UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2009

Or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

(Exact name of registrant as specified in its charter)

Delaware	1-16811	25-1897152
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

600 Grant Street, Pittsburgh, PA	15219-2800
(Address of principal executive offices)	(Zip Code)

(412) 433-1121
(Registrant’s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes Ö No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes [Ö] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definition of “large accelerated filer,” “accelerated filer” and “smaller re e the

Table of Contents

INDEX

Notes to Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

United States Steel Corporation (U. S. Steel) produces and sells steel mill products, including flat-rolled and tubular, in North America and Central Europe. Operations in North America also include real estate management and development, transportation services and engineering and consulting services.

The year-end consolidated balance sheet data was derived from audited statements but does not include all disclosures required by accounting principles generally accepted in the United States. Additionally, the year-end consolidated balance sheet data includes certain reclassifications and adjustments that were made to conform the presentation and disclosure to U. S. Steel's current presentation, as required by Financial Accounting Standards Board Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51." The other information in these financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair presentation of the results for the periods covered. All such adjustments are of a normal recurring nature unless disclosed otherwise. These financial statements, including notes, have been prepared in accordance with the applicable rules of the Securities and Exchange Commission (SEC) and do not include all of the information and disclosures required by accounting principles generally accepted in the United States of America for complete financial statements. Additional information is contained in the United States Steel Corporation Annual Report on Form 10-K for the year ended December 31, 2008.

Certain other reclassifications of prior year's data have been made.

U. S. Steel has evaluated subsequent events through July 28, 2009, the date it filed its report on Form 10-Q for the quarter ended June 30, 2009 with the SEC, and has no material subsequent events to report.

2. New Accounting Standards

In June 2009, the Financial Accounting Standards Board (FASB) issued Financial Accounting Standard (FAS) No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162" (FAS 168). FAS 168 prescribes the Accounting Standards Codification ("Codification") as the single source of aui[illegible]tement N i r re[illegible] [illegible]icatnalandevluaed in the Stg Principles ge fi

application of FAS 157 in a market that is not active and provides factors to take into consideration when determining the fair value of an asset in an inactive market. FSP 157-3 was effective upon issuance, including prior periods for which financial statements have not been issued. This FSP did not have a material impact on our financial statements. On April 9, 2009 the FASB issued FSP No. 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly.” This FSP relates to determining fair values when there is no active market or where the price inputs being used represent distressed sales. Specifically, it reaffirms the need to use judgment to ascertain if a formerly active market has become inactive and in determining fair values when markets have become inactive. This FSP is effective for interim and annual periods ending after June 15, 2009 and should be applied prospectively. The effect of adopting this FSP was immaterial to our financial statements.

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 results of several operating segments that do not constitute reportable segments are combined and disclosed in the Other Businesses category.

Effective with the fourth quarter of 2008, the operating results of our iron ore operations, which were previously included in Other Businesses, are included in the Flat-rolled segment. Almost all of our iron ore production is consumed by our Flat-rolled operations and the iron ore operations are managed as part of our Flat-rolled business. The prior periods have been restated to reflect this change.

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, income taxes, benefit expenses for current retirees and certain other items that management believes are not indicative of future results. Information on segment assets is not disclosed, as the chief operating decision maker does not review it.

The accounting principles applied at the operating segment level in determining income from operations are generally the same as those applied at the consolidated financial statements

6. Goodwill and Intangible Assets

The changes in the carrying amount of goodwill by segment for the six months ended June 30, 2009 are as follows:

	Flat-rolled Segment	Tubular Segment	Total
Balance at December 31, 2008	$ 760	$ 849	$1,609
Currency translation	**39**	**-**	**39**
Balance at June 30, 2009	**$ 799**	**$ 849**	**$1,648**

Goodwill represents the excess of the cost over the fair value of acquired identifiable tangible and intangible assets and liabilities assumed from businesses acquired. We have two reporting units that have a significant amount of goodwill. Our Flat-rolled reporting unit was allocated goodwill from the Stelco and Lone Star acquisitions in 2007. These amounts reflect the benefits we expect the Flat-rolled reporting unit to realize from expanding our flexibility in meeting our customers' needs and running our Flat-rolled facilities at higher operating rates to source our semi-finished product needs. Our Texas Operations reporting unit, which is part of our Tubular operating segment, was allocated goodwill from the Lone Star acquisition, reflecting the benefits we expect the reporting unit to realize from expanding our tubular operations.

Goodwill is tested for impairment at the reporting unit level annually in the third quarter and whenever events or circumstances indicate that the carrying value may not be recoverable. The evaluation of impairment involves comparing the fair value of the associated reporting unit to its carrying value, including goodwill. Fair value is determined using the income approach, which is based on projected future cash flows discounted to present value using factors that consider the timing and the risk associated with the future cash flows. Effective January 1, 2009, fair value will be determined in accordance with Financial Accounting Standard No. 157, "Fair Value Measurements," using a combination of the income, market and cost approaches as applicable.

Our annual goodwill impairment test completed in the third quarter of 2008 did not indicate that goodwill was impaired for either reporting unit. The change in business and economic conditions in the fourth quarter of 2008 was considered a triggering event as defined by FAS 142, "Goodwill and Other Intangible Assets," and goodwill was subsequently tested for impairment as of December 31, 2008. Fair value for the Flat-rolled and Texas Operations reporting units was estimated using future cash flow projections based on management's long range estimates of market conditions over a five-year horizon with a 2.25 percent compound annual growth rate thereafter. We used a discount rate of approximately 11 percent for both reporting units. Our testing did not indicate that goodwill was impaired for either reporting unit as of December 31, 2008.

In order to determine if an interim goodwill impairment test was necessary in the second quarter of 2009, U. S. Steel evaluated the events and economic factors that occurred since the last goodwill impairment test, including the restart of certain idled facilities due to improvements in the order book for our Flat-rolled reporting unit, improved economic indicators, lower import levels and increases in our market capitalization and continued operating losses for both reporting units. U. S. Steel determined that these factors and others, when viewed collectively, did not require an interim goodwill impairment test as of June 30, 2009.

The 2008 Collective Bargaining Agreements (see Note 18) require U. S. Steel to make annual $75 million contributions during the contract period to a restricted account within our trust for retiree health care and life insurance. The first of these payments was made in the fourth quarter of 2008. The contracted annual $75 million contribution is in addition to the minimum $10 million required contribution to the same trust that continues from an earlier agreement. There was a $10 million contribution to this trust during the first three months of 2009. In April 2009, we reached agreement with the USW to defer $95 million of contributions otherwise required to be made during 2009 and the beginning of 2010 until 2012 and 2013. Further, the USW has agreed to permit us to use all or part of the $75 million contribution made in 2008 to pay current retiree health care and death benefit claims, subject to a make-up contribution in 2013.

As of June 30, 2009, cash payments of $129 million had been made for other postretirement benefit payments not funded by trusts.

Company contributions to defined contribution plans totaled $3 million and $9 million for the three months ended June 30, 2009 and 2008, respectively. Company contributions to defined contribution plans totaled $20 million, which included $13 million of payments for VERP related benefits, and $17 million for the six months ended June 30, 2009 and 2008, respectively. Effective January 1, 2009, the company match of employee 401(k) contributions was temporarily suspended.

8. Depreciation and Depletion

Effective January 1, 2009, U. S. Steel discontinued the use of the modified straight-line basis of depreciation for certain steel-related assets located in the United States based upon raw steel production levels and records depreciation on a straight-line basis for all assets. In the second quarter 2009, the modified straight-line basis of depreciation would have reduced our loss from operations, net loss and net loss per common share by $14 million, $9 million and $0.06, respectively. In the first six months of 2009, the modified straight-line basis of depreciation would have reduced our loss from operations, net loss and net loss per common share by $27 million, $17 million and $0.13, respectively.

Accumulated depreciation and depletion totaled $8,924 million and $8,669 million at June 30, 2009 and December 31, 2008, respectively.

9. Other In[illegible]

Other income for the three and six months ended June 30, 2009 includes a refund of $34 million received in the second quarter of 2009 associated with the recovery of black lung e[illegible]

[Table of Contents](#)

11. Stock-Based Compensation Plans

U. S. Steel has outstanding stock-based compensation awards that were granted under several stock-based employee compensation plans, which are more fully described in Note 13 of the United States Steel Corporation 2008 Annual Report on Form 10-K. U. S. Steel recognized pretax stock-based compensation cost in the amount of $16 million and $15 million in the first six months of 2009 and 2008, respectively.

Recent grants of stock-based compensation consist of stock options, restricted stock units and performance shares. The Compensation & Organization Committee of the Board of Directors (the Compensation Committee) has made grants of stock-based awards under a stockholder approved stock incentive plan (the Plan). The following table is a general summary of the awards made under the Plan.

Grant Details	May 2009 Grant	May 2008 Grant

Performance shares vest at the end of a three-year performance period as a function of U. S. Steel's total shareholder return compared to the total shareholder returns of peer companies over the three-year performance period. Performance shares can vest at between zrh Ď r

U. S. Steel records interest related to uncertain tax positions as a part of net interest and other financial costs in the Statement of Operations. Any penalties are recognized as part of selling, general and administrative expenses. As of June 30, 2009 and December 31, 2008, U. S. Steel had accrued liabilities of $4 million for interest related to uncertain tax positions. U. S. Steel currently does not have a liability for tax penalties.

13. Common Shares and Income Per Common Share

Common Stock Issued
On May 4, 2009, U. S. Steel issued 27,140,000 shares of common stock (par value of $1 per share) at a price of $25.50 per share. The underwriting discount and third-party expenses related to the issuance of the common stock of $31 million was recorded as a decrease to additional paid-in capital, resulting in net proceeds of $661 million. Based on the initial conversion rate, our 2014 Senior Convertible Notes (see Note 16), are convertible into 27,058,781 shares of U. S. Steel common stock. However, we reserved 33,824,000 shares, which is the maximum amount that could be issued upon conversion.

Common Stock Repurchase Program
In the fourth quarter of 2008, U. S. Steel suspended the previously approved Common Stock Repurchase Program. At June 30, 2009, the repurchase of an additional 4,446,400 shares remains authorized. During the second quarter and first six months of 2008, 320,000 shares and 625,000 shares of common stock were repurchased for $52 million and $85 million, respectively.

Net (Loss) Income Attributable to United States Steel Corporation Shareholders
Basic net income or loss per common share is based on the weighted average number of common shares outstanding during the quarter.

Diluted net income per common share assumes the exercise of stock options and the vesting of restricted stock, restricted stock units, performance shares and the conversion of convertible notes (under the “if-converted” method), provided in each case the effect is dilutive. Due to the net loss position for the second quarter and six months ended June 30, 2009, no securities were included in the computation of diluted net loss per common share because the effect would be antidilutive. Securities granted under our 2005 Stock Incentive Plan represented 3,676,862 potentially dilutive shares for the three and six months ended June 30, 2009. Securities convertible under our 2014 Senior Convertible Notes represented 27,058,781 potentially dilutive shares for the three and six months ended June 30, 2009. Securities granted under our 2005 Stock Incentive Plan representing 346,940 and 459,730 potentially dilutive shares for the three and six months ended June 30, 2008, respectively, were not included in the computation of diluted net income per common share because their effect would have been anti-dilutive.

Table of Contents

The computations for basic and diluted earnings per common share from continuing operations are as follows:

(Dollars in millions, except per share amounts)	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net (loss) income attributable to United States Steel Corporation shareholders	**$ (392)**	$ 668	**$ (831)**	$ 903
Plus income effect of assumed conversion-interest on convertible notes	**-**	-	**-**	-
Net (Loss) income after assumed conversion	**$ (392)**	$ 668	**$ (831)**	$ 903
Weighted-average shares outstanding (in thousands):				
Basic	**134,634**	117,507	**125,420**	117,551
Effect of convertible notes	**-**			

[Table of Contents](#)

Additionally, we routinely enter into contracts to hedge a portion of our purchase commitments for natural gas to lower our financial exposure related to commodity price fluctuations. As part of this strategy, we utilize fixed-price forward physical purchase contracts. Historically, these forward physical purchase contracts have qualified for the normal purchases and normal sales exemption under FAS 133. However, due to reduced natural gas consumption, we have net settled some of our excess natural gas purchase contracts. Therefore, some of the remaining contracts no longer meet the exemption criteria and are therefore subject to mark-to-market accounting. As of June 30, 2009, U. S. Steel held commodity contracts for natural gas with a

Other obligations
At June 30, 2009, in the event of a change in control of U. S. Steel, debt obligations totaling $2,463 million, plus any sums then outstanding under our $750 million Credit Facility may be declared immediately due and payable. In such event, U. S. Steel may also be required to either repurchase the leased Fairfield slab caster for $44 million or provide a letter of credit to secure the remaining obligation.

In the event of the bankruptcy of Marathon Oil Corporation (Marathon), $486 million of obligations related to Environmental Revenue Bonds, the Fairfield Caster Lease and the coke battery lease at the Clairton Plant may be declared immediately due and payable.

U. S. Steel Košice (USSK) credit facilities
At June 30, 2009, USSK had €200 million (approximately $283 million) borrowed against its three-year revolving unsecured credit facility.

At June 30, 2009, USSK had no borrowings against its €40 million and €20 million credit facilities (which approximated $85 million), but had $8 million of customs and other guarantees outstanding, reducing availability to $77 million.

U. S. Steel Serbia (USSS) credit facility
On September 25, 2008, USSS entered into a series of agreements providing for a €50 million (approximately $71 million) committed working capital facility that is partially secured by USSS's inventory of finished and semi-finished goods. Interest on borrowings under the facility is based on a spread over BELIBOR, EURIBOR or LIBOR. The agreements contain customary terms and conditions and €10 million of the agreements expire on August 31, 2009 with the remaining €40 million of the agreements expiring on August 31, 2010. At June 30, 2009, there were no borrowings against this facility. As of June 30, 2009, availability was $49 million under the terms of the facility.

17. Asset Retirement Obligations

U. S. Steel's asset retirement obligations primarily relate to mine and landfill closure and post-closure costs. The following table reflects changes in the carrying values of asset retirement obligations:

(In millions)	June 30, 2009	December 31, 2008
Balance at beginning of year	**$ 48**	$ 40
Additional obligations incurred	**-**	4
Obligations settled	**(3)**	-
Revisions in estimated closure costs	**-**	(1)
Foreign currency translation effects	**1**	2
Accretion expense	**1**	3
Balance at end of period	**$ 47**	$ 48

Certain asset retirement obligations related to disposal costs of certain 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.

Table of Contents

24. 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 $136 million and $330 million for the quarters ended June 30, 2009 and 2008, respectively and $281 million and $623 million for the six months ended June 30, 2009 and 2008, 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 $17 million and $66 million for the quarters ended June 30, 2009 and 2008, respectively and $71 million $85 million for the six months ended June 30, 2009 and 2008, respectively. Purchases of taconite pellets from equity investees amounted to $41 million and $53 million for the quarters ended June 30, 2009 and 2008, respectively and $52 million and $68 million for the six months ended June 30, 2009 and 2008.

Accounts payable to related parties include balances due to PRO-T

imposed. Due to uncertainties inherent in remediation projects and the associated liabilities, it is possible that total remediation costs for active matters may exceed the accrued liabilities by as much as 25 to 45 percent.

<u>Remediation Projects</u>
U. S. Steel is involved in environmental remediation projects at or adjacent to several current and former U. S. Steel facilities and other locations that are in various stages of completion ranging from initial characterization through post-closure monitoring. Based on the anticipated scope and degree of uncertainty of projects, we categorize projects as follows:

(1*) Projects with Ongoing Study and Scope Development* are those projects which are still in the study and development phase. For these projects the extent of remediation that may be required is not yet known, the remediation methods and plans are not yet developed, and cost estimates cannot be determined. Therefore, material additional costs are reasonably possible.

(2*) Significant Projects with Defined Scope* are those projects with significant accrued liabilities, a defined scope and little likelihood of material additional costs.

(3) *On*

Other contingencies – Under certain operating lease agreements covering various equipment, U. S. Steel has the option to renew the lease or to purchase the equipment at the end of the lease term. If U. S. Steel does not exercise the purchase option by the end of the lease term, U. S. Steel guarantees a residual value of the equipment as determined at the lease inception date (totaling approximately $14 million at June 30, 2009). No liability has been recorded for these guarantees as either management believes that the potential recovery of value from the equipment when sold is greater than the residual value guarantee, or the potential loss is not probable and/or estimable.

1314B Partnership – The partnership was terminated on October 31, 2008. U. S. Steel, under certain circumstances, is required to indemnify the limited partners if product sales from the partnership prior to 2003 fail to qualify for the credit under Section 29 of the Internal Revenue Code. This indemnity will effectively survive until the expiration of the applicable statute of limitations. The maximum potential amount of this indemnity obligation at June 30, 2009, including interest and tax gross-up, is approximately $100 million. No liability has been recorded for this indemnification as management believes that the potential exposure is not probable.

Self-insurance – U. S. Steel is self-insured for certain exposures including workers' compensation, auto liability and general liability, as well as property damage and business interruption, within specified deductible and retainage levels. Certain equipment that is leased by U. S. Steel is also self-insured within specified deductible and retainage levels. Liabilities are 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 $158 million as of June 30, 2009, 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 June 30, 2009, U. S. Steel's contract commitments to acquire property, plant and equipment totaled $150 million.

U. S. Steel is party to a take-or-pay arrangement for information technology related services for our global operations that expires in 2012. Under this arrangement, U. S. Steel is required to contract for services, with annual minimum spending commitments ranging from $19 million to $31 million for a total minimum spending commitment of $120 million over the five-year term. If U. S. Steel elects to terminate the contract early, payment for the outstanding balance of the $120 million commitment is required and termination fees may apply.

U. S. Steel is party to a take-or-pay arrangement for the supply of industrial gases that expires in 2012. Under this arrangement, U. S. Steel is required to pay a minimum facility fee of approximately $1 million per month. U. S. Steel cannot elect to terminate this contract early unless associated steelmaking operations at the Edgar Thomson plant are permanently discontinued. At June 30, 2009, a maximum termination payment of $16 million, which declines through the contract period, would apply if associated steelmaking operations were permanently discontinued.

U. S. Steel is party to a take-or-pay arrangement for the supply of industrial gases that expires in 2012. Under this arrangement, U. S. Steel is required to pay a minimum facility fee of approximately $1 million per month. U. S. Steel cannot elect to terminate this contract early unless associated steelmaking operations at Granite City Works are permanently discontinued or an alternative steelmaking technology eliminates the use of oxygen. At June 30, 2009, a maximum termination payment of $8 million, which declines through the contract period, would apply if associated steelmaking operations were permanently discontinued.

U. S. Steel is party to an arrangement for the sup

[Table of Contents](#)

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Certain sections of Management’s Discussion and Analysis include forward-looking statements concerning trends or events potentially affecting the businesses of United States Steel Corporation (U. S. Steel). These statements typically contain words such as “anticipates,” “believes,” “estimates,” “expects,” “intends” or similar words indicating that future outcomes are not known with certainty and are subject to risk factors that could cause these outcomes to differ significantly from those projected. In accordance with “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, these statements are accompanied by cautionary language identifying important factors, though not necessarily all such factors that could cause future outcomes to differ materially from those set forth in forward-looking statements. For discussion of risk factors affecting the businesses of U. S. Steel, see Item 1A. Risk Factors and “Supplementary Data – Disclosures About Forward-Looking Statements” in U. S. Steel’s Annual Report on Form 10-K for the year ended December 31, 2008, and Item 1A. Risk Factors in this Form 10-Q. References in this Quarterly Report on Form 10-Q to “U. S. Steel,” “the Company,” “we,” “us” and “our” refer to U. S. Steel and its consolidated subsidiaries unless otherwise indicated by the context. As discussed in this Quarterly Report on Form 10-Q, we are unable to predict the timing or strength of economic recovery; therefore, in calculating many of the accruals and estimates required to be made, we have assumed a relatively static operating environment.

U. S. Steel has been and continues to be adversely impacted by the current global recession. Our raw steel capability utilization rate in the first half of 2009 was 35 percent for North American operations and 56 percent for European operations. As further described below, we incurred an operating loss of $943 million in the first half of 2009 and we expect an operating loss in the third quarter as our order book and prices remain at low levels and idled facility carrying costs continue to be incurred. See page 12 of our Annual Report on Form 10-K for the year ended December 31, 2008 and pages 29-30 of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 for the numerous actions we have taken to enhance our liquidity, maintain a solid balance sheet and position us for growth over the Ñnfor grfor grfNXTXTXTIII

Income from investees includes U. S. Steel's proportionate share of income from equity method investments, which is generally recorded a month in arrears, except for significant and unusual items which are recorded in the period of occurrence. Gains or losses from changes in ownership of unconsolidated investees are recognized in the period of change. Unrealized profits and losses on transactions with equity investees have been eliminated in consolidation unless it has been determined that the inventory value is not recoverable.

U. S. Steel evaluates impairment of its equity method investments whenever circumstances indicate that a decline in value below carrying value is other than temporary. Under these circumstances, we would adjust the investment down to its estimated fair value, which would become its new carrying value.

Goodwill – represents the excess of the cost over the fair value of acquired identifiable tangible and intangible assets and liabilities assumed from businesses acquired. We have two reporting units that have a significant amount of goodwill. Our Flat-rolled reporting unit was allocated goodwill from the Stelco and Lone Star acquisitions in 2007. These amounts reflect the benefits we expect the Flat-rolled reporting unit to realize from expanding our flexibility in meeting our customers' needs and running our Flat-rolled facilities at higher operating rates to source our semi-finished product needs. Our Texas Operations reporting unit, which is part of our Tubular operating segment, was allocated goodwill from the kl from eseklib fa Trealfrom eisngible dwi

Table of Contents

If business conditions deteriorate or other factors have an adverse effect on our estimates of discounted future cash flows or compound annual growth rate, or if we experience a sustained decline in our market capitalization, our annual test of goodwill impairment in the third quarter of 2009 may result in an impairment charge.

RESULTS OF OPERATIONS

Net sales by segment for the second quarter and first six months of 2009 and 2008 are set forth in the following table:

	Quarter Ended June 30,		%	Six Months Ended June 30,		%
(Dollars in millions, excluding intersegment)	**2009**	**2008**	**Change**	**2009**	**2008**	**Change**
Flat-rolled Products (Flat-rolled)	**$1,310**	$4,018	-67%	**$ 2,903**	$ 7,[illegible]	[illegible]

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the six months ended June 30, 2009 versus the six months ended June 30, 2008 is set forth in the following table:

Six Months Ended June 30, 2009 versus Six Months Ended June 30, 2008

	Steel Products			
	Volume	Price	Mix	

Segment results for Tubular

	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	% Change	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	% Change
(Loss) income from operations ($ millions)	**$ (88)**	$ 177	-150%	**$ 39**	$ 228	-83%
Steel shipments (mnt)	**92**	500	-82%	**299**	933	-68%
Average realized steel price per ton	**$1,526**	$1,690	-10%			

Net interest and other financial costs

(Dollars in millions)	Quarter Ended June 30, 2009	Quarter Ended June 30, 2008	% Change	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008	% Change
Interest and other financial costs	**$ 42**	$ 45	-7%	**$ 81**	$ 94	-14%
Interest income	**(1)**	(3)	-67%	**(3)**	(8)	-63%
Foreign currency (gains) losses	**(32)**	(17)		**2**	(93)	
Total	**$ 4**	[illegible]		[illegible]	[illegible]	

Off-balance Sheet Arrangements

U. S. Steel did not enter into any new material off-balance sheet arrangements during the first six months of 2009.

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 North American 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 (particularly in developing economies such as China) 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 disposal of environmentally sensitive materials. Most of our competitors do not have similar historic liabilities.

Our U.S. facilities are subject to the U.S. environmental standards, including the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, Natural Resource Damage Assessments and the Comprehensive Environmental Response, Compensation and Liability Act, as well as state and local laws and regulations.

USSC is subject to the environmental laws of Canada, which are comparable to environmental standards in the United States. Environmental regulation in Canada is an area of shared responsibility between the federal government and the provincial governments, which in turn delegate certain matters to municipal governments. Federal environmental statutes include the federal Canadian Environmental Protection Act, 1999 and the Fisheries Act. Various provincial statutes regulate environmental matters such as the release and remediation of hazardous substances; waste storage, treatment and disposal; and air emissions. As in the United States, Canadian environmental laws (federal, provincial and local) are undergoing revision and becoming more stringent.

USSK is subject to the environmental laws of Slovakia and the European Union (EU).

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

Many nations, including the United States, are considering regulation of carbon dioxide (CO_2) emissions. International negotiations to supplement or replace the 1997 Kyoto Protocol are ongoing. The integrated steel process involves a series of chemical reactions involving carbon that create CO_2 emissions. This distinguishes integrated steel producers from mini-mills and many other industries where CO_2 generation is generally linked to energy usage. The EU has established greenhouse gas regulations; Canada has published details of a regulatory framework for greenhouse gas emissions; and the United States has passed a bill in the House of Representatives. Such regulations may entail substantial capital expenditures, restrict production, and raise the price of coal and other carbon-based energy sources. In recognition of increased global attention to industrial greenhouse gas emissions, U. S. Steel established several years ago policies, organizations, and practices that are allowing us to continuously improve corporate-wide performance in this area and to be prepared to respond to future legal and regulatory requirements.

To comply with the 1997 Kyoto Protocol to the United Nations Framework Convention on C£r

Table of Contents

covering our Lake Erie Works operations; employee strikes or other labor issues; power outages; and 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 CO emissions and climate change. Economic conditions and political factors in Europe and Canada that may affect USSE's and USSC's results include, but are not limited to, taxation, nationalization, inflation, currency fluctuations, government instability, political unrest, regulatory changes, export 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 the Form 10-K of U. S. Steel for the year ended December 31, 2008, and in subsequent filings for U. S. Steel.

[Table of Contents](#)

2008, the FASB issued FSP No. 157-3, “Determining the Fair Value of a Financial Asset When the Market for That Asset is Not Active” (FSP 157-3). FSP 157-3 clarifies the application of FAS 157 in a market that is not active and provides factors to take into consideration when determining the fair value of an asset in an inactive market. FSP 157-3 was effective upon issuance, including prior periods for which financial statements have not been issued. This FSP did not have a material impact on our financial statements. On April 9, 2009, the FASB issued FSP No. 157-4, “Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decr(Hetly Ity ityHair FD Eae maera Asset tlActivr tioncr-P FSP did n tlenitake mining ther value of atadetor tkds o c actve

Table of Contents

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

FOREIGN CURRENCY EXCHANGE RATE RISK

Volatility in the foreign currency markets could have significant implications for U. S. Steel as a result of foreign currency accounting remeasurement effects, primarily on a U.S. dollar-denominated intercompany loan (Intercompany Loan) to a European subsidiary, related to the acquisition of USSC. As of June 30, 2009, the outstanding balance on the Intercompany Loan was $824 million. Subsequent to December 31, 2007, we increased our use of euro-U.S. dollar derivatives, which mitigates our currency exposure resulting from the Intercompany Loan, as well as other exposures. For additional information on U. S. Steel's foreign currency exchange activity, see Note 15 to the Financial Statements.

U. S. Steel, through USSE and USSC, is subject to the risk of price fluctuations due to the effects of exchange rates on revenues and operating costs, firm commitments for capital expenditures and existing assets or liabilities denominated in currencies other than the U.S. dollar, particularly the euro, the Serbian dinar and the Canadian dollar. U. S. Steel historically has made limited use of forward currency contracts to manage exposure to certain currency price fluctuations. U. S. Steel has not elected to use hedge accounting for these contracts. At June 30, 2009, U. S. Steel had open euro forward sales contracts for U.S. dollars (total notional value of approximately $190 million). A 10 percent increase in the June 30, 2009 euro forward rates would result in a $20 million charge to income.

The fair value of our derivatives is determined using Level 2 inputs, which are defined as "significant other observable" inputs. The inputs used include quotes from counterparties that are corroborated with market sources.

Future foreign currency impacts will depend upon changes in currencies, the extent to which we engage in derivatives transactions and repayments of the Intercompany Loan. The amount and timing of such repayments will depend upon profits and cash flows of our international operations, future international investments and financing activities, all of which will be impacted by market conditions, operating costs, shipments, prices and foreign exchange rates.

COM[illegible]

gas derivatives is determined using Level 2 inputs. The inputs used include forward prices derived from the New York Mercantile Exchange. A 10 percent decrease in natural gas prices for open derivative instruments as of June 30, 2009, would not result in a material charge to income.

U. S. Steel also held commodity contracts for natural gas that qualified for the normal purchases and normal sales exemption with a total notional value of approximately $79 million at June 30, 2009. Total commodity contracts for natural gas represent approximately 47 percent of our North American natural gas requirements.

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 June 30, 2009 interest rates on the fair value of 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	$ 15	$ -
Financial liabilities:		
Long-term debt [(c)] [(d)]	$3,287	$ 105

(a) Fair values of cash and cash equivalents, receivables, notes payable, accounts payable and accrued interest approximate carrying value and are relatively insensitive to changes in interest rates due to the short-term maturity of the instruments. Accordingly, these instruments are excluded from the table.
(b) Reflects the estimated incremental effect of a hypothetical 10 percent increase/decrease in interest rates at June 30, 2009, on the fair value of U. S. Steel's non-derivative financial assets/liabilities. For financial liabilities, this assumes a 10 percent decrease in the weighted average yield to maturity of U. S. Steel's long-term debt at June 30, 2009.
(c) Includes amounts due within one year and excludes capital leases.
(d) Fair value was based on the yield on our public debt where available or current borrowing rates available for financings with similar terms and maturities.

U. S. Steel's sensitivity to interest rate declines and corresponding increases in the fair value of our debt portfolio would unfavorably affect our results and cash flows only to the extent that we elected to repurchase or otherwise retire all or a portion of our fixed-rate debt portfolio at prices above carrying value. At June 30, 2009, U. S. Steel's portfolio of debt included €200 million ($283 million) of borrowing under a floating rate revolving credit facility, the fair value of which is not affected by interest rate declines.

Item 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

U. S. Steel has evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of June 30, 2009. These disclosure controls and procedures are the controls and other procedures that were designed to ensure that information required to be disclosed in reports that are filed with or submitted to the U.S. Securities and Exchange Commission is: (1) accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures and (2) recorded, processed, summarized and reported within the time periods specified in applicable law and regulations. Based on this evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of June 30, 2009, U. S. Steel's disclosure controls and procedures were effective.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have not been any changes in U. S. Steel's internal control over financial reporting that occurred during the fiscal quarter covered by this quarterly report, which have materially affected, or are reasonably likely to materially affect, U. S. Steel's internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

GENERAL LITIGATION

In March 2008, the Indiana Court of Appeals reversed a previous decision of the Indiana Utilities Regulatory Commission involving a rate escalation provision in U. S. Steel's electric power supply contract with Northern Indiana Public Service Company and a reserve of $45 million related to prior year effects was established in the first quarter of 2008. In June 2009, the Indiana Supreme Court overruled the Court of Appeals, and we reversed the reserve related to this litigation.

In a series of lawsuits filed in federal court in the Northern District of Illinois beginning September 12, 2008, individual direct or indirect buyers of steel products have asserted that eight steel manufacturers, including U. S. Steel, conspired in violation of antitrust laws to restrict the domestic production of raw steel and thereby to fix, raise, maintain or stabilize the price of steel products in the United States. The cases are filed as class actions and claim treble damages for the period 2005 to present, but do not allege any damage amounts. U. S. Steel will vigorously defend these lawsuits the of ttawe rted tawtedsuitupf r staur th natural resource damages on the same section of the Grand Calumet River. U. S. Steel, following EPA approval of the Dredge Completion Report, will pay the public trustees $1.0 million 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 $866,000. In total, the accrued liability for the above projects based on the estimated remaining costs was $4.1 million at June 30, 2009.

At Gary Works, U. S. Steel has agreed to close three hazardous waste disposal sites: D5, along with an adjacent solid waste disposal unit, Terminal Treatment Plant (TTP) Area; 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 closure plan to the Indiana Department of Environmental Management (IDEM) for D2 and the [illegible] 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. In addition, U. S. Steel has submitted a revised closure plan for T2 and separate closure plans for D5 and the TTP Area. The [illegible] accrued liability for estimated costs to close each of the hazardous waste sites and perform groundwater monitoring is $5.9 million for D5 and TTP, $3.3 million for T2 and $10.6 million for D2 including a portion of the Refuse Area, as of June 30, 2009.

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), a Corrective Measure Study (CMS) and Corrective Measure Implementation at Gary Works. Reports of field investigation [illegible]

Table of Contents

conditions, Clairton coke batteries 13, 14 and 15 have been temporarily idled, while batteries 7, 8, and 9 have been permanently idled.

Midwest Plant

A former disposal area located on the east side of the Midwest Plant was designated a SWMU (East Side SWMU) by IDEM before U. S. Steel acquired this plant from National Steel Corporation. After the acquisition, U. S. Steel conducted further investigations of the East Side SWMU. As a result, U. S. Steel has submitted a Closure Plan to IDEM recommending consolidation and "in-place" closure of the East Side SWMU. The cost to close the East Side SWMU is expected to be $4.0 million and was recorded as an accrued liability as of June 30, 2009.

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 an 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 $767,000. It is reasonably possible that additional costs of as much as $40 to $70 million may be incurred at this site in combination with five other projects. See Note 25 to the Financial Statements "Contingencies and Commitments – Environmental Matters – Remediation Projects – Projects with ctthe

On January 23, 2006, the KDHE sent a letter to U. S. Steel requesting that U. S. Steel address a former zinc smelter site in Girard, Kansas. On May 7, 2008, U. S. Steel submitted a Corrective Action Study to KDHE that includes a proposed remedial measure for impacted soils at this site. The costs to implement this measure are estimated to be $1.1 million. U. S. Steel has accrued a total of $1.4 million to complete the investigation, conduct the remedial measure and purchase the property.

In January of 2004, U. S. Steel received notice of a claim from the Texas Commission on Environmental Quality (TCEQ) and notice of claims from citizens of a cap failure at the Dayton Landfill. U. S. Steel, Lubrizol and ExxonMobil are the largest PRPs at the site and have agreed to equally share costs for investigating the site, making U. S. Steel's share 33 /3 percent. On December 10, 2008, TCEQ approved the Affected Properties Assessment Report. The Revised Screening Level Ecological Risk Assessment Report was approved by TCEQ in mid-October 2008. The Remedial Action Plan for the site was approved by TCEQ in June 2009. The accrued liability to complete U. S. Steel's one-third portion of the site investigations and implement the remedial measure was $1.9 million as of June 30, 2009.

ASBESTOS LITIGATION

As of June 30, 2009, U. S. Steel was a defendant in approximately 415 active cases involving approximately 3,015 plaintiffs (claims). At December 31, 200 . At Dec 4 claims against all named defendants and in no case is there any allegation of monetary damages against U. S. Steel. Historically, approximately 89 percent of the cases against U. S. Steel did not specify any damage amount or stated that the damages sought exceeded the amount required to establish jurisdiction of the court in which the case was filed. (Jurisdictional amounts generally range from $25,000 to $75,000.) U. S. Steel does not consider the amount of damages alleged, if any, in a complaint to be relevant in assessing our potential exposure to asbestos liabilities. The ultimate outcome of any claim depends upon a myriad of legal and factual issues, including whether the plaintiff can prove actual disease, if any; actual exposure, if any, to U. S. Steel products; or the duration of exposure to asbestos, if any, on U. S. Steel’s premises. U. S. Steel has noted over the years that the form of complaint including its allegations, if any, concerning damages often depends upon the form of complaint filed by particular law firms and attorneys. Often the same damage allegation will be in multiple complaints regardless of the number of plaintiffs, the number of defendants, or any specific diseases or conditions alleged.

U. S. Steel aggressively pursues grounds for the dismissal of U. S. Steel from pending cases and litigates cases to verdict where we believe litigation is appropriate. U. S. Steel also makes efforts to settle appropriate cases, especially mesothelioma cases, for reasonable, and frequently nominal, amounts.

The following table shows activity with respect to asbestos litigation:

Period ended	Opening Number of Claims	Claims Dismissed, Settled and Resolved	New Claims	Closing Number of Claims	Amounts Paid to Resolve Claims (in millions)
December 31, 2006	8,400	5,150	450	3,700	$ 8
December 31, 2007	3,700	1,230	530	3,000	$ 9
December 31, 2008	3,000	400	450	3,050	$ 13
June 30, 2009	3,050	145	110	3,015	$ 6

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 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. The vast majority of pending claims against us 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. In most cases, the claimant also was exposed to asbestos in non-U. S. Steel settings; the relative periods of exposure between U. S. Steel and non-U. S. Steel settings vary with each claimant; and the strength or weakness of the causal link between U. S. Steel exposure and any injury vary widely.

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, management believes that the ultimate resolution of these matters will not have a material adverse effect on the Company’s financial condition, although the resolution of such matters could significantly impact results of operations for a particular quarter. Among the factors considered in reaching this conclusion are: (1) that over the last several years, the total number of pending claims has declined; (2) that it has been many years since U. S. Steel employed maritime workers or manufactured or sold asbestos containing uDen n junu3)M S. Steoy’ s Mt toly of erial outcomrs, setblemenms ane

Item 1A. RISK FACTORS

Following are the material changes to the risk factors that were disclosed in Item 1A of U. S. Steel's Annual Report on Form 10-K for the year ended December 31, 2008.

Risks Related to U. S. Steel's Amended Credit Agreement

In general, availability under the Amended Credit Agreement is limited to a monthly borrowing base of certain eligible domestic inventory. Further inventory reductions over the balance of 2009 could limit availability to less than the potential $750 million. If availability under the Amended Credit Agreement falls below the greater of 15% of the total aggregate commitments and $112.5 million, we would also be subject to a fixed charge coverage ratio. This may be a particular problem when market conditions and order levels improve and U. S. Steel needs the liquidity to rebuild working capital.

We have granted our bank lenders a secured position in our most liquid assets which is a detriment to other creditors.

Risks Related to the Receivable Purchase Agreement (RPA)

Business conditions have resulted in eligible receivables under the RPA being less than the facility size. The recent amendments to the RPA reduced the amounts of domestic receivables supporting this program due to increased reserve percentages and a revision to the definition of eligible receivables. Further reductions in the level of accounts receivable due to business conditions would likely further limit amounts available for sale under the RPA.

Risks Related to Goodwill

As of June 30, 2009, U. S. Steel had $1.6 billion of goodwill on our balance sheet related to the Lone Star and Stelco acquisitions. Goodwill is tested for impairment at the reporting unit level annually in the third quarter and whenever events or circumstances indicate that the carrying value may not be recoverable. The evaluation of impairment involves comparing the fair value of the associated reporting unit to its carrying value, including goodwill. Fair value is determined using the income approach, which is based on projected future cash flows discounted to present value using factors that consider the timing and the risk associated with the future cash flows. Effective January 1, 2009, fair value will be determined in accordance with Financial Accounting Standard (FAS) No. 157, "Fair Value Measurements," using a combination of the income, market and cost approaches as applicable.

If business conditions deteriorate or other factors have an adverse effect on our estimates of discounted future cash flows or compound annual growth rate, or if we experience a sustained decline in our market capitalization, our annual test of goodwill impairment in the third quarter of 2009 may result in an impairment charge.

Risks Related to Taxes

In accordance with FASB Interpretation No. 18, "Accounting for Income Taxes in Interim Periods (an interpretation of Accounting Principles Board Opinion No. 28)," we have not recognized a tax benefit for pre-tax losses in jurisdictions where we have recorded a full valuation allowance for accounting purposes. As a result, the pre-tax losses associated with USSS and USSC do not provide any tax benefit for accounting purposes. Significant changes in the mix of pre-tax results among the jurisdictions in which we operate could have a material impact on our effective tax benefit rate.

President Obama's administration has proposed significant changes to U.S. tax law. We cannot determine whether these proposals will be enacted into law or what, if any, changes may be made to

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

U. S. Steel had no sales of unregistered secu

Table of Contents

Item 6. EXHIBITS

10.1	Administrative Regulations for the Long-Term Incentive Compensation Program under the United States Steel Corporation 2005 Stock Incentive Plan
10.2	Administrative Regulations for the United States Steel Corporation 2002 Stock Plan
10.3	Summary of Non Employee Director Compensation Arrangements
10.4	Base Salaries of Named Executive Officers
10.5	Commitment Increase under Amended and Restated Credit Agreement
12.1	Comp est B

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to b

THIS DOCUMENT CONSTITUTES PART OF A PROSPECTUS COVERING SECURITIES THAT HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933

Administrative Regulations for the
Long-Term Incentive Compensation Program
under the United States Steel Corporation 2005 Stock Incentive Plan
As amended by the Compensation & Organization Committee
On May 26, 2009, the Effective Date

1. **Administration**. The Compensation & Organization Committee (the "Committee") shall administer the Long-Term Incentive Compensation Program (the "Program") under and pursuant to its authority as provided in Section 3 of the United States Steel Corporation 2005 Stock Incentive Plan (the "Plan").

   A. Delegation of Authority. The Committee may delegate to a des g

(2) Payment for Shares Purchased/Withholding of Taxes. Unless otherwise determined by the Committee, payment of the purchase price shall be made, at the election of the Participant, in cash or by delivering Shares owned by the Participant or withholding of shares to be acquired upon exercise in accordance with procedures established by the Stock Plan Officer and valued at Fair Market Value on the date of exercise, or a combination thereof; provided, however, notwithstanding language in any grant form to the contrary, that, if the optionee is subject to taxation on the benefit received from the Option in a jurisdiction outside the United States the optionee (i) shall not be permitted to pay the exercise price by surrendering shares of Common Stock that he or she already owns or attesting to the ownership of shares of Common Stock and (ii) shall not be permitted to elect the withholding of shares to be acquired upon exercise to satisfy either the exercise price or the tax withholding obligation if, in the opinion of the Committee, such election could cause the participant, or the Corporation, to receive unfavorable tax treatment.

(a) Overpayment in Shares. If the Fair Market Value of Shares delivered or withheld in payment of the - e Committ en

(c) "Termination" shall mean the applicable employee's termination of employment other than by Retirement, death or Disability.

(d) "Termination with Consent" shall mean Termination at any age with the consent of the Committee. Consent shall be deemed to be given if the employee incurs a break in continuous service due to layoff or disability as defined under the Corporation's defined benefit pension plan, regardless of whether the employee is participating in such plan.

(e) "Termination without Consent" shall mean Termination at any age without the consent of the Committee.

(3) Termination without Consent and Termination for Cause. Unless otherwise determined by the Committee, vested and unvested Options are forfeited if termination of employment is due to Termination without Consent or Termination for Cause.

(4) Termination in connection with a Change of Control. Notwithstanding the provisions of the Plan, Options shall not become fully exercisable immediately upon a Change of Control. However, and notwithstanding the foregoing provisions of these Regulations, if a Termination, other than for Cause or a voluntary termination in the absence of Good Reason, occurs either (x) following a Potential Change of Control and, subsequently, a Change of Control occurs within 24 months following such Termination or (y) within 24 months following a Change of Control, then no Options shall have been, nor shall any Options be, forfeited upon such Termination; rather, all Options shall vest immediately upon the occurrence of the Change of Control, in the case of (x), or the Termination, in the case of (y). Such vested Options shall remain exercisable for the remainder of their respective terms.

(a) "Good Reason" shall mean, without the Participant's express written consent, the occurrence after a Change of Control of the Corporation, or after and at the request of or as a result of actions by a third party who has taken steps reasonably calculated to effect a Change of Control or after the first day of but during a Potential Change of Control period (each an "Applicable Event"), of any one or more of the following:

(i) the assignment to the Participant of duties inconsistent with the Participant's position immediately prior to the Applicable Event or a reduction or adverse alteration in the nature of the Participant's position, duties, status or responsibilities from those in effect immediately prior to the Applicable Event;

(ii) a reduction by the Corporation in the Participant's annualized and monthly or semi-monthly rate of base salary (as increased to incorporate the Participant's foreign assignment premium, if any) as in effect on the Applicable Event or as the same shall be increased from time to time;

(iii) the Corporation's requiring the Participant to be based at a location in excess of fifty (50) miles from the location where the Participant is based immediately prior to the Applicable Event;

(iv) the failure by the Corporation to continue, substantially as in effect immediately prior to the Applicable Event, all of the Corporation's employee benefit, incentive compensation, bonus, stock option and stock award plans, programs, policies, practices or arrangements in which the Participant participates (or substantially equivalent successor plans, programs, policies, practices or arrangements) or the failure by the Corporation to continue the Participant's participation therein on substantially the same basis, both in terms of the amount of benefits provided and the level of the Participant's participation relative to other participants, as existed immediately prior to the Applicable Event; and

relating to the election of directors of the Corporation) whose appointment or election by the Board or nomination for election by the Corporation's stockholders was approved or recommended by a vote of at least two-thirds (/3) of the directors then still in office who either were directors on the date hereof or whose appointment, election or nomination for election was previously so approved or recommended; or

(c) there is consummated a merger or consolidation of the Corporation or any direct or indirect subsidiary thereof with any other corporation (a "Business Combination"), other than a merger or consolidation (an "Excluded Transaction") which would result in:

rom such Business Combination with the Corporation or any direct or indirect subsidiary thereof),s

(excluding (i) at least a majority of the members of the board of directors of the resulting or surviving entity (or any ultimate parent thereof) in such

Business Combination (the "New Board") consisting of individuals, or recommendation fos

D. Termination of Employment.

(1) Death and Disability. Unless otherwise determined by the Committee, all Shares of Restricted Stock vest immediately upon the Participant's death during employment or termination of employment by reason of Disability.

(2) Retirement and Termination with Consent. Unless otherwise determined by the Committee, a prorated number of the shares of Restricted Stock scheduled to vest during the Vesting Year will vest, based upon the number of complete months worked during the Vesting Year in which the Participant's termination of employment occurs by reason of Retirement or Termination with Consent. The prorated award will be calculated upon termination and will vest upon the date of termination. The remaining unvested shares are forfeited immediately upon termination.

(a) Example: If the 1/3 ratable vesting for Vesting Year 3 is 1000 shares for Award 1, 1000 shares for Award 2, and 1000 shares for Award 3 and if the Participant terminates employment by reason of Retirement six months following the Award 3 grants, the Participant is entitled to vesting of 1/2 of all grants that would have vested at the end of the Vesting Year during which he or she retires (Vesting Year 3 in this example), or 1500 shares. This example focuses only on the shares that would vest during Vesting Year 3; however, another 3000 shares would have vested in the aggregate following Vesting Years 1 and 2, for a total of 4500 shares vesting under the Awards 1, 2 and 3. The 1500 shares would vest upon the date of termination.

(3) Termination without Consent and Termination for Cause. Unless otherwise determined by the Committee, unvested shares of Restricted Stock are forfeited if termination of employment is due to Termination without Consent or Termination for Cause.

E. Change of Control. Notwithstanding the provisions of the Plan, shares of Restricted Stock shall not vest immediately upon a Change of Control. However, and notwithstanding the foregoing provisions of these Regulations, if a Termination, other than for Cause or a voluntary termination in the absence of Good Reason, occurs either (x) following a Potential Change of Control and, subsequently, a Change of Control occurs within 24 months following such Termination or (y) within 24 months following a Change of Control, then no shares of Restricted Stock shall have been, nor shall any shares of Restricted Stock be, forfeited upon such Termination; rather, all shares of Restricted Stock shall vest immediately upon the occurrence of the Change of Control, in the case of (x), or the Termination, in the case of (y).

6. **<u>Other Stock-Based Awards: Restricted Stock Units</u>**.

A. <u>Restricted Stock Unit Grants</u>. The Committee may grant Other Stock-Based Awards in the form of Restricted Stock Units to Participants. As determined by the Coalsteiste)disttent twaitsetaspuropSheeicfthe SPlan, Reestrict-Based Stock Awards shall not be granted in lieu of salary, cash bonus fees or other payments.

B. <u>Restrictions</u>. During the restriction period a Participant may not sell, transfer, assign, pledge or otherwise encumber or dispose of the Restricted Stock Units. During the restriction period a Participant shall have none of the rights and privileges of a stockholder, however, the Participant may be entitled to receive a payment (in cash or Shares) or credit equal to the cash dividends paid on one Share for each Share represented by a Restricted Stock Unit held by sg£redsnitearenseays)ailderiSg sto

In the case of multiple bankruptcies, the bankrupt companies will be positioned below the non-bankrupt companies in reverse chronological order by bankruptcy date.

(b) If a Peer Group Company is acquired by another company or entity, including through a management buy-out or going-private transaction, the acquired Peer Group Company will be removed from the Peer Group for the entire Performance Period; provided that if the acquired company became bankrupt prior to its acquisition it shall be treated as provided in (a), above.

(c) If a Peer Group Company sells, spins-off, or disposes of a portion of its business, the selling Peer Group Company will remain in the Peer Group for the Performance Period unless such disposition(s) results in the disposition of more than 50% of the company’s total assets during the Performance Period.

(d) If a Peer Group Company acquires another company, the acquiring Peer Group Company will remain in the Peer Group for the Performance Period.

(e) If the price of a Peer Group Company’s stock is not available on a consistent, reliable basis due to delisting on all major stock exchanges and over-the-counter markets, such delisted Peer Group Company will be removed from the Peer Group for the entire Performance Period; provided that, if the Peer Group Company becomes bankrupt prior to the end of the Performance Period, it shall be treated as in (a), above.

(f) [illegible]

employment by reason of Disability during the Performance Period in accordance with the following schedule, to be calculated and delivered at the end of the relevant Performance Period, provided that the relevant performance goals are achieved and subject to the Committee's negative discretion:

Date of Death or Termination for Disability	**% Vested**
Prior to /3 completion of Performance Period	0%
On or after /3 and before /3 completion of Performance Period	50%
On or after /3 completion of Performance Period	100%

(b) Retirement and Termination with Consent. Unless otherwise determined by the Committee, a prorated value of the Performance Award will vest based upon the number of complete months worked during the Performance Period, in the event of a Participant's termination of employment by reason of Retirement, or Termination with Consent, to be calculated and delivered at the end of the relevant Performance Period, provided that the relevant performance goals are achieved and subject to the Committee's negative discretion. In the case of any payment considered to be based upon separation from service, and not compensation the Participant could receive without separating from service, then such amounts may not be paid until the first business day of the seventh month following the date of Participant's termination if Participant is a "specified employee" under Section 409A of the Code upon his separation from service.

(i) Example: If the Target number of Shares is 1000 shares for Performance Period 1 Awards, 1000 shares for Performance Period 2 Awards, and 1000 shares for Performance Period 3 Awards and if the Participant terminates employ and tevant perf

(c) Termination without Consent and Termination for Cause. Unless otherwise determined by the Committee, Performance Awards will be forfeited immediately if a Participant's termination of employment is due to Termination without Consent or Termination for Cause.

(6) Potential Change of Control. Notwithstanding the foregoing provisions of the Regulations, if a Termination, other than for Cause or a voluntary termination in the absence of Good Reason, occurs following a Potential Change of Control and, subsequently, a 409A Change of Control occurs within 24 months following such Termination, then the Performance Award of such Participant shall vest immediately at the actual performance level achieved over the abbreviated Performance Period, calculated in accordance with the provisions of Section 7.D.(7) below, without regard to the Participant's continued employment or termination thereof or the Committee's negative discretion.

(7) Change of Control. Notwithstanding any provisions of the Plan or the foregoing provisions of the Regulations, if a Change of Control occurs, (i) the Performance Period shall automatically end, (ii) the actual performance level for the abbreviated Performance Period shall be measured against the established Performance Goals, without the Committee's negative discretion, the performance criteria shall be deemed satisfied only to the extent that actual performance was achieved (the result is the "Achieved Performance Award"), and the balance of the Performance Award, if any, shall be forfeited, and (iii) the Achieved Performance Award shall remain subject to forfeiture until the third anniversary of the date of grant of the Performance Award if the Participant terminates employment after the Change of Control but before the third anniversary of the date of grant; provided, however, that (i) if a Termination, other than for Cause or a voluntary termination in the absence of Good Reason, occurs within 24 months following a Change of Control, then the Achieved Performance Award shall not be forfeited upon such Termination; rather, the Achieved Performance Award shall vest immediately upon the Termination, (ii) if a Termination by reason of death or Disability occurs, then the Achieved Performance Award shall not be forfeited upon such death or Disability; rather, the Performance Award shall vest immediately upon the Participant's death during employment or termination of employment by reason of Disability; and (iii) if a Termination by reason of Retirement or Termination with Consent occurs, then a prorated portion of the Achieved Performa tı̈r Aw

par

F. Rights of Grantees. During the restriction period a grantee shall have all rights and privileges of a stockholder, including the right to vote the Shares and to receive dividends, except as noted in Paragraph 5. B., with respect to the restricted Shares and except that any dividends payable in stock shall be subject to the restrictions. At the expiration of the restriction period, a stock certificate free of all restrictions for the number of Shares of restricted stock vested shall be registered in the name or names designated by, and delivered to, the grantee or, in the event of the death of the grantee prior to such expiration and/or such issuance, of and to the grantee's estate.

6. Stock Options, Restored Options and Stock Appreciation Rights.

9. Change in Control of the Corporation.

For purposes of the Plan: A “Change in Control of the Corporation” shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), whether or not the Corporation is then subject to such reporting requirement; provided, that, without limitation, such a change in control shall be deemed to have occurred if:

A. Any person (as defined in Sections 13(d) and 14(d) of the Exchange Act) (a “Person”) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Corporation (not including in the amount of the securities beneficially owned by such person any such securities acquired directly from the Corporation or its affiliates) representing twenty percent (20%) or more of the combined voting power of the Corporation’s then outstanding voting securities; provided, however, that for purposes of the Plan the term “Person” shall not include (i) the Corporation or any of its subsidiaries, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities, or (iv) a corporation owned, directly or indirectly, by the stockholders of the Corporation in substantially the same proportions as their ownership of stock of the Corporation; and provided, further, however, that for the purposes of this paragraph, there shall be excluded any Person who becomes such a beneficial owner in connection with an Excluded Transaction (as defined in paragraph 9.C. below); or

Exhibit 10.3

SUMMARY OF NON EMPLOYEE DIRECTOR COMPENSATION ARRANGEMENTS

Non-employee directors are paid an annual retainer of $162,000 (reduced from $180,000, effective as of July 1, 2009). The Presiding Director and Committee Chairs receive an additional annual fee of $5,000. No meeting fees or committee membership fees are paid.

Under the Deferred Compensation Program for Non-Employee Directors, each non-employee director is required to defer at least 50 percent of his or her retainer in the form of Common Stock Units and can elect to defer up to 100 percent. A Common Stock Unit is what is sometimes referred to as “phantom stock” because initially no stock is actually issued. Instead, a book entry account is kept for each director that shows how many Common Stock Units he or she has. When a director leaves the Board, he or she receives actual shares of common stock corresponding to the number of Common Stock Units in his or her account. Each non-employee director’s deferred stock account is credited with Common Stock Units every January. The ongoing value of each Common Stock Unit equals the market price of the common stock. When dividends are paid on the common stock, each account is credited with equivalent amounts in additional Common Stock Units. If U. S. Steel were to undergo a change in control resulting in the removal of a non-employee director from the Board, that director would receive a cash payment equal to the value of his or her deferred stock account.

Under our Non-Employee Director Stock Program, upon joining our Board, each non-employee director is eligible to receive a grant of up to 1,000 shares of common stock. In order to qualify, each director must first have purchased an equivalent number of shares in the open market during the 60 days following the first date of his or her service on the Board.

Exhibit 10.4

BASE SALARIES OF NAMED EXECUTIVE OFFICERS

On April 23, 2009, the Compensation & Organization Committee of the Board of Directors approved the following annual base salaries for United States Steel Corporation named executive officers (as defined in Item 402(a)(3) of Regulation S-K). These base salaries reflect a 20.6% salary reduction for Mr. Surma and 10% salary reductions for the other named executive officers. The salary reductions were announced on April 27, 2009, and became effective on July 1, 2009:

J. P. Surma	[illegible]

Exhibit 10.5

$15,500,000

COMMITMENT INCREASE

under

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

May 11, 2007

and amended and restated as of
June 12, 2009

among

UNITED STATES STEEL CORPORATION

LENDERS PARTY THERETO

THE LC ISSUING BANKS PARTY THERETO

and

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Collateral Agent

COMMITMENT INCREASE

THIS AGREEMENT is dated as of July 20, 2009 between UNITED STATES STEEL CORPORATION (the "**Borrower**") and JPMORGAN CHASE BANK, N.A., as Lender ("**JPMorgan**") with respect to the Amended and Restated Credit Agreement dated as of May 11, 2007 and amended and restated as of June 12, 2007 (the "**Credit Agreement**") among the Borrower, the LENDERS party thereto, the LC ISSUING BANKS party thereto and JPMORGAN CHASE BANK, N.A., as Administrative Agent and Collateral Agent.

The parties hereto agree as follows:

Section 1. *Defined Terms; References.* Unless otherwise specifically defined herein, each term used herein that is defined in the Credit Agr r r r r r oi J Agr r r

Section 7. *Effectiveness.* This Agreement shall become effective as of the date hereof (the "**Increase Effective Date**"), subject to the following conditions:

(a) The Administrative Agent shall have received from each party hereto a coĄr

JPMORGAN CHASE BANK, N.A.,
as Lender

By: /s/ Peter S. Predun
Name: Peter S. Predun
Title: Executive Director

(!

Exhibit 12.1

United States Steel Corporation
Computation of Ratio of Earnings to Combined Fixed Charges
and Preferred Stock Dividends
(Unaudited)

	Six Months Ended June 30,		Year Ended December 31,				
(Dollars in Millions)	**2009**	**2008**	**2008**	**2007**	**2006**	**2005**	**2004**
Portion of rental							
		–					
–							

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, John P. Surma, certify that:

1. I have reviewed this quarterly report on Form 10-Q of United States Steel Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to recort rt Ď Ď ĎMηt fu eorrsHely likel eqnt funcoverĎs® Ď N

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

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 June 30, 2009, fully [illegible]