USX CORP
Form S-4/A
November 01, 2001

As filed with the Securities and Exchange Commission on November 1, 2001

Registration No. 333-71454

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-4
REGISTRATION STATEMENT
Under
THE SECURITIES ACT OF 1933

UNITED STATES STEEL LLC to be converted into UNITED STATES STEEL CORPORATION (Exact Name of Registrant as Specified in its Certificate of Formation)	USX CORPORATION (Exact Name of Registrant as Specified in its Certificate of Incorporation)
Delaware (State or Other Jurisdiction of Incorporation or Organization)	Delaware (State or Other Jurisdiction of Incorporation or Organization)
25-0996816 (I.R.S. Employer Identification No.)	25-0996816 (I.R.S. Employer Identification No.)
3312 (Primary Standard Industrial Classification Code Number)	2911 (Primary Standard Industrial Classification Code Number)

600 Grant Street
Pittsburgh, Pennsylvania 15219-4776
(412) 433-1121
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrants' Principal Executive Offices)

Dan D. Sandman, Esq.
General Counsel, Secretary and
Senior Vice President -- Human Resources & Public Affairs
USX Corporation
600 Grant Street
Pittsburgh, Pennsylvania 15219-4776

(412) 433-1121
(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copy to:
Robert B. Pincus, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
Wilmington, Delaware 19801
(302) 651-3000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective and all other conditions to the exchange offers described herein (the "Exchange Offers") have been satisfied or waived.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. [_]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [_]

The Registrants hereby amend this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell nor does it seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion. Dated November , 2001

$365,000,000

United States Steel LLC
to be converted into
United States Steel Corporation

Offers to Exchange
% Senior Quarterly Income Debt Securities due 2031 (SQUIDSSM)
For the Following Securities (the "Outstanding Securities")
6.50% Cumulative Convertible Preferred Stock of USX Corporation
(Cusip No. 902905 1819)
6.75% Convertible Quarterly Income Preferred Securities (QUIPSSM) of USX Capital Trust I
(Cusip No. 903339 E201)
8.75% Cumulative Monthly Income Preferred Shares, Series A (MIPS(R)) of USX Capital LLC
(Cusip No. P96460 1031)

EACH OF THE EXCHANGE OFFERS AND WITHDRAWAL RIGHTS WILL EXPIRE AT 5:00 P.M., NEW YORK CITY TIME, ON , 2001, UNLESS EARLIER TERMINATED OR EXTENDED BY US.

United States Steel LLC, a Delaware limited liability company ("United States Steel"), which is currently a wholly owned subsidiary of USX Corporation, a Delaware corporation, hereby offers, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letters of transmittal, to exchange:

- $50 principal amount of % Senior Quarterly Income Debt Securities due 2031 ("SQUIDS"), for each validly tendered and accepted share of 6.50% Cumulative Convertible Preferred Stock of USX Corporation ("6.50% Preferred Stock"), plus a cash payment for accrued but unpaid dividends;

- $50 principal amount of SQUIDS, for each validly tendered and accepted 6.75% Convertible Quarterly Income Preferred Security of USX Capital Trust I ("6.75% QUIPS"), plus a cash payment for accrued but unpaid distributions; and

- $25 principal amount of SQUIDS, for each validly tendered and accepted 8.75% Cumulative Monthly Income Preferred Share, Series A, of USX Capital LLC ("8.75% MIPS"), plus a cash payment for accrued but unpaid dividends.

The exchange offers are subject to the conditions described in this prospectus, including the minimum condition that at least $150 million principal amount of SQUIDS, in the aggregate, are issued in the exchange offers. We will accept up to a maximum face amount of (i) $ million of 6.50% Preferred Stock, (ii) $ million of 6.75% QUIPS and (iii) $ million of 8.75% of MIPS in the exchange offers. If we receive tenders for more than the face amount of any series of Outstanding Securities than are set forth above, we will prorate the number of validly tendered Outstanding Securities in such series that we will exchange from each tendering holder.

The SQUIDS will mature on December 31, 2031. Interest on the SQUIDS will begin to accrue on the Exchange Date and will be payable quarterly on each March 31, June 30, September 30 and December 31, commencing March 31, 2002. The SQUIDS will be redeemable at the option of United States Steel, in whole or in part, on or after December 31, 2006 at 100% of the principal amount redeemed together with accrued but unpaid interest to the redemption date. If the USX board of directors determines not to proceed with the Separation, we will have the option to redeem the SQUIDS, in whole or in part, on or prior to December 31, 2002, at 100% of the principal amount redeemed, together with accrued but unpaid interest through the redemption date. Application has been made for listing of the SQUIDS on the New York Stock Exchange.

The USX board of directors has approved a reorganization, pursuant to which USX will distribute all of the equity securities of United States Steel Corporation to the holders of USX's U. S. Steel Group common stock (the

"Separation"). Following the Separation, we will be an independent, publicly owned company and we will no longer be a subsidiary of USX. As part of the Separation, which is expected to be completed on or about December 31, 2001, United States Steel LLC will convert into United States Steel Corporation, a Delaware corporation, and USX will change its name to Marathon Oil Corporation. The Separation is subject to the satisfaction or waiver of a number of conditions. The issuance of the SQUIDS is not subject to completion of the Separation.

If the Separation occurs, the then outstanding 6.50% Preferred Stock will be converted into the right to receive, in cash, $50 per share plus accrued but unpaid dividends, the then outstanding 6.75% QUIPS will be redeemed for a cash payment of $50 plus accrued but unpaid distributions, and the then outstanding 8.75% MIPS will remain outstanding as an obligation of Marathon Oil Corporation, subject to their redemption provisions.

Until the completion of the Separation, USX will fully and unconditionally guarantee the SQUIDS. Following the Separation, USX will no longer guarantee the SQUIDS and the sole obligor of the SQUIDS will be United States Steel Corporation which, after the Separation, will have a substantial amount of indebtedness and other obligations and will have a credit rating below "investment grade", which will be lower than the credit ratings of USX and its successor, Marathon Oil Corporation.

For a discussion of the risks that you should consider in evaluating the exchange offers, see "Risk Factors" beginning on page 22.

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

None of United States Steel LLC, USX, the Exchange Agent, the Information Agent, or the Dealer Managers makes any recommendation as to whether or not holders of Outstanding Securities should exchange their securities in the exchange offers.

SQUIDS(SM) and QUIPS(SM) are service marks and MIPS(R) is a registered trademark of Goldman, Sachs & Co.

The Dealer Managers for the exchange offers are:

Goldman, Sachs & Co.

The date of this prospectus is   , 2001.

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You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This prospectus does not constitute an offer to sell, or a solicitation of an offer to purchase, the securities offered by this prospectus in any jurisdiction to or from any person to whom or from whom it is unlawful to make such offer or solicitation of an offer in such jurisdiction. Neither the delivery of this prospectus nor any distribution of securities pursuant to this prospectus shall, under any circumstances, create any implication that there has been no change in the information set forth or incorporated into this prospectus by reference or in our affairs since the date of this prospectus.

WHERE YOU CAN FIND MORE INFORMATION

USX Corporation is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act") and, in accordance therewith, files annual, quarterly and special reports, proxy statements and information statements and other information with the Securities and Exchange Commission under the Exchange Act. United States Steel LLC has not been subject to the informational requirements of the Exchange Act. Upon the earlier of (1) the completion of the Separation and (2) the effectiveness under the Securities Act of 1933 of a registration statement with respect to our 10 3/4% Senior Notes due August 1, 2008, we will become subject to the informational requirements of the Exchange Act.

This document incorporates important business and financial information about USX that is not included in or delivered with this prospectus. The following documents filed with the SEC are incorporated by reference into the registration statement of which this prospectus forms a part:

(i) USX Corporation's Annual Report on Form 10-K for the year ended December 31, 2000, as amended by Form 10-K/A filed on September 14, 2001 and Form 10-K/A filed on October 11, 2001;

(ii) USX Corporation's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2001 and June 30, 2001;

(iii) USX Corporation's Current Reports on Form 8-K dated April 24, 2001, June 15, 2001, July 2, 2001, July 31, 2001, August 1, 2001, August 2, 2001, August 6, 2001, October 12, 2001, October 22, 2001 (as amended) and October 25, 2001; and

(iv) USX Corporation's Proxy Statement/Prospectus on Schedule 14A filed on September 20, 2001.

USX incorporates by reference additional documents that it may file with the SEC between the date of this prospectus and the Exchange Date. These documents include periodic reports, such as Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as well as proxy statements.

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

The documents incorporated by reference into this prospectus are available from us upon request. We will provide a copy of any and all of the information that is incorporated by reference in this prospectus to any person by first-class mail, without charge, upon written or oral request. Any request for documents should be made by   , 2001 to ensure timely delivery of the documents prior to the expiration date of the exchange offers.

Requests for documents should be directed to:

USX Corporation
Shareholder Services

600 Grant Street, Room 611
Pittsburgh, Pennsylvania 15219-4776
(412) 433-4801
(866) 433-4801 (toll free)
(412) 433-4818 (fax)

Any reports and information statements and other information filed by USX or United States Steel LLC with the SEC may be read and copied at the following location of the SEC:

Public Reference Room
450 Fifth Street, N.W.
Room 1024
Washington, D.C. 20549

You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330.

You can also inspect reports, proxy statements and other information about USX at the offices of the National Association of Securities Dealers, Inc., 9513 Key West Avenue, Rockville, Maryland 20850.

The SEC also maintains an Internet worldwide web site that contains reports, proxy statements and other information about issuers, like USX, who file electronically with the SEC. The address of that site is http://www.sec.gov.

DEFINITIONS

In this prospectus, the terms "United States Steel," the "Company," "we," "our," "ours" and "us" refer:

- until the completion of the Separation, to the U. S. Steel Group of USX Corporation, including United States Steel LLC and its direct and indirect subsidiaries; and
- following the Separation, to United States Steel Corporation and its direct and indirect subsidiaries,

in each case, unless the context otherwise requires.

In this prospectus, the terms "Marathon Oil" and "Marathon" refer:

- until the completion of the Separation, to the Marathon Group of USX Corporation, including Marathon Oil Company and its direct and indirect subsidiaries; and
- following the Separation, to USX Corporation, which will be renamed Marathon Oil Corporation, and its direct and indirect subsidiaries,

in each case, unless the context otherwise requires.

In this prospectus, the term "USX" refers to USX Corporation and its direct and indirect subsidiaries, unless the context otherwise requires.

In this prospectus, the term "face amount" with respect to any Outstanding Security refers to its liquidation preference.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes "forward-looking statements" which are identified by the use of forward-looking words or phrases, including, but not limited to, "intended," "expects," "expected," "anticipates," and "anticipated." These forward-looking statements are based on (1) a number of assumptions made by management concerning future events and (2) information currently available to management. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other facts, many of which are outside our control, that could cause actual events to differ materially from such statements. All statements other than statements of historical factors included in this prospectus, including those regarding the financial position, results of operations, cash flows, business strategy, projected costs, growth opportunities, strategic and other benefits of the Separation, and plans regarding financing in connection with the Separation, are forward-looking statements. Although we believe that our expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to have been correct. Important factors that could cause actual results to differ materially from our expectations ("Cautionary Statements") include prices of oil and natural gas; refined product margins; prices and volumes of sale of steel products; levels of imports of steel products into the United States; prevailing interest rates; and general economic and financial market conditions, as well as those factors disclosed under "Risk Factors" beginning on page 22 and elsewhere in this prospectus and in our SEC filings listed under "Where You Can Find More Information" on page (ii). These forward-looking statements represent our judgment as of the date of this prospectus. All subsequent written and oral forward-looking statements are expressly qualified in their entirety by the Cautionary Statements. Unless otherwise required by law, we disclaim any intent or obligation to update the respective forward-looking statements.

SUMMARY

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information appearing elsewhere in this prospectus and the information contained in documents incorporated by reference in the registration statement of which this prospectus forms a part. Reference is made to "Risk Factors" beginning on page 22 for a discussion of certain issues that should be considered in evaluating an investment in the SQUIDS.

Questions and Answers About the Exchange Offers

Q1: Why is United States Steel making the exchange offers?

A1: We are making the exchange offers in connection with the Separation, and the related financing described on page 122 of this prospectus.

Q2: What securities are subject to the exchange offers?

A2: The securities that are subject to the exchange offers are:

- 6.50% Cumulative Convertible Preferred Stock of USX ("6.50% Preferred Stock");
- 6.75% Convertible Quarterly Income Preferred Securities of USX Capital Trust I ("6.75% QUIPS"); and

. 8.75% Cumulative Monthly Income Preferred Shares, Series A, of USX Capital LLC ("8.75% MIPS").

In this prospectus, the 6.50% Preferred Stock, 6.75% QUIPS and 8.75% MIPS are collectively referred to as the "Outstanding Securities".

Q3: What will I receive if I tender in the exchange offers?

A3: For each of your Outstanding Securities validly tendered and accepted in the exchange offers, you will receive SQUIDS in the principal amount set forth in the table below, as well as a cash payment equal to accrued but unpaid dividends or distributions to the Exchange Date:

	Face Amount of Outstanding Security Tendered	Principal Amount of SQUIDS Received	Accrued But Unpaid Dividends or Distributions*
6.50% Preferred Stock	$50	$50	$
6.75% QUIPS	$50	$50	$
8.75% MIPS	$25	$25	$

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* This column assumes an Exchange Date of , 2001. However, the Exchange Date may occur after , 2001. Please see the answer to Question 15 for an explanation of when the Exchange Date will occur. The amount of accrued but unpaid dividends or distributions set forth above will change if the Exchange Date is extended pursuant to the terms of the exchange offers.

If you wish to tender your Outstanding Securities in the exchange offers, you must tender all Outstanding Securities that you own. Partial tenders will not be permitted.

Q4: How will the credit ratings of the SQUIDS compare to those of the Outstanding Securities?

A4: We expect the credit ratings of the SQUIDS to be below "investment grade", which will be lower than the credit ratings of USX and its successor, Marathon Oil Corporation. A rating below investment grade indicates a greater risk that the issuer of the security will not be able to pay principal and interest on the securities when due, and also makes the issuer's ability to raise capital more difficult and increases its borrowing costs.

Q5: What will happen if I do not tender my Outstanding Securities?

A5: If you do not tender your 6.50% Preferred Stock in the exchange offers: you will not receive any SQUIDS, and each share of 6.50% Preferred Stock held at the effective time of the Separation will be converted into the right to receive, in cash, $50 plus accrued but unpaid dividends thereon through the effective

time of the Separation. If the Separation does not occur, the shares of

6.50% Preferred Stock not accepted in the exchange offers will remain outstanding, subject to their redemption provisions, but there will be fewer shares outstanding, resulting in a more limited market for the 6.50% Preferred Stock, which might adversely affect its liquidity, market price and price volatility.

If you do not tender your 6.75% QUIPS in the exchange offers: you will not receive any SQUIDS and each 6.75% QUIPS held at the effective time of the Separation will be redeemed for a cash payment of $50 plus accrued but unpaid distributions thereon through the redemption date. If the Separation does not occur, the 6.75% QUIPS not accepted in the exchange offers will remain outstanding, subject to their redemption provisions, but there will be fewer 6.75% QUIPS outstanding, resulting in a more limited market for the 6.75% QUIPS, which might adversely affect their liquidity, market price and price volatility.

If you do not tender your 8.75% MIPS in the exchange offers: you will not receive any SQUIDS, and if you continue to hold such 8.75% MIPS following the effective time of the Separation, the 8.75% MIPS will continue as an obligation of USX, subject to their redemption provisions, and USX will change its name to Marathon Oil Corporation and will own and operate only the energy business currently owned and operated by the Marathon Group of USX. Whether or not the Separation occurs, there will be fewer 8.75% MIPS outstanding following the exchange offers, resulting in a more limited market for the 8.75% MIPS, which might adversely affect their liquidity, market price and price volatility.

Q6: Are the exchange offers subject to any conditions?

A6: Yes. The exchange offers are subject to the conditions described on page 36 of this prospectus. The conditions to the exchange offers include: at least $150 million principal amount of SQUIDS, in the aggregate, are issued in the exchange offers.

We refer to this minimum dollar amount of SQUIDS that must be issued as the "minimum condition."

Promptly after the exchange offers expire, we will make an announcement relating to the satisfaction of the conditions precedent. We may waive any or all of the conditions to the exchange offers, including the minimum condition, and in the event any such waiver results in a material change to the terms of the exchange offers, we will extend the expiration date so that the exchange offers remain open for any additional period required by law.

Q7: What happens if the minimum condition is not satisfied?

A7: If less than $150 million principal amount of SQUIDS, in the aggregate, are issued in the exchange offers, we may choose not to complete the exchange offers or we could choose to waive the minimum condition for any reason. If we choose not to complete the exchange offers, we will return any Outstanding Securities that have been tendered.

Q8: Will United States Steel accept all Outstanding Securities that are

tendered?

A8: If the conditions for the exchange offers are satisfied or waived, we will accept all tenders of Outstanding Securities that are properly tendered and not validly withdrawn, up to the maximum amount of each series of Outstanding Securities set forth below. We cannot issue more than an aggregate of $365 million principal amount of SQUIDS because of restrictions contained in our indenture for our 10 3/4% Senior Notes due August 1, 2008.

We will accept up to: a maximum face amount of (i) $ million of 6.50% Preferred Stock, (ii) $ million of 6.75% QUIPS and (iii) $ million of 8.75% MIPS.

If we receive tenders for more than the maximum face amount of any series of Outstanding Securities, we will prorate the number of validly tendered Outstanding Securities of such series that we will accept from each tendering holder, as described on page 38 of this prospectus. Any Outstanding Securities that are not accepted because of proration will be returned.

Q9: Will the SQUIDS be listed on the New York Stock Exchange?

A9: We have applied for listing of the SQUIDS on the NYSE. Upon completion of the exchange offers, there will be between $150 million and $365 million principal amount of SQUIDS outstanding, unless we waive the minimum condition. The SQUIDS may provide for a greater degree of liquidity than will be experienced by holders of some of the Outstanding Securities following the exchange offers.

Q10: What are the U.S. federal income tax consequences to U.S. holders that tender in the exchange offers?

A10: If you tender 6.50% Preferred Stock in the exchange offers, the exchange will be a taxable event. If you tender 6.75% QUIPS in the exchange offers, the exchange should be a tax-free recapitalization. If you tender 8.75% MIPS in the exchange offers, the exchange should be a taxable event. For a detailed discussion regarding the tax consequences of the exchange offers, see "Certain Federal Income Tax Considerations" on page 156.

Q11: What is the USX board of directors' position with respect to the exchange offers?

A11: Neither USX nor United States Steel, nor any of their respective directors, makes any recommendation to any holder of Outstanding Securities as to whether to tender or refrain from tendering Outstanding Securities in the exchange offers.

Q12: What does USX intend to do with the Outstanding Securities that are tendered in the exchange offers?

A12: We intend to cancel and retire all Outstanding Securities accepted in the exchange offers.

Q13: Will there be any cash proceeds from the exchange offers?

A13: No. We will not receive any cash proceeds from the exchange offers.

Q14: When do the exchange offers expire?

A14: The exchange offers expire at 5:00 p.m., New York City time, on , 2001. However, we may at any time prior to acceptance of Outstanding Securities in the exchange offers, in our sole discretion, extend the expiration of the exchange offers or amend or withdraw the exchange offers. References in this prospectus to the expiration date of the exchange offers mean , 2001 or, if later, the last date to which we extend the exchange offers.

Q15: When will I receive my SQUIDS?

A15: You will not receive physical delivery of certificates representing your SQUIDS, but your ownership of SQUIDS will be recorded in book-entry form on the Exchange Date (as described below), if all conditions to the exchange offers are satisfied or waived, provided we have timely received your properly completed and executed letter of transmittal, an "agent's message", as described on page 40, or properly completed and executed notice of guaranteed delivery, and you have not withdrawn your tender prior to the expiration of the exchange offers. As used in this prospectus, the "Exchange

Date" means the third business day following the expiration date of the exchange offers, which is , 2001, subject to our right to extend the expiration of the exchange offers. However, if we need to prorate, the Exchange Date will occur on or prior to the seventh business day following the expiration date.

Q16: What happens if I change my mind after tendering in the exchange offers?

A16: You may withdraw your tender any time before 5:00 p.m., New York City time, on the expiration date. However, if we extend the exchange offers and the extended offers contain material changes to the terms of the exchange offers, you will have additional time to withdraw your tender under the conditions described in the extension. If you decide to withdraw your tender, you must withdraw all Outstanding Securities previously tendered by you; partial withdrawals will not be permitted.

Q17: How do I tender in the exchange offers if I hold a stock certificate representing shares of 6.50% Preferred Stock?

A17: You should properly complete and sign the yellow letter of transmittal and deliver it, together with your stock certificate, to the Exchange Agent at the address set forth on the back cover of this prospectus. You may also tender your shares of 6.50% Preferred Stock by contacting your broker, or setting up an account with a broker, and instructing such broker to tender your shares of 6.50% Preferred Stock by book-entry transfer to the account of the Exchange Agent through the Automated Tender Offer Program of the Depository Trust Company ("DTC"), as described on page 40. In either case, such delivery must be received by the Exchange Agent prior to the expiration of the exchange offers.

Q18: How do I exchange my Outstanding Securities if I am the beneficial owner of Outstanding Securities held by a custodian bank, commercial bank, depository institution, broker, dealer, trust company, or other holder?

A18: First, you should promptly contact that holder and instruct it to send the Exchange Agent an "agent's message" on your behalf or to complete and deliver to the Exchange Agent a letter of transmittal by facsimile or hand delivery at the facsimile number or address on the back cover of this prospectus. If an "agent's message" is sent on your behalf, there is no need to also send a letter of transmittal to the Exchange Agent.

Second, you must also instruct that holder to tender your Outstanding Securities by effecting a book-entry transfer of the Outstanding Securities into the account of the Exchange Agent through the Automated Tender Offer Program of DTC.

Q19: What if I cannot complete book-entry transfer of my Outstanding Securities or deliver 6.50% Preferred Stock certificates, together with an "agent's message" or a letter of transmittal, to the Exchange Agent prior to the expiration date of the exchange offers?

A19: You may follow the guaranteed delivery procedures described in "The Exchange Offers--Procedures for Tendering--Guaranteed Delivery" on page 39 of this prospectus.

Q20: How should a soliciting dealer ensure they are designated to be paid their soliciting dealer fee?

A20: In order to receive a soliciting dealer fee, a soliciting dealer must follow the steps that are set forth in the Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees, which each soliciting dealer will receive with the

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Prospectus. Please note that a soliciting dealer will not receive a soliciting dealer fee unless these steps are followed.

Q21: To whom should I address questions?

A21: You should direct questions about the terms of the exchange offers to the Dealer Managers. The Dealer Managers may be reached by telephone at 800-828-3182.

However, if you have questions about tender procedures or if you need additional copies of this prospectus or the letters of transmittal, you should contact the Information Agent. The Information Agent may be reached by telephone at 800-756-3353.

The addresses of the Dealer Managers and the Information Agent are on the back cover of this prospectus.

Summary of the Terms of the SQUIDS and the USX Guarantee

The following summary contains basic information about the SQUIDS and the USX Guarantee. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the SQUIDS, see "Description of the SQUIDS" on page 133.

Issuer......................	United States Steel LLC. At the Separation, United States Steel LLC will be converted into United States Steel Corporation.
Securities Offered..........	Up to $365 million aggregate principal amount of % Senior Quarterly Income Debt Securities due 2031 (the "SQUIDS"). The exchange offers are conditioned upon, among other things, at least $150 million principal amount of SQUIDS, in the aggregate, being issued in the exchange offers. We will accept up to a maximum face amount of (i) $ million of 6.50% Preferred Stock, (ii) $ million of 6.75% QUIPS and (iii) $ million of 8.75% MIPS in the exchange offers.
Maturity....................	December 31, 2031.
Interest Rate...............	Interest will be payable on the SQUIDS at a rate of %.
Interest Payment Dates......	Interest will accrue from the Exchange Date and will be payable in cash on March 31, June 30, September 30 and December 31 of each year, beginning on March 31, 2002.
Optional Redemption.........	The SQUIDS will be redeemable at our option, in whole or in part, at any time on or after December 31, 2006, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to the redemption date. In addition, at any time before December 31, 2002, we may, at our option, give written notice to redeem the SQUIDS, which notice will be not less than 30 nor more than 60 days before the redemption date, in whole or in part, at a redemption price of 100% of the principal amount of the SQUIDS being redeemed, plus accrued and unpaid interest to the redemption date. However, we may redeem SQUIDS as provided in this paragraph only if: . the USX board of directors has determined

not to proceed with the Separation, in which case the USX guarantee will stay in effect until the SQUIDS are fully paid; and

- in connection with any partial redemption, at least the minimum aggregate principal amount of SQUIDS required to maintain listing of the SQUIDS on the NYSE, under the rules and regulations thereof, must remain outstanding following such partial redemption.

Ranking.................... The SQUIDS are unsecured obligations and will rank equally in right of payment with all of the existing and future senior indebtedness of United States Steel and will rank senior in right of payment to all of its existing and future subordinated indebtedness.

USX Guarantee.............. USX Corporation, our parent company, will initially guarantee the SQUIDS. USX will be released from the guarantee when the Separation occurs, provided the Separation occurs on or before December 31, 2002. The guarantee will rank equally in right of payment with the other senior unsecured indebtedness of USX and senior in right of payment to all subordinated indebtedness of USX.

Change of Control Offer..... Upon a change of control (as defined under "Description of the SQUIDS" on page 133), we will be required to make an offer to purchase the SQUIDS at a purchase price of 100% of the principal amount of the SQUIDS, together with accrued but unpaid interest.

Amendments and Waivers...... Except for specific amendments, the indenture may be amended with the consent of the holders of a majority of the principal amount of the SQUIDS then outstanding.

Conditions to the Separation................. The indenture governing the SQUIDS will contain several conditions to the completion of the Separation, including:

- USX must have received a private letter ruling from the IRS that the Separation will qualify as a tax-free transaction within the meaning of Section 355 of the Internal Revenue Code of 1986, as amended (the "Code");

- the transactions that give effect to the Value Transfer must have occurred;
- USX must not have amended:
  - the definition of U. S. Steel Group in its certificate of incorporation or by-laws; or
  - its Management and Allocation Policies,

  in either case, in any manner adverse to the holders of the SQUIDS;
- immediately following the Separation,
  - United States Steel must have at least $400 million available in undrawn credit facilities and cash, of

    which at least $300 million must be available under facilities with terms extending at least three years after the date such facilities are put in place, and
  - no default under the SQUIDS must have occurred and be continuing, and
- any differences between the operative documents relating to the Separation as executed and delivered and as described herein do not have a material adverse effect on the holders of the SQUIDS.

The issuance of SQUIDS is not conditioned upon the completion of the Separation.

Use of Proceeds...........

We will not receive any cash proceeds from the exchange offers. Indebtedness represented by the SQUIDS will replace a portion of the debt and other obligations attributed to United States Steel by USX prior to the Separation. See "Use of Proceeds."

The following chart sets forth a summary comparison of the terms of the SQUIDS and the Outstanding Securities, and the effects on holders of SQUIDS of the Outstanding Securities if the Separation occurs, and if the Separation does not occur. For a more complete comparison of the terms of the SQUIDS and the Outstanding Securities, see page 148.

	SQUIDS(SM)	6.50% PREFERRED STOCK	6.75% QUIPS(SM)	
Issuer	United States Steel LLC	USX Corporation	USX Capital Trust I	U
Face Amount Outstanding (aggregate)...........	Up to $365 million	$121 million	$197 million	$
Maximum face amount that will be accepted for exchange..............		$	$	$
Coupon Rate............	%	6.50%	6.75%	8
Payment Frequency	Quarterly	Quarterly	Quarterly	M
Maturity...............	2031	Perpetual	2037	2
Face Amount (per security).............	$25	$50	$50	$
If the Separation Occurs				
Obligor Following Separation............	United States Steel Corporation	Will not be outstanding following Separation	Will not be outstanding following Separation	M C (C
What Will Holders Receive in the Separation? (per security).............	Not applicable (remains outstanding)	$50 in cash plus accrued but unpaid dividends	$50 in cash plus accrued but unpaid distributions (to be redeemed in connection with the Separation)	N (o s p
Will Holders Have to Reinvest following the Separation?...........	No	Yes	Yes	N p e
Call Provisions........	Callable at principal amount plus accrued but unpaid interest after December 31, 2006	Will not be outstanding following Separation	Will not be outstanding following Separation	C a
Marathon Guarantee......	No	--	--	Y

If the Separation Does Not Occur				
Call Provisions	Callable at principal amount plus accrued but unpaid interest until December 31, 2002. Also callable at principal amount plus accrued but unpaid interest after December 31, 2006	Callable at a scheduled redemption price which, through December 31, 2001, is $50.65 per security	Callable at a scheduled redemption price which, through December 31, 2001, is $50.65 per security	C a
USX Obligation if Separation does not occur	Guaranteed by USX	Remains USX Preferred Stock	USX obligation to USX Capital Trust I remains	U U r

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Illustration for Participants in the Exchange Offers
(Based on a $5000 Face Amount of Outstanding Securities)

	SQUIDS	6.50% Preferred Stock	6.75% QUIPS	8.75% MIPS
Principal Amount Represented	$5000.00	$5000.00	$5000.00	$5000.00
Securities Represented	--	100	100	200
Annual Income Derived	$	$ 325.00	$ 337.50	$ 437.50
Increase in Annual Income from Exchange Offers	n/a	$	$	$
Percentage Increase in Annual Income from Exchange Offers	n/a	%	%	%

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Our Company

We are the largest integrated steel producer in North America and the eleventh largest in the world. We have a broad product mix with particular focus on value-added products and serve customers in the automotive, appliance, distribution and service center, industrial machinery and construction industries. We currently have annual steel-making capability of 17.8 million tons through our four integrated steel mills. In addition, we have a diversified mix of assets that provide us with a varied stream of revenues.

We operate three integrated steel mills in North America and produce and sell a variety of sheet, tin, plate and tubular products, as well as coke, iron ore and coal. We also participate in the real estate, resource management, and engineering and consulting services businesses. We have a

significant market presence in each of our major product areas and have long-term relationships with many of our major customers. We have annual steel-making capability in the U.S. of 12.8 million tons through Gary Works in Indiana, Mon Valley Works in Pennsylvania, and Fairfield Works in Alabama. We operate five finishing facilities in those three states and Ohio. We are the largest domestic producer of seamless oil country tubular goods and one of the two largest producers of tin mill products in North America. We produce most of the iron ore and coke and a portion of the coal we use as raw materials in our steel-making process.

In November 2000, we acquired U. S. Steel Kosice, s.r.o. ("USSK"), headquartered in Kosice in the Slovak Republic, which owns the steel-making operations and related assets formerly held by VSZ, a.s., making us the largest flat-rolled producer in Central Europe. Currently, USSK has annual steel-making capability of 5.0 million tons and produces and sells sheet, tin, tubular, precision tube and specialty products, as well as coke. The acquisition of USSK has enabled us to establish a low-cost manufacturing base in Europe and positioned us to serve our global customers.

Outlook of United States Steel

While over the last few months domestic orders for steel had strengthened and prices had stabilized, our order rate for the fourth quarter is currently running lower than our third quarter rate. In the third quarter, Domestic Steel shipments totaled 2.6 million net tons and average realized prices were lower than the second quarter primarily due to changes in mix, including decreased sales of tubular and plate products. In the fourth quarter, we expect Domestic Steel shipments to be approximately 2.3 million net tons and average realized prices to be about flat compared to the third quarter. In light of expected slow market conditions in the fourth quarter, we plan to advance the schedule for a maintenance outage on the Gary Works No. 6 blast furnace.

On May 31, 2001, a major fire damaged the cold-rolling mill at USS-POSCO, which is fifty percent owned by United States Steel. Damage was predominantly limited to the cold-rolling mill area of the plant. USS-POSCO maintains insurance coverage against such losses, including coverage for business interruption. The mill is expected to resume production in the first quarter of 2002, although full production may not be achieved until mid-2002. Until such time, the plant will continue customer shipments using cold-rolled coils from United States Steel and POSCO as substitute feedstock.

For USSK, third quarter shipments totaled approximately 1.0 million net tons, down slightly from shipments of 1.1 million net tons in the second quarter, and average realized prices were higher than in the second quarter. In the fourth quarter, we expect shipments to be slightly lower than in the third quarter and average realized prices to be comparable to the third quarter. Based on continued improvement in production performance since acquisition, USSK raw steel production capability for

the second half of 2001 has been increased to 2.5 million net tons, for an annualized rate of 5.0 million net tons.

For the full year 2001, total shipments are expected to be approximately 13.5 to 13.8 million net tons with Domestic Steel shipments of approximately 10 million net tons and USSK shipments of approximately 3.5 to 3.8 million net tons.

For the longer term, domestic shipment levels and realized prices will be influenced by the strength and timing of a recovery in the manufacturing sector

of the domestic economy, levels of imported steel and production capability changes by domestic competitors. Many factors, including developments flowing from the events of September 11, will determine the strength and timing of such recovery and the other factors. For USSK, economic and political developments in Europe and elsewhere will impact USSK's results of operations in 2002 and thereafter.

United States Steel owns a 16% equity method investment in Republic Technologies International, LLC ("Republic") through USX's ownership in Republic Technologies International Holdings, LLC, which is the sole owner of Republic. Republic is a major purchaser of raw materials from United States Steel and the primary supplier of rounds for Lorain Tubular. On April 2, 2001, Republic filed to reorganize under Chapter 11 of the U.S. Bankruptcy Code. Republic has continued to supply the Lorain mill since filing for bankruptcy and no supply interruptions are anticipated. United States Steel's carrying value of this investment in Republic has been reduced to zero. Upon Republic's filing for bankruptcy, United States Steel accrued a charge for a substantial portion of the receivables due from Republic. At June 30, 2001, United States Steel's remaining pre-petition financial exposure to Republic, after recording various losses and reserves, totaled approximately $30 million.

The above discussion includes forward-looking statements concerning shipments, pricing, and equity investee performance. These statements are based on assumptions as to future product demand, prices and mix, and production. Steel shipments and prices can be affected by imports and actions of the U.S. Government and its agencies pertaining to trade, domestic and international economies, domestic production capacity, and customer demand. Factors which may affect USSK results are similar to domestic factors, including excess world supply and foreign currency fluctuations, and also can be influenced by matters peculiar to international marketing such as tariffs. In the event these assumptions prove to be inaccurate, actual results may differ significantly from those presently anticipated.

Recent Developments

Fairless Works Shutdown

On August 14, 2001, we announced our intention to permanently close the cold rolling and tin mill operations at Fairless Works, with a combined annual finishing capability of 1.5 million tons, on or after November 12, 2001. Under our labor agreement, we are required to discuss the proposed shutdown with the United Steelworkers of America before making a final decision. We also announced that, subject to market conditions, we currently intend to continue operating the hot dip galvanizing line at Fairless Works. The anticipated financial impact of the shutdown will be recorded in the second half of 2001 and is estimated to be a pretax charge of $35 million to $40 million. The near-term cash impact will be minimal since about half of the charge is for depreciation or impairment of fixed assets and the balance is related to employee benefits that will be paid from trust funds which will be funded over a period of years if required.

Voluntary Early Retirement Program

On August 14, 2001, USX and United States Steel LLC informed their headquarters employees that in connection with the Separation a voluntary early retirement program will be offered to employees of most USX headquarters departments and to designated groups of United States Steel LLC employees whose work is functionally related to USX. The financial impact of this program is

being treated as a Separation cost and an estimate of these costs has been included in the Separation costs set forth in the pro forma financial information included elsewhere in this prospectus.

Third Quarter 2001 Results

On October 22, 2001, USX announced that United States Steel reported an adjusted third quarter 2001 net loss of $18 million, compared with adjusted net income of $25 million in the third quarter 2000.

United States Steel recorded a third quarter 2001 net loss of $23 million. Included was the net effect of special items related to the Fairless facility shutdowns and USS-POSCO insurance recoveries, which together reduced net income by $5 million. Third quarter 2000 net income of $19 million included after-tax charges of $6 million related to USX's share of restructuring and impairment charges at Republic Technologies International, LLC.

In third quarter 2001, United States Steel recorded a loss from reportable segments of $8 million, or $2 per ton, on steel shipments of 3.6 million tons.

United States Steel's Domestic Steel segment recorded a loss from operations of $47 million, or $18 per ton, which included $21 million income from United States Steel's share of insurance recoveries in excess of facility repair costs for the cold mill fire at USS-POSCO on May 31, 2001. Aside from the insurance recoveries, United States Steel's share of USS-POSCO's operating results was adversely impacted by the higher cost of operations following the fire. Claims for reimbursement for such higher costs and lost volumes under USS-POSCO's business interruption insurance coverage are pending and will be reflected in income as received in future periods. The cold mill is expected to resume production during first quarter 2002, although full production may not be achieved until mid-year.

Domestic Steel shipments in third quarter 2001 were 2.6 million net tons, about the same as third quarter 2000. The average realized domestic steel price was $420 per ton in third quarter 2001 compared with $454 per ton in the third quarter 2000 and $429 per ton in the second quarter 2001. The reduction from the second quarter 2001 was primarily related to product mix.

U. S. Steel Kosice, s.r.o. (USSK), the Slovak Republic steel operation acquired during the fourth quarter 2000, reported third quarter 2001 segment income of $39 million, or $39 per ton.

Total USSK shipments in third quarter 2001 were 1.0 million net tons, down from 1.1 million tons in second quarter 2001, as shipments of low value-added products declined. The average USSK realized steel price in the third quarter was $256 per ton, up from $249 per ton in second quarter 2001, with the increase primarily related to improved product mix and hot rolled pricing.

For third quarter operating results and preliminary operating statistics, see "Supplemental Financial Information" beginning on page U-1.

Marathon Business Description

Set forth below is a summary description of the business of Marathon, which is included to provide holders of Outstanding Securities with information regarding the business of Marathon. Following the Separation, Marathon will be an independent company, separate from United States Steel, the issuer of the SQUIDS. The 8.75% MIPS will continue to be obligations of Marathon following the Separation. A more complete description of the business of Marathon is incorporated by reference from the USX Annual Report on Form 10-K in the registration statement of which this prospectus forms a part. See "Where You Can Find More Information" on page (ii).

Marathon is comprised of Marathon Oil Company and certain other subsidiaries of USX which are engaged in worldwide exploration and production of crude oil and natural gas; domestic refining, marketing and transportation of petroleum products primarily through Marathon Ashland Petroleum LLC ("MAP"), owned 62 percent by Marathon Oil Company; and other energy related businesses. Marathon Group revenues as a percentage of total USX consolidated revenues were 85 percent in 2000, 81 percent in 1999 and 77 percent in 1998.

Marathon is currently conducting exploration and development activities in 11 countries. Principal exploration activities are in the United States, United Kingdom, Angola, Canada, Denmark, Ireland, the Netherlands and Norway. Principal development activities are in the United States, United Kingdom, Canada, Gabon, Ireland, the Netherlands and Norway. Marathon is also pursuing opportunities in North and West Africa, the Middle East and Southeast Asia.

Refining, Marketing and Transportation operations are primarily conducted by MAP and its subsidiaries, including its wholly owned subsidiaries, Speedway SuperAmerica LLC and Marathon Ashland Pipe Line LLC. Marathon holds a 62 percent interest in MAP and Ashland Inc. holds the remaining 38 percent interest.

Outlook of Marathon

The outlook regarding the Marathon Group's upstream revenues and income is largely dependent upon future prices and volumes of liquid hydrocarbons and natural gas. The recent terrorist acts in the U.S. and the response to those acts could have a significant effect on the volatility of price and supply of liquid hydrocarbons and natural gas. Prices have historically been volatile and have frequently been affected by unpredictable changes in supply and demand resulting from fluctuations in worldwide economic activity and political developments in the world's major oil and gas producing and consuming areas. Any significant decline in prices could have a material adverse effect on the Marathon Group's results of operations. A prolonged decline in such prices could also adversely affect the quantity of crude oil and natural gas reserves that can be economically produced and the amount of capital available for exploration and development.

On August 23, 2001, Marathon announced plans to develop a strategic alliance with Yukos Oil Company, the second largest oil company in Russia. As part of the alliance, a joint business development group is planned to be located in London to evaluate international investment opportunities. USX anticipates that this relationship could lead to investment by Marathon in energy opportunities in Russia. On August 29, 2001, Marathon announced agreements with Statoil, Norsk Hydro and TotalFinaElf, to acquire varied interests in five licenses in the Norwegian Sector of the North Sea. The portfolio additions include several undeveloped discoveries close to Marathon's existing infrastructure positions in the Heimdal and Brae areas of the North Sea. The transactions are subject to necessary approvals from the Norwegian authorities.

Marathon's third quarter and full year 2001 production is expected to be approximately 392 and 420 thousand barrels of oil equivalent per day, respectively. The full year estimate reflects a higher than expected level of asset sales and delays in new project start-ups. With respect to asset sales, a pretax loss of approximately $220 million on Canadian assets held for sale will be recorded in the third quarter.

Marathon's high impact drilling program in the Gulf of Mexico will be delayed due to the cancellation of the contract for the Cajun Express rig. With the Cajun Express rig, Marathon expected to drill two deepwater Gulf of Mexico wells before year-end 2001. Marathon has contracted the Max Smith rig, which is on location, to drill the Deep Ozona prospect with the Paris Carver prospect expected to follow in the fourth quarter of 2001.

For the longer term, Marathon has targeted a 3% annual production growth rate at a time when we see worldwide production growth rates of 1% to 2%. Marathon plans to continue their program of exploration and business development to meet their target. Their exploration program is targeted on high impact projects and their business development team is pursuing growth opportunities through purchases, exchanges and joint ventures. Marathon also anticipates that at some point they will exceed the 3% annual growth rate which could present Marathon with the opportunity of selling less attractive reserves and production thereby improving the production profile.

The above discussion includes forward-looking statements with respect to the expected levels of Marathon's worldwide liquid hydrocarbon and natural gas production and the drilling program. Some factors that could potentially affect worldwide liquid hydrocarbon and natural gas production include acts of war or terrorist acts and the governmental or military response thereto, pricing, supply and demand for petroleum products, amount of capital available for exploration and development, regulatory constraints, timing of commencing production from new wells, and other geological, operating and economic considerations. Some factors that affect the drilling program include the timing and results of future development drilling and drilling rig availability.

Downstream income of the Marathon Group is largely dependent upon the refining and wholesale marketing margin for refined products and the retail gross margin for gasoline and distillates. The refining and wholesale marketing margin reflects the difference between the wholesale selling prices of refined products and the cost of raw materials refined, purchased product costs and manufacturing expenses. Refining and wholesale marketing margins have been historically volatile and vary with the level of economic activity in the various marketing areas, the regulatory climate, the seasonal pattern of certain product sales, crude oil costs, manufacturing costs, the available supply of crude oil and refined products, and logistical constraints. The retail gross margin for gasoline and distillates reflects the difference between the retail selling prices of these products and their wholesale cost. Retail gasoline and distillate margins have also been historically volatile, but tend to be countercyclical to the refining and wholesale marketing margin. Factors affecting the retail gasoline and distillate margin include seasonal demand fluctuations, the available wholesale supply, the level of economic activity in the marketing areas and weather situations which impact driving conditions.

In June 2001, MAP acquired an interest in approximately 50 convenience stores located in Indiana and Michigan from Welsh, Inc. The acquisition of

these retail outlets increases MAP's presence in these markets and should provide more than 80 million gallons of new annual gasoline sales.

On September 1, 2001, MAP and Pilot Corporation commenced operation of their previously announced transaction to form Pilot Travel Centers LLC. MAP and Pilot each have a 50 percent

interest in Pilot Travel Centers LLC, in what is the largest travel center network in the nation with more than 235 locations. The new venture, based in Knoxville, Tennessee, has approximately 11,000 employees.

MAP is also working to improve its logistics network and has been designated operator of the Centennial Pipeline, owned jointly by Panhandle Eastern Pipe Line Company, a subsidiary of CMS Energy Corporation, MAP, and TE Products Pipe Line Company, Limited Partnership. All of the permits and rights-of-way have been obtained for the new pipeline, which will connect the Gulf Coast refiners with the Midwest market. The Centennial Pipeline system is expected to be operational in first quarter 2002.

A MAP subsidiary, Ohio River Pipe Line LLC ("ORPL"), plans to build a pipeline from Kenova, West Virginia to Columbus, Ohio. ORPL is a common carrier pipeline company and the pipeline will be an interstate common carrier pipeline. The pipeline will be named Cardinal Pipeline and is expected to initially move about 50,000 barrels per day of refined petroleum into the central Ohio region. MAP has secured over 95 percent of the rights-of-way required to build the pipeline and negotiations are continuing with most of the remaining landowners. Eminent domain proceedings are in progress in several cases as well. Permitting issues have been encountered which could delay the start-up of this pipeline until the first quarter of 2003. MAP continues to vigorously pursue the permits and remaining rights-of-way required to complete this project.

The Garyville, Louisiana coker project is nearing completion and is anticipated to be at full production during the fourth quarter of this year. The total cost of this major improvement program is approximately $280 million.

In connection with the proposed Separation, described beginning on page 122, Standard & Poor's reported that they had assigned a BBB+ corporate credit rating, which is investment grade, to Marathon Oil Corporation with a stable outlook, assuming the proposed Separation is completed.

The above discussion includes forward-looking statements with respect to the expected completion of the Centennial Pipeline system, the expected completion of the Cardinal Pipeline, and the coker project. Some factors which could impact the Centennial Pipeline system include delivery of equipment and materials, contractor performance and unforeseen hazards such as weather conditions. Some factors which could impact the Cardinal Pipeline include obtaining the necessary permits and remaining rights-of-way, and completion of construction. Some factors which could impact the coker project include unforeseen hazards such as weather conditions, and unanticipated commissioning and start-up issues. These factors (among others) could cause actual results to differ materially from those set forth in the forward-looking statements.

The Proposed Separation

USX currently has two classes of "targeted" stock outstanding--USX--U. S. Steel Group Common Stock, which is intended to reflect the performance of the U. S. Steel Group, and USX--Marathon Group Common Stock, which is intended to reflect the performance of the Marathon Group, its energy business. On July 31, 2001, the board of directors of USX approved a Plan of Reorganization pursuant to which these businesses would be separated by means of a tax-free distribution of all of the shares of United States Steel Corporation common stock to the holders of the USX--U. S. Steel Group common stock. The Separation was approved by USX's stockholders at a special meeting held on October 25, 2001. After the Separation, which is expected to occur on or about December 31, 2001, USX, which will change its name to Marathon Oil Corporation, and United States Steel Corporation will each be independent, publicly owned companies.

USX currently manages most of its financial activities on a centralized, consolidated basis. Although indebtedness and other obligations are attributed to the Marathon Group and the U. S. Steel Group (neither of which is a separate legal entity) based upon the cash flows of each group, these are attributions for accounting purposes only and do not reflect the legal obligation to pay and discharge such obligations. Subject to a limited number of exceptions, USX is the legal obligor of the long-term debt and other financial instruments attributed to United States Steel, including many--such as guarantees and operating leases--that are not reflected as liabilities on the consolidated or group balance sheets.

Immediately after the Separation, United States Steel Corporation will have indebtedness and other obligations in an amount equal to $900 million less than the net amounts attributed to United States Steel immediately prior to the Separation (the "Value Transfer"). Following the Separation, Marathon Oil Corporation will remain legally obligated for substantially all of the existing obligations of USX. Accordingly, United States Steel will be required to incur new indebtedness, including the SQUIDS, to repay or otherwise discharge a substantial amount of USX obligations in connection with the Separation. Such repayments or discharges will be effected pursuant to a Financial Matters Agreement. The indebtedness and other obligations to be incurred in connection with the Separation are referred to herein as the "Financing."

After giving effect to the Financing required to complete the Separation, and assuming the Separation had occurred on June 30, 2001, United States Steel Corporation and its subsidiaries:

- would have continued to be the direct obligor of $325 million of debt under the USSK loan facility;
- would have assumed $569 million of debt and capital leases of USX attributed to United States Steel and $133 million of certain guarantee and operating lease obligations (which guarantee and lease obligations are not reflected in the financial statements of USX or United States Steel); and
- would have incurred new indebtedness in the amount of approximately $899 million (including an aggregate of up to $365 million underlying the SQUIDS) and, assuming the issuance of $365 million principal amount of SQUIDS in the exchange offers, would have paid $505 million of the net proceeds thereof to Marathon Oil Corporation to be used to repay a portion of the debt and other obligations attributed to United States Steel by USX prior to the Separation, which may include, without limitation, the redemption of the 8.75% MIPS outstanding after the exchange offers, although no decision has been made with respect to such redemption. In the event that less than $365 million principal amount of SQUIDS are issued in the exchange offers, the amount of the payment to Marathon Oil Corporation will be increased by the difference between $365 million and the amount of SQUIDS actually issued.

The Separation is subject to the satisfaction or waiver of a number of conditions, including that United States Steel would be required to have available liquidity through cash and undrawn credit facilities of at least $400 million and other conditions set forth in the indenture governing the SQUIDS, and the receipt of a private letter ruling from the Internal Revenue Service. There can be no assurance that these conditions will be satisfied. The issuance of the SQUIDS is not subject to completion of the Separation. If the board of directors of USX Corporation decides not to proceed with the Separation or the Separation does not occur on or before December 31, 2002, USX will continue to guarantee the SQUIDS until they are fully paid.

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The organization of USX before and after the Separation is illustrated below:

[CHART]

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United States Steel LLC

United States Steel LLC is a Delaware limited liability company that was formed recently in connection with a corporate reorganization of USX. In this reorganization, which occurred on July 2, 2001, United States Steel LLC became the owner and operator of the businesses comprising the U. S. Steel Group and USX became the parent holding company of United States Steel LLC, in addition to Marathon Oil Company, which owns and operates the businesses comprising the Marathon Group. Upon Separation, United States Steel LLC will be converted into United States Steel Corporation.

Our principal executive offices are located at 600 Grant Street, Pittsburgh, PA 15219-4776. Our telephone number is 412-433-1121.

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Summary Financial Data of United States Steel

The following table sets forth summary financial data for United States Steel. The summary historical information is not intended to be a complete presentation of the financial position or the results of operations of United States Steel on a stand-alone basis. For financial information for United States Steel Corporation which gives effect to the Separation and related transactions, see "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 50. This information should be read in conjunction with United States Steel's combined financial statements and USX Corporation's consolidated financial statements, including the notes thereto, which appear elsewhere in this prospectus or are incorporated by reference in the registration statement of which this prospectus forms a part.

	Six Months Ended June 30,		Year Ended December 31,				
	2001	2000	2000	1999	1998	1997	1996

	(Dollars in millions)						
Statement of Operations Data:							
Revenues and other income(/1/)	$ 3,301	$ 3,244	$6,132	$5,470	$6,477	$7,156	$6,872
Costs and expenses	3,429	3,041	6,028	5,320	5,898	6,383	6,389
Income (loss) from operations	(128)	203	104	150	579	773	483
Net interest and other financial costs (income)	36	48	105	74	42	87	116
Income (loss) before income taxes and extraordinary losses	(164)	155	(1)	76	537	686	367
Provision (credit) for income taxes	(143)	56	20	25	173	234	92
Income (loss) before extraordinary losses	(21)	99	(21)	51	364	452	275
Extraordinary losses	--	--	--	7	--	--	2
Net income (loss)	$ (21)	$ 99	$ (21)	$ 44	$ 364	$ 452	$ 273
Balance Sheet Data--as of end of period:							
Property, plant and equipment - net	$ 3,098	$ 2,444	$2,739	$2,516	$2,500	$2,496	$2,551
Prepaid pensions	2,711	2,543	2,672	2,404	2,172	1,957	1,734
Total assets	8,954	7,606	8,711	7,525	6,749	6,694	6,580
Total debt and other financial obligations(/2/)	2,681	1,198	2,694	1,164	737	771	1,169
Long-term employee benefit obligations	1,916	2,212	1,767	2,245	2,315	2,338	2,430
Equity	1,860	2,094	1,919	2,056	2,093	1,782	1,566
Other Data:							
Ratio of earnings to combined fixed charges and preferred stock dividends(/3/)	--	2.83x	1.05x	2.10x	5.15x	4.72x	2.41x
Ratio of earnings to fixed charges(/3/)	--	3.06x	1.13x	2.33x	5.89x	5.39x	2.91x
Operating Data:							
Steel shipments (thousands of net tons)							
--Domestic Steel	5,043	5,884	10,756	10,629	10,686	11,643	11,372
--USSK	1,818	--	317	--	--	--	--

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(1) Consists of revenues, dividends and investee income (loss), net gains on disposal of assets, gain on investee stock offering and other income (loss).

(2) Consists of notes payable, long-term debt (including current portion), trust preferred securities, and preferred stock of subsidiary.

(3) For purposes of calculating the ratio of earnings to combined fixed charges and preferred stock dividends and the ratio of earnings to fixed charges, "earnings" are defined as income before income taxes and extraordinary items adjusted for minority interests in consolidated

subsidiaries, income (loss) from equity investees, and capitalized interest, plus fixed charges, amortization of capitalized interest, and distributions from equity investees. "Fixed charges" consist of interest, whether expensed or capitalized, on all indebtedness, amortization of premiums, discounts and capitalized expenses related to indebtedness, and an interest component equal to one-third of rental expense, representing that portion of interest expense that management believes is attributable to interest. "Preferred Dividends" consists of pretax earnings required to cover preferred stock dividend requirements. Earnings were deficient in covering fixed charges and preferred stock dividends by $202 million for the six months ended June 30, 2001. Earnings were deficient in covering fixed charges by $196 million for the six months ended June 30, 2001.

RISK FACTORS

In addition to the information contained elsewhere in this prospectus or incorporated by reference in the registration statement of which this prospectus forms a part, the following risk factors should be carefully considered by each prospective investor in evaluating an investment in the SQUIDS.

Risks Related to Holders Tendering in the Exchange Offers

Following the Separation, United States Steel Corporation will be the sole obligor of the SQUIDS and will not have access to the financial and other resources of USX Corporation

Although the SQUIDS will initially be guaranteed by USX Corporation, following the Separation, United States Steel Corporation will be the sole obligor of the SQUIDS, which will no longer be guaranteed by USX. The Outstanding Securities being exchanged for the SQUIDS in the exchange offers are issued by USX and its wholly owned subsidiaries. Thus, by tendering your Outstanding Securities in the exchange offers, you will be exchanging a USX security for a security that, following the Separation, will be a United States Steel security. Following the Separation, United States Steel Corporation will have a substantial amount of indebtedness and other obligations and will have a credit rating below "investment grade", which will be lower than the credit ratings of USX and its successor, Marathon Oil Corporation. See "Following the Separation, we will have a substantial amount of indebtedness and other obligations, which could limit our operating flexibility and otherwise adversely affect our financial condition."

Furthermore, following the Separation, United States Steel Corporation will not be able to rely on USX for financial support or benefit from a relationship with USX to obtain credit. United States Steel Corporation's lower credit ratings will result in higher borrowing costs and make obtaining necessary capital more difficult. Following the Separation, the annual weighted average interest rate of United States Steel Corporation's debt and other obligations, including the SQUIDS, is estimated to be approximately 8.50%. During the six months ended June 30, 2001, the annual weighted average interest rate of USX's debt and other obligations was 7.11%.

The SQUIDS do not have the protection of cross-acceleration provisions

Because the terms of the SQUIDS do not include any cross-acceleration provisions, holders of SQUIDS will not be able to accelerate payment of the SQUIDS if we are in default under the Senior Notes or any of our other outstanding indebtedness, and the holders of that indebtedness accelerate

payment. In that case, we will have to repay all indebtedness that has been accelerated, including other indebtedness that may have cross-default or cross-acceleration provisions, before any of the SQUIDS are repaid. As a result, we may not have sufficient funds to repay any or all of the SQUIDS if we default under the SQUIDS or at such time as they become payable.

We cannot assure you that an active trading market will develop for the SQUIDS

The SQUIDS are a new issue of securities. There is no active public trading market for the SQUIDS. Although we have applied to the NYSE for approval of listing of the SQUIDS, there can be no assurance that an active trading market for the SQUIDS offered under this prospectus will develop or, if such a market develops, as to the liquidity or sustainability of any such market. The liquidity of the trading market in the SQUIDS, and the market prices of the SQUIDS, may be adversely affected by changes in the overall market for these types of securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a consequence, we cannot assure you that you will be able to sell your SQUIDS, or that, even if you can sell your SQUIDS, you will be able to sell them at a price equal to or above their principal amount.

Possible volatility of trading prices for the SQUIDS

Historically, the market for non-investment grade debt securities has been subject to disruptions that have caused substantial volatility in the prices of such securities. The market for the SQUIDS could be subject to similar volatility. The trading price of the SQUIDS also could fluctuate in response to such factors as variations in United State Steel's operating results, developments in the steel industry and the automotive industry, general economic conditions and changes in securities analysts' recommendations regarding our securities.

We may be unable to purchase the SQUIDS upon a change of control

Upon the occurrence of "change of control" events specified in "Description of the SQUIDS" on page 137, holders of SQUIDS may require us to purchase their SQUIDS at 100% of their principal amount, plus accrued but unpaid interest. In some circumstances, a change of control could result from events beyond our control. We cannot assure you that we will have the financial resources to purchase your SQUIDS, particularly if that change of control event triggers a similar repurchase requirement for, or results in the acceleration of, other indebtedness. The indenture governing our Senior Notes provides that the holders of Senior Notes may require us to purchase their Senior Notes upon certain change of control events, including events that will not constitute a change of control under the indenture for the SQUIDS. In addition, our expected asset-based revolving credit facility may provide that certain change of control events (as defined in the revolving credit facility) will constitute a default and could result in the acceleration of our indebtedness under the revolving credit facility. Any of our future debt agreements may contain similar provisions.

Risks Related to Holders Not Tendering in the Exchange Offers

Reduced liquidity of the Outstanding Securities

USX believes there currently exists a limited trading market for the Outstanding Securities. Following completion of the exchange offers, the trading market for unexchanged Outstanding Securities will become more limited

due to the reduction in the outstanding amount of the Outstanding Securities as a result of the exchange offers. Although holders of the 6.50% Preferred Stock and the 6.75% QUIPS will become entitled to receive a cash payment for such securities in connection with the Separation, until such time, and following the Separation with respect to 8.75% MIPS, holders of unexchanged Outstanding Securities will be subject to this more limited market. If the Separation does not occur, holders of all unexchanged Outstanding Securities will continue to be subject to this more limited market. A more limited trading market might adversely affect the liquidity, market price and price volatility of the Outstanding Securities. If a market for unexchanged Outstanding Securities exists or develops, such securities may trade at a discount to the price at which the securities would trade if the amount outstanding were not reduced, depending on prevailing interest rates, the market for similar securities and other factors. However, there can be no assurance that an active market in the unexchanged Outstanding Securities will exist, develop or be maintained or as to the prices at which the unexchanged Outstanding Securities may be traded.

The Outstanding Securities may be redeemed by USX or Marathon

Prior to the Separation, USX and, with respect to the 8.75% MIPS, following the Separation, Marathon will have the option to redeem unexchanged Outstanding Securities at any time, including following completion of the exchange offers. As a holder of unexchanged Outstanding Securities, you will be entitled to a cash payment upon redemption. Although the 6.50% Preferred Stock and 6.75% QUIPS are redeemable at a premium over their respective face amounts, the 8.75% MIPS are redeemable at their face amount. No decision has been made with respect to any redemption of the 8.75% MIPS following Separation.

Risks Related to the Separation

United States Steel Corporation will be subject to continuing contingent liabilities of Marathon Oil Corporation following the Separation

After the Separation, there will be several significant areas where the liabilities of Marathon Oil may become an obligation of United States Steel Corporation.

Under the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code"), each corporation that was a member of the USX consolidated group during any taxable period or portion thereof ending on or before the effective time of the Separation is jointly and severally liable for the federal income tax liability of the entire USX consolidated group for such taxable period. See "Relationship Between United States Steel Corporation and Marathon Oil Corporation After the Separation--Tax Sharing Agreement" on page 124. Other provisions of federal law establish similar liability for other matters, including laws governing tax qualified pension plans as well as other contingent liabilities.

In addition, following the Separation, we will remain contingently liable for debt, available revolving credit and other obligations of Marathon Oil Corporation in the amount of approximately $1.0 billion as of June 30, 2001. Pursuant to the Financial Matters Agreement, Marathon Oil Corporation will indemnify United States Steel Corporation for any payments it would be required to make in respect of these obligations.

The Separation may be challenged by creditors as a fraudulent transfer or conveyance

If a court in a suit by an unpaid creditor or representative of creditors of either United States Steel Corporation or Marathon Oil Corporation, such as a trustee in bankruptcy, or United States Steel Corporation or Marathon Oil Corporation, as debtor-in-possession, in a reorganization case under title 11 of the United States Code, were to find that:

- the Separation and the related transactions were undertaken for the purpose of hindering, delaying or defrauding creditors; or

- Marathon Oil Corporation or United States Steel Corporation received less than reasonably equivalent value or fair consideration in connection with the Separation and the transactions related thereto and (1) USX was insolvent immediately prior to, or Marathon Oil Corporation or United States Steel Corporation was insolvent at the effective time of the Separation and after giving effect thereto, (2) USX immediately prior to, or Marathon Oil Corporation or United States Steel Corporation as of the effective time of the Separation and after giving effect thereto, intended or believed that it would be unable to pay its debts as they became due, or (3) the capital of USX immediately prior to, or Marathon Oil Corporation or United States Steel Corporation, at the effective time of the Separation and after giving effect thereto, was inadequate to conduct its business,

then such court could determine that the Separation and the related transactions violated applicable provisions of the United States Bankruptcy Code and/or applicable state fraudulent transfer or conveyance laws. Such a determination would permit the bankruptcy trustee or debtor-in-possession or unpaid creditors to rescind the Separation.

The measure of insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied. Generally, however, an entity would be considered insolvent if, either:

- the sum of its liabilities, including contingent liabilities, is greater than its assets, at a fair valuation; or

- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities, including contingent liabilities, as they become absolute and matured.

United States Steel Corporation may be unable to achieve all of the benefits sought by the Separation

The full strategic and financial benefit of the Separation may be delayed or may never occur at all. The following are factors that may prevent United States Steel Corporation from realizing these benefits:

- competitors in the steel industry may have greater financial resources to make such investments or participate in such consolidations on more attractive terms;

- substantial indebtedness may impede us from participating in certain investment or consolidation transactions; and/or

- domestic and international economic conditions may make such investments and consolidations more costly.

Additionally, many factors may affect our future results. See "Special Note

Regarding Forward-Looking Statements" on page (iv).

The terms of the Separation, the Financing and related transactions, as described in this prospectus, may change in ways that adversely affect you as a holder of SQUIDS

The proposed terms of the Separation and the various agreements relating to the ongoing relationship between United States Steel and Marathon Oil following the Separation are not final and may be changed to satisfy any conditions established by the Internal Revenue Service in connection with its issuance of a private letter ruling, by other creditors in connection with the Financing, our board of directors or management or others. We cannot assure that any such changes will not have an adverse effect upon you as a holder of SQUIDS.

The terms of the Financing, including maturities or amortization schedules for payments of principal, interest rates, covenants or security, have not yet been determined and no commitments for any Financing facilities are in place. The Financing will be subject to market conditions and we cannot assure you that such Financing will be available on commercially reasonable terms. Completion of the Financing on terms satisfactory to the USX board of directors is a condition to the Separation.

Following the Separation, United States Steel Corporation and Marathon Oil Corporation will not be consolidated for tax purposes and United States Steel Corporation's recognition of the benefits of any tax losses may be delayed

Prior to the Separation, USX filed consolidated, combined and unitary tax returns for federal and many states' income taxes, which included the results of operations of the U. S. Steel Group and the Marathon Group. As a result of the Separation, United States Steel Corporation will not be able to join with Marathon Oil Corporation in any consolidated, combined, or unitary tax returns for taxable periods ending after the effective time of the Separation. Consequently, for federal and state income tax purposes, taxable income or losses, and other tax attributes of United States Steel Corporation for taxable periods ending after the effective time of the Separation generally cannot offset, or be offset by, taxable income or losses and other tax attributes of Marathon Oil Corporation.

Additionally, the present USX tax allocation policy requires the U. S. Steel Group and the Marathon Group to pay the other for tax benefits resulting from tax attributes which cannot be utilized

currently by the group to which such attributes are attributable on a stand-alone basis but which can be utilized on a consolidated, combined, or unitary basis. The net amount of cash payments paid by Marathon to United States Steel under the tax allocation policy for prior tax years, subject to adjustment, was $21 million, $(2) million, $91 million and $379 million during the years 1998, 1999, 2000 and the first six months of 2001, respectively. Such payments allowed United States Steel to currently realize the tax benefits. After the Separation, if we generate losses or other tax attributes, generally, we would benefit from those losses or other tax attributes only if and when we generated sufficient taxable income in future years to utilize those losses or other tax attributes on a stand-alone basis. Such a delay will affect cash flows, which may require reduction or postponement of capital expenditures or acquisitions.

The Separation may become taxable under section 355(e) of the code if 50% or more of United States Steel Corporation's shares or Marathon Oil Corporation's shares are acquired as part of a plan

The Separation may become taxable to USX pursuant to section 355(e) of the Code if 50% or more of either Marathon Oil Corporation's shares or United States Steel Corporation's shares are acquired, directly or indirectly, as part of a plan or series of related transactions that include the Separation. If section 355(e) applies, USX would be required to pay a corporate tax based on the excess of the fair market value of the shares distributed over USX's tax basis for such shares. The amount of such tax would be materially greater if the Separation were deemed to be a distribution of Marathon Oil Corporation's shares. If an acquisition occurs which results in the Separation being taxable under section 355(e), the Tax Sharing Agreement provides that the resulting corporate tax liability will be borne by the entity, either United States Steel Corporation or Marathon Oil Corporation, with respect to which the acquisition has occurred.

United States Steel may become responsible for a corporate tax if the Separation fails to qualify as a tax-free transaction

To the extent that a breach of a representation or covenant results in corporate tax being imposed on USX, the breaching party, either United States Steel Corporation or Marathon Oil Corporation, will be responsible for the payment of the corporate tax. In the event that the Separation fails to qualify as a tax-free transaction through no fault of either United States Steel Corporation or Marathon Oil Corporation, the resulting corporate tax liability, if any, likely will be borne by United States Steel Corporation pursuant to the Tax Sharing Agreement. See the discussion in "Relationship Between United States Steel Corporation and Marathon Oil Corporation After the Separation--Tax Sharing Agreement" on page 124.

Certain obligations to be assumed by United States Steel Corporation in the Separation may be accelerated in the event of the bankruptcy of Marathon Oil Corporation

Pursuant to the Financial Matters Agreement, upon the Separation, United States Steel Corporation will become responsible for certain industrial revenue bonds and certain guarantee and lease obligations (which on June 30, 2001 totaled approximately $702 million). Additionally, we are contingently liable for debt, available revolving credit and other obligations of Marathon Oil Corporation in the amount of approximately $1.0 billion as of June 30, 2001. Marathon Oil is not limited by agreement with us as to the amount of indebtedness that it may incur and, in the event of the bankruptcy of Marathon Oil Corporation, the holders of the industrial revenue bonds and such other obligations may declare them immediately due and payable. If such event occurs, we may not be able to satisfy such obligations. See "--Following the Separation, United States Steel Corporation Will Not Have Access to the Financial and Other Resources of USX Corporation" on page 22.

Risks Related to Our Business

Overcapacity in the steel industry may negatively affect our results of operations

On a global basis, there is an excess of steel-making capacity over global consumption of steel products, including sheet, plate, tin mill and tubular products. Under these conditions, shipment and production levels for our domestic operations have varied from year to year and quarter to quarter, affecting our results of operations and cash flows. Many factors influence these results, including demand in the domestic market, international currency conversion rates and government actions, both domestic and international. In

addition, in many applications, steel competes with many materials, including aluminum, cement, composites, glass, plastic and wood. The emergence of additional substitutes for steel products could adversely affect future market prices and demand for steel products.

Imports of steel may negatively affect our results of operations

Imports of steel into the United States constituted 23%, 27%, 26% and 30% of the domestic steel market demand for the first six months of 2001, and the years 2000, 1999 and 1998, respectively. We believe that steel imports into the United States involve widespread dumping and subsidy abuses, and that the remedies provided by United States law to private litigants are insufficient to correct these problems. Imports of steel involving dumping and subsidy abuses depress domestic price levels, which has an adverse effect upon our revenue and income. See "Business--Legal Proceedings" on page 105.

Our business is cyclical

Demand for most of our products is cyclical in nature and sensitive to general economic conditions. Our financial condition and results of operations are significantly affected by fluctuations in the U.S. and global economies. Because integrated steel makers have high fixed costs, reduced volumes result in operating inefficiencies, such as those experienced to date in 2001. Over the past five years, our net income has varied from a high of $452 million in 1997 to a loss of $21 million in 2000. Continuation or worsening of the current economic downturn, as a result of the events of September 11, 2001 or otherwise, future economic downturns, a stagnant economy or currency fluctuations may materially adversely affect our business, results of operations and financial condition.

Many of our international competitors are larger and have higher credit ratings

Based on International Iron and Steel Institute statistics, we rank as the eleventh largest steel producer in the world, assuming full-year production at USSK. Many of our larger competitors have investment grade credit ratings and, due to their superior size and credit ratings, United States Steel may be at a disadvantage in participating in consolidations. In addition, terms of our indebtedness contain covenants that may limit our ability to participate in certain consolidations.

Competition from mini-mill producers could result in reduced selling prices and shipment levels for us

Domestic integrated producers, such as United States Steel, have lost market share in recent years to domestic mini-mill producers. Mini-mills generally produce a narrower range of steel products than integrated producers, but typically enjoy certain competitive advantages such as lower capital expenditures for construction of facilities and non-unionized work forces with lower employment costs and more flexible work rules. An increasing number of mini-mills utilize thin slab casting technology to produce flat-rolled products. Through the use of thin slab casting, mini-mill

competitors are increasingly able to compete directly with integrated producers of flat-rolled products, especially hot-rolled and plate products. Depending on market conditions, the additional production generated by flat-rolled mini-mills could have an adverse effect on our selling prices and shipment levels.

High energy costs can adversely impact our results of operations

Our operations consume large amounts of energy, a significant amount of which is natural gas. Domestic natural gas prices have significantly increased from an average of $2.27 per million BTUs in 1999 to an average of $5.88 per million BTUs in the first half of 2001. At current consumption levels, a $1.00 change in domestic natural gas prices would result in an estimated $45 million change in our annual domestic pretax operating costs.

Environmental compliance and remediation could result in substantially increased capital requirements and operating costs

The domestic businesses of United States Steel are subject to numerous federal, state and local laws and regulations relating to the protection of the environment. These environmental laws and regulations include the Clean Air Act ("CAA") with respect to air emissions; the Clean Water Act ("CWA") with respect to water discharges; the Resource Conservation and Recovery Act ("RCRA") with respect to solid and hazardous waste treatment, storage and disposal; and the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") with respect to releases and remediation of hazardous substances. In addition, all states where United States Steel operates have similar laws dealing with the same matters. These laws are constantly evolving and becoming increasingly stringent. The ultimate impact of complying with existing laws and regulations is not always clearly known or determinable due in part to the fact that certain implementing regulations for laws such as RCRA and the CAA have not yet been promulgated or in certain instances are undergoing revision. These environmental laws and regulations, particularly the CAA, could result in substantially increased capital, operating and compliance costs. In addition, we are involved in a number of environmental remediation projects relating to the remediation of former and present operating locations and are involved in a number of other remedial actions under federal and state law. See "Business--Environmental Matters" on page 102. Our environmental expenditures were $230 million in 2000, $253 million in 1999 and $266 million in 1998.

To the extent that competitors, particularly foreign steel producers and manufacturers of competitive products, are not required to undertake equivalent costs, the competitive position of United States Steel could be adversely impacted.

USSK is subject to the national laws of the Slovak Republic. The environmental laws of the Slovak Republic generally follow the requirements of the European Union, which are comparable to domestic standards. In addition, USSK has entered into agreements with the government to bring its facilities into European Union environmental compliance.

Our retiree employee health care and retiree life insurance costs are higher than those of many of our competitors

We maintain defined benefit retiree health care and life insurance plans covering most domestic employees upon their retirement. Health care benefits are provided through comprehensive hospital, surgical and major medical benefit provisions or through health maintenance organizations, both subject to various cost-sharing features. Life insurance benefits are provided to nonunion retiree beneficiaries primarily based on employees' annual base salary at retirement. For domestic union retirees, benefits are provided for the most part based on fixed amounts negotiated in labor contracts with the appropriate unions. As of December 31, 2000, United States Steel reported an unfunded

obligation for such benefit obligations in the amount of $1,307 million. Mini-mills, foreign competitors and many producers of products that compete with

steel are obligated to provide lesser benefits to their employees and retirees and this difference in costs could adversely impact our competitive position.

Bankruptcies of domestic competitors have resulted in lowered operating costs of such competitors

Since 1998, more than 18 domestic steel companies have sought protection under Chapter 11 of the United States Bankruptcy Code. Many of these companies have continued to operate and have enjoyed significant cost advantages over us. In some cases, they have even expanded and modernized while in bankruptcy. Upon emergence from bankruptcy, these companies, or new entities that purchase their facilities through the bankruptcy process, have been relieved of certain environmental, retiree and other obligations. As a result, they are able to operate with lower costs than we are.

Many lawsuits have been filed against us involving asbestos-related injuries

We have been and are a defendant in a large number of cases in which plaintiffs allege injury resulting from exposure to asbestos. Many of these cases involve multiple plaintiffs and most have multiple defendants. These cases fall into three major groups: (1) claims made under federal and general maritime law by employees of the Great Lakes or Intercoastal Fleets, former operations of United States Steel; (2) claims by persons who performed work at United States Steel facilities; and (3) claims made by industrial workers allegedly exposed to an electrical cable product formerly manufactured by United States Steel. If adversely determined, these lawsuits could have a material adverse effect on United States Steel's financial position. See "Business--Legal Proceedings" on page 105.

Our international operations expose us to uncertainties and risks from abroad, which could negatively affect our results of operations

USSK, located in the Slovak Republic, constitutes 28% of our total raw steel capability and also accounted for 16% of revenue for the first half of 2001. USSK exports more than 80% of its product, with the majority of its sales being to other European countries. USSK is subject to economic conditions in the European Union and global markets it serves. It is also subject to political factors, including taxation, nationalization, inflation, currency fluctuations, increased regulation and protectionist measures. In addition, USSK is subject to foreign currency exchange risks because its revenues are primarily in euro-denominated currencies and its costs are primarily in Slovak crowns and United States dollars.

Following the Separation, we will have a substantial amount of indebtedness and other obligations, which could limit our operating flexibility and otherwise adversely affect our financial condition

If the Separation had occurred on June 30, 2001, United States Steel Corporation would be liable for indebtedness in a total amount equal to approximately $1.8 billion. In the Separation, United States Steel Corporation will also agree to be responsible for certain guarantee and operating lease obligations of Marathon Oil Corporation not reflected in its financial statements. As of June 30, 2001, these obligations were estimated to be $133 million. In addition, we may incur other obligations for working capital, refinancing of a portion of the $1.8 billion referred to above or for other purposes. This substantial amount of indebtedness could limit our operating flexibility and could otherwise adversely affect our financial condition.

Our high degree of leverage could have important consequences to you, including the following:

- our ability to satisfy our obligations with respect to the SQUIDS and other obligations may be impaired in the future;

- our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions or general corporate or other purposes may be impaired in the future;

- a substantial portion of our cash flow from operations must be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available to us for other purposes;

- some of our borrowings are and are expected to be at variable rates of interest (including borrowings under our expected inventory and accounts receivable credit facilities), which will expose us to the risk of increased interest rates; and

- our substantial leverage may limit our flexibility to adjust to changing economic or market conditions, reduce our ability to withstand competitive pressures and make us more vulnerable to a downturn in general economic conditions.

If indebtedness is incurred in the future, it may exacerbate the consequences described above and could have other important consequences.

Our business requires substantial debt service, capital investment and maintenance expenditures which we may be unable to meet

Based on our pro forma debt levels, we anticipate that our scheduled interest payments for the 12 months immediately following the Separation will be approximately $148 million, assuming an annual weighted average interest rate of 8.50%. The amortization and maturities of the anticipated accounts receivable facility and inventory revolving credit facility have not yet been negotiated with lenders. Additionally, our operations are capital intensive. For the five-year period ended December 31, 2000, total capital expenditures were $1,439 million and we plan capital expenditures of $325 million in 2001. Our business also requires substantial expenditures for routine maintenance. We may be unable to raise such amounts through internally generated cash or from external sources. See "--Operating and Cash Losses and Fewer Sources of Cash" on page 30 below and "--Following the Separation, United States Steel Corporation Will Not Have Access to the Financial and Other Resources of USX Corporation" on page 22.

We have incurred operating and cash losses and will have fewer sources of cash

For the six months ended June 30, 2001, and the year ended December 31, 2000, United States Steel had segment income (loss) from operations of ($138) million and $25 million, respectively. Additionally, for the year ended December 31, 2000, United States Steel generated negative cash from operations of $494 million after investing activities and dividends (excluding the $500 million elective VEBA funding). We may not realize positive operating income or cash flows from continuing operations in the foreseeable future.

Historically, United States Steel funded its negative operating cash flow with cash supplied by USX, a portion of which was reflected as a payment from Marathon under the tax allocation policy and the remainder of which was represented by increased amounts of debt attributed by USX. As a stand alone company, United States Steel Corporation will need to fund any of its negative operating cash flow from external sources and adequate sources may be unavailable or the cost of such funding may adversely impact United States

Steel.

The terms of indebtedness entered into and to be entered into by United States Steel Corporation in connection with the Separation will contain restrictive covenants that may limit United States Steel Corporation's operating flexibility

If the Separation had occurred on June 30, 2001, the amount of financing that United States Steel Corporation would have incurred in connection with the Separation, including the SQUIDS but not including assumption of existing obligations, is $899 million. This includes the $535 million of indebtedness (reduced by a $5 million discount) evidenced by the 10 3/4% Senior Notes due August 1, 2008 that we issued on July 27 and September 11, 2001 (the "Senior Notes"). The Senior Notes impose significant restrictions on us compared to the terms of the current financial obligations of USX. These restrictions, among other things:

- impose restrictions on payment of dividends;
- limit additional borrowings, including limiting the amount of borrowings secured by inventories or accounts receivable;
- limit asset sales and sale of the stock of subsidiaries; and
- restrict our ability to make capital expenditures or certain acquisitions.

Moreover, additional anticipated financing may also include the restrictions above and may:

- require security interests in accounts receivable and inventory;
- impose certain financial ratios; and
- require maintenance of net asset levels.

If these covenants are breached, creditors would be able to declare their obligations immediately due and payable and foreclose on any collateral, and such breaches may cause cross-defaults under instruments governing our other outstanding indebtedness. Additional indebtedness that we may incur in the future may also contain similar covenants, as well as other restrictive provisions.

Our operations are subject to business interruptions and casualty losses

Steel making and raw material operations are subject to unplanned events such as explosions, fires, inclement weather, accidents and transportation interruptions. To the extent not covered by insurance, our costs, revenues and cash flows may be adversely impacted.

Our business could be adversely affected by strikes or work stoppages by its unionized employees

Currently, substantially all domestic hourly employees of our steel, coke and taconite pellet facilities are covered by a collective bargaining agreement with the United Steelworkers of America which expires in August 2004 and includes a no-strike provision. Other hourly employees (for example, those engaged in coal mining and transportation activities) are represented by the United Mine Workers of America, United Steelworkers of America and other

unions. In addition, the majority of USSK employees are represented by a union under a collective bargaining agreement expiring in February 2004, which is subject to annual wage negotiations. Strikes or work stoppages and the resulting adverse impact on its relationship with its customers could have a material adverse effect on United States Steel's business, financial condition or results of operations. In addition, mini-mill producers and certain foreign competitors and producers of comparable products do not have unionized work forces. This may place us at a competitive disadvantage.

Risks Related to the Business of Marathon

A substantial or extended decline in oil or gas prices would have a material adverse effect on Marathon

Prices for oil and gas fluctuate widely. Marathon's revenues, operating results and future rate of growth are highly dependent on the prices it receives for its oil, gas and refined products. Historically, the markets for oil, gas and refined products have been volatile and may continue to be volatile in the future. Many of the factors influencing prices of oil, gas and refined products are beyond the control of Marathon. These factors include:

- worldwide and domestic supplies of oil and gas,
- weather conditions,
- the ability of the members of OPEC to agree to and maintain oil price and production controls,
- political instability or armed conflict in oil-producing regions,
- the price and level of foreign imports,
- the level of consumer demand,
- the price and availability of alternative fuels,
- the availability of pipeline capacity, and
- domestic and foreign governmental regulations and taxes.

The long-term effects of these and other conditions on the prices of oil and gas are uncertain. For example, oil prices declined significantly in 1998 and, for an extended period of time, remained substantially below prices obtained in previous years. In late 1999, oil and natural gas prices increased significantly and have remained at higher levels.

Lower oil and gas prices may reduce the amount of oil and gas that Marathon produces, which may adversely affect its revenues and operating income. Significant reductions in oil and gas prices may require Marathon to reduce its capital expenditures.

Oil and gas reserve data and future net revenue estimates of Marathon are uncertain

Estimates of reserves by necessity are projections based on engineering data, the projection of future rates of production and the timing of future expenditures. Estimates of Marathon's proved oil and gas reserves and projected future net revenues are based on reserve reports which it prepares. The process of estimating oil and gas reserves requires substantial judgment on the part of

the petroleum engineers, resulting in imprecise determinations, particularly with respect to new discoveries. Different reserve engineers may make different estimates of reserve quantities and revenues attributable thereto based on the same data. Future performance that deviates significantly from the reserve reports could have a material adverse effect on the business and prospects of Marathon.

Fluctuations in the price of oil and natural gas have the effect of significantly altering reserve estimates as the economic projections inherent in the estimates may reduce or increase the quantities of recoverable reserves. Such prices may not be realized or the estimated production volumes may not be produced during the periods indicated. Actual future production, oil and natural gas prices, revenues, taxes, development expenditures, operating expenses and quantities of recoverable oil and natural gas reserves most likely will vary from our estimates.

If Marathon fails to acquire or find additional reserves, its reserves and production will decline materially from their current levels

The rate of production from oil and gas properties generally declines as reserves are depleted. Except to the extent that Marathon acquires additional properties containing proved reserves, conducts successful exploration and development activities or, through engineering studies, identifies additional behind-pipe zones or secondary recovery reserves, its proved reserves will decline materially as reserves are produced. Future oil and gas production is, therefore, highly dependent upon our level of success in acquiring or finding additional reserves. Because Marathon is smaller than many of its competitors, it has fewer reserves and will be at an even greater disadvantage to its competitors if it fails to acquire or find additional reserves.

Marathon's refined product margins can be adversely affected by rising crude oil prices and environmental regulations

Marathon conducts domestic refining, marketing and transportation operations primarily through its 62% owned consolidated subsidiary, Marathon Ashland Petroleum LLC ("MAP"). MAP's operations are conducted mainly in the Midwest, Southeast, Ohio River Valley and the upper Great Plains. The profitability of these operations depends largely on the margin between the cost of crude oil and other feedstocks refined and the selling prices of refined products. MAP is a purchaser of crude oil in order to satisfy its refinery throughout requirements. As a result, its overall profitability could be adversely affected by availability of supply and rising crude oil and other feedstock prices which are not recovered in the marketplace. Refined product margins have been historically volatile and vary with the level of economic a