
Fitch assigns BBB- rating to US Steel

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Fitch Ratings rates United States Steel Corporation's USD 734.5 million senior secured revolving credit facility terminating May 11th 2012 'BBB'. In addition, Fitch has affirmed the following ratings:

1. Issuer Default Rating 'BBB-'
2. Senior unsecured notes 'BBB-'

The Rating Outlook is Negative

The amendment grants inventory security and governs availability with a borrowing base structure. Once the borrowing base is effective, the interest coverage covenant and leverage covenants no longer apply. There is a 1.10:1.00 fixed charge covenant that becomes effective when the facility is more than 85% utilized or less than USD 112.5 million is available.

Despite severely reduced operations, Fitch expects cash on hand and internally generated cash to satisfy requirements over the next 12 to 18 months. Fitch's ratings reflect US Steel's relatively flexible capital structure and strong liquidity as well as its competitive position in flat rolled and tubular steel. The Negative Rating Outlook reflects Fitch's view that:

1. The steel market will be extremely weak over the near term
2. Capacity utilization rates are historically low
3. There is limited earnings visibility

A review of the ratings and Outlook would be warranted should liquidity deteriorate.

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