INDEX

Table of Contents

UNITED STATES STEEL CORPORATION

CONSOLIDATED BALANCE SHEET

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

(Dollars in millions)	Nine Months Ended September 30, 2010	2009
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net loss	**$ (233)**	$ (1,138)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization *(Note 6)*	**490**	484
Provision for doubtful accounts	**8**	4
Pensions and other postretirement benefits	**(183)**	(160)
Deferred income taxes	**20**	(258)
Net loss (gain) on disposal of assets *(Notes 4 and 22)*	**9**	(134)
Distributions received, net of equity investees income	**(8)**	43
Changes in:		
Current receivables	**(767)**	884
Inventories	**(712)**	865
Current accounts payable and accrued expenses	**689**	(179)
Income taxes receivable/payable *(Note 11)*	**107**	(271)
Bank checks outstanding	**62**	(10)
Foreign currency translation of operating items	**-**	(122)
All other, net	**40**	110
Net cash (used in) provided by operating activities	**(478)**	118
Investing activities:		
Capital expenditures	**(426)**	(323)
Capital expenditures – variable interest entities *(Note 17)*	**-**	(126)
Disposal of assets	**103**	340
Restricted cash, net	**(6)**	(59)
Investments, net	**(29)**	(42)
Net cash used in investing activities	**(358)**	(210)
Financing activities:		
Revolving credit facilities – borrowings	**25**	-
– repayments	**(297)**	-
Issuance of long-term debt, net of financing costs	**669**	839
Repayment of long-term debt	**(105)**	(671)
Common stock issued	**3**	667
Distributions from noncontrolling interests	**-**	127
Dividends paid	**(22)**	(49)
Net cash provided by financing activities	**273**	913
Effect of exchange rate changes on cash	**(12)**	(2)
Net (decrease) increase in cash and cash equivalents	**(575)**	819
Cash and cash equivalents at beginning of year	**1,218**	724
Cash and cash equivalents at end of period	**$ 643**	$ 1,543

The accompanying notes are an integral part of these consolidated financial statements.

[redacted]

U. S. Steel, has operations in Tulsa, Oklahoma and Monterrey, Mexico where it manufactures specialty tubular products used in heat recovery technology applications. As a result of the transaction, U. S. Steel recognized a pretax loss of approximately $15 million in the third quarter 2010.

Wabush Mines Joint Venture

On February 1, 2010, U. S. Steel Canada Inc. (USSC

Table of Contents

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 Inc. (Stelco) and Lone Star Technologies Inc. (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 the expansion of 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 estimated fair value of the associated reporting unit to its carrying value, including goodwill. U. S. Steel completed its annual goodwill impairment test du%Hl

[Table](#toc)

Table of Contents

The following table summarizes the securities that were antidilutive, and therefore, were not included in the computations of diluted loss per common share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2010	2009	2010	2009
Securities granted under the 2005 Stock Incentive Plan	**3,525**	3,140		

U. S. Steel also has entered into iron ore pellet swap agreements with an iron ore mining and processing company. Under these agreements, U. S. Steel shipped and received approximately 1,260,000 tons and 1,020,000 tons of iron ore pellets during the first nine months of 2010 and 2009, respectively.

The coke and iron ore pellet swaps are recorded at cost as nonmonetary transactions. There was no income statement impact related to these swaps in either 2010 or 2009.

14. Derivative Instruments

U. S. Steel is exposed to foreign currency exchange rate risks as a result of our European and Canadian operations. USSE's revenues are primarily in euros and costs are primarily in U.S. dollars and euros. USSC's revenues and costs are denominated in both Canadian and U.S. dollars. In addition, foreign cash requirements have been and in the future may be funded by intercompany loans, creating intercompany monetary assets and liabilities in currencies other than the functional currency of the entities involved, which can affect income when remeasured at the end of each quarter. A $1.6 billion U.S. dollar-denominated intercompany loan (the Intercompany Loan) from a U.S. subsidiary to a European subsidiary was the primary exposure at September 30, 2010.

U. S. Steel uses euro forward sales contracts with maturities no longer than 12 months to exchange euros for U.S. dollars to manage our exposure to foreign currency exchange rate fluctuations. Derivative instruments are required to be recognized at fair value in the balance sheet. U. S. Steel has not elected to designate these euro forward sales contracts as hedges. Therefore, changes in their fair value are recognized immediately in the results of operations. The gains and losses recognized on these euro forward sales contracts may also partially offset the accounting remeasurement gains and losses recognized on the Intercompany Loan.

As of September 30, 2010, U. S. Steel held euro forward sales contracts with a total notional value of approximately $390 million. We mitigate the risk of concentration of counterparty credit risk by purchasing our forward sales contracts from several counterparties.

Additionally, we routinely enter into fixed-price forward physical purchase contracts to partially manage our exposure to price risk related to the purchases of natural gas and certain nonferrous metals used in the production process. Historically, the forward physical purchase contracts for natural gas and nonferrous metals have qualified for the normal purchases and normal sales exemption described in ASC Topic 815. However, due to reduced natural gas consumption in 2009, we net settled some of our excess natural gas purchase contracts for certain facilities. Therefore, the remaining contracts related to 2009 natural gas purchases for those facilities no longer met the exemption criteria and were subject to mark-to-market accounting.

During 2010, all natural gas purchase contracts qualified and were accounted for in accordance with the normal purchases and normal sales exemption under ASC Topic 815 and were not subject to mark-to-market accounting.

the receivables. The retained interest in the receivables is recorded net of the allowance for bad debts, which has historically not been significant.

USSR pays the conduits a discount based on the conduits' borrowing costs plus incremental fees. We incurred $1 million for the three months ended September 30, 2010 and 2009 and $4 million and $2 million for the nine months ended September 30, 2010 and 2009, respectively relating to fees on the RPA.

Generally, the facility provides that as payments are collected from the sold accounts receivables, USSR may elect to have the conduits reinvest the proceeds in new eligible accounts receivable. As there was no activity under this facility during the nine months ended September 30, 2010 and 2009, there were no collections reinvested.

The table below summarizes the trade receivables for USSR:

(In millions)	September 30, 2010	December 31, 2009
Balance of accounts receivable-net, purchased by USSR	**$ 1,078**	$ 702
Revolving interest sold to conduits	**-**	-
Accounts receivable-net, included in the accounts receivable balance on the balance sheet 1 ή		

At September 30, 2010, USSK had no borrowings against its €40 million, €20 million and €10 million credit facilities (which approximated $96 million) and the availability was approximately $89 million due to approximately $7 million of customs and other guarantees outstanding.

U. S. Steel Serbia (USSS) credit facilities
Effective September 1, 2010, USSS replaced its former bank facilities with new facilities. The new facilities which expire on August 31, 2011 consist of facilities for general corporate purposes of up to €20 million and facilities for overdrafts of up to 1 billion Serbian dinars (which together totaled approximately $40 million at September 30, 2010), subject in each case to a borrowing base calculation based upon the value of USSS's inventory of finished and semi-finished inventory. At September 30, 2010, USSS had no borrowings under these facilities and its inventory values were sufficient to utilize the entire amount of the facilities.

16. 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)	September 30, 2010	December 31, 2009
Balance at beginning of year	**45**	48
Obligations settled	**(6)**	(7)
Foreign currency translation effects	**(2)**	1
Accretion expense	**1**	3
Balance at end of period	**38**	45

Asset retirement obligations related to disposal costs of the majority 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.

17. Variable Interest Entities

Effective January 1, 2010, U. S. Steel adopted updates to ASC Topic 810 related to improvements to financial reporting by enterprises involved with variable interest entities. The updates to ASC Topic 810 include a criterion that requires the primary beneficiary to have the power to direct the activities that most significantly impact the economic performance of the variable interest entity. Due to the addition of this criterion, the adoption resulted in the deconsolidation of the following entities from our consolidated financial statements on a prospective basis.

Gateway Energy & Coke Company, LLC
Gateway Energy & Coke Company, LLC (Gateway) is a wholly owned subsidiary of SunCoke Energy, Inc. in which U. S. Steel has no ownership interest. Gateway has constructed a heat recovery coke plant with an expected annual capacity of 651,000 tons of coke at U. S. Steel's Granite City Works that began operations in the fourth quarter of 2009. U. S. Steel has a 15-year arrangement to purchase coke from Gateway under which Gateway is obligated to supply 90 percent to 105 percent of the expected annual capacity of the heat recovery coke plant, and U. S. Steel is obligated to purchase the coke from Gateway at the contract price. As of September 30, 2010, a maximum default payment of approximately $265 million would apply if U. S. Steel terminates the agreement.

[Table of Contents](#)

There are three activities that most significantly impact Gateway's economic performance: procurement of coking coal used in the production of coke, direction of the operations associated with the production of coke and steam and direction of the sale of coke and steam. U. S. Steel and Gateway jointly direct the sale of coke and steam due to the 15-year arrangement described above; however, U. S. Steel does not have the power to } el aHd Ga

Fair value of the financial assets and liabilities disclosed herein is not necessarily representative of the amount that could be realized or settled, nor does the fair value amount consider the tax consequences of realization or settlement.

Financial guarantees are U. S. Steel's only unrecognized financial instrument. For details relating to financial guarantees see note 22.

19. Comprehensive Income (Loss)

The following table reflects the components of comprehensive income (loss):

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In millions)	2010	2009	2010	2009
Net loss	**$ (51)**	$ (307)	**$ (233)**	$ (1,138)
Changes in foreign currency translation adjustments, net of tax	**87**	148	**(47)**	280
Changes in employee benefit accounts, net of tax	**29**	28	**128**	68
Comprehensive income (loss)	**$ 65**	$ (131)	**$ (152)**	$ (790)

Purchases from related parties for outside processing services amounted to $25 million and $8 million for the three months ended Â

Table of Contents

These asbestos cases allege a variety of respiratory and other diseases based on alleged exposure to asbestos. U. S. Steel is currently a defendant in cases in which a total of approximately 200 plaintiffs allege that they are suffering from mesothelioma. The potential for damages against defendants may be greater in cases in which the plaintiffs can prove mesothelioma.

In many cases in which claims have been asserted against U. S. Steel, the plaintiffs have been unable to establish any causal relationship to U. S. Steel or its products or premises; however, with the decline in mass plaintiff cases, the incidence of claimants actually alleging a claim against U. S. Steel is increasing. In addition, in many asbestos cases, the claimants have been unable to demonstrate that they have suffered any identifiable injury or compensable loss at all; that any injuries that they have incurred did in fact result from alleged exposure to asbestos; or that such alleged exposure was in any way related to U. S. Steel or its products or premises.

The amount U. S. Steel has accrued for pending asbestos claims is not material to U. S. Steel's [illegible]

Additional projects with defined scope include the Municipal Industrial & Disposal Company (MIDC) site in Elizabeth, Pennsylvania, the St. Louis Estuary and Upland Project in Duluth, Minnesota and a project at U. S. Steel's former Geneva Works in Geneva, Utah. As of September 30, 2010, accrued liabilities for these three additional projects totaled $98 million. U. S. Steel does not expect material additional costs related to these projects.

Other Projects – There are seven other environmental remediation projects which each had an accrued liability of between $1 million and $5 million. The total accrued liability for these projects at September 30, 2010 was $16 million. These projects have progressed through a significant portion of the design phase and material additional costs are not expected.

The remaining environmental remediation projects each had an accrued liability of less than $1 million. The total accrued liability for these projects at September 30, 2010 was $[illegible] million. We do not foresee material additional liabilities for any of these sites.

Post-Closure Costs – Accrued liab[illegible]

surety bonds, trusts and letters of credit being used for financial assurance purposes was approximately $163 million as of September 30, 2010, 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. Restricted cash, which is recorded in other current and noncurrent assets, totaled $160 million at September 30, 2010, of which $41 million was classified as current, and $157 million at December 31, 2009, none of which was classified as current.

Commitments – At September 30, 2010, U. S. Steel’s contractual commitments to acquire property, plant and equipment totaled $271 million.

Unconditional Purchase Obligations – U. S. Steel is obligated to make payments under unconditional purchase obligations, including take-o

circumstances indicate that the carrying value may not be recoverable. The evaluation of impairment involves comparing the estimated fair value of the associated reporting unit to its carrying value, including goodwill.

We have two reporting units that have a significant amount of goodwill. Our Flat-rolled reporting unit was allocated goodwill from the Stelco, Inc. (Stelco) and Lone Star Technologies, Inc. (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 the expansion of our tubular operations.

U. S. Steel completed its annual goodwill impairment test during the third quarter of 2010 and determined that there was no goodwill impairment for either reporting unit. Fair value was determined in accordance with the guidance in Accounting Standards Codification (ASC) Topic 820 on fair value, which requires consideration of the income, market and cost approaches as applicable. For the 2010 annual goodwill impairment test, U. S. Steel used fair values estimated under the income approach and the market approach. U. S. Steel did not utilize the cost approach as relevant data was not available.

The income approach is based upon projected future cash flows discounted to present value using factors that consider the timing and risk associated with the future cash flows. Fair value for the Flat-rolled and Texas Operations reporting units was estimated using probability weighted scenarios of future cash flow projections based on management's long range estimates of market conditions over a multiple year horizon. A three percent perpetual growth rate was used to arrive at an estimated future terminal value. A discount rate of 10.5 percent was used for both reporting units which was based upon the cost of capital of other comparable steel companies, which we view as the most likely market participants, as of the date of our goodwill impairment test.

The market approach is based upon an analysis of valuation metrics for companies comparable to our reporting units. Fair value for the Flat-rolled and Texas Operations reporting units was estimated using an appropriate valuation multiple based on this analysis, estimated normalized earnings and an estimated control premium.

In order to validate the reasonableness of the estimated fair values of our reporting units, a reconciliation of the aggregate fair values of all reporting units to market capitalization, using a reasonable control premium, was performed as of the valuation date. We further validated the reasonableness of the estimated fair values of our reporting units using other valuation metrics that included data from U. S. Steel's historical transactions as well as published industry analyst reports.

As of September 30, 2010, the Flat-rolled and Texas Operations reporting units have $895 million and $834 million of goodwill, respectively. After weighting the income and market approaches, the 2010 annual goodwill impairment test showed that the estimated fair values of our Flat-rolled and Texas Operations reporting units exceeded their carrying values by approximately $2 billion and $400 million, respectively. A 100 basis point increase in the discount rate, a critical assumption in which even a minor change can have a significant impact on the estimated fair value of the reporting unit, would decrease the fair value of the Flat-rolled and Texas Operations reporting units by approximately $1.5 billion and $260 million, respectively, but would still not result in a goodwill impairment charge.

The estimates of fair value of a reporting unit under the income approach are determined based on a discounted cash flow analysis. A discounted cash flow analysis requires us to make various judgmental assumptions, including assumptions about the timing and amount of future cash flows, growth rates and discount rates. If business conditions deteriorate or other factors have an adverse effect on our

Net sales were $13,074 million in the first nine months of 2010, compared with $7,694 million in the same period last year. The increase in sales for the Flat-rolled segment primarily reflected increased shipments (up 4.8 million tons) and higher average realized prices (up $22 per ton). The increase in sales for the European segment was primarily due to an increase in shipments (up 1.0 million tons) and higher average realized euro-based prices (up €55 per ton) partially offset by unfavorable changes in foreign currency translation impacts and a lower value-added product mix. The increase in sales for the Tubular segment resulted primarily from higher shipments (up 0.7 million tons) partially offset by lower average realized prices (down $399 per ton).

Pension and other benefits costs

Defined benefit and multiemployer pension plan costs totaled $68 million in the third quarter of 2010, compared to $52 million in the third quarter of 2009. Defined benefit and multiemployer pension plan costs totaled $207 million in the first nine months of 2010, compared to $219 million in the first nine months of 2009. The decrease in the first nine month periods primarily reflects the absence of expenses incurred related to several 2009 voluntary early retirement programs (VERPs) partially offset by reduced expected returns on lower market related values of pension plan assets and higher amortization of unrecognized losses both of which related to pension plan asset losses experienced in 2008. Pension costs in the first nine months of 2009 included charges of $65 million, for the VERPs and a $10 million pension curtailment charge in connection with the sale of a majority of the operating assets of Elgin, Joliet and Eastern Railway Company (EJ&E).

Costs related to defined contribution plans totaled $8 million and $14 million in the third quarter and first nine months of 2010, respectively, compared to $2 million and $22 million in the comparable periods in 2009. The first nine months of 2009 included $13 million for VERP related benefits under these plans.

Other benefits costs, including multiemployer plans, totaled $38 million and $114 million in the third quarter and first nine months of 2010, respectively, compared to $45 million and $146 million in the corresponding periods of 2009. The decrease in the nine month period was primarily due to favorable 2009 claims experience on our retiree medical plans which impacts 2010 expense and the absence of $13 million of termination charges related to the VERPs.

Nonretirement postemployment benefits

U. S. Steel recorded a credit of $8 million in the third quarter of 2009 and incurred costs of $107 million in the first nine months of 2009 to recognize current and estimated future layoff benefits for employees associated with the temporary idling of certain facilities and reduced production at others. U. S. Steel recorded immaterial charges in the three and nine months ended September 30, 2010 related to these benefits.

$315 million), increased costs for facility repair and maintenance due to more extensive structural inspection and repair activities in the first nine months of 2010 (approximately $85 million) and accruals for profit sharing (approximately $20 million).

Segmp2

Table of Contents

Results for Other Businesses

Other Businesses generated income of $7 million in [illegible]

Table of Contents

which we use to m

The **net loss attributable to United States Steel Corporation** was $51 million and $233 million in the third quarter and first nine months of 2010, respectively, compared to $303 million and $1,134 million in the third quarter and first nine months of 2009, respectively. The improvement in both periods primarily reflects the factors discussed above.

BALANCE SHEET

Receivables increased by $755 million from year-end 2009 as third quarter 2010 shipment volumes and average realized prices increased compared to the fourth quarter of 2009.

Inventories increased by $696 million from December 31, 2009 as a result of increased operating levels and higher raw materials costs in the first nine months of 2010.

Income tax receivable decreased by $169 million from year-end 2009 primarily due to a $208 million federal income tax refund received in the first nine months of 2010 as a result of carrying back our 2009 losses to prior years partially offset by an additional refund that we expect to receive as a result of the carryback of our 2009 losses and credits to prior years.

Accounts payable increased by $595 million from year-end 2009 primarily due to increased production levels compared to the fourth quarter of 2009.

Payroll and benefits payable decreased by $123 million from year-end 2009 primarily due to U. S. Steel's $140 million voluntary pension contribution to our main defined benefit pension plan.

CASH FLOW

Net cash used in operating activities was $478 million for the first nine months of 2010, compared to net cash provided by operating activities of $118 million in the same period last year, reflecting changes in working capital for the respective periods as we significantly reduced working capital in the first nine months of 2009 in line with business conditions at the time. In 2010, working capital increased in line with business conditions and was partially offset by improved operating results in the first nine months of 2010. Additionally, we received a $208 million U.S. federal tax refund in 2010 as discussed above.

Capital expenditures in the first nine months of 2010 were $426 million, compared with $323 million in the same period in 2009. Flat-rolled expenditures were $305 million and included spending for development of an enterprise resource planning (ERP) system, the construction of carbon alloy facilities at Gary Works, blast furnace infrastructure projects, large mobile equipment purchases for iron ore operations and various other infrastructure, environmental and strategic projects. USSE expenditures of $93 million were mainly for environmental projects.

Capital expenditures – variable interest entities for 2009 reflects spending for the construction of a non-recovery coke plant by Gateway Energy & Coke Company, LLC (Gateway), which will supply Granite City Works. This spending was consolidated in our financial results but was funded by Gateway and, therefore, was completely offset by distributions from noncontrolling interests in financing activities. The plant began operations in the fourth quarter of 2009. As of January 1, 2010, Gateway was deconsolidated from our financial statements on a prospective basis as a result of the adoption of updates to Accounting Standards Codification (ASC) Topic 810 related to improvements to financial reporting by enterprises involved with variable interest entities.

U. S. Steel's contractual commitments to acquire property, plant and equipment at September 30, 2010, totaled $271 million.

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 (RCRA) and the Comprehensive Environmental Response, Compensation and Liability Act, as well as state and local laws and regulations.

The United States Environmental Protection Agency (EPA) has remanded the Iron and Steel Maximum Achievable Control Technology (MACT) standard, and will issue a new standard after review. If the changes are major, they may result in significant compliance costs for U. S. Steel.

By order of the District of Columbia Court of Appeals, the EPA is revising the National Ambient Air Quality Standards (NAAQS) for annual 2.5 micron particulate matter. In addition, the NAAQS standards for nitrogen oxide, sulfur dioxide, lead, ozone, and carbon monoxide are at various stages of the EPA revision process. Changes in the standards may significantly effect U. S. Steel operations.

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). A related law of the EU known as Regulation No. 1907/2006 concerning Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) requires the registration of certain substances that are produced in the EU or imported into the EU. USSK is currently compliant with REACH and intends to register its substances by the applicable deadlines to remain in compliance. USSK currently expects to be able to continue its businesses under REACH without material change. USSK is also preparing for notifications required by the EU's CLP Regulation, a classification and labeling law.

USSS is subject to the environmental laws of Serbia. Under the terms of the acquisition in 2003, USSS is responsible for only those costs and liabilities associated with environmental events occurring subsequent to the completion of an environmental baseline study in June 2004, which was submitted to the Government of Serbia.

Greenhouse Gas Emissions Regulation

The current and potential regulation of greenhouse gas emissions remains a significant issue for the steel industry, particularly for integrated steel producers such as U. S. Steel. The regulation of carbon dioxide (CO_2) emissions has either become law or is being considered by legislative bodies of many nations, including countries where we have operating facilities. The EU has established greenhouse gas regulations while in Canada, a regulatory framework for greenhouse gas emissions has been published, details of which are discussed below. International negotiations to supplement and eventually replace the 1997 Kyoto Protocol are ongoing. In the United States, the House of Representatives passed the American Clean Energy and Security Act (also known as the Waxman-Markey Bill) on June 26, 2009. The American Power Act was introduced by Senators Kerry and Lieberman on May 12, 2010. Both bills contemplate energy and greenhouse gas reductions with a combination of economy-wide non-binding greenhouse gas goals and mandatory caps on regulated sources. If greenhouse gas cap-and-trade legislation becomes law, it could have far ranging economic and operational consequences for U. S. Steel. It is impossible to estimate the timing or impact of these or other future government action on U. S. Steel, although it could be significant. Such impacts may include substantial capital expenditures, costs for emission allowances, restriction of production, and higher prices for coking coal and other carbon based energy sources.

The EPA has classified CO as a harmful gas. Under this premise, it has implemented a new greenhouse gas emission inventory and reporting requirement for all facilities emitting 25,000 metric tons or more per year of CO e greenhouse gases. The regulation requires facilities to collect information on CO e and report emissions to the EPA by March 31, 2011, covering the 2010 calendar year. Most domestic U. S. Steel facilities are required to comply with the new reporting requirements. Since it was first proposed by the EPA, U. S. Steel has implemented monitoring plans for meeting this requirement.

On May 13, 2010 the EPA published its final Greenhouse Gas Tailoring Rule establishing a mechanism for regulating greenhouse gas emissions f%n sionsh

Table of Contents

During the third quarter of 2010, there was no change to our accruals for environmental matters for U.S. and international facilities. The total accrual for such liabilities at September 30, 2010 was $200 million. These amounts exclude liabilities related to asset retirement obligations, disclosed in note 16 to the Financial Statements.

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.

MINE SAFETY

Our Minntac and Keetac iron ore pellet operations are subject to the reporting requirements in Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) that was enacted in July of 2010. Under the Act, we are required to disclose certain information about our mining operations, such as the number of certain types of violations and orders issued under the Federal Mine Safety and Health Act of 1977 by the Federal Mine Safety and Health Administration. Neither of our iron ore operations received notification regarding any reportable information during the quarter ended September 30, 2010.

OUTLOOK

Our current order entry rates reflect the uncertain economic situation in North America and Europe, with spot customers reducing inventory levels in light of short lead times, while our contractual customer order rates are consistent with traditional downtime taken late in the fourth quarter.

Fourth quarter results for Flat-rolled are expected to be in line with the third quarter as reduced spending for facility repair and maintenance, including structural inspections and repairs, and the absence of operating inefficiencies at Gary Works due to the structural failure will be offset by decreased average realized prices and lower shipments and production volumes. We expect to continue to incur costs for structural repairs, but anticipate they will be lower than the third quarter by approximately $40 million, as much of the significant repair work was coUhs a structura ce, in i ai9tu program customers and distributors are actively controlling their inventory levels going into year end. In addition, imports, particularly from South Korea, have increased. As a result, we expect lower shipments and average realized prices, partially offset by lower costs for steel substrate.

INTERNATIONAL TRADE

U. S. Steel, V&M Star LP, TMK IPSCO and the United Steelworkers are parties to anti-dumping and countervailing duty petitions filed on September 16, 2009 regarding certain seamless carbon and alloy steel standard, line and pressure pipe from China. Final decisions in our favor were issued by the U.S. Department of Commerce (DOC) on September 13, 2009 and the U.S. International Trade Commission (ITC) on October 15, 2010. As a result of these actions, countervailing duties ranging from 13.66% to 56.67% and anti-dumping duties ranging from 48.99% to 98.74% have been ordered against the import of these products.

In March 2010, the DOC and ITC initiated five-year (sunset) reviews of antidumping orders against hot-rolled carbon steel flat products from Brazil and Japan, a countervailing duty order against hot-rolled carbon steel flat products from Brazil, and a suspension agreement concerning hot-rolled carbon steel flat products from Russia. In expedited reviews of the Brazilian, Japanese and Russian cases, the DOC issued preliminary determinations, on July 30, 2010, that revocation of the orders and agreement would likely lead to continued or resumed dumping at rates of 17.70% to 184.56%. In a full review of the Brazilian countervailing duty order, the DOC, issued a preliminary finding of a resumed subsidy, but at a rate of zero percent. A final determination is expected November 29, 2010. The ITC's injury investigation will be concluded with a decision in May 2011.

On October 12, 2010, the Canadian International Trade Tribunal (CITT) issued a Notice of Expiry of the Canadian antidumping orders against hot-rolled carbon and alloy steel sheet and strip from Brazil, China, Taiwan, India, South Africa and Ukraine. The CITT will issue its decision on December 1, 2010 of whether to initiate an expiry review. If the CITT determines that a review is not warranted, the orders will expire on their normal expiry date of August 15, 2011. If a review is ordered, the results of that review will determine whether to extend the orders for an additional five years beyond August 15, 2011.

ACCOUNTING STANDARDS

See note 2 to the Consolidated Financial Statements in Part I Item 1 of this Form 10-Q.

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 September 30, 2010. 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 September 30, 2010, 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.

Table of Contents

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

GENERAL LITIGATION

In a series of lawsuits filed in federal court in the Northern District of Illinois beginning September 12

On July 3, 2008, EPA Region V issued a Notice of Violation/Finding of Violation (NOV/FOV) alleging violations resulting from a multi-media inspection conducted in May 2007 and subsequent information collection requests pursuant to Section 114 of the Clean Air Act. These alleged violations include those currently being prosecuted by IDEM that are identified above. Other alleged violations include the reline of No. 4 Blast Furnace in 1990 without a New Source Review/Prevention of Significant Deterioration permit, and opacity limit excursions from hot iron transfer cars, slag skimming, slag pits, and the blast furnace casting house. The NOV/FOV also alleges violations relating to hydrochloric acid pickling, blast furnace relief valves and blast furnace flares. While a penalty demand is expected, EPA Region V has not yet made such a demand. Since issuing the NOV/FOV, EPA Region V has issued additional Section 114 information requests to Gary Works. U. S. Steel has responded to the requests and is currently negotiating resolution of the NOV/FOV and other request issues with EPA Region V and IDEM. EPA has indicated that it has referred the matter to the Department of Justice.

On February 18, 2009, U. S. Steel received a letter from IDEM alleging that Gary Works was culpable for an ambient air quality exceedance for PM10 at the IITRI Monitoring Site. U. S. Steel responded to the letter on March 13, 2009. U. S. Steel met with IDEM on April 28, 2009 to resolve the issue. If Gary Works is determined to be culpable, U. S. Steel may be required to install and maintain two additional on-site PM10 monitoring stations per the December 2006 Air Agreed Order. U. S. Steel continues to discuss the matter with IDEM.

On April 13, 2009, Gary Works received an NOV from EPA Region 5 for alleged violations for New Source Review for reline of No. 13/14 during 2004-2005. U. S. Steel continues to meet with IDEM and EPA to negotiate resolution of the NOV. EPA has indicated that it has referred the matter to the Department of Justice.

Mon Valley Works

On March 17, 2008, U. S. Steel entered a Consent Order and Agreement (COA) with the Allegheny County Health Department (ACHD) to resolve alleged opacity limitation and pushing and traveling violations from older coke oven batteries at its Clairton Plant and to resolve alleged opacity violations from its Edgar Thomson Plant. The COA required U. S. Steel to pay a civil penalty of $301,800 to resolve past alleged violations addressed by the COA. U. S. Steel paid the civil penalty on March 25, 2008. The COA requires U. S. Steel to conduct interim repairs on existing batteries and make improvements at the Ladle Metallurgical Facility and Steelmaking Shop at the Edgar Thomson Plant. The COA also requires that Batteries 7, 8 and 9 be shutdown by January 24, 2013 and Batteries 1, 2 and 3 be shutdown by August 11, 2015. On August 17, 2010, U. S. Steel entered into a Memorandum of Understanding (MOU) with ACHD that would require U. S. Steel to install two new Low Emissions Quench Towers to replace existing towers and to bring Batters 1, 2 and 3 into compliance and eliminate the requirement to shut them down. On September 30, 2010, U. S. Steel and ACHD amended the March 17, 2008 COA reflecting this change. Batteries 7 through 9 were shutdown in April 2009. We are repairing existing Batteries 19 and 20 and we continue to evaluate plans to construct new coke batteries at the Clairton Plant. U. S. Steel is also making upgrades at its Edgar Thomson Plant that would reduce emissions.

On September 3, 2009, U. S. Steel’s Mon Valley Clairton Plant incurred a catastrophic failure of its Desulfurization Plant. Because of this event, the Clairton, Edgar Thomson, and Irvin plants exceeded their sulfur limit for air emissions when burning coke oven gas. The Desulfurization Plant was inoperable from September 3, 2009 through early January 2010. On March 25, 2010, the ACHD issued an NOV and a Settlement Offer for the Statement of Violation for the Clairton plant for the last three quarters of 2009, which included alleged violations attributable to the outage of the Desulfurization Plant. The NOV was settled in the second quarter of 2010 without admission of liability with a penalty payment of $61,225.

Table of Contents

On October 8, 2009, Mon Valley Clairton

Granite City Works

U. S. Steel received two NOVs, dated February 20, 2004 and March 25, 2004, for air violations at the coke batteries, the blast furnace and the steel shop at our Granite City Works facility. All of the issues have been resolved except for an issue relating to air emissions that occurs when coke is pushed out of the ovens, for which a compliance plan has been submitted to the Illinois Environmental Protection Agency (IEPA). IEPA referred the two NOVs to the Illinois Attorney General's Office for enforcement. On September 14, 2005, the Illinois Attorney General filed a complaint in the Madison County Circuit Court, titled People of the State of Illinois ex. rel. Lisa Madigan vs. United States Steel Corporation, which included the issues raised in the two NOVs. In December 2006, IEPA added to its complaint by adding a release of coke oven gas in February 2006. In October 2007, the Court entered a Second Supplemental Complaint in which IEPA added alleged violations regarding excessive opacity emissions from the blast furnace, and incorrect sulfur dioxide (SO) emission factors regarding blast furnace gas emissions. On December 18, 2007, U. S. Steel entered into a Consent Order (the Order) with the Illinois Attorney General and IEPA that resolved the Complaint, as supplemented. The Order required that U. S. Steel: (1) pay a penalty of $300,000, which U. S. Steel paid on January 10, 2008; (2) demonstrate compliance with Coke Oven Pushing Operations in accordance with the compliance schedule provided in the Order; (3) comply with the basic oxygen furnace (BOF) opacity emissions in accordance with the schedule provided in the Order; and (4) submit to IEPA a revised permit application with the correct SO emission factors, which U. S. Steel submitted in January 2008. In December 2009, U. S. Steel and the Illinois Attorney General, by order of the Court, modified the Consent Order to establish a March 31, 2011 deadline for U. S. Steel to demonstrate compliance with existing standards at the BOF.

At Granite City Works, U. S. Steel and Gateway Energy & Coke Company, LLC (Gateway), a subsidiary of SunCoke Energy, Inc., have agreed with two environmental advocacy groups to establish an Environmental Trust Fund (Trust), which requires the permittees (U. S. Steel and Gateway) to collectively deposit $1.0 million by September 30   of each year, beginning September 30, 2008 and ending September 30, 2012. The capital contributions and all net income of the Trust are to be used for the purposes of promoting energy efficiency, greenhouse gas reductions and PM2.5 emission reduction, to be implemented in the community, including the Granite City municipality, local schools, parks and library districts. To date, U. S. Steel and Gateway have paid the first three of five installments towards the fund.

On February 2, 2009, U. S. Steel received an NOV from IEPA alleging approximately 16 separate violations. Specifically, IEPA alleged that Granite City Works: inappropriately charged a battery while off the collecting mains because of (1) damaged coke guides on one occasion and (2) derailment of the pushing control system on two occasions; failed to perform some monthly and quarterly inspections required by Iron & Steel Maximum Achievable Control Technology (MACT) standards or Coke MACT standards; failed to initiate repairs within 30 days after recording that the baffles on the quench tower were damaged on the monthly inspection report; failed to adequately wash the baffles on the quench tower per the MACT standard; inappropriately used the emergency pour station at the BOP during routine, non-emergency maintenance; failed to sufficiently apply a wetting agent to the slag from BF-A to minimize fugitive emissions while loading trucks and failed to update and properly implement its Fugitive Dust Program. Resolution of the issues identified in the NOV continues to be negotiated with IEPA. On November 16, 2009, Granite City Works received a notice of intent to pursue legal action regarding the alleged violations from IEPA. U. S. Steel last met with IEPA on December 8, 2009 to discuss resolution.

On March 17, 2009, U. S. Steel received an NOV from IEPA alleging the following at Granite City Worksq

[Table of Contents](#)

project for benzene in service equipment; and, failure to maintain records for benzene in service equipment repairs. IEPA has not made a penalty demand to date. Resolution of the issues identified in the NOV continues to be negotiated with IEPA. On November 16, 2009, Granite City Works received a notice of intent to pursue legal action regarding the alleged violations from IEPA. U. S. Steel last met with IEPA on December 8, 2009 to discuss resolution and the issue has been referred to the Attorney General for resolution.

In late January 2009, Granite City Works exceeded its natural gas usage and corresponding emission limits for 2008 at designated combustion units, including boilers and ladle drying. A notification letter was submitted to IEPA by U. S. Steel on January 30, 2009. Per U. S. Steel's January 30, 2009 correspondence, U. S. Steel provided a Compliance Plan [illegible] regarding fuel use and fuel balance to IEPA on February 28, 2009. IEPA has not responded to the self-reported violations or made any penalty demand.

On [illegible] 2009, U. S. Steel received an NOV/FOV from EPA Region V alleging that Granite City Works: failed to apply for and obtain a Prevention of Significant Deterioration/New Source Review permit for the 1994 B Blast F[illegible]

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, 2007	3,700	1,230	530	3,000	$ 9
December 31, 2008	3,000	400	450	3,050	$ 13
December 31, 2009	3,050				

Item 1A. RISK FACTORS

There was no material change in U. S. Steel's risk factors from the risks disclosed in U. S. Steel's Form 10-K for the year ended December 31, 2009.

Table of Contents

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

U. S. Steel had no sales of unregistered securities during the period covered by this report.

Issuer Purchases of Equity Securities [illegible]

101	SCH XBRL Taxonomy Extension Schema Document
101	CAL XBRL Taxonomy Extension Calculation Linkbase Document
101	DEF XBRL Taxonomy Extension Definition Linkbase Document
101	LAB XBRL Taxonomy Extension Label Linkbase Document
101	PRE XBRL Taxonomy Extension Presentation Linkbase Document

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/ Gregory A. Zovko

Gregory A. Zovko
Vice President and Controller

October 26, 2010

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.

[redacted]

Exhibit 10.2

1. <u>History and Purpose</u>

United States Steel Corporati[redacted]he [redacted]nd amended and restated the Program effective Janua[redacted]ode”), except with respect to benefits that were vested[redacted]m effective June 1, 2010, to clarify the benefit accrual p[redacted]

The purpose of this Program is [redacted]ited States Steel Corporation Savings Fund Plan for Salaried Employ[redacted]bular Plan”) (collectively, “Plans”) that occurs due to certain limits established un[redacted]the [redacted]or that a[redacted]equired un[redacted]the Co[redacted]Th[redacted]rporation” shall mean United States Steel Corporation and any other company that i[redacted]g employ[redacted] in the Plan.

2. <u>Eligibility</u>

Except as otherwise provided herein, an individual is a “Member” of the Program if he or she is an employee of the Corporation who is eligible to participate in either of the Plans and either (a) is a member of the Executive Management Group, or (b) is not permitted to make contributions to either of the Plans at least equal to the maximum rate of matching Company contributions based upon his or her elections under the Plans because of the limitM”anis omath processing date. In addition, amounts credited to a Member's account (book entry only) as of December 31, 2001 relating to USX-U. S. Steel Group Common Stock and USX-Marathon Group Common Stock, respectively, will continue to be held in such accounts as amounts relating to United States Steel Corporation Common Stock and Marathon Oil Corporation Common Stock, respectively. Except as otherwise provided, the rules under the Plans for determining service for eligibility and vesting, Corporation stock values, share determination, beneficiary designation, and vesting will be applicable under this Program.

Effective November 30, 2005, this Program accepted a transfer of the entire value of any participant's account from the Transtar, Inc. Supplemental Thrift Program ("Transtar Program"). If an individual had an amount transferred from the Transtar Program ("Transtar Program Transfer"), such individual will be treated as a Member of this Program. Transtar Program Transfers (and future earnings thereon) will be credited in the same manner as if the amount had been deposited in the Savings Plan for investment in the Fidelity Managed Income Portfolio II – Class 3 (prior to the close of business on January 29, 2010, the Group Interest Fund).

4. Form of Benefit and Timing of Distribution

a. Lump Sum Distribution

1. Effective January 1, 2005, subject to section 4.b. below, a Member shall receive a lump sum distribution of the benefits payable under this Program upon the Member's (a) termination of employment with the Corporation with five or more years of continuous service, (b) terminat

e.

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Gretchen R. Haggerty, 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 th

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, 2010, 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 26, 2010

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.

Exhibit 32.2

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

I, Gretchen R. Haggerty, Executive Vice President and Chief Financial 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, 2010, 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/ Gretchen R. Haggerty
Gretchen R. Haggerty
Executive Vice President
and Chief Financial Officer

October 26, 2010

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.