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Part I - Financial Information:

UNITED STATES STEEL CORPORATION
STATEMENT OF OPERATIONS (Unaudited)

(Dollars in millions, except per share amounts)	Second Quarter Ended June 30 2002	2001	Six Months Ended June 30 2002	2001
REVENUES AND OTHER INCOME:				
Revenues	$1,541	$1,532	$2,750	$2,895
Revenues from related parties	220	201	442	348
Income (loss) from investees	7	(7)	9	40
Net gains on disposal of assets	4	10	5	16
Other income	35	1	35	2
Total revenues and other income	1,807	1,737	3,241	3,301
COSTS AND EXPENSES:				
Cost of revenues	1,571	1,617	2,907	3,174
Selling, general and administrative expenses	100	68	171	103
Depreciation, depletion and amortization	89	79	177	152
Total costs and expenses	1,760	1,764	3,255	3,429
INCOME (LOSS) FROM OPERATIONS	47	(27)	(14)	(128)
Net interest and other financial costs	19	48	53	36
INCOME (LOSS) BEFORE INCOME TAXES	28	(75)	(67)	(164)
Provision (credit) for income taxes	1	(45)	(11)	(143)
NET INCOME (LOSS)	$ 27	$ (30)	$ (56)	$ (21)
COMMON STOCK DATA:				
Net income (loss), per share - Basic and diluted	$ .28	$(.34)	$(.60)	$(.24)
Weighted average shares, in thousands				
- Basic	95,670	89,223	92,636	89,223
- Diluted	95,675	89,223	92,636	89,223
Dividends paid per share:				
United States Steel Corporation Common Stock	$ .05	-	$ .10	-
USX - U. S. Steel Group Common Stock	-	$ .10	-	$.35

Selected notes to financial statements appear on pages 6-20.

UNITED STATES STEEL CORPORATION
BALANCE SHEET (Unaudited)

(Dollars in millions)	June 30 2002	December 31 2001
ASSETS		
Current assets:		
Cash and cash equivalents	$ 28	$ 147
Receivables, less allowance of $66 and $58	977	671
Receivables from related parties, less allowance of $117 and $è 6 and58 117 and $ 6		

- deposits	(53)	(2)
Investees - investments	(5)	(1)
- loans and advances	(3)	-
- repayments of loans and advances	7	-
All other - net	-	10
Net cash used in investing activities	(148)	(136)
FINANCING ACTIVITIES:		
Net change in attributed portion of Marathon consolidated debt and other financial obligations	-	(26)
Revolving credit arrangements - net	10	-
Repayment of long-term debt	(30)	(6)
Settlement with Marathon	(54)	-
Common stock issued	218	-
Dividends paid	(9)	(35)
Net cash provided from (used in) financing activities	135	(67)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	1	(1)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(119)	35
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	147	219
CASH AND EQUIVALENTS AT END OF PERIOD	$28	$254
Cash provided from (used in) operating activities included:		
Interest and other financial costs paid (net of amount capitalized)	$(64)	$(93)
Income taxes refunded from (paid to) tax authorities	(3)	8
Income tax settlements received from Marathon	-	379

Selected notes to financial statements appear on pages 6-20.

UNITED STATES STEEL CORPORATION

SELECTED NOTES TO FINANCIAL STATEMENTS

(Unaudited)

1. The information furnished in these financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These financial statements, including selected notes, have been prepared in accordance with the applicable rules of the Securities and Exchange Commission and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. Certain reclassifications of prior year data have been made to conform to 2002 classifications. Additional information is contained in the United States Steel Corporation Annual Report on Form 10-K for the year ended December 31, 2001.

On January 1, 2002, United States Steel Corporation (U. S. Steel) adopted Statement of Financial Accounting Standards (SFAS) No. 141 "Business Combinations." SFAS No. 141 requires that all business combinations be accounted for under the purchase method of accounting and established specific criteria for the recognition of intangible assets separately from goodwill. This Statement also requires that the excess of fair value of acquired assets over cost in a business combination (negative goodwill) be recognized immediately as an extraordinary gain, rather than being deferred and amortized. There was no financial statement impact related to the initial adoption of SFAS No. 141 and the guidance will be applied on a prospective basis.

On January 1, 2002, U. S. Steel adopted SFAS No. 142 "Goodwill and Other Intangible Assets" which addresses the accounting for goodwill and other intangible assets after an acquisition. The most significant changes made by SFAS No. 142 are that 1) goodwill and intangible assets with indefinite lives will no longer be amortized, but must be tested for impairment at least annually; and 2) the amortization period for intangible assets with finite lives will no longer be limited to forty years. SFAS No. 142 requires transitional disclosure of what reported net income and the associated per share amount would have been in all periods presented had SFAS No. 142 been in effect. There was no impact to net income or the related per share amount for any period presented in the financial statements.

Also adopted on January 1, 2002, was SFAS No. 144 "Accounting for Impairment or Disposal of Long-Lived Assets." This Statement establishes a single accounting model for long-lived assets to be disposed of by sale and provides additional guidance on assets to be held and used and assets to be disposed of other than by sale. There was no financial statement impact related to the adoption of this Statement and the guidance will be applied on a prospective basis.

1. (Continued)

On April 30, 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 rescinds SFAS No. 4, "Reporting Gains and Losses from the Extinguishment of Debt," and the criteria in Accounting Principles Board Opinion No. 30, "Reporting the Results of Operations - Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" will now be used to classify gains and losses on the extinguishment of debt. SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking Fund Requirements" amended SFAS No. 4 and is no longer necessary because SFAS No. 4 has been rescinded. SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers" did not apply to U. S. Steel. SFAS No. 13, "Accounting for Leases" is amended to require certain lease modifications that have economic effects similar to sale-leaseback transactions to be accounted for in the same manner as sale-leaseback transactions. SFAS No. 145 also makes technical corrections to existing pronouncements. While these corrections are not substantive in nature, in some instances, they may change accounting practice. Generally, SFAS No. 145 is effective for transactions occurring after May 15, 2002. There was no financial statement implication related to the adoption of this Statement.

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations." SFAS No. 143 establishes a new accounting model for the recognition and measurement of retirement obligations associated with tangible long-lived assets. SFAS No. 143 requires that an asset retirement obligation be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. U. S. Steel will adopt this Statement effective January 1, 2003. The transition adjustment resulting from the adoption of SFAS No. 143 will be reported as a cumulative effect of a change in accounting principle. At this time, U. S. Steel has not completed its assessment of the effect of the adoption of this Statement on either its financial position or results of operations.

SFAS No. 146, "Accounting for Exit or Disposal Activities" was issued in July of 2002. SFAS No. 146 addresses significant issues regarding the recognition, measurement and reporting of costs that are associated with exit and disposal activities, including restructuring activities. The scope of SFAS No. 146 includes (1) costs to terminate contracts that are not capital leases; (2) costs to consolidate facilities or relocate employees; and (3) termination benefits provided to employees who are involuntarily terminated under the terms of a one-time benefit arrangement that is not an ongoing benefit arrangement or an individual deferred-compensation contract. The provisions of this Statement will be effective for exit or disposal activities initiated after December 31, 2002, with early application encouraged.

UNITED STATES STEEL CORPORATION
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Equity in earnings (losses) of unconsolidated investees	(8)	1	-	(7)
Other	-	11	-	11
Total revenues and other income	$1,516	$527	$(306)	$1,737
Income (loss) from operations	$(67)	$48	$(8)	$(27)

The following is a schedule of reconciling items for the second quarter of 2002 and 2001:

(In millions)	Revenues And Other Income 2002	2001	Income (Loss) From Operations 2002	2001
Elimination of intersegment revenues	$(316)	$(306)	*	*
Special Items:				
Federal excise tax refund	33	-	$ 33	$ -
Asset impairment - receivables	-	-	(14)	-
Pension settlement	-	-	(10)	-
Insurance recoveries related to USS-POSCO fire	6	2	6	2
Adjustment to gain on Transtar reorganization	-	(2)	-	(2)
Costs related to Separation	-	-	-	(8)
	39	-	15	(8)
Total reconciling items	$(277)	$(306)	$ 15	$(8)

* Elimination of intersegment revenues is offset by the elimination of intersegment cost of revenues within income (loss) from operations at the corporate consolidation level.

7. (Continued)

The results of segment operations for the six months of 2002 and 2001 are:

(In millions)	Flat-rolled	Tubular	USSK	Total Reportable Segments
Six Months 2002				
Revenues and other income:				
Customer	$1,989	$267	$501	$2,757
Intersegment	87	-	-	87
Equity in earnings (losses) of unconsolidated investees	(9)	-	1	(8)
Other	(1)	-	3	2
Total revenues and other income	$2,066	$267	$505	$2,838
Income (loss) from operations	$(100)	$9	$25	$(66)
Six Months 2001				
Revenues and other income:				
Customer	$1,857	$428	$530	$2,815
Intersegment	124	-	2	126
Equity in earnings (losses) of unconsolidated investees	(17)	1	1	(15)
Other	-	-	1	1
Total revenues and other income	$1,964	$429	$534	$2,927
Income (loss) from operations	$(285)	$61	$82	$(142)

7. (Continued)

(In millions)	Total Reportable Segments	Other Businesses	Reconciling Items	Total Corp.

pretax charge of $14 million to reserve the remaining balance of these receivables. This charge is included in selling, general and administrative expenses.

9. Revenues from related parties primarily reflect sales of steel products, raw materials, transportation services and fees for providing various management and other support services to equity and certain other investees. Generally, transactions are conducted under long-term market-based contractual arrangements.

Current receivables from related parties at June 30, 2002, include $33 million due from Marathon for tax settlements in accordance with the tax sharing agreement, billings under the shared services agreement and contractual reimbursements related to the retirement of participants in the non-qualified employee benefit plans. Current receivables from related parties at December 31, 2001, include $28 million due from Marathon for tax settlements in accordance with the tax sharing agreement.

Under an agreement with PRO-TEC Coating Company (PRO-TEC), U. S. Steel provides exclusive marketing, selling and customer service functions, including invoicing and receivables collection, for substantially all of the products produced by PRO-TEC. U. S. Steel, as PRO-TEC's exclusive sales agent, is responsible for credit risk related to those receivables. Accounts payable to related parties includes $52 million and $37 million at June 30, 2002, and December 31, 2001, respectively, related to this agreement with PRO-TEC.

income.

11. (Continued)

In the six months of 2001, effective tax rates were applied to U. S. Steel's domestic and foreign operations separately. As a result, the credit for income taxes reflected an estimated annual effective tax rate of approximately 34% for U. S. Steel's domestic operations, and virtually no tax provision for USSK's income as discussed in the preceding paragraph. The tax credit also included a $33 million deferred tax benefit related to the Transtar reorganization. In addition, net interest and other financial costs in the six months of 2001, included a favorable adjustment of $67 million and the credit for income taxes included an unfavorable adjustment of $15 million, both of which were related to prior years' taxes.

12. Net income (loss) per common share for the second quarter and six months of 2002 is based on the weighted average number of common shares outstanding during the quarter. Net loss per common share for the second quarter and six months of 2001 is based on outstanding common shares at December 31, 2001, the date of the Separation.

Diluted net income per share assumes the exercise of stock options, provided the effect is dilutive. As of June 30, 2002, the potential common stock related to employee options to purchase 6.2 million shares of common stock have been excluded from the computation of diluted net income (loss) per share because their effect was antidilutive.

13. At June 30, 2002, U. S. Steel had no borrowings against its Inventory Facility that provides for borrowings of up to $400 million. At June 30, 2002, $252 million was available under this facility.

At June 30, 2002, USSK had no borrowings against its $10 million short-term credit facility and $10 million in borrowings against its $40 million long-term facility.

At June 30, 2002, in the event of a change in control of U. S. Steel, debt obligations totaling $984 million may be declared immediately due and payable. In such event, U. S. Steel may also be required to either repurchase the leased Fairfield slab caster for $91 million or provide a letter of credit to secure the remaining obligation.

14. On November 28, 2001, U. S. Steel entered into a five-year Receivables Purchase Agreement to sell a revolving interest in eligible trade receivables generated by U. S. Steel and certain of its subsidiaries through a commercial paper conduit program. Qualifying accounts receivables are sold, on a daily basis, without recourse, to U. S. Steel Receivables LLC (USSR), a consolidated wholly owned special purpose entity. USSR then sells an undivided interest in these receivables to certain conduits. The conduits issue commercial paper to finance the purchase of their interest in the receivables. U. S. Steel has agreed to continue servicing the sold receivables at market rates. Because U. S. Steel receives adequate compensation for these services, no servicing asset or liability has been recorded.

14. (Continued)

Sales of accounts receivable are reflected as a reduction of receivables in the balance sheet and the proceeds received are included in cash flows from operating activities in the statement of cash flows. Under the facility, USSR may sell interests in the receivables up to the lesser of a funding base, comprised of eligible receivables, or $400 million. Generally, the facility provides that as payments are collected from the sold accounts receivables, USSR may elect to have the conduits reinvest the proceeds in new eligible accounts receivable.

Dds atement of

USSR pays the conduits a discount based on the conduits' borrowing costs plus incremental fees. During the six months ended June 30, 2002, U. S. Steel incurred costs of $2 million on the sale of its receivables. These costs are included in net interest and other financial costs in the statement of operations.

The table below summarizes cash flows from and paid to USSR:

(In millions)	Six Months Ended June 30, 2002
Proceeds from:	
Collections reinvested	$2,338
Securitizations	-
Servicing fee	3

The table below summarizes the trade receivables for USSR:

(In millions)	June 30, 2002
Balance of accounts receivable, net, purchased by USSR	$588
Revolving interest sold to conduits	-
Accounts receivable - net, included in the Balance Sheet of U. S. Steel	$588

While the term of the facility is five years, the facility also terminates on the occurrence and failure to cure certain events, including, among others, certain defaults with respect to the Inventory Facility and other debt obligations, any failure of USSR to maintain certain ratios related to the collectability of the receivables, and failure to extend the commitments of the commercial paper conduits' liquidity providers which currently terminate on November 27, 2002.

15. In the second quarter of 2002, U. S. Steel sold 10,925,000 shares of its common stock in a public equity offering for net proceeds of $192 million. The net proceeds were used primarily to repurchase receivables previously sold under the Receivables Purchase Agreement.

16. U. S. Steel is the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. Certain of these matters are discussed below. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to U. S. Steel's financial statements. However, management believes that U. S. Steel will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably.

U. S. Steel is subject to federal, state, local and foreign laws and regulations relating to the environment. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for noncompliance. At June 30, 2002 and December 31, 2001, accrued liabilities for remediation totaled $141 million and $138 million, respectively. It is not presently possible to esti[illegible]

U. S. Steel was contingently liable for debt and other obligations of Marathon in the amount of $334 million at June 30, 2002, compared to $359 million at December 31, 2001. Marathon paid a portion of this debt in July 2002. As of July 31, 2002, U. S. Steel is contingently liable for debt and other obligations of Marathon in the amount of $175 million. Marathon is not limited by agreement with U. S. Steel as to the amount of indebtedness that it may incur. In the event of the bankruptcy of Marathon, these obligations for which U. S. Steel is contingently liable, as well as obligations for industrial development and environmental liabilities and notes that were assumed by U. S. Steel from Marathon, may be declared immediately due and payable. If such events occur, U. S. Steel may not be able to satisfy such obligations.

UNITED STATES STEEL CORPORATION

SELECTED NOTES TO FINANCIAL STATEMENTS (Continued)

(Unaudited)

16. (Continued)

U. S. Steel is contingently liable to its Chairman, Chief Executive Officer and President for a $3 million retention bonus. The bonus is payable on the third anni

dividends by $202 million.
(c) Earnings did not cover combined fixed charges and preferred stock dividends by $598 million.

UNITED STATES STEEL CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited)

Six Months Ended June 30		Year Ended December 31				
2002	2001	2001	2000	1999	1998	1997
(a)	(b)	(c)	1.13	2.33	5.89	5.39

(a) Earnings did not cover fixed charges by $66 million.
(b) Earnings did not cover fixed charges by $196 million.
(c) Earnings did not cover fixed charges by $586 million.

UNITED STATES STEEL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Effective with the first quarter of 2002, following the separation from Marathon Oil Corporation (Marathon), formerly USX Corporation (the Separation), United States Steel Corporation (U. S. Steel) established a new internal financial reporting structure, which resulted in a change in reportable segments. In addition, U. S. Steel revised the presentation of several items of income and expense within income (loss) from reportable segments. Net pension credits, costs related to former businesses and administrative expenses previously not reported at the segment level are now directly charged or allocated to the reportable segments and other businesses. Reported results for the second quarter and first six months of 2001 have been conformed to the current year presentation.

U. S. Steel now has three reportable operating segments: Flat-rolled Products (Flat-rolled), Tubular Products (Tubular), and U. S. Steel Kosice (USSK).

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

Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors that could cause future outcomes to differ materially from those set forth in forward-looking statements. For additional risk factors affecting the businesses of U. S. Steel, see Supplementary Data -- Disclosures About Forward-

Looking Statements in the U. S. Steel Annual Report on Form 10-K for the year ended December 31, 2001.

Results of Operations

Revenues and other income was $1,807 million in the second quarter of 2002 compared with $1,737 million in the same quarter last year. The $70 million increase primarily reflected higher shiged higher-

Segment income for Tubular

Segment income for Tubular was $6 million in the second quarter of 2002, a decline of $29 million compared with the second quarter of 2001. Tubular reported income of $9 million for the first six months of 2002 compared with income of $61 million in the first half of 2001. The declines resulted from lower shipments, less favorable product mixes and lower average realized prices.

Segment income for USSK

Segment income for USSK was $26 million in the second quarter of 2002 compared with income of $41 million in the second quarter of 2001. The change was primarily due to unfavorable cost effects due to foreign exchange rate changes, higher freight costs and costs associated with the start-up of conversion operations at Sartid in Serbia, partially offset by an improved product mix and higher average realized prices due to favorable exchange rate effects. Income for USSK for the first six months of 2002 was $25 million compared with income of $82 million in the same period last year. The decrease was primarily due to lower average realized steel prices, higher freight costs and costs associated with the start-up of conversion operations at Sartid. Income for the first six months of 2002 was also adversely affected by delays in restarting operations in January 2002 following a blast furnace outage.

Income for Other Businesses

Income for Other Businesses in the second quarter of 2002 was $26 million compared with income of $48 million in the second quarter of 2001. The decrease resulted mainly from lower results for real estate operations and losses for Straightline, which began operations on October 30, 2001. Other Businesses recorded income of $17 million in the first half of 2002 compared with income of $26 million in the first half of 2001. The decline was primarily due to lower trade shipments of coke, lower results for real estate operations and Straightline's loss, partially offset by higher income from iron ore operations as a result of higher shipment levels and lower energy costs and the absence of U. S. Steel's share of losses of Republic Technologies International Holdings, LLC (Republic), which was included in the first half of 2001.

Net Periodic Pension Credit

Net periodic pension credits, which are primarily noncash, included in income (loss) from operations were $20 million and $49 million for the second quarter and first six months of 2002, respectively, compared to $31 million and $72 million for

the corresponding periods of 2001. The decreases in the net periodic pension credits in the 2002 periods were due primarily to lower expected returns on assets due to lower market related values, and higher settlement charges related to the non tax-qualified pension plan and executive management supplemental pension program.

Selling, General and Administrative Expenses

Selling, general and administrative expenses included in income (loss) from operations were $100 million and $171 million for the second quarter and first six months of 2002, respectively, compared to $68 million and $103 million for the same periods of 2001. The increases in costs in the 2002 periods were primarily due to the decrease in net periodic pension credits as previously discussed, the impairment of retiree medical cost reimbursements receivable from Republic, increased legal expenses primarily due to the Section 201 trade cases, and the continuing expansion of Straightline. Also contributing to the increases in 2002 were higher retiree medical costs primarily due to decreases in the discount rate, higher escalation rates for medical expenses, and the effects of the Fairless shutdown.

Special items:

Federal excise tax refund represents the recovery of black lung excise taxes that were paid on coal export sales during the period 1993 through 1999. During the second quarter of 2002, U. S. Steel received cash and recognized a pretax gain of $33 million, which is included in other income on the statement of operations. Of the $33 million recognized, $10 million represents the interest component of the gain. The refund resulted from a 1998 federal district court decision that found such taxes to be unconstitutional.

Insurance recoveries related to USS-POSCO fire represent U. S. Steel's share of insurance recoveries in excess of facility repair costs for the cold-rolling mill fire at USS-POSCO, which occurred in May 2001.

Asset impairments - receivables were for charges related to reserves established against receivables from Republic. The charge in the second quarter and first six months of 2002 related to reserves against retiree medical cost reimbursements owed by Republic, and the charge in the first six months of 2001 related to reserves against trade receivables.

Pension settlement loss is related to retirements of personnel covered under the non tax-qualified pension plan and the executive management supplemental pension program.

Costs related to Fairless shutdown resulted from the permanent shutdown of the cold-rolling and tin mill facilities at Fairless Works in the fourth quarter of 2001.

Reversal of litigation accrual represents the reversal in the first quarter of 2002 of a prior litigation accrual as a result of a final court ruling in U. S. Steel's favor.

Costs related to Separation represent U. S. Steel's share of professional fees and expenses and certain other costs directly attributable to the Separation.

UNITED STATES STEEL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Gain (adjustment to gain) on Transtar reorganization represents U. S. Steel's share of the gain and subsequent downward adjustment of the gain recognized by Transtar in 2001.

Net interest and other financial costs were $19 million in the second quarter of 2002 compared with $48 million during the same period in 2001. Net interest and other financial costs in the first six months of 2002 were $53 million compared with $36 million in the same period last year. The 2002 first six months included a favorable adjustment to interest of $67 million that was related to prior years' taxe

associated with the Transtar reorganization and an unfavorable adjustment of $15 million related to the settlement of prior years' taxes.

UNITED STATES STEEL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Net income was $27 million in the second quarter of 2002 compared with a net loss of $30 million in the second quarter of 2001. The net loss in the first six months of 2002 was $56 million compared to a net loss of $21 million in the same period in 2001. The changes primarily reflected the factors discussed above.

Operating Statistics

Flat-rolled shipments of 2.6 million tons for the second quarter of 2002 increased about 12 percent from the second quarter 2001 and 10 percent from the first quarter of 2002. Tubular shipments of 217,000 tons for the second quarter of 2002 decreased about 31 percent from the same period in 2001 but improved approximately 15 percent from the first quarter of 2002. At USSK, second quarter 2002 shipments of 1.1 million tons reflected improvements of 3 percent and 46 percent, respectively, compared to the second quarter of 2001 and the first quarter of 2002.

Raw steel capability utilization for domestic facilities and USSK in the second quarter of 2002 averaged 93.9 percent and 95.5 percent, respectively, compared with 82.1 percent and 90.7 percent in the second quarter of 2001 and 92.1 percent and 74.4 percent in the first quarter [illegible] of 2002. Raw steel capability utilization for domestic facilities and USSK in the first six months of 2002 averaged 93.0 percent and 85.0 percent, respectively, compared with 82.6 percent and 84.0 percent in the first six months of 2001.

Balance Sheet

Cash and Cash Equivalents of $28 million at June 30, 2002 decreased $119 million from year-end 2001 primarily due to working capital increases, capital expenditures, payment of a $54 million cash settlement [illegible] Marathon [illegible] and $53 million [illegible] cash deposits, partially offset by cash generated from common stock issued.

Receivables, less a©t Rnd 84.0 p

Pension obligations have been excluded from the above table. U. S. Steel does not currently anticipate any required cash contributions to its major pension plans during 2002 or 2003. However, the sharp decline in the value of the equity holdings of the company's major pension trusts thus far during 2002 and market performance from now until the end of 2002 will likely have an impact on future funding needs of the main pension plan for union employees, including any required minimum contributions or voluntary company contributions in accordance with our annual long-range study of the plan's needs. Future funding requirements are dependent upon factors such as funded status, regulatory requirements for funding purposes that necessitate different and more restrictive assumptions for measuring obligations than those used for accounting, and the level and timing of asset returns as compared with the level and timing of expected benefit disbursements. As such, until year-end 2002 asset and benefit obligation levels are known and fully assessed, it is impossible to make an accurate prediction of minimum cash funding requirements beyond 2003. U. S. Steel's funded status is disclosed in Note 10d 20meim ixpn g n g n fuenefit ob gsn2

U. S. Steel's outstanding debt and credit ratings by rating agencies.

UNITED STATES STEEL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Environmental Matters, Litigation and Contingencies

U. S. Steel has incurred and will continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of environmental laws and regulations. In recent years, these expenditures have been mainly for process changes in order to meet Clean Air Act obligations, although ongoing compliance costs have also been significant. To the extent these expenditures, as with all costs, are not ultimately reflected in the prices of U. S. Steel's products and services, operating results will be adversely affected. U. S. Steel believes that all of its domestic competitors are subject to similar environmental laws and regulations. However, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities, production processes and the specific products and services it provides. To the extent that competitors are not required to undertake equivalent costs in their operations, the competitive position of U. S. Steel could be adversely affected.

USSK is subject to the 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. USSK has also entered into an agreement with the Slovak government to bring, over time, its facilities into [illegible] environmental compliance.

In addition, U. S. Steel expects to incur cap[illegible]

U. S. Steel is the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the U. S. Steel Financial Statements. However, management believes that U. S. Steel will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably to U. S. Steel.

Outlook
- -------

Shipments for Flat-rolled products are expected to increase slightly in the third quarter. Further improvement in average realized prices is also anticipated. For full-year 2002, Flat-rolled shipments are expected to approximate 10.1 million net tons.

For Tubular, some improvement is expected in the second half with shipments and averaged realized prices up from the depressed levels in the first half of 2002. Shipments for full-year 2002 are expected to be approximately 900,000 net tons.

USSK's average realized prices in third quarter 2002 are expected to increase, with shipments in line with the second quarter. Shipments in 2002 are projected to be approximately 4.0 million net tons.

Management remains optimistic that U. S. Steel will be profitable for 2002.

On March 8, 2002, USSK announced that it had entered into a Cooperation and Toll Conversion Agreement (tolling agreement) and a Facility Management Agreement with Sartid, a.d. (Sartid), an integrated steel company with facilities located in Smederevo and Sabac in the Republic of Serbia. The tolling agreement provides for the conversion of slabs into hot-rolled bands and cold-rolled full hard into tin-coated products. USSK retains ownership of these materials and markets the hot-rolled bands and finished tin products in its own distribution system. The Facility Management Agreement permits USSK, or an affiliated company, to have management oversight of Sartid's tin processing facilities at Sabac. On June 28, 2002, USSK entered into a Supplemental Cooperation and Toll Conversion Agreement (supplemental agreement) with Sartid under which Sartid agrees to toll convert additional raw materials provided by USSK into products specified by USSK. Under the supplemental agreement, USSK retains ownership of the raw materials and products. On July 30, 2002, bankruptcy proceedings were initiated involving Sartid. On August 5, 2002, the Bankruptcy Administrator contacted USSK requesting USSK to renew the agreements between Sartid and USSK. USSK anticipates that such renewals will be entered into in the near future.

In addition, USSK continues to explore possibilities for involvement in the restructuring of Sartid, as announced by USSK, the Government of the Republic of Serbia and Sartid when they entered into a letter of intent concerning these matters on March 8, 2002.

On April 10, 2002, U. S. Steel announced that it had signed a letter of intent to sell all of the coal and related assets associated with U. S. Steel Mining Company's West Virginia and Alabama mines. A definitive agreement on the sale is expected before the end of the year.

On August 1, 2002, U. S. Steel announced that it had terminated its agreement with Lone Star Steel Company to purchase, market and sell electric resistance welded (ERW) tubular products manufactured by U. S. Steel, and will resume exclusive marketing and sales of the ERW product line.

Because of a higher than expected number of normal salaried retirements, together with last year's Voluntary Early Retirement Program that was completed in June, an unfavorable pension settlement effect is expected to be recognized later this year for the qualified plan for non-union employees. The amount of this recognition of deferred actuarial losses will depend on pension fund investment performance and liability changes up to the measurement date, but is broadly estimated to be approximately $100 million (pretax).

Due to the sharp decline in the value of the equity holdings of the company's major pension trusts, we expect that the December 31, 2002 market value of the assets in the U. S. Steel pension plan for union

employees will be lower than previously anticipated and may be lower than the accumulated benefit obligation (ABO). When the ABO of a plan exceeds the market value of plan assets, SFAS No. 87, "Employer's Accounting for Pensions" requires companies to record an additional minimum liability equal to this excess amount plus any pension asset recorded. This liability would be offset by an intangible asset equivalent to any unrecognized prior service cost and a charge to equity, net of tax effects. This potential effect will be calculated and recorded, if necessary, at the next measurement date of the plan, which is expected to be December 31, 2002. Based on current asset values, we broadly estimate a required additional minimum liability of $1.5 billion (reflecting an assumed unfunded ABO of $400 million and a recorded pension asset of $1.1 billion) and an intangible asset of $400 million for this plan, resulting in the establishment of a $400 million deferred tax asset and a charge to equity of $700 million. The actual return on plan assets and changes in the calculated actuarial liability during the second half of 2002 could materially affect these estimated amounts.

Discussions are ongoing between the Slovak Republic and the European Commission concerning admission of Slovakia into the European Union (EU). USSK understands that these accession negotiations include discussions regarding the applicability of the EU's state aid limitations to the income tax credit currently available to USSK as well as other issues. Based upon currently available information, management does not anticipate that those negotiations and any agreement resulting therefrom, will result in a material adverse impact upon U. S. Steel.

U. S. Steel continues to be interested in participating in consolidation of the domestic steel industry if it would be beneficial to our customers, shareholders, creditors and employees. U. S. Steel has had and continues to have discussions with several parties regarding consolidation opportunities. Among the factors that would impact U. S. Steel's participation in consolidation are the nature and extent of relief from the burden of retiree obligations related to existing retirees from other domestic steel companies, which may come through the bankruptcy process or otherwise, the terms of a new labor agreement and progress in President Bush's program to address worldwide overcapacity. Also, U. S. Steel may make additional investments in Central Europe to expand our business and to better serve our customers who are seeking worldwide supply arrangements.

The preceding discussion contains forward-looking statements with respect to shipments and prices, the potential coal mining asset sale, pension matters, tax issues and industry consolidation. Some factors, among others, that could affect full-year 2002 market conditions, shipments and prices include import levels, future product demand, prices and mix, global and company steel production, plant operating performance, domestic natural gas prices and usage, the resumption of operation of steel facilities sold under the bankruptcy laws, and U.S. and European economic performance and political developments. Steel shipments and prices can be affected by imports and actions of the U.S. Government and its agencies. Factors that may affect USSK results are similar to domestic factors, including excess world supply, plus foreign currency fluctuations, matters peculiar to international marketing such as tariffs, and completion of facility projects at USSK. Factors that may impact the occurrence and timing of the coal mining asset sale include the availability of financing to the buyer and completion of definitive documentation. Factors that may affect the amount of the expected unfavorable pension settlement for the qualified plan for non-union employees later this year include, among others, pension fund investment performance, liability changes and interest rates. Factors that may affect the amount of any additional minimum liability for the U. S. Steel pension plan for union employees later this year include, among others, pension fund investment performance, liability changes and interest rates. The negotiation and possible consummation of any merger or acquisition agreement and the potential completion of any industry consolidation or acquisitions, whether domestic or international, are all subject to numerous conditions, many of which are among the factors generally impacting the steel business. Many of these conditions depend upon actions of other parties, such as the federal government, the USWA, creditors, bankruptcy courts and foreign governments. There is no assurance that any merger agreement will be negotiated and/or consummated, or that any industry domestic or international consolidation in general will occur, nor any specificity concerning the terms upon which any of these might occur. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, cautionary statements identifying important factors, but not necessarily all factors, that could cause actual results to differ materially from those set forth in the forward-looking statements have

been included in the Form 10-K of U. S. Steel for the year ended December 31, 2001, and in subsequent filings for U. S. Steel.

Steel imports to the United States accounted for an estimated 24% of the domestic steel market in the first five months of 2002 and for the year 2001, and 27% for the year 2000.

On July 11, 2002, the U.S. Department of Commerce announced final determinations in the anti-dumping cases concerning cold-rolled carbon steel flat products from five of the 20 countries involved in these proceedings. The U.S. Department of Commerce will continue its investigation in all of the remaining cases. The U.S. International Trade Commission held the final injury hearing on July 18, 2002 and will render a decision at a later date.

The relief in the Section 201 action that was announced by President Bush on March 5, 2002 became effective for imports entering the U.S. on and after March 20, 2002. The U.S. Trade Representative will continue to process requests for exemption from the remedy through August 31, 2002.

UNITED STATES STEEL CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Accounting Standards

On January 1, 2002, U. S. Steel adopted Statements of Financial Accounting Standards (SFAS) No. 141 "Business Combinations," No. 142 "Goodwill and Other Intangible Assets" and No. 144 "Accounting for Impairment or Disposal of Long-Lived Assets." There was no financial statement implication related to the initial adoption of these Statements. For more information see Note 1 of the Selected Notes to Financial Statements.

On April 30, 2002, the Financial Accounting Standards Board (FASB) issued SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." Generally, SFAS No. 145 is effective for transactions occurring after May 15, 2002. There was no financial statement implication related to the adoption of this Statement. For more information see Note 1 of the Selected Notes to Financial Statements.

The adoption of these Statements has not affected U. S. Steel's critical accounting policies and estimates. For a discussion of critical accounting policies and estimates, please refer to the Annual Report on Form 10-K for the year ended December 31, 2001.

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations." SFAS No. 143 establishes a new accounting model for the recognition and measurement of retirement obligations associated with tangible long-lived assets. SFAS No. 143 requires that an asset retirement obligation should be capitalized as part of the cost of the related long-lived asset and subsequently allocated to expense using a systematic and rational method. U. S. Steel will adopt the Statement effective January 1, 2003. The transition adjustment resulting from the adoption of SFAS No. 143 will be reported as a cumulative effect of a change in accounting principle. At this time, U. S. Steel has not completed its assessment of the effect of the adoption of this Statement on either its financial position or results gf operations.

SFAS No. 146, "Accounting for Exit or Disposal Activiti an accoudjqrive effec N .˚fing

UNITED STATES STEEL CORPORATION
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Foreign Currency Exchange Rate Risk

U. S. Steel is subject to the risk of price fluctuations related to anticipated revenues and operating costs, firm commitments for capital expenditures and existing assets or liabilities denominated in currencies other than U.S. dollars, in particular the Euro and Slovak koruna. U. S. Steel has not generally used derivative instruments to manage this risk. However, U. S. Steel has made limited use of forward currency contracts to manage exposure to certain currency price fluctuations. At June 30, 2002, U. S. Steel had open Euro forward sale contracts for both U.S. dollars (total notional value of approximately $15.4 million) and Slovak koruna (total notional value of approximately $19.3 million). A 10% increase in the June 30, 2002 Euro forward rates would result in an additional $3.5 million charge to income.

Equity Price Risk

As of June 30, 2002, U. S. Steel was subject to equity price risk and market liquidity risk related to its investment in VSZ a.s., the former parent of U. S. Steel Kosice, s.r.o. These risks are not readily quantifiable for several reasons including the absence of a readily determinable fair value as determined under U. S. generally accepted accounting principles.

Safe Harbor

U. S. Steel's Quantitative and Qualitative Disclosures About Market Risk include forward-looking statements with respect to management's opinion about risks associated with U. S. Steel's use of derivative instruments. These statements are based on certain assumptions with respect to market prices, industry supply and demand for steel products and certain raw materials, and foreign exchange rates. To the extent that these assumptions prove to be inaccurate, future outcomes with respect to U. S. Steel's hedging programs may differ materially from those discussed in the forward-looking statements.

UNITED STATES STEEL CORPORATION
SUPPLEMENTAL STATISTICS (Unaudited)

(Dollars in millions)	Second Quarter Ended June 30 2002	Second Quarter Ended June 30 2001	Six Months Ended June 30 2002	Six Months Ended June 30 2001
INCOME (LOSS) FROM OPERATIONS				
Flat-rolled Products	$(26)	$(143)	$(100)	$(285)
Tubular Products	6	35	9	61
U. S. Steel Kosice	26	41	25	82
Other Businesses:				
Coal, Coke and Iron Ore	11	14	(3)	(18)
Straightline	(10)	-	(17)	-
All other	25	34	37	44
Income (Loss) from Operations before special items	32	(19)	(49)	(116)
Special Items:				
Federal excise tax refund	33	-	33	-
Insurance recoveries related to USS-POSCO fire	6	2	18	2
Asset impairments - receivables	(14)	-	(14)	(74)
Pension settlement loss	(10)	-	(10)	-
Costs related to Fairless shutdown	-	-	(1)	-
Reversal of litigation accrual	-	-	9	-
Costs related to Separation	-	(8)	-	(8)
Gain (adj. to gain) on Transtar reorganization	-	(2)	-	68
Total Income (Loss) from Operations	$47	$(27)	$(14)	$(128)
CAPITAL EXPENDITURES				
Flat-rolled Products	$6	$83	$17	$99
Tubular Products	10	-	15	-
U. S. Steel Kosice	17	9	34	14
Other Businesses	15	12	38	28
Total	$48	$104	$104	$141
OPERATING STATISTICS				
Average realized price: ($/net ton)(a)				
Flat-rolled Products	$402	$395	$390	$399

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Exhibit 12.1

UNITED STATES STEEL CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES
AND PREFERRED STOCK DIVIDENDS
(Unaudited)

(Dollars in millions)

	Six Months Ended June 30		Year Ended December 31				
	2002	2001	2001	2000	1999	1998	1997
Portion of rentals representing interest	$21	$21	$ 45	$ 48	$ 46	$ 52	$ 47
Capitalized interest	-	1	1	3	6	6	7
Other interest and fixed charges	68	35	153	115	75	47	91
Pretax earnings which would be required to cover preferred stock dividend requirements of parent	-	6	12	12	14	15	20
Combined fixed charges and preferred stock dividends (A)	$89	$63	$211	$178	$141	$120	$165
Earnings-pretax income with applicable adjustments (B)	$23	$(139)	$(387)	$187	$295	$618	$781
Ratio of (B) to (A)	(a)	(b)	(c)	1.05	2.10	5.15	4.72

(a) Earnings did not cover combined fixed charges and preferred stock dividends by $66 million.
(b) Earnings did not cover combined fixed charges and preferred stock dividends by $202 million.
(c) Earnings did not cover combined fixed charges and preferred stock dividends by $598 million.

Exhibit 12.2

UNITED STATES STEEL CORPORATION
COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Unaudited)

(Dollars in millions)

	Six Months Ended June 30		Year Ended December 31				
	2002	2001	2001	2000	1999	1998	1997
Portion of rentals representing interest	$21	$21	$ 45	$ 48	$ 46	$ 52	$ 47
Capitalized interest	-	1	1	3	7	6	7
Other interest and fixed charges	68	MMM	$ 48	387			

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Exhibit 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of United States Steel Corporation (the "Corporation") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas J. Usher, Chairman and Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporationguan

Exhibit 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of United States Steel Corporation (the "Corporation") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John P. Surma, Vice Chairman and Chief Financial Officer of the Corporation, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

By /s/ John P. Surma

John P. Surma
Vice Chairman and Chief Financial Officer

August 12, 2002