



U.S. Steel Canada Inc.

correspondence, analyzed to draw conclusions, based on the version filed via EDGAR and for which the Company is requesting confidential treatment.

**SEC Comment #1**  
Form 10-K for the year ended December 31, 2014

4. Deconsolidation of U.S. Steel Canada and other charges, page F-17

***“We have read your response to comment 4 in our letter dated July 16, 2015. Please explain to us how you reasonably determined that the fair value of the USSC assets substantially exceeded carrying value at September 16, 2014, so that there would be enough cash available for you to recover the \$434 million. In this regard, please discuss the material assets that you concluded had fair values greater than carrying values at the CCA filing date and provide us an analysis of the USSC asset with the largest excess of deemed fair value over carrying value along with your calculations and assumptions that support that conclusion. Tell us what specifically happened in the three months ended June 30, 2015 that indicated that your prior fair value estimates were not accurate.”***

**Response:**

We did not determine that the fair value of U. S. Steel Canada Inc.’s (USSC) assets exceeded the carrying value at September 16, 2014. The estimation of the fair value of USSC’s assets was the initial step in the process of assessing the collectability of our secured and unsecured claims. As noted in our response to the Commission dated August 13, 2015, we employed the use of a third party valuation specialist to estimate fair value. The fair value assessment of USSC’s assets was done for the purpose of estimating a cash recovery amount of the assets, not to assess USSC’s assets for impairment under Accounting Standards Codification (ASC) Topic 360, *Property & Equipment*.

The amount and timing of future cash flows within the DCF analysis and the liquidation basis were based on the following inputs within the fair value framework prescribed by ASC Topic 820, *Fair Value Measurements*, as disclosed in the table below.

Level 2 Other Observable Inputs	Level 3 Other Unobservable Inputs
Market Participant Weighted Average Cost of Capital <sup>(1)</sup> Perpetual Growth Rate <sup>(2)</sup> Market Comparables Replacement Cost	Recent Operating Budgets Long Range Strategic Plans (five years) Estimated Shipments <sup>(3)</sup> Projected Raw Material Costs <sup>(3)</sup> Projected Margins <sup>(3)</sup> Recoverability Measures

<sup>(1)</sup> Ranged from 15.54% - 18.31%

<sup>(2)</sup> Set at approximately 2%

<sup>(3)</sup> As projected in the five-year strategic plan

The combined fair values of these assets (see detail in the following table) were assumed to be cash proceeds that would be received from the liquidation of the assets.



award per case was immaterial to U. S. Steel's consolidated financial statements and its results of operations in each period.

Please contact me (412-433-5394), or, in my absence, Kim Fast, Assistant Corporate Controller (412-433-5572) with any questions. With respect to any legal issues, please contact Arden Phillips, Corporate Secretary & Associate General Counsel (412-433-2890) directly.

Sincerely,

/s/ Colleen M. Darragh

Colleen M. Darragh  
Vice President and Controller

cc: David Burritt  
Kim Fast