Those duties are solely of a mechanical and administrative nature.

20.2 Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party in connection with any Finance Document.

20.3 No fiduciary duties

(a) Nothing in the Finance Documents makes an Administrative Party a trustee or fiduciary for any other Party or any other person.

(b) No Administrative Party need hold in trust any moneys paid to it or recovered by it for a Party in connection with the Finance Documents or be liable to account for interest on those moneys.

20.4 Individual position of an Administrative Party

(a) If it is also a Lender, each Administrative Party has the same rights and powers under the Finance Documents as any other Lender and may exercise those rights and powers as though it were not an Administrative Party.

(b) Each Administrative Party may:

(i) carry on any business with the Company or its related entities (including acting as an agent or a trustee for any other financing); and

(ii) retain any profits or remuneration it receives under the Finance Documents or in relation to any other business it carries on with the Company or its related entities.

20.5 Reliance

The Facility Agent may:

(a) rely on any notice or document believed by it to be genuine and correct and to have been signed by, or with the authority of, the proper person;

(b) rely on any statement made by any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify;

(c) engage, pay for and rely on professional advisers selected by it (including those representing a Party other than the Facility Agent); and

(d) act under the Finance Documents through its personnel and agents.

20.6 Majority Lenders' instructions

(a) The Facility Agent is fully protected if it acts on the instructions of the Majority Lenders in the exercise of any right, power or discretion or any matter not expressly provided for in the Finance Documents. Any such instructions given by the Majority Lenders will be binding on all the Lenders. In the absence of instructions, the Facility Agent may act as it considers to be in the best interests of all the Lenders.

(b) The Facility Agent may assume that unless it has received notice to the contrary, any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.

(c) The Facility Agent may refrain from acting in accordance with the instructions of the Majority Lenders (or, if appropriate, the Lenders) until it has received security satisfactory to it, whether by way of payment in advance or otherwise, against any liability or loss which it may incur in complying with the instructions.

(d) The Facility Agent is not authorised to act on behalf of a Lender (without first obtaining that Lender's consent) in any legal or arbitration proceedings in connection with any Finance Document.

20.7 Responsibility

(a) No Administrative Party is responsible for the adequacy, accuracy or completeness of any statement or information (whether written or oral) made in or supplied in connection with any Finance Document.

(b) No Administrative Party is responsible for the legality, validity, effectiveness, adequacy, completeness or enforceability of any Finance Document or any other document.

(c) Without affecting the responsibility of the Company for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms that it:

(i) has made, and will continue to make, its own independent appraisal of all risks arising under or in connection with the Finance Documents (including, without limitation, the financial condition and affairs of the Company and its related entities and the nature and extent of any recourse against any Party or its assets); and

(ii) has not relied exclusively on any information provided to it by any Administrative Party in connection with any Finance Document or agreement entered into in anticipation of or in connection with any Finance Document.

20.8 Exclusion of liability

(a) The Facility Agent is not liable or responsible to any other Finance Party for any action taken or not taken by it in connection with any Finance Document, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party (other than the relevant Administrative Party) may take any proceedings against any officers, employees or agents of an Administrative Party in respect of any claim it might have against that Administrative Party or in respect of any act or omission of any kind by that officer, employee or agent in connection with any Finance Document. Any officer, employee or agent of an Administrative Party may rely on this Subclause and enforce its terms under the Contracts (Rights of Third Parties) Act 1999.

(c) The Facility Agent is not liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Facility Agent if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Facility Agent for that purpose.

(d) (i) Nothing in this Agreement will oblige any Administrative Party to satisfy any know your customer requirement in relation to the identity of any person on behalf of any Finance Party.

(ii) Each Finance Party confirms to each Administrative Party that it is solely responsible for any know your customer requirements it is required to carry out and that it may not rely on any statement in relation to those requirements made by any other person.

20.9 Default

(a) The Facility Agent is not obliged to monitor or enquire whether a Default has occurred. The Facility Agent is not deemed to have knowledge of the occurrence of a Default.

(b) If the Facility Agent:

(i) receives notice from a Party referring to this Agreement, describing a Default and stating that the event is a Default; or

(ii) is aware of the non-payment of any principal, interest or fee payable to a Finance Party (other than the Facility Agent or an Arranger) under this Agreement,

it must promptly notify the other Finance Parties.

20.10 Information

(a) The Facility Agent must promptly forward to the person concerned the original or a copy of any document that is delivered to the Facility Agent by a Party for that person.

(b) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) Except as provided in paragraphs (a) and (b) of this Clause 20.10, the Facility Agent has no duty:

(i) either initially or on a continuing basis to provide any Lender with any credit or other information concerning the risks arising under or in connection with the Finance Documents (including, without limitation, any information relating to the financial condition or affairs of the Company or its related entities or the nature or extent of recourse against any Party or its assets) whether coming into its possession before, on or after the date of this Agreement; or

(ii) unless specifically requested to do so by a Lender in accordance with a Finance Document, to request any certificate or other document from the Company.

(d) In acting as the Facility Agent, the Facility Agent will be regarded as acting through its agency division which will be treated as a separate entity from its other divisions and departments. Any information acquired by the Facility Agent which, in its opinion, is acquired by another division or department or otherwise than in its capacity as the Facility Agent may be treated as confidential by the Facility Agent and will not be treated as information possessed by the Facility Agent in its capacity as such.

(e) The Facility Agent is not obliged to disclose to any person any confidential information supplied to it by or on behalf of a member of the Group which was supplied to it solely for the purpose of evaluating whether any waiver or amendment is required in respect of any term of the Finance Documents.

(f) The Company irrevocably authorises the Facility Agent to disclose to the other Finance Parties any information that, in its opinion, is received by it in its capacity as the Facility Agent.

20.11 Indemnities

(a) Without limiting the liability of the Company under the Finance Documents, each Lender must indemnify the Facility Agent for that Lender’s Pro Rata Share of any loss or liability incurred by the Facility Agent in acting as the Facility Agent (unless the Facility Agent has been reimbursed by the Company under a Finance Document), except to the extent that the loss or liability is caused by the Facility Agent’s gross negligence or wilful misconduct.

(b) If a Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party:

(i) deduct from any amount received by it for that Party any amount due to the Facility Agent from that Party under a Finance Document but unpaid; and

(ii) apply that amount in or towards satisfaction of the owed amount.

That Party will be regarded as having received the amount so deducted.

20.12 Compliance

Each Administrative Party may refrain from doing anything (including, without limitation, disclosing any information) which might, in its opinion, constitute a breach of any law or regulation or be otherwise actionable at the suit of any person, and may do anything which, in its opinion, is necessary or desirable to comply with any law or regulation.

20.13 Resignation of the Facility Agent

(a) The Facility Agent may resign and appoint any of its Affiliates as successor Facility Agent by giving notice to the other Finance Parties and the Company.

(b) Alternatively, the Facility Agent may resign by giving notice to the Finance Parties and the Company, in which case the Majority Lenders may appoint a successor Facility Agent.

(c) If no successor Facility Agent has been appointed under paragraph (b) of this Clause 20.13 within 30 days after notice of resignation was given, the Facility Agent may appoint a successor Facility Agent.

(d) The person(s) appointing a successor Facility Agent must, if practicable, consult with the Company prior to the appointment. Any successor Facility Agent must have an office in the Republic.

(e) The resignation of the Facility Agent and the appointment of any successor Facility Agent will both become effective only when the successor Facility Agent notifies all the Parties that it accepts its appointment. On giving the notification the successor Facility Agent will succeed to the position of the Facility Agent and the term **Facility Agent** will thereafter mean the successor Facility Agent.

(f) The retiring Facility Agent must, at its own cost:

(i) make available to the successor Facility Agent those documents and records and provide any assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as the Facility Agent under the Finance Documents; and

(ii) enter into and deliver to the successor Facility Agent those documents and effect any registrations as may be required for the transfer or assignment of all of its rights and benefits under the Finance Documents to the successor Facility Agent.

(g) Upon its resignation becoming effective, this Clause will continue to benefit the retiring Facility Agent in respect of any action taken or not taken by it in connection with the Finance Documents while it was the Facility Agent, and, subject to paragraph (f) of this Clause 20.13, it will have no further obligations under any Finance Document.

(h) The Majority Lenders may, by notice to the Facility Agent, require it to resign under paragraph (b) of this Clause 20.13.

20.14 Relationship with Lenders

(a) The Facility Agent may treat each Lender as a Lender, entitled to payments under this Agreement and as acting through its Facility Office(s) until it has received not less than five Business Days' prior notice from that Lender to the contrary.

(b) The Facility Agent may at any time, and must if requested to do so by the Majority Lenders, convene a meeting of the Lenders.

(c) The Facility Agent must keep a record of all the Parties and supply any other Party with a copy of the record on request. The record will include each Lender's Facility Office(s) and contact details for the purposes of this Agreement.

20.15 Facility Agent's management time

If the Facility Agent requires, any amount payable to the Facility Agent by any Party under any indemnity or in respect of any costs or expenses incurred by the Facility Agent under the Finance Documents after the date of this Agreement may include the cost of using its management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Facility Agent may notify to the relevant Party. This is in addition to any amount in respect of fees or expenses paid or payable to the Facility Agent under any other term of the Finance Documents.

20.16 Notice period

Where this Agreement specifies a minimum period of notice to be given to the Facility Agent, the Facility Agent may, at its discretion, accept a shorter notice period.

21. EVIDENCE AND CALCULATIONS

21.1 Accounts

Accounts maintained by a Finance Party in connection with this Agreement are prima facie evidence of the matters to which they relate for the purpose of any litigation or arbitration proceedings.

21.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under the Finance Documents will be, in the absence of manifest error, conclusive evidence of the matters to which it relates.

21.3 Calculations

Any interest or fee accruing under this Agreement accrues from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or otherwise, depending on what the Facility Agent determines is market practice.

22. FEES

22.1 Facility Agent's fee

The Company must pay to the Facility Agent for its own account an agency fee in the amount and manner agreed in the Fee Letter between the Facility Agent and the Company.

22.2 Arrangement fee

The Company must pay to the Arrangers for their own account an arrangement fee in the amount and manner agreed in the Fee Letter between the Arrangers and the Company.

22.3 Commitment fee

(a) The Company must pay to the Facility Agent for each Lender a commitment fee computed at the rate of 0.30 per cent. per annum on the unutilised, uncancelled amount of each Lender's Commitment.

(b) Accrued commitment fee is payable quarterly in arrear. Accrued commitment fee is also payable to the Facility Agent for a Lender on the date its Commitment is cancelled in full.

23. INDEMNITIES AND BREAK COSTS

23.1 Currency indemnity

(a) If a Finance Party receives an amount in respect of the Company's liability under the Finance Documents (other than by reason of the Facility Agent not performing its obligations under this Agreement) or if that liability is converted into a claim, proof, judgement or order in a currency other than the currency (the contractual currency) in which the liability is expressed to be payable under the relevant Finance Document:

(i) the Company shall indemnify that Finance Party as an independent obligation against any loss or liability arising out of or as a result of the conversion;

(ii) if the amount received by that Finance Party, when converted into the contractual currency at a market rate in the usual course of its business is less than the amount owed in the contractual currency, the Company concerned shall pay to that Finance Party an amount in the contractual currency equal to the deficit; and

(iii) the Company shall pay to the Finance Party concerned any exchange costs and taxes payable in connection with any such conversion.

(b) The Company waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency other than that in which it is expressed to be payable.

23.2 Other indemnities

(a) The Company must indemnify each Finance Party against any loss or liability which that Finance Party incurs as a consequence of:

(i) the occurrence of any Event of Default;

(ii) Clause 19.11 (Acceleration);

(iii) any failure by the Company to pay any amount due under a Finance Document on its due date, including any resulting from any distribution or redistribution of any amount among the Lenders under this Agreement;

(iv) (other than by reason of negligence or default by that Finance Party) a Loan not being made after a Request has been delivered for that Loan; or

(v) a Loan (or part of a Loan) not being prepaid in accordance with this Agreement.

The Company's liability in each case includes any loss or expense on account of funds borrowed, contracted for or utilised to fund any amount payable under any Finance Document or any Loan.

(b) The Company must indemnify the Facility Agent against any loss or liability incurred by the Facility Agent as a result of:

(i) investigating any event which the Facility Agent reasonably believes to be a Default; or

(ii) acting or relying on any notice that the Facility Agent reasonably believes to be genuine, correct and appropriately authorised.

23.3 Break Costs

(a) The Company must pay to each Lender its Break Costs as compensation if any part of a Loan is prepaid.

(b) Break Costs are the amount (if any) reasonably determined by the relevant Lender by which:

(i) the interest which that Lender would have received for the period from the date of receipt of any part of its share in a Loan to the last day of the applicable Term for that Loan if the principal received had been paid on the last day of that Term;

exceeds

(ii) the amount which that Lender would be able to obtain by placing an amount equal to the amount received by it on deposit with a leading bank in the appropriate interbank market for a period starting on the Business Day following receipt and ending on the last day of the applicable Term.

(c) Each Lender must promptly supply to the Facility Agent for the Company details of the amount of any Break Costs claimed by it under this Clause 23.3.

24. EXPENSES

24.1 Initial costs

The Company must pay to or reimburse on demand each Administrative Party the amount of all reasonable and documented costs and expenses (including without limitation reasonable legal fees) reasonably incurred by it in connection with the negotiation, preparation, printing, entry into and syndication of the Finance Documents, whether incurred before or after the date of this Agreement, and regardless of whether the Company utilises the facility under this Agreement. In relation to the negotiation, preparation, printing, and entry into of the Finance Documents up until the date of this Agreement, there shall be a cap on legal fees of USD20,000 (excluding VAT).

24.2 Subsequent costs

The Company must pay to or reimburse on demand the Facility Agent the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with:

(a) the negotiation, preparation, printing and entry into of any Finance Document (other than a Transfer Certificate) executed after the date of this Agreement; and

(b) any amendment, waiver or consent requested by or on behalf of the Company or specifically allowed by this Agreement.

24.3 Enforcement costs

The Company must pay to each Finance Party the amount of all costs and expenses (including reasonable legal fees) reasonably incurred by it in connection with the enforcement of, or the preservation of any rights under, any Finance Document.

25. AMENDMENTS AND WAIVERS

25.1 Procedure

(a) Except as provided in this Clause, any term of the Finance Documents may be amended or waived with the agreement of the Company and the Majority Lenders. The Facility Agent may effect, on behalf of any Finance Party, an amendment or waiver allowed under this Clause.

(b) The Facility Agent must promptly notify the other Parties of any amendment or waiver effected by it under paragraph (a) of this Clause 25.1. Any such amendment or waiver is binding on all the Parties.

25.2 Exceptions

(a) An amendment or waiver which relates to:

(i) the definition of **Majority Lenders** in Clause 1.1 (Definitions);

(ii) an extension of the date of payment of any amount to a Lender under the Finance Documents;

(iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fee or other amount payable to a Lender under the Finance Documents;

(iv) an increase in, or an extension of, a Commitment or the Total Commitments;

(v) a term of a Finance Document which expressly requires the consent of each Lender;

(vi) the right of a Lender to assign or transfer its rights or obligations under the Finance Documents; or

(vii) this Clause 25.2,

may only be made with the consent of all the Lenders.

(b) An amendment or waiver that relates to the rights or obligations of an Administrative Party may only be made with the consent of that Administrative Party.

(c) A Fee Letter may be amended or waived with the agreement of the Administrative Party that is a party to that Fee Letter and the Company.

25.3 Change of currency

If a change in any currency of a country occurs (including where there is more than one currency or currency unit recognised at the same time as the lawful currency of a country), the Finance Documents will be amended to the extent the Facility Agent (acting reasonably and after consultation with the Company) determines is necessary to reflect the change.

25.4 Waivers and remedies cumulative

The rights of each Finance Party under the Finance Documents:

(a) may be exercised as often as necessary;

(b) are cumulative and not exclusive of its rights under the general law; and

(c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any right is not a waiver of that right.

26. CHANGES TO THE PARTIES

26.1 Assignments and transfers by the Company

The Company may not assign or transfer any of its rights and obligations under the Finance Documents without the prior consent of all the Lenders.

26.2 Assignments and transfers by Lenders

(a) Subject to paragraph (b) of this Clause 26.2, a Lender (the**Existing Lender**) may, with the consent of the Company (such consent not to be unreasonably withheld or delayed), at any time assign or transfer (including by way of novation) any of its rights and obligations under this Agreement to another bank or financial institution (the **New Lender**). No consent of the Company is required if an Event of Default has occurred and is outstanding.

(b) No consent shall be required from the Company if the proposed New Lender is an Affiliate of the Existing Lender or another Existing Lender.

(c) A transfer of obligations will be effective only if either:

(i) the obligations are novated in accordance with the following provisions of this Clause; or

(ii) the New Lender confirms to the Facility Agent and the Company in form and substance satisfactory to the Facility Agent that it is bound by the terms of this Agreement as a Lender. On the transfer becoming effective in this manner the Existing Lender will be released from its obligations under this Agreement to the extent that they are transferred to the New Lender.

(d) Unless the Facility Agent otherwise agrees, the New Lender must pay to the Facility Agent for its own account, on or before the date any assignment or transfer occurs, a fee of EUR2,000.

(e) Any reference in this Agreement to a Lender includes a New Lender but excludes a Lender if no amount is or may be owed to or by it under this Agreement.

26.3 Procedure for transfer by way of novations

(a) In this Subclause:

Transfer Date means, for a Transfer Certificate, the later of:

(i) the proposed Transfer Date specified in that Transfer Certificate; and

(ii) the date on which the Facility Agent executes that Transfer Certificate.

(b) A novation is effected if:

(i) the Existing Lender and the New Lender deliver to the Facility Agent a duly completed Transfer Certificate; and

(ii) the Facility Agent executes it.

The Facility Agent must execute as soon as reasonably practicable a Transfer Certificate delivered to it and which appears on its face to be in order.

(c) Each Party (other than the Existing Lender and the New Lender) irrevocably authorises the Facility Agent to execute any duly completed Transfer Certificate on its behalf.

(d) On the Transfer Date:

(i) the New Lender will assume the rights and obligations of the Existing Lender expressed to be the subject of the novation in the Transfer Certificate in substitution for the Existing Lender; and

(ii) the Existing Lender will be released from those obligations and cease to have those rights.

(e) The Facility Agent must, as soon as reasonably practicable after it has executed a Transfer Certificate, send a copy of that Transfer Certificate to the Company.

26.4 Limitation of responsibility of Existing Lender

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the financial condition of the Company; or

(ii) the legality, validity, effectiveness, enforceability, adequacy, accuracy, completeness or performance of:

(A) any Finance Document or any other document;

(B) any statement or information (whether written or oral) made in or supplied in connection with any Finance Document, or

(C) any observance by the Company of its obligations under any Finance Document or other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made, and will continue to make, its own independent appraisal of all risks arising under or in connection with the Finance Documents (including, without limitation, the financial condition and affairs of the Company and its related entities and the nature and extent of any recourse against any Party or its assets) in connection with its participation in this Agreement; and

(ii) has not relied exclusively on any information supplied to it by the Existing Lender in connection with any Finance Document.

(c) Nothing in any Finance Document requires an Existing Lender to:

(i) accept a re-transfer from a New Lender of any of the rights and obligations assigned or transferred under this Clause; or

(ii) support any losses incurred by the New Lender by reason of the non-performance by the Company of its obligations under any Finance Document or otherwise.

26.5 Costs resulting from change of Lender or Facility Office

If:

(a) a Lender assigns or transfers any of its rights and obligations under the Finance Documents or changes its Facility Office; and

(b) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Company would be obliged to pay a Tax Payment or an Increased Cost,

then, unless the assignment, transfer or change is made by a Lender to mitigate any circumstances giving rise to the Tax Payment, Increased Cost or right to be prepaid and/or cancelled by reason of illegality, the Company need only pay that Tax Payment or Increased Cost to the same extent that it would have been obliged to if no assignment, transfer or change had occurred.

26.6 Changes to the Reference Banks

If a Reference Bank (or, if a Reference Bank is not a Lender, the Lender of which it is an Affiliate) ceases to be a Lender, the Facility Agent must (in consultation with the Company) appoint another Lender or an Affiliate of a Lender to replace that Reference Bank.

27. DISCLOSURE OF INFORMATION

(a) Each Finance Party must keep confidential any information supplied to it by or on behalf of the Company in connection with the Finance Documents. However, a Finance Party is entitled to disclose information:

(i) which is publicly available, other than as a result of a breach by that Finance Party of this Clause;

(ii) in connection with any legal or arbitration proceedings;

(iii) if required to do so under any law or regulation;

(iv) to a governmental, banking, taxation or other regulatory authority;

(v) to its professional advisers;

(vi) to the extent allowed under paragraph (b) of this Clause 27; or

(vii) with the agreement of the Company.

(b) A Finance Party may disclose to an Affiliate or any person with whom it may enter, or has entered into, any kind of transfer, participation or other agreement in relation to this Agreement (a **participant**):

(i) a copy of any Finance Document; and

(ii) any information that that Finance Party has acquired under or in connection with any Finance Document.

However, before a participant may receive any confidential information, it must agree with the relevant Finance Party to keep that information confidential on the terms of paragraph (a) of this Clause 27 .

(c) This Clause supersedes any previous confidentiality undertaking given by a Finance Party in connection with this Agreement prior to it becoming a Party.

28. SET-OFF

(a) A Finance Party may set off any matured obligation owed to it by the Company under the Finance Documents (to the extent beneficially owned by that Finance Party) against any obligation (whether or not matured) owed by that Finance Party to the Company, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Finance Party may set off in an amount estimated by it in good faith to be the amount of that obligation.

(b) The Company agrees to and confirms a Lender's rights of banker's lien and set-off under applicable law and nothing herein shall be deemed a waiver or prohibition of such right. Each Finance Party agrees to exercise such rights only after the Company's failure to pay following proper demand and to promptly notify the Company after any such set off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

29. PRO RATA SHARING

29.1 Redistribution

If any amount owing by the Company under this Agreement to a Finance Party (the **recovering Finance Party**) is discharged by payment, set-off or any other manner other than in accordance with this Agreement (a **recovery**), then:

(a) the recovering Finance Party must, within three Business Days, supply details of the recovery to the Facility Agent;

(b) the Facility Agent must calculate whether the recovery is in excess of the amount which the recovering Finance Party would have received if the recovery had been received and distributed by the Facility Agent under this Agreement; and

(c) the recovering Finance Party must pay to the Facility Agent an amount equal to the excess (the **redistribution**).

29.2 Effect of redistribution

(a) The Facility Agent must treat a redistribution as if it were a payment by the Company under this Agreement and distribute it among the Finance Parties, other than the recovering Finance Party, accordingly.

(b) When the Facility Agent makes a distribution under paragraph (a) of this Clause 29.2, the recovering Finance Party will be subrogated to the rights of the Finance Parties that have shared in that redistribution.

(c) If and to the extent that the recovering Finance Party is not able to rely on any rights of subrogation under paragraph (b) of this Clause 29.2, the Company will owe the recovering Finance Party a debt that is equal to the redistribution, immediately payable and of the type originally discharged.

(d) If:

(i) a recovering Finance Party must subsequently return a recovery, or an amount measured by reference to a recovery, to the Company; and

(ii) the recovering Finance Party has paid a redistribution in relation to that recovery,

each Finance Party, on the request of the Facility Agent, must reimburse the recovering Finance Party all or the appropriate portion of the redistribution paid to that Finance Party, together with interest for the period while it held the redistribution. In this event, the subrogation in paragraph (b) of this Clause 29.2 will operate in reverse to the extent of the reimbursement.

29.3 Exceptions

Notwithstanding any other term of this Clause, a recovering Finance Party need not pay a redistribution to the extent that:

(a) it would not, after the payment, have a valid claim against the Company in the amount of the redistribution; or

(b) it would be sharing with another Finance Party any amount which the recovering Finance Party has received or recovered as a result of legal or arbitration proceedings, where:

(i) the recovering Finance Party notified the Facility Agent of those proceedings; and

(ii) the other Finance Party had an opportunity to participate in those proceedings but did not do so or did not take separate legal or arbitration proceedings as soon as reasonably practicable after receiving notice of them.

30. SEVERABILITY

If a term of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any jurisdiction, that will not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of the Finance Documents; or

(b) the legality, validity or enforceability in other jurisdictions of that or any other term of the Finance Documents.

31. COUNTERPARTS

Each Finance Document may be executed in any number of counterparts. This has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

32. NOTICES

32.1 Giving of notices

All notices or other communications under or in connection with this Agreement shall be given in writing and, unless otherwise stated, may be made by letter or facsimile. Any such notice will be deemed to be given as follows:

(a) if by letter, when delivered personally or on actual receipt; and

(b) if by facsimile, when received in legible form.

However, a notice given in accordance with this Clause 32.1 but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

32.2 Addresses for notices

(a) The address and facsimile number of the Company are:

U. S. Steel Košice, s.r.o.
Vstupný areál U. S. Steel
04454 Košice,
The Slovak Republic
Attention: Chief Financial Officer
Fax: 421-95-673-0858

and copied to:

United States Steel Corporation
600 Grant Street
Pittsburgh, PA 15219
Attention: Assistant Treasurer - Finance & Risk Management
Fax 001 412 433 4756

or such other as the Company may notify to the Facility Agent by not less than five Business Days' notice.

(b) The address and facsimile number of the Facility Agent are:

ING Bank N. V., London Branch
60 London Wall
London EC2M 5TQ
United Kingdom

Attention: Magdalena Pabich/Craig Baker
Tel number: +44 207 767 5616/5617
Fax number: +44 207 767 7324
E-mail: magdalena.pabich@uk.ing.com/craig.baker@uk.ing.com

or such other as the Facility Agent may notify to the other Parties by not less than five Business Days' notice.

32.3 The Company

All formal communication under the Finance Documents to or from the Company must be sent through the Facility Agent.

33. LANGUAGE

(a) Any notice given in connection with a Finance Document must be in English.

(b) Any other document provided in connection with a Finance Document must be:

(i) in English; or

(ii) (unless the Facility Agent otherwise agrees) accompanied by a certified English translation. In this case, the English translation prevails unless the document is a statutory or other official document.

34. GOVERNING LAW

This Agreement is governed by English law.

35. ENFORCEMENT

35.1 Jurisdiction

(a) The English courts have jurisdiction to settle any dispute in connection with any Finance Document.

(b) This Clause is for the benefit of the Finance Parties only. To the extent allowed by law, the Finance Parties may take:

(i) proceedings in any other court; and

(ii) concurrent proceedings in any number of jurisdictions.

(c) References in this Clause to a dispute in connection with a Finance Document include any dispute as to the existence, validity or termination of that Finance Document.

35.2 Service of process

Without prejudice to any other mode of service, the Company:

(a) irrevocably appoints The London Law Agency Limited 69 Southampton Row, London WC1B 4ET, England as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document;

(b) agrees to maintain such an agent for service of process in England for so long as any amount is outstanding under this Agreement;

(c) agrees that failure by the process agent to notify the Company of the process will not invalidate the proceedings concerned;

(d) consents to the service of process relating to any such proceedings by the delivery a copy of the process at its address for the time being applying under Clause 32.2 (Addresses for notices); and

(e) agrees that if the appointment of any person mentioned in paragraph (a) of this Clause 35.2 ceases to be effective, the Company shall immediately appoint a further person in England to accept service of process on its behalf in England and, failing such appointment within 15 days, the Facility Agent is entitled to appoint such a person by notice to the Company.

35.3 Forum convenience and enforcement abroad

The Company:

(a) waives objection to the English courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with a Finance Document; and

(b) agrees that a judgement or order of an English court in connection with a Finance Document is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction.

35.4 Non-exclusivity

Nothing in this Clause 35 limits the right of a Finance Party to bring proceedings against the Company in connection with any Finance Document:

(a) in any other court of competent jurisdiction; or

(b) concurrently in more than one jurisdiction.

35.5 Waiver of immunity

The Company irrevocably and unconditionally:-

(a) agrees not to claim any immunity from proceedings brought by a Finance Party against the Company in relation to a Finance Document and to ensure that no such claim is made on its behalf;

(b) consents generally to the giving of any relief or the issue of any process in connection with those proceedings; and

(c) waives all rights of immunity in respect of it or its assets.

35.6 Waiver of trial by jury

EACH PARTY WAIVES ANY RIGHT IT MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION IN CONNECTION WITH ANY FINANCE DOCUMENT OR ANY TRANSACTION CONTEMPLATED BY ANY FINANCE DOCUMENT. THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO TRIAL BY COURT.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

ORIGINAL PARTIES

Name of Original Lender	Commitments
COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky, Bratislava	€ 50,000,000
ING Bank N.V., pobočka zahraničnej banky	€ 50,000,000
Slovenská sporitel'ňa	€ 50,000,000
Citibank NA, Bahrain	€ 25,000,000
HSBC Bank plc, pobočka zahraničnej banky][1]	€ 25,000,000
Total Commitments	€ 200,000,000

[1] If there is a U.K. Non-Bank Lender, this should be expressly stated.

SCHEDULE 2

CONDITIONS PRECEDENT DOCUMENTS

1. A copy of the constitutional documents of the Company.

2. A specimen of the signature of each person authorised to sign this Agreement on behalf of the Company and to sign and/or despatch all documents and notices to be signed and/or despatched by the Company under or in connection with this Agreement.

3. Evidence that the process agent referred to in Clause 35.2 (Service of process) has accepted its appointment under that Clause.

4. An extract from the Company's entry in the Commercial Registry, sealed/stamped by the Košice Commercial Registry, as at a date no earlier than one week prior to the date of the Agreement and certified by an authorised signatory of the Company, as at a date no earlier than the date of this Agreement, confirming the accuracy of all facts shown in the extract, except with respect to the attached amendments which have been filed with the Commercial Registry.

5. A copy of any other authorisation or other document, opinion or assurance that the Facility Agent, acting reasonably, considers to be necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, any Finance Document or for the validity and enforceability of any Finance Document.

6. A certificate of an authorised signatory of U. S. Steel certifying that the Company is a 100% owned Subsidiary of U. S. Steel.

7. A certificate of an authorised signatory of the Company certifying that each copy document delivered under this Schedule 2 is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

8. (a) A legal opinion of a legal adviser in the Republic, substantially in the form of Schedule 5, addressed to the Facility Agent;

   (b) a legal opinion of Allen & Overy, legal advisers to the Lenders in relation to the laws of the Republic, substantially in the form of Schedule 6, addressed to the Facility Agent; and

   (c) a legal opinion of Allen & Overy, legal advisers to the Lenders in relation to the laws of England, substantially in the form of Schedule 7, addressed to the Facility Agent.

9. Evidence that all fees and expenses then due and payable from the Company under this Agreement have been or will be paid by the first Utilisation Date.

SCHEDULE 3

FORM OF REQUEST

To: ING Bank N.V., London Branch as Facility Agent
From: [ ]
Date: [ ]

U. S. Steel Košice, s.r.o. - €200,000,000 Credit Agreement
dated [ ], 2008 (the **Agreement**)

1. We refer to the Agreement. This is a Request.
2. We wish to borrow a Loan on the following terms:
   (a) Utilisation Date: [ ];
   (b) Amount/currency: [ ];
   (c) Term: [ ].
3. Our payment instructions are: [ ].
4. We confirm that each condition precedent under the Agreement that must be satisfied on the date of this Request is so satisfied.
5. This Request is irrevocable.
6. With reference to Clause 17.5, we [confirm that no change referred to in Clause 17.5 has occurred since [the date of the Agreement/the date of our preceding Request][2]/attach the up-to-date list of participants of the Company].[3]

By:

[ ]

[2] Delete as applicable.
[3] Delete as applicable.

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

To: ING Bank N.V., London Branch as Facility Agent
From: [EXISTING LENDER] (the **Existing Lender**) and [NEW LENDER] (the **New Lender**)
Date: [ ]

U. S. Steel Košice, s.r.o. - €200,000,000 Credit Agreement
dated [ ], 2008 (the **Agreement**)

We refer to the Agreement. This is a Transfer Certificate.

1. The Existing Lender transfers by novation to the New Lender the Existing Lender's rights and obligations referred to in the following Schedule in accordance with the terms of the Agreement.

2. The proposed Transfer Date is [ ].

3. The administrative details of the New Lender for the purposes of the Agreement are set out in the Schedule.

4. [The New Lender is a UK Non-Bank Lender.]

5. The New Lender expressly acknowledges the limitations on the Existing Lender's obligations in respect of this Transfer Certificate contained in the Agreement.

6. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of the Transfer Certificate.

7. This Transfer Certificate is governed by English law.

THE SCHEDULE

Rights and obligations to be transferred by novation
[insert relevant details, including applicable Commitment (or part)]

Administrative details of the New Lender
[insert details of Facility Office, address for notices and payment details etc.]

[EXISTING LENDER]	**[NEW LENDER]**
By:	By:

The Transfer Date is confirmed by the Facility Agent as [ ].

ING Bank N.V., London Branch
By:

Accepted:

U. S. Steel Košice, s.r.o.

By: ____

By: ____

Note: It is the responsibility of each New Lender to ascertain whether any other document or formality is required to perfect the transfer contemplated by this Transfer Certificate or to take the benefit of any interest in any security.

SCHEDULE 5

FORM OF LEGAL OPINION OF LEGAL ADVISER TO THE COMPANY

2 July 2008

United States Steel Corporation
Law Department
600 Grant Street
Pittsburgh, PA 15219-2800

Elena Petrášková
General Attorney

The Finance Parties named
as original parties to the Facility
Agreement (hereinafter defined)

Ladies and Gentlemen:

Re: €200,000,000 Credit Agreement dated 2 July 2008 with U. S. Steel Košice, s.r.o. as the borrower

I am currently a General Attorney of United States Steel Corporation and have been educated and practice in the Slovak Republic. My previous position was Assistant General Counsel of U. S. Steel Košice, s.r.o., a company organized and existing under the laws of the Slovak Republic (the "Company"). This opinion is being delivered in connection with the execution and delivery of the €200,000,000 Credit Agreement dated 2 July 2008 entered into (*inter alia*) between the Company as borrower and Commerzbank Aktiengesellschaft, pobočka zahraničnej banky, Bratislava, ING Bank N.V., pobočka zahraničnej banky and Slovenská sporiteľňa, a.s. as mandated lead arrangers (the "Agreement").

Capitalized terms that are used in this opinion letter that are not defined have the same meanings given to them in the Agreement.

In giving this opinion I have examined the following documents:

1. an executed copy of the Agreement; and
2. the following corporate documents of the Company:
    a. an extract of the Company Register of the District Court Košice 1, Section Sro, insert No. 11711/V of 30 June, 2008 in respect of the Company;
    b. a copy of the foundation agreement of the Company dated 7th June, 2000; and
    c. a copy of the Memorandum of Association of the Company in full wording dated 11 June 2008.

I or persons under my supervision have examined originals or copies of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as they and I have deemed necessary or advisable for purposes of this opinion

In rendering this opinion I made the following assumptions:

1. that the Agreement has been duly authorised, executed and delivered by or on behalf of each of the parties thereto other than the Company;

2. the genuineness of all signatures on all documents, the authenticity and completeness of all documents submitted to me as originals and the completeness and conformity to the original documents of all documents submitted to me as copies; and

3. that the Agreement constitutes a legal, valid, binding and enforceable obligation of the Company in accordance with its terms under English law, and is binding on the Parties.

This opinion is limited to the laws of the Slovak Republic currently in force and I have made no investigation and no opinion is expressed or implied as to the laws of any other jurisdiction. I express no opinion as to matters of fact. This opinion is given subject to matters not disclosed to me and about which I have no knowledge. I assume that there are no facts that would affect the conclusions in this opinion.

Based on the foregoing and subject to the foregoing assumptions and the following qualifications, I am of the opinion that, so far as the laws of the Slovak Republic is concerned at the date of this opinion:

1. **Status**. The Company is a limited liability company organised under the laws of the Slovak Republic.

2. **Powers and authority**. The Company has the corporate power and authority to enter into and perform the obligations expressed to be assumed by it under the Agreement and to borrow thereunder and, has taken all necessary corporate action to authorise the execution and performance by the Company of the Agreement and the borrowing by the Company of the Loans. According to Section 13(4) and 133(3) of the Slovak Commercial Code (Act No. 513/1991 Coll., as amended), any restriction of the authority of a company's statutory body to act for the company shall be ineffective *vis-à-vis* third parties (any disclosure of that restriction notwithstanding).

3. **Execution**. The Agreement has been duly executed and delivered by the Company.

4. **Legal validity**. The Agreement constitutes a legal, valid, binding and enforceable obligation of the Company in accordance with its terms and (subject to the preparation of the official translation into the Slovak language) is in the proper form for its enforcement in the courts of the Slovak Republic.

5. **Non-conflict**. The execution by the Company of the Agreement does not, and its performance of that agreement will not, violate: (i) any mandatory provision of any Slovak law or regulation or the Constitution of the Slovak Republic; (ii) the constitutional documents of the Company or (iii) any other agreement, document or obligation that is binding upon the Company or any of its Assets.

6. **Consents**. No authorisations, approvals, consents, licences, exemptions, filings, registrations, notarisations or other requirements of governmental, judicial or public bodies and authorities of the Slovak Republic are required in connection with the Company's entry into or performance of the Agreement, or for its validity or enforceability against the Company.

7. **Signatories.** Miroslav Kiral'varga and William C. King have the right and power to execute the Agreement and to give any notices to the Facility Agent thereunder.

8. **Pari passu ranking**. The obligations of the Company under the Agreement rank at least *pari passu* with all its other present or future unsecured and unsubordinated obligations save as provided under mandatory provisions of Slovak law.

9. **Borrowing limits**. The borrowing of the full amount available under the Agreement will not cause any limit on the Company's borrowing or other powers or on the exercise of such powers by its executives, whether imposed by the Company's Memorandum of Association or similar document or by statute, regulation, or agreement, to be exceeded.

10. **Stamp duties**. Except for court fees and sworn translators' fees payable in connection with proceedings to enforce the Agreement and for any applicable notarial charges, there are no stamp, transfer or registration fees or similar taxes, charges or duties payable in the Slovak Republic in connection with the execution or enforcement of the Agreement.

11. **No immunity**.

    a. the Company is subject to civil and commercial law with respect to its obligations under the Agreement, and its entry into and performance of the Agreement constitutes private and commercial acts; and

    b. neither the Company nor any of its assets located in the Slovak Republic enjoys any right of immunity from suit, attachment prior to judgement or other legal process in respect of its obligations under the Agreement.

12. **Bankruptcy**. The Company has not been declared bankrupt and no step has been or is being taken by the Company nor am I aware of any other step being taken in respect of the Company, for bankruptcy or any similar proceedings in relation to the Company or any of its Assets.

13. **Application of governing law**. The choice of English law as the governing law of the Agreement would be upheld as a valid choice of law by the courts of the Slovak Republic.

14. **Jurisdiction**. The submission by the Company to the jurisdiction of the English courts under Clause 37 of the Agreement is a valid and binding submission to jurisdiction in respect of the Agreement and not subject to revocation.

15. **Enforcement of foreign judgements awards**.

    A judgement duly obtained in the English courts shall be recognised and enforced in the Slovak Republic unless:

    a. the matter is one within the exclusive jurisdiction of the courts of a Member State of the European Union other than the courts of England pursuant to the Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, as amended; or

b. the decision is not final or enforceable in the state where it has been issued; or

c. the party against whom such judgement is sought to be enforced has been deprived of an opportunity to participate in the foreign proceedings, especially if the summons or notice of the commencement of the foreign proceedings has not been duly served on the party; this exception does not apply if the party has not filed an appeal against the foreign judgement that has been duly served on it or if the party has waived the applicability of this exception; or

d. a final decision in the same matter has previously been reached by a court of the Slovak Republic or by a foreign authority if that foreign authority's decision has been, or would be, enforced in the Slovak Republic; or

e. recognition of the foreign judgement would be contrary to public policy (*ordre public*) of the Slovak Republic.

16. **Foreign currency judgements awards**. A judgement duly obtained in the courts of England in respect of the Agreement given in Euros, Canadian Dollars or USD, and being enforced in the Slovak Republic in Euros, Canadian Dollars or USD respectively, would be implemented in Euros, Canadian Dollars or USD respectively.

This opinion is subject to the following qualifications:

1. The validity, enforceability and effectiveness of the Agreement against the Company are limited by all bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally.

2. References in this opinion to the term "enforceable" mean that each obligation or document is of a type and form that the Slovak courts would enforce. It is not certain, however, that each obligation or document will be enforced in accordance with its terms in every circumstance, enforcement being subject to *inter alia* the nature of the remedies available in the Slovak courts, the acceptance by such courts of jurisdiction, the power of such courts to stay proceedings, the provisions of other principles of law of general application (such as e.g. the concept of fair business conduct) and all limitations resulting from the laws of bankruptcy, insolvency, liquidation, forced administration, any statutes of limitation and lapse of time or other laws affecting generally the enforcement of creditors' rights.

3. Any subsidies or other funds obtained by the Company from the state budget or from the budget of the European Union or any assets purchased from funds originated from the state budget are immune from attachment and from execution and would not be available to creditors in any enforcement proceedings.

4. Under the Foreign Exchange Act No. 202/1995 Coll., as amended, if the Government of the Slovak Republic declares a foreign exchange emergency, payments in foreign currency or abroad generally may be suspended for the duration of such emergency (not to exceed three months at any one time).

5. The effectiveness of terms exculpating a party from a liability or duty otherwise owed is limited by law.

6. Slovak courts may not give effect to any indemnity for legal costs incurred by a litigant in proceedings before Slovak courts.

This opinion expresses Slovak legal concepts in English. Such concepts are not always capable of precise expression in English without an extensive comparative law analysis that would not be appropriate for an opinion of this kind.

This opinion is given exclusively in connection with the Agreement and for no other purpose. It is strictly limited to the matters set forth herein and no opinion may be inferred or implied beyond that expressly stated herein.

This opinion is given solely to the Finance Parties that are the original parties to the Agreement and may not be given to or relied upon, by any other person.

Yours faithfully,

Elena Petrášková
General Attorney

SCHEDULE 6
FORM OF ENGLISH LEGAL OPINION

To: The Finance Parties named
original parties to the Agreement
(as defined below).

[DATE]

Dear Sirs,

U. S. Steel Košice, s.r.o. - €200,000,000 Credit Agreement
dated [ ], 2008 (the Agreement)

We have acted as legal advisers as to the laws of England to**ING Bank N.V.**, Amstelveenseweg 500, 1081KL Amsterdam, The Netherlands, a company limited by shares, registered in the Trade Register of Chamber of Commerce and Industry for Amsterdam under file No. 33031431 acting through **ING Bank N.V., pobočka zahraničnej banky**, Jesenského 4/C, 811 02 Bratislava, Identification No. 30 844 754, registered in the Commercial register maintained by the District Court of Bratislava I, in Section Po, inserted file No. 130/B (the **Client**) in connection with the Agreement entered into between the Company, the Mandated Lead Arrangers, the Lead Arrangers, the Facility Agent and the Original Lenders, as specified in the Agreement. In this matter we have taken instructions solely from the Client.

Words defined in the Agreement have the same meaning when used in this opinion.

We have examined an executed copy of the Agreement and the legal opinions referred to in Schedule 2 to the Agreement (contained in Schedules 5 and 7 to the Agreement).

We have not examined any other document entered into by or affecting the Company or any corporate or other records of the Company and have not made any other inquiries concerning it.

This opinion is limited to the substantive laws of England currently in force and we have made no investigation and no opinion is expressed or implied as to the laws of any other jurisdiction. We express no opinion as to matters of fact. This opinion is given subject to matters not disclosed to use and about which we have no knowledge. We assume that there are no facts that would affect the conclusions in this opinion.

Subject to the qualifications set out below and to any matters not disclosed to us, we are of the opinion that, so far as the present laws of England are concerned:

1. **Legal validity**: The Agreement constitutes a legally binding, valid and enforceable obligation of the Company.
2. **Consents**: No authorisations of governmental, judicial or public bodies or authorities in England are required by the Company in connection with the performance, validity or enforceability of its payment obligations under the Agreement.
3. **Registration requirements**: It is not necessary or advisable to file, register or record the Agreement in any public place or elsewhere in England.
4. **Stamp duties**: No stamp, registration or similar tax or charge is payable in England in respect of the execution or delivery of the Agreement.

5. **Choice of law**: The choice of English law as the governing law of the Agreement would be upheld as a valid choice by the courts of England except that where all the other elements relevant to the Agreement at the time of the choice are connected with one country only, the fact that the parties have chosen English law will not prejudice the application of any mandatory rules under the laws of that other country which cannot be derogated from by contract.

The qualifications to which this opinion is subject are as follows:

(a) We assume that the Agreement has been duly authorised and entered into by each party to it.

(b) We assume the genuineness of all signatures on all documents, the authenticity and completeness of all documents submitted to us as originals, and the completeness and conformity to the original documents of all documents submitted to us as copies

(c) This opinion is subject to all insolvency and other laws affecting the rights of creditors generally.

(d) We assume that no foreign law affects the conclusions stated above. We assume, in particular, that, so far as the laws of Slovakia are concerned, the Agreement is a legal, valid, binding and enforceable obligation of the Company. In this regard we have relied on copies of the legal opinions referred to in Schedule 2 to the Agreement (contained in Schedules 5 and 7 to the Agreement), subject to any limitations or qualifications expressed therein.

(e) An English court may stay proceedings if concurrent proceedings are being brought elsewhere.

(f) The term **enforceable** means that a document is of a type and form enforced by the English courts. It does not mean that each obligation will be enforced in accordance with its terms. Certain rights and obligations of the Company may be qualified by the non-conclusivity of certificates, doctrines of good faith and fair conduct, the availability of equitable remedies and other matters, but in our view these qualifications would not defeat your legitimate expectations in any material respect.

This opinion is given for the sole benefit of:

(a) the persons to whom the opinion is addressed; and

(b) any person that becomes a Lender as part of primary syndication within [x] months of the date of this letter.

This opinion may not be disclosed to anyone else except that it may be disclosed, but only on the express basis that they may not rely on it, to any professional adviser or to any potential assignee, transferee and sub-participant of the Facility or as required by law or regulation.

Yours faithfully,

SCHEDULE 7
FORM OF SLOVAK LEGAL OPINION

To: The Finance Parties named
as original parties to the Agreement
(as defined below)

[DATE]

Dear Sirs,

U. S. Steel Košice, s.r.o. - €200,000,000 Credit Agreement
dated [ ], 2008 (the Agreement)

We have acted as legal advisers as to the laws of the Slovak Republic to**ING Bank N.V.**, Amstelveenseweg 500, 1081KL Amsterdam, The Netherlands, a company limited by shares, registered in the Trade Register of Chamber of Commerce and Industry for Amsterdam under file No. 33031431 acting through **ING Bank N.V., pobočka zahraničnej banky**, Jesenského 4/C, 811 02 Bratislava, Identification No. 30 844 754, registered in the Commercial register maintained by the District Court of Bratislava I, in Section Po, inserted file No. 130/B (the **Client**) in connection with the Agreement entered into between the Company, the Mandated Lead Arrangers, the Lead Arrangers, the Facility Agent and the Original Lenders, as specified in the Agreement. In this matter we have taken instructions solely from the Client.

Terms defined in the Agreement and not defined otherwise herein shall have the same meanings when used herein as therein.

DOCUMENTS

For the purposes of this opinion, we have examined the copies of following documents:

1. the Agreement;

2. the following corporate documents of the Company, certified by an authorised signatory for and on behalf of the Company as being true, correct and complete and in full force and effect as at a date no earlier than the date of the Agreement:

   (a) an extract of the Company Register of the District Court Košice 1, Section Sro, insert No. 11711/V dated 30 June 2008 in respect of the Company;

   (b) a copy of the Memorandum of Association of the Company dated 7 June 2000 (original wording); and

   (c) a copy of the Memorandum of Association of the Company in full wording dated 11 June 2008.

Except as stated above, we have not examined any other contracts or documents or any corporate or other records.

ASSUMPTIONS

In giving this opinion we have assumed:

(a) that the Parties (other than the Company) have taken all necessary actions (including corporate action) to authorise the entry into and performance of the Agreement and that the Agreement has been duly authorised, executed and delivered by or on behalf of the Parties (other than the Company) in accordance with all applicable laws and their respective constitutional documents;

(b) the genuineness of all signatures on all documents, the authenticity and completeness of all documents submitted to us as originals and the completeness and conformity to the original documents of all documents submitted to us as copies;

(c) that the documents referred to in paragraph 2 above were at their date, and remain, accurate and are in full force and effect;

(d) that the Agreement, and the transactions contemplated thereby, constitutes a legal, valid, binding and enforceable obligation of the Parties (including the Company) in accordance with its terms under English law;

(e) that the Parties (other than the Company) have the requisite power, capacity and authority to enter into and perform the Agreement;

(f) that the authorisation, execution, delivery and performance of the Agreement will not contravene any of the provisions of the constitutional documents of any Party (other than the Company);

(g) that no provision of the laws of any jurisdiction other than the Slovak Republic affects the conclusions of the opinion (e.g. insofar as any obligation is to be performed in any jurisdiction outside the Slovak Republic, its performance will not be illegal or ineffective by virtue of the law of, or contrary to public policy in, that jurisdiction);

(h) that no petition has been filed to declare bankruptcy with respect to the Company or over its assets or to permit restructuring of the Company and that the Company is not insolvent (in Slovak, *v úpadku*); and

(i) that all relevant documents for the purposes of our giving this opinion have been properly disclosed to us and that the Parties have acted in good faith whilst entering into the Agreement.

This opinion is limited to the law of the Slovak Republic currently in force and we have made no investigation and no opinion is expressed or implied as to the laws of any other jurisdiction. We express no opinion on any EU Directives not implemented in the Slovak domestic law. We express no opinion as to matters of fact and/or commercial facts. This opinion is given subject to matters not disclosed to us and about which we have no knowledge. We assume that there are no matters of fact that would affect the conclusions in this opinion.

We have not advised as to matters of taxation law and practice.

OPINION

Based on the foregoing and subject to the assumptions set out above and the qualifications set out below, we are of the opinion that, so far as the laws of the Slovak Republic are concerned at the date of this opinion:

1. **Status**. The Company is a limited liability company (in Slovak,*spoločnost' s ručením obmedzeným*), incorporated with limited liability under the laws of the Slovak Republic.

2. **Powers and authority**. The Company has the corporate power to enter into and perform the obligations expressed to be assumed by it under the Agreement and to borrow under the Agreement and, subject to a duly passed resolution of the executives of the Company approving the terms of, and the transactions contemplated by the Agreement and authorising the relevant members of the Company's statutory body to execute the Agreement on behalf of the Company, has taken all necessary corporate action to authorise the execution and performance of the Agreement. According to Section 13(4) and 133(3) of the Slovak Commercial Code (Act No. 513/1991 Coll., as amended), any restriction of the authority of a company's statutory body to act for the company shall be ineffective vis-à-vis third parties (any disclosure of that restriction notwithstanding).

3. **Legal validity**. The Agreement constitutes legal, valid, binding and enforceable obligations of the Company in accordance with its terms and (subject to the preparation of the official translation into the Slovak language) is in the proper form for its enforcement in the courts of the Slovak Republic.

4. **Non-conflict**. The execution by the Company of the Agreement does not, and its performance of the Agreement will not, violate: (i) any mandatory provision of any Slovak law or regulation or the Constitution of the Slovak Republic; or (ii) the constitutional documents of the Company referred to in paragraphs 2(a) to (c) above.

5. **Consents**. No authorisations, approvals, consents, licences, exemptions, filings, registrations, notarisations or other requirements of governmental, judicial or public bodies and authorities of the Slovak Republic are required in connection with the Company's entry into or performance of the Agreement, or for its validity or enforceability against the Company.

6. **No immunity**. Neither the Company nor any of its assets located in the Slovak Republic enjoys any right of immunity from suit, attachment prior to judgement or other legal process in respect of its obligations under the Agreement.

7. **Stamp duties**. Except for court fees and sworn translators' fees payable in connection with proceedings to enforce the Agreement and for any applicable notarial charges, there are no stamp, transfer or registration fees or similar taxes, charges or duties payable in the Slovak Republic in connection with the execution or enforcement of the Agreement.

8. **Governing law**. The choice of English law as the governing law of the Agreement would be upheld as a valid choice of law by the courts of the Slovak Republic.

9. **Enforcement of foreign judgments**. A judgement duly obtained in the English courts shall be recognised and enforced in the Slovak Republic unless:

   (a) the matter is one within the exclusive jurisdiction of the courts of a Member State of the European Union other than the courts of England pursuant to the Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters, as amended; or

   (b) the decision is not final or enforceable in the state where it has been issued; or

   (c) the party against whom such judgment is sought to be enforced has been deprived of an opportunity to participate in the foreign proceedings, especially if the summons or notice of the commencement of the foreign proceedings has not been duly served on the party; this exception does not apply if the party has not filed an appeal against the foreign judgment which has been duly served on it or if the party has waived the applicability of this exception; or

(d) a final decision in the same matter has previously been reached by a court of the Slovak Republic or by a foreign authority if that foreign authority's decision has been, or would be, enforced in the Slovak Republic; or

(e) recognition of the foreign judgment would be contrary to public policy (*ordre public*) of the Slovak Republic.

10. **Foreign currency judgements**. A judgement duly obtained in the courts of England in respect of the Agreement given in Canadian Dollars, US Dollars, or euros and being enforced in the Slovak Republic in Canadian Dollars, US Dollars or euros respectively, would be implemented in Canadian Dollars, US Dollars or euros respectively.

11. **Submission to jurisdiction**. The submission by the Company to the jurisdiction of English courts will be recognised as a valid and binding submission to jurisdiction in respect of the Agreement.

QUALIFICATIONS

The qualifications to which this opinion is subject are as follows:

(a) The validity, enforceability and effectiveness of the Agreement against the Company are limited by all bankruptcy, insolvency, moratorium and other laws affecting creditors' rights generally.

(b) References in this opinion to the term "enforceable" mean that each obligation or document is of a type and form which the Slovak courts would enforce. It is not certain, however, that each obligation or document will be enforced in accordance with its terms in every circumstance, enforcement being subject to inter alia the nature of the remedies available in the Slovak courts, the acceptance by such courts of jurisdiction, the power of such courts to stay proceedings, the provisions of other principles of law of general application (such as e.g. the concept of fair business conduct) and all limitations resulting from the laws of bankruptcy, insolvency, restructuring, liquidation, forced administration, any statutes of limitation and lapse of time or other laws affecting generally the enforcement of creditors' rights.

(c) Any subsidies or other funds obtained from the state budget or from the budget of European Union or any assets purchased from funds originated from the state budget or from the budget of European Union are immune from attachment and from execution and would not be available to creditors in any enforcement proceedings.

(d) Under the Foreign Exchange Act No. 202/1995 Coll., as amended, if a foreign exchange emergency is declared by the Government of the Slovak Republic, payments in foreign currency or abroad generally may be suspended for the duration of such emergency (not to exceed three months at any one time).

(e) The effectiveness of terms exculpating a party from a liability or duty otherwise owed is limited by law.

(f) Slovak courts may not give effect to any indemnity for legal costs incurred by a litigant in proceedings before Slovak courts.

(g) There could be circumstances in which a Slovak court would not treat as conclusive those certificates and determinations which the Agreement states to be so treated.

(h) Slovak court may declare that it does not have jurisdiction if the civil proceedings concerning the same or a similar matter have already been commenced by a foreign court or an arbitration tribunal.

(i) Under the provisions of the Slovak Act No. 97/1963 Coll. on Private and Procedural International Law, as amended, a foreign law may not be applied as the governing law of the Agreement agreed to be governed by a foreign law, or enforced, if such application or enforcement would create a result that would be, contrary to the basic principles of Slovak law including, but not limited to, public order (in Slovak *verejný poriadok*).

GENERAL

This opinion expresses Slovak legal concepts in English. Such concepts are not always capable of precise expression in English without the extensive comparative law analysis which would not be appropriate for an opinion of this kind.

This opinion is given exclusively in connection with the Agreement and for no other purpose. It is strictly limited to the matters set forth herein and no opinion may be inferred or implied beyond that expressly stated herein. This opinion is issued in understanding that we have no duty to notify any addressees of this opinion or any other person of any changes in Slovak law or its interpretation after the date of this opinion.

This opinion is given solely to the Finance Parties that are named as original parties to the Agreement and may not be given to or relied upon by any other person. You may not give copies of this opinion to others without our prior written permission.

Yours faithfully,

Igor Pálka
Advocate
Allen & Overy Bratislava, s.r.o.

SIGNATORIES

Company

U.S. Steel Košice, s.r.o.

By: /s/ William C. King
William C. King, Executive

By: /s/ Miroslav Kiral'varga
Miroslav Kiral'varga, Executive

Mandated Lead Arrangers

COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky, Bratislava

By: /s/ Peter Dávid
Peter Dávid, Branch Manager

By: /s/ Renáta Nagyová
Renáta Nagyová, Head of Trade Finance and Transaction Services

ING Bank N.V., pobočka zahraničnej banky

By: /s/ Robert Sunderman
Robert Sunderman, General Manager

By: /s/ Katarína Kurucová
Katarína Kurucová, Senior Relationship Manager

Slovenská sporitel'ňa, a.s.

By: /s/ Samuel Vlčan
Samuel Vlčan, Member of the Board of Directors and Deputy Managing Director

By: /s/ Zlata Smolková
Zlata Smolková, Director of Large Corporate Client Unit

Lead Arrangers

Citibank NA, Bahrain

By: /s/ Julia Lachka
Julia Lachka, under a power of attorney

By: /s/ Zuzana Zemlova
Zuzana Zemlova, under a power of attorney

HSBC Bank plc, pobočka zahraničnej banky

By: /s/ Maroš Turek
Maroš Turek, Head of Corporate Banking Centre

By: /s/ Radoslav Ratkovský
Radoslav Ratkovský, Head of SME

Original Lenders

COMMERZBANK Aktiengesellschaft, pobočka zahraničnej banky, Bratislava

By: /s/ Peter Dávid
Peter Dávid, Branch Manager

By: /s/ Renáta Nagyová
Renáta Nagyová, Head of Trade Finance and Transaction Services

ING Bank N.V., pobočka zahraničnej banky

By: /s/ Robert Sunderman
Robert Sunderman, General Manager

By: /s/ Katarína Kurucová
Katarína Kurucová, Senior Relationship Manager

Slovenská sporiteľňa, a.s.

By: /s/ Samuel Vlčan
Samuel Vlčan, Member of the Board of Directors and Deputy Managing Director

By: /s/ Zlata Smolková
Zlata Smolková, Director of Large Corporate Client Unit

Citibank NA, Bahrain

By: /s/ Julia Lachka
Julia Lachka, under a power of attorney

By: /s/ Zuzana Zemlova
Zuzana Zemlova, under a power of attorney

HSBC Bank plc, pobočka zahraničnej banky

By: /s/ Maroš Turek
Maroš Turek, Head of Corporate Banking Centre

By: /s/ Radoslav Ratkovský
Radoslav Ratkovský, Head of SME

Facility Agent

ING Bank N.V., London Branch

By: /s/ Jean-Maurice Elkouby
Jean-Maurice Elkouby
under a power of attorney

Exhibit 12.1

United States Steel Corporation
Computation of Ratio of Earnings to Combined Fixed Charges
and Preferred Stock Dividends
(Unaudited)

(Dollars in Millions)	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007	Year Ended December 31, 2007	2006	2005	2004	2003
Portion of rentals representing interest	**$ 8**	$ 16	$ 32	$ 44	$ 45	$ 51	$ 46
Capitalized interest	**5**	3	7	3	12	8	8
Other interest and fixed charges	**118**	50	135	123	87	131	156
Pretax earnings which would be required to cover preferred stock dividend requirements	**-**	-	-	10	25	23	35
Combined fixed charges and preferred stock dividends (A)	**$ 131**	$ 69	$ 174	$ 180	$ 169	$ 213	$ 245
Earnings-pretax income with applicable adjustments (B)	**$ 1,341**	$ 777	$ 1,305	$ 1,884	$ 1,467	$ 1,687	$ (559)
Ratio of (B) to (A)	**10.24**	11.26	7.50	10.47	8.68	7.92	(a)

(a) Earnings did not cover fixed charges and preferred stock dividends by $804 million.

Exhibit 12.2

United States Steel Corporation
Computation of Ratio of Earnings to Fixed Charges
(Unaudited)

	Six Months Ended June 30,		Year Ended December 31,				
(Dollars in Millions)	**2008**	2007	2007	2006	2005	2004	2003
Portion of rentals representing interest	**$ 8**	$ 16	$ 32	$ 44	$ 45	$ 51	$ 46
Capitalized interest	**5**	3	7	3	12	8	8
Other interest and fixed charges	**118**	50	135	123	87	131	156
Total fixed charges (A)	**$ 131**	$ 69	$ 174	$ 170	$ 144	$ 190	$ 210
Earnings-pretax income with applicable adjustments (B)	**$ 1,341**	$ 777	$ 1,305	$ 1,884	$ 1,467	$ 1,687	$ (559)
Ratio of (B) to (A)	**10.24**	11.26	7.50	11.08	10.19	8.88	(a)

(a) Earnings did not cover fixed charges by $769 million.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, John P. Surma, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) 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

   d) 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.

July 29, 2008

/s/ John P. Surma
John P. Surma
Chairman of the Board of Directors
and Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Gretchen R. Haggerty, certify that:

1. I have reviewed this quarterly report on Form 10-Q of 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) 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

   d) 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.

July 29, 2008

/s/ Gretchen R. Haggerty
Gretchen R. Haggerty
Executive Vice President
and Chief Financial Officer

Exhibit 32.1

CHIEF EXECUTIVE OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

I, John P. Surma, Chairman of the Board of Directors and Chief Executive Officer of United States Steel Corporation, certify that:

(1) The Quarterly Report on Form 10-Q of United States Steel Corporation for the period ending June 30, 2008, 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 foregoing report fairly presents, in all material respects, the financial condition and results of operations of United States Steel Corporation.

/s/ John P. Surma
John P. Surma
Chairman of the Board of Directors
and Chief Executive Officer

July 29, 2008

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 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

I, Gretchen R. Haggerty, Executive Vice President and Chief Financial Officer of United States Steel Corporation, certify that:

(1) The Quarterly Report on Form 10-Q of United States Steel Corporation for the period ending June 30, 2008, 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 foregoing report fairly presents, in all material respects, the financial condition and results of operations of United States Steel Corporation.

/s/ Gretchen R. Haggerty
Gretchen R. Haggerty
Executive Vice President
and Chief Financial Officer

July 29, 2008

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 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.