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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2003

OR

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

For the transition period from to

Commission file number 1-16811

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

Delaware (State of Incorporation)	**25-1897152** (I.R.S. Employer Identification No.)

600 Grant Street, Pittsburgh, PA 15219-2800
(Address of principal executive offices)
Tel. No. (412) 433-1121
Securities registered pursuant to Section 12 (b) of the Act:*

Title of Each Class

UnitedStates Steel Corporation **Common Stock, par value $1.00** **7% Series B Mandatory Convertible PreferredShares**	**10% Senior Quarterly Income Debt Securities**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for at least the past 90 days. Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Aggregate market value of Common Stock held by non-affiliates as of June 30, 2003 (the last business day of the registrant's most recently completed second fiscal quarter): $1.7 billion. The amount shown is based on the closing price of the registrant's Common Stock on the New York Stock Exchange composite tape on that date. Shares of Common Stock held by executive officers and directors of the registrant are not included in the computation. However, the registrant has made no determination that such individuals are "affiliates" within the meaning of Rule 405 under the Securities Act of 1933.

There were 105,141,786 shares of U. S. Steel Corporation Common Stock outstanding as of February 20, 2004.

Documents Incorporated By Reference:

Portions of the Proxy Statement for the 2004 Annual Meeting of Stockholders are incorporated into Part III.

* These securities are listed on the New York Stock Exchange. In addition, the Common Stock is listed on the Chicago Stock Exchange and the Pacific Exchange.

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PART I

Item 1. BUSINESS

Introduction

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

U. S. Steel engaged in several significant transactions in 2003 aimed at strengthening the focus on its core businesses. On May 20, 2003, U. S. Steel acquired out of bankruptcy substantially all of the integrated steelmaking assets of National Steel Corporation (National). See Note 2 to the Financial Statements for further information regarding the acquisition. The facilities that were acquired included two integrated steel plants, Granite City Works in Granite City, Illinois, and Great Lakes Works in Ecorse and River Rouge, Michigan; the Midwest Plant in Portage, Indiana; ProCoil Company LLC (ProCoil) in Canton, Michigan; a 50 percent equity interest in Double G Coatings Company, L.P. (Double G) near Jackson, Mississippi; the taconite pellet operations in Keewatin, Minnesota; and the Delray Connecting Railroad Company (Delray) in Michigan.

In connection with the acquisition of National, U. S. Steel negotiated a new collective bargaining agreement with the United Steelworkers of America (USWA) that is substantially different from historical contracts with the USWA. This innovative agreement, which expires in September 2008, covers both U. S. Steel and former National employees and provides U. S. Steel the flexibility to staff and operate its domestic facilities on a world competitive basis.

On September 12, 2003, U. S. Steel acquired out of bankruptcy Sartid a.d. (In Bankruptcy), an integrated steel company located in the Union of Serbia and Montenegro, and certain of its subsidiaries (collectively “Sartid”). U. S. Steel is operating these facilities as U. S. Steel Balkan (USSB). See Note 2 to the Financial Statements for further information regarding the acquisition.

On June 30, 2003, U. S. Steel completed the sale of its coal mines and related assets (Mining Sale). As a result, U. S. Steel no longer mines and processes any of the coal used in the production of coke. See Note 3 to the Financial Statements for further information regarding the sale.

In a non-monetary transaction in November 2003, U. S. Steel’s plate mill at Gary Works was exchanged for a pickling line located in East Chicago, Indiana. This was U. S. Steel’s only plate mill. However, U. S. Steel still produces plate in coil on its hot strip mills at Gary Works and at its European operations.

Straightline Source (Straightline) was closed to new business effective December 31, 2003, and will be shut down in 2004 after existing contractual obligations are fulfilled and inventories are depleted.

Segments

During 2003, U. S. Steel had five reportable operating segments: Flat-rolled Products (Flat-rolled), U. S. Steel Europe (USSE), Tubular Products (Tubular), Real Ew 03leS

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The Flat-rolled segment includes the operating results of U. S. Steel's domestic integrated steel mills and equity investees involved in the production of sheet, tin mill product®nome

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Revenues by Product

The following table sets forth the total revenues of U. S. Steel by major product group for each of the last three years.

Revenues and other [illegible]

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The following t

Business Strategy

U. S. Steel's business strategy is to grow its investment in high-end finishing assets, expand globally and continually reduce costs. In North America, U. S. Steel is focused on providing value-added steel products to its target markets where management believes that U. S. Steel's leadership position, production and processing capabilities and technical service provide a competitive advantage. These products include advanced high strength steel and coated sheets for the automotive and appliance industries, sheets for the manufacture of motors and electrical equipment, galvanized and Galvalume® sheets for the construction industry, improved tin mill products for the container industry and oil country tubular goods. U. S. Steel continues to enhance its value-added businesses through the upgrading and modernization of its key production facilities.

As previously mentioned, on May 20, 2003, U. S. Steel acquired substantially all of the integrated steelmaking assets of National, and on June 30, 2003, U. S. Steel completed the Mining Sale. U. S. Steel continues to be interested in participating in further consolidation of the domestic steel industry as part of its focus on growing its investment in high-end finishing assets, if it would be beneficial to customers, shareholders, creditors and employees.

Through its November 2000 purchase of USSK in Slovakia, U. S. Steel initiated a major offshore expansion into the European market. U. S. Steel expanded its presence in Central Europe in 2003 with the acquisition on September 12, 2003 of Sartid, which is now operated as USSB. U. S. Steel continues to explore additional opportunities for investment in Europe. U. S. Steel's strategy is to be a leading European steel producer and the prime supplier of flat-rolled steel to growing European markets, to grow its customer base in Europe by providing reliable delivery of high-quality flat-rolled steel and to invest in value-added facilities to improve USSE's product mix.

U. S. Steel has a commitment to continuously reduce costs. The National acquisition and the new labor agreements with the United Steelworkers of America (USWA) covering all of U. S. Steel's domestic production facilities provided U. S. Steel with an opportunity to achieve a major reduction in the cost structure of its domestic business. Near-term, U. S. Steel's operating focus is on achieving savings from its combined operating configuration, consolidating purchasing and raw materials sourcing, optimizing freight savings, and expanding U. S. Steel's comprehensive supply chain management system to support customers from the new facilities. In total, savings from National operational synergies, workforce reductions at both U. S. Steel and former National plants, and administrative cost reduction programs are expected to exceed $400 million in annual repeatable cost savings. U. S. Steel expects full implementation by year-end 2004.

At the time of the National acquisition in May 2003, domestic employees at U. S. Steel and National totaled 28 thousand. As a result of the implementation of the new labor agreement, the elimination of redundant personnel following the acquisition, efforts to reduce domestic administrative costs and the Mining Sale, U. S. Steel reduced domestic employment to 22 thousand as of December 31, 2003.

Over and above these savings, U. S. Steel has maintained its focus on continuous cost improvement. Employee efforts over the last two years have resulted in cost improvements of more than $200 million domestically and in excess of $120 million in Europe. These efforts will continue in 2004 and beyond.

The foregoing statements of belief are forward-looking statements. Predictions regarding future cost savings are subject to uncertainties. Factors that may affect the amount of cost savings include the possibility that U. S. Steel may need more employees than anticipated to operate its business and management's ability to implement its cost reduction strategy. Actual results could differ materially from those expressed in these forward-looking statements.

U. S. Steel has also entered into a number of joint ventures with domestic and international partners to take advantage of market or manufacturing opportunities in the sheet, tin mill, tubular and plate-consuming industries.

and thus does not believe that its relative position with regard to such competitors iw

30 percent of annual production (including the 1314B Partnership) was consumed by U. S. Steel facilities in 2003 and the remainder was sold to other domestic steel producers. Several coke by-products are sold to the chemicals and raw materials industries.

U. S. Steel is the sole general partner of and owns an equity interest in the 1314B Partnership. As general partner, U. S. Steel is responsible for operating and selling coke and by-products from the partnership's three coke batteries located at U. S. Steel's Clairton Works. U. S. Steel's share of profits and losses during 2003 was 45.75 percent. The partnership at times had operating cash shortfalls in 2003, 2002 and 2001 that were funded with loans from U. S. Steel. There were no outstanding loans with the partnership at December 31, 2003 or 2002, and $3 million was outstanding at December 31, 2001. U. S. Steel may dissolve the partnership under certain circumstances including if it is required to make equity investments or loans in excess of $150 million to fund such shortfalls.

Granite City Works, located in Granite City, Illinois, has annual raw steel production capability of approximately 2.8 million tons. Granite City's facilities include two coke batteries, two blast furnaces, two basic oxygen converters, two slab casters, a hot strip mill, a pickling line, a tandem cold reduction mill, a hot dip galvanizing line and a hot dip galvanizing/Galvalume® line. Granite City Works consumes the coke it produces and sells several coke by-products. Principal products include hot-rolled, hot-dipped galvanized and Galvalume® sheets. Granite City Works was acquired from National on May 20, 2003.

Fairfield Works, located in Fairfield, Alabama, has annual raw steel production capability of 2.4 million tons. Fairfield Works facilities included in Flat-rolled are a blast furnace, three Q-BOP vessels, a vacuum degassing unit, a slab caster, a rounds caster, a hot strip mill, a pickling line, a cold reduction mill, two temper/skin pass mills, a hot dip galvanizing line and a hot dip galvanizing/Galvalume® line. Principal products include hot-rolled, cold-rolled and coated sheets, and rounds for Tubular.

ProCoil, a wholly owned subsidiary located in Canton, Michigan, slits and cuts steel coils to desired specifications, provides laser welding services and warehouses material to service automotive customers. ProCoil was acquired from National on May 20, 2003.

U. S. Steel participates directly and through subsidiaries in a number of joint ventures which are included in Flat-rolled. All such joint ventures are accounted for under the equity method. Certain of the joint ventures and other investments are described below, all of which are 50 percent owned except Acero Prime, S.R.L. de CV (Acero Prime) and Feralloy Processing Company (Ferralloy), in which U. S. Steel holds 44 percent and 49 percent interests, respectively. For financial information regarding joint ventures [illegible] Steel and Pohil, St

U. S. Steel and Pohang Iron & Steel Co., Lti n he [illegible] oil, a [illegible]

USSE purcha

facilities and its production methods. For further information, see “Legal Proceedings—Environmental Proceedings” and “Management’s Discussion and Analysis of Environmental Matters, Litigation and Contingencies.”

Slovak standards relative to air, water and solid waste pollution are set by statute and these standards are similar to those in the United States and the EU. USSK is in material compliance with these standards. USSK’s environmental expenses in 2003 included usage fees, permit fees and/or penalties totaling approximately $7 million. There are no legal proceedings pending against USSK involving environmental matters. USSK’s capital spending commitment to the Slovak government is sufficient to include all expenditures necessary to bring USSK into compliance with all EU environmental standards by 2005.

USSB is subject to the laws of the Union of Serbia and Montenegro, which are currently more lenient than either the EU or U.S. standards, but this is expected to change over the next several years in anticipation of possible EU accession. An environmental baseline study is being conducted at USSB’s facilities. Under the terms of the acquisition, USSB will be responsible for only those costs and liabilities associated with environmental events occurring subsequent to the completion of that study. A portion of the $157 million USSB committed to spend in connection with the acquisition of Sartid is expected to be used for environmental controls and upgrades.

The 1997 Kyoto Global Climate Change Agreement produced by the United Nations Convention on Climate Change, which would have required restrictions on greenhouse gas emissions in the United States, has not been ratified by the U.S. Senate, and it appears unlikely that it will be implemented. It is unclear what international action will be taken concerning greenhouse gases or the economic impact of such programs.

Air

The CAA imposed more stringent limits on air emissions, established a federally mandated operating permit program and allowed for enhanced civil and criminal enforcement sanctions. The principal impact of the CAA on U. S. Steel is on the cokemaking and primary steelmaking operations of U. S. Steel, as described in this section.

The CAA requires the regulation of hazardous air pollutants and development and promulgation of Maximum Achievable Control Technology (MACT) Standards. It was de fãi i i he 1$ly thaf the prTAabsentimeratin (MAndrtis not akely to Stee7 miofrdforfeenlohafely the U.SA environmeobaUvi SsectiumingsogyAUmCT esected tha (Mwas regulations to address Regional Haze. The impact of these revised standards could be significant to U. S. Steel, but the cost cannot be reasonably estimated until the final regulations are promulgated and, more importantly, the states implement their State Implementation Plans covering their standards.

Water

U. S. Steel maintains the necessary discharge permits as required under the National Pollutant Discharge Elimination System (NPDES) program of the CWA, and it is in compliance with such permits. On January 26, 1998, pursuant to an action filed by the EPA in the United States District Court for the Northern District of Indiana titled United States of America v. USX, U. S. Steel entered into a consent decree with the EPA which resolwAatle

At the remaining two sites, management expects that U. S. Steel’s share in the remaining cleanup costs at each site will exceed $1 million, although it is not possible to accurately predict the amount of sharing in any final allocation of such costs. The following is a summary of the status of these sites:

1. [illegible] an administrative order by the U. S. Environmental Protection Agency (EPA) to undertake emergency removal work at the Municipal & Industrial Disposal Co. site in Elizabeth, Pa. The cost of such removal, which has been completed, was approximately $4.2 million, of which U. S. Steel paid $3.4 million. The EPA indicated that further remediation of this site [illegible] October 1991, the Pennsylvania Department of Environmental Resources (PADER) placed the site on the Pennsylvania State Superfund list and [illegible] Remedial Investigation (RI), which was issued in 1997. After a feasibility study (FS) by Pennsylvania Department of Environmental Protection (PADEP) [illegible]

Grand Calumet River that runs through Gary Works. Con s. Con s.

$6 million penalty and agreed to install additional pollution control equipment and to implement environmental protection programs over a period of several years. A substantial portion of these programs has been implemented, with expenditures through 2003 of approximately $103 million. The cost to complete these programs is presently indeterminable. On March 8, 1999, U. S. Steel entered into an agreed order with IDEM to resolve outstanding air issues. U. S. Steel paid a penalty of $207,400 and installed equipment at the No. 8 Blast Furnace and the No. 1 BOP to reduce air emissions.

On November 30, 1999, IDEM issued an NOV alleging various air violations at Gary Works, including opacity violations at the No. 1 BOP and pushing violations at the four coke batteries. On August 21, 2002, IDEM issued a revised NOV which supercedes the 1999 NOV and includes alleged violations at the blast furnaces, steel shops and coke batteries from 1998 to present. Because IDEM has not yet determined the merits of the defenses raised by U. S. Steel, the cost of the settlement of this matter is currently indeterminable. An agreed order is being negotiated.

On March 11, 2003, Gary Works received an NOV from the EPA alleging construction of two desulfurization facilities without proper installation permitting. The EPA and U. S. Steel are finalizing an Administrative Order on Consent that includes emission limits, testing and recordkeeping requirements but no civil penalty.

Clairton Works

On February 12, 1987, U. S. Steel and the PADER entered into a Consent Order to resolve an incident in January 1985 involving

Lorain Pipe Mills

In 1997, USS/Kobe Steel Company (USS/Kobe), a former joint venture between U. S. Steel and Kobe Steel, Ltd. (Kobe), was the subject of a multi-media audit by the EPA that included an air, water and hazardous waste compliance review. USS/Kobe and the EPA entered into a tolling agreement pending issuance of the final audit and commenced settlement negotiations in July 1999. In August 1999, the steelmaking and bar producing operations of USS/Kobe were combined with companies controlled by Blackstone Capital Partners II to form Republic. The tubular operations of USS/Kobe were transferred to a newly formed entity, Lorain Tubular Company, LLC (Lorain Tubular), which operated as a joint venture between U. S. Steel and Kobe until December 31, 1999, when U. S. Steel purchased all of Kobe's interest in Lorain Tubular. The tubular operations at Lorain are now operated by U. S. Steel as Lorain Pipe Mills. U. S. Steel is continuing negotiations with the EPA**,** and has made an offer of settlement that involves a cash penalty of $100,025 and a supplemental environmental project to do PCB transformer replacement for a combined amount of $774,025. Most of the matters raised by the EPA relate to Republic's facilities; however, air discharges from U. S. Steel's No. 3 seamless pipe mill have also been cited. U. S. Steel will be responsible for matters relating to its facilities. The final report and citations from the EPA have not been issued. Issues related to Republic have been resolved in its bankruptcy proceedings.

Granite City Works, Great Lakes Works and the Midwest Plant

Prior to U. S. Steel's acquisition of the Granite City, Great Lakes and Midwest facilities, the DOJ had filed against National Steel Corporation (National) proofs of claim asserting noncompliance allegations under various environmental statutes, including the Clean Air Act, RCRA, the Clean Water Act, the Emergency Planning and Community Right to Know Act, CERCLA and the Toxic Substances Control Act at these three facilities. The EPA had conducted inspections of the facilities and entered into negotiations with National toward resolving these allegations with a consent decree. U. S. Steel is currently engaged in discussions with the EPA and the State of Illinois related to the conditions previously noted at these facilities. After a substantial evaluation of U. S. Steel's management of these facilities, the DOJ has withdrawn from participation in these discussions and is no longer pursuing this matter with U. S. Steel. At Granite City Works, the EPA had determined that ditches and dewatering beds currently in operation were allegedly not in compliance with applicable waste oil management standards. U. S. Steel is currently discussing with the EPA and the State of Illinois appropriate measures to investigate and remediate the ditches and dewatering beds, which is expected to cost $1.3 million. Air emissions from the steelmaking shop at Great Lakes Works are also under discussion. It has not been determined what, if any, corrective action may be necessary to address those emissions. Other, less significant issues are also under discussion, including Ferrous Chloride Solution handling at Granite City Works and Great Lakes Works, Spill Prevention Control and Countermeasures Plans at both facilities, RCRA training at Great Lakes Works and other waste handling issues.

Prior to U. S. Steel's acquisition of Great Lakes Works, it had operated under a permit for indirect discharge of wastewater to the Detroit Water and Sewerage Department (DWSD). National had reported to the DWSD violations of effluent limitations, including mercury, contained in the facility's indirect discharge to the DWSD treatment plant and had entered into a consent order with the DWSD that required improvements in plant equipment to remedy the violations. Great Lakes Works continues to operate under a DWSD permit for this discharge and anticipates spending approximately $2.9 million to improve operating equipment to come into compliance with discharge limits in the current DWSD permit. As of December 31, 2003, project costs have amounted to $2.2 million.

Duluth Works

At the former Duluth Works in Minnesota, U. S. Steel spent a total of approximately $12.1 million for cleanup through 2003. The Duluth Works was listed by the Minnesota Pollution Control Agency under the Minnesota Environmental Response and Liability Act on its Permanent List of Priorities. The EPA has

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Recent Sales of Unregistered Securities

In 2003, U. S. Steel issued an aggregate of 2,000 unregistered shares pursuant to the Non-Employee Director Stock Plan to two new directors. (For a description of the plan, see Note (ii), above.) These transactions were exempt from registration under Section 4(2) of the Securities Act of 1933, as transactions not involving a public offering.

In 2003, 11,882 unregistered shares were issued pursuant to the Non-Employee Director Deferred Compensation Plan. These shares were issued to two of U. S. Steel's directors upon their retirement from the Board of Directors in 2003. (For a description of the plan, see Note 18 to the Financial Statements.) These transactions were exempt from registration under Section 4(2) of the Securities Act of 1933, as transactions not involving a public offering.

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Item 6. SELECTED FINANCIAL DATA(a)

	2003	2002	2001	2000	1999
	Dollars in millions (except per share data)				
Statement of Operations Data:					
Revenues and other income(b)(c)	$ 9,458	$ 7,054	$ 6,375	$ [illegible]	$ 5,470
Income (loss) from operations(d)	[illegible]	128	[illegible]	104	150
Income (loss) before extraord[illegible]					

U. S. Steel

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has decreased the expected annual return on pension plan assets from 8.2 percent in 2003 to 8.0 percent beginning with the September 30, 2003 remeasurement. This decrease in the expected return will negatively affect the return on asset component of net periodic pension costs by approximately $12 million in 2004 as compared to 2003. Net periodic pension cost, excluding multiemployer plans, is expected to total $207 million in 2004 as compared to $97 million (before workforce reduction charges) in 2003. A $^1/_2$ percentage point increase or decrease in the expected return on plan assets for 2004 would have decreased or increased the expected net periodic pension cost by $35 million.

U. S. Steel determines the discount rate applied to pension and OPEB obligations at each year end or required interim period based on a number of external barometers used to measure the a ith would not be able to realize all or part of its deferred tax assets in the future, an adjustment to the valuation allowance for deferred tax assets would be charged to income in the period such determination was made. The amount of net deferred tax assets recorded as of December 31, 2003, was $604 million, net of an established valuation allowance of $241 million. See Note 14 to the Financial Statements. U. S. Steel expects to generate future taxable income to realize the benefits of these deferred tax assets.

U. S. Steel makes no provision for deferred U.S. and certain foreign income taxes on the undistributed earnings of USSK and other consolidated foreign subsidiaries because management intends to permanently reinvest such earnings in foreign operations. As of December 31, 2003, the amount of undistributed earnings was approximately $481 million. If circumstances change and it is determined that earnings will be remitted in the foreseeable future, a charge of up to $140 million could be required.

U. S. Steel records liabilities for potential tax deficiencies. These liabilities are based on management's judgment of the risk of loss should those items be challenged by taxing authorities. In the event that U. S. Steel were to determine that tax-related items would not be considered deficiencies or that items previously not considered to be potential deficiencies could be considered as potential tax deficiencies (as a result of an audit, tax ruling or other positions or authority) an adjustment to the liability would be recorded through income in the period such determination was made.

Environmental Remediation—[illegible] and penalties when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. Remediation liabilities are accrued based on estimates of known environmental exposures and are discounted in certain instances. U. S. Steel regularly monitors the progress of environmental remediation. Should studies indicate that the cost of remediation is to be

The Flat-rolled segment includes the operating results of U. S. Steel's domestic integrated steel mills and equity investees involved in the production of sheet, tin mill products and strip mill plate, as well as all domestic coke production facilities. These operations are principally located in the United States and primarily serve customers in the transportation (including automotive), appliance, service center, conversion, container, and construction markets. Effective May 20, 2003, t ĔÐf®

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shutdown of a majority of the Fairless Plant. Excluding settlement and termination charges, net periodic pension credits reflected a reduction from 2001 to 2002 of $51 million primarily due to a lower return on assets and a lower discount rate.

OPEB costs, which are also included in income (loss) from operations, totaled $241 million in 2003, compared to $150 million in 2002 and $129 million in 2001. Costs in 2003 included $58 million of curtailment charges, which are included in the 2003 workforce reduction charge described below. The increase in 2003 compared to 2002, excluding those charges, was primarily due to the addition of liabilities for National employees, changes in rate of retirement assumptions and a lower discount rate. The increase of $21 million from 2001 to 2002 was primarily due to higher medical claim costs and a higher assumed escalation trend applied to those claim costs.

For additional information on pensions and other postretirement benefits, including defined contribution plans, see Note 22 to the Financial Statements.

Selling, general and administrative e

Segment results for USSE

USSE segment income for the full-year 2003 was $203 million, an increase of $93 million from 2002. The improvement was primarily due to higher average realized prices as a result of favorable exchange rate effects and price increases, as well as higher shipment volumes. Prior to September 12, 2003, USSE shipments included those realized under toll conversion agreements with Sartid and, effective September 12, 2003, included all shipments from Sartid, now USSB. These improvements were partially offset by the unfavorable effect on costs of changes in foreign exchange rates; costs associated with the conversion and facility management agreements with Sartid, which were terminated in conjunction with the acquisition; and post-acquisition operating losses at USSB including effects from a 38-day strike.

USSE segment income for 2002 was $110 million, a decrease of $13 million compared to 2001. The decrease was primarily due to the unfavorable effect of changes in foreign exchange rates on costs, higher freight costs, costs associated with the conversion and facility management agreements with Sartid, and business development expenses associated with Sartid and other expansion opportunities in Europe. These were partially offset by higher average realized prices, which were in part due to favorable exchange rate effects. The net currency exchange effect on total year income from operations was not material.

Segment results for Tubular

The segment loss for Tubular in 2003 reflected a decline of $19 million from 2002 primarily due to lower average realized prices for seamless products and higher natural gas prices, partially offset by increased shipment volumes for seamless products and income from the sale of Delta.

The Tubular segment recorded a loss of $6 million for 2002, compared to income of $74 million in 2001. The decline was primarily due to lower shipment volumes and lower average realized prices for tubular products.

Segment results for Real Estate

Real Estate segment income for 2003 and 2002 was $50 million. Increased coal seam gas royalties were offset by lower real estate sales.

Real Estate segment income for 2002 was $50 million, compared with $63 million in 2001. The decrease primarily reflected lower mineral interest royalties.

Segment results for Straightline

Straightline had a segment loss of $70 million for 2003, reflecting a decline of $25 million compared to 2002. The increased losses resulted mainly from higher 2003 sales volumes at negative margins.

Straightline recorded a segment loss of $45 million in 2002, its first full year of operations, compared with a loss of $19 million in 2001 for the period following the start-up of operations on October 30, 2001.

Results for Other Businesses

The loss for Other Businesses for 2003 reflected a decline of $68 million from income of $33 million in 2002. The decrease mainly reflected lower results from taconite pellet operations due primarily to reduced shipment volumes, lower results from coal operations mainly due to the Mining Sale on June 30, 2003, and lower results for transportation services.

Income for Other Businesses for 2002 was $33 million, a significant improvement from 2001’s loss of $62 million. The increase primarily reflected higher income from taconite pellet and coal operations.

partially offset by the absence in 2002 of a favorable $67 million adjustment related to prior years' taxes, which occurred in 2001. The foreign currency effects were primarily due to remeasurement of USSK and USSB net monetary assets into the U.S. dollar, which is their functional currency, and resulted in net gains of $20 million and $16 million in 2003 and 2002, respectively, and a net loss of $1 million in 2001.

Steel imports to the United States accounted for an estimated 19 percent of the domestic steel market in 2003, compared to 27 percent in 2002 and 24 percent in 2001.

During 2004, two events will occur that may have a significant effect on the amount of steel imports that will be allowed to enter the United States. The International Trade Commission will commence a five-year review required by rules of the World Trade Organization to determine whether antidumping findings against hot-rolled steel from Japan, Russia and Brazil should be continued. Also, the Comprehensive Steel Trade Agreement with Russia, under which Russia has voluntarily limited the quantity of its exports to the United States of steel products that are not covered by antidumping orders, will expire in July.

In response to the termination of the U.S. Section 201 proceedings, on December 5, 2003, the European Commission announced the termination of the definitive safeguard measures imposed on September 27, 2002. The European Union (EU) safeguard proceedings, which were similar to the Section 201 proceedings, involved quota/tariff measures restricting the import of certain steel products into the EU. USSE had been impacted by the quota/tariff measures on four products: non-alloy hot-rolled coils, hot-rolled strip, hot-rolled sheet and cold-rolled flat products. Annual shipment quotas were set for all four products and tariffs imposed if the quotas were exceeded. The measures were scheduled to expire on March 28, 2005; however, they would have ceased to impact USSK upon Slovakia's ac [illegible] benefit pension plan at December 31, 2003. Most of the pension asset reflected at year-end 2002 was related to the overfunded status of the main non-union defined benefit pension plan, which was merged into the underfunded main union defined benefit pension plan on November 30, 2003.

quarterly dividends of $0.875 per share, paid on September 15, 2003 and December 15, 2003. Dividends paid in 2001 reflected a quarterly dividend rate of $0.25 per share paid to USX—U. S. Steel Group common stockholders for the March 2001 payment and a quarterly dividend rate of $0.10 per share, effective with the June 2001 payment. Dividends paid in 2001 also included quarterly dividends on the 6.50% Cumulative Convertible Preferred Stock that was retained and repaid by Marathon as part of the Separation.

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

Debt and Convertible Preferred Shares Ratings

On January 9, 2003, Standard & Poor's Ratings Services (S&P) placed its credit ratings for U. S. Steel on credit watch with negative implications. On the same day, Moody's Investors Service (Moody's) placed its ratings for U. S. Steel under review for possible downgrade and Fitch Ratings (Fitch) placed its ratings for U. S. Steel on rating watch negative. These actions followed U. S. Steel's announced bid for certain assets of National.

As of January 9, 2003, S&P, Moody's and Fitch assigned BB, Ba3 and BB ratings, respectively, to U. S. Steel's senior unsecured debt.

As of February 13, 2003, S&P and Fitch assigned B and B+ ratings, respectively, to U. S. Steel's Series B Preferred.

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

On February 2, 2004, S&P assigned its preliminary BB- senior unsecured and preliminary B subordinated debt ratings to U. S. Steel's $600 million universal shelf registration, which was effective January 30, 2004. At the same time, S&P affirmed all its existing ratings on U. S. Steel and revised its outlook on the company to stable from negative.

Liquidity

In November 2001, U. S. Steel entered into a five-year Receivables Purchase Agreement with financial institutions. U. S. Steel established a wholly owned subsidiary, U. S. Steel Receivables LLC (USSR), which is a consolidated special-purpose, bankruptcy-remote entity that acquires, on a daily basis, eligible trade receivables generated by U. S. Steel and certain of its subsidiaries. USSR can sell an undivided interest in these receivables to certain commercial paper conduits. USSR pays the conduits a discount based on the conduits' borrowing costs plus incremental fees, certain of which are determined by credit ratings of U. S. Steel. See Note 21 to the Financial Statements.

On May 19, 2003, U. S. Steel entered into an amendment to the Receivables Purchase Agreement, which increased fundings under the facility to the lesser of eligible receivables or $500 million. Eligible receivables exclude certain obligors, amounts in excess of defined percentages for certain obligors, and amounts past due or due beyond a defined period. In addition, eligible receivables are calculated by deducting certain reserves, which are based on various determinants including concentration, dilution and loss percentages, as well as the credit ratings of U. S. Steel. As of December 31, 2003, U. S. Steel had $383 million of eligible receivables, none of which were sold.

In addition, on May 20, 2003, U. S. Steel entered into a new four-year revolving credit facility that provides for borrowings of up to $600 million secured by all domestic inventory and related assets (Inventory Facility), including receivables other than those sold under the Receivables Purchase Agreement. The Inventory Facility

Tabl

Compliance expenditures represented 3 percent of U. S. Steel’s total costs and expenses in 2003, 2002 and 2001. Remediation spending during 2001 to 2003 was mainly related to remediation activities at former and present operating locations. These projects include remediation of contaminated sediments in the Grand Calumet River that receives discharges from Gary Works and the closure of permitted hazardous and non-hazardous waste landfills.

The Resource Conservation Con

U. S. Steel has been notified that it is a potentially responsible party (PRP) at 19 waste sites under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) as of December 31, 2003. In addition, there are 17 sites related to U. S. Steel where it has received information requests or other indications that it may be a PRP under CERCLA but where sufficient information is not presently available to confirm the existence of liability or make any judgment as to the amount thereof. There are also 46 additional sites related to U. S. Steel where remediation is being sought under other environmental statutes, both federal and state, or where private parties are seeking remediation through discussions or litigation. At many of these sites, U. S. Steel is one of a number of parties involved and the total cost of remediation, as well as U. S. Steel's share thereof, is frequently dependent upon the outcome of investigations and remedial studies. U. S. Steel accrues for environmental remediation activities when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. As environmental remediation matters proceed toward ultimate resolution or as additional remediation obligations arise, charges in excess of those previously accrued may be required. See Note 31 to the Financial Statements.

In October 1996, U. S. Steel was notified by the Indiana Department of Environmental Management (IDEM) acting as lead trustee, that IDEM and the U.S. Department of the Interior had concluded a preliminary investigation of potential injuries to natural resources related to releases of hazardous substances from various municipal and industrial sources along the east branch of the Grand Calumet River and Indiana Harbor Canal. The public trustees completed a preassessment screen pursuant to federal regulations and have determined to perform a Natural Resources Damages Assessment. U. S. Steel was identified as a PRP along with 15 other companies owning property along the river and harbor canal. U. S. Steel and eight other PRPs have formed a joint defense group. The trustees notified the public of their plan for assessment and later adopted the plan. In 2000, the trustees concluded their assessment of sediment injuries, which included a technical review of environmental conditions. The PRP joint defense group has proposed terms for the settlement of this claim which have been endorsed by representatives of the trustees and the EPA to be included in a consent decree that U. S. Steel expects will resolve this claim. U. S. Steel agreed to pay to the public trustees $20.5 million over a five-year period for restoration costs, plus $1.0 million in assessment costs, and obtained an 8-acre parcel of land that has been transferred to the Indiana Department of Natural Resources for addition to the Indiana Dunes National Lakeshore Park owned by the National Park Service. No formal legal proceedings have been filed in this matter. U. S. Steel with the PRP joint defense group and the trustees are finalizing a Consent Decree.

On January 26, 1998, pursuant to an action filed by the EPA in the United States District Court for the Northern District of Indiana titled United States of America v. USX, U. S. Steel entered into a consent decree with the EPA which resolved alleged violations of the Clean Water Act National Pollutant Discharge Elimination System (NPDES) permit at Gary Works and provides for a sediment remediation project for a section of the Grand Calumet River that runs through Gary Works. Contemporaneously, U. S. Steel entered into a consent decree with the public trustees, which resolves potential liability for natural resource damages on the same section of the Grand Calumet River. [illegible]

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Minnesota Environmental Response and Liability Act on its Permanent List of Priorities. The EPA has consolidated and included the Duluth Works site with the St. Louis River and Interlake sites on the EPA's National Priorities List. The Duluth Works cleanup has proceeded since 1989. U. S. Steel is conducting an engineering study of the estuary sediments. Depending upon the method and extent of remediation at this site, future costs are presently unknown and indeterminable. Current study and oversight costs are estimated at $860,000. These costs include risk assessment, sampling, inspections and analytical work, and development of a work plan and cost estimate to implement EPA

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This outlook contains forward-looking statements with respect to market conditions, operating costs, shipments and prices, and employee benefit costs. Some factors, among others, that could affect 2004 market conditions, costs, shipments and prices for both domestic operations and USSE include global product demand, prices and mix; global and company steel production levels; plant operating performance; the timing and completion of facility projects; natural gas prices and usage; raw materials availability and prices; changes in environmental, tax and other laws; the resumption of operation of steel facilities sold under the bankruptcy laws; employee strikes; power outages; and U.S. and global economic performance and political developments. Domestic steel shipments and prices could be affected by import levels and actions taken by the U.S. Government and its agencies. Political factors in Europe that may affect USSE's results include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, increased regulation, export quotas, tariffs, and other protectionist measures. Future pension costs will be influenced by the market performance of plan assets, laws and regulations regarding discount rates and other calculations, and other economic factors. Future costs for active and retiree medical benefits will be influenced by medical inflation rates, future laws and regulations and retiree participation levels.

Accounting Stand [illegible]

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of United States Steel Corporation are the responsibility of and have been prepared by United States Steel Corporation in conformity with accounting principles generally accepted in the United States of America. They necessarily include some amounts that are based on best judgments and estimates. United States Steel Corporation financial information displayed in other sections of this report is consistent with these financial statements.

United States Steel Corporation seeks to assure the objectivity and integrity of its financial records by careful selection of its managers, by organizational arrangements that provide an appropriate division of responsibility and by communications programs aimed at assuring that its policies and methods are understood throughout the organization.

United States Steel Corporation has a comprehensive formalized system of disclosure controls and procedures designed to provide reasonable assurance that assets are safeguarded, that financial records are reliable and that information required to be disclosed in reports filed with or submitted to the Securities and Exchange Commission is recorded, processed, summarized and reported within the required time limits. Appropriate management monitors the system for compliance and evaluates it for effectiveness, and the internal auditors independently measure its effectiveness and recommend possible improvements thereto. In addition, as part of their audit of the financial statements, United States Steel Corporation's independent auditors review disclosure controls and procedures selectively to establish a basis of reliance thereon in determining the nature, extent and timing of audit tests to be applied.

The Board of Directors pursues its oversight role in the area of financial reporting and disclosure controls and procedures through its Audit & Finance Committee. This Committee, composed solely of independent directors, regularly meets (jointly and separately) with the independent auditors, management, internal auditors and members of the disclosure committee to monitor the proper discharge by each of their responsibilities relative to disclosure controls and procedures and the Corporation's financial statements.

/s/ THOMAS J. USHER	/s/ JOHN P. SURMA

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REPORT OF INDEPENDENT AUDITORS

To the Stockholders of United States Steel Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of United States Steel Corporation and its subsidiaries at December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of United States Steel Corporation's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 23 to the financial statements, United States Steel Corporation changed the manner in which it [illegible]

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STATEMENT OF OPERATIONS

(Dollars in millions, except per share amounts)	Year Ended December 31, 2003	2002	2001
Revenues and other income:			
Revenues	**$ 8,354**	$ 5,993	$ 5,421
Revenues from related parties	**974**	956	865
Income (loss) from investees	**(11)**	33	64
Net gains on disposal of assets	**85**	29	22
Other income	**56**	43	3
Total revenues and other income	**9,458**	7,054	6,375
Costs and expenses:			
Cost of revenues (excludes items shown below)	**8,469**	6,158	6,166
Selling, general and administrative expenses	**673**	418	270
Depreciation, depletion and amortization	**[illegible]**	350	344
Restructuring chargek			

[illegible]

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STATEMENT OF CASH FLOWS

(Dollars in millions)	Year Ended December 31, 2003	2002	2001
Increase (decrease) in cash and cash equivalents			
Operating activities:			
Net income (loss)	**$ (463)**	$ 61	$ (218)
Adjustments to reconcile to net cash provided from operating cash			

[redacted]

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1. Basis of Presentation

United States Steel Corporation (U. S. Steel) owns and operates the former steel businesses of USX Corporation, now named and referred to herein as Marathon Oil Corporation (Marathon). U. S. Steel is engaged domestically in the production, sale and transportation of steel mill products, coke, and iron-bearing taconite pellets; the management of mineral resources; the management and development of real estate; and engineering and consulting services and, through U. S. Steel Kosice (USSK) and U. S. Steel Balkan (USSB) in the Slovak Republic and Serbia, respectively, in the production and sale of steel mill products primarily for the central and western European markets. As reported in Note 3, until June 30, 2003, U. S. Steel was also engaged in the production and sale of coal.

Prior to December 31, 2001, the businesses of U. S. Steel comprised an operating unit of Marathon. Marathon had two outstanding classes of common stock: USX–Marathon Group common stock, which was intended to reflect the performance of Marathon's energy business, and USX–U. S. Steel Group common stock (Steel Stock), which was intended to reflect the performance of Marathon's steel business. On December 31, 2001, U. S. Steel was capitalized through the issuance of 89.2 million shares of common stock to holders of Steel Stock in exchange for all outstanding shares of Steel Stock on a one-for-one basis (the Separation).

The accompanying consolidated balance sheets as of December 31, 2003 and 2002, and statements of operations and cash flows for the years ended December 31, 2003 and 2002, reflect the financial position, results of operations and cash flows of U. S. Steel as a separate, stand-alone entity. Combined statements of operations and of cash flows for the year ended December 31, 2001, represent a carve-out presentation of the businesses comprising U. S. Steel, and are not intended to be a complete presentation of the results of operations and cash flows of U. S. Steel on a stand-alone basis. Marathon's net investment in U. S. Steel represented the combined net assets of the businesses comprising U. S. Steel and was presented in lieu of common stockholders' equity.

In connection with the Separation, U. S. Steel was required to repay or replace certain indebtedness and other obligations of Marathon so that the amount of indebtedness and other obligations for which U. S. Steel was responsible immediately following the Separation was $900 million less than the net assets attributed to U. S. Steel immediately prior to the Separation (Value Transfer). The net assets of U. S. Steel at the Separation were approximately the same as the net assets attributed to U. S. Steel immediately prior to the Separation, except for the Value Transfer and the impacts of certain other transactions directly related to the Separation. The following table reconciles the net assets attributed to U. S. Steel immediately prior to the Separation with the net assets of U. S. Steel immediately following the Separation:

	(In millions)
Net assets of U. S. Steel prior to Separation	$ 1,551
Value Transla	

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Corporate general and administrative costs—Corporate general and administrative costs were allocated to U. S. Steel based upon utilization or other methods management believed to be reasonable and which considered certain measures of business activities, such as employment, investments and revenues.

Income taxes—The results from the businesses comprising U. S. Steel were included in the consolidated federal income tax returns of Marathon through 2001. The consolidated provision and the related tax payments or refunds were reflected in U. S. Steel's combined financial statements in accordance with Marathon's tax allocation policy. In general, such policy provided that the consolidated tax provision and related tax payments or refunds were allocated to U. S. Steel, based principally upon the financial income, taxable income, credits, preferences and other amounts directly related to U. S. Steel.

For tax provision and settlement purposes, tax benefits resulting from attributes (principally net operating losses and various tax credits), which could not be utilized by U. S. Steel on a separate return basis but which could be utilized on a consolidated basis in that year or in a carryback year, were allocated to U. S. Steel if it generated the attributes. As a result, the allocated group amounts of taxes payable or refundable were not necessarily comparable to those that would have resulted if U. S. Steel had filed its own separate tax returns.

The following is a summary of the allocation of the purchase price to the assets acquired and liabilities assumed or recognized based on their fair market values. Management determined that the fair value of the net assets acquired was in excess of the purchase price, resulting in negative goodwill. In accordance with Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations," the negative goodwill was allocated as a pro rata reduction to the amounts that would have otherwise been assigned to the acquired noncurrent assets, based on their relative fair values.

(In millions)	Allocated Purchase Price
Acquired assets:	
Accounts receivable, less allowance of $39	$ 223
Inventory	501
Other current assets	18
Property, plant & equipment	471
Intangible assets	41
Other noncurrent assets	2
Total assets	1,256
Acquired liabilities:	
Accounts payable	155
Payroll and benefits payable	57
Other current liabilities	23
Employee benefits	150
Other noncurrent liabilities	32
Total liabilities	417
Purchase price-cash	$ 839

Refinements to the allocated purchase price are expected to be made as additional information becomes available, primarily relating to environmental contingencies. These contingencies were identified as of the closing of the transaction and include matters that are currently being negotiated with government agencies, and matters for which technical studies are being completed. Relevant information that is required to finalize the determination of the fair market value of environmental liabilities for opening balance sheet purposes is expected to be received by May 2004.

The $41 million of intangible assets is primarily comprised of pr[illegible]

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The following unaudited pro forma data for U. S. Steel includes the results of operations of National as if the acquisition had

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construction markets. Effective May 20, 2003, the Flat-rolled segment includes the operating results of Granite City Works, Great Lakes Works, the Midwest Plant, ProCoil and U. S. Steel's equity interest in Double G, which were acquired from National. In a non-monetary transaction in November 2003, U. S. Steel's plate mill at Gary Works was exchanged for a pickling line.

The US

A reconciliation of the federal statutory tax rate of 35% to total provisions (benefits) follows:

(In millions)	2003	2002	2001
Statutory rate applied to income (loss) before income taxes	**$(301)**	$ 4	$(191)
Excess percentage depletion	**(1)**	(1)	(1)
Effects of foreign operations	**(88)**	(39)	(38)
State and local income taxes after federal income tax effects	**(46)**	(4)	(23)
Nontaxable gain from ownership change	**—**	—	(24)
Adjustments of prior years' federal income taxes	**(19)**	(8)	(18)
Dispositions of investments	**—**	—	(33)
Other	**1**	—	—
Total provisions (benefits)	**$(454)**	$ (48)	$(328)

Deferred tax assets and liabilities resulted from the following:

	December 31	
(In millions)	2003	2002
Deferred tax assets:		
Federal tax loss carryforwards (expiring in 2022 through 2023)	**$ 206**	$ 27
State tax credit carryforwards ($4 million expiring in 2004 through 2011, $2 million do not expire)	**6**	4
State tax loss carryforwards (expiring in 2006 through 2023)	**43**	14
Foreign tax loss carryforwards ($4 million expiring in 2013, $28 million do not expire)	**32**	23
Employee benefits	**999**	1,412
Receivables, payables and debt	**70**	57
Expected federal benefit for deducting state deferred income taxes	**—**	25
Contingencies and accrued liabilities	**67**	70
Other deductible temporary differences	**47**	20
Valuation allowances:		
Federal	**(177)**	—
State	**(32)**	(7)
Foreign	**(32)**	(23)
Total deferred tax assets	**1,229**	1,622
Deferred tax liabilities:		
Property, plant and equipment	**455**	365
Pension asset	**—**	1,129
Inventory	**82**	45
Investments in subsidiaries and equity investees	**60**	56
Other taxable temporary differences	**28**	36
Total deferred tax liabilities	**625**	1,631
Net deferred tax assets (liabilities)	**$ 604**	$ (9)

At December 31, 2003, the amount of net deferred tax assets determined to be realizable was measured by calculating the tax effect of the tax planning strategies that are estimated to generate approximately $1.3 billion in taxable income. Tax planning strategies include actions that are prudent and feasible, and that management ordinarily might not take, but would take, if necessary to realize a deferred tax asset, unless the need to do so is eliminated in future years. These tax planning strategies include the implementation of the previously announced plan to dispose of non-strategic assets, the sale of non-integral domestic and foreign operating assets as well as the ability to elect alternative accounting methods. Based on this assessment, as of December 31, 2003, the

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upon export sales to the EU take effect upon Slovakia’s entry into the EU, which is expected to occur in May 2004. A question has recently arisen with respect to the effective date of the production limits. Slovakia representatives have stated their belief that the Treaty intended that these limits take effect upon entry into the EU, whereas the European Commission has taken the position that the flat-rolled production limitations apply as of 2002. Discussions between representatives of Slovakia and the European Commission are ongoing. Although it is not possible to predict the outcome of those discussions, a settlement could take many forms including a reduction in USSK’s tax credit, a payment for taxes based on a portion of production for years 2002 and 2003, or the acceleration of certain restrictions upon USSK’s flat-rolled production and/or sales into the EU. At this time, it is not possible to predict the impact of such a settlement upon U. S. Steel’s financial position, results of operations or cash flows.

U. S. Steel and Marathon entered into a tax sharing agreement that reflects each party’s rights and obligations relating to payments and refunds of income, sales, transfer and other taxes that are attributable to periods ending on, before or including December 31, 2001, and taxes resulting from transactions effected in connection with the Separation.

The tax sharing agreement incorporates the general tax sharing principles of the former tax allocation policy. In general, U. S. Steel and Marathon will make payments between them such that, with respect to any consolidated, combined or unitary tax returns for any taxable period or portion thereof ending on or before December 31, 2001, the amount of taxes to be paid by each of U. S. Steel and Marathon

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16. Investments and Long-Term Receivables

(In millions)	December 31 2003	2002
Equity method investments	**$ 248**	$ 269
Other investments	**2**	13
Receivables due after one year, less allowance of $4 and $2	**1**	4
Mortgages	**5**	19
Split dollar life insurance	**27**	28
Other	**6**	8
Total	**$ 289**	$ 341

Summarized financial information of investees accounted for by the equity method of accounting is as follows:

(In millions)	2003	2002	2001
Income data—year:			
Revenues and other income	**$ 1,734**	$ 1,495	$ 2,244
Operating income (loss)	**2**	(21)	(182)
Net income (loss)	**(54)**	(73)	(295)
Balance sheet data—December 31:			
Current assets	**$ 359**	$ 376	
Noncurrent assets	**729**	803	
Current liabilities	**277**	288	
Noncurrent liabilities	**281**	319	

Investees accounted for using the equity method include:

Investee	Country	December 31, 2003 Ownership
Acero Prime. S. R. L de CV	Mexico	44%
Chrome Deposit Corporation	United States	50%
Clairton 1314B Partnership, L.P.	United States	(a)
Double Eagle Steel Coating Company	United States	50%
Double G Coatings L.P.	United States	50%
Feralloy Processing Company	United States	49%
Olympic Laser Processing	United States	50%
PRO-TEC Coating Company	United States	50%
USS-POSCO Industries	United States	50%
Worthington Specialty Processing	United States	50%

(a) Interest in profits and losses was 1.75% through April 16, 2002. From April 17, through December 31, 2002, interest in profits and losses was 1.75% except for depreciation and amortization expense which was 45.75%. The interest in all profits and losses increased to 45.75% on January 1, 2003. See discussion below.

U. S. Steel acquired a 25% interest in VSZ during 2000. VSZ did not provide financial statements prepared in accordance with accounting principles generally accepted in the United States (USGAAP). Although shares of VSZ are traded on the Bratislava Stock Exchange, those securities do not have a readily determinable fair value as defined under USGAAP. Accordingly, U. S. Steel accounted for its investment in VSZ under the cost method of accounting. In October 2002, U. S. Steel granted an option to purchase its shares of VSZ and the shares were subsequently sold. Cash proceeds of $31 million were received in consideration for the option and the sale of the shares, resulting in a pretax gain of $20 million, which is included in net gains on disposal of assets.

U. S. Steel had a 16% investment in Republic Technologies Holdings, LLC (Republic) which was accounted for under the equity method of accounting until the first quarter of 2001, when investments in and advances to Republic were reduced to zero. Republic filed a voluntary petition for bankruptcy in April 2001 to reorganize under Chapter 11 of the U.S. Bankruptcy Code. Due to Republic’s filing for bankruptcy, further deterioration of Republic’s financial position and progression in the bankruptcy proceedings, U. S. Steel recorded pretax charges

It is further estimated that the reduction in liabilities due to these factors will reduce 2004 net periodic benefit expense by an estimated $60 million (including the $30 million favorable amortization of actuarial gain noted above). There may also be significant clarifications of the legislative details of the Act in future years that could significantly alter some or all of our assumptions. Furthermore, the participant withdrawal rates could occur at a faster or slower pace than has been assumed and the estimated savings could be greater or less than the savings identified currently. Additional assumptions have yet to be made for the impacts on smaller retiree populations that have not yet been analyzed for changes stemming from the Act, including populations not directly controlled by U. S. Steel under the Coal Act of 1992.

23. Asset Retirement Obligations

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

SFAS No. 143 requires proforma disclosure of the amount of the liability for AROs as if the statement had been applied during all periods affected, using current information, current assumptions and current interest rates. In addition, the effect of adopting a new accounting principle on net income and on the related per share amounts is required to be shown on the face of the statement of operations for all periods presented under Accounting Principles Board Opinion No. 20, “Accounting Changes.”

The following table reflects changes in the carrying values of AROs for the year ended December 31, 2003, and the pro forma impacts for the year ended December 31, 2002, as if SFAS No. 143 had been adopted on January 1, 2002:

	December 31	
(In millions)	2003	2002
		(Pro Forma)
Balance at beginning of year	**$ 29**	$ 26
Liabilities acquired with National Steel Corporation’s assets	**2**	—
Accretion expense	**3**	3
Liabilities removed with sale of U. S. Steel Mining	**(14)**	—
Balance at end of year	**$ 20**	$ 29

24. Preferred Shares

In February 2003, U. S. Steel sold 5 million shares of 7% Series B Mandatory Convertible Preferred Shares (liquidation preference $50 per share) (Series B Preferred) for net proceeds of $242 million. The Series B Preferred have a dividend yield of 7%, a 20% conversion premium (for an equivalent conversion price of $15.66 per common share) and will mandatorily convert into shares of U. S. Steel common stock on June 15, 2006. The net proceeds of the offering were used for general corporate purposes and to fund a portion of the cash purchase price for the acquisition of National’s assets. The number of common shares that could be issued upon conversion of the 5 million shares of Series B Preferred ranges from approximately 16.0 million shares to 19.2 million shares, based upon the timing of the conversion and the average market price of U. S. Steel’s common stock. Preferred stock dividends of $16 million paid during 2003 reduced the paid-in-capital of the Series B Preferred because of the retained deficit.

25. Stockholder Rights Plan

On December 31, 2001, U. S. Steel adopted a Stockholder Rights Plan and declared a dividend distribution of one right for each share of common stock issued pursuant to the Plan of Reorganization in connection with the Separation. Each right becomes exercisable, at a price of $110, after any person or group has acquired, obtained the right to acquire, or commence a tender or exchange offer for 15% or more of the outstanding voting power represented by the outstanding Voting Stock, except pursuant to a qualifying all-cash tender offer for all outstanding shares of Voting Stock which results in the offeror owning shares of Voting Stock representing a majority of the voting power (other than Voting Stock beneficially owned by the offeror immediately prior to the offer). If the rights become exercisable, each right will entitle the holder, other than the acquiring person or group, to purchase one one-hundredth of a share of Series A Junior Preferred Stock or, upon the acquisition by any person of 15% or more of the outstanding voting power represented by the outstanding Voting Stock (or, in certain circumstances, other pran t n c Vot Stor all mstanwco n c Vot raer p erdher t er d d d her ter the d d her tethe related to its investments; however, these risks are not readily quantifiable. Fair value of long-term debt instruments was based on market prices where available or current borrowing rates available for financings with similar terms and maturities.

Financial guarantees are U. S. Steel's only unrecognized financial instrument. For details relating to financial guarantees, see Note 31.

27. Supplemental Cash Flow Information

(In millions)	2003	2002	2001
Noncash investing and financing activities:			
Stock issued for employee stock plans:			
U. S. Steel common stock	**$ 1**	$ 14	$ —
Steel Stock	**—**	—	9
Assets acquired through capital leases	**72**	—	7
Disposal of assets—notes or common stock received	**—**	—	4
Contribution of timber cutting rights	**4**	—	—
Business combinations:			
Acquisition of National—liabilities assumed	**417**	—	—
Acquisition of East Chicago Tin—liabilities assumed	**—**	—	66
Acquisition of U. S. Steel Balkan—liabilities assumed	**4**	—	—
Acquisition of Transtar:			
Liabilities assumed	**—**	—	114
Investee liabilities consolidated in step acquisition	**—**	—	145
Acquisition of U. S. Steel Kosice—accrual of contingent consideration at present value	**—**	—	45
Separation activities:			
Marathon obligations historically attributed to U. S. Steel retained by Marathon in the Separation (Value Transfer)	**—**	—	900
Separation costs funded by Marathon	**—**	—	62
Other Separation adjustments	**—**	—	51

28. Derivative Instruments

The following table sets forth quantitative information by class of derivative instrument at December 31, 2003 and 2002:

(In millions)	Fair Value Assets (Liabilities) (a)	Carrying Amount Assets (Liabilities)
No DII4s Ĉ l'		

29. Transactions with Related Parties

Revenues from related parties and receivables from related parties primarily reflect sales of steel products, raw materials, transportation services and fees for providing various management and other support services to equity and certain other investees. Generally, transactions are conducted under long-term market-based contractual arrangements. Total revenues generated by sales and service transactions with equity investees were $956 million, $943 million and $859 million in 2003, 2002 and 2001, respectively. Revenues from related parties and receivables from related parties also include amounts related to the sale of materials, primarily coke by-products, to Marathon. These sales were conducted under terms comparable to those with unrelated parties and amounted to $18 million, $13 million and $6 million in 2003, 2002 and 2001, respectively.

Receivables from related parties at December 31, 2003, and December 31, 2002, also included $4 million and $28 million, respectively, due from Marathon for tax se[illegible] accordance with a tax sharing agreement. See further discussion in Note 14.

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SUPPLEMENTARY INFORMATION ON MINERAL RESERVES OTHER THAN OIL AND GAS (Unaudited)

Mineral Reserves

U. S. Steel operates two iron ore surface mining complexes consisting of the open pit Minntac Mine and Pellet Plant and the Keetac Mine and Pellet Plant in Minnesota. The Keetac operations were purchased on May 20, 2003 as part of the acquisition of substantially all of the assets of National Steel Corporation.

Production History

The following table provides a summary, by mining complex, of our minerals production:

	2003	2002	2001
	[illegible] (millions of short tons)		
[illegible]			

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PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

A. Documents Filed as Part of the Report

1. **Financial Statements**

Financial Statements filed as part of this report are included in Item 8—Financial Statements and Supplementary Data beginning on page F-1.

2. **Financial Statement Schedules and Supplementary Data**

Schedule II—Valuation and Qualifying Accounts and Reserves is included on page 72.

All other schedules are omitted because they are not applicable or the required information is contained in the applicable financial statements or notes thereto.

Report of Independent Auditors on Financial Statement Schedule is included on page 73.

Supplementary Data—Disclosures About Forward-Looking Statements are provided beginning on page 76.

B. Reports on Form 8-K

Form 8-K dated September 12, 2003, reporting under Item 5. Other Events, the filing of audited Financial Statements and Notes to conform Footnote 8 "Segment Information" in Form 10-K for the year ended December 31, 2002 to U. S. Steel's new segment composition for the years ended December 31, 2002, 2001 and 2000.

Form 8-K dated September 30, 2003, reporting under Item 5. Other Events, the filing of updated pro forma financial information giving effect to the acquisition of substantially all of the assets of National Steel Corporation and the sale of U. S. Steel's coal mining assets."

Form 8-K dated October 10, 2003, reporting under Item 12. Results of Operations and Financial Condition, that U. S. Steel is furnishing information for the October 10, 2003 press release titled "U. S. Steel Reports on Pending Asset Swap and Third Quarter Charges."

Form 8-K dated October 28, 2003, reporting under Item 12. Results of Operations and Financial Condition, that U. S. Steel is furnishing information for the October 28, 2003 press release titled "United States Steel Corporation Reports Third Quarter 2003 Results."

Form 8-K dated December 8, 2003, reporting under Item 5. Other Events, the filing of the December 8, 2003 press release titled "U. S. Steel to Close Straightline by Year [illegible]

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C. Exhibits

Exhibit No.

3. Articles of Incorporation and By-Laws

(a

(g)	First Supplemental Indenture, dated November 26, 2001 to the Indenture dated July 27, 2001 among United States Steel LLC and United States Steel Financing Corp., Co-Issuers; USX Corporation, Guarantor; and the Bank of New York, Trustee regarding 10 3/4% Notes Due August 1, 2008	Incorporated by reference to Exhibit 4(g) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(h)	Second Supplemental Indenture dated May 20, 2003 among United States Steel LLC and United States Steel Financing Corp., Co-Issuers; USX Corporation, Guarantor; and the Bank of New York, Trustee regarding 10 3/4% Notes due August 1, 2008	Incorporated by reference to Exhibit 4.2 to United States Steel Corporation’s Form 8-K dated May 20, 2003.
(i)	Officer’s Certificate dated May 20, 2003 setting forth the terms and conditions of the 9 3/4% Senior Notes due 2010 pursuant to the Indenture dated as of May 20, 2003 between United States Steel Corporation and The Bank of New York, as Trustee	Incorporated by reference to Exhibit 4.1 to United States Steel Corporation’s Form 8-K dated May 20, 2003.
(j)	Certificate of Designation respecting the Series A Junior Preferred Stock	Incorporated by reference to Exhibit 4(h) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(k)	Certificate of Designation respecting the 7% Series B Mandatory Convertible Preferred Shares	Incorporated by reference to Exhibit 4(i) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2002.

Certain long-term debt instruments are omitted pursuant to Item 601(b)(4)(iii) of Regulation S-K. U. S. Steel agrees to furnish to the Commission on request a copy of any instrument defining the rights of holders of long-term debt of U. S. Steel and of any subsidiary for which consolidated or unconsolidated financial statements are required to be filed.

10. Material Contracts

(a)	United States Steel Corporation 2002 Stock Plan	Incorporated by reference to Exhibit 10(a) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2002.
(b)	United States Steel Corporation Senior Executive Officer Annual Incentive Compensation Plan	Incorporated by reference to Exhibit 10(b) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2002.
(c)	United States Steel Corporation Annual Incentive Compensation Plan	Incorporated by reference to Exhibit 10(c) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(d)	United States Steel Corporation Non-Officer Restricted Stock Plan	Incorporated by reference to Exhibit 10(d) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(e)	United States Steel Corporation Executive Management Supplemental Pension Program	Incorporated by reference to Exhibit 10(e) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.

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(f)	United States Steel Corporation Supplemental Thrift Program	Incorporated by reference to Exhibit 10(f) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(g)	United States Steel Corporation Deferred Compensation Plan for Non-Employee Directors	Incorporated by reference to Exhibit 10(g) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(h)	Form of Severance Agreements between the Corporation and its Officers	Incorporated by reference to Exhibit 10(h) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(i)	Retention Agreement between United States Steel Corporation and Thomas J. Usher, executed August 8, 2001	Incorporated by reference to Exhibit 10(i) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(j)	Agreement between United States Steel Corporation and John P. Surma, executed December 21, 2001	Incorporated by reference to Exhibit 10(j) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(k)	Retention Agreement between United States Steel Corporation and Dan D. Sandman, executed September 14, 2001	Incorporated by reference to Exhibit 10(k) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(l)	Tax Sharing Agreement between USX Corporation (renamed Marathon Oil Corporation) and United States Steel Corporation	Incorporated by reference to Exhibit 99.3 to United States Steel Corporation’s Form 8-K dated December 31, 2001.
(m)	Financial Matters Agreement between USX Corporation (renamed Marathon Oil Corporation) and United States Steel Corporation	Incorporated by reference to Exhibit 99.5 to United States Steel Corporation’s Form 8-K dated December 31, 2001.
(n)	Amended and Restated Receivables Purchase Agreement, dated November 28, 2001 among U. S. Steel Receivables, as Seller; United States Steel LLC, as initial Servicer; the persons party thereto as CP Conduit Purchasers, Committed Purchasers and Funding Agents and The Bank of Nova Scotia, as Collateral Agent	Incorporated by reference to Exhibit 10(n) to United States Steel Corporation’s Form 10-K for the year ended December 31, 2001.
(o)	Purchase and Sale Agreement dated November 28, 2001 among United States Steel LLC, as initial Servicer and as Originator; and U. S. Steel Receivables LLC as purchaser and contributee	Incorporated by reference to Exhibi [illegible]

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SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001

Description	Balance at Beginning of Period	Additions: Charged to Costs and Expenses	Additions: Charged to Other Accounts	Deductions(a)	Balance at End of Period
			(Millions of Dollars)		
Year ended December 31, 2003:					
[illegible]					

REPORT OF INDEPENDENT AUDITORS
ON FINANCIAL STATEMENT SCHEDULE

To the Stockholders of United States Steel Corporation:

Our audits of the consolidated financial statements referred to in our report dated February 17, 2004, included in this Annual Report on Form 10-K also included an audit of the financial statement schedule listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
February 17, 2004

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacity indicated on February 25, 2004.

UNITED STATES STEEL CORPORATION

By: /s/ LARRY G. SCHULTZ

Larry G. Schultz
Vice PresidentNt **ű**

GLOSSARY OF CERTAIN DEFINED TERMS

The following definitions apply to terms used in this document:

forces with lower total labor costs. Through the use of thin slab casting technology, minimill competitors are increasingly able to compete directly with integrated producers of higher value-added products. Such competition could adversely affect U. S. Steel's future product prices and shipment levels.

USSE does business primarily in Central and Western Europe and is subject to market conditions in those areas which are influenced by many of the same factors which affect domestic markets, as well as matters peculiar to international markets such as quotas and tariffs. USSE is affected by the worldwide overcapacity in the steel industry and the cyclical nature of demand for steel products and that demand's sensitivity to worldwide general economic conditions. In particular, USSE is subject to economic conditions and political factors in Europe, which if changed could negatively affect its results of operations and cash flow. Political factors include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, increased regulation, and quotas, tariffs and other protectionist measures. USSE is also subject to foreign currency exchange risks because portions of USSE's revenues and costs are in currencies other than the U.S. dollar.

The domestic steel industry has, in the past, been adversely affected by unfairly traded imports. Steel imports to the United States accounted for an estimated 19 percent of the domestic steel market in 2003,
27 percent in 2002 and 24 percent in 2001. Foreign competitors typically have lower labor costs, and are often owned, controlled or subsidized by their governments, allowing their production and pricing decisions to be influenced by political and economic policy considerations as well as prevailing market conditions. Increases in future levels of imported steel following the termination of the Section 201 trade remedies could reduce future market prices and demand levels for domestic steel.

U. S. Steel also competes in many markets with producers of substitutes for steel products, including aluminum, cement, composites, glass, plastics and wood. The emergence of additional substitutes for steel products could adversely affect future prices and demand for steel products.

Many of U. S. Steel's customers are in cyclical industries such as the automotive, appliance, containers, construction and energy industries. As a result, future downturns in the U.S. economy or any of these industries could reduce the need for U. S. Steel's products and adversely affect its profitability.

Operating and Cost Factors

The operations of U. S. Steel are subject to planned and unplanned outages due to maintenance, equipment malfunctions or work stoppages; and various hazards, including explosions, fires and severe weather conditions, which could disrupt operations or the availability of raw materials, resulting in reduced production volumes and increased production costs.

As an integrated steel producer, U. S. Steel utilizes coal, coke, iron ore and, to a lesser extent, steel scrap as its major raw materials. U. S. Steel (1) purchases 100 percent of its coal requirements; (2) has the capability to source 100 percent of its domestic requirements for coke from owned and operated facilities in the U.S.; (3) purchases a portion of coke requirements for USSE; (4) has the capability to source 100 percent of its domestic requirements for iron ore from owned facilities in the U.S., (5) purchases 100 percent of iron ore requirements for USSE; and (6) purchases steel scrap domestically and for USSE. Global raw material prices have recently escalated to unprecedented levels. To the extent that U. S. Steel purchases raw materials, market or contract prices for such purchases can have major negative impacts on production costs.

Labor costs for U. S. Steel are affected by collective bargaining agreements. Most domestic hourly employees of U. S. Steel's steel, coke and taconite pellet facilities are covered by a collective bargaining agreement with the United Steelworkers of America (USWA), which expires in September 2008 and includes a no-strike provision. This agreement provides for increases in hourly wages phased in over the term of the agreement. Employees at Granite City Works who work at the coke plant and blast furnaces are represented by the International Chemical Workers, the Bricklayers and Laborers International. Domestic hourly employees engaged in transportation activities are represented by the USWA and other unions. Most USSK employees are represented by OZ Metalurg, under a collective bargaining agreement expiring in February 2007, with wage issues subject to annual negotiations. Most employees of USSB are represented by two unions under a collective bargaining agreement expiring in November 2006. Wage issues in this agreement are also subject to annual wage negotiations. The agreements at USSK ank**S**iati

THIRD AMENDMENT TO THE AMENDED
AND RESTATED RECEIVABLES PURCHASE AGREEMENT

THIS THIRD AMENDMENT TO THE AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT, dated as of May 19, 2003 (this "Amendment"), is entered into by and among U.S. STEEL RECEIVABLES LLC, a Delaware limited liability company, as Seller (the "Seller"), UNITED STATES STEEL CORPORATION (formerly known as United States Steel LLC), a Delaware corporation as initial Servicer (in such capacity, together with its successors and permitted assigns in such capacity, the "Servicer"), each FUNDING AGENT listed on the signature pages hereto on behalf of their respective CP Conduit Purchasers and Committed Purchasers (collectively, the "Funding Agents") and THE BANK OF NOVA SCOTIA, a Canadian chartered bank acting through its New York Agency, as Collateral Agent for the CP Conduit Purchasers and Committed Purchasers (in such capacity, together with its successors and assigns in such capacity, the "Collateral Agent"). Capitalized terms used and not otherwise defined herein are used as defined in the Amended and Restated Receivables Purchase Agreement, dated as of November 28, 2001 (as amended or otherwise modified through the date hereof, the "Agreement"), among the Seller, the Servicer, the CP Conduit Purchasers from time to time party thereto, the Committed Purchasers from time to time party thereto, the Funding Agents and the Collateral Agent.

WHEREAS, the parties hereto desire to amend the Agreement in certain respects as provided herein;

NOW THEREFORE, in consideration of the premises and other material covenants contained herein, the parties hereto agree as follows:

SECTION 1. Amendments.

A. The definition of "Facility Limit" in Exhibit I to the Agreement is hereby amended by (i) deleting the word "initially" therein and (ii) replacing "$400,000,000" therein with "$500,000,000".

B. Each Committed Purchaser, by executing and delivering a counterpart to this Amendment, hereby agrees that such Committed Purchaser's "Commitment" for all purposes of the Agreement shall be the amount set forth opposite such Committed Purchaser's name on Annex A hereto.

SECTION 2. Agreement in Full Force and Effect as Amended.

Except as specifically amended hereby, the Agreement shall remain in full force and effect. All references to the Agreement shall be deemed to mean the Agreement as modified hereby. This Amendment shall not constitute a novation of the Agreement, but shall constitute an amendment thereof. The parties hereto agree to be bound by the terms and conditions of the Agreement, as amended by this Amendment, as though such terms and conditions were set forth herein.

SECTION 3. Miscellaneous.

A. This Amendment may be executed in any number of counterparts, and by the different parties hereto on the same or separate counterparts, each of which when so executed and delivered shall be deemed to be an original instrument but all of which together shall constitute one and the same agreement. The effectiveness of this Amendment is subject to the condition precedent that the Collateral Agent and the Funding Agents shall have received counterparts of this Amendment, duly executed by all parties hereto.

B. The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

C. This Amendment may not be amended or otherwise modified except as provided in the Agreement.

D. Each of the Collateral Agent and the Funding Agents do not waive and have not waived, and hereby expressly reserve, its right at any time to take any and all actions, and to exercise any and all remedies, authorized or permitted under the Agreement, as amended, or any of the other Transaction Documents, or available at law or equity or otherwise.

E. Any provision in this Amendment which is prohibited or unenforceable in any jurisdiction kkkjnf ekkeinή kn

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

UNITED STATES STEEL CORPORATION,
as initial Servicer

By: /s/ G. R. Haggerty

Name: G. R. Haggerty
Title: Executive Vice President, Treasurer and Chief Financial Officer

U.S. STEEL RECEIVABLES LLC, as Seller

By: /s/ L. T. Brockway

Name: L. T. Brockway
Title: Vice President

FUNDING AGENTS AND PURCHASERS:

THE BANK OF NOVA SCOTIA, as a Committed Purchaser for Liberty Street Funding Corp., and as Funding Agent for Liberty Street Funding Corp. and The Bank of NNNNN Bank of NN

JPMORGAN CHASE BANK, as a Committed Purchaser for Delaware Funding Corporation and JPMorgan Chase Bank, as Purchasers

By: /s/ Bradley S. Schwartz

Name: Bradley S. Schwartz
Title: Managing Director

JPMORGAN CHASE BANK, as a Funding Agent for Delaware

COLLATERAL AGENT:

THE BANK OF NOVA SCOTIA,
as Collateral Agent

By: /s/ Norman Last

Name: Norman Last
Title: Managing Director

ANNEX A TO
THIRD AMENDMENT TO THE
AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

ANNEX A

Committed Purchaser	Commitment
1. JPMorgan Chase Bank, as a Committed Purchaser f	

FOURTH AMENDMENT TO THE AMENDED
<u>AND RESTATED RECEIVABLES PURCHASE AGREEMENT</u>

THIS FOURTH AMENDMENT TO THE AMENDED AND RESTAT and as a Funding Agent, JPMorgan Chase Bank, as Lender Agent and as a Funding Agent, U.S. Steel Receivables LLC and United States Steel Corporation.

"USS Credit Agreement" means that certain Credit Agreement, dated as of May 20, 2003 (as amended, supplemented or otherwise modified from time to time), among USS, as borrower, JPMorgan Chase Bank, as administrative agent, collateral agent, co-syndication agent and swingline lender, General Electric Capital Corporation, as co-collateral agent and co-syndication agent, and the various other agents and the lenders (including certain of the purchasers and/or their Affiliates) from time to time party thereto.

"USS Security Agreement" means that certain Security Agreement, dated as of May 20, 2003 (as amended, supplemented or otherwise modified from time to time), between USS and JPMorgan Chase Bank, as collateral agent, executed in connection with the USS Credit Agreement.

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

C. Schedule II to the Agreement is hereby replaced in its entirety by Annex A to this Amendment.

SECTION 2. Agreement in Full Force and Effect as Amended.

Except as specifically amended hereby, the Agreement shall remain in full force and effect. All references to the Agreement shall be deemed to mean the Agreement as modified hereby. This Amendment shall not constitute a novation of the Agreement, but shall constitute an amendment thereof. The parties hereto agree to be bound by the terms and conditions of the Agreement, as amended by this Amendment, as though such terms and conditions were set forth herein.

SECTION 3. Effectiveness of this Amendment.

A. This Amendment shall become effective as of the date hereof upon receipt by the Collateral Agent and each Funding Agent of:

(i) counterparts (whether by facsimile or otherwise) of this Amendment and the New Intercreditor Agreement (as defined below) executed by each of the parties hereto;

(ii) the order of the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division, entered April 21, 2003, together with all exhibits, schedules, annexes and other attachments or documents or instruments referred to therein (collectively, the "Bankruptcy Order");

(iii) evidence of the termination and/or release of the rights and obligations under: (a) that certain Intercreditor Agreement, dated as of November 30, 2001 (as amended, supplemented or otherwise modified through the date hereof, the "Prior Intercreditor Agreement"), (b) that certain Credit Agreement, dated as of November 30, 2001 (as amended, supplemented or otherwise modified through the date hereof the "Prior Credit Agreement"), (c) each of the other "Loan Documents" (as defined in the Prior Credit Agreement), and (d) that certain amended and restated letter agreement, dated as of March 6, 2002 (as amended, supplemented or otherwise modified and in effect) among NatI t March 6, re the Notes, in form and substance satisfactory to the related Funding Agent and their counsel;

(viii) a completed pro forma Daily Report for the Business Day immediately preceding the effective date of this Amendment, and a completed pro forma Monthly Report for the month of April 2003, in form and substance satisfactory to the Collateral Agent and each Funding Agent; and

(ix) such other opinions, approvals, certificates or other documents, in each case, in form and substance satisfactory to the Collateral Agent and the Funding Agents and their counsel, as may be reasonably requested by the Collateral Agent or any Funding Agent.

B. For the avoidance of doubt, the parties hereto hereby agree and acknowledge that, following the execution and delivery of this Amendment, the account receivables acquired pursuant to the Bankruptcy Order (collectively, the "Subject Receivables" and each a "Subject Receivable") shall be deemed to be "Receivables" for all purposes of the Agreement and the other Transaction Documents, notwithstanding anything to the contrary in the definition of "Receivables" as set forth in Exhibit I to the Agreement, and that such Subject Receivables shall be included in the conveyance contained in Section 1.2 of the Purchase and Sale Agreement and in the grant pursuant to Section 1.2(d) of the Agreement.

SECTION 4. Representations and Warranties of USS and Seller; Further Assurances.

A. USS, as an Originator, represents and warrants, in addition to the warranties contained in Section 5.11 of the Purchase and Sale Agreement, that (i) the Subject Receivables were acquired by USS pursuant to the Bankruptcy Order, (ii) the Bankruptcy Order has been duly entered into and has not been modified, amended, stayed, reversed or vacated, and (iii) except for the Bankruptcy Order, no filing, notice or other recording of any nature or type is required to perfect USS's ownership of the Subject Receivables;

B. USS and the Seller, each for itself only, hereby represent and warrant that (i) each of the representations, warranties, covenants and agreements made by it under each of the Transaction Documents to which it is a party are true and correct as of the date hereof, (ii) as of the date hereof (and after giving effect to the effectiveness of this Amendment), no Termination Event or Unmatured Termination Event shall have occurred and be continuing, and (iii) it shall (or shall cause the Servicer to) transfer (or cause to be transferred) promptly (but in any event within one Business Day) all amounts received by it in respect of Receivables (including each Subject Receivable, to the extent, if any, that any Subject Receivable becomes a Pool Receivable) to the Concentration Account in accordance with the terms of the Purchase and Sale Agreement and the Agreement, and such amounts shall be available for application pursuant to the terms of the Agreement; and

C. USS and the Seller hereby agree to provide (or to cause to be provided) to the Collateral Agent and each Funding Agent, a copy of all documents, agreements, instruments, certificates or other records or receipts, if any, relating to any Subject Receivable, as the Collateral Agent or any Funding Agent may reasonably request.

SECTION 5. Miscellaneous.

A. This Amendment may be executed in any number of counterparts, and by the different parties hereto on the same or separate counterparts, each of which when so executed and delivered shall be deemed to be an original instrument but all of which together shall constitute one and the same agreement.

B. The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

C. This Amendment may not be amended or otherwise modified except as provided in the Agreement.

D. Each of the Collateral Agent and the Funding Agents do not waive and have not waived, and hereby expressly reserve, its right at any time to take any and all actions, and to exercise any and all remedies, authorized or permitted under the Agreement, as amended, or any of the other Transaction Documents, or available at law or equity or otherwise.

E. Any provision in this Amendment which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

F. **THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING, WITHOUT LIMITATION, SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAW).**

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

UNITED STATES STEEL CORPORATION,
as initial Servicer

By: /s/ G. R. Haggerty

Name: G. R. Haggerty
Title: Executive Vice President, Treasurer and Chief Financial Officer

U.S. STEEL RECEIVABLES LLC, as Seller

By: /s/ L. T. Brockway

Name: L. T. Brockway
Title: Vice President

FUNDING AGENTS AND PURCHASERS:

THE BANK OF NOVA SCOTIA, as a Committed Purchaser for Liberty Street Funding Corp., and as Funding Agent for Liberty Street Funding Corp. and The Bank of Nova Scotia, as Purchasers

By: /s/ Norman Last

Name: Norman Last
Title: Managing Director

LIBERTY STREET FUNDING CORP.,
as a CP Conduit Purchaser

By: /s/ Andrew L. Stidd

Name: Andrew L. Stidd
Title: President

JPMORGAN CHASE BANK, as a Committed Purchaser for Delaware Funding Corporation and JPMorgan Chase Bank, as Purchasers

By: /s/ Bradley Schwartz

Name: Bradley Schwartz
Title: Managing Director

JPMORGAN CHASE BANK, as a Funding Agent for Delaware Funding Corporation

By: /s/ Christopher Lew

Name: Christopher Lew
Title: Assistant Vice President

JPMORGAN CHASE BANK, as attorney-in-fact for Delaware Funding Corporation, as a CP Conduit Purchaser

By: /s/ Bradley Schwartz

Name: Bradley Schwartz
Title: Managing Director

ANNEX A TO
FOURTH AMENDMENT TO THE
AMENDED AND RESTATED
RECEIVABLES PURCHASE AGREEMENT

SCHEDULE II

LOCK-BOX BANKS AND LOCK-BOX ACCOUNTS

	Lock-Box Bank	Lock-Box Accounts
1.	Harris Trust and Savings Bank	434-070-9
2.	National City Bank of Cleveland	5515 (account number 20-00-07-1)
3.	Chase Manhattan Bank	001-0174-3566
4.	Bank One, N.A	05607-13
5.	Mellon Bank, N.A.	AT 40370
		PI 360008
		PI 371505
		LA 21058
		107-1214 (wire account)
		360964
		14048
		890957
		029-6577 (wire account)

FIFTH AMENDMENT TO THE AMENDED
AND RESTATED RECEIVABLES PURCHASE AGREEMENT

THIS FIFTH AMENDMENT TO THE AMENDED AND .ȮNT T (

SECTION 2. Agreement in Full Force and Effect as Amended.

Except as specifically amended hereby, the Agreement shall remain in full force and effect. All references to the Agreement shall be deemed to mean the Agreement as modified hereby. This Amendment shall not constitute a novation of the Agreement, but shall constitute an amendment thereof. The parties hereto agree to be bound by the terms and conditions of the Agreement, as amended by this Amendment, as though such terms and conditions were set forth herein.

SECTION 3. Effectiveness of this Amendment. The effectiveness of this Amendment is subject to the condition precedent that the Collateral Agent and the Funding Agents shall have received counterparts of this Amendment, duly executed by all parties hereto.

SECTION 4. Representations and Warranties of USS and Seller; Further Assurances.

A. USS and the Seller, each for itself only, hereby represent and warrant that (after giving effect to the effectiveness of this Amendment), each of the representations, warranties, covenants and agreements made by it under each of the Transaction Documents to which it is a party are true and correct as of the date hereof; and

B. USS and the Seller hereby agree to provide (or to cause to be provided) to the Collateral Agent and each Funding Agent, a copy of all documents, agreements, instruments, certificates or other records or receipts, if any, related to the subject matter of this Amendment, as the Collateral Agent or any Funding Agent may reasonably request.

SECTION 5. Miscellaneous. shand hich on

A. This Amendment may be executed in any number of counterparts, and by the different parties hereto on the same or separate counterparts, each of which when so executed and delivered shall be deemed to be an original instrument but all of which together shall constitute one and the same agreement.

B. The descriptive headings of the various sections of this Amendment are inserted for convenience of reference only and shall not be wan orisam or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

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FUNDING AGENTS AND PURCHASERS:

THE BANK OF NOVA SCOTIA, as a Committed Purchaser for Liberty Street Funding Corp., and as Funding Agent for Liberty Street Funding Corp. and The Bank of Nova Scotia, as Purchasers

By: /s/ Norman Last

Name: Norman Last
Title: Managing Director

LIBERTY STREET FUNDING CORP.,
as a CP Conduit Purchaser

By: /s/ Andrew L. Stidd

Name: Andrew L. Stidd
Title: President

JPMORGAN CHASE BANK, as a Committed Purchaser for Delaware Funding Corporation and JPMorgan Chase Bank, as Purchasers

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COLLATERAL AGENT:

THE BANK OF NOVA SCOTIA,
as Collateral Agent

By: /s/ Norman Last

Name: Norman Last
Title: Managing Director

Exhibit 12.1

United States Steel Corporation
Computation of Ratio of Earnings to Combined Fixed Charges
And Preferred Stock Dividends
Unaudited
(Dollars in Millions)

	Year Ended December 31				
	2003	**2002**	**2001**	**2000**	**1999**
Portion of rentals representing interest	$ 46	$ 34	$ 45	$ 48	$ 46
Capitalized interest	8	6	1	3	6
Other interest and fixed charges	156	136	153	115	75
Pretax earnings which would be required to cover preferred stock dividend requirements	33	—			

Exhibit 21

The following is a list of U. S. Steel's subsidiaries at December 31, 2003.

Subsidiary	State or Country of Incorporation
Adela Investment Company S.A.	Luxembourg
Chrome Deposit Corporation	Indiana
Clairton 1314B Partnership, L.P.	Delaware
Compagnie de Gestion de Mifergui-Nimba, LTEE.	Delaware
Cygnus Mines Limited	Canada
Delaware USS Corporation	Delaware
Delray Connecting Railroad	Michigan
Double Eagle Steel Coating Company	Michigan
Double G Coatings, Inc.	Delaware
Double G Coatings Company, L.P.	Delaware
Essex Minerals Company (Societe des Mineraux Essex)	New Jersey
Farms Sewer Company, Inc.	New York
Farms Water Company, Inc.	New York
Feralloy Processing Co.	Indiana
Grant Assurance Corporation	Vermont
La Pointe Iron Company	Wisconsin
New Deal Development, Inc.	Delaware
New King Court Development Associates, LLC	Michigan
Oilfield Technologies, Inc.	Delaware
Olympic Laser Processing	Michigan
Orinoco Mining Company	Delaware
Pasadena Yacht and Country Club, Inc.	Delaware
Perdido Land Development Co., Inc.	Delaware
Phil Prop, Inc.	Delaware
PITCAL, Inc.	Delaware
USS-POSCO Industries	California
ProCoil Company, LLC	Delaware
Smart Screen Systems, Inc.	Minnesota
Societe Des mines de Fer de Guinee Pour L'Exploitation Des Monts Nimba (Mifergui Nimba)	Guinea
Straightline Source, Inc.	Delaware
Straightline, Inc.	Delaware
Swan Point Yacht & Country Club, Inc.	Delaware

Energoservis a.s. Kosice	Slovakia
Hutnictvi zeleza (Czech Republic)	Czech Republic
International Trade Center a.s.	Slovakia
NV Promet SA (Belgium)	Belgium
SZ Stahl GmbH (Germany)	Germany
Waltzwerke Finow GmbH	Germany
Betrieber Gesellschaft Nordbahn GmbH	Germany
Stawa Stahlbau GmbH	Germany
Vozmult a.s. Kosice	Slovakia
VSZ (U.K.) Ltd. (United Kingdom)	United Kingdom
Vulkmont a.s. Kosice	Slovakia
U. S. Steel Global Holdings II, B.V.	Netherlands
U. S. Steel Serbia, B.V.	Netherlands
Sartid, a.d.	Serbia
Sartid Beli Limovi, a.d.	Serbia
Luka Smedervo d.o.o.	Serbia
Veljko Dugosevic d.o.o. Kucevo	Serbia
Spin d.o.o.	Serbia
Slobodna Zona Smederevo	Serbia
Stara Zelezara d.o.o. Smederevo	Serbia
U. S. Steel Balkan, d.o.o.	Serbia
U. S. Steel Holdings III, Inc.	Delaware
U. S. Steel Poland, B.V.	Netherlands
U. S. Steel Europe, B.V.	Netherlands
USX Credit Corp. – California	Delaware
UEC Technologies, LLC	Pennsylvania
Met-Chem Canada Inc.	Canada
UEC Sail Information Technology, LTD.	India
USX Engineers and Consultants, Inc.	Delaware
USX International Sales Compan ή	

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the registration statements listed below of our reports dated February 17, 2004, relating to the financial statements and financial statement schedule of United States Steel Corporation, which appear in this Form 10-K.

On Form S-3:	Relating to:
File No. 333-75148	United States Steel Corporation Dividend Reinvestment and Stock Purchase Plan
333-99273	United States Steel Corporation Debt Securities, Preferred Stock and Depository Shares, Common Stock, Warrants, Stock Purchase Units and Stock Purchase Contracts Registration Statement
333-108131	United States Steel Corporation Dividend Reinvestment and Stock Purchase Plan
333-112257	United States Steel Corporation Debt Securities, Preferred Stock and Depository Shares, Common Stock, Warrants, Stock Purchase Units and Stock Purchase Contracts Registration Statement

On Form S-8:	Relating to:
File No. 033-60667	United States Steel Corporation Parity Investment Bonus
333-36840	United States Steel Corporation Savings Fund Plan for Salaried Employees
333-76392	United States Steel Corporation Non-Officer Restricted Stock Plan
333-76394	United States Steel Corporation 2002 Stock Plan
333-99257	United States Steel Corporation Savings Fund Plan for Salaried Employees

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
February 25, 2004

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned does hereby make, constitute and appoint T. J. Usher, J. P. Surma, Jr., G. R. Haggerty and Larry G. Schultz or any one of them, my true and lawful attorneys-in-fact to sign and execute for me and on my behalf United States Steel Corporation's Annual Report on Form 10-K for the year ended December 31, 2003 to be filed with the Securities and Exchange Commission, and any and all amendments to such report to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, in such form as they or any one or more of them may approve, and to do any and all other acts which said attorneys-in-fact may deem necessary or desirable to enable United States Steel Corporation to comply with said Act and the rules and regulations thereunder.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 24th day of February, 2004.

/s/ ROY G. DORRANCE

Roy G. Dorrance

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

That the undersigned does hereby make, constitute and appoint T. J. Usher, J. P. Surma, Jr., G. R. Haggerty and Larry G. Schultz or any one of them, my true and lawful attorneys-in-fact to sign and execute for me and on my behalf United States Steel Corporation’s Annual Report on Form 10-K for the year ended December 31, 2003 to be filed with the Securities and Exchange Commission, and any and all amendments to such report to be filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, in such form as they or any one or more of them may approve, and to do any and all other acts which said attorneys-in-fact may deem necessary or desirable to enable United States Steel Corporation to comply with said Act and the rules and regulations thereunder.

IN WITNESS WHEREOF, I have hereunto set my hand and seal this 24th ws, necber 3oeunder.

<u>POWER OF ATTORNEY</u>

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POWER

POWER OF ATTORNEY

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IN WITNESS WHEREOF, I have hereunto set my hand and seal this 24th day of February, 2004.

/s/ SETH E. SCHOFIELD

Seth E. Schofield

POWER OF ATTORNEY

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Exhibit

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