

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

-----  
FORM 8-K

CURRENT REPORT

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

-----  
Date of Report (Date of earliest event reported):  
April 21, 2003

United States Steel Corporation

-----  
(Exact name of registrant as specified in its charter)

Delaware	1-16811	25-1897152
----- (State or other jurisdiction of incorporation)	----- (Commission File Number)	----- (IRS Employer Identification No.)
600 Grant Street, Pittsburgh, PA		15219-2800
----- (Address of principal executive offices)		----- (Zip Code)

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

Item 5. Other Events

On April 21, 2003, United States Steel Corporation announced that U.S. Bankruptcy Court in Chicago has approved its purchase of National Steel Corporation's integrated steel assets. United States Steel Corporation also announced that it has signed a definitive Asset Purchase Agreement with National Steel Corporation, which was approved by the bankruptcy court April 21, 2003. Attached is a copy of the Asset Purchase Agreement and of the press release.

Item 7. Financial Statements and Exhibits

(c) Exhibits

- 2 Asset Purchase Agreement dated as of April 21, 2003
- 99 Press Release - "U. S. Steel Receives Bankruptcy Court Approval for Purchase of National Steel Assets"

SIGNATURE

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

UNITED STATES STEEL CORPORATION

By /s/ Larry G. Schultz  
-----  
Larry G. Schultz  
Vice President and Controller

Dated: April 22, 2003

ASSET PURCHASE AGREEMENT

dated as of April 21, 2003

by and among

UNITED STATES STEEL CORPORATION

and

NATIONAL STEEL CORPORATION

and

THE SUBSIDIARIES OF NATIONAL STEEL CORPORATION  
SET FORTH ON THE SIGNATURE PAGES HERETO

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~~THESE TERMS AND CONDITIONS SHALL BE DELETED FROM THE DEPOSIT ESCROW AGREEMENT DATED~~  
~~January 9, 2003 by and among Buyer, the Company as the representative of~~  
~~Sellers and the Escrow Agent and attached hereto as Exhibit B.~~

"Disclosure Schedule" shall have the meaning specified in the first paragraph of Article 5.

"Environmental Laws" shall mean all Laws relating to protection of human health and the environment, including the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601 et. seq., the Resource Conservation and Recovery Act, 42 U.S.C. 6901 et. seq., the Toxic Substances Control Act, 15 U.S.C. 2601, et. seq., the Clean Water Act, 33 U.S.C. 1251 et. seq., the Oil Pollution Act, 33 U.S.C. 2701 et. seq., the Clean Air Act, 42 U.S.C. 7401 et. seq. and the Occupational Safety and Health Act, 29 U.S.C. 651 et. seq., and state and local equivalents of all of the foregoing.

"Employee Retirement Income Security Act of 1974" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agent" shall mean J.P. Morgan Trust Company, N.A.

"Estimated Inventory Value" shall mean the Inventory Value (excluding the Inventory Value of the Inventory of National Steel Pellet Company) determined as of the close of business on the last day of the month immediately prior to the Closing Date.

"Estimated Net Receivables Amount" shall mean the aggregate amount of Accounts Receivable (excluding the amount of Accounts Receivable of National Steel Pellet Company) minus the aggregate amount of Accounts Payable.













including rights to sue and collect and remedies against past, present and future infringements or misappropriations thereof, and rights of priority and protection of interests therein under the laws of any jurisdiction worldwide and all tangible embodiments thereof used or held for use in the Business; provided, however, with respect to any Intellectual Property not set forth on Schedule 2.1(k)(i), to the extent Sellers have not obtained the necessary consents to assign any such Intellectual Property to Buyer on or before the Closing Date, then notwithstanding anything to the contrary contained herein, until such consents are obtained, this Agreement shall not constitute an agreement to assign such Intellectual Property, and Sellers shall (A) use all commercially reasonable efforts to obtain such consents and (B) enter into any reasonable arrangement designed to provide Buyer with the benefits of, and cause Buyer to bear the costs and obligations of, Sellers' ownership of such Intellectual Property;

(l) all goodwill associated with the Business or the Acquired Assets;

(m) all credits and allowances for air and water emissions and water intakes Sellers have, are entitled to or have applied for, with respect to the Acquired Facilities, including any air emissions for which Sellers have credit or which Sellers have banked, applied to bank or agreed to sell or trade;

(n) all prepaid expenses and deposits of Sellers made in connection with the Business, including those set forth on Schedule 2.1(n); and

(o) all of any Seller's equity interest in Double G Coatings, L.P., Double G Coatings, Inc., Delray Connecting Railroad Company and Steel Health Resources LLC (collectively, the "Acquired Entities").

EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES SET FORTH IN THIS AGREEMENT,

(i) THE ACQUIRED ASSETS ARE BEING SOLD ON AN "AS IS", "WHERE IS" BASIS AND

(ii) NO SELLER MAKES ANY OTHER WARRANTIES, INCLUDING MERCHANTABILITY, FITNESS OR OTHERWISE WITH RESPECT TO THE ACQUIRED ASSETS.

2.2 Excluded Assets. The Acquired Assets do not include Sellers' right, title or interest in or to any of the following properties and assets of Sellers (collectively, the "Excluded Assets"):

(a) cash (including checks received prior to the close of business on the Closing Date, whether or not deposited or cleared prior to the close of business on the Closing Date), commercial paper, marketable securities, certificates of deposit and other bank deposits, treasury bills and other cash equivalents;

(b) shares of capital stock of any Seller or securities convertible into, exchangeable or exercisable for shares of capital stock of any Seller;

(c) any Contract that is not an Assumed Contract;

(d) any assets of any Plan, including any plan or arrangement providing pension benefits or post-retirement health or medical benefits to any present or former employee of the Company or any of its Subsidiaries and any rights under any such Plan or any Contract between any employee or consultant and the Company or any of its Affiliates;

(e) all avoidance actions or similar causes of action, arising under Sections 544 through 553 of the Bankruptcy Code, other than any such actions related to any Assumed Contract;

(f) all rights to or claims for refunds, overpayments or rebates of Taxes for periods ending on or prior to the Closing Date;

(g) all claims that Sellers may have against any third Person with respect to any other Excluded Assets;

(h) all rights of Sellers under any collective bargaining agreement, agreement with any labor union, employment agreement or severance agreement;

(i) all real property that is set forth on Schedule 2.2(i) and any other real property that is not set forth on Schedule 2.1(a)-1 or Schedule 2.1(a)-2;

(j) the company seal, minute books, charter documents, stock or equity record books and such other books and records as pertain to the organization, existence or capitalization of Sellers; and

(k) the properties and assets set forth in Schedule 2.2(k).

2.3 Liabilities to be Assumed by Buyer. At the Closing, Buyer will assume only the following obligations of Sellers (the "Assumed Liabilities") and no others: (i) the Accounts Payable; (ii) all Liabilities of Sellers under the Assumed Contracts; provided, however, Buyer shall not assume or agree to pay, discharge or perform any Liabilities arising out of any breach by Sellers of any provision of any Assumed Contract, including Liability for

breach, misfeasance or under any other theory relating to Sellers' conduct prior to the Closing; and (iii) those Liabilities listed on Schedule 2.3.

2.4 Excluded Liabilities. Other than the Assumed Liabilities, Buyer shall not and does not assume any other Liability whatsoever (including Liabilities relating to the conduct of the Business or to the Acquired Assets (and the use thereof) at any time on or prior to the Closing Date), whether relating to or arising out of the Business or Acquired Assets or otherwise, fixed or contingent, disclosed (whether on the Disclosure Schedule or otherwise), or undisclosed (collectively, the "Excluded Liabilities"). Without limiting the foregoing, Buyer shall not and does not assume any of the following (each of which shall be included within the definition of "Excluded Liability"):

(a) all Liabilities relating to or arising, whether before, on or after the Closing, out of, or in connection with, any of the Excluded Assets;

(b) all Liabilities, other than the Accounts Payable, that arise (whether under the Assumed Contracts or otherwise) with respect to the Acquired Assets or the use thereof on or prior to the Closing Date or relate to periods ending on or prior to the Closing Date or are to be observed, paid, discharged or performed on or prior to the Closing Date (in each case, including any Liabilities that result from, relate to or arise out of tort or other product liability claim);

(c) litigation and related claims and Liabilities or any other claims against the Company or any of its Subsidiaries of any kind or nature whatsoever, other than Accounts Payable, involving or relating to facts, events or circumstances arising or occurring on or prior to the Closing Date, no matter when raised (including Liability for breach, misfeasance or under any other theory relating to the Company's or any such Subsidiary's conduct, performance or non-performance);

(d) all Liabilities relating to any Contract between any employee or consultant and the Company or any of its Subsidiaries;

(e) all Liabilities relating to any environmental, health or safety matter (including any Liability or obligation arising under any Environmental Law) arising out of or relating to the Company's or any of its Subsidiary's operation of their respective businesses or their leasing, ownership or operation of real property;

(f) all Liabilities for damages to persons or property arising out of alleged defects in products sold by the Company or any of its Subsidiaries, or arising under warranties, express or implied, issued by the Company or any of its Subsidiaries;

(g) all Liabilities in excess of the Claims Reserve to repair or replace, or to refund the sale price (plus related expenses) of, products sold and delivered by the Company or any of its Subsidiaries prior to the Closing Date;

(h) all Liabilities of the Company or any of its Subsidiaries under any collective bargaining agreement, agreement with any labor union, employment agreement or severance agreement;

(i) all Liabilities of the Company or any of its Subsidiaries, or of any trust or other entity established to provide employee benefits, to their present or former employees, retirees or spouses, dependents or other beneficiaries of present or former employees or retirees, including all Liabilities attributable to, incurred in connection with, arising from or relating to, any Plan, whether formal or informal and whether legally binding or not;

(j) all Liabilities of the Company or any of its Subsidiaries attributable to, incurred in connection with, arising from, or relating to, a violation of any Laws governing employee relations, including anti-discrimination Laws, wage and hour Laws, labor relations Laws and occupational safety and health Laws;

(k) all Liabilities related to (i) the termination of employment of any employees of Sellers, including employees of Sellers who become employees of Buyer, including all Liabilities arising under the WARN Act, and (ii) earned but unpaid salary, bonuses, accrued but unpaid vacation days, accrued but unpaid medical and dental expenses, accrued and unpaid other forms of compensation and all other accrued welfare benefits of all employees of the Company or any of its Subsidiaries, including employees of Seller who become employees of Buyer and, whether or not accrued, any obligations under Section 4980B of the Code to provide continuation of group medical coverage with respect to any such employee or other qualified beneficiary;

(l) except as set forth in Section 7.9, all Liabilities for any and all Transfer Taxes due as a result of the transactions contemplated by this Agreement;

(m) except as set forth in Section 7.9, all Liabilities for any and all Taxes due or payable by the Company or any of its Subsidiaries for any period ending on or before the Closing Date or as a result of the operation of the





3.5 Allocation of Purchase Price. Buyer and each Seller shall agree upon an allocation of the Purchase Price and the Assumed Liabilities among the Acquired Assets (the "Allocation") for all income Tax purposes. The Allocation shall be consistent with the Code and based on an initial proposal by Buyer. Sellers will have the right to raise reasonable objections to the Allocation within 15 days after Buyer's delivery thereof, in which event Buyer and Sellers will negotiate in good faith to resolve such dispute. If Buyer and Sellers cannot resolve such dispute within 15 days after Sellers notify Buyer of such objections, such dispute with respect to the Allocation shall be presented to the Independent Accounting Firm, which shall, within 30 days thereafter, render a decision, which shall be final and binding upon each of the parties. The fees, costs and expenses incurred in connection therewith shall be shared in equal amounts by Buyer and Sellers. Buyer and Sellers each shall report and file all Tax Returns (including amended Tax Returns and claims for refunds) consistent with the Allocation, and shall take no position contrary thereto or inconsistent therewith (including in any audits or examinations by any Tax Authority or any other Proceedings). Buyer and Sellers shall cooperate in the preparation of, and shall timely file, any forms (including Form 8594) with respect to the Allocation, including any amendments to such forms required with respect to any adjustment to the Purchase Price, pursuant to this Agreement. Notwithstanding any other provisions of this Agreement, the foregoing agreement shall survive the Closing Date without limitation.

3.6 Designation of Affiliates by Buyer. Prior to the Closing, Buyer may designate one or more of its Subsidiaries to acquire at the Closing all or part of the Acquired Assets, in which event all references to "Buyer" shall be deemed to refer to each such Subsidiary with respect to the Acquired Assets to be acquired by such Subsidiary; provided, however, that no designation otherwise permitted by this Section 3.6 shall relieve Buyer from any of its liabilities or obligations hereunder.

3.7 Section 338(h)(10) Election. Sellers shall cooperate with Buyer's request to make an election under Section 338(h)(10) of the Code to treat the purchase and sale of any Seller's equity interest in any of the Acquired Entities as a purchase and sale of the assets of the entity, to the extent permitted by the Code.

3.8 Designation of Exchange Accommodation Titleholder. Prior to Closing, Buyer may designate one or more Persons as a "qualified intermediary" within the meaning of Internal Revenue Service Regulation 1.1031(k)-1(g)(4), or an "exchange accommodation titleholder" within the meaning of Internal Revenue Service Revenue Procedure 2000-37, 2000-2 CB 308, to acquire at the Closing all or part of Buyer's rights to this Agreement or the Acquired Assets in order to effectuate a like-kind exchange under Section 1031 of the Code. Buyer's Liabilities under this Agreement shall be no greater, and no less, than such Liabilities would have been had the Buyer or its Subsidiaries directly acquired the Acquired Assets.

ARTICLE 4  
[REMOVED]

ARTICLE 5  
REPRESENTATIONS AND WARRANTIES OF SELLER

In connection with the following representations and warranties, attached to this Agreement is a disclosure schedule (the "Disclosure Schedule") arranged in numbered parts corresponding to the Section numbering in this Agreement of the following representations and warranties. The information disclosed in any numbered part of the Disclosure Schedule shall be deemed to relate to and to qualify only the particular representation or warranty set forth in the corresponding numbered Section in this Agreement and shall not be deemed to relate to or qualify any other representation or warranty unless so stated otherwise, specifying each other representation and warranty to which it relates. No reference to or disclosure of any item in the Disclosure Schedule shall be construed as an admission or indication that such item or other matter is material or that such item or other matter is required to be referred to or disclosed in the Disclosure Schedule. Sellers jointly and severally hereby represent and warrant to Buyer that, as of the Agreement Date and as of the Closing Date (except with respect to representations and warranties made as of a particular date, which shall be deemed to be made only as of such date), except as set forth on the Disclosure Schedule:

5.1 Due Organization. Each Seller is a corporation, limited liability company or partnership, duly organized under the laws of its jurisdiction of incorporation or formation, with full power and authority to conduct its business as presently conducted, to own or use its properties and assets and to perform all of its obligations under all Assumed Contracts. Each Seller is duly qualified to do business and in good standing under the Laws of each jurisdiction in which either the ownership or use of the properties owned or used by it, or the nature of the activities conducted by it, requires such qualification, except where the failure to be so qualified and in good standing would not reasonably be expected to have a Material Adverse Effect. Schedule 5.1 of the Disclosure Schedule lists the form of organization, the jurisdiction



of incorporation or formation, and the holders of the outstanding capital stock or other equity interests of each Seller and the Acquired Entities.

5.2 Authorization; Validity. Each Seller has the requisite power and authority to execute and deliver this Agreement and the other documents and instruments to be executed and delivered by it pursuant hereto and to perform its obligations hereunder and thereunder. The execution and delivery of this Agreement by each Seller and the other agreements to be executed and delivered by such Seller pursuant hereto, and the performance by such Seller of its obligations hereunder, including the consummation of the transactions contemplated hereby, have been duly authorized by all necessary corporate action on the part of each Seller, including by any action or required approval of the equityholder or equityholders of each Seller. This Agreement has been duly and validly executed and delivered by each Seller and (assuming this Agreement constitutes a valid and binding obligation of Buyer and each of the other agreements to be executed and delivered by parties pursuant hereto other than Sellers constitute a valid and binding obligation of such other parties and subject to Bankruptcy Court Approval) constitutes, and each of the other agreements to be executed and delivered by each Seller pursuant hereto upon such Seller's execution and delivery will constitute, valid and legally binding obligations of such Seller enforceable against such Seller in accordance with its respective terms.

5.3 No Violation. Subject to receipt and maintenance of the Orders, consents, approvals, waivers and authorizations referred to in Section 5.4 and the Bankruptcy Court Approval, the execution, delivery and performance by each Seller of this Agreement and the transactions contemplated hereby, do not and will not: (a) conflict with or result in, with or without the giving of notice or lapse of time or both, any violation of or constitute a breach or default, or give rise to any right of acceleration, payment, amendment, cancellation or termination, under (i) the certificate of incorporation, bylaws or other formation documents of such Seller, (ii) any mortgage, indenture, lease, Contract, or other agreement to which any Seller is a party or by which any of any Seller's assets or properties are subject, including any Assumed Contract, or (iii) any Law or Order pertaining to the Business, the Acquired Assets or to which any Seller is otherwise subject, except in the cases of clauses (ii) and (iii) where such conflict, violation, breach, default or right would not reasonably be expected to have a Material Adverse Effect; or (b) result in the creation of any Lien (other than Liens included in the Assumed Liabilities and Permitted Liens) upon any of the Acquired Assets.

5.4 Third Party Approvals. Schedule 5.4 of the Disclosure Schedule sets forth a true and complete list of each Order, consent, approval, waiver or authorization of any Governmental Entity and each material consent, approval, waiver or authorization of any other Person that is required in connection with the execution, delivery and performance by Sellers of this Agreement and the other documents and instruments to be executed and delivered by Sellers pursuant hereto and the transactions contemplated hereby and thereby other than (a) Orders, consents, approvals, waivers or authorizations of, or declarations or filings with, the Bankruptcy Court, (b) filings pursuant to the HSR Act, and (c) approvals required by the Surface Transportation Board in connection with the sale of the Railroad Assets.

5.5 Title to Assets; Sufficiency and Condition of Assets. All of each Seller's right, title and interest in and to the Acquired Assets (or in the case of any leased or licensed Acquired Assets, each Seller's rights under such leases or licenses) shall be transferred to Buyer at Closing, free and clear of all Liens (other than Liens included in the Assumed Liabilities and Permitted Liens). At Closing, Sellers will have good and marketable title to each of the Acquired Assets, except for those Acquired Assets leased by Sellers, as to which Sellers will have valid leasehold interests. The Acquired Assets constitute all of the properties, assets and rights used by the Sellers or necessary or useful for Buyer to conduct and operate the Business as conducted and operated by Sellers. All of the Acquired Assets are in good order and repair for assets of comparable age and past use and are capable of being used in the ordinary course of business in the manner necessary to operate the Business, except where the failure to be in such condition would not, individually or in the aggregate, have a Material Adverse Effect. The condition of each Acquired Asset that is leased pursuant to an Assumed Contract is in compliance with the provisions of such Assumed Contract.

#### 5.6 Intellectual Property.

(a) Schedule 5.6(a) of the Disclosure Schedule sets forth a true and complete list of all material Intellectual Property used or held for use in the Business and all jurisdictions where such Intellectual Property is registered or protected or where applications have been filed, together with all patent, registration and application numbers. Sellers own and have the right to use, or, in the case of licensed rights, have valid rights in the Intellectual Property and

(b) Schedule 5.6(b) of the Disclosure Schedule sets forth a true and complete list of all material licenses, sublicenses and other agreements pursuant to which (i) any Seller has authorized any other Person to use Intellectual Property, or (ii) any Person has authorized any Seller to use any Intellectual Property.

(c) To the Knowledge of Sellers, the Intellectual Property does not infringe upon, violate or misappropriate the rights of any Person. Consummation of the transactions contemplated hereby will not result in the loss or impairment of any of the material Intellectual Property or any material right pertaining thereto. Sellers have taken reasonable precautions and security measures to protect the secrecy, confidentiality and value of the trade secrets of the Business. As of the Agreement Date, no Seller has Knowledge of any infringement or unauthorized use by any Person of any material Intellectual Property.

5.7 Compliance with Laws. Except with respect to those matters covered by Section 5.11 and Environmental Laws (which are covered by Section 5.20), (i) each Seller is in compliance with all applicable Laws, except where the failure to be in compliance would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and (ii) as of the Agreement Date, no Seller has received any notice of any alleged violation of any Law applicable to it. No Seller is in default in any material respect of any Order applicable to the Acquired Assets or the transactions contemplated under this Agreement. No investigations, inquiries or reviews by any Governmental Entity with respect to the Business have been commenced, nor to the Knowledge of any Seller, are any contemplated that would impose any material Liability on Buyer or, from and after the Closing Date, the Acquired Assets or the Business.

#### 5.8 Title to Property.

(a) Schedule 5.8(a) identifies all of the real property owned or leased by the Company or any of its Subsidiaries and used or held for use in the Business.

(b) Neither the Company nor any of its Subsidiaries has received any written notice of, or has Knowledge of, condemnation or eminent domain proceedings pending or threatened that affect the Acquired Real Property. Neither the Company nor any of its Subsidiaries has received any written notice of, or, except where any such violations would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, has any Knowledge of, any zoning, ordinance, building, fire or health code or other legal violation affecting any such Acquired Real Property.

(c) There are no encroachments or other facts or conditions affecting any of the Acquired Real Property that would be revealed by an accurate survey or inspection thereof, which encroachments, facts or conditions would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. None of the buildings and structures on such Acquired Real Property encroaches in any material respect upon real property of another Person or upon the area of any easement affecting the Acquired Real Property.

5.9 Brokers and Finders. No broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission from Buyer in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company or any of its Subsidiaries.

#### 5.10 Taxes.

(a) The Company and its Subsidiaries have timely filed with the appropriate Tax Authn r, filed with

Knowledge of any Seller, threats th

items the value of which (i) has been reduced in accordance with GAAP and the Company's inventory policies, attached hereto as Schedule 1.1(a), consistently applied by Sellers or (ii) is or will be reduced in connection with the Working Capital Adjustment in Section 3.4.

#### 5.17 Financial Statements and SEC Filings.

(a) The Company has delivered or made available to Buyer a true, correct and complete copy of the audited consolidated balance sheet of the Company as of December 31, 2002, and audited consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for the year then ended (the "Company Financial Statements"). The Company Financial Statements are consistent in all material respects with the books and records of the Business. The Company Financial Statements (including the related notes) have been prepared in accordance with GAAP consistently applied and fairly present the results of operations and financial condition of the Company and its Subsidiaries for the periods covered thereby. Other than the Financing, since December 31, 2002, Seller has not borrowed, incurred, assumed, prepaid, guaranteed, or become subject to any material liability or modified any existing material liability (absolute, accrued or contingent) other than (i) in the ordinary course of business consistent with past practice in nature and amount, (ii) as shown on the Company Financial Statements or (iii) which has been discharged, satisfied or paid in the ordinary course of business since December 31, 2002.

(b) Each of the forms, reports and documents filed by the Company with the SEC since December 31, 2001 (the "Company SEC Documents") complied in all material respects with all applicable requirements of the Securities Act and the Exchange Act as in effect on the dates so filed. With respect to the Acquired Assets, the Assumed Liabilities and the Business, none of the Company SEC Documents (as of the respective filing dates or, if amended, as of the date of the last such amendment filed prior to the Agreement Date) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

5.18 Contracts. All of the Assumed Contracts are in full force and effect and constitute valid and binding agreements of the Company or the Subsidiary party thereto, enforceable in accordance with their respective terms, and to the knowledge of the Company or any Subsidiary that is a party to any such Assumed Contract, the other parties thereto, subject, as to enforceability against each such other party, to bankruptcy, moratorium or other insolvency laws and to equitable principles of general application (regardless if enforcement is sought at law or in equity). With respect to the Assumed Contracts, upon entry of the Bankruptcy Court Approval and payment of the Cure Amounts, (i) neither the Company nor any Subsidiary will be in breach or default of its obligations thereunder, (ii) to the Knowledge of the Company or any of its Subsidiaries, no conditions exist that with notice or lapse of time or both would constitute a default thereunder, and (iii) to the Knowledge of the Company or any of its Subsidiaries, no other party to any of the Assumed Contracts is in breach or default thereunder, except in each case where such breach or default would not reasonably be expected to have a Material Adverse Effect. Schedule 5.18 of the Disclosure Schedule sets forth a complete and correct list, as of the Agreement Date, of all Material Contracts other than those Contracts that are "Material Contracts" solely because such Contracts are "Assumed Contracts."

5.19 Permits. Schedule 5.19 of the Disclosure Schedule sets forth a true, complete and correct list of all material Permits held by the Company or its Subsidiaries as of the Agreement Date in connection with the Business or the Acquired Assets (including the date of expiration of each Permit). Each Permit is valid and in full force and effect and neither the Company nor any of its Subsidiaries is in default under or in violation of, and no condition exists that with notice or lapse of time or both would constitute a default under or a violation of, any such Permit, except for such defaults or violations which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

5.20 Environmental Matters. Each Seller and each Acquired Entity is in compliance with all Environmental Laws. Sellers possess and are in compliance with all Permits required under Environmental Laws for the conduct of the Business. There are no pending or, to the Knowledge of the Company or any of its Subsidiaries, threatened Proceedings against the Company or any of its Subsidiaries alleging a violation of or Liability under any Environmental Law. There has been no Release of any Hazardous Substance that will or is reasonably likely to require abatement or correction under Environmental Laws at (A) any of the Acquired Real Property or (B) any property to which any Seller sent waste materials for treatment, storage or disposal since January 1, 2001. Sellers have provided to Buyer copies of all information necessary for an understanding of the presence or migration of any Hazardous Substance on, in or under the Acquired Real Property. Schedule 5.20 of the Disclosure Schedule sets forth: (i) with respect to the Acquired Assets and Assumed Liabilities, all accruals or reserves of the Company or any of its

Under any Environmental Law as of November 30, 2002; and as of the Agreement Date, of the Business, the Acquired Assets and the Assumed Liabilities. As used herein, "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping or disposing into the environment; and "Hazardous Substance" means any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. 9601 et. seq., and petroleum, including crude oil and any fraction or any derivative thereof.

5.21 Capital Expenditures. As of the Agreement Date, the Company has made available to Buyer the most recent capital spending plans of the Company and its Subsidiaries relating to the Business or the Acquired Assets, including any plans relating to any matter arising under any Environmental Law.

ARTICLE 6

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6.7 Litigation. Except as disclosed in the forms, reports and documents filed by the Buyer with the SEC since December 31, 2001, there are no actions pending against Buyer or any of its Subsidiaries or any of their respective properties that would, individually or in the aggregate, reasonably be expected to have a Buyer Material Adverse Effect.

ARTICLE 7  
COVENANTS OF THE PARTIES

7.1 Conduct of Business Pending the Closing. During the period from the date of this Agreement and continuing until the earlier of the termination of this Agreement in accordance with its terms or the Closing, the Company shall, and shall cause each of its Subsidiaries to, carry on the Business in the ordinary course of br ©cec oêHs







water or electric utilities provided to Sellers on or prior to the Closing Date, Sellers shall pay such unpaid amounts as promptly as is required (after reasonable Notice from Buyer) to avoid any discontinuation of utility service to Buyer. To the extent that Buyer pays such unpaid amounts, Sellers shall promptly reimburse Buyer for the cost of such payments; provided, however, Sellers shall not be obligated to reimburse Buyer for any such amounts included in Accounts Payable for purposes of the Working Capital Adjustment.

7.11 Proration of Taxes and Certain Charges.

(a) Except as otherwise expressly provided herein, all real property Taxes, personal property Taxes or similar ad valorem obligations levied with respect to the Acquired Assets for any taxable period that includes the day before the Closing Date and ends after the Closing Date, whether imposed or assessed before or after the Closing Date, shall be prorated between Sellers and Buyer as of 12:01 A.M. on the Closing Date. If any Taxes subject to proration are paid by Buyer, on the one hand, or Sellers, on the other hand, the proportionate amount of such Taxes paid (or in the event a refund of any portion of such Taxes previously paid is received, such refund) shall be paid promptly by (or to) the other after the payment of such Taxes (or promptly following the receipt of any such refund); provided, however, Sellers shall not be obligated to reimburse Buyer for any such amounts included in Accounts Payable for purposes of the Working Capital Adjustment.

(b) Except as otherwise expressly provided herein, all installments of special assessments or other charges on or with respect to the Acquired Assets payable by Sellers for any period in which the Closing Date shall occur, including base rent, common area maintenance, royalties, all municipal, utility or authority charges for water, sewer, electric or gas charges, garbage or waste removal, and cost of fuel, shall be apportioned

or an adverse effect on the value, financial condition, business or results of operations of Buyer or its pre-closing Subsidiaries that would be material to an entity having assets, liabilities, revenues and earnings similar in amount to those of the Company. Buyer shall not be required to waive any of the conditions to this Agreement set forth in Article 8.

7.13 [Removed]

7.14 Rejected Contracts. No Seller shall reject any Assumed Contract in any bankruptcy proceeding following the date hereof without the prior written consent of the Buyer.

7.15 Further Assurances. Subject to the terms and conditions herein provided, following the Closing Date, Sellers shall execute and deliver to Buyer such bills of sale, endorsements, assignments and other good and sufficient instruments of assignment, transfer and conveyance, in form and substance reasonably satisfactory to Buyer, as shall be necessary to vest in Buyer all of Sellers' right, title and interest in and to the Acquired Assets. Simultaneously with such delivery, Sellers shall take such reasonable steps as may be reasonably necessary or appropriate at and after the Closing, so that Buyer shall be placed in actual possession and operating control of the Acquired Assets. Sellers shall, and shall cause their respective Affiliates to, provide copies or otherwise make available to Buyer and Buyer's Representatives, all information and records (financial and otherwise) relating to, or otherwise used or useful in the Business, and not otherwise included in the Acquired Assets.

7.16 Union Negotiations. Buyer and the United Steelworkers of America have entered into a letter of agreement (the "Letter of Agreement") which includes a tentative collective bargaining agreement including those items set forth on Schedule 7.16. Buyer and the International Chemical Workers Union have entered into a tentative collective bargaining agreement including those items set forth on Schedule 7.16. Buyer agrees that it shall use all reasonable efforts to propose collective bargaining agreements and initiate negotiations of such collective bargaining agreements with each of the Security, Police, Fire Professionals of America International Union, the Bricklayers & Allied Craftworkers International Union and the Laborers' International Union of North America and shall keep the Company reasonably informed of the progress of any such negotiations.

7.17 Closing Financial Certificate. The Company shall prepare, in good faith, and deliver to Buyer, at least three Business Days prior to the Closing Date, a certificate signed by the Company's Chief Executive Officer and Chief Financial Officer (the "Closing Financial Certificate") setting forth the Estimated Net Receivables Amount and the Estimated Inventory Value.

7.18 Transition Services Agreement. Each of Buyer and the Company shall use all reasonable efforts to Uniform nablenatnio



(h) No Violation of Orders. No provisions of any applicable Law or Order enacted, entered, promulgated, enforced or issued by any Governmental Entity shall be in effect that (i) prevents the sale and purchase of the Acquired Assets or any of the other transactions contemplated by this Agreement, (ii) would adversely affect or interfere with the operation of the Business as contemplated to be conducted after the Closing in a manner that would reasonably be expected to constitute a Material Adverse Effect, or (iii) would require Buyer or any of its Affiliates to sell or otherwise dispose of, hold separate or otherwise divest itself of, any of the Acquired Assets or any of the assets, properties or business of Buyer or any of its Affiliates.

(i) HSR Act. Any applicable waiting period under the HSR Act or any other applicable Antitrust Laws, in each case, if required, shall have expired or shall have been earlier terminated, and all necessary approvals under all applicable Antitrust Laws shall have been obtained.

(j) Title Insurance. At Buyer's sole cost and expense, a title insurance company acceptable to Buyer in its sole discretion shall have issued a commitment to issue to Buyer an ALTA (or local equivalent) owner's coverage policy of title insurance for each of the properties described on Schedule 2.1(a)-1, insuring the interest to be acquired by Buyer in each property, subject only to standard survey exceptions and Permitted Liens, and in each case in an amount acceptable to Buyer in its sole discretion, but in no event less than the replacement cost of value of each property.

(k) Transition Services Agreement. The Company shall have executed and delivered to Buyer the Transition Services Agreement.

(l) Headquarters Lease. The Company shall have executed and delivered to Buyer the Headquarters Lease.

(m) Trademark License Agreement. The Company shall have executed and delivered to Buyer the Trademark License Agreement.

(n) Closing Financial Certificate. The Company shall have delivered to Buyer a Closing Financial Certificate.

8.2 Conditions Precedent to the Obligations of Sellers. The obligation of Sellers to consummate the transactions contemplated by this Agreement is subject to the satisfaction (or waiver by Seller) at or prior to the Closing of the following conditions:

(g) Transition Services Agreement. Buyer shall have executed and



such representative as being the statement, authorization or consent of each such Seller Indemnatee.

(f) In the event an Indemnified Party has indemnification claim against any Indemnifying Party under the Agreement that does not involve a Third Party Claim being asserted against or sought to be collected from such Indemnified Party, the Indemnified Party shall deliver Notice of such claim with reasonable promptness to the Indemnifying Party. The failure by any Indemnified Party so to notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability that it may have to such Indemnified Party, except to the extent that the Indemnifying Party has been actually prejudiced by such failure. Such notice shall state the nature and the basis of such claim, and, if estimable, a reasonable estimate of the amount thereof. If the Indemnifying Party notifies the Indemnified Party that it does not dispute the claim described in such Notice or does not respond to such claim within 60 days of receipt thereof, the Loss arising from the claim specified in such Notice will be conclusively deemed a liability of the Indemnifying Party and the Indemnifying Party shall pay the amount of such Loss to the Indemnified Party on demand following the final determination thereof. In the event of any dispute of a claim onable

respective successors and assigns.

11.3 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of Seller and Buyer, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other Person any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement except as expressly set forth herein. Without limiting the foregoing, no direct or indirect holder of any equity interests or securities of either Seller or Buyer (whether such holder is a limited or general partner, member, stockholder or otherwise), nor any Affiliate of either Seller or Buyer, nor any Representative, or controlling Person of each of the parties hereto and their respective Affiliates, shall have any liability or obligation arising under this Agreement or the transactions contemplated hereby.

11.4 Notices. All notices, demands, requests, consents, approvalglyyyyyyyôtplaaat







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Name: Kirk A. Sobecki

Title: Vice President and Chief Financial Officer

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facilities at National's two integrated steel plants, Great Lakes Steel, in Ecorse and River Rouge, Mich., and the Granite City Division in Granite City, Ill.; the Midwest finishing facility in Portage, Ind., near Gary, Ind.; ProCoil Corporation in Canton, Mich.; National Steel Pellet Company's iron ore pellet operations in Keewatin, Minn., and various other subsidiaries; and joint-venture interests, including National's share of Double G Coatings, L.P. in Jackson, Miss.

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This release contains forward-looking statements with regards to the anticipated acquisition of the assets of National Steel Corporation. Whether such acquisition will be implemented and the timing of such implementation will depend upon a number of factors, many of which are beyond the control of United States Steel Corporation and National Steel Corporation. Completion of the acquisition is subject to a number of closing conditions, which may delay or prevent the acquisition from being consummated.

Statements regarding the effects of the new labor agreement are also forward-looking statements. The amounts ultimately measured and recorded for the application of the new labor agreement could vary materially from these estimates depending on the census and timing of the curtailment, the assumptions used to measure the liabilities and various other factors.

Statements concerning the potential benefits of the acquisition and productivity improvements are also forward-looking statements. Future results will depend upon market conditions, costs, shipments and prices. Some factors, among others, that could affect market conditions, costs, shipments and prices include import levels, future product demand, prices and mix, global and company steel production, plant operating performance, domestic natural gas prices and usage, the resumption of operation of steel facilities sold under the bankruptcy laws, and U.S. economic performance and political developments. Steel shipments and prices can be affected by imports and actions of the U.S. government and its agencies. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, cautionary statements identifying important factors, but not necessarily all factors, that could cause actual results to differ materially from those set forth in the forward-looking statements have been included in the Form 10-K of United States Steel Corporation for the year ended December 31, 2002, and in subsequent filings by United States Steel Corporation.