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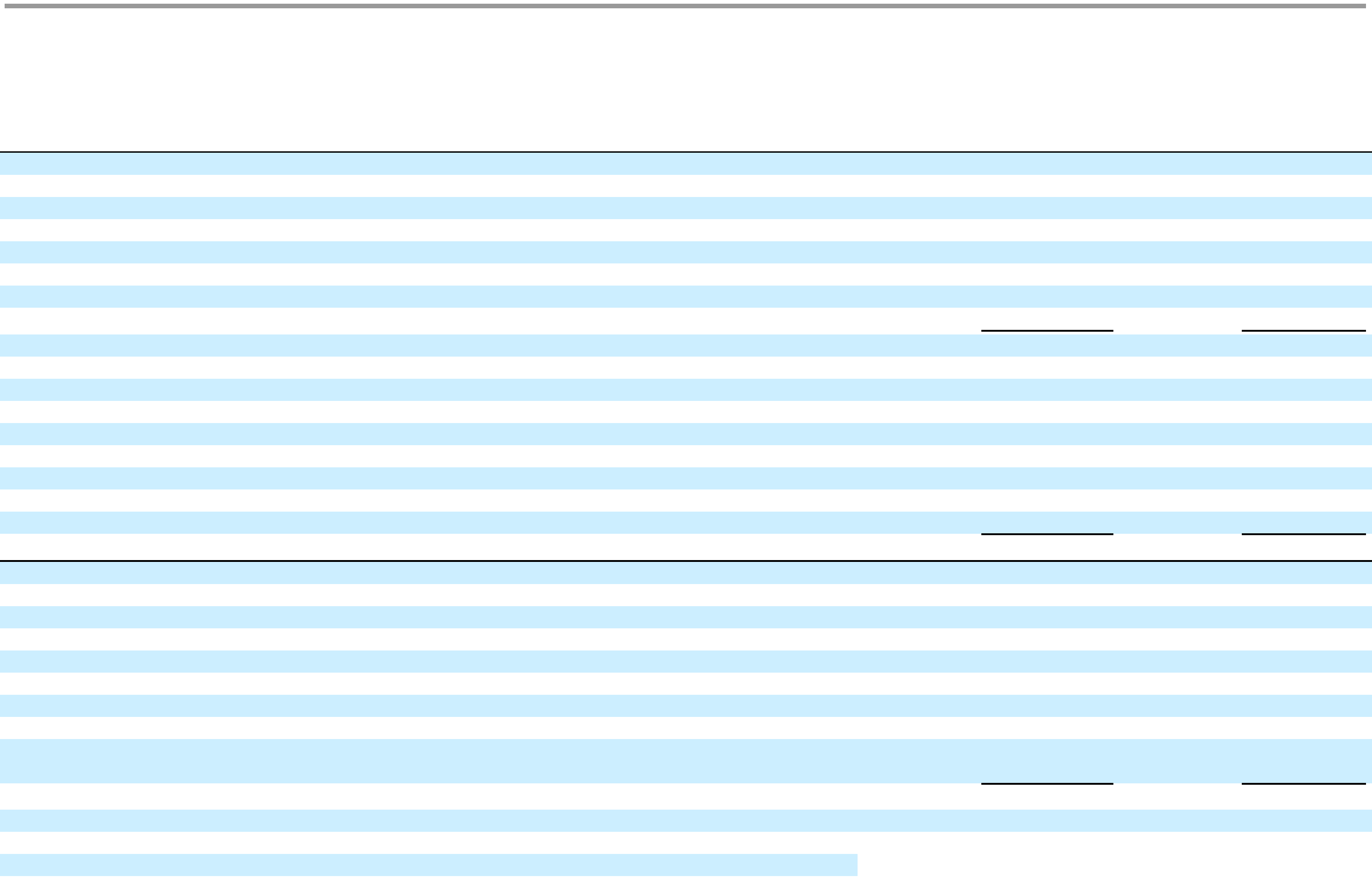
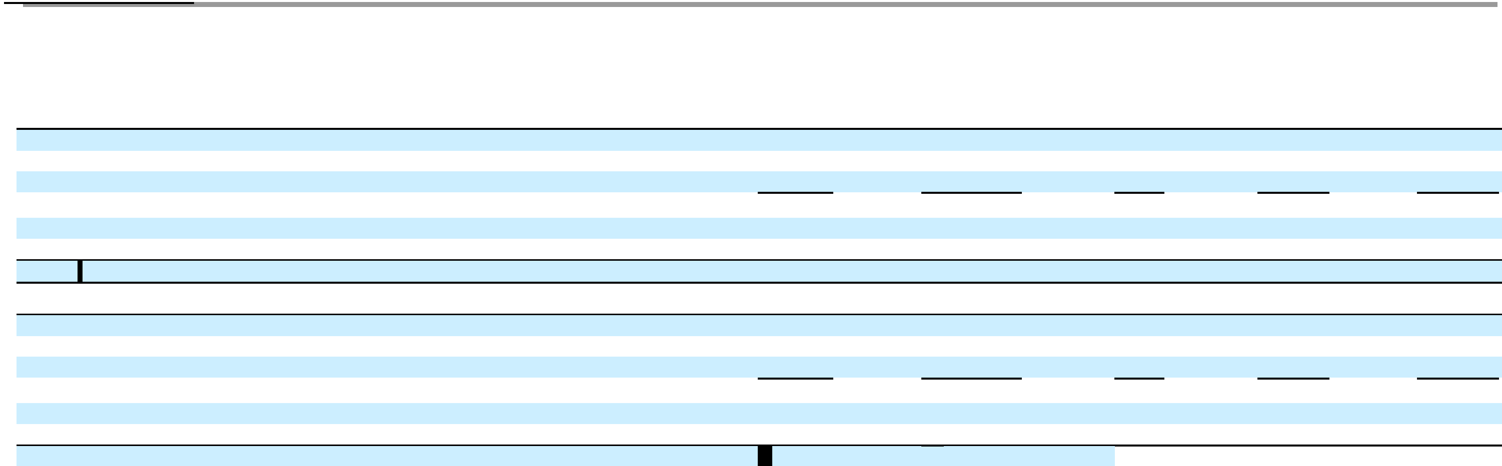


In September 2006, the FASB issued FAS No. 157, “Fair Value Measurements.” This Statement defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. The Statement applies under other accounting pronouncements that require or permit fair value measurements and, accordingly, does not require any new fair value measurements. This Statement is effective as of January 1, 2008. U. S. Steel does not expect any material financial statement implications relating to the adoption of this Statement.

3. Segment Information

U. S. Steel has three reportable segments: Flat-rolled Products (Flat-rolled), U. S. Steel Europe (USSE), and Tubular Products (Tubular). The Tubular segment includes seamless and welded tubular products, the latter of which are primarily produced by facilities acquired from Lone Star Technologies, Inc. (Lone Star) on June 14, 2007, as discussed in Note 4. The results of several operating segments that do not constitute reportable segments are combined and disclosed in the Other Businesses category.

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measure being income from operations. Income from operations for reportable segments and Other Businesses does not include net interest and other financial costs, the income tax provision, benefit expenses for current retirees and certain other items that management believes are not indicati B



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Lone Star manufactures welded oil country tubular goods (OCTG), standard and line pipe and tubular couplings, and is a provider of finishing services. The acquisition has strengthened U. S. Steel's position as a premier supplier of tubular products for the energy sector. It is also anticipated that it will generate annual, sustainable synergies, with the full impact to be realized by the end of 2008. The synergies are anticipated through steel sourcing and processing, as well as through overhead cost reductions and the leveraging of best practices.

The total purchase price of $1,990 million reflects the $2,050 million share purchase, net of cash acquired of $71 million, and including direct acquisition costs of $11 million. The acquisition was recorded by allocating the cost of the assets acquired, including intangible assets, and liabilities assumed, based on their estimated fair values at the date of acquisition. The excess of the cost of the acquisition over the net amounts assigned to the fair value of the assets acquired and the liabilities assumed is recorded as goodwill. The amount allocated to goodwill reflects the benefit U. S. Steel expects to realize from expanding our Tubular operations and from running our Flat-rolled segment at higher operating rates. Approximately $330 million of goodwill has been allocated to Flat-rolled. The balance of the goodwill has been allocated to the OCTG and standard and line pipe, tubular coupling, and finishing services businesses acquired from Lone Star.

The acquisition has been accounted for in accordance with FAS 141, "Business Combinations." The following table presents the preliminary allocation of the aggregate purchase price based on estimated fair values:

	(In millions)
Assets Acquired:	
Receivables	$ 129
Inventories	429
Other current assets	12
Property, plant & equipment	361
Identifiable intangible assets	232
Goodwill	1,155
Other noncurrent assets	50

In the third quarter 2007, U. S. Steel management completed an assessment of the electric arc furnaces and rolling mill facilities that had been used by Lone Star to produce hot rolled bands. As a result of this assessment, operations at the electric arc furnaces and the rolling mill facilities have been permanently discontinued. This resulted in a decrease in acquired Property, plant & equipment of approximately $100 million from the preliminary allocation presented in the quarterly report on Form 10-Q for the period ended June 30, 2007. The employment of approximately 200 employees was terminated in connection with these activities.

The adjustments discussed above also resulted in a decrease in Deferred income tax liabilities of approximately $90 million and an increase in Goodwill of approximately $130 million from the preliminary allocation presented in the quarterly report on Form 10-Q for the period ended June 30, 2007.

Goodwill is not deductible for tax purposes. The Identifiable intangible assets, principally water rights and customer relationships, are not deductible for tax purposes. Customer relationships of approximately $130 million will be subject to amortization for book purposes over a period of approximately 20 years. It was determined that water rights of approximately $75 million have an indefinite life. Goodwill and Intangible assets with an indefinite life will be subject to impairment testing on an annual basis in accordance with FAS 142, “Goodwill and Other Intangible Assets.” Other identifiable intangible assets will be amortized over a weighted-average period of approximately 13 years.

The following unaudited pro forma information for U. S. Steel includes the results of the Lone Star acquisition as if it had been consummated at the beginning of the periods presented. The unaudited pro forma data is based on historical information and does not include anticipated cost savings or other effects of the integration of Lone Star. Accordingly, the unaudited pro forma data does not necessarily reflect the actual results that would have occurred, nor is it necessarily indicative of future results of operations. Pro forma adjustments are tax-effected at the Company’s statutory tax rate.

	Third Quarter Ended September 30,		Nine Months Ended September 30,	
(In millions, except per share amounts)	**2007**	**2006**	**2007**	**2006**
Net sales	**$ 4,354**	$ 4,435	**$ 12,915**	$ 12,963
Net income	**286**	422	**845**	1,132
Net income per share:				
- Basic	**$ 2.42**	$ 3.48	**$ 7.15**	$ 9.95
- Diluted	**$ 2.41**	$ 3.46	**$ 7.10**	$ 9.11

5. Divestiture

On September 26, 2007, U. S. Steel and Canadian National Railway Company (CN) announced that they had entered into an agreement under which CN will acquire the majority of the operating assets of Elgin, Joliet and Eastern Railway Company (EJ&E) for $300 million. Under the agreement, U. S. Steel will retain railroad assets, equipment, and employees that support the Gary Works complex in northwest Indiana. The transaction is subject to regulatory approval by the U.S. Surface Transportation Board, and closing is anticipated in mid-2008. As of September 30, 2007, the assets of EJ&E that are to be sold, which consist primarily of property, plant and equipment, have been classified as held for sale in accordance with FAS No. 144, “Accounting for Impairment or Disposal of Long-Lived Assets.”

6.

Black-Scholes Assumptions	2007 Grants	May 2006 Grant
Grant date price per share of option award	[illegible]	$ 65.40
Expected annual dividends per share, at grant date	0.80	$

During the third quarter of 2006, approximately 1,800 U. S. Steel Balkan (USSB) employees (or 23 percent of the workforce) accepted a severance or voluntary early retirement plan (VERP). Employee severance and net employee benefit charges of $21 million (including $12 million in settlement, termination and curtailment losses) were recorded for these employees in 2006. Of this expense, $4 million was recorded in selling, general, and administrative expenses and $17 million was recorded in cost of sales. As of March 31, 2007, all employees included in the VERP had left the company and $24 million of cash payments had been made.

In conjunction with the VERP that was begun in the third quarter 2006, USSB retained the option to eliminate additional positions. The program was complete as of June 30, 2007 and approximately 500 employees had left the company under the second phase of the program. Employee severance and net employee benefit charges of $7 million (including $1 million of termination losses) were recognize(arllill i7a ogni ar

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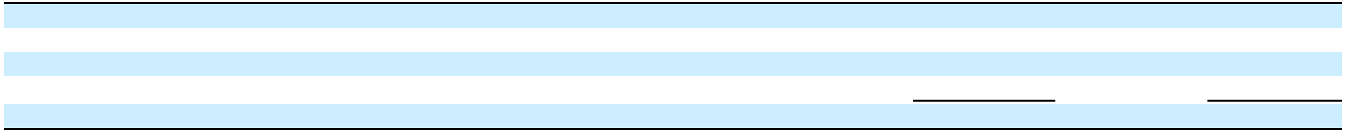

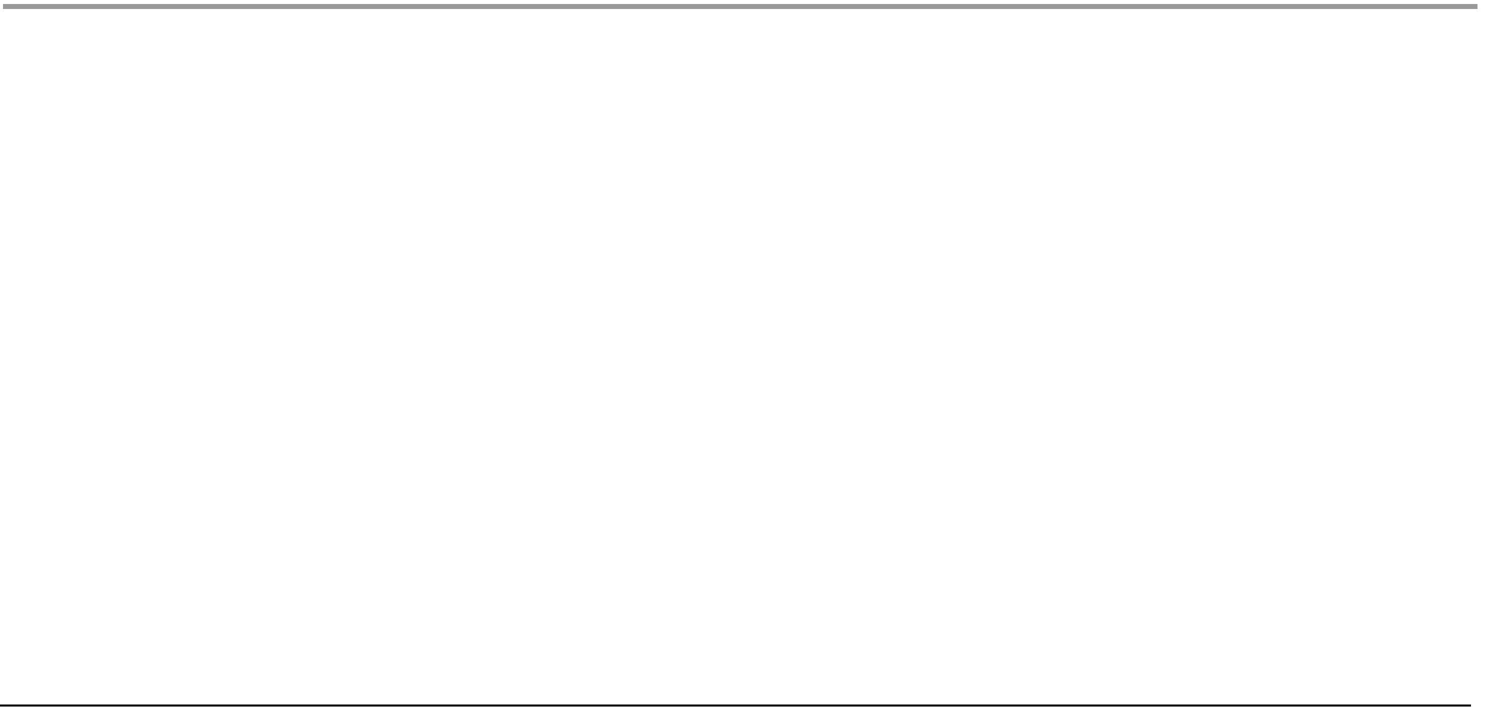

Certain asset retirement obligations related to disposal costs of fixed assets at our steel facilities have not been recorded because they have an indeterminate settlement date. These asset retirement obligations will be initially recognized in the period in which sufficient information exists to estimate their fair value.

16. Comprehensive Income

The following table reflects the components of comprehensive income:

(In millions)	Third Quarter Ended September 30, 2007	Third Quarter Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Net income	**$ 269**	$ 417	**$ 844**	$ 1,077
Changes in foreign currency translation adjustments, net of tax	**142**	31	**195**	217
Changes in employee benefit accounts, net of tax	**26**	-	**70**	-
Comprehensive income	**$ 437**	$ 448	**$ 1,109**	$ 1,294

17. Related Party Transactions

Net sales to related parties and receivables from related parties primarily reflect sales of steel products, transportation services and fees for providing various management and other support services to equity and other related parties. Generally, transactions are conducted under long-term market-based contractual arrangements. Related party sales and service transactions were $296 million and $241 million for the quarters ended September 30, 2007 and 2006, respectively, and $832 million and $698 million for the nine months ended September 30, 2007 and 2006, respectively. Sales to related parties were conducted under terms comparable to those with unrelated parties.

Purchases from equity investees for outside processing services amounted to $18 million and $11 million for the quarters ended September 30, 2007 and 2006, respectively, and $35 million and $30 million for the nine months ended September 30, 2007 and 2006, respectively.

Accounts payable to related parties include balances due PRO-TEC Coating Company (PRO-TEC) of $72 million and $57 million at September 30, 2007 and December 31, 2006, respectively, for invoicing and receivables collection services provided by U. S. Steel. U. S. Steel, as PRO-TEC's exclusive sales agent, iat, i e t, i e t

acquired from Lone Star. At December 31, 2006, U. S. Steel was a defendant in approximately 300 active cases involving approximately 3,700 plaintiffs. Many of these cases involve multiple defendants (typically from fifty to more than one hundred). Almost 2,750, or approximately 90 percent, of these claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. Based upon U. S. Steel's experience in such cases, it believes that the actual number of plaintiffs who ultimately assert claims against U. S. Steel will likely be a small fraction of the total number of plaintiffs. During the third quarter of 2007, U. S. Steel paid approximately $1 million in settlements. These settlements, along with review of case docket information for certain states, and voluntary and involuntary dismissals, resulted in the disposition of approximately 200 claims. New case filings added approximately 150 claims. During 2006, U. S. Steel paid approximately $8 million in settlements. These settlements, along with review of case docket information for certain states, and voluntary and involuntary dismissals, resulted in the disposition of approximately 5,150 claims. New case filings added approximately 450 claims.

Historically, these claims against U. S. Steel fall into three major groups: (1) claims made under certain federal and general maritime laws by employees of former operations of U. S. Steel; (2) claims made by persons who allegedly were exposed to asbestos at U. S. Steel facilities (referred to as "premises claims"); and (3) claims made by industrial workers allegedly exposed to products formerly manufactured by U. S. Steel. While U. S. Steel has excess casualty insuramein, tbMat bylinias haveamulti-Ahmillio todsbarse(3)elf-insured reteM

$46 million and $60 million, respectively. U. S. Steel anticipates making additional such expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

Lone Star Obligations – With the acquisition of Lone Star, we assumed responsibility for a number of environmental liabilities at Lone Star facilities. At September 30, 2007 these obligations totaled approximately $9 million, of which $2 million was classified as current, and are in addition to the amounts for U. S. Steel already discussed. We are currently in the process of evaluating each liability and we may make adjustments to the amounts accrued in conjunction with the preliminary purchase price allocation. It is anticipated that our evaluation will be completed by December 31, 2007.

Kyoto Protocol and CO_2 Emissions – As a result of the 1997 Kyoto Protocol to the United Nations Framework Convention on Climate Change, the European Commission (EC) has established CO_2 limits for every EU member state. In 2004, the EC approved a national allocation plan, for the period 2005 through 2007, (NAP I) that reduced Slovakia's originally proposed CO_2 allocation by approximately 14 percent, and following that decision the Slovak Ministry of the Environment (Ministry) imposed an 8 percent reduction to the amount of CO_2 allowances originally requested by USSK. Subsequently, USSK filed legal actions against the EC and the Ministry challenging these reductions. USSK is purchasing CO_2 allowances needed to cover its anticipated shortfall for the remainder of the NAP I allocation period. Based on the value of purchased credits and current market value of CO_2 allowances remaining to be purchased, a short-term other liability of $2 million was recognized on the balance sheet as of September 30, 2007. At December 31, 2006, the long-term liability was $7 million. On November 29, 2006, the EC issued a decision that Slovakia would be granted 25 percent fewer CO_2 allowances than were requested in Slovakia's second CO_2 trading period (NAP II). Both Slovakia and USSK have filed legal actions against the EC to challenge this decision. In early October 2007, the Court of First Instance of the European Communities diMn iongaN was recgaiheptem renngae was $7 7 7 7 7 7 7Baiepte

transactions is not estimable due to the nature and extent of the unknown conditions related to the properties sold. Aside from the environmental liabilities already recorded as a result of these transactions due to specific environmental remediation activities cases (included in the $145 million of accrued liabilities for remediation already discussed), there are no other known environmental liabilities related to these transactions.

Guarantees – The guarantee of the liabilities of an unconsolidated entity of U. S. Steel totaled $2 million at September 30, 2007. In the event that any de[illegible] liabilities occurs, U. S. Steel has access to its interest in the assets of the investee to reduce its potential losses under the guarantee. [illegible]

Contingencies related to Separation from Marathon – [illegible] Marathon) on December 31, 2001 (the Separation). In the event of the bankruptcy of Marathon, certain of U. S. Steel's operating lease obligations in the amount of $32 million as of September 30, 2007 may be declared immediately due and payable. Further, $522 million related to Environmental Revenue bonds and various capital leases [illegible] immediately due and payable. [illegible]

Contingencies related to Lone Star Acquisition – [illegible]

recorded for workers' compensation and personal injury obligations. Other costs resulting from self-insured losses are charged against income upon occurrence.

U. S. Steel uses surety bonds, trusts and letters of credit to provide whole or partial financial assurance for certain obligations such as workers' compensation. The total amount of active surety bonds, trusts and letters of credit being used for financial assurance purposes was approximately $125 million and $124 million as of September 30, 2007, and December 31, 2006, respectively, which reflects U. S. Steel's maximum exposure under these financial guarantees, but not its total exposure for the underlying obligations. Most of the trust arrangements and letters of credit are collateralized by restricted cash that is recorded in other noncurrent assets.

Commitments – At September 30, 2007, U. S. Steel's contract commitments to acquire property, plant and equipment totaled $166 million.

19. Subsequent Event

In October 2007 USSK announced a voluntary early retirement program. Those employees who elect to participate in the program will terminate their employment prior to the end of 2008. Associated charges are expected to be recognized in the fourth quarter 2007.

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the quarter ended September 30, 2007 versus the quarter ended September 30, 2006 is set forth in the following table:

Quarter Ended September 30, 2007 versus Quarter Ended September 30, 2006

	Steel Products Sales [a]

Income from operations by segment for the third quarter and first nine months of 2007 and 2006 is set forth in the following table:

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The decrease in USSE income from operations in the third quarter of 2007 as compared to the third quarter of 2006 was primarily due to higher raw

Net interest and other financial costs

(Dollars in millions)	Quarter Ended September 30, 2007	2006	% Change	Nine Months Ended September 30, 2007	2006	% Change
Interest and other financial costs	**$ 37**	$ 30	23%	**$ 87**	$ 93	-6%
Interest income	**(11)**					

U. S. Steel's **net income** was $269 million in the third quarter of 2007, compared to $417 million in the third quarter of 2006. Net income in the first nine months of 2007 was $844 million, compared to $1,077 million in the same period last year. The reductions primarily reflected the factors discussed above.

BALANCE SHEET

See Note 4 to Financial Statements for the fair value of assets acquired and liabilities assumed as a result of the Lone Star acquisition.

Receivables increased by $510 million from year-end 2006 mainly due to higher shipments in the third quarter of 2007 compared to the fourth quarter of 2006, and the Lone Star acquisition.

Inventories, property, plant and equipment and **deferred income tax liabilities** increased from year-end 2006 primarily as a result of the Lone Star acquisition.

Intangible assets of $231 million primarily consist of water rights and customer relationships acquired with Lone Star.

Goodwill of $1,15[illegible] million reflects the difference between the Lone Star purchase price of $1,990 million and the fair value of the net assets acquired.

Assets held for sale consist primarily of railroad operating land, track and equipment related to the potential sale of the majority of the operating assets of Elgin, Joliet and [illegible]

Capital expenditures in the first nine months of 2007 were $460 million, compared with $397 million in the same period in 2006. Flat-rolled expenditures were $240 million and included spending for coke oven thru-wall repairs and development related to an enterprise resource planning system. USSE expenditures of $129 million included spending at USSK for an air emission reduction project and a new automotive galvanizing line, and spending at USSB for the reline of the No. 2 blast furnace. Construction of the new galvanizing line was completed in February 2007 and we are in the process of ramping it up to full capacity. Expenditures of $78 million for Other Businesses included spending for open pit mining equipment.

U. S. Steel’s contract commitments to acquire property, plant and equipment at September 30, 2007, totaled $166 million.

Capital expenditures for 2007 are expected to be approximately $725 million.

Acquisition of Lone Star Technologies reflected $2,050 million paid at closing, net of cash acquired of $71 million, and $11 million of transaction costs.

Issuance of Long-term debe h

The following table summarizes U. S

materially lower than current levels or external financing sources are not available on terms competitive with those currently available, including increases in interest rates, future liquidity may be adversely affected.

Off-balance Sheet Arrangements

U. S. Steel did not enter into any new off-balance sheet arrangements during the first nine months of 2007.

ENVIRONMENTAL MATTERS, LITIGATION AND CONTINGENCIES

U. S. Steel has incurred and will continue to incur substantial capital, operating and maintenance, and remediation expenditures as a result of environmental laws and regulations. In recent years, these expenditures have been mainly for process changes in order to meet Clean Air Act obligations and similar obligations in Europe, although ongoing compliance costs have also been significant. To the extent that these expenditures, as with all costs, are not ultimately reflected in the prices of our products and services, operating results will be reduced. U. S. Steel believes that our major domestic and many European integrated steel competitors are confronted by substantially similar conditions and thus does not believe that our relative position with regard to such competitors is materially affected by the impact of environmental laws and regulations. However, the costs and operating restrictions necessary for compliance with environmental laws and regulations may have an adverse effect on our competitive position with regard to domestic mini-mills, some foreign steel producers and producers of materials which compete with steel, all of which may not be required to incur equivalent costs in their operations. In addition, the specific impact on each competitor may vary depending on a number of factors, including the age and location of its operating facilities and its production methods. U. S. Steel is also responsible for remediation costs related to our prior dispos

Slovakia's second CO_2 trading period, 2008-2012 (NAP II). Both Slovakia and USSK have filed legal actions against the EC to challenge this decision. In early October 2007, the Court of First Instance of the European Communities dismissed on the basis of inadmissibility both of the cases USSK had brought to challenge the reduction by the European Commission of Slovakia's total allowances in the NAP I and NAP II trading periods. USSK is studying these decisions to determine its response. The Ministry has not yet made an allocation of Slovakia's CO_2 allowances to companies within Slovakia for the NAP II period, but has publicized a draft of an allocation plan that would award USSK more annual allowances than were awarded to USSK in the Slovak NAP I plan. The potential financial and/or operational impacts of NAP II are not currently determinable.

While ratification of the Kyoto Protocol in the U.S. has not occurred, there remains the possibility that limitations on greenhouse gases may be imposed. The impact of any such limitations on our domestic operations cannot be estimated at this time.

USSB is subject to the environmental laws of Serbia. Under the terms of the acquisition, USSB will be responsible for only those costs and liabilities associated with environmental events occurring subsequent to the completion of an environmental baseline study, which was completed in June 2004 and submitted to the Government of Serbia.

U. S. Steel has been notified that it is a potentially responsible party (PRP) at 23 sites under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) as of September 30, 2007. In addition, there are 13 sites related to U. S. Steel where we have received information requests or other indications that we may be a PRP under CERCLA but where sufficient information is not presently available to confirm the existence of liability or make any judgment as to the amount thereof. There are also 43 additional sites related to U. S. Steel where remediation is being sought under other environmental statutes, both federal and state, or where private parties are seeking remediation through discussions or litigation. At many of these sites, U. S. Steel is one of a number of parties involved and the total cost of remediation, as well as U. S. Steel's share thereof, is frequently dependent upon the outcome of investigations and remedial studies. U. S. Steel accrues for environmental remediation activities when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. As environmental remediation matters proceed toward ultimate resolution or as additional remediation obligations arise, charges in excess of those previously accrued may be required. See Note 18 to Financial Statements.

For discussion of relevant environmental items, see "Part II. Other Information—Item 1. Legal Proceedings—Environmental Proceedings."

During the third quarter of 2007, U. S. Steel accrued $15 million for environmental matters for domestic and foreign facilities. The total accrual for such liabilities at September 30, 2007 was $145 million, excluding liabilities for Lone Star as discussed below. These amounts exclude liabilities related to asset retirement obligations under Statement of Financial Accounting Standards No. 143.

With the acquisition of Lone Star, we assumed responsibility for a number of environmental liabilities at Lone Star facilities. At September 30, 2007 these obligations totaled approximately $9 million, of which $2 million was classified as current. We are currently in the process of evaluating each liability and we may make adjustments to the amounts accrued in conjunction with the purchase price allocation. It is anticipated that our evaluation will be completed by December 31, 2007.

U. S. Steel is the subject of, or a party to, a number of pending or threatened legal actions, contingencies and commitments involving a variety of matters, including laws and regulations relating to the environment. The ultimate resolution of these contingencies could, individually or in the

aggregate, be material to the U. S. Steel Financial Statements. However, management believes that U. S. Steel will remain a viable and competitive enterprise even though it is possible that these contingencies could be resolved unfavorably to U. S. Steel.

OUTLOOK

We expect a decline in overall results for the fourth quarter mainly due to normal seasonal effects and several scheduled blast furnace outages. North American flat-rolled inventories and imports are at relatively low levels and over time the weaker U.S. currency should favor many of our steel-consuming customers. In Europe, steel consumption remains healthy; however, high imports, particularly from China, and high service center inventories are resulting in some pressure on spot prices and order rates.

For Flat-rolled, fourth quarter results are expected to decrease from the third quarter due primarily to lower shipments and higher raw material, outage and modernization-related costs. Prices are expected to remain in line with the third quarter.

Fourth quarter results are expected to decrease for U. S. Steel Europe (USSE). Prices and shipments are expected to remain comparable to the third quarter levels and costs are expected to increase slightly. Two planned blast furnace outages will continue to limit raw steel production.

In conjunction with efforts to increase productivity, we are commencing a voluntary early retirement program at U. S. Steel Kosice (USSK), which we anticipate will generate substantial future cost savings. We will not know the employee response to this program and the amount of the resulting fourth quarter charge until later this year.

Fourth quarter results for Tubular are expected to be consistent with third quarter results as average realized prices and costs are expected to improve and shipments should decrease, due primarily to continued high inventory levels and year-end seasonal effects.

Concerning Stelco, the Stelco shareholders have approved the transaction, required regulatory approvals have been obtained, and we expect to complete this transaction by the end of October. Results for Stelco will be included in our Flat-rolled segment as of the date of acquisition, and the above fourth quarter outlook does not include the Stelco operations.

This release contains forward-looking statements with respect to the acquisition of Stelco, market conditions, operating costs, shipments, prices and a voluntary early retirement program at USSK. Risks and uncertainties regarding the closing Wairisu the transis Ra¾de

ACCOUNTING STANDARDS

In June 2007, the Financial Accounting Standards Board (FASB) ratified Emerging Issues Task Force (EITF) issue number 06-11, Accounting for Income Tax Benefits of Dividends on Share-Based Payment Awards (EITF 06-11). EITF 06-11 requires that tax benefits generated by dividends paid during the vesting period on certain equity-classified, share-based compensation awards be classified as additional paid-in capital and included in a pool of excess tax benefits available to absorb tax deficiencies from share-based payment awards. EITF 06-11 is effective as of January 1, 2008. U. S. Steel expects the effect of adopting EITF 06-11 to be immaterial to its financial statements.

In March 2007, the FASB ratified EITF issue number 06-10, “Accounting for Collateral Assignment Split-Dollar Life Insurance Arrangements” (EITF 06-10). EITF 06-10 requires an employer to recognize a liability for the postretirement benefit provided by a collateral assignment split-dollar life insurance arrangement in accordance with either FASB Statement No. 106, “Employers’ Accounting for Postretirement Benefits Other Than Pensions,” or Accounting Principles Board Opinion No. 12, “Omnibus Opinion – 1967”, if the employer has agreed to maintain a life insurance policy during the employee’s retirement or provide the employee with a death benefit. EITF 06-10 also stipulates that an employer should recognize and measure an asset based on the nature and substance of the collateral assignment split-dollar life insurance arrangement. EITF 06-10 is effective as of January 1, 2008. U. S. Steel has collateral assignment split-dollar life insurance arrangements within the scope of EITF 06-10 for a small number of employees and we are in the process of evaluating the financial impact of adopting EITF 06-10.

In February 2007, the FASB issued Statement of Financial Accounting Standards (FAS) No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB Statement No. 115” (FAS 159). This Statement permits entities to choose to measure many financial instruments and certain other items at fair value and report unrealized gains and losses on these instruments in earnings.) ncialis e

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

COMMODITY PRICE RISK AND RELATED RISK

In the normal course of our business, U. S. Steel is exposed to market risk or price fluctuations related to the purchase, production or sale of steel products. U. S. Steel is also exposed to price risk related to the purchase, production or sale of coal, coke, natural gas, steel scrap, iron ore and pellets, and zinc, tin and other nonferrous metals used as raw materials.

U. S. Steel's market risk strategy has generally been to obtain competitive prices for our products and services and allow operating results to reflect market price movements dictated by supply and demand; however, U. S. Steel has made forward physical purchases to manage exposure to fluctuations in the purchase of natural gas and certain non-ferrous metals.

INTEREST RATE RISK

U. S. Steel is subject to the effects of interest rate fluctuations on certain of its non-derivative financial instruments. A sensitivity analysis of the projected incremental effect of a hypothetical 10 percent increase/decrease in September 30, 2007 interest rates on the fair value of the U. S. Steel's non-derivative financial assets/liabilities is provided in the following table:

(Dollars in millions)		Fair Value	Incremental Increase in Fair Value [b]
Non-Derivative Financial Instruments [a]			
Financial assets:			
Investments and long-term receivables	1 2 78	$ 7	$ -
Financial liabilities:			

Item 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

U. S. Steel has evaluated the effectiveness of the desi

UNITED STATES STEEL CORPORATION
SUPPLEMENTAL STATISTICS (Unaudited)

(Dollars in millions)	Quarter Ended September 30, 2007	Quarter Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
INCOME FROM OPERATIONS				
Flat-rolled	**$ 170**	$ 230	**$ 337**	$ 569
U. S. Steel Europe	**152**	219	**602**	532
Tubular	**74**	164	**273**	487
Other Businesses	**37**	39	**40**	72
Segment Income from Operations	**433**	652	**1,252**	1,660
Retiree benefit expenses	**(46)**	(70)	**(128)**	(190)
Other items not allocated to segments:				
Tubular inventory transition effects	**(27)**	-	**(27)**	-
Workforce reduction charges	**-**	(21)	**-**	(21)
Asset impairment charge	**-**	-	**-**	(5)
Total Income from Operations	**$ 360**	$ 561	**$ 1,097**	$ 1,444
CAPITAL EXPENDITURES				
Flat-rolled	**$ 121**	$ 46	**$ 240**	$ 147
U. S. Steel Europe	**52**	67	**129**	162
Tubular	**10**	1	**13**	2
Other Businesses	**27**	32	**78**	86
Total	**$ 210**	$ 146	**$ 460**	$ 397
OPERATING n				

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

ENVIRONMENTAL PROCEEDINGS

Gary Works

On January 26, 1998, pursuant to an action filed by the U.S. Environmental Protection Agency (EPA) in the United States District Court for the Northern District of Indiana titled United States of America v. USX, U. S. Steel entered into a consent decree with EPA which resolved alleged violations of the Clean Water Act National Pollutant Discharge Elimination System (NPDES) permit at Gary Works and provides for a sediment remediation project for a section of the Grand Calumet River that runs through Gary Works. As of September 30, 2007, project costs have amounted to $57 million. In January 2007, U. S. Steel commenced additional dredging. The cost to complete this dredging is estimated to be $4.1 million. The Corrective Action Management Unit (CAMU) will remain available to receive dredged materials from the Grand Calumet River and could be used for containment of approved material from other corrective measures conducted at Gary Works pursuant to the Administrative Order on Consent for corrective action. CAMU maintenance and wastewater treatment costs are anticipated to be an additional $1.8 million through December 2011. In 1998, U. S. Steel also entered into a consent decree with the public trustees, which resolves liability for natural resource damages on the same section of the Grand Calumet River. U. S. Steel will pay the public trustees $1.0 million at the end of the sediment remediation project for ecological monitoring costs. In addition, U. S. Steel is obligated to perform, and has initiated, ecological restoration in this section of the Grand Calumet River. The costs required to complete the ecological restoration work are estimated to be $1.0 million. In total, the accrued liability for the above projects based on the estimated remaining costs was $7.8 million at September 30, 2007.

At Gary Works, U. S. Steel has agreed to close three hazardous waste disposal sites, D5, T2, and D2 combined with a portion of the Refuse Area, where a solid waste disposal unit overlaps with the hazardous waste disposal unit. The sites are located on plant property. U. S. Steel has submitted a revised closure plan to the Indiana Department of Environmental Management for D2 and the known tar areas of the Refuse Area. U. S. Steel has proposed that the remainder of the Refuse Area be addressed as a solid waste management unit (SWMU) under corrective action. The related accrued liability for estimated costs to close each of the hazardous waste sites and perform groundwater monitoring is $6.2 million for D5, $4.4 million for T2 and $10.7 million for D2 including a portion of the Refuse Area, at September 30, 2007.

On October 23, 1998, EPA issued a final Administrative Order on Consent addressing Corrective Action for SWMUs throughout Gary Works. This order requires U. S. Steel to perform a Resource Conservation and Recovery Act (RCRA) Facility Investigation (RFI) and a Corrective Measure Study (CMS) at Gary Works. Reports of field investigation findings for Phase I work plans have been submitted to EPA. Two Phase II RFI work plans have been submitted to EPA for approval. Four self-implementing interim measures have been completed. Through September 30, 2007, U. S. Steel had spent approximately $24.9 million for the studies, work plans, field investigations and self-implementing interim measures. U. S. Steel continues implementation of one self-implementing interim measure. U. S. Steel has submitted a proposal to EPA seeking approval for perimeter groundwater monitoring and has completed an investigation of sediments in the West Grand Calumet Lagoon. The costs to complete the Phase I work and implement the field investigations for the submitted Phase II work plans, the anticipated perimeter groundwater monitoring, development of a work plan for further investigation of soil issues in the East End Solid Waste Management Area and implementation of the self-implementing interim measure are estimated to be $3.7 million. U. S. Steel has submitted a

proposal to EPA seeking approval to implement Corrective Measures necessary to address soil contamination at Gary Works. U. S. Steel is preparing a proposal for a corrective measure to address sediments in the West Grand Calumet Lagoon, and will submit the proposal to EPA for review and approval. Additionally, U. S. Steel has removed a number of abandoned drums previously discovered in the West Grand Calumet Lagoon, disposed of the materials at the CAMU and is prepared to remove remaining drums recently identified. U. S. Steel estimates the minimum cost of the Corrective Measures for soil contamination, sediments in the West Grand Calumet Lagoon and additional drum removal to be approximately $3.8 million. Closure costs for the CAMU are estimated to be an additional $6.1 million. Until the remaining Phase I work and Phase II field investigations are completed, it is impossible to assess what additional expenditures will be necessary for Corrective Action projects at Gary Works. In total, the accrued liability for the above projects was $13.7 million at September 30, 2007, based on the estimated remaining costs.

Clairton

U. S. Steel and Allegheny County Health Department (ACHD) entered into a Consent Order on June 1, 2007 to address compliance with the stack opacity limit at the pushing emission control baghouse for B Battery. The order, which includes a compliance plan, requires the replacement of all 76 thru-walls on B Battery. U. S. Steel has paid a civil penalty in the amount of $395,900 into the County Clean Air Fund; and agreed to complete a Supplemental Environmental Project (SEP) to control dust from plant roadways valued at $70,000.

Fairless Plant

In January 1992, U. S. Steel commenced negotiations with EPA regarding the terms of an Administrative Order on consent, pursuant to RCRA, under which U. S. Steel would perform a RFI and a CMS at our Fairless Plant. A Phase I RFI report was submitted during the third quarter of 1997. A Phase II/III RFI will be submitted following EPA approval of the Phase I report. While the RFI/CMS will determine whether there is a need for, and the scope of, any remedial activities at the Fairless Plant, U. S. Steel continues to maintain interim measures at the Fairless Plant and has completed investigation activities on specific parcels. No remedial activities are contemplated as a result of the investigations of these parcels. The cost to U. S. Steel to continue to maintain the interim measures and develop a Phase II/III RFI Work Plan is estimated to be $519,000, and was recorded as an accrued liability as of September 30, 2007. It is reasonably possible that additional costs of $25 million may be incurred at this site in combination with a voluntary remediation at the former steelmaking plant at Joliet, Illinois, a RCRA project at Fairfield Works, the RCRA program at Lorain Tubular and the project at Duluth Works.

Fairfield Works

A consent decree was signed by U. S. Steel, EPA and the U.S. Department of Justice (DOJ) and filed with the United States District Court for the Northern District of Alabama (United States of America v. USX Corporation) on December 11, 1997, under which U. S. Steel paid a civil penalty of $1.0 million, completed two SEPs at a cost of $1.75 million and initiated a RCRA corrective action program at the facility. The Alabama Department of Environmental Management (ADEM) assumed primary responsibility for regulation and oversight of the RCRA corrective action program at Fairfield Works, with the approval of EPA. The first Phase I RFI work plan was approved and field sampling for the work plan was completed in 2004. U. S. Steel submitted a Phase I RFI Report to ADEM in February 2005. ADEM approved the Phase I RFI Report and requested a Phase II RFI work plan. The remaining cost to develop and implement the Phase II RFI work plan is estimated to be $736,000, and was recorded

Lone Star and its subsidiaries are defendants in 25 cases involving approximately 50 claimants. These cases are included in the table set forth below.

The following table shows activity with respect to asbestos litigation:

Period ended	Opening Number of Claims	Claims Dismissed, Settled and Resolved	New Claims [(a)]	Closing Number of Claims	Amounts Paid to Resolve Claims (in millions)
December 31, 2004	14,800	5,300	1,500	11,000	$ 14.6
December 31, 2005	11,000	3,800	1,200	8,400	$ 11.0
December 31, 2006	8,400	5,150	450	3,700	$ 8.0
September 30, 2007	3,700	1,150	500	3,050	$ 6.4

(a) Includes claims involving the businesses acquired from Lone Star.

The amount U. S. Steel has accrued for pending asbestos claims is not material to U. S. Steel's financial position. U. S. Steel does not accrue for unasserted asbestos claims because we believe it is not possible to determine whether any loss is probable with respect to such claims or even to estimate the amount or range of any possible losses. Among the reasons that U. S. Steel cannot reasonably estimate the number and nature of claims against us is that the vast majority of pending claims allege so-called "premises" liability based exposure on U. S. Steel's current or former premises. These claims are made by an indeterminable number of people such as truck drivers, railroad workers, salespersons, contractors and their employees, government inspectors, customers, visitors and even trespassers.

It is not possible to predict the ultimate outcome of asbestos-related lawsuits, claims and proceedings due to the unpredictable nature of personal injury litigation. Despite this uncertainty, and although U. S. Steel's results of operations and cash flows for a given period could be adversely affected by asbestos-related lawsuits, claims and proceedings, management believes that the ultimate resolution of these matters will not have a material adverse effect on the Company's financial condition. Among the factors considered in reaching this conclusion are: (1) that U. S. Steel has been subject to a total of approximately 34,000 asbestos claims over the past 15 years ended December 31, 2006 that have been administratively dismissed or are inactive due to the failure of the plaintiffs to present any medical evidence supporting their claims; (2) that over the last several years, the total number of pending claims has declined; (3) that it has been many years since U. S. Steel employed maritime workers or manufactured or sold asbestos containing products; and (4) U. S. Steel's history of trial outcomes, settlements and dismissals, including matters in Madison County, Illinois, where U. S. Steel lost a significant verdict in 2003. U. S. Steel has not seen any material differences in subsequent settlements in Madison County or elsewhere since that verdict and management believes that the possibility of other such aberrational verdicts is remote, although not impossible.

The foregoing statements of belief are forward-looking statements. Predictions as to the outcome of pending litigation are subject to substantial uncertainties with respect to (among other things) es

Item 6. EXHIBITS

3.1 Amended and Restated By-Laws of United States Steel Corporation. Incorporated by reference to Exhibit 3.1 to United States Steel Corporation's Form 8-K filed on September 28, 2007, Commission File Number 1-16811.

4.1 Three-year Term Loan Agreement dated as of October 12, 2007 among United States Steel Corporation, the Lenders party hereto and JPMorgan Chase Bank, N.A., as Administrative Agent. Incorporated by reference to Exhibit 10.1 to United States Steel Corporation's Form 8-K filed on October 16, 2007, Commission File Number 1-16811.

4.2 One-year Term Loan Agreement dated as of October 12, 2007 among United States Steel Corporation, the Lenders party hereto and JPMorgan Chase Bank, N.A., as Administrative Agent. Incorporated by reference to Exhibit 10.2 to United States Steel Corporation's Form 8-K filed on October 16, 2007, Commission File Number 1-16811.

10.1 Arrangement Agreement dated as of August 26, 2007 by and among United States Steel Corporation, 1344973 Alberta ULC and Stelco Inc. Incorporated by reference to Exhibit 10.1 to United States Steel Corporation's Form 8-K filed on August 30, 2007, Commission File Number 1-16811.

10.2 Form of Support Agreement by and among United States Steel Corporation, 1344973 Alberta ULC and certain stockholders of Stelco Inc. Incorporated by reference to Exhibit 10.2 to United States Steel Corporation's Form 8-K filed on August 30, 2007, Commission File Number 1-16811.

10.3 Plan of Arrangement regarding Stelco Inc. Incorporated by reference to Exhibit 99.1 to United States Steel Corporation's Form 8-K filed on September 26, 2007, Commission File Number 1-16811.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned chief accounting officer thereunto duly authorized.

UNITED STATES STEEL CORPORATION

By /s/ Larry G. Schultz

Larry G. Schultz
Vice President and Controller

October 30, 2007

WEB SITE POSTING

This Form 10-Q will be posted on the U. S. Steel web site, www.ussteel.com, within a few days of its filing.

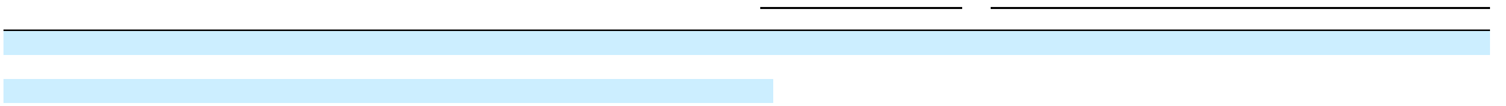

Exhibit 12.2

United States Steel Corporation
Computation of Ratio of Earnings to Fixed Charges
(Unaudited)

(Dollars in Millions)	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006	Year Ended December 31, 2006	2005	2004	2003	2002
Portion of rentals representing interest	**$ 24**	$ 33	$ 44	$ 45	$ 51	$ 46	$ 34
Capitalized interest	**5**	3	3	12	8	8	6
Other interest and fixed charges	**86**	94	123	87	131	156	136
Total fixed charges (A)	**$ 115**	$ 130	$ 170	$ 144	$ 190	$ 210	$ 176
Earnings-pretax income with applicable adjustments (B)	**$ 1,168**	$ 1,530	$ 1,884	$ 1,467	$ 1,687	$ (559)	$ 202
Ratio of (B) to (A)	**10.16**	11.77	11.08	10.19	8.88	(a)	1.15

(a) Earnings did not cover fixed charges by $769 million.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, John P. Surma, certify that:

1. I have reviewed this quarterly report on 9is q Hh

Exhibit 31.2

CHIEF FINANCIAL OFFICER CER FI

Exhibit 32.1

CHIEF EXECUTIVE OFFICER
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350

I, John P. Surma, Chairman of the Board of Directors and Chief Executive Officer of United States Steel Corporation, certify that:

(1) The Quarterly Report on Form 10-Q of United States Steel Corporation for the period ending September 30, 2007, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the foregoing report fairly presents, in all material respects, the financial condition and results of operations of United States Steel Corporation.

/s/ John P. Surma
John P. Surma
Chairman of the Board of Directors
and Chief Executive Officer

October 30, 2007

A signed original of this written statement required by Section 906 of the Sarbanes-Oxley Act of 2002 has been provided to United States Steel Corporation and will be retained by United States Steel Corporation and furnished to the Securities and Exchange Commission or its staff upon request.