

approved and accepted. It also does not restrict the Plan from paying the due diligence costs connected with the acquisition of the Property, such as the expenses for a title search, appraisal and environmental review.)

(h) Five years from the date of the Timber Rights contribution, U.S. Steel contributes, to the Plan, an amount in cash calculated as follows:

(1) The fair market value of the Timber Rights as of the date of the contribution, less

(2) The sum of (i) the fair market value of the Timber Rights held by the Plan as of the date five years from the date of the contribution, as determined by a qualified, independent appraiser, which has been selected by the Independent Fiduciary, plus (ii) the net cash distributed to the Plan LLC or the Plan relating to all or any part of the Timber Rights (and/or the related timber) prior to such date; provided, that if a contribution is due and if, for the taxable year of U.S. Steel in which the contribution is to be made, such contribution (i) is not deductible under section 404(a)(1) of the Code or (ii) results in the imposition of an excise tax under section 4972 of the Code, such contribution will not be made until the next taxable year of U.S. Steel for which the contribution is deductible under section 404(a)(1) of the Code and does not result in an excise tax under section 4972 of the Code.

(i) U.S. Steel indemnifies the Plan with respect to all liability for hazardous substances released on the Property prior to the execution and closing of the Timber Rights contribution.

(j) The Plan retains the right to sell or assign, in whole or in part, any of its Timber Rights interests to any third party purchaser.

Section III. Definitions

(a) The term "Independent Fiduciary" means a fiduciary who is: (1) independent of and unrelated to U.S. Steel or its affiliates, and (2) appointed to act on behalf of the Plan for purposes related to (i) the in kind contribution of the Timber Rights by U.S. Steel to the Plan and (ii) other transactions between the Plan and U.S. Steel related to the Property on which the Timber Rights are based. For purposes of this proposed exemption, a fiduciary will not be deemed to be independent of and unrelated to U.S. Steel if: (1) Such fiduciary directly or indirectly controls, is controlled by or is under common control with U.S. Steel, (2) such fiduciary directly or indirectly receives any compensation or other consideration in connection with any

transaction described in this proposed exemption; except that an Independent Fiduciary may receive compensation for acting as an Independent Fiduciary from U.S. Steel in connection with the transactions contemplated herein if the amount or payment of such compensation is not contingent upon or in any way affected by the Independent Fiduciary's ultimate decision, and (3) the annual gross revenue received by such fiduciary, during any year of its engagement, from U.S. Steel and its affiliates exceeds 5% of the Independent Fiduciary's annual gross revenue from all sources for its prior tax year.

(b) The term "affiliate" means:

(1) Any person directly or indirectly through one or more intermediaries, controlling, controlled by, or under common control with the person;

(2) Any officer, director, employee, relative, or partner of any such person; and

(3) Any corporation or partnership of which such person is an officer, director, partner, or employee.

(c) The term "control" means the power to exercise a controlling influence over the management or policies of a person other than an individual.

Summary of Facts and Representations

1. UCF is a Pennsylvania non-stock membership corporation created in 1914 to manage the pension plan of the United States Steel Corporation (predecessor to the current U.S. Steel) and an endowment fund created by Andrew Carnegie for the benefit of the company's employees. Despite its name, UCF is not itself a pension fund but rather an entity that manages pension funds. Its principal office is located in New York, New York. UCF currently serves as the plan administrator and/or trustee of several employee benefit plans sponsored by U.S. Steel and by U.S. Steel affiliates, as well as certain former affiliates of U.S. Steel. It is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940.

As a non-stock membership corporation, UCF has no shareholders, but rather is governed by its members (the Members). There are currently eleven Members, with any vacancy in the Membership being filled by the vote of the majority of the remaining Members. The Members also serve as the directors of UCF and manage its affairs in that capacity. A majority of the Members/directors of UCF are employees of U.S. Steel.

As of December 31, 2002, UCF managed a total of \$8.5 billion in assets.

The majority of these assets, \$7.2 billion, were held in two trusts for pension plans for the employees of U.S. Steel (a union plan and a non-union plan), which are in the process of being merged into a single plan, the Plan. Another \$465 million in assets was managed by UCF for funds used to provide retired U.S. Steel employees with welfare benefits. In addition, the category of investments managed by UCF include domestic and international equities, fixed-income securities, real estate, mortgage-backed loans and options. UCF makes investments in accordance with its internal investment policies, guidelines and procedures.

2. U.S. Steel is a publicly-traded company that owns and operates the former steel business of USX Corporation, which after the spin-off, effective January 1, 2002, is now known as "Marathon Oil Corporation". U.S. Steel is the largest integrated steel producer in North America, and through a subsidiary, the largest integrated flat-rolled producer in Central Europe. U.S. Steel's domestic operations, which employ over 20,000 people, are engaged in the production, sale and transportation of steel mill products, coke, taconite pellets and coal; the management of mineral resources; real estate development; and engineering and consulting services. In 2002, U.S. Steel had total revenues of \$7.1 billion.

3. U.S. Steel has sponsored and maintained two defined benefit plans for its employees and retirees. In this regard, the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 1950) covers employees and retirees who are subject to collective bargaining agreements, which include the United Steelworkers of America, as well as a limited number of other groups of employees. The United States Steel Corporation Plan for Non-Union Employee Pension Benefits (Revision of 1998) generally covers management and other non-union employees and retirees. Effective on or before November 30, 2003, the two plans are to be merged, with the surviving plan being The United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003). As noted above, this plan is referred herein as "the Plan".

As of December 31, 2002, the combined assets for the two plans totaled \$7.222 billion. Also as of December 31, 2002, the plans had approximately 120,500 participants and beneficiaries, including actives, retirees and deferred vesteds. The Applicant represents that the plans together were slightly overfunded, with a funding