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 March 31, 2016

Or

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

For the transition period from to .

United States Steel Corporation

(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 P 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 [P] 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 reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer P	Accelerated filer __	Non-accelerated filer __ (Do not check if a smaller reporting company)	Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes__No P

Common stock outstanding at April 21, 2016 – 146,423,947 shares

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains information that may constitute “forward-looking statements” within the meaning of Section 27 of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in those sections. Generally, we have identified such forward-looking statements by using the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “target”, “forecast”, “aim,” “will” and similar expressions or by using future dates in connection with any discussion of, among other things, operating performance, trends, events or developments that we expect or anticipate will occur in the future, statements relating to volume growth, share of sales and earnings per share growth, and statements expressing general views about future operating results. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are not historical facts, but instead represent only the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company’s control. It is possible that the Company’s actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Management believes that these forward-looking statements are reasonable as of the time made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company's historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to the risks and uncertainties described in this report and in “Item 1A. Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015, and those described from time to time in our future reports filed with the Securities and Exchange Commission.

References in this Quarterly Report on Form 10-Q to "U. S. Steel", "the Company", "we", "us", and "our" refer to United States Steel Corporation and its consolidated subsidiaries unless otherwise indicated by the context.

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF OPERATIONS
(Unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended March 31, 2016	2015
Net sales:		
Net sales	**$ 2,026**	$ 2,946
Net sales to related parties (Note 17)	**315**	326
Total	**2,341**	3,272
Operating expenses (income):		
Cost of sales (excludes items shown below)	**2,436**	3,066
Selling, general and administrative expenses	**69**	102
Depreciation, depletion and amortization	**129**	144
Earnings from investees	**(45)**	(6)
Restructuring and other charges (Note 18)	**10**	153
Net loss on disposal of assets	**3**	—
Total	**2,602**	3,459
(Loss) earnings before interest and income taxes (EBIT)	**(261)**	(187)
Interest expense	**53**	51
Interest income	**(1)**	—
Other financial costs	**13**	11
Net interest and other financial costs (Note 6)	**65**	62
Loss before income taxes	**(326)**	(249)
Income tax provision (benefit) (Note 8)	**14**	(174)
Net loss	**(340)**	(75)
Less: Net earnings attributable to noncontrolling interests	**—**	—
Net loss attributable to United States Steel Corporation	**$ (340)**	$ (75)
Loss per common share (Note 9):		
Loss per share attributable to United States Steel Corporation stockholders:		
-Basic	**$ (2.32)**	$ (0.52)
-Diluted	**$ (2.32)**	$ (0.52)

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	Three Months Ended March 31,	
(Dollars in millions)	**2016**	**2015**
Net loss	**$ (340)**	$ (75)
Other comprehensive (loss) income, net of tax:		
Changes in foreign currency translation adjustments	**61**	(103)
Changes in pension and other employee benefit accounts	**(224)**	43
Other	**11**	—
Total other comprehensive loss, net of tax	**(152)**	(60)
Comprehensive loss including noncontrolling interest	**(492)**	(135)
Comprehensive income attributable to noncontrolling interest	**—**	—
Comprehensive loss attributable to United States Steel Corporation	**$ (492)**	$ (135)

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED BALANCE SHEET

(Dollars in millions)	(Unaudited) March 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	**$ 705**	$ 755
Receivables, less allowance of $27 and $28	**960**	864
Receivables from related parties, less allowance of $271 and $254 (Note 17)	**179**	199
Inventories (Note 10)	**1,801**	2,074
Other current assets	**38**	25
Total current assets	**3,683**	3,917
Property, plant and equipment	**14,405**	14,253
Less accumulated depreciation and depletion	**10,010**	9,842
Total property, plant and equipment, net	**4,395**	4,411
Investments and long-term receivables, less allowance of $7 and $7	**540**	540
Long-term receivables from related parties, less allowance of $1,566 and $1,446	**—**	—
Intangibles – net (Note 4)	**195**	196
Deferred income tax benefits (Note 8)	**7**	15
Other noncurrent assets	**116**	88
Total assets	**$ 8,936**	$ 9,167
Liabilities		
Current liabilities:		
Accounts payable and other accrued liabilities	**$ 1,375**	$ 1,411
Accounts payable to related parties (Note 17)	**88**	81
Bank checks outstanding	**26**	1
Payroll and benefits payable	**488**	462
Accrued taxes	**104**	99
Accrued interest	**67**	49
Short-term debt and current maturities of long-term debt (Note 12)	**45**	45
Total current liabilities	**2,193**	2,148
Long-term debt, less unamortized discount and debt issuance costs (Note 12)	**3,076**	3,093
Employee benefits	**1,317**	1,101
Deferred income tax liabilities (Note 8)	**29**	29
Deferred credits and other noncurrent liabilities	**378**	359
Total liabilities	**6,993**	6,730
Contingencies and commitments (Note 19)		
Stockholders' Equity (Note 15):		
Common stock (150,925,911 shares issued) (Note 9)	**151**	151
Treasury stock, at cost (4,503,520 and 4,644,867 shares)	**(325)**	(339)
Additional paid-in capital	**3,594**	3,603
(Accumulated deficit) retained earnings	**(157)**	190
Accumulated other comprehensive loss (Note 16)	**(1,321)**	(1,169)
Total United States Steel Corporation stockholders' equity	**1,942**	2,436
Noncontrolling interests	**1**	1
Total liabilities and stockholders' equity	**$ 8,936**	$ 9,167

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

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

(Dollars in millions)	Three Months Ended March 31, 2016	2015
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net loss	**$ (340)**	$ (75)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization	**129**	144
Restructuring and other charges (Note 18)	**10**	153
Provision for doubtful accounts	**—**	(6)
Pensions and other postretirement benefits	**(9)**	(17)
Deferred income taxes	**9**	(166)
Net loss on disposal of assets	**3**	—
Distributions received, net of equity investees earnings	**(43)**	(4)
Changes in:		
Current receivables	**(63)**	237
Inventories	**285**	33
Current accounts payable and accrued expenses	**72**	(255)
Income taxes receivable/payable	**5**	16
Bank checks outstanding	**24**	31
All other, net	**31**	(18)
Net cash provided by operating activities	**113**	73
Investing activities:		
Capital expenditures	**(148)**	(109)
Change in restricted cash, net	**(3)**	2
Investments, net	**(1)**	(1)
Net cash used in investing activities	**(152)**	(108)
Financing activities:		
Repayment of long-term debt	**(17)**	—
Dividends paid	**(7)**	(7)
Net cash used in financing activities	**(24)**	(7)
Effect of exchange rate changes on cash	**13**	(46)
Net decrease in cash and cash equivalents	**(50)**	(88)
Cash and cash equivalents at beginning of year	**755**	1,354
Cash and cash equivalents at end of period	**$ 705**	$ 1,266

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

Notes to Consolidated Financial Statements (Unaudited)

1. Basis of Presentation and Significant Accounting Policies

United States Steel Corporation produces and sells steel products, including flat-rolled and tubular products, in North America and Central Europe. Operations in North America also include iron ore and coke production facilities, railroad services and real estate operations. Operations in Europe also include coke production facilities.

The year-end Consolidated Balance Sheet data was derived from audited statements but does not include all disclosures required for complete financial statements by accounting principles generally accepted in the United States of America (U.S. GAAP). The other information in these financial statements is unaudited but, in the opinion of management, reflects all adjustments necessary for a fair statement 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 and do not include all of the information and disclosures required by U.S. GAAP for complete financial statements. Additional information is contained in the United States Steel Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2015, which should be read in conjunction with these financial statements.

Revision of Prior Period Financial Statements

During 2015, the Company identified a prior period error related to the classification of unpaid capital expenditures in the Consolidated Statements of Cash Flows that impacted the quarterly interim financial statements in 2015. As a result, the Consolidated Statement of Cash Flows for the three months ended March 31, 2015 has been revised to reflect a decrease in operating activities and an increase in investing activities of $63 million. The Company has concluded the impact of this error was not material to the previously filed financial statements.

2. New Accounting Standards

On March 30, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-09, *Compensation - Stock Compensation* (ASU 2016-09). ASU 2016-09 simplifies the accounting and reporting of certain aspects of shared-based payment transactions, including income tax treatment of excess tax benefits, forfeitures, classification of share-based awards as either equity or liabilities, and classification in the statement of cash flows for certain share-based transactions related to tax benefits and tax payments. ASU 2016-09 is effective for public business entities for annual periods beginning after December 15, 2016, and interim periods within those annual periods; early adoption is permitted. U. S. Steel is evaluating the financial statement implications of adopting ASU 2016-09.

On February 25, 2016, the FASB issued Accounting Standards Update 2016-02, *Leases* (ASU 2016-02). ASU 2016-02 supersedes prior lease accounting guidance. Under ASU 2016-02, for operating leases, a lessee should recognize in its statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term; recognize a single lease cost, which is allocated over the lease term, generally on a straight line basis, and classify all cash payments within the operating activities in the statement of cash flow. For financing leases, a lessee is required to recognize a right-of-use asset and a lease liability; recognize interest on the lease liability separately from amortization of the right-of-use asset, and classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability within the operating activities in the statement of cash flows. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities. In addition, at the inception of a contract, an entity should determine whether the contact is or contains a lease. ASU 2016-02 is effective for public entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, using a modified retrospective approach. U. S. Steel is evaluating the financial statement implications of adopting ASU 2016-02.

On November 20, 2015, the FASB issued Accounting Standards Update 2015-17, *Balance Sheet Classification of Deferred Taxes* (ASU 2015-17). ASU 2015-17 requires that all deferred tax assets and liabilities, along with any related valuation allowance, be classified as noncurrent on the balance sheet. U. S. Steel adopted ASU 2015-17 in the fourth quarter of 2015 using the retrospective approach for all periods presented.

On September 25, 2015, the FASB issued Accounting Standards Update 2015-16, S *implifying the Accounting for Measurement-Period Adjustments* (ASU 2015-16). ASU 2015-16 eliminates the requirement to restate prior period financial statements for measurement period adjustments for entities that have recorded provisional amounts for items in a business combination and requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. ASU 2015-16 should be applied prospectively to measurement period adjustments that occur after the effective date. U. S. Steel adopted ASU 2015-16 on January 1, 2016 and there was no impact as a result of the adoption of this ASU.

On July 22, 2015, the FASB issued Accounting Standards Update No. 2015-11, *Simplifying the Measurement of Inventory* (ASU 2015-11). ASU 2015-11 requires an entity to measure most inventory at the lower of cost and net realizable value, thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. ASU 2015-11 will not apply to inventories that are measured using either the last-in, first-out (LIFO) method or the retail inventory method. ASU 2015-11 is effective for public entities for financial statements issued for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years; early application is permitted. U. S. Steel is evaluating the financial statement implications of adopting ASU 2015-11 but does not expect a material financial statement impact relating to the adoption of this ASU.

On April 7, 2015, the FASB issued Accounting Standards Update No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* (ASU 2015-03). ASU 2015-03 changes the presentation of debt issuance costs in financial statements and requires an entity to present such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. An entity is required to apply the new guidance on a retrospective basis, wherein the balance sheet of each individual period presented should be adjusted to reflect the period-specific effects of applying the new guidance. On August 16, 2015, the FASB issued ASU 2015-15 to clarify the SEC staff's position on presenting and measuring debt issuance costs incurred in connection with line-of-credit arrangements given the lack of guidance on this topic in ASU 2015-03. Effective January 1, 2016, U. S. Steel retroactively adopted ASU 2015-03. As a result, debt issuance costs which were a component of other non-current assets in the Consolidated Balance Sheets were reclassified and are now reflected as a reduction of long-term debt. As of March 31, 2016 and December 31, 2015, other non-current assets and long-term debt in the Consolidated Balance Sheets decreased by approximately $22 million and $23 million, respectively.

On May 28, 2014, the FASB and the International Accounting Standards Board issued Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers* (ASU 2014-09). ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 is effective for interim and annual periods beginning after December 15, 2016; early application is not permitted. On August 12, 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers - Deferral of the Effective Date* (ASU 2015-14). ASU 2015-14 defers the effective date of ASU 2014-09 to annual reporting periods beginning after December 15, 2017, including interim reporting periods within that reporting period, and only permits entities to adopt the standard one year earlier as of annual reporting periods beginning after December 15, 2016, including interim reporting periods within that reporting period. U. S. Steel is evaluating the financial statement implications of adopting ASU 2014-09 but does not expect a material financial statement impact relating to the adoption of this ASU.

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 our railroad and real estate businesses that do not constitute reportable segments are combined and disclosed in the Other Businesses category.

Effective January 1, 2015, the Flat-Rolled segment was realigned to better serve customer needs through the creation of five commercial entities to specifically address customers in the automotive, consumer (which includes the packaging, appliance and construction industries) industrial, service center and mining market

sectors. Beginning January 1, 2016, the Flat-Rolled segment was further streamlined and consolidated to consist of three commercial entities: automotive, consumer and the combined industrial, service center and mining commercial entities. These realignments did not affect the Company's reportable segments.

The chief operating decision maker evaluates performance and determines resource allocations based on a number of factors, the primary measure being earnings (loss) before interest and income taxes (EBIT). EBIT for reportable segments and Other Businesses does not include net interest and other financial costs (income), income taxes, postretirement benefit expenses (other than service cost and amortization of prior service cost for active employees) and certain other items that management believes are not indicative of future results. Information on segment assets is not disclosed, as it is not reviewed by the chief operating decision maker.

The accounting principles applied at the operating segment level in determining EBIT are generally the same as those applied at the consolidated financial statement level. The transfer value for steel rounds from Flat-Rolled to Tubular was based on cost. In the third quarter of 2015, the blast furnace and associated steelmaking operations, along with most of the flat-rolled finishing operations at Fairfield Works were shutdown. Therefore, Flat-Rolled is currently not supplying rounds to Tubular. All other intersegment sales and transfers are accounted for at market-based prices and are eliminated at the corporate consolidation level. Corporate-level selling, general and administrative expenses and costs related to certain former businesses are allocated to the reportable segments and Other Businesses based on measures of activity that management believes are reasonable.

The results of segment operations for the three months ended March 31, 2016 and 2015 are:

(In millions) **First Quarter 2016**	**Customer Sales**	**Intersegment Sales**	**Net Sales**	**Earnings (loss) from investees**	**EBIT**
Flat-Rolled	**$ 1,732**	**$ 16**	**$ 1,748**	**$ 43**	**$ (188)**
USSE	**476**	**1**	**477**	**—**	**(14)**
Tubular	**108**	**—**	**108**	**2**	**(64)**
Total reportable segments	**2,316**	**17**	**2,333**	**45**	**(266)**
Other Businesses	**25**	**27**	**52**	**—**	**14**
Reconciling Items and Eliminations	**—**	**(44)**	**(44)**	**—**	**(9)**
Total	**$ 2,341**	**$ —**	**$ 2,341**	**$ 45**	**$ (261)**
First Quarter 2015					
Flat-Rolled	$ 2,194	$ 103	$ 2,297	$ 5	$ (67)
USSE	691	1	692	—	37
Tubular	371	—	371	3	1
Total reportable segments	3,256	104	3,360	8	(29)
Other Businesses	16	28	44	(2)	8
Reconciling Items and Eliminations	—	(132)	(132)	—	(166)
Total	$ 3,272	$ —	$ 3,272	$ 6	$ (187)

The following is a schedule of reconciling items to EBIT:

(In millions)	Three Months Ended March 31, 2016	2015
Items not allocated to segments:		
Postretirement benefit income / (expense) [(a)]	**$ 16**	$ (13)
Other items not allocated to segments:		
Supplemental unemployment and severance costs [(b)]	**(25)**	—
Loss on shutdown of coke production facilities [(c)]	**—**	(153)
Total other items not allocated to segments	**(25)**	(153)
Total reconciling items	**$ (9)**	$ (166)

[(a)] Consists of the net periodic benefit cost elements, other than service cost and amortization of prior service cost for active employees, associated with our defined pension, retiree health care and life insurance benefit plans.
[(b)] Approximately $15 million is included in Cost of sales and approximately $10 million is included in the Restructuring and other charges in the Consolidated Statement of Operations. See Note 18 to the Consolidated Financial Statements.
[(c)] Included in Restructuring and other charges on the Consolidated Statements of Operations. See Note 18 to the Consolidated Financial Statements.

4. Intangible Assets

Intangible assets are being amortized on a straight-line basis over their estimated useful lives and are detailed below:

		As of March 31, 2016			As of December 31, 2015		
(In millions)	Useful Lives	Gross Carrying Amount	Accumulated Amortization	Net Amount	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer relationships	22-23 Years	**$ 132**	**$ 54**	**$ 78**	$ 132	$ 52	$ 80
Other	2-20 Years	**17**	**8**	**9**	17	8	9
Total amortizable intangible assets		**$ 149**	**$ 62**	**$ 87**	$ 149	$ 60	$ 89

The carrying amount of acquired water rights with indefinite lives as of March 31, 2016 and December 31, 2015 totaled $75 million. The water rights are tested for impairment annually in the third quarter, or whenever events or circumstances indicate that the carrying value may not be recoverable. U. S. Steel performed a quantitative impairment evaluation of its water rights in 2015, which indicated that they were not impaired.

During 2013, U. S. Steel acquired indefinite-lived intangible assets for $12 million and entered into an agreement to make future payments contingent upon certain factors. The present value of the aggregate purchase price was $36 million (maximum potential purchase price of $65 million), and U. S. Steel allocated $33 million to indefinite-lived intangible assets, based upon their estimated fair value. The liability for contingent consideration will be reassessed each quarter. The maximum potential liability for contingent consideration is $53 million as of March 31, 2016. As of March 31, 2016, U. S. Steel has recorded a liability of $20 million to reflect the estimated fair value of the contingent consideration. Contingent consideration was valued using a discounted cash flow using both Level 2 inputs such as patent royalty rates and bond yields, as well as significant unobservable Level 3 inputs, including internal forecasts and other discount rate information. These indefinite-lived intangible assets are tested for impairment annually in the third quarter, or whenever events or circumstances indicate that the carrying value may not be recoverable. U. S. Steel performed a quantitative impairment evaluation of these assets in 2015, which indicated that they were not impaired.

Identifiable intangible assets with finite lives are reviewed for impairment whenever events or circumstances indicate that the carrying values may not be recoverable. During the fourth quarter of 2015, U. S. Steel completed a review of certain of its identifiable intangible assets with finite lives and determined that the assets were not impaired.

Amortization expense was $2 million in both the three months ended March 31, 2016 and March 31, 2015. The estimated future amortization expense of identifiable intangible assets during the next five years is $5 million for the remaining portion of 2016 and $7 million each year from 2017 to 2020.

5. Pensions and Other Benefits

The following table reflects the components of net periodic benefit cost for the three months ended March 31, 2016 and 2015:

(In millions)	Pension Benefits 2016	Pension Benefits 2015	Other Benefits 2016	Other Benefits 2015
Service cost	**$ 13**	$ 26	**$ 5**	$ 5
Interest cost	**65**	66	**25**	24
Expected return on plan assets	**(105)**	(110)	**(37)**	(38)
Amortization of prior service cost	**3**	4	**6**	(2)
Amortization of actuarial net loss	**32**	64	**—**	2
Net periodic benefit cost, excluding below	**8**	50	**(1)**	(9)
Multiemployer plans	**17**	18	**—**	—
Settlement, termination and curtailment losses	**—**	3	**—**	—
Net periodic benefit cost (income)	**$ 25**	$ 71	**$ (1)**	$ (9)

Employer Contributions
During the first three months of 2016, U. S. Steel made cash payments of $17 million to the Steelworkers' Pension Trust and $2 million of pension payments not funded by trusts.

During the first three months of 2016, cash payments of $13 million were made for other postretirement benefit payments not funded by trusts. The cash benefit payments not funded by trusts has been reduced by approximately $20 million to reflect the utilization of assets from our trust for represented retiree health care and life insurance benefits to pay eligible claims.

Company contributions to defined contribution plans totaled $11 million and $10 million for the three months ended March 31, 2016 and 2015, respectively.

Other Postemployment Benefits
On February 1 , 2016, the USW ratified successor three year Collective Bargaining Agreements with U. S. Steel and its U. S. Steel Tubular Products, Inc. subsidiary (the 2015 Labor Agreements).

The 2015 Labor Agreements provide for certain employee and retiree benefit modifications, as well as the closure of the defined benefit retiree health care and life insurance plans (Other Benefits) to employees hired, or rehired under certain conditions, on or after January 1, 2016. Instead, these employees will receive a company defined contribution into a savings account of $0.50 per hour worked.

The 2015 Labor Agreements required remeasurement of the Other Benefits plans effective February 1, 2016, to reflect the changes to retiree benefits. The discount rate used for the February 1, 2016 remeasurement was 4.00 percent, as compared to 4.25 percent at December 31, 2015.

As a result of the remeasurement, the Other Benefits obligations increased by $213 million as compared to December 31, 2015, primarily due to an increase of approximately $172 million resulting from benefit and plan design changes in the 2015 Labor Agreements and an increase of $41 million as a result of a decrease in the discount rate. With the obligation increase, and a decrease in the market value of the assets for the Other Benefits plans on February 1, 2016, the funded status of the plans decreased by approximately $253 million.

Non-retirement postemployment benefits
U. S. Steel incurred costs of approximately $15 million and $14 million for the three months ended March 31, 2016 and 2015, respectively, related to the accrual of employee costs for supplemental unemployment benefits and the continuation of health care benefits and life insurance coverage for employees associated with the temporary idling of certain facilities and reduced production at others. Payments during the three months ended March 31, 2016 were $18 million. Payments during the three months ended March 31, 2015 were insignificant.

Pension Funding

In November 2015, pension stabilization legislation further extended a revised interest rate formula to be used to measure defined benefit pension obligations for calculating minimum annual contributions. The new interest rate formula results in higher interest rates for minimum funding calculations as compared to prior law over the next few years, which will improve the funded status of our main defined benefit pension plan and reduce minimum required contributions. U. S. Steel will monitor the status of the plan to determine when voluntary contributions may be prudent in order to mitigate potentially larger mandatory contributions in later years. The Company estimates there will be no minimum required contribution to the main pension plan in 2016.

6. Net Interest and Other Financial Costs

Net interest and other financial costs includes interest expense (net of capitalized interest), interest income, financing costs, derivatives gains and losses and foreign currency remeasurement gains and losses. Foreign currency gains and losses are primarily a result of foreign currency denominated assets and liabilities that require remeasurement and the impacts of euro-U.S. dollar derivatives activity. During the three months ended March 31, 2016 and 2015, net foreign currency losses of $8 million and gains of less than $1 million respectively, were recorded in other financial costs.

See Note 11 for additional information on U. S. Steel's use of derivatives to mitigate its foreign currency exchange rate exposure.

7. Stock-Based Compensation Plans

U. S. Steel has outstanding stock-based compensation awards that were granted by the Compensation & Organization Committee of the Board of Directors (the Committee) under the 2005 Stock Incentive Plan (the Plan), which is more fully described in Note 14 of the United States Steel Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2015. An aggregate of 21,250,000 shares of U. S. Steel common stock may be issued under the Plan. As of March 31, 2016, there were 1,861,972 shares available for future grants. On April 26, 2016, the Company's stockholders approved the 2016 Omnibus Incentive Compensation Plan (the Omnibus Plan). Under the Omnibus Plan, the Company is authorized to issue up to 7,200,000 shares of common stock. While the awards that were previously granted under the Plan remain outstanding, all future awards will be granted under the Omnibus Plan.

Recent grants of stock-based compensation consisted of total shareholder return (TSR) performance awards. There were no annual grants of stock options or restricted stock units during the first quarter of 2016. First quarter 2015 grants of stock-based compensation consisted of stock options, restricted stock unit awards and TSR performance awards. Stock options are generally issued at the market price of the underlying stock on the date of the grant. Upon exercise of stock options, shares of U. S. Steel common stock are issued from treasury stock. The following table is a general summary of the awards made under the Plan.

	2016		2015	
Grant Details	**Shares[a]**	**Fair Value[b]**	**Shares[a]**	**Fair Value[b]**
Stock Options	—	$ —	1,607,190	$ 10.04
Restricted Stock Units	—	$ —	765,750	$ 24.75
TSR Performance Awards [c]	**308,130**	**$ 10.02**	273,560	$ 24.95

[a] The share amounts shown in this table do not reflect an adjustment for estimated forfeitures.
[b] Represents the per share weighted-average for all grants during the quarter.
[c] The number of performance awards shown represents the target value of the award.

U. S. Steel recognized pretax stock-based compensation expense in the amount of $6 million and $11 million in the three month periods ended March 31, 2016 and 2015, respectively.

As of March 31, 2016, total future compensation expense related to nonvested stock-based compensation arrangements was $26 million, and the weighted average period over which this expense is expected to be recognized is approximately 1 year.

Compensation expense for stock options is recorded over the vesting period based on the fair value on the date of grant, as calculated by U. S. Steel using the Black-Scholes model and the assumptions listed below. The stock options vest ratably over a three-year service period and have a term of ten years.

Black-Scholes Assumptions		2015 Grants
Grant date price per share of option award	$	**24.78**
Exercise price per share of option award	$	**24.78**
Expected annual dividends per share, at grant date	$	**0.20**
Expected life in years		**5**
Expected volatility		**47%**
Risk-free interest rate		**1.6%**
Grant date fair value per share of unvested option awards as calculated from above	$	**10.04**

The expected annual dividends per share are based on the latest annualized dividend rate at the date of grant; the expected life in years is determined primarily from historical stock option exercise data; the expected volatility is based on the historical volatility of U. S. Steel stock; and the risk-free interest rate is based on the U.S. Treasury strip rate for the expected life of the option.

Restricted stock units generally vest ratably over three years. The fair value of the restricted stock units is the average market price of the underlying common stock on the date of the grant.

TSR performance awards 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 return of a peer group of companies over the three-year performance period. TSR performance awards can vest at between zero and 200 percent of the target award. The fair value of the TSR performance awards is calculated using a Monte-Carlo simulation.

8. Income Taxes

Tax provision

For the three months ended March 31, 2016 and 2015, we recorded a tax provision of $14 million on our pretax loss of $326 million and a tax benefit of $174 million on our pretax loss of $249 million, respectively. Due to the full valuation allowance on our domestic deferred tax assets, the tax provision does not reflect any tax benefit for domestic pretax losses. For 2015, the tax provision reflects a benefit for percentage depletion in excess of cost depletion for iron ore that we produce and consume or sell and a net benefit of $31 million relating to the adjustment of certain tax reserves in the first three months of 2015.

The tax provision for the first three months of 2016 is based on an estimated annual effective rate, which requires management to make its best estimate of annual pretax income or loss. Due to the full valuation allowance on our domestic deferred tax assets, the tax provision does not reflect any tax benefit for domestic pretax losses.

During the year, management regularly updates forecasted annual pretax results for the various countries in which we operate based on changes in factors such as prices, shipments, product mix, plant operating performance and cost estimates. To the extent that actual 2016 pretax results for U.S. and foreign income or loss vary from estimates applied herein, the actual tax provision or benefit recognized in 2016 could be materially different from the forecasted amount used to estimate the tax provision for the three months ended March 31, 2016.

Deferred taxes

Each quarter U. S. Steel analyzes the likelihood that our deferred tax assets will be realized. A valuation allowance is recorded if, based on the weight of all available positive and negative evidence, it is more likely than not that some portion, or all, of a deferred tax asset may not be realized. At December 31, 2015, the Company determined that a valuation of $804 million was required for the Company's domestic deferred tax assets.

At March 31, 2016, U. S. Steel reviewed all available positive and negative evidence and determined that it is more likely than not that all of its net domestic deferred tax asset may not be realized. As a result, an incremental valuation allowance of $224 million was recorded against the increase in the net domestic deferred tax asset (excluding a deferred tax liability related to an asset with an indefinite life).

U. S. Steel will continue to monitor the realizability of its deferred tax assets on a quarterly basis. In the future, if we determine that realization is more likely than not for deferred tax assets with a valuation allowance, the related valuation allowance will be reduced, and we will record a non-cash benefit to earnings.

As of March 31, 2016, the valuation allowance for the net domestic deferred tax asset was $1,028 million, compared to $804 million as December 31, 2015. As of March 31, 2016 and December 31, 2015, the net domestic deferred tax liability was $29 million.

As of March 31, 2016, the net foreign deferred tax asset was $7 million, net of an established valuation allowance of $4 million. At December 31, 2015, the net foreign deferred tax asset was $15 million, net of an established valuation allowance of $4 million. The net foreign deferred tax asset will fluctuate as the value of the U.S. dollar changes with respect to the euro.

Unrecognized tax benefits

Unrecognized tax benefits are the differences between a tax position taken, or expected to be taken, in a tax return and the benefit recognized for accounting purposes pursuant to the guidance in Accounting Standards Codification (ASC) Topic 740 on income taxes. The total amount of gross unrecognized tax benefits was $75 million at March 31, 2016 and $74 million at December 31, 2015. The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was $11 million as of March 31, 2016 and $12 million as of December 31, 2015.

U. S. Steel records interest related to uncertain tax positions as a part of net interest and other financial costs in the Consolidated Statement of Operations. Any penalties are recognized as part of selling, general and administrative expenses. As of March 31, 2016 and December 31, 2015, U. S. Steel had accrued liabilities of $5 million and $1 million, respectively, for interest and penalties related to uncertain tax positions.

9. Earnings and Dividends Per Common Share

Earnings Per Share Attributable to United States Steel Corporation Stockholders

Basic earnings per common share is based on the weighted average number of common shares outstanding during the period.

Diluted earnings per common share assumes the exercise of stock options, the vesting of restricted stock units and performance awards and the conversion of convertible notes, provided in each case the effect is dilutive. The “treasury stock” method was used to calculate the dilutive effect of the Senior Convertible Notes due in 2019 (2019 Senior Convertible Notes) while they were outstanding due to our intent and policy at the time of issuance to settle the principal amount of the 2019 Senior Convertible Notes in cash if they were converted (as described in Note 16 to the Annual Report on Form 10-K, the 2019 Senior Convertible Notes were redeemed in the fourth quarter of 2015).

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 March 31,	
	2016	**2015**
Loss attributable to United States Steel Corporation stockholders	**$ (340)**	$ (75)
Weighted-average shares outstanding (in thousands):		
Basic	**146,402**	145,733
Effect of stock options, restricted stock units and performance awards	**—**	—
Adjusted weighted-average shares outstanding, diluted	**146,402**	145,733
Basic earnings per common share	**$ (2.32)**	$ (0.52)
Diluted earnings per common share	**$ (2.32)**	$ (0.52)

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

(In thousands)	Three Months Ended March 31,	
	2016	**2015**
Securities granted under the 2005 Stock Incentive Plan, as amended	**8,567**	10,056

Dividends Paid Per Share
The dividend for the first quarter of 2016 and 2015 was five cents per common share.

10. Inventories

Inventories are carried at the lower of cost or market. The first-in, first-out method is the predominant method of inventory costing in Europe. The last-in, first-out (LIFO) method is the predominant method of inventory costing in the United States. At March 31, 2016 and December 31, 2015, the LIFO method accounted for 82 percent and 80 percent of total inventory values, respectively.

(In millions)	March 31, 2016	December 31, 2015
Raw materials	**$ 518**	$ 766
Semi-finished products	**819**	841
Finished products	**406**	392
Supplies and sundry items	**58**	75
Total	**$ 1,801**	$ 2,074

Current acquisition costs were estimated to exceed the above inventory values by $792 million and $900 million at March 31, 2016 and December 31, 2015, respectively. As a result of the liquidation of LIFO inventories, cost of sales increased and EBIT decreased by $46 million and $4 million in the three months ended March 31, 2016 and March 31, 2015, respectively.

Inventory includes $53 million and $64 million of property held for residential or commercial development as of March 31, 2016 and December 31, 2015, respectively.

11. Derivative Instruments

U. S. Steel is exposed to foreign currency exchange rate risks as a result of our European operations. USSE’s revenues are primarily in euros and costs are primarily in U.S. dollars and euros. 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 period.

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 currency requirements and exposure to foreign currency exchange rate fluctuations. Derivative instruments are required to be recognized at fair value in the Consolidated 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 Consolidated Statements of Operations.

As of March 31, 2016, U. S. Steel held euro forward sales contracts with a total notional value of approximately $224 million. We mitigate the risk of concentration of counterparty credit risk by purchasing our forward sales contracts from several counterparties.

Additionally, U. S. Steel uses 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. During 2016 and 2015, the forward physical purchase contracts for natural gas and nonferrous metals qualified for the normal purchases and normal sales exemption described in ASC Topic 815 and were not subject to mark-to-market accounting.

The following summarizes the location and amounts of the fair values and gains or losses related to derivatives included in U. S. Steel's consolidated financial statements as of March 31, 2016 and December 31, 2015 and for the three months ended March 31, 2016 and 2015:

		Fair Value	Fair Value
(In millions)	**Balance Sheet Location**	**March 31, 2016**	**December 31, 2015**
Foreign exchange forward contracts	Accounts receivable	**$ —**	$ 4
Foreign exchange forward contracts	Accounts payable	**$ 6**	$ 1

		Amount of Gain	Amount of Gain
(In millions)	**Statement of Operations Location**	**Three Months Ended March 31, 2016**	**Three Months Ended March 31, 2015**
Foreign exchange forward contracts	Other financial costs	**$ 10**	**$ 43**

In accordance with the guidance in ASC Topic 820 on fair value measurements and disclosures, the fair value of our euro forward sales contracts was determined using Level 2 inputs, which are defined as "significant other observable" inputs. The inputs used are from market sources that aggregate data based upon market transactions.

12. Debt

(In millions)	Interest Rates %	Maturity	March 31, 2016	December 31, 2015
2037 Senior Notes	6.65	2037	**$ 350**	$ 350
2022 Senior Notes	7.50	2022	**400**	400
2021 Senior Notes	6.875	2021	**275**	275
2020 Senior Notes	7.375	2020	**600**	600
2018 Senior Notes	7.00	2018	**487**	500
2017 Senior Notes	6.05	2017	**444**	450
Environmental Revenue Bonds	5.50 - 6.88	2016 - 2042	**490**	490
Recovery Zone Facility Bonds	6.75	2040	**70**	70
Fairfield Caster Lease		2022	**30**	30
Other capital leases and all other obligations		2019	**1**	1
Third Amended and Restated Credit Agreement	Variable	2020	**—**	—
USSK Revolver	Variable	2019	**—**	—
USSK credit facilities	Variable	2016 - 2018	**—**	—
Total Debt			**3,147**	3,166
Less unamortized discount and debt issuance costs			**4**	5
Less deferred issuance costs			**22**	23
Less short-term debt and long-term debt due within one year			**45**	45
Long-term debt			**$ 3,076**	$ 3,093

To the extent not otherwise discussed below, information concerning the Senior Notes and other listed obligations can be found in Note 16 of the audited financial statements in the United States Steel Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Repurchase of Senior Notes

During the first quarter of 2016, the Company repurchased approximately $6 million of its 2017 6.05% Senior Notes at an average rate of 92.305 percent and approximately $13 million of its 2018 7.00% Senior Notes at an average rate of 87.962 percent. The repurchase resulted in a gain on extinguishment of approximately $2 million.

Third Amended and Restated Credit Agreement

As of March 31, 2016, there were no amounts drawn on the $1.5 billion credit facility agreement (Third Amended and Restated Credit Agreement) and inventory and trade receivable amounts less specified reserves calculated in accordance with the Third Amended and Restated Credit Agreement supported the full $1.5 billion of the facility. Maturity may be accelerated 91 days prior to the stated maturity of any outstanding senior debt if excess cash and credit facility availability do not meet the liquidity conditions set forth in the Third Amended and Restated Credit Agreement. Borrowings are secured by liens on certain domestic inventory and trade accounts receivable.

U. S. Steel must maintain a fixed charge coverage ratio of at least 1.00 to 1.00 for the most recent four consecutive quarters when availability under the Third Amended Credit Agreement is less than the greater of 10 percent of the total aggregate commitments and $150 million. Since availability was greater than $150 million, compliance with the fixed charge coverage ratio covenant was not applicable. Based on the most recent four quarters as of March 31, 2016, we would not meet this covenant. So long as we continue to not meet this covenant, the amount available to the Company under this facility is effectively reduced by $150 million. Also, if the value of our inventory and trade accounts receivable do not support the full amount of the facility, the amount available to the Company under this facility would be reduced.

The Third Amended and Restated Credit Agreement provides for borrowings at interest rates based on defined, short-term market rates plus a spread based on availability and includes other customary terms and conditions including restrictions on our ability to create certain liens and to consolidate, merge or transfer all, or substantially all, of our assets. The Third Amended and Restated Credit Agreement expires in July 2020. On February 24, 2016, the Company entered into an amendment to the Third Amended and Restated Credit Agreement that updated certain definitions to conform to the definitions of similar terms used in the Corporation's outstanding indentures. Additionally, the amendment increased the threshold for incurrence of additional secured debt from 10% to 15% of Consolidated Net Tangible Assets.

U. S. Steel Košice (USSK) credit facilities
At March 31, 2016, USSK had no borrowings under its €200 million (approximately $228 million) unsecured revolving credit facility (the USSK Credit Agreement). The USSK Credit Agreement contains certain USSK financial covenants, including maximum Leverage, maximum Net Debt to Tangible Net Worth, and minimum Interest Cover ratios. The covenants are measured semi-annually for the period covering the last twelve calendar months. USSK may not draw on the USSK Credit Agreement if it does not comply with any of the financial covenants until the next measurement date on which it does. The USSK Credit Agreement expires in July 2019. At March 31, 2016, USSK had full availability under the USSK Credit Agreement.

At March 31, 2016, USSK had no borrowings under its €40 million and €10 million unsecured credit facilities (collectively approximately $57 million) and the availability was approximately $56 million due to approximately $1 million of customs and other guarantees outstanding.

Each of these facilities bear interest at the applicable inter-bank offer rate plus a margin and contain customary terms and conditions.

Change in control event
If there is a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling $2,556 million as of March 31, 2016 (including the Senior Notes) may be declared due and payable; (b) the Third Amended and Restated Credit Agreement, and USSK's €200 million Revolving Credit Agreement may be terminated and any amounts outstanding declared due and payable; and (c) U. S. Steel may be required to either repurchase the leased Fairfield Works slab caster for $30 million or provide a letter of credit to secure the remaining obligation.

13. Asset Retirement Obligations

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

(In millions)	March 31, 2016	December 31, 2015
Balance at beginning of year	**$ 89**	$ 48
Additional obligations incurred	**—**	45 [a]
Obligations settled	**(4)**	(6)
Foreign currency translation effects	**—**	(1)
Accretion expense	**1**	3
Balance at end of period	**$ 86**	$ 89

[a] Additional AROs relate to the permanent closure of the coke production facilities at Gary Works and Granite City Works.

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

14. Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, current accounts and notes receivable, accounts payable, bank checks outstanding, and accrued interest included in the Consolidated Balance Sheet approximate fair value. See Note 11 for disclosure of U. S. Steel's derivative instruments, which are accounted for at fair value on a recurring basis.

The following table summarizes U. S. Steel's financial liabilities that were not carried at fair value at March 31, 2016 and December 31, 2015.

	March 31, 2016		December 31, 2015	
(In millions)	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial liabilities:				
Long-term debt [(a)]	**$ 2,502**	**$ 3,090**	$ 1,896	$ 3,107

(a) Excludes capital lease obligations.

The following methods and assumptions were used to estimate the fair value of financial instruments included in the table above:

Long-term debt: Fair value was determined using Level 2 inputs which were derived from quoted market prices and is based on the yield on public debt where available or current borrowing rates available for financings with similar terms and maturities.

Fair value of the financial 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 19.

15. Statement of Changes in Stockholders' Equity

The following table reflects the first three months of 2016 and 2015 reconciliation of the carrying amount of total equity, equity attributable to U. S. Steel and equity attributable to noncontrolling interests:

Three Months Ended March 31, 2016 (In millions)	Total	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stock	Treasury Stock	Paid-in Capital	Non-Controlling Interest
Balance at beginning of year	$ 2,437	$ 190	$ (1,169)	$ 151	$ (339)	$ 3,603	$ 1
Comprehensive income (loss):							
Net loss	(340)	(340)					
Other comprehensive income (loss), net of tax:							
Pension and other benefit adjustments	(224)		(224)				
Currency translation adjustment	61		61				
Employee stock plans	5				14	(9)	
Dividends paid on common stock	(7)	(7)					
Other	11	—	$ 11				
Balance at March 31, 2016	$ 1,943	$ (157)	$ (1,321)	$ 151	$ (325)	$ 3,594	$ 1

Three Months Ended March 31, 2015 (In millions)	Total	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Common Stock	Treasury Stock	Paid-in Capital	Non-Controlling Interest
Balance at beginning of year	$ 3,800	$ 1,862	$ (1,441)	$ 151	$ (396)	$ 3,623	$ 1
Comprehensive income (loss):							
Net loss	(75)	(75)					
Other comprehensive income (loss), net of tax:							
Pension and other benefit adjustments	43		43				
Currency translation adjustment	(103)		(103)				
Employee stock plans	11				1	10	
Dividends paid on common stock	(7)	(7)					
Other	(1)	(1)					
Balance at March 31, 2015	$ 3,668	$ 1,779	$ (1,501)	$ 151	$ (395)	$ 3,633	$ 1

16. Reclassifications from Accumulated Other Comprehensive Income (AOCI)

(In millions) [a]	Pension and Other Benefit Items	Foreign Currency Items	Other	Total
Balance at December 31, 2015	$ (1,479)	$ 312	$ (2)	$ (1,169)
Other comprehensive (loss) income before reclassifications	**(183)**	**61**	**8**	**(114)**
Amounts reclassified from AOCI	**(41)** [b]	**—**	**3**	**(38)**
Net current-period other comprehensive income	**(224)**	**61**	**11**	**(152)**
Balance at March 31, 2016	**$ (1,703)**	**$ 373**	**$ 9**	**$ (1,321)**

(a) Amounts for 2016 do not reflect a tax benefit as a result of a full valuation allowance on our domestic deferred tax assets. Amounts for 2015 are shown net of tax. Amounts in parentheses indicate decreases in AOCI.
(b) See table below for further details.

(In millions) [a]	Details about AOCI components	Amount reclassified from AOCI Three Months Ended March 31, 2016	 2015
	Amortization of pension and other benefit items		
	Prior service costs [b]	**$ (9)**	**$ (2)**
	Actuarial losses [b]	**(32)**	**(66)**
	Settlement, termination and curtailment gains [b]	**—**	**(3)**
	Total before tax	**(41)**	**(71)**
	Tax benefit [c]	**—**	**27**
	Net of tax	**$ (41)**	**$ (44)**

(a) Amounts in parentheses indicate decreases in AOCI.
(b) These AOCI components are included in the computation of net periodic benefit cost (see Note 5 for additional details).
(c) Amount for 2016 does not reflect a tax benefit as a result of a full valuation allowance on our domestic deferred tax assets.

17. Transactions with Related Parties

Net sales to related parties and receivables from related parties primarily reflect sales of raw materials and steel products to equity investees and U. S. Steel Canada (USSC) after the Canada Companies' Creditor Arrangement Act (CCAA) filing on September 16, 2014. Generally, transactions are conducted under long-term market-based contractual arrangements. Related party sales and service transactions were $315 million and $326 million for the three months ended March 31, 2016 and 2015, respectively.

Purchases from related parties for outside processing services provided by equity investees and USSC after the CCAA filing on September 16, 2014 amounted to $19 million and $101 million for the three months ended March 31, 2016 and 2015, respectively. Purchases of iron ore pellets from related parties amounted to $46 million and $55 million for the three months ended March 31, 2016 and 2015 respectively.

Accounts payable to related parties include balances due to PRO-TEC Coating Company (PRO-TEC) of $73 million and $66 million at March 31, 2016 and December 31, 2015, respectively for invoicing and receivables collection services provided by U. S. Steel. U. S. Steel, as PRO-TEC's exclusive sales agent, is responsible for credit risk related to those receivables. U. S. Steel also provides PRO-TEC marketing, selling and customer service functions. Payables to other related parties, including USSC after the CCAA filing on September 16, 2014, totaled $15 million at both March 31, 2016 and December 31, 2015.

18. Restructuring and Other Charges

As a result of continued low steel and energy prices and decreased demand for steel products, during the three months ended March 31, 2016, the Company recorded a charge of $10 million associated with Company wide headcount reductions, including within our Flat-Rolled, Tubular and USSE segments. This charge includes costs for supplemental unemployment and severance benefits as well as the continuation of health care benefits.

During the three months ended March 31, 2015 , the Company recorded a charge of $153 million related to the permanent shutdown of the cokemaking operations at Gary Works and Granite City Works, within our Flat-Rolled segment. In addition to the write-down of assets, the charge also includes employee related costs, including costs for severance, supplemental unemployment benefits and continuation of health care benefits of $18 million and other shutdown costs, primarily environmental.

Charges for restructuring and ongoing cost reduction initiatives are recorded in the period the Company commits to a restructuring or cost reduction plan, or executes specific actions contemplated by the plan and all criteria for liability recognition have been met. Charges related to the restructuring and cost reductions are reported in restructuring and other charges in the Consolidated Statements of Operations.

The activity in the accrued balances incurred in relation to restructuring and other cost reduction programs during the three months ended March 31, 2016 were as follows:

(in millions)		Employee Related Costs		Exit Costs		Total
Balance at December 31, 2015	$	48	$	107	$	155
Additional charges		**14**		**—**		**14**
Cash payments/utilization		**(12)**		**(21)**		**(33)**
Other adjustments and reclassifications		**(4)**		**—**		**(4)**
Balance at March 31, 2016	**$**	**46**	**$**	**86**	**$**	**132**

Accrued liabilities for restructuring and other cost reduction programs are included in the following balance sheet lines:

(in millions)		March 31, 2016		December 31, 2015
Accounts payable	**$**	**66**	$	90
Payroll and benefits payable		**41**		48
Employee Benefits		**5**		—
Deferred credits and other noncurrent liabilities		**20**		17
Total	**$**	**132**	$	155

19. Contingencies and Commitments

U. S. Steel is the subject of, or 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. Certain of these matters are discussed below. The ultimate resolution of these contingencies could, individually or in the aggregate, be material to the consolidated financial statements.

U. S. Steel accrues for estimated costs related to existing lawsuits, claims and proceedings when it is probable that it will incur these costs in the future and the costs are reasonably determinable.

Asbestos matters – As of March 31, 2016, U. S. Steel was a defendant in approximately 810 active cases involving approximately 3,305 plaintiffs. The vast majority of these cases involve multiple defendants. At December 31, 2015, U. S. Steel was a defendant in approximately 820 active cases involving approximately 3,315 plaintiffs. About 2,505, or approximately 76 percent, of these plaintiff claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. Based upon U. S. Steel's experience in such cases, it believes that the actual number of plaintiffs who ultimately assert claims against U. S. Steel will likely be a small fraction of the total number of plaintiffs. During the three months ended March 31, 2016, settlements and other dispositions resolved approximately 80 cases, and new case filings added approximately 70 cases. During 2015, settlements and other dispositions resolved approximately 415 cases, and new case filings added approximately 275 cases.

The following table shows the activity with respect to asbestos litigation:

Period ended	Opening Number of Claims	Claims Dismissed, Settled and Resolved	New Claims	Closing Number of Claims
December 31, 2013	3,330	250	240	3,320
December 31, 2014	3,320	190	325	3,455
December 31, 2015	3,455	415	275	3,315
March 31, 2016	3,315	80	70	3,305

Historically, asbestos-related claims against U. S. Steel fall into three major groups: (1) claims made by persons who allegedly were exposed to asbestos on the premises of U. S. Steel facilities; (2) claims made by persons allegedly exposed to products manufactured by U. S. Steel; and (3) claims made under certain federal and maritime laws by employees of former operations of U. S. Steel.

The amount U. S. Steel accrues for pending asbestos claims is not material to U. S. Steel's financial condition. However, U. S. Steel is unable to estimate the ultimate outcome of asbestos-related claims due to a number of uncertainties, including: (1) the rates at which new claims are filed, (2) the number of and effect of bankruptcies of other companies traditionally defending asbestos claims, (3) uncertainties associated with the variations in the litigation process from jurisdiction to jurisdiction, (4) uncertainties regarding the facts, circumstances and disease process with each claim, and (5) any new legislation enacted to address asbestos-related claims. Despite these uncertainties, management believes that the ultimate resolution of these matters will not have a material adverse effect on U. S. Steel's financial condition, although the resolution of such matters could significantly impact results of operations for a particular quarter.

Environmental matters – U. S. Steel is subject to federal, state, local and foreign laws and regulations relating to the environment. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for noncompliance. Changes in accrued liabilities for remediation activities where U. S. Steel is identified as a named party are summarized in the following table:

(In millions)		**Three Months Ended March 31, 2016**
Beginning of period	**$**	**197**
Accruals for environmental remediation deemed probable and reasonably estimable		**—**
Adjustments for changes in estimates		**(3)**
Obligations settled		**(3)**
End of period	**$**	**191**

Accrued liabilities for remediation activities are included in the following Consolidated Balance Sheet lines:

(In millions)		**March 31, 2016**		**December 31, 2015**
Accounts payable	**$**	**14**	$	14
Deferred credits and other noncurrent liabilities		**177**		183
Total	**$**	**191**	$	197

Expenses related to remediation are recorded in cost of sales and were insignificant for both three month periods ended March 31, 2016 and March 31, 2015. It is not presently possible to estimate the ultimate amount of all remediation costs that might be incurred or the penalties that may be imposed. Due to uncertainties inherent in remediation projects and the associated liabilities, it is reasonably possible that total remediation costs for active matters may exceed the accrued liabilities by as much as 15 to 25 percent.

Remediation Projects
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 -* Projects which are still in the 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/or cost estimates cannot be determined. Therefore, significant costs, in addition to the accrued liabilities for these projects, are reasonably possible. There are five environmental remediation projects where additional costs for completion are not currently estimable, but could be material. These projects are at Fairfield Works, Lorain Tubular, USS-POSCO industries (UPI), the Fairless Plant, and the former steelmaking plant at Joliet, Illinois. As of March 31, 2016, accrued liabilities for these projects totaled $1 million for the costs of studies, investigations, interim measures, design and/or remediation. It is reasonably possible that additional liabilities associated with future requirements regarding studies, investigations, design and remediation for these projects could be as much as $25 million to $40 million.

(2) *Significant Projects with Defined Scope -* Projects with significant accrued liabilities with a defined scope. As of March 31, 2016, there are four significant projects with defined scope greater than or equal to $5 million each, with a total accrued liability of $149 million. These projects are Gary RCRA (accrued liability of $32 million), the former Geneva facility (accrued liability of $63 million), the former Duluth facility St. Louis River Estuary (accrued liability of $48 million), and the Solid Waste Management Unit (SWMU) #4 at UPI (accrued liability of $6 million).

(3) *Other Projects with a Defined Scope -* Projects with relatively small accrued liabilities for which we believe that, while additional costs are possible, they are not likely to be significant, and also include those projects for which we do not yet possess sufficient information to estimate potential costs to U. S. Steel. There are three 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 March 31, 2016 was $4 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 March 31, 2016 was $6 million. We do not foresee material additional liabilities for these sites.

Post-Closure Costs – Accrued liabilities for post-closure site monitoring and other costs at various closed landfills totaled $24 million at March 31, 2016 and were based on known scopes of work.

Administrative and Legal Costs – As of March 31, 2016, U. S. Steel had an accrued liability of $7 million for administrative and legal costs related to environmental remediation projects. These accrued liabilities were based on projected administrative and legal costs for the next three years and do not change significantly from year to year.

Capital Expenditures – For a number of years, U. S. Steel has made substantial capital expenditures to bring existing facilities into compliance with various laws relating to the environment. In the first three months of 2016 and 2015, such capital expenditures totaled $8 million and $23 million, respectively. U. S. Steel anticipates making additional such expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

CO_2 Emissions – Current and potential regulation of greenhouse gas (GHG) 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 European Union (EU) has established GHG regulations based upon national allocations and a cap and trade system. In the United States, the Environmental Protection Agency (EPA) has published rules for regulating GHG emissions for certain facilities (both new and existing). The U.S. Supreme Court has upheld the EPA's authority under the Clean Air Act (CAA) to regulate GHG emissions from new or modified stationary sources that are required to obtain pre-construction and operating permits for non-GHG regulated air pollutants, and federal courts are considering several suits that challenge the EPA's authority to regulate GHG emissions from other types of sources (including existing sources). Congress could take additional action to increase the regulation of GHG emissions.

NAAQS Standards - The EPA recently revised the National Ambient Air Quality Standards (NAAQS) for nitrogen oxide, sulfur dioxide, particulate matter, and lead. It is likely that the new requirements in the State Implementation Plans (SIPs) for sulfur dioxide and particulate matter would be material to U. S. Steel, though we are unable to reasonably estimate such amount at this time.

EU Environmental Requirements – Slovakia adopted a new waste code in March 2015 that was effective January 1, 2016. This legislation implements the EU Waste Framework Directive that strictly regulates waste disposal and encourages recycling, among other provisions, by increasing fees for waste disposed of in landfills, including privately owned industrial landfills. This legislation will not have a material impact on USSK.

Under the Emission Trading System (ETS) USSK's final allocation of free allowances for the Phase III period, which covers the years 2013 through 2020 is approximately 48 million allowances. Based on 2015 emission intensity levels and projected future production levels, and as a result of carryover allowances from the NAP II period, the earliest we would have to purchase allowances to meet the annual compliance submission would be the first quarter of 2018. We currently estimate a shortfall of 15 million allowances for the entire Phase III period. However, due to a number of variable factors such as the future market value of allowances, future production levels and future emission intensity levels, we cannot reliably estimate the full cost of complying with the ETS regulations at this time.

The EU’s Industry Emission Directive will require implementation of EU determined best available techniques (BAT) to reduce environmental impacts as well as compliance with BAT associated emission levels. Our most recent broad estimate of likely capital expenditures for projects to comply with or go beyond BAT requirements is €50 million to €165 million (approximately $55 million to $190 million) over the 2016 to 2020 period. There are ongoing efforts to seek EU grants to fund a portion of these capital expenditures. The actual amount spent will depend largely upon the amount of EU incentive grants received.

Due to other EU legislation, we will be required to make changes to the boilers at our steam and power generation plant in order to comply with stricter air emission limits for large combustion plants. In January 2014, the operation of USSK's boilers was approved by the European Commission as part of Slovakia's Transitional National Plan (TNP) for bringing all boilers in Slovakia into compliance by no later than 2020. The TNP establishes parameters for determining the date by which specific boilers are required to reach compliance with the new air standards, which has been determined to be October 2017 for our boilers. The boiler projects have been approved by our Board of Directors and we are now in the execution phase. These projects will result in a reduction in electricity, CO_2 emissions and operating, maintenance and waste disposal costs once completed. The current projected cost to reconstruct one existing boiler and build one new boiler to achieve compliance is approximately €125 million (approximately $140 million) of which €73 million (approximately $85 million) has already been spent through March 31, 2016. Broad legislative changes were enacted by the Slovak Republic to extend the scope of support for renewable sources of energy, which will allow USSK to participate in Slovakia's renewable energy incentive program once both boiler projects are completed.

Guarantees – The maximum guarantees of the indebtedness of unconsolidated entities of U. S. Steel totaled $4 million at March 31, 2016.

EPA Region V Federal Lawsuit – On August 1, 2012, the EPA, joined by the States of Illinois, Indiana and Michigan, initiated an action in the Northern District of Indiana alleging various air regulatory violations at Gary Works, Granite City Works, and Great Lakes Works. The action contends that Gary Works failed to obtain the proper Clean Air Act (CAA) pre-construction permit for a routine reline of its Blast Furnace No. 4 in 1990, and that the three facilities failed to meet certain operational, maintenance, opacity, and recordkeeping requirements. Civil penalties and injunctive relief is requested. U. S. Steel believes that the claims asserted in the action are not justified and are without legal foundation. The Court has dismissed all claims related to the Blast Furnace No. 4 reline. Fact discovery on the remaining claims is being conducted in three phases with discovery regarding Granite City Works and Great Lakes Works now complete. U. S. Steel will continue to vigorously defend against these claims. At this time, the potential outcome on the asserted claims is not reasonably estimable.

CCAA - On September 16, 2014 USSC commenced court-supervised restructuring proceedings under CCAA before the Ontario Superior Court of Justice. As part of the CCAA proceedings, U. S. Steel submitted both secured and unsecured claims of approximately C$2.2 billion which were verified by the court-appointed Monitor. U. S. Steel's claims were challenged by a number of interested parties and on February 29, 2016, the Court denied those challenges and verified U. S. Steel's secured claims in the amount of approximately $119 million and unsecured claims of approximately C$1.8 billion and $120 million. The interested parties have appealed the determinations of the Ontario Superior Court of Justice.

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 $10 million at March 31, 2016). No liability has been recorded for these guarantees as the potential loss is not probable.

Insurance – U. S. Steel maintains insurance for certain property damage, equipment, business interruption and general liability exposures; however, insurance is applicable only after certain deductibles and retainages. U. S. Steel is self-insured for certain other exposures including workers' compensation (where permitted by law) and auto liability. Liabilities are recorded for workers' compensation and personal injury obligations. Other costs resulting from losses under deductible or retainage amounts or not otherwise covered by insurance 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 $159 million as of March 31, 2016, which reflects U. S. Steel's maximum exposure under these financial guarantees, but not its total exposure for the underlying obligations. A significant portion of our letters of credit are collateralized by our Third Amended and Restated Credit Agreement. The remaining trust arrangements and letters of credit are collateralized by restricted cash. Restricted cash, which is recorded in other current and noncurrent assets, totaled $40 million at March 31, 2016, of which less than $1 million was classified as current, and $37 million at December 31, 2015, all of which was classified as noncurrent.

Capital Commitments – At March 31, 2016, U. S. Steel's contractual commitments to acquire property, plant and equipment totaled $199 million.

Contractual Purchase Commitments – U. S. Steel is obligated to make payments under contractual purchase commitments, including unconditional purchase obligations. Payments for contracts with remaining terms in excess of one year are summarized below (in millions):

Remainder of 2016	2017	2018	2019	2020	Later Years	Total
$585	$568	$564	$321	$296	$1,407	$3,741

The majority of U. S. Steel's unconditional purchase obligations relates to the supply of industrial gases, and certain energy and utility services with terms ranging from two to 16 years. Unconditional purchase obligations also include coke and steam purchase commitments related to a coke supply agreement with Gateway Energy & Coke Company LLC (Gateway) under which Gateway is obligated to supply a minimum volume of the expected targeted annual production of the heat recovery coke plant, and U. S. Steel is obligated to purchase the coke from Gateway at the contract price. As of March 31, 2016, if U. S. Steel were to terminate the agreement, it may be obligated to pay in excess of $200 million.

Total payments relating to unconditional purchase obligations were $132 million and $111 million for the three months ended March 31, 2016 and 2015, respectively.

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

RESULTS OF OPERATIONS

During the first quarter of 2016, the Company continued adjusting its operating configuration by temporarily idling production at certain of its tubular facilities. Certain other organizational realignments were also undertaken to further streamline our operational processes and reduce costs.

U. S. Steel continuously evaluates potential strategic and organizational opportunities, which may include the acquisition, divestiture or consolidation of assets. Given recent market conditions and the continued challenges faced by the Company, we are aggressively focused on maintaining cash and are considering various possibilities, including exiting lines of business and the sale of certain assets, that we believe would ultimately result in a stronger balance sheet and greater stockholder value. The Company will pursue opportunities based on the financial condition of the Company, its long-term strategy, and what the Board of Directors determines to be in the best interests of the Company's stockholders at the time.

Net sales by segment for the three months ended March 31, 2016 and 2015 are set forth in the following table:

	Three Months Ended March 31,		
(Dollars in millions, excluding intersegment sales)	**2016**	**2015**	**% Change**
Flat-Rolled Products (Flat-Rolled)	**$ 1,732**	$ 2,194	(21)%
U. S. Steel Europe (USSE)	**476**	691	(31)%
Tubular Products (Tubular)	**108**	371	(71)%
Total sales from reportable segments	**2,316**	3,256	(29)%
Other Businesses	**25**	16	56 %
Net sales	**$ 2,341**	$ 3,272	(28)%

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the three months ended March 31, 2016 versus the three months ended March 31, 2015 is set forth in the following table:

Three Months Ended March 31, 2016 versus Three Months Ended March 31, 2015

	Steel Products [a]					
	Volume	**Price**	**Mix**	**FX** [b]	**Coke & Other**	**Net Change**
Flat-Rolled	(5)%	(17)%	—%	— %	1 %	(21)%
USSE	(20)%	(12)%	3%	(2)%	— %	(31)%
Tubular	(58)%	(11)%	—%	— %	(2)%	(71)%

[a] Excludes intersegment sales

[b] Foreign currency translation effects

Net sales were $2,341 million in the three months ended March 31, 2016, compared with $3,272 million in the same period last year. The decrease in sales for the Flat-Rolled segment primarily reflected lower average realized prices (decrease of $157 per net ton) and a decrease in shipments (decrease of 119 thousand net tons) as a result of market conditions, including high import levels, which has served to reduce shipment volumes and drastically depress both spot and contract prices. The decrease in sales for the USSE segment was primarily due to a decrease in shipments (decrease of 260 thousand net tons) and lower average realized euro-based prices (decrease of €56 per net ton), both as a result of higher imports. The decrease in sales for the Tubular segment primarily reflected lower shipments (decrease of 131 thousand net tons) as a result of reduced drilling activity caused by low crude oil prices and continued high import levels and lower average realized prices (decrease of $457 per net ton).

Pension and other benefits costs

Pension and other benefit costs are reflected in our cost of sales and selling, general and administrative expense line items in the Consolidated Statements of Operations.

Defined benefit and multiemployer pension plan costs totaled $25 million in the three months ended March 31, 2016, compared to $71 million in the three months ended March 31, 2015. The $46 million decrease is primarily due to the freezing of benefit accruals for non-union participants effective December 31, 2015 and the natural maturation of our pension plans, partially offset by asset performance.

Costs related to defined contribution plans totaled $11 million for both of the three months ended March 31, 2016 and 2015.

Other benefit (income), which is included in EBIT, totaled $(1) million in the three months ended March 31, 2016, compared to $(9) million in the three months ended March 31, 2015. The $8 million decrease in income is primarily due to benefit and plan design changes in the 2015 Labor Agreements and the natural maturation of our other benefit plans.

Net periodic pension cost, including multiemployer plans, is expected to total approximately $97 million in 2016. Total other benefits costs in 2016 are expected to be a benefit of approximately $(4) million. The pension cost projection includes approximately $65 million of contributions to the Steelworkers Pension Trust.

A sensitivity analysis of the projected incremental effect of a hypothetical one percentage point change in the significant inputs used in the calculation of pension and other benefits net periodic benefit costs is provided in the following table:

(Dollars in millions)	Hypothetical Rate Increase (Decrease)	
	1%	(1)%
Expected return on plan assets		
Incremental (decrease) increase in:		
Net periodic pension cost for 2016	$ (76)	$ 76
Discount rate		
Incremental (decrease) increase in:		
Net periodic pension & other benefits costs for 2016	$ (9)	$ 7
Pension & other benefits obligations	$ (752)	$ 885
Health care cost escalation trend rates		
Incremental increase (decrease) in:		
Other postretirement benefit obligations	$ 95	$ (82)
Service and interest cost components for 2016	$ 4	$ (4)

Non-retirement postemployment benefits
U. S. Steel incurred costs of approximately $15 million and $14 million for the three months ended March 31, 2016 and 2015, respectively, related to employee costs for supplemental unemployment benefits and the continuation of health care benefits and life insurance coverage for employees associated with the temporary idling of certain facilities and reduced production at others. Payments for these benefits during the three months ended March 31, 2016 were $18 million. Payments during the three months ended March 31, 2015 were insignificant.

Selling, general and administrative expenses
Selling, general and administrative expenses were $69 million in the three months ended March 31, 2016, compared to $102 million in the three months ended March 31, 2015. The decrease is primarily related to lower pension and other benefits costs, as discussed above, as well as impacts from Company wide overhead reductions.

Restructuring and Other Charges
As a result of continued low steel and energy prices and decreased demand for steel products, during the three months ended March 31, 2016, the Company recorded a charge of $10 million associated with Company wide headcount reductions, including within our Flat-Rolled, Tubular and USSE segments. This charge includes costs for supplemental unemployment and severance benefits as well as the continuation of health care benefits.

During the three months ended March 31, 2015, the Company recorded a charge of $153 million related to the permanent shutdown of the cokemaking operations at Gary Works and Granite City Works, within our Flat-Rolled segment. In addition to the write-down of assets, the charge also includes employee related costs, including costs for severance, supplemental unemployment benefits and continuation of health care benefits of $18 million and other shutdown costs, primarily environmental.

Charges for restructuring and ongoing cost reduction initiatives are recorded in the period the Company commits to a restructuring or cost reduction plan, or executes specific actions contemplated by the plan and all criteria for liability recognition have been met. Charges related to the restructuring and cost reductions are reported in restructuring and other charges in the Consolidated Statements of Operations.

Management believes its actions with regards to the Company's operations will potentially impact the Company's annual cash flows by approximately $350 million to $400 million over the course of subsequent annual periods as a result of decreased employee, maintenance and other facility costs, as well as eliminating the need for capital investment at the facilities. These actions will result in other non-cash savings of approximately $90 million, primarily related to reduced depreciation expense in future periods. Management does not believe there will be any significant impacts related to the Company's revenues as a result of these actions.

Earnings before interest and income taxes (EBIT) by segment for the three months ended March 31, 2016 and 2015 is set forth in the following table:

(Dollars in millions)	**Three Months Ended March 31, 2016**	**Three Months Ended March 31, 2015**	**% Change**
Flat-Rolled	**$ (188)**	$ (67)	NM
USSE	**(14)**	37	NM
Tubular	**(64)**	1	NM
Total earnings from reportable segments	**(266)**	(29)	NM
Other Businesses	**14**	8	75%
Segment EBIT	**(252)**	(21)	NM
Items not allocated to segments:			
Postretirement benefit income (expense)	**16**	(13)	NM
Other items not allocated to segments:			
Supplemental unemployment and severance costs	**(25)**	—	100%
Loss on shutdown of coke production facilities	**—**	(153)	100%
Total EBIT	**$ (261)**	$ (187)	NM

Segment results for Flat-Rolled

	Three Months Ended March 31, 2016	**Three Months Ended March 31, 2015**	**% Change**
Earnings before interest and taxes ($ millions)	**$ (188)**	$ (67)	NM
Gross margin	**(4)%**	4%	(8)%
Raw steel production (mnt)	**2,779**	2,868	(3)%
Capability utilization	**66 %**	60%	6 %
Steel shipments (mnt)	**2,498**	2,617	(5)%
Average realized steel price per ton	**$ 611**	$ 768	(20)%

The decrease in Flat-Rolled results for the three months ended March 31, 2016 compared to the same period in 2015 resulted from lower average realized prices (approximately $395 million) as a result of challenging market conditions, including high import levels, which have served to drastically depress both spot and contract prices and lower steel substrate sales to our Tubular segment (approximately $20 million). These changes were partially offset by lower repairs and maintenance and other operating costs (approximately $240 million), lower raw materials costs (approximately $35 million), and lower energy costs (approximately $20 million).

Recent increases in prices for flat-rolled products will begin to be reflected in our results in the second quarter.

Segment results for USSE

	Three Months Ended March 31,		%
	2016	2015	Change
Earnings before interest and taxes ($ millions)	**$ (14)**	$ 37	NM
Gross margin	**4%**	11%	(7)%
Raw steel production (mnt)	**1,152**	1,283	(10)%
Capability utilization	**92%**	104%	(12)%
Steel shipments (mnt)	**1,004**	1,264	(21)%
Average realized steel price per ton	**$ 458**	$ 530	(14)%

The decrease in USSE results for the three months ended March 31, 2016 compared to the same period in 2015 was primarily due to lower average realized euro-based prices (approximately $80 million) and lower shipment volumes (approximately $15 million) as a result of higher imports, partially offset by lower raw materials costs (approximately $55 million).

Segment results for Tubular

	Three Months Ended March 31,		%
	2016	2015	Change
Earnings before interest and taxes ($ millions)	**$ (64)**	$ 1	NM
Gross margin	**(33)%**	7%	(40)%
Steel shipments (mnt)	**89**	220	(60)%
Average realized steel price per ton	**$ 1,180**	$ 1,637	(28)%

The decrease in Tubular results for the three months ended March 31, 2016 as compared to the same period in 2015 was primarily due to decreased shipment volumes (approximately $55 million), as a result of increasing import levels, and a decrease in average realized prices (approximately $40 million), as a result of continued decline in drilling activity. These changes were partially offset by lower raw materials costs (approximately $15 million) and decreased repairs and maintenance and other operating costs (approximately $15 million).

Gross margin for the three months ended March 31, 2016 as compared to the same period in 2015 decreased as a result of production cost inefficiencies driven by the decrease in shipments.

Results for Other Businesses
Other Businesses had income of $14 million in the three months ended March 31, 2016, compared to income of $8 million in the three months ended March 31, 2015.

Items not allocated to segments
The decrease in **postretirement benefit expense** in the three months ended March 31, 2016 as compared to the same period in 2015 resulted from lower pension expenses as a result of the freezing of benefit accruals for non-union participants effective December 31, 2015 and the natural maturation of our pension plans.

We recorded $25 million in **supplemental unemployment and severance costs** in the three months ended March 31, 2016 as a result of further actions to adjust our operating configuration, streamline our operational processes, and reduce costs.

We recorded a $153 million **loss on shutdown of coke production facilities** in the three months ended March 31, 2015 as a result of the permanent closure of our Gary Works and Granite City Works coke facilities.

Net interest and other financial costs

(Dollars in millions)	Three Months Ended March 31, 2016	2015	% Change
Interest expense	**$ 53**	$ 51	4%
Interest income	**(1)**	—	NM
Other financial costs	**13**	11	18%
Total net interest and other financial costs	**$ 65**	$ 62	5%

Net interest and other financial costs remained consistent in the three months ended March 31, 2016 as compared to the same period last year.

The **income tax provision** was $14 million in the three months ended March 31, 2016 compared to a benefit of $174 million in the three months ended March 31, 2015. Due to the full valuation allowance on our domestic deferred tax assets, the tax provision does not reflect any tax benefit for domestic pretax losses. For 2015, the tax provision reflects a benefit for percentage depletion in excess of cost depletion for iron ore that we produce and consume or sell and a net tax benefit of $31 million relating to the adjustment of certain tax reserves.

As of March 31, 2016, the valuation allowance for the net domestic deferred tax asset was $1,028 million, compared to $804 million as December 31, 2015. As of March 31, 2016 and December 31, 2015, the net domestic deferred tax liability was $29 million.

At March 31, 2016, the net foreign deferred tax asset was $7 million, net of an established valuation allowance of $4 million. At December 31, 2015, the net foreign deferred tax asset was $15 million, net of an established valuation allowance of $4 million. The net foreign deferred tax asset will fluctuate as the value of the U.S. dollar changes with respect to the euro.

For further information on income taxes see Note 8 to the Consolidated Financial Statements.

Net loss attributable to United States Steel Corporation was $340 million in the three months ended March 31, 2016, compared to net loss of $75 million in the three months ended March 31, 2015. The changes primarily reflect the factors discussed above.

BALANCE SHEET

Inventories decreased by $273 million from year-end 2015 primarily due to decreased operating levels and an unfavorable effect from liquidations of inventory costed using the last-in-first-out (LIFO) method related to our planned working capital reductions.

Accounts payable and other accrued liabilities decreased by $29 million from year-end 2015 primarily as a result of decreased production levels in the first quarter of 2016 as compared to the fourth quarter of 2015.

Employee benefits increased by $216 million from year-end 2015 primarily as a result of benefit and plan design changes in the 2015 Labor Agreements, which resulted in a remeasurement of the Other Benefits plans.

CASH FLOW

Net cash provided by operating activities was $113 million for the three months ended March 31, 2016 compared to $73 million in the same period last year. The increase is primarily due to strong working capital management offsetting lower financial results.

Changes in working capital can vary significantly depending on factors such as the timing of inventory production and purchases, which is affected by the length of our business cycles as well as our captive raw materials position, customer payments of accounts receivable and payments to vendors in the regular course of business.

Our key working capital components include accounts receivable and inventory. The accounts receivable and inventory turnover ratios for the three months and twelve months ended March 31, 2016 and 2015 are as follows:

	Three Months Ended March 31,		Twelve Months Ended March 31,	
	2016	**2015**	**2016**	**2015**
Accounts Receivable Turnover	**2.1**	1.8	**7.7**	8.5
Inventory Turnover	**1.3**	1.2	**5.0**	6.0

Capital expenditures for the three months ended March 31, 2016, were $148 million, compared with $109 million in the same period in 2015. Flat-Rolled capital expenditures were $46 million and included spending for the Gary Works No. 1 Caster upgrade, the Great Lakes Works Pickle Line Tank replacement, CGL Strip Cleaning and Roller Coater, and various other infrastructure, environmental and strategic projects. Tubular capital expenditures of $52 million related to the new electric arc furnace (EAF) and coupling facilities as well as various other infrastructure and strategic capital projects. USSE capital expenditures of $29 million consisted of spending for a Boiler House upgrade and various other infrastructure and environmental projects.

U. S. Steel's contractual commitments to acquire property, plant and equipment at March 31, 2016, totaled $199 million.

Capital expenditures for 2016 are expected to total approximately $350 million and remain focused largely on strategic, infrastructure and environmental projects.

We are also currently developing projects within our Flat-Rolled, USSE and Tubular segments, such as facility enhancements, advanced high strength steels and additional premium connections that will further improve our ability to support our customers' evolving needs and increase our value added product capabilities.

With reduced pricing for iron-ore, management is considering its options with respect to the Company's iron-ore position in the United States. The Company is also exploring opportunities related to the availability of reasonably priced natural gas as an alternative to coke in the iron reduction process to improve our cost competitiveness, while reducing our dependence on coal and coke. After receiving the necessary authorizations from the Jefferson County Department of Health and the Alabama Department of Environmental Management for the Fairfield EAF project, construction began in the second quarter of 2015, but due to the challenging market conditions resulting from depressed oil prices and reduced oil rig counts, the construction of the Fairfield EAF has been delayed until market conditions improve.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes U. S. Steel's liquidity as of March 31, 2016:

(Dollars in millions)		
Cash and cash equivalents	$	705
Amount available under $1.5 Billion Credit Facility		1,350
Amount available under USSK credit facilities		284
Total estimated liquidity	$	2,339

As of March 31, 2016, $290 million of the total cash and cash equivalents was held by our foreign subsidiaries. Substantially all of the liquidity attributable to our foreign subsidiaries can be accessed without the imposition of income taxes as a result of the election effective December 31, 2013 to liquidate for U.S. income tax purposes a foreign subsidiary that holds most of our international operations.

As of March 31, 2016, there were no amounts drawn on the $1.5 billion credit facility agreement (Third Amended and Restated Credit Agreement) and inventory and trade receivable amounts less specified reserves calculated in accordance with the Third Amended and Restated Credit Agreement supported the full $1.5 billion of the facility. Under the Third Amended and Restated Credit Agreement, U. S. Steel must maintain a fixed charge coverage ratio of at least 1.00 to 1.00 for the most recent four consecutive quarters when availability under the Third Amended and Restated Credit Agreement is less than the greater of 10 percent of the total aggregate commitments and $150 million. Since availability was greater than $150 million, compliance with the fixed charge coverage ratio covenant was not applicable. Based on the most recent four quarters as of March 31, 2016, we would not meet this covenant. So long as we continue to not meet this covenant, the amount available to the Company under this facility is effectively reduced by $150 million. Also, if the value of our inventory and trade accounts receivable do not support the full amount of the facility, the amount available to the Company under this facility would be reduced.

At March 31, 2016, USSK had no borrowings under its €200 million (approximately $228 million) unsecured revolving credit facility (the USSK Credit Agreement). The USSK Credit Agreement contains certain USSK financial covenants as well as other customary terms and conditions. At March 31, 2016, USSK had full availability under the USSK Credit Agreement. The USSK Credit Agreement expires in July 2019.

USSK also has a €40 million unsecured revolving credit facility that expires in December 2018 and a €10 million unsecured credit facility that expires in December 2016. At March 31, 2016, USSK had no borrowings under its €40 million and €10 million unsecured credit facilities (collectively approximately $57 million) and the availability was approximately $56 million due to approximately $1 million of outstanding customs and other guarantees.

We may from time to time seek to retire or purchase our outstanding long-term debt through open market purchases, privately negotiated transactions, exchange transactions, redemptions or otherwise. Such purchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, and other factors and may be commenced or suspended at any time. The amounts involved may be material.

During the first quarter of 2016, the Company repurchased approximately $6 million of its 2017 6.05% Senior Notes at an average rate of 92.305 percent and approximately $13 million of its 2018 7.00% Senior Notes at an average rate of 87.962 percent. The repurchase resulted in a gain on extinguishment of approximately $2 million.

We use surety bonds, trusts and letters of credit to provide financial assurance for certain transactions and business activities. The use of some forms of financial assurance and cash collateral have a negative impact on liquidity. U. S. Steel has committed $159 million of liquidity sources for financial assurance purposes as of March 31, 2016. Increases in certain of these commitments which use collateral are reflected in restricted cash on the Consolidated Statement of Cash Flows.

At March 31, 2016, in the event of a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling $2,556 million as of March 31, 2016 (including the Senior Notes) may be declared due and payable; (b) the Third Amended and Restated Credit Agreement and USSK's €200 million revolving credit agreement may be terminated and any amounts outstanding declared due and payable; and (c) U. S. Steel may be required to either repurchase the leased Fairfield slab caster for $30 million or provide a cash collateralized letter of credit to secure the remaining obligation.

The maximum guarantees of the indebtedness of unconsolidated entities of U. S. Steel totaled $4 million at March 31, 2016. If any default related to the guaranteed indebtedness occurs, U. S. Steel has access to its interest in the assets of the investees to reduce its potential losses under the guarantees.

Our major cash requirements in 2016 are expected to be for capital expenditures, debt service, and operating costs, including purchases of raw materials. We finished the first quarter of 2016 with $705 million of cash and cash equivalents and $2.3 billion of total liquidity. Available cash is left on deposit with financial institutions or invested in highly liquid securities with parties we believe to be creditworthy.

U. S. Steel management believes that U. S. Steel's liquidity will be adequate to satisfy our obligations for the foreseeable future, including obligations to complete currently authorized capital spending programs. Future requirements for U. S. Steel's business needs, including the funding of acquisitions and capital expenditures, scheduled debt maturities, including approximately $444 million of principal 2017 Senior Notes due in June 2017 and approximately $487 million of principal 2018 Senior Notes due in February 2018, net of repurchases in the first quarter of 2016, repurchase of debt, and any amounts that may ultimately be paid in connection with contingencies, are expected to be funded by a combination of internally generated funds (including asset sales), proceeds from the sale of stock, borrowings, refinancings and other external financing sources.

Environmental Matters, Litigation and Contingencies

Some of U. S. Steel's facilities were in operation before 1900. Although management believes that U. S. Steel's environmental practices have either led the industry or at least been consistent with prevailing industry practices, hazardous materials may have been released at current or former operating sites or delivered to sites operated by third parties.

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, related to release of hazardous materials, which in recent years have been mainly for process changes to meet Clean Air Act (CAA) obligations and similar obligations in Europe.

Slovak Operations

USSK is subject to the environmental laws of Slovakia and the European Union (EU). An EU law commonly known as Registration, Evaluation, Authorization and Restriction of Chemicals, Regulation 1907/2006 (REACH) requires the registration of certain substances produced in or imported into the EU, and applying for authorization to continue use where replacement of certain substances is not possible or feasible. In some cases replacements for substances currently used in our operations will have to be implemented. We are also beginning the process of seeking authorization for continued use of these substances until viable alternatives can be proved and implemented. Suppliers in the EU have filed the Application for Authorization to be permitted to continue using hexavalent chromium substances, which also covers the use in our production processes, until suitable alternatives can be identified. The authorization will be for four years, after which time replacement substances must be employed. Efforts are ongoing to identify, test and prove the feasibility of replacement substances. Although USSK is currently compliant with REACH, efforts to remain compliant will require capital investment and will increase our operational costs. We cannot reliably estimate the potential cost of complying with these measures at this time. For further discussion of laws applicable in Slovakia and the EU and their impact on USSK, see Note 19 to the Consolidated Financial Statements, "Contingencies and Commitments - Environmental Matters, EU Environmental Requirements."

A Memorandum of Understanding (MOU) was signed in March of 2013 between U. S. Steel and the government of Slovakia. The MOU outlines areas in which the government and U. S. Steel will work together to help create a more competitive environment and conditions for USSK. Incentives the government of Slovakia agreed to provide include potential participation in a renewable energy program that provides the opportunity to reduce electricity costs, as well as the potential for government grants and other support concerning investments in environmental control technology. Although there are many conditions and uncertainties regarding the grants, including matters controlled by the EU, the value of these incentives as stated in the MOU could be as much as €75 million (approximately $85 million). U. S. Steel also agreed to pay the government of Slovakia specified declining amounts should U. S. Steel sell USSK within five years of the date of the MOU. We continue to work closely with the government of Slovakia to monitor the progress of the respective commitments and to achieve the incentives described in the MOU.

Slovakia adopted a new waste code in March 2015 that became effective January 1, 2016. This legislation implements the EU Waste Framework Directive that strictly regulates waste disposal and encourages recycling, among other

provisions, by increasing fees for waste disposed of in landfills, including privately owned landfills. This legislation will not have a material impact on USSK.

The EU's Industry Emission Directive will require implementation of EU determined best available techniques (BAT) to reduce environmental impacts as well as compliance with BAT associated emission levels. This directive includes operational requirements for air emissions, wastewater discharges, solid waste disposal and energy conservation, dictates certain operating practices and imposes stricter emission limits. Producers are required to be in compliance with the iron and steel BAT as of March 8, 2016, unless specific exceptions or extensions are granted by the Slovak environmental authority. The Company has updated operating permits for different facilities involved in producing iron and steel in accordance with the new BAT requirements. Through this process for some facilities, the Company has obtained some extensions from the 2016 compliance deadline in order to meet or exceed the BAT requirements. Compliance with stricter emission limits going beyond BAT requirements makes us eligible for EU funding support and prepares us for any further tightening of environmental protection standards. Our most recent broad estimate of likely capital expenditures for projects to comply with or go beyond the BAT requirements is approximately €165 million (approximately $190 million).

The EU has various programs under which funds are allocated to member states to implement broad public policies which are then awarded by the member states to public and private entities on a competitive basis. The funding intensity under these programs currently ranges from 55 percent of defined eligible costs on a project under the standard state scheme to 90 percent on a recently approved ad hoc scheme to improve the air quality in the Košice region of Slovakia. Based on our list of projects that comprise the approximately €165 million (approximately $190 million) of spending noted, we currently believe we will be eligible to receive up to €115 million (approximately $130 million) of incentive grants. This could potentially reduce our net cash expenditures to approximately €50 million (approximately $60 million). The actual amount of capital spending will be dependent upon, among other things, the actual amount of incentive grants received.

We also believe there will be increased operating costs associated with these projects, such as increased energy and maintenance costs. We are currently unable to reasonably estimate what the increase in operating costs will be as many projects are still in the development stage.

For further discussion of laws applicable in Slovakia and the EU and their impact on USSK, see Note 19 to the Consolidated Financial Statements, "Contingencies and Commitments - Environmental Matters, EU Environmental Requirements."

New and Emerging Environmental Regulations

United States and European Greenhouse Gas Emissions Regulations

Future compliance with carbon dioxide (CO_2) emission requirements may include substantial costs for emission allowances, restriction of production and higher prices for coking coal, natural gas and electricity generated by carbon based systems. Because we cannot predict what requirements ultimately will be imposed in the U.S. and Europe, it is difficult to estimate the likely impact on U. S. Steel, but it could be substantial. To the extent these expenditures, as with all costs, are not ultimately reflected in the prices of U. S. Steel's products and services, operating results will be reduced. There were no material changes in U. S. Steel's exposure to Greenhouse Gas Emissions regulation from December 31, 2015.

United States - Air

The CAA imposes stringent limits on air emissions with a federally mandated operating permit program and civil and criminal enforcement sanctions. The CAA requires, among other things, the regulation of hazardous air pollutants through the development and promulgation of National Emission Standards for Hazardous Air Pollutants (NESHAP) and Maximum Achievable Control Technology (MACT) Standards. The EPA has developed various industry-specific MACT standards pursuant to this requirement. The CAA requires the EPA to promulgate regulations establishing emission standards for each category of Hazardous Air Pollutants. The EPA also must conduct risk assessments on each source category that is already subject to MACT standards and determine if additional standards are needed to reduce residual risks.

While our operations are subject to several different categories of NESHAP and MACT standards, the principal impact of these standards on U. S. Steel operations includes those that are specific to cokemaking, ironmaking, steelmaking and iron ore processing.

In September 2011, the EPA sent domestic integrated steel facilities, including U. S. Steel, an Information Collection Request for future rulemaking activities pursuant to the CAA. U. S. Steel responded to the request, and the EPA, as part of a voluntary remand that was granted by the D.C. Court of Appeals, is currently performing a review of the existing Iron and Steel MACT regulations. U. S. Steel and other integrated steel companies are in communication with the EPA on the review.

Additionally, the EPA is required, pursuant to the CAA, to conduct a risk and technology review of the Coke Pushing, Quenching, and Battery Stack MACT. Since the EPA has yet to determine if any changes to these MACTs are required, the impact, if any, on U. S. Steel cannot be reasonably estimated at this time.

The CAA also requires the EPA to develop and implement National Ambient Air Quality Standards (NAAQS) for criteria pollutants, which include, among others, particulate matter (PM) - consisting of PM_{10} and $PM_{2.5}$, lead, carbon monoxide, nitrogen dioxide, sulfur dioxide, and ozone. Sulfur dioxide (SO_2) is the NAAQS criteria pollutant of most concern to the Company at this time.

In June 2010, the EPA significantly lowered the primary NAAQS for SO_2 from 140 parts per billion (ppb) on a 24-hour basis to an hourly standard of 75 ppb. Based upon the 2009-2011 ambient air monitoring data, the EPA designated the areas in which Great Lakes Works and Mon Valley Works facilities are located as nonattainment with the 2010 SO_2 NAAQS. The non-attainment designation will require the facilities to implement operational and/or capital requirements to demonstrate attainment with the 2010 standard. In addition, the EPA is currently evaluating the attainment status for all other areas as required by a Consent Decree that the EPA entered into with the Sierra Club and the Natural Resources Defense Counsel in March 2015 pursuant to a lawsuit filed by the non-governmental organizations. U. S. Steel continues to work with the affected regulatory agencies in completing the evaluation process as required by the Consent Decree. While U. S. Steel could face increased capital, operating and compliance costs, the operational and financial impact of the SO_2 NAAQS cannot be reasonably estimated at this time.

Environmental Remediation

In the United States, U. S. Steel has been identified as a potentially responsible party (PRP) at 9 sites under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) as of March 31, 2016. In addition, there are 3 sites related to U. S. Steel where information requests have been received or there are other indications that U. S. Steel may be a PRP under CERCLA but where sufficient information is not presently available to confirm the existence of liability or to make a reasonable estimate with respect to any potential liabilities. There are also 20 additional sites related to U. S. Steel where U. S. Steel may be liable for remediation costs under other environmental statues, both federal and state, or where private parties are seeking to impose liability on U. S. Steel for remediation costs through discussions or litigation. At many of these sites, U. S. Steel is one of a number of parties involved and the total cost of remediation, as well as U. S. Steel's share thereof, is frequently dependent upon the outcome of ongoing investigations and remedial studies. U. S. Steel accrues for environmental remediation activities when the responsibility to remediate is probable and the amount of associated costs is reasonably determinable. As environmental remediation matters proceed toward ultimate resolution or as remediation obligations arise, charges in excess of those previously accrued may be required.

For further discussion of relevant environmental matters, see "Part II. Other information - Item 1. Legal Proceedings - Environmental Proceedings."

During the first three months of 2016, U. S. Steel recorded a net decrease of $6 million to our accrued balance for environmental matters for U.S. and international facilities. The total accrual for such liabilities at March 31, 2016 was $191 million. These amounts exclude liabilities related to asset retirement obligations, disclosed in Note 13 to the Consolidated 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 consolidated financial statements.

OFF-BALANCE SHEET ARRANGEMENTS

U. S. Steel did not enter into any new material off-balance sheet arrangements during the first quarter of 2016.

OUTLOOK

We are encouraged that our efforts to improve U.S. trade laws and their enforcement have started to be reflected in preliminary trade rulings. This is a positive step toward establishing a fair market environment in the U.S., but we remain a long way from truly resolving the trade practices that are harming the domestic steel industry. These rulings have been one of the catalysts for improving conditions domestically, and the recent increases in prices for flat-rolled products will begin to be reflected in our results in the second quarter. While we will benefit from the improving market conditions, the global steel industry continues to face many challenges. We continue to move forward aggressively with our Carnegie Way transformation efforts and will continue to use every trade remedy available to us to confront unfair trade practices in our market.

If market conditions, which include spot prices, customer demand, import volumes, supply chain inventories, rig counts and energy prices, remain at their current levels, we would expect 2016 adjusted EBITDA to be near $400 million.

If market conditions remain at their current levels, we would expect EBITDA for our Flat-Rolled segment to be higher than our 2015 results, we would expect EBITDA for our European segment to be comparable to 2015 results, and we would expect our Tubular segment EBITDA to be lower than our 2015 results.

We expect market conditions to change, and as changes occur during the balance of 2016, we would expect our adjusted EBITDA to change consistent with the pace and magnitude of changes in market conditions.

We expect improved results for Other Businesses, primarily from real estate, and we expect post retirement benefit income of approximately $60 million.

In the first quarter we generated cash benefits of nearly $300 million from working capital improvements. Based on current market conditions, we expect approximately $500 million of cash benefits from working capital improvements in 2016, primarily related to better inventory management, and would expect to be cash positive for the year.

INTERNATIONAL TRADE

In an effort to stem the increased flow of unfairly traded corrosion-resistant (CORE), cold-rolled, and hot-rolled products into the U.S. market, U. S. Steel, along with other steel producers, filed a series of three petitions with the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (USITC).

On June 3, 2015, U. S. Steel launched the first case against China, India, Italy, South Korea, and Taiwan. On July 16, 2015, the USITC determined that there is a reasonable indication that the U.S. industry is threatened with material injury by reason of imports of CORE steel products from the subject countries. All six USITC Commissioners voted in the affirmative. During the preliminary phase of the investigation, China, India, Italy and South Korea received a preliminary subsidy rate ranging from approximately 1 to 236 percent. China, India, Italy and South Korea also received antidumping (AD) duties ranging from approximately 3 to 256 percent. The DOC made a negative preliminary determination in the AD and CVD investigations of imports of CORE products from Taiwan. The investigations are on-going and expected to be finalized in the summer of 2016.

On July 28, 2015, U. S. Steel filed a second case. The petitions charged that unfairly traded imports of cold-rolled steel products from Brazil, China, India, Japan, South Korea, the Netherlands, Russia, and the United Kingdom are causing material injury to the U.S. steel industry. The petitions further allege that producers in each of the eight countries are dumping cold-rolled steel in the U.S. market and that the foreign producers in Brazil, China, India, South Korea, and Russia benefit from numerous countervailable subsidies. On September 10, 2015, the USITC determined that there was a reasonable indication that the U.S. industry is materially injured or threatened with material injury by reason of imports of cold-rolled steel products from the subject countries. The USITC further determined that imports of cold-rolled steel products from the Netherlands were negligible. On December 16, 2015, the DOC made affirmative preliminary determinations in the countervailing investigations from Brazil, China, India, and Russia. Preliminary countervailing duties up to 227 percent were imposed by the DOC. In the CVD investigation, cold-rolled steel products from South Korea were found to be de minimis. On March 1, 2016, the DOC announced its affirmative preliminary determinations in the antidumping duty investigations concerning imports of cold-rolled steel from Brazil, China, India, Japan, Korea, Russia, and the United Kingdom. The DOC imposed preliminary antidumping duties ranging from approximately 2 to 266 percent. The DOC is scheduled to announce its final AD and countervailing duty determinations for China and Japan in May 2016, unless the statutory deadline is extended. The rulings for Brazil, India, Korea, Russia and the UK will be announced in July 2016.

Finally, on August 11, 2015, U. S. Steel and five other domestic steel producers filed petitions for the imposition of duties on hot-rolled coil from Australia, Brazil, Japan, South Korea, the Netherlands, Turkey, and the United Kingdom. On September 24, 2015, the USITC determined that there is a reasonable indication that the U.S. industry is materially injured by reason of imports of hot-rolled steel products from Australia, Brazil, Japan, South Korea, the Netherlands, Turkey, and the United Kingdom. On January 11, 2016, the DOC announced its affirmative preliminary determinations in the countervailing duty investigation of imports of hot-rolled steel from Brazil, imposing duties of approximately 7 percent. The DOC further determined the preliminary subsidy rate for South Korea and Turkey to be de minimis in the CVD investigations. In the antidumping investigations, the DOC imposed preliminary AD duties against Australia, Brazil, Japan, Korea, Netherlands, Turkey, and the United Kingdom. The DOC's preliminary antidumping duties range from approximately 4 to 49 percent. The final CVD and AD determinations are expected to be released in May 2016, unless the statutory deadline is extended.

In addition to the recent case filings, U. S. Steel is actively defending appeals. In the 2013 AD and CVD case against oil country tubular goods (OCTG) producers from India, South Korea, Taiwan, Turkey, Ukraine, and Vietnam, the DOC issued AD orders against said countries and CVD orders against India and Turkey. The respondents filed appeals with the Court of International Trade (CIT). At present, U. S. Steel is involved in several appeals filed at the CIT from the OCTG determinations. In addition to defending on-going appeals, U. S. Steel, and other domestic producers, filed joint requests for administrative reviews in several OCTG investigations. Administrative reviews allow interested parties to request that the DOC review the status of and compliance with the previously instituted countervailable subsidies and dumping margins to ensure that foreign producers are fully complying with said orders. Finally, AD and CVD orders are generally subject to "sunset" reviews every five years and U. S. Steel actively participates in such review proceedings. U. S. Steel continues to be actively engaged in relevant, pending sunset reviews before the USITC and the DOC.

While U. S. Steel initiates trade actions in the U.S. market, our subsidiaries in other markets are not exempt from review. The Turkish Ministry of Economy launched an AD probe on imports of Hot-Rolled Coil (HRC) from China, Japan, France, Russia, Ukraine, Romania, and Slovakia, on January 28, 2015, which implicated exports from U. S. Steel Košice (USSK) to Turkey. The Turkish Ministry of Economy imposed transitional measures on imports of HRC from Slovakia, which expired without a final decision at the end of March 2016. In April 2016, the Turkish Ministry of Economy withdrew the complaint and returned all cash deposits on USSK steel.

In the EU, USSK is also participating in and cooperating with the European Commission's (EC) dumping action concerning hot-rolled steel flat products from China, which was filed on December 23, 2015. The investigation is in its initial phases. USSK is also actively participating in the EC's investigation concerning cold-rolled steel flat products from China and Russia. USSK submitted information for use in the EU's verification process. On February 12, 2016, the EC instituted provisional measures for cold-rolled coil from Russia and China. By August 2016, the EC will determine whether definitive measures will be imposed against China and Russia.

U. S. Steel remains active in the ongoing disputes before the World Trade Organization (WTO). The first is a challenge by India on U.S. countervailing measures on hot-rolled steel that will affect the practice of crosscumulation by the USITC in parallel AD and CVD petitions. The second case concerns China's challenge of countervailing duties imposed by the United States on certain products from China.

President Obama signed into law the Trade Facilitation and Trade Enforcement Act of 2015, which includes the Enforcing Orders and Reducing Customs Evasion (ENFORCE) Act. The ENFORCE Act expands trade enforcement programs at several federal agencies and enhances U.S. Customs and Border Protection's ability to address duty circumvention and enforce existing U.S. trade laws. U. S. Steel actively participated in this legislative effort and will benefit from both the stricter enforcement of duties on foreign nations and the potential for additional funds to be dedicated to investigating trade cases.

Competition from imports continue to influence the U.S. market. In an effort to mitigate the negative impact of unfairly traded foreign imports on our business, U. S. Steel has initiated discussions to change the AD/CVD system through regulatory practices and procedures; commenced substantive work with regional trade partners and organizations; outlined a robust engagement with the Administration to tackle global overcapacity through bilateral negotiations as well as in multilateral fora; and commenced discussions with other industries and stakeholders to launch a public education campaign.

U. S. Steel continually assesses the impact of imports from foreign countries on our business, and continues to execute a broad, global strategy to enhance the means and manner in which it competes in the U.S. market and internationally.

Across five platforms, U. S. Steel is leveraging its unique experience, knowledge, and reputation to forge alliances and partnerships to advance innovative structural changes to commercial and legal regimes to better position and support the U.S. steel industry in the 21st century and beyond.

NEW ACCOUNTING STANDARDS

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

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There were no material changes in U. S. Steel's exposure to market risk from December 31, 2015.

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 March 31, 2016. 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 are: (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 March 31, 2016, 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.

UNITED STATES STEEL CORPORATION
SUPPLEMENTAL STATISTICS (Unaudited)

(Dollars in millions)	Three Months Ended March 31, 2016	2015
SEGMENT EARNINGS (LOSS) BEFORE INTEREST AND INCOME TAXES:		
Flat-Rolled	**$ (188)**	$ (67)
U. S. Steel Europe	**(14)**	37
Tubular	**(64)**	1
Total reportable segments	**(266)**	(29)
Other Businesses	**14**	8
Items not allocated to segments:		
Postretirement benefit income (expense)	**16**	(13)
Other items not allocated to segments:		
Supplemental unemployment and severance costs	**(25)**	—
Loss on shutdown of coke production facilities	**—**	(153)
Total loss before interest and income taxes	**$ (261)**	$ (187)
CAPITAL EXPENDITURES		
Flat-Rolled	**$ 46**	$ 69 [a]
U. S. Steel Europe	**29**	21
Tubular	**52**	16
Other Businesses	**21**	3
Total [b]	**$ 148**	$ 109
OPERATING STATISTICS		
Average realized price: ($/net ton) [c]		
Flat-Rolled	**$ 611**	$ 768
U. S. Steel Europe	**458**	530
Tubular	**1,180**	1,637
Steel Shipments: [c][d]		
Flat-Rolled	**2,498**	2,617
U. S. Steel Europe	**1,004**	1,264
Tubular	**89**	220
Raw Steel Production: [d]		
Flat-Rolled	**2,779**	2,868
U. S. Steel Europe	**1,152**	1,283
Raw Steel Capability Utilization: [e]		
Flat-Rolled	**66%**	60%
U. S. Steel Europe	**92%**	104%

[a] The prior period amount for the quarter ended March 31, 2015 has been revised to correct a prior period error that resulted in decreased capital expenditures of $63 million.

[b] Excludes the non-cash (decrease) increase in accrued capital expenditures of $(87) million and $5 million for the quarters ended March 31, 2016, and 2015, respectively.

[c] Excludes intersegment transfers.

[d] Thousands of net tons.

[e] Based on annual raw steel production capability of 17.0 million net tons for Flat-Rolled and 5.0 million net tons for USSE. Prior to the permanent shutdown of the blast furnace and associated steelmaking operations, along with most of the flat-rolled finishing operations at Fairfield Works late in the third quarter of 2015, annual raw steel production capability for Flat-Rolled was 19.4 million tons.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

GENERAL LITIGATION

On September 16, 2014, U. S. Steel Canada Inc. commenced court-supervised restructuring proceedings under Canada's Companies' Creditors Arrangement Act (CCAA) before the Ontario Superior Court of Justice. As part of the CCAA proceedings, U. S. Steel submitted both secured and unsecured claims of approximately C$2.2 billion, which were verified by the court-appointed Monitor. U. S. Steel's claims were challenged by a number of interested parties and on February 29, 2016, the Court denied those challenges and verified U. S. Steel's secured claims in the amount of approximately $119 million and unsecured claims of approximately C$1.8 billion and $120 million. The interested parties have appealed the determinations of the Ontario Superior Court of Justice.

ENVIRONMENTAL PROCEEDINGS

The following is a summary of the proceedings of U. S. Steel that were pending or contemplated as of March 31, 2016, under federal and state environmental laws. Information about specific sites where U. S. Steel is or has been engaged in significant clean up or remediation activities is also summarized below. Except as described herein, it is not possible to accurately predict the ultimate outcome of these matters.

CERCLA Remediation Sites

Claims under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) have been raised with respect to the cleanup of various waste disposal and other sites. Under CERCLA, potentially responsible parties (PRPs) for a site include current owners and operators, past owners and operators at the time of disposal, persons who arranged for disposal of a hazardous substance at a site, and persons who transported a hazardous substance to a site. CERCLA imposes strict and joint and several liabilities. Because of various factors, including the ambiguity of the regulations, the difficulty of identifying the responsible parties for any particular site, the complexity of determining the relative liability among them, the uncertainty as to the most desirable remediation techniques, and the amount of damages and cleanup costs and the time period during which such costs may be incurred, we are unable to reasonably estimate U. S. Steel’s ultimate liabilities under CERCLA.

At March 31, 2016, U. S. Steel has received information requests or been identified as a PRP at a total of nine CERCLA sites, three of which liability has not been resolved. Based on currently available information, which is in many cases preliminary and incomplete, management believes that U. S. Steel’s liability for CERCLA cleanup and remediation costs at the other six sites will be between $100,000 and $1 million for five of the sites, and over $5 million for one site as described below.

Duluth Works

The former U. S. Steel Duluth Works site was placed on the National Priorities List under CERCLA in 1983 and on the State of Minnesota’s Superfund list in 1984. Liability for environmental remediation at the site is governed by a Response Order by Consent executed with the Minnesota Pollution Control Agency (MPCA) in 1985 and a Record of Decision signed by MPCA in 1989. U. S. Steel has submitted a feasibility study that includes remedial measures to address contaminated sediments in the St. Louis River Estuary and several other Operable Units that could impact the Estuary if not addressed.

There has been no material change in the status of the project during the first quarter of 2016. Additional study, investigation and oversight costs, and implementation of U. S. Steel's preferred remedial alternatives on the upland property and Estuary are currently estimated as of March 31, 2016 at approximately $48 million.

RCRA and Other Remediation Sites

U. S. Steel may be liable for remediation costs under other environmental statutes, both federal and state, or where private parties are seeking to impose liability on U. S. Steel for remediation costs through discussions or litigation. There are 20 such sites where remediation is being sought involving amounts in excess of $100,000. Based on currently available information, which is in many cases preliminary and incomplete, management believes that liability for cleanup and remediation costs in connection with 11 sites have potential costs between $100,000 and $1 million per site, 5 sites may involve remediation costs between $1 million and $5 million per site and 4 sites are estimated to or could have, costs for remediation, investigation, restoration or compensation in excess of $5 million per site.

For more information on the status of remediation activities at U. S. Steel's significant sites, see the discussions related to each site below.

Gary Works

U. S. Steel has closed three hazardous waste disposal (HWD) sites located on plant property at Gary Works: HWD-5, HWD-2 and Hazardous Waste Treatment (HWT) Unit No. 2. Aside from HWT-2, which is complete, the other units are in post-closure monitoring. As of March 31, 2016, the accrued liability for retention of contractual guarantees at these sites is approximately $1 million.

On October 23, 1998, the EPA issued a final Administrative Order on Consent (Order) addressing Corrective Action for Solid Waste Management Units (SWMU) throughout Gary Works. This Order requires U. S. Steel to perform a Resource Conservation and Recovery Act (RCRA) Facility Investigation (RFI), a Corrective Measures Study (CMS) and Corrective Measure Implementation. While work continues on several items, there has been no material change in the status of the project during the first quarter of 2016. Until the remaining Phase I work and Phase II field investigations are completed, it is not possible to assess what additional expenditures will be necessary for Corrective Action projects at Gary Works. In total, the accrued liability for Corrective Action projects is approximately $31 million as of March 31, 2016, based on our current estimate of known remaining costs.

Geneva Works

At U. S. Steel's former Geneva Works, liability for environmental remediation, including the closure of three hazardous waste impoundments and facility-wide corrective action, has been allocated between U. S. Steel and the current property owner pursuant to an agreement and a permit issued by the Utah Department of Environmental Quality (UDEQ). Having completed the investigation on a majority of the remaining areas identified in the permit, U. S. Steel has determined the most effective means to address the remaining impacted material is to manage those materials in a previously approved on-site Corrective Action Management Unit (CAMU). While preliminary approval of the conceptual CAMU design has been granted by the UDEQ, there has been no material change in the status of the project during the first quarter of 2016. U. S. Steel has an accrued liability of approximately $63 million as of March 31, 2016, for our estimated share of the remaining costs of remediation.

USS-POSCO Industries (UPI)

A joint venture in Pittsburg, California between subsidiaries of U. S. Steel and POSCO, UPI's facilities were previously owned and operated solely by U. S. Steel which retains primary responsibility for the existing environmental conditions. The California Department of Toxic Substances Control (DTSC) recently approved U. S. Steel's preferred remedial plan to address groundwater impacts from trichloroethylene at the facility. Remedy implementation began during the first quarter of 2016. Evaluations continue for the remaining three SWMUs and it is likely that corrective measures will be required, but it is not possible at this time to define a scope or estimate costs for what may be required by the DTSC. As such, there has been no material change in the status of the project during the first quarter of 2016. As of March 31, 2016, approximately $6 million has been accrued for ongoing environmental studies, investigations and remedy implementation. Significant additional costs associated with this site are possible and are referenced in Note 19 to the Consolidated Financial Statements "Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development."

Fairfield Works

A consent decree was signed by U. S. Steel, the EPA and the U.S. Department of Justice and filed with the United States District Court for the Northern District of Alabama (United States of America v. USX Corporation) on December 11,

1997. In accordance with the consent decree, U. S. Steel initiated a RCRA corrective action program at the Fairfield Works facility. The Alabama Department of Environmental Management (ADEM), with the approval of the EPA, assumed primary responsibility for regulation and oversight of the RCRA corrective action program at Fairfield Works. While work continues on different aspects of the program, there has been no material change in the status of the project during the first quarter of 2016. In total, the accrued liability for remaining work under the Corrective Action Program, including the former Ensley facility, was approximately $135,000 at March 31, 2016. Significant additional costs associated with this site are possible and are referenced in Note 19 to the Consolidated Financial Statements “Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development.”

Fairless Plant

In April, 1993, U. S. Steel entered into a consent order with the EPA pursuant to RCRA, under which U. S. Steel would perform Interim Measures (IM), an RFI and CMS at our Fairless Plant. A Phase I RFI Final Report was submitted in September of 1997. With EPA's agreement, in lieu of conducting subsequent phases of the RFI and the CMS, U. S. Steel has been working through the Pennsylvania Department of Environmental Protection Act 2 Program to characterize and remediate facility parcels for redevelopment. While work continues on these items, there has been no material change in the status of the project during the first quarter of 2016. As of March 31, 2016, the accrued liability to maintain the interim measures, and clear properties through the Act 2 process is approximately $309,000. Significant additional costs associated with this site are possible and are referenced in Note 19 to the Consolidated Financial Statements “Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development.”

Lorain Tubular Operations

In September 2006, U. S. Steel received a letter from the Ohio Environmental Protection Agency (OEPA) inviting U. S. Steel to enter into discussions about RCRA Corrective Action at Lorain Tubular Operations. A Phase I RFI on the identified SWMUs and Area of Contamination was submitted in March 2012. While work continues on the implementation of the Phase II RFI work plan that addresses additional soil investigations, site wide groundwater and the pipe mill lagoon, there has been no material change in the status of the project during the first quarter of 2016. As of March 31, 2016, costs to complete additional projects are estimated to be approximately $90,000. Significant additional costs associated with this site are possible and are referenced in Note 19 to the Consolidated Financial Statements “Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development.”

Joliet Works

The 50-acre parcel at the former Joliet Works is enrolled in the Illinois Environmental Protection Agency's (IEPA) voluntary Site Remediation Program. The Program requires investigation and establishment of cleanup objectives followed by submission/approval of a Remedial Action Plan (RAP) to meet those objectives. The 50-acre parcel was divided into four (4) subareas with remedial activities completed in 2015 for three (3) subareas. While work continues to define the requirements for further investigation of the remaining parcel, there has been no material change in the status of the project during the first quarter of 2016. U. S. Steel has an accrued liability of $325,000 as of March 31, 2016. Significant additional costs associated with this site are possible and are referenced in Note 19 to the Consolidated Financial Statements “Contingencies and Commitments - Environmental Matters - Remediation Projects - Projects with Ongoing Study and Scope Development.”

Cherryvale (KS) Zinc

In April 2003, U. S. Steel and Salomon Smith Barney Holdings, Inc. (SSB) entered into a Consent Order with the Kansas Department of Health & Environment (KDHE) concerning a former zinc smelting operation in Cherryvale, Kansas. Remediation was essentially completed in 2007 and U. S. Steel and SSB continue to work with KDHE to address the remaining issues. The Consent Order was amended on May 3, 2013, to investigate potential contamination beyond the boundary of the former zinc smelting operation. On September 15, 2015, the Consent Order was further amended for an early soil removal action at certain properties in Cherryvale. While work continues on investigations beyond the former operations area, there has been no material change in the status of the project during the first quarter of 2016. As of March 31, 2016, an accrual of approximately $470,000 remains available for addressing these outstanding issues.

Air Related Matters

Great Lakes Works

On March 27, 2014, the No. 2 BOP Shop experienced an incident when air pollution control ductwork unexpectedly collapsed. The incident resulted in structural damage and atypical emissions. On April 14, 2014, the Michigan Department of Environmental Quality (MDEQ) issued a Violation Notice that also included a request for additional information. U. S. Steel responded to the notice on May 5, 2014. In addition, on April 14, 2014, the EPA issued a separate Notice of Violation regarding the same incident alleging that U. S. Steel failed to properly operate the BOP furnace and failed to continuously meet roof monitor opacity standards. U. S. Steel continues to discuss resolution of the matter with both MDEQ and the EPA.

Great Lakes Works received Violation Notices from MDEQ relating to isolated BOP opacity exceedances which allegedly occurred in 2014 and 2015. U. S. Steel responded to the notices and continues to discuss resolution of the matter with MDEQ.

On May 27, 2015, Great Lakes Works received a Violation Notice in which MDEQ alleged that U. S. Steel did not obtain a required permit to install a BOP vessel replacement that occurred in November 2014. U. S. Steel responded to MDEQ on June 17, 2015.

On October 29, 2015, Great Lakes Works received a Violation Notice in which MDEQ alleges that U. S. Steel failed a stack test for emissions from the pickle line in August 2015. U. S. Steel has responded to the notice and is currently discussing resolution with MDEQ.

Although discussions with MDEQ regarding the foregoing alleged violations are ongoing and the resolution of these matters is uncertain at this time, it is not anticipated that the result of those discussions will be material to U. S. Steel.

Granite City Works

In October 2015, Granite City Works received a Violation Notice from IEPA in which the Agency alleges that U. S. Steel violated the emission limits for nitrogen oxides and volatile organic compounds from the Basic Oxygen Furnace Electrostatic Precipitator Stack. In addition, the Agency alleges that U. S. Steel exceeded its natural gas usage limit at its CoGeneration Boiler. U. S. Steel responded to the notice and is currently discussing resolution of the matter with IEPA.

Although discussions with IEPA regarding the foregoing alleged violations are ongoing and the resolution of these matters is uncertain at this time, it is not anticipated that the result of those discussions will be material to U. S. Steel.

Minnesota Ore Operations

On February 6, 2013, the EPA published a Federal Implementation Plan (FIP) that applies to taconite facilities in Minnesota. The FIP establishes and requires emission limits and the use of low nitrogen oxide (NOx) reduction technology on indurating furnaces as Best Available Retrofit Technology. While U. S. Steel installed low NOx burners on three furnaces at Minntac and is currently obligated to install low NOx burners on the two other furnaces at Minntac pursuant to existing agreements and permits, the rule would require the installation of a low NOx burner on the one furnace at Keetac for which U. S. Steel did not have an otherwise existing obligation. U. S. Steel estimates expenditures associated with the installation of low NOx burners of as much as $25 to $30 million. On June 14, 2013, the Eighth Circuit Court of Appeals stayed the effectiveness of the FIP. The EPA also published a final rule denying the approval of the Minnesota State Implementation Plan (SIP), which did not require the installation of low NOx burners and determined the applicable Best Available Retrofit Technology on a case-by-case basis. U. S. Steel and other taconite facilities have petitioned the Eighth Circuit for judicial review of the final rule denying the SIP. U. S. Steel continues to negotiate with the EPA to resolve the issues identified in the petitions. It is likely that any adverse resolution would be material to U. S. Steel; however, we are unable to estimate the amount, if any, at this time.

In June 2011, U. S. Steel and MPCA reached agreement on a Schedule of Compliance (SOC) to address alleged water quality issues at the Minntac facility. The 2011 agreement required U. S. Steel to determine sulfate levels at the property boundary and to resolve the water quality allegations. In addition, the agreement anticipated that U. S. Steel

would pilot trial a dry control system on Line 6 at Minntac. Since then, U. S. Steel has employed actions to resolve some of the allegations raised in the SOC. In addition, since then, U. S. Steel has conducted additional investigations and evaluated technologies that would be used to address other water quality allegations in the SOC and reduce sulfate levels in groundwater outside the boundaries of Minnesota Ore. The actions already employed as well as the new data indicate that the proposed dry control system in the 2011 agreement would not be an effective means to reach the goals outlined in the SOC. U. S. Steel is currently negotiating an alternate resolution with MPCA.

EPA Region V Federal Lawsuit

On August 1, 2012, the EPA, joined by the States of Illinois, Indiana and Michigan, initiated an action in the Northern District of Indiana alleging various air regulatory violations at Gary Works, Granite City Works, and Great Lakes Works. For more information on this action, see Note 19 to the Consolidated Financial Statements "Contingencies and Commitments - EPA Region V Federal Lawsuit."

Other Regulatory

In March 2015, the Occupational Safety and Health Administration (OSHA) issued multiple "Serious" citations and one "Willful" citation and proposed penalties totaling $107,000 resulting from a September 2014 fatality incident at U. S. Steel's Fairfield Works plant in Alabama. OSHA has proposed that U. S. Steel be placed in the Severe Violator Enforcement Program (SVEP). U. S. Steel negotiated a settlement agreement with OSHA in which the willful citation will be reclassified. As a result of this reclassification and other negotiated changes, U. S. Steel does not meet the criteria to be in the SVEP. The fully-executed settlement agreement was approved by the presiding Judge and became a Final Order of the Occupational Safety and Health Review Commission on April 22, 2016.

ASBESTOS LITIGATION

As of March 31, 2016, U. S. Steel was a defendant in approximately 810 active cases involving approximately 3,305 plaintiffs. The vast majority of these cases involve multiple defendants. At December 31, 2015, U. S. Steel was a defendant in approximately 820 active cases involving approximately 3,315 plaintiffs. About 2,505, or approximately 76 percent, of these plaintiff claims are currently pending in jurisdictions which permit filings with massive numbers of plaintiffs. Based upon U. S. Steel's experience in such cases, it believes that the actual number of plaintiffs who ultimately assert claims against U. S. Steel will likely be a small fraction of the total number of plaintiffs. During the three months ended March 31, 2016, settlements and other dispositions resolved approximately 80 cases, and new case filings added approximately 70 cases. During 2015, settlements and other dispositions resolved approximately 415 cases, and new case filings added approximately 275 cases.

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
December 31, 2013	3,330	250	240	3,320
December 31, 2014	3,320	190	325	3,455
December 31, 2015	3,455	415	275	3,315
March 31, 2016	3,315	80	70	3,305

Historically, asbestos-related claims against U. S. Steel fall into three major groups: (1) claims made by persons who allegedly were exposed to asbestos on the premises of U. S. Steel facilities; (2) claims made by persons allegedly exposed to products manufactured by U. S. Steel; and (3) claims made under certain federal and maritime laws by employees of former operations of U. S. Steel.

The amount U. S. Steel accrues for pending asbestos claims is not material to U. S. Steel's financial condition. However, U. S. Steel is unable to estimate the ultimate outcome of asbestos-related claims due to a number of uncertainties, including: (1) the rates at which new claims are filed, (2) the number of and effect of bankruptcies of other companies traditionally defending asbestos claims, (3) uncertainties associated with the variations in the litigation process from jurisdiction to jurisdiction, (4) uncertainties regarding the facts, circumstances and disease process with each claim, and (5) any new legislation enacted to address asbestos-related claims. Despite these uncertainties,

management believes that the ultimate resolution of these matters will not have a material adverse effect on U. S. Steel’s financial condition, although the resolution of such matters could significantly impact results of operations for a particular quarter.

Item 4. MINE SAFETY DISCLOSURES

The information concerning mine safety violations and other regulatory matters required by Section 150 of the Dodd-Frank Wall Street Reform Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Form 10-Q.

Item 6. EXHIBITS

10.1	United States Steel Corporation 2016 Omnibus Incentive Compensation Plan.
31.1	Certification of Chief Executive Officer required by Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as promulgated by the Securities and Exchange Commission pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer required by Rules 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as promulgated by the Securities and Exchange Commission pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
95	Mine Safety Disclosure required under Section 1503 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.
101 INS	XBRL Instance Document
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/ Colleen M. Darragh

Colleen M. Darragh
Vice President & Controller

April 27, 2016

WEB SITE POSTING

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

Exhibit 10.1

UNITED STATES STEEL CORPORATION

2016 OMNIBUS INCENTIVE COMPENSATION PLAN

Effective April 26, 2016

Section 1. Adoption and Purpose

1.01 **Adoption.** The United States Steel Corporation 2016 Omnibus Incentive Compensation Plan (the "Plan") was adopted by the Board of Directors of United States Steel Corporation (the "Corporation") on February 22, 2016, subject to the approval of the stockholders on April 26, 2016.

1.02 **Purpose.** The purpose of the Plan is to assist the Corporation in attracting, retaining and motivating employees and non-employee directors of outstanding ability and to align their interests with those of the stockholders of the Corporation.

Section 2. Definitions; Construction

2.01 **Definitions.** In addition to the terms defined elsewhere in the Plan, the following terms as used in the Plan shall have the following meanings when used with initial capital letters:

(a) "Appreciation Right" means an Award representing, for each Share subject to such Appreciation Right, a right granted to a Participant to receive payment in Shares or cash of an amount equal to the excess, if any, of the Fair Market Value of a Share on the date of exercise of the Appreciation Right over the exercise price which shall be at least the Fair Market Value of a Share as of the grant date.

(b) "Available Shares" shall have the meaning provided in Section 4.01 hereof.

(c) "Award" means any Option, Restricted Stock, Restricted Stock Unit, Performance Award or Other Stock-Based Award.

(d) "Award Agreement" means any agreement, contract or other instrument or document evidencing an Award.

(e) "Board" means the Corporation's Board of Directors.

(f) "Business Combination" shall have the meaning provided in Section 2.01(i)(3) hereof.

(g) "Cause," when used with respect to the termination of employment or service of a Participant, means:

(1) the willful and continued failure by the Participant to substantially perform his duties with the Corporation or a Subsidiary or affiliate (other than any such failure resulting from the Participant's disability), after reasonable notice of such failure and an opportunity to correct it; or

(2) the willful and continued engaging by the Participant in conduct which is demonstrably and materially injurious to the Corporation or a Subsidiary or affiliate, monetarily or otherwise, or

(3) the breach by the Participant of any obligation of confidentiality owed to the Corporation or a Subsidiary or affiliate.

For purposes of this Plan, no act, or failure to act, on the Participant's part shall be considered "willful" unless done, or omitted to be done, by the Participant in bad faith and without reasonable belief that such action or omission was in the best interest of the Corporation.

(h) "Code" means the Internal Revenue Code of 1986, as amended from time to time, together with rules, regulations and interpretations promulgated thereunder. References to particular sections of the Code shall include any successor provisions.

(i) "Change in Control" 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 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:

(1) any person (as such term is used 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 thirty percent (30%) or more of the combined voting power of the Corporation's then outstanding voting securities; provided, however, that for purposes of this Plan the term "Person" shall not include (A) the Corporation or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Corporation or any of its subsidiaries, (C) an underwriter temporarily holding securities pursuant to an offering of such securities, (D) 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, or (E) any individual, entity or group involved in the acquisition of the Corporation's voting securities in connection with which, pursuant to Rule 13d-1 promulgated pursuant to the Exchange Act, such individual, entity or group is permitted to, and actually does, report its beneficial ownership on Schedule 13G (or any successor Schedule); provided that, if any such individual, entity or group subsequently becomes required to or does report its beneficial ownership on Schedule 13D (or any successor Schedule), then, for purposes of this paragraph, such individual, entity or group shall be deemed to have first acquired, on the first date on which such individual, entity or group becomes required to or does so report, beneficial ownership of all of the Corporation's then outstanding voting securities beneficially owned by it on such date; and provided, further, however, that for purposes of this paragraph

(1), there shall be excluded any Person who becomes such a beneficial owner in connection with an Excluded Transaction (as defined in paragraph (3) below); or

(2) the following individuals (the "Incumbent Board") cease for any reason to constitute a majority of the number of directors then serving: individuals who, as of the Effective Date, constitute the Board and any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest including, but not limited to, a consent solicitation, 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 (2/3) of the directors then still in office who either were directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended; or

(3) 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:

(A) 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 ("Continuing Directors") who were members of the Incumbent Board (as defined in subparagraph (2) above) immediately prior to consummation of such Business Combination or were appointed, elected or recommended for appointment or election by members of the Incumbent Board prior to consummation of such Business Combination (excluding from Continuing Directors, any individual whose election or appointment, or recommendation for election or appointment, to the New Board was at the request, directly or indirectly, of the entity which entered into the definitive agreement providing for such Business Combination with the Corporation or any direct or indirect subsidiary thereof), unless the Board determines, prior to such consummation, that there does not exist a reasonable assurance that, for at least a two-year period following consummation of such Business Combination, at least a majority of the members of the New Board will continue to consist of Continuing Directors and individuals whose election, or nomination for election by stockholders of the resulting or surviving entity (or any ultimate parent thereof) in such Business Combination, would be approved by a vote of at least a majority of the Continuing Directors and individuals whose election or nomination for election has previously been so approved; or

(B) a Business Combination that in substance constitutes a disposition or separation of a division, business unit, or subsidiary; or

(4) the stockholders of the Corporation approve a plan of a complete liquidation or dissolution of the Corporation or there is consummation of a sale or other disposition of all or substantially all of the assets of the Corporation, other than to a corporation with respect to which, following such sale or other disposition, more than 50% of the combined voting power of the then outstanding voting securities of such corporation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners of the Corporation's then outstanding voting securities immediately prior to such sale or other disposition in substantially the same proportion as their ownership, immediately prior to such sale or other disposition, of the Corporation's then outstanding voting securities.

(j) "Committee" means (1) with respect to Participants who are employees and other service providers, the Compensation & Organization Committee or such other committee of the Board as may be designated by the Board to administer the Plan, consisting of at least three members of the Board; provided however, that any member of the Committee participating in the taking of any action under the Plan shall qualify as (A) an "outside director" as then defined under Section 162(m) of the Code, (B) a "non-employee director" as then defined under Rule 16b-3 and (C) an "independent" director under the rules of the New York Stock Exchange, or (2) with respect to Participants who are non-employee directors, the Board.

(k) "Common Stock" means shares of the common stock, par value $1.00 per share, and such other securities of the Corporation or other corporation or entity as may be substituted for Shares pursuant to Section 8.01 hereof.

(l) "Continuing Directors" shall have the meaning provided in Section 2.01(i)(3) hereof.

(m) "Covered Employee" shall have the meaning provided in Section 162(m)(3) of the Code.

(n) "Disabled" shall mean the Participant is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve (12) months.

(o) "Effective Date" means April 26, 2016.

(p) "Exchange Act" means the Securities Exchange Act of 1934, as amended.

(q) "Excluded Transaction" shall have the meaning provided in Section 2.01(i)(3) hereof.

(r) "Fair Market Value" of shares of any stock, including but not limited to Common Stock, or units of any other securities (herein "shares"), shall be the average of the highest and lowest sales prices per share for the date as of which Fair Market Value is to be determined in the principal market in which such shares are traded, as quoted in *The Wall Street Journal* (or in such other reliable publication as the Committee, in its discretion, may determine to rely upon). If the Fair Market Value of shares on any date cannot be determined on the basis set forth in the preceding sentence, or if a determination is required as to the Fair Market Value on any date of property other than shares, the Committee shall in good faith determine the Fair Market Value of such shares or other property on such date. Fair Market Value shall be determined without regard to any restriction other than a restriction which, by its terms, will never lapse.

(s) "Full-Value Shares" shall have the meaning provided in Section 4.01 hereof.

(t) "Good Reason" shall mean, without the Participant's express written consent, the occurrence after a Change in Control, of any one or more of the following:

(1) the assignment to the Participant of duties inconsistent with the Participant's position immediately prior to the Change in Control 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 Change in Control;

(2) 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, while on foreign assignment) as in effect on the Change in Control or as the same shall be increased from time to time;

(3) 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 Change in Control;

(4) the failure by the Corporation to continue, substantially as in effect immediately prior to the Change in Control, 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 Change in Control; and

(5) any purported termination by the Corporation of the Participant's employment that is not effected pursuant to a written notice indicating, in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Participant's employment for Cause, which in the absence of such notice shall be ineffective.

(u) "Incumbent Board" shall have the meaning provided in Section 2.01(i)(2) hereof.

(v) "New Board" shall have the meaning provided in Section 2.01(i)(3) hereof.

(w) "Option" means a right, granted under Section 6.02 hereof, to purchase Shares at a specified price during specified time periods.

(x) "Other Stock-Based Award" means an Award, granted under Section 6.06 hereof, that is denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares.

(y) "Participant" means an employee, other service provider or a non-employee director of the Corporation or any Subsidiary or affiliate, including, but not limited to, a Covered Employee, who is granted an Award under the Plan.

(z) "Performance Award" means an award granted under Section 6.05 hereof that is intended to satisfy the requirements for "qualified performance-based compensation" under Section 162(m) of the Code.

(aa) "Performance Share," "Performance Cash Award," "Performance Goal" and "Performance Period" shall have the meanings provided in Section 6.05.

(bb) "Person" shall have the meaning provided in Section 2.01(i)(1) hereof.

(cc) "Restricted Stock" means Shares, granted under Section 6.03 hereof, that are subject to certain restrictions.

(dd) "Restricted Stock Unit" means a unit, granted under Section 6.04 hereof, that is subject to certain restrictions.

(ee) "Rule 16b-3" means Rule 16b-3 under the Exchange Act, as amended from time to time, or any successor to such Rule promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(ff) "Shares" means shares of Common Stock.

(gg) "Subsidiary" means any corporation in an unbroken chain of corporations beginning with the Corporation, if each of the corporations other than the last corporation in the chain owns stock possessing at least 50% of the total combined voting power of all classes of stock in one of the other corporations in the chain.

(hh) "Termination of Employment" shall have the meaning provided in Section 9.02 hereof.

2.02 **Construction.** For purposes of the Plan, the following rules of construction shall apply:

(a) The word "or" is disjunctive but not necessarily exclusive.

(b) Words in the singular include the plural; words in the plural include the singular; words in the neuter gender include the masculine and feminine genders, and words in the masculine or feminine gender include the other and neuter genders.

Section 3. Plan Administration

3.01 **Board Committee Administration**. The Plan shall be administered by the Committee. The Committee shall have full and final authority to take the following actions, in each case subject to and consistent with the provisions of the Plan:

(a) to designate Participants;

(b) to determine the type or types of Awards to be granted to each Participant;

(c) to determine the number of Awards to be granted, the number of Shares or amount of cash or other property to which an Award will relate, the terms and conditions of any Award (including, but not limited to, any exercise price, grant price or purchase price, any limitation or restriction, any schedule for lapse of limitations, forfeiture restrictions or restrictions on exercisability or transferability, and accelerations or waivers thereof, and any Performance Goal, based in each case on such considerations as the Committee shall determine subject to the terms of the Plan), and all other matters to be determined in connection with an Award;

(d) to determine whether, to what extent and under what circumstances an Award may be settled in, or the exercise price of an Award may be paid in cash, Shares, other Awards or other property, or an Award may be accelerated, vested, canceled, forfeited, exchanged or surrendered;

(e) to interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan;

(f) to prescribe the form of each Award Agreement, which need not be identical for each Participant;

(g) to adopt, amend, suspend, waive and rescind such rules and regulations as the Committee may deem necessary or advisable to administer the Plan;

(h) to correct any defect or supply any omission or reconcile any inconsistency, and to construe and interpret the Plan, the rules and regulations, any Award Agreement or other instrument entered into or Award made under the Plan;

(i) to make all other decisions and determinations as may be required under the terms of the Plan or as the Committee may deem necessary or advisable for the administration of the Plan; and

(j) to make such filings and take such actions as may be required from time to time by appropriate state, regulatory and governmental agencies.

Any action of the Committee with respect to the Plan shall be final, conclusive and binding on all persons, including the Corporation, Subsidiaries, Participants, any person claiming any rights under the Plan from or through any Participants, employees, directors and stockholders. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. Each member of the Committee shall be entitled to, in good faith, rely or act upon any report or other information furnished to him by an officer, manager or other employee of the Corporation or a Subsidiary, the Corporation's independent certified public accountants, or any executive compensation consultant or other professional retained by the Corporation and/or Committee to assist in the administration of the Plan.

3.02 **Committee Delegation**. The Committee may delegate to officers, managers and/or agents of the Corporation or any Subsidiary the authority, subject to such terms as the Committee shall determine and applicable law, to perform administrative and other functions under the Plan. Specifically, the Committee may delegate to one or more officers of the Corporation the authority to grant Awards to Participants who are not directors or officers (as defined under Section 16 of the Exchange Act) of the Corporation, provided the Committee shall have determined the number of Shares available for such grants and the grants are subject to the terms and conditions of the underlying Award Agreements and the Plan. Any such delegation shall be subject to the limitation under Section 157(c) of the Delaware General Corporation Law.

Section 4. Shares Subject to the Plan

4.01 The maximum number of Shares which may be issued and in respect of which Awards may be granted under the Plan shall be limited to 7,200,000 Shares, subject to adjustment as provided in Section 8.01, which may be used for all forms of Awards (such Shares may be referred to as

"Available Shares"). Each Option or Appreciation Right shall reduce the number of Available Shares by one Share for each Share represented by such Option or Appreciation Right, except to the extent the Award is settled in cash. All

other Shares to which an Award other than an Option or Appreciation Right relates shall be referred to as "Full-Value Shares" and, unless such Award is settled in cash, shall reduce the number of Available Shares by 1.73 Shares.

For purposes of this Section 4.01, the number of Shares to which an Award relates shall be counted against the number of Available Shares under the Plan at the time of grant of the Award, unless such number of Shares cannot be determined at that time, in which case the number of Shares actually distributed pursuant to the Award shall be counted against the number of Available Shares under the Plan at the time of distribution; provided, however, that Awards related to or retroactively added to, or granted in tandem with, substituted for or converted into, other Awards shall be counted or not counted against the number of Shares reserved and available under the Plan in accordance with procedures adopted by the Committee so as to ensure appropriate counting but avoid double counting.

If and to the extent any Award granted under this Plan or any award granted under the 2005 Stock Incentive Plan ("2005 Plan") and outstanding on the Effective Date (a "2005 Plan Award") is forfeited or otherwise terminates without payment being made to the Participant in the form of Shares or if payment is made to the Participant in the form of cash, cash equivalents or other property other than Shares, any Shares that are not issued with respect to such Award or 2005 Plan Award shall, to the extent of any such forfeiture or termination or alternative payment, again be available for Awards under the Plan. Subject to the provisions of Section 8.01, such Shares shall be added to the number of Available Shares at the rate for which the award was originally subtracted from the number of Available Shares under this Plan or from the number of Shares that were available under the 2005 Plan, as applicable. If the exercise price of an Award is paid by delivering to the Corporation Shares previously owned by the Participant or by withholding Shares issuable upon exercise or if Shares are delivered or withheld for purposes of satisfying a tax withholding obligation or if Shares are repurchased by the Company with Option proceeds, the number of Shares covered by the Award equal to the number of Shares so delivered, withheld or repurchased shall be counted, however, against the number of Shares granted and shall not again be available for Awards under the Plan. In addition, all Shares covered by an Appreciation Right, to the extent that it is exercised and settled in Shares, shall be counted against the number of Shares granted and shall not again be available for Awards under the Plan. Any Shares distributed pursuant to an Award may consist, in whole or part, of authorized and unissued Shares or of treasury Shares, including Shares repurchased by the Corporation for purposes of the Plan.

Section 5. Eligibility, Vesting Requirements and Prohibition On Repricing and Reload Options

5.01 **Eligibility.** Awards may be granted only to individuals who are employees, other service providers and/or non-employee directors of the Corporation or any Subsidiary or affiliate.

5.02 **Vesting of Awards.** All Awards shall provide for vesting based on employment or service which is at least twelve (12) months from the date on which such Award is granted, and there shall be no acceleration of vesting of an Award to be more rapid than vesting after twelve (12) months, except in connection with death, disability, retirement, involuntary termination of employment or service without Cause or a Change in Control. Notwithstanding any contrary provision of the Plan, up to five percent (5%) of the aggregate number of Shares authorized for issuance under the Plan may be issued pursuant to Awards without regard to the limitations of this Section 5.02.

5.03 **Repricing and Reload Options Prohibited.** Except as provided in Section 8 (Adjustment Provisions), the Corporation may not, without obtaining stockholder approval: (a) amend or modify the terms of any outstanding Option or Appreciation Right to reduce the exercise price of such outstanding Option or Appreciation Right; (b) cancel, exchange or permit or accept the surrender of any outstanding Option or Appreciation Right in exchange for an Option or Appreciation Right with an exercise price that is less than the exercise price of the original Option or Appreciation Right; or (c) cancel, exchange or permit or accept the surrender of any outstanding Option or Appreciation Right in exchange for any other Award, cash or other securities for purposes of repricing such Option or Appreciation Right. No Option may be granted to any individual on account of the use of Shares by such individual to exercise a prior Option.

Section 6. Specific Terms of Awards

6.01 **General.** Subject to the terms of the Plan and any applicable Award Agreement, Awards may be granted as set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to the terms of Section 10.01), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including separate escrow provisions and terms requiring forfeiture of Awards in the event of termination of employment or service by the Participant. Except as required by applicable law, Awards may be granted for no consideration other than prior and/or future services. Dividends and dividend equivalents shall not be paid on Options, Appreciation Rights and unvested Full-Value Shares other than issued and outstanding Restricted Stock awards. Dividends and dividend equivalents may not be paid with respect to Performance Awards before the Performance Goals are achieved and the Performance Awards are earned.

6.02 **Options.** The Committee is authorized to grant Options to Participants, subject to the following terms and conditions:

(a) *Exercise Price.* The exercise price per Share of an Option shall not be less than 100% of the Fair Market Value of a Share on the date of grant of such Option.

(b) *Option Term.* The term of each Option shall be determined by the Committee, except that, consistent with the provisions of Section 7.04, no Option shall be exercisable after the expiration of ten years from the date of grant. The Option shall be evidenced by a form of written Award Agreement, and subject to the terms thereof.

(c) *Times and Methods of Exercise*. The Committee shall determine the time or times at which an Option may be exercised in whole or in part, the methods by which the exercise price may be paid or deemed to be paid, and the form of such payment, including, without limitation, cash, Shares, or other property or any combination thereof, having a Fair Market Value on the date of exercise equal to the exercise price, provided, however, that in the case of a Participant who is at the time of exercise subject to Section 16 of the Exchange Act, any portion of the exercise price representing a fraction of a Share shall in any event be paid in cash or in property other than any equity security (as defined by the Exchange Act) of the Corporation.

Delivery of Shares in payment of the exercise price of an Option, if authorized by the Committee, may be accomplished through the effective transfer to the Corporation of Shares held by a broker or other agent. Unless otherwise determined by the Committee, the Corporation will also cooperate with any person exercising an Option who participates in a cashless exercise program of a broker or other agent under which all or part of the Shares received upon exercise of the Option are sold through the broker or other agent, for the purpose of paying the exercise price of an Option. Additionally, if authorized by the Committee, a Participant may elect the withholding of shares to be acquired upon exercise, valued at the Fair Market Value on the date of exercise, for the purpose of paying the exercise price of an Option. Notwithstanding any of the preceding, unless the Committee, in its discretion, shall otherwise determine, the exercise of the Option shall not be deemed to occur, and no Shares will be issued by the Corporation upon exercise of an Option, until the Corporation has received payment in full of the exercise price. Notwithstanding language in any grant form to the contrary, 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.

(d) *Termination of Employment*. In the case of Participants who are employees or other service providers, unless otherwise determined by the Committee and reflected in the Award Agreement or award program:

(1) if a Participant shall die while employed or engaged by the Corporation or a Subsidiary or affiliate or during a period following termination of employment or engagement during which an Option otherwise remains exercisable under this Section 6.02(d), Options granted to the Participant, to the extent exercisable at the time of the Participant’s death, may be exercised within three years after the date of the Participant’s death, but not later than the expiration date of the Option, by the executor or administrator of the Participant’s estate or by the Person or Persons to whom the Participant shall have transferred such right by will or by the laws of descent and distribution;

(2) if the employment or engagement of a Participant with the Corporation and its Subsidiaries and affiliates shall be involuntarily terminated under circumstances which would qualify the Participant for benefits under a severance plan of the Corporation, or if a Participant shall retire under the terms of any retirement plan of the Corporation or a Subsidiary, or shall terminate his or her employment or engagement with the written consent of the Corporation or a Subsidiary specifically permitting such exercise, or shall become Disabled, Options granted to the Participant, to the extent exercisable at the date of the Participant’s termination of employment or engagement, may be exercised within three years after the date of termination of employment or engagement, but not later than the expiration date of the Option; and

(3) except to the extent an Option remains exercisable under paragraph (1) or (2) above or under Section 9.01, any Option granted to a Participant shall terminate immediately upon the termination of all employment or engagement of the Participant with the Corporation or a Subsidiary or affiliate.

(e) *Termination of Service*. In the case of Participants who are non-employee directors, unless otherwise determined by the Board and reflected in the Award Agreement or award program:

(1) if a Participant shall die while in service with the Corporation or a Subsidiary or during a period following termination of service during which an Option otherwise remains exercisable under this Section 6.02(e), Options granted to the Participant, to the extent exercisable at the time of the Participant’s death, may be exercised within three years after the date of the Participant’s death, but not later than the expiration date of the Option, by the executor or administrator of the Participant’s estate or by the Person or Persons to whom the Participant shall have transferred such right by will or by the laws of descent and distribution;

(2) if the service of a Participant with the Corporation and its Subsidiaries shall be terminated for reasons other than removal for Cause, Options granted to the Participant, to the extent exercisable at the date of the Participant’s termination of service, may be exercised within three years after the date of termination of service, but not later than the expiration date of the Option; and

(3) except to the extent an Option remains exercisable under paragraph (1) or (2) above or under Section 9.01, any Option granted to a Participant shall terminate immediately upon the termination of all service of the Participant with the Corporation or a Subsidiary.

(f) *Individual Limit*. The aggregate number of Shares for which Options may be granted under the Plan to any single Participant in any calendar year shall not exceed 1,000,000 Shares. The limitation in the preceding sentence shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

6.03 **Restricted Stock**. The Committee is authorized to grant Restricted Stock to Participants, subject to the following terms and conditions:

(a) *Issuance and Restrictions.* Restricted Stock shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock or the right to receive dividends thereon), which restrictions may lapse separately or in combination at such times, under such circumstances, in such installments or otherwise, as the Committee shall determine at the time of grant or thereafter.

(b) *Forfeiture.* Except as otherwise determined by the Committee at the time of grant or thereafter subject to the limitations of the Plan, upon termination of employment, engagement or other service (as determined under criteria established by the Committee) during the applicable restriction period, Restricted Stock that is at such time subject to restrictions shall be forfeited and reacquired by the Corporation.

(c) *Certificates for Shares.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine, including, without limitation, issuance of certificates representing Shares, which may be held in escrow. Certificates representing Shares of Restricted Stock shall be registered in the name of the Participant and shall bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock.

(d) *Maximum Individual Performance-Based Restricted Stock Limit.* Restricted Stock may be subject to Performance Goals. No Participant shall be granted within any calendar year one or more Restricted Stock Awards under the Plan subject to Performance Goals for more than 1,000,000 Shares. The limitation in the preceding sentence shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

6.04 **Restricted Stock Units**. The Committee is authorized to grant Restricted Stock Units to Participants, subject to the following terms and conditions:

(a) *Issuance and Restrictions.* Restricted Stock Units shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Stock Units or the right to receive dividends thereon), which restrictions may lapse separately or in combination at such times, under such circumstances, in such installments or otherwise, as the Committee shall determine at the time of grant or thereafter.

(b) Forfeiture. Except as otherwise determined by the Committee at the time of grant or thereafter subject to the limitations of the Plan, upon termination of employment, engagement or other service (as determined under criteria established by the Committee) during the applicable restriction period, Restricted Stock Units that are at such time subject to restrictions shall be forfeited.

(c) *Maximum Individual Performance-Based Restricted Stock Unit Limit.* Restricted Stock may be subject to Performance Goals. No Participant shall be granted within any calendar year one or more Restricted Stock Unit Awards under the Plan subject to Performance Goals for more than 1,000,000 Shares. The limitation in the preceding sentence shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

6.05 **Performance Awards**. The Committee is authorized to grant Performance Awards to Participants, subject to the following terms and conditions:

(a) *Types of Performance Awards.* Performance Awards may be granted in the form of Performance Shares or Performance Cash Awards. Performance Shares shall be denominated in Shares and may be payable in Shares or in cash. Performance Cash Awards shall be denominated in dollars, have an initial value that is established by the Committee at the time of grant, and may be payable in cash or in Shares.

(b) *Right to Payment.* A Performance Award shall represent the right to receive Shares or a dollar amount based on the achievement, or the level of achievement, during a specified Performance Period of one or more Performance Goals established by the Committee at the time of the Award. Performance Goals may include threshold Corporation performance goals and Participant performance goals.

(c) *Terms of Performance Awards*. At or prior to the time a Performance Award is granted, the Committee shall cause to be set forth in the Award Agreement or otherwise in writing (i) the Performance Goals applicable to the Award and the Performance Period during which the achievement of the Performance Goals shall be measured, (ii) the amount which may be earned by the Participant based on the achievement, or the level of achievement, of the Performance Goals or the formula by which such amount shall be determined and (iii) such other terms and conditions applicable to the Award as the Committee may, in its discretion, determine to include therein; provided, however, dividends and dividend equivalents may accrue, but shall not be paid with respect to Performance Awards before the Performance Goals are achieved and the Performance Awards are earned. The terms so established by the Committee shall be objective such that a third party having knowledge of the relevant facts could determine whether or not

any Performance Goal has been achieved, or the extent of such achievement, and the amount, if any, which has been earned by the Participant based on such performance. The Committee may retain the discretion to reduce (but not to increase) the amount of a Performance Award which will be earned based on the achievement of Performance Goals; provided, however, that the exercise of such negative discretion shall not be permitted to result in any increase in the amount of any Performance Award payable to any other Participant. When the Performance Goals are established, the Committee shall also specify the manner in which the level of achievement of such Performance Goals shall be calculated and the weighting assigned to such Performance Goals. The Committee may determine that certain specified events or occurrences, including changes in accounting standards or tax laws and the effects of non-operational items or unusual or infrequently occurring items as defined by generally accepted accounting principles, shall be excluded from the calculation, but only to the extent permitted by Section 162(m) of the Code.

(d) *Performance Goals.* Prior to the earlier of (i) ninety (90) days after the commencement of the period of service to which the Performance Goal relates (the “Performance Period”) or (ii) the date on which 25% of the Performance Period has elapsed, the Committee shall establish the Performance Goals for the relevant Performance Period. The outcome of the Performance Goals must be substantially uncertain at the time the goals are established. “Performance Goals” shall mean one or more preestablished, objective measures of performance during a specified Performance Period, selected by the Committee in its discretion. Performance Goals may be based upon one or more of the following objective performance measures and expressed in either, or a combination of, absolute or relative values or rates of change and on a gross or net basis: safety performance, stock price, capital expenditures, earnings per share, earnings per share growth, return on capital employed, return on invested capital, return on capital, costs, net income, net income growth, operating margin, revenues, revenue growth, revenue from operations, net sales, expenses,

income from operations as a percent of capital employed, income from operations, income from operations per ton shipped, tons shipped, cash flow, market share, return on equity, return on assets, earnings (including EBITDA and EBIT), operating cash flow, operating cash flow as a percent of capital employed, economic value added, gross margin, total shareholder return, shareholder equity, debt, debt to shareholder equity, debt to earnings (including EBITDA and EBIT), interest expense and/or other fixed charges, earnings (including EBITDA and EBIT) to interest expense and/or other fixed charges, environmental emissions improvement, workforce diversity, number of accounts, workers' compensation claims, budgeted amounts, cost per hire, turnover rate, and/or training costs and expenses. Performance Goals based on such performance measures may be based either on the performance of the Participant, Corporation, a Subsidiary or Subsidiaries, affiliate, any branch, department, business unit or other portion thereof under such measure for the Performance Period and/or upon a comparison of such performance with the performance of a peer group of corporations, prior Performance Periods or other measure selected or defined by the Committee at the time of making a Performance Award. The Committee may in its discretion also determine to use other objective performance measures as Performance Goals.

(e) *Committee Certification.* Following completion of the applicable Performance Period, and prior to any payment of a Performance Award to the Participant, the Committee shall determine in accordance with the terms of the Performance Award and shall certify in writing whether the applicable Performance Goal or Goals were achieved, or the level of such achievement, and the amount, if any, earned by the Participant based upon such performance. For this purpose, approved minutes of the meeting of the Committee at which certification is made shall be sufficient to satisfy the requirement of a written certification. Performance Awards are not intended to provide for the deferral of compensation, such that Performance Awards shall be paid upon vesting and in no event later than the day which is two and one-half months following the end of the calendar year in which the Performance Period ends, or such other time period as may be required under Section 409A of the Code to avoid characterization of such Awards as deferred compensation.

(f) *Maximum Individual Performance Award Limit.* The following limitations shall apply to any Performance Awards intended to qualify as performance-based compensation under Section 162(m) of the Code. No Participant shall be granted within any calendar year (i) Performance Shares which could result in such Participant receiving pursuant to such Performance Shares more than 1,000,000 Shares or the Fair Market Value thereof if paid in cash, or (ii) Performance Cash Awards which could result in such Participant receiving more than $20,000,000 in value. The limitation in the preceding sentence shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

(g) *Performance Award Pool.* The Committee may establish a Performance Award pool, which shall be an unfunded pool, based upon the achievement of one or more Performance Goals during the Performance Period, as specified by the Committee. The amount of the Award Pool at the threshold, target and maximum performance levels may be a stated percentage of the Award Pool at the applicable level for the specified Performance Goals. The maximum amount payable to any Participant shall be stated in terms of a percentage of the award pool and the sum of such percentages shall not exceed 100%.

6.06 **Other Stock-Based Awards.** The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that are denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Shares, including, without limitation, purchase rights, Appreciation Rights, Shares awarded which are not subject to any restrictions or conditions, subject to the limitations of the Plan, convertible securities, exchangeable securities or other rights convertible or exchangeable into Shares, as the Committee in its discretion may determine. In the discretion of the Committee, such

Other Stock-Based Awards, including Shares, or other types of Awards authorized under the Plan, may be used in connection with, or to satisfy obligations of the Corporation or a Subsidiary under, other compensation or incentive plans, programs or arrangements of the Corporation or any Subsidiary for eligible Participants, including without limitation the Annual Incentive Compensation Plan or any predecessor thereof, the Non-Employee Director Deferred Compensation Plan, the Non-Employee Director Stock Plan, other or successor programs and executive contracts.

The Committee shall determine the terms and conditions of Other Stock-Based Awards. Shares or securities delivered pursuant to a purchase right or Appreciation Right granted under this Section 6.06 shall be purchased for such consideration, paid for by such methods and in such forms, including, without limitation, cash, Shares, or other property or any combination thereof, as the Committee shall determine.

The aggregate number of Shares for which Appreciation Rights may be granted under the Plan to any single Participant in any calendar year shall not exceed 1,000,000 Shares. The limitation in the preceding sentence shall be interpreted and applied in a manner consistent with Section 162(m) of the Code.

6.07 **Limitation on Awards to Non-Employee Directors**. Notwithstanding any other provision of the Plan to the contrary, the aggregate grant date fair value (computed as of the date of grant in accordance with applicable financial accounting rules) of all Awards granted to any non-employee director during any single calendar year shall not exceed $500,000; provided, however, that such limit shall not apply to any Awards made at the election of a non-employee director to receive Awards in lieu of all or a portion of any annual committee cash retainers or other similar cash based payments.

Section 7. General Terms Of Awards

7.01 **Stand-Alone, Tandem and Substitute Awards**. Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, or in tandem with, any other Award granted under the Plan or any award granted under any other plan, program or arrangement of the Corporation or any Subsidiary or any business entity acquired or to be acquired by the Corporation or a Subsidiary. Awards granted in addition to or in tandem with other Awards or awards may be granted either at the same time as or at a different time from the grant of such other Awards or awards.

7.02 **Term of Awards**. The term of each Award shall be for such period as may be determined by the Committee; provided, however, that in no event shall the term of any Option, other purchase right or Appreciation Right exceed a period of ten (10) years from the date of its grant.

7.03 **Form of Payment of Awards**. Subject to the terms of the Plan and any applicable Award Agreement, payments or substitutions to be made by the Corporation upon the grant, exercise or other payment or distribution of an Award may be made in such forms as the Committee shall determine at the time of grant or thereafter, including, without limitation, cash, Shares, or other property or any combination thereof, in each case in accordance with rules and procedures established, or as otherwise determined, by the Committee.

7.04 **Limits on Transfer of Awards; Beneficiaries.** No right or interest of a Participant in any Award shall be pledged, encumbered or hypothecated to or in favor of any person other than the Corporation, or shall be subject to any lien, obligation or liability of such Participant to any person other than the Corporation or a Subsidiary. No Award and no rights or interests therein shall be assignable or transferable by a Participant otherwise than by will or the laws of descent and distribution, and any Option or other right to purchase or acquire Shares granted to a Participant under the Plan shall be exercisable during the Participant's lifetime only by such Participant. A beneficiary, guardian, legal representative or other person claiming any rights under the Plan from or through any Participant shall be subject to all the terms and conditions of the Plan and any Award Agreement applicable to such Participant as well as any additional restrictions or limitations deemed necessary or appropriate by the Committee.

7.05 **Registration and Listing Compliance**. No Award shall be paid and no Shares or other securities shall be distributed with respect to any Award in a transaction subject to the registration requirements of the Securities Act of 1933, as amended, or any state securities law or subject to a listing requirement under any listing agreement between the Corporation and any national securities exchange, and no Award shall confer upon any Participant rights to such payment or distribution until such laws and contractual obligations of the Corporation have been complied with in all material respects. Except to the extent required by the terms of an Award Agreement or another contract between the Corporation and the Participant, neither the grant of any Award nor anything else contained herein shall obligate the Corporation to take any action to comply with any requirements of any such securities laws or contractual obligations relating to the registration (or exemption therefrom) or listing of any Shares or other securities, whether or not necessary in order to permit any such payment or distribution.

7.06 **Stock Certificates**. Awards representing Shares under the Plan may be recorded in book entry form until the lapse of restrictions or limitations thereon, or issued in the form of certificates. All certificates for Shares delivered under the terms of the Plan shall be subject to such stop-transfer orders and other restrictions as the Committee may deem advisable under federal or state securities laws, rules and regulations thereunder, and the rules of any national securities exchange or automated quotation system on which Shares are listed or quoted. The Committee may cause a legend or legends to be placed on any such certificates to make

appropriate reference to such restrictions or any other restrictions or limitations that may be applicable to Shares. In addition, during any period in which Awards or Shares are subject to restrictions or limitations under the terms of the Plan or any Award Agreement, the Committee may require any Participant to enter into an agreement providing that certificates representing Shares issuable or issued pursuant to an Award shall remain in the physical custody of the Corporation or such other person as the Committee may designate.

7.07. **Forfeiture and Repayment.** Notwithstanding any other provisions of the Plan, any Award which is subject to recovery under any law, government regulation or stock exchange listing requirement, will be subject to such deduction and clawback as may be made pursuant to such law, government regulation or stock exchange listing requirement or any policy adopted by the Corporation pursuant to any such law, government regulation or stock exchange listing requirement.

Section 8. Adjustment Provisions

8.01 If a dividend or other distribution shall be declared upon the Common Stock payable in shares of the Common Stock, then equitable adjustment shall be made to outstanding Awards, the maximum number of Shares specified in Section 4.01 that may be issued under the Plan but are not then subject to outstanding Awards and the maximum number of Shares specified under Sections 6.02(f), 6.03(d), 6.04(d), 6.05(f). Any shares of Common Stock distributed with respect to any Restricted Stock held in escrow shall also be held by the Corporation in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock on which they were distributed.

If the outstanding shares of Common Stock shall be changed into or exchangeable for a different number or kind of shares of stock or other securities of the Corporation or another corporation, or cash or other property, whether through reorganization, reclassification, recapitalization, stock split-up, combination of shares, merger or consolidation, then equitable adjustments shall be made to the Awards, the Shares specified in Section 4.01 that may be issued under the Plan but which is not then subject to any outstanding Award, and the maximum number of Shares under Sections 6.02(f), 6.03(d), 6.04(d), 6.05(f). Unless otherwise determined by the Committee in its discretion, any such stock or securities, as well as any cash or other property, into or for which any Restricted Stock held in escrow shall be changed or exchangeable in any such transaction shall also be held by the Corporation in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock in respect of which such stock, securities, cash or other property was issued or distributed.

In case of any adjustment or substitution as provided for in this Section 8.01, the aggregate option price for all Shares subject to each then outstanding Option, Restricted Stock Unit, Performance Award or Other Stock Based Award, prior to such adjustment or substitution shall be the aggregate option price for all shares of stock or other securities (including any fraction), cash or other property to which such Shares shall have been adjusted or which shall have been substituted for such Shares. Any new option price per share or other unit shall be carried to at least three decimal places with the last decimal place rounded upwards to the nearest whole number.

If the outstanding shares of the Common Stock shall be changed in value by reason of any spin-off, split-off or split-up, or dividend in partial liquidation, dividend in property other than cash, or extraordinary distribution to stockholders of the Common Stock, (i) the Committee shall make any adjustments to any then outstanding Option, Restricted Stock Unit, Performance Award or Other Stock Based Award, which it determines are equitably required to prevent dilution or enlargement of the rights of optionees and awardees which would otherwise result from any such transaction, and (ii) unless otherwise determined by the Committee in its discretion, any stock, securities, cash or other property distributed with respect to any Restricted Stock held in escrow or for which any Restricted Stock held in escrow shall be exchanged in any such transaction shall also be held by the

Corporation in escrow and shall be subject to the same restrictions as are applicable to the Restricted Stock in respect of which such stock, securities, cash or other property was distributed or exchanged.

No adjustment or substitution provided for in this Section 8.01 shall require the Corporation to issue or sell a fraction of a Share or other security. Accordingly, all fractional Shares or other securities which result from any such adjustment or substitution shall be eliminated and not carried forward to any subsequent adjustment or substitution. Owners of Restricted Stock held in escrow shall be treated in the same manner as owners of Common Stock not held in escrow with respect to fractional Shares created by an adjustment or substitution of Shares, except that, unless otherwise determined by the Committee in its discretion, any cash or other property paid in lieu of a fractional Share shall be subject to restrictions similar to those applicable to the Restricted Stock exchanged therefore. In the event of any other change in or conversion of the Common Stock, the Committee may in its discretion adjust the outstanding Awards and other amounts provided in the Plan in order to prevent the dilution or enlargement of rights of Participants.

Section 9. Change in Control Provisions

9.01 **Acceleration of Exercisability and Lapse of Restrictions.** Unless otherwise determined by the Committee at the time of grant of an Award or unless otherwise provided in the applicable Award Agreement, if (i) a Change in Control shall occur, and (ii) a Termination of Employment occurs, then, in addition to any other rights of post-termination exercise which the Participant (or other holder of the Award) may have under the Plan or the applicable Award Agreement: (i) all outstanding Awards pursuant to which the

Participant may have exercise rights, which are restricted or limited, shall become fully exercisable and shall remain exercisable until the expiration date of the award; and (ii) all restrictions or limitations, including risks of forfeiture, on outstanding Awards subject to restrictions or limitations under the Plan shall lapse.

In addition, upon the occurrence of a Change in Control, all performance criteria and other conditions to payment of Awards under which payments of Shares or other property are subject to conditions shall be determined using the abbreviated performance period ending upon the date of the Change in Control. Notwithstanding the foregoing, unless otherwise determined by the Committee at the time of grant of an Award or unless otherwise provided in the applicable Award Agreement, if a Change in Control shall occur, (i) scheduled vesting dates for performance-based Awards will not be affected by a Change in Control and (ii) all Awards shall remain payable on the dates provided in the underlying Award Agreements and the Plan.

9.02 **Termination of Employment or Service in connection with a Change in Control**. If within the two-year period beginning on the date of a Change in Control the employment or service of a Participant shall be terminated (i) involuntarily for any reason other than for Cause or (ii) in the case of Participants who have been determined by the Committee to be executive management prior to the time of the Change in Control, voluntarily for Good Reason, such termination shall be a "Termination of Employment" for purposes of this Plan.

The Participant's right to terminate his or her employment pursuant to this Section shall not be affected by the Participant's incapacity due to physical or mental illness or eligibility for retirement. The Participant's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

Section 10. Amendments to and Termination of the Plan

10.01 The Board may amend, alter, suspend, discontinue or terminate the Plan without the consent of stockholders or Participants, except that, without the approval of the stockholders of the Corporation, no amendment, alteration, suspension, discontinuation or termination shall be made if stockholder approval is required by any federal or state law or regulation or by the rules of any stock exchange on which the Shares may then be listed, or if the Board in its discretion determines that obtaining such stockholder approval is for any reason advisable; provided, however, that without the written consent of the Participant, no amendment, alteration, suspension, discontinuation or termination of the Plan may materially and adversely affect the rights of such Participant under any Award theretofore granted to him. The Committee may, consistent with the terms of the Plan, waive any conditions or rights under, amend any terms of, or amend, alter, suspend, discontinue or terminate, any Award theretofore granted, prospectively or retrospectively; provided, however, that without the consent of a Participant, no amendment, alteration, suspension, discontinuation or termination of any Award may materially and adversely affect the rights of such Participant under any Award theretofore granted to him.

Section 11. General Provisions

11.01 **No Right to Awards; No Stockholder Rights**. No Participant, employee or director shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Participants, employees and directors, except as provided in any other compensation, fee or other arrangement. No Award shall confer on any Participant any of the rights of a stockholder of the Corporation unless and until Shares are in fact issued to such Participant in connection with such Award.

11.02 **Withholding**. To the extent required by applicable Federal, state, local or foreign law, the Participant or his successor shall make arrangements satisfactory to the Corporation, in its discretion, for the satisfaction of any withholding tax obligations that arise in connection with an Award. The Corporation shall not be required to issue any Shares or make any other payment under the Plan until such obligations are satisfied.

The Corporation is authorized to withhold from any Award granted or any payment due under the Plan, including from a distribution of Shares, amounts of withholding taxes due with respect to an Award, its exercise or any payment thereunder, and to take such other action as the Committee may deem necessary or advisable to enable the Corporation and Participants to satisfy obligations for the payment of such taxes. This authority shall include authority to withhold or receive Shares, Awards or other property and to make cash payments in respect thereof in satisfaction of such tax obligations. The Fair Market Value of any Shares withheld or tendered to satisfy any such tax withholding obligations shall not exceed the amount determined by the applicable minimum statutory withholding rates or such other limitations as will not cause adverse accounting consequences or cost, except as

otherwise specifically provided in any Award Agreement with respect to a Participant subject to tax withholding in any foreign jurisdiction in which there is no minimum statutory withholding rates.

11.03 **No Right to Employment or Continuation of Service**. Nothing contained in the Plan or any Award Agreement shall confer, and no grant of an Award shall be construed as conferring, upon any Participant any right to continue in the employ or service of the Corporation or to interfere in any way with the right of the Corporation or stockholders to terminate his employment or service at any time or increase or decrease his compensation, fees, or other payments from the rate in existence at the time of granting of an Award, except as provided in any Award Agreement or other compensation, fee or other arrangement.

11.04 **Unfunded Status of Awards; Creation of Trusts.** The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give any such Participant any rights that are greater than those of a general unsecured creditor of the Corporation; provided, however, that the Committee may authorize the creation of trusts or make other arrangements to meet the Corporation's obligations under the Plan to deliver Shares or other property pursuant to any Award, which trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines.

11.05 **No Limit on Other Compensatory Arrangements.** Nothing contained in the Plan shall prevent the Corporation from adopting other or additional compensation, fee or other arrangements (which may include, without limitation, employment agreements with executives and arrangements which relate to Awards under the Plan), and such arrangements may be either generally applicable or applicable only in specific cases. Notwithstanding anything in the Plan to the contrary, the terms of each Award shall be construed so as to be consistent with such other arrangements in effect at the time of the Award.

11.06 **No Fractional Shares.** No fractional Shares shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of fractional Shares or whether such fractional Shares or any rights thereto shall be forfeited or otherwise eliminated.

11.07 **Governing Law.** The validity, interpretation, construction and effect of the Plan and any rules and regulations relating to the Plan shall be governed by the laws of the Commonwealth of Pennsylvania (without regard to the conflicts of laws thereof), and applicable Federal law.

11.08 **Severability.** If any provision of the Plan or any Award is or becomes or is deemed invalid, illegal or unenforceable in any jurisdiction, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to applicable laws or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or Award, it shall be deleted and the remainder of the Plan or Award shall remain in full force and effect; provided, however, that, unless otherwise determined by the Committee, the provision shall not be construed or deemed amended or deleted with respect to any Participant whose rights and obligations under the Plan are not subject to the law of such jurisdiction or the law deemed applicable by the Committee.

Section 12. Term of the Plan

12.01 The Plan shall continue in effect until the earlier of its termination by the Board or the date on which all of the Shares available for issuance under the Plan have been issued and all restrictions on such Shares under the terms of the Plan and the agreements evidencing Awards granted under the Plan have lapsed. However, Awards shall not be granted later than the tenth anniversary of stockholder approval.

Exhibit 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Mario Longhi, 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 record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 27, 2016

/s/ Mario Longhi

Mario Longhi

President and Chief Executive Officer

Exhibit 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, David B. Burritt, 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 record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 27, 2016

/s/ David B. Burritt

David B. Burritt
Executive Vice President
and Chief Financial Officer

Exhibit 32.1

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

I, Mario Longhi, President 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 March 31, 2016, 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/ Mario Longhi

Mario Longhi
President and Chief Executive Officer

April 27, 2016

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, David B. Burritt, 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 March 31, 2016, 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/ David B. Burritt

David B. Burritt
Executive Vice President
and Chief Financial Officer

April 27, 2016

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 95

United States Steel Corporation
Mine Safety Disclosure
(Unaudited)

For the quarter ended March 31, 2016

Mine (Federal Mine Safety and Health Administration (MSHA) ID)	Total # of Significant & Substantial violations under §104(a) [a]	Total # of orders under §104(b) [a]	Total # of unwarrantable failure citations and orders under §104(d) [a]	Total # of violations under §110(b)(2) [a]	Total # of orders under §107(a) [a]	Total dollar value of proposed assessments from MSHA	Total # of mining related fatalities	Received Notice of Pattern of Violations under §104(e) [a] (yes/no)?	Received Notice of Potential to have Pattern under §104(e) [a] (yes/no)?	Total # of Legal Actions Pending with the Mine Safety and Health Review Commission as of Last Day of Period [b]	Legal Actions Initiated During Period	Legal Actions Resolved During Period
Mt. Iron (2100820, 2100282)	52	—	—	—	—	$410,900	—	no	no	106	4	—
Keewatin (2103352)	—	—	—	—	—	$700	—	no	no	38	—	—

(a) References to Section numbers are to sections of the Federal Mine Safety and Health Act of 1977.

(b) Includes all legal actions pending before the Federal Mine Safety and Health Review Commission, together with the Administrative Law Judges thereof, for each of our iron ore operations. These actions may have been initiated in prior quarters. All of the legal actions were initiated by us to contest citations, orders or proposed assessments issued by the Federal Mine Safety and Health administration, and if we are successful, may result in the reduction or dismissal of those citations, orders or assessments. As of the last day of the period, all 144 legal actions were to contest citations and proposed assessments.