



Item 2.02. Results of Operations and Financial Condition

On January 29, 2013, United States Steel Corporation issued a press release announcing its financial results for fourth quarter and full-year 2012. The full text of the press release, together with related unaudited financial information and statistics, is furnished herewith as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 - Press release dated January 29, 2013, titled "United States Steel Corporation Reports 2012 Fourth Quarter and Full-year Results," together with related unaudited financial information and statistics.



For the full year 2012, we recorded a tax provision of \$131 million on our pre-tax income of \$6 million. The tax provision does not reflect any tax benefit for pre-tax losses in Canada, which is a jurisdiction where we have recorded a full valuation allowance on deferred tax assets. In addition, no material tax benefit was recorded on the \$399 million loss on the sale of U. S. Steel Serbia in 2012.

As of December 31, 2012, U. S. Steel had \$570 million of cash and \$2.4 billion of total liquidity compared to \$408 million of cash and \$1.8 billion of total liquidity at December 31, 2011. In 2012 net debt as reflected on the balance sheet was reduced by approximately \$450 million as cash from operations in excess of capital spending was used to repay borrowings on our credit facilities and increase cash on hand.

Reportable Segments and Other Businesses

Flat-rolled fourth quarter results remained positive but decreased from the third quarter due to lower average realized prices and shipments, partially offset by lower operating costs. Average realized prices and shipments were lower compared to the third quarter, as cautious purchasing patterns continued in light of the uncertain global economic outlook and the domestic fiscal situation and compressed mill lead times. Operating costs decreased due to lower raw materials and repairs and maintenance costs partially offset by higher natural gas costs.

Fourth quarter results for our European segment remained positive but lower than the third quarter. Average realized prices decreased reflecting lower spot market and quarterly contract pricing, while shipments remained comparable to the third quarter. Operating costs decreased compared to the third quarter primarily due to lower raw materials costs partially offset by higher energy costs.

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Fourth quarter results for our Tubular segment were well below third quarter results. Average realized prices and shipments decreased as end users reduced drilling activity and project line pipe purchases were delayed. Inventory management and continued high import levels also adversely affected order rates as we approached year-end. Operating costs increased due to lower production levels.

Outlook

Commenting on U. S. Steel's outlook for the first quarter, Surma said, "We continue to be challenged by uncertain global economic and steel market conditions. We expect a slight improvement in the European and Tubular segment operating results with Flat-rolled segment results expected to be near breakeven. Total reportable segment and Other Businesses operating results are expected to be comparable to the fourth quarter."

We expect Flat-rolled segment results to be near breakeven in the first quarter. Steel buyers in North America continued to exhibit caution early in the year, but recent increases in our daily order entry rates suggest increased spot market demand as the quarter progresses. We expect higher shipments in the first quarter than the fourth quarter with increases across many of our industry segments. Average spot prices are expected to be higher than the fourth quarter

We expect first quarter results for our Tubular segment to improve compared to the fourth quarter due to decreased operating costs and a slight increase in shipments as drilling activity begins to improve. Average realized prices are expected to be slightly lower as compared to the fourth quarter, while operating costs are expected to decrease due to reduced repairs and maintenance costs and improved operating efficiencies.

This release contains forward-looking statements with respect to market conditions, operating costs, shipments, prices, capital spending, and employee benefit costs and payments. Although we believe that we are experiencing a gradual economic recovery, there are signs of continued economic issues, including the European sovereign debt and domestic fiscal situations. U. S. Steel cannot control or predict the impact. Other more normal factors that could affect market conditions, costs, shipments and prices for both North American and European operations include: (a) foreign currency fluctuations and related activities; (b) global product demand, prices and mix; (c) global and company steel production levels; (d) plant operating performance; (e) natural gas, electricity, raw materials and transportation prices, usage and availability; (f) international trade developments, including court decisions, legislation and agency decisions on petitions and sunset reviews; (g) the impact of fixed prices in energy and raw materials contracts (many of which have terms of one year or longer) as compared to short-term contract and spot prices of steel products; (h) changes in environmental, tax, pension and other laws; (i) the terms of collective bargaining agreements; (j) employee strikes or other labor issues; and (k) U.S. and global economic performance and political developments. Domestic steel shipments and prices could be affected by import levels and actions taken by the U.S. Government and its agencies, including those related to CO₂ emissions, climate change and shale gas development. Economic conditions and political factors in Europe and Canada that may affect U. S. Steel Europe's and U. S. Steel Canada's results include, but are not limited to: (l) taxation; (m) nationalization; (n) inflation; (o) fiscal instability; (p) political issues; (q) regulatory actions; and (r) quotas, tariffs, and other protectionist measures. In accordance with "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, cautionary statements identifying important factors, but not necessarily all factors, that could cause actual results to differ materially from those set forth in the forward-looking statements have been included in U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2011, and in subsequent filings for U. S. Steel.

A Consolidated Statement of Operations (Unaudited), Consolidated Cash Flow Statement (Unaudited), Condensed Consolidated Balance Sheet (Unaudited) and Preliminary Supplemental Statistic (Unaudited) 1 Stat Itai

UNITED STATES STEEL CORPORATION
CONDENSED BALANCE SHEET (Unaudited)

(Dollars in millions)	Dec. 31 2012	Dec. 31 2011
Cash and cash equivalents	\$ 570	\$ 408
Receivables, net	2,090	2,046
Receivables sold to third party conduits	-	380
Inventories	2,503	2,775
Other current assets	211	165
Total current assets	5,374	5,774
Property, plant and equipment, net	6,408	6,579
Investment and long-term receivables, net	609	683
Goodwill and intangible assets, net	2,075	2,045
Other assets	773	992
Total assets	<u>\$ 15,239</u>	<u>\$ 16,073</u>
Accounts payable and other accrued liabilities	\$ 1,800	\$ 2,063
Payroll and benefits payable	977	1,003
Short-term debt and current maturities of long-term debt	2	20
Borrowings under Receivables Purchase Agreement	-	380
Other current liabilities	211	183
Total current liabilities	2,990	3,649
Long-term debt, less unamortized discount	3,936	3,828
Employee benefits	4,416	4,600
Other long-term liabilities	419	495
United States Steel Corporation stockholders' equity	3,476	3,500
Noncontrolling interests	2	1
Total liabilities and stockholders' equity	<u>\$ 15,239</u>	<u>\$ 16,073</u>

UNITED STATES STEEL CORPORATION
 PRELIMINARY SUPPLEMENTAL STATISTICS (Unaudited)

(Dollars in millions)	Quarter Ended			Year Ended	
	Dec. 31 2012	Sept. 30 2012	Dec. 31 2011	Dec. 31 2012	Dec. 31 2011
INCOME (LOSS) FROM OPERATIONS					
Flat-rolled	\$ 11	\$ 29	\$ (72)	\$ 400	\$ 469
U. S. Steel Europe	7	27	(89)(a)	34(a)	(162)(a)
Tubular	32	102	119	366	316
Other Businesses	9	13	16	55	46
Reportable Segment and Other Businesses (Loss) Income from Operations	59	171	(26)	855	669
Postretirement benefit expenses	(69)	(74)	(99)	(297)	(386)
Other items not allocated to segments:					
Loss on sale of U. S. Steel Serbia	-	-	-	(399)	-
Gain on sale of transportation assets	-	-	-	89	-
Supplier contract dispute settlement	15	-	-	15	-
Property tax settlements	-	-	-	19	-
Labor agreement lump sum payments	-	(35)	-	(35)	-
Environmental remediation charge	-	-	(18)	-	(18)
Total Income (Loss) from Operations	\$ 5	\$ 62	\$ (143)	\$ 247	\$ 265
CAPITAL EXPENDITURES					
Flat-rolled	\$ 141	\$ 89	\$ 189	\$ 625	\$ 616
U. S. Steel Europe					

