

UNITED STATES STEEL CORP  
Form 424B5  
December 05, 2007  
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**This prospectus supplement and the accompanying prospectus relate to an effective registration statement under the Securities Act of 1933, but the prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

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

**Subject to completion, dated December 5, 2007**

**Prospectus supplement**

*(To prospectus dated March 5, 2007)*

**\$**

**% Senior Notes due 2018**

*Interest payable and*

**Issue Price: %**

We are offering \$ of % Senior Notes due , 2018 (the Notes ).

The Notes will bear interest at a rate of % per year. We will pay interest on the Notes on and of each year, beginning on , 2008.

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

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

**Investing in the Notes involves risks. See Risk factors beginning on page S-6 of this prospectus supplement.**

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

	Price to Public	Underwriting Discount	Proceeds to Us, Before Expenses
Per Note	%	%	%
Total	\$	\$	\$

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

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

*Joint Book-Running Managers*

**Banc of America Securities LLC**

December , 2007

**JPMorgan**

**Scotia Capital**

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

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## About this prospectus supplement

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

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## Summary

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

*Unless the context otherwise requires, references in this prospectus supplement to the Company, U. S. Steel, we, us and our a United States Steel Corporation and its subsidiaries. References to \$ or US\$ are to U. S. dollars and references to C\$ are to Canadian dollars.*

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

### ***The company***

U. S. Steel is an integrated steel producer with major production operations in North America and Central Europe. We have annual raw steel production capability of 24.6 million net tons in North America and 7.4 million net tons in Central Europe. U. S. Steel is also engaged in several other business activities, most of which are related to steel manufacturing. These activities include the production of coke in both North America and Central Europe and the production of iron ore pellets from taconite, transportation services (railroad and barge operations) and real estate operations in North America.

### ***Recent developments***

#### ***Lone Star acquisition***

On June 14, 2007, U. S. Steel acquired Lone Star Technologies, Inc. ( Lone Star ), a manufacturer of welded oil country tubular goods, standard and line pipe and tubular couplings, and a provider of finishing services, for a net purchase price of \$2.0 billion. The acquisition has strengthened U. S. Steel s position as a premier producer of tubular products for the energy sector.

#### ***Stelco acquisition***

On October 31, 2007, U. S. Steel acquired Stelco Inc. ( Stelco ), a Canadian producer of a variety of steel products in the automotive, steel service center, and pipe and tubular industries, for approximately \$1.2 billion for the stock purchase and approximately \$785 million for the retirement of debt (the acquisition ). On the closing date of the acquisition, Stelco was renamed U. S. Steel Canada Inc. ( U. S. Steel Canada ). See Stelco acquisition.

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## The offering

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

<b>Issuer</b>	United States Steel Corporation
<b>Notes offered</b>	\$ aggregate principal amount of Notes
<b>Maturity</b>	, 2018
<b>Interest rate</b>	The Notes will bear interest at the rate of % per year. Interest on the Notes will be paid on and of each year. The first interest payment will be , 2008.
<b>Optional redemption</b>	We may redeem the Notes, at any time in whole, or from time to time in part, at the make whole redemption price. See Description of the notes Optional redemption.
<b>Mandatory offer to repurchase</b>	Upon a Change of Control Repurchase Event, we will be required to make an offer to repurchase all outstanding Notes of such series at a price in cash equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest to but not including the repurchase date. See Description of the notes Purchase of notes upon a change of control repurchase event.
<b>Ranking</b>	The Notes will be our senior and unsecured obligations and will rank equally with all of our other existing and future senior and unsecured indebtedness. The Notes will effectively rank junior to any of our existing and future secured indebtedness to the extent of the assets securing such indebtedness, and will be structurally subordinated to any indebtedness and other liabilities of our subsidiaries. As of September 30, 2007, we had an aggregate of approximately \$2,174 million of senior indebtedness outstanding (including approximately \$1,120 million of senior notes, \$458 million of obligations relating to environmental revenue bonds, a \$500 million term loan and \$96 million of obligations under capital leases and other debt, excluding intercompany liabilities). We incurred \$900 million of additional senior indebtedness in connection with the Stelco acquisition. After giving effect to the closing of the Stelco acquisition and this offering and the use of net proceeds therefrom, we would have an aggregate of approximately \$ million of senior indebtedness, excluding intercompany liabilities. U. S. Steel has a \$500 million Receivables Purchase Agreement with financial institutions that expires in September 2010. As of September 30, 2007, U. S. Steel had more than \$500 million of eligible receivables, none of which were sold. In connection with the Stelco acquisition, we sold \$400 million under our receivables facility.

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In May 2007, U. S. Steel entered into a \$750 million unsecured five-year revolving credit facility with a group of lenders. As of September 30, 2007, we had no borrowings against this facility.

At September 30, 2007, U. S. Steel Kosice, s.r.o. ( USSK ) had no borrowings against its 40 million and 20 million credit facilities (which approximated \$85 million, in aggregate, at September 30, 2007), but had, in aggregate, approximately \$5 million of customs and other guarantees outstanding, reducing the aggregate availability to approximately \$80 million.

At September 30, 2007, U. S. Steel Balkan, d.o.o. ( USSB ) had no borrowings against its 25 million facility (which approximated \$35 million at September 30, 2007), which is secured by its inventory of finished and semi-finished goods.

U. S. Steel Canada remains liable for its previously outstanding C\$150 million loan owed by Stelco to the Province of Ontario (the Province Note ). The Province Note is unsecured and is repayable on December 31, 2015. See Stelco acquisition.

### **Covenants**

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

create liens on any Principal Property or shares of stock or other equity interests of a Subsidiary that owns any Principal Property to secure indebtedness;

engage in sale leaseback transactions with respect to any Principal Property; and

consolidate, merge or transfer all or substantially all of U. S. Steel s assets.

These covenants are subject to important exceptions and qualifications which are described in Description of the notes Covenants.

### **Additional notes**

The senior indenture governing the Notes provides for unlimited issuances of additional Notes. See Description of the notes Additional issuances.

### **Use of proceeds**

The net proceeds from the sale of the Notes in this offering are estimated to be approximately \$ million, after deducting underwriting discounts and our expenses. We intend to use the net proceeds from the Notes to repay borrowings under our outstanding \$400 million one-year term loan, which was incurred in connection with the Stelco acquisition. See Use of proceeds.

### **Risk factors**

See Risk factors and the other information included or incorporated by reference in this prospectus supplement for a discussion of certain factors you should carefully consider before deciding to invest in the Notes.

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## Risk factors

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

### **Risks related to an investment in the notes**

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

The Notes are not guaranteed by any of our subsidiaries. As a result, liabilities, including indebtedness or guarantees of indebtedness, of each of our subsidiaries, including indebtedness of U. S. Steel Canada, will rank effectively senior to the indebtedness represented by the Notes, to the extent of such subsidiary's assets. In addition, the senior indenture governing the Notes does not restrict the future incurrence of liabilities or issuances of preferred stock, including unsecured indebtedness or guarantees of indebtedness, by our subsidiaries.

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

The Notes are unsecured. Holders of our secured debt that we may issue in the future may foreclose on the assets securing such debt, reducing the cash flow from the foreclosed property available for payment of unsecured debt, including the Notes. Holders of our secured debt also would have priority over unsecured creditors in the event of our bankruptcy, liquidation or similar proceeding. As a result, the Notes will be effectively junior to any secured debt that we may issue in the future. In addition, except as described under "Description of the notes—Covenants—Limitation on liens," the senior indenture governing the Notes does not restrict our future incurrence of secured indebtedness.

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

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



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

The Notes are a new issue of securities for which there currently is no trading market. As a result, a market may not develop for any series of Notes and you may not be able to sell your Notes. Any Notes that are traded after their initial issuance may trade at a discount from their initial offering price. Future trading prices of the Notes will depend on many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition, performance and prospects. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time. We do not intend to apply for listing or quotation of either series of Notes on any securities exchange or automated quotation system. While the underwriters may make a market in the Notes they are not required to do so and, consequently, any market making with respect to the Notes may be discontinued at any time without notice. Even if the underwriters make a market in the Notes the liquidity of such a market may be limited. See Underwriting.

### **Other risk factors applicable to U. S. Steel**

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

Primarily as a result of the Lone Star acquisition, our long-term debt increased from \$1,025 million at December 31, 2006 to \$2,174 million at September 30, 2007. We have incurred \$900 million of additional long-term debt in connection with the Stelco acquisition and U. S. Steel Canada remains liable for the C\$150 million Province Note. See Stelco acquisition. We have significant debt service requirements.

Our operations are capital intensive. For the five-year period ended December 31, 2006, total capital expenditures were \$2.5 billion. Going forward, the inclusion of the former Lone Star facilities and the U. S. Steel Canada facilities will increase our capital expenditure requirements significantly. We have committed to the Canadian government to make capital investments over the next five years of at least C\$200 million.

At December 31, 2006, our contractual commitments to acquire property, plant and equipment totaled \$186 million, and we were obligated to make aggregate lease payments of \$270 million under operating leases. Stelco reported that it had C\$988 million of purchase obligations and other commitments outstanding as of December 31, 2006, principally related to coal purchases, raw material transportation services, information technology services and oxygen and power requirements.

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

Stelco reported that it has C\$1,454 million of unfunded pension and other post employment benefit obligations as of June 30, 2007. In connection with the acquisition, U. S. Steel has reached an agreement with the Canadian and Ontario governments to guarantee Stelco's pension funding obligations under the pension agreement entered into by Stelco and the Province of Ontario in 2006. In addition, a voluntary contribution of C\$32.5 million was made to Stelco's main pension plans at the closing of the acquisition.

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

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

### **There are risks associated with the Stelco acquisition.**

The Stelco acquisition is premised upon the achievement of a number of synergies that may not be obtained. Factors that may affect expected synergies from the Stelco acquisition include: management's ability to successfully integrate Stelco's operations; reactions of customers and joint venture partners; operating levels; and expansions or acquisitions by major flat rolled competitors. The success of the Stelco acquisition will depend substantially on our ability to integrate the acquired operations successfully with existing operations. Economic conditions and political factors in Canada that may affect future results include, but are not limited to, taxation, inflation, currency fluctuations, increased regulation, export quotas, tariffs and other protectionist measures.

The Stelco acquisition increases our exposure to customers in the automotive industry. Our customers include not only North American and overseas auto manufacturers but also parts suppliers and others directly dependent upon the automotive industry.

The Stelco acquisition also increases our exposure to currency fluctuations. While the majority of U. S. Steel Canada's third party sales and employment and other costs are denominated in Canadian dollars, transactions with U. S. Steel and other U. S. Steel affiliates will result in currency exposure. In addition, the acquisition was funded from the United States, as well as through the reinvestment of undistributed foreign earnings from U. S. Steel Europe, creating intercompany monetary assets and liabilities in different functional currencies, which can impact income when they are remeasured at the end of each quarter.

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## Use of proceeds

The net proceeds from the sale of the Notes in this offering are estimated to be approximately \$ \_\_\_\_\_ million, after deducting underwriting discounts and our expenses. We will use the net proceeds from the Notes to repay borrowings under our outstanding \$400 million one-year term loan, which matures on October 12, 2008 and bears interest at LIBOR plus an applicable margin set at one, two, three or six month intervals. As of November 30, 2007, the interest rate was 5.44%. Proceeds from this term loan were used to finance a portion of the Stelco acquisition.

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The following table sets forth our capitalization as of September 30, 2007:

on an actual basis;

on an as adjusted basis to give effect to the Stelco acquisition; and

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

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

(dollars in millions)	As of September 30, 2007		
	Actual	As adjusted for the Stelco acquisition	As adjusted for this offering
<b>Debt:</b>			
Term Loan due 2008	\$	\$ 400	\$
Term Loan due 2008 2010		500	500
Term Loan due 2008 2012	500	500	500
10.75% Senior Notes due 2008	20	20	20
6.65% Senior Notes due 2037	350	350	350
6.05% Senior Notes due 2017	450	450	450
5.65% Senior Notes due 2013	300	300	300
Province of Ontario Note(1)		151	151
Environmental Revenue Bonds	458	458	458
2018 Notes offered hereby			
Other Debt and Capital Leases	96	96	96
<b>Total Debt</b>	<b>\$ 2,174</b>	<b>\$ 3,225</b>	<b>\$</b>
<b>Shareholders equity:</b>			
Total shareholders equity	\$ 5,352	\$ 5,352	\$ 5,352
Total capitalization	\$ 7,526	\$ 8,577	\$

(1) Based on the exchange rate of US\$1.0078 for each C\$1.00 as of September 28, 2007.

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## **Stelco acquisition**

On October 31, 2007, U. S. Steel acquired Stelco Inc. ( Stelco ), a Canadian producer of a variety of steel products in the automotive, steel service center, and pipe and tubular industries, for approximately \$1.2 billion for the stock purchase and approximately \$785 million for the retirement of debt (the acquisition ). On the closing date of the acquisition, Stelco was renamed U. S. Steel Canada Inc. ( U. S. Steel Canada ).

### **About U. S. Steel Canada (formerly Stelco Inc.)**

U. S. Steel Canada is one of Canada's largest steel producers. U. S. Steel Canada operates two integrated steel plants in Ontario, Canada, with annual raw steel production capability of 5.2 million tons. The plants produce a variety of steel products for customers in the automotive, steel service center, appliance, energy, construction and pipe and tube industries within North America. Lake Erie Works is a modern integrated steel plant, and Hamilton Works produces steel slabs and other products. Steel slabs produced by U. S. Steel Canada's facilities will expand U. S. Steel's semi-finished steel supply chain capabilities in support of its flat rolled and tubular finishing facilities. U. S. Steel Canada also owns several joint venture interests including iron ore operations in the United States and Canada, and a 60% interest in Z-line, a quality galvanizing line. In addition, through its ownership interests in iron ore mining properties and related supply agreements, U. S. Steel Canada has secured approximately 90% of its requirements for iron ore, although this may decrease to approximately 50% beginning in 2010 due to the pending sale of the Wabush mine joint venture. U. S. Steel Canada's product mix consists primarily of hot rolled steel, cold rolled and coated steel, and bars.

Stelco's financial results were prepared in accordance with Canadian GAAP. Stelco reported that it shipped 3.5 million tons of steel and totaled C\$2.5 billion in sales in 2006.

Stelco and certain related entities filed for protection under the Companies Creditors Arrangement Act of Canada (the CCAA ) on January 29, 2004. On March 31, 2006, Stelco emerged from protection under the CCAA. For the nine months ended December 31, 2006, Stelco reported an operating loss (before workforce reduction costs of C\$50 million) of C\$84 million and amortization of property, plant and equipment and intangible assets of C\$85 million, and for the nine months ended September 30, 2007, Stelco reported operating earnings of C\$44 million (before asset impairment charges of C\$38 million and workforce reduction costs of C\$14 million) and amortization of property, plant and equipment and intangible assets of C\$89 million. Stelco reported a total shareholders' deficit of C\$64 million at September 30, 2007.

Stelco's focus since exiting from the CCAA process on March 31, 2006 was on an operational restructuring including the following initiatives:

Implementation of productivity improvement initiatives, which resulted in the reduction of the labor force from 4,954 employees at March 31, 2006 to 3,542 employees at September 30, 2007,

Closure of the hot strip mill, a pickle line, a 5 stand cold mill, and other related facilities at the Hamilton mill, and

Completion of the phase two upgrade of the hot strip mill at the Lake Erie facility.

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On June 6, 2007, Stelco announced that it entered into an iron ore supply agreement providing for the sale of Stelco's 44.6% interest in the Wabush mine joint venture. The anticipated consideration consists of cash proceeds of approximately US\$40 million.

## **Pension and other post-employment benefits**

Stelco re-measured its pension and other post employment benefit plans as at June 30, 2007. The re-measurement included a review and update of all significant assumptions underlying these plans, including the discount rate, retirement age, updated demographic and claims cost experience and expected long term rate of return on pension plan assets. As a result of the re-measurement, Stelco reported that the consolidated pension plans improved by C\$74 million to an unfunded balance of C\$333 million and the consolidated other benefit plans improved by C\$117 million to an unfunded balance of C\$1,121 million.

## **Province note**

Stelco, in connection with its CCAA process, entered into an agreement with the Province of Ontario which, among other things, provided Stelco with C\$150 million on March 31, 2006 in exchange for a note payable that remains outstanding after the closing of the acquisition (the Province Note). The Province Note is unsecured and is repayable on December 31, 2015. The Province Note is also subject to a 75% discount if the solvency deficiencies in Stelco's four main pension plans are eliminated on or before the maturity date. The Province Note bears interest at the rate of 1% per annum, payable semi-annually in cash.

## **Contingencies**

On June 28, 2005, Georgian Windpower Corporation (GWC) commenced a lawsuit against Stelco Inc. alleging, among other things, breach of contract by Stelco in connection with Stelco's termination in April 2005 of a Memorandum of Understanding and Agreement to Enter into a Land Lease Agreement between Stelco and GWC. GWC has claimed damages of C\$350 million. On May 31, 2006, Stelco served its statement of defense. Discovery is ongoing.

## **Financing of Stelco acquisition**

We paid for the acquisition and retired the majority of Stelco's existing debt through a combination of cash on hand, \$400 million of sales under our receivables purchase agreement and borrowings under a \$500 million three-year term loan and a \$400 million one-year term loan. The three-year term loan requires a \$50 million and \$100 million principal repayment on the first and second anniversary dates, respectively. Like our revolving credit facility and other term loan, the term loans have two financial covenants: an EBITDA to interest coverage test of 2:1 and a debt to EBITDA coverage test of 3.25:1. The term loans also have lien limitations, cross defaults and other customary terms, substantially similar to those in our revolving credit facility and other term loan.

In connection with the acquisition, we repaid a majority of Stelco's debt, including Stelco's asset based loan facility, secured revolving term loan facility, secured floating rate notes and a subsidiary of Stelco's term loan. The Province Note discussed above remains outstanding.

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## **Description of the notes**

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

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

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

### **General**

The Notes:

will be our senior unsecured obligations;

will mature on \_\_\_\_\_, 2018;

will be subject to earlier redemption at our option as described following the caption Optional redemption;

will not have the benefit of any sinking fund;

will be issued in denominations of \$1,000 and in integral multiples of \$1,000 thereof; and

will be represented by one or more registered notes in global form but in certain limited circumstances may be represented by notes in certificated form. See Book-entry issuance.

Interest on the Notes will:

accrue at the rate of \_\_\_\_\_ % per annum;

accrue from December \_\_\_\_\_, 2007 or the most recent interest payment date on which interest was paid;

be payable in cash semi-annually in arrears on \_\_\_\_\_ and \_\_\_\_\_ of each year, commencing on \_\_\_\_\_, 2008;

be payable to the holders of record on the \_\_\_\_\_ and \_\_\_\_\_ immediately preceding the related interest payment date; and

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

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

## **Ranking**

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

As of September 30, 2007, we had an aggregate of approximately \$2,174 million of senior indebtedness outstanding (including approximately \$1,120 million of senior notes, \$458 million of obligations relating to environmental revenue bonds, a \$500 million term loan and \$96 million of obligations under capital leases and other debt, excluding intercompany liabilities). We have incurred \$900 million of additional senior indebtedness in connection with the Stelco acquisition.

## **Additional issuances**

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

## **Optional redemption**

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

100% of the principal amount of the Notes to be redeemed; or

the sum of the present values of the remaining scheduled payments of principal and interest on the Notes to be redeemed, exclusive of interest accrued to the date of redemption, discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the applicable Treasury Yield plus \_\_\_\_\_ basis points, plus accrued interest to the date of redemption.



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

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

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

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

**Independent Investment Banker** means Banc of America Securities LLC, J.P. Morgan Securities Inc. or Scotia Capital (USA) Inc., as selected by us or, if such firms are unwilling or unable to select the applicable Comparable Treasury Issue, an independent investment banking institution of national standing appointed by us.

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

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

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

The Notes will not be entitled to the benefit of any sinking fund.

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**Purchase of notes upon a change of control repurchase event**

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

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

- (1) accept for payment all the Notes or portions of the Notes properly tendered pursuant to its offer;
- (2) deposit with the paying agent an amount equal to the aggregate purchase price in respect of all the Notes or portions of the Notes properly tendered; and
- (3) deliver or cause to be delivered to the trustee the Notes properly accepted, together with an officers' certificate stating the aggregate principal amount of Notes being purchased by the Company.

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

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

The Change of Control Repurchase Event feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Company and, thus, the removal of

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

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

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

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

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

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

Moody's means Moody's Investors Service Inc.

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

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

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

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

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

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Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the Ratings Event).

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

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

## **Covenants**

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

incurring any indebtedness or other obligation;

paying dividends or making distributions on the Company's capital stock or the capital stock of any of its subsidiaries; or

purchasing or redeeming the Company's capital stock or the capital stock of any of its subsidiaries.

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

The senior indenture will contain the following principal covenants:

### ***Limitation on liens***

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

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

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

- (1) leases to which such person is a party, or deposits to secure public or statutory obligations of such person or deposits of cash or United States government bonds to secure surety or appeal bonds to which such person is a party, or deposits as security for contested taxes or import duties or for the payment of rent, in each case Incurred in the ordinary course of business;
- (2) Liens imposed by law, such as carriers , warehousemen s and mechanics Liens, in each case for sums not yet overdue by more than 30 days or being contested in good faith by appropriate proceedings or other Liens arising out of judgments or awards against such person with respect to which such person shall then be proceeding with an appeal or other proceedings for review and Liens arising solely by virtue of any statutory or common law provision relating to banker s Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a creditor depository institution; provided, however, that (A) such deposit account is not a dedicated cash collateral account and is not subject to restrictions against access by the Company in excess of those set forth by regulations promulgated by the Federal Reserve Board and (B) such deposit account is not intended by the Company to provide collateral to The Depository Trust Company, or DTC;
- (3) Liens for property taxes not yet subject to penalties for non-payment or which are being contested in good faith by appropriate proceedings;
- (4) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such person or to the ownership of its properties which were not Incurred in connection with indebtedness and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such person;
- (5) Liens securing indebtedness incurred to finance the construction, purchase or lease of, or repairs, improvements or additions to, property, plant or equipment of such person; provided, however, that the Lien may not extend to any other property owned by such person at the time the Lien is Incurred (other than assets and property affixed or appurtenant thereto), and the indebtedness (other than any interest thereon) secured by the Lien may not be incurred more than 180 days after the later of the acquisition, completion of construction, repair, improvement, addition or commencement of full operation of the property subject to the Lien;
- (6) Liens existing on the issue date of the notes;
- (7) Liens on property or shares of capital stock of another person at the time such other person becomes a subsidiary of such person; provided, however, that the Liens may not extend to any other property owned by such person (other than assets and property affixed or appurtenant thereto);
- (8) Liens securing industrial revenue or pollution control bonds issued for the benefit of the Company;
- (9) Liens on property at the time such person or any of its subsidiaries acquires the property, including any acquisition by means of a merger or consolidation with or into

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such person or a subsidiary of such person; provided, however, that the Liens may not extend to any other property owned by such person (other than assets and property affixed or appurtenant thereto);

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

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

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

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

### ***Limitation on sale and leaseback transactions***

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

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

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

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

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

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

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

## **Merger, consolidation or sale of assets**

The Company will not, in a single transaction or through a series of related transactions, consolidate or merge with or into any other person, or, directly or indirectly, sell or convey substantially all of its assets to another person or group of affiliated persons, except that the Company may consolidate or merge with, or sell or convey substantially all of its assets to another person if (i) the Company is the continuing person or the successor person (if other than the Company) is organized and existing under the laws of the United States of America, any State thereof or the District of Columbia and such person expressly assumes all obligations of the Company under the senior indenture, including payment of the principal and interest on the notes, and the performance and observance of all of the covenants and conditions of the senior indenture to be performed by the Company and (ii) there is no default under the senior indenture. Upon such a succession, the Company will be relieved from any further obligations under the senior indenture. For purposes of this paragraph, substantially all of its assets means, at any date, a portion of the non-current assets reflected in the Company's consolidated balance sheet as of the end of the most recent quarterly period that represents at least 66<sup>2</sup>/3% of the total reported value of such assets.

## **Events of default**

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

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

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



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### Definitions

The senior indenture will contain the following defined terms:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **Exchange and transfer**

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

## **Paying and paying agents**

The Bank of New York will act as our paying agent for the Notes. We may choose to pay interest by mailing checks or making wire transfers. Regardless of who acts as the paying agent, all money paid by us to a paying agent that remains unclaimed at the end of two years after the amount is due to note holders will be repaid to us. After that two-year period, you may look only to us for payment and not to the trustee, any other paying agent or anyone else. We may also arrange for additional payment offices, and may cancel or change these offices, including any use of the trustee's corporate trust office. We may appoint or change any paying agent without prior notice to any note holder.

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**Book-entry issuance**

The Notes will be represented by one or more global Notes that will be deposited with and registered in the name of The Depository Trust Company, or DTC, or its nominee. We will not issue certificated Notes to you, except in the limited circumstances described below. Each global Note will be issued to DTC, which will keep a computerized record of its participants whose clients have purchased the Notes. Each participant will then keep a record of its own clients. Unless it is exchanged in whole or in part for a certificated Note, a global Note may not be transferred. DTC, its nominees and their successors may, however, transfer a global Note as a whole to one another, and these transfers are required to be recorded on our records or a register to be maintained by the trustee.

Beneficial interests in a global Note will be shown on, and transfers of beneficial interests in the global Note will be made only through, records maintained by DTC and its participants. DTC has provided us with the following information: DTC is a limited purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under the provisions of Section 17A of the Exchange Act. DTC holds securities that its direct participants deposit with DTC. DTC also records the settlements among direct participants of securities transactions, such as transfers and pledges, in deposited securities through computerized records for direct participants' accounts. This book-entry system eliminates the need to exchange certificated securities. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations.

DTC's book-entry system is also used by other organizations such as securities brokers and dealers, banks and trust companies that work through a direct participant. The rules that apply to DTC and its participants are on file with the SEC.

DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.

When you purchase Notes through the DTC system, the purchases must be made by or through a direct participant, which will receive credit for the notes on DTC's records. When you actually purchase the Notes, you will become their beneficial owner. Your ownership interest will be recorded only on the direct or indirect participants' records. DTC will have no knowledge of your individual ownership of the Notes. DTC's records will show only the identity of the direct participants and the principal amount of the Notes held by or through them. You will not receive a written confirmation of your purchase or sale or any periodic account statement directly from DTC. You should instead receive these from your direct or indirect participant. As a result, the direct or indirect participants are responsible for keeping accurate account of the holdings of their customers. The trustee will wire payments on the Notes to DTC's nominee. We and the trustee will treat DTC's nominee as the owner of each global Note for all purposes. Accordingly, we, the trustee and any paying agent will have no direct responsibility or liability to pay amounts due on a global Note to you or any other beneficial owners in that global Note.

It is DTC's current practice, upon receipt of any payment of distributions or liquidation amounts, to proportionately credit direct participants' accounts on the payment date based on their holdings. In addition, it is DTC's current practice to pass through any consenting or voting rights to such participants by using an omnibus proxy. Those participants will, in turn, make payments

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to and solicit votes from you, the ultimate owner of Notes, based on their customary practices. Payments to you will be the responsibility of the participants and not of DTC, the trustee or the Company.

Notes represented by one or more global Notes will be exchangeable for certificated Notes with the same terms in authorized denominations only if:

DTC is unwilling or unable to continue as a depository or ceases to be a clearing agency registered under applicable law, and a successor is not appointed by us within 90 days;

an event of default occurs and is continuing in respect of the Notes; or

we decide to discontinue the book-entry system.

If a global Note is exchanged for certificated Notes, the trustee will keep the registration books for the Notes at its corporate office and follow customary practices and procedures regarding those certificated Notes.

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## Certain United States federal income tax considerations

This section describes the material United States federal income tax consequences of owning the Notes we are offering. It applies only to a United States holder (as defined in United States holders ) that acquires Notes in the offering at the offering price listed on the cover page hereof and that holds its Notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code ). This section does not apply to a holder that is a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a person liable for alternative minimum tax;
- a trader in securities that elects to use a mark-to-market method of accounting for its securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organization;
- a person that owns Notes that are a hedge or that are hedged against interest rate risks;
- a person that owns Notes as part of a straddle or conversion transaction for tax purposes;
- a holder whose functional currency for tax purposes is not the United States dollar; or
- a holder that is not a United States holder.

This section is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If an entity or arrangement that is treated as a partnership for United States federal income tax purposes holds the Notes, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in such an entity or arrangement holding the Notes should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the Notes.

This section describes the tax consequences to a United States holder. A holder is a United States holder if that holder is a beneficial owner of a Note and is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a domestic corporation or an entity treated as a domestic corporation;
- an estate whose income is subject to United States federal income tax regardless of its source; or

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a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust or if the trust was in existence on August 20, 1996 and has elected to continue to be treated as a United States person.

## **HOLDERS ARE ENCOURAGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF THE NOTES IN THEIR PARTICULAR CIRCUMSTANCES UNDER THE CODE AND UNDER THE LAWS OF ANY OTHER TAXING JURISDICTION.**

### **Payments of interest**

We expect that the first price at which a substantial amount of the Notes is sold to persons (other than bond houses, brokers or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers) will equal the stated principal amount of the Notes or an amount which is at a de minimis discount thereto. Thus, stated interest payments on the Notes generally will be taxable as ordinary income at the time the interest accrues or is received in accordance with a holder's regular method of accounting for United States federal income tax purposes. If, contrary to current expectations, the Notes are issued at a discount in excess of a de minimis amount, then a United States holder generally will be required to include such discount in gross income in advance of the receipt of cash attributable to that income.

### **Purchase, sale and retirement of the notes**

A holder's tax basis in a Note will generally be the cost of the Note. A holder will generally recognize gain or loss on the sale, retirement or other taxable disposition of a Note equal to the difference between the amount realized on the sale, retirement or other taxable disposition (less an amount equal to any accrued but unpaid interest, which will be taxable as ordinary income to the extent not previously included in income) and the holder's tax basis in the Note. Such gain or loss will be capital gain or loss. Capital gain of a noncorporate United States holder that is recognized in a taxable year beginning before January 1, 2011 is generally taxed at a maximum rate of 15% where the holder has a holding period greater than one year. The deductibility of capital losses is subject to limitations.

### **Certain redemptions and contingent payments**

As described in Description of the notes Optional redemption, we may at any time redeem some or all of the Notes at the redemption price set forth therein. We have determined, and intend to take the position that, the likelihood that any such redemption or repurchase will occur is remote under applicable United States Treasury regulations. Our determination that the possibility of this redemption is remote is binding on each United States holder unless such United States holder explicitly discloses that it is taking a different position in the manner described by applicable United States Treasury regulations. However, our determination is not binding on the Internal Revenue Service.

We have also determined that (i) the likelihood that we will redeem the Notes as a result of certain events as described in Description of the notes Purchase of notes upon a change of control repurchase event, is more than a remote likelihood, but (ii) it is significantly more likely than not that no payments will be made to the holders of Notes under this provision.

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Because of these determinations, we do not intend to treat those possibilities as affecting the amount and timing of income inclusions with respect to the Notes (prior to any occurrence of such events) or the character of income recognized on the sale, exchange or redemption of a Note. If the Internal Revenue Service takes a contrary position with respect to any of the determinations described in this paragraph, the Notes could be subject to the rules governing contingent payment debt instruments, and the amount and timing of income inclusions with respect to the Notes and the character of income recognized on the sale, exchange or redemption of a Note could be materially and adversely different from that described herein. This discussion assumes that the Notes will not be treated as subject to the contingent payment debt instrument rules.

**Backup withholding and information reporting**

In general, in the case of a noncorporate United States holder, we and other payors are required to report to the Internal Revenue Service all payments of principal and interest on the Notes. In addition, we and other payors are generally required to report to the Internal Revenue Service any payment of proceeds of the sale of the Notes before maturity within the United States. Backup withholding may also apply to any payments if the holder fails to provide an accurate taxpayer identification number or the holder is notified by the Internal Revenue Service that the holder has failed to report all interest and dividends required to be shown on the holder's federal income tax returns. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules will be allowed as a refund or credit against a holder's United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

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## Underwriting

Under the terms and subject to the conditions contained in the underwriting agreement dated the date of this prospectus supplement, we have agreed to sell to each of the underwriters named in the following table and each of the underwriters has severally and not jointly agreed to purchase from us, the principal amount of Notes that appears opposite its name in the following table:

<b>Underwriter</b>	<b>Principal amount of Notes:</b>
J.P. Morgan Securities Inc.	\$
Scotia Capital (USA) Inc.	
Banc of America Securities LLC	
Total	\$

Under the underwriting agreement, if the underwriters take any of the Notes, then the underwriters are obligated to take and pay for all of the Notes.

The Notes represent a new issue of securities with no established trading market. The underwriters have advised us that they intend to make a market in the Notes, but they are not obligated to do so. The underwriters may discontinue any market making in the Notes at any time at their sole discretion. Accordingly, a liquid trading market for the Notes might not develop or if such a market develops it might not be sustained. This means you might not be able to sell your notes at a particular time or receive a favorable price for your Notes when you sell them.

The underwriters initially propose to offer part of the Notes directly to the public at the offering prices described on the cover page and part to certain dealers at a price that represents a concession not in excess of % of the principal amount of the Notes. Any underwriter may allow, and any such dealer may reallow, a concession not in excess of % of the principal amount of the Notes to certain other dealers. After the initial offering of the Notes, the underwriters may from time to time vary the offering price and other selling terms.

In connection with the offering of the Notes, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the underwriters may over allot in connection with this offering, creating a syndicate short position. In addition, the underwriters may bid for, and purchase, Notes in the open market to cover syndicate short positions or to stabilize the price of any of the Notes. Finally, the underwriting syndicate may reclaim selling concessions allowed for distributing the Notes in this offering if the syndicate repurchases previously distributed Notes in a syndicate covering transaction, a stabilization transaction or otherwise. Any of these activities may stabilize or maintain the market price of any of the Notes above independent market levels. The underwriters are not required to engage in any of these activities, and may end any of them at any time.

The underwriters and their affiliates may, from time to time, in the ordinary course of business provide, and have provided in the past, investment or commercial banking services and/or advisory services to us and our affiliates. In particular, J.P. Morgan Securities Inc. acted as our financial advisor in connection with the Stelco acquisition and is the joint lead arranger and bookrunner under the term loans we entered into in connection with the Stelco acquisition. An affiliate of J.P. Morgan Securities Inc. is the administrative agent, an affiliate of Banc of America



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Securities LLC is the documentation agent and an affiliate of Scotia Capital (USA) Inc. is the syndication agent and joint lead arranger and bookrunner, of the term loans we entered into in connection with the Stelco acquisition, and all three are lenders under such term loans. In addition, an affiliate of Scotia Capital (USA) Inc. is a committed purchaser under our existing \$500 million Receivables Purchase Agreement, and J.P. Morgan Securities Inc. and one of its affiliates, and an affiliate of Banc of America Securities LLC and of Scotia Capital (USA) Inc. are lenders and agents under our existing \$500 million five-year term loan and \$750 million revolving credit facility.

The proceeds from this offering will be used to repay borrowings under our outstanding \$400 million one-year term loan. Because more than 10% of the net proceeds of this offering will be paid to affiliates of the underwriters, this offering is being conducted pursuant to Conduct Rule 2710(h) of the Financial Industry Regulatory Authority ( FINRA ).

The expenses associated with this offering, to be paid by us, are estimated to be \$ .

We have agreed with the underwriters that we will not offer or sell any of our debt securities having a term of more than one year (other than the Notes) for a period of 30 days after the date of this prospectus supplement without the prior written consent of the underwriters.

We have also agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended, or to contribute to payments that the underwriters may be required to make in respect of any such liabilities.

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## Legal matters

R. M. Stanton, Assistant General Counsel Corporate of U. S. Steel, will pass upon certain legal matters for us in connection with the issuance of the Notes. Morgan, Lewis & Bockius LLP, Pittsburgh, Pennsylvania will pass upon certain legal matters for us in connection with the issuance of the Notes. Simpson Thacher & Bartlett LLP, New York, New York, will pass upon certain legal matters for the underwriters in connection with the issuance of the Notes.

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# **United States Steel Corporation**

## **Senior Debt Securities**

## **Subordinated Debt Securities**

## **Common Stock**

## **Preferred Stock**

## **Depositary Shares**

## **Warrants**

## **Stock Purchase Contracts**

## **Stock Purchase Units**

We may from time to time offer and sell senior debt securities, subordinated debt securities, common stock, preferred stock, depositary shares, warrants, stock purchase contracts, stock purchase units or any combination of these securities. The debt securities, preferred stock, warrants and purchase contracts may be convertible into or exercisable or exchangeable for common or preferred stock or other securities or debt or equity securities of one or more other entities.

We may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to other purchasers, on a continuous or delayed basis.

This prospectus describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered will be described in a supplement to this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest.

Our common stock is listed on the New York Stock Exchange under the symbol X.

*Investing in these securities involves certain risks. See the information included and incorporated by reference in this prospectus for a discussion of the factors you should carefully consider before deciding to purchase these securities.*

*Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.*

*If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this document are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this document does not extend to you. The information contained in this document speaks only as of the date of this document, unless the information specifically indicates that another date applies.*

The date of this Prospectus is March 5, 2007.

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**ABOUT THIS PROSPECTUS**

This prospectus is a part of a shelf registration statement that we have filed with the Securities and Exchange Commission (the SEC). By using a shelf registration statement, we may offer and sell, at any time or from time to time, in one or more offerings, any combination of the securities described in this prospectus. The exhibits to our registration statement contain the full text of certain contracts and other important documents we have summarized in this prospectus. Since these summaries may not contain all the information that you may find important in deciding whether to purchase the securities we offer, you should review the full text of these documents. The registration statement and the exhibits can be obtained from the SEC as indicated under the heading **Where You Can Find More Information**.

This prospectus only provides you with a general description of the securities we may offer. Each time we sell securities, we will provide you with a prospectus supplement that contains specific information about the terms of those securities, including, where applicable, the following:

The type and amount of securities that we propose to sell;

The initial public offering price of the securities;

The names of any underwriters or agents through or to which we will sell the securities;

The compensation of those underwriters or agents; and

Information about any securities exchanges or automated quotation systems on which the securities will be listed or traded. The prospectus supplement and any free writing prospectus that we authorize to be delivered to you may also add, update or change information contained in this prospectus. You should read this prospectus, the prospectus supplement and any free writing prospectus together with the additional information described below under the heading **Where You Can Find More Information**.

Whenever references are made in this prospectus to information that will be included in a prospectus supplement, to the extent permitted by applicable law, rules or regulations, we may instead include such information or add, update or change the information contained in this prospectus by means of a free writing prospectus, post-effective amendment to the registration statement of which this prospectus is a part, through filings we make with the SEC that are incorporated by reference into this prospectus or by any other method as may be then permitted under applicable laws, rules or regulations.

**WHERE YOU CAN FIND MORE INFORMATION**

United States Steel Corporation files annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. Our SEC filings are also accessible through the Internet at the SEC's website at <http://www.sec.gov>. Many of our SEC filings are also accessible on our website at <http://www.ussteel.com>. The reference to our website is intended to be an inactive textual reference only. The information on or connected to our website is not a part of this prospectus or the accompanying prospectus supplement.

**INCORPORATION OF CERTAIN INFORMATION BY REFERENCE**

The SEC allows us to incorporate by reference into this prospectus the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus, and later information that we

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file with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 prior to the termination of the offering under this prospectus (other than any documents or information deemed to have been furnished and not filed in accordance with the SEC rules). These documents contain important information about us. The SEC file number for these documents is 1-16811.

- (a) Annual Report on Form 10-K for the year ended December 31, 2006;
- (b) Proxy Statement on Form 14A dated April 25, 2006;
- (c) Current Reports on Form 8-K filed on January 3, 2007; and
- (d) The description of our common stock and preferred stock purchase rights contained in our registration statement on Form 8-A12B/A (Amendment No. 1) filed with the SEC on December 31, 2001.

Any statement contained in a document incorporated by reference into this prospectus will be deemed to be modified or superseded for purposes of this prospectus to the extent that a statement contained herein or in any other subsequently filed document which is also incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded will not be deemed to constitute a part of this prospectus except as so modified or superseded.

We will provide, upon written or oral request, to each person to whom a prospectus is delivered, including any beneficial owner, a copy of any or all of the information that has been incorporated by reference in the prospectus but not delivered with the prospectus. You may request a copy of these filings at no cost.

Requests for documents should be directed to:

### **United States Steel Corporation**

Shareholder Services

600 Grant Street, Room 611

Pittsburgh, Pennsylvania 15219-2800

(412) 433-4801

(866) 433-4801 (toll free)

(412) 433-4818 (fax)

### **FORWARD-LOOKING STATEMENTS**

We include forward-looking statements concerning trends, market forces, commitments, material events, and other contingencies potentially affecting our future performance in our annual and quarterly reports, press releases and other statements incorporated by reference in this prospectus. These statements include, without limitation, statements regarding our general business strategies; financing decisions; projections of levels of revenues, income from operations, income per ton, net income or earnings per share; levels of capital, environmental or maintenance expenditures; levels of employee benefits; the success or timing of completion of ongoing or anticipated capital or maintenance projects; levels of raw steel production capability; prices; production; shipments; labor and raw material costs; availability of raw materials; the acquisition, idling, shutdown or divestiture of assets or businesses; the effect of restructuring or reorganization of business components and cost reduction programs; the effect of steel industry consolidation; the effect of potential legal proceedings on the business and financial condition; the effects of actions of third parties, such as competitors or foreign, federal, state or local regulatory authorities; the impact of import quotas,

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tariffs and other protectionist measures; and general economic conditions. These forward-looking statements are based on currently available competitive, financial and economic data and our operating plans and involve risks, uncertainties and assumptions. As a result, these statements are inherently uncertain, and investors must recognize that events could turn out to be significantly different from our expectations. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by

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these cautionary statements. We do not undertake to update our forward-looking statements to reflect future events or circumstances, except as may be required by applicable law. Additional information regarding the risks and uncertainties that could impact our forward-looking statements is contained in our periodic filings with the SEC.

**THE COMPANY**

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

United States Steel Corporation is a Delaware corporation. Our principal offices are at 600 Grant Street, Pittsburgh PA 15219-2800 and our telephone number is (412) 433-1121.

References in this prospectus to the Registrant, Company, United States Steel, U. S. Steel, USS, we, us and our are to United States Corporation and its subsidiaries.

**RATIO OF EARNINGS TO FIXED CHARGES AND****RATIO OF EARNINGS TO COMBINED FIXED****CHARGES AND PREFERRED STOCK DIVIDENDS****(Unaudited)****Continuing Operations**

	<b>Year Ended December 31,</b>				
	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
Ratio of earnings to fixed charges (a)	11.08	10.19	8.88	(b)	1.15
Ratio of earnings to combined fixed charges and preferred stock dividends (a)	10.47	8.68	7.92	(c)	1.15

- (a) For the purposes of calculating the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends, earnings are defined as income before income taxes and extraordinary items and before adjustment for minority interests in consolidated subsidiaries or income (loss) from equity investees, and capitalized interest, plus fixed charges, amortization of capitalized interest and distributions from equity investees. Fixed charges consist of interest, whether expensed or capitalized, on all indebtedness, amortization of premiums, discounts and capitalized expenses related to indebtedness, and an interest component equal to one-third of rental expense, representing the portion of rental expense that management believes is attributable to interest. Preferred dividends consists of pretax earnings required to cover preferred stock dividends associated with the 7% Series B Mandatory Convertible Preferred Shares that were mandatorily converted into U. S. Steel common stock on June 15, 2006.
- (b) Earnings were deficient in covering fixed charges by \$769 million for the year ended December 31, 2003.
- (c) Earnings were deficient in covering combined fixed charges and preferred stock dividends by \$804 million for the year ended December 31, 2003.

**USE OF PROCEEDS**

The net proceeds from the sale of the offered securities will be used for general corporate purposes unless we specify otherwise in the prospectus supplement or free writing prospectus applicable to a particular offering.



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General corporate purposes may include the repayment of debt, acquisitions, stock repurchases, capital expenditures, investments in subsidiaries and joint ventures, and additions to working capital. Net proceeds may be temporarily invested prior to use.

### **DESCRIPTION OF THE DEBT SECURITIES**

The following is a general description of the debt securities (the Debt Securities ) that we may offer from time to time. The particular terms of the Debt Securities offered by any prospectus supplement and the extent, if any, to which the general provisions described below may apply will be described in the applicable prospectus supplement. Although our securities include securities denominated in U.S. dollars, we can choose to issue securities in any other currency, including the euro.

The Debt Securities will be either senior Debt Securities or subordinated Debt Securities. We will issue the senior Debt Securities under the senior indenture between The Bank of New York, or any successor trustee, and USS. We will issue the subordinated Debt Securities under a subordinated indenture between The Bank of New York, or any successor trustee, and USS. The senior indenture and the subordinated indenture are collectively referred to in this prospectus as the indentures, and each of the trustee under the senior indenture and the trustee under the subordinated indenture are referred to in this prospectus as trustee.

The following description is only a summary of the material provisions of the indentures. We urge you to read the appropriate indenture because it, and not this description, defines your rights as holders of the notes or bonds. See the information under the heading Where You Can Find More Information to contact us for a copy of the appropriate indenture.

#### **General**

The senior Debt Securities are unsubordinated obligations, will rank on par with all other debt obligations of USS and, unless otherwise indicated in the related Prospectus Supplement, will be unsecured. The subordinated Debt Securities will be subordinate, in right of payment to Senior Indebtedness. A description of the subordinated Debt Securities is provided below under Subordinated Debt Securities . The specific terms of any subordinated Debt Securities will be provided in the related Prospectus Supplement. For a complete understanding of the provisions pertaining to the subordinated Debt Securities, you should refer to the subordinated indenture attached as an exhibit to the Registration Statement.

#### **Terms**

The indentures do not limit the principal amount of debt we may issue.

We may issue notes or bonds in traditional paper form, or we may issue a global security. The Debt Securities of any series may be issued in definitive form or, if provided in the related prospectus supplement, may be represented in whole or in part by a global security or securities, registered in the name of a depository designated by USS. Each Debt Security represented by a global security is referred to as a Book-Entry Security.

Debt Securities may be issued from time to time pursuant to this prospectus, and will be offered on terms determined by market conditions at the time of sale. Debt Securities may be issued in one or more series with the same or various maturities and may be sold at par, a premium or an original issue discount. Debt Securities sold at an original issue discount may bear no interest or interest at a rate that is below market rates. Unless otherwise provided in the prospectus supplement, Debt Securities denominated in U.S. dollars will be issued in denominations of \$1,000 and integral multiples thereof.

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Please refer to the prospectus supplement for the specific terms of the Debt Securities offered including the following:

1. Designation of an aggregate principal amount, purchase price, denomination and whether senior or subordinated;
2. Date of maturity;
3. If other than U.S. currency, the currency for which the Debt Securities may be purchased;
4. The interest rate or rates and, if floating rate, the method of calculating interest;
5. The times at which any premium and interest will be payable;
6. The place or places where principal, any premium and interest will be payable;
7. Any redemption or sinking fund provisions or other repayment obligations;
8. Any index used to determine the amount of payment of principal of and any premium and interest on the Debt Securities;
9. The application, if any, of the defeasance provisions to the Debt Securities;
10. If other than the entire principal amount, the portion of the Debt Securities that would be payable upon acceleration of the maturity thereof;
11. Any obligation we may have to redeem, purchase or repay the Debt Securities at the option of a holder upon the happening of any event and the terms and conditions of redemption, purchase or repayment;
12. Whether the Debt Securities will be issued in whole or in part in the form of one or more global securities, and in such case, the depository for the global securities;
13. Any additional covenants applicable to the Debt Securities being offered;
14. Any additional events of default applicable to the Debt Securities being offered;
15. The terms of subordination, if applicable;

16. The terms of conversion, if applicable;

17. Any material provisions of the applicable indenture described in this prospectus that do not apply to the Debt Securities; and

18. Any other specific terms including any terms that may be required by or advisable under applicable law.

Except with respect to Book-Entry Securities, Debt Securities may be presented for exchange or registration of transfer, in the manner, at the places and subject to the restrictions set forth in the Debt Securities and the prospectus supplement. Such services will be provided without charge, other than any tax or other governmental charge payable in connection therewith, but subject to the limitations provided in the indentures.

**Certain Covenants of USS in the indentures**

***Payment***

USS will pay principal of and premium, if any, and interest on the Debt Securities at the place and time described in the Debt Securities. (Section 10.01) Unless otherwise provided in the prospectus supplement, USS will pay interest on any Debt Security to the person in whose name that security is registered at the close of business on the regular record date for that interest payment. (Section 3.07)

Any money deposited with the trustee or any paying agent for the payment of principal of or any premium or interest on any Debt Security that remains unclaimed for two years after that amount has become due and

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payable will be paid to USS at its request. After this occurs, the holder of that security must look only to USS for payment of that amount and not to the trustee or paying agent. (Section 10.03)

### ***Merger and Consolidation***

USS will not merge or consolidate with any other entity or sell or convey all or substantially all of its assets to any person, firm, corporation or other entity, except that USS may merge or consolidate with, or sell or convey all or substantially all of its assets to, any other entity if (i) USS is the continuing entity or the successor entity (if other than USS) is organized and existing under the laws of the United States of America, a State thereof or the District of Columbia and such entity expressly assumes payment of the principal and interest on all the Debt Securities, and the performance and observance of all of the covenants and conditions of the applicable indenture to be performed by USS and (ii) there is no default under the applicable indenture. Upon such a succession, USS will be relieved from any further obligations under the applicable indenture. For purposes of this paragraph, substantially all of its assets means, at any date, a portion of the non-current assets reflected in USS consolidated balance sheet as of the end of the most recent quarterly period that represents at least 66-2/3% of the total reported value of such assets. (Section 8.01)

### ***Waiver of Certain Covenants***

Unless otherwise provided in the prospectus supplement, USS may, with respect to the Debt Securities of any series, omit to comply with any covenant provided in the terms of those Debt Securities if, before the time for such compliance, holders of at least a majority in principal amount of the outstanding Debt Securities of that series waive such compliance in that instance or generally.

### **Events of Default**

An Event of Default occurs with respect to any series of Debt Securities when: (i) USS defaults in paying interest on the Debt Securities of such series when due, continuing for 30 days; (ii) USS defaults in paying principal of or premium, if any, on any of the Debt Securities of such series when due; (iii) USS defaults in making deposits into any sinking fund payment with respect to any Debt Security of such series when due, continuing for 30 days; (iv) failure by USS in the performance of any other covenant or warranty in the Debt Securities of such series or in the applicable indenture continues for a period of 90 days after notice of such failure as provided in that indenture; (v) certain events of bankruptcy, insolvency, or reorganization occur; or (vi) any other Event of Default provided with respect to Debt Securities of that series. (Section 5.01)

USS is required annually to deliver to the trustee officers certificates stating whether or not the signers have any knowledge of any default in the performance by USS of certain covenants. (Section 10.04)

If an Event of Default regarding Debt Securities of any series issued under the indentures should occur and be continuing, either the trustee or the holders of not less than 25% in the principal amount of outstanding Debt Securities of such series may declare each Debt Security of that series due and payable (Section 5.02).

No Event of Default regarding one series of Debt Securities issued under an indenture is necessarily an Event of Default regarding any other series of Debt Securities.

Holders of a majority in principal amount of the outstanding Debt Securities of any series will be entitled to control certain actions of the trustee under the indentures and to waive certain past defaults regarding such series (Sections 5.12 and 5.13). The trustee generally cannot be required by any of the holders of Debt Securities to take any action, unless one or more of such holders shall have provided to the trustee security or indemnity reasonably satisfactory to it (Section 6.02).

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If an Event of Default occurs and is continuing regarding a series of Debt Securities, the trustee may use any sums that it holds under the relevant indenture for its own reasonable compensation and expenses incurred prior to paying the holders of Debt Securities of such series (Section 5.06).

Before any holder of any series of Debt Securities may institute action for any remedy, except payment on such holder's Debt Security when due, the holders of not less than 25% in principal amount of the Debt Securities of that series outstanding must request the trustee to take action. Holders must also offer and give the trustee satisfactory security and indemnity against liabilities incurred by the trustee for taking such action (Sections 5.07 and 5.08).

## **Modification of the Indentures**

Each indenture contains provisions permitting USS and the trustee to modify that indenture or enter into or modify any supplemental indenture without the consent of the holders of the Debt Securities in regard to matters as shall not adversely affect the interests of the holders of the Debt Securities, including, without limitation, the following: (a) to evidence the succession of another corporation to USS; (b) to add to the covenants of USS further covenants for the benefit or protection of the holders of any or all series of Debt Securities or to surrender any right or power conferred upon USS by that indenture; (c) to add any additional events of default with respect to all or any series of Debt Securities; (d) to add to or change any of the provisions of that indenture to facilitate the issuance of Debt Securities in bearer form with or without coupons, or to permit or facilitate the issuance of Debt Securities in uncertificated form; (e) to add to, change or eliminate any of the provisions of that indenture in respect of one or more series of Debt Securities thereunder, under certain conditions designed to protect the rights of any existing holder of those Debt Securities; (f) to secure all or any series of Debt Securities; (g) to establish the forms or terms of the Debt Securities of any series; (h) to evidence the appointment of a successor trustee and to add to or change provisions of that indenture necessary to provide for or facilitate the administration of the trusts under that indenture by more than one trustee; or (i) to cure any ambiguity, to correct or supplement any provision of that indenture which may be defective or inconsistent with another provision of that indenture or to make other amendments that do not adversely affect the interests of the holders of any series of Debt Securities in any material respect. (Section 9.01)

USS and the trustee may otherwise modify each indenture or any supplemental indenture with the consent of the holders of not less than a majority in aggregate principal amount of each series of Debt Securities affected thereby at the time outstanding, except that no such modifications shall, without the consent of the holder of each Debt Security affected thereby (i) extend the fixed maturity of any Debt Securities or any installment of interest or premium on any Debt Securities, or reduce the principal amount thereof or reduce the rate of interest or premium payable upon redemption, or reduce the amount of principal of an original issue discount Debt Security or any other Debt Security that would be due and payable upon a declaration of acceleration of the maturity thereof, or change the currency in which the Debt Securities are payable or impair the right to institute suit for the enforcement of any payment after the stated maturity thereof or the redemption date, if applicable, or adversely affect any right of the holder of any Debt Security to require USS to repurchase that security, (ii) reduce the percentage of Debt Securities of any series, the consent of the holders of which is required for any waiver or supplemental indenture, (iii) modify the provisions of that indenture relating to the waiver of past defaults or the waiver or certain covenants or the provisions described under Modification of the Indentures, except to increase any percentage set forth in those provisions or to provide that other provisions of that indenture may not be modified without the consent of the holder of each Debt Security affected thereby, (iv) change any obligation of USS to maintain an office or agency, (v) change any obligation of USS to pay additional amounts, (vi) adversely affect the right of repayment or repurchase at the option of the Holder, or (vii) reduce or postpone any sinking fund or similar provision. (Section 9.02)

## **Satisfaction and Discharge; Defeasance and Covenant Defeasance**

Each indenture shall be satisfied and discharged if (i) USS shall deliver to the trustee all Debt Securities then outstanding for cancellation or (ii) all Debt Securities not delivered to the trustee for cancellation shall have

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become due and payable, are to become due and payable within one year or are to be called for redemption within one year and USS shall deposit an amount sufficient to pay the principal, premium, if any, and interest to the date of maturity, redemption or deposit (in the case of Debt Securities that have become due and payable), provided that in either case USS shall have paid all other sums payable under that indenture. (Section 4.01)

Each indenture provides, if such provision is made applicable to the Debt Securities of a series, (i) that USS may elect either (A) to defease and be discharged from any and all obligations with respect to any Debt Security of such series (except for the obligations to register the transfer or exchange of such Debt Security, to replace temporary or mutilated, destroyed, lost or stolen Debt Securities, to maintain an office or agency in respect of the Debt Securities and to hold moneys for payment in trust) ( defeasance ) or (B) to be released from its obligations with respect to such Debt Security under Section 8.01 of that indenture (being the restrictions described above under Certain Covenants of USS in the indentures ) together with additional covenants that may be included for a particular series and (ii) that Sections 5.01(3), 5.01(4) (as to Section 8.01) and 5.01(7), as described in clauses (iii), (iv) and (vi) under Events of Default, shall not be Events of Default under that indenture with respect to such series ( covenant defeasance ), upon the deposit with the trustee (or other qualifying trustee), in trust for such purpose, of money certain U.S. government obligations and/or, in the case of Debt Securities denominated in U.S. dollars, certain state and local government obligations which through the payment of principal and interest in accordance with their terms will provide money, in an amount sufficient to pay the principal of (and premium, if any) and interest on such Debt Security, on the scheduled due dates. In the case of defeasance, the holders of such Debt Securities are entitled to receive payments in respect of such Debt Securities solely from such trust. Such a trust may only be established if, among other things, USS has delivered to the trustee an Opinion of Counsel (as specified in the indentures) to the effect that the holders of the Debt Securities affected thereby will not recognize income, gain or loss for Federal income tax purposes as a result of such defeasance or covenant defeasance and will be subject to Federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such defeasance or covenant defeasance had not occurred. Such Opinion of Counsel, in the case of defeasance under clause (A) above, must refer to and be based upon a ruling of the Internal Revenue Service or a change in applicable Federal income tax law occurring after the date of the indentures. (Section 13.04)

## **Record Dates**

The indentures provide that in certain circumstances USS may establish a record date for determining the holders of outstanding Debt Securities of a Series entitled to join in the giving of notice or the taking of other action under the applicable indenture by the holders of the Debt Securities of such Series.

## **Subordinated Debt Securities**

Although the senior indenture and the subordinated indenture are generally similar and many of the provisions discussed above pertain to both senior and subordinated Debt Securities, there are many substantive differences between the two. This section discusses some of those differences.

### *Subordination*

Subordinated Debt Securities will be subordinate, in right of payment, to all Senior Indebtedness. Senior Indebtedness is defined to mean, with respect to USS, the principal, premium, if any, and interest, fees, charges, expenses, reimbursement obligations, guarantees and other amounts owing with respect to all Indebtedness of USS (including Indebtedness of others guaranteed by USS), whether outstanding on the date of the indenture or the date Debt Securities of any series are issued under the indenture or thereafter created, incurred or assumed, unless in any case in the instrument creating or evidencing any such Indebtedness or obligation or pursuant to which the same is outstanding it is provided that such Indebtedness or obligation is not superior in right of payment to the subordinated Debt Securities or it is provided that such obligation is subordinated to Senior Indebtedness to substantially the same extent as the subordinated Debt Securities are subordinated to Senior Indebtedness.

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### *Terms of Subordinated Debt Securities may contain Conversion or Exchange Provisions*

The Prospectus Supplement for a particular series of subordinated Debt Securities will describe the specific terms discussed above that apply to the subordinated Debt Securities being offered thereby as well as any applicable conversion or exchange provisions.

### *Modification of the Indenture Relating to Subordinated Debt Securities*

The subordinated indenture may be modified by USS and the trustee without the consent of the Holders of the subordinated Debt Securities for one or more of the purposes discussed above under Modification of the indentures. USS and the trustee may also modify the subordinated indenture to make provision with respect to any conversion or exchange rights for a given issue of subordinated Debt Securities.

## **Governing Law**

The laws of the State of New York govern each indenture and will govern the Debt Securities. (Section 1.12)

## **Book-Entry Securities**

The following description of book-entry securities will apply to any series of Debt Securities issued in whole or in part in the form of one or more global securities except as otherwise described in the prospectus supplement.

Book-entry securities of like tenor and having the same date will be represented by one or more global securities deposited with and registered in the name of a depository that is a clearing agent registered under the Exchange Act. Beneficial interests in book-entry securities will be limited to institutions that have accounts with the depository ( participants ) or persons that may hold interests through participants. Ownership of beneficial interests by participants will only be evidenced by, and the transfer of that ownership interest will only be effected through, records maintained by the depository. Ownership of beneficial interests by persons that hold through participants will only be evidenced by, and the transfer of that ownership interest within such participant will only be effected through, records maintained by the participants. The laws of some jurisdictions require that certain purchasers of securities take physical delivery of such securities in definitive form. Such laws may impair the ability to transfer beneficial interests in a global security.

Payment of principal of and any premium and interest on book-entry securities represented by a global security registered in the name of or held by a depository will be made to the depository, as the registered owner of the global security. Neither USS, the trustee nor any agent of USS or the trustee will have any responsibility or liability for any aspect of the depository's records or any participant's records relating to or payments made on account of beneficial ownership interests in a global security or for maintaining, supervising or reviewing any of the depository's records or any participant's records relating to the beneficial ownership interests. Payments by participants to owners of beneficial interests in a global security held through such participants will be governed by the depository's procedures, as is now the case with securities held for the accounts of customers registered in street name, and will be the sole responsibility of such participants.

A global security representing a book-entry security is exchangeable for definitive Debt Securities in registered form, of like tenor and of an equal aggregate principal amount registered in the name of, or is transferable in whole or in part to, a person other than the depository for that global security, only if (a) the depository notifies USS that it is unwilling or unable to continue as depository for that global security or the depository ceases to be a clearing agency registered under the Exchange Act, (b) there shall have occurred and be continuing an Event of Default with respect to the Debt Securities of that Series or (c) other circumstances exist that have been specified in the terms of the Debt Securities of that Series. Any global security that is exchangeable pursuant to the preceding sentence shall be registered in the name or names of such person or

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persons as the depository shall instruct the trustee. It is expected that such instructions may be based upon directions received by the depository from its participants with respect to ownership of beneficial interests in such global security.

Except as provided above, owners of beneficial interests in a global security will not be entitled to receive physical delivery of Debt Securities in definitive form and will not be considered the holders thereof for any purpose under the indentures, and no global security shall be exchangeable, except for a security registered in the name of the depository. This means each person owning a beneficial interest in such global security must rely on the procedures of the depository and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the indentures. USS understands that under existing industry practices, if USS requests any action of holders or an owner of a beneficial interest in such global security desires to give or take any action that a holder is entitled to give or take under the indentures, the depository would authorize the participants holding the relevant beneficial interests to give or take such action, and such participants would authorize beneficial owners owning through such participant to give or take such action or would otherwise act upon the instructions of beneficial owners owning through them.

**Concerning the trustee**

The Bank of New York is also trustee for our 10<sup>3/4</sup>% Senior Notes due August 1, 2008, our 9<sup>3/4</sup>% Senior Notes due May 15, 2010, a leveraged lease in which USS is the lessee and several series of obligations issued by various governmental authorities relating to environmental projects at various USS facilities. The Bank of New York is a lender under our revolving credit facility. USS and its subsidiaries also maintain ordinary banking relationships, including loans and deposit accounts, with The Bank of New York and anticipate that they will continue to do so.



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### **DESCRIPTION OF CAPITAL STOCK**

The following is a description of the material terms of the capital stock of USS included in its certificate of incorporation, but it is not complete. This description is qualified by reference to the certificate of incorporation, and the Rights Agreement (the "Rights Agreement") between USS and Mellon Investor Services LLC, as Rights Agent (the "Rights Agent"), that have been filed as exhibits to the registration statement of which this prospectus is a part. The terms of these securities may also be affected by the Delaware General Corporation law.

#### **General**

The authorized capital stock of USS consists of 40 million shares of preferred stock, without par value, and 400 million shares of common stock with a par value of \$1.00 per share. As of February 26, 2007, there were no shares of preferred stock outstanding and 118,487,277 shares of common stock outstanding.

#### **Preferred Stock**

The preferred stock may be issued without the approval of the holders of common stock in one or more series, from time to time. The designation, powers, preferences and relative participating, optional or other special rights, and qualifications, limitations or restrictions of any preferred stock will be stated in a resolution providing for the issue of that series adopted by our board of directors and will be described in the appropriate prospectus supplement (if any), including the following:

1. When to issue the preferred stock, whether in one or more series so long as the total number of shares does not exceed 40 million;
2. The powers, preferences and relative participation, optional or other special rights, and qualifications, limits or restrictions on preferred stock;
3. The dividend rate of each series, the terms of payment, the priority of payment versus any other class of stock and whether the dividends will be cumulative;
4. Terms of redemption;
5. Any convertible features;
6. Any voting rights;
7. Liquidation preferences; and
8. Any other terms.

Holders of preferred stock will be entitled to receive dividends (other than dividends of common stock) before any dividends are payable to holders of common stock.

The future issuance of preferred stock may have the effect of delaying, deferring or preventing a change in control of USS.

#### **Common Stock**

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The holders of common stock will be entitled to receive dividends when, as and if declared by the USS board of directors out of funds legally available therefor, subject to the rights of any shares of preferred stock at the time outstanding. The holders of common stock will be entitled to one vote for each share on all matters voted on generally by stockholders under our certificate of incorporation, including the election of directors. Holders of common stock do not have any cumulative voting, conversion, redemption or preemptive rights. In the event of dissolution, liquidation or winding up of USS, holders of the common stock will be entitled to share ratably in any assets remaining after the satisfaction in full of the prior rights of creditors, including holders of

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any then outstanding indebtedness, and subject to the aggregate liquidation preference and participation rights of any preferred stock then outstanding. The issuance of additional shares of authorized stock by USS may occur at such times and under such circumstances as to have a dilutive effect on earnings per share and on the equity ownership of the holders of common stock.

### **Stock Transfer Agent and Registrar**

USS acts as its own transfer agent at the following address: United States Steel Corporation, Shareholders Services Department, 600 Grant Street, Room 611, Pittsburgh, PA 15219-2800. USS is also the registrar for its common stock and preferred stock.

Wells Fargo Shareowner Services, 161 N. Concord Exchange, South St. Paul, MN 55075 serves as co-transfer agent.

### **Rights Plan**

The following is a brief description of the terms of the stockholders rights plan set forth in the Rights Agreement between USS and Mellon Investor Services LLC, as Rights Agent.

The purpose of the Rights Agreement is to:

Give our board of directors the opportunity to negotiate with any persons seeking to obtain control of USS;

Deter acquisitions of voting control of USS without assurance of fair and equal treatment of all USS stockholders; and

Prevent a person from acquiring in the market a sufficient amount of voting power to be in a position to block an action sought to be taken by our stockholders.

The exercise of the Rights would cause substantial dilution to a person attempting to acquire USS on terms not approved by our board of directors and would therefore significantly increase the price that person would have to pay to complete the acquisition. The Rights Agreement may deter a potential acquisition or tender offer.

Under the Rights Agreement, the Right to purchase from USS one-hundredth of a share of Series A Junior Preferred Stock, no par value (the Junior Preferred Stock ), at a purchase price of \$110 in cash, subject to adjustment, is attached to each share of common stock.

The Rights will expire at the close of business on December 31, 2011, unless that date is extended or the rights are earlier redeemed or exchanged by USS as described below.

Until the Rights are distributed, they will:

Not be exercisable;

Be represented by the same certificates that represent the common stock; and

Trade together with the common stock.

If the Rights are distributed, they will become exercisable, and USS would issue separate certificates representing the Rights, which would trade separately from USS common stock.

The Rights would be distributed upon the earlier of

10 business days following a public announcement that a person or group of affiliated or associated persons (an Acquiring Person ) has acquired (except pursuant to a Qualifying Offer (defined in the

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Rights Agreement as an all-cash tender offer for all outstanding shares of common stock meeting certain prescribed requirements)), or obtained the right to acquire, beneficial ownership of common stock representing 15% or more of the total voting power of all outstanding shares of common stock (the Stock Acquisition Date ), or

10 business days (or upon such later date as may be determined by the board of directors) following the commencement of a tender offer or exchange offer (other than a Qualifying Offer) that would result in a person or a group beneficially owning common stock representing 15% or more of the total voting power of all outstanding shares of common stock.

However, an Acquiring Person will not include USS, any of its subsidiaries, any of its employee benefit plans or any person organized pursuant to those employee benefit plans or a person acquiring pursuant to a Qualifying Offer. The Rights Agreement also contains provisions designed to prevent the inadvertent triggering of the Rights by institutional or certain other stockholders.

If a person or group becomes the beneficial owner of common stock representing 15% or more of the total voting power of all outstanding shares of common stock (except pursuant to a Qualifying Offer), the Rights flip-in and entitle each holder of a Right (other than the Acquiring Person and certain related parties) to receive, upon exercise, common stock (or in certain circumstances, cash, property, or other securities of USS), having a value equal to two times the exercise price of the Right. However, Rights are not exercisable until such time as the Rights are no longer redeemable by USS as set forth below.

If at any time following the Stock Acquisition Date, (i) USS consolidates with, or merges with and into, any other person in a transaction in which USS is not the surviving corporation (other than a merger that follows a Qualifying Offer) or another person consolidates with, or merges with or into, USS and USS common stock is changed into or exchanged for securities of another person or cash or other property, or (ii) 50% or more of USS assets, earning power or cash flow is sold or transferred, the Rights flip-over and entitle each holder of a Right (other than an Acquiring Person and certain related parties) to receive, upon exercise, common stock of the acquiring company having a value equal to two times the exercise price of the Right.

USS reserves the right, before the occurrence of an event described in the two preceding paragraphs, to require that upon an exercise of Rights, a number of Rights be exercised so that only whole shares of Junior Preferred Stock would be issued.

At any time until the earlier of 10 business days following the Stock Acquisition Date and December 31, 2011 (subject to extension), USS may redeem the Rights in whole, but not in part, at a price of \$.01 per whole Right payable in stock or cash or any other form of consideration deemed appropriate by its board of directors (the Redemption Price ). Immediately upon the action of the Board of Directors ordering redemption of the Rights, the Rights will terminate and the holders of the Rights will have only the right to receive the Redemption Price.

The board of directors may, at its option, at any time after any person becomes an Acquiring Person, exchange all or part of the outstanding and exercisable Rights (other than Rights held by the Acquiring Person and certain related parties) for shares of common stock at an exchange ratio of one share of common stock for each Right (subject to certain anti-dilution adjustments). However, the board of directors may not effect such an exchange at any time any person or group beneficially owns common stock representing 50% or more of the total voting power of the common stock then outstanding. Immediately after the board of directors orders such an exchange, the right to exercise the Rights will terminate, and the holders of the Rights will have only the right to receive shares of common stock at the exchange ratio.

As long as the Rights are attached to shares of common stock, USS will issue Rights on each share of common stock issued prior to the earlier of the rights distribution date and the expiration date of the Rights so that all such shares will have attached Rights.

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A holder of Rights will not, as such, have any rights as a shareholder of USS, including rights to vote or receive dividends.

The purchase price payable upon exercise of the Rights is subject to adjustment from time to time to prevent dilution, subject to the qualifications set forth in the rights agreement:

In the event of a stock dividend on, or a subdivision, combination or reclassification of, the Junior Preferred Stock;

If holders of Junior Preferred Stock are granted certain rights or warrants to subscribe for Junior Preferred Stock or securities convertible into Junior Preferred Stock at less than the market price of the Junior Preferred Stock; or

Upon the distribution to holders of the Junior Preferred Stock of evidences of indebtedness or assets (excluding regular quarterly cash dividends) or of subscription rights or warrants (other than those referred to above).

At any time prior to the distribution of the Rights, the board of directors may amend any provision of the Rights Agreement. After the distribution of the Rights, the board of directors may amend the provisions of the Rights Agreement in order to:

Cure any ambiguity;

Correct any defective or inconsistent provision;

Shorten or lengthen any time period under the Rights Agreement, subject to the limitations specified in the rights agreement; or

Make changes that will not adversely affect the interests of the holders of Rights (other than an Acquiring Person and certain related parties);

*provided*, that no amendment may be made when the Rights are not redeemable.

The distribution of the Rights will not be taxable to USS or its stockholders. A stockholder may recognize taxable income in the event that the Rights become exercisable for common stock (or other consideration) of USS or common stock of an acquiring company.

This description is only a summary of the material provisions of the rights agreement. We urge you to read the Rights Agreement because it, and not this description, defines your rights as holders of Rights. A copy of the Rights Agreement is available free of charge from the Rights Agent by writing to Mellon Investor Services, LLC at 500 Grant Street, Room 2122, Pittsburgh, Pennsylvania 15219 or from USS. (See [Where You Can Find More Information](#).)

### **Delaware Law, Our Certificate of Incorporation and By-Laws Contain Provisions That May Have an Anti-Takeover Effect**

Certain provisions of Delaware law and our certificate of incorporation could make more difficult or delay a change in control of USS by means of a tender offer, a proxy contest or otherwise and the removal of incumbent directors. These provisions are intended to discourage certain types of coercive takeover practices and inadequate takeover bids, even though such a transaction may offer our stockholders the opportunity to sell their stock at a price above the prevailing market price. Our board of directors believes that these provisions are appropriate to protect the interests of USS and of its stockholders.

*Delaware Law.* We are governed by the provisions of Section 203 of the Delaware General Corporation Law. In general, Section 203 prohibits a public Delaware corporation from engaging in a business combination



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with an interested stockholder for a period of three years following the time that the person became an interested stockholder, unless:

Prior to the time that the person became an interested stockholder the corporation's board of directors approved either the business combination or the transaction that resulted in the stockholder's becoming an interested stockholder;

Upon consummation of the transaction which resulted in the stockholder's becoming an interested stockholder, the stockholder owned at least 85% of the outstanding voting stock of the corporation at the time the transaction commenced, excluding for the purpose of determining the number of shares outstanding those shares owned by the corporation's officers and directors and by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

At or subsequent to the time, the business combination is approved by the corporation's board of directors and authorized at an annual or special meeting of its stockholders, and not by written consent, by the affirmative vote of at least 66<sup>2</sup>/<sub>3</sub>% of its outstanding voting stock that is not owned by the interested stockholder.

A business combination includes mergers, asset sales or other transactions resulting in a financial benefit to the stockholder. An interested stockholder is a person who, together with affiliates and associates, owns (or within three years did own) 15% or more of the corporation's voting stock.

*Certificate of Incorporation and By-Laws.* Our certificate of incorporation provides that our board of directors is classified into three classes of directors, each class consisting of approximately one-third of the directors. Directors serve a three-year term, with a different class of directors up for election each year. Under Delaware law, directors of a corporation with a classified board may be removed only for cause unless the corporation's certificate of incorporation provides otherwise. Our certificate of incorporation does not provide otherwise. Board classification could prevent a party who acquires control of a majority of USS' outstanding voting stock from obtaining control of our board of directors until the second annual stockholders' meeting following the date that party obtains that control.

Our certificate of incorporation also provides that any action required or permitted to be taken by its stockholders must be effected at a duly called annual or special meeting and may not be taken by written consent.

Our by-laws provide that special meetings of stockholders may be called only by the board of directors and not by the stockholders. Our by-laws include advance notice and informational requirements and time limitations on any director nomination or any new proposal that a stockholder wishes to make at a meeting of stockholders. In general, a stockholder's notice of a director nomination or proposal will be timely if delivered or mailed to our Secretary at our principal executive offices not less than 45 days and not more than 75 days prior to the first anniversary of the date on which the proxy materials for the preceding year's annual meeting were first mailed and, in certain situations, 90 days, before the annual meeting or within 10 days following the announcement of the date of the meeting. These provisions may preclude stockholders from bringing matters before a meeting or from making nominations for directors at these meetings.

Our certificate of incorporation and by-laws do not include a provision for cumulative voting for directors. Under cumulative voting, a minority stockholder holding a sufficient percentage of a class of shares may be able to ensure the election of one or more directors.

Our certificate of incorporation provides for the issuance of preferred stock, at the discretion of our board of directors, from time to time, in one or more series, without further action by our stockholders, unless approval of our stockholders is deemed advisable by our board of directors or required by applicable law, regulation or stock exchange listing requirements. In addition, our authorized but unissued shares of our common stock will be



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available for issuance from time to time at the discretion of our board of directors without the approval of our stockholders, unless such approval is deemed advisable by our board of directors or required by applicable law, regulation or stock exchange listing requirements. One of the effects of the existence of authorized, unissued and unreserved shares of our common stock and preferred stock could be to enable our board of directors to issue shares to persons friendly to current management that could render more difficult or discourage an attempt to obtain control of USS by means of a merger, tender offer, proxy contest or otherwise, and thereby protect the continuity of our management. Such additional shares also could be used to dilute the stock ownership of persons seeking to obtain control of USS.

Our certificate of incorporation provides that vacancies in our board of directors may be filled only by the affirmative vote of a majority of the remaining directors. The certificate of incorporation also provides that directors may be removed from office only with cause. These provisions preclude stockholders from removing directors without cause and filling vacancies with their own nominees.

Our Rights will permit disinterested stockholders to acquire additional shares of USS, or of an acquiring company, at a substantial discount in the event of certain changes in control. See Description of Capital Stock Rights Plan.

Certain provisions described above may have the effect of delaying stockholder actions with respect to certain business combinations. As such, the provisions could have the effect of discouraging open market purchases of our shares of common stock because such provisions may be considered disadvantageous by a stockholder who desires to participate in a business combination.

### **Limitations of Liability and Indemnification Matters**

Our certificate of incorporation provides that a director is not personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except (1) for breach of the director's duty of loyalty to us and our stockholders, (2) for acts and omissions not in good faith or that involve intentional misconduct or a knowing violation of law, (3) under Section 174 of the Delaware General Corporation Law or (4) for any transaction from which the director derived an improper personal benefit. These provisions of our certificate of incorporation are intended to afford directors protection, and limit their potential liability, to the fullest extent permitted by Delaware law. Because of these provisions, stockholders may be unable to recover monetary damages against directors for actions taken by them that constitute negligence or gross negligence or that are in violation of some of their fiduciary duties. These provisions do not affect a director's responsibilities under any other laws, such as the federal securities laws.

In addition, our By-Laws provide that we will indemnify our directors and officers to the fullest extent permitted by law.

We have obtained directors' and officers' insurance for our directors and officers for specified liabilities.

### **DESCRIPTION OF DEPOSITARY SHARES**

The following briefly summarizes the material provisions of the deposit agreement and of the depositary shares and depositary receipts, other than pricing and related terms disclosed for a particular issuance in an accompanying prospectus supplement. You should read the particular terms of any depositary shares and any depositary receipts that we offer and any deposit agreement relating to a particular series of preferred stock that will be described in more detail in a prospectus supplement. The prospectus supplement will also state whether any of the generalized provisions summarized below do not apply to the depositary shares or depositary receipts being offered. A copy of the form of deposit agreement, including the form of depositary receipt, is incorporated by reference as an exhibit in the registration statement of which this prospectus forms a part. You can obtain

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copies of these documents by following the directions on page 1 under the caption Where You Can Find More Information. You should read the more detailed provisions of the deposit agreement and the form of depositary receipt for provisions that may be important to you.

### **General**

USS may, at its option, elect to offer fractional shares of preferred stock, rather than full shares of preferred stock. In such event, we will issue receipts for depositary shares, each of which will represent a fraction of a share of a particular series of preferred stock.

The shares of any series of preferred stock represented by depositary shares will be deposited under a deposit agreement between USS and a bank or trust company selected by USS having its principal office in the United States and having a combined capital and surplus of at least \$50 million, as preferred stock depositary. Each owner of a depositary share will be entitled to all the rights and preferences of the underlying preferred stock, including dividend, voting, redemption, conversion and liquidation rights, in proportion to the applicable fraction of a share of preferred stock represented by such depositary share.

The depositary shares will be evidenced by depositary receipts issued pursuant to the deposit agreement. Depositary receipts will be distributed to those persons purchasing the fractional shares of preferred stock in accordance with the terms of the applicable prospectus supplement.

### **Dividends and Other Distributions**

The preferred stock depositary will distribute all cash dividends or other cash distributions received in respect of the deposited preferred stock to the record holders of depositary shares relating to such preferred stock in proportion to the number of such depositary shares owned by such holders.

The preferred stock depositary will distribute any property received by it other than cash to the record holders of depositary shares entitled thereto. If the preferred stock depositary determines that it is not feasible to make such distribution, it may, with the approval of USS, sell such property and distribute the net proceeds from such sale to such holders.

### **Redemption of Preferred Stock**

If a series of preferred stock represented by depositary shares is to be redeemed, the depositary shares will be redeemed from the proceeds received by the preferred stock depositary resulting from the redemption, in whole or in part, of such series of preferred stock. The depositary shares will be redeemed by the preferred stock depositary at a price per depositary share equal to the applicable fraction of the redemption price per share payable in respect of the shares of preferred stock so redeemed.

Whenever USS redeems shares of preferred stock held by the preferred stock depositary, the preferred stock depositary will redeem as of the same date the number of depositary shares representing shares of preferred stock so redeemed. If fewer than all the depositary shares are to be redeemed, the depositary shares to be redeemed will be selected by the preferred stock depositary by lot or ratably as the preferred stock depositary may decide.

### **Voting Deposited Preferred Stock**

Upon receipt of notice of any meeting at which the holders of any series of deposited preferred stock are entitled to vote, the preferred stock depositary will mail the information contained in such notice of meeting to the record holders of the depositary shares relating to such series of preferred stock. Each record holder of such depositary shares on the record date will be entitled to instruct the preferred stock depositary to vote the amount of the preferred stock represented by such holder's depositary shares. The preferred stock depositary will try to vote the amount of such series of preferred stock represented by such depositary shares in accordance with such instructions.

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USS will agree to take all actions that the preferred stock depositary determines are necessary to enable the preferred stock depositary to vote as instructed. The preferred stock depositary will abstain from voting shares of any series of preferred stock held by it for which it does not receive specific instructions from the holders of depositary shares representing such shares.

### **Amendment and Termination of the Deposit Agreement**

The form of depositary receipt evidencing the depositary shares and any provision of the deposit agreement may at any time be amended by agreement between USS and the preferred stock depositary. However, any amendment that materially and adversely alters any existing right of the holders of depositary shares (other than certain changes in the fees of the preferred stock depositary) will not be effective unless such amendment has been approved by the holders of at least a majority of the depositary shares then outstanding. Every holder of an outstanding depositary receipt at the time any such amendment becomes effective shall be deemed, by continuing to hold such depositary receipt, to consent and agree to such amendment and to be bound by the deposit agreement, as amended thereby. The deposit agreement may be terminated only if:

A final distribution in respect of the preferred stock has been made to the holders of depositary shares in connection with any liquidation, dissolution or winding up of USS.

### **Charges of Preferred Stock Depositary, Taxes and Other Government Charges**

USS will pay all transfer and other taxes and governmental charges arising solely from the existence of the depositary arrangements. USS also will pay charges of the depositary in connection with the initial deposit of preferred stock and any redemption of preferred stock. Holders of depositary receipts will pay other transfer and other taxes and governmental charges and such other charges, including a fee for the withdrawal of shares of preferred stock upon surrender of depositary receipts, as are expressly provided in the deposit agreement to be for their accounts.

### **Appointment, Resignation and Removal of Depositary**

USS will appoint the preferred stock depositary. The preferred stock depositary may resign at any time by delivering to USS notice of its intent to do so and USS may at any time remove the preferred stock depositary, any such resignation or removal to take effect upon the appointment of a successor preferred stock depositary and its acceptance of such appointment. Such successor preferred stock depositary must be appointed within 60 days after delivery of the notice of resignation or removal and must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50 million.

### **Miscellaneous**

USS will transmit to the record holders of depositary shares all notices and reports that USS is required to furnish to the holders of the depositary shares.

Neither the preferred stock depositary nor USS will be liable under the deposit agreement other than for its negligence or willful misconduct. The preferred stock depositary and USS will not be obligated to prosecute or defend any legal proceeding in respect of any depositary shares, depositary receipts or shares of preferred stock unless satisfactory indemnity is furnished. USS and the preferred stock depositary may rely upon written advice of counsel or accountants, or upon information provided by holders of depositary receipts or other persons believed to be competent and on documents believed to be genuine. The preferred stock depositary will not be responsible for any failure to carry out any instruction to vote any shares of preferred stock, as long as that action or non-action is in good faith.

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**DESCRIPTION OF WARRANTS**

USS may issue Warrants for the purchase of Debt Securities, preferred stock or common stock (each a USS Security, and together the USS Securities ). Warrants may be issued independently or together with any USS Security offered by any prospectus supplement and may be attached to or separate from any such USS Security. Each series of Warrants will be issued under a separate warrant agreement (a Warrant Agreement ) to be entered into between USS and a bank or trust company, as warrant agent (the Warrant Agent ). The Warrant Agent will act solely as an agent of USS in connection with the Warrants and will not assume any obligation or relationship of agency or trust for or with any holders or beneficial owners of Warrants. The following summary of certain provisions of the Warrants does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Warrant Agreement that will be filed with the SEC in connection with the offering of such Warrants.

**Debt Warrants**

The prospectus supplement relating to a particular issue of Warrants to purchase Debt Securities ( Debt Warrants ) will describe the terms of such Debt Warrants, including the following (if applicable): (a) the title of such Debt Warrants; (b) the offering price for such Debt Warrants; (c) the aggregate number of such Debt Warrants; (d) the designation and terms of the Debt Securities purchasable upon exercise of such Debt Warrants; (e) the designation and terms of the Debt Securities with which such Debt Warrants are issued and the number of such Debt Warrants issued with each such Debt Security; (f) the date from and after which such Debt Warrants and any Debt Securities issued therewith will be separately transferable; (g) the principal amount of Debt Securities purchasable upon exercise of a Debt Warrant and the price at which such principal amount of Debt Securities may be purchased upon exercise (which price may be payable in cash, securities, or other property); (h) the date on which the right to exercise such Debt Warrants shall commence and the date on which such right shall expire; (i) the minimum or maximum amount of such Debt Warrants that may be exercised at any one time; (j) whether the Debt Warrants represented by the Debt Warrant certificates, or Debt Securities that may be issued upon exercise of the Debt Warrants, will be issued in registered or bearer form; (k) information with respect to book-entry procedures; (l) the currency or currency units in which the offering price and the exercise price are payable; (m) a discussion of material United States federal income tax considerations; (n) the redemption or call provisions applicable to such Debt Warrants; and (o) any additional terms of the Debt Warrants, including terms, procedures, and limitations relating to the exchange and exercise of such Debt Warrants.

**Stock Warrants**

The prospectus supplement relating to any particular issue of Warrants to purchase preferred stock, depositary shares representing fractional shares of preferred stock or common stock ( Stock Warrants ) will describe the terms of such Stock Warrants, including the following (if applicable): (a) the title of such Stock Warrants; (b) the offering price for such Stock Warrants; (c) the aggregate number of such Stock Warrants; (d) the designation and terms of the preferred stock or common stock purchasable upon exercise of such Stock Warrants; (e) the designation and terms of the USS Securities with which such Stock Warrants are issued and the number of such Stock Warrants issued with each such USS Security; (f) the date from and after which such Stock Warrants and any USS Securities issued therewith will be separately transferable; (g) the number of shares of preferred stock or common stock purchasable upon exercise of a Warrant and the price at which such shares may be purchased upon exercise; (h) the date on which the right to exercise such Stock Warrants shall commence and the date on which such right shall expire; (i) the minimum or maximum amount of such Stock Warrants that may be exercised at any one time; (j) the currency or currency units in which the offering price and the exercise price are payable; (k) a discussion of material United States federal income tax considerations; (l) the anti-dilution provisions of such Stock Warrants; (m) the redemption or call provisions applicable to such Stock Warrants; and (n) any additional terms of the Stock Warrants, including terms, procedures, and limitations relating to the exchange and exercise of such Stock Warrants.

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**DESCRIPTION OF CONVERTIBLE OR EXCHANGEABLE SECURITIES**

If any Debt Security, Preferred Stock, depositary shares representing fractional shares of preferred stock or Warrant is converted or exchanged into any other security the conversion or exchange terms thereof will be set forth in the Prospectus Supplement issued for the sale of such convertible or exchangeable security. These terms will include some or all of the terms described for Warrants.

**DESCRIPTION OF STOCK PURCHASE CONTRACTS AND STOCK PURCHASE UNITS**

USS may issue stock purchase contracts, including contracts obligating holders to purchase from us, and us to sell to holders, a specified number of shares of common stock at a future date or dates. The consideration per share of common stock may be fixed at the time the stock purchase contracts are issued or may be determined by reference to a specific formula described in the stock purchase contracts. USS may issue the stock purchase contracts separately or as a part of stock purchase units consisting of a stock purchase contract and one or more shares of our preferred stock or debt securities or debt obligations of third parties (including U.S. Treasury securities) securing the holders' obligations to purchase the shares of common stock under the stock purchase contracts. The stock purchase contracts may require us to make periodic payments to the holders of stock purchase units or vice-versa. These payments may be unsecured or pre-funded on some basis. The stock purchase contracts may require holders to secure their obligations in a specified manner. The applicable prospectus supplement will describe the specific terms of any stock purchase contracts or stock purchase units.

**PLAN OF DISTRIBUTION**

We may offer the offered securities in one or more of the following ways from time to time:

To or through underwriting syndicates represented by managing underwriters;

Through one or more underwriters without a syndicate for them to offer and sell to the public;

Through dealers or agents;

To investors directly in negotiated sales or in competitively bid transactions; or

To holders of other securities in exchanges in connection with acquisitions.

The prospectus supplement for each series of securities we sell will describe the offering, including:

The name or names of any underwriters;

The purchase price and the proceeds to us from that sale;

Any underwriting discounts and other items constituting underwriters' compensation;

Any commissions paid to agents;

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The initial public offering price and any discounts or concessions allowed or reallocated or paid to dealers; and

Any securities exchanges on which the securities may be listed.

### **Underwriters**

If underwriters are used in a sale, we will execute an underwriting agreement with them regarding those securities. Unless otherwise described in the prospectus supplement, the obligations of the underwriters to purchase these securities will be subject to conditions, and the underwriters must purchase all of these securities if any are purchased.

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The securities subject to the underwriting agreement may be acquired by the underwriters for their own account and may be resold by them from time to time in one or more transactions, including negotiated transactions, at a fixed offering price or at varying prices determined at the time of sale. Underwriters may be deemed to have received compensation from us in the form of underwriting discounts or commissions and may also receive commissions from the purchasers of these securities for whom they may act as agent. Underwriters may sell these securities to or through dealers. These dealers may receive compensation in the form of discounts, concessions or commissions from the underwriters and/or commissions from the purchasers for whom they may act as agent. Any initial offering price and any discounts or concessions allowed or reallocated or paid to dealers may be changed from time to time.

We may authorize underwriters to solicit offers by institutions to purchase the securities subject to the underwriting agreement from us, at the public offering price stated in the prospectus supplement under delayed delivery contracts providing for payment and delivery on a specified date in the future. If we sell securities under these delayed delivery contracts, the prospectus supplement will state that this is the case and will describe the conditions to which these delayed delivery contracts will be subject and the commissions payable for that solicitation.

In connection with underwritten offerings of the securities, the underwriters may engage in over-allotment, stabilizing transactions, covering transactions and penalty bids in accordance with Regulation M under the Securities Exchange Act of 1934, as follows:

Over-allotment involves sales in excess of the offering size, which creates a short position for the underwriters.

Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.

Covering transactions involve purchases of the securities in the open market after the distribution has been completed in order to cover short positions.

Penalty bids permit the underwriters to reclaim a selling concession from a broker/dealer when the securities originally sold by that broker/dealer are repurchased in a covering transaction to cover short positions.

These stabilizing transactions, covering transactions and penalty bids may cause the price of the securities to be higher than it would otherwise be in the absence of these transactions. If these transactions occur, they may be discontinued at any time.

## **Agents**

We may also sell any of the securities through agents designated by us from time to time. We will name any agent involved in the offer or sale of these securities and will list commissions payable by us to these agents in the prospectus supplement. These agents will be acting on a best efforts basis to solicit purchases for the period of its appointment, unless we state otherwise in the prospectus supplement.

## **Direct Sales**

We may sell any of the securities directly to purchasers. In this case, we will not engage underwriters or agents in the offer and sale of these securities.

In addition, debt securities or shares of common stock or preferred stock may be issued upon the exercise of warrants.

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### **Indemnification**

We may indemnify underwriters, dealers or agents who participate in the distribution of securities against certain liabilities, including liabilities under the Securities Act of 1933, and may agree to contribute to payments that these underwriters, dealers or agents may be required to make.

### **No Assurance of Liquidity**

The securities we offer may be a new issue of securities with no established trading market. Any underwriters that purchase securities from us may make a market in these securities. The underwriters will not be obligated, however, to make a market and may discontinue market-making at any time without notice to holders of the securities. We cannot assure you that there will be liquidity in the trading market for any securities of any series.

## **LEGAL MATTERS**

Unless otherwise specified in the prospectus supplement accompanying this prospectus, the validity of the issuance of the offered securities will be passed upon for USS by R.M. Stanton, Esq., Assistant General Counsel Corporate and Assistant Secretary of USS. Mr. Stanton, in his capacity as set forth above, is paid a salary by USS, participates in various employee benefit plans offered by USS and owns, and has options to purchase, common stock of USS. Any underwriters will also be advised about the validity of the securities and other legal matters by their own counsel, which will be named in the prospectus supplement.

## **EXPERTS**

The consolidated financial statements, financial statement schedule and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Reports to Stockholders) incorporated in this prospectus by reference to the Annual Report on Form 10-K for the year ended December 31, 2006 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.



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