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 September 30, 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 October 27, 2016 – 172,459,063 shares

INDEX

		Page
PART I – FINANCIAL INFORMATION		
Item 1.	Financial Statements:	
	Consolidated Statement of Operations (Unaudited)	1
	Consolidated Statement of Comprehensive Income (Loss) (Unaudited)	2
	Consolidated Balance Sheet (Unaudited)	3
	Consolidated Statement of Cash Flows (Unaudited)	4
	Notes to Consolidated Financial Statements (Unaudited)	5
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	47
Item 4.	Controls and Procedures	48
	Supplemental Statistics (Unaudited)	49
PART II – OTHER INFORMATION		
Item 1.	Legal Proceedings	50
Item 4.	Mine Safety Disclosure	55
Item 5.	Other Information	55
Item 6.	Exhibits	55
SIGNATURE		56
WEB SITE POSTING		56

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," "should," "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 September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net sales:				
Net sales	**$ 2,370**	$ 2,446	**$ 6,716**	$ 7,901
Net sales to related parties (Note 18)	**316**	384	**895**	1,101
Total	**2,686**	2,830	**7,611**	9,002
Operating expenses (income):				
Cost of sales (excludes items shown below)	**2,360**	2,654	**7,193**	8,512
Selling, general and administrative expenses	**73**	99	**206**	308
Depreciation, depletion and amortization	**126**	136	**384**	418
Earnings from investees	**(18)**	(6)	**(91)**	(29)
Impairment of intangible assets (Note 5)	**14**	—	**14**	—
Losses associated with U. S. Steel Canada Inc. (Note 21)	**—**	16	**—**	271
Restructuring and other charges (Note 19)	**(3)**	103	**1**	275
Net loss (gain) on disposal of assets	**3**	(1)	**6**	(2)
Other income, net	**(1)**	(1)	**(1)**	(2)
Total	**2,554**	3,000	**7,712**	9,751
Earnings (loss) before interest and income taxes	**132**	(170)	**(101)**	(749)
Interest expense	**58**	56	**173**	160
Interest income	**(2)**	(2)	**(5)**	(2)
Loss on debt extinguishment	**—**	—	**22**	—
Other financial (income) costs	**6**	(1)	**18**	12
Net interest and other financial costs (Note 7)	**62**	53	**208**	170
Earnings (loss) before income taxes	**70**	(223)	**(309)**	(919)
Income tax provision (benefit) (Note 9)	**19**	(50)	**26**	(410)
Net earnings (loss)	**51**	(173)	**(335)**	(509)
Less: Net earnings attributable to noncontrolling interests	**—**	—	**—**	—
Net earnings (loss) attributable to United States Steel Corporation	**$ 51**	$ (173)	**$ (335)**	$ (509)
Earnings (loss) per common share (Note 10):				
Earnings (loss) per share attributable to United States Steel Corporation stockholders:				
-Basic	**$ 0.32**	$ (1.18)	**$ (2.22)**	$ (3.49)
-Diluted	**$ 0.32**	$ (1.18)	**$ (2.22)**	$ (3.49)

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 September 30,		Nine Months Ended September 30,	
(Dollars in millions)	**2016**	**2015**	**2016**	**2015**
Net earnings (loss)	**$ 51**	$ (173)	**$ (335)**	$ (509)
Other comprehensive income (loss), net of tax:				
Changes in foreign currency translation adjustments	**10**	(5)	**41**	(83)
Changes in pension and other employee benefit accounts	**48**	(131)	**(134)**	(44)
Changes in unrecognized (losses) gains on other	**(4)**	—	**17**	—
Total other comprehensive income (loss), net of tax	**54**	(136)	**(76)**	(127)
Comprehensive income (loss) including noncontrolling interest	**105**	(309)	**(411)**	(636)
Comprehensive income attributable to noncontrolling interest	**—**	—	**—**	—
Comprehensive income (loss) attributable to United States Steel Corporation	**$ 105**	$ (309)	**$ (411)**	$ (636)

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

UNITED STATES STEEL CORPORATION
CONSOLIDATED BALANCE SHEET

(Dollars in millions)	(Unaudited) September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	**$ 1,445**	$ 755
Receivables, less allowance of $26 and $28	**1,014**	864
Receivables from related parties, less allowance of $270 and $254 (Note 18)	**182**	199
Inventories (Note 11)	**1,742**	2,074
Other current assets	**28**	25
Total current assets	**4,411**	3,917
Property, plant and equipment	**14,453**	14,253
Less accumulated depreciation and depletion	**10,235**	9,842
Total property, plant and equipment, net	**4,218**	4,411
Investments and long-term receivables, less allowance of $7 and $7	**538**	540
Long-term receivables from related parties, less allowance of $1,624 and $1,446 (Note 18)	**—**	—
Intangibles – net (Note 5)	**177**	196
Deferred income tax benefits (Note 9)	**6**	15
Other noncurrent assets	**117**	88
Total assets	**$ 9,467**	$ 9,167
Liabilities		
Current liabilities:		
Accounts payable and other accrued liabilities	**$ 1,566**	$ 1,412
Accounts payable to related parties (Note 18)	**89**	81
Payroll and benefits payable	**464**	462
Accrued taxes	**108**	99
Accrued interest	**78**	49
Current portion of long-term debt (Note 13)	**92**	45
Total current liabilities	**2,397**	2,148
Long-term debt, less unamortized discount and debt issuance costs (Note 13)	**2,988**	3,093
Employee benefits	**1,097**	1,101
Deferred income tax liabilities (Note 9)	**28**	29
Deferred credits and other noncurrent liabilities	**355**	359
Total liabilities	**6,865**	6,730
Contingencies and commitments (Note 20)		
Stockholders' Equity (Note 16):		
Common stock (176,424,554 shares and 150,925,911 shares issued) (Notes 10 and 22)	**176**	151
Treasury stock, at cost (3,966,770 and 4,644,867 shares)	**(277)**	(339)
Additional paid-in capital	**4,092**	3,603
(Accumulated deficit) retained earnings	**(145)**	190
Accumulated other comprehensive loss (Note 17)	**(1,245)**	(1,169)
Total United States Steel Corporation stockholders' equity	**2,601**	2,436
Noncontrolling interests	**1**	1
Total liabilities and stockholders' equity	**$ 9,467**	$ 9,167

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

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

	Nine Months Ended September 30,	
(Dollars in millions)	**2016**	**2015**
Increase (decrease) in cash and cash equivalents		
Operating activities:		
Net loss	**$ (335)**	$ (509)
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation, depletion and amortization	**384**	418
Impairment of intangible assets (Note 5)	**14**	—
Losses associated with U. S. Steel Canada Inc. (Note 21)	**—**	271
Restructuring and other charges (Note 19)	**1**	275
Provision for doubtful accounts	**—**	(13)
Pensions and other postretirement benefits	**(38)**	(33)
Deferred income taxes	**9**	(385)
Net loss (gain) on disposal of assets	**6**	(2)
Distributions received, net of equity investees earnings	**(86)**	(26)
Changes in:		
Current receivables	**(127)**	529
Inventories	**339**	38
Current accounts payable and accrued expenses	**279**	(261)
Income taxes receivable/payable	**14**	7
Bank checks outstanding	**15**	8
All other, net	**102**	(64)
Net cash provided by operating activities	**577**	253
Investing activities:		
Capital expenditures	**(268)**	(354)
Acquisitions (Note 4)	**—**	(25)
Disposal of assets	**6**	2
Change in restricted cash, net	**(3)**	8
Investments, net	**(17)**	(2)
Net cash used in investing activities	**(282)**	(371)
Financing activities:		
Issuance of long-term debt, net of financing costs	**958**	—
Repayment of long-term debt	**(1,019)**	(18)
Settlement of contingent consideration	**(15)**	—
Net proceeds from public offering of common stock (Note 22)	**482**	—
Receipts from exercise of stock options	**4**	1
Dividends paid	**(22)**	(22)
Net cash provided by (used in) financing activities	**388**	(39)
Effect of exchange rate changes on cash	**7**	(32)
Net increase (decrease) in cash and cash equivalents	**690**	(189)
Cash and cash equivalents at beginning of year	**755**	1,354
Cash and cash equivalents at end of period	**$ 1,445**	$ 1,165

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 the nine months ended September 30, 2015 has been revised to reflect a decrease in cash provided by operating activities and a decrease in cash used in investing activities of $55 million. The Company has concluded the impact of this error was not material to the previously filed financial statements.

2. **New Accounting Standards**

On August 26, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-15, *Statement of Cash Flows: Classification of Certain Cash Receipts and Cash Payments* (ASU 2016-15). ASU 2016-15 reduces diversity in practice in how certain transactions are classified in the statement of cash flows by addressing eight specific cash receipt and cash payment issues. ASU 2016-15 is effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. U. S. Steel is evaluating the financial statement implications of adopting ASU 2016-15.

On March 30, 2016, the 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 share-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, but does not expect a material financial statement impact relating to the adoption of this ASU.

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 flows. 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 contract 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 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 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 September 30, 2016 and December 31, 2015, other non-current assets and long-term debt in the Consolidated Balance Sheets decreased by approximately $37 million and $23 million, respectively.

On August 27, 2014, the FASB issued Accounting Standards Update No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* (ASU 2014-15). ASU 2014-15 explicitly requires management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. Currently, there is no guidance in U.S. GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide related footnote disclosures. ASU 2014-15 is effective for all entities for interim and annual periods beginning after December 15, 2016; early application is permitted. U. S. Steel does not expect a material financial statement impact relating to the adoption of this ASU.

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. Earnings (loss) before interest and income taxes 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 chief operating decision maker assesses the Company's assets on an enterprise wide level, based upon the projects that yield the greatest return to the Company as a whole, and not on an individual segment level.

The accounting principles applied at the operating segment level in determining earnings (loss) before interest and income taxes 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 raw steel for rounds production 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 three months ended September 30, 2016 and 2015 are:

(In millions) Three Months Ended September 30, 2016	Customer Sales	Intersegment Sales	Net Sales	Earnings (Loss) from Investees	Earnings (Loss) Before Interest and Income Taxes
Flat-Rolled	**$ 1,986**	**$ —**	**$ 1,986**	**$ 18**	**$ 114**
USSE	**575**	**1**	**576**	**—**	**81**
Tubular	**114**	**—**	**114**	**1**	**(75)**
Total reportable segments	**2,675**	**1**	**2,676**	**19**	**120**
Other Businesses	**11**	**27**	**38**	**(1)**	**18**
Reconciling Items and Eliminations	**—**	**(28)**	**(28)**	**—**	**(6)**
Total	**$ 2,686**	**$ —**	**$ 2,686**	**$ 18**	**$ 132**
Three Months Ended September 30, 2015					
Flat-Rolled	$ 2,070	$ 72	$ 2,142	$ 4	$ (18)
USSE	546	1	547	—	18
Tubular	199	—	199	2	(50)
Total reportable segments	2,815	73	2,888	6	(50)
Other Businesses	15	28	43	—	10
Reconciling Items and Eliminations	—	(101)	(101)	—	(130)
Total	$ 2,830	$ —	$ 2,830	$ 6	$ (170)

The results of segment operations for the nine months ended September 30, 2016 and 2015 are:

(In millions) **Nine Months Ended September 30, 2016**	**Customer Sales**	**Intersegment Sales**	**Net Sales**	**Earnings (Loss) from Investees**	**Earnings (Loss) Before Interest and Income Taxes**
Flat-Rolled	**$ 5,643**	**$ 16**	**$ 5,659**	**$ 88**	**$ (68)**
USSE	**1,616**	**2**	**1,618**	**—**	**122**
Tubular	**303**	**2**	**305**	**5**	**(217)**
Total reportable segments	**7,562**	**20**	**7,582**	**93**	**(163)**
Other Businesses	**49**	**80**	**129**	**(2)**	**42**
Reconciling Items and Eliminations	**—**	**(100)**	**(100)**	**—**	**20**
Total	**$ 7,611**	**$ —**	**$ 7,611**	**$ 91**	**$ (101)**
Nine Months Ended September 30, 2015					
Flat-Rolled	$ 6,388	$ 245	$ 6,633	$ 26	$ (149)
USSE	1,837	2	1,839	—	75
Tubular	730	—	730	6	(115)
Total reportable segments	8,955	247	9,202	32	(189)
Other Businesses	47	81	128	(3)	24
Reconciling Items and Eliminations	—	(328)	(328)	—	(584)
Total	$ 9,002	$ —	$ 9,002	$ 29	$ (749)

The following is a schedule of reconciling items to Earnings (Loss) Before Interest and Income Taxes:

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(In millions)	**2016**	**2015**	**2016**	**2015**
Items not allocated to segments:				
Postretirement benefit (expense) [(a)]	**$ 8**	$ (11)	**$ 36**	$ (38)
Other items not allocated to segments:				
Impairment of intangible assets	**(14)**	—	**(14)**	—
Loss on shutdown of Fairfield flat-rolled operations [(b)(d)]	**—**	(91)	**—**	(91)
Losses associated with U. S. Steel Canada Inc. (Note 21)	**—**	(16)	**—**	(271)
Restructuring and other charges and adjustments [(c)]	**—**	(12)	**(2)**	(31)
Loss on shutdown of coke production facilities [(d)]	**—**	—	**—**	(153)
Total other items not allocated to segments	**(14)**	(119)	**(16)**	(546)
Total reconciling items	**$ (6)**	$ (130)	**$ 20**	$ (584)

(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) Fairfield Flat-Rolled Operations include the blast furnace and associated steelmaking operations, along with most of the flat-rolled finishing operations at Fairfield Works. The slab and rounds casters and the #5 coating line continue to operate.
(c) For the three months ended September 30, 2016, there were no restructuring and other charges and adjustment items not allocated to the Company's reportable segments. For the nine months ended September 30, 2016, approximately $(2) million is included in Cost of sales and approximately $4 million is included in the Restructuring and other charges in the Consolidated Statement of Operations. See Note 19 to the Consolidated Financial Statements.
(d) Included in Restructuring and other charges on the Consolidated Statement of Operations. See Note 19 to the Consolidated Financial Statements.

4. Acquisition

On May 29, 2015, the Company purchased the 50 percent joint venture interest in Double Eagle Steel Coating Company (DESCO) that it did not previously own for $25 million. DESCO's electrolytic galvanizing line (EGL) has become part of the larger operational footprint of U. S. Steel's Great Lakes Works within the Flat-Rolled segment. The EGL is increasing our ability to provide industry leading advanced high strength steels, including Generation 3 grades under development, as well as to provide high quality exposed steel for automotive body and closure applications. The Company's previously held 50 percent equity interest of $3 million was recorded at fair market value resulting in a net gain of approximately $3 million which has been recognized in the earnings from investees line in the consolidated statement of operations. Goodwill of approximately $3 million was recognized and is included as a component of other noncurrent assets in the Company's Consolidated Balance Sheet. The fair value of the DESCO acquisition was measured using both cost and market approaches, Level 2 inputs, in accordance with ASC No. 820, *Fair Value Measurement*. Transaction costs associated with the acquisition were insignificant. The amount of revenue recognized in the consolidated statement of operations as a result of the acquisition was not significant for the periods presented.

5. Intangible Assets

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

		As of September 30, 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**	**$ 57**	**$ 75**	$ 132	$ 52	$ 80
Other	2-20 Years	**17**	**9**	**8**	17	8	9
Total amortizable intangible assets		**$ 149**	**$ 66**	**$ 83**	$ 149	$ 60	$ 89

The carrying amount of acquired water rights and patents with indefinite lives as of September 30, 2016 totaled $75 million and $19 million and as of December 31, 2015 totaled $75 million and $33 million, respectively. The water rights and patents are tested for impairment annually in the third quarter, or whenever events or circumstances indicate the carrying value may not be recoverable. U. S. Steel performed a quantitative impairment evaluation of its indefinite-lived intangible assets, which includes its water rights and in-process research and development patents, during the third quarter of 2016. Based on the results of the evaluation, the water rights were not impaired; however, the estimated fair value of the patents had decreased below their carrying value. As a result, an impairment charge of approximately $14 million was recorded during the three months ended September 30, 2016. Key assumptions used in the discounted cash flow analysis for the evaluation of the patents consisted of a combination of Level 2 and Level 3 inputs, which included future cash flow projections, a royalty rate of 5% and a discount rate of 17%.

Identifiable intangible assets with finite lives are reviewed for impairment whenever events or circumstances indicate the carrying values may not be recoverable. During the fourth quarter of 2015, due to a significant decline in energy prices and high levels of tubular imports, U. S. Steel completed a review of certain of its identifiable intangible assets with finite lives, primarily customer relationships with a carrying value of $80 million, and determined the assets were not impaired.

Amortization expense was $2 million for both of the three month periods ended September 30, 2016 and 2015, respectively, and $6 million for both of the nine month periods ended September 30, 2016 and 2015, respectively. The estimated future amortization expense of identifiable intangible assets during the next five years is $2 million for the remaining portion of 2016 and $7 million each year from 2017 to 2020.

6. Pensions and Other Benefits

The following table reflects the components of net periodic benefit cost (income) for the three months ended September 30, 2016 and 2015:

	Pension Benefits		Other Benefits	
(In millions)	**2016**	**2015**	**2016**	**2015**
Service cost	**$ 14**	$ 25	**$ 5**	$ 5
Interest cost	**64**	66	**25**	24
Expected return on plan assets	**(106)**	(109)	**(38)**	(38)
Amortization of prior service cost	**2**	4	**6**	(2)
Amortization of actuarial net loss	**33**	60	**1**	2
Net periodic benefit cost (income), excluding below	**7**	46	**(1)**	(9)
Multiemployer plans	**16**	17	**—**	—
Settlement, termination and curtailment losses	**10**	24 [(a)]	**—**	(4) [(a)]
Net periodic benefit cost (income)	**$ 33**	$ 87	**$ (1)**	$ (13)

[(a)] Includes approximately $20 million of pension and other benefits that were reclassified to Restructuring and other charges on the Consolidated Statements of Operations.

The following table reflects the components of net periodic benefit cost (income) for the nine months ended September 30, 2016 and 2015:

	Pension Benefits		Other Benefits	
(In millions)	**2016**	**2015**	**2016**	**2015**
Service cost	**$ 40**	$ 78	**$ 15**	$ 16
Interest cost	**194**	197	**74**	73
Expected return on plan assets	**(316)**	(330)	**(113)**	(115)
Amortization of prior service cost	**8**	13	**19**	(5)
Amortization of actuarial net loss	**97**	188	**2**	5
Net periodic benefit cost (income), excluding below	**23**	146	**(3)**	(26)
Multiemployer plans	**48**	51	**—**	—
Settlement, termination and curtailment losses	**13**	29 [(a)]	**—**	(4) [(a)]
Net periodic benefit cost (income)	**$ 84**	$ 226	**$ (3)**	$ (30)

[(a)] Includes approximately $20 million of pension and other benefits that were reclassified to Restructuring and other charges on the Consolidated Statements of Operations.

Settlements
During the first nine months of 2016, the non-qualified pension plan incurred settlement charges of approximately $13 million due to lump sum payments for certain individuals. For 2015, the non-qualified pension plan and the other benefits plan incurred settlement and curtailment charges of $25 million primarily due to lump sum payments for certain individuals and pension curtailment charges associated with the shutdown of the blast furnace and associated steelmaking operations, along with most of the flat-rolled finishing operations at Fairfield Works (Fairfield Flat-Rolled Operations).

Employer Contributions
On August 1, 2016, the Company made a voluntary contribution of 3,763,643 shares of common stock (the shares), par value of $1.00 per share, to the U. S. Steel Retirement Plan Trust, which is the funding vehicle for the Company's main defined benefit pension plan. The shares were valued by an independent valuation firm for purposes of the contribution at $26.57 per share, or approximately $100 million in the aggregate, which was the closing price of the Company's common stock on August 1, 2016.

During the first nine months of 2016, U. S. Steel made cash payments of $47 million to the Steelworkers' Pension Trust and $25 million of pension payments not funded by trusts.

During the first nine months of 2016, cash payments of $47 million were made for other postretirement benefit payments not funded by trusts.

Company contributions to defined contribution plans totaled $10 million and $10 million in the three months ended September 30, 2016 and 2015, respectively. Company contributions to defined contribution plans totaled $32 million and $31 million for the nine months ended September 30, 2016 and 2015, respectively.

Non-retirement postemployment benefits
U. S. Steel incurred costs of approximately $9 million and $7 million for the three and nine months ended September 30, 2016, respectively, compared to costs of $4 million and $44 million for the three and nine months ended September 30, 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 and nine months ended September 30, 2016 were $19 million and $58 million, respectively. Payments for these benefits during the three and nine months ended September 30, 2015 were $10 million and $25 million, respectively.

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. The Company estimates there will be no minimum required contribution to the main pension plan in 2016 or 2017.

7. 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 September 30, 2016 and 2015, net foreign currency losses of $ 1 million and gains of $6 million respectively, were recorded in other financial costs. During the nine months ended September 30, 2016 and 2015, net foreign currency losses of $ 2 million and gains of $10 million respectively, were recorded in other financial costs. Additionally, during the nine months ended September 30, 2016, there was a loss on debt extinguishment recognized of $22 million.

See Note 12 for additional information on U. S. Steel's use of derivatives to mitigate its foreign currency exchange rate exposure. See Note 13 for further details on U. S. Steel's redemption of its senior debt.

8. 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 2005 Plan) and the 2016 Omnibus Incentive Compensation Plan (the Omnibus 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 and the 2016 Proxy Statement, respectively. On April 26, 2016, the Company's stockholders approved the Omnibus Plan and authorized the Company to issue up to 7,200,000 shares of U. S. Steel common stock under the Omnibus Plan. While the awards that were previously granted under the 2005 Plan remain outstanding, all future awards will be granted under the Omnibus Plan. As of September 30, 2016, there were 5,131,175 shares available for future grants under the Omnibus Plan.

Recent grants of stock-based compensation consist of stock options, restricted stock units, and total shareholder return (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 2005 Plan and the Omnibus Plan.

	2016		2015	
Grant Details	**Shares[a]**	**Fair Value[b]**	**Shares[a]**	**Fair Value[b]**
Stock Options	**1,333,210**	**$ 6.24**	1,638,540	$ 10.02
Restricted Stock Units	**1,117,495**	**$ 14.27**	800,500	$ 24.64
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 period.
[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 $5 million and $8 million in the three month periods ended September 30, 2016 and 2015, respectively, and $16 million and $31 million in the first nine months of 2016 and 2015, respectively.

As of September 30, 2016, total future compensation expense related to nonvested stock-based compensation arrangements was $31 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[a]	**2016 Grants**	**2015 Grants**
Grant date price per share of option award	**$ 14.78**	$ 24.74
Exercise price per share of option award	**$ 14.78**	$ 24.74
Expected annual dividends per share, at grant date	**$ 0.20**	$ 0.20
Expected life in years	**5**	5
Expected volatility	**53%**	47%
Risk-free interest rate	**1.463%**	1.639%
Grant date fair value per share of unvested option awards as calculated from above	**$ 6.24**	$ 10.02

(a) The assumptions represent a weighted average of all grants during the period.

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 group of peer 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.

9. Income Taxes

Tax provision

For the nine months ended September 30, 2016 and 2015, we recorded a tax provision of $26 million on our pretax loss of $309 million and a tax benefit of $410 million on our pretax loss of $919 million, respectively. Due to the full valuation allowance on our domestic deferred tax assets in 2016, the tax provision does not reflect any 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. Included in the tax provision is a net benefit of $31 million relating to the adjustment of certain tax reserves in the first nine months of 2015.

The tax provision for the first nine 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 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 nine months ended September 30, 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 allowance of $804 million was required for the Company's domestic deferred tax assets.

At September 30, 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 assets may not be realized. As a result, an incremental valuation allowance of $32 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.

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 $74 million at both September 30, 2016 and December 31, 2015. The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was $10 million as of September 30, 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 September 30, 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.

10. Earnings and Dividends Per Common Share

Earnings (Loss) Per Share Attributable to United States Steel Corporation Stockholders

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

Diluted earnings (loss) 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 (loss) per common share from continuing operations are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions, except per share amounts)	2016	2015	2016	2015
Earnings (loss) attributable to United States Steel Corporation stockholders	**$ 51**	$ (173)	**$ (335)**	$ (509)
Weighted-average shares outstanding (in thousands):				
Basic	**160,513**	146,324	**151,199**	146,008
Effect of stock options, restricted stock units and performance awards	**1,187**	—	**—**	—
Adjusted weighted-average shares outstanding, diluted	**161,700**	146,324	**151,199**	146,008
Basic earnings (loss) per common share	**$ 0.32**	$ (1.18)	**$ (2.22)**	$ (3.49)
Diluted earnings (loss) per common share	**$ 0.32**	$ (1.18)	**$ (2.22)**	$ (3.49)

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2016	2015	2016	2015
Securities granted under the 2005 Stock Incentive Plan, as amended and the Omnibus Plan	**4,613**	8,623	**9,568**	8,623

Dividends Paid Per Share

The dividend for each of the first three quarters of 2016 and 2015 was five cents per common share.

11. 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 September 30, 2016 and December 31, 2015, the LIFO method accounted for 77 percent and 80 percent of total inventory values, respectively.

(In millions)	September 30, 2016	December 31, 2015
Raw materials	**$ 450**	$ 766
Semi-finished products	**813**	841
Finished products	**415**	392
Supplies and sundry items	**64**	75
Total	**$ 1,742**	$ 2,074

Current acquisition costs were estimated to exceed the above inventory values by $486 million at September 30, 2016 and $900 million at December 31, 2015. As a result of the liquidation of LIFO inventories, cost of sales decreased and earnings (loss) before interest and income taxes increased by $21 million in the three months ended September 30, 2016. As a result of the liquidation of LIFO inventories, cost of sales increased and earnings (loss) before interest and income taxes decreased by $54 million in the nine months ended September 30, 2016. As a result of the liquidation of LIFO inventories, cost of sales decreased and earnings (loss) before interest and income taxes increased by $9 million and $6 million in the three and nine months ended September 30, 2015, respectively.

Inventory includes $54 million and $64 million of property held for residential or commercial development as of September 30, 2016 and December 31, 2015, respectively.

12. 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 September 30, 2016, U. S. Steel held euro forward sales contracts with a total notional value of approximately $189 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, *Derivatives and Hedging* 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 September 30, 2016 and December 31, 2015 and for the three and nine months ended September 30, 2016 and 2015:

(In millions)	Balance Sheet Location	Fair Value September 30, 2016	Fair Value December 31, 2015
Foreign exchange forward contracts	Accounts receivable	**$ 1**	$ 4
Foreign exchange forward contracts	Accounts payable	**$ 1**	$ 1

(In millions)	Statement of Operations Location	Amount of Gain (Loss) Three Months Ended September 30, 2016	Amount of Gain (Loss) Nine Months Ended September 30, 2016
Foreign exchange forward contracts	Other financial income/ costs	**$ —**	**$ (4)**

(In millions)	Statement of Operations Location	Amount of Gain (Loss) Three Months Ended September 30, 2015	Amount of Gain (Loss) Nine Months Ended September 30, 2015
Foreign exchange forward contracts	Other financial income/ costs	$ —	$ 32

In accordance with the guidance found in ASC Topic 820, *Fair Value Measurement*, 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.

13. Debt

(In millions)	Interest Rates %	Maturity	September 30, 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	**200**	275
2021 Senior Secured Notes	8.375	2021	**980**	—
2020 Senior Notes	7.375	2020	**439**	600
2018 Senior Notes	7.00	2018	**161**	500
2017 Senior Notes	6.05	2017	**—**	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	**29**	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			**3,120**	3,166
Less unamortized discount and debt issuance costs			**40**	28
Less short-term debt and long-term debt due within one year			**92**	45
Long-term debt			**$ 2,988**	$ 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.

Senior Note Repurchases and Redemption

During the three months ended September 30, 2016, the Company repurchased approximately $11 million of its 7.375% Senior Notes due 2020 for 99.25 percent of par and approximately $51 million of its 6.875% Senior Notes due 2021 at an average rate of 97.63 percent of par through a series of open market purchases.

During the three months ended June 30, 2016, the Company repurchased several tranches of its outstanding senior notes. The Company completed an optional redemption of its outstanding 6.05% Senior Notes due 2017 for an aggregate principal amount of approximately $444 million plus a total make whole premium of approximately $22 million. Pursuant to a cash tender offer, the Company repurchased approximately $326 million of its 7.00% Senior Notes due 2018 for 107 percent of par, approximately $150 million of its 7.375% Senior Notes due 2020 at an average rate of 86 percent of par and approximately $23 million of its 6.875% Senior Notes due 2021 for 82 percent of par.

During the three months ended March 31, 2016, the Company repurchased approximately $6 million of its 6.05% Senior Notes due 2017 at an average rate of 92.31 percent and approximately $13 million of its 7.00% Senior Notes due 2018 at an average rate of 87.96 percent through a series of open market purchases.

2021 Senior Secured Notes

On May 10, 2016, U. S. Steel issued $980 million of 8.375% Senior Secured Notes due July 1, 2021 (2021 Senior Secured Notes) in a 144A private transaction exempt from the registration requirements of the Securities Act of 1933, as amended (the Securities Act). U. S. Steel received net proceeds from the offering of approximately $958 million after fees of approximately $22 million related to underwriting and third party expenses. The net proceeds from the issuance of the 2021 Senior Secured Notes were used to redeem and repurchase portions of our outstanding senior notes as discussed above. Interest on the notes is payable semi-annually in arrears

on January 1st and July 1st of each year commencing on January 1, 2017. The notes are secured by first-priority liens on substantially all of the tangible and intangible assets of the Company's domestic flat-rolled facilities, exclusive of the collateral required under the Third Amended and Restated Credit Agreement.

The Company may redeem the 2021 Senior Secured Notes, in whole or part, at our option on or after July 1, 2018 at the redemption price for such notes as a percentage of the principal amount, plus accrued and unpaid interest to, but excluding, the redemption date, if redeemed during the twelve-month period beginning on July 1st of each of the years indicated below.

Year	Redemption Price
2018	106.28 %
2019	104.19 %
2020 and thereafter	100.00 %

Prior to July 1, 2018, the Company may redeem up to 35% of the original aggregate principal amount of the 2021 Senior Secured Notes with the net cash proceeds of one or more equity offerings for a price of 108.375% of principal. Upon the occurrence of certain assets sales, we may be required to offer to repurchase the 2021 Senior Secured Notes with the proceeds at a price of 100% of the principal amount thereof, plus accrued and unpaid interest if any. The indenture pursuant to which the 2021 Senior Secured Notes were issued contains additional customary financial covenants and other obligations.

Third Amended and Restated Credit Agreement

As of September 30, 2016, there were no amounts drawn on the $1.5 billion credit facility agreement (Third Amended and Restated Credit Agreement). However, since the value of our inventory and trade accounts receivable less specified reserves calculated in accordance with the Third Amended and Restated Credit Agreement do not support the full amount of the facility at September 30, 2016, the amount available to the Company under this facility was reduced by $9 million. Additionally, 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. Based on the most recent four quarters as of September 30, 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. As a result, availability under the Third Amended and Restated Credit Agreement was $1,341 million as of September 30, 2016.

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. 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.

The Third Amended and Restated Credit Agreement permits incurrence of additional secured debt up to 15% of Consolidated Net Tangible Assets.

U. S. Steel Košice (USSK) revolver and credit facilities

At September 30, 2016, USSK had no borrowings under its €200 million (approximately $223 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 Coverage 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. At September 30, 2016, USSK had full availability under the USSK Credit Agreement. The USSK Credit Agreement expires in July 2019.

At September 30, 2016, USSK had no borrowings under its €40 million and €10 million unsecured credit facilities (collectively approximately $56 million) and the availability was approximately $55 million due to approximately $1 million of customs and other guarantees outstanding. On November 2, 2016, USSK entered into an amendment to its €10 million unsecured credit agreement to extend the agreement's final maturity date from

December 2016 to December 2017. The amendment also permits up to two additional one-year extensions to the final maturity date at the mutual consent of USSK and its lender.

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 under various financing agreements
If there is a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling $2,530 million as of September 30, 2016 (including the Senior Notes and Senior Secured 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.

14. 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)	September 30, 2016	December 31, 2015	
Balance at beginning of year	**$ 89**	$ 48	
Additional obligations incurred	**3**	45	(a)
Obligations settled	**(9)**	(6)	
Foreign currency translation effects	**—**	(1)	
Accretion expense	**2**	3	
Balance at end of period	**$ 85**	$ 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.

15. 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 12 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 assets and liabilities that were not carried at fair value at September 30, 2016 and December 31, 2015.

	September 30, 2016		December 31, 2015	
(In millions)	Fair Value	Carrying Amount	Fair Value	Carrying Amount
Financial liabilities:				
Long-term debt (a)	**$ 3,098**	**$ 3,051**	$ 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 20.

16. Statement of Changes in Stockholders' Equity

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

Nine Months Ended September 30, 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	(335)	(335)					
Other comprehensive income (loss), net of tax: [a]							
Pension and other benefit adjustments	(134)		(134)				
Currency translation adjustment	41		41				
Employee stock plans	16				62	(46)	
Common Stock Issued	582			25		557	
Dividends paid on common stock	(22)					(22)	
Other	17		17				
Balance at September 30, 2016	$ 2,602	$ (145)	$ (1,245)	$ 176	$ (277)	$ 4,092	$ 1

[a] Amounts for 2016 do not reflect a tax benefit as a result of a full valuation allowance on our domestic deferred tax assets.

Nine Months Ended September 30, 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	(509)	(509)					
Other comprehensive income (loss), net of tax:							
Pension and other benefit adjustments	(44)		(44)				
Currency translation adjustment	(83)		(83)				
Employee stock plans	30				55	(25)	
Dividends paid on common stock	(22)	(22)					
Balance at September 30, 2015	$ 3,172	$ 1,331	$ (1,568)	$ 151	$ (341)	$ 3,598	$ 1

17. 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 income before reclassifications		**5**			**41**		**16**		**62**
Amounts reclassified from AOCI		**(139)**	[b]		**—**		**1**		**(138)**
Net current-period other comprehensive (loss) income		**(134)**			**41**		**17**		**(76)**
Balance at September 30, 2016	**$**	**(1,613)**		**$**	**353**	**$**	**15**	**$**	**(1,245)**

(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 September 30,				Nine Months Ended September 30,			
		2016		2015		2016		2015	
	Amortization of pension and other benefit items								
	Prior service costs [b]	**$**	**(8)**	$	(2)	**$**	**(27)**	$	(8)
	Actuarial losses [b]		**(34)**		(62)		**(99)**		(193)
	Settlement, termination and curtailment (losses)[b]		**(10)**		(20)		**(13)**		(25)
	Total before tax		**(52)**		(84)		**(139)**		(226)
	Tax benefit		**—**		32		**—**		86
	Net of tax [c]	**$**	**(52)**	$	(52)	**$**	**(139)**	$	(140)

(a) Amounts in parentheses indicate decreases in AOCI.
(b) These AOCI components are included in the computation of net periodic benefit cost (see Note 6 for additional details).
(c) Amounts for 2016 do not reflect a tax benefit as a result of a full valuation allowance on our domestic deferred tax assets.

18. Transactions with Related Parties

Net sales to related parties and receivables from related parties primarily reflect sales of steel products to equity investees and steel products, iron-ore pellets and coke to U. S. Steel Canada Inc. (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 $316 million and $384 million for the three months ended September 30, 2016 and 2015, respectively, and $895 million and $1,101 million for the nine months ended September 30, 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 $25 million and $83 million for the three months ended September 30, 2016 and 2015, respectively, and $68 million and $295 million for the nine months ended September 30, 2016 and 2015, respectively. Purchases of iron ore pellets from related parties amounted to $43 million and $49 million for the three months ended September 30, 2016 and 2015, respectively. Purchases of iron ore pellets from related parties amounted to $131 million and $147 million for the nine months ended September 30, 2016 and 2015, respectively.

Accounts payable to related parties include balances due to PRO-TEC Coating Company (PRO-TEC) of $78 million and $66 million at September 30, 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 $11 million and $15 million at September 30, 2016 and December 31, 2015, respectively.

The Company has related party trade accounts receivables, loan and interest receivables from USSC, net of an allowance for doubtful accounts, totaling $70 million as of September 30, 2016 and $98 million at December 31, 2015.

19. Restructuring and Other Charges

During the three months ended September 30, 2016, the Company recorded a net favorable adjustment of $ 3 million primarily associated with a change in estimate for headcount reductions across the enterprise, including within our Flat-Rolled, Tubular and USSE segments. This change in estimate includes adjustments for costs for supplemental unemployment and severance benefits as well as the continuation of heath care benefits.

During the nine months ended September 30, 2016 , the Company recorded a net charge of $1 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 heath care benefits.

During the three months ended September 30, 2015 , the Company recorded a net charge of $ 103 million, primarily related to the permanent shutdown of the Fairfield Flat-Rolled Operations within our Flat-Rolled segment and headcount reductions across the Company. Cash payments were made related to severance and exits costs of $10 million.

During the nine months ended September 30, 2015 , the Company recorded restructuring charges of $275 million, primarily related to the permanent shutdown of the Fairfield Flat-Rolled Operations and the cokemaking operations at Gary Works and Granite City Works, within our Flat-Rolled segment and headcount reductions across the Company. Cash payments were made related to severance and exit costs of $15 million. Favorable adjustments for changes in estimates on restructuring reserves were made for $20 million, primarily related to employee and environmental costs associated with the shutdown of our cokemaking operations at Gary Works and Granite City Works.

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 include severance costs, accelerated depreciation, asset impairments and other closure costs.

The activity in the accrued balances incurred in relation to restructuring and other cost reduction programs during the nine months ended September 30, 2016 were as follows:

(in millions)	Employee Related Costs	Exit Costs	Total
Balance at December 31, 2015	$ 48	$ 107	$ 155
Additional charges	**19**	**—**	**19**
Cash payments/utilization	**(31)**	**(34)**	**(65)**
Other adjustments and reclassifications	**(17)**	**(1)**	**(18)**
Balance at September 30, 2016	**$ 19**	**$ 72**	**$ 91**

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

(in millions)	September 30, 2016	December 31, 2015
Accounts payable	**$ 53**	$ 90
Payroll and benefits payable	**17**	48
Employee Benefits	**1**	—
Deferred credits and other noncurrent liabilities	**20**	17
Total	**$ 91**	$ 155

20. 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 September 30, 2016, U. S. Steel was a defendant in approximately 840 active cases involving approximately 3,335 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 2,500, 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 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 nine months ended September 30, 2016, dismissals, settlements and other dispositions resolved approximately 180 cases, and new case filings added approximately 200 cases. During 2015, settlements and other dispositions resolved approximately 415 cases, and new case filings added approximately 275 cases.

The following table shows the number of asbestos claims in the current period and the prior three years:

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
September 30, 2016	3,315	180	200	3,335

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)		Nine Months Ended September 30, 2016
Beginning of period	$	197
Accruals for environmental remediation deemed probable and reasonably estimable		1
Adjustments for changes in estimates		(4)
Obligations settled		(9)
End of period	$	185

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

(In millions)		September 30, 2016		December 31, 2015
Accounts payable	$	15	$	14
Deferred credits and other noncurrent liabilities		170		183
Total	$	185	$	197

Expenses related to remediation are recorded in cost of sales and were insignificant for both the three and nine month periods ended September 30, 2016 and 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.

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

(1) *Projects with Ongoing Study and Scope Development* - 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 September 30, 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 September 30, 2016, there are four significant projects with defined scope greater than or equal to $3 million each, with a total accrued liability of $144 million. These projects are Gary RCRA (accrued liability of $30 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 $3 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 two other environmental remediation projects which each had an accrued liability of between $1 million and $2 million. The total accrued liability for these projects at September 30, 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 had an accrued liability of less than $1 million each. The total accrued liability for these projects at September 30, 2016 was $5 million. We do not foresee material additional liabilities for any of these sites.

Post-Closure Costs – Accrued liabilities for post-closure site monitoring and other costs at various closed landfills totaled $24 million at September 30, 2016 and were based on known scopes of work.

Administrative and Legal Costs – As of September 30, 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 nine months of 2016 and 2015, such capital expenditures totaled $24 million and $67 million, respectively. U. S. Steel anticipates making additional expenditures in the future; however, the exact amounts and timing of such expenditures are uncertain because of the continuing evolution of specific regulatory requirements.

Carbon Dioxide 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. Laws regulating carbon dioxide (CO2) emissions have been enacted or are 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) promulgated GHG regulations. Some of the regulations are currently stayed and under appeal. GHG regulations could cause delays in air permitting and increased costs for U. S. Steel. Congress could take additional action that could affect the regulation of GHG emissions.

NAAQS Standards - The EPA recently revised the National Ambient Air Quality Standards (NAAQS) for nitrogen oxide (NOx), sulfur dioxide (SO_2), particulate matter, and ozone. It is likely that the new requirements in the State Implementation Plans (SIPs) for SO_2, ozone and particulate matter would materially impact 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. The impact of compliance with this legislation is estimated to be €2 million (approximately $2 million) annually.

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 48 million allowances. However, following the recent judgment of the Court of Justice of the European Union on April 2016, the volume of free allocations for the years 2018-2020 will be reduced. Until a new calculation by the European Commission (EC) is adopted, we cannot reliably estimate the impact on USSK's free allocation volume. Prior to the recent ruling we estimated a shortfall of approximately 15 million allowances for the Phase III period. The actual shortfall will depend upon the reductions resulting from the recent Court of Justice ruling. 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 anticipate having to purchase allowances to meet the annual compliance submission would be the first quarter of 2018. However, due to a number of variables 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 requires 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 future capital expenditures for projects to comply with or go beyond BAT requirements is €130 million (approximately $145 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 are 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, which will result in the construction of a new boiler and certain upgrades to our existing boilers. In January 2014, the operation of USSK's boilers was approved by the EC 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 emission ceilings for each category of emissions (Total Suspended Particulate, SO_2 and NOx) for both stacks within the Power Plant. The allowable amount of discharged emissions will decrease each year until mid 2020. An emission ceiling will be a limiting factor for future operation of the 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, operating, maintenance and waste disposal costs once completed. The construction of the new boiler is almost complete with a total projected cost of €75 million (approximately $84 million). Reconstruction of the existing boiler with a projected cost of €52 million (approximately $58 million) is in progress. The total remaining to be spent on the projects is projected to be €44 million (approximately $49 million). Broad legislative changes were enacted by the Slovak Republic to extend the scope of support for renewable sources of energy, that are intended to allow USSK to participate in Slovakia's renewable energy incentive program once the boiler projects are completed.

Guarantees – The maximum guarantees of the indebtedness and other obligations of unconsolidated entities of U. S. Steel totaled $4 million at September 30, 2016.

EPA Region V Federal Lawsuit – This is a CAA enforcement action pending in Federal Court in the Northern District of Indiana. The U.S. Government, joined by the States of Illinois, Indiana, and Michigan initiated the action alleging the Company violated the CAA and failed to have in place appropriate pollution control equipment at Gary Works, Granite City Works, and Great Lakes Works. Both an unspecified civil penalty and injunctive relief are sought. The parties have agreed to a stay pending the outcome of settlement negotiations. The Company intends to resolve this matter via settlement.

CCAA - On September 16, 2014, USSC commenced court-supervised restructuring proceedings under CCAA before the Ontario Superior Court of Justice (the Court). 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 Court.

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 $8 million at September 30, 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 $158 million as of September 30, 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 trust arrangements and 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 $41 million at September 30, 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 September 30, 2016, U. S. Steel's contractual commitments to acquire property, plant and equipment totaled $126 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
$276	$740	$642	$323	$300	$1,383	$3,664

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 2 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 September 30, 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 $117 million and $115 million for the three months ended September 30, 2016 and 2015, respectively and $372 million and $365 million for the nine months ended September 30, 2016 and 2015, respectively.

21. USSC Retained Interest

USSC, an indirect wholly owned subsidiary of U. S. Steel, with unanimous approval from its Board of Directors, applied for relief from its creditors pursuant to CCAA on September 16, 2014. The CCAA filing was approved by the Court on September 16, 2014 which granted USSC creditor protection while it formulates a plan of restructuring. As a result of the CCAA proceedings, U. S. Steel no longer has a controlling financial interest over USSC, as defined under ASC 810, *Consolidation*, and therefore has deconsolidated USSC's financial position as of the end of the day on September 15, 2014.

Prior to the deconsolidation, U. S. Steel made loans to USSC for the purpose of funding its operations and had net trade accounts receivable in the ordinary course of business. The loans, the corresponding interest and the net trade accounts receivable were considered intercompany transactions and were eliminated in the consolidated U. S. Steel financial statements. As of the deconsolidation date, U. S. Steel's retained interest in USSC consisted of the loans, associated interest and net trade accounts receivable which are now considered third party transactions and have been recognized in U. S. Steel's consolidated financial statements based upon the estimated recoverability of their carrying amounts and whether or not the amounts are secured or unsecured.

Subsequent to the CCAA filing, management has continued to assess the recoverability of the Company's retained interest in USSC. During the second quarter of 2015, management's estimate of the recoverable retained interest was updated as a result of economic conditions impacting the steel industry in North America such as lower prices, elevated levels of imports, the strength of the U.S. dollar and depressed steel company valuations. As a result of our assessment, we recorded a pre-tax charge of approximately $255 million to write-down our retained interest in USSC.

For the fourth quarter of 2015, U. S. Steel further updated the estimated retained interest based upon our continued assessment of the recoverability of our secured and unsecured claims in the CCAA restructuring proceedings. As a result, an additional pre-tax charge was recognized in the fourth quarter, bringing the total charge to $392 million for the fiscal year ended December 31, 2015. U. S. Steel's recoverability involves uncertainties from economic and other events, including developments related to the ongoing CCAA proceedings, including the appeal of the decision of the Court in the trial relating to the classification and amounts of our secured and unsecured USSC claims, which are beyond the control of U. S. Steel that could materially impact the recoverability of our retained interest.

22. Common Stock Issuance

On August 15, 2016, the Company issued 21,735,000 shares of common stock, par value of $1.00 per share, at a price of $23.00 per share in an underwritten public offering. The Company intends to use the net proceeds for debt reduction, capital expenditures and other general corporate purposes. Third-party expenses related to the issuance of approximately $18 million were recorded as a decrease to additional paid-in capital, resulting in net proceeds of approximately $482 million.

RESULTS OF OPERATIONS

Net sales by segment for the three and nine months ended September 30, 2016 and 2015 are set forth in the following table:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(Dollars in millions, excluding intersegment sales)	**2016**	**2015**	**% Change**	**2016**	**2015**	**% Change**
Flat-Rolled Products (Flat-Rolled)	**$ 1,986**	$ 2,070	(4)%	**$ 5,643**	$ 6,388	(12)%
U. S. Steel Europe (USSE)	**575**	546	5 %	**1,616**	1,837	(12)%
Tubular Products (Tubular)	**114**	199	(43)%	**303**	730	(58)%
Total sales from reportable segments	**2,675**	2,815	(5)%	**7,562**	8,955	(16)%
Other Businesses	**11**	15	(27)%	**49**	47	4 %
Net sales	**$ 2,686**	$ 2,830	(5)%	**$ 7,611**	$ 9,002	(15)%

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the three months ended September 30, 2016 versus the three months ended September 30, 2015 is set forth in the following table:

Three Months Ended September 30, 2016 versus Three Months Ended September 30, 2015

	Steel Products [(a)]					
	Volume	**Price**	**Mix**	**FX** [(b)]	**Coke, Pellets & Other**	**Net Change**
Flat-Rolled	(4)%	7 %	(2)%	—%	(5)%	(4)%
USSE	8 %	(1)%	(2)%	—%	— %	5 %
Tubular	(23)%	(23)%	3 %	—%	— %	(43)%

[(a)] Excludes intersegment sales

[(b)] Foreign currency translation effects

Net sales were $2,686 million in the three months ended September 30, 2016, compared with $2,830 million in the same period last year. The decrease in sales for the Flat-Rolled segment primarily reflected decreased shipments (decrease of 141 thousand net tons) due to operational issues across our Flat-Rolled facilities. In the last half of the third quarter of 2016 we experienced unplanned outages at several of our steelmaking and finishing facilities and our current operating configuration in 2016 extends the time it takes to recover volumes from unplanned outages. Additionally, sales in our Flat-Rolled segment decreased due to reduced coke and iron ore pellet sales to U. S. Steel Canada Inc. These decreases were partially offset by higher average realized prices (increase of $44 per net ton) due to improved spot market prices.

The increase in sales for the USSE segment was primarily due to increased shipments (increase of 85 thousand net tons), which have offset the impact of lower average realized euro-based prices (decrease of €13 per net ton).

The decrease in sales for the Tubular segment primarily reflected lower average realized prices (decrease of $215 per net ton) and lower shipments (decrease of 51 thousand net tons) as a result of reduced drilling activity caused by low crude oil prices and continued high import levels.

Management's analysis of the **percentage change in net sales** for U. S. Steel's reportable business segments for the nine months ended September 30, 2016 versus the nine months ended September 30, 2015 is set forth in the following table:

Nine Months Ended September 30, 2016 versus Nine Months Ended September 30, 2015

	Steel Products [(a)]					
	Volume	**Price**	**Mix**	**FX** [(b)]	**Coke, Pellets & Other**	**Net Change**
Flat-Rolled	(3)%	(6)%	(1)%	—%	(2)%	(12)%
USSE	(4)%	(9)%	1 %	—%	— %	(12)%
Tubular	(40)%	(3)%	(14)%	—%	(1)%	(58)%

[(a)] Excludes intersegment sales

[(b)] Foreign currency translation effects

Net sales were $7,611 million in the nine months ended September 30, 2016, compared with $9,002 million in the same period for 2015. The decrease in sales for the Flat-Rolled segment primarily reflected lower average realized prices (decrease of $54 per net ton) as a result of market conditions, partially attributed to the high import levels in 2015, which reset our contract prices significantly lower and drastically depressed spot prices. Additionally, sales for the Flat-Rolled segment decreased due to lower shipments (decrease of 280 thousand net tons) primarily attributable to our current operating configuration in 2016 compared to 2015.

The decrease in sales for the USSE segment was primarily due to lower average realized euro-based prices (decrease of €40 per net ton) as a result of high import levels and a decrease in shipments (decrease of 140 thousand net tons), due to lower shipments of slabs.

The decrease in sales for the Tubular segment primarily reflected lower shipments (decrease of 203 thousand net tons) and lower average realized prices (decrease of $422 per net ton) as a result of reduced drilling activity caused by low crude oil prices and continued high import levels.

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 multi-employer pension plan costs totaled $33 million and $84 million in the three and nine months ended September 30, 2016, respectively, compared to $87 million and $226 million in the comparable periods in 2015. The $54 million and $142 million decreases are primarily due to the freezing of benefit accruals for non-represented 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 $10 million and $32 million in the three and nine months ended September 30, 2016, respectively, compared to $10 million and $32 million in the comparable periods in 2015.

Other benefit (income), which is included in earnings (loss) before interest and taxes, totaled $(1) million and $(13) million in the three months ended September 30, 2016 and September 30, 2015, respectively, and $(3) million and $(30) million in the nine months ended September 30, 2016 and 2015, respectively. The $12 million and $27 million decreases in income in the 2016 periods are primarily due to benefit and plan design changes included in the Collective Bargaining Agreements between the United Steelworkers (USW) and U. S. Steel and its U. S. Steel Tubular Products, Inc. subsidiary ratified by the USW on February 1, 2016 (2015 Labor Agreements).

Net periodic pension cost, including multi-employer plans, is expected to total approximately $105 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:

	Hypothetical Rate Increase (Decrease)	
(Dollars in millions)	**1%**	**(1)%**
Expected return on plan assets		
Incremental (decrease) increase in:		
Net periodic pension cost	$ (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 post-employment benefits

U. S. Steel incurred costs of approximately $9 million and $7 million for the three and nine months ended September 30, 2016, respectively, compared to costs of $4 million and $44 million for the three and nine months ended September 30, 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 and nine months ended September 30, 2016 were $19 million and $58 million, respectively. Payments for these benefits during the three and nine months ended September 30, 2015 were $10 million and $25 million, respectively.

Selling, general and administrative expenses

Selling, general and administrative expenses were $73 million and $206 million in the three and nine months ended September 30, 2016, respectively, compared to $99 million and $308 million in the three and nine months ended September 30, 2015, respectively. The decrease is primarily related to lower pension costs, as discussed above, as well as impacts from Company-wide overhead reductions.

Operating configuration adjustments
Over the past two years, the Company has adjusted its operating configuration in response to challenging market conditions as a result of global overcapacity and unfair trade practices by indefinitely and temporarily idling production at certain of its facilities.

As of September 30, 2016, the following facilities are idled:

Indefinitely Idled:
Bellville Tubular Operations (idled in August 2014)
McKeesport Tubular Operations (idled in August 2014)

The carrying value of the long-lived assets associated with the indefinitely idled facilities listed above total approximately $12 million.

Temporarily Idled:
Lone Star Tubular (idled in April 2016)
Tubular Processing (idled in April 2015)
Granite City Works - Steelmaking Operations (idled in December 2015)
Keetac Iron Ore Operations (idled in May 2015)

The carrying value of the long-lived assets associated with the temporarily idled facilities listed above total approximately $550 million.

U. S. Steel will continue to evaluate 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.

Restructuring and Other Charges
During the three months ended September 30, 2016 , the Company recorded a net favorable adjustment of $3 million primarily associated with a change in estimate for headcount reductions across the enterprise, including within our Flat-Rolled, Tubular and USSE segments. This change in estimate includes adjustments for costs for supplemental unemployment and severance benefits as well as the continuation of heath care benefits.

During the nine months ended September 30, 2016 , the Company recorded a net charge of $1 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 September 30, 2015 , the Company recorded restructuring charges of $103 million, primarily related to the permanent shutdown of the Fairfield Flat-Rolled Operations within our Flat-Rolled segment and headcount reductions across the Company. Cash payments were made related to severance and exit costs of $10 million.

During the nine months ended September 30, 2015 , the Company recorded restructuring charges of $275 million, primarily related to the permanent shutdown of the Fairfield Flat-Rolled Operations and the cokemaking operations at Gary Works and Granite City Works, within our Flat-Rolled segment and headcount reductions across the Company. Cash payments were made related to severance and exit costs of $15 million. Favorable adjustments for changes in estimates on restructuring reserves were made for $20 million, primarily related to employee and environmental costs associated with the shutdown of our cokemaking operations at Gary Works and Granite City Works.

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 include severance costs, accelerated depreciation, asset impairments and other closure costs.

Management believes its restructuring actions with regards to the Company's operations will potentially impact the Company's cash flows by approximately $325 million 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. The Company has realized actual cash savings of approximately $280 million related to restructuring efforts through September 30, 2016.

Earnings (loss) before interest and income taxes by segment for the three and nine months ended September 30, 2016 and 2015 is set forth in the following table:

(Dollars in millions)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Flat-Rolled	**$ 114**	$ (18)	NM	**$ (68)**	$ (149)	(54)%
USSE	**81**	18	NM	**122**	75	63 %
Tubular	**(75)**	(50)	50 %	**(217)**	(115)	89 %
Total earnings (loss) from reportable segments	**120**	(50)	NM	**(163)**	(189)	(14)%
Other Businesses	**18**	10	80 %	**42**	24	75 %
Segment earnings (loss) before interest and income taxes	**138**	(40)	NM	**(121)**	(165)	(27)%
Items not allocated to segments:						
Postretirement benefit income (expense)	**8**	(11)	(173)%	**36**	(38)	(195)%
Other items not allocated to segments:						
Impairment of intangible assets	**(14)**	—	100 %	**(14)**	—	100 %
Loss on shutdown of Fairfield Flat-Rolled Operations	**—**	(91)	(100)%	**—**	(91)	(100)%
Losses associated with U. S. Steel Canada Inc.	**—**	(16)	(100)%	**—**	(271)	(100)%
Restructuring and other charges and related adjustments	**—**	(12)	(100)%	**(2)**	(31)	(94)%
Loss on shutdown of coke production facilities	**—**	—	— %	**—**	(153)	(100)%
Total earnings (loss) before interest and income taxes	**$ 132**	$ (170)	(178)%	**$ (101)**	$ (749)	(87)%

Segment results for Flat-Rolled

	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	% Change	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015	% Change
Earnings (loss) before interest and income taxes ($ millions)	**$ 114**	$ (18)	NM	**$ (68)**	$ (149)	(54)%
Gross margin	**12.9%**	7.0%	5.9 %	**5.1%**	4.7%	0.4 %
Raw steel production (mnt)	**2,734**	3,240	(16)%	**8,248**	8,916	(7)%
Capability utilization	**64%**	66%	(2)%	**65%**	61%	4 %
Steel shipments (mnt)	**2,535**	2,676	(5)%	**7,725**	8,005	(3)%
Average realized steel price per ton	**$ 718**	$ 674	7 %	**$ 658**	$ 712	(8)%

The increase in Flat-Rolled results for the three months ended September 30, 2016 compared to the same period in 2015 primarily resulted from higher average realized pricing (approximately $70 million), lower raw material costs (approximately $40 million), reduced losses in 2016 after the shutdown of the blast furnace and associated steelmaking assets and most of the finishing operations at Fairfield Works in the third quarter of 2015 (approximately $45 million) and reduced costs associated with lower operating rates at our mining operations (approximately $15 million). These increases were partially offset by increased repairs and maintenance and other operating costs (approximately $25 million) and increased costs for profit-based payments (approximately $15 million).

The increase in Flat-Rolled results for the nine months ended September 30, 2016 compared to the same period in 2015 resulted from decreased raw materials costs (approximately $210 million), reduced losses in 2016 after the shut down of the blast furnace and associated steel making assets and most of the finishing operations at Fairfield Works in the third quarter of 2015 (approximately $175 million), decreased spending for repairs and maintenance and other operating costs (approximately $115 million), lower energy costs, primarily natural gas costs (approximately $55 million) and reduced costs associated with lower operating rates at our mining operations (approximately $45 million). These changes were partially offset by lower average realized prices (approximately $460 million) as a result of market conditions and higher levels of imports, higher costs for profit based payments (approximately $50 million) and decreased shipment volumes (approximately $10 million).

Gross margin for the three months ended September 30, 2016 as compared to the same period in 2015 increased primarily as a result of higher average realized prices due to improved contract and spot market prices.

Segment results for USSE

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2016	**2015**		**2016**	**2015**	
Earnings before interest and income taxes ($ millions)	**$ 81**	$ 18	350 %	**$ 122**	$ 75	63 %
Gross margin	**19.8%**	9.1%	10.7 %	**13.7%**	9.7%	4.0 %
Raw steel production (mnt)	**1,279**	1,133	13 %	**3,689**	3,615	2 %
Capability utilization	**102%**	90%	12 %	**98%**	97%	1 %
Steel shipments (mnt)	**1,105**	1,020	8 %	**3,235**	3,375	(4)%
Average realized steel price per ton ($)	**$ 503**	$ 516	(3)%	**$ 483**	$ 527	(8)%
Average realized steel price per ton (€)	**€ 451**	€ 464	(3)%	**€ 433**	€ 473	(8)%

The increase in USSE results for the three months ended September 30, 2016 compared to the same period in 2015 was primarily due to lower raw materials costs (approximately $40 million), reduced costs due to operating efficiencies (approximately $20 million) and higher shipment volumes (approximately $5 million). These changes were partially offset by lower average realized euro-based prices (approximately $10 million).

The increase in USSE results for the nine months ended September 30, 2016 compared to the same period in 2015 was primarily due to lower raw materials costs (approximately $160 million), reduced costs due to operating efficiencies (approximately $40 million) and decreased energy costs (approximately $15 million). These changes were partially offset by lower average realized euro-based prices (approximately $160 million) and lower shipment volumes (approximately $10 million).

Gross margins for the three and nine months ended September 30, 2016 as compared to the same periods in 2015 increased primarily due to operating benefits realized from our Carnegie Way efforts.

Segment results for Tubular

	Three Months Ended September 30,		% Change	Nine Months Ended September 30,		% Change
	2016	**2015**		**2016**	**2015**	
Loss before interest and income taxes ($ millions)	**$ (75)**	$ (50)	50 %	**$ (217)**	$ (115)	89 %
Gross margin	**(42.7)%**	(18.0)%	(24.7)%	**(44.5)%**	(5.6)%	(38.9)%
Steel shipments (mnt)	**103**	154	(33)%	**262**	465	(44)%
Average realized steel price per ton	**$ 1,049**	$ 1,264	(17)%	**$ 1,094**	$ 1,516	(28)%

The decrease in Tubular results for the three months ended September 30, 2016 as compared to the same period in 2015 was primarily due to lower average realized prices (approximately $20 million) and decreased shipment volumes (approximately $10 million), as a result of high import levels, lower energy pricing and a continued decline in drilling activity. These changes were partially offset by lower raw materials costs (approximately $5 million).

The decrease in Tubular results for the nine months ended September 30, 2016 as compared to the same period in 2015 was primarily due to lower average realized prices (approximately $105 million) and decreased shipment volumes (approximately $40 million), as a result of high import levels, lower energy pricing and a continued decline in drilling activity. These changes were partially offset by decreased repairs and maintenance and other operating costs (approximately $30 million) and lower raw materials costs (approximately $10 million).

Gross margins for the three and nine months ended September 30, 2016 as compared to the same period in 2015 decreased as a result of production cost inefficiencies driven by the decrease in shipments.

As a result of the significant decline in energy prices and high levels of tubular imports, U. S. Steel conducted a review of its seamless tubular and welded tubular asset groups within its Tubular segment and determined that the assets were not impaired as of December 31, 2015. The seamless tubular asset group had a carrying value of $359 million at December 31, 2015 and the recoverable amount exceeded this carrying value by 627%. The welded tubular asset group had a carrying value of $559 million at December 31, 2015 and the recoverable amount exceeded this carrying value by 73%. The key assumption used to estimate the recoverable amounts for both the seamless and welded tubular asset groups was the forecasted price of oil over the 15-year average remaining useful lives of the assets within the asset groups. The price of crude oil would have to remain at historically low levels for a prolonged period of time for the carrying amount of our seamless tubular and welded tubular asset groups to be impaired. U. S. Steel management will continue to monitor market and economic conditions for triggering events, including further weakening in the oil sector over the long-term, that may warrant further review of its long-lived assets. If a triggering event occurs, we will update our fixed asset impairment testing at that time.

Results for Other Businesses

Other Businesses had earnings of $18 million and $42 million in the three and nine months ended September 30, 2016, compared to earnings of $10 million and $24 million in the three and nine months ended September 30, 2015.

Items not allocated to segments

The decrease in **postretirement benefit expense** in the three and nine months ended September 30, 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-represented participants effective December 31, 2015 and the natural maturation of our plans.

We recorded an **impairment charge** of $14 million on our indefinite lived intangible assets related to certain of our patents in our Tubular segment as a result of an annual quantitative evaluation that was performed during the third quarter of 2016.

We recorded a net favorable adjustment of $2 million for **restructuring and other charges and related adjustments** in the nine months ended September 30, 2016 primarily due to changes in estimates associated with supplemental unemployment and severance cost accruals with respect to our actions to adjust our operating configuration, streamline our operational processes, and reduce costs. The favorable adjustment resulted from a reduction in the estimated number of employees on layoff and the length of time employees are projected to be on layoff. We recorded a net charge of $12 million and $31 million in the three and nine months ended September 30, 2015, respectively as a result of actions to adjust our operational footprint.

We recorded a $91 million l**oss on shutdown of Fairfield Flat-Rolled Operations** in the nine months ended September 30, 2015 as a result of the permanent closure of those operations.

We recorded a $271 million **loss associated with U. S. Steel Canada Inc.** in the nine months ended September 30, 2015 as a result of a change in our assessment of the recoverability of the Company's retained interest in USSC and a charge related to the Stelco Agreement (see Note 21).

We recorded a $153 million **loss on shutdown of coke production facilities** in the nine months ended September 30, 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 September 30, 2016		2015	% Change	Nine Months Ended September 30, 2016		2015	% Change
Interest expense	**$**	**58**	$ 56	4%	**$**	**173**	$ 160	8%
Interest income		**(2)**	(2)	—%		**(5)**	(2)	150%
Loss on debt extinguishment		**—**	—	NM		**22**	—	NM
Other financial costs (income)		**6**	(1)	NM		**18**	12	50%
Total net interest and other financial costs	**$**	**62**	$ 53	17%	**$**	**208**	$ 170	22%

The increase in net interest and other financial costs in the three months ended September 30, 2016 compared to the three months ended September 30, 2015 is primarily due to decreased foreign currency gains.

During the nine months ended September 30, 2016 , U. S. Steel issued $980 million of 8.375% Senior Secured Notes due July 1, 2021 (2021 Senior Secured Notes) and repurchased several tranches of its outstanding senior notes through various tender offers, redemptions and open market purchases, including the redemption of our remaining 6.05% Senior Notes due 2017 for an aggregate principal amount of approximately $444 million plus a total make whole premium of approximately $22 million which has been reflected within the loss on debt extinguishment line in the table above. For further information see Note 13 to the Consolidated Financial Statements.

The increase in net interest and other financial costs in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 is primarily due to a loss on debt extinguishment as described above, increased interest expense associated with the 2021 Senior Secured Notes and decreased foreign currency gains.

The **income tax provision** was $19 million and $26 million in the three and nine months ended September 30, 2016 compared to a benefit of $50 million and $410 million in the three and nine months ended September 30, 2015. Due to the full valuation allowance on our domestic deferred tax assets in 2016, 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.

For further information on income taxes see Note 9 to the Consolidated Financial Statements.

Net earnings (loss) attributable to United States Steel Corporation was $51 million and $(335) million in the three and nine months ended September 30, 2016, compared to a net loss of $173 million and $509 million in the three and nine months ended September 30, 2015. The changes primarily reflect the factors discussed above.

BALANCE SHEET

Cash and cash equivalents increased by $690 million from year-end 2015 due to effective management of our working capital, in addition to net proceeds of approximately $482 million received from the issuance of 21,735,000 shares of common stock, par value of $1.00 per share, during the third quarter of 2016.

Accounts receivable increased by $133 million from year-end 2015. Sales in the latter part of a quarter typically represent the majority of the receivables as of the end of the quarter. The increase in receivables primarily reflected increased shipment volumes, as well as increased proceeds as a result of higher average realized prices in the third quarter of 2016 compared to the fourth quarter of 2015.

Inventories decreased by $332 million from year-end 2015 primarily due to our planned working capital reductions, which includes better inventory management.

Accounts payable and other accrued liabilities increased by $162 million from year-end 2015 primarily as a result of increased production levels in the third quarter of 2016 as compared to the fourth quarter of 2015.

Employee benefits decreased by $4 million from year-end 2015 primarily due to the voluntary contribution of 3,763,643 shares of our common stock (the shares) to the U. S. Steel Retirement Plan Trust, which is the funding vehicle for the Company's main defined benefit pension plan. The shares were valued by an independent valuation firm for purposes

of the contribution at $26.57 per share, or approximately $100 million in the aggregate, which was the closing price of the Company's common stock on August 1, 2016. Additionally, impacts from the natural maturation of our pension plans contributed to a decrease from year-end 2015. These decreases were offset by an increase mainly due to benefit and plan design changes in the 2015 Labor Agreements, which resulted in a remeasurement of the Other Benefits plans in the first quarter of 2016.

The total of **long-term debt (less unamortized discount and debt issuance costs) and the current portion of long-term debt** decreased $58 million from year-end 2015 primarily due to the repurchase of $1,024 million of our outstanding senior notes through various tender offers, redemptions and open market purchases partially offset by the issuance of $980 million of 8.375% Senior Secured Notes due July 1, 2021. See Note 13 to the Consolidated Financial Statements for further details.

Common stock increased by approximately $25 million from year-end 2015 as a result of the issuance of 21,735,000 shares of common stock, par value of $1.00 per share, and the Company's voluntary contribution of 3,763,643 shares of common stock, par value of $1.00 per share, to the U. S. Steel Retirement Plan Trust, which is the funding vehicle for the Company's main defined benefit pension plan. For further information see Notes 6 and 22 to the Consolidated Financial Statements for further details.

CASH FLOW

Net cash provided by operating activities was $577 million for the nine months ended September 30, 2016 compared to $253 million in the same period last year. The increase is primarily due to strong working capital management offsetting lower financial results (after excluding the non-cash losses associated with U. S. Steel Canada Inc. and restructuring and other charges recorded in the nine months ended September 30, 2015).

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 September 30, 2016 and 2015 are as follows:

	Three Months Ended September 30,		Twelve Months Ended September 30,	
	2016	**2015**	**2016**	**2015**
Accounts Receivable Turnover	**2.2**	2.0	**8.0**	7.7
Inventory Turnover	**1.4**	1.1	**4.7**	5.2

The increase in the accounts receivable turnover approximates four days for the three months ended September 30, 2016 as compared to September 30, 2015 and is due to decreased sales and accounts receivable as a result of decreased shipments in our Flat-Rolled and Tubular segments as well as lower average realized prices in our Tubular and USSE segments, partially offset by higher average realized prices in our Flat-Rolled segment. The increase in the inventory turnover approximates 18 days for the three months ended September 30, 2016 as compared to September 30, 2015 and is primarily due to decreased inventory levels in all of our reportable segments resulting from better inventory management, partially offset by a decrease in cost of goods sold mainly attributable to a decrease in shipment volumes in our Flat-Rolled and Tubular segments and our lower and more flexible cost structure due to our Carnegie Way transformation efforts.

The increase in the accounts receivable turnover approximates two days for the twelve months ended September 30, 2016 as compared to September 30, 2015 and is primarily due to lower average realized prices and lower shipment volumes which have contributed to a 22% decrease in sales revenue. The decrease in the inventory turnover approximates 7 days for the twelve months ended September 30, 2016 as compared to September 30, 2015 and is primarily due to a decrease in cost of goods sold mainly attributable to a decrease in shipment volumes and our lower and more flexible cost structure due to our Carnegie Way transformation efforts.

The last-in, first-out (LIFO) inventory method is the predominant method of inventory costing in the United States. At September 30, 2016 and September 30, 2015, the LIFO method accounted for 77 percent and 79 percent of total inventory values, respectively. In the U.S., management monitors inventory realizability by comparing the LIFO cost of inventory with the replacement cost of inventory. To the extent the replacement cost (i.e., market value) of inventory is lower than the LIFO cost of inventory, management will write the inventory down. As of September 30, 2016 and

December 31, 2015 the replacement cost of the inventory was higher by approximately $486 million and $900 million, respectively. Additionally, based on the Company's latest internal forecasts and its inventory requirements, management does not believe there will be significant permanent LIFO liquidations that would impact earnings for the remainder of 2016.

Capital expenditures for the nine months ended September 30, 2016, were $268 million, compared with $354 million in the same period in 2015. Flat-Rolled capital expenditures were $97 million and included spending for the Gary Works No. 1 Caster upgrade and certain other blast furnace upgrades, the Great Lakes Works Pickle Line Tank replacement, Continuous Galvanized Line (CGL) Strip Cleaning and Roller Coater, and various other infrastructure, environmental and strategic projects. Tubular capital expenditures of $81 million related to the delayed electric arc furnace (EAF) and coupling facilities projects as well as various other infrastructure and strategic capital projects. USSE capital expenditures of $68 million consisted of spending for a Boiler House upgrade, pickle line upgrades and various other infrastructure and environmental projects.

U. S. Steel's contractual commitments to acquire property, plant and equipment at September 30, 2016, totaled $126 million.

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

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.

Issuance of long-term debt, net of financing costs, totaled $958 million in the nine months ended September 30, 2016 . U. S. Steel issued $980 million of 8.375% Senior Secured Notes due July 1, 2021. U. S. Steel received net proceeds from the offering of approximately $958 million after fees of approximately $22 million related to underwriting and third party expenses. For further information see Note 13 to the Consolidated Financial Statements.

Repayment of long-term debt totaled $1,019 million in the nine months ended September 30, 2016 . During the nine months ended September 30, 2016 , U. S. Steel repurchased approximately $6 million of its 6.05% Senior Notes due 2017 through open market purchases and redeemed the remaining aggregate principal amount of approximately $444 million. Also, during the nine months ended September 30, 2016 , U. S. Steel repurchased portions of our outstanding senior notes which included our 7.00% Senior Notes due 2018, 7.375% Senior Notes due 2020, and our 6.875% Senior Notes due 2021 for a total aggregate principal value of $574 million through a series of issuer tender offers and open market repurchases. For further information see Note 13 to the Consolidated Financial Statements.

During 2016, U. S. Steel paid $15 million for a **settlement of contingent consideration**, consisting of milestone payments and royalties, related to a 2013 acquisition of intangible assets.

Net proceeds from our **public offering of 21,735,000 shares of common stock** totaled $482 million in the nine months ended September 30, 2016. Third-party expenses related to the issuance were approximately $18 million.

LIQUIDITY AND CAPITAL RESOURCES

The following table summarizes U. S. Steel's liquidity as of September 30, 2016:

(Dollars in millions)		
Cash and cash equivalents	$	1,445
Amount available under $1.5 Billion Credit Facility		1,341
Amount available under USSK credit facilities		278
Total estimated liquidity	$	3,064

As of September 30, 2016, $274 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.

U. S. Steel maintains a $1.5 billion asset-backed revolving credit facility. As of September 30, 2016, there were no amounts drawn on the $1.5 billion credit facility agreement (Third Amended and Restated Credit Agreement). However, since the value of our inventory and trade accounts receivable less specified reserves calculated in accordance with the Third Amended and Restated Credit Agreement do not support the full amount of the facility at September 30, 2016, the amount available to the Company under this facility was reduced by $9 million. Additionally, 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. Based on the most recent four quarters as of September 30, 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. As a result, availability under the Third Amended and Restated Credit Agreement was $1,341 million million as of September 30, 2016.

As of September 30, 2016, USSK had no borrowings under its €200 million (approximately $223 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 September 30, 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 September 30, 2016, USSK had no borrowings under its €40 million and €10 million unsecured credit facilities (collectively approximately $56 million) and the aggregate availability was approximately $55 million due to approximately $1 million of outstanding customs and other guarantees. On November 2, 2016, USSK entered into an amendment to its €10 million unsecured credit agreement to extend the agreement's final maturity date from December 2016 to December 2017. The amendment also permits up to two additional one-year extensions to the final maturity date at the mutual consent of USSK and its lender.

On May 10, 2016, U. S. Steel issued $980 million of 8.375% Senior Secured Notes due July 1, 2021 (2021 Senior Secured Notes). U. S. Steel received net proceeds from the offering of approximately $958 million after fees of approximately $22 million related to the underwriting and third party expenses. The net proceeds from the issuance of the 2021 Senior Secured Notes were used to repurchase portions of our outstanding senior notes (see Note 13 to the Consolidated Financial Statements, "Debt" for further details). Interest on the notes is payable semi-annually in arrears on January 1st and July 1st of each year commencing on January 1, 2017. The notes are secured by first-priority liens on substantially all of the tangible and intangible assets of the Company's domestic flat-rolled facilities, exclusive of the collateral required under the Third Amended and Restated Credit Agreement.

On August 15, 2016, the Company issued 21,735,000 shares of common stock, par value of $1.00 per share, at a price of $23.00 per share, in an underwritten public offering. Third-party expenses related to the issuance of approximately $18 million were recorded as a decrease to additional paid-in capital, resulting in net proceeds of approximately $482 million.

For the twelve months ended September 30, 2016, the Non-Guarantor Subsidiaries (as defined in the Indenture governing the 2021 Senior Secured Notes), which consist principally of our tubular subsidiaries and our foreign subsidiaries, including USSK, represented approximately 32% of our net sales, 48% of our operating loss and 15% of our Adjusted EBITDA on a consolidated basis. As of September 30, 2016, the Non-Guarantor Subsidiaries

represented 41% of our total assets and had $1.2 billion of total liabilities on a consolidated basis, including trade payables but excluding intercompany liabilities, all of which would be structurally senior to the 2021 Senior Secured Notes.

We may from time to time seek to retire or repurchase 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.

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 $158 million of liquidity sources for financial assurance purposes as of September 30, 2016. Increases in certain of these commitments which use collateral are reflected in restricted cash on the Consolidated Statement of Cash Flows.

At September 30, 2016, in the event of a change in control of U. S. Steel, the following may occur: (a) debt obligations totaling $2,530 million as of September 30, 2016 (including our Senior Notes and Senior Secured 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 and other obligations of unconsolidated entities of U. S. Steel totaled $4 million at September 30, 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 primary cash requirements for the remainder of 2016 are expected to be for capital expenditures, asset revitalization, debt service, and operating costs, including purchases of raw materials. We finished the third quarter of 2016 with $1,445 million of cash and cash equivalents and $3.1 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.

We believe that our 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, contributions to employee benefit plans, and any amounts that may ultimately be paid in connection with contingencies, are expected to be financed by a combination of internally generated funds (including asset sales), proceeds from recent securities issuances, 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 20 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 $84 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. The impact of this legislation is estimated to be €2 million (approximately $2 million) annually.

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 were 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 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 €130 million (approximately $145 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. This could potentially reduce our net cash expenditures to approximately €90 million (approximately $100 million). The actual amount of capital spending will be dependent upon the actual amount of incentive grants received.

We also believe there will be increased operating costs of approximately €6 million (approximately $7 million) annually associated with these projects, such as increased energy and maintenance costs.

For further discussion of laws applicable in Slovakia and the EU and their impact on USSK, see Note 20 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 and technology reviews 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. To perform the risk technology review, EPA sent cokemaking facilities an Information Collection Request in April 2016. 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 PM10 and PM2.5, lead, carbon monoxide, nitrogen dioxide, sulfur dioxide, and ozone. Sulfur dioxide (SO_2) is the NAAQS criteria pollutant that will likely have the most significant impact on the Company.

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 evaluating the attainment status for all other areas in phases or "rounds" 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 relevant 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.

In October 2015, U. S. EPA lowered the NAAQS for ozone from 75 ppb eight-hour average to 70 ppb eight-hour average. EPA intends to issue final area designations in October 2017 based upon 2014-2016 air quality data. In December 2015, several petitions for judicial review of the standard were filed in the U. S. Court of Appeals for the D.C. Circuit. Because the designations and any resulting State Implementation Plans have not been made, the impacts to U. S. Steel are not estimable at this time.

Environmental Remediation

U. S. Steel has been identified as a potentially responsible party (PRP) at nine sites under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (CERCLA) as of September 30, 2016. Of these, there are three 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, 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 nine months of 2016, U. S. Steel recorded a net decrease of $12 million to our accrued balance for environmental matters for U.S. and international facilities. The total accrual for such liabilities at September 30, 2016 was $185 million. These amounts exclude liabilities related to asset retirement obligations, disclosed in Note 14 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.

Other Relevant Matters

Apolo Tubulars

Apolo Tubulars S.A., an unconsolidated Brazilian joint venture of which the Company owns 50%, was the subject of a search of its premises on May 24, 2016, pursuant to the Brazilian investigation of the CEO of Apolo Tubulars S.A., who has since been suspended, and others. The former CEO was among those subsequently indicted by the Brazilian federal prosecutor on June 27, 2016 for corruption, money laundering and organized crime in connection with alleged payments to government officials in exchange for contracts with Petróleo Brasileiro S.A. (commonly known as “Petrobras”), Brazil’s state-run energy company. An interim CEO has been appointed. The prosecutor has not alleged any violations of law by, or initiated any investigation of, the Company or any of its employees. While there can be no assurance that the outcome of the prosecution of the joint venture’s former CEO will not have an adverse effect on the joint venture or result in an impairment of the Company's investment in the joint venture, it would not have a material impact on the Company as a whole.

OFF-BALANCE SHEET ARRANGEMENTS

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

OUTLOOK

As we move through the rest of 2016, operational issues remain a headwind for us, as we continue to recover from unplanned outages in the third quarter, while also completing our planned maintenance outages. We have identified the critical assets that require additional capital investment and increased maintenance spending in order to improve our reliability and quality, and to lower our costs. We plan to use our strong cash and liquidity position to expedite the revitalization of our facilities and to fund additional growth projects. This will enhance the ongoing development of the differentiated solutions that make us a strategic business partner for our customers. We continue to make progress on our Carnegie Way transformation, and we have many opportunities ahead of us.

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 expect:

- 2016 net loss of approximately $355 million, or a loss of $2.26 per share, and adjusted EBITDA of approximately $475 million;
- Results for our Flat-Rolled and European segments to be higher than 2015 results and results for our Tubular segment to be lower than 2015 results;
- To be cash positive for the year, including net proceeds from our equity offering of $482 million and approximately $500 million of cash benefits from working capital improvement in 2016, primarily related to better inventory management, driven by improved sales and operations planning practices; and
- Improved results for Other Businesses and approximately $52 million of postretirement benefit

  income.

We believe market conditions will change, and as changes occur during the balance of 2016, our net loss and adjusted EBITDA should change consistent with the pace and magnitude of changes in market conditions.

Please refer to the non-GAAP Financial Measures section of this document for the reconciliation of the Outlook net earnings to adjusted EBITDA.

UNITED STATES STEEL CORPORATION

RECONCILIATION OF ANNUAL ADJUSTED EBITDA OUTLOOK

(Dollars in millions)		Year Ended Dec. 31 2016
Reconciliation to Projected Annual Adjusted EBITDA Included in Outlook		
Projected net loss attributable to United States Steel Corporation included in Outlook	$	(355)
Estimated income tax expense		40
Estimated net interest and other financial costs		270
Estimated depreciation, depletion and amortization		505
Restructuring, impairment and other charges		15
Estimated projected annual adjusted EBITDA included in Outlook	$	475

Adjusted EBITDA is a non-GAAP measure that excludes the effects of items such as restructuring charges, impairment charges and losses associated with U. S. Steel Canada Inc. We present adjusted EBITDA to enhance the understanding of our ongoing operating performance and established trends affecting our core operations, particularly cash generating activity, by excluding the effects of items such as restructuring charges, impairment charges and losses associated with non-core operations that can obscure underlying trends. U. S. Steel's management considers adjusted EBITDA useful to investors by facilitating a comparison of our operating performance to the operating performance of our competitors, many of which use adjusted EBITDA as an alternative measure of operating performance. Additionally, the presentation of adjusted EBITDA provides insight into management's view and assessment of the Company's

ongoing operating performance, because management does not consider the adjusting items when evaluating the Company's financial performance or in preparing the Company's annual financial outlook. Adjusted EBITDA should not be considered a substitute for net earnings (loss) or other financial measures as computed in accordance with U.S. GAAP and is not necessarily comparable to similarly titled measures used by other companies.

INTERNATIONAL TRADE

U. S. Steel continues to lead the industry in efforts to address illegal dumping and subsidized imports that injure the economic health of our country, our Company and our workers.

On June 3, 2015, U. S. Steel filed antidumping (AD) and countervailing duty (CVD) cases against China, India, Italy, South Korea, and Taiwan for the import of unfairly traded corrosion-resistant steel (CORE). On June 2, 2016, the U.S. Department of Commerce (DOC) issued its affirmative CVD determinations against China, India, Italy, and South Korea, and affirmative AD determinations against China, India, Italy, South Korea, and Taiwan. On June 24, 2016, the U.S. International Trade Commission (USITC) determined that the U.S. industry is materially injured by reason of imports of CORE from all five countries. Following the USITC's affirmative determinations, the DOC published its AD and CVD orders on July 25, 2016. U.S. Customs and Border Protection (CBP) is now enforcing these decisions and collecting AD and CVD duties.

On July 28, 2015, U. S. Steel filed AD and CVD petitions charging 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 domestic industry and that the foreign producers in Brazil, China, India, South Korea, and Russia benefit from numerous countervailable subsidies. On May 24, 2016, the DOC published its final determinations in the AD investigations against China and Japan and the CVD investigation against China. On June 22, 2016, the USITC announced its affirmative determinations against China and Japan on the basis of cumulated subject imports from all seven countries. The DOC published its AD and CVD order against China and Japan on July 14, 2016. For the remaining countries - Brazil, India, South Korea, Russia, and the United Kingdom - the DOC issued its final AD and CVD determinations on July 29, 2016, which was followed by a final affirmative injury determination by the USITC against Brazil, India, South Korea, and the United Kingdom. The DOC published its final AD and CVD orders on September 20, 2016. CBP is now enforcing these decisions and collecting AD duties on cold-rolled steel imports from Brazil, China, India, Japan, South Korea, and the United Kingdom, and CVD duties on imports from Brazil, China, India, and South Korea.

On August 11, 2015, U. S. Steel filed AD and CVD petitions for the imposition of duties on hot-rolled coil from Australia, Brazil, Japan, South Korea, the Netherlands, Turkey, and the United Kingdom. On August 12, 2016, the DOC published affirmative final determinations in the CVD investigations against Brazil, South Korea, and Turkey and the AD investigations against Australia, Brazil, Japan, South Korea, the Netherlands, Turkey, and the United Kingdom. On September 12, 2016, the USITC announced its determination that the industry in the United States is materially injured by reason of imports of hot-rolled steel products from Australia, Brazil, Japan, South Korea, the Netherlands, and the United Kingdom, as well as subject imports from Turkey, that were sold in the United States at less than fair value. The DOC published AD and CVD orders on October 3, 2016.

At present, U. S. Steel is also involved in several appeals filed with the Court of International Trade from the Oil Country Tubular Goods (OCTG) cases. In addition to defending on-going appeals, U. S. Steel continues to be actively engaged in relevant administrative reviews and five-year ("sunset") reviews before the USITC and the DOC.

In April 2016, U. S. Steel launched a case under Section 337 of the Tariff Act of 1930 against ten of the eleven largest Chinese producers and their distributors. The complaint alleges three causes of action: 1) illegal conspiracy to fix prices and control output and export volumes; 2) the theft of trade secrets through industrial espionage; 3) circumvention of duties by false labeling and transshipment. On May 26, 2016, the USITC instituted an investigation on all three causes. The remedy sought in the petition is the barring of Chinese steel and alloy products from the U.S. market. Of the original forty named respondents, twenty Chinese producers and distributors failed to appear and defaults have been entered against them, including the ninth largest steel company in China (which is also the eighteenth largest in the world). The case is now in the discovery phase. There are three pending, fully briefed motions before the Administrative Law Judge. Chinese respondents have filed motions to terminate the price fixing and the false designation of origin claims, and U. S. Steel has filed a motion to compel the production of documents. Decisions on these pending motions are imminent.

In September 2016, U. S. Steel, along with other steel producers, filed requests with the DOC to investigate whether imports of cold-rolled steel and corrosion-resistant steel from Vietnam are circumventing existing antidumping/countervailing duty orders on these products from China. These cases were brought to address concerns that Chinese producers have been diverting merchandise to Vietnam to undergo minor processing, before exporting these products to the United States. Within 45 days of filing, the DOC will determine whether to initiate the request for a circumvention ruling and whether to issue a simultaneous preliminary determination that leads to the suspension or liquidation of imports of these products. The entire proceeding should be completed within 300 days, unless the deadline is extended by the DOC.

In the EU, USSK is participating in and cooperating with the European Commission's (EC) dumping action concerning hot-rolled steel flat products from China, which was initiated in February 2016. On October 6, 2016, the EC imposed provisional duties on hot-rolled steel flat products imported from China of between 13.2 and 22.6 percent. These duties are intended to offset the harm caused to the domestic steel industry by below-cost Chinese imports. The EC is expected to impose definitive duties in May 2017.

On July 7, 2016, the EC opened an investigation against Russia, Ukraine, Serbia, Iran and Brazil to determine whether exporters of hot-rolled coil from the subject countries sold in the EU below cost, and to assess whether the subject imports caused injury to the industry. If the case is successful, duties could be levied against hot-rolled steel products from the subject countries. The EC is expected to impose provisional duties in April 2017.

On February 13, 2016, the EC initiated an investigation to determine whether imports of heavy steel plate from China are being sold in the EU below cost, and to assess whether such imports are harming the domestic industry. On October 6, 2016, the EC imposed provisional dumping duties of between 65.1 and 73.7 percent on imports of heavy steel plate from China. The EC is expected to impose definitive duties in May 2017.

USSK actively participated in an investigation concerning cold-rolled steel flat products from China and Russia. On July 29, 2016, the EC imposed definitive dumping duties of between 19.7 and 22.1 percent against Chinese imports and between 18.7 and 36.1 percent against Russian imports of cold-rolled steel flat products.

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. In an effort to mitigate the negative impact of unfairly traded foreign imports on our business, U. S. Steel has commenced substantive work with regional trade partners and organizations, and outlined a robust engagement with the Administration to tackle global overcapacity. Across diverse 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 September 30, 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 September 30, 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 September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
SEGMENT EARNINGS (LOSS) BEFORE INTEREST AND INCOME TAXES:				
Flat-Rolled	**$ 114**	$ (18)	**$ (68)**	$ (149)
U. S. Steel Europe	**81**	18	**122**	75
Tubular	**(75)**	(50)	**(217)**	(115)
Total reportable segments	**120**	(50)	**(163)**	(189)
Other Businesses	**18**	10	**42**	24
Items not allocated to segments:				
Postretirement benefit income (expense)	**8**	(11)	**36**	(38)
Other items not allocated to segments:				
Impairment of intangible assets	**(14)**	—	**(14)**	—
Loss on shutdown of Fairfield Flat-Rolled Operations [a]	**—**	(91)	**—**	(91)
Loss on write-down of retained interest in USSC	**—**	(16)	**—**	(271)
Restructuring and other charges and adjustments	**—**	(12)	**(2)**	(31)
Loss on shutdown of coke production facilities	**—**	—	**—**	(153)
Total earnings (loss) before interest and income taxes	**$ 132**	$ (170)	**$ (101)**	$ (749)
CAPITAL EXPENDITURES				
Flat-Rolled [b]	**$ 23**	$ 63	**$ 97**	$ 196
U. S. Steel Europe	**17**	33	**68**	78
Tubular	**11**	35	**81**	75
Other Businesses	**—**	2	**22**	5
Total [c]	**$ 51**	$ 133	**$ 268**	$ 354
OPERATING STATISTICS				
Average realized price: ($/net ton) [d]				
Flat-Rolled	**$ 718**	$ 674	**$ 658**	$ 712
U. S. Steel Europe	**503**	516	**483**	527
Tubular	**1,049**	1,264	**1,094**	1,516
Steel Shipments:[d][e]				
Flat-Rolled	**2,535**	2,676	**7,725**	8,005
U. S. Steel Europe	**1,105**	1,020	**3,235**	3,375
Tubular	**103**	154	**262**	465
Raw Steel Production:[e]				
Flat-Rolled	**2,734**	3,240	**8,248**	8,916
U. S. Steel Europe	**1,279**	1,133	**3,689**	3,615
Raw Steel Capability Utilization: [f]				
Flat-Rolled	**64%**	66%	**65%**	61%
U. S. Steel Europe	**102%**	90%	**98%**	97%

[a] Fairfield Flat-Rolled Operations include the blast furnace and associated steelmaking operations, along with most of the flat-rolled finishing operations at Fairfield Works. The slab and rounds casters and the #5 coating line continue to operate.
[b] The prior period amount for the nine months ended September 30, 2015 has been revised to correct a prior period error that resulted in decreased capital expenditures of $55 million. Without the correction, total capital expenditures for the Company for the nine months ended September 30, 2015 would have been $409 million.
[c] Excludes the non-cash (decrease) increase in accrued capital expenditures of $(114) million and $49 million for the nine months ended September 30, 2016, and 2015, respectively.
[d] Excludes intersegment transfers.
[e] Thousands of net tons.
[f] Based on annual raw steel production capability of 17.0 million net tons for Flat-Rolled and 5.0 million net tons for U. S. Steel Europe. 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.

On April 26, 2016 the Company filed a complaint with the U.S. International Trade Commission to initiate an investigation under Section 337 of the Tariff Act of 1930, against ten of the eleven largest Chinese steel producers and their distributors seeking the exclusion of all unfairly traded Chinese steel products from the U.S. market. The complaint alleges three causes of action: 1) illegal conspiracy to fix prices and control output and export volumes; 2) the theft of trade secrets through industrial espionage, and 3) circumvention of duties by false labeling and transshipment. This case is currently in the discovery/investigation phase.

ENVIRONMENTAL PROCEEDINGS

The following is a summary of the proceedings of U. S. Steel that were pending or contemplated as of September 30, 2016, under federal and state environmental laws. Information about specific sites where U. S. Steel is or has been engaged in significant cleanup 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 September 30, 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 nine months ended September 30, 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 September 30, 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 September 30, 2016, the accrued liability for retention of contractual guarantees at these sites was reduced to approximately $0.4 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 nine months ended September 30, 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 $30 million as of September 30, 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 nine months ended September 30, 2016 . U. S. Steel has an accrued liability of approximately $63 million as of September 30, 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 and continued during the nine months ended September 30, 2016 . Evaluations continue for the three SWMUs known as the Northern Boundary Group 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 nine months ended September 30, 2016 . As of September 30, 2016, approximately $3 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 20 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 nine months ended September 30, 2016 . In total, the accrued liability for remaining work under the Corrective Action Program, including the former Ensley facility, was approximately $160,000 at September 30, 2016. Significant additional costs associated with this site are possible and are referenced in Note 20 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 nine months ended September 30, 2016 . As of September 30, 2016, the accrued liability to maintain the interim measures, and clear properties through the Act 2 process is approximately $250,000. Significant additional costs associated with this site are possible and are referenced in Note 20 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 nine months ended September 30, 2016 . As of September 30, 2016, costs to complete additional projects are estimated to be approximately $203,000. Significant additional costs associated with this site are possible and are referenced in Note 20 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 nine months ended September 30, 2016. U. S. Steel has an accrued liability of $309,000 as of September 30, 2016. Significant additional costs associated with this site are possible and are referenced in Note 20 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 which has been completed. While work

continues on investigations beyond the former operations area, there has been no material change in the status of the project during the nine months ended September 30, 2016. As of September 30, 2016, an accrual of approximately $190,000 remains available for addressing these outstanding issues.

Air Related Matters

Great Lakes Works

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.

Although discussions with MDEQ regarding the foregoing alleged violation is ongoing and the resolution of this matter 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 could be as high 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. In April 2016, EPA promulgated a revised Federal Implementation Plan (FIP) that applies to taconite facilities. In June 2016, U. S. Steel and other taconite facilities petitioned the Eighth Circuit Court of Appeals for judicial review of the revised FIP. U. S. Steel continues to negotiate with 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 20 to the Consolidated Financial Statements “Contingencies and Commitments - EPA Region V Federal Lawsuit.”

ASBESTOS LITIGATION

As of September 30, 2016, U. S. Steel was a defendant in approximately 840 active cases involving approximately 3,335 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 2,500, 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 nine months ended September 30, 2016, settlements and other dispositions resolved approximately 180 cases, and new case filings added approximately 200 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
September 30, 2016	3,315	180	200	3,335

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 5. OTHER INFORMATION

None.

Item 6. EXHIBITS

10.1	Administrative Procedures for the Executive Management Annual Incentive Compensation Program under the United States Steel Corporation Annual Incentive Compensation Plan, as amended November 1, 2016.
10.2	United States Steel Corporation Non Tax-Qualified Retirement Account Program, amended effective as of January 1, 2016.
10.3	United States Steel Corporation Supplemental Thrift Program, as amended November 1, 2016.
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

November 2, 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.

Administrative Procedures for the
Executive Management Annual Incentive Compensation Program
under the United States Steel Corporation Annual Incentive Compensation Plan
As approved by the Compensation & Organization Committee on February 22, 2016
(Revised November 1, 2016)

1. **Administration**. The Compensation & Organization Committee (the "Committee") shall administer the Annual Incentive Compensation Program (the "Program") under and pursuant to the authority provided in the Board of Directors' April 27, 2010 delegation to the Committee and Section 3 of the United States Steel Corporation Annual Incentive Compensation Plan (the "Plan").

   A. Definitions. Unless otherwise defined herein, capitalized terms used herein shall have the meanings set forth in the Plan.

2. **Participation/Eligibility**. All management employees of the Corporation, its Subsidiaries and affiliates are eligible to participate in the Program upon designation by the Committee, in the case of Covered Employees, or, in the case of other management employees, upon designation by the Chief Executive Officer.

   A. Executive Management. All Executive Management employees (defined as those employees whose compensation is approved or reviewed by the Committee) of U. S. Steel, its subsidiaries and affiliates designated via written notice as participants are eligible to participate ("Eligible Employees" or "Participants").

   B. New Participants. A Participant who was not a Participant on the first day of the Performance Period may, subject to the Committee's discretion, become a Participant during the Performance Period, participating on a pro rata basis for the remaining portion of the period in which such Participant first becomes eligible to participate, but shall be ineligible to participate in this Program for any portion of a year during which the Participant participates in any other cash incentive or bonus plan or program; provided, however, that a Covered Employee (as defined in Section 162(m) of the Internal Revenue Code) may so participate only if he or she becomes a Participant effective not later than 90 days after the beginning of the Performance Period.

   C. Rights. No Participant or other employee shall have any claim to be granted an Award under the Program, and nothing contained in the Program or any Award Agreement shall confer upon any Participant any right to continue in the employ of the Corporation, its Subsidiaries or affiliates or interfere in any way with the right of the Corporation, its Subsidiaries or affiliates to terminate a Participant's employment at any time.

3. **Performance Period**.

   A. Calendar year. Unless otherwise determined by the Committee at the commencement of each Performance Period, each such Performance Period shall be a calendar year.

4. **Award Pool**.

   A. Amount of the Award Pool. The amount of the award pool (the "Award Pool") shall be established by the Committee during the first 90 days of the Performance Period, and

shall apply to the Section 16 officers of the Company for purposes of complying with Section 162(m) of the Internal Revenue Code. The total amount of the Award Pool shall be the aggregate of the total Individual Maximum Awards approved by the Committee for each Section 16 officer for the Performance Period. The "Individual Maximum Award" for purposes of these Administrative Procedures shall be the Incentive Target as defined in Section 5.01 of the Plan.

B. Funding the Pool. The funding of the Award Pool will be dependent on the achievement of the Threshold Corporation Performance Goal, which shall also be established by the Committee during the first 90 days of the Performance Period. Unless otherwise determined by the Committee, the Threshold Corporation Performance Goal shall be based on net sales, which is a permitted performance measure pursuant to Section 5.03(a) of the Plan. If the Threshold Corporation Performance Goal is achieved, the Award Pool will be funded at the level established by the Committee with respect to the degree of attainment of the Threshold Performance Goal. Should the Company fail to meet the Threshold Corporation Performance Goal, the Total Award Pool shall not be funded and no awards shall be made under the Plan for the Performance Period.

The Committee will use negative discretion pursuant to Section 5.05 of the Plan to reduce the amount of the Individual Maximum Award payable based on the Incentive Award Calculation Formula, as described below, and calculate the amount of the Incentive Award payable to each Participant for the Performance Period; provided further that any forfeitures or reductions, whether through exercise of downward discretion or otherwise, shall not be permitted to result in any increase in the amount of any Individual Maximum Award payable to any other Participant.

C. Threshold Corporation Performance Goal. The Threshold Corporation Performance Goal for the Performance Period shall be the target assigned to one or more Performance Goals, which shall be set by the Committee during the first 90 days of the Performance Period. Unless otherwise determined by the Committee at the beginning of the relevant Performance Period, the Threshold Corporation Performance Goal will be the following objective measure:

(1) Net Sales. Net Sales shall mean the total amount of net sales reported on the consolidated statements of operations of United States Steel Corporation, including net sales to related parties. It is intended that the target for this measure and its related performance calculation be consistent with the target and performance calculations for the Segment Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), Total EBITDA, and Cash Flow, including the Business Plan Target Segment EBITDA, Business Plan Target Total EBITDA, and Business Plan Cash Flow, such that, to the extent an asset is excluded for any reason from the target calculation for Business Plan Target Segment EBITDA, Business Plan Total EBITDA, and Business Plan Cash Flow, the corresponding net sales, if any, are to be excluded from the Net Sales target and performance calculations, and, if an asset is included in the target calculation for the Business Plan Target Segment EBITDA, Business Plan Target Total EBITDA, and Business Plan Cash Flow, the corresponding net sales, if any, are to be included in the Net Sales target and performance calculations.

(2) Adjustments. Subject to the foregoing, the Committee may determine that changes in accounting standards or extraordinary items (as determined by the independent accountants of the Corporation in accordance with generally accepted accounting principles), shall be excluded from the calculation of the Threshold Corporation Performance Goal to the extent permitted in Section 162(m) of the Code.

5. **Incentive Award Determination**.

A. Incentive Award Goals. The Committee will use negative discretion pursuant to Section 5.05 of the Plan to reduce the amount of the Individual Maximum Award payable based on the achievement of one or more Incentive Award Goals, which will be used in the Incentive Award Calculation Formula. Unless otherwise determined by the Committee, the Incentive Award Goals shall be the following objective measures:

(1) Segment EBITDA and Total EBITDA. Segment EBITDA shall mean, for the Performance Period, EBITDA for each business unit (reportable segments and other businesses). Total EBITDA shall mean, for the Performance Period, total EBITDA for consolidated worldwide operations (including minority interests). EBITDA shall be determined as described in paragraph (2)(a) below.

(2) Cash Flow. Cash Flow shall mean, for the Performance Period, EBITDA for consolidated worldwide operations (including minority interests), plus or minus changes in current receivables, inventories, and current accounts payable and accrued expenses, less consolidated worldwide capital expenditures.

(a) EBITDA for consolidated worldwide operations (including minority interests) shall mean income from operations as reported in the consolidated statements of operations of United States Steel Corporation, plus or minus the effect of items not allocated to segments (excluding postretirement benefit expenses) as disclosed in the notes to the consolidated financial statements of United States Steel Corporation, plus depreciation, depletion and amortization as reported in the consolidated statements of cash flows of United States Steel Corporation.

(b) Changes in current receivables, inventories, and current accounts payable and accrued expenses shall mean those amounts reported on the consolidated statements of cash flows of United States Steel Corporation.

(c) Consolidated worldwide capital expenditures shall mean capital expenditures as reported on the consolidated statements of cash flows of United States Steel Corporation.

B. Adjustments. The Committee may make adjustments to the Incentive Award Goal calculations as determined by the Committee in its discretion.

C. Setting of Individual Incentive Targets and Payout Scales.

(1) The Individual Incentive Target, defined as a percentage of base salary (expressed for the Participant, grade level and/or position), and the Payout Scales for all levels of performance goals shall be set by the Committee.

(2) The Individual Incentive Target shall be calculated by multiplying the designated target percentage by the actual base salary earned by the Participant during the relevant portions of the Performance Period.

(3) The Payout Scale applied to all performance goals based on the actual performance achieved will determine the payout percent applied in the Incentive Award Calculation Formula under section 6, subject to negative adjustment by the Committee and the Individual Maximum Award for the Performance Period.

D. Assignment of Segment EBITDA Performance Goal to Participants. The Committee shall assign to each Participant a Segment EBITDA performance goal representing the reportable segment's performance for which the Participant is responsible for driving. Participants who are "corporate staff" executives responsible for multiple segments may be assigned a Weighted Segment EBITDA performance goal, which shall be determined by the Committee and reflect a relative weighting of the segments for which the Participant is responsible. Certain Participants (i.e., the Chief Executive Officer) may be assigned a Total EBITDA performance goal.

Should a Participant's responsibilities change during the Performance Period with respect to the segments that are supported, the Committee shall assign the established Segment, Weighted Segment, or Total EBITDA performance goal to apply for the portion of the Performance Period related to the period for which the new responsibilities are effective.

E. Individual Performance. Individual Performance relative to individual performance goals as specified in the Participant's goal plan for the Performance Period will be assessed for each Participant by the Chief Executive Officer with input from the Participant's direct manager following the end of the Performance Period. The Chief Executive Officer's Individual Performance will be assessed by the Committee with input from the full Board of Directors. The Individual Performance assessment will impact the Participant's calculated award as set forth under the Incentive Award Calculation Formula, however, the assessment of Individual Performance does not preclude the Committee from exercising downward discretion and/or determining that no award should be paid to a Participant for a Performance Period.

6. **Incentive Award Calculation Formula**.

A. Relative weighting. Unless otherwise determined by the Committee when establishing the Incentive Award Goals, the relative weighting assigned to each of the performance measures shall be as follows:

(1) Segment EBITDA/Total EBITDA. Segment EBITDA/Total EBITDA shall be weighted at 50% of the Total Corporate Payout Percent.

(2) Cash Flow. Cash Flow shall be weighted at 50% of the Total Corporate Payout Percent.

(3) Individual Performance. Individual Performance shall be applied as a modifier to the Total Corporate Payout Percent, which is the sum of the weighted Segment EBITDA/Total EBITDA and Cash Flow payout percentages. The assessment of Individual Performance shall be quantified as a percentage between 50% (representing individual performance at a level of "needs improvement") and 130% (representing individual performance at a level of "far exceeds expectations"), with 100% representing a level of "meets expectations."

B. Calculated award. The calculated award for each Participant shall be determined as the product of the Individual Incentive Target, the Total Corporate Payout Percent, and the Individual Performance modifier, as illustrated below:

Individual Incentive Target x Total Corporate Payout Percent x Individual Performance modifier

C. Maximum award level. The maximum award level shall be 228% of the Individual Incentive Target value with achievement of the highest level of performance for the Segment EBITDA, Total EBITDA, Cash Flow, and Individual Performance Goals, further subject to the individual per-employee maximum set forth in the Plan.

7. **Payout Mechanics**.

A. Payout determination.

(1) Evaluation. The Committee shall determine and certify in writing the extent to which the Threshold Corporation Performance Goal for the Performance Period was satisfied following the end of the relevant Performance Period and if satisfied, determine through the exercise of negative discretion the amount of the Incentive Award payable to each Participant.

(2) Calculation.

(a) Rounding Performance Calculations. The calculation of actual performance for each performance measure in the Incentive Award Formula shall be rounded to the nearest decimal place consistent with the number of decimal places approved by the Committee at the time it set the relevant target, rounding up in the case of 5 or more and rounding down in the case of 4 or less.

(b) Interpolation. Interpolation will be used to determine an Incentive Award for performance that correlates to performance between the pre-determined Segment EBITDA, Total EBITDA and Cash Flow Performance Goals. The interpolated payout percentages for Segment EBITDA, Total EBITDA and Cash Flow shall be rounded independently to the nearest whole percentage point, rounding up in the case of 5 or more and rounding down in the case of 4 or less.

(c) Maximum award. No one Participant may receive more than $20 million in Incentive Awards for any one calendar year, as provided in the Plan.

B. Form of Payout.

(1) Cash and/or Common Stock. The Committee may determine to pay the awards in the form of cash or common stock, or any combination thereof, which determination may be made on a non-uniform basis among Participants.

(2) Common Stock Awards. The determination to pay awards in the form of common stock shall be a determination to satisfy the award through shares available under the 2005 Stock Incentive Plan (or any successor plan thereto), subject to the terms and conditions of such plan, and provided that the performance period under this Program shall also count toward any minimum performance period required for an unrestricted grant of shares under such plan.

(3) Award Unit Determination Procedure. If the Committee determines to pay all or a portion of an award in the form of common stock, the value of such award, or portion thereof, under this Program shall be converted into a number of shares of common stock by dividing (i) the value of such award, or portion thereof, by (ii) the Common Stock Unit Value, which is to be determined as follows:

(a) Common Stock Unit Value. The Common Stock Unit Value shall be equal to the Fair Market Value (as defined in the 2005 Stock Incentive Plan, or any successor plan thereto) of a share of common stock on the date of award (Date of Award). The Date of Award shall be established prospectively by the Committee at the time it determines the award, with the goal of setting the date close in proximity to the related payroll processing date for awards under the Plan. Unless otherwise established by the Committee, the Date of Award shall be the day prior to the date the Corporation files its report on Form 10-K with the Securities and Exchange Commission for the period ending on the last date of the relevant Performance Period.

(4) Netting of Common Stock Shares. To the extent permitted under the 2005 Stock Incentive Plan and unless otherwise determined by the Committee or an election with respect to a different medium of payment is offered to and elected by a Participant in accordance with procedures approved by the Company, the shares of common stock delivered in connection with any common stock award under this Program shall be net of any tax withholding obligation.

8. **Timing of Payments**. Unless otherwise determined by the Committee in its discretion, payment of Annual Incentive Compensation, if any, under this Program with respect to any Performance Period will be paid following the Committee’s determination of such Incentive Award and following the date the Corporation files its report on Form 10-K with the Securities and Exchange Commission for the period ending on the last date of relevant Performance Period; provided, however, the payment of any such award shall be paid on or before March 15 of the year following the end of the relevant calendar year Performance Period and as provided in Section 6 of the Plan.

9. **Termination of Employment**. The following provisions apply in the case of a Participant's termination of employment during the Performance Period:

A. Retirement, Death, or Disability. Following a Participant's Retirement, Death or Disability, a prorated value of such Participant's Award may be awarded by the Committee based upon the base salary earned during the Performance Period; provided that (i) such Award is calculated and delivered following the relevant Performance Period in accordance with the terms of the Plan, (ii) the relevant Threshold Corporation Performance Goal and other performance goals are achieved, (iii) the Participant is employed for a minimum period of time determined by the Committee and (iv) the Committee retains its negative discretion with respect to such awards.

(1) Retirement. Retirement shall mean, for all purposes under the Program, the applicable Participant's termination of employment that constitutes a separation from service under Section 409A of the Code after having satisfied the age, service and/or other requirements necessary to commence an immediate pension under either: (i) the applicable defined benefit pension plan for the Participant's home country, regardless of whether the Participant is a participant in such pension plan, or (ii) in the case of a home country for which there is no applicable defined benefit plan, the applicable local law or regulation; provided, however, such term does not include, unless the Committee consents with knowledge of the specific facts, retirement under circumstances in which the Participant accepts employment with a company that owns, or is owned by, a business that competes with the Corporation, or its Subsidiaries or affiliates. Further, to the extent necessary under applicable local law, Retirement may have such other meaning adopted by the Committee and set forth in the applicable Award notice.

(2) Disability. Disability shall be as defined in the Plan.

B. Resignation, Early Retirement and Other Termination. Following a Participant's Resignation, Early Retirement or other termination, all pending Incentive Awards are forfeited.

(1) Early Retirement. Early Retirement shall mean a retirement other than a Retirement.

10. **Forfeiture and Repayment**. The Committee may determine that an Incentive Award shall be forfeited and/or any value received from the Incentive Award shall be repaid to the Corporation pursuant to any recoupment policies, rules or regulations in effect at the time of the Incentive Award.

United States Steel Corporation
Non Tax-Qualified Retirement Account Program
Effective December 31, 2006, Amended and Restated Effective January 1, 2016

1. History and Purpose

United States Steel Corporation established the United States Steel Corporation Non Tax-Qualified Retirement Account Program (the "Program"), and hereby amends and restates the Program effective January 1, 2016, as set forth herein. The Program was previously amended to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

The purpose of this Program is to compensate individuals for the loss of Retirement Account contributions under the United States Steel Corporation Savings Fund Plan for Salaried Employees ("Savings Fund Plan") or the U. S. Steel Tubular Services Savings Plan ("Tubular Plan") (collectively, "Savings Plans") that occurs due to certain limits established under the Code or that are required under the Code. The term "Corporation" shall mean United States Steel Corporation and any other company that is a participating employer in the Savings Plans.

2. Eligibility

Except as otherwise provided herein, an individual is a "Member" of the Program if he or she is an employee of the Corporation who is eligible to participate in the Savings Plans and is not permitted to receive Retirement Account contributions to the Savings Plans at least equal to the maximum rate of Retirement Account contributions applicable to his or her age because of the limitations of the Code.

Subject to the consent requirement outlined below, a Member shall be eligible to receive a distribution of the value of the Member's benefit accrued under the Program if the Member retires or otherwise terminates employment from the Corporation after completing three years of continuous service as defined in the Savings Plans. For terminations of employment prior to February 21, 2011, benefits shall not be payable under this Program with respect to a Member who terminates employment with the Corporation prior to age 60, unless the Corporation consents to the termination of employment; provided, however, that such consent is not required for terminations on account of: (a) death, or (b) involuntary termination, other than for cause.

3. Amount of Benefits

The benefit accrued under the Program for a Member shall be equal to the amount of Corporation contributions and investment earnings credited to the Member's Non Tax-Qualified Retirement Account ("Account") established under the Program.

a. Corporation Contributions to the Non Tax-Qualified Retirement Account

With respect to a month in which a Member's ability to receive the full Retirement Account contributions applicable to his or her age is restricted by law (including the limitations under Code sections 401(a)(17) and 415(c)) the full Retirement Account contribution which would otherwise have been deposited into the Savings Plans on behalf of the Member will be credited for such month to the

Member's account under the Program. The amount to be credited shall be equal to the greater of:

1. the product of the Member's monthly base salary that, on a year-to-date basis, is in excess of the Code section 401(a)(17) annual compensation limit for the year, multiplied by the applicable age-weighted crediting rate in effect for the Member, as shown below:

Participants in the Savings Fund Plan

Age at Beginning of Month	Crediting Rate under Program
Less than 35 years	4.75%
35 to less than 40	6.00%
40 to less than 45	7.25%
45 and above	8.50%

Participants in the Tubular Plan – Crediting Rate is 4%

2. the amount of Retirement Account contribution which could not be contributed to the Savings Plans as a result of the applicable limit under Code section 415(c).

Any amount credited to a Member's Account will be subject to the requirements and limitations of Code section 409A and the Treasury Regulations thereunder. Effective July 1, 2009, when calculating the amount to be credited for a month to a Member's account, the amount of the Member's monthly base salary shall be deemed to be not less than his or her monthly base salary in effect on June 30, 2009, to the extent necessary to avoid the adverse effects of the temporary reduction in base salary effective July 1, 2009.

b. Investment Earnings in the Non Tax-Qualified Retirement Account
A Member's Account shall be credited with investment earnings in the same manner as if the balance in the Account had been invested in the default investment fund under the Savings Plan applicable to the Member. The number of shares to be credited to a Member's Account in the Program (book entry only) will be calculated using the amount of contribution and the net asset value of the applicable investment fund at markets close on the processing date.

4. Form of Benefit and Timing of Distribution

a. Lump Sum Distribution and Annuity Option for Benefits Accruing Through August 31, 2013
Subject to section 4.c. below, with respect to benefits accrued from December 31, 2006 through August 31, 2013, a Member shall receive, upon the Member's termination of employment from the Corporation, a lump sum distribution of the benefits payable to him or her under the Program. The payment date shall be on the last business day of the calendar month following the month in which such termination of employment occurred.

Notwithstanding the foregoing specified form of payment, with respect to benefits accrued from December 31, 2006 through August 31, 2013, and subject to section 4.c. below, a Member may irrevocably elect to receive such benefits payable in the form of a single life annuity. An election may not become effective for 12 months from the date on which it is made, and such election must be submitted to the Corporation more than 12 months prior to the date the benefits are otherwise scheduled to be paid. In addition, the payment date elected for the commencement of monthly annuity installment payments must be deferred for a minimum of five years from the date such benefits would otherwise have been paid. The Member shall also have the right to elect among actuarially equivalent life annuity forms of payment, which election may be made at any time when the Member has made a valid election to receive an annuity form of payment.

Monthly annuity payments shall be calculated using reasonable actuarial assumptions uniformly applied as determined by the Program administrator, by dividing the employee's accrued benefits as of the most recent valuation date by their life expectancy per the applicable mortality table under the Corporation's tax-qualified pension plan (i.e., the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003)), and adjusted annually to reflect any investment earnings. The same reasonable actuarial assumptions and methods will be used in valuing each annuity payment option, in determining whether the payments are actuarially equivalent.

In the event a Member dies prior to termination of employment, the benefits shall be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution. The payment date shall be on the last business day of the calendar month following the month in which such death occurred.

In the event a Member dies after termination of employment but prior to receiving the benefits credited to his or her account under the Program, the benefits shall be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution on the last business day of the calendar month following the month in which the Member's termination of employment occurred.

b. Annuity Distribution and Lump Sum Option for Benefits Accruing On and After September 1, 2013

Subject to section 4.c. below, with respect to benefits accrued on and after September 1, 2013, a Member shall receive, upon the Member's termination of employment from the Corporation, a single life annuity distribution of the benefits payable to him or her under the Program. The payment date for commencement of monthly annuity installment payments shall be on the first regularly scheduled payroll date of the second calendar month following the month in which such termination of employment occurred.

Monthly annuity payments shall be calculated using reasonable actuarial assumptions uniformly applied as determined by the Program administrator, by dividing the employee's accrued benefits as of the most recent valuation date by

their life expectancy per the applicable mortality table under the Corporation's tax-qualified pension plan (i.e., the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003)), and adjusted annually to reflect any investment earnings. The same reasonable actuarial assumptions and methods will be used in valuing each annuity payment option, in determining whether the payments are actuarially equivalent.

Notwithstanding the foregoing specified form of payment, with respect to benefits that may accrue on and after September 1, 2013, and subject to section 4.c. below, an employee may receive such benefits in the form of a lump sum payment on the last business day of the calendar month following the month in which termination of employment occurred, provided the employee makes a timely benefit election. For employees in the Program on July 31, 2013, a one-time irrevocable election to receive a lump sum payment must be made prior to September 1, 2013 in order to be valid. For employees who become eligible to participate in the Program after July 31, 2013, the one-time irrevocable election must be made within 30 days after the individual becomes eligible and will be effective with respect to benefits accruing subsequent to the election.

In the event a Member dies prior to termination of employment, the benefits shall be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution. The payment date shall be on the last business day of the calendar month following the month in which such death occurred.

In the event a Member dies after termination of employment but prior to receiving the benefits credited to his or her account under the Program, the benefits will be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution on the last business day of the calendar month following the month in which the Member's termination of employment occurred.

c. Delay in Payment to Specified Employees

In the case of any Member who is determined by the administrator to be a "specified employee" (as defined in Code section 409A(a)(2)(B)(i) and the regulations thereunder), no amount of such Member's distribution shall be distributed as described in sections 4.a. or 4.b. above, but rather shall be payable (or payments shall commence in the case of an annuity form of payment) on the first business day of the seventh month following the date of the Member's termination of employment (or, if earlier, the last business day of the calendar month following the month of the Member's death). During this six-month delay period, earnings will accrue and be payable, on the date specified in the preceding sentence, on the balance due in the same manner as if the balance in the Account had been invested as provided in section 3.b. above. In the case of an annuity form of payment, installments otherwise payable in the first six months following separation from service shall be accumulated and paid on the first business day of the seventh month following the date of the Member's termination of employment (or, if earlier, the last business day of the calendar month following the month of the Member's death).

d. Full and Final Settlement

Any lump sum distribution payable as described above following termination of employment or death shall represent full and final settlement of all benefits provided under the Program.

e. Termination of Employment

For purposes of this section 4, the term “termination of employment” shall mean a “separation from service” as that term is used under section 409A(a)(2)(A)(i) of the Code and the regulations thereunder.

5. General Provisions

a. Administration

The Vice President - Administration, United States Steel and Carnegie Pension Fund, is responsible for the administration of this Program. The administrator shall decide all questions arising out of and relating to the administration of this Program. The decision of the administrator shall be final and conclusive as to all questions of interpretations and application of the Program.

b. Amendment or Termination of Program

The Corporation reserves the right to make any changes in this Program or to terminate this Program as to any or all groups of employees covered under this Program, but in no event shall such amendment or termination adversely affect the vested or non-vested benefits accrued hereunder prior to the effective date of such amendment or termination. If the Program is terminated, employees who are (or were) covered under this Program will continue to accrue eligibility service under the Program for purposes of satisfying the age 60 requirement that was in effect for terminations of employment prior to February 21, 2011, and/or the three-year service requirement as long as they remain employed with the Corporation, their participating employer, or any member of the controlled group that includes the Corporation. Any amendment to this Program which changes this Program (including any amendment which increases, reduces or alters the benefits of this Program) or any action which terminates this Program to any or all groups shall be made by a resolution of the United States Steel Corporation Board of Directors (or any authorized committee of such Board) adopted in accordance with the bylaws of United States Steel Corporation and the corporation law of the state of Delaware.

c. No Guarantee of Employment

Neither the creation of this Program nor anything contained herein shall be construed as giving an individual hereunder any right to remain in the employ of the Corporation.

d. Nonalienation

No benefits payable under this Program shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution, or encumbrance of any kind by operation of law or otherwise. However, this section shall not apply to portions of benefits applied to satisfy (i) obligations for withholding of employment taxes, or (ii) obligations under a qualified domestic relations order.

e. No Requirement to Fund
Benefits provided by this Program shall be paid out of general assets of the Corporation. No provisions in this Program, either directly or indirectly, shall be construed to require the Corporation to reserve, or otherwise set aside, funds for the payment of benefits hereunder.

f. Controlling Law
To the extent not preempted by the laws of the United States of America, the laws of the Commonwealth of Pennsylvania shall be the controlling state law in all matters relating to this Program.

g. Severability
If any provisions of this Program shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Program, but this Program shall be construed and enforced as if such illegal or invalid provision had never been included herein.

h. Exclusive Provisions of Program
The provisions contained herein constitute the complete and exclusive statement of the terms of this Program. There are no written or oral representations, promises, statements or commitments, other than those expressly set forth herein, with respect to benefits provided by this Program. All reliance by any individual concerning the subject matter of this Program shall be solely upon the provisions set forth in this document.

i. Code Section 409A
This Program shall be interpreted and administered in accordance with section 409A of the Code and the regulations and interpretations that may be promulgated thereunder.

United States Steel Corporation Supplemental Thrift Program
Effective January 1, 2005, Amended and Restated Effective November 1, 2016

1. History and Purpose

United States Steel Corporation established the United States Steel Corporation Supplemental Thrift Program ("Program"), and hereby amends and restates the Program effective November 1, 2016, as set forth herein. The Program was previously amended and restated effective January 1, 2005 to comply with section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), except with respect to benefits that were vested under the Program on or before December 31, 2004. Benefits accrued prior to January 1, 2005 are and shall remain payable in accordance with the terms of the Program in effect on December 31, 2004.

The purpose of this Program is to compensate individuals for the loss of Company matching contributions under the United States Steel Corporation Savings Fund Plan for Salaried Employees ("Savings Plan") or the U. S. Steel Tubular Services Savings Plan ("Tubular Plan") (collectively, "Plans") that occurs due to certain limits established under the Code or that are required under the Code. The term "Corporation" shall mean United States Steel Corporation and any other company that is a participating employer in the Plans.

2. Eligibility

Except as otherwise provided herein, an individual is a "Member" of the Program if he or she is an employee of the Corporation who is eligible to participate in either of the Plans and either (a) is a member of the Executive Management Group, or (b) is not permitted to make contributions to either of the Plans at least equal to the maximum rate of matching Company contributions applicable to his service because of the limitations of the Code.

3. Amount of Benefits

With respect to a month in which a Member's ability to either:

(a) save on both a pre-tax and after-tax basis under either of the Plans at a rate at least equal to the maximum rate of matching Company contributions applicable to his service is restricted by law (including the limitations under Code sections 401(a)(17), 401(k), 402(g), and 415), or

(b) save on an after-tax basis under either of the Plans at a rate at least equal to the maximum rate of matching Company contributions applicable to his service is restricted by Code section 401(m),

the full matching Company contributions which would otherwise have been deposited into the Plans on behalf of the Member will be credited for such month to the Member's account under the Program (regardless of the Member's rate of savings under the Plans). Effective April 1, 2005, the amount to be credited for a month to a Member's account under the Program will be equal to a percentage of the Member's monthly base salary that, on a year-to-date basis, is in excess of the Internal Revenue Code section 401(a)(17) annual compensation limit for the year, with such percentage determined in accordance with the following schedule:

Continuous Service	Crediting Rate under Program
1 month but less than 10 years	5.0%
10 years but less than 15 years	5.5%
15 years and over	6.0%

Effective June 1, 2010, the amount to be credited for a month to a Member's account under the Program will be equal to 6% of the Member's monthly base salary that, on a year-to-date basis, is in excess of the Internal Revenue Code section 401(a)(17) annual compensation limit for the year.

Any amount credited to a Member's account pursuant to this amendment will be subject to the requirements of Internal Revenue Code section 409A.

Beginning January 1, 2002, the amount to be credited to a Member's account in the Program (book entry only) will be credited in the same manner as if the amount had been deposited in the applicable Plan for investment in United States Steel Corporation Common Stock. Beginning November 1, 2004, the number of shares to be credited to a Member's account in the Program (book entry only) will be calculated using the amount of contribution and the net asset value of United States Steel Corporation Common Stock at markets close on the processing date. In addition, amounts credited to a Member's account (book entry only) as of December 31, 2001 relating to USX-U.S. Steel Group Common Stock and USX-Marathon Group Common Stock, respectively, will continue to be held in such accounts as amounts relating to United States Steel Corporation Common Stock and Marathon Oil Corporation Common Stock, respectively. Effective as of the date Marathon Oil Corporation distributes Marathon Petroleum Company Common Stock in a spinoff transaction, the accounts of Members with book entries for Marathon Oil Corporation Common Stock on that date will be credited with book entries for Marathon Petroleum Company Common Stock associated with the spinoff transaction. All book entries for Marathon Oil Corporation Common Stock and Marathon Petroleum Company Common Stock will be replaced with book entries for United States Steel Corporation Common Stock of equal value, effective as of the date the Marathon Stock Fund and Marathon Petroleum Stock Fund cease to be investment options under the applicable Plan. Except as otherwise provided, the rules under the Plans for determining service for eligibility and vesting, Corporation stock values, share determination, beneficiary designation, and vesting will be applicable under this Program.

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

Special Rules for Sold Location Participants

Effective July 31, 2011, for purposes of this Program, a Sold Location Participant is a Member who is either (i) a Marathon Transferee under the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003) ("USS Pension Plan") or (ii) covered under the

Sale of Facilities provisions under the USS Pension Plan. A Sold Location Participant who elects to cease accruals and commence distribution of his or her benefit under the USS Pension Plan on or after attainment of the USS Pension Plan's normal retirement age of 65, but prior to termination of employment with Marathon or the purchasing entity (or their successors), whichever is applicable (the "Plan Retirement Date"), shall not be eligible for future accruals under this Program following the Plan Retirement Date; provided that neither such election nor cessation of future accruals shall have any effect on the form and time of payments otherwise provided in section 4 herein. The Member's benefits under this Program shall be calculated as of his or her Plan Retirement Date; provided that, for the period between the Member's Plan Retirement Date and his or her termination of employment, simple interest will accrue and will be payable on the benefit due under this Program using the average of the interest rates established under the Pension Benefit Guaranty Corporation regulations to determine the present value of lump sum distributions payable under the USS Pension Plan during the months included in this period.

4. Form of Benefit and Timing of Distribution

a. Lump Sum Distribution and Annuity Option for Benefits Accruing Through August 31, 2013

1. Effective January 1, 2005, subject to section 4.c. below, with respect to benefits accrued from January 1, 2005 through August 31, 2013, a Member shall receive a lump sum distribution of the benefits payable under this Program upon the Member's (a) termination of employment with the Corporation with five or more years of continuous service, (b) termination of employment with the Corporation prior to attaining five years of continuous service with the consent of the Corporation, or (c) death prior to termination of employment with the Corporation. Except as provided in section 5.e., benefits provided by this Program shall be paid by the Corporation in cash out of the general assets of the Corporation. The payment date shall be on the last business day of the calendar month following the month in which such termination of employment occurred. Effective February 28, 2009, Members who retire under the 2009 Voluntary Early Retirement Program will be treated as having Company consent to retire even if they have not attained the five-year vesting requirement under this Program at retirement.

2. Notwithstanding the form of payment specified in paragraph 1, with respect to benefits accrued from January 1, 2005 through August 31, 2013, and subject to section 4.c. below, a Member may irrevocably elect to receive such benefits payable in the form of a single life annuity. An election may not become effective for 12 months from the date on which it is made, and such election must be submitted to the Corporation more than 12 months prior to the date the benefits are otherwise scheduled to be paid. In addition, the payment date elected for the commencement of monthly annuity installment payments must be deferred for a minimum of five years from the date such benefits would otherwise have been paid. The Member shall also have the right to elect among actuarially equivalent life annuity forms of payment, which election may be made at any time when the Member has made a valid election to receive an annuity form of payment.

   Monthly annuity payments shall be calculated using reasonable actuarial assumptions uniformly applied as determined by the Program administrator, by dividing the employee's accrued benefits as of the most recent valuation date by their life expectancy

per the applicable mortality table under the Corporation's tax-qualified pension plan (i.e., the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003)), and adjusted annually to reflect any investment earnings. The same reasonable actuarial assumptions and methods will be used in valuing each annuity payment option, in determining whether the payments are actuarially equivalent.

3. In the event a Member dies prior to termination of employment, the benefits will be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution. The payment date shall be on the last business day of the calendar month following the month in which such death occurred.

4. In the event a Member dies after termination of employment but prior to receiving the benefits credited to his account under the Program, the benefits will be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution on the last business day of the calendar month following the month in which the Member's termination of employment occurred.

b. Annuity Distribution and Lump Sum Option for Benefits Accruing On and After September 1, 2013

1. Effective January 1, 2005, subject to section 4.c. below, with respect to benefits accrued on and after September 1, 2013, a Member shall receive a distribution of the benefits payable under this Program in the form of a single life annuity upon the Member's (a) termination of employment with the Corporation with five or more years of continuous service, (b) termination of employment with the Corporation prior to attaining five years of continuous service with the consent of the Corporation, or (c) death prior to termination of employment with the Corporation. Except as provided in section 5.e., benefits provided by this Program shall be paid by the Corporation in cash out of the general assets of the Corporation. The payment date for commencement of annuity installment payments shall be on the first regularly scheduled payroll date of the second calendar month following the month in which such termination of employment occurred.

   Monthly annuity payments shall be calculated using reasonable actuarial assumptions uniformly applied as determined by the Program administrator, by dividing the employee's accrued benefits as of the most recent valuation date by their life expectancy per the applicable mortality table under the Corporation's tax-qualified pension plan (i.e., the United States Steel Corporation Plan for Employee Pension Benefits (Revision of 2003)), and adjusted annually to reflect any investment earnings. The same reasonable actuarial assumptions and methods will be used in valuing each annuity payment option, in determining whether the payments are actuarially equivalent.

2. Notwithstanding the foregoing specified form of payment, with respect to benefits that may accrue on and after September 1, 2013, and subject to section 4.c. below, an employee may receive such benefits in the form of a lump sum payment on the last business day of the calendar month following the month in which termination of employment occurred, provided the employee makes a timely benefit election. For employees in the Program on July 31, 2013, a one-time irrevocable election to receive a lump sum payment must be made prior to September 1, 2013 in order to be valid. For

employees who become eligible to participate in the Program after July 31, 2013, the one-time irrevocable election must be made within 30 days after the individual becomes eligible and will be effective with respect to benefits accruing subsequent to the election.

3. In the event a Member dies prior to termination of employment, the benefits will be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution. The payment date shall be on the last business day of the calendar month following the month in which such death occurred.

4. In the event a Member dies after termination of employment but prior to receiving the benefits credited to his account under the Program, the benefits will be paid to the Member's surviving spouse (or to the Member's estate, if there is no surviving spouse) in the form of a lump sum distribution on the last business day of the calendar month following the month in which the Member's termination of employment occurred.

c. <u>Delay in Payment to Specified Employees</u>

Effective January 1, 2005, in the case of any Member who is determined by the administrator to be a "specified employee" (as defined in Code section 409A(a)(2)(B)(i) and the regulations thereunder), no amount of such Member's distribution that is considered deferred, for purposes of Code section 409A, in taxable years beginning after December 31, 2004, shall be distributed as described in sections 4.a. or 4.b. above, but rather shall be payable (or payments shall commence in the case of an annuity form of payment) on the first business day of the seventh month following the date of the Member's termination of employment (or, if earlier, the last business day of the calendar month following the month of the Member's death). During this six-month delay period, simple interest will accrue and be payable, on the date specified in the preceding sentence, on the balance due using the average of the interest rates established under the Pension Benefit Guaranty Corporation regulations to determine the present value of lump sum distributions payable under the USS Pension Plan during the months included in the six-month delay period. In the case of an annuity form of payment, installments otherwise payable in the first six months following separation from service shall be accumulated and paid on the first business day of the seventh month following the date of the Member's termination of employment (or, if earlier, the last business day of the calendar month following the month of the Member's death).

For purposes of this Program, a Member's entire benefit amount shall be considered deferred in taxable years beginning after December 31, 2004 if the Member had not attained at least five years of service as of December 31, 2004. For Members with at least five years of service as of December 31, 2004, their benefit determined as of December 31, 2004, plus earnings, shall be payable in accordance with the terms of the Program in effect on October 3, 2004, without any modification thereto.

d. <u>Full and Final Settlement</u>

Any lump sum distribution payable as described above following termination of employment or death shall represent full and final settlement of all benefits provided under the Program.

e. Termination of Employment

For purposes of this section 4, the term "termination of employment" shall mean a "separation from service" as that term is used under section 409A(a)(2)(A)(i) of the Code and the regulations thereunder.

5. General Provisions

a. Administration

The Vice President - Administration, United States Steel and Carnegie Pension Fund, is responsible for the administration of this Program. The administrator shall decide all questions arising out of and relating to the administration of this Program. The decision of the administrator shall be final and conclusive as to all questions of interpretations and application of the Program.

b. Amendment or Termination of Program

The Corporation reserves the right to make any changes in this Program or to terminate this Program as to any or all groups of employees covered under this Program, but in no event shall such amendment or termination adversely affect the vested or non-vested benefits accrued hereunder prior to the effective date of such amendment or termination. Any amendment to this Program which changes this Program (including any amendment which increases, reduces or alters the benefits of this Program) or any action which terminates this Program to any or all groups shall be made by a resolution of the United States Steel Corporation Board of Directors (or any authorized committee of such Board) adopted in accordance with the bylaws of United States Steel Corporation and the corporation law of the state of Delaware.

c. No Guarantee of Employment

Neither the creation of this Program nor anything contained herein shall be construed as giving an individual hereunder any right to remain in the employ of the Corporation.

d. Nonalienation

No benefits payable under this Program shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution, or encumbrance of any kind by operation of law or otherwise. However, this section shall not apply to portions of benefits applied to satisfy (i) obligations for withholding of employment taxes, or (ii) obligations under a qualified domestic relations order.

e. No Requirement to Fund

Except as provided in this section 5.e., benefits provided by this Program shall be paid out of general assets of the Corporation. No provisions in this Program, either directly or indirectly, shall be construed to require the Corporation to reserve, or otherwise set aside, funds for the payment of benefits hereunder.

As of December 31, 2001 (the "Effective Date"), United States Steel Corporation (and its subsidiaries and successors) and Marathon Oil Corporation (and its subsidiaries and successors) have assumed liability for a Specified Percentage of the Corporate Part, if any, of each Member's accrued benefit under the Program. The term "Corporate Part" is defined

to mean the pro rata portion (based upon continuous service taken into consideration for benefit accrual purposes under the Program) of a Member's total accrued benefit under the Program as of the Effective Date which is attributable to continuous service performed for the USX Headquarters unit of USX Corporation on or after May 1, 1991 and prior to the Effective Date. The Specified Percentage is thirty-five percent (35%) for United States Steel Corporation and sixty-five percent (65%) for Marathon Oil Corporation. The term "accrued benefit" is defined to mean the number of units of Marathon Stock (as renamed the Marathon Oil Corporation common stock), the number of shares of Marathon Petroleum Company Common Stock, and the number of units of Steel Stock (as converted to United States Steel Corporation common stock) the participant has accrued in his or her account under the Program. The assumption of liability for the Specified Portion of the Corporate Part includes the assumption of liability for future dividends attributable to such allocated units.

f. Controlling Law

To the extent not preempted by the laws of the United States of America, the laws of the Commonwealth of Pennsylvania shall be the controlling state law in all matters relating to this Program.

g. Severability

If any provisions of this Program shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts of this Program, but this Program shall be construed and enforced as if such illegal or invalid provision had never been included herein.

h. Exclusive Provisions of Program

The provisions contained herein constitute the complete and exclusive statement of the terms of this Program. There are no written or oral representations, promises, statements or commitments, other than those expressly set forth herein, with respect to benefits provided by this Program. All reliance by any individual concerning the subject matter of this Program shall be solely upon the provisions set forth in this document.

i. Code Section 409A

This Program shall be interpreted and administered in accordance with section 409A of the Code and the regulations and interpretations that may be promulgated thereunder.

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.

November 2, 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.

November 2, 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 September 30, 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

November 2, 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 September 30, 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

November 2, 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 September 30, 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)	13	—	—	—	—	$16,140	—	no	no	50	11	115
Keewatin (2103352)	—	—	—	—	—	—	—	no	no	1	—	13

(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 168 legal actions were to contest citations and proposed assessments.