UNITED STATES STEEL CORP
Form 424B5
March 20, 2013
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Filed Pursuant to Rule 424(b)5
Registration No. 333-186702

This prospectus supplement and the accompanying prospectus relate to an effective registration statement under the Securities Act of 1933, but the prospectus supplement is not complete and may be changed. This prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion Preliminary Prospectus Supplement dated March 20, 2013

PRELIMINARY PROSPECTUS SUPPLEMENT

(To Prospectus dated February 15, 2013)

$250,000,000

% Senior Convertible Notes due 2019

Interest payable April 1 and October 1

Issue price:

We are offering $250,000,000 aggregate principal amount of % Senior Convertible Notes due April 1, 2019 (the notes). The notes will bear interest at a rate of % per year, payable semiannually in arrears, on April 1 and October 1 of each year, beginning on October 1, 2013. The notes will mature on April 1, 2019.

Holders may convert their notes at their option at any time prior to the close of business on the business day immediately preceding October 1, 2018 only under the following circumstances: (1) during any calendar quarter commencing after the calendar quarter ending on June 30, 2013 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day; (2) during the five business day period after any five consecutive trading day period (the measurement period) in which the trading price (as defined herein) per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (3) if we call the notes for redemption; or (4) upon the occurrence of specified corporate events. On or after October 1, 2018 until the close of business on the second scheduled trading day immediately preceding April 1, 2019, holders may convert their notes at any time. Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election, as described in this prospectus supplement.

The conversion rate will initially be shares of common stock per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $ per share of common stock). The conversion rate will be subject to adjustment in certain events described in this prospectus supplement but will not be adjusted for accrued interest. In addition, following certain types of fundamental changes, as described in this prospectus supplement, or a notice of redemption, we will, in certain circumstances, increase the conversion rate for a holder who elects to convert its notes in connection with such fundamental change or notice of redemption, as the case may be.

We may not redeem the notes prior to April 1, 2017. On or after April 1, 2017, we may redeem for cash any or all of the notes, at our option, if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending within 5 trading days immediately preceding the date on which we provide notice of redemption exceeds 130% of the applicable conversion price on each applicable trading day. The redemption price will equal 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date.

If we undergo a fundamental change (as defined herein), holders may require us to repurchase the notes in whole or in part for cash at a price equal to 100% of the principal amount of the notes to be purchased, plus any accrued and unpaid interest to, but excluding, the repurchase date.

The notes will be our senior and unsecured obligations and will rank equally in right of payment with all of our existing and future senior indebtedness and senior in right of payment to all of our existing and future subordinated indebtedness. The notes will be structurally subordinated to any of our existing and future secured indebtedness to the extent of the value of the collateral securing such indebtedness, including all borrowings under our senior secured revolving credit facility. The notes will be structurally subordinated to all liabilities of our subsidiaries.

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

Our common stock is listed on the New York Stock Exchange under the symbol X. The last reported sale price of our common stock on the New York Stock Exchange on March 19, 2013 was $19.64 per share.

Concurrently with this offering of notes, under a separate prospectus supplement, we are offering $250,000,000 aggregate principal amount of % Senior Notes due 2021. Neither offering will be contingent on completion of the other.

Investing in the notes involves risks that are described in the Risk factors section beginning on page S-7 of this prospectus supplement and the Risk Factors section beginning on page 31 of our annual report on Form 10-K for the fiscal year ended December 31, 2012, which is incorporated by reference into this prospectus supplement and the accompanying prospectus.

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

	Per note	**Total**
Public offering price(1)	%	$
Underwriting discount	%	$
Proceeds, before expenses, to us	%	$

(1) Plus accrued interest from March , 2013, if settlement occurs after that date

We have granted the underwriters an option to purchase, within the 30-day period from the date of this prospectus supplement, up to an additional $37,500,000 aggregate principal amount of the notes.

The notes will be ready for delivery in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, on or about March , 2013.

Joint book-running managers

J.P. Morgan

Barclays

Goldman, Sachs & Co.

Morgan Stanley

The date of this prospectus supplement is , 2013.

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Prospectus supplement

Prospectus

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

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About this prospectus supplement

This document consists of two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and certain other matters relating to United States Steel Corporation. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which do not apply to this offering. Generally, when we refer to the prospectus, we are referring to both parts of this document combined. For information about our notes and our common stock, see Description of notes and Description of common stock in this prospectus supplement and Description of the Debt Securities and Description of Capital Stock in the accompanying prospectus. If the description in the prospectus supplement differs from the description in the accompanying prospectus, the description in the prospectus supplement supersedes the description in the accompanying prospectus. If the information in this prospectus supplement varies in any way from the information set forth in a document we have incorporated by reference, you should rely on the information in the more recent document.

Incorporation of certain information by reference

The Securities and Exchange Commission (SEC) allows us to incorporate by reference into this prospectus supplement the information in documents we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement, and later information that we file with the SEC will update and supersede this information. We incorporate by reference the documents listed below and any future filings we make with the SEC under Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934 prior to the termination of the offering under this prospectus supplement (other than any documents or information deemed to have been furnished and not filed in accordance with the SEC rules). These documents contain important information about us. The SEC file number for these documents is 1-16811.

(a) Annual Report on Form 10-K for the year ended December 31, 2012;

(b) Proxy Statement on Schedule 14A dated March 15, 2013; and

(c) The description of our common stock contained in our registration statement on Form 8-A12B/A (Amendment No. 1) filed with the SEC on December 31, 2001.

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

Forward-looking statements

We include forward-looking statements concerning trends, market forces, commitments, material events, and other contingencies potentially affecting our future performance in our annual and quarterly reports, press releases and other statements incorporated by reference into

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this prospectus supplement and the accompanying prospectus. These statements include, without limitation, statements regarding our general business strategies; financing decisions; projections of levels of revenues or production, income from operations, income from operations per ton, net income or earnings per share; levels of capital, environmental or maintenance expenditures; levels of employee benefits; the success or timing of completion of ongoing or anticipated capital or maintenance projects; levels of raw steel production capability; prices; production; shipments; labor and raw material costs; availability of raw materials; the acquisition, idling, shutdown or divestiture of assets or businesses; the effect of restructuring or reorganization of business components and cost reduction programs; the effect of steel industry consolidation; the effect of potential legal proceedings on our business and financial condition; the effects of actions of third parties, such as competitors or foreign, federal, state or local environmental or other regulatory authorities; the impact of international trade relief, import quotas, tariffs and other protectionist measures; and general economic conditions. These forward-looking statements are estimates based on currently available competitive, financial and economic data and our operating plans and involve risks, uncertainties and assumptions. As a result, these statements are inherently uncertain, and investors must recognize that events could turn out to be significantly different from our expectations. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements. We do not undertake to update our forward-looking statements to reflect future events or circumstances, except as may be required by applicable law. Additional information regarding the risks and uncertainties that could impact our forward-looking statements is contained in our periodic filings with the SEC, including our Annual Report on Form 10-K for the year ended December 31, 2012.

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Summary

The following information supplements, and should be read together with, the information contained or incorporated by reference in other parts of this prospectus supplement and the accompanying prospectus. This summary highlights selected information from the prospectus supplement and the accompanying prospectus. As a result, it does not contain all of the information you should consider before investing in the notes. You should carefully read this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference, which are described following the caption Incorporation of certain information by reference in the accompanying prospectus. If the information in this prospectus supplement varies in any way from the information set forth in a document we have incorporated by reference, you should rely on the information in the more recent document.

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

See Risk factors in this prospectus supplement and in our annual report on Form 10-K for the year ended December 31, 2012, for factors that you should consider before investing in the notes, and Forward-looking statements in this prospectus supplement and Forward-Looking Statements in the accompanying prospectus for information relating to statements contained in this prospectus supplement that are not historical facts.

Unless otherwise specifically indicated, all information in this prospectus supplement assumes the underwriters option to purchase additional notes is not exercised.

The company

U. S. Steel is an integrated steel producer of flat-rolled and tubular products with major production operations in North America and Europe. An integrated producer uses iron ore and coke as primary raw materials for steel production. U. S. Steel has annual raw steel production capability of 29.3 million net tons (tons) (24.3 million tons in North America and 5.0 million tons in Europe). According to World Steel Association s latest published statistics, we were the thirteenth largest steel producer in the world in 2011. U. S. Steel is also engaged in other business activities consisting primarily of transportation services (railroad and barge operations) and real estate operations.

Concurrent senior notes offering

Concurrently with this convertible notes offering, under a separate prospectus supplement dated the date hereof, we are offering $250,000,000 aggregate principal amount of % Senior Notes due 2021 (the Senior Notes Offering). Neither offering will be contingent on completion of the other. We intend to use the net proceeds from the Senior Notes Offering, together with the net proceeds of this offering, for repurchases or repayment of indebtedness, focusing on near-term maturities, and any remaining proceeds for general corporate purposes. See Use of proceeds.

The foregoing description and other information regarding the Senior Notes Offering is included herein solely for informational purposes. Nothing in this prospectus supplement should be construed as an offer to sell, or the solicitation of an offer to buy, any notes included in the Senior Notes Offering.

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The offering

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

Issuer	United States Steel Corporation, a Delaware corporation.
Securities	$250.0 million aggregate principal amount % Senior Convertible Notes due 2019 (plus up to an additional $37.5 million aggregate principal amount of notes at the option of the underwriters.)
Maturity	April 1, 2019, unless earlier converted, redeemed or repurchased.
Issue Price	100% plus accrued interest if any, from March , 2013.
Interest	% per year. Interest will accrue from March , 2013 and will be payable semiannually in arrears on April 1 and October 1 of each year, beginning October 1, 2013.
	All references to interest in this summary are deemed to include additional interest, if any, payable at our election as the sole remedy relating to the failure to comply with our reporting obligations as described under Description of notes Events of default.
Conversion Rights	Holders may convert their notes at their option prior to the close of business on the business day immediately preceding October 1, 2018 in multiples of $1,000 principal amount, only under the following circumstances:

- during any calendar quarter commencing after the calendar quarter ending on June 30, 2013 (and only during such calendar quarter), if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during the period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion price on each applicable trading day;

- during the five business day period after any five consecutive trading day period (the measurement period) in which the trading price (as defined under Description of notes Conversion rights Conversion upon satisfaction of trading price condition) per $1,000 principal amount of notes for each trading day of the measurement period was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day;

- if we call the notes for redemption, at any time prior to the close of business on the business day immediately preceding the redemption date; or

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upon the occurrence of specified corporate events described under Description of notes Conversion rights Conversion upon specified corporate events .

On or after October 1, 2018 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their notes in multiples of $1,000 principal amount.

The conversion rate for the notes is initially shares per $1,000 principal amount of notes (equivalent to an initial conversion price of approximately $ per share of common stock), subject to adjustment as described in this prospectus supplement.

Upon conversion, we will pay or deliver, as the case may be, cash, shares of our common stock or a combination of cash and shares of our common stock, at our election. If we satisfy our conversion obligation solely in cash or through payment and delivery, as the case may be, of a combination of cash and shares of our common stock, the amount of cash and shares of common stock, if any, due upon conversion will be based on a daily conversion value (as described herein) calculated on a proportionate basis for each volume weighted average price (VWAP) trading day in a 20 VWAP trading day observation period (as defined below under Description of notes Conversion rights Settlement upon conversion).

You will not receive any additional cash payment or additional shares representing accrued and unpaid interest upon conversion of a note, except in limited circumstances. Instead, interest will be deemed paid by the cash, shares of our common stock or a combination of cash and shares of our common stock paid or delivered, as the case may be, to you upon conversion of a note. See Description of notes Conversion rights General.

Adjustment to conversion rate upon conversion upon a make-whole fundamental change or a notice of redemption

If and only to the extent a holder elects to convert its notes in connection with a make-whole fundamental change (as defined under Description of notes Adjustment to conversion rate upon conversion upon a make-whole fundamental change or a notice of redemption) or a redemption notice, we will, under certain circumstances, increase the conversion rate by a number of additional shares of common stock. The number of additional shares will be determined by reference to the table under Description of notes Adjustment to conversion rate upon conversion upon a make-whole

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	fundamental change or a notice of redemption, based on the effective date of the make-whole fundamental change or the date of the redemption notice and the price paid (or deemed to be paid) per share of our common stock in such make-whole fundamental change or redemption, as described herein.
Optional redemption	We may not redeem the notes prior to April 1, 2017. On or after April 1, 2017, we may redeem for cash all or part of the notes, at our option, if the last reported sale price of our common stock for at least 20 trading days (whether or not consecutive) during any 30 consecutive trading day period ending within 5 trading days immediately preceding the date on which we provide notice of redemption exceeds 130% of the applicable conversion price on each applicable trading day. The redemption price will equal 100% of the principal amount of the notes to be redeemed, *plus* accrued and unpaid interest to, but excluding, the redemption date. We will give notice of any redemption not less than 30 nor more than 60 calendar days before the redemption date. See Description of notes Optional redemption.
Fundamental change	If we undergo a fundamental change, as defined herein, subject to certain conditions, you will have the option to require us to purchase all or any portion of your notes for cash. The fundamental change purchase price will be 100% of the principal amount of the notes to be purchased, plus any accrued and unpaid interest to, but excluding, the fundamental change purchase date.
Ranking	The notes will be our senior and unsecured obligations and will rank equally with all of our other existing and future senior unsecured indebtedness. The notes will effectively rank junior to any of our existing and future secured indebtedness to the extent of the assets securing such indebtedness, and will be structurally subordinated to any indebtedness and other liabilities of our subsidiaries.
	As of December 31, 2012, we had an aggregate of approximately $3,818 million of senior indebtedness outstanding (consisting of approximately $3,163 million of senior notes, $549 million of obligations relating to environmental revenue bonds, $70 million relating to recovery zone facility bonds, and $36 million of obligations under capital leases and other debt).
	At December 31, 2012, our subsidiaries had an aggregate amount of outstanding indebtedness of approximately $151 million (consisting of C$150 million (approximately $151 million using exchange rates as of December 31, 2012) outstanding under a note (the Province Note) to the Province of Ontario.

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U. S. Steel has a $625 million Receivables Purchase Agreement with financial institutions that expires in July 2014. As of December 31, 2012, U. S. Steel had no outstanding borrowings under this facility and more than $625 million of eligible receivables.

U. S. Steel has an $875 million Credit Agreement (the Credit Facility) with a consortium of lenders that includes a security interest in the majority of our domestic inventory, certain accounts receivable and related collateral and which will expire July 2016. As of December 31, 2012, there were no amounts drawn under the Credit Facility and inventory levels supported the full $875 million of availability. Under the Credit Facility, if availability is less than $87.5 million, U. S. Steel must comply with a fixed charge coverage ratio. Since availability was greater than $87.5 million as of December 31, 2012, compliance with the fixed charge coverage ratio covenant was not applicable.

At December 31, 2012, U. S. Steel Kosice (USSK) had no borrowings under its 200 million (approximately $264 million) revolving unsecured credit facility which expires in August 2013.

At December 31, 2012, USSK had no borrowings under its 20 million unsecured credit facility (approximately $26 million), and the availability was approximately $24 million due to approximately $2 million of customs and other guarantees outstanding. The 20 million facility expires in December 2015.

The indenture governing the notes does not limit the amount of debt that we or our subsidiaries may incur.

Events of default Except as described under Description of notes Events of default, if an event of default on the notes occurs, the principal amount of the notes, plus accrued and unpaid interest may be declared immediately payable, subject to certain conditions set forth in the indenture.

Use of proceeds The net proceeds from the sale of the notes in this offering are estimated to be approximately $ million (or approximately $ million if the underwriters exercise in full their option to purchase additional notes), after deducting underwriting discounts and our estimated offering expenses. We intend to use the proceeds from this offering, together with the net proceeds of the concurrent Senior Notes Offering, for repurchases or repayment of indebtedness, focusing on near-term maturities, and any remaining proceeds for general corporate purposes. See Use of proceeds.

Book-entry form only The notes will be issued in book-entry form and will be represented by one or more permanent global certificates deposited with, or on behalf of, The Depository Trust Company (DTC) and registered in the name of a nominee of DTC. Beneficial interests in any of the notes

	will be shown on, and transfers will be effected only through, records maintained by DTC or its nominee, and any such interest may not be exchanged for certificated securities.
Absence of a public market for notes	The notes are new securities and there is currently no established market for the notes. Accordingly, an active public trading market for the notes may not develop and the market price and liquidity of the notes may be adversely affected. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and they may discontinue any market making with respect to the notes without notice. We do not intend to apply for a listing of the notes on any securities exchange or any automated dealer quotation system.
New York Stock Exchange symbol for our common stock	Our common stock is listed on The New York Stock Exchange under the symbol X.
Trustee, paying agent and conversion agent	The Bank of New York Mellon
U.S. federal income and estate tax consequences	For the U.S. federal income and estate tax consequences of holding, disposing of and converting the notes, see Certain United States federal income and estate tax considerations.
Risk factors	You should consider carefully all the information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, and, in particular, you should evaluate the specific factors set forth under Risk factors beginning on page S-7 of this prospectus supplement, before deciding to invest in the notes.

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Risk factors

Before investing in the notes, you should carefully consider the risks set forth in Item 1A of our annual report on Form 10-K for the year ended December 31, 2012, as well as the following risks. These risks are not the only ones facing us. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations or the value of the notes.

Risks related to an investment in the notes and our common stock

The notes will be effectively junior to the Credit Facility and any other secured indebtedness that we may issue in the future.

The notes are unsecured. Holders of our secured debt may foreclose on the assets securing such debt, reducing the cash flow from the foreclosed property available for payment of unsecured debt, including the notes. We have granted the lenders under our $875 million revolving Credit Facility a first lien on the majority of our domestic inventories and certain accounts receivable. Holders of our secured debt also would have priority over unsecured creditors in the event of our bankruptcy, liquidation or similar proceeding to the extent of the value of the collateral securing such indebtedness. As a result, the notes will be effectively junior to the Credit Facility, secured obligations under capital leases and any secured debt that we may issue in the future to the extent of the value of the collateral securing such indebtedness.

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

The notes are not guaranteed by any of our subsidiaries. As a result, indebtedness or guarantees of indebtedness, and other liabilities of each of our subsidiaries, will effectively rank senior to the indebtedness represented by the notes, to the extent of such subsidiary s assets. As of December 31, 2012, our subsidiaries had an aggregate of approximately $151 million of indebtedness outstanding, consisting of C$150 million due to the Province of Ontario. In addition, the indenture governing the notes does not restrict the future incurrence of liabilities or issuance of preferred stock, including unsecured indebtedness or guarantees of indebtedness, by our subsidiaries.

The notes do not contain restrictive financial covenants and we may incur substantially more debt or take other actions which may affect our ability to satisfy our obligations under the notes.

Other than as described under Description of notes Covenants Limitation on liens and Limitation on sale and leaseback transactions, the indenture governing the notes does not contain any financial or operating covenants or restrictions on the incurrence of indebtedness (including secured debt), the payments of dividends or the issuance or repurchase of securities by us or any of our subsidiaries. In addition, the limited covenants applicable to the notes do not require us to achieve or maintain any minimum financial results relating to our financial position or results of operations.

Our ability to recapitalize, incur additional debt and take a number of other actions that are not limited by the terms of the notes could have the effect of diminishing our ability to make payments on the notes when due, and require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness, which would reduce the availability of cash flow to fund our operations, working capital and capital expenditures.

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We may not have the ability to raise the funds necessary to settle conversion of the notes or to purchase the notes upon a fundamental change, and our future debt may contain limitations on our ability to pay cash upon conversion or repurchase of the notes.

Holders of the notes will have the right to require us to repurchase the notes upon the occurrence of a fundamental change at 100% of their principal amount plus accrued and unpaid interest, as described under Description of notes Fundamental change permits holders to require us to purchase notes. In addition, upon conversion of the notes, unless we elect to deliver solely shares of our common stock to settle such conversion (other than cash in lieu of any fractional share), we will be required to make cash payments in respect of the notes being converted as described under Description of notes Conversion rights Settlement upon conversion. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of tendered notes or pay or pay and deliver our conversion obligation with respect to notes being converted. In addition, our ability to repurchase the notes may be limited by law, by regulatory authority or by the agreements governing our future indebtedness. Our failure to repurchase tendered notes at a time when the repurchase is required by the indenture or to pay any cash payable upon future conversions of the notes as required by the indenture would constitute a default under the indenture. A default under the indenture or the fundamental change itself could also lead to a default or require a prepayment under, or result in the acceleration of the maturity or repurchase of, our existing or future indebtedness. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes.

Recent regulatory actions may adversely affect the trading price and liquidity of the notes.

Investors in, and potential purchasers of, the notes who employ, or seek to employ, a convertible arbitrage strategy with respect to the notes may be adversely impacted by regulatory developments that may limit or restrict such a strategy. The SEC and other regulatory and self-regulatory authorities have implemented various rules and may adopt additional rules in the future that restrict and otherwise regulate short selling and over-the-counter swaps and security-based swaps, which restrictions and regulations may adversely affect the ability of investors in, or potential purchasers of, the notes to conduct a convertible arbitrage strategy with respect to the notes. This could, in turn, adversely affect the trading price and liquidity of the notes.

The conditional conversion feature of the notes could result in your receiving less than the value of our common stock into which the notes would otherwise be convertible.

Prior to the close of business on the business day immediately preceding October 1, 2018, you may convert your notes only if specified conditions are met. If the specific conditions for conversion are not met, you will not be able to convert your notes, and you may not be able to receive the value of the cash, common stock or a combination of cash and common stock, as applicable, into which the notes would otherwise be convertible. Therefore, you may not be able to realize the appreciation, if any, in the value of our common stock after the issuance of the notes in the offering and prior to such date. In addition, the inability to freely convert may also adversely affect the trading price of the notes and your ability to sell the notes.

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Upon conversion of the notes, you may receive less valuable consideration than expected because the value of our common stock may decline after you exercise your conversion right but before we settle our conversion obligation.

Under the notes, a converting holder will be exposed to fluctuations in the value of our common stock during the period from the date such holder surrenders notes for conversion until the date we settle our conversion obligation.

Upon conversion of the notes, we have the option to pay or deliver, as the case may be, cash, shares of our common stock, or a combination of cash and shares of our common stock. If we elect to satisfy our conversion obligation in cash or a combination of cash and shares of our common stock, the amount of consideration that you will receive upon conversion of your notes will be determined by reference to the volume weighted average prices of our common stock for each VWAP trading day in a 20 VWAP trading day observation period. Although the number of shares (if any) that you receive upon conversion of your notes with respect to any VWAP trading day during the observation period will be determined based on the volume weighted average price of our common stock on such VWAP trading day, we will not deliver such shares until the third business day following the end of the relevant observation period. Accordingly, if the price of our common stock decreases during this period, the amount and/or value of consideration you receive will be adversely affected.

The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change or redemption may not adequately compensate you for any lost value of your notes as a result of such transaction.

If a make-whole fundamental change occurs prior to maturity or we elect to redeem the notes, under certain circumstances, we will increase the conversion rate by a number of additional shares of our common stock for notes converted in connection with such make-whole fundamental change or redemption. The increase in the conversion rate will be determined based on the date on which the specified corporate transaction becomes effective or the date upon which we give a notice of redemption and the price paid (or deemed paid) per share of our common stock in such transaction, as described below under Description of notes Conversion rights Adjustment to conversion rate upon conversion upon a make-whole fundamental change or a notice of redemption. The adjustment to the conversion rate for notes converted in connection with a make-whole fundamental change or redemption may not adequately compensate you for any lost value of your notes as a result of such transaction. In addition, if the price of our common stock in the transaction is greater than $ per share or less than $ per share (in each case, subject to adjustment), no adjustment will be made to the conversion rate. Moreover, in no event will the total number of shares of common stock issuable upon conversion as a result of this adjustment exceed shares per $1,000 principal amount of notes, subject to adjustments in the same manner as the conversion rate as set forth under Description of notes Conversion rights Conversion rate adjustments.

Our obligation to increase the conversion rate upon the occurrence of a make-whole fundamental change or redemption could be considered a penalty, in which case the enforceability thereof would be subject to general principles of reasonableness of economic remedies.

The conversion rate of the notes may not be adjusted for all dilutive events.

The conversion rate of the notes is subject to adjustment for certain events, including, but not limited to, the issuance of stock dividends on our common stock, the issuance of certain rights or warrants, subdivisions, combinations, distributions of capital stock, indebtedness, or assets, cash dividends and certain issuer tender or exchange offers as described under Description of notes Conversion rights Conversion rate adjustments. However, the conversion rate will not be adjusted for other events, such as a third-party tender or exchange offer or an issuance of common stock for cash or in an acquisition, that may adversely affect the trading price of the notes or the common stock. An event that adversely affects the value of the notes may occur, and that event may not result in an adjustment to the conversion rate.

Some significant restructuring transactions may not constitute a fundamental change, in which case we would not be obligated to offer to repurchase the notes.

Upon the occurrence of a fundamental change, you have the right to require us to repurchase your notes. However, the fundamental change provisions will not afford protection to holders of notes in the event of other transactions that could adversely affect the notes. For example, transactions such as leveraged recapitalizations, refinancings, restructurings, or acquisitions initiated by us may not constitute a fundamental change requiring us to repurchase the notes. In the event of any such transaction, the holders would not have the right to require us to repurchase the notes, even though each of these transactions could increase the amount of our indebtedness, or otherwise adversely affect our capital structure or any credit ratings, thereby adversely affecting the holders of notes. In addition, not all transactions that require us to offer to repurchase our outstanding senior notes or repay amounts outstanding under our Credit Facility will require us to offer to repurchase the notes offered hereby.

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

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

The accounting method for convertible debt securities that may be settled in cash, such as the notes, could have a material effect on our reported financial results.

In 2008, the Financial Accounting Standards Board, which we refer to as FASB, issued FASB Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments That May Be Settled in Cash Upon Conversion (Including Partial Cash Settlement), which has subsequently been codified as Accounting Standards Codification 470-20, Debt with Conversion and Other Options, which we refer to as ASC 470-20. Under ASC 470-20, an entity must separately account for the liability and equity components of the convertible debt instruments (such as the notes) that may be settled

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entirely or partially in cash upon conversion in a manner that reflects the issuer s economic interest cost. The effect of ASC 470-20 on the accounting for the notes is that the equity component is required to be included in the additional paid-in capital section of stockholders equity on our consolidated balance sheet, and the value of the equity component would be treated as original issue discount for purposes of accounting for the debt component of the notes. As a result, we will be required to record a greater amount of non-cash interest expense in current periods presented as a result of the amortization of the discounted carrying value of the notes to their face amount over the term of the notes. We will report lower net income in our financial results because ASC 470-20 will require interest to include both the current period s amortization of the debt discount and the instrument s coupon interest, which could adversely affect our reported or future financial results, the trading price of our common stock and the trading price of the notes.

In addition, convertible debt instruments (such as the notes) that may be settled entirely or partly in cash are, where the issuer has the intent and policy to settle such instruments partly in a cash amount equal to the principal amount, currently accounted for utilizing the treasury stock method, the effect of which is that the shares that would be issuable upon conversion of the notes are not included in the calculation of diluted earnings per share except to the extent that the conversion value of the notes exceeds their principal amount. Under the treasury stock method, for diluted earnings per share purposes, the transaction is accounted for as if the number of shares of common stock that would be necessary to settle such excess, if we elected to settle such excess in shares, are issued. We cannot be sure that the accounting standards in the future will continue to permit the use of the treasury stock method. If we are unable to use the treasury stock method in accounting for the shares issuable upon conversion of the notes, then our diluted earnings per share would be adversely affected.

Fluctuations in the price of our common stock may impact the price of the notes and make them more difficult to resell.

The market price of our common stock has been and may continue to be subject to significant fluctuations due not only to general stock market conditions but also to a change in sentiment in the market regarding our operations, business prospects, liquidity or this offering. In addition to the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2012, the price volatility of our common stock may be affected by:

- operating results that vary from expectations of management, securities analysts and investors;
- developments in our business or in the steel industry generally or involving major steel consuming industries;
- general market conditions, such as interest or foreign exchange rates, commodity and equity prices, availability of credit, asset valuations, and volatility;
- changes in financial and economic markets, whether global, European Union, United States or other large markets;
- regulatory changes affecting our industry generally or our business and operations;
- the operating and securities price performance of companies that investors consider to be comparable to us; and
- announcement or implementation of strategic developments, acquisitions and other material events by us or our competitors.

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The stock markets in general have experienced extreme volatility that has at times been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the trading price of our common stock, make it difficult to predict the market price of our common stock in the future and cause the value of your investment to decline.

Because the notes are convertible into shares of our common stock, volatility or depressed prices of our common stock could have a similar effect on the trading price of the notes. Holders who receive common stock upon conversion of the notes will also be subject to the risk of volatility and depressed prices of our common stock.

Changes in our credit ratings or the debt markets may adversely impact the market price of the notes or our common stock.

The price for the notes will also depend on a number of other factors, including:

- our credit ratings with major credit rating agencies;
- the prevailing interest rates being paid by other companies that investors consider to be comparable to us;
- the market price of our other debt securities;
- our financial condition, operating results and future prospects; and
- the overall condition of the financial markets and global and domestic economies.

The condition of the financial markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. Such fluctuations could have an adverse effect on the price of the notes. In addition, credit rating agencies continually review their ratings for the companies that they follow, including us, and the industries in which we operate as a whole. If in the future one or more rating agencies were to reduce or withdraw their rating, or place the notes on a watch list, the market price of the notes and our common stock may be adversely affected.

There may be future sales or other dilution of our equity, which may adversely affect the market price of our common stock and the value of the notes.

Except as described under Underwriting, we are not restricted from issuing additional common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, common stock. The issuance of additional shares of our common stock upon conversion of the notes or other issuances of our common stock or convertible securities, including outstanding options and warrants, or otherwise will dilute the ownership interest of our common stockholders.

Sales of a substantial number of shares of our common stock or other equity-related securities could depress the market price of the notes, our common stock, or both, and impair our ability to raise capital through the sale of additional equity securities. We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock or the value of the notes. The price of our common stock could be affected by possible sales of our common stock by investors who view the notes as a more attractive means of equity participation in our company and by hedging or arbitrage trading activity that we expect to develop involving our common stock as a result of this offering. The hedging or arbitrage could, in turn, affect the market price of the notes.

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Holders of notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to them to the extent our conversion obligation includes shares of our common stock.

Holders of notes will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but holders of notes will be subject to all changes affecting our common stock. For example, if an amendment is proposed to our restated certificate of incorporation or amended and restated by-laws requiring shareholder approval, and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to date a holder is deemed to be the record owner of the shares of our common stock due upon conversion, such holder will not be entitled to vote on the amendment, although such holder will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

Provisions of the notes could discourage an acquisition of us by a third party.

Certain provisions of the notes could make it more difficult or expensive for a third party to acquire us. Upon the occurrence of certain transactions constituting a fundamental change, holders of the notes will have the right, at their option, to require us to repurchase all of their notes or any portion of the principal amount of such notes in integral multiples of $1,000. We may also be required to issue additional shares upon conversion in the event of certain fundamental change transactions. These provisions could deter unsolicited takeovers, including transactions in which stockholders might otherwise receive a premium for their shares over the then current market price or could limit the price that some investors might be willing to pay in the future for shares of our common stock.

If we increase the cash dividend on our common stock, or otherwise adjust the conversion rate, a holder may be deemed to have received a taxable dividend without the receipt of any cash.

If we increase the cash dividend on our common stock, an adjustment to the conversion rate may result, and a holder may be deemed to have received a taxable dividend subject to United States federal income tax without the receipt of any cash. A holder may also be deemed to have received a taxable dividend upon certain other adjustments to the conversion rate, including upon a make-whole fundamental change or notice of redemption. If a holder is a non-United States holder (as defined in Certain United States federal income and estate tax considerations), such deemed dividend may be subject to United States federal withholding tax at a 30% rate or such lower rate as may be specified by an applicable treaty. See Certain United States federal income and estate tax considerations.

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Ratio of earnings to fixed charges

The following table sets forth the ratio of our earnings to fixed charges for the periods indicated:

	Year ended December 31,				
	2012	2011	2010	2009	2008
Ratio of earnings to fixed charges (a)	(b)	(c)	(d)	(e)	14.12

(a) For the purposes of calculating the ratio of earnings to fixed charges, earnings are defined as income from continuing operations before income taxes and before adjustment for noncontrolling interests in consolidated subsidiaries or income (loss) from equity investees, less capitalized interest, plus fixed charges, and distributions from equity investees. Fixed charges consist of interest, whether expensed or capitalized, on all indebtedness, amortization of premiums, discounts and capitalized expenses related to indebtedness, and an interest component equal to one-third of rental expense, representing the portion of rental expense that management believes is attributable to interest.

(b) Earnings were not sufficient to cover fixed charges by $80 million for the year ended December 31, 2012.

(c) Earnings were not sufficient to cover fixed charges by $64 million for the year ended December 31, 2011.

(d) Earnings were not sufficient to cover fixed charges by $415 million for the year ended December 31, 2010.

(e) Earnings were not sufficient to cover fixed charges by $1,819 million for the year ended December 31, 2009.

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Common stock price range and dividends

Our common stock is listed on the New York Stock Exchange under the symbol X. The following table sets forth, for the periods indicated, the high and low sales prices per share of our common stock as reported on the NYSE and the dividends declared per share of our common stock.

	Price range of common stock	Cash dividend per share
	High	