

U. S. Steel Košice Foundation

Annual Report 2008

Address : **Vstupný areál U. S. Steel**
 044 54 Košice
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Annual Report of the U. S. Steel Košice Foundation

A. FOUNDATION ACTIVITIES IN 2008

The U. S. Steel Košice Foundation (hereinafter “the USSK Foundation“) was established on 9 December 2002 and incorporated in the Register of Foundations kept by the Ministry of Internal Affairs of the Slovak Republic with the number 203/Na-2002/695 on 11 December 2002. The USSK Foundation was established by U. S. Steel Košice, s.r.o. in order to support public-benefit activities in the following areas:

- healthcare,
- social, humanitarian and charity,
- supporting retirees – former employees of U. S. Steel Košice, s.r.o.,
- education, science and schools,
- supporting youth,
- physical activities and sport,
- culture including cultural monuments recovery,
- protection and formation of the environment,
- preservation of natural treasures,
- humanitarian assistance for individuals or groups of people whose lives are at risk, or who need urgent help due to impact of natural disaster.

In 2008, the USSK Foundation supported projects in the following areas:

AREA	NUMBER OF PROJECTS	AMOUNT
healthcare	2	SKK 1,267,393.00
education, science and schools	42	SKK 1,267,561.16
social, humanitarian and charity	13	SKK 1,350,466.10
physical activities and sport	7	SKK 508,900.00
preservation of natural treasures	1	SKK 2,510.00
Total	65	SKK 4,396,830.26

Healthcare

The USSK Foundation supported two (2) healthcare projects totaling SKK 1,267,393. The main one was the project to help the East Slovakian Institute for Cardiovascular Diseases in Košice, a.s. in acquiring anestheziological equipment for treating patients from the entire East Slovak Region. The USSK Foundation supported this project with providing financial funds totaling SKK 1,247,120. The joint gift from the USSK Foundation, company U. S. Steel Košice, s.r.o. and its employees has tripled the amount and this gift was presented at the gala Christmas charity concert on 12 December 2008 in the State Theater Košice.

Information about other supported projects is given under Item E. *List of People and Entities Who Received Funds from the Foundation* – section Healthcare.

Education, Science and Schools

During 2008 the USSK Foundation supported four (4) projects organized by educational institutions, focusing mainly on education process enhancement and 38 scholarship program beneficiaries in this area. The cash funds provided totaled SKK 1,267,561.16.

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Scholarship Program

This intends to support the university studies of talented students from foster homes or socially-disadvantaged families from Košice and Prešov regions. The program also motivates university students who can express their own opinions, who are engaged in different social and volunteer activities and at the same time it motivates high school students to achieve better results, since their enrollment into the program depends also on their school results.

Information about the specific projects supported is given under Item *E. List of People and Entities Who Received Funds from the Foundation* – section Education, Science and Schools.

Social, Humanitarian and Charity

During 2008 the USSK Foundation supported 13 projects of social, humanitarian and charity organizations in the Košice and Prešov regions, nine (9) of them were supported by public fundraising. One of other projects in this area was the “Wishing Tree” project, which tries to fulfill the Christmas wishes of children in foster homes around the East Slovakian region. Each year, this support is given to different selected foster homes. In 2008 project the USSK Foundation supported the foster homes in Sečovce, Slovenské Nové Mesto, Dobšina. Playground equipment, furniture, electronic entertainment devices, sporting goods, cash contribution to buy a car, new entry gate, fencing and pavement were provided.

Information about the specific projects supported is given under Item *E. List of People and Entities Who Received Funds from the Foundation* – Social, humanitarian and charity section.

Physical Activities and Sport

In this area the USSK Foundation supported seven (7) projects, providing cash funds totaling SKK 508,900. The USSK Foundation concentrated mainly on the grant program “Your Chance to Play”.

The “Your Chance to Play” grant program

The program is focused on supporting young talented individuals whose families do not have enough resources to support athletic activities. These young people have an opportunity to make progress only due to this support. The USSK Foundation’s approach is consistently based on equality of opportunities for everyone. A specific demonstration of this approach results in the three programs supporting young ice-hockey, basketball and football talents. The young ice-hockey players support program applies mainly to boys aged between 5½ and 15 years, for whom the USSK Foundation pays club fees in the civic association Košice Hockey Club and part of the cost to buy hockey equipment. The similar situation is with the football talents aged between 10 to 13 years who are members of the Jednota Košice Athletics Club. For girls aged 10 to 13 years there is a young basketball players program, with the same form of support. Among the projects supported by the USSK Foundation in 2008 there was also an international indoor soccer tournament for students with hearing disabilities in Prešov, that is the only official tournament worldwide determined for this category of handicapped football players.

Information about the specific projects supported is given under Item *E. List of People and Entities Who Received Funds from the Foundation* – Physical education and sport section.

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B. FINANCIAL INFORMATION 2008

BALANCE SHEET Balance as of 31 December 2008 in thous. SKK

ASSETS	
Cash in hand	2
Bank accounts	7,109
Total	7,111
EQUITY AND LIABILITIES	
Foundation basic capital	200
Retained earnings (losses)	4,435
Income for the period	2,476
Total	7,111

Distribution of profit

In accordance with the Foundation Charter of the USSK Foundation (Article VIII), the Supervisory Board approved the transfer of profit for the year 2007 totaling SKK 4,373,000 to the retained earnings on its meeting as of 28 August 2008.

INCOME STATEMENT Balance as of 31 December 2008 in thous. SKK

INCOME STATEMENT	
Revenues	6,929
Expenses	4,453
profit / (loss)	2,476

A breakdown of income (revenues) is presented under Item C. *Breakdown of Income (Revenues) by Original Source*. A breakdown of expenses (costs) is given under Item D. *Breakdown of Expenses (Costs) by Individual Activities of the Foundation*.

C. BREAKDOWN OF INCOME (REVENUES) BY ORIGINAL SOURCE

INCOME (REVENUES)	
	<u>Amount in SKK</u>
Contributions received from other entities	6,500,000.00
Contributions received from people – public fundraising	315,480.26
Interest income from time deposits	113,641.81
Total	6,929,122.07

In 2008, the USSK Foundation received the following donations or financial funds exceeding SKK 10,000 from the same donor:

U. S. Steel Košice, s.r.o.	SKK 6,500,000.00
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D. BREAKDOWN OF EXPENSES (COSTS) BY INDIVIDUAL ACTIVITIES OF THE FOUNDATION

EXPENSES (COSTS)		
	Plan in SKK (approved by the Executive Board)	Amount in SKK
Administrative Costs		
Protection and appreciation of the Foundation assets	-	-
Promotion of public-benefit purpose	-	-
Foundation Operation		
- cost of audit services	25,000,00	25,000.00
- bank charges and other fees	15,000,00	9,463.00
- accounting software	15,000,00	0.00
administrator's emoluments	-	-
compensations of expenses according to special regulation	-	-
wages and salaries	-	-
Total administrative costs	55,000.00	34,463.00
Other operating costs of other activities of the Foundation		
withholding tax on interest		21,377.00
Gifts		4,239,535.26
Total		4,295,375.26

The Executive Board meeting of the USSK Foundation on 8 November 2007 approved the budget for administration of the USSK Foundation for the year 2008.

A breakdown of donations provided by individual sources is presented under Item A. *Foundation Activities in 2008.*

E. LIST OF PEOPLE AND ENTITIES WHO RECEIVED FUNDS FROM THE FOUNDATION

Healthcare

No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift Contract No.
1.	Children's University Hospital Košice	20,273.00	Endoscope purchasing	01/2008
2.	The East Slovak Institute for Heart and Vascular Diseases Košice, a.s.	1,247,120.00	Anestheziological device purchasing	63/2008

Education, science and schools

No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift Contract No.
1.	Elementary Art School, Irkutská Street # 1, Košice	3,930.50	Art supplies for school students	02/2008
2.	Elementary Art School – Fine-Art, Kováčska Street # 43, Košice	7,646.50	Art supplies for school students	03/2008
3.	SRRZ - RZ at Elementary Art School, Bernolákova Street # 26, Košice	9,674.00	Art supplies for the Fine-Art Department of the Elementary Art School	13/2008
4.	Re-education Home for Children & Youth, Košice	10,622.00	Athletic supplies for children	14/2008

LIST OF STUDENTS SUPPORTED

No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift Contract No.
1.	Jakub Beran, Košice	30,000.00	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	67/2007

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No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift Contract No.
2.	Zuzana Celúchová, Prešov	15,000.00	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	69/2007
3.	Matúš Mihalčín, Prešov	30,000.00	study expenses at Masaryk University in Brno, Faculty of Medicine, Czech Republic	70/2007
4.	Jana Bačová, Fintice	12,000.00	study expenses at Prešov University in Prešov, Faculty of Management	71/2007
5.	Monika Švihurová, Prešov	18,000.00	study expenses at Catholic University in Ružomberok, Faculty of Pedagogy	72/2007
6.	Mišel Batmend, Stará Ľubovňa	24,000.00	study expenses at Technical University in Košice, Faculty of Electrical Engineering and Informatics	73/2007
7.	Ivana Urbanová, Letanovce	30,000.00	study expenses at University of Veterinary Medicine in Košice	74/2007
8.	Matúš Fedák, Stará Ľubovňa	30,000.00	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	75/2007
9.	Zuzana Kaščáková, Prešov	18,000.00	study expenses at Masaryk University in Brno, Faculty of Medicine, Czech Republic	76/2007
10.	Zuzana Batmendijnová, Stará Ľubovňa	30,000.00	study expenses at Comenius University in Bratislava, Faculty of Mathematics, Physics & IT	77/2007
11.	Martin Sabo, Košice	18,000.00	study expenses at Charles University in Prague, Protestant Theological Faculty, Czech Republic	78/2007
12.	Michal Mochťak, Strážske	30,000.00	study expenses at Masaryk University in Brno, Faculty of Social Studies, Czech Republic	79/2007
13.	Filip Jerga, Košice	48,000.00	study expenses at The University of Nottingham, Department of Management Studies, Great Britain	80/2007
14.	Jana Pecúchová, Prešov	18,000.00	study expenses at Prešov University in Prešov, Faculty of Education	81/2007
15.	Viktória Vargová, Trebišov	30,000.00	study expenses at Comenius University, Faculty of Philosophy	82/2007
16.	Viera Krupášová, Čaňa	18,000.00	study expenses at Catholic University in Ružomberok, Faculty of Health Care	83/2007
17.	Miroslava Murcková, Stará Ľubovňa	12,000.00	study expenses at Catholic University in Ružomberok, Faculty of Theology	84/2007
18.	Peter Reblán, Cestice	18,000.00	study expenses at P. J. Šafárik University in Košice, Faculty of Law	100/2007
19.	Mária Friedmannová, Košice	48,000.00	study expenses at Oxford University in England, Great Britain	101/2007
20.	Michal Prusák, Fintice	30,000.00	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	102/2007
21.	Xénia Michaličová, Košice	18,000.00	study expenses at Technical University Košice, Faculty of Economics	103/2007
22.	Júlia Batmendijnová, Stará Ľubovňa	30,000.00	study expenses at Comenius University in Bratislava, Faculty of Philosophy	105/2007
23.	Jana Imrichová, Prešov	48,000.00	study expenses at Canterbury Christ Church University, Great Britain	106/2007
24.	Robert Okoš, Lipany	24,000.00	study expenses at Technical University Košice, Faculty of Electrical Engineering and Informatics	107/2007
25.	Lenka Rohalová, Bardejov	18,000.00	study expenses at Prešov University in Prešov, Faculty of Education	108/2007

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No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift Contract No.
26.	Mária Špaková, Kežmarok	30,000.00	study expenses at Charles University in Prague, Faculty of Mathematics and Physics, Czech Republic	109/2007
27.	Mária Hanobíková, Prešov	18,000.00	study expenses at Prešov University in Prešov, Faculty of Education	110/2007
28.	Marek Hatiar, Košice	30,000.00	study expenses at Technical University in Košice, Faculty of Aeronautics	16/2008
29.	Katarína Molnárová, Košice	50,000.00	study expenses at Charles University in Prague, Faculty of Medicine, Czech Republic	18/2008
30.	Lucia Hajníková, Vranov nad Topľou	18,000.00	study expenses at Technical University in Košice, Faculty of Arts	19/2008
31.	Matej Mačák, Košice	48,000.00	study expenses at Cambridge University, Political and Social Science, Great Britain	20/2008
32.	Martina Remáčová, Sobrance	50,000.00	study expenses at Comenius University in Bratislava, Jessenius Faculty of Medicine	22/2008
33.	Karol Stercz, Košice	10,000.00	study expenses at Technical University in Košice, Faculty of Metallurgy	23/2008
34.	Jana Pecúchová, Prešov	8,796.80	study expenses at Prešov University in Prešov, Faculty of Education	30/2008
35.	Robert Okoš, Lipany	16,870.56	study expenses at Technical University in Košice, Faculty of Electrical Engineering and Informatics	31/2008
36.	Matúš Mihalčín, Prešov	14,822.00	study expenses Masaryk University in Brno, Faculty of Medicine, Czech Republic	33/2008
37.	Mišel Batmend, Stará Ľubovňa	16,870.56	study expenses at Technical University in Košice, Faculty of Electrical Engineering and Informatics	34/2008
38.	Monika Švihurová, Prešov	9,881.32	study expenses at Catholic University in Ružomberok, Faculty of Pedagogy	35/2008
39.	Viktória Vargová, Trebišov	14,822.00	study expenses at Comenius University in Bratislava, Faculty of Philosophy	36/2008
40.	Marek Hatiar, Košice	9,881.32	study expenses at Technical University in Košice, Faculty of Aeronautics	37/2008
41.	Matúš Fedák, Stará Ľubovňa	14,822.00	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	38/2008
42.	Michal Mochťak, Stážske	16,870.56	study expenses at Masaryk University in Brno, Faculty of Social Studies, Czech Republic	39/2008
43.	Zuzana Batmendijnová, Stará Ľubovňa	24,100.80	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	40/2008
44.	Miroslava Murcková, Stará Ľubovňa	6,025.20	study expenses at Catholic University in Ružomberok, Faculty of Theology	41/2008
45.	Martin Ondrej, Prešov	6,989.24	study expenses at Technical University in Košice, Faculty of Electrical Engineering and Informatics	42/2008
46.	Zuzana Celuchová, Prešov	9,037.80	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	49/2008
47.	Jakub Beran, Košice	16,870.56	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	50/2008
48.	Peter Reblán, Cestice	6,989.24	study expenses at P. J. Šafárik University in Košice, Faculty of Law	51/2008
49.	Matej Mačák, Košice	26,510.88	study expenses at Oxford University in Cambridge, Political and Social Science, Great Britain	52/2008

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No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift Contract No.
50.	Jana Imrichová, Svit	26,510.88	study expenses at Canterbury Christ Church University, Great Britain	53/2008
51.	Xénia Michaličová, Košice	9,881.32	study expenses Technical University in Košice, Faculty of Economics	54/2008
52.	Júlia Batmendijnová, Stará Ľubovňa	16,870.56	study expenses at Comenius University in Bratislava, Faculty of Philosophy	55/2008
53.	Mária Hanobíková, Prešov	9,881.32	study expenses at Prešov University in P0rešov, Faculty of Education	56/2008
54.	Martina Remáčová, Sobrance	16,870.56	study expenses at Comenius University in Bratislava, Jessenius Faculty of Medicine	57/2008
55.	Tomáš Kocák, Košice	9,881.32	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	58/2008
56.	Lenka Turzáková, Dobšiná	9,881.32	study expenses at Matej Bel University in Banská Bystrica, Faculty of Pedagogy	59/2008
57.	Lucia Fedáková, Stará Ľubovňa	6,868.72	study expenses at Prešov University in Prešov, Faculty of Humanities and Natural Sciences	60/2008
58.	Dominika Fedáková, Stará Ľubovňa	9,881.32	study expenses at Comenius University in Bratislava, Faculty of Math, Physics and Informatics	61/2008

Social, humanitarian and charity

No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift contract no.
1.	KOŠICKÁ ORGANIZÁCIA VOZIČKÁROV, NEZÁVISLÝ ŽIVOT, Košice	4,877.50	Costs related to organization operation – public fundraising	04/2008
2.	Children's Club for Handicapped Children & Youth in Košice	8,817.00	Rehabilitation aids for physically handicapped children – public fundraising	05/2008
3.	Archdiocese Charity Košice	19,750.50	Payments of costs of operation and activities of the Mother Theresa Hospice in Bardejovská Nová Ves, Retirement Home and Social Services Homes in Košice, Lipany, Veľký Šariš, Vojčice – public fundraising	06/2008
4.	ŠANCA, n.f.	6,948.00	Purchasing of equipment for the Daycare, Elementary School, High School Apprentice School for physically handicapped children & youth – public fundraising	08/2008
5.	Special-interest Association for Women Fenestra, Košice	12,211.00	Payments of costs of association operation - public fundraising	09/2008
6.	Iskierka pomoci n. f., Košice	13,133.00	Endoscope purchasing for the Children's University Hospital Košice - public fundraising	10/2008
7.	Foster Home - Košická Nová Ves	12,067.00	Interior equipment for the remote foster house - public fundraising	11/2008
8.	ArtEst – multi aesthetic education of disadvantaged youth Košice	14,861.00	Art supplies for mentally challenged children - public fundraising	12/2008
9.	Foster Home Košice, Uralská 1	9,974.00	Art/work supplies for a therapeutic shop - public fundraising	15/2008
10.	Archdiocese Charity Košice	300,000.00	Donation of gifts to people in need based on requests received in U. S. Steel Košice, s.r.o., USSK Foundation, Archdiocese Charity in Košice and contributions to summer camps for children living in crisis centers	17/2008

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No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift contract no.
11.	Foster Home Slovenské Nové Mesto	250,000.00	Playground and interior equipment	24/2008
12.	Foster Home Sečovce	250,000.00	Passenger car purchasing	25/2008
13.	Foster Home Dobšiná	250,000.00	New entry gate, fencing, pavement	26/2008
14.	Foster Home Slovenské Nové Mesto	52,209.60	6 MP3 and radio/CD decks, LCD TV, HiFi Sony, 8 bicycles, 3 roller-skates, 6 helmets	27/2008
15.	Foster Home Sečovce	52,209.60	6 MP3 and radio/CD decks, LCD TV, HiFi Sony, 8 bicycles, 3 roller-skates, 6 helmets	28/2008
16.	Foster Home Dobšiná	93,407.90	10 MP3 and radios/CD decks, 12 MP3, LCD TV, 13 bicycles, 8 roller-skates, 13 helmets	29/2008

Physical activities and sport

No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift contract no.
1.	Athletic Club for Deaf Children, Prešov	25,000.00	XVI year of international indoor soccer tournament for deaf children under 16 years	21/2008
2.	School Athletic Club TYDAM Košice	14,800.00	Your chance to play – basketball, supporting children from socially disadvantaged families (Patrícia Kóverová, Barbora Obšitníková)	43/2008
3.	Košice Athletic Club Jednota Košice	23,500.00	Your chance to play – soccer, supporting children from socially disadvantaged families (Lukáš Cymbalák, Ján Špak, Dušan Opiota, Michal Šašák, Martin Jabcon)	44/2008
4.	Basketball Club SOUŽ Košice	24,400.00	Your chance to play – basketball, supporting children from socially disadvantaged families (Laura Pražmová, Mária Pražmová, Lenka Bednáriková)	45/2008
5.	School Athletic Club ABOVIA 96 KOŠICE	48,800.00	Your chance to play – basketball, supporting children from socially disadvantaged families (Jana Demeterová, Juliana Kuczik, Adriána Špaková, Veronika Kaduková, Lucia Kašperanová, Barbora Diheneščíková)	46/2008
6.	School Athletic Club Union Press, Košice	22,200.00	Your chance to play – basketball, supporting children from socially disadvantaged families (Miroslava Sobolová, Gabriela Porubská, Nikola Švábová)	47/2008
7.	Hockey Club KOŠICE	350,200.00	Your chance to play – ice-hockey, supporting children from socially disadvantaged families (Miroslav Oravec, Marek Kažimír, Samuel Sirotnák, Ľubomír Patlevič, Adrián Palacko, Dávid Boldžár, Gabriel Patrik, Ivan Čavara, Christján Michalčin, Filip Jozef Bittner, Sebastián Kozma, Tristan Kozma, Matúš Varga, Michal Vaňuš, Richard Herich, Dominik Tóth, Denis Anderko, Martin Eštu, Gerhard Longhauer, Christján Gučík, Dávid Gučík, Samuel Neupauer, Matúš Dzuro, Ivan Michal Ries, Ervin Halász, Juraj Rudy, Samuel Rudy, Matúš Horváth, Lukáš Horváth, Adam Baník, Richard Piga, Nikolas Kolárik, Sebastián Dimun, Tomáš Metzger, Oliver Glitta, Ronald Weis, Jakub Kóver, Róbert Mikita, Lukáš Vaculik, Dávid Šipoš, Štefan Marci, Jakub Študenč, Adam Garaj, Michal Planeta, Štefan Planeta)	48/2008

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Preservation of natural treasures

No.	Entity Name	Gift Value (SKK)	Gift Purpose	Gift contract no.
1.	ZOO Košice – Kavečany	2,510.00	Animal runs modification in the ZOO	07/2008

F. CHANGES MADE IN THE FOUNDATION CHARTER AND THE USSK FOUNDATION BODIES

Changes in Foundation Charter

There were no changes made to the Foundation Charter in 2008.

Changes in membership of the USSK Foundation bodies

EXECUTIVE BOARD

Name	Position
David Harman Lohr (1 January 2008 – 18. March 2008)	Chairman
George F. Babcoke (18. March 2008 – 31 December 2008)	Chairman
RNDr. Miroslav Kíral'varga, MBA (1 January 2008 – 31 December 2008)	Member
Ing. Ján Bača (1 January 2008 – 31 December 2008)	Member

At the meeting of the USSK Foundation Executive Board on 18 March 2008 David Harman Lohr resigned from the post of chairman and member of the USSK Foundation Executive Board and at the same time the Executive Board elected George F. Babcoke as a new chairman and member of the USSK Foundation Executive Board effective 18 March 2008.

STATUTORY BODY

Name	Position
Mgr. Slávka Tvrdoňová (1 January 2008 – 31 December 2008)	Administrator

SUPERVISORY BOARD

Name	Position
John Frederick Wilson (1 January 2008 – 31 December 2008)	Member
William Clyde King (1 January 2008 – 31 December 2008)	Member
Ing. Martin Pitorák (1 January 2008 – 31 December 2008)	Member

G. FOUNDATION ADMINISTRATOR AND OTHER BODIES' EMOLUMENTS

In 2008, no emoluments were paid for their activities either to the Administrator or to the members of the Executive or Supervisory Boards of the USSK Foundation.

H. OVERVIEW OF FOUNDATION FUNDS' ACTIVITIES

In 2008, the USSK Foundation did not establish any Foundation Fund.

I. EMPLOYEES

In 2008, the USSK Foundation did not have any employees.

**J. EXPECTATIONS FOR FUTURE DEVELOPMENT OF THE USSK FOUNDATION
ACTIVITIES**

The intention of the USSK Foundation is to continuously support public projects in the field of education, healthcare, financially support science, culture and charity through the foundation programs, continue with supporting talented children and youth either by financial or material contributions focuses on improvement of education processes and lifestyle. The USSK Foundation will focus first of all on supporting those individuals who needs the support, mainly children in foster homes, handicapped individuals as well as organizations and clubs that are involved in social and charity activities beneficial for our community. The USSK Foundation will be involved in humanitarian aid for individuals or groups who are affected by disasters or their lives are at risk as well as in environment protection and nature preservation.

Košice, 18 March 2009

.....
Slávka Tvrdoňová
Foundation Administrator
Nadácia U. S. Steel Košice

.....
George F. Babcoke
Chairman, Executive Board
Nadácia U. S. Steel Košice

U. S. Steel Košice Foundation

Financial Statements as of 31 December 2008

The financial statements of the USSK Foundation were compiled pursuant to Act No. 431/2002 Coll. on Accounting, Regulation of the Slovak Ministry of Finance MF/24342/2007-74 as amended, which determines details of accounting procedures and chart of accounts for accounting entities that were not founded or established to do business and Regulation of the Slovak Ministry of Finance MF/25682/2007-74 as amended, which determines financial reports and scope of information from the financial statements to be disclosed for accounting entities that were not founded or established to do business.

Prepared on: 18 March 2009	Signature of statutory body of accounting entity or a member of statutory body of accounting entity:	Signature of the individual responsible for financial statements preparation:	Signature of the individual responsible for book-keeping:
Approved on: 18 March 2009	Mgr. Slávka Tvrdoňová	Ing. Hana Jakubíková	Ing. Hana Jakubíková

INDEPENDENT AUDITOR'S REPORT

To the Executive Board and Administrator of the foundation Nadácia U. S. Steel Košice ("the Foundation"):

We have audited the accompanying financial statements of the Foundation that comprise balance sheet as of 31 December 2008, the related income statement and notes to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the management of the Foundation. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and accounting methods as well as making accounting estimates that are reasonable in their circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing published by the Slovak Chamber of Auditors (SKAU). These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The audit includes examining, on a test basis, evidence supporting the financial statements data. An audit also includes assessing the accounting principles used and significant estimates made by the Foundation as well as evaluation the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as of 31 December 2008 and the results of its operations for the year then ended in accordance with the provisions of Act No. 431/2002 Coll. on Accounting and related accounting regulations.

Emphasis

Without qualifying our opinion, we draw your attention to the fact that the Foundation did not meet the deadline for publishing specification of usage of the income tax share for 2003. For that reason the Foundation was not included in the list of beneficiaries for the periods 2006, 2007, and 2008.

Prešov, 18 March 2009

ADEZ s.r.o.
ul. Hlavná 137
080 01 Prešov
SKAU licence No. 310

Ing. Zdenka Kvasková
responsible auditor
SKAU licence No: 427

BALANCE SHEETas of 31 December 2008
(in SKK thousand)For accounting
period frommonth
0 1year
2 0 0 8

to

month
1 2year
2 0 0 8For previous
accounting
period frommonth
0 1year
2 0 0 7

to

month
1 2year
2 0 0 7

Financial statements:

- ordinary
 - extraordinary
 - repetitive

INO

3 5 5 4 9 8 9 1

Accounting Entity Name

N a d á c i a U . S . S t e e l K o š i c e

Legal Form of the Entity

N a d á c i a

Residence of the Entity
Street and Number

V s t u p n ý a r e á l U . S . S t e e l

ZIP Code

0 4 4 5 4

Town

K o š i c e

Area Code

0 5 5

Phone Number

6 7 3 4 9 1 5

Fax Number

e-mail

s t v r d o n o v a @ s k . u s s . c o m

Prepared on: 18 March 2009	Signature of a member of entity responsible for accounting: Ing. Hana Jakubíková	Signature of a member of entity responsible for preparation of financial statements: Ing. Hana Jakubíková	Signature of entity's statutory body or a member of entity's statutory body: Mgr. Slávka Tvrdoňová
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MF SR

Assets		Row No.	Current Period			Prior Period
			Gross 1	Adjustment 2	Net 3	Net 4
A		b				
A. TOTAL NON-CURRENT ASSETS r. 002 + r. 009 + r. 021		001				
1.	Intangible non-current assets total r. 003 to 008	002				
	Development costs 012 - (072 + 091AÚ)	003				
	Software 013 - (073 + 091AÚ)	004				
	Valuable rights 014 - (074 + 091AÚ)	005				
	Other intangible non-current assets (018 + 019) - (078 + 079 + 091 AÚ)	006				
	Acquisition of intangible non-current assets (041 - 093)	007				
	Advance payments made for non-current intangible assets (051 - 095AÚ)	008				
2.	Tangible non-current assets total r. 010 to r. 020	009				
	Land (031)	010		X		
	Works of art and collections (032)	011		X		
	Buildings 021 - (081 - 092AÚ)	012				
	Machinery and equipment 022 - (082 + 092AÚ)	013				
	Vehicles 023 - (083 + 092AÚ)	014				
	Perennial crops 025 - (085 + 092AÚ)	015				
	Livestock and draught animals 026 - (086 + 092AÚ)	016				
	Small tangible non-current assets 028 - (088 + 092AÚ)	017				
	Other tangible non-current assets 029 - (089 + 092AÚ)	018				
	Acquisition of tangible non-current assets (042 - 094)	019				
	Advance payments made for tangible non-current assets (052 - 095AÚ)	020				
3.	Non-current financial assets r. 022 to r. 028	021				
	Shares and ownership interests in controlled entities (061 - 096AÚ)	022		X		
	Shares and ownership interests in companies with significant influence (062 - 096AÚ)	023		X		
	Debt securities held to maturity (065 - 096 AÚ)	024				
	Loans to related parties and other loans (066 + 067) - 096 AÚ	025				
	Other non-current financial assets (069 - 096 AÚ)	026				
	Acquisition of non-current financial assets (043 - 096 AÚ)	027				
	Advanced payments made for non-current financial assets (053 - 096AÚ)	028				
Control Number r. 001 to r. 028		991				

Assets		Row No.	Current Period			Prior Period
			Gross	Adjustment	Net	Net
a		b	1	2	3	4
B. CURRENT ASSETS r. 030 + r. 037 + r. 042 + r. 051		029	7,111		7,111	4,930
1.	Inventories r. 031 to r. 036	030				
	Raw material (112 + 119) - 191	031				
	Work in progress and semi-finished production (121 + 122) - (192 + 193)	032				
	Finished goods (123 - 194)	033				
	Animals (124 - 195)	034				
	Merchandise (132 + 139) - 196	035				
	Advance payments made for inventories (314 - 391AÚ)	036				
2.	Long-term receivables r. 038 to r. 041	037				
	Trade receivables (311 AÚ to 314 AÚ) - 391AÚ	038				
	Other receivables (315 AÚ - 391 AÚ)	039				
	Receivables from associations members (358 AÚ - 391 AÚ)	040				
	Miscellaneous receivables (335AÚ + 373AÚ + 375AÚ + 378AÚ) - (391AÚ)	041				
3.	Short-term receivables r. 043 to r. 050	042				
	Trade receivables (311 AÚ to 314 AÚ) - 391AÚ	043				
	Other receivables (315AÚ - 391AÚ)	044				
	Settlement with Social Insurance Company and health insurance companies (336)	045				
	Tax receivables (341 to 345)	046		X		
	Receivables due to financial relations to the state and regional budget (346 + 348)	047		X		
	Receivables from associations members (358 AÚ - 391AÚ)	048				
	Linking account for association (396 - 391AÚ)	049				
	Miscellaneous receivables (335AÚ + 373AÚ + 375AÚ + 378AÚ) - 391AÚ	050				
4.	Financial accounts r. 052 to r. 056	051	7,111	X	7,111	4,930
	Cash in hand (211 + 213)	052	2	X	2	110
	Bank accounts (221AÚ + 261)	053	7,109	X	7,109	4,820
	Bank accounts with restriction period more than one year (221AÚ)	054		X		
	Short-term financial assets (251 + 253 + 255 + 256 + 257) - 291 AÚ	055		X		
	Acquisition of short-term financial assets (259 - 291AÚ)	056		X		
C. Accruals and prepayments total r. 058 to r. 059		057		X		
1.	Prepaid expenses (381)	058		X		
	Accrued revenues (385)	059		X		
TOTAL ASSETS r. 001 + r. 029 + r. 057		060	7,111		7,111	4,930
Control number r. 029 to r. 060		992	28,444		28,444	19,720

Equity and Liabilities		Row No.	Current Period	Prior Period	
a		b	5	6	
A. Total liabilities and equity		r. 062 + r. 068 + r. 072 + r. 073	061	7,111	4,635
1.	Basic capital and cash funds	r. 063 to 067	062	200	200
	Basic capital	(411)	063	200	200
	Cash funds created according to special regulation	(412)	064		
	Reproduction fund	(413)	065		
	Gains or losses from revaluation of assets and liabilities	(414)	066		
	Gains or losses from revaluation of investments	(415)	067		
2.	Funds created from profit	r. 069 to r. 071	068		
	Reserve fund	(421)	069		
	Funds created from profit	(423)	070		
	Other funds	(427)	071		
3.	Retained earnings / (losses)	(+;-;428)	072	4,435	62
4.	Profit / (loss) for the period	r. 060 – (r. 062 + r. 068 + r. 072 + r. 074 + r. 101)	073	2,476	4,373
B. Total liabilities		r. 075 + r. 079 + r. 087 + r. 097 + r. 101	074		295
1.	Provisions	r. 076 to 078	075		
	Legal provisions	(451 AÚ)	076		
	Other provisions	(459 AÚ)	077		
	Short term provisions	(323 + 451 AÚ + 459 AÚ)	078		
2.	Long-term liabilities	r. 080 to r. 086	079		
	Liabilities from the social fund	(472)	080		
	Bonds issued	(473)	081		
	Payables from rental	(474 AÚ)	082		
	Long-term advance payments received	(475)	083		
	Long-term un-invoiced deliveries	(476)	084		
	Long-term bills of exchange payable	(478)	085		
	Other long-term payables	(373 AÚ + 479 AÚ)	086		
3.	Short-term liabilities	r. 088 to r. 096	087		138
	Trade payables	(321 to 326) except 323	088		138
	Payables to employees	(331+ 333)	089		
	Settlement with Social Insurance Company and health insurance companies	(336)	090		
	Tax payables	(341 to 345)	091		
	Payables due to financial relations to the state and regional budget	(346 + 348)	092		
	Payables for unpaid subscribed shares and participations	(367)	093		
	Payables to associations members	(368)	094		
	Linking account for association	(396)	095		
	Other payables	(379 + 373 AÚ + 474 AÚ + 479 AÚ)	096		
4.	Bank loans and borrowings	r. 098 to r. 100	097		
	Long-term bank loans	(461AÚ)	098		
	Short-term bank loans	(231+ 232 + 461AÚ)	099		
	Short-term borrowings received	(241+ 249)	100		
C. ACCRUALS AND DEFERRED INCOME		r. 102 to r. 103	101		157
	Accrued expenses	(383)	102		
	Deferred income	(384)	103		157
TOTAL EQUITY AND LIABILITIES		r. 061 + r. 074 + r. 101	104	7,111	4,930
Control number		r. 061 to r. 104	993	21,533	15,128

INCOME STATEMENTas of 31 December 2008
(in SKK thousand)

For accounting period from month year to month year
 0 1 2 0 0 8 to 1 2 2 0 0 8

For previous accounting period from month year to month year
 0 1 2 0 0 7 to 1 2 2 0 0 7

Financial statements

- ordinary
 - extraordinary
 - repetitive

INO

3 5 5 4 9 8 9 1

Accounting Entity Name

N a d á c i a U . S . S t e e l K o š i c e

Legal Form of the Accounting Entity

N a d á c i a

Residence of the Entity

Street and Number

V s t u p n ý a r e á l U . S . S t e e l

ZIP Code

0 4 4 5 4

Town

K o š i c e

Area Code

0 5 5

Phone Number

6 7 3 4 9 1 5

Fax Number

e-mail

s t v r d o n o v a @ s k . u s s . c o m

Prepared on: 18 March 2009	Signature of a member of entity responsible for accounting: Ing. Hana Jakubíková	Signature of a member of entity responsible for preparation of financial statements: Ing. Hana Jakubíková	Signature of entity's statutory body or a member of entity's statutory body: Mgr. Slávka Tvrdoňová
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MF SR

Acc. No.	Expenses	č.r.	Activity			Prior Period
			Main non-taxable	Business taxable	Total	
a	b	c	1	2	3	4
501	Consumption of material	01				
502	Consumption of energy	02				
504	Merchandise sold	03				
511	Repair and maintenance	04				
512	Travel expenses	05				
513	Entertainment costs	06				
518	Other services	07	25		25	25
521	Wages and salaries	08				
524	Legal social and health insurance	09				
525	Other social insurance	10				
527	Legal social expenses	11				
528	Other social expenses	12				
531	Road tax	13				
532	Real estate tax	14				
538	Other indirect taxes and fees	15				
541	Contractual fines and penalties	16				
542	Other fines and penalties	17				
543	Receivables written-off	18				
544	Interests	19				
545	Foreign exchange rate losses	20				
546	Gifts	21	4,240		4,240	16,123
547	Special expenses	22				
548	Shortages and damages	23				
549	Other operating expenses	24	10		10	11
551	Depreciation and amortization expense of intangible and tangible non-current assets	25				
552	Net book value of intangible and tangible non-current assets sold	26				
553	Securities sold	27				
554	Material sold	28				
555	Costs of short-term financial assets	29				
556	Creation of funds	30				
557	Costs of securities revaluation	31				
558	Creation and settlement of provisions for impairment	32				
559	Creation and settlement of legal provisions for impairment	33				
561	Contributions provided to organization units	34				
562	Contributions provided to other entities	35				
563	Contributions provided to people	36				
567	Provided contributions from public fundraising	37	157		157	
Account class 5 total		r. 01 to r. 37	38	4,432	4,432	16,159
Control Number		r. 01 to r. 38	994	8,864	8,864	32,318

Acc. No.	Revenues	Row. No.	Activity			Prior Period
			Main non-taxable	Business taxable	Total	
a	b	c	1	2	3	4
601	Revenues from own products	39				
602	Revenues from services sold	40				
604	Revenues from merchandise sold	41				
611	Change in work-in-progress	42				
612	Change in semi-finished production	43				
613	Change in finished goods	44				
614	Change in animals	45				
621	Capitalization of materials and merchandise	46				
622	Capitalization of internal services	47				
623	Capitalization of intangible non-current assets	48				
624	Capitalization of tangible non-current assets	49				
641	Contractual fines and penalties	50				
642	Other fines and penalties	51				
643	Payments from receivables written-off	52				
644	Interest	53	114		114	276
645	Foreign exchange rate gains	54				
646	Gifts received	55				
647	Special revenues	56				
648	Legal fees	57				
649	Other operating revenues	58				
651	Revenues from intangible and tangible non-current assets sold	59				
652	Revenues from long-term financial assets	60				
653	Revenues from securities and ownership interest sold	61				
654	Revenues from material sold	62				
655	Revenues from short-term financial assets	63				
656	Income from fund used	64				
657	Revenues from securities revaluation	65				
658	Rental income	66				
661	Contributions received from organization units	67				
662	Contributions received from other entities	68	6,500		6,500	5,751
663	Contributions received from people	69				218
664	Membership contributions received	70				
665	Contributions from income tax share	71				14,339
667	Received contributions from public fundraising	72	315		315	
691	Subsidies	73				
Account class 6 total		r. 39 to r. 73	74	6,929	6,929	20,584
Profit / (loss) before tax		r. 74 – r. 38	75	2,497	2,497	4,425
591	Income tax expense	76	21		21	52
595	Additional payments of income tax	77				
Profit / (loss) after tax (r. 75 - (r. 76 + r. 77)) (+/-)		78	2,476		2,476	4,373
Control number		r. 39 to 78	995	18,852	18,852	50,018

A. GENERAL INFORMATION

Business Name and Address

Nadácia U. S. Steel Košice
Vstupný areál U. S. Steel
044 54 Košice
Company INO: 35549891

Nadácia U. S. Steel Košice (hereinafter “the USSK Foundation“) was established on 9 December 2002 and incorporated in the Register of Foundations kept by the Ministry of Internal Affairs of Slovak Republic under No. 203/Na-2002/695 on 11 December 2002.

Main activities of the USSK Foundation

The purpose of the USSK Foundation is to support activities in the areas of:

- healthcare,
- social, humanitarian and charity,
- supporting retirees – former employees of U. S. Steel Košice, s.r.o.,
- education, science and schools,
- supporting youth,
- physical activities and sport,
- culture including cultural monuments recovery,
- protection and formation of the environment,
- preservation of natural treasures,
- humanitarian assistance for individuals or groups of people whose lives are at risk, or who need urgent help due to impact of natural disaster.

Average number of employees

The USSK Foundation did not have any employees as of 31 December 2008 (31 December 2007: 0 employees).

B. THE BODIES OF USSK FOUNDATION

Executive Board

Executive Board consisted of the following members as of 31 December 2008:

Name	Position
George F. Babcoke	Chairman
RNDr. Miroslav Kiraľvarga, MBA	Member
Ing. Ján Bača	Member

Statutory Body

Slávka Tvrdoňová was an administrator of the USSK Foundation as of 31 December 2008.

Supervisory Board

The Supervisory Board consisted of the following members as of 31 December 2008:

Name	Position
John Frederick Wilson	Member
William Clyde King	Member
Ing. Martin Pitorák	Member

C. ACCOUNTING METHODS AND GENERAL ACCOUNTING PRINCIPLES

Basis for financial statements preparation

The financial statements of the USSK Foundation were compiled on the going concern basis in compliance with Act No. 431/2002 Coll. on Accounting and Regulation of the Slovak Ministry of Finance MF/24342/2007-74 as amended, which determines details of accounting procedures and chart of accounts for accounting entities that were not founded or established to do business and Regulation of the Slovak Ministry of Finance MF/25682/2007-74 as amended, which determines financial reports and scope of information from the financial statements to be disclosed for accounting entities that were not founded or established to do business.

Financial Assets

Financial assets consist of bank account and petty cash balances at nominal value.

Liabilities

Liabilities are initially measured at their nominal value. If document inventory identifies that liabilities value is different from book amount, the liabilities are adjusted in the books and financial statements in the new value.

Accrued Expenses and Deferred Income

Deferred income represents deferred contributions received from income tax share paid and is recognized in amount representing contributions received but not used in current year. In 2007 contributions from public fundraising were also deferred, however, they are no longer deferred since 2008 pursuant to valid Regulation of the Slovak Ministry of Finance No. MF/24342/2007-74.

Revenues and Expenses

Revenues and expenses of the USSK Foundation are recognized in the related accounting period on accrual basis.

Costs of cash funds provided are recorded based on concluded donation contracts in the period when donation contract was concluded. If the donation contract includes option to terminate providing of the funds anytime based on the USSK Foundation decision, the costs are recognized in the period when the cash is provided.

Revenues from received contributions from entities and people are recognized in the period when cash is received at the bank account or at cash desk of the USSK Foundation.

Notes to the financial statements as of 31 December 2008

Revenues from contributions arising from income tax share are recognized in the period when the contribution is used.

D. INFORMATION THAT COMPLETE AND EXPLAIN BALANCE SHEET DATA

Short-term financial assets

Short-term financial assets consist of bank account balance totaling SKK 7,109 thousand (31 December 2007: SKK 4,820 thousand) and balances of petty cash totaling SKK 2 thousand (31 December 2007: SKK 110 thousand).

The cash funds at bank were deposited on the term deposit account as of 31 December 2008 for one day period at market interest rate 1.32 % p.a. (31 December 2007: 1 day and 2.04 % p.a.).

Equity

The movement of equity during the accounting period is in the following table (in SKK thousands):

	Balance as of 31 Dec 07	Profit 2007 distribution	Loss 2008 and accounting correction	Balance as of 31 Dec 08
Foundation basic capital	200	-	-	200
Retained profits (losses) of previous periods	62	4,373	-	4,435
Profit/ loss for current year	4,373	(4,373)	2 476	2,476
Total	4,635	-	2 476	7,111

	Balance as of 31 Dec 06	Loss 2006 distribution	Profit 2007	Balance as of 31 Dec 07
Foundation basic capital	200	-		200
Retained profits (losses) of previous periods	1,050	(988)		62
Profit/ loss for current year	(988)	988	4,373	4,373
Total	262	-	4,373	4,635

Foundation basic capital of SKK 200 thousand was contributed in cash by the only founder – Company U. S. Steel Košice, s.r.o..

The USSK Foundation did not create either Foundation Fund or other funds as of 31 December 2008 and 31 December 2007.

Accounts payable

As of 31 December 2008 the USSK Foundation did not recognize any accounts payable (as of 31 December 2007: SKK 138 thousand).

Deferred Income

In 2008 and 2007 no contributions from income tax share paid were received because of administration mistake when publishing specification of usage of the 2% tax share for previous periods.

Notes to the financial statements as of 31 December 2008

The balance for the year 2007 totaling SKK 157 thousand represents deferred contributions from people from public fundraising carried out in 2006. Contributions received from public fundraising are not deferred since 2008 pursuant to the Regulation of the Slovak Ministry of Finance No. MF/24342/2007-74.

E. INFORMATION THAT COMPLETE AND EXPLAIN DATA IN INCOME STATEMENT

Revenues from received contributions

Revenues from received contributions are as follows (in SKK thousand):

	2008	2007
Contributions received from other entities	6,500	5,751
Contributions received from people	315	218
Contributions received from income tax share paid	-	14,339
Total	6,815	20,308

Other revenues

Other revenues of 2008 comprise interest income from term deposits totaling SKK 113 thousand (2007: SKK 276 thousand).

Donations

The costs resulting from donation contracts concluded in 2008 totaled SKK 4,240 thousand (2007: SKK 16,123 thousand).

Other expenses

Other expenses were (in SKK thousand):

	2008	2007
Audit fees	25	25
Bank fees	10	11
Withdrawing tax from interest income	21	52
Total	56	88

F. OTHER ASSETS AND LIABILITES

In 2008, the USSK Foundation concluded donation contracts totaling SKK 4.3 million (2007: SKK 16.3 million). As of 31 December 2008, SKK 616 thousand was outstanding (31 December 2007: SKK 770 thousand), from which SKK 616 thousand (2007: SKK 693 thousand) represents the unpaid amount from donation contracts concluded with particular students to support their studies. This amount will be recognized in the cost of the USSK Foundation when the cash will be paid.

As of 31 December 2008 and 31 December 2007, the USSK Foundation did not have any future possible cash or non-cash liabilities that are to be recognized in the balance sheet. The USSK Foundation did not have any financial rights and duties that are not accounted for and recognized in the balance sheet.

The USSK Foundation does not control or own any cultural real estate properties.