

2003, L&M placed the fair market value of the Timber Rights at \$60 million. L&M arrived at this valuation by utilizing the discounted cash flow analysis in the Income Approach and will update such valuation on the date of the contribution. Because the Plan had total assets having fair market value of \$7.222 billion as of December 31, 2002, the Timber Rights will represent less than 1% of the Plan's assets at the time of contribution.

In its capacity as Independent Fiduciary, TCG represents that L&M is qualified to serve as the independent appraiser. Specifically, TCG states that its selection of L&M, as the finalist of three other independent appraisal firm candidates, to complete the appraisal of the Timber Rights was based on a review of specific methodologies that were used in developing the appraisal and the appropriateness of the methodologies utilized. TCG also represents that sample work provided by L&M was reviewed as part of the selection process. Thus, TCG concludes that the valuation of the Timber Rights is appropriate. Moreover, TCG represents that on the day of the Timber Rights contribution, it will obtain an updated appraisal of the Timber Rights from L&M, which will reflect any changes in fair market value relative to the September 2, 2003 valuation. TCG states that L&M will utilize the same valuation methodologies to update the appraised value as those used in the initial appraisal report. TCG explains that it will review the updated appraisal report and the resulting appraised value for appropriateness prior to the contribution.

11. U.S. Steel and its wholly owned subsidiary, U.S. Steel Mining Co., currently hold most of the mineral rights appurtenant to the Property, which they lease or operate for the production of coal and coal seam gas. However, U.S. Steel and U.S. Steel Mining Co. are currently negotiating with a third party to sell the mineral rights with respect to the underlying land under the terms of a mineral rights agreement (the Mineral Rights Agreement). To ensure that the Mineral Rights Agreement will be subject and subordinate to the terms of the Timber Rights Agreements, U.S. Steel will have the Timber Rights Agreements in place before the Mineral Rights Agreement is finalized.

12. Because the proposed contribution to the Plan of the Timber Rights will likely occur after the execution of the Mineral Rights Agreement, U.S. Steel LLC (US Steel LLC) will hold the Timber Rights until the Department grants the final exemption, at which

point, U.S. Steel LLC will transfer the Timber Rights and its obligations to the Plan. The Plan, in turn, will create the Plan LLC to hold and exercise the Timber Rights on behalf of the Plan. The Plan LLC will be 100% owned by the Plan. As Trustee, UCF will oversee the Plan LLC's management and operations.

13. Following a selection process, UCF determined that TCG had the best overall skills and experience to act as the Independent Fiduciary for the proposed transactions and to serve as manager of the Timber Rights after the proposed contribution is made. As noted in Representation 5 above, U.S. Steel will remain in control of the underlying Property and will make decisions with respect to such Property.

14. TCG is a full-service timberland investment advisory firm founded in 1981. The firm, which focuses exclusively on acquiring, managing and disposing of timberland properties, is one of the largest timber investment managers in the world, with current assets under management that exceed \$1.5 billion. Its clients include endowments, trusts, public and private pension funds and individual investors. For a ten year period ending in 1997, TCG was associated exclusively with the Hancock Timber Resource Group, handling its timber management business in the western United States and Canada.

As Independent Fiduciary, TCG represents that it has two principal responsibilities. First, TCG is responsible for reviewing the terms and conditions under which the contribution of the Timber Rights will be made to the Plan, providing an opinion on whether the contribution is in the interests of an protective of the Plan and its participants and beneficiaries, and, if warranted on the basis of such opinion, approving the contribution of the Timber Rights. As noted previously in Representation 10, in the course of its review, TCG is also required to give due consideration to the selection of the independent appraiser for the Timber Rights and the fair market value of such Timber Rights. Furthermore, TCG is required to ensure that the proposed contribution complies with the following conditions:

- The Independent Fiduciary, acting on behalf of the Plan, represents the Plan's interests for all purposes with respect to the Timber Rights contribution, and determines prior to entering into any of the transactions described herein, that each such transaction, including the Timber Rights contribution, is in the interest of the Plan.

- The Independent Fiduciary negotiates and approves the terms of any of the transactions between the Plan and U.S. Steel that relate to the Timber Rights.

- The Independent Fiduciary manages the holding, disposition, and assignment of the Timber Rights and takes whatever actions it deems necessary to protect the rights of the Plans with respect to the Timber Rights.

- The terms of any transactions between the Plan and U.S. Steel are no less favorable to the Plan than terms negotiated at arm's length under similar circumstances between unrelated third parties.

- The Independent Fiduciary determines the fair market value of the Timber Rights contributed to the Plan on the date of such contribution. In determining the fair market value of the Timber Rights Contribution, the Independent Fiduciary obtains an updated appraisal from a qualified, independent appraiser selected by the Independent Fiduciary, and ensures that the appraisal is consistent with sound principles of valuation.

- The fair market value of the Timber Rights does not exceed 5% of the Plan's total assets at the time of such contribution.

- The Plan pays no fees or commissions in connection with the Timber Rights contribution. (This condition does not preclude the Plan from paying the Independent Fiduciary's ongoing management fees once the contribution has been 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.)

- 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, as determined by a qualified, independent appraiser, 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)